

**USAID ECONOMIC GROWTH OFFICERS CONFERENCE
OCTOBER 15-19, 2007
WASHINGTON, D.C.**

Session Title: International Benchmarking of Economic Growth Performance

Date and Time: October 15th, 2007 2:45 p.m.

Type of Session: Breakout

Speaker(s): Bruce Bolnick (Nathan Associates) and Dirk Stryker, AIRD

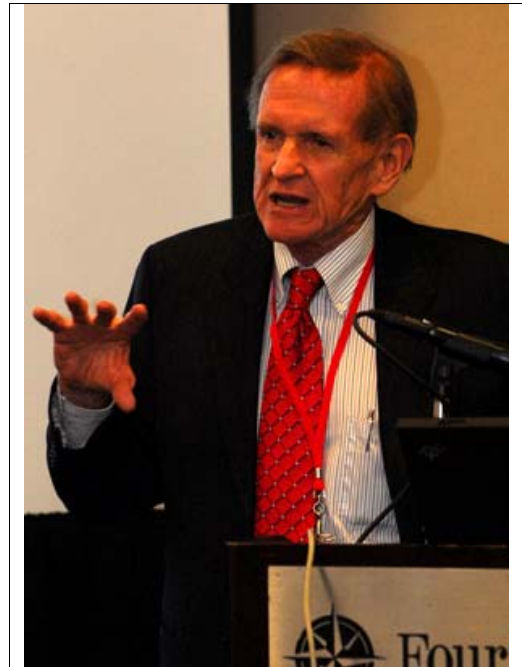
Moderator: Rave Aylakh

Overview of Session:

This session was an overview of Nathan's Country Analytical reports. These reports have been completed for about 30 different countries and Nathan aims to complete a study for all countries receiving USAID EG funding before 2010. Mr. Bruce Bolnick and Dirk Stryker carefully explained the methodology and scope of the reports as well as some of the more striking findings they have encountered. They also mentioned some of the challenges they faced in collection and verifying the data. Countries are measured against two similar countries in a similar region or economic situation; the authors believe that this deepens the impact of the reports. Nathan plans on completing at least 10 more reports next year.

Speaker's Remarks:

- **Conceptual foundation:** economic growth reduces poverty
- **Reports Covers** economic overview, conflict status, private sector enabling environment, and pro-poor growth environment
- **Methodology Considerations:** accessibility, quality of data, distribution, minimal duplication
- **Regression benchmark:** allows everyone to see where every country should be on the curve, estimating the error term; also supports the determination of the statistical significance of indicators
- **Many data problems:** international databases must be carefully scrubbed; even IMF and WB datasets have problems and data is often old, sample sizes too small, and estimates characterized as data
- Explaining targets to USAID missions and how they can affect these targets. What tools do they have to reach these targets?
- **Structural variables:** won't change rapidly while **policy variables** can be changed quickly



Dirk Stryker addresses workshop attendees.
Photo by Paul Goodman.

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- **Findings:** Growth performance is weakly related to GFI/GDP
 - Population below minimum dietary energy consumption: (per capita income and distribution)
 - Negatively correlated with net primary enrollment rate and urbanization
 - Not well correlated with health indicators or per capita GDP \$1500 (PPP)
 - Impact of urbanization rate on public services differs by service
 - Financial sector: development of this sector is not correlated with reductions of poverty
 - Real GDP growth: Best performance is found in Central Asia while the bottom eight are Central American and Caribbean countries
 - GFI: No fixed regional pattern
 - Real GDP growth versus GFI/GDP: very little correlation
 - Provision of public services: Impact of urbanization on availability of public services.: telephones do have an effect while child immunizations do not
 - Remittances are very important for a certain few countries
 - Highest priority to test benchmarking
- **General Comments:** This is a work in progress and final datasets will be released shortly
 - Not an in-depth report of financial report. Only limited to 100 variables. Used the most common one.
 - Problems with indicator selection, often people know they are using bad indicators. There are some things that NO good indicator exists for.
 - Must remember these are cross sectional NOT time-series.
 - International benchmarking and performance: all types of benchmarking has issues. Report is aimed for non-specialists.
 - Look at fairly compact set of indicators-where are the serious constraints. Doesn't tell you what the intervention should be. Can help you decide which areas need more in-depth study. Can't get to precise actions from these studies.
 - Labor market data is extremely difficult to get. USAID might need to help these countries improve data collection.
 - Revised template for rebuilding states. Different from some other countries.

Key Points Discussed During Question & Answer Segment:

Q: Uneasy with studies – how can we measure our impact? How can we impact poverty? Are there other ways of measurement? How can we be sure these are the best measure? Why aren't new indicators being developed?

A: Meant to stir conversation on the importance of measurement. There is a lack of will to invest in more data and better indicators. Data collection is expensive and difficult for many poor countries. Must take a lot of things into account with trying to develop new indicators.

Q: How do you choose the countries? How long does the study take?

A: Centrally funded, EGAT office. Selection can be demand driven and they also have priorities. Also a change in staff to update. Takes about 3-4 weeks for first draft. Final depends on speed of comments.