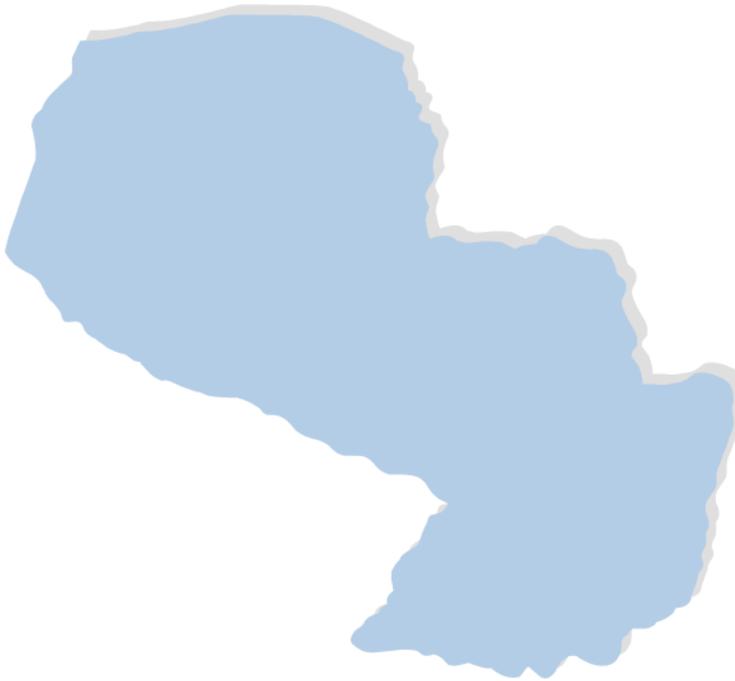




USAID
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Paraguay

Economic Performance Assessment



May 2010

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Paraguay

Economic Performance Assessment

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Nathan Associates Inc. has developed standard methodologies for producing analytical reports providing a clear and concise evaluation of economic growth performance in designated countries receiving USAID assistance, including a special template for countries emerging from violent conflict. The reports are tailored to meet the needs of USAID missions and regional bureaus for country-specific analysis. Each report contains

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

The authors of this report are Rose Mary Garcia, Matthew Lutkenhouse, and Molly James of Nathan Associates.

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HIGHLIGHTS OF PARAGUAY PERFORMANCE

Economic Growth	Strong growth was reversed to contraction as a result of the global financial crisis and severe drought. The strongest negative impact was during 2009, but recovery is expected for 2010.
Poverty	Proportion of population living in poverty has increased and may increase further because of the global financial crisis. Skewed distribution of income also constrains development.
Economic Structure	A large proportion of the population is engaged in agriculture, while industry employment remains small.
Demography and Environment	Adult literacy is high and close to comparator countries, while population growth rates are slightly declining. Environmental risks come from diminished biodiversity and increased air pollution.
Gender	Paraguay performs well on basic indicators of gender equity, including life expectancy and female labor force participation.
Fiscal and Monetary Policy	Inflationary pressures subsided with the economic downturn in 2009. Despite great accomplishments in tax administration, revenue collection is lagging because of the downturn. Expenditure is being checked to minimize its negative effect on government debt.
Business Environment	The cost of starting a business has decreased dramatically, as has the time to start a business. Additional reforms are needed to improve Paraguay's poor standing on the <i>Doing Business</i> index for business enabling environment.
Financial Sector	Financial intermediation is inefficient, and informal dollarization is high. Both of these conditions require the attention of financial regulators.
External Sector	The recent global crisis and the drought caused some setbacks in the strong growth trend in exports. Some diversification of exports is taking place, although most exports are still agricultural products.
Economic Infrastructure	Generally poor infrastructure is a serious constraint for investors and a drag on competitiveness. Roads and rail, in particular, need attention.
Science and Technology	Paraguay performs poorly on science and technology indicators; low levels of innovation may be linked to weak protection of intellectual property.
Health	Although life expectancy is now more than 71 years, problems with access to water and sanitation persist.
Education	Youth literacy and primary enrollment rates are high; however, enrollment declines significantly at the secondary and tertiary levels.
Employment and Workforce	Labor force rigidities are very high and labor force participation declined for 2003-2007.
Agriculture	Growth in agricultural value-added is strong, coinciding with high growth in the use of fertilizers. Cereal yields have remained static during the past five years.

PARAGUAY STRENGTHS AND WEAKNESSES—SELECTED INDICATORS

Selected Indicators, by Topic	Strengths	Weaknesses
Growth Performance		
Real GDP growth	X	
Investment productivity—incremental capital-output ratio (ICOR)	X	
Poverty and Inequality		
Income share of the bottom 20% of households		X
Demography and Environment		
Urbanization rate	X	
Gender		
Primary completion rates, male, female	X	
Life expectancy	X	
Labor force participation rates, female	X	
Fiscal and Monetary Policy		
Government revenue	X	
Inflation rate	X	
Business Environment		
Procedures to start a business	X	
Control of Corruption Index		X
Rule of Law Index		X
Government effectiveness index		X
Financial Sector		
Interest rate spread		X
Money supply (M2), % GDP		X
Credit Information Index	X	
Legal rights of borrowers and lenders		X
External Sector		
Trade in goods and services, % GDP		X
Foreign direct investment, % GDP	X	
Trade in services, % GDP		X
Remittance receipts, % GDP	X	
Economic Infrastructure		
Overall infrastructure quality		X
Quality of infrastructure—air transport		X
Quality of infrastructure—rail		X
Quality of infrastructure—electricity supply		X
Internet users per 100 people		X

Selected Indicators, by Topic	Strengths	Weaknesses
Science and Technology		
FDI technology transfer index		X
Availability of scientists and engineers		X
Health		
Life expectancy at birth	X	
Access to improved sanitation		X
Access to improved water source		X
Immunization rate		X
Education		
Net primary enrollment rate	X	
Net secondary school enrollment rate		X
Gross tertiary enrollment rate		X
Employment and Workforce		
Labor force participation rate	X	
Growth of labor force	X	
Rigidity of employment index	X	
Agriculture		
Agriculture value added per worker		X

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

1. Introduction

This report is one of a series of economic performance assessments prepared for the EGAT Bureau to provide USAID missions and regional bureaus with a concise evaluation of key indicators covering a broad range of issues relating to economic growth performance in designated host countries. The report draws on a variety of international data sources¹ and uses international benchmarking against reference group averages, comparator countries, and statistical norms to identify major constraints, trends, and opportunities for strengthening growth and reducing poverty. This study of Paraguay uses two lower-middle income countries in the same region, Argentina and Chile, as comparators. Both represent aspirational cases for Paraguay. Paraguay's performance is also compared to median² values of other lower-middle-income countries.

METHODOLOGY

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

The analysis is organized around two mutually supportive goals: transformational growth and poverty reduction.⁴ Broad-based growth is the most powerful instrument for poverty reduction. At the same time, programs to reduce poverty and lessen inequality can help to underpin rapid

¹ Sources include the World Bank, the International Monetary Fund, the Millennium Challenge Corporation, the United Nations (including the Millennium Development Goals database), the World Economic Forum, and host-country documents and data sources. This report reflects data available as of December 2009.

² Throughout the report the average is defined in terms of the median so that values are not distorted by outliers.

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

⁴ In USAID's white paper *U.S. Foreign Aid: Meeting the Challenges of the Twenty-first Century* (January 2004), transformational growth is a central strategic objective, both for its innate importance as a development goal and because growth is the most powerful engine for poverty reduction.

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

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

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

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

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

Table 1-1
Topic Coverage

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

DATA QUALITY AND FORMAT

The report for Paraguay reflects data available as of December 2009. The breadth and quality of data available for Paraguay earned a score of 58 (out of 100) on the World Bank's 2008 Statistical Capacity Indicator. Paraguay's score declined from 62 in 2004 and is below the LMI-LAC and LMI medians of 68.3. Despite these problems, the report team found data availability more than adequate for this assessment, although many sources were available only in Spanish.

2. Overview of the Economy

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

GROWTH PERFORMANCE

With an estimated per capita GDP of \$2,026 in 2007, Paraguay is squarely in the middle of the lower-middle income (LMI) country group according to the World Bank's classification.⁵ Annual GDP growth in real terms averaged 4.8 percent for 2004-2008, the highest in a generation, and reached a high of 6.8 percent in 2007. This rate of growth is well above the LMI-Latin American Countries (LMI-LAC) median of 4.5 percent, as well as the expected value of 5.5 percent for a country with Paraguay's characteristics (see Figure 2-1). But Paraguay was strongly affected by the financial crisis and its aftermath. The IMF predicts a deceleration of GDP growth to 0.5 percent for 2009.⁶ The main culprits are the global financial crisis, which induced a drop in external demand for traditional and nontraditional exports, and the severe drought of late 2008 and early 2009.⁷

The strongest contributions to growth during 2004-2008 seemed to have come from increases in gross fixed investment, increases in investment productivity, a rapid expansion in export growth (see External Sector), and diversification in the manufacturing and service sectors.⁸ Over the five years ending in 2008, on average, Paraguay's incremental capital-output ratio (ICOR) was 3.9. This means that each extra \$1 of output required \$3.90 of gross investment, a dramatic improvement from \$13.50 for the five-year average ending in 2004. Countries using capital productively usually have an ICOR of 4.0 or less. Investment productivity in Paraguay surpasses the median for LMI-LAC countries (6.4) and for Chile (4.4) but is not as striking as in Argentina (2.3).

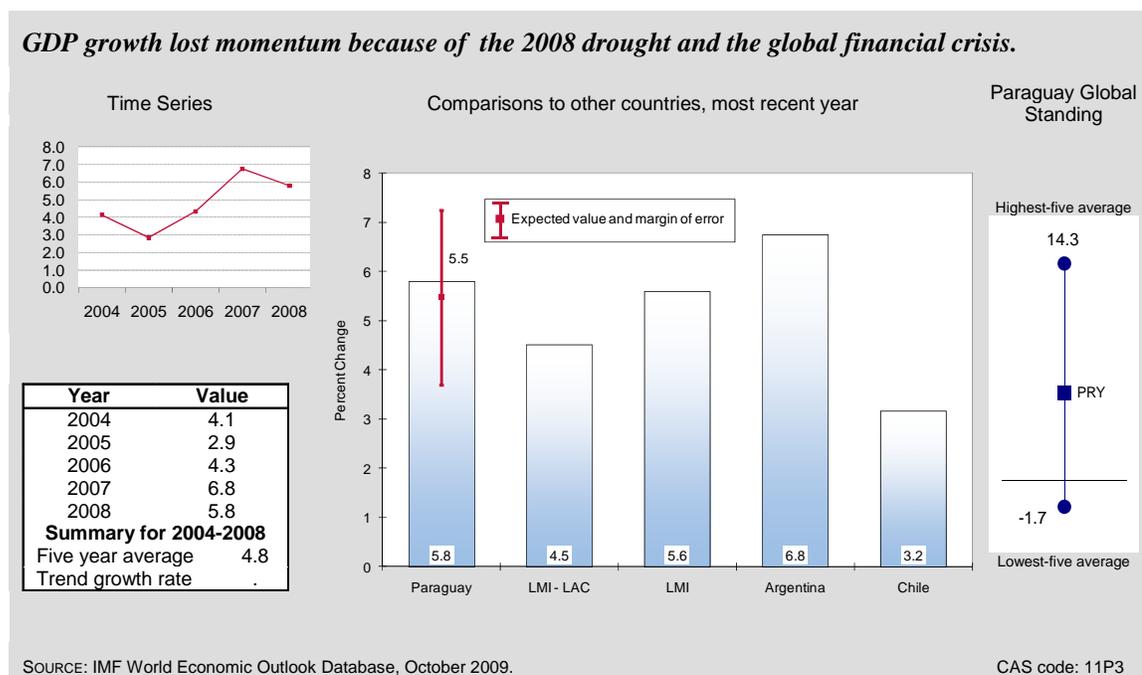
⁵ GNI per capita in Paraguay, using the Atlas Method, was \$2,180 in 2008. The World Bank classifies as lower-middle income those with a GNI per capita in the \$976-\$3,855 range. However, GDP per capita measured in current U.S. dollars for Paraguay reached \$2,026, as expressed in the text.

⁶ IMF. Public Information Notice No. 09/64: IMF Executive Board Concludes 2009 Article IV Consultation with Paraguay. May 20, 2009.

⁷ IMF. Press Release: Concluding Statements of the IMF's 2009 Article IV Mission to Paraguay. March 18, 2009.

⁸ IMF. Staff Report from the 2009 Article IV Consultation. April 20, 2009.

Figure 2-1
Real GDP Growth, Percent Change



POVERTY AND INEQUALITY

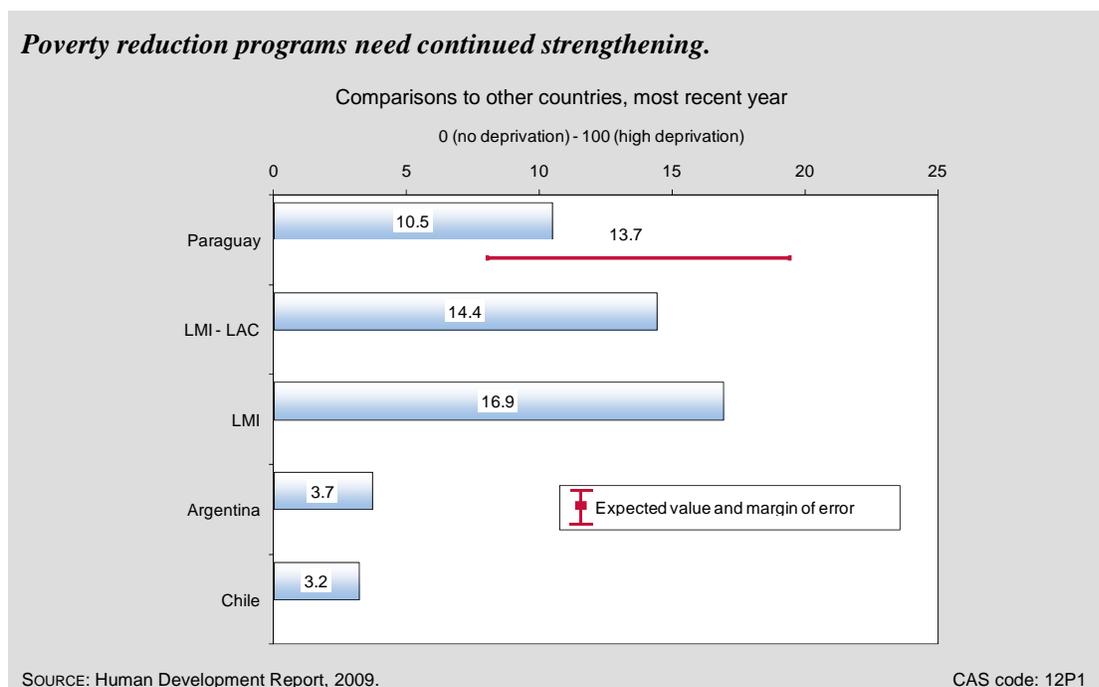
Severe poverty in Paraguay is not as prevalent as in other areas in Latin America, but poverty and inequality remain serious development issues. As defined by the national poverty line, 35.6 percent of the population was considered poor in 2007—a deterioration from 22.7 percent in 2005.⁹ The effects of the global financial crisis may cause further deterioration. In August 2009, the Minister of Economy, Dionisio Borda, declared that the poverty rate may soar to 40 percent in 2009.¹⁰

An alternative measure of poverty, the UNDP's Human Poverty Index (HPI), takes into account deprivation in health and education as well as income. Countries are measured on an ascending scale from 1 (low deprivation) to 100 (high deprivation). In 2007, Paraguay's HPI score was 10.5, much higher than Argentina's 3.7 and Chile's 3.2 (see Figure 2-2.) However, Paraguay performs well by income group standards—the LMI median score is 16.9 and LMI-LAC score is 14.4. The deterioration of welfare is also reflected in the increase in Paraguay's HPI by 2.2 points from a score of 8.3 in 2004.

⁹ Some caution is needed in interpreting these statistics. Ramirez and Gonzalez, in *Crisis and Rural Poverty in Latin America: The Case of Paraguay* (Dinamicas Territoriales Rurales, 2009, p.10), show a decrease in urban and poverty rates for 2002-2007 using DGEEC data. The dramatic change in a two-year period is likely to be a change in the measurement methodology, although the DGEEC's annual household survey does not indicate a change in methodology since 1998.

¹⁰ MercoPress, South Atlantic News Agency. Paraguay's Poverty Index Forecasted to Reach 40% Because of Recession. August 14, 2009.

Figure 2-2
Human Poverty Index



For 2007, an estimated 6.5 percent of the population struggled to live on less than the international standard for severe poverty, which is \$1.25 per day in terms of purchasing power parity (PPP). This is a lower rate of severe poverty than the LMI-LAC median of 14.2 percent and LMI median of 13.4 percent. Although stronger relative to regional comparators, Paraguay's performance falls short compared to the regional leader: only 2 percent of the population in Chile lives below \$1.25 PPP per day (Figure 2-3).

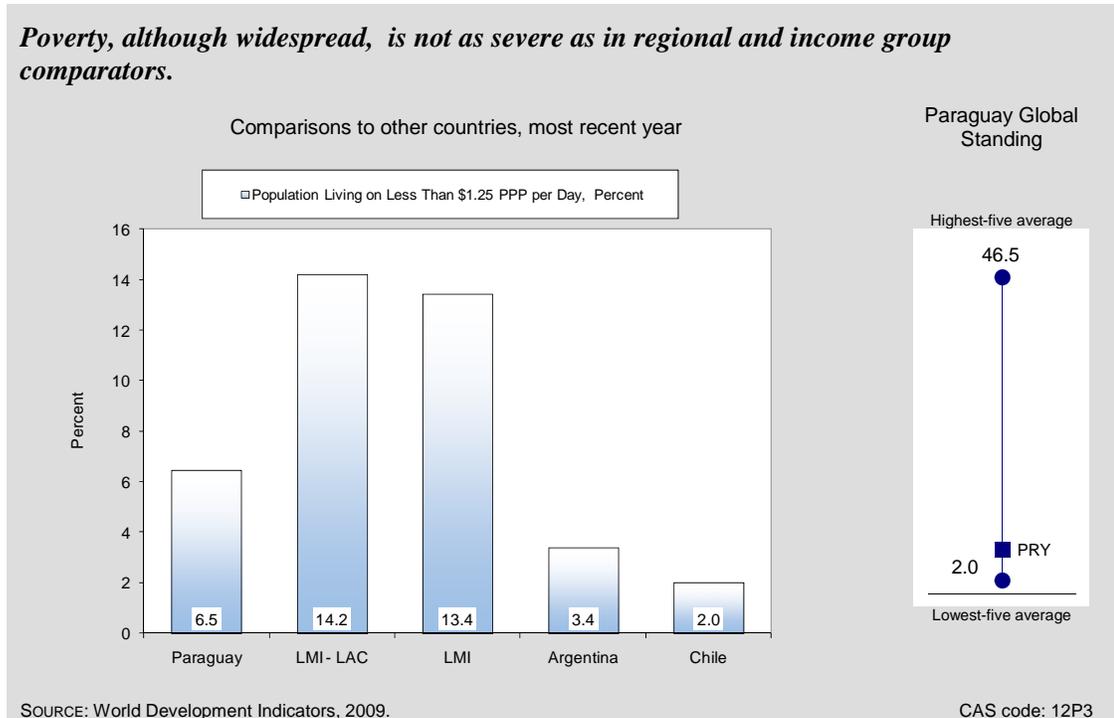
Income inequality is also high in Paraguay. In 2007 the poorest 20 percent of the population earned just 3.4 percent of all income, which equals the figure for Argentina, but is below the expected value of 3.6 percent for a country with Paraguay's characteristics, and below Chile's 4.1 percent.

Traditionally Paraguay has suffered from high rural poverty, but according to the official Direccion General de Estadisticas, Encuestas y Censos (DGEEC) household survey statistics from 2007, urban poverty surpassed rural poverty in 2005, while extreme poverty continued to be a rural issue for 2002-2007.¹¹ The skewed distribution of land ownership is a problem that needs to be addressed to alleviate poverty. According to the EIU Country Profile 2008, 40 percent of those living in poverty are rural landless and smallholders and 60 percent are underemployed shanty-town dwellers. Similarly, there is a large difference in poverty rates across the country. For 2007, the departments of Caazapa (57 percent), San Pedro (50 percent), and Caaguazu (47

¹¹ Ramirez, Julio and Cynthia Gonzalez. Crisis and Rural Poverty in Latin America: The Case of Paraguay. *Dinamicas Territoriales Rurales*, 2009, p.10.

percent) had exceedingly high poverty rates compared to the best performing Hayes (16.7 percent), Cordillera (17.8 percent), and Amambay (18.4 percent).¹²

Figure 2-3
Population Living on Less a \$1.25 PPP Per Day



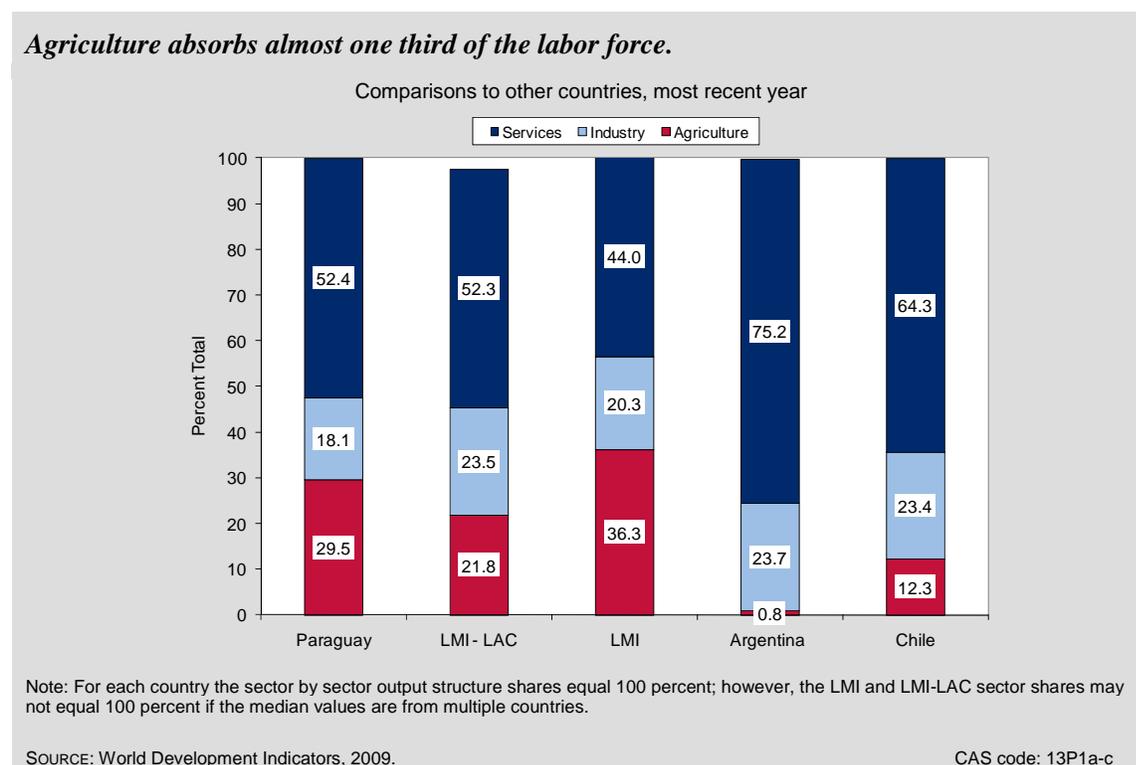
Paraguay's current policy focus of poverty alleviation is critical, and is being supported through USAID and other donor assistance. Special attention should be paid to regional disparities and the urban/rural divide in devising poverty alleviation programs, especially in light of emerging information.

ECONOMIC STRUCTURE

As in many developing countries, agriculture employs a substantial proportion of workers in Paraguay—29.5 percent of the labor force in 2007, well above the LMI-LAC median (21.8 percent), Argentina's 0.8 percent and Chile's 12.3 percent. Paraguay has a small industrial sector, with 18.1 percent of the workforce dedicated to industry in 2007. The services sector accounted for 52.4 percent of employment. (Figure 2-4). Although this division of labor is typical for the region, it has important implications for economic productivity.

¹² Ramirez and Gonzalez, p.12.

Figure 2-4
Labor Force Structure, Percent



The output structure as of 2008 reveals that agriculture employs one-third of Paraguayans but accounts for just 22.9 of value added as a percent of GDP. This distribution skews much more toward agriculture in Paraguay than in Argentina (9.4 percent) and Chile (4.2 percent) and is higher than the LMI-LAC median of 14.9 percent. Finding ways to boost productivity in the agriculture sector is important given the relatively high poverty rates *and* high ratio of employment in the sector.

Industry’s share of the economy is much less in Paraguay (20.2 percent) than in LMI-LAC countries (median 29.3 percent), Argentina (33.7), and Chile (47.1). Attention needs to be given to how Paraguay can develop a larger and more productive industrial sector; removing constraints in the enabling environment may be key to encouraging investment in Paraguayan manufacturing (see Business Environment).

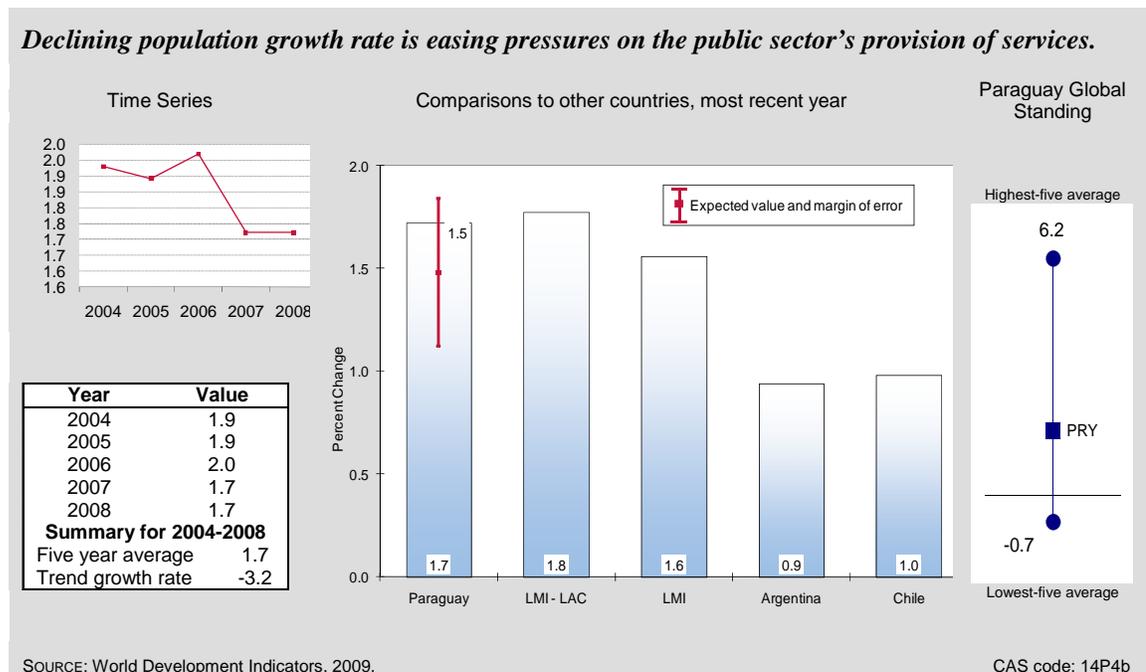
The services sector makes up a substantial share of output—57 percent—and improving the competitiveness of the services sector, especially in ICT, transport, and tourism, could spur growth in the country. It should be noted that the indicators used in this section lag several years behind the GDP figures presented earlier in this report and so do not reflect the impact of the economic downturn of 2009.

DEMOGRAPHY AND ENVIRONMENT

Paraguay has an estimated population of 6.2 million people and the population is growing at a rate of 1.7 percent per year. Down from 2.0 percent in 2006, this growth rate is still higher than

the expected value (1.5 percent) and Chile's 1 percent and Argentina's 0.9 percent (Figure 2-5), but is close to the median for LMI-LAC (1.8 percent). The youth-dependency ratio (56.8 dependents per 100 workers) in Paraguay is slightly higher than in the regional and income group medians and significantly higher than in comparator countries (Argentina, 39.6; Chile, 34.1). The ratio has been decreasing for the past five years in keeping with the slowing population growth rate. If this trend continues, resource demands will ease and greater per-capita wealth creation will be supported.

Figure 2-5
Population Growth, Percent Change



The slowing population growth rate in Paraguay provides an opportunity for government to increase the return on investment in human capital and productivity. The adult literacy rate is 94.6 percent, well above the expected value of 82.5 and the LMI-LAC median of 83.9 percent (2007). Even though literacy in Paraguay is relatively high, there is room for improvement and much need for additional investment in education and training opportunities.

In 2008, an estimated 60.3 percent of the population lived in urban areas, a proportion much less than in Argentina (92 percent) or Chile (88.4 percent) and slightly higher than the LMI-LAC median (56.5 percent). This reflects the relatively small size of Paraguay's major cities (Asuncion and Ciudad del Este) and that most people live in the small towns between the two cities.

The environmental indicators for Paraguay are positive in comparison with other countries in its income group. Paraguay scores a 77.7 out of 100 on Yale University's Environmental Performance Index—higher than the regional median (72) but still lower than Argentina's 81.8 and Chile's 83.4. On index components, Paraguay scored lowest on biodiversity and habitat protection policy (58.5) and air pollution (34.7). Air quality is poor in Paraguay's urban areas

because of an abundance of automobiles and deforestation in the east, where some of the last tracts of the interior Atlantic forest that once stretched from central Brazil down through northern Argentina remain. Paraguay abuts the vast Pantanal wetlands in Brazil—the largest wetlands in the world crisscrossed by several of southern Latin America’s largest river systems (the Pilcomayo, Paraguay and Parana Rivers). Clearly, Paraguay’s environmental policies and practices can have a significant impact on its neighbors.

GENDER

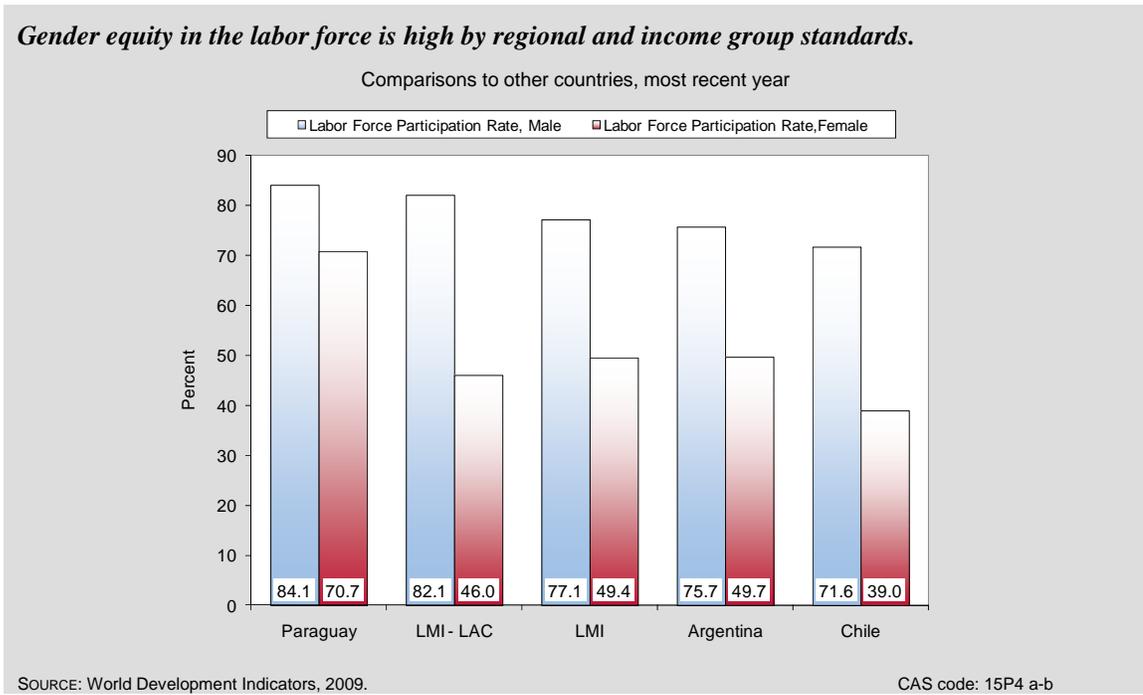
Gender equity enables faster economic growth by ensuring that the productive capacities of all citizens can be developed and used to the full extent. Paraguay performs well on the basic indicators of gender equity, particularly in labor force participation where women participate at a higher rate than in Argentina or Chile.

Life expectancy at birth is a fundamental indicator of health conditions. For Paraguay, the average life expectancy in 2007 was 73.8 years for women and 69.6 for men. This 4.2 year differential in favor of women is in line with the international norm. In countries with an advanced level of human development, women live longer than men by five years or more, on average. The gender differential is slightly higher in LMI-LAC countries (median 5.9 years), in Chile (6.1 years), and in Argentina (7.5 years).

Paraguay also performs well on gender equity in education. Gross enrollment ratio for primary through tertiary schooling shows near parity—72.2 percent for females and 72.1 percent for males in 2005 (latest year available). This is in line with the expected value for a country with Paraguay’s characteristics (71.4 percent for females and 70.2 percent for males) and the LMI-LAC median (72.7 percent for females and 72.0 percent for males).

Moreover, Paraguay exhibits comparatively high gender equity in labor force participation for the LAC region, with 84.1 percent of males and 70.7 percent of females active in the labor force (2007). Paraguay’s female labor force participation rate is higher than the country’s expected value of 54.8 percent, Argentina’s 49.7 percent, and Chile’s 39 percent (Figure 2-6).

Figure 2-6
Labor Force Participation Rate, Percent



3. Private Sector Enabling Environment

This section reviews key indicators of the enabling environment for encouraging rapid and efficient growth of the private sector. Sound fiscal and monetary policies are essential for macroeconomic stability, which is a necessary though not sufficient condition for sustained growth. A dynamic market economy also depends on basic institutional foundations, including secure property rights, an effective system for enforcing contracts, and an efficient regulatory environment that does not impose undue barriers on business activities. Financial institutions play a major role in mobilizing and allocating saving, facilitating transactions, and creating instruments for risk management. Access to the global economy is another pillar of a good enabling environment because the external sector is a central source of potential markets, modern inputs, technology, and finance, as well as competitive pressure for improving efficiency and productivity. Equally important is development of the physical infrastructure to support production and trade. Finally, developing countries need to adapt and apply science and technology to attract efficient investment, improve competitiveness, and stimulate productivity.

FISCAL AND MONETARY POLICY

Since 2003, the Government of Paraguay introduced a personal income tax, broadened the tax base, eliminated tax exemptions, and strengthened the autonomy of customs.¹³ In 2008, tax revenue grew by 1 percent of GDP because of these improvements.¹⁴ The trend is expected to continue; preliminary year to year estimates show growth in tax revenue of 22.7 percent for December 2009.¹⁵ This resulted in government revenue collection, excluding grants totaling 18.3 percent for GDP for 2008, higher than the LMI-LAC median (17.0), very close to Argentina (18.1 for 2004), but below the stellar performance from Chile (25.8 for 2006).

Although reforms and prudent spending have improved Paraguay's fiscal stance in recent years, the global crisis and the government's fiscal stimulus policies have worsened the short-term fiscal situation. The overall budget balance, including grants, resulted in a deficit of 2.6 percent of GDP for 2008. Deficits were also recorded in Argentina (-0.5 percent) and LMI countries (median -2.2

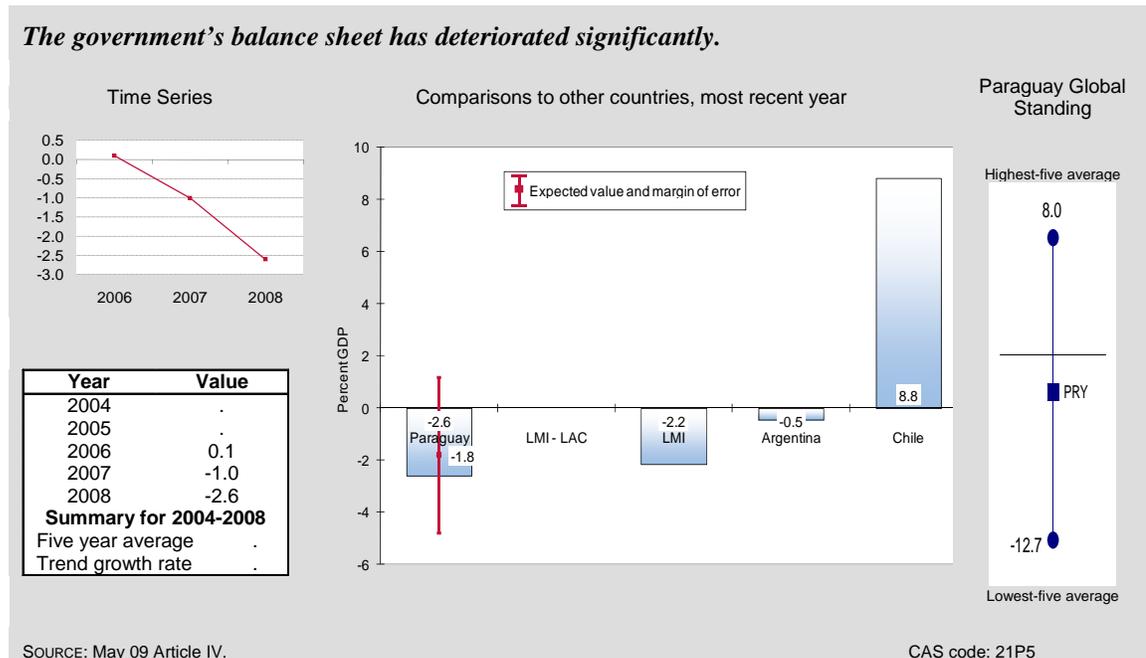
¹³ IMF. Staff Report for the 2007 Article IV Consultation and Second and Third Reviews Under the Stand-By Arrangement. June 2007.

¹⁴ IMF. Paraguay: 2009 Article IV Consultation—Staff Report; Public Information Notice on the Executive Board Discussions; and Statement by the Executive Director for Paraguay. June 2007. p.5.

¹⁵ Economist Intelligence Unit, Country Risk Service: Paraguay. January 2010. p.8.

percent), while Chile—one of the world’s top budget performers—enjoyed an 8.8 percent surplus (see Figure 3-1). The deficit is expected to continue through 2010 because the government has followed a countercyclical policy since 2009, and the stimulus package is not expected to be removed any time soon.¹⁶

Figure 3-1
Overall Budget Balance, Including Grants, Percent of GDP



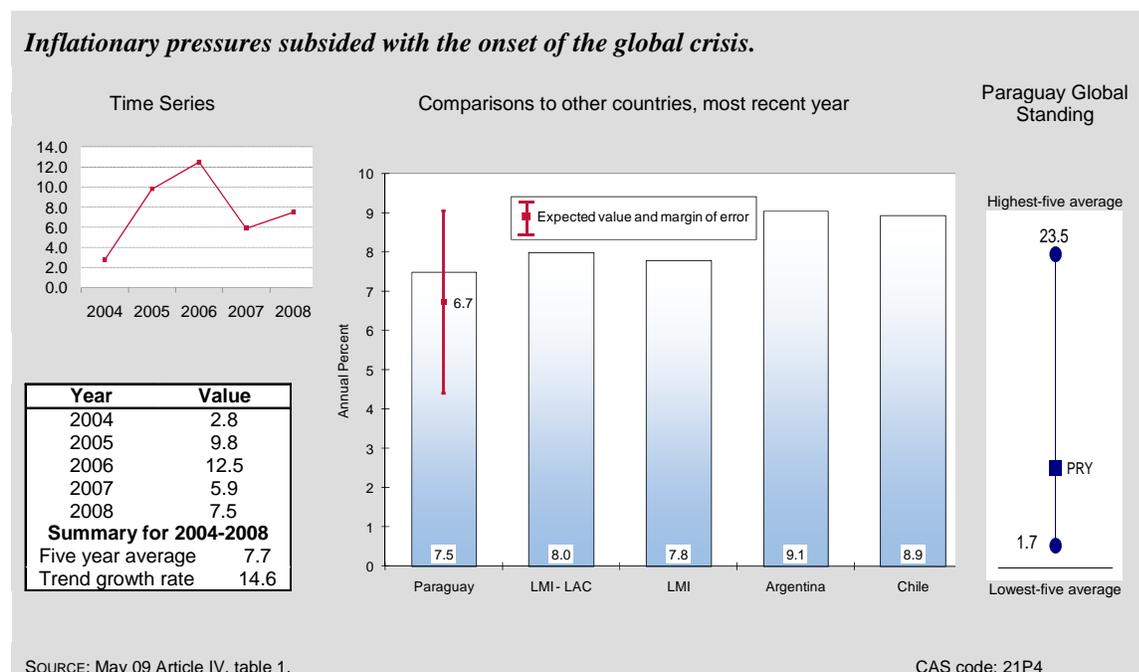
Before the global financial crisis, strong inflationary pressures fueled by high energy and food prices prevailed in Paraguay. By March 2009, however, annual inflation had dropped to 3.4 percent from 7.5 for 2008¹⁷ (Figure 3-2). The government’s monetary policies have adjusted well to the changing circumstances. Through 2008, the prevailing policy was accommodative. Then in October 2008, when the financial sector showed liquidity constraints, the central bank lowered reserve requirements, introduced short-term financing instruments, lowered the interest rate it uses to lend to banks, and allowed fluctuations on the exchange rate.¹⁸ The currency risk is stable with a strong reserve cushion that may mitigate the risk of additional external shocks. (See External Sector).

¹⁶ Economist Intelligence Unit, Country Risk Service, Paraguay. January 2010. p. 8.

¹⁷ IMF. Paraguay: 2009 Article IV Consultation—Staff Report; Public Information Notice on the Executive Board Discussions; and Statement by the Executive Director for Paraguay. June 2009. p. 4.

¹⁸ IMF. Paraguay: 2009 Article IV Consultation—Staff Report; Public Information Notice on the Executive Board Discussions; and Statement by the Executive Director for Paraguay. June 2009. p. 5.

Figure 3-2
Inflation Rate, Annual Percent

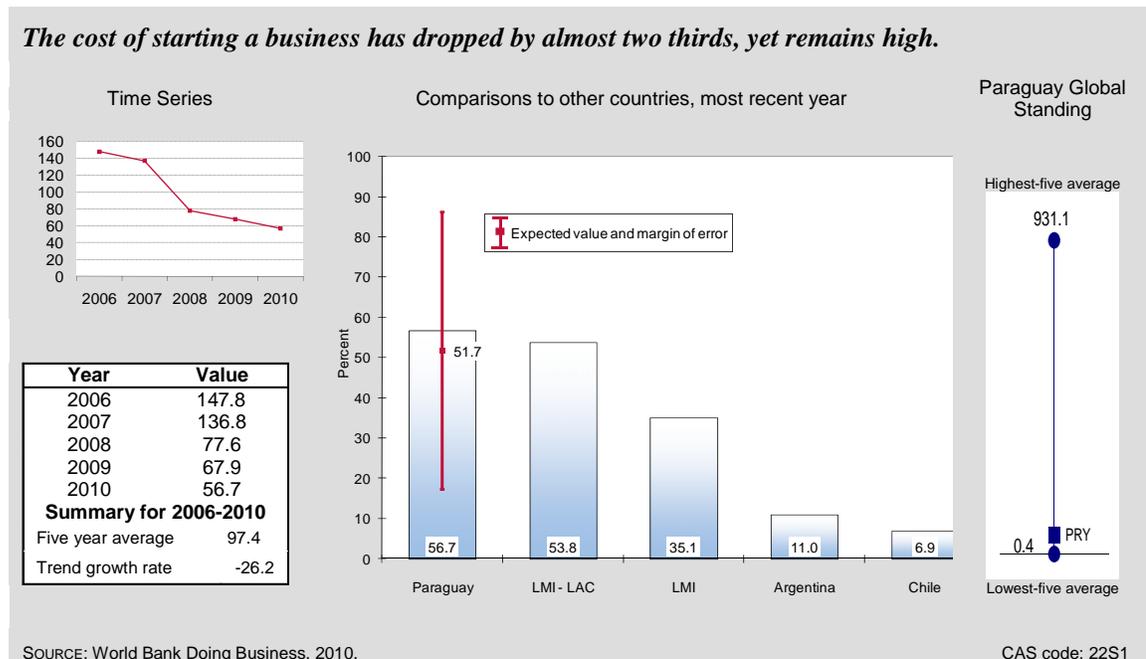


BUSINESS ENVIRONMENT

Institutional barriers to doing business, including corruption in government, are critical determinants of private sector development and prospects for sustainable growth. The World Bank's 2010 composite Ease of Doing Business indicator (reflecting conditions in early 2009) ranked Paraguay 124 out of 183 countries, slightly lower than Argentina (118) and much lower than Chile (49). Paraguay's performance varied from relatively poor to moderate on the various components of the index. For instance, even though the cost of starting a business in Paraguay has fallen over the past five years, it is still relatively high at an estimated 56.7 percent of Gross National Income (GNI) per capita in 2009. In contrast, the cost in Argentina is 11 percent of GNI per capita and in Chile 6.9 percent (Figure 3-3). Many of Paraguay's small businesses and entrepreneurs cannot afford to register formally and must remain in the country's relatively large informal sector.

On many indicators, however, Paraguay has improved significantly, moving from below the regional average to average and even above average—and in many cases Paraguay is receiving *Doing Business* scores similar or higher than those of Argentina. The process for starting a business is a good example. Start ups in Paraguay must complete 7 procedures, which take an estimated 35 days and which is arguably better than in Argentina (15 procedures, 27 days) or Chile (9 procedures, 27 days), and better than the global median for LMI countries (9 procedures, 37 days). Likewise, the World Bank estimates that the total tax payable for a standardized business case in Paraguay is 35 percent of operating profit (down from 54.3 percent in 2006). This is much less of a burden than a similar business would face in Argentina (108.1 percent), lower than the global LMI median (39.1 percent), and nearing the levels of tax burden in Chile (25.3 percent)

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



The World Bank's annual ratings on quality of governance (-2.5 for very poor to +2.5 for excellent, with 0.0 as the global median) reveal a much less positive picture of the country's enabling environment; however, like the *Doing Business* indicators they do show a marked (if slower) improvement over the past five years. On the Control of Corruption Index, Paraguay's score of -0.93 for 2008 is considerably worse than that of Argentina (-0.44), Chile (+1.31), and the global LMI median (-0.65). Its score is also poor on the Rule of Law Index (-1.03), the Government Effectiveness Index (-0.78), and the Regulatory Quality Index (-0.49). Nearly all of these scores fall short of international benchmarks—although Argentina does score marginally lower on the Regulatory Quality Index (-0.65). Perhaps the most telling statistic is how far Paraguay trails a country like Chile in these indicators—Chile scores a 1.25 on the Rule of Law Index, a 1.24 on the Government Effectiveness Index, and a 1.58 on the Regulatory Quality Index.

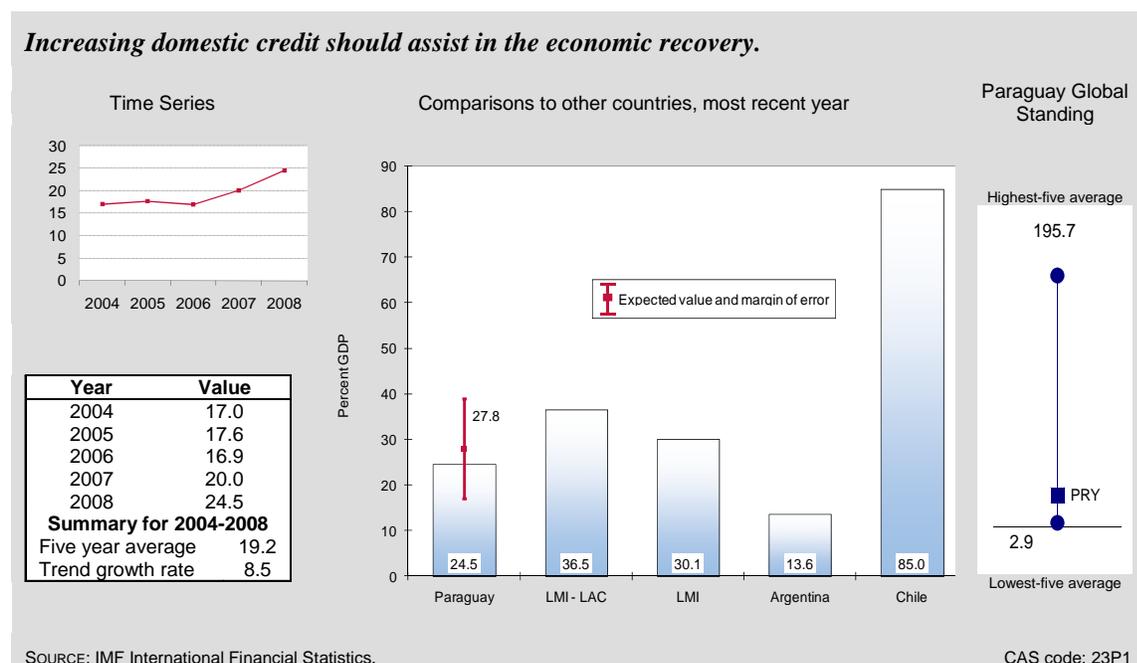
Relatively weak scores on many of the business environment indicators reveal institutional problems that will impede private sector development and deflect investment needed to spur broad-based growth and rapid job creation. Even though Paraguay is improving its *Doing Business* numbers, it is still seriously lagging in key issues of economic governance, namely corruption and the quality of the regulatory environment. The country would do well to focus on improving the capacity of government officials to carry out their jobs and on making key government agencies efficient, transparent, and accountable. Without such improvements, investors will not consider Paraguay an attractive destination and this will seriously limit the country's potential for economic growth.

FINANCIAL SECTOR

A sound and efficient financial sector is key to mobilizing savings, fostering productive investment, and improving risk management. Most of Paraguay's financial sector indicators are worse than the LMI-LAC median, suggesting that the sector is in need of reform and liberalization.

To some extent, Paraguay's relative lack of involvement in global financial markets sheltered it from the global financial crisis in late 2008 and 2009. Domestic credit to the private sector continued to increase into 2008 and reached a five-year high of 24.5 percent of GDP—better than Argentina (13.6), yet less than the LMI-LAC median (36.5) and LMI median (30.1) (Figure 3-4). Preliminary data for February 2009 shows, however, that overall credit growth (not a CAS indicator) decelerated sharply from mid-2008.¹⁹ The high degree of informal dollarization poses challenges for monetary policy even as it eliminates exchange rate risks.

Figure 3-4
Domestic Credit to the Private Sector, Percent of GDP

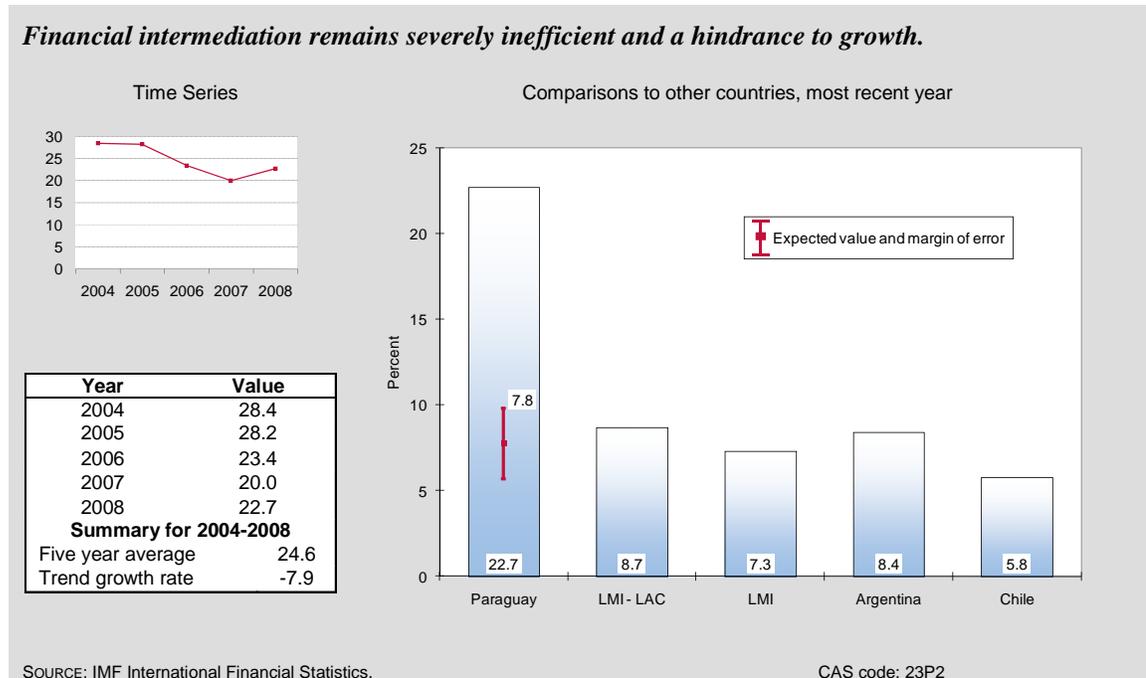


Financial intermediation is very inefficient in Paraguay. The spread between lending and borrowing rates is an exceedingly high 22.7 percent (2008), much higher than the benchmarks. Our regression estimate for a country with Paraguay's characteristics yields an expected spread of 7.8 percentage points. The LMI-LAC median is 8.7 percentage points, the LMI median 7.3, Argentina 8.4, and Chile 5.8. The spread had improved in 2007, but deteriorated for 2008, possibly because of perceptions of increased lending risk due to the global liquidity crisis (Figure

¹⁹ IMF. Paraguay: 2009 Article IV Consultation—Staff Report; Public Information Notice on the Executive Board Discussions; and Statement by the Executive Director for Paraguay. June 2009. p. 6.

3-5). Supervision of financial cooperatives is considered weak, and there is some evidence of unsound financial practices that can have effects on the rest of the financial system.²⁰

Figure 3-5
Interest Spread, Percent



EXTERNAL SECTOR

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

International Trade and Current Account Balance

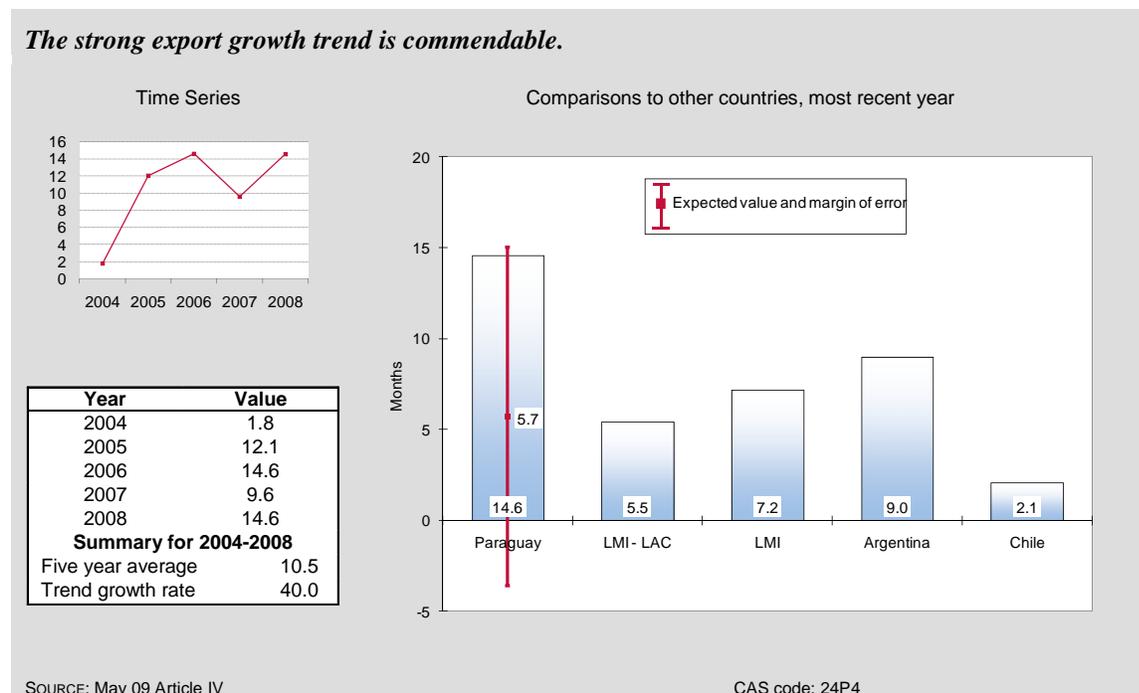
The global crisis dented a positive trend in Paraguay's trade and exports. In the four years leading to 2008, the country had had a positive current account balance, indicating that the economy was reasonably stable. Then it experienced a current account deficit of 2.1 percent of GDP when demand for exports dropped and because of the drought, which affected production.²¹ LMI and

²⁰ Economist Intelligence Unit, Country Risk Service. Paraguay. January 2010. p.4.

²¹ Torreros, A. La Crisis Financiera Internacional. Documento de Trabajo 8. Instituto Universitario de Analisis Economico y Social. Universidad de Alcalá. 2008.

LMI-LAC countries also suffered deficits (medians of -3.3 percent and -5.4 percent, respectively), as did Chile (-2.0 percent). Argentina reports a surplus of 1.4 percent. The overall current account stability was supported by growth in exports and increases in total trade. From 2004 to 2008 Paraguay witnessed rapid growth in exports of goods and services—from 1.8 percent in 2004 to 14.6 percent in 2006 and again in 2008 (Figure 3-6). Growth in exports fueled total trade, which rose from 96 percent of GDP in 2004 to 116.7 percent of GDP in 2008.

Figure 3-6
Exports Growth, Goods and Services, Percent change



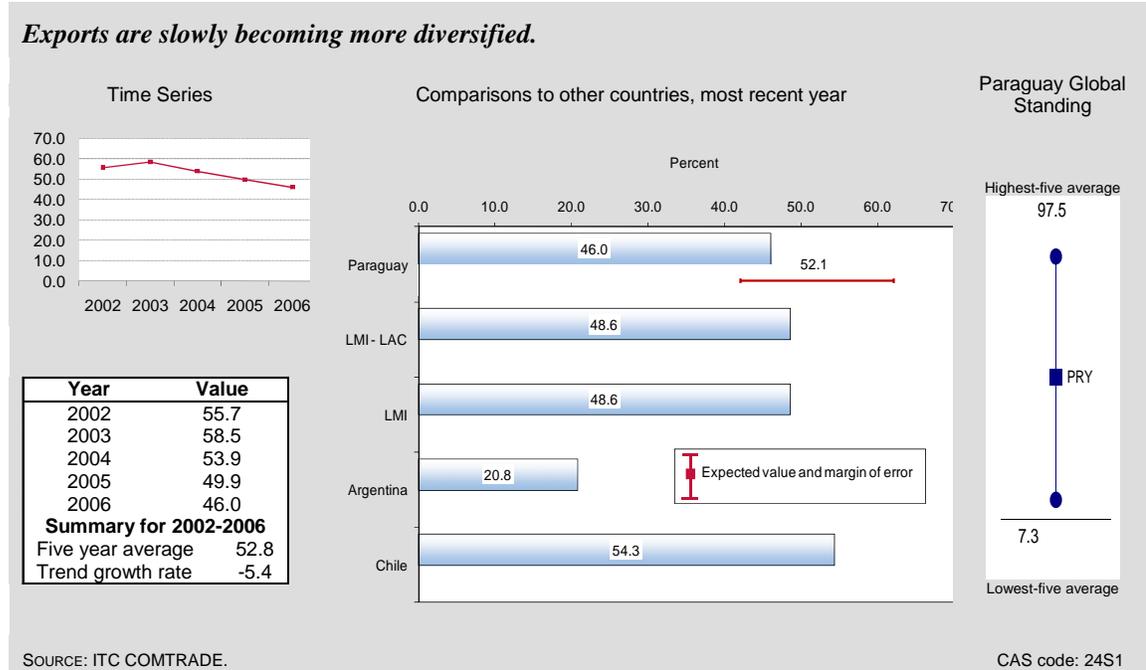
Paraguay is slowly diversifying its exports. In 2004, three product groups accounted for 55.7 percent of exports; by 2008, they accounted for 46 percent (Figure 3-7). Exports are weighted heavily towards food as reflected in the structure of merchandise exports: food products comprised 79.7 percent of the total for 2007 followed by manufactures (13.7 percent), agricultural raw materials (5.7 percent), and ores and metals (0.8). Paraguay's export basket rests on soybeans, bovine meat, and maize products, with recent fluctuations in commodity prices benefiting Paraguay's export earnings, which rose during 2008, driven in particular by soybeans.²² Further diversification of the export base would reduce vulnerabilities to external price shocks and the internal risks to crop yields.

The Heritage Foundation's Trade Policy Index, which gauges how well policy supports open markets on an ascending scale of 0 to 100, Paraguay scored 83.6 for 2009. As a landlocked country, Paraguay must gain access to sea ports and international markets in collaboration with its neighbors. It has free use of ports in Argentina, Uruguay, and Brazil but could do more to

²² IMF. Paraguay: Sixth and Final Review Under the Stand-By Arrangement. July 21, 2008.

facilitate the transit of goods across borders: on the 2010 *Doing Business* ranking for ease of trading across borders, for example, Paraguay ranked 152 out of 183 countries.

Figure 3-7
Export Concentration, Percent



Foreign Investment, External Assistance, and International Reserves

Foreign direct investment (FDI) can catalyze productivity gains and growth by transferring technology, developing human capital, and enhancing competition. The flow of FDI into Paraguay increased from 0.5 percent of GDP in 2004 to 1.1 percent in 2008. This increase may be attributable in part to Paraguay's effort to provide a better enabling environment for investment.

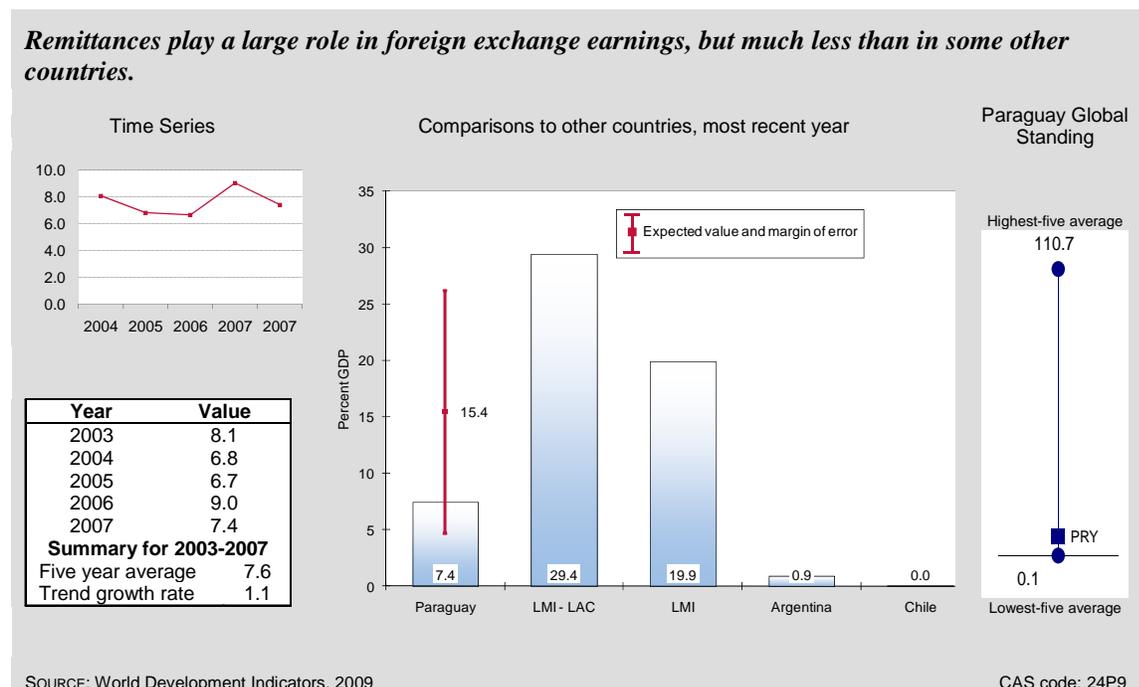
External assistance in Paraguay increased in the five years to 2007. External aid as a percent of GNI was 0.9 percent in 2003, decreased to 0.3 percent in 2004, then returned to 0.9 percent by 2007. This is less than the LMI-LAC median of 1.3 percent and but higher than in Argentina (less than 1 percent) and Chile (0.1 percent), both of which are more developed and less in need of external assistance than Paraguay.

With a five year average of 6.4 percent of exports, Paraguay's debt burden is slightly less cumbersome than that of the LMI-LAC countries (median of 9.1). Strong foreign exchange inflows have increased international reserves.²³ As of 2008 gross international reserves covered 4.3 months of imports (up from 2.8 months three years earlier). It is generally accepted that countries need at least four months of coverage to weather a crisis.

²³ Ibid.

At 7.4 percent of export earnings, remittances are an important source of foreign exchange and reflect an emigration rate of about 7 percent (2002) of Paraguayans to Argentina, Brazil, the United States, and Spain. Remittances are expected to decrease by about 13 percent in 2009,²⁴ as in many other countries, because of the global financial crisis.

Figure 3-8
Remittance Receipts as Percent of Exports



ECONOMIC INFRASTRUCTURE

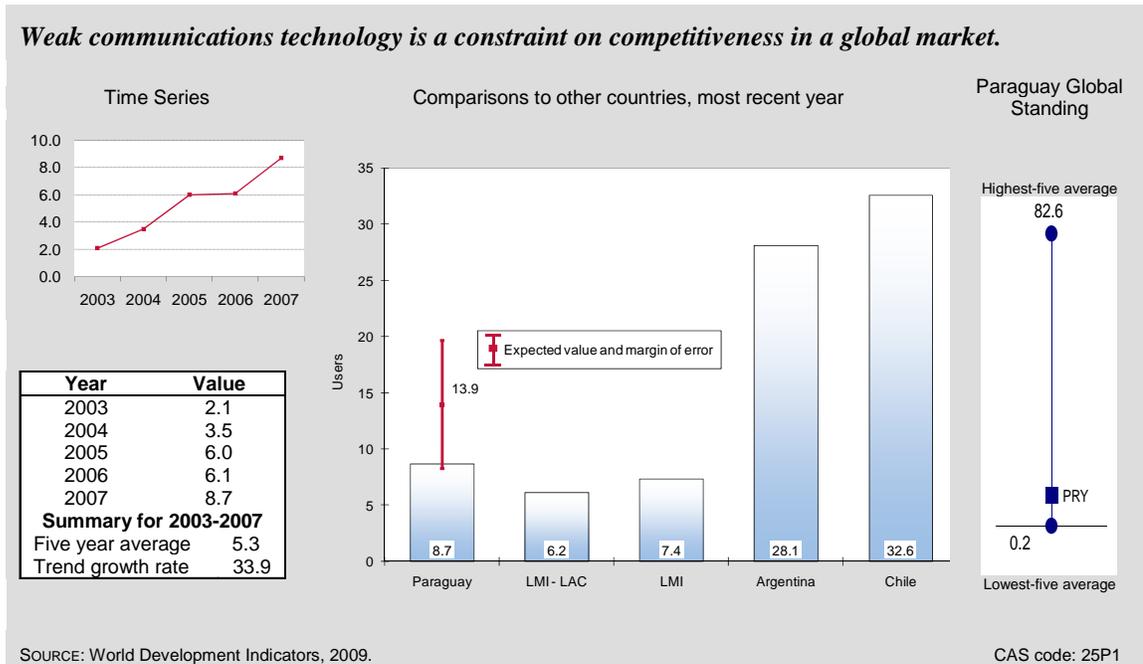
Reliable physical infrastructure—for transportation, communications, power, and information technology—is essential for improving competitiveness, expanding productive capacity, and attracting investment. The World Economic Forum (WEF) compiles an annual index of infrastructure based on a survey of executives' opinions in each country. For 2008, Paraguay received an overall score of 1.8 on a scale of 1 (poor) to 7 (excellent). Paraguay's infrastructure quality score has stagnated at 1.8 since 2006 and is well below the LMI and LMI-LAC medians of 3.0 and 2.7, respectively. Scores for component indicators such as air transport (2.2), rail development (1.0), and electricity supply (2.8) also compare poorly to regional and income group comparators. In line with the country's export-driven development strategy, the score for port infrastructure improved from 2.7 in 2007 to 3.9 in 2008.

To compete in the 21st century economy, information and communications infrastructure is just as important as traditional transportation infrastructure and electricity grids. Paraguay's Internet use, though rising, is only 8.7 users per 100 persons, compared to 28.1 in Argentina and 32.6 in Chile

²⁴ Ramirez and Gonzalez, p.28.

(Figure 3-9). Reflecting the introduction of cellular technology, telephone density in Paraguay has nearly tripled, going from 37.4 users per 100 people in 2005 to 98.8 users in 2008. This is still far behind density rates in Argentina (140.8) and Chile (109.3).

Figure 3-9
Internet Users per 100 People



The quality of infrastructure in Paraguay is a serious barrier to investment. It also undermines the competitiveness of existing businesses and impedes job creation and general growth. Donor assistance in this area can be a catalyst for rapid growth. Such assistance could include helping authorities to develop public-private partnerships and enable private sector participation in upgrading physical infrastructure, especially in electricity and transport.

SCIENCE AND TECHNOLOGY

Science and technology are vital to a dynamic business environment and a driving force behind productivity and competitiveness. Even for lower-middle income countries such as Paraguay transformational development depends on acquiring and adapting technology from the global economy. Lack of capacity to access and use technology prevents an economy from leveraging the benefits of globalization. Unfortunately, very few international indicators can be used to judge performance in this area for low- and lower-middle-income countries.

From the limited information that is available, it appears that science and technology capability in Paraguay is weak compared to regional and income group benchmarks. For example, the WEF FDI Technology Transfer Index gauges executives' perceptions of FDI entering the country as a source of new technology. For 2008, Paraguay received a low score of 3.8 (on an ascending scale of 1 to 7) placing it near the bottom of the 128 rated countries. This score is significantly lower than the LMI-LAC median of 4.6, Argentina's 4.2, and Chile's 5.3. On the WEF index of the availability of scientists and engineers, Paraguay received a score of just 2.7; again among the

five worst scores in the survey. According to the World Bank Enterprise Survey, only 0.35 percent of firms in the manufacturing sector invested in research and technology, yet they also report that almost 76 percent upgraded product lines and introduced new technologies

Another concern is an apparent weakness in intellectual property rights protection. Paraguay scored 2.2 on the WEF executive survey in 2008, well below scores for Argentina (2.7) and Chile (3.6). Weak protection of intellectual property rights can discourage investment involving innovative or proprietary technologies.

These indicators suggest that Paraguay is a laggard among LMI-LAC countries in science and technology performance, reflecting weaknesses in the secondary and tertiary educational system. Part of the problem may be a lack of domestic opportunities for scientists and engineers because of weaknesses in the investment climate. But the indicators also suggest a need to strengthen science and technology education, which is linked to productive employment and is one of the best investments for driving growth.

4. Pro-Poor Growth Environment

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

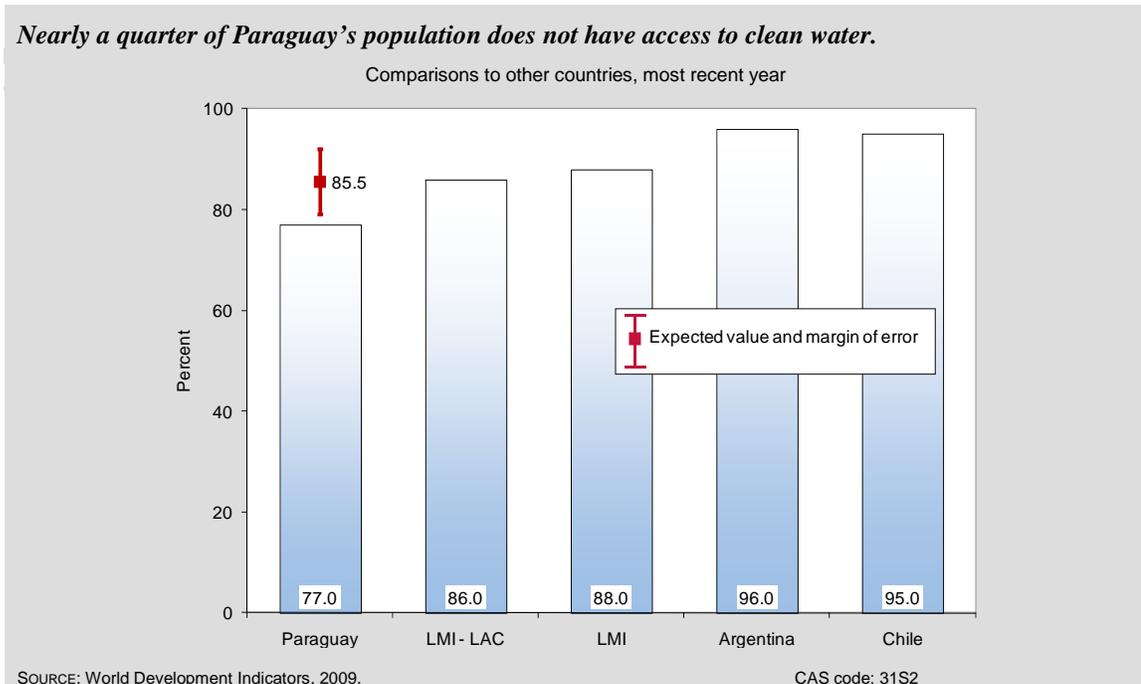
HEALTH

The provision of basic health 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.

Life expectancy at birth is commonly regarded as the best overall indicator of health status of a population. By this measure Paraguay's health system is performing well. The estimated life expectancy reached 71.8 in 2007, up from 71.4 for 2005. This exceeds the expected value of 70.6 years and is on par with the LMI-LAC median, but is less than estimates for both Argentina (75.2 years) and Chile (78.4 years).

Several critical areas require attention. For example, access to improved water and sanitation is poor. In 2006, 77 percent of the population had access to clean water and 70 percent had access to improved sanitation—well below all regional and income group comparators and further evidence of the country's infrastructure deficiencies (Figure 4-1). Paraguay's child immunization rate of 73 percent is below the expected value of 89.7 percent for a country with Paraguay's characteristics and compares poorly in absolute terms and in relation to the income and regional comparators. By comparison, the LMI and LMI-LAC medians are over 90 percent; Argentina has a child immunization rate of 97.5 percent and Chile 92.5 percent.

Figure 4-1
Access to an Improved Water Source



In addition, Paraguay's maternal mortality rate of 150 deaths per 100,000 live births (in 2005), although lower than the LMI median of 170 and the LMI-LAC median of 210, is significantly higher than in Argentina (77) and Chile (16). This could be explained, in part, by the fact that only 77 percent of births in Paraguay are attended by a skilled health professional (2004, latest year of data), compared to more than 99 percent in Argentina and Chile.

Paraguay's latest data for several key health indicators, including public health expenditure and child malnutrition, from international sources such as WHO, were too outdated to be cited in this assessment. This weakness in the collection of health statistics may be a sign that access to clean water, basic health care, and sanitation are not a priority for the government and donor community.

EDUCATION

Investment in human capital is a cornerstone of economic growth and development. Access to basic education in Paraguay is good as indicated by a net primary enrollment rate of 94.3 percent, exceeding the expected value of 90.5 for a country with Paraguay's characteristics. Moreover, Paraguay's education statistics show a high primary completion rate of 94.8 (2005) contributing to a very high youth literacy rate of 98.8 (2007).

Enrollment, however, declines precipitously at the secondary and tertiary levels. The secondary enrollment rate is 57.4 percent, on par with the LMI-LAC median of 54.8 percent but far below Argentina's 78.3 percent (2006). At the tertiary level, Paraguay's gross enrollment rate is a mere 25.5 percent, much lower than the rates in Argentina (67.1 percent) and Chile (52.1 percent). This

sharp drop off may be driven by high rates of repetition (17-27 percent in first grade) and low achievement rates in primary education discouraging further education.²⁵ For poor households, primary repetition rates are double, attrition rates in secondary education are high, and rural achievement is below national standards.²⁶

Measuring the *quality* of education is much more difficult. At the primary level, a crude but common proxy is the pupil-teacher ratio. In Paraguay, the ratio is 27.8 (2004, latest year of data), which is on par with the LMI-LAC median of 27.5 and the expected value of 26.2. Another gauge of quality is the commitment of resources. For this purpose the best indicator calculates expenditure per student as a percentage of per capita GDP. At the primary level, Paraguay's expenditure of 11.5 percent of per capita GDP in 2004 was on par with the expected value of 11.3 and with Chile (11.9) and Argentina (13.2). At the tertiary level, however, broad discrepancies exist. Paraguay's expenditure of 24.6 percent of per capita GDP is more than twice Chile's expenditure of 11.5 and Argentina's 14.2. And this figure represents a 20 percent *decline* in the five years to 2004. Low enrollment and high expenditure—even after a substantial decrease in tertiary education—suggests serious inefficiencies in the tertiary school system that compromise prospects for economic growth and equity.

EMPLOYMENT AND WORKFORCE

Paraguay's workforce was estimated at 2.9 million in 2008. With a workforce growth rate of 4.0 percent per year, the economy must absorb half a million new workers every five years. This is difficult but achievable. Indeed, the unemployment rate fell to 5.6 percent in 2007, the lowest rate of the past decade, although underemployment remains high at 28.4 percent.²⁷

In 2007, the labor force participation rate was 77.5 percent, significantly above the LMI-LAC median of 63.5 percent and above rates in Argentina (62.3 percent) and Chile (55 percent). Gender equity within the labor force is also high (see Gender).

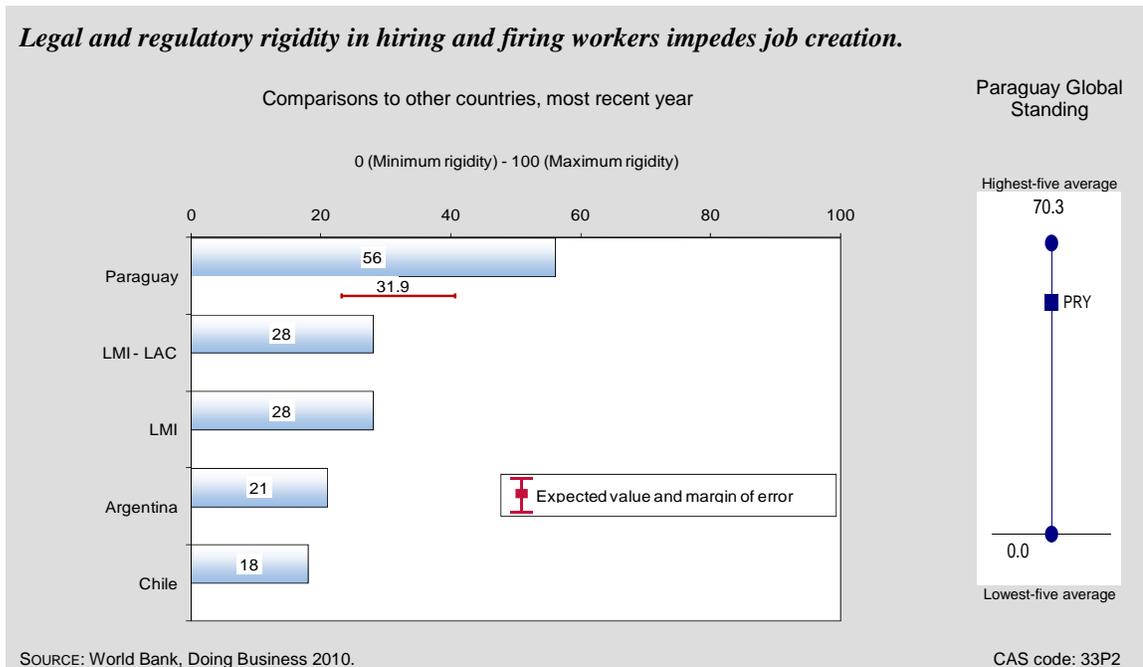
Market rigidities, however, are impeding investment and job creation. The World Bank's Rigidity of Employment index measures how difficult it is for firms to hire and fire workers on an ascending scale of 0 to 100. For 2010 (reflecting 2009 data), Paraguay scored 56. This is double the LMI-LAC median of 28, much worse than Argentina's 21, and outside the normal range for a country with Paraguay's characteristics (23.1 to 40.7). To put this in perspective, the World Bank estimates that the cost of firing a worker in Paraguay is 99 weeks of wages, compared to the LMI median of 53.5 weeks, Argentina's 95 weeks, and Chile's 52 weeks. Policies and regulations that make it costly to fire workers make it risky to hire them in the first place and make it difficult for businesses to adjust their workforce to market conditions.

²⁵ Schiefelbein, Ernesto. Education and Employment in Paraguay: Issues and Perspectives. Center for International Studies: University of Toronto. January 2005.

²⁶ Ibid.

²⁷ IMF. Paraguay: Sixth and Final Review Under the Stand-By Arrangement. July 21, 2008.

Figure 4-2
Rigidity of Employment Index



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

AGRICULTURE

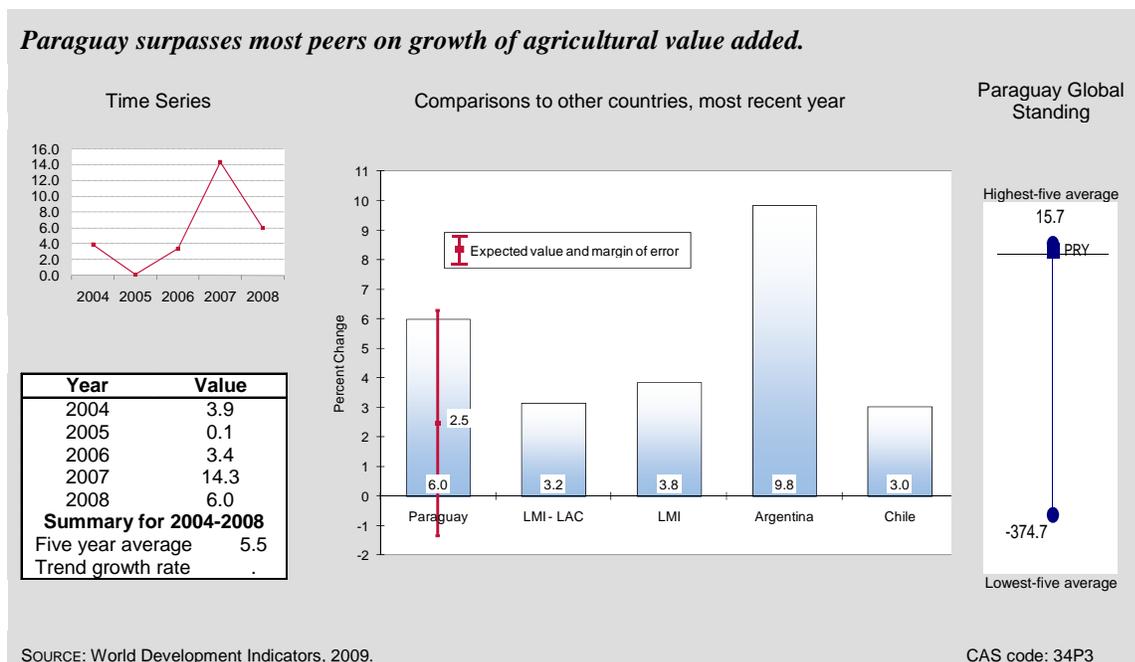
Agriculture is an important source of production, food supply, industrial raw materials, and export earnings in Paraguay. More than 40 percent of the country's population lives in rural areas and relies on agriculture. As stated in the Economic Structure section, the sector generated 29.5 percent of employment in 2007, and accounted for more than 22 percent of GDP. Paraguayan indicators on the agricultural sector indicate moderate productivity when compared to benchmarks, but there are definitely points for concern in the data.

Value-added per agricultural worker in 2005 was \$2,047, nearly equal the LMI-LAC median (\$2,052), but far less than in Chile (\$5,667) and Argentina (\$10,762). Cereal yields in Paraguay, at 2,215 kilograms per hectare in 2007, are higher than the LMI-LAC country median (2,201) but significantly lower than in Argentina (4,270 kg/ha) and Chile (6,409 kg/ha). Cereal yields in 2007 were also lower than in 2004 and 2006, confirming the relative lack of productivity growth indicated by the value-added per agricultural worker data.

Growth in agriculture value-added measures the extent to which agricultural activity is increasing. In 2008, Paraguayan agriculture value-added growth was 6.0 percent, which is higher than the LMI-LAC median of 3.2 percent (see Figure 4-3). Still, growth in legal agricultural exports has been volatile. Export growth jumped from +29.4 percent in 2003 to 73 percent in 2004, then fell again to -11.5 percent in 2006 and rose to 14.9 percent in 2007. Paraguay's export

growth in 2007 was on par with the LMI median of 14.8 percent but much weaker than Argentina’s 16.6 percent and Chile’s 33.3 percent. Reasons for this volatility include deficient infrastructure (as discussed in the Economic Infrastructure section), lack of investment, weather affecting production levels, and dismantling of protective regulation making the sector more vulnerable to world market conditions.

Figure 4-3
Growth in Agriculture Value Added, Percent Change



Addressing this problem will require major changes in crop diversification schemes, infrastructure improvements, promotion of rural nonfarm income opportunities, financial services, and land tenure. According to the 2008 *Global Competitiveness Report*, which measures executives’ perception of agricultural policy costs, Paraguay scored a low 3.9 out of 7, suggesting ample scope for improving policies in this sector. At the same time, however, there is a fundamental need to promote investment and job creation outside of agriculture to pull workers into activities with higher productivity and better prospects for sustainable growth.

Appendix A. CAS Methodology

CRITERIA FOR SELECTING INDICATORS

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

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

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

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

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

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 Paraguay relative to the average for countries in the same income group and region—in this case, lower-middle income countries in Latin America and the Caribbean.² For added perspective, three other comparisons are examined: (1) the global average for this income group; (2) respective values for two comparator countries approved by the Paraguay mission; and (3) the average for the five best- and five worst-performing countries globally. Most comparisons are framed in terms of values for the latest year of data from available sources. Five-year trends are also taken into account when this information sheds light on the performance assessment.³

For selected variables, a second source of benchmark values uses statistical regression analysis to establish an expected value for the indicator, controlling for income and regional effects.⁴ This approach has three advantages. First, the benchmark is customized to Paraguay's level of income. Second, the comparison does not depend on the exact choice of reference group. Third, the methodology allows the quantification of the margin of error and establishment of a "normal band" for a country with Paraguay's characteristics. An observed value falling outside this band on the side of poor performance signals a serious problem.⁵

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

² Income groups as defined by the World Bank for 2008. In this report, the average is defined in terms of the median so that values are not distorted by outliers.

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

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

⁵ This report uses a margin of error of 0.68 times the standard error of estimate (adjusted for heteroskedasticity, where appropriate). With this value, 25 percent of the observations should fall outside the normal range on the side of poor performance (and 25 percent on the side of good performance). Some regressions produce a very large standard error, giving a "normal band" that is too wide to provide a discerning test of good or bad performance.

STANDARD CAS INDICATORS

Indicator	Level	MDG, MCA, or EcGov ^a
Statistical Capacity Indicator	I	EcGov
Growth Performance		
Per capita GDP, in purchasing power parity dollars	I	
Per capita GDP, in current US dollars	I	
Real GDP growth	I	
Growth of labor productivity	II	
Investment Productivity, incremental capital-output ratio (ICOR)	II	
Gross fixed investment, % GDP	II	
Gross fixed private investment, % GDP	II	
Poverty and Inequality		
Human poverty index (0 for excellent to 100 for poor)	I	
Income-share, poorest 20%	I	
Population living on less than \$1.25 PPP per day	I	MDG
Poverty headcount, by national poverty line	I	MDG
PRSP status	I	EcGov
Population below minimum dietary energy consumption	II	MDG
Economic Structure		
Employment or labor force structure	I	
Output structure	I	
Demography and Environment		
Adult literacy rate	I	
Youth dependency rate/ elderly dependency rate	I	
Environmental performance index (0 for poor to 100 for excellent)	I	
Population size and growth	I	
Percent of population living in urban areas	I	
Resource depletion, % GNI	I	
Gender		
Primary completion rate, male, female	I	MCA
Gross enrollment rate, all levels, male, female	I	MDG
Life expectancy at birth, male, female	I	
Labor force participation rate, male, female	I	
Fiscal and Monetary Policy		
Government expense, % GDP	I	EcGov
Government revenue, excluding grants, % GDP	I	EcGov
Growth in the broad money supply	I	EcGov
Inflation rate	I	MCA
Overall govt. budget balance, including grants, % GDP	I	MCA, EcGov
Composition of government expense	II	
Composition of government revenue	II	
Composition of money supply growth	II	

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

Indicator	Level	MDG, MCA, or EcGov ^a
Structure of merchandise exports	II	
Trade policy index (0 for poor to 100 for excellent)	II	MCA, EcGov
Ease of trading across borders ranking	II	EcGov
Economic Infrastructure		
Internet users per 100 people	I	MDG
Logistics performance index, infrastructure	I	
Telephone density, fixed line and mobile	I	MDG
Overall infrastructure quality index (1 for poor to 7 for excellent)	I	EcGov
Quality of infrastructure—railroads, ports, air transport, and electricity	II	
Roads paved, % total roads	II	
Science and Technology		
FDI and technology transfer index (1 for poor to 7 for excellent)	I	
Availability of scientists and engineers index (1 for poor to 7 for excellent)	I	
Science & technology journal articles per million people	I	
IPR protection index (1 for poor to 7 for excellent)	I	
Health		
HIV prevalence	I	
Life expectancy at birth	I	
Maternal mortality rate	I	MDG
Access to improved sanitation	II	MDG
Access to improved water source	II	MDG
Births attended by skilled health personnel	II	MDG
Child immunization rate	II	MCA
Prevalence of child malnutrition (weight for age)	II	
Public health expenditure, % GDP	II	MCA, EcGov
Education		
Net primary enrollment rate, male, female, total	I	MDG
Primary completion rate, total	I	
Youth literacy rate, male, female, total	I	
Net secondary enrollment rate	I	
Gross tertiary enrollment rate	I	
Education expenditure, primary, % GDP	II	MCA, EcGov
Expenditure per student, % GDP per capita—primary, secondary, and tertiary	II	EcGov
Pupil-teacher ratio, primary school	II	
Employment and Workforce		
Labor force participation rate, total	I	
Rigidity of employment index (0 for minimum rigidity to 100 for maximum)	I	EcGov
Size and growth of the labor force	I	
Unemployment rate	I	
Economically active children, % children ages 7-14	I	

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

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

^b MDG—Millennium Development Goal indicator

MCA—Millennium Challenge Account indicator

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

Appendix B. Data Supplement

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

	Growth Performance							
	Statistical Capacity Indicator, 0 (Doesn't meet criteria) - 100 (Meets all criteria)	Per capita GDP (PPP), U.S. Dollars (PPP)	Per capita GDP, Current U.S. Dollars	Real GDP Growth, Percent change	Growth of Labor Productivity, Percent change	Investment Productivity, Incremental Capital-Output Ratio (ICOR), Ratio, Capital investment : GDP growth	Gross Fixed Investment, Percent GDP	Gross Fixed Private Investment, Percent GDP
Indicator Number	11P0	11P1	11P2	11P3	11S1	11S2	11S3	11S4
Paraguay Data								
<i>Latest Year (T)</i>	2008	2007	2007	2008	2008	2008	2008	2001
Value Year T	58	4,518	2,026	5.8	1.6	3.9	18.6	16.4
Value Year T-1	62	4,196	1,568	6.8	1.5	4.3	17.4	17.6
Value Year T-2	58	3,972	1,292	4.3	1.6	6.2	19.1	18.5
Value Year T-3	59	3,735	1,216	2.9	1.6	7.1	19.3	20.7
Value Year T-4	62	3,540	989	4.1	1.7	13.5	18.7	21.1
Average Value, 5 year	59.8	3,992	1,418	4.8	1.6	7.0	18.6	18.8
Growth Trend	-0.8	6.0	16.9	.	-2.2	-30.1	-1.1	-6.7
Benchmark Data								
Regression Benchmark	72.5	.	.	5.5	-25.3	.	22.6	16.5
Lower Bound	66.1	.	.	3.7	-32.0	.	18.6	14.1
Upper Bound	78.9	.	.	7.2	-18.6	.	26.6	18.8
<i>Latest Year Argentina</i>	2008	2007	2007	2008	2008	2007	2007	2001
Argentina Value Latest Year	84	13,345	6,617	6.8	0.6	2.3	24.2	13.3
<i>Latest Year Chile</i>	2008	2008	2008	2008	2008	2008	2008	2001
Chile Value Latest Year	86	14,529	10,117	3.2	2.7	4.4	25.8	18.0
LMI - LAC	68.3	3,386	1,145	4.5	1.5	6.4	19.0	19.0
LMI	68.3	4,095	1,805	5.6	1.1	4.3	23.7	17.9
High Five Avg.	91.1	52,911	53,908	14.3	4.5	137.1	51.9	.
Low Five Avg.	24.6	493	174	-1.7	-3.5	-65.0	9.9	.

	Poverty and Inequality					
	Human Poverty Index, 0 (no deprivation) - 100 (high deprivation)	Income Share, Poorest 20%, Percent	Population Living on Less Than \$1.25 PPP per Day, Percent	Poverty Headcount, National Poverty Line, Percent	PRSP Status, N/A	Population Below Minimum Dietary Energy Consumption, Percent
Indicator Number	12P1	12P2	12P3	12P4	12P5	12S1
Paraguay Data						
<i>Latest Year (T)</i>	2007	2007	2007	2007	.	2002
Value Year T	10.5	3.4	6.5	35.6	N/A	15.0
Value Year T-1	10.8	.	.	.	.	.
Value Year T-2	8.8	3.0	9.3	22.7	.	.
Value Year T-3	8.3	.	.	22.1	.	.
Value Year T-4	.	.	.	21.3	.	.
Average Value, 5 year	.	.	.	.	.	.
Growth Trend	.	.	.	.	.	.
Benchmark Data						
Regression Benchmark	13.7	3.6	13.7	51.4	.	15.6
Lower Bound	8.0	2.9	9.2	45.5	.	9.6
Upper Bound	19.4	4.4	18.1	57.3	.	21.6
<i>Latest Year Argentina</i>	2007	2005	2006	.	.	2002
Argentina Value Latest Year	3.7	3.4	3.4	.	N/A	2.5
<i>Latest Year Chile</i>	2007	2006	2006	.	.	2002
Chile Value Latest Year	3.2	4.1	2.0	.	N/A	4.0
LMI - LAC	14.4	3.0	14.2	.	.	15.0
LMI	16.9	6.1	13.4	.	.	12.0
High Five Avg.	56.0	10.0	46.5	55.1	.	67.0
Low Five Avg.	2.3	2.7	2.0	15.2	.	2.5

	Economic Structure					
	Labor Force Structure (Employment in agriculture), Percent	Labor Force Structure (Employment in industry), Percent	Labor Force Structure (Employment in services), Percent	Output structure (Agriculture, value added), Percent GDP	Output structure (Industry, value added), Percent GDP	Output structure (Services, etc., value added), Percent GDP
Indicator Number	13P1a	13P1b	13P1c	13P2a	13P2b	13P2c
Paraguay Data						
<i>Latest Year (T)</i>	2007	2007	2007	2008	2008	2008
Value Year T	29.5	18.1	52.4	22.9	20.2	57.0
Value Year T-1	.	.	.	22.0	20.0	58.0
Value Year T-2	.	.	.	20.2	20.4	59.3
Value Year T-3	.	.	.	21.1	20.7	58.2
Value Year T-4	31.5	15.8	52.7	21.7	21.2	57.1
Average Value, 5 year	.	.	.	21.6	20.5	57.9
Growth Trend	.	.	.	1.4	-1.3	-0.1
Benchmark Data						
Regression Benchmark	29.2	17.2	52.3	15.5	26.4	56.9
Lower Bound	22.8	14.9	46.4	11.1	21.5	51.1
Upper Bound	35.6	19.5	58.2	20.0	31.4	62.6
<i>Latest Year Argentina</i>	2006	2006	2006	2007	2007	2007
Argentina Value Latest Year	0.8	23.7	75.2	9.4	33.7	56.9
<i>Latest Year Chile</i>	2007	2007	2007	2007	2007	2007
Chile Value Latest Year	12.3	23.4	64.3	4.2	47.1	48.7
LMI - LAC	21.8	23.5	52.3	14.9	29.3	57.5
LMI	36.3	20.3	44.0	13.6	31.5	52.7
High Five Avg.	62.8	38.9	80.5	55.9	70.1	85.4
Low Five Avg.	0.3	9.5	26.0	0.3	9.5	18.0

	Demography and Environment							
	Adult Literacy Rate, Percent	Youth Dependency Rate, Ratio Youth : Working Age Population	Elderly Dependency Rate, Ratio Elderly : Working Age Population	Environmental Performance Index, 0 (Very poor performance) - 100 (Very good performance)	Population Size, Million	Population Growth, Annual percent change	Population Living in Urban Areas, Percent	Resource Depletion, Percent GNI
Indicator Number	14P1	14P2a	14P2b	14P3	14P4a	14P4b	14P5	14P6
Paraguay Data								
<i>Latest Year (T)</i>	2007	2008	2008	2008	2008	2008	2008	.
Value Year T	94.6	56.8	8.2	77.7	6.2	1.7	60.3	.
Value Year T-1	.	58.0	8.2	.	6.1	1.7	59.7	.
Value Year T-2	.	59.1	8.1	66.4	6.0	2.0	59.1	.
Value Year T-3	.	60.3	8.0	.	5.9	1.9	58.5	.
Value Year T-4	.	61.5	7.9	.	5.8	1.9	57.9	.
Average Value, 5 year	.	59.1	8.1	.	6.0	1.8	59.1	.
Growth Trend	.	-2.0	0.9	.	1.8	-3.2	1.0	.
Benchmark Data								
Regression Benchmark	82.5	54.4	8.4	.	6.0	1.5	58.4	5.1
Lower Bound	71.3	49.7	7.1	.	5.8	1.1	51.0	0.9
Upper Bound	93.7	59.1	9.6	.	6.1	1.8	65.9	9.4
<i>Latest Year Argentina</i>	2007	2008	2008	2008	2008	2008	2008	2007
Argentina Value Latest Year	97.6	39.6	16.4	81.8	39.9	0.9	92.0	8.3
<i>Latest Year Chile</i>	2007	2008	2008	2008	2008	2008	2008	2007
Chile Value Latest Year	96.5	34.1	12.9	83.4	16.8	1.0	88.4	16.9
LMI - LAC	83.9	61.4	8.2	72.0	6.1	1.8	56.5	1.6
LMI	93.3	57.4	7.3	69.6	6.7	1.6	50.8	4.0
High Five Avg.	99.8	96.2	29.1	89.1	632.0	6.2	100.0	65.9
Low Five Avg.	36.2	19.0	2.4	37.4	0.0	-0.7	12.5	0.0

	Gender							
	Primary Completion Rate, Male, Percent	Primary Completion Rate, Female, Percent	Gross Enrollment Ratio, All Levels of Education, Male, Percent	Gross Enrollment Ratio, All Levels of Education, Female, Percent	Life Expectancy, Male, Years	Life Expectancy, Female, Years	Labor Force Participation Rate, Male, Percent	Labor Force Participation Rate, Female, Percent
Indicator Number	15P1a	15P1b	15P2a	15P2b	15P3a	15P3b	15P4a	15P4b
Paraguay Data								
<i>Latest Year (T)</i>	2005	2005	2005	2005	2007	2007	2007	2007
Value Year T	93.8	95.8	72.1	72.2	69.6	73.8	84.1	70.7
Value Year T-1	93.6	95.3	71.9	72.9	69.4	73.6	84.1	70.2
Value Year T-2	95.3	96.4	72.2	73.1	69.2	73.4	84.1	69.2
Value Year T-3	93.0	94.2	75.0	76.0	68.9	73.5	84.2	68.0
Value Year T-4	88.9	90.3	.	.	.	.	84.3	66.8
Average Value, 5 year	92.9	94.4	.	.	.	.	84.2	69.0
Growth Trend	1.1	1.3	.	.	.	.	-0.1	1.5
Benchmark Data								
Regression Benchmark	.	.	70.2	71.4	68.0	73.1	87.6	54.8
Lower Bound	.	.	64.9	64.9	64.9	70.1	84.7	46.9
Upper Bound	.	.	75.4	77.9	71.1	76.1	90.6	62.6
<i>Latest Year Argentina</i>	2005	2005	2005	2005	2007	2007	2007	2007
Argentina Value Latest Year	95.2	99.3	84.0	93.3	71.5	79.0	75.7	49.7
<i>Latest Year Chile</i>	2004	2004	2006	2006	2007	2007	2007	2007
Chile Value Latest Year	96.2	94.6	83.0	82.0	75.5	81.6	71.6	39.0
LMI - LAC	89.8	94.1	72.0	72.7	67.7	73.6	82.1	46.0
LMI	91.9	91.8	68.9	71.4	65.3	72.1	77.1	49.4
High Five Avg.	.	.	103.0	109.9	79.1	84.5	91.3	85.9
Low Five Avg.	.	.	31.6	22.3	42.0	42.6	56.7	16.5

Fiscal and Monetary Policy

	Government Expense, Percent GDP	Government Revenue, excluding grants, Percent GDP	Money Supply Growth, Percent change	Inflation Rate, Annual Percent	Overall Budget Balance, Including Grants, Percent GDP	Composition of Government Expense (Wages and salaries), Percent	Composition of Government Expense (Goods and services), Percent	Composition of Government Expense (Interest payments), Percent	Composition of Government Expense (Subsidies and other current transfers), Percent	Composition of Government Expense (Capital expenditure), Percent	Composition of Government Expense (Other expenditure), Percent
Indicator Number	21P1	21P2	21P3	21P4	21P5	21S1a	21S1b	21S1c	21S1d	21S1e	21S1f
Paraguay Data											
<i>Latest Year (T)</i>	2008	2008	2008	2008	2008	2008	2008	2008	2008	2008	2008
Value Year T	15.7	18.3	12.2	7.5	-2.6	47.8	6.4	3.8	23.6	17.8	0.6
Value Year T-1	16.6	17.6	29.5	5.9	-1.0	42.8	6.6	4.8	22.9	22.3	0.6
Value Year T-2	17.9	18.3	8.7	12.5	0.1	41.3	7.3	5.6	22.3	23.5	.
Value Year T-3	.	.	9.8	9.8	.	.	.	.	.	.	.
Value Year T-4	.	.	15.7	2.8	.	.	.	.	.	.	.
Average Value, 5 year	.	.	15.2	7.7	.	.	.	.	.	.	.
Growth Trend	.	.	5.9	14.6	.	.	.	.	.	.	.
Benchmark Data											
Regression Benchmark	.	19.0	19.8	6.7	-1.8	.	.	.	.	.	.
Lower Bound	.	15.1	11.8	4.4	-4.8	.	.	.	.	.	.
Upper Bound	.	22.8	27.8	9.1	1.2	.	.	.	.	.	.
<i>Latest Year Argentina</i>	.	2004	2008	2008	2004	.	.	.	.	.	.
Argentina Value Latest Year	.	18.1	8.0	9.1	-0.5	.	.	.	.	.	.
<i>Latest Year Chile</i>	.	2006	2007	2008	2007	.	.	.	.	.	.
Chile Value Latest Year	.	25.8	19.1	8.9	8.8	.	.	.	.	.	.
LMI - LAC	.	17.0	16.6	8.0	.	.	.	.	.	.	.
LMI	.	19.8	17.2	7.8	-2.2	.	.	.	.	.	.
High Five Avg.	.	44.4	191.3	23.5	8.0	.	.	.	.	.	.
Low Five Avg.	.	8.7	-0.4	1.7	-12.7	.	.	.	.	.	.

* global high excluding Zimbabwe

Fiscal and Monetary Policy (cont'd)											
	Composition of Government Revenue (Taxes on income, profits and capital gains), Percent	Composition of Government Revenue (Taxes on goods and services), Percent	Composition of Government Revenue (Taxes on international trade), Percent	Composition of Government Revenue (Social contributions), Percent	Composition of Government Revenue (Other taxes), Percent	Composition of Government Revenue (Grants and other revenue), Percent	Composition of Money Supply Growth (Domestic credit to the public sector), Percent change	Composition of Money Supply Growth (Domestic credit to the private sector), Percent change	Composition of Money Supply Growth (Domestic credit to non-financial public enterprises), Percent change	Composition of Money Supply Growth (Net foreign assets, reserves), Percent change	Composition of Money Supply Growth (Other items net), Percent change
Indicator Number	21S2a	21S2b	21S2c	21S2d	21S2e	21S2f	21S3a	21S3b	21S3c	21S3d	21S3e
Paraguay Data											
<i>Latest Year (T)</i>	2007	2007	2007	2007	2007	2007	2008	2008	2008	2008	2008
Value Year T	9.6	38.2	6.6	16.3	0.9	28.4	-72.3	8,285.0	0.3	150.9	
Value Year T-1	8.6	35.3	8.2	15.3	4.4	28.3	-26.2	95.3	0.3	72.3	-41.7
Value Year T-2	9.8	35.6	8.4	15.2	2.8	28.1	-35.9	69.6	-0.8	61.6	5.4
Value Year T-3	.	.	.	.	.	.	-24.6	105.5	-2.0	26.6	-5.6
Value Year T-4	.	.	.	.	.	.	-17.0	57.4	15.2	94.8	-50.4
Average Value, 5 year	.	.	.	.	.	.	-35.2	1,722.6	2.6	81.2	-1,671.2
Growth Trend	.	.	.	.	.	.	-29.6	98.4	.	19.3	.
Benchmark Data											
Regression Benchmark	16.8	38.6	9.4	8.4	3.4	19.2	.	.	.	.	.
Lower Bound	11.0	30.6	2.9	3.6	1.5	12.5	.	.	.	.	.
Upper Bound	22.5	46.6	15.8	13.2	5.2	25.9	.	.	.	.	.
<i>Latest Year Argentina</i>	2004	2004	2004	2004	2004	2004	2008	2008	2008	2008	2008
Argentina Value Latest Year	18.9	29.2	15.8	16.6	14.2	5.4	-16.6	119.7	-0.3	84.0	-86.7
<i>Latest Year Chile</i>	2007	2007	2007	2007	2007	2007	2007	2007	2007	2007	2007
Chile Value Latest Year	40.0	34.3	1.3	4.9	2.5	17.0	9.0	-150.5	0.3	-13.1	254.3
LMI - LAC	20.2	42.6	5.9	11.8	1.4	23.2	.	.	.	.	.
LMI	15.8	32.4	8.6	13.2	1.1	20.8	.	.	.	.	.
High Five Avg.	54.0	64.4	40.9	46.9	18.8	78.3	.	.	.	.	.
Low Five Avg.	1.9	4.8	-1.6	0.4	0.0	3.9	.	.	.	.	.

	Business Environment									
	Control of Corruption Index, - 2.5 (Very poor performance) to +2.5 (Excellent performance)	Ease of Doing Business Index, Index Rank (1 - 183)	Rule of Law Index, - 2.5 (Very poor performance) to +2.5 (Excellent performance)	Regulatory Quality Index, -2.5 (Very poor performance) to +2.5 (Excellent performance)	Government Effectiveness Index, - 2.5 (Very poor performance) to +2.5 (Excellent performance)	Cost of Starting a Business % GNI per Capita, Percent GNI per Capita	Procedures to Enforce a Contract, Procedures	Procedures to Register Property, Procedures	Procedures to Start a Business, Procedures	Time to Enforce a Contract, Days
Indicator Number	22P1	22P2	22P3	22P4	22P5	22S1	22S2	22S3	22S4	22S5
Paraguay Data										
<i>Latest Year (T)</i>	2008	2010	2008	2008	2008	2010	2010	2010	2010	2010
Value Year T	-0.93	124	-1.03	-0.49	-0.78	56.7	38	6	7	591
Value Year T-1	-0.98	122	-0.96	-0.57	-0.78	67.9	38	6	7	591
Value Year T-2	-1.13	.	-0.98	-0.64	-0.79	77.6	38	6	7	591
Value Year T-3	-1.31	.	-0.99	-0.80	-0.74	136.8	38	6	17	591
Value Year T-4	-1.26	.	-1.02	-0.72	-0.80	147.8	38	7	17	591
Average Value, 5 year	-1.12	.	-0.99	-0.64	-0.77	97.4	38	6	11	591
Growth Trend	8.98	.	0.01	11.14	0.08	-26.2	0	-3	-26.6	0.0
Benchmark Data										
Regression Benchmark	-0.49	107.7	-0.57	8.24	-0.45	51.7	38.9	6.3	10.1	569.5
Lower Bound	-0.70	87.2	-0.82	8.20	-0.69	17.2	35.7	5.2	8.6	413.9
Upper Bound	-0.28	128.1	-0.32	8.28	-0.21	86.1	42.1	7.5	11.7	725.1
<i>Latest Year Argentina</i>	2008	2010	2008	2008	2008	2010	2010	2010	2010	2010
Argentina Value Latest Year	-0.44	118	-0.61	-0.65	-0.18	11.0	36	6	15	590
<i>Latest Year Chile</i>	2008	2010	2008	2008	2008	2010	2010	2010	2010	2010
Chile Value Latest Year	1.31	49	1.25	1.58	1.24	6.9	36	6	9	480
LMI - LAC	-0.74	115	-0.88	-0.41	-0.55	53.8	38.0	7.0	9.0	591.0
LMI	-0.65	123	-0.69	-0.44	-0.58	35.1	40.0	6.0	9.0	591.0
High Five Avg.	2.39	181	1.96	1.88	2.20	931.1	54.0	13.2	18.5	1,611.6
Low Five Avg.	-1.64	3	-2.01	-2.30	-1.91	0.4	22.8	1.6	2.3	192.4

Business Environment (cont'd)					
	Time to Register Property, Days	Time to Start a Business, Days	Total Tax Payable by Business, Percent operating profit	Business Costs of Crime, Violence and Terrorism, 1 (Significant costs) - 7 (No significant costs)	Senior Manager Time Spent Dealing with Government Regulations, Percent
Indicator Number	22S6	22S7	22S8	22S9	22S10
Paraguay Data					
<i>Latest Year (T)</i>	2010	2010	2010	2008	2006
Value Year T	46	35	35.0	3.1	7.9
Value Year T-1	46	35	35.0	3.0	.
Value Year T-2	46	35	35.3	2.6	.
Value Year T-3	46	74	44.6	.	.
Value Year T-4	48	74	54.3	.	.
Average Value, 5 year	46	51	40.8	.	.
Growth Trend	-0.9	-22.5	-11.2	.	.
Benchmark Data					
Regression Benchmark	55.4	35.4	49.2	3.2	9.4
Lower Bound	12.6	12.2	37.1	2.7	7.1
Upper Bound	98.2	58.5	61.3	3.7	11.8
<i>Latest Year Argentina</i>	2010	2010	2010	2008	2006
Argentina Value Latest Year	52	27	108.1	3.7	14.1
<i>Latest Year Chile</i>	2010	2010	2010	2008	2006
Chile Value Latest Year	31	27	25.3	4.4	9.0
LMI - LAC	34.0	39.0	39.1	3.1	9.3
LMI	42.0	37.0	39.1	4.2	9.2
High Five Avg.	427.5	283.4	262.2	6.6	13.9
Low Five Avg.	2.3	4.3	8.8	2.1	1.7

	Financial Sector							
	Domestic Credit to Private Sector, Percent GDP	Interest Rate Spread, Percent	Money Supply (M2), Percent GDP	Stock Market Capitalization Rate, Percent GDP	Credit Information Index, 0 (Poor) - 6 (Excellent)	Legal Rights of Borrowers and Lenders, 0 (Very poor performance) - 10 (Excellent)	Real Interest Rate, Percent	Number of Active Microfinance
Indicator Number	23P1	23P2	23P3	23P4	23P5	23S1	23S2	23S3
Paraguay Data								
<i>Latest Year (T)</i>	2008	2008	2008	2006	2010	2010	2008	2007
Value Year T	24.5	22.7	24.6	4.4	6	3	17	327,583
Value Year T-1	20.0	20.0	23.3	3.4	6	3	13	.
Value Year T-2	16.9	23.4	22.9	3.6	6	3	19.9	.
Value Year T-3	17.6	28.2	23.7	3.7	6	3	20.2	.
Value Year T-4	17.0	28.4	23.4	3.1	6	3	19.5	.
Average Value, 5 year	19.2	24.6	23.6	3.6	6	3	18.1	.
Growth Trend	8.5	-7.9	0.7	6.6	0	0	-6.3	.
Benchmark Data								
Regression Benchmark	27.8	7.8	39.5	23.3	4.7	4.9	7.0	.
Lower Bound	16.9	5.7	26.4	-3.9	2.8	3.5	3.1	.
Upper Bound	38.8	9.8	52.7	50.5	6.6	6.2	10.9	.
<i>Latest Year Argentina</i>	2008	2008	2008	2008	2010	2010	2008	2007
Argentina Value Latest Year	13.6	8.4	25.0	15.9	6	4	0.0	17,349
<i>Latest Year Chile</i>	2008	2008	2008	2008	2010	2010	2008	2007
Chile Value Latest Year	85.0	5.8	58.6	78.1	5	4	13.0	369,485
LMI - LAC	36.5	8.7	41.7	20.1	5.3	4.0	16.1	.
LMI	30.1	7.3	40.1	19.0	3.0	4.0	3.7	.
High Five Avg.	195.7	.	200.6	219.2	6.0	9.8	35.6	.
Low Five Avg.	2.9	.	8.8	0.5	0.0	0.6	-20.7	.

	External Sector										
	External Aid, Percent GNI	Current Account Balance, Percent GDP	Debt Service ratio, Percent Exports	Exports Growth, Goods and Services, Percent change	Foreign Direct Investment, Percent GDP	Gross International Reserves, Months of Imports	Gross Private Capital Inflows, Percent GDP	Present Value of Debt, Percent GNI	Remittance Receipts, Percent Exports	Total Trade, Percent GDP	Trade in Services, Percent GDP
Indicator Number	24P1	24P2	24P3	24P4	24P5	24P6	24P7	24P8	24P9	24P10	24P11
Paraguay Data											
<i>Latest Year (T)</i>	2007	2008	2008	2008	2008	2008	2008	2007	2007	2008	2008
Value Year T	0.9	-2.1	3.9	14.6	1.1	4.3	2.0	35.0	7.4	116.7	10.3
Value Year T-1	0.6	0.7	5.5	9.6	1.6	3.2	1.5	.	9.0	104.8	11.7
Value Year T-2	0.7	0.5	6.5	14.6	1.7	3.2	1.9	.	6.7	111.9	12.7
Value Year T-3	0.3	0.3	8.7	12.1	0.6	2.8	0.7	.	6.8	106.8	13.4
Value Year T-4	0.9	2.1	7.3	1.8	0.5	3.4	0.5	.	8.1	96.0	13.4
Average Value, 5 year	0.7	0.3	6.4	10.5	1.1	3.4	1.3	.	7.6	107.3	12.3
Growth Trend	4.8	.	-17.1	40.0	25.6	6.0	33.7	.	1.1	3.7	-6.6
Benchmark Data											
Regression Benchmark	1.3	-4.4	13.3	5.7	5.8	3.9	5.8	33.9	15.4	78.5	19.9
Lower Bound	-3.7	-9.7	8.2	-3.6	3.1	2.4	3.4	12.1	4.7	61.4	13.8
Upper Bound	6.3	0.9	18.3	15.0	8.4	5.4	8.2	55.8	26.2	95.5	25.9
<i>Latest Year Argentina</i>	2007	2008	2007	2007	2007	2008	2008	2007	2007	2007	2008
Argentina Value Latest Year	0.0	1.4	6.5	9.0	2.5	6.9	0.6	63.4	0.9	45.0	7.6
<i>Latest Year Chile</i>	2007	2008	2007	2008	2007	2008	2008	2007	2007	2007	2008
Chile Value Latest Year	0.1	-2.0	1.5	2.1	8.8	3.1	11.8	45.0	0.0	80.4	13.1
LMI - LAC	1.3	-5.4	9.1	5.5	3.1	3.5	5.1	35.0	29.4	82.0	15.1
LMI	3.2	-3.3	6.8	7.2	3.4	3.8	5.1	35.0	19.9	80.9	18.3
High Five Avg.	48.3	87.5	38.2	.	75.9	15.8	196.3	370.8	110.7	303.6	124.9
Low Five Avg.	0.0	-35.7	0.7	.	-1.7	0.3	-4.3	5.2	0.1	30.1	4.9

External Sector (cont'd)											
	Concentration of Exports, Percent	Inward FDI Potential Index, 0 (Very poor performance) to 1 (Excellent performance)	Net Barter Terms of Trade, Index: 2000 = 100	Real Effective Exchange Rate (REER), Index: 2000 = 100	Structure of Merchandise Exports (Agricultural raw materials exports), Percent	Structure of Merchandise Exports (Fuel exports), Percent	Structure of Merchandise Exports (Manufactures exports), Percent	Structure of Merchandise Exports (Ores and metals exports), Percent	Structure of Merchandise Exports (Food exports), Percent	Trade Policy Index, 0 (Very poor) - 100 (Excellent)	Ease of Trading Across Borders Ranking, Index Rank (1 - 181)
Indicator Number	24S1	24S2	24S3	24S4	24S5a	24S5b	24S5c	24S5d	24S5e	24S6	24S7
Paraguay Data											
<i>Latest Year (T)</i>	2006	2006	2007	2008	2007	2007	2007	2007	2007	2009	2010
Value Year T	46.0	0.1	99.2	145.9	5.7	.	13.7	0.8	79.7	83.6	152
Value Year T-1	49.9	0.1	95.5	125.1	7.2	.	15.9	1.1	75.8	78.4	150
Value Year T-2	53.9	0.1	97.4	112.9	9.2	.	13.8	1.3	75.7	77.4	.
Value Year T-3	58.5	0.1	104.3	100.0	11.8	.	12.7	0.8	74.7	75	.
Value Year T-4	55.7	0.1	101.4	106.9	8.9	.	9.4	0.4	76.7	60	.
Average Value, 5 year	52.8	0.1	99.6	118.2	8.5	.	13.1	0.9	76.5	74.8	.
Growth Trend	-5.4	0.3	-1.3	8.5	-14.1	.	9.8	20.1	0.9	7.1	.
Benchmark Data											
Regression Benchmark	52.1	0.1	100.2	.	1,320.4	5.9	26.6	1.7	44.6	73.6	106.7
Lower Bound	42.1	0.1	85.9	.	1,320.4	0.8	14.4	-4.1	30.7	68.5	83.5
Upper Bound	62.1	0.1	114.4	.	1,320.4	11.0	38.9	7.4	58.5	78.7	129.8
<i>Latest Year Argentina</i>	2006	2006	2007	.	2007	2007	2007	2007	2007	2009	2010
Argentina Value Latest Year	20.8	0.2	116.2	.	1.2	10.9	31.0	3.8	50.4	70.0	110
<i>Latest Year Chile</i>	2006	2006	2007	2008	2007	2007	2007	2007	2007	2009	2010
Chile Value Latest Year	54.3	0.2	194.4	105.9	6.1	1.3	10.1	64.8	14.7	85.8	56
LMI - LAC	48.6	0.1	95.9	.	2.7	3.7	14.5	1.8	50.3	78.4	115
LMI	48.6	0.2	96.8	.	1.7	6.5	44.4	2.4	16.5	70.3	114.5
High Five Avg.	97.5	0.5	120.7	144.5	44.3	.	94.9	55.1	95.0	90.3	181.0
Low Five Avg.	7.3	0.1	70.2	59.1	0.0	.	0.9	0.0	0.4	13.8	3.0

	Economic Infrastructure								
	Internet Users, Users per 100 people	Logistics Performance Index - Infrastructure, 1 (poor) to 5 (excellent)	Telephone Density, Fixed Line and Mobile, Telephones per 100 people	Overall Infrastructure Quality, 1 (Poor) - 7 (Excellent)	Quality of Infrastructure - Air Transport Infrastructure Index, 1 (Poor) - 7 (Excellent)	Quality of Infrastructure - Port Infrastructure Quality Index, 1 (Poor) - 7 (Excellent)	Quality of Infrastructure - Rail Development Index, 1 (Poor) - 7 (Excellent)	Quality of Infrastructure - Electricity Supply Index, 1 (Poor) - 7 (Excellent)	Roads, Paved, Percent
Indicator Number	25P1	25P2	25P3	25P4	25S1a	25S1b	25S1c	25S1d	25S2
Paraguay Data									
<i>Latest Year (T)</i>	2007	2007	2008	2008	2008	2008	2008	2008	
Value Year T	8.7	2.5	98.8	1.8	2.2	3.9	1.0	2.8	
Value Year T-1	6.1		83.1	1.9	2.6	2.7	1.0	3.1	
Value Year T-2	6.0		59.2	1.9	3.0	2.4	1.0	3.4	
Value Year T-3	3.5		37.4						
Value Year T-4	2.1		35.5						
Average Value, 5 year	5.3		62.8						
Growth Trend	33.9		28.5						
Benchmark Data									
Regression Benchmark	13.9	2.2	54.9		4.0	2.6	1.3	3.8	16.5
Lower Bound	8.2	2.0	40.2		3.5	2.1	0.9	3.3	1.4
Upper Bound	19.6	2.3	69.6		4.5	3.1	1.6	4.3	31.5
<i>Latest Year Argentina</i>	2008	2007	2008	2008	2008	2008	2008	2008	2003
Argentina Value Latest Year	28.1	2.8	140.8	2.9	3.1	3.3	2.1	3.3	30.0
<i>Latest Year Chile</i>	2008	2007	2008	2008	2008	2008	2008	2008	2001
Chile Value Latest Year	32.6	3.1	109.3	5.1	5.9	4.9	2.1	5.3	20.2
LMI - LAC	6.2	2.2	36.3	2.7	4.2	2.9	1.3	3.5	
LMI	7	2.2	46.3	3.0	4.1	3.3	1.9	3.9	59.5
High Five Avg.	82.6	4.2	181.1	6.6	6.7	6.6	6.5	6.8	100.0
Low Five Avg.	0.2	1.5	2.5	1.8	2.5	1.6	1.1	1.6	9.4

	Science and Technology			
	FDI Technology Transfer Index, 1 (Poor) - 7 (Excellent)	Availability of Scientists and Engineers, 1 (Non-existent) - 7 (Widely available)	Scientific and Technology Journal Articles, Articles per Million people	IPR Protection, 1 (Poorly enforced) - 7 (Among the best)
Indicator Number	26P1	26P2	26P3	26P4
Paraguay Data				
<i>Latest Year (T)</i>	2008	2008	.	2008
Value Year T	3.8	2.7	.	2.2
Value Year T-1	3.6	2.7	.	2.3
Value Year T-2	3.8	2.8	.	2.1
Value Year T-3	.	.	.	.
Value Year T-4	.	.	.	.
Average Value, 5 year	.	.	.	.
Growth Trend	.	.	.	.
Benchmark Data				
Regression Benchmark	4.8	3.6	67.0	2.8
Lower Bound	4.5	3.2	-1,178.7	2.5
Upper Bound	5.0	3.9	1,312.7	3.2
<i>Latest Year Argentina</i>	2008	2008	2005	2008
Argentina Value Latest Year	4.2	4.0	3,058.0	2.7
<i>Latest Year Chile</i>	2008	2008	2005	2008
Chile Value Latest Year	5.3	4.7	1,559.0	3.6
LMI - LAC	4.3	3.3		2.6
LMI	4.6	4.3	318.0	3.1
High Five Avg.	6.1	5.9	75,711.9	6.2
Low Five Avg.	3.6	2.7	55.1	2.0

	Health								
	HIV Prevalence, Percent	Life Expectancy at Birth, Years	Maternal Mortality Rate, Deaths per 100,000 live births	Access to Improved Sanitation, Percent	Access to Improved Water Source, Percent	Births Attended by Skilled Health Personnel, Percent	Child Immunization Rate, Percent	Prevalence of Child Malnutrition, Weight for Age, Percent	Public Health Expenditure, Percent GDP
Indicator Number	31P1	31P2	31P3	31S1	31S2	31S3	31S4	31S5	31S6
Paraguay Data									
<i>Latest Year (T)</i>	2007	2007	2005	2006	2006	2004	2007	2001	2006
Value Year T	0.6	71.8	150	70	77	77.1	73.0	4.6	2.9
Value Year T-1	0.6	.	.	.	.	.	80.5	.	3.2
Value Year T-2	0.5	71.4	.	.	.	.	82.5	.	2.6
Value Year T-3	0.5	.	.	.	.	.	82.5	5.0	2.5
Value Year T-4	0.5	.	.	.	.	.	82.5	.	3.0
Average Value, 5 year	0.5	.	.	.	.	.	80.2	.	2.8
Growth Trend	5.5	.	.	.	.	.	-2.7	.	1.7
Benchmark Data									
Regression Benchmark	0.7	70.6	214.2	68.7	85.5	79.1	89.7	9.1	3.0
Lower Bound	-0.8	67.8	87.7	59.6	78.6	70.2	83.6	4.4	2.2
Upper Bound	2.2	73.5	340.7	77.8	92.3	88.0	95.9	13.7	3.8
<i>Latest Year Argentina</i>	2007	2007	2005	2006	2006	2006	2007	2005	2006
Argentina Value Latest Year	0.5	75.2	77	91.0	96.0	99.4	97.5	2.3	4.6
<i>Latest Year Chile</i>	2007	2007	2005	2006	2006	2005	2007	2007	2006
Chile Value Latest Year	0.3	78.4	16	94.0	95.0	99.8	92.5	0.6	2.8
LMI - LAC	0.7	71.0	210.0	78.0	86.0	.	92.3	.	3.2
LMI	0.6	68.1	170.0	77.0	88.0	79.6	91.6	12.0	2.6
High Five Avg.	21.8	81.6	1,720.0	100.0	100.0	.	99.0	.	11.9
Low Five Avg.	0.1	43.3	2.6	8.4	35.0	.	37.7	.	0.5

	Education									
	Net Primary Enrollment Rate, Total, Percent	Net Primary Enrollment Rate, Female, Percent	Net Primary Enrollment Rate, Male, Percent	Primary Completion Rate, Total, Percent	Youth Literacy Rate, Total, Percent	Youth Literacy Rate, Male, Percent	Youth Literacy Rate, Female, Percent	Net Secondary Enrollment Rate, Total, Percent	Gross Tertiary Enrollment Rate, Total, Percent	Expenditure on Primary Education, Percent GDP
Indicator Number	32P1a	32P1b	32P1c	32P2	32P3a	32P3b	32P3c	32P4	32P5	32S1
Paraguay Data										
<i>Latest Year (T)</i>	2005	2005	2005	2005	2007	2007	2007	2005	2005	2006
Value Year T	94.3	94.6	94.1	94.8	98.8	98.8	98.8	57.4	25.5	2.0
Value Year T-1	93.8	94.0	93.6	94.4	.	.	.	.	24.9	2.0
Value Year T-2	.	.	.	95.9	.	.	.	.	24.7	1.9
Value Year T-3	.	.	.	93.6	.	.	.	.	26.0	2.1
Value Year T-4	.	.	.	89.6	.	.	.	.	17.7	2.5
Average Value, 5 year	.	.	.	93.6	.	.	.	.	23.8	2.1
Growth Trend	.	.	.	1.2	.	.	.	.	6.9	-4.5
Benchmark Data										
Regression Benchmark	90.5	90.2	91.5	.	86.8	90.7	84.2	56.9	16.2	.
Lower Bound	84.1	83.5	85.5	.	77.4	85.5	72.4	48.7	9.4	.
Upper Bound	97.0	97.0	97.6	.	96.1	95.8	95.9	65.1	23.0	.
<i>Latest Year Argentina</i>	2005	2005	2005	2006	2007	2007	2007	2006	2006	2006
Argentina Value Latest Year	98.5	97.9	99.1	99.1	99.1	98.9	99.3	78.3	67.1	1.4
<i>Latest Year Chile</i>	.	.	.	2007	2007	2007	2007	2007	2007	2006
Chile Value Latest Year	.	.	.	94.8	99.1	98.9	99.2	85.3	52.1	1.3
LMI - LAC	92.6	93.0	92.7	94.6	94.8	94.5	95.3	54.8	16.9	2.0
LMI	89.7	89.4	90.3	96.7	97.3	97.0	97.9	54.1	17.0	1.6
High Five Avg.	99.4	99.6	99.6	.	99.9	99.9	99.9	97.1	79.6	6.5
Low Five Avg.	41.4	36.0	46.7	.	48.0	56.3	39.5	10.6	0.6	0.2

	Education (cont'd)			
	Educational Expenditure per Student, Primary, Percent, GDP per capita	Educational Expenditure per Student, Secondary, Percent, GDP per capita	Educational Expenditure per Student, Tertiary, Percent, GDP per capita	Pupil-teacher Ratio, Primary School, Pupils per Teacher
Indicator Number	32S2a	32S2b	32S2c	32S3
Paraguay Data				
<i>Latest Year (T)</i>	2004	2004	2004	2004
Value Year T	11.5	13.0	24.6	27.8
Value Year T-1	13.2	14.8	31.6	27.8
Value Year T-2	13.2	14.7	30.3	27.0
Value Year T-3	13.0	15.4	47.1	.
Value Year T-4	12.7	17.3	55.2	.
Average Value, 5 year	12.7	15.1	37.8	.
Growth Trend	-1.9	-6.1	-20.2	.
Benchmark Data				
Regression Benchmark	11.3	13.8	32.1	26.2
Lower Bound	8.1	7.8	-19.3	21.9
Upper Bound	14.5	19.9	83.5	30.5
<i>Latest Year Argentina</i>	2006	2006	2006	2006
Argentina Value Latest Year	13.2	20.3	14.2	16.3
<i>Latest Year Chile</i>	2007	2007	2007	2007
Chile Value Latest Year	11.9	13.4	11.5	25.1
LMI - LAC	9.6	9.5		27.5
LMI	12.5	18.7	40.0	27.1
High Five Avg.	28.6	50.3	519.9	62.8
Low Five Avg.	6.5	6.8	7.9	10.5

	Employment and Workforce						
	Labor Force Participation Rate, Total, Percent	Rigidity of Employment Index, 0 (Minimum rigidity) - 100 (Maximum rigidity)	Size of the Labor Force, People	Growth of the Labor Force, Annual percent change	Unemployment Rate, Percent	Economically Active Children, (Ages 7-14), Percent	Firing Costs, Weeks of wages
Indicator Number	33P1	33P2	33P3a	33P3b	33P4	33P5	33S1
Paraguay Data							
<i>Latest Year (T)</i>	2007	2010	2008	2008	2007	2005	2010
Value Year T	77.5	56	2,936,573	4.0	5.6	15.3	99.0
Value Year T-1	77.2	56	2,824,146	3.0	.	.	99.0
Value Year T-2	76.7	56	2,741,417	3.1	.	.	99.0
Value Year T-3	76.2	.	2,659,885	3.1	.	.	.
Value Year T-4	75.6	.	2,579,666	3.0	7.9	.	.
Average Value, 5 year	76.6	.	2,748,337	3.2	.	.	.
Growth Trend	0.6	.	3.2	.	.	.	.
Benchmark Data							
Regression Benchmark	72.1	31.9	.	2.6	7.8	16.025	.
Lower Bound	67.6	23.1	.	2.0	4.9	8.0	.
Upper Bound	76.7	40.7	.	3.1	10.8	24.1	.
<i>Latest Year Argentina</i>	2007	2010	2008	2008	2006	2004	2010
Argentina Value Latest Year	62.3	21	19,073,526	1.0	9	15.1	95.0
<i>Latest Year Chile</i>	2007	2010	2008	2008	2007	2003	2010
Chile Value Latest Year	55.0	18	7,680,180	5.6	9	4.1	52.0
LMI - LAC	63.5	28	2,505,007	2.9	9	.	83.5
LMI	62.6	28	2,830,797	2.4	9.6	.	53.5
High Five Avg.	87.1	70.3	314,722,458	7.4	29.7	.	241.6
Low Five Avg.	43.7	0.0	51,478	-0.9	2.1	.	0.0

	Agriculture							
	Agriculture Value Added per Worker, US Dollars, Constant 2000	Cereal Yield, Kilograms per hectare	Growth in Agricultural Value-Added, Percent change	Fertilizer Consumption, 100 grams per hectare of arable land	Agricultural Policy Costs Index, 1 (Excessively burdensome) - 7 (Balances all interests)	Crop Production Index, Index: 1999-2001 = 100	Livestock Production Index, Index: 1999-2001 = 100	Agricultural Export Growth, Percent change
Indicator Number	34P1	34P2	34P3	34P4	34S1	34S2	34S3	34S4
Paraguay Data								
<i>Latest Year (T)</i>	2005	2007	2008	2005	2008	2005	2005	2007
Value Year T	2,046.9	2,214.8	6.0	542	3.9	119.5	98.9	14.9
Value Year T-1	2,077.2	2,259.4	14.3	629	3.7	130.1	97.5	-11.5
Value Year T-2	2,031.5	2,128.7	3.4	571.8	3.5	124.2	97.1	-19.3
Value Year T-3	1,914.0	2,461.7	0.1	437.6		107.5	93.3	73.1
Value Year T-4	1,868.2	2,116.7	3.9	221.2		110.7	92.4	29.4
Average Value, 5 year	1,987.5	2,236.3	5.5	480.3		118.4	95.8	17.3
Growth Trend	2.6	0.0	57.8	21.5		3.4	1.8	
Benchmark Data								
Regression Benchmark	1,863.2	2,532.0	2.5	606.0	3.8	111.2	106.2	27.1
Lower Bound	891.0	1,991.7	-1.3	-45.4	3.4	104.1	100.6	-24.5
Upper Bound	2,835.4	3,072.4	6.3	1,257.3	4.1	118.3	111.8	78.7
<i>Latest Year Argentina</i>	2005	2007	2007	2005	2008	2005	2005	2007
Argentina Value Latest Year	10,761.7	4,269.9	9.8	489.7	3.3	122.0	99.8	16.6
<i>Latest Year Chile</i>	2005	2007	2007	2005	2008	2005	2005	2007
Chile Value Latest Year	5,666.5	6,408.5	3.0	3,018.8	5.1	121.7	117.4	33.3
LMI - LAC	2,051.9	2,201.0	3.2	867.3	3.8	105.2	117.2	8.7
LMI	1,490.5	1,938.6	3.8	461	3.7	112.0	112.8	14.8
High Five Avg.	49,898.7	7,695.3	15.7	17,297.0	5.1	142.7	155.4	362,806.9
Low Five Avg.	90.9	438.2	-374.7	3.0	2.6	70.4	85.4	-59.8

Technical Notes

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

STATISTICAL CAPACITY

Statistical Capacity Indicator

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

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

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

CAS Code # 01P1

GROWTH PERFORMANCE

Per capita GDP, in Purchasing Power Parity Dollars

Source: 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 international dollars for differences in purchasing power, using an estimated exchange rate reflecting the purchasing power of the various local currencies.

Coverage: Data are available for about 65 USAID countries.

CAS Code #11P1

Per capita GDP, in current US Dollars

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

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

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

Coverage: Data are available for about 85 USAID countries.

CAS Code #11P2

Real GDP Growth

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

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

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

Coverage: Data are available for about 85 USAID countries.

CAS Code #11P3

Growth of Labor Force Productivity

Source: World Development Indicators. Estimated by calculating the annual percentage change of the ratio of GDP (constant 2000 US\$) (NY.GDP.MKTP.KD) to the population ages 15 and older who participate in the labor force, which in turn is the product of the total population (SP.POP.TOTL) times the product of the percentage of the population in this age group 15 or older (SP.POP.1564.IN.ZS + SP.POP.65UP.TO.ZS) and the labor force participation rate (SL.TLF.CACT.ZS).

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

Coverage: Data are available for about 85 USAID countries.

CAS Code # 11S1

Investment Productivity, Incremental Capital-Output Ratio (ICOR)

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

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

Coverage: Data are available for about 81 USAID countries.

CAS Code #11S2

Gross Fixed Investment, Percentage of GDP

Source: IMF Article IV consultation report for latest country data www.imf.org/external/np/sec/aiv/index.htm; international benchmark from the World Development Indicators, most recent publication series NE.GDI.FTOT.ZS.

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

Coverage: Data are available for about 84 USAID countries.

CAS Code # 11S3

Gross Fixed Private Investment, Percentage of GDP

Source: IMF Article IV consultation report, for latest country data www.imf.org/external/np/sec/aiv/index.htm; World Development Indicators, for international comparison data (explanation below). The estimation of this indicator involves taking the difference between gross fixed capital formation (percent of GDP) (NE.GDI.FTOT.ZS) and government

capital expenditure (percent of GDP). The latter term is the product of government capital expenditure (percent of total expenditure) (GB.XPK.TOTL.ZS) and total government expenditure (percent of GDP) (GB.XPD.TOTL.GD.ZS).

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

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

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

CAS Code #11S4

POVERTY AND INEQUALITY

Human Poverty Index

Source: UNDP, Human Development Report <http://hdrstats.undp.org/indicators/18.html> for most recent edition.

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

Coverage: Data are available for about 60 USAID countries.

CAS Code #12P1

Income Share, Poorest 20 Percent

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

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

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

CAS Code # 12P2

Percentage of Population Living on Less than \$1.25 PPP per Day

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

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

Definition: The indicator captures the percentage of the population living on less than \$1.25 a day at 2005 international prices. As a result of revisions in PPP exchange rates, poverty rates for individual countries cannot be compared with poverty rates reported in WDI editions prior to 2009.

Coverage: Data are available for about 59 USAID countries going back to 1997; data for 2000 or later are available for about 40 USAID countries.

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

CAS Code #12P3

Poverty Headcount, National Poverty Line

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

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

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

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

CAS Code #12P4

PRSP Status

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

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

Coverage: All countries having PRSPs are so indicated.

CAS Code #12P5

Percent of Population below Minimum Dietary Energy Consumption

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

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

Coverage: Data are available for about 82 USAID countries.
CAS Code # 12S1

ECONOMIC STRUCTURE

Employment or Labor Force Structure

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

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

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

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

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

CAS Code #13P1

Output Structure

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

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

Coverage: Data are available for about 86 USAID countries.

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

CAS Code #13P2

DEMOGRAPHY AND ENVIRONMENT

Adult Literacy Rate

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

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

Coverage: Data are available for about 66 USAID countries.

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

CAS Code # 14P1

Youth Dependency Rate

Source: World Development Indicators, most recent publication series.

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

Coverage: Data are available for about 89 USAID countries.

CAS Code #14P2a

Elderly Dependency Rate

Source: World Development Indicators, most recent publication series.

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

Coverage: Data are available for about 89 USAID countries.

CAS Code #14P2b

Environmental Performance Index

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

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

Coverage: Data are available for about 80 USAID countries.

Data quality: The 2006 pilot EPI and 2008 EPI differ in several structural and substantive areas. As a result comparison between both years are not appropriate.

CAS Code #14P3

Population Size and Growth

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

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

Coverage: Data are available for about 88 USAID countries.

CAS Code # 14P4

Population Living In Urban Areas

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

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

Coverage: Data are available for about 86 USAID countries.

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

CAS Code #14P5

Resource Depletion, Percent GNI

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

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

Energy depletion is equal to the product of unit resource rents and the physical quantities of energy extracted. It covers crude oil, natural gas, and coal.

Mineral depletion is equal to the product of unit resource rents and the physical quantities of minerals extracted. It refers to bauxite, copper, iron, lead, nickel, phosphate, tin, zinc, gold, and silver.

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

Coverage: Data are available for about 80 USAID countries.

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

CAS Code #14P6

GENDER

Primary Completion Rate, Male and Female

Source: World Development Indicators, most recent publication series: SE.PRM.CMPT.MA.ZS (male), SE.PRM.CMPT.FE.ZS (female). Based on data from United Nations Education, Scientific, and Cultural Organization (UNESCO) Institute of Statistics.

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

Coverage: Data are available for about 128 USAID countries.

Data Quality: Completion rates are based on data collected during annual school surveys, typically conducted at the

beginning of the school year. The indicator does not measure the quality of the education.

CAS Code #15P1

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

Source: United Nations Organization for Education, Science, and Culture UNESCO: http://stats.uis.unesco.org/unesco/TableViewer/document.aspx?ReportId=136&IF_Language=eng&BR_Topic=0

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

Coverage: Data are available for about 80 USAID countries.

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

CAS Code #15P2

Life Expectancy, Male and Female

Source: Estimated from UNDP Human Development Indicators:

<http://hdrstats.undp.org/en/indicators/117.html> and <http://hdrstats.undp.org/en/indicators/116.html>.

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

Coverage: Data are available for about 85 USAID countries.

CAS Code #15P3

Labor Force Participation Rate, Male and Female

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

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

Definition: The proportion of the population ages 15 and older that is economically active: all people who supply labor for the production of goods and services during a specified period. It includes both the employed and the unemployed.

Coverage: Data are available for about 88 USAID countries.

CAS Code #15P4

FISCAL AND MONETARY POLICY

In the World Development Indicators for 2005, the World Bank adopted the Government Finance Statistics 2001 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 (GFS) 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). Most countries do not use the new GFS system, so country coverage of fiscal data in WDI

2005 is limited. For this reason, the template continues to use data from IMF Article IV consultations and domestic country websites on a cash outlays and receipts system.

Government Expenditure, Percentage of GDP

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

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

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

CAS Code # 21P1

Government Revenue, excluding grants, Percentage of GDP

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

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

Gaps: Data missing for about 24 USAID countries.

CAS Code # 21P2

Growth in Broad Money Supply

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

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

Coverage: Data are available for about 81 USAID countries.

CAS Code #21P3

Inflation Rate

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

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

Coverage: Data are available for about 85 USAID countries.

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

CAS Code # 21P4

Overall Budget Balance, Including Grants, Percentage of GDP

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

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

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

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

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

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

CAS Code # 21P5

Composition of Government Expenditure

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

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

Definition: Central government expenditure, broken down into the following six categories: (1) wages and salaries; (2) goods and services; (3) interest payments; (4) subsidies and other current transfers; (5) capital expenditures; and (6) other expense.

Coverage: Data are available for the majority of USAID countries

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

CAS Code # 21S1

Composition of Government Revenue

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

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

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

Coverage: Data are available for about 46 USAID countries.

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

CAS Code # 21S2

Composition of Money Supply Growth

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

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

Coverage: Data are available for about 86 USAID countries.

CAS Code # 21S3

BUSINESS ENVIRONMENT

Control of Corruption Index

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

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

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

Coverage: Data are available for nearly all USAID countries.

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

CAS Code # 22P1

Ease of Doing Business Index

Source: World Bank, Doing Business Indicators <http://www.doingbusiness.org/>

Definition: The Ease of Doing Business index ranks economies from 1 to 183. The index is calculated as the ranking on the simple average of country percentile rankings on each of the 10 topics covered in Doing Business: starting a business, dealing with licenses, hiring and firing, registering property, getting credit, protecting investors, paying taxes, trading across borders, enforcing contracts, and closing a business.

Coverage: Data are available for nearly all USAID countries.

CAS Code # 22P2

Rule of Law Index

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

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

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

Coverage: Data are available for nearly all USAID countries.

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

CAS Code #22P3

Regulatory Quality Index

Source: World Bank Institute;

<http://www.govindicators.org>

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

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

Gaps: Data are available for nearly all USAID countries.

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

CAS Code #22P4

Government Effectiveness Index

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

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

Coverage: Data are available for nearly all USAID countries.

CAS Code #22P5

Cost of Starting a Business

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

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

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

Coverage: Data are available for nearly all USAID countries.

CAS Code #22S1

Procedures to Enforce a Contract

Source: World Bank, Doing Business; Enforcing Contracts category:
<http://www.doingbusiness.org/ExploreTopics/EnforcingContracts/>

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

Coverage: Data are available for nearly all USAID countries.
 CAS Code # 22S2

Procedures to Register Property

Source: World Bank, Doing Business; Registering Property category:
<http://www.doingbusiness.org/ExploreTopics/RegisteringProperty/>

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

Coverage: Data are available for nearly all USAID countries.
 CAS Code #22S3

Procedures to Start a Business

Source: World Bank, Doing Business; Starting a Business category:
<http://www.doingbusiness.org/ExploreTopics/StartingBusiness/>

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

Coverage: Data are available for nearly all USAID countries.
 CAS Code # 22S4

Time to Enforce a Contract

Source: World Bank, Doing Business; Enforcing Contracts category:
<http://www.doingbusiness.org/ExploreTopics/EnforcingContracts/>

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

Coverage: Data are available for nearly all USAID countries.
 CAS Code # 22S5

Time to Register Property

Source: World Bank, Doing Business; Registering Property category:
<http://www.doingbusiness.org/ExploreTopics/RegisteringProperty/>

Definition: The time required to accomplish the full sequence of procedures to transfer a property title from the seller to the buyer when a business purchases land and a building in a peri-urban area of the country's most populous city. Every required procedure is included whether it is the responsibility

of the seller, the buyer, or where it is required to be completed by a third party on their behalf.

Coverage: Data are available for nearly all USAID countries.
 CAS Code #22S6

Time to Start a Business

Source: World Bank, Doing Business; Starting a Business category:
<http://www.doingbusiness.org/ExploreTopics/StartingBusiness/>

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

Coverage: Data are available for nearly all USAID countries.
 CAS Code #22S7

Total Tax Payable by Business

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

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

Coverage: Data are available for nearly all USAID countries
 CAS Code #22S8

Business Costs of Crime, Violence and Terrorism Index

Source: Global Competitiveness Report, World Economic Forum,
<http://www.weforum.org/en/initiatives/gcp/Global%20Competitiveness%20Report/index.htm>.

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

Coverage: Data are available for about 52 USAID countries.

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

CAS Code #22S9

Senior Manager Time Spent Dealing with Government Regulations

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

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

Coverage: Data available for about 80 USAID countries.

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

CAS Code #22S10

FINANCIAL SECTOR

Domestic Credit to Private Sector, Percentage of GDP

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

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

Coverage: Data are available for about 82 USAID countries.

CAS Code # 23P1

Interest Rate Spread

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

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

Coverage: Data are available for about 66 USAID countries.

CAS Code # 23P2

Money Supply, Percentage of GDP

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

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

Coverage: Data are available for about 81 USAID countries.

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

CAS Code # 23P3

Stock Market Capitalization Rate, Percentage of GDP

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

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

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

Coverage: Data are available for about 54 USAID countries.

CAS Code # 23P4

Credit Information Index

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

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

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

Coverage: Data are available for nearly all USAID countries.

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

CAS Code # 23P5

Legal Rights of Borrowers and Lenders Index

Source: World Bank Doing Business; Getting Credit category:

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

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

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

Coverage: Data are available for nearly all USAID countries.

CAS Code # 23S1

Real Interest Rate

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

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

Coverage: Data are available for about 68 USAID countries.

CAS Code # 23S2

Number of Active Microfinance Borrowers

Source: The Mix Market.

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

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

Coverage: Data are available for about 68 USAID countries.

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

CAS Code # 23S3

EXTERNAL SECTOR

Aid, Percentage of GNI

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

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

Coverage: Data are available for about 84 USAID countries.

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

CAS Code #24P1

Current Account Balance, Percentage of GDP

Source: Latest country data from national data sources or IMF Article IV consultation reports: www.imf.org/external/np/sec/aiv/index.htm. Benchmarking data from IMF World Economic Outlook (WEO) database, most recent edition, based on IMF balance of payments statistics and IMF local currency GDP figures.

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

Coverage: Data are available for about 79 USAID countries.

CAS Code #24P2

Debt Service ratio

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

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

Definition: The debt service is the sum of interest and principal payments actually paid in foreign currency, goods, or services in a given year, expressed as a percentage of exports of goods and services. Service exports include cross-border income payments, but exclude workers' remittances. It covers only long-term public and publicly guaranteed debt and repayments (repurchases and charges) to the IMF.

Coverage: Data are available for about 77 USAID countries.

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

CAS Code #24P3

Exports Growth, Goods and Services

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

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

Definitions: Annual growth rate of exports of goods and services based on constant local currency units. Exports include the value of merchandise, freight, insurance,

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

Coverage: Data are available for about 81 USAID countries.

CAS Code #24P4

Foreign Direct Investment, Percentage of GDP

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

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

Coverage: Data are available for about 82 USAID countries.

CAS Code #24P5

Gross International Reserves, Months of Imports

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

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

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

Coverage: Data are available for about 77 USAID countries.

CAS Code #24P6

Gross Private Capital Inflows, Percentage of GDP

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

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

Coverage: Information on coverage is not easily accessible.

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

CAS Code #24P7

Present Value of Debt, Percentage of GNI

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

Definition: Present value of debt is the sum of short-term external debt plus the discounted sum of total debt service

payments due on public, publicly guaranteed, and private non-guaranteed long-term external debt over the life of existing loans. The indicator measures the value of debt relative to the GNI.

Coverage: Data are available for about 80 USAID countries.

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

CAS Code # 24P8

Remittances Receipts, Percentage of Exports

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

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

Coverage: Data are available for all USAID countries.

CAS Code # 24P9

Trade, Percentage of GDP

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

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

Coverage: Data available for about 84 USAID countries.

CAS Code # 24P10

Trade in Services, Percentage of GDP

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

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

Coverage: Data available for about 80 USAID countries.

CAS Code # 24P11

Concentration of Exports

Source: Constructed with ITC COMTRADE data by aggregating the value for the top three export product groups (SITC Rev.3) and dividing by total exports. Raw data: <http://comtrade.un.org/db/dqBasicQuery.aspx>

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

Coverage: Available for about 74 USAID countries.

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

CAS Code # 24S1

Inward FDI Potential Index

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

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

Coverage: Data are available for about 77 USAID countries.

CAS Code # 24S2

Net Barter Terms of Trade

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

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

Coverage: Data are available for about 51 USAID countries.

CAS Code # 24S3

Real Effective Exchange Rate (REER)

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

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

Coverage: Information on coverage is not easily accessible.

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

CAS Code # 24S4

Structure of Merchandise Exports

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

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

Coverage: Data are available for about 78 USAID countries.

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

CAS Code # 24S5

Trade Freedom Index

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

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

Coverage: Data are available for about 83 USAID countries.

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

CAS Code # 24S6

Ease of Trading Across Borders Ranking

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

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

Definitions: The 183 economies covered by the Doing Business report are ranked on the ease with which one may import into and export out of the economy. The ranking is based on a simple average of the economy's ranking on each of the composite indicators for Trading Across Borders: number of documents to import and export, cost to import and export, and time to import and export.

Coverage: Data are available for nearly all USAID countries.

CAS Code # 24S7

ECONOMIC INFRASTRUCTURE

Internet Users per 100 people

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

Definition: Indicator quantifies the number of Internet users, defined as those with access to the worldwide network, per 100 people.

Coverage: Data are available for about 88 USAID countries.

CAS Code # 25P1

Logistics Performance Index, Infrastructure

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

Definition: The LPI ranks countries on a scale of 1 to 5 (lowest to highest) in terms of IT, telecommunications and transportation infrastructure. It is based on a survey of more than 800 logistics professionals who each operate in at least eight countries.

Coverage: Data are available for about 80 USAID countries.

CAS Code # 25P2

Telephone Density, Fixed Line and Mobile per 100 people

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

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

Coverage: Data are available for about 88 USAID countries.

CAS Code #25P3

Overall Infrastructure Quality Index

Source: Global Competitiveness Report, World Economic Forum

<http://www.weforum.org/en/initiatives/gcp/Global%20Competitiveness%20Report/index.htm>.

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

Coverage: Data are available for about 52 USAID countries.

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

CAS Code # 25P4

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

Source: Global Competitiveness Report, World Economic Forum

<http://www.weforum.org/en/initiatives/gcp/Global%20Competitiveness%20Report/index.htm>.

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

Coverage: Data are available for about 52 USAID countries.

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

CAS Code #25S1

Roads, paved (% total)

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

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

Coverage: Data are available for nearly all USAID countries.

CAS Code #25S2

SCIENCE AND TECHNOLOGY

FDI Technology Transfer Index

Source: Global Competitiveness Report, World Economic Forum

<http://www.weforum.org/en/initiatives/gcp/Global%20Competitiveness%20Report/index.htm>.

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

Coverage: Data are available for about 52 USAID countries.

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

CAS Code # 26P1

Availability of Scientists and Engineers Index

Source: Global Competitiveness Report, World Economic Forum

<http://www.weforum.org/en/initiatives/gcp/Global%20Competitiveness%20Report/index.htm>.

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

Coverage: Data are available for about 52 USAID countries.

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

CAS Code #26P2

Science and Technology Journal Articles, per Million People

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

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

Coverage: Data are available for about 82 USAID countries.

CAS Code #26P3

IPR Protection Index

Source: Global Competitiveness Report, World Economic Forum

<http://www.weforum.org/en/initiatives/gcp/Global%20Competitiveness%20Report/index.htm>.

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

Coverage: Data are available for about 52 USAID countries.

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

CAS Code #26P4

HEALTH

HIV Prevalence

Source: UNAIDS for most recent country data:

http://data.unaids.org/pub/GlobalReport/2008/20080813_gr08_prev1549_1990_2007_en.xls. World Development Indicators, most recent publication for benchmark data, series SH.DYN.AIDS.ZS.

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

Coverage: Data are available for about 79 USAID countries.

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

CAS Code # 31P1

Life Expectancy at Birth

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

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

Coverage: Data are available for about 88 USAID countries.

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

CAS Code # 31P2

Maternal Mortality Rate

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

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

Coverage: Data are available for about 87 USAID countries.

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

CAS Code # 31P3

Access to Improved Sanitation

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

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

Coverage: Data are available for about 82 USAID countries.

CAS Code #31S1

Access to Improved Water Source

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

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

Coverage: Data are available for about 83 USAID countries.

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

CAS Code # 31S2

Births Attended by Skilled Health Personnel

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

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

Coverage: Data are available for about 62 USAID countries.

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

CAS Code # 31S3

Child Immunization Rate

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

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

Coverage: Data are available for about 88 USAID countries.

CAS Code #31S4

Prevalence of Child Malnutrition—Weight for Age

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

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

Coverage: Data are available for about 55 USAID countries.

CAS Code # 31S5

Public Health Expenditure, Percentage of GDP

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

<http://www.mcc.gov/mcc/selection/scorecards/index.shtml>;

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

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

Coverage: Data are available for about 88 USAID countries.

CAS Code #31S6

EDUCATION

Net Primary Enrollment Rate—Female, Male and Total

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

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

history, geography, natural science, social science, art, and music.

Coverage: Data are available for about 80 USAID countries.

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

CAS Code # 32P1

Primary Completion Rate—Total

Source: World Development Indicators, most recent publication, series SE.PRM.CMPT.ZS (total). Based on data from United Nations Education, Scientific, and Cultural Organization (UNESCO) Institute of Statistics.

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

Coverage: Data are available for about 128 USAID countries

CAS Code # 32P2

Youth Literacy Rate—Female, Male, and Total

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

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

Coverage: Data are available for about 67 USAID countries.

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

CAS Code #32P3

Net Secondary Enrollment Rate, Total

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

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

Coverage: Not available for draft.

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

CAS Code #32P4

Gross Tertiary Enrollment Rate, Total

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

Definitions: Gross enrollment ratio is the ratio of total enrollment, regardless of age, to the population of the age

group that officially corresponds to the level of education shown. Tertiary education, whether or not to an advanced research qualification, normally requires, as a minimum condition of admission, the successful completion of education at the secondary level.

Coverage: Not available for draft.

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

CAS Code #32P5

Expenditure on Primary Education, Percentage of GDP

Source: Millennium Challenge Corporation:
<http://www.mcc.gov/mcc/selection/scorecards/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 through U.S. embassies.

CAS Code #32S1

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

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

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

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

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

CAS Code # 32S2

Pupil-teacher Ratio, Primary School

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

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

Coverage: Data are available for about 76 USAID countries.

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

CAS Code # 32S3

EMPLOYMENT AND WORKFORCE

Labor Force Participation Rate

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

Definition: The proportion of the population ages 15 and older that is economically active: all people who supply labor for the production of goods and services during a specified period. It includes both the employed and the unemployed.

Coverage: Data are available for about 88 USAID countries.

CAS Code #33P1

Rigidity of Employment Index

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

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

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

Coverage: Data are available for nearly all USAID countries.

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

CAS Code # 33P2

Size and Growth of the Labor Force

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

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

Coverage: Data are available for about 88 USAID countries.

CAS Code #33P3

Unemployment Rate

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

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

Coverage: Data are available for about 50 USAID countries.

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

CAS Code # 33P4

Economically Active Children, Percentage Children Ages 7-14

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

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

CAS Code # 33P5

Firing Costs, Weeks of Wages

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

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

Coverage: Data available for nearly all USAID countries.

CAS Code # 33S1

AGRICULTURE

Agriculture Value Added per Worker

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

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

Coverage: Data are available for about 80 USAID countries.

CAS Code # 34P1

Cereal Yield

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

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

Coverage: Data are available for about 84 USAID countries.

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

CAS Code # 34P2

Growth in Agricultural Value-Added

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

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

Coverage: Data are available for about 84 USAID countries.

CAS Code # 34P3

Fertilizer Consumption (100 grams per hectare of arable land)

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

Definition: Fertilizer consumption (100 grams per hectare of arable land) measures the quantity of plant nutrients used per unit of arable land. Fertilizer products cover nitrogenous, potash, and phosphate fertilizers (including ground rock phosphate). Traditional nutrients—animal and plant manures—are not included. The time reference for fertilizer consumption is the crop year (July through June). Arable land includes land defined by the FAO as land under temporary crops (double-cropped areas are counted once), temporary meadows for mowing or for pasture, land under market or kitchen gardens, and land temporarily fallow. Land abandoned as a result of shifting cultivation is excluded.

Coverage: Data available for

CAS Code #34P4

Agricultural Policy Costs Index

Source: Global Competitiveness Report, World Economic Forum
<http://www.weforum.org/en/initiatives/gcp/Global%20Competitiveness%20Report/index.htm>.

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

Coverage: Data are available for about 52 USAID countries.

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

CAS Code # 34S1

Crop Production Index

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

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

Coverage: Data are available for about 85 USAID countries.

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

Coverage: Data are available for about 85 USAID countries.

CAS Code # 34S2

Livestock Production Index

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

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

Coverage: Data are available for about 85 USAID countries.

Data Quality: See comments on the Crop Production Index.

CAS Code # 34S3

Agriculture Export Growth

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

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

Coverage: Not available for draft.

CAS Code # 34S4