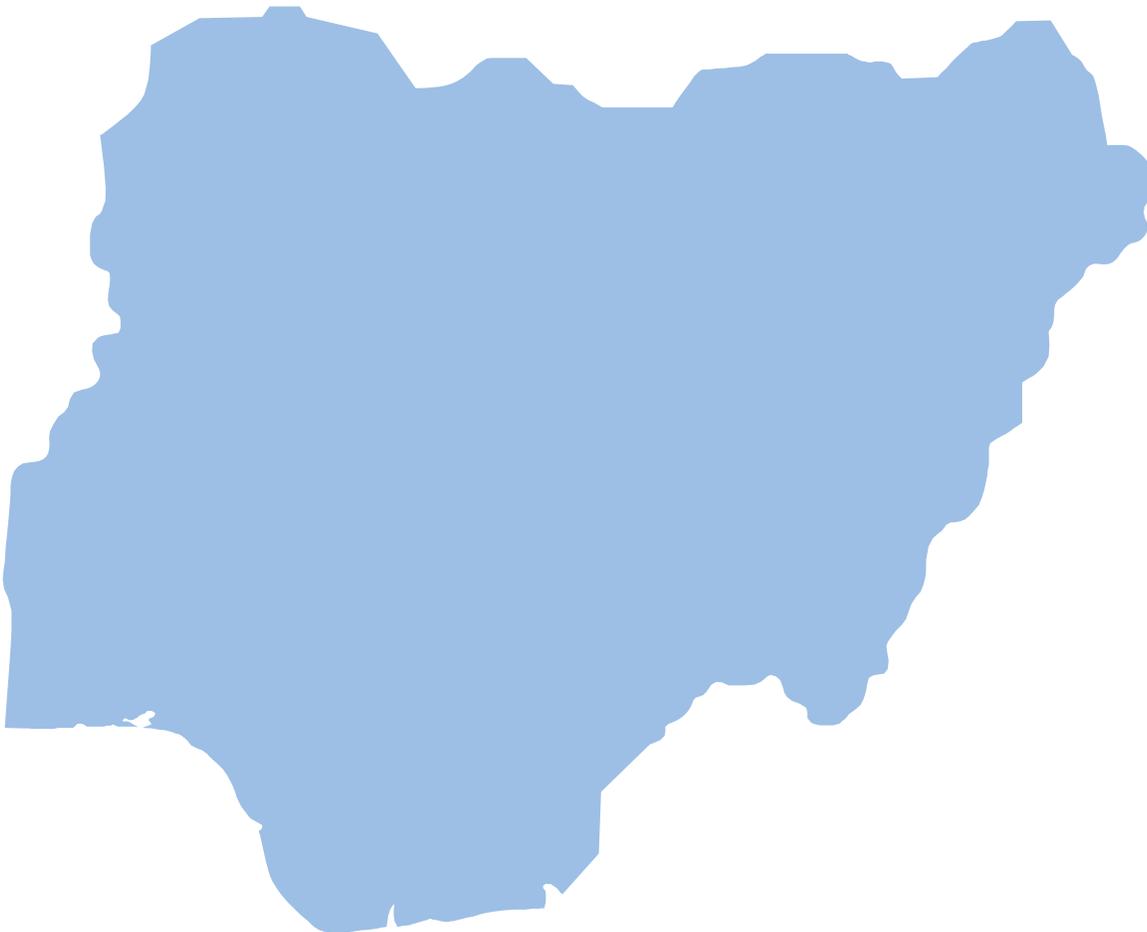




**USAID**  
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# **Nigeria**

## **Economic Performance Assessment**



**February 2006**

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# **Nigeria**

## **Economic Performance**

### **Assessment**

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

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

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The authors of this report are Rose Mary Garcia, Richard Kohl, Ann Ruengsorn, and Julia Zislin.

The CTO for this project is Yoon Lee. USAID missions and bureaus may seek assistance and funding for CAS studies by contacting Rita Aggarwal, USAID/EGAT/EG Activity Manager for the CAS project at [raggarwal@usaid.gov](mailto:raggarwal@usaid.gov).

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Bruce Bolnick  
Chief of Party, CAS Project  
Nathan Associates Inc.  
[Bbolnick@nathaninc.com](mailto:Bbolnick@nathaninc.com)

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## HIGHLIGHTS OF NIGERIA'S PERFORMANCE

Economic Growth	The Nigerian economy is recovering from two decades of stagnation. Real GDP growth averaged 5.4 percent during the period 2000–2004 and needs to improve further to help reduce the high poverty levels.
Poverty	Fifty-five percent of the population lives on less than one dollar per day. This is one of the highest poverty rates in sub-Saharan Africa.
Gender	Gender disparities in Nigeria are great and show up in both education and health.
Fiscal and Monetary Policy	New macroeconomic policies have resulted in declining expenditures-to-GDP ratios, a budget surplus in 2004, and an increase in foreign reserves. Inflation remains in the double digits.
Business Environment	Corruption is rampant, though recent government efforts had made modest improvements. Rule of law and regulatory quality are weak. The poor business environment is a severe constraint to doing business.
Financial Sector	Domestic credit to the private sector is strong. The banking system seems to be efficient with interest rate differentials of 6.5 percent.
External Sector	Primary indicators conceal important structural problems, including a heavy dependence on oil exports, protectionism, and a distorted foreign exchange market. With the recent approval of debt relief by the Paris club, debt sustainability does not appear to be a problem.
Economic Infrastructure	Very poor quality infrastructure continues to hamper growth, though recent improvements are impressive. Electricity is the top concern.
Health	Nigeria's health situation is extremely troubling. Reproductive health indicators and HIV/AIDS are of particular concern. Domestic health spending is woefully inadequate and implementation is poor.
Education	The education system needs great improvement in Nigeria as in much of sub-Saharan Africa. Female enrollment is adequate by regional standards, but low in absolute terms. The system is characterized by unqualified teachers, limited pupil–teacher contact, high pupil–teacher ratio, and a lack of materials.
Employment and Workforce	Women's rate of workforce participation mirrors the gender disparities of other indicators. Growth in non-oil sectors has been volatile, hampering job creation. Unemployment remains high. Labor laws, however, are favorable for job creation.
Agriculture	The agriculture sector performs below potential. Growth is not expected to continue in the long term unless productivity-boosting methods and technology are introduced. Poor infrastructure also plays a role in decreasing export potential. The historical maintenance of an overvalued exchange rate related to high oil-export revenues and Dutch Disease have substantially hampered agricultural exports.

*Note: The methodology used for comparative benchmarking is explained in the appendix.*

## NIGERIA: NOTABLE STRENGTHS AND WEAKNESSES— SELECTED INDICATORS<sup>a</sup>

Indicators	Strengths	Weaknesses
<b>Growth Performance</b>		
Growth of labor productivity		X
Share of gross fixed investment to GDP, current prices	X	
<b>Poverty and Inequality</b>		
Population living in on less than \$1 PPP per day, percent		X
<b>Gender</b>		
Gross enrollment rate, ratio of male to female		X
<b>Fiscal and Monetary Policy</b>		
Overall government budget balance, including grants, % GDP	X	
Inflation rate, percent		X
<b>Business Environment</b>		
Corruption perception index		X
Ease of doing business ranking	X	
Regulatory quality index		X
Rule of law index		X
<b>Financial Sector</b>		
Domestic credit to the private sector, % GDP	X	
Interest rate spread, percent	X	
<b>External Sector</b>		
Concentration of exports, % top 3 goods (3-digit SITC) of total exports		X
Debt service ratio, % exports	X	
<b>Economic Infrastructure</b>		
Quality of infrastructure index – electricity		X
<b>Health</b>		
Life expectancy at birth, years		X

Indicators	Strengths	Weaknesses
HIV prevalence, %		X
Public health expenditure, % of GDP		X
Education		
Net enrollment rate – female, %		X
Youth literacy rate, %		X
Employment and Workforce		
Rigidity of employment index	X	
Unemployment rate, %		X
Agriculture		
Agricultural policy costs index		X
Crop production index		X

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



# 1. Introduction

This paper is one of a series of Economic Performance Assessments prepared for the EGAT Bureau to provide USAID missions and regional bureaus with a concise evaluation of a broad range of indicators relating to economic growth performance in designated host countries. The report draws on a variety of international data sources<sup>1</sup> and uses international benchmarking against reference group averages and comparator countries (Ghana and Cameroon) to identify major constraints, trends, and opportunities for strengthening growth and reducing poverty.

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

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

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

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<sup>1</sup> Sources include the latest data from USAID’s internal Economic and Social Database, and from readily accessible public information sources. This database is compiled and maintained by the Development Information Service, under PPC/CDIE. It is accessible to staff through the USAID intranet.

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

<sup>3</sup> 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.

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*.<sup>4</sup> Here, too, many elements are involved, including effective education and health systems; policies facilitating job creation; agricultural development (in countries where the poor depend predominantly on farming); dismantling barriers to micro and small enterprise development; and progress toward gender equity.

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

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

Table 1-1  
*Topic Coverage*

Overview of the Economy	Private Sector Enabling Environment	Pro-Poor Growth Environment
<ul style="list-style-type: none"> <li>• Growth Performance</li> <li>• Poverty and Inequality</li> <li>• Economic Structure</li> <li>• Demographic and Environmental Conditions</li> <li>• Gender</li> </ul>	<ul style="list-style-type: none"> <li>• Fiscal and Monetary Policy</li> <li>• Business Environment</li> <li>• Financial Sector</li> <li>• External Sector</li> <li>• Economic Infrastructure</li> <li>• Science and Technology</li> </ul>	<ul style="list-style-type: none"> <li>• Health</li> <li>• Education</li> <li>• Employment and Workforce</li> <li>• Agriculture</li> </ul>

---

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

## 2. Overview of the Economy

This section reviews basic information on Nigeria's macroeconomic performance, poverty and inequality, economic structure, demographic and environmental conditions, and indicators of gender equity.<sup>5</sup> Some of the indicators cited here are descriptive rather than analytical and are included to provide context for the performance analysis.

### **GROWTH PERFORMANCE**

Nigeria's economic performance is improving because of the elected government's steady implementation over the past 20 months of its homegrown reform program, which in many aspects is consistent with the recommendations of the IMF (Figure 2-1).

Real GDP increased by about 6 percent in 2004, faster than in either Ghana or Cameroon. Although the growth rate was lower than in 2003 (10.9 percent), growth was more diversified, while the strong 2003 performance was attributable largely to a surge in oil revenues. In 2004 the growth rate of non-oil sectors increased to 7.4 percent, compared with 4.4 percent in 2003.<sup>6</sup> The economy grew at an average of 5.4 percent between 2000 and 2004, below the range predicted by the regression benchmark and slightly lower than the average for low-income sub-Saharan Africa (LI-SSA). With an annual population growth rate of about 2.5 percent, the GDP growth rate is not sufficient to alleviate poverty, one of Nigeria's most pressing problems.

The economy still suffers from two decades of poor economic performance after the collapse of oil prices in the early 1980s, when a series of military dictatorships ignored prudent macroeconomic policies and the state's infrastructure. Despite steady economic growth since the return to civilian rule in 1999, 2004 per capita income was only \$500 (in current U.S. dollars)—one-quarter of the mid-1970s levels (Figure 2-2).<sup>7</sup>

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<sup>5</sup> The separate Data Supplement provides a full tabulation of the data for Nigeria and the international benchmarks, including indicators not discussed in the text, as well as technical notes for each indicator. The supplement also provides data for Kenya and South Africa at the request of the Nigeria mission.

<sup>6</sup> IMF, "Country Focus: Reforming Nigeria's Pension System." October 17, 2005, Volume 34, No. 19. See <http://www.imf.org/external/pubs/ft/survey/2005/101705.pdf>.

<sup>7</sup> United States Department of State, Background Notes, Nigeria, version 8/05. See <http://www.state.gov/r/pa/ei/bgn/2836.htm>.

Figure 2-1  
Real GDP Growth, percent

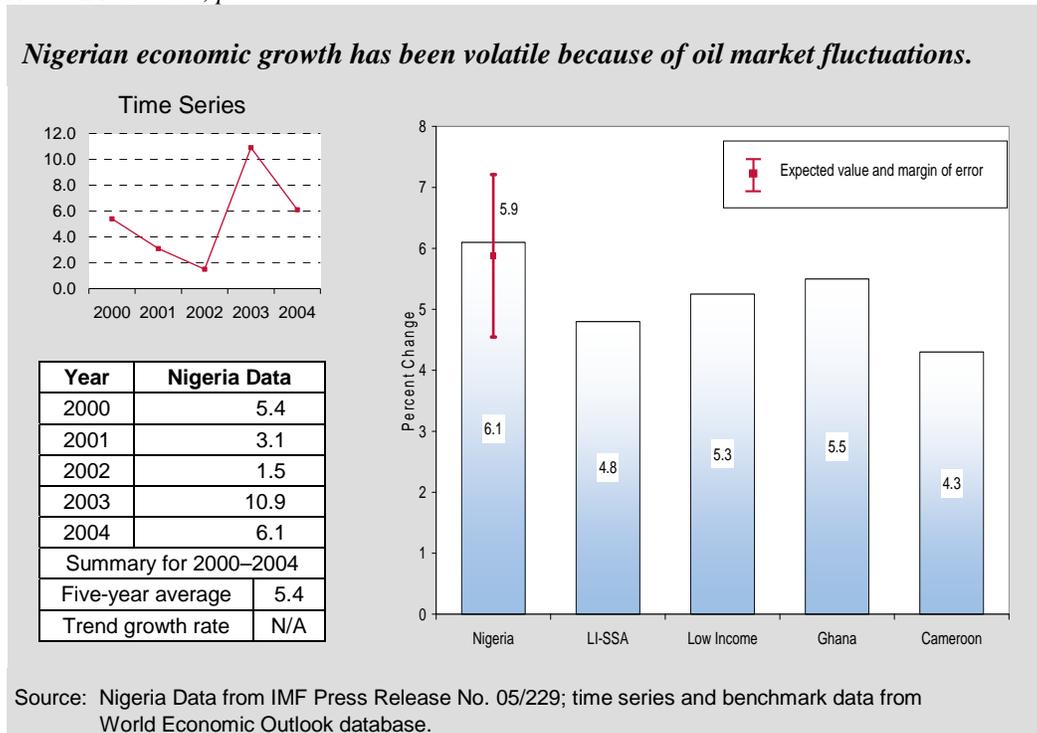
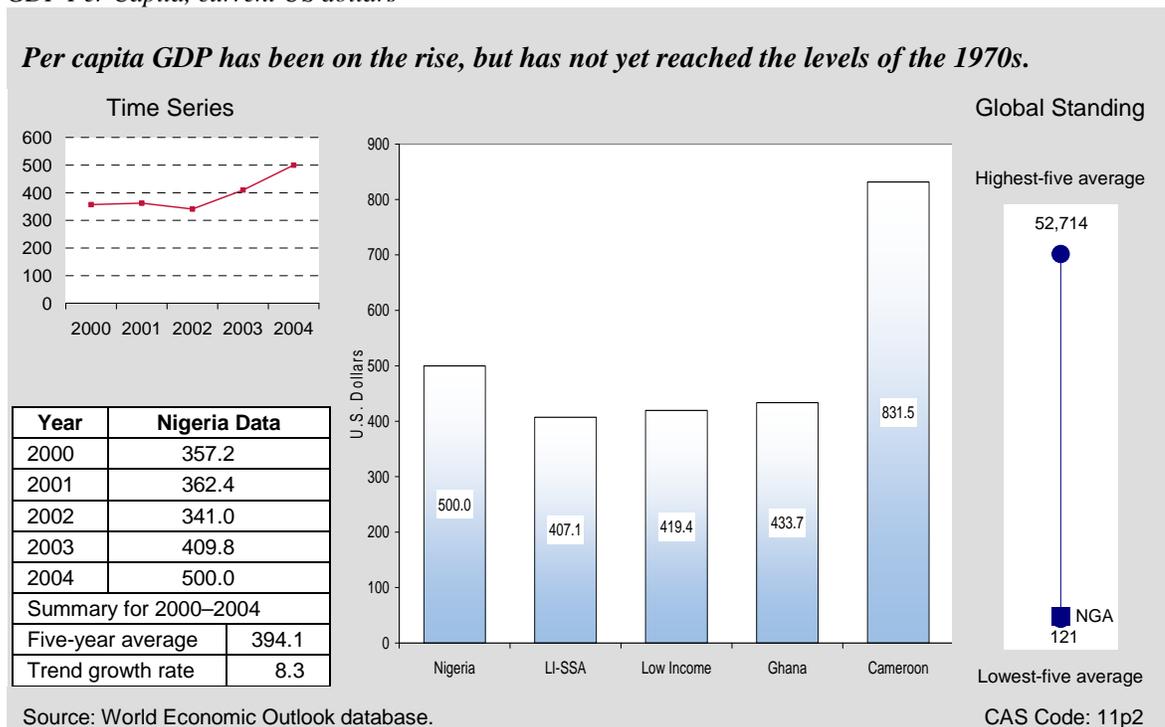


Figure 2-2  
GDP Per Capita, current US dollars



Labor productivity continues to be a concern. Nigeria had average productivity growth of 1.2 percent in 2000–2004. This average is below the rate of 1.9 percent found in the LI-SSA countries, 2.0 percent in low income countries as a whole, 1.7 percent in Ghana, and 2.2 percent in Cameroon. Fixed capital investment, however, was strong. Investment averaged 23.4 percent of GDP from 2000 to 2004, well above the regression benchmark of 18.1 percent and the LI-SSA average of 19.2 percent, and higher than the levels found in the comparator countries. This strong performance needs to be treated with caution, however, because it is likely that much of this investment is concentrated in the oil industry. The level of private investment, at 13.2 percent of GDP in 2004, signals weak prospects for growth and job creation, suggesting the need to focus on improving the business environment (see section on Business Environment).

Nigeria's main challenges are to reduce poverty, diversify the economy away from crude oil and gas exports toward more labor-intensive sectors, and improve basic health and education for the poorest half of the population. According to the World Bank, Nigeria needs to grow at a rate of 7–8 percent a year to cut poverty in half by 2015.<sup>8</sup> Oil production is not labor intensive, and in a country with high unemployment and poverty, special efforts are necessary to promote growth in sectors that will create employment. Factors leading to higher growth outside the oil sector include improving the quality and reliability of infrastructure and reducing corruption.

## POVERTY AND INEQUALITY

Poverty is an acute problem in Nigeria. An estimated 70 million people of a total population of 136 million (55 percent) live on less than one dollar a day in purchasing power parity terms. This gives Nigeria the third-largest number of poor in the world, after China and India.<sup>9</sup> The rate is substantially higher than that predicted by the regression benchmark (35.1 percent) or by the poverty rate in Cameroon (17.0 percent). According to the World Bank's Country Partnership Strategy, poor Nigerians live predominantly in rural areas, in the north, and are likely to be female, very young, or elderly.

Nigeria's oil and gas wealth has done little to alleviate poverty. The economy's reliance on oil for export earnings and government revenue has hurt the poor in several ways. First, oil income has increased economic volatility in growth, inflation, and the exchange rate, and the poor are the least able to protect themselves against these fluctuations. Compounding this volatility has been instability in government revenues, which has been translated into shifting government policies and services. Second, there is strong, though not conclusive, evidence of Dutch Disease in Nigeria—that is, that oil export earnings have created a chronic tendency towards exchange rate overvaluation, crowding out manufacturing and especially agriculture, the latter being the sector where many of the poor are found. Third, the oil industry is not labor intensive and employs few unskilled workers. Fourth, oil revenues have fostered inequality and a rent-seeking political economy, undermining transparency and accountability and leading to conflict, often violent,

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<sup>8</sup> World Bank, Country Partnership Strategy for the Federal Republic of Nigeria (2005–2009), Report No. 32412-NG, June 2005.

<sup>9</sup> Ibid.

over the allocation of oil revenues. As with purely economic volatility, the burden of these problems falls disproportionately on the poor.<sup>10</sup>

The data do not show clearly whether poverty has declined in the past five years; as the IMF notes in the 2004 Article IV, some recent surveys show a decline, but these are not strictly comparable with past surveys, and other social indicators have not improved much. The more negative interpretation is consistent with the UNDP's Human Poverty Index, which shows an increase in poverty from 34.0 percent to 38.8 percent during the period 2001 to 2003.<sup>11</sup> This rate is higher than in Ghana (26.0 percent) and Cameroon (37.9 percent), but lower than the LI-SSA average (45.0 percent) and the regression benchmark for a country with Nigeria's characteristics (45.8 percent). The Northwest region in particular suffers from a lack of educational resources, health infrastructure, and access to clean water.<sup>12</sup>

Nigeria's National Economic Empowerment and Development Strategy (NEEDS) has recently been accepted in as the country's Poverty Reduction Strategy Paper (PRSP); nonetheless, no recent reliable data are available on income inequality. In 1997 (the latest available data), the ratio of the income share of the highest 10 percent to the lowest 10 percent was 24.9, indicating serious inequality. The government and donors may want to focus on improving data availability to monitor poverty problems better.

On the positive side, only 9 percent of the population consumes fewer calories than the minimum required for normal energy consumption, implying that most of the poor are subsistence farmers able to grow enough food for their own consumption (Figure 2-3). This performance is substantially better than in LI-SSA (33 percent, on average) or Cameroon (25 percent) and somewhat better than in Ghana (13 percent).

Poverty is a serious problem in Nigeria and tops the country's list of policy priorities. The country has prudently saved much of the oil windfall it has earned from high prices in recent years and has benefited from debt reductions. Donor assistance in spending these resources wisely and transparently to create sustainable improvement in livelihoods can contribute to achieving its Millennium Development goals; the recent creation of a virtual poverty fund that tracks poverty-reducing spending is a step forward.

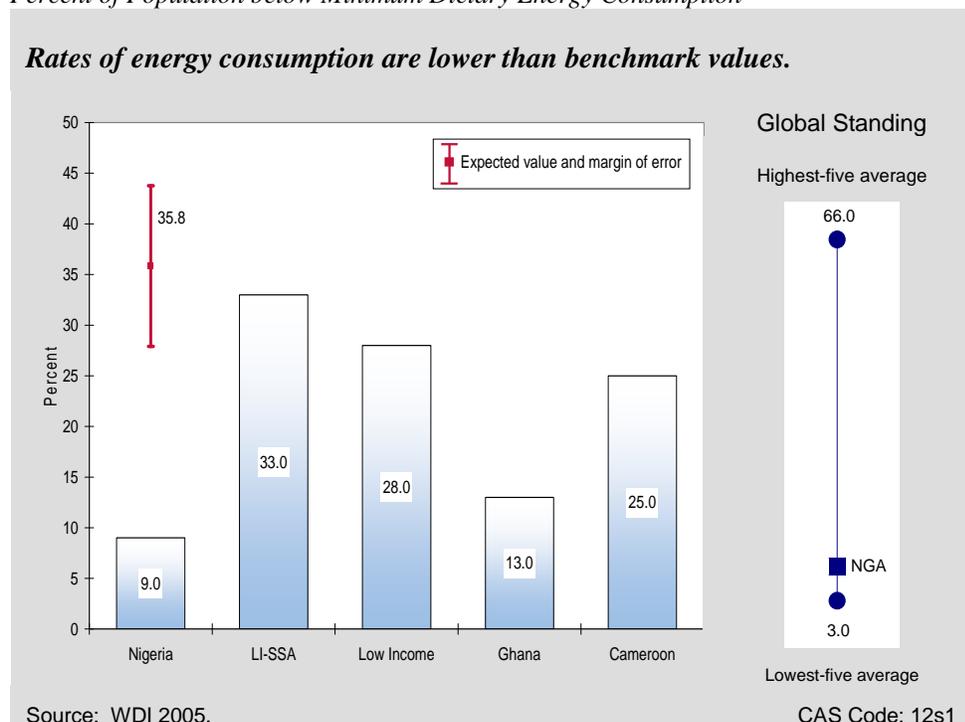
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<sup>10</sup> Ross, Michael, "Nigeria's Oil Sector and the Poor," prepared for DFID's Nigeria: Drivers of Change program May 23, 2003.

<sup>11</sup> Human Poverty Index ranges from 0 (for no deprivation) to 100 (for extreme deprivation).

<sup>12</sup> World Bank, Country Partnership Strategy for the Federal Republic of Nigeria (2005–2009).

Figure 2-3  
*Percent of Population below Minimum Dietary Energy Consumption*



## ECONOMIC STRUCTURE

Nigeria's economy is heavily industrialized for an African country, with an average of nearly 50 percent of GDP attributed to industry during the period 1999 to 2004. For 2004, industry accounted for approximately 56.9 percent of GDP, significantly higher than the LI-SSA average (21.2 percent) and the shares in Ghana (24.9 percent) and Cameroon (16.7 percent). The industrialization rate, however, reflects the importance of crude oil and natural gas production in Nigeria. In 2004, services accounted for only 26.5 percent of GDP, substantially below all benchmarks—the LI-SSA average was 41.9 percent and the values for Ghana and Cameroon were both slightly higher than 39 percent.

In 2003 a sharp rise in oil production contributed to a decline in the share of agriculture as a percent of GDP—from 29 percent in 2003 to 16 percent in 2004. The more recent figure is much lower than the regression benchmark (34.7 percent), the LI-SSA average (31.7 percent), or than in Ghana (35.8 percent) or Cameroon (44.2 percent). According to the Food and Agriculture Organization of the United Nations, 30 percent of the economically active Nigerian population was employed in agriculture in 2004, a figure that is largely unchanged from the previous two years.<sup>13</sup> Donors may want to consider supporting programs that diversify the economy and support nonfarm employment in rural areas, though for such programs to be effective and sustainable they must be combined with macroeconomic policies that address the tendency toward an overvalued currency.

<sup>13</sup> FAO, Statistical Year Book 2004, Vol. 1-1. See [http://www.fao.org/es/ess/yearbook/vol\\_1\\_1/pdf/a03.pdf](http://www.fao.org/es/ess/yearbook/vol_1_1/pdf/a03.pdf).

## DEMOGRAPHY AND ENVIRONMENT

Nigeria is the most populous country in sub-Saharan Africa, with an estimated 136 million people, nearly triple the population of South Africa and more than one-fifth of the continent's total population. Population growth averaged 2.4 percent from 1999 to 2003. This is a faster rate than the average for LI-SSA (2.3 percent) and the latest figures for Ghana (1.8 percent) and Cameroon (2.0 percent). The high age-dependency ratio (0.86 dependents per worker) reflects very high fertility rates, which approach six births per woman over her lifetime,<sup>14</sup> slightly higher than the sub-Saharan Africa average of 5.5.

Although Nigeria's urbanization numbers are not out of line with benchmarks, urbanization is a problem. Urbanization increased from 43.2 percent to 46.6 percent between 1999 and 2003, which is roughly equivalent to what is predicted by the regression benchmark, much higher than the LI-SSA average and lower than the 51.2 percent in Cameroon. Urbanization largely reflects the lack of viable opportunities in rural areas and has resulted in growing urban poverty and unemployment.

The problems associated with urbanization help explain some of the serious environmental issues confronting Nigeria; for example, garbage and waste disposal problems in Lagos have aggravated longstanding problems of seasonal flooding and sewage backup. More generally, Nigeria's Environmental Sustainable Index<sup>15</sup> score of 45.4 shows that the country's environment is suffering degradation as much as the rest of Africa, with scores of 44.9 for LI-SSA on average, 52.8 for Ghana, and 52.5 for Cameroon. Improvements are needed in environmental governance, reducing pollution stress, environmental health, and water quality.

## GENDER

Gender indicators point to severe inequities in Nigeria, not unlike in the rest of LI-SSA. The gender gap in adult literacy has an important effect on growth potential because maternal education is strongly related to children's health, education, and nutrition. In Nigeria, the male literacy rate (74.4 percent) is 1.25 times higher than the female rate (59.4 percent). In comparative terms, the gender literacy differential in Nigeria is considerably better than the average ratio of 1.44 for LI-SSA and similar to those of Ghana (1.24) and Cameroon (1.29). In schooling, Nigeria's performance is worse than all the benchmarks (Figure 2-4).

The most recent estimate of the male gross enrollment rate is 1.25 times higher than that for females. This disparity is higher than in LI-SSA (1.20), Ghana (1.16), and Cameroon (1.20). Both literacy and enrollment indicators appear to be substantially worse in the predominantly Muslim north and in rural areas.<sup>16</sup>

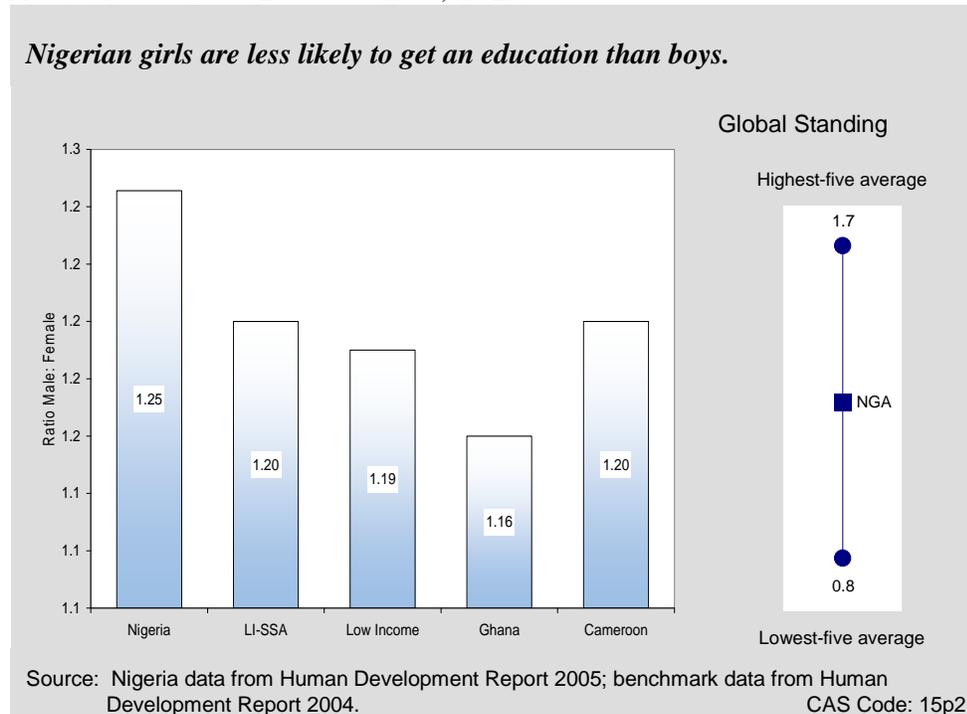
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<sup>14</sup> WDI 2005.

<sup>15</sup> The Environmental Sustainability Index ranges from 0 (for poor) to 100 (for excellent).

<sup>16</sup> AFROL News, "Gender Profiles: Nigeria," See [http://www.afrol.com/Categories/Women/profiles/nigeria\\_women.htm](http://www.afrol.com/Categories/Women/profiles/nigeria_women.htm).

Figure 2-4  
*Male-to-Female Gross Enrollment Ratio, All Levels*



Another sign of gender disadvantage is seen in the life expectancy indicator. In most of the world, women live longer than men—in many socially developed countries, by five years or more. In Nigeria, however, life expectancy is nearly identical for both women and men (at just over 43 years), with a 0.99 ratio of men’s life expectancy to women’s; the average ratio for the LI-SSA countries is 0.95, the same level found in most of the comparator countries.

Gender equity is important not only as a matter of basic human rights, but also because better opportunities and capabilities for women have positive implications for growth and productivity. USAID programs targeting primary school enrollment and literacy for girls have been successful in other low-income countries in Africa and elsewhere and could have a positive impact in Nigeria.<sup>17</sup>

<sup>17</sup> The Country Partnership Strategy lists gender as a cross-cutting issue.



# 3. Private Sector Enabling Environment

This section reviews indicators for the enabling environment for 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 institutional foundations such as secure property rights, an effective system for enforcing contracts, and a 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 factor of a good enabling environment because the external sector is a large source of potential markets, modern inputs, technology, and finance, as well as competitive pressure for efficiency and rising productivity. Equally important is development of the physical infrastructure to support production and trade. Finally, developing countries need to adapt and apply science and technology to attract investment, improve competitiveness, and stimulate productivity growth.

## FISCAL AND MONETARY POLICY

After the 2003 elections, the Nigerian government established two main economic objectives (1) macroeconomic stability and (2) reducing vulnerability to oil price shocks. To achieve these objectives, since early 2004 the government has put into reserves any oil revenues received above US\$25 per barrel. The government also instituted measures to increase domestic oil production and reduce the price subsidy on domestic crude oil. These factors and rising world oil prices caused oil revenues to surge. At the same time, public spending was reduced from 47.0 percent of GDP in 2001 to 35.4 percent in 2004. These actions resulted in a budget surplus of 7.7 percent of GDP for 2004, up from deficits of 4–5 percent of GDP

### *IMF Program Status for Nigeria*

The IMF recently approved a two-year Policy Support Instrument (PSI) for Nigeria to assist in the nation's economic reform efforts. The PSI framework is designed for low-income countries that seek IMF advice, monitoring, and endorsement of their policies. Nigeria's PSI is based on the National Economic Empowerment and Development Strategy (NEEDS), Nigeria's poverty reduction strategy. The PSI aims to help Nigeria develop a sound policy framework, including prudent macroeconomic policies, strengthening institutions, and a governance structure conducive to private sector development. The latest Article IV review was completed in August 2005, at which time IMF executive board commended Nigerian authorities for the country's strong economic performance in 2004 under the homegrown reform program articulated in NEEDS.<sup>18</sup>

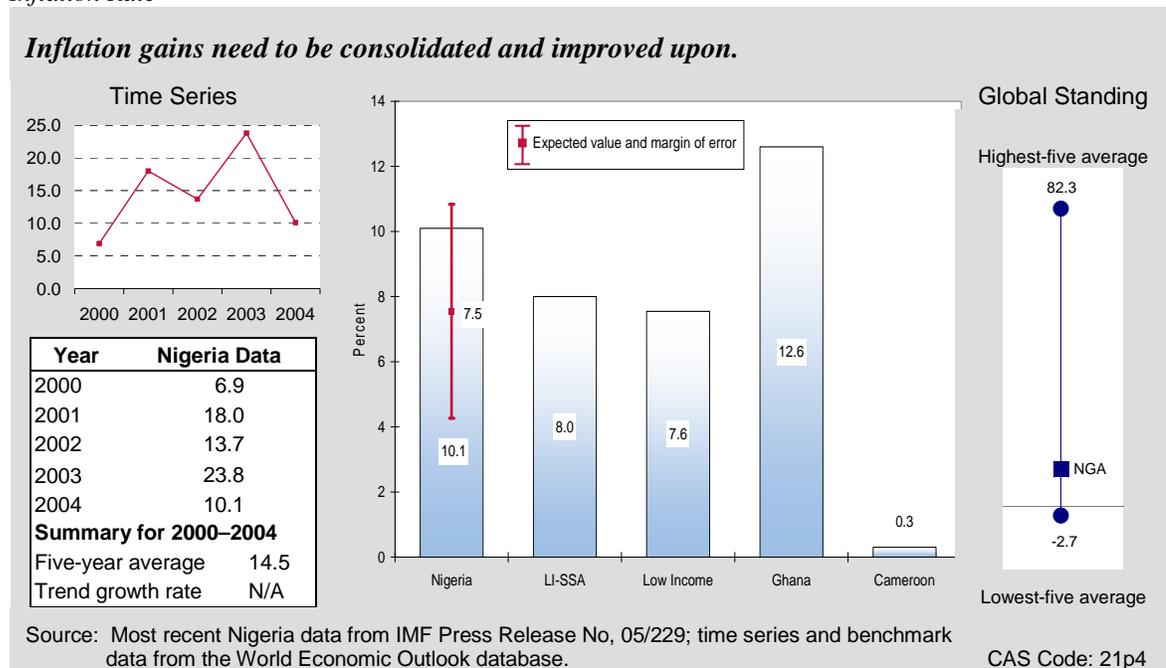
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<sup>18</sup> IMF Press Release "IMF Executive Board Approves a Two-Year Policy Support Instrument for Nigeria. See <http://www.imf.org/external/np/sec/pr/2005/pr05229.htm>

in 2002–2003.<sup>19</sup> This puts Nigeria in a much better fiscal position than Ghana (3.6 percent deficit), Cameroon (0.7 percent deficit),<sup>20</sup> and LI-SSA (4.6 percent average).<sup>21</sup>

Nigerian monetary policy has had twin goals: (1) progressively reduce inflation and (2) limit the appreciation of the currency, the naira, caused by rising oil export revenues. Money supply growth declined from an annual rate of 24.1 percent in 2003 to 14.0 percent in 2004,<sup>22</sup> which puts the rate of growth of the money supply slightly below the LI-SSA average of 15.4 percent. Tighter monetary policy, along with fiscal restraint and the policy of putting oil revenues into reserves, helped the Central Bank of Nigeria reduce inflation from an average of 18.5 percent in 2001–2003 to 10.1 percent in 2004.<sup>23</sup> Though Nigeria's inflation rate is now in the range of Ghana's (12.6 percent), it remains high in comparison to the 7.5 percent regression benchmark and 8.0 percent LI-SSA average (Figure 3-1).

Figure 3-1  
Inflation Rate



<sup>19</sup> Nigeria reports fiscal data for the federal, state, and local governments. The fiscal figures considered here are for consolidated government because of the importance of state governance in Nigeria.

<sup>20</sup> In 2005 the WDI adopted a new system for classifying fiscal data, even though most developing countries still use the old classification. Consequently the WDI database has fiscal data for very few developing countries; because of the small sample size, most of the group averages derived from WDI are not meaningful. In this section, comparisons are based on absolute standards, or benchmarks derived from 2004 WDI data, as well as figures for Ghana and Cameroon.

<sup>21</sup> Nigeria's reported expenditure levels are substantially higher than the average for LI-SSA (20.1 percent) and the levels of the comparator countries, but this comparison is misleading because the Nigerian figures cover three tiers of government—central, state, and local—and the comparator countries present only central government statistics.

<sup>22</sup> The data on the composition of money supply growth do not add up, casting doubt on their reliability.

<sup>23</sup> Inflation is a Millennium Challenge Account indicator.

Since 1981, the share of oil in government revenues has fluctuated from 56 percent to 86 percent, largely a result of movements in oil prices. This volatility has created instability in spending on social programs, resulting in inadequate health and educational services and a problem of sustainability. Instability in central government revenues and expenditures is made worse by Nigeria's federal system of intergovernmental finance wherein each of the 36 states and 774 local governments receives direct allocations from the central government. With the new administration, macroeconomic policies have been managed more wisely than in previous periods of high oil prices—all three tiers of government have adhered to conservative oil price-based fiscal rule, leading to budget surpluses in 2004 and 2005. Beginning in 2004, the government began setting aside oil windfalls to finance future expenditure.<sup>24</sup> Unfortunately, only a handful of states have been successful in using similar mechanisms to smooth out their petroleum revenue.

## BUSINESS ENVIRONMENT

Institutional barriers to doing business, including corruption in government, are critical determinants of private sector development and prospects for sustainable growth. On most indicators of the business environment, though not all, Nigeria scores very poorly.

Corruption is the foremost problem. According to the Transparency International Corruption Perception Index,<sup>25</sup> Nigeria is the sixth most corrupt nation in the world (Figure 3-2). Although Nigeria's score of 1.9 is a slight improvement over its previous score, in relative ranking it means that Nigeria is more corrupt than LI-SSA on average, Ghana, or Cameroon. The steady improvement in Nigeria's score from 1.0 in 2000 is a result of the government's concerted efforts to combat corruption, which include engaging in an anticorruption campaign, introducing a public awareness campaign, confiscating stolen funds from Swiss bank accounts, taking steps to make the government budget process and transfers to state and local governments more transparent, and beginning to implement the Extractive Industries Transparency Initiative.<sup>26</sup> But any score below 3.0 means that corruption is rampant and pervasive at nearly every level of the economy and has become deeply embedded in the culture. In Nigeria it has deep roots in the use of government oil revenues for political patronage and as payback for campaign financing. Many Nigerians are increasingly discouraged by slow progress on fundamental transparency issues.

The legal system and the rule of law are also ineffective. Nigeria scores -1.44 on the Rule of Law Index, worse than the average of -1.00 for LI-SSA and scores of -0.16 for Ghana and -1.0 for Cameroon, though better than the regression benchmark of -1.6 for a country with Nigeria's characteristics.<sup>27</sup> The court system in particular does not function well as a check on the other branches of government and remains highly politicized. It is far from independent. Similarly,

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<sup>24</sup> IMF, "Nigeria: Request for a Two-year Policy Instrument," Country Report No. 05/432, December 2005.

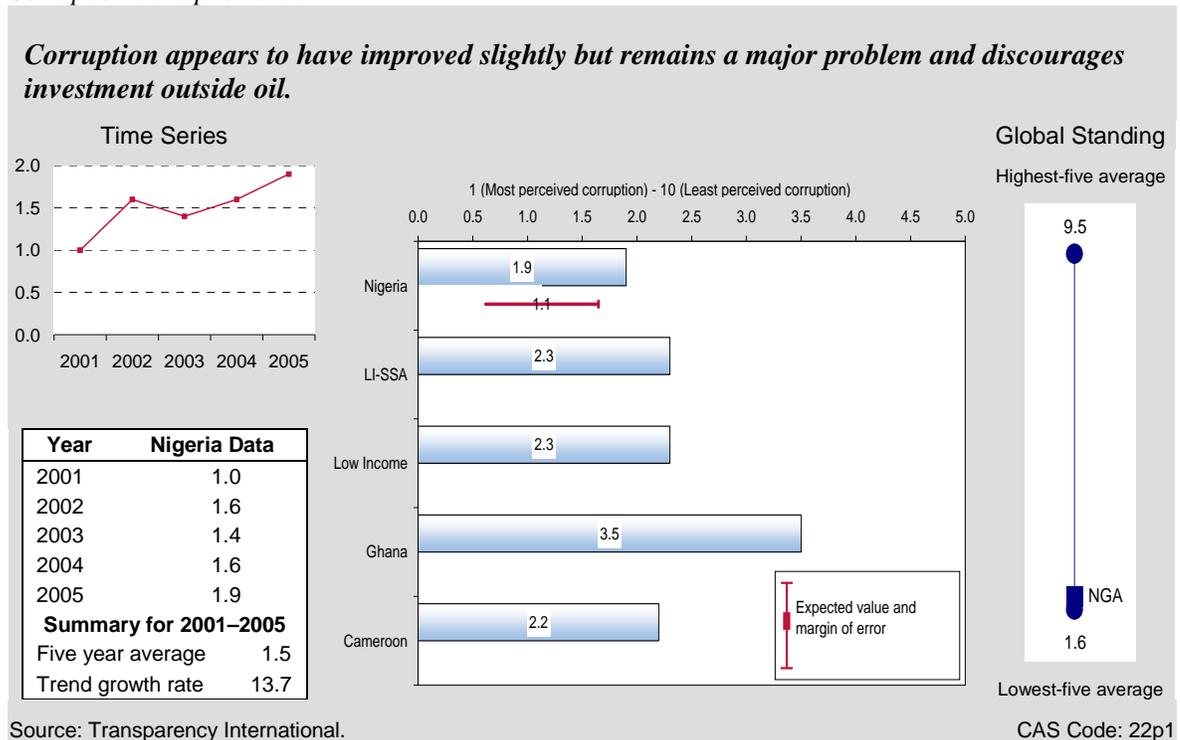
<sup>25</sup> The Corruption Perception Index ranges from 1 (for most perceived corruption) to 10 (for least perceived corruption).

<sup>26</sup> World Bank, "Country Partnership Strategy for the Federal Republic of Nigeria (2005-2009)," and IMF, "Nigeria: 2005 Article IV Consultation," Country Report No. 05/302, August 2005.

<sup>27</sup> Rule of Law Index ranges in value from -2.5 (for poor) to 2.5 (for excellent). Rule of Law Index is a Millennium Challenge Account Indicator.

Nigeria performs poorly on the Regulatory Quality Index (scoring -1.28).<sup>28</sup> Here again, Nigeria's score is below the average for LI-SSA (-0.77) and scores for Ghana (-0.28) and Cameroon (-0.71). Improvements in these two areas are necessary to encourage investment, both domestic and foreign, and to ensure long-term non-oil growth.

Figure 3-2  
Corruption Perception Index



Given the poor scores on the other business environment indicators, it is surprising that Nigeria ranks high on the Ease of Doing Business Ranking (94th out of 155), substantially better than the average ranking of 126.9 for LI-SSA and Cameroon's ranking of 130. This high ranking is attributable to flexibility in the labor markets, ease of getting credit, and investor protection. Nigeria does rank behind Ghana (82nd) and needs to try to improve its performance at least to those levels. Nigeria's notable weakness is in registering property, where both the number of procedures and time involved are excessive. Improvement is also needed to reduce the time needed to enforce a contract.

The business environment indicators convey a consistent message: institutional constraints severely impair private sector development. Consequently, programs to control corruption, improve transparency and the judicial system, and promote institutional reform should continue to be the principal focus of donor agencies and the government (as they have been for the current administration).

<sup>28</sup> Regulatory Quality Index ranges in value from -2.5 (for poor) to 2.5 (for excellent).

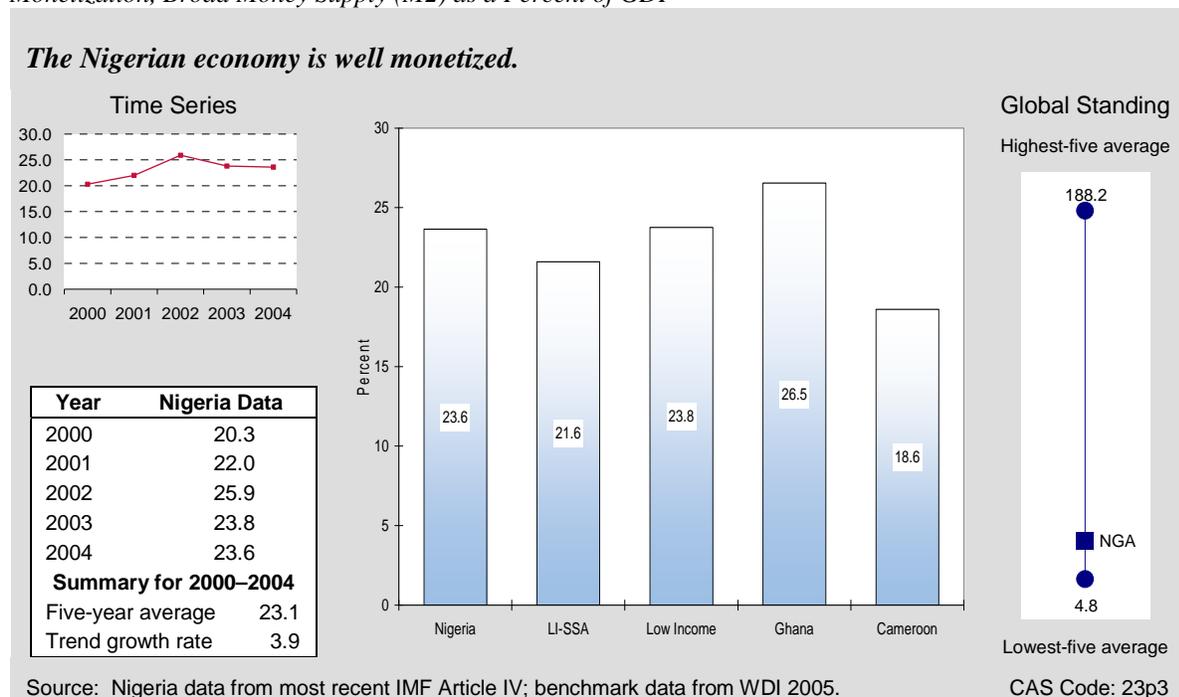
## FINANCIAL SECTOR

A sound and efficient financial sector is a key to mobilizing savings, fostering productive investment, and improving risk management. Overall, the financial sector in Nigeria is efficient; however, regulatory improvements are necessary.

The money supply-to-GDP ratio is a principal indicator of the degree of monetization of the economy and the size and depth of the banking sector. Nigeria's economy is well monetized, with a broad money supply (M2) of 23.6 percent of GDP in 2004 (Figure 3-3). This ratio is above the LI-SSA average (21.6 percent) and Cameroon's rate (18.6 percent). The higher rate of 26.5 percent in Ghana indicates that there is potential for improvement in Nigeria.

The banking sector also seems efficient and well developed by African standards. Nigeria's interest rate spread has decreased steadily during the past four years and reached 6.5 percent in 2004. This is below all the comparator values: the regression benchmark value was 12.0 percent, the LI-SSA average is 12.9 percent, and the rate in Cameroon was 13.0 percent. The five-year average real interest rate of 4.8 for 1999–2003 is also a sign of efficiency and competition in the banking sector, particularly when compared to LI-SSA (with an average spread of 13.7 percent). Nigeria's score on the Legal Rights of Borrowers Index was 7 in 2004 on a scale of 0 (worst) to 10 (best), implying a more advanced financial legal framework than those of Ghana (5) and Cameroon (4) and the average in LI-SSA (4).

Figure 3-3  
*Monetization, Broad Money Supply (M2) as a Percent of GDP*



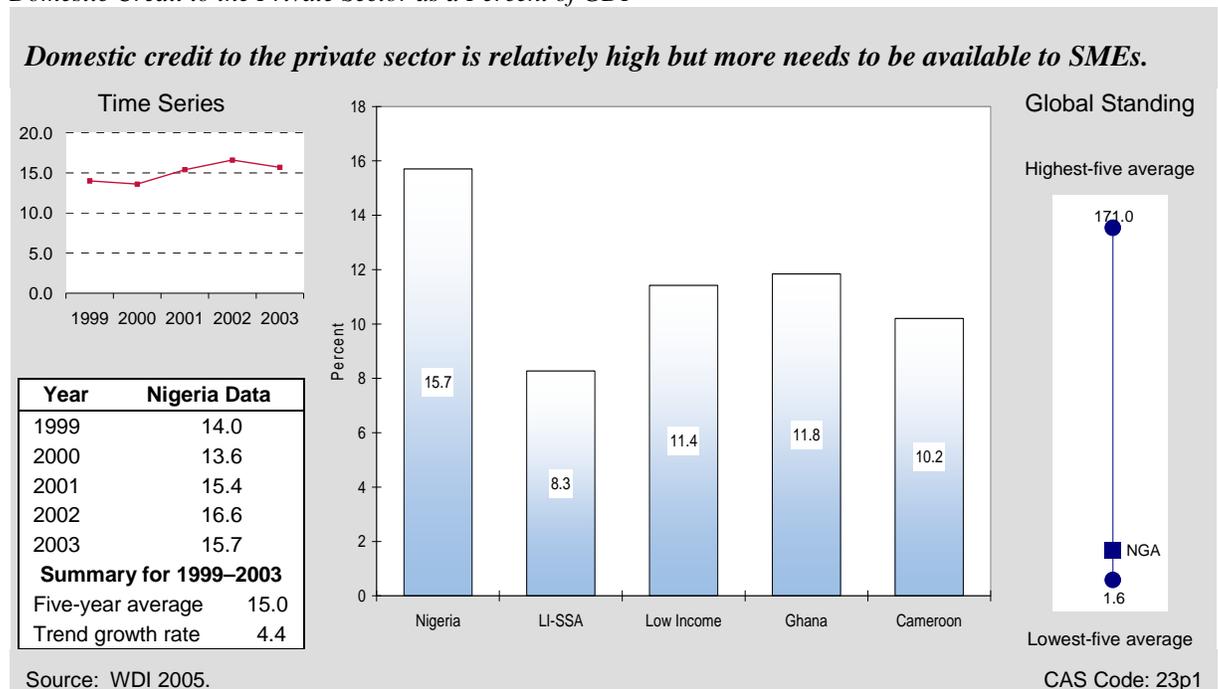
The picture painted by these indicators, however, misses some important aspects of the banking system—undercapitalization and unsound banking practices. As the IMF notes in its 2005 Article IV report: “The presence of unsound banks with poor governance practices, such as widespread insider lending, misreporting, and systemic under provisioning, has compromised the

effectiveness of monetary policy, undermined public confidence, and discouraged financial intermediation, savings, and investment.” The government is improving bank capitalization through a combination of consolidation, closing weak banks, and raising capital. At the same time, it is taking measures to strengthen the supervisory and regulatory structure. The government needs to proceed with these measures in a way and at a pace that maintain confidence in banking.

Domestic credit to the private sector has been strong at 15.7 percent of GDP in 2003 (Figure 3-4). This level is above all benchmarks—the average for the LI-SSA region and the values for Ghana and Cameroon.<sup>29</sup> As in much of Africa, however, credit is available mostly for the largest and most well-established enterprises; more needs to be done to expand credit availability to SMEs and microenterprises.

Figure 3-4

*Domestic Credit to the Private Sector as a Percent of GDP*



Nigeria’s stock market capitalization of 16.3 percent of GDP is low compared to all benchmarks—Ghana with 18.7 percent, LI-SSA with a 17.5 percent average, and the regression benchmark of 17.0 percent. Improved stock market performance could provide additional sources of capital for private investment and could help increase competition for the banking sector, putting pressure on banks to improve efficiency.

## 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

<sup>29</sup> Regression estimate is not used for benchmarking here due to high standard errors.

increase in global integration over the past 25 years. The international flow of goods and services, capital, technology, ideas, and people offers great opportunities for Nigeria to boost growth and reduce poverty by stimulating productivity and efficiency, providing access to new markets and ideas, and expanding the range of consumer choice. Globalization also creates new challenges in the need for institutions, policies, and regulations to take full advantage of international markets; develop cost-effective approaches to cope with adjustment costs; and establish systems for monitoring and mitigating the associated risks.

## **International Trade and the Current Account**

Nigeria's ratio of trade to GDP in current U.S. dollars rose steadily from 67.2 percent in 2001 to 79.1 percent of GDP in 2004. The value is above the regression benchmark of 35.0 percent, the LI-SSA average of 59.7 percent, and Cameroon's trade volume of 50.9 percent of GDP, but below Ghana's 92.6 percent. At first glance, this level of trade volume appears healthy; however, there are reasons for concern. First, the increase in trade is largely a result of rising oil prices and oil export volumes. According to the IMF Article IV consultation, Nigeria's average oil price received rose from \$25 in 2002 to a projected \$49 for 2005; and domestic oil production increased from 2.0 to 2.5 million barrels per day. Second, Nigeria retains one of the highest levels of trade protection in the world in the form of tariffs and import bans, creating an antiexport bias only partially mitigated by export promotion policies.<sup>30</sup> Consequently, Nigeria scores a 5 (the worst score) on the Trade Policy Index, higher than the 4 average for LI-SSA and the 4 for Ghana (although on par with 5 for Cameroon).<sup>31</sup>

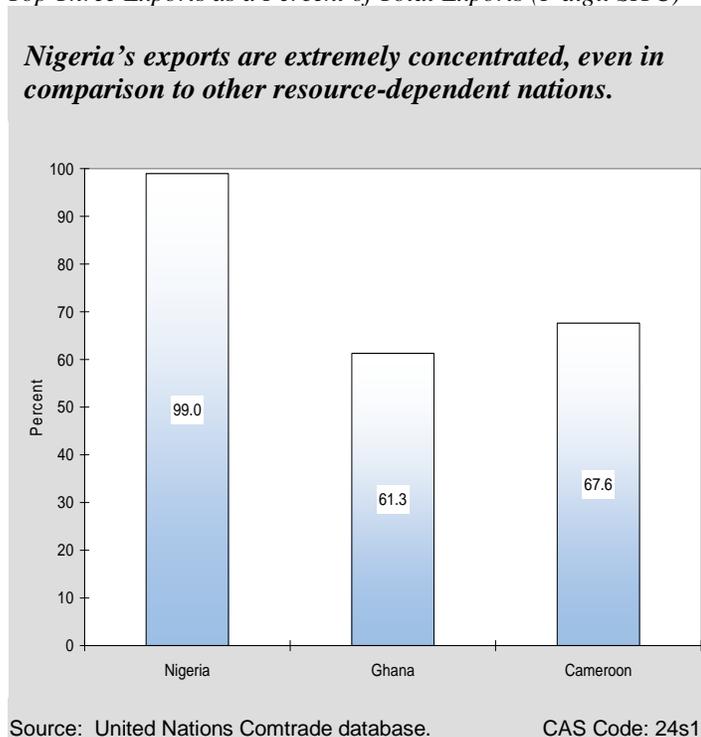
Finally, Nigeria's exports are extremely concentrated, with the top three export product groups (according to the SITC Rev. 3 three-digit classification) accounting for 99.0 percent of exports in 2004, basically unchanged in the past five years (Figure 3-5). This level of concentration is higher than that of Ghana (61.3 percent) and Cameroon (67.6 percent), countries that also rely heavily on natural resources. In fact, crude oil and natural gas account for 97.5 percent of Nigerian exports. Despite export-promotion schemes, non-oil export performance remains weak, and the schemes have failed to achieve much development of the agricultural and manufacturing sectors (discussed in the Economic Structure section). The problem could be partially attributed to an overvalued currency (as discussed in the External Sector section).

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<sup>30</sup> IMF, "Nigeria: Selected Issues and Statistical Appendix," Country Report No. 05/303, August 2005.

<sup>31</sup> Trade Policy Index is a Millennium Challenge Account Indicator.

Figure 3-5  
*Top Three Exports as a Percent of Total Exports (3-digit SITC)*

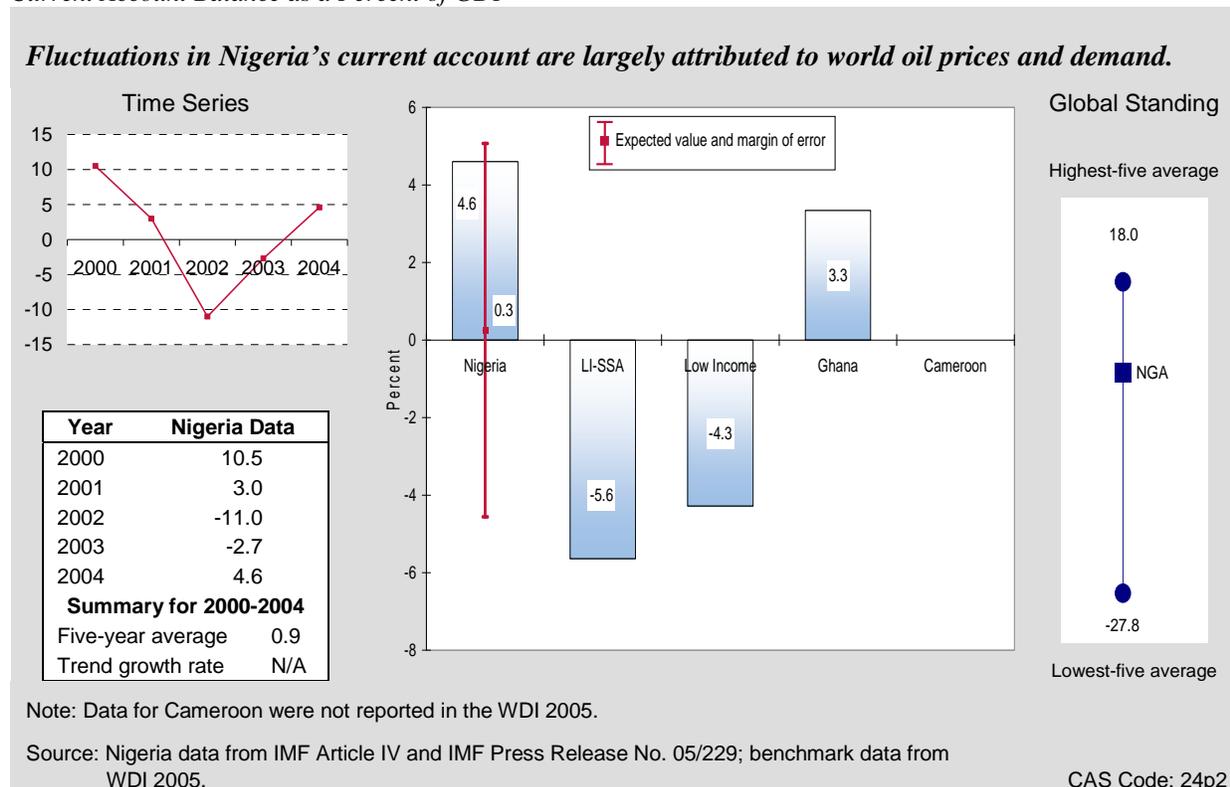


Nigeria's current account balance fluctuates with oil prices and oil revenues. The current account fell from a surplus of 10.5 percent of GDP in 2000 to a deficit of 11.0 percent in 2002, but with the increase in oil prices and the volume of exports after 2002, Nigeria's current account rebounded to a surplus of 4.6 percent in 2004 (Figure 3-6). The non-oil current account has also improved.<sup>32</sup> Although oil prices are expected to remain high in the short term, diversifying exports is necessary for long-term stability and growth. Planned reductions in protectionism need to be implemented to weaken the antiexport bias and encourage Nigerian industry to become more competitive.<sup>33</sup>

<sup>32</sup> IMF, "Nigeria: Selected Issues and Statistical Appendix."

<sup>33</sup> According to the IMF Article IV, as of July 2005, the government of Nigeria planned to engage in tariff reform, but other reforms need to follow.

Figure 3-6  
Current Account Balance as a Percent of GDP



## International Financing and External Debt

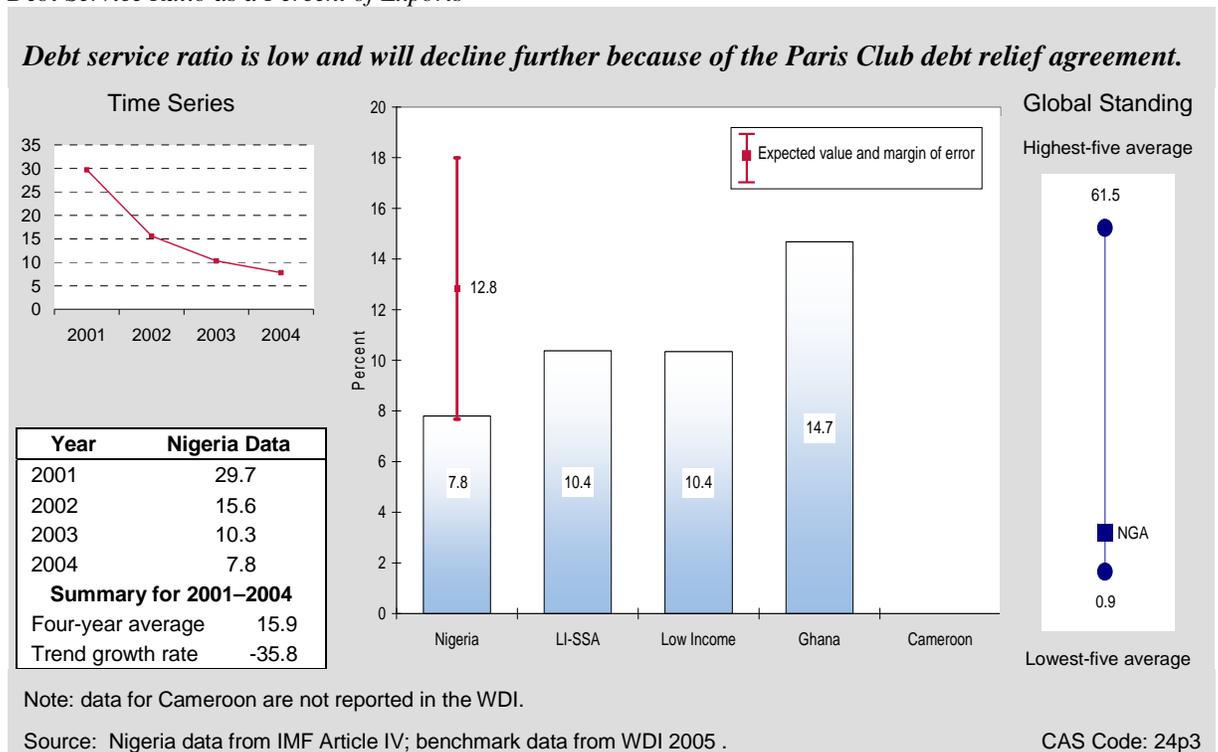
Foreign direct investment (FDI) is high by regional standards. In 2004, FDI accounted for 6.3 percent of GDP, and the benchmark values were all below 2.0. These levels need to be viewed in a larger context, however, because FDI and foreign companies' participation in sectors besides oil and gas have been low. Nigerian authorities, however, did report about \$2 billion in new FDI in the non-oil economy in 2004.<sup>34</sup> Continued improvement in the business environment, as discussed earlier, is needed to attract foreign investment to manufacturing and non-oil industry.

Nigeria's external debt situation has improved because the country has benefited from forgiveness of substantial public debt. Following IMF approval of the two-year PSI, on October 20, 2005, Nigeria signed an agreement with the Paris Club eliminating 60 percent of Nigeria's debt to the club.<sup>35</sup> The debt relief is equivalent to US\$18 billion in real terms. Before the relief, in 2003 (the latest data available), the present value of debt stood at 75.9 percent of GNI, above all benchmarks—the regression estimate of 58.7 percent of GNI (though with high standard errors), the LI-SSA average (65.6 percent), and Cameroon's and Ghana's 52.8 percent and 38.0 percent, respectively (Figure 3-7).

<sup>34</sup> IMF, "Nigeria: Selected Issues and Statistical Appendix," and "Nigeria: 2005 Article IV Consultation."

<sup>35</sup> Paris Club, Press Release, Nigeria, October 20, 2005. See [http://www.clubdeparis.org/en/news/page\\_detail\\_news.php?FICHIER=com11297988840](http://www.clubdeparis.org/en/news/page_detail_news.php?FICHIER=com11297988840).

Figure 3-7  
Debt Service Ratio as a Percent of Exports



The debt service ratio in 2004 stood at 7.8 percent of exports, down from 29.7 percent in 2001 because of the rise of exports and an earlier debt rescheduling. The current service ratio is below all available benchmarks and will fall even further after the debt relief takes effect. A reduction in debt reduces capital flight and increases investment and growth.<sup>36</sup> The government of Nigeria needs to capitalize on the newly freed-up resources to put funds back into the productive economy, stimulate growth, and reduce poverty.

Because of Nigeria's oil wealth, foreign aid plays a relatively small role in external financing, averaging 0.6 percent of GNI in 1999–2003. This level is substantially below the regression benchmark (15.7 percent), the LI-SSA average (12.4 percent), and aid flows to Ghana (12.2 percent) and Cameroon (7.5 percent).

## Foreign Exchange

Nigeria's foreign exchange reserves have risen, thanks in large part to the policy of setting aside excess oil export earnings, and appear to be sufficient to protect the stability of the currency. Central bank reserves rose from 3.9 months of imports in 2002 to 5.8 months in 2004. The level of reserves exceeded the respective benchmark regression estimate (5.3 months), average reserves in the LI-SSA (4.1 months), and reserves in Ghana (4.1 months).

<sup>36</sup> Nigerians hold substantial amounts of money abroad (World Bank, "Country Partnership Study for the Federal Republic of Nigeria (2005–2009)."

Nigeria is one of a handful of countries with multiple exchange markets. The Dutch Auction System (DAS) was introduced in 2002 to replace the Interbank Foreign Exchange Market.<sup>37</sup> The Interbank Foreign Exchange Market, however, has not yet been phased out. The spread between the interbank and DAS exchange rates was small (just 0.2 percent) in 2004 (funds between the markets are not transferable), while the parallel market premium remained above 5 percent.<sup>38</sup> Much of the informal economy can access foreign exchange only through the parallel market.<sup>39</sup> Multiple markets distort exchange rates and allow for currency arbitrage. A wholesale auction system to unify retail DAS and interbank rates will be introduced in early 2006, but additional reforms are needed to reduce the size of the parallel market. Making the foreign exchange market more accessible to all may reduce the size of the parallel market, and thus its distortionary effect. Donor attention to the reform process may be warranted.

The naira—the Nigerian currency—has undergone substantial real depreciation since mid-1980, including a depreciation in 1999.<sup>40</sup> Despite the depreciation and the relative stability in the real effective exchange rate over the past five years (as reported in the data supplement), there are signs that the currency is still overvalued—Nigerian non-oil exports are virtually nonexistent, despite export-promotion schemes; Nigeria is a net importer of consumer goods, including food; and agricultural and non-oil industrial production have stagnated. An overvalued currency is common for resource-rich countries because of large inflows of foreign exchange. Although agricultural and industrial production are also adversely affected by the poor business environment, inadequate infrastructure, the high cost of doing business, and a history of misguided policy, the overvalued currency plays an important role in explaining the poor performance of Nigeria's non-oil sectors.

## ECONOMIC INFRASTRUCTURE

A country needs good physical infrastructure—for transportation, communications, power, and information technology—to strengthen competitiveness and expand productive capacity. Nigeria's infrastructure is of poor quality by any absolute standard, even if it is better than average for Africa, and constrains business; in a recent World Bank Survey, manufacturing firms ranked infrastructure as their most severe business constraint.<sup>41</sup> Nevertheless, the quality of infrastructure has improved notably as the country has begun to recover from years of military rule and neglected investments.

The overall Infrastructure Quality Index<sup>42</sup> for Nigeria was 2.7 in 2005, slightly above the LI-SSA average (2.4) and Cameroon's ranking (2.5), but below Ghana's (2.9). It is a marked

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<sup>37</sup> Central Bank of Nigeria, Press Release 2002 No. 3, "Press Briefing on the State of Nigerian Economy with Particular Reference to Exchange Rate and Reserve Management," August 2002.

<sup>38</sup> IMF, "Nigeria: 2005 Article IV Consultation."

<sup>39</sup> U.S. Department of State, "Background Note: Nigeria."

<sup>40</sup> Based on historical data for Real Effective Exchange Rate (REER), WDI 2005.

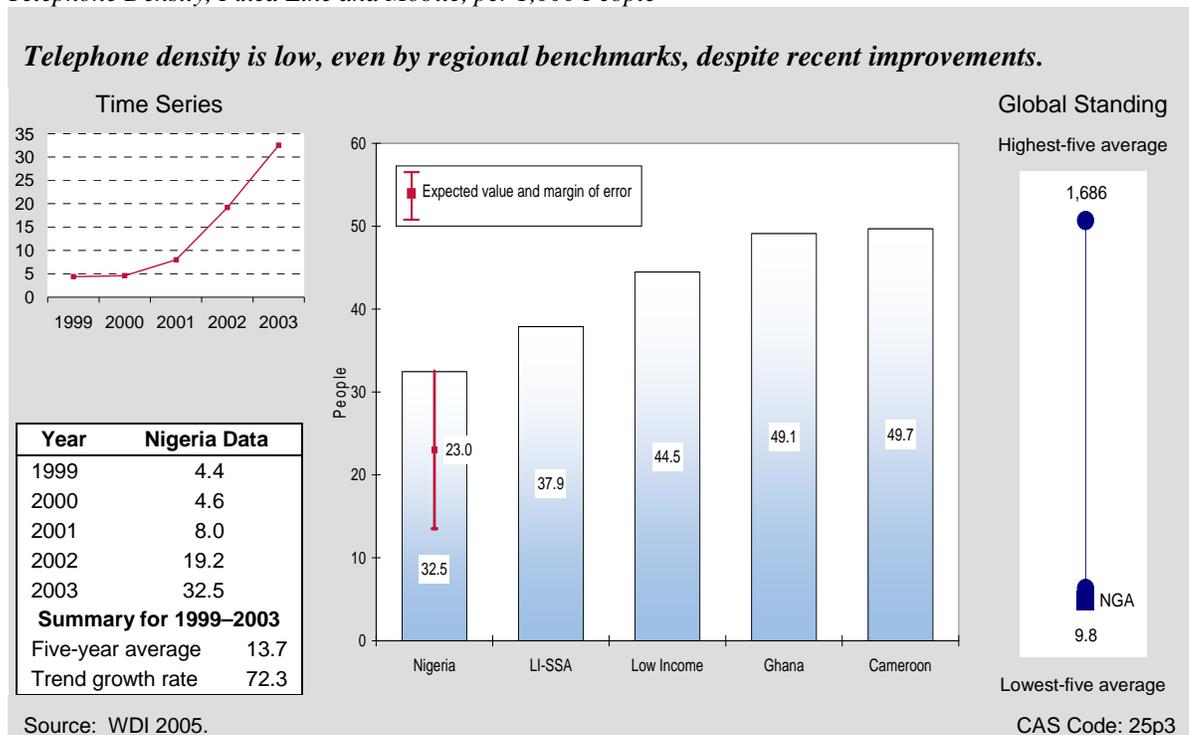
<sup>41</sup> IMF, "Nigeria: Selected Issues and Statistical Appendix."

<sup>42</sup> Infrastructure Quality Index ranges in value from 1 (poorly developed and inefficient) to 7 (among the best in the world).

improvement over Nigeria's score of 1.8 in 2004. The disaggregated index shows that electricity continues to be a major problem despite substantial improvement. Service is inconsistent and the loss of electricity remains common. Most businesses that can afford their own generators have them, which adds a substantial fixed and operating tax to the cost of doing business.

Telephone density improved dramatically in the period 1999–2003, rising from 4.4 to 32.5 lines per 1,000 people. Much of this increase is attributable to cell phones (Figure 3-8). The communication system, however, lags behind the LI-SSA average (37.9 lines per 1,000 people), and those of Ghana (49.1 lines) and Cameroon (49.7 lines). Similarly, Internet usage increased from 0.7 to 6.1 users per 1,000 from 2000 to 2003, above Cameroon's rate (3.8 users) and the LI-SSA average (4.3 users), but below Ghana's Internet usage rate (7.8 users).

Figure 3-8  
Telephone Density, Fixed Line and Mobile, per 1,000 People



Government reform programs, with plans for major reforms in the power and transportation sectors, aim to resolve the problems of infrastructure.<sup>43</sup> If experience is any guide, however, these programs will not succeed unless the problem of corruption in large infrastructure projects is addressed. As poor infrastructure hinders growth and productive activity outside the oil sector, more donor intervention to rehabilitate and expand market-supporting infrastructure is needed.

<sup>43</sup> IMF, "Nigeria: Selected Issues and Statistical Appendix," and World Bank, "Country Partnership Strategy for Federal Republic of Nigeria (2005-2009)."

## SCIENCE AND TECHNOLOGY

Science and technology are central elements of a dynamic growth process, because technical knowledge is a driving force for rising productivity and competitiveness. Even for low-income countries such as Nigeria, transformational development increasingly depends on acquiring and adapting technology from the global economy and applying it in ways that are appropriate to their level of development. The inability to access and use technology prevents an economy from gaining the benefits of globalization.

Unfortunately, few international indicators of science and technology are available for judging performance in lower-income countries such as Nigeria. The only standard indicator available is the FDI Technology Transfer Index.<sup>44</sup> Nigeria's score of 4.7 is identical to the regression benchmark and LI-SSA average. Ghana's FDI Technology Transfer Index is higher (5.4), while Cameroon's is lower (3.4). For Nigeria, encouraging foreign investment will likely result in increased use of technology.

In the absence of the standard indicators, performance in science is hard to judge. Nonstandard data sources show that Nigeria scores below Ghana and Cameroon on the Availability of Scientists and Engineers Index, and on par with Cameroon, but below Ghana, on the Quality of Scientific Research Institutions Index.<sup>45</sup> This poor performance is linked directly to deficiencies in Nigeria's education system.

Technology is an important element of modern economic growth, and Nigeria should begin to take into account the potential for technology transfer when evaluating projects. The lack of reliable data in itself points to the need for government to improve intellectual capacity and human capital through research and development and education and training.

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<sup>44</sup> FDI Technology Transfer Index ranges in value from 1 (FDI brings little new technology) to 7 (FDI is an important source of new technology).

<sup>45</sup> Both of these indices are from the World Economic Forum Global Competitiveness report 2005-2006. They are not standard Country Analytical Report indicators, but are considered here because of a lack of other data. The Quality of Scientific Research Institutions Index measures executives' perceptions of the quality of scientific research institutions (from *nonexistent* to *best in the field internationally*). Similarly, the Availability of Scientists and Engineers Index measures executives' perception of the availability of scientists and engineers (from *nonexistent* to *widely available*).



# 4. Pro-Poor Growth Environment

Rapid growth is the most powerful and dependable instrument for poverty reduction, yet the link from growth to poverty reduction is not mechanical. In some cases, income growth for poor households exceeds the overall rise in per capita income, while in other conditions growth benefits the non-poor far more than the poor. A pro-poor growth environment stems from policies and institutions that improve opportunities and capabilities for the poor while reducing their vulnerabilities. Pro-poor growth is associated with improvements in primary health and education, the creation of jobs and income opportunities, the development of skills, micro-finance, agricultural development (for countries such as Nigeria with large populations of rural poor), and gender equality.<sup>46</sup> This section focuses on four of these issues: health, education, employment and the workforce, and agricultural development.

## HEALTH

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

Nigeria's indicators show very poor performance across the board. Life expectancy is the most common indicator of health conditions in a country, and Nigeria's was just 44.9 years in 2003, down from 47.5 years in 1999 (Figure 4-1). This level is one of the lowest in the world, below those of Ghana (54.4 years) and Cameroon (48.0 years) as well as the average for LI-SSA (46.2 years). Contributing to Nigeria's low life expectancy are high rates of HIV/AIDS infection, although these are lower than the catastrophic levels found in some other African countries. The 2003 HIV/AIDS infection rate (5.4 percent) remained almost unchanged from the previous survey year. It is above the LI-SSA average (4.4 percent) and Ghana's rate (3.1 percent), but below that of Cameroon (6.9 percent). In absolute terms, however, 3.5 million people in Nigeria are infected—10 percent of the world's total infected population.<sup>47</sup>

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<sup>46</sup> Because this report focuses on economic growth performance, it does not cover emergency relief.

<sup>47</sup> World Bank, "Country Partnership Study for the Federal Republic of Nigeria (2005-2009)."

Figure 4-1  
Life Expectancy at Birth



Another troubling indicator is the maternal mortality rate: an estimated 800 deaths per 100,000 live births in 2000. This rate is worse than that of Ghana (540 deaths) or Cameroon (730 deaths), yet slightly below the LI-SSA average of 880. This statistic highlights Nigeria's low score on another health indicator, the percentage of births attended by a skilled health professional. Nigeria's 35 percent is low relative even to the LI-SSA average of 50 percent and Cameroon's 60 percent.

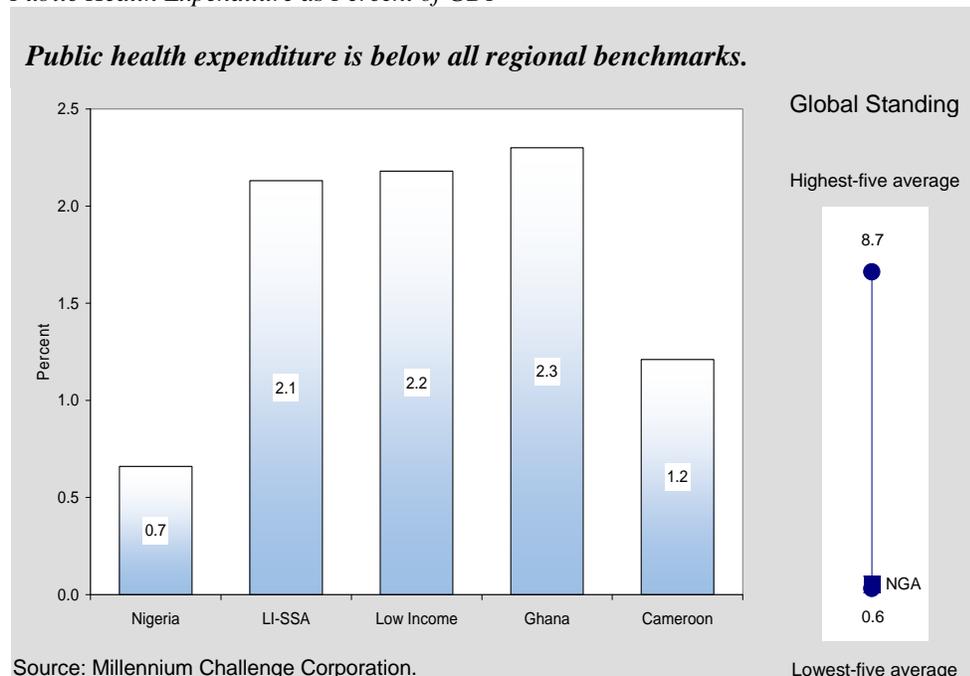
One of the main objectives of the World Bank's Country Partnership Strategy and Nigeria's NEEDS program is to improve these conditions to meet Millennium Development Goals,<sup>48</sup> but the Nigerian government has allocated only 0.66 percent of GDP to health spending in recent years.<sup>49</sup> The expenditure is less than one-third the regional average and substantially below the spending in Ghana and Cameroon (Figure 4-2).

All these indicators signal a general problem with health, and women's health in particular. Furthermore, Nigeria also has a very high rate of female genital mutilation. Poor health conditions impede growth and contribute greatly to the persistence of severe poverty. Although multilateral and bilateral donors have been generous with support such as USAID's BASICs and COMPASS programs, health problems cannot be addressed in a sustainable way without more funding and initiatives on the part of Nigeria's government.

<sup>48</sup> Ibid.

<sup>49</sup> Estimated scores for Millennium Challenge Account indicators for fiscal 2006 are unchanged from the fiscal 2004 and 2005 values.

Figure 4-2  
Public Health Expenditure as Percent of GDP



## EDUCATION

Nigeria's education system needs great improvement, though most education indicators are in line with or are better than regional benchmarks.

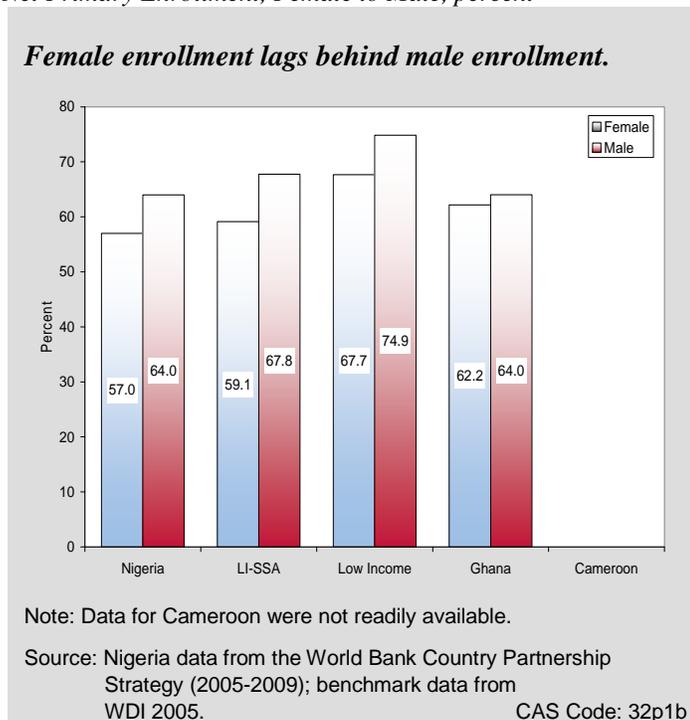
One basic indicator is the net primary enrollment rate, which shows the percentage of primary school age children who are enrolled in school. For Nigeria, the combined net enrollment of 60 percent is slightly lower than regional benchmarks. The LI-SSA average rate is 64 percent, while Ghana's is 63 percent (data for Cameroon are unavailable). The country's gender inequities are reflected in its education system, with net female enrollment lower than male (57 percent versus 64 percent), as well as those of all comparator benchmarks (Figure 4-3). These numbers are considerably worse in the Northwest region, where the World Bank estimates that only 34 percent of girls attend school.<sup>50</sup> Of the girls enrolled, 66 percent persist to grade 5, exceeding regional benchmarks; yet in absolute terms, with such low enrollment rates, the number of students completing at least grade 5 is low.

Although the quality of education is hard to gauge, the country's system is characterized by limited pupil-teacher contact, a lack of teaching materials and equipment, teacher absenteeism, and the use of unqualified teachers.<sup>51</sup> Nigeria's pupil-teacher ratio of 45:1 in 2002 (latest estimate), however, is lower than regional averages of 47:1 for LI-SSA and Cameroon's 57:1.

<sup>50</sup> World Bank, "Country Partnership Study for the Federal Republic of Nigeria (2005-2009)."

<sup>51</sup> Ibid.

Figure 4-3  
*Net Primary Enrollment, Female to Male, percent*



Though improvements are needed, certain indicators suggest that the quality of Nigeria's education is not dire. Nigeria's youth literacy rate has increased steadily in five years from 85 percent to 89 percent (survey year 2002). This is over 10 percentage points higher than the regional and regression benchmarks and just below Ghana's 92 percent and Cameroon's 90 percent.

Education is a cornerstone of development and current and future initiatives must do a better job in addressing the country's education needs. Programs to retain children past primary school; address gender disparities, especially in rural areas; and provide teacher training should be considered.

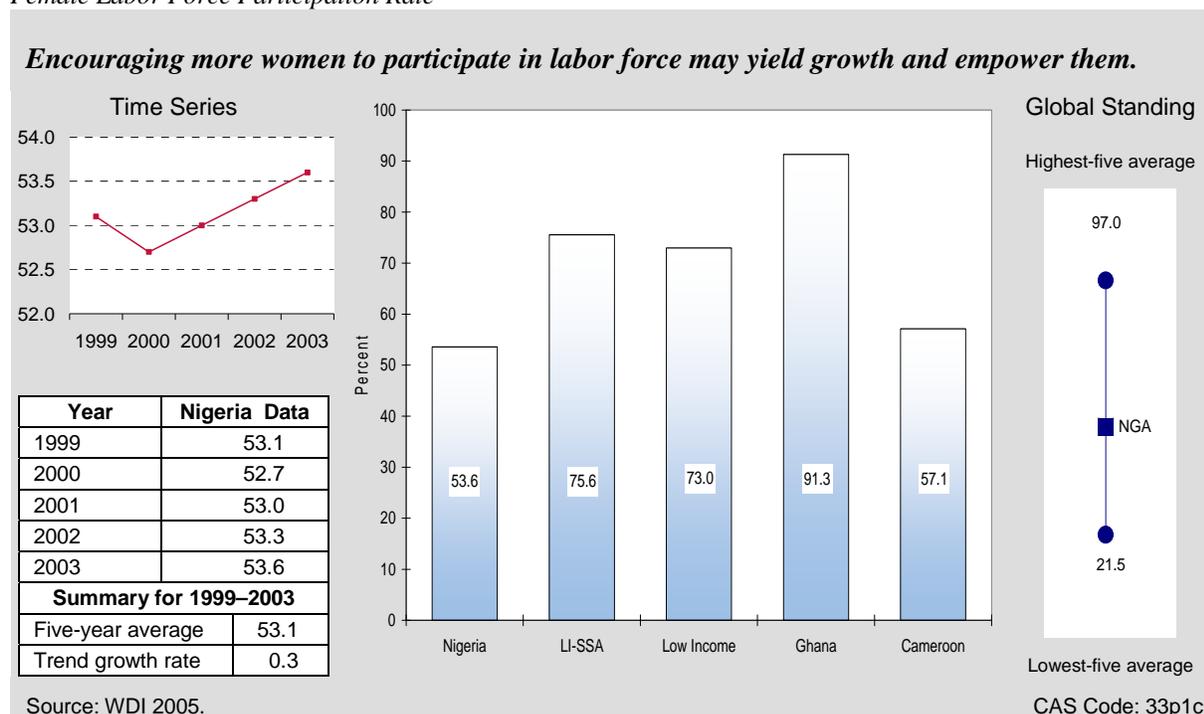
## EMPLOYMENT AND WORKFORCE

Nigeria's labor force is growing at 2.7 percent per year. Growth has held steady for the past five years and is slightly above the regional and country comparator average of 2.4 percent. Given its large and growing population the economy needs to absorb approximately 1.5 million new workers each year.

Labor force participation is low, with an estimated 75 workers per 100 people of working age (15–64), in line with Cameroon's figure of 75 percent, but below the LI-SSA average (86 percent) and the regression benchmark (87 percent). Participation by gender reflects the disparities in other social and economic indicators. The labor force participation rate for men is 97 percent, reflecting poverty and the need for every able person to work, while women's labor force participation is only 54 percent, again highlighting the importance of gender in the Nigerian context. Although figures for men are consistent with the LI-SSA average (98 percent), female

participation is 20 percentage points below the LI-SSA average and almost 40 percentage points below Ghana’s rate. Furthermore, participation figures for women have not improved in the past five years (Figure 4-4). Involving women in productive activity may yield substantial returns in economic growth.

Figure 4-4  
Female Labor Force Participation Rate



The government of Nigeria conservatively estimates unemployment to be 10.8 percent, but the World Bank estimates a range of 40–50 percent in key urban centers and among new graduates.<sup>52</sup> Nigeria’s labor laws and regulations are favorable for job creation, though, and present an opportunity to address imbalances. The World Bank’s Rigidity of Employment Index<sup>53</sup> measures the difficulty faced by firms in hiring and firing workers. Nigeria’s 2005 score of 38 is a marked improvement over its 2004 score of 44 and reflects the government’s policy efforts in this regard. Nigeria’s score is lower than the LI-SSA average of 64.5 and Cameroon’s 56, but does not quite match Ghana’s score of 34 in terms of labor market flexibility.

Promoting business expansion in non-oil sectors, entrepreneurial activity, and a diversified workforce will help create employment and further growth.

<sup>52</sup> Ibid.

<sup>53</sup> The index is scaled from 0 (least rigidity) to 100 (highest rigidity).

## AGRICULTURE

Nigeria's economy does not rely heavily on agricultural output, and agriculture's role in the economy has declined steadily. Agriculture contributed 16 percent to GDP in 2004, down 10 percent from 2003 (primarily because of the oil boom) and well below LI-SSA's 32 percent average.

Agricultural production and export performance have been poor and show little sign of improvement. This is due to a multitude of factors: the overvalued currency and poor business climate discussed above, as well as poor policies specific to the sector, such as unfavorable domestic pricing policies. In the period 1999–2003, agricultural export growth rates fluctuated, but the average rate of growth was –1 percent per annum for the five-year period.<sup>54</sup> The value added per agricultural worker in Nigeria averaged \$807 (in constant 1995 dollars) during the five years to 2003—significantly higher than the \$250 average of LI-SSA or Ghana's \$346, and considerably lower than Cameroon's \$1,215. The growth of added value in agriculture is in line with regional benchmarks (4.1 percent compared to the LI-SSA 4.2 percent average), but is unlikely to be sustainable. According to the World Bank, the driving factor has been increased land use rather than improvements in technology. As land fertility declines, growth will subside unless productivity-enhancing technologies are adopted.<sup>55</sup>

Because fluctuations in oil prices can affect the relative share of agriculture in value, it is particularly important to look at quantity in Nigeria. The Index of Crop Production, defined to equal 100 for the period 1999–2001, rose to only 105 by 2004—barely 1 percent per year on average. In the same period, Nigeria's performance on the similar Index of Livestock Production reached a level of 109, from 100 for the period 1999–2001. The values for the indices are in line with or are higher than the average for LI-SSA (105 for crops and 107 for livestock), but in absolute terms, they are still poor.

According to the World Economic Forum, Nigeria scores 2.8 on an indicator of policy costs on agriculture,<sup>56</sup> below the average of 3.5 for LI-SSA and significantly lower than Ghana's 4.5. This indicates sizeable room for policy improvements (Figure 4-5).

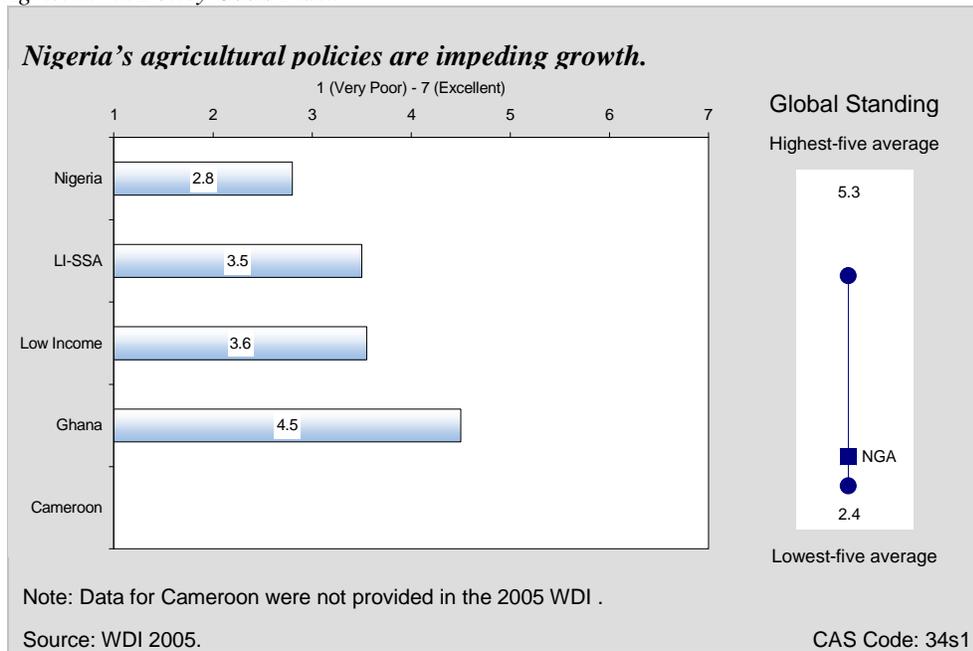
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<sup>54</sup> Food and Agricultural Organization of the United Nations, FAO Stat 2005, <http://faostat.fao.org/faostat/collections?version=ext&hasbulk=0&subset=agriculture>.

<sup>55</sup> World Bank, "Country Partnership Study for the Federal Republic of Nigeria (2005–2009)."

<sup>56</sup> Index ranges from 1 (for poor) to 7 (for excellent).

Figure 4-5  
*Agricultural Policy Costs Index*



An increase in agricultural productivity is necessary to improve the lives of the rural poor and should be a priority of the government. Donors and government should focus on initiatives that introduce sustained production methods and technologies as a strategy for long-term growth.



# Appendix. Indicators

## CRITERIA FOR SELECTING INDICATORS

The economic performance evaluation is designed to balance the need for broad coverage and diagnostic value on the one hand and the requirement for 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 that suggest possible priorities for USAID intervention. The accompanying table provides a full list of the indicators examined for this report. The separate Data Supplement contains the complete data set for Nigeria, including data for the benchmark comparisons, and technical notes for every indicator.

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

Where Level I indicators suggest weak performance, the analysis proceeds to analyze 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.<sup>57</sup>

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 two indicators provide similar information, preference is given to the one that is simplest to understand or most widely used. For example, both the Gini coefficient and the share of income

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<sup>57</sup> Deeper analysis of the topic using more detailed data (Level III) is beyond the scope of this series.

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 Nigeria relative to the average for countries in the same income group and region—in this case, sub-Saharan African countries with low income.<sup>58</sup> For added perspective, three other comparisons are examined: (1) the global average for this income group; (2) respective values for two comparator countries selected by the Nigeria mission (Ghana and Cameroon); and (3) the average of the five best- and five worst-performing countries globally. Most comparisons are framed in terms of values for the latest year of data available. Five-year trends are also taken into account where this information sheds light on the performance assessment.<sup>59</sup>

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.<sup>60</sup> This approach has three advantages. First, the benchmark is customized to Nigeria's specific level of income. Second, the comparison does not depend on the exact choice of reference group. Third, the methodology allows quantifying the margin of error and establishing a "normal band" for a country with Nigeria's characteristics. An observed value falling outside this band on the side of poor performance signals a serious problem.<sup>61</sup>

Finally, when relevant, Nigeria's performance is weighed against absolute standards. For example, if the Corruption Perception Index for a given country is below 3.0, this is a sign of serious economic governance problems, regardless of the regional comparisons or regression result.

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<sup>58</sup> Income groups as defined by the World Bank for 2005. 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.

<sup>59</sup> 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.

<sup>60</sup> 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. After estimates are obtained for the parameters  $a$ ,  $b$  and  $c$ , the predicted value for Nigeria is computed by plugging in Nigeria-specific values for PCI and Region. Where applicable, the regression also controls for population size and petroleum exports (as a percentage of GDP).

<sup>61</sup> 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.

## INDICATORS

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

	Level <sup>a</sup>	MDG, MCA, or EcGov <sup>b</sup>	CAS Code
<b>Business Environment</b>			
Corruption perception index	I	EcGov	22P1
Doing business composite index	I	EcGov	22P2
Rule of law index	I	MCA / EcGov	22P3
Cost of starting a business, % GNI per capita	II	MCA / EcGov	22S1
Procedures to enforce contract	II	EcGov	22S2
Procedures to register property	II	EcGov	22S3
Procedures to start a business	II	EcGov	22S4
Time to enforce a contract	II	EcGov	22S5
Time to register property	II	EcGov	22S6
Time to start a business	II	EcGov	22S7
<b>Financial Sector</b>			
Domestic credit to private sector, % GDP	I		23P1
Interest rate spread	I		23P2
Money supply, % GDP	I		23P3
Stock market capitalization rate, % of GDP	I		23P4
Cost to create collateral	II		23S1
Country credit rating	II		23S2
Legal rights of borrowers and lenders index	II		23S3
Real interest rate	I		23S4
<b>External Sector</b>			
Aid, % GNI	I		24P1
Current account balance, % GDP	I		24P2
Debt service ratio, % exports	I	MDG	24P3
Export growth of goods and services	I		24P4
Foreign direct investment, % GDP	I		24P5
Gross international reserves, months of imports	I	EcGov	24P6
Gross private capital inflows, % GDP	I		24P7
Present value of debt, % GNI	I		24P8
Remittance receipts, % exports	I		24P9
Trade, % GDP	I		24P10
Concentration of exports	II		24S1
Inward FDI potential index	II		24S2
Net barter terms of trade	II		24S3
Real effective exchange rate	II	EcGov	24S4
Structure of merchandise exports	II		24S5
Trade policy index	II	MCA / EcGov	24S6
<b>Economic Infrastructure</b>			
Internet users per 1,000 people	I	MDG	25P1
Overall infrastructure quality	I	EcGov	25P2
Telephone density, fixed line and mobile	I	MDG	25P3
Quality of infrastructure – railroads, ports, air transport, and electricity	II		25S1

	Level <sup>a</sup>	MDG, MCA, or EcGov <sup>b</sup>	CAS Code
Telephone cost, average local call	II		25S2
<b>Science and Technology</b>			
Expenditure for R&D, % GNI	I		26P1
FDI and technology transfer index	I		26P2
Patent applications filed by residents	I		26P3
<b>Pro-Poor Growth Environment</b>			
<b>Health</b>			
HIV prevalence	I		31P1
Life expectancy at birth	I		31P2
Maternal mortality rate	I	MDG	31P3
Access to improved sanitation	II	MDG	31S1
Access to improved water source	II	MDG	31S2
Births attended by skilled health personnel	II	MDG	31S3
Child immunization rate	II		31S4
Prevalence of child malnutrition (weight for age)	II		31S5
Public health expenditure, % GDP	II	EcGov	31S6
<b>Education</b>			
Net primary enrollment rate	I	MDG	32P1
Persistence in school to grade 5	I	MDG	32P2
Youth literacy rate	I		32P3
Education expenditure, primary, % GDP	II	MCA/ EcGov	32S1
Expenditure per student, % GDP per capita – primary, secondary, and tertiary	II	EcGov	32S2
Pupil-teacher ratio, primary school	II		32S3
<b>Employment &amp; Workforce</b>			
Labor force participation rate, females, males, total	I		33P1
Rigidity of employment index	I	EcGov	33P2
Size and growth of the labor force	I		33P3
Unemployment rate	I		33P4
<b>Agriculture</b>			
Agriculture value added per worker	I		34P1
Cereal yield	I		34P2
Growth in agricultural value-added	I		34P3
Agricultural policy costs index	II	EcGov	34S1
Crop production index	II		34S2
Livestock production index	II		34S3

<sup>a</sup> Level I— primary performance indicators  
Level II—supporting diagnostic indicators

<sup>b</sup> MDG— Millennium Development Goal indicator  
MCA— Millennium Challenge Account indicator  
EcGov—Major indicators of Economic Governance, which is defined in USAID's Strategic Management Interim Guidance to include "microeconomic and macroeconomic policy and institutional frameworks and operations for economic stability, efficiency, and growth." The term therefore encompasses indicators of fiscal and monetary management, trade and exchange rate policy, legal and regulatory systems affecting the business environment, infrastructure quality, and budget allocations.

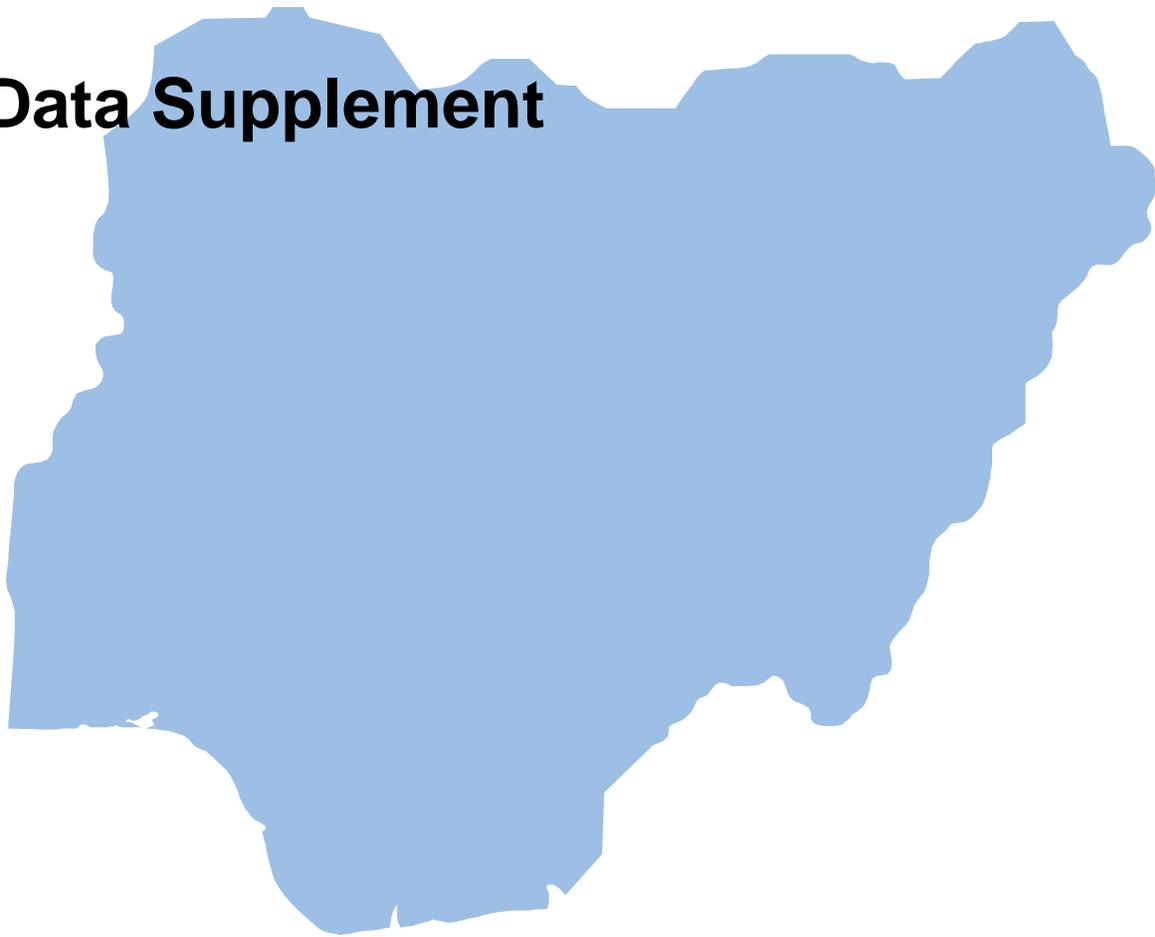


**USAID**  
FROM THE AMERICAN PEOPLE

# **Nigeria**

## **Economic Performance Assessment**

### **Data Supplement**



**February 2006**

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# **Nigeria**

## **Economic Performance Assessment**

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#### **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.

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

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- An easy-to-read analytic narrative that highlights areas in which a country's performance is particularly strong or weak, thereby assisting in the identification of future programming priorities.

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The authors of this report are Rose Mary Garcia, Richard Kohl, Ann Ruengsorn, and Julia Zislin.

The CTO for this project is Yoon Lee. USAID missions and bureaus may seek assistance and funding for CAS studies by contacting Rita Aggarwal, USAID/EGAT/EG Activity Manager for the CAS project at [raggarwal@usaid.gov](mailto:raggarwal@usaid.gov).

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Bruce Bolnick  
Chief of Party, CAS Project  
Nathan Associates Inc.  
[Bbolnick@nathaninc.com](mailto:Bbolnick@nathaninc.com)

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Growth Performance							
	Per capita GDP, purchasing power parity Dollars	Per capita GDP, current U.S. Dollars	Real GDP growth	Growth of labor productivity	Investment productivity - incremental capital-output ratio (ICOR)	Share of gross fixed investment in GDP, current prices	Share of gross fixed private investment in GDP, current prices
Indicator Number	11P1	11P2	11P3	11S1	11S2	11S3	11S4
<i>Nigeria Data</i>							
<i>Latest Year (T)</i>	2004	2004	2004	2003	2003	2004	2004
Value Year T	1,120	500	6.1	8.1	5.5	22.4	13.2
Value Year T-1	1,081	410	10.9	-0.8	9.6	23.9	14.2
Value Year T-2	985	341	1.5	0.7	8.1	26.2	16.2
Value Year T-3	981	362	3.1	0.6	6.8	24.1	10.3
Value Year T-4	954	357	5.4	-2.4	7.6	20.3	10.7
Average Value, 5 year	1,024	394	5.4	1.2	7.5	23.4	12.9
Growth Trend	4.3	8.3	.	.	-3.2	1.9	7.8
<i>Benchmark Data</i>							
Regression Benchmark	.	.	5.9	.	.	18.1	.
Lower Bound	.	.	4.5	.	.	15.5	.
Upper Bound	.	.	7.2	.	.	20.6	.
<i>Latest Year Ghana</i>	2004	2004	2004	2003	2003	2003	.
Ghana Value Latest Year	2,475	434	5.5	1.7	5.1	21.9	.
<i>Latest Year Cameroon</i>	2004	2004	2004	2003	2003	2003	.
Cameroon Value Latest Year	2,176	831	4.3	2.2	3.9	17.0	.
<i>Latest Year Kenya</i>	2004	2004	2004	2003	2003	2003	.
Kenya Value Latest Year	1,075	482	3.1	-0.9	13.5	12.5	.
<i>Latest Year South Africa</i>	2004	2004	2004	2003	2003	2003	.
South Africa Value Latest Year	10,603	4,500	3.7	0.9	5.5	15.7	.
LI-SSA Avg.	1,267	407	4.8	1.9	4.9	19.2	.
Low Income Avg.	1,560	419	5.3	2.0	4.5	19.7	.
High Five Avg.	42,809	52,715	21.2	14.1	70.2	48.6	.
Low Five Avg.	664	121	-2.9	-13.3	-302.9	7.7	.

Poverty and Inequality							
	Human poverty index (0 for excellent to 100 for poor)	Income share accruing to poorest 20%	Population (%) living on less than \$1 PPP per day	Poverty headcount (%), by national poverty line	PRSP Status	Population (%) below minimum dietary energy consumption	Poverty gap at \$1 PPP a day
Indicator Number	12P1	12P2	12P3	12P4	12P5	12S1	12S2
<i>Nigeria Data</i>							
<i>Latest Year (T)</i>	2003	.	2004	.	2004	2002	.
Value Year T	38.8	.	55.0	.	yes	9.0	.
Value Year T-1	35.1	.	.	.	no	.	.
Value Year T-2	34.0	.	.	.	.	.	.
Value Year T-3	.	.	.	.	.	.	.
Value Year T-4	.	.	57.0	.	.	.	.
Average Value, 5 year	36.0	.	.	.	n/a	.	.
Growth Trend	.	.	.	.	.	.	.
<i>Benchmark Data</i>							
Regression Benchmark	45.8	6.9	35.1	54.6	.	35.8	.
Lower Bound	40.1	6.0	26.5	46.5	.	27.9	.
Upper Bound	51.4	7.8	43.7	62.8	.	43.8	.
<i>Latest Year Ghana</i>	2002	1999	.	1999	2004	2002	.
Ghana Value Latest Year	26.0	5.6	.	39.5	yes	13.0	.
<i>Latest Year Cameroon</i>	2002	2001	2001	2001	2004	2002	2001
Cameroon Value Latest Year	36.9	5.6	17.1	40.2	yes	25.0	4.1
<i>Latest Year Kenya</i>	2002	.	.	.	2004	2002	.
Kenya Value Latest Year	37.5	.	.	.	yes	33.0	.
<i>Latest Year South Africa</i>	2002	2000	2000	.	2004	.	2000
South Africa Value Latest Year	31.7	3.5	10.7	.	no	.	1.7
LI-SSA Avg.	45.0	5.3	.	.	n/a	33.0	7.6
Low Income Avg.	41.9	7.2	.	.	n/a	28.0	5.7
High Five Avg.	58.7	8.7	.	.	.	66.0	11.8
Low Five Avg.	3.9	5.9	2.0	.	.	3.0	0.5

Economic Structure						
	Labor force in agriculture, % total employment	Labor force in industry, % total employment	Labor force in services, % total employment	Output structure (agriculture, value added, % GDP)	Output structure (industry, value added, % GDP)	Output structure (services, etc., value added, % GDP)
Indicator Number	13P1a	13P1b	13P1c	13P2a	13P2b	13P2c
<i>Nigeria Data</i>						
<i>Latest Year (T)</i>	2004	.	.	2004	2004	2004
Value Year T	30.0	.	.	16.4	56.9	26.5
Value Year T-1	31.0	.	.	26.4	49.5	24.2
Value Year T-2	33.0	.	.	31.2	43.8	25.0
Value Year T-3	.	.	.	30.6	47.8	21.6
Value Year T-4	.	.	.	28.8	43.6	27.6
Average Value, 5 year	.	.	.	26.7	48.3	25.0
Growth Trend	.	.	.	-12.0	5.9	0.3
<i>Benchmark Data</i>						
Regression Benchmark	.	.	.	34.7	54.9	.
Lower Bound	.	.	.	28.5	49.0	.
Upper Bound	.	.	.	40.8	60.9	.
<i>Latest Year Ghana</i>	.	.	.	2003	2003	2003
Ghana Value Latest Year	.	.	.	35.8	24.9	39.3
<i>Latest Year Cameroon</i>	.	.	.	2003	2003	2003
Cameroon Value Latest Year	.	.	.	44.2	16.7	39.2
<i>Latest Year Kenya</i>	1999	1999	1999	2003	2003	2003
Kenya Value Latest Year	18.6	19.5	61.9	15.8	19.6	64.7
<i>Latest Year South Africa</i>	1999	1999	1999	2003	2003	2003
South Africa Value Latest Year	10.9	25.1	60.9	3.8	31.0	65.2
LI-SSA Avg.	18.6	19.5	61.9	31.7	21.2	41.9
Low Income Avg.	48.7	14.4	33.5	29.7	23.2	43.0
High Five Avg.	41.5	37.1	72.8	56.0	66.2	77.7
Low Five Avg.	0.3	12.9	36.0	0.8	12.3	15.4

Indicator Number	Demography and Environment						Gender		
	Adult literacy rate	Age dependency rate	Environmental sustainability index (0 for poor to 100 for excellent)	Population size (millions)	Population growth rate	Urbanization rate	Ratio of male to female - adult literacy rate	Ratio of male to female - gross enrollment rate, all levels	Ratio of male to female - life expectancy at birth
	14P1	14P2	14P3	14P4a	14P4b	14P5	15P1	15P2	15P3
<b>Nigeria Data</b>									
<i>Latest Year (T)</i>	2003	2003	2005	2003	2003	2003	2003	2003	2003
Value Year T	66.8	0.86	45.4	136.5	2.4	46.6	1.25	1.25	0.99
Value Year T-1	66.8	0.86	.	133.2	2.4	45.8	1.25	1.20	0.98
Value Year T-2	65.4	0.87	.	130.0	2.4	44.9	.	.	.
Value Year T-3	64.0	0.87	.	126.9	2.4	44.1	.	.	.
Value Year T-4	62.5	0.89	.	123.9	2.5	43.2	.	.	.
Average Value, 5 year	65.1	0.87	.	130.1	2.4	44.9	.	.	.
Growth Trend	1.8	-0.76	.	2.4	.	1.9	.	.	.
<b>Benchmark Data</b>									
Regression Benchmark	.	1.0	43.4	.	3.1	49.2	.	.	.
Lower Bound	.	0.9	39.7	.	2.7	40.0	.	.	.
Upper Bound	.	1.0	47.1	.	3.5	58.4	.	.	.
<i>Latest Year Ghana</i>	2002	2003	2005	2003	2003	2003	2002	2002	2002
Ghana Value Latest Year	73.8	0.86	52.8	20.7	1.8	37.1	1.24	1.16	0.95
<i>Latest Year Cameroon</i>	2001	2003	2005	2003	2003	2003	2002	2002	2002
Cameroon Value Latest Year	67.9	0.81	52.5	16.1	2.0	51.2	1.29	1.20	0.95
<i>Latest Year Kenya</i>	2002	2003	2005	2003	2003	2003	2002	2002	2002
Kenya Value Latest Year	84.3	0.81	45.3	31.9	1.8	36.3	1.15	1.04	0.95
<i>Latest Year South Africa</i>	2002	2003	2005	2003	2003	2003	2002	2002	2002
South Africa Value Latest Year	86.0	0.57	46.2	45.8	1.1	59.2	1.02	1.01	0.89
LI-SSA Avg.	59.8	0.89	44.9	10.2	2.3	35.5	1.44	1.20	0.95
Low Income Avg.	59.9	0.86	45.5	9.9	2.2	34.1	1.36	1.19	0.95
High Five Avg.	99.7	1.03	71.3	607.0	4.6	100.0	2.40	1.69	1.01
Low Five Avg.	35.7	0.38	29.9	31,200.0	-0.8	9.0	0.92	0.84	0.85

Fiscal and Monetary Policy										
	Government expenditure, % GDP	Government revenue, % GDP	Growth in the broad money supply	Inflation rate	Overall government budget balance, including grants, % GDP	Composition of government expenditure (wages and salaries)	Composition of government expenditure (interest payments)	Composition of government expenditure (goods and services)	Composition of government expenditure (subsidies and other current transfers)	Composition of government expenditure (capital expenditure)
Indicator Number	21P1	21P2	21P3	21P4	21P5	21S1a	21S1b	21S1c	21S1d	21S1e
<i>Nigeria Data</i>										
<i>Latest Year (T)</i>	2004	2004	2004	2004	2004	2004	2004	2004	2004	2004
Value Year T	35.4	43.1	14.0	10.1	7.7	28.4	14.8	8.2	29.2	16.7
Value Year T-1	38.4	37.1	24.1	23.8	-1.3	24.4	16.0	9.7	29.9	17.7
Value Year T-2	40.7	36.4	21.6	13.7	-4.2	26.5	15.3	7.9	25.3	22.9
Value Year T-3	47.0	42.1	27.0	18.0	-4.9	17.5	22.1	7.3	26.4	26.7
Value Year T-4	36.5	42.5	48.1	6.9	6.0	22.8	25.6	5.8	23.3	20.2
Average Value, 5 year	39.6	40.2	26.9	14.5	0.7	23.9	18.8	.	.	20.8
Growth Trend	-2.6	-1.0	.	.	.	.	.	.	.	.
<i>Benchmark Data</i>										
Regression Benchmark	11.9	9.8	18.7	7.5	-3.1	.	.	.	.	.
Lower Bound	7.8	5.5	10.2	4.3	-4.7	.	.	.	.	.
Upper Bound	16.0	14.0	27.3	10.8	-1.4	.	.	.	.	.
<i>Latest Year Ghana</i>	2004	2004	2003	2004	.	.	.	.	.	.
Ghana Value Latest Year	33.3	23.8	34.2	12.6	-3.6	.	.	.	.	.
<i>Latest Year Cameroon</i>	.	.	2003	2004	.	.	.	.	.	.
Cameroon Value Latest Year	17.1	16.3	1.3	0.3	-0.7	.	.	.	.	.
<i>Latest Year Kenya</i>	2000	2000	2003	2004	2000	2000	2000	2000	2000	.
Kenya Value Latest Year	23.7	24.4	11.9	11.5	2.6	51.1	13.0	30.0	3.7	.
<i>Latest Year South Africa</i>	2003	2003	2003	2004	2003	2003	2003	2003	2003	.
South Africa Value Latest Year	28.9	27.0	12.5	1.4	-2.5	14.9	13.3	13.4	55.8	.
LI-SSA Avg.	20.1	12.2	15.4	8.0	-4.6	23.9	9.3	27.0	10.0	.
Low Income Avg.	19.2	14.9	15.8	7.6	-0.8	27.4	13.6	19.0	30.0	.
High Five Avg.	43.7	44.1	134.4	85.3	3.9	52.5	18.8	47.7	71.8	.
Low Five Avg.	12.1	8.6	-8.5	-2.7	-8.1	6.2	1.9	6.0	2.6	.

**Fiscal and Monetary Policy (cont'd)**

	Composition of government revenue (Taxes on goods and services)	Composition of government revenue (Taxes on income, profits and capital gains)	Composition of government revenue (Social security taxes)	Composition of government revenue (Taxes on international trade)	Composition of government revenue (Other tax revenue)	Composition of government revenue (Other revenue net)	Composition of government revenue (Grants)	Composition of money supply growth (Net credit to government)	Composition of money supply growth (Net credit to non-financial public enterprises)	Composition of money supply growth (Credit to the private sector)	Composition of money supply growth (Net foreign assets)	Composition of money supply growth (Other items, net)
Indicator Number	21S2a	21S2b	21S2c	21S2d	21S2e	21S2f	21S2g	21S3a	21S3b	21S3c	21S3d	21S3e
<i>Nigeria Data</i>												
<i>Latest Year (T)</i>	2004	2004	2004	2004	2004	2004	2004	2004	2004	2004	2004	2004
Value Year T	3.8	27.3	0.0	6.1	0.0	62.8	0.0	-279.3	0.0	112.1	445.0	-190.7
Value Year T-1	4.9	25.1	0.0	8.4	0.0	61.6	0.0	57.3	0.0	65.1	22.8	-44.4
Value Year T-2	5.3	20.6	0.0	9.8	0.0	64.3	0.0	.	.	.	.	.
Value Year T-3	5.4	24.9	0.0	8.7	0.0	61.0	0.0	.	.	.	.	.
Value Year T-4	4.2	22.0	0.0	5.8	0.0	68.0	0.0	.	.	.	.	.
Average Value, 5 year	4.7	24.0	0.0	7.8	0.0	63.5	0.0	-111.0	0.0	88.6	233.9	-117.6
Growth Trend	.	.	.	.	.	.	.	.	.	.	.	.
<i>Benchmark Data</i>												
Regression Benchmark	.	.	.	.	.	.	.	.	.	.	.	.
Lower Bound	.	.	.	.	.	.	.	.	.	.	.	.
Upper Bound	.	.	.	.	.	.	.	.	.	.	.	.
<i>Latest Year Ghana</i>	.	.	.	.	.	.	.	.	.	.	.	.
Ghana Value Latest Year	.	.	.	.	.	.	.	.	.	.	.	.
<i>Latest Year Cameroon</i>	.	.	.	.	.	.	.	.	.	.	.	.
Cameroon Value Latest Year	.	.	.	.	.	.	.	.	.	.	.	.
<i>Latest Year Kenya</i>	2000	2000	2000	2000	2000	.	.	.	.	.	.	.
Kenya Value Latest Year	40.3	25.5	0.2	17.1	0.4	.	.	.	.	.	.	.
<i>Latest Year South Africa</i>	2003	2003	2003	2003	2003	.	.	.	.	.	.	.
South Africa Value Latest Year	34.5	52.0	2.3	2.2	4.1	.	.	.	.	.	.	.
LI-SSA Avg.	.	.	.	.	.	.	.	.	.	.	.	.
Low Income Avg.	.	.	.	.	.	.	.	.	.	.	.	.
High Five Avg.	57.9	53.7	45.0	34.1	5.4	.	.	.	.	.	.	.
Low Five Avg.	5.0	3.3	0.5	0.5	0.0	.	.	.	.	.	.	.

Business Environment											
	Corruption Perception Index (1 for poor to 10 for excellent)	Ease of doing business ranking (from 1 to 155)	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)	Cost of starting a business, % GNI per capita	Procedures to enforce a contract	Procedures to register property	Procedures to start a business	Time to enforce a contract	Time to register property	Time to start a business
Indicator Number	22P1	22P2	22P3	22P4	22S1	22S2	22S3	22S4	22S5	22S6	22S7
<i>Nigeria Data</i>											
Latest Year (T)	2005	2005	2004	2004	2005	2005	2005	2005	2005	2005	2005
Value Year T	1.9	94.0	-1.44	-1.26	74	23.0	21.0	9.0	730	274	43
Value Year T-1	1.6	.	.	.	95	23.0	21.0	10.0	730	274	44
Value Year T-2	1.4	.	-1.40	-1.18	.	.	.	.	.	.	.
Value Year T-3	1.6	.	.	.	.	.	.	.	.	.	.
Value Year T-4	1.0	.	-0.99	-0.38	.	.	.	.	.	.	.
Average Value, 5 year	1.5	.	-1.3	-0.9	.	.	.	.	.	.	.
Growth Trend	13.7	.	.	.	.	.	.	.	.	.	.
<i>Benchmark Data</i>											
Regression Benchmark	1.1	.	-1.6	.	.	.	.	.	.	.	.
Lower Bound	0.6	.	-1.9	.	.	.	.	.	.	.	.
Upper Bound	1.6	.	-1.3	.	.	.	.	.	.	.	.
Latest Year Ghana	2005	2005	2004	2004	2004	2004	2004	2004	2004	2004	2004
Ghana Value Latest Year	3.5	82.0	-0.16	-0.28	79	23.0	7.0	12.0	200	382	81
Latest Year Cameroon	2005	2005	2004	2004	2004	2004	2004	2004	2004	2004	2004
Cameroon Value Latest Year	2.2	130.0	-1.00	-0.71	173	58.0	5.0	12.0	585	93	37
Latest Year Kenya	2005	2005	2004	2004	2004	2004	2004	2004	2004	2004	2004
Kenya Value Latest Year	2.1	68.0	-0.98	-0.43	48	25.0	8.0	13.0	360	73	54
Latest Year South Africa	2005	2005	2004	2004	2004	2004	2004	2004	2004	2004	2004
South Africa Value Latest Year	4.5	28.0	0.32	0.44	9	26.0	6.0	9.0	277	23	38
LI-SSA Avg.	2.3	126.9	-1.00	-0.77	185	34.5	6.0	11.0	415	93	46
Low Income Avg.	2.3	122.1	-0.98	-0.77	134	35.0	6.0	11.0	395	70	45
High Five Avg.	9.5	153.0	1.98	1.88	726	55.4	15.6	17.2	1,178	485	172
Low Five Avg.	1.6	3.0	-1.92	-2.29	0	13.4	1.6	2.4	51	2	4

Financial Sector								
	Domestic credit to private sector, % GDP	Interest rate spread, lending rate minus deposit rate	Money supply (M2), % GDP	Stock market capitalization rate, % GDP	Cost to create collateral	Country credit rating	Legal rights of borrowers and lenders index (0 for poor to 10 for excellent)	Real interest rate
Indicator Number	23P1	23P2	23P3	23P4	23S1	23S2	23S3	23S4
<i>Nigeria Data</i>								
Latest Year (T)	2003	2003	2004	2003	2004	2005	2005	2003
Value Year T	15.7	6.5	23.6	16.3	20.7	21.1	7.0	-0.3
Value Year T-1	16.6	8.1	23.8	12.3	.	.	8.0	20.1
Value Year T-2	15.4	8.2	25.9	9.7	.	.	.	2.0
Value Year T-3	13.6	9.6	22.0	10.1	.	.	.	-5.2
Value Year T-4	14.0	7.5	20.3	8.5	.	.	.	7.1
Average Value, 5 year	15.0	8.0	23.1	11.4	.	.	.	4.8
Growth Trend	4.4	-4.4	3.9	16.3	.	.	.	.
<i>Benchmark Data</i>								
Regression Benchmark	.	12.0	.	17.0	.	.	.	.
Lower Bound	.	8.9	.	-6.2	.	.	.	.
Upper Bound	.	15.2	.	40.2	.	.	.	.
Latest Year Ghana	2003	.	2003	2003	2004	2005	2004	.
Ghana Value Latest Year	11.8	.	26.5	18.7	37.9	29.3	5.0	.
Latest Year Cameroon	2003	2003	2003	.	2004	2005	2004	2003
Cameroon Value Latest Year	10.2	13.0	18.6	.	87.6	24.5	4.0	16.9
Latest Year Kenya	2003	2003	2003	2003	2004	2005	2004	2003
Kenya Value Latest Year	21.3	12.4	38.1	29.1	3.3	26.5	8.0	4.7
Latest Year South Africa	2003	2003	2003	2003	2004	.	2004	2003
South Africa Value Latest Year	142.1	5.2	60.7	167.5	2.3	.	5.0	8.5
LI-SSA Avg.	8.3	12.9	21.6	17.5	27.0	18.9	4.0	13.7
Low Income Avg.	11.4	12.4	23.8	16.3	13.7	19.7	4.0	10.7
High Five Avg.	171.0	46.9	188.2	238.9	121.6	51.5	9.6	36.2
Low Five Avg.	1.6	1.0	4.8	1.0	0.0	9.4	1.2	-4.6

External Sector										
	Aid, % GNI	Current account balance, % GDP	Debt service ratio, % exports	Exports growth, goods and services	Foreign direct investment, % GDP	Gross international reserves, months of imports	Private capital inflows, %GDP	Present value of debt, % GNI	Remittance receipts, % exports	Trade, % GDP
Indicator Number	24P1	24P2	24P3	24P4	24P5	24P6	24P7	24P8	24P9	24P10
<i>Nigeria Data</i>										
<i>Latest Year (T)</i>	2003	2004	2004	2004	2004	2004	1999	2003	1999	2004
Value Year T	0.6	4.6	7.8	3.1	6.3	5.8	2.8	75.9	9.4	79.1
Value Year T-1	0.8	-2.7	10.3	31.9	5.1	3.4	3.1	77.6	16.0	77.2
Value Year T-2	0.4	-11.0	15.6	-11.1	5.6	3.9	.	80.7	12.0	67.9
Value Year T-3	0.5	3.0	29.7	-3.9	4.4	.	.	81.4	5.6	67.2
Value Year T-4	0.5	10.5	.	.	2.8	.	.	.	6.5	.
Average Value, 5 year	0.6	0.9	15.9	5.0	4.8	4.4	.	78.9	9.9	72.9
Growth Trend	11.9	.	-35.8	.	19.4	.	.	-2.4	19.45	6.4
<i>Benchmark Data</i>										
Regression Benchmark	15.7	0.3	12.8	8.6	1.3	5.3	.	58.7	.	35.0
Lower Bound	8.8	-4.6	7.7	2.0	-0.6	3.8	.	35.0	.	16.2
Upper Bound	22.6	5.1	18.0	15.3	3.2	6.7	.	82.4	.	53.8
<i>Latest Year Ghana</i>	2003	2003	2003	2003	2003	2003	2003	2003	2003	2003
Ghana Value Latest Year	12.2	3.3	14.7	2.7	1.8	4.1	1.8	38.0	2.0	92.6
<i>Latest Year Cameroon</i>	2003	.	.	2003	2003	.	.	2003	.	2003
Cameroon Value Latest Year	7.5	.	.	3.8	1.7	.	.	52.8	.	50.9
<i>Latest Year Kenya</i>	2003	2003	2003	2003	2003	2003	2003	2003	.	2003
Kenya Value Latest Year	3.4	0.5	15.8	9.9	0.6	4.1	0.6	42.9	.	54.2
<i>Latest Year South Africa</i>	2003	2003	2003	2003	2003	2003	2003	2003	.	2003
South Africa Value Latest Year	0.4	-0.9	9.0	-0.5	0.5	2.0	1.1	23.2	.	54.6
LI-SSA Avg.	12.4	-5.6	10.4	7.1	1.8	4.1	.	65.6	12.3	59.7
Low Income Avg.	10.7	-4.3	10.4	7.1	1.7	3.7	.	59.1	15.0	66.7
High Five Avg.	66.1	18.0	61.5	21.6	99.4	18.6	.	380.0	86.5	228.0
Low Five Avg.	-0.3	-27.8	0.9	-19.8	-0.4	0.3	.	9.1	0.0	27.1

External Sector (cont'd)										
	Concentration of exports (top three exports, 3-digit SITC)	Inward FDI potential index (0 for poor to 1 for excellent)	Net barter terms of trade (1995=100)	Real effective exchange rate index (1995=100)	Structure of merchandise exports (agricultural raw materials)	Structure of merchandise exports (fuel)	Structure of merchandise exports (manufactured goods)	Structure of merchandise exports (ores and metals)	Structure of merchandise exports (food)	Trade policy index (1 for excellent to 5 for poor)
Indicator Number	24S1	24S2	24S3	24S4	24S5a	24S5b	24S5c	24S5d	24S5e	24S6
<i>Nigeria Data</i>										
<i>Latest Year (T)</i>	2003	2002	2002	2004	2000	2000	2000	2000	2000	2004
Value Year T	99.0	0.15	91.0	108.6	0.0	99.6	0.2	0.0	0.1	5
Value Year T-1	95.7	0.16	89.0	107.2	0.1	98.9	0.6	0.0	0.3	5
Value Year T-2	99.8	0.16	100.0	102.6	0.1	97.0	2.5	0.0	0.4	5
Value Year T-3	99.7	0.16	59.0	114.7	0.1	96.3	3.4	0.0	0.2	5
Value Year T-4	99.4	0.16	44.0	103.3	1.6	95.6	1.1	0.0	1.7	5
Average Value, 5 year	98.7	0.16	76.6	107.3	0.4	97.5	1.6	0.0	0.5	5.0
Growth Trend	-0.5	-1.5	20.5	0.3	-65.7	1.1	-39.8	-22.6	-34.7	0.0
<i>Benchmark Data</i>										
Regression Benchmark	.	0.1	.	.	14.0	.	.	.	.	.
Lower Bound	.	0.1	.	.	7.6	.	.	.	.	.
Upper Bound	.	0.1	.	.	20.4	.	.	.	.	.
<i>Latest Year Ghana</i>	2001	2002	2002	.	2001	2001	2001	2003	2001	2004
Ghana Value Latest Year	61.3	0.13	112.0	.	11.1	11.2	16.4	13.8	44.9	4
<i>Latest Year Cameroon</i>	2003	2002	2002	.	2003	2003	2003	2003	2003	2004
Cameroon Value Latest Year	67.6	0.12	100.0	.	19.5	49.4	6.9	4.2	19.9	5
<i>Latest Year Kenya</i>	.	2002	2002	.	2003	2003	2003	2003	2003	2004
Kenya Value Latest Year	.	0.10	98.0	.	10.9	19.3	24.2	3.0	42.7	5
<i>Latest Year South Africa</i>	.	2002	2002	.	2003	2003	2003	2003	2003	2004
South Africa Value Latest Year	.	0.19	103.0	.	2.8	9.8	58.2	19.2	9.9	4
LI-SSA Avg.	.	0.11	100.0	.	9.2	1.6	18.1	3.8	52.3	4
Low Income Avg.	.	0.12	100.0	.	7.3	1.8	20.0	3.4	37.2	4
High Five Avg.	.	0.50	149.8	.	30.8	92.8	94.2	51.5	91.0	5.0
Low Five Avg.	.	0.06	71.8	.	0.0	0.0	2.6	0.0	0.5	1.4

Economic Infrastructure								
	Internet users per 1000 people	Overall infrastructure quality index (1 for poor to 7 for excellent)	Telephone density, fixed line and mobile, per 1000 people	Quality of infrastructure index - air transport (1 for poor to 7 for excellent)	Quality of infrastructure index - ports (1 for poor to 7 for excellent)	Quality of infrastructure index - railroads (1 for poor to 7 for excellent)	Quality of infrastructure index - electricity (1 for poor to 7 for excellent)	Telephone cost, average local call
Indicator Number	25P1	25P2	25P3	25S1a	25S1b	25S1c	25S1d	25S2
<i>Nigeria Data</i>								
Latest Year (T)	2003	2005	2003	2005	2005	2005	2005	2003
Value Year T	6	2.7	32	4.6	3.4	1.9	2.10	0.10
Value Year T-1	2	1.8	19	3.5	2.50	1.4	1.60	.
Value Year T-2	1	.	8	.	.	.	.	.
Value Year T-3	1	.	5	.	.	.	.	.
Value Year T-4	.	.	4	.	.	.	.	.
Average Value, 5 year	2	.	14	.	.	.	.	.
Growth Trend	101.7	.	72.3	.	.	.	.	.
<i>Benchmark Data</i>								
Regression Benchmark	.	2.3	23	.	.	.	.	.
Lower Bound	.	1.9	14	.	.	.	.	.
Upper Bound	.	2.7	33	.	.	.	.	.
<i>Latest Year Ghana</i>								
Ghana Value Latest Year	8	2.9	49	3.5	3.2	1.6	3.20	0.03
<i>Latest Year Cameroon</i>								
Cameroon Value Latest Year	4	2.5	50	2.9	2.6	1.7	1.70	0.06
<i>Latest Year Kenya</i>								
Kenya Value Latest Year	13	2.3	61	4.7	2.9	1.8	3.00	0.07
<i>Latest Year South Africa</i>								
South Africa Value Latest Year	68	5.2	410	6.0	4.6	4.5	6.00	0.15
LI-SSA Avg.	4	2.4	38	3.4	2.1	1.7	2.40	0.09
Low Income Avg.	5	2.4	44	3.4	2.1	1.7	2.60	0.06
High Five Avg.	585.8	6.7	1,686	6.7	6.6	6.5	6.90	0.41
Low Five Avg.	0.9	1.5	10	2.4	1.3	1.1	1.40	0.00

Indicator Number	Science and Technology			Health				
	Expenditure for R&D, % GDP	FDI technology transfer index (1 for FDI bringing little new technology to 7 for FDI bringing a lot of new technology)	Patent applications filed by residents	HIV prevalence	Life expectancy at birth	Maternal mortality rate (deaths per 100,000 births)	Access to improved sanitation	Access to improved water source
	26P1	26P2	26P3	31P1	31P2	31P3	31S1	31S2
<i>Nigeria Data</i>								
Latest Year (T)	.	2005	.	2003	2003	2000	2002	2002
Value Year T	.	4.7	.	5.4	44.9	800.0	38.0	60.0
Value Year T-1	.	4.7	.	.	45.3	.	.	.
Value Year T-2	.	.	.	5.5	.	.	.	.
Value Year T-3	.	.	.	.	.	.	.	.
Value Year T-4	.	.	.	.	47.5	.	.	.
Average Value, 5 year	.	.	.	.	45.9	.	.	.
Growth Trend	.	.	.	.	.	.	.	.
<i>Benchmark Data</i>								
Regression Benchmark	.	4.7	.	.	43.8	1,062.1	.	.
Lower Bound	.	4.3	.	.	40.1	917.8	.	.
Upper Bound	.	5.1	.	.	47.5	1,206.3	.	.
<i>Latest Year Ghana</i>								
Ghana Value Latest Year	.	5.4	0.0	3.1	54.4	540.0	58.0	79.0
<i>Latest Year Cameroon</i>								
Cameroon Value Latest Year	.	3.4	.	6.9	48.0	730.0	48.0	63.0
<i>Latest Year Kenya</i>								
Kenya Value Latest Year	.	5.5	0.0	6.7	45.4	1,000.0	48.0	62.0
<i>Latest Year South Africa</i>								
South Africa Value Latest Year	0.7	5.1	184.0	15.6	45.7	230.0	67.0	87.0
LI-SSA Avg.	0.4	4.5	0.0	4.4	46.2	880.0	34.0	59.0
Low Income Avg.	0.3	4.4	0.0	3.1	51.8	685.0	37.0	62.0
High Five Avg.	3.5	5.9	153,540.2	30.2	80.5	1,720.0	100.0	100.0
Low Five Avg.	0.1	3.3	0.0	0.1	37.3	1.8	8.0	26.4

Indicator Number	Health (cont'd)				Education						
	Births attended by skilled health personnel	Child immunization rate	Prevalence of child malnutrition (weight for age)	Public health expenditure, % GDP	Net primary enrollment rate (total)	Net primary enrollment rate (female)	Net primary enrollment rate (male)	Persistence in school to grade 5 (total)	Persistence in school to grade 5 (female)	Persistence in school to grade 5 (male)	Youth literacy rate
	31S3	31S4	31S5	31S6	32P1a	32P1b	32P1c	32P2a	32P2b	32P2c	32P3
<i>Nigeria Data</i>											
Latest Year (T)	2003	2003	2003	FY2006	2003	2003	2003	2001	2001	2001	2002
Value Year T	35.0	30.0	28.7	0.7	60.0	57.0	64.0	73.0	66.0	79.00	88.60
Value Year T-1	.	30.0	.	0.7	.	.	.	.	.	.	87.76
Value Year T-2	.	29.5	.	0.7	.	.	.	.	.	.	86.93
Value Year T-3	.	29.5	.	.	.	.	.	.	.	.	85.78
Value Year T-4	41.6	29.0	30.7	.	.	.	.	.	.	.	84.62
Average Value, 5 year	.	29.6	.	0.7	.	.	.	.	.	.	86.74
Growth Trend	.	0.8	.	-4.5	.	.	.	.	.	.	1.2
<i>Benchmark Data</i>											
Regression Benchmark	33.1	.	.	.	47.7	.	.	66.7	.	.	70.1
Lower Bound	22.4	.	.	.	39.9	.	.	59.8	.	.	61.4
Upper Bound	43.9	.	.	.	55.4	.	.	73.7	.	.	78.8
<i>Latest Year Ghana</i>											
Ghana Value Latest Year	.	2003	2003	2002	2002	2002	2002	2001	2001	2001	2002
Value Latest Year	.	80.0	22.1	2.3	63.1	62.2	64.0	63.3	64.7	61.85	92.20
<i>Latest Year Cameroon</i>											
Cameroon Value Latest Year	2000	2003	.	2002	.	.	.	2001	2001	2001	2000
Value Latest Year	60.0	67.0	.	1.2	.	.	.	64.7	64.5	64.82	89.97
<i>Latest Year Kenya</i>											
Kenya Value Latest Year	2003	2003	2003	2002	2002	2002	2002	2001	2001	2001	2002
Value Latest Year	41.0	72.5	19.9	2.2	66.5	66.5	66.4	59.0	57.3	60.92	95.78
<i>Latest Year South Africa</i>											
South Africa Value Latest Year	.	2003	1999	2002	2002	2002	2002	2001	2001	2001	2002
Value Latest Year	.	88.5	11.5	3.5	89.0	89.3	88.7	86.0	93.5	79.54	91.76
LI-SSA Avg.	50.8	69.0	30.8	2.1	64.3	59.1	67.8	66.9	64.7	65.36	74.96
Low Income Avg.	40.6	71.5	31.0	2.2	68.8	67.7	74.9	64.8	65.2	63.65	77.44
High Five Avg.	.	99.0	36.3	8.7	100.0	100.0	100.0	99.2	99.8	99.30	99.82
Low Five Avg.	20.8	39.0	7.3	0.6	42.3	36.9	47.6	52.3	51.5	51.78	46.44

Indicator Number	Education (cont'd)					Employment and Workforce			
	Education expenditure, primary, %GDP	Expenditure per student, % GDP per capita, primary	Expenditure per student, % GDP per capita, secondary	Expenditure per student, % GDP per capita, tertiary	Pupil-teacher ratio, primary school	Labor force participation rate (total)	Labor force participation rate (male)	Labor force participation rate (female)	Rigidity of employment index (0 for minimum rigidity to 100 for maximum rigidity)
	32S1	32S2a	32S2b	32S2c	32S3	33P1a	33P1b	33P1c	33P2
<b>Nigeria Data</b>									
<i>Latest Year (T)</i>	.	.	.	.	2002	2003	2003	2003	2005
Value Year T	.	.	.	.	41.6	74.9	97.0	53.6	38.0
Value Year T-1	.	.	.	.	39.8	74.6	96.9	53.3	44.0
Value Year T-2	.	.	.	.	42.9	74.4	96.8	53.0	.
Value Year T-3	.	.	.	.	41.4	74.2	96.7	52.7	.
Value Year T-4	.	.	.	.	31.1	75.0	97.6	53.1	.
Average Value, 5 year	.	.	.	.	39.4	74.6	97.0	53.1	.
Growth Trend	.	.	.	.	5.6	0.0	-0.1	0.3	.
<b>Benchmark Data</b>									
Regression Benchmark	.	.	.	.	.	87.2	.	.	50.8
Lower Bound	.	.	.	.	.	82.0	.	.	39.5
Upper Bound	.	.	.	.	.	92.3	.	.	62.1
<i>Latest Year Ghana</i>	2005	.	.	.	2002	2003	2003	2003	2004
Ghana Value Latest Year	3.32	.	.	.	31.3	93.2	95.3	91.3	34.0
<i>Latest Year Cameroon</i>	2005	.	.	.	2002	2003	2003	2003	2004
Cameroon Value Latest Year	0.04	.	.	.	57.1	75.4	94.0	57.1	56.0
<i>Latest Year Kenya</i>	2005	.	.	.	2002	2003	2003	2003	2004
Kenya Value Latest Year	3.60	.	.	.	33.5	94.7	101.6	87.9	28.0
<i>Latest Year South Africa</i>	.	2001	2001	2001	2002	2003	2003	2003	2004
South Africa Value Latest Year	.	14.3	18	53.2	35.4	67.3	84.5	50.7	52.0
LI-SSA Avg.	1.95	11.8	33	201.3	46.9	86.3	98.0	75.6	64.5
Low Income Avg.	1.81	9.7	17	62.4	42.6	85.2	97.1	73.0	50.0
High Five Avg.	5.54	31.3	47	344.3	65.5	102.4	112.6	97.0	84.6
Low Five Avg.	0.17	6.2	6	9.8	11.7	50.4	70.9	21.5	1.2

Indicator Number	Employment and Workforce (cont'd)			Agriculture					
	Size of labor force	Labor force growth rate	Unemployment rate	Agriculture value added per worker	Cereal yield	Growth in agricultural value-added	Agricultural policy costs index (1 for poor to 7 for excellent)	Crop production index (1999-2001=100)	Livestock production index (1999-2001=100)
	33P3a	33P3b	33P4	34P1	34P2	34P3	34S1	34S2	34S3
<i>Nigeria Data</i>									
<i>Latest Year (T)</i>	2003	2003	2004	2003	2004	2003	2004	2004	2004
Value Year T	54,461,574	2.7	11	871	1,063	4.1	2.8	104.6	108.8
Value Year T-1	53,036,123	2.7	.	836	1,063	4.2	3.4	104.6	106.4
Value Year T-2	51,651,730	2.7	.	802	1,049	3.8	.	102.6	104.6
Value Year T-3	50,307,124	2.5	.	774	1,047	2.9	.	99.3	102.8
Value Year T-4	49,063,022	2.7	.	752	1,120	5.2	.	100.6	97.9
Average Value, 5 year	51,703,915	2.6	.	807	1,068	4.0	.	102.3	104.1
Growth Trend	2.7	.	.	3.8	-0.9	.	.	1.3	2.5
<i>Benchmark Data</i>									
Regression Benchmark	.	2.4	.	221.9	.	5.0	.	.	.
Lower Bound	.	1.9	.	138.8	.	0.7	.	.	.
Upper Bound	.	2.8	.	305.1	.	9.3	.	.	.
<i>Latest Year Ghana</i>	2003	2003	.	2003	2004	2003	2004	2004	2004
Ghana Value Latest Year	10,346,412	2.4	.	346	1,473	5.2	4.5	121.9	111.2
<i>Latest Year Cameroon</i>	2003	2003	.	2003	2004	2003	.	2004	2004
Cameroon Value Latest Year	6,673,244	2.4	.	1,215	1,705	6.8	.	103.3	102.4
<i>Latest Year Kenya</i>	2003	2003	.	2003	2004	2003	2004	2004	2004
Kenya Value Latest Year	16,614,115	2.1	.	148	1,457	1.5	3.5	96.0	108.7
<i>Latest Year South Africa</i>	2003	2003	2001	2003	2004	2003	2004	2004	2004
South Africa Value Latest Year	19,138,981	1.2	30	2,251	2,530	-5.9	4.7	98.5	109.8
LI-SSA Avg.	4,567,207	2.4	10	250	1,063	4.2	3.5	104.7	107.0
Low Income Avg.	4,566,358	2.4	7	296	1,302	4.0	3.6	105.0	107.6
High Five Avg.	316,912,650	5.7	24	40,135	7,775	22.0	5.3	134.9	145.5
Low Five Avg.	125,147	-0.3	2	108	312	-13.4	2.4	69.5	78.3

# Technical Notes

The following technical notes (updated as of August, 2005) identify the source for each indicator, provide a concise definition, indicate the coverage of USAID countries, and comment on data quality where pertinent. For reference purposes, a CAS code is also given for each indicator. In many cases, the descriptive information is taken directly from the original sources, as cited.

## GROWTH PERFORMANCE

### Per capita GDP, current US dollars

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

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

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

*Coverage:* Data are available for about 85 USAID countries.

*CAS Code #11P2*

### Per capita GDP, purchasing power parity dollars

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

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

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

*Coverage:* Data are available for about 85 USAID countries.

*CAS Code #11P1*

### Real GDP growth

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

[www.imf.org/external/np/sec/aiv/index.htm](http://www.imf.org/external/np/sec/aiv/index.htm)

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

*Coverage:* Data are available for about 85 USAID countries.

*CAS Code #11P3*

### Growth of labor productivity

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

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

data needed to compute these alternative measures of labor productivity.

*Coverage:* Data are available for about 85 USAID countries.

*CAS Code #11S1*

### Investment productivity --incremental capital-output ratio (ICOR)

*Source:* International benchmark data computed from World Development Indicators 2005, based on the five-year average of the share of fixed investment (NE.GDI.FTOT.ZS) and the five-year average GDP growth (NY.GDP.MKTP.KD.ZG). Updated figures for the target country are computed from IMF article IV Consultation Reports.

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

*Coverage:* Data are available for about 81 USAID countries.

*CAS Code #11S2*

### Gross fixed investment, percentage of GDP

*Source:* IMF Article IV Consultation Reports for latest country data; international benchmark from the World Development Indicators 2005 series NE.GDI.FTOT.ZS.

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

*Coverage:* Data are available for about 84 USAID countries.

*CAS Code #11S3*

### Gross fixed private investment, percentage of GDP

*Source:* IMF Article IV Consultation Reports, for latest country data; World Development Indicators 2004, for international comparison data (explanation below). The estimation of this indicator involves taking the difference between gross fixed capital formation (% of GDP) (NE.GDI.FTOT.ZS) and government capital expenditure (% of GDP). The latter term is the product of government capital expenditure (% of total expenditure) (GB.XPK.TOTL.ZS) and total government expenditure (% of GDP) (GB.XPD.TOTL.GD.ZS).

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

*Coverage:* Available from World Development Indicators 2004 for about 38 USAID countries. Starting in 2005, WDI no longer reports government capital expenditure, which is needed to compute this variable. The reason is that the World Bank has adopted a new system for Government Finance Statistics, which switches from reporting budget performance

based on cash outlays and receipts, to a modified accrual accounting system in which government capital formation is a balance sheet entry, and only the consumption of fixed capital (that is, a depreciation allowance) is treated as an expense. The template will include this variable when the required data can be obtained from IMF Article IV Consultation Reports or national data sources. Group and regression benchmarks will be computed from WDI 2004 (since group averages tend to be relatively stable).

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

*CAS Code #11S4*

## POVERTY AND INEQUALITY

### Human poverty index

*Source:* UNDP, Human Development Report.

<http://hdr.undp.org/statistics/data/indicators.cfm?x=18&y=1&z=1> for 2005 edition; updates may be found at [http://hdr.undp.org/reports/view\\_reports.cfm?type=1](http://hdr.undp.org/reports/view_reports.cfm?type=1)

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

*Coverage:* Data are available for about 60 USAID countries.

*CAS Code #12P1*

### Income share held by lowest 20%

*Source:* World Development Indicators 2005 series SI.DST.FRST.20. These are World Bank staff estimates based on primary household survey data obtained from government statistical agencies and World Bank country departments. Alternate source for target countries: Country Poverty Reduction Strategy Paper:

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

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

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

*CAS Code # 12P2*

### Percentage of population living on less than \$1 PPP per day

*Source:* World Development Indicators 2005 series SI.POV.DDAY, original data from National Surveys. Alternate source for target countries: the country’s Poverty Reduction Strategy Paper:

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

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

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

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

*CAS Code #12P3*

### Population below minimum dietary energy consumption

*Source:* UN Millennium Indicators Database at [http://millenniumindicators.un.org/unsd/mi/mi\\_series\\_results.asp?rowId=566](http://millenniumindicators.un.org/unsd/mi/mi_series_results.asp?rowId=566), based on FAO estimates.

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

*Coverage:* Data are available for about 82 USAID countries.

*CAS Code # 12S1*

### Poverty headcount, national poverty line

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

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

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

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

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

*CAS Code #12P4*

### PRSP Status

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

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

*Coverage:* All countries having PRSPs are so indicated.

*CAS Code #12P5*

### Poverty gap at \$1 PPP a day

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

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

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

*CAS Code #12S2*

## ECONOMIC STRUCTURE

### Labor force or employment structure

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

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

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

*Data Quality:* Employment figures originate from International Labor Organization. Some countries report labor force structure instead of employment, thus the data must be checked carefully prior to making comparisons.

*CAS Code #13P1*

### Output structure

*Source:* World Development Indicators 2005 series NV.AGR.TOTL.ZS for value added in agriculture as a percentage of GDP; series NV.IND.TOTL.ZS for the share of industry; and NV.SRV.TETC.ZS for the share of services.

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

*Coverage:* Data are available for about 86 USAID countries.

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

*CAS Code #13P2*

## DEMOGRAPHY AND ENVIRONMENT

### Adult literacy rate

*Source:* World Development Indicators 2005 series SE.ADT.LITR.ZS, based on UNESCO calculations.

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

*Coverage:* Data are available for about 66 USAID countries.

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

*CAS Code # 14P1*

### Age dependency rate

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

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

*Coverage:* Data are available for about 89 USAID countries.

*CAS Code #14P2*

### Environmental Sustainability Index

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

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

*Coverage:* Data are available for about 83 USAID countries.

*CAS Code #14P3*

### Population size (in millions) and growth

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

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

*Coverage:* Data are available for about 88 USAID countries.

*CAS Code # 14P4*

### Urbanization rate

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

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

*Coverage:* Data are available for about 86 USAID countries.

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

CAS Code #14P5

## GENDER

### Adult literacy rate, ratio of male to female

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

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

*Coverage:* Data are available for about 74 USAID countries.

CAS Code #15P1

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

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

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

*Coverage:* Data are available for about 83 USAID countries.

CAS Code # 15P2

### Life expectancy, ratio of male to female

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

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

*Coverage:* Data are available for about 85 USAID countries.

CAS Code #15P3

## FISCAL AND MONETARY POLICY

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

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

### Overall budget balance (including grants), or Cash surplus/deficit, as percentages of GDP

*Source:* For countries using the new GFS system (see explanation at the beginning of this section), benchmarking data on the government's cash surplus/deficit are obtained from World Development Indicators 2005 series GC.BAL.CASH.GD.ZS. For countries that are not yet using the new system, benchmarking data on the overall budget balance are obtained from WDI 2004, series GB.BAL.OVRL.GD.ZS. Latest country data is obtained from national data sources or from IMF Article IV Reviews: [www.imf.org/external/np/sec/aiv/index.htm](http://www.imf.org/external/np/sec/aiv/index.htm).

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

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

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

*Coverage:* Data are available in WDI 2005 for 41 USAID countries.

CAS Code # 21P5

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

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

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

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

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

CAS Code # 21S1

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

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

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

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

*CAS Code # 21S1*

### Composition of government revenue

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

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

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

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

*CAS Code # 21S2*

### Composition of money supply growth

*Source:* Constructed using or national data sources or IMF Article IV Reviews from:

[www.imf.org/external/np/sec/aiv/index.htm](http://www.imf.org/external/np/sec/aiv/index.htm).

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

*Coverage:* Data are available for about 86 USAID countries.

*CAS Code # 21S3*

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

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

*Definition:* Expense is an accrued obligation to pay for operating activities of the government in providing goods and services. It includes compensation of employees (such as

wages and salaries), interest and subsidies, grants, social benefits, and other expenses such as rent and dividends.<sup>1</sup>

*Coverage:* Data are available for about 42 USAID countries.

*CAS Code # 21P1*

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

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

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

*Coverage:* Data are available for about 41 USAID countries.

*CAS Code # 21S2*

### Government revenue, excluding grants, percentage of GDP

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

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

*Coverage:* Data are available for about 47 USAID countries.

*CAS Code # 21P2*

### Inflation rate

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

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

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

*Coverage:* Data are available for about 85 USAID countries.

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

*CAS Code #21P4*

### Money supply growth

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

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

<sup>2</sup> This variable is no longer available in WDI 2005.

International Monetary Fund, International Financial Statistics, and World Bank estimates.

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

*Coverage:* Data are available for about 81 USAID countries.

*CAS Code #21P3*

## BUSINESS ENVIRONMENT

### Corruption perception index

*Source:* Transparency International:

[http://www1.transparency.org/cpi/2005/dnld/media\\_pack\\_en.pdf](http://www1.transparency.org/cpi/2005/dnld/media_pack_en.pdf).

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

*Coverage:* Data are available for about 79 USAID countries.

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

*CAS Code # 22P1*

### Ease of doing business ranking

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

*Definition:* The ease of doing business index ranks economies from 1 to 155. The index is calculated as the ranking on the simple average of country percentile rankings on each of the 10 topics covered in Doing Business in 2006 – starting a business, dealing with licenses, hiring and firing, registering property, getting credit, protecting investors, paying taxes, trading across borders, enforcing contracts, and closing a business.

*Coverage:* Data are available for about 74 USAID countries.

*CAS Code # 22P2*

### Rule of law index

*Source:* World Bank Institute,

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

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

*Coverage:* Data are available for nearly all USAID countries.

*Data Quality:* This index is best used with caution for relative comparisons between countries in a single year,

because the standard errors are large. It is also difficult to use the index to track a country's progress over time because the index does not compensate for changes in the world average. For instance, if the world average decreases in a given year, a country whose score appears to increase may not actually have tangible improvements in their legal environment.

*CAS Code #22P3*

### Regulatory Quality Index

*Source:* World Bank Institute;

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

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

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

*Gaps:* Data are available for nearly all USAID countries.

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

*CAS Code #22P4*

### Cost to start a business, % of GNI per capita

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

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

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

*Coverage:* Data are available for about 74 USAID countries.

*CAS Code #22S1*

### Procedures to enforce a contract

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

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

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

*Coverage:* Data are available for about 74 USAID countries.

*CAS Code # 22S2*

### Procedures to register property

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

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

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

*Coverage:* Data are available for about 74 USAID countries.

*CAS Code #22S3*

#### **Procedures to start a business**

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

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

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

*Coverage:* Data are available for about 74 USAID countries.

*CAS Code # 22S4*

#### **Time to enforce a contract**

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

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

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

*Coverage:* Data are available for about 74 USAID countries.

*CAS Code # 22S5*

#### **Time to register property**

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

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

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

*Coverage:* Data are available for about 74 USAID countries.

*CAS Code #22S6*

#### **Time to start a business**

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

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

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

*Coverage:* Data are available for about 74 USAID countries.

*CAS Code #22S7*

## **FINANCIAL SECTOR**

### **Cost to Create Collateral**

*Source:* World Bank Doing Business; Getting Credit category:

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

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

*Coverage:* Data are available for about 74 USAID countries.

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

*CAS Code #23S1*

### **Country credit rating**

*Source:* Millennium Challenge Corporation. Original data comes from the Institutional Investor Magazine.

<http://www.mca.gov/countries/rankings/index.shtml>

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

*Coverage:* Data are available for about 58 USAID countries.

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

*CAS Code # 23S2*

### **Domestic credit to private sector, percent of GDP**

*Source:* IMF Article IV Reviews or national data sources for latest country data; World Development Indicators 2005 series FS.AST.PRVT.GD.ZS for benchmarking data. The WDI data originate from the International Monetary Fund, International Financial Statistics and data files, and World Bank estimates.

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

*Coverage:* Data are available for about 82 USAID countries.

*CAS Code # 23P1*

### **Interest rate spread**

*Source:* World Development Indicators 2005 series FR.INR.LNDP. Original data from International Monetary Fund, International Financial Statistics and data files.

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

*Coverage:* Data are available for about 66 USAID countries.

*CAS Code # 23P2*

### **Legal rights of borrowers and lenders**

*Source:* World Bank Doing Business; Getting Credit category:

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

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

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

*Coverage:* Data are available for about 74 USAID countries.

*CAS Code # 23S3*

### Money supply, percent of GDP

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

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

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

*Coverage:* Data are available for about 81 USAID countries.

*Data Quality:* In some countries M2 includes Certificates of Deposits (CDs), money market instruments, and/or treasury bills.

*CAS Code # 23P3*

### Real interest rate

*Source:* World Development Indicators 2005 series FR.INR.RINR.

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

*Coverage:* Data are available for about 68 USAID countries.

*CAS Code # 23S4*

### Stock Market Capitalization Rate, % of GDP

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

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

*Coverage:* Data are available for about 54 USAID countries.

*CAS Code # 23P4*

## EXTERNAL SECTOR

### Aid, % of GNI

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

[www.imf.org/external/np/sec/aiv/index.htm](http://www.imf.org/external/np/sec/aiv/index.htm). Benchmarking data from World Development Indicators 2005 series DT.ODA.ALLD.GN.ZS.

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

*Coverage:* Data are available for about 84 USAID countries.

*Data Quality:* Data does not include aid given by recipient countries to other recipient countries, and may not be

consistent with the country's balance sheets, because data are collected from donors.

*CAS Code #24P1*

### Concentration of exports

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

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

*Coverage:* Available for about 74 USAID countries.

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

*CAS Code # 24S1*

### Current Account Balance, percent of GDP

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

[www.imf.org/external/np/sec/aiv/index.htm](http://www.imf.org/external/np/sec/aiv/index.htm). Benchmarking data from World Development Indicators 2005 series BN.CAB.XOKA.GD.ZS, based on International Monetary Fund, Balance of Payments Statistics Yearbook and data files, and World Bank staff estimates, and World Bank and OECD GDP estimates.

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

*Coverage:* Data are available for about 79 USAID countries.

*CAS Code # 24P2*

### Debt service ratio

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

[www.imf.org/external/np/sec/aiv/index.htm](http://www.imf.org/external/np/sec/aiv/index.htm). Benchmarking data from World Development Indicators 2005, series DT.TDS.DECT.EX.ZS, based on World Bank, Global Development Finance data.

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

*Coverage:* Data are available for about 77 USAID countries.

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

*CAS Code # 24P3*

### Foreign Direct Investment, percent of GDP

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

[www.imf.org/external/np/sec/aiv/index.htm](http://www.imf.org/external/np/sec/aiv/index.htm). Benchmarking data from World Development Indicators 2005, series

BX.KLT.DINV.DT.GD.ZS, based on International Monetary Fund, International Financial Statistics and Balance of Payments databases, World Bank, Global Development Finance, and World Bank and OECD GDP estimates.

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

*Coverage:* Data are available for about 82 USAID countries.  
CAS Code #24P5

#### **Gross international reserves, months of imports**

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

[www.imf.org/external/np/sec/aiv/index.htm](http://www.imf.org/external/np/sec/aiv/index.htm). Benchmarking data from World Development Indicators 2005, series FI.RES.TOTL.MO.

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

*Coverage:* Data are available for about 77 USAID countries.  
CAS Code # 24P6

#### **Private capital inflows, percent of GDP**

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

[www.imf.org/external/np/sec/aiv/index.htm](http://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:* Private capital inflows flows are the sum of the absolute values of direct and portfolio investment inflows recorded in the balance of payments financial account. The indicator is calculated as a ratio to GDP in U.S. dollars.

*Coverage:* Information on coverage is not easily accessible.

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

CAS Code #24P7

#### **Exports growth, goods and services**

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

[www.imf.org/external/np/sec/aiv/index.htm](http://www.imf.org/external/np/sec/aiv/index.htm). Benchmarking data from World Development Indicators 2005, series NE.EXP.GNFS.KD.ZG, based on World Bank national accounts data, and OECD National Accounts data files.

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

*Coverage:* Data are available for about 81 USAID countries.  
CAS Code # 24P4

#### **Inward FDI Potential Index**

*Source:* UNCTAD. Indicator is available online at <http://www.unctad.org/Templates/WebFlyer.asp?intItemID=2471&lang=1>.

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

*Coverage:* Data are available for about 77 USAID countries.  
CAS Code # 24S2

#### **Net barter terms of trade**

*Source:* World Development Indicators 2005, series TT.PRI.MRCH.XD.WD

*Definition:* Net barter terms of trade are calculated as the ratio of the export price index to the corresponding import price index measured relative to the base year 1995.

*Coverage:* Data are available for about 51 USAID countries.  
CAS Code # 24S3

#### **Present value of debt, percent of GNI**

*Source:* World Development Indicators 2005 series DT.DOD.PVLX.GN.ZS, based on Global Development Finance data.

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

*Coverage:* Data are available for about 80 USAID countries.

*Data Quality:* The coverage, and quality of debt data vary widely across countries due to the wide spectrum of debt instruments, the unwillingness on the part of the government to provide information, and lack of capacity in reporting. Discrepancies are significant when the exchange rate fluctuations, debt cancellations and re-scheduling occur.

CAS Code # 24P8

#### **Real effective exchange rate (REER)**

*Source:* IMF Article IV Reviews:

[www.imf.org/external/np/sec/aiv/index.htm](http://www.imf.org/external/np/sec/aiv/index.htm);

*Definition:* The REER is an index number with base 1995=100, which measures the value of a currency against a weighted average of foreign currencies. It is calculated as the nominal effective exchange rate divided by a price deflator or index of costs. The IMF defines the REER so that an increase in the value represents a real appreciation of the home currency, and a decrease represents a real depreciation.

*Coverage:* Information on coverage is not easily accessible.

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

CAS Code # 24S4

#### **Remittances receipts, percent of exports**

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

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

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

*Coverage:* Data are available for about 74 USAID countries.

*CAS Code # 24P9*

### Structure of merchandise exports

*Source:* World Development Indicators 2005. Exports from five categories are used: Food exports series TX.VAL.FOOD.ZS.UN; Agricultural raw materials exports series TX.VAL.AGRI.ZS.UN; Manufactures exports series TX.VAL.MANF.ZS.UN; Ores and metals exports series TX.VAL.MMTL.ZS.UN; and Fuel exports series TX.VAL.FUEL.ZS.UN.

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

*Coverage:* Data are available for about 78 USAID countries.

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

*CAS Code # 24S5*

### Trade in goods and services, as a percentage of GDP

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

[www.imf.org/external/np/sec/aiv/index.htm](http://www.imf.org/external/np/sec/aiv/index.htm). Benchmarking data from World Development Indicators 2005, series NE.TRD.GNFS.ZS.

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

*Coverage:* Data available for about 84 USAID countries.

*CAS Code # 24P10*

### Trade Policy Index

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

*Definition:* The index measures the degree to which government hinders the free flow of foreign commerce based on a country's weighted average tariff rate (weighted by imports from the country's trading partners), with adjustments for non-tariff barriers and corruption in the custom service. The index ranges in value from 1 (for low levels of barriers to trade) to 5 (for high levels of barriers to trade).

*Coverage:* Data are available for about 83 USAID countries.

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

*CAS Code # 24S6*

## ECONOMIC INFRASTRUCTURE

### Internet users per 1,000 people

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

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

*Coverage:* Data are available for about 88 USAID countries.

*CAS Code # 25P1*

### Overall Infrastructure Quality

*Source:* Global Competitiveness Report 2005-2006, World Economic Forum. The indicator can be found in the Data Tables, Section V. General Infrastructure; 5.01.

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

*Coverage:* Data are available for about 52 USAID countries.

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

*CAS Code # 25P2*

### Telephone density, fixed line and mobile

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

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

*Coverage:* Data are available for about 88 USAID countries.

*CAS Code #25P3*

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

*Source:* Global Competitiveness Report 2005-2006, World Economic Forum. The indicators can be found in the Data Tables, Section V. General Infrastructure; 5.02, 5.03, 5.04, and 5.05 for Railroad, Port; Air Transport, and Electricity, respectively.

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

*Coverage:* Data are available for about 52 USAID countries.

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

*CAS Code #25S1*

### Telephone cost, average local call

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

*Definition:* Cost of local call is measured by the cost of a three-minute, peak rate, fixed line call within the same

exchange area using the subscriber's equipment (i.e., not from a public phone).

*Coverage:* Data are available for about 82 USAID countries.  
*CAS Code #25S2*

## SCIENCE AND TECHNOLOGY

### Expenditure in Research and Development, percent of GDP

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

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

*Coverage:* Data are available for about 26 USAID countries.  
*CAS Code #26P1*

### FDI technology transfer index

*Source:* Global Competitiveness Report 2005-2006, World Economic Forum. The indicator can be found in the Data Tables, Section III. Technology: Innovation and Diffusion; 3.04.

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

*Coverage:* Data are available for about 52 USAID countries.

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

*CAS Code #26P2*

### Patent applications filed, by residents

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

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

*Coverage:* Data are available for about 63 USAID countries.  
*CAS Code #26P3*

## HEALTH

### HIV prevalence rate

*Source:* UNAIDS for most recent country data:

<http://www.unaids.org/Unaid/EN/Resources/epidemiology.asp>. World Development Indicators 2005 for benchmark data, series SH.DYN.AIDS.ZS.

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

*Coverage:* Data are available for about 79 USAID countries.

*Data Quality:* UNAIDS/WHO estimates are based on all available data, including surveys of pregnant women, population-based surveys, household surveys conducted by

Kenya, Mali, Zambia and Zimbabwe, as well as other surveillance information.

*CAS Code #31P1*

### Life expectancy at birth

*Source:* World Development Indicators 2005, (SP.DYN.LE00.IN)

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

*Coverage:* Data are available for about 88 USAID countries.

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

*CAS Code #31P2*

### Maternal mortality rate

*Source:* UN Millennium Indicators Database, [http://millenniumindicators.un.org/unsd/mi/mi\\_series\\_results.asp?rowId=553](http://millenniumindicators.un.org/unsd/mi/mi_series_results.asp?rowId=553) based on WHO, UNICEF and UNFPA data.

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

*Coverage:* Data are available for about 87 USAID countries.

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

*CAS Code #31P3*

### Access to improved sanitation

*Source:* World Development Indicators 2005, series SH.STA.ACSN.

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

*Coverage:* Data are available for about 82 USAID countries.

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

*CAS Code #31S1*

### Access to improved water source

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

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

*Coverage:* Data are available for about 83 USAID countries.

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

*CAS Code #31S2*

### Births attended by skilled health personnel

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

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

*Coverage:* Data are available for about 62 USAID countries.

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

*CAS Code # 31S3*

### **Child immunization rate**

*Source:* World Development Indicators 2005, estimated by averaging two series: Immunization, DPT (% of children ages 12-23 months) (SH.IMM.IDPT) and Immunization, measles (% of children ages 12-23 months) (SH.IMM.MEAS)

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

*Coverage:* Data are available for about 88 USAID countries.

*CAS Code #31S4*

### **Prevalence of child malnutrition, weight for age**

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

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

*Coverage:* Data are available for about 55 USAID countries.

*CAS Code # 31S5*

### **Public health expenditure, percent of GDP**

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

International benchmarking data from World Development Indicators 2005, (SH.XPD.PUBL.ZS), based on World Health Organization, World Health Report and updates and from the OECD, supplemented by World Bank poverty assessments and country and sector studies.

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

*Coverage:* Data are available for about 88 USAID countries.

*CAS Code #31S6*

## **EDUCATION**

### **Net primary enrollment rate - female, male and total**

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

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

*Coverage:* Data are available for about 80 USAID countries.

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

*CAS Code # 32P1*

### **Persistence to grade 5 – female, male, and total**

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

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

*Coverage:* Data are available for about 48 USAID countries.

*CAS Code # 32P2*

### **Youth literacy rate**

*Source:* World Development Indicators 2005, series SE.ADT.1524.LT.ZS.

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

*Coverage:* Data are available for about 67 USAID countries.

*Data Quality:* Statistics are out of date by 2-3 years.

*CAS Code #32P3*

### **Expenditure on primary education, percent GDP**

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

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

*Coverage:* Data are available for about 58 USAID countries.

*Data Quality:* The MCC obtains the data from national sources via US embassies.

*CAS Code #32S1*

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

*Source:* World Development Indicators 2005 series SE.XPD.PRIM.PC.ZS (primary); SE.XPD.SECO.PC.ZS (secondary); and SE.XPD.TERT.PC.ZS (tertiary).

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

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

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

*CAS Code # 32S2*

### **Pupil-teacher ratio, primary school**

*Source:* World Development Indicators 2005 series SE.PRM.ENRL.TC.ZS.

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

*Coverage:* Data are available for about 76 USAID countries.

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

*CAS Code # 32S3*

## **EMPLOYMENT AND WORKFORCE**

### **Labor force participation rate – total, male, female**

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

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

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

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

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

*Coverage:* Data are available for about 88 USAID countries.

*CAS Code #33P1*

### **Rigidity of employment index**

*Source:* World Bank, Doing Business in 2005, Hiring and Firing Workers Category:

<http://rru.worldbank.org/DoingBusiness/ExploreTopics/HiringFiringWorkers/CompareAll.aspx>

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

*Coverage:* Data are available for about 74 USAID countries.

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

*CAS Code # 33P2*

### **Size and growth of the labor force**

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

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

*Coverage:* Data are available for about 88 USAID countries.

*CAS Code #33P3*

### **Unemployment rate**

*Source:* World Development Indicators 2005 series SL.UEM.TOTL.ZS.

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

*Coverage:* Data are available for about 50 USAID countries.

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

*CAS Code # 33P4*

## **AGRICULTURE**

### **Agriculture value added per worker**

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

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

*Coverage:* Data are available for about 80 USAID countries.

*CAS Code # 34P1*

### **Cereal yield**

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

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

*Coverage:* Data are available for about 84 USAID countries.

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

*CAS Code # 34P2*

### **Growth in agricultural value added**

*Source:* The latest country data are taken from national data sources or from IMF Article IV Reviews: [www.imf.org/external/np/sec/aiv/index.htm](http://www.imf.org/external/np/sec/aiv/index.htm). The benchmarking data are from World Development Indicators 2005 series NV.AGR.TOTL.KD.ZG

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

*Coverage:* Data are available for about 84 USAID countries.

*CAS Code # 34P3*

### **Agricultural policy costs index**

*Source:* Global Competitiveness Report 2005-2006, World Economic Forum. The indicator can be found in the Data Tables, Section II. Macroeconomic Environment; 2.20.

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

*Coverage:* Data are available for about 52 USAID countries.

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

*CAS Code # 34S1*

### **Crop production index**

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

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

*Coverage:* Data are available for about 85 USAID countries.

*Data Quality:* Regional and income group aggregates for the FAO's production indices are calculated from the underlying

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

*Coverage:* Data are available for about 85 USAID countries.

*CAS Code # 34S2*

### **Livestock Production index**

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

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

*Coverage:* Data are available for about 85 USAID countries.

*Data Quality:* See comments on the Crop Production Index.

*CAS Code # 34S3*