

## DEFINITIONS

A set of definitions and brief notes on the basic concepts and methods underlying the indicators reported in the regional tables are reproduced below. These notes are taken mostly from the *Reference Manual* currently used by the ADB Development Indicators and Policy Research Division (ERDI). In general, ERDI follows the international standard definitions that have been established by the following organizations and agencies: FAO on land use and agriculture production; ILO on labor force and employment; IMF on money and banking, balance of payments, international reserves, and exchange rates; OECD on official development assistance; UNAIDS on HIV/AIDS; UNESCO on education; UNICEF and WHO on health and nutrition; United Nations on national accounts, population, and other social statistics; and the World Bank on external indebtedness.

Readers interested in obtaining further information and detail are encouraged to refer to both national data sources and publications and to international guidelines and manuals that set out methods, concepts, and classifications.

### POVERTY

**Gini Coefficient** measures the degree to which an economy's income distribution diverges from perfect equal distribution. A value of zero implies perfect equality while a value of one implies perfect inequality.

**Human Development Index**, as compiled by UNDP, is a composite index of longevity (as measured by life expectancy at birth), knowledge (as measured by adult literacy rate and combined enrolment ratio), and decent standard of living (as measured by the adjusted per capita income in PPP US\$).

**Income Ratio of Highest 20% to Lowest 20%** is the income share that accrues to the richest 20% of the population divided by the share of the lowest 20% of the population.

**Population Below \$1 a Day (%)** refers to the percentage of the population whose income/consumption falls below US\$

1.08 per person per day measured at 1993 purchasing power parities.

**Population in Poverty (%)** refers to the percentage of the population whose income/consumption falls below the national poverty line.

**Purchasing Power Parity (PPP)** is a price relative which measures the number of units of country B's currency that are needed in country B to purchase the same quantity of an individual good or service as one unit of country A's currency will purchase in country A.

### EDUCATION

**Gross Enrolment Ratio (%)** for pre-primary, primary, secondary, and tertiary levels of education is the number of pupils enrolled in the given level of education, regardless of age, expressed as a percentage of the population which, according to national regulations, should be enrolled at this level. For countries with universal primary (secondary) education, the gross enrolment ratio may exceed 100 percent because some enrolled pupils are below or above the official school age.

**Literacy Rate 15 Years and over (%)** is the estimated number of literate people aged 15 years and above expressed as a percentage of the total population aged 15 years and above. A person is considered literate if he/she can read and write with understanding a simple statement in any language. Also referred to as Adult Literacy Rate.

**Literacy Rate 15–24 Years Old (%)** is the estimated number of literate people aged 15 to 24 years expressed as a percentage of the total population aged 15 to 24 years. A person is considered literate if he/she can read and write with understanding a simple statement in any language. Also referred to as Youth Literacy Rate.

**Pupils Starting Grade 1 who Reach Grade 5 (%)** refer to the percentage of children starting primary school who eventually attain grade 5. The estimate is based on the reconstructed cohort method, which uses data on enrolment

and repeaters for two consecutive years. Repeaters are pupils who are enrolled in the same grade as the previous year.

## ENVIRONMENT

**Annual Rate of Deforestation (%)** refers to the permanent conversion of natural forest area to other uses during a calendar year, including shifting cultivation, permanent agriculture, ranching, settlements, and infrastructure development. A negative rate indicates reforestation.

**Carbon Dioxide Emissions (per capita metric tons)** is the quantity of carbon dioxide emissions from the burning of fossil fuels and the manufacturing of cement, divided by the population. These emissions include carbon dioxide produced during consumption of solid, liquid, and gas fuels and gas flaring.

**Energy Use per \$1 GDP (PPP)** refers to kilogram of oil equivalent per constant 1995 PPP \$. Energy use refers to apparent consumption, which is equal to indigenous production plus imports and stock changes, minus exports and fuels supplied to ships and aircraft engaged in international transport.

**National Protected Areas (as % of land area)** refer to the percentage of total land area taken as national parks, natural monuments, nature reserves or wildlife sanctuaries, protected landscapes and seascapes, or scientific reserves with limited access by the public (protected areas are considered provided they are at least 1,000 hectares).

**Proportion of Land Area Covered by Forest (%)** is the percentage of total land area with tree crown cover. It includes natural forest and forest plantations.

## HEALTH AND NUTRITION

**Daily Per Capita Protein Supply (grams) and Daily Per Capita Calorie Supply (Calories)** requires the estimation of total food supply by summing the total production and quantity imported, and adjusting for any change in stocks from the beginning to the end of the year or period. Part of

this total available supply is used as feed, seed, exported, put to industrial and other non-food uses or lost during storage and transportation, with the remainder as the food supplies available for human consumption. The latter quantity (by individual food items) is divided by the population size to obtain per capita estimates, which are finally expressed in terms of nutrient elements by applying appropriate food composition factors.

**Population with Access to Safe Water (%)** is the share of the population with reasonable access to an adequate amount of safe water (including treated surface water and untreated but uncontaminated water such as from springs, sanitary wells, and protected boreholes). In urban areas the source may be a public fountain or stand-post located no more than 200 meters away. In rural areas, the definition implies that members of the household do not have to spend a disproportionate part of the day fetching water.

**Population with Access to Sanitation (%)** is the percentage of the population with access to adequate and properly maintained human waste disposal facilities.

**Underweight Children Under Five Years of Age, Prevalence of** measures the proportion of underweight children under-five years old as a percentage of child population under-five. A child is considered to be underweight if his or her weight-for-age ratio is more than two standard deviations below the median weight-for-age of the reference population (National Center for Health Statistics and World Health Organization standard). Underweight is called 'severe' if the weight-for-age ratio is more than three standard deviations below the median weight-for-age of the reference population.

## MORTALITY AND REPRODUCTIVE HEALTH

**Births Attended by Skilled Health Personnel (%)** refers to the number of deliveries supervised by a trained health staff (from pregnancy to delivery and care of the newly-born) as a percentage of the total number of births in the same period. Skilled health personnel include doctors (specialist or non-specialist), and/or persons with midwifery skills who can manage normal deliveries, and diagnose, manage or refer obstetric complications.

**Contraceptive Prevalence Rate (% of married woman 15-49 years)** is the percentage of married women in the 15-49 years age bracket practicing any form of contraception (including women whose partner is engaged in contraception method).

**Crude Birth Rate (per 1,000 population)** is the ratio of the total number of live births in a given year to the midyear total population, expressed per 1,000 people.

**Crude Death Rate (per 1,000 population)** is the ratio of the number of deaths occurring within one year to the midyear total population, expressed per 1,000 people.

**Infant Mortality Rate (per 1,000 live births)** is the number of deaths (excluding fetal deaths) between birth and age one year during the specified year per 1,000 live births within the same year.

**Life Expectancy at Birth (years)** is the number of years that a newborn is expected to live if prevailing patterns of mortality at the time of its birth are to stay the same throughout its life. Its estimation requires construction of a life table, which is a summary presentation of the experience of a cohort over its period of life, in respect with its passage from one state to another. In its simplest form, a life table shows the number living and dying at each age. In practice, life tables are built from estimates of mortality rates by sex and by age or age groups obtained from vital registration records, censuses, and surveys. Despite the availability of sophisticated methods of constructing life tables under different conditions of data availability and quality, the primary determinant to the accuracy of life expectancy estimates still is the accuracy of mortality data. Moreover, the validity of life expectancy estimates to a newborn depends on the assumption that the same mortality rates will prevail throughout his or her life.

**Maternal Mortality Ratio (per 100,000 live births)** counts the number of women who do not survive pregnancy and childbirth complications per 100,000 live births.

**Total Fertility Rate (births per woman)** is the average number of children who would be born alive to a woman during her lifetime, if she were to bear children at each age in accordance with the prevailing age-specific fertility rates.

## POPULATION AND EMPLOYMENT

**Age Dependency Ratio** is the ratio of the non-working age population to the working age population. Since countries define working age population differently, straightforward application to the definition will lead to non-comparable data. In the interest of comparability, ADB uses the UN definition which can be computed directly from a population's age distribution: working age population is the population aged 15 to 64 years, and non working age population is the sum of the population 0-14 years + 65 years and over.

**Age Distribution (as % of total population)** divides the total population into age categories namely: 0-14, 15-64, 65 and above. The frequency count for each age category is divided by the total population.

**Economically Active Population** comprises the total labor force. It is further divided into employed and unemployed.

**Employment (%)** by gender and economic activity is the percentage of the total number of employed for the subject gender that is involved in the specified economic activity.

**Population Growth Rate, Annual (%)** is the number of people added to (or subtracted from) a population in a year due to natural increase and net migration expressed as a percentage of the population at the beginning of the year.

**Population, Total** refers to the midyear *de facto* population estimates. *De facto* population includes all persons physically present in the country during the census day, including foreign military and diplomatic personnel and their accompanying household members, and transient foreign visitors in the country or in harbors.

**Urban population** is the population living in urban areas, as defined in accordance with the national definition or as used in the most recent population census. Because of national differences in the characteristics that distinguish urban from rural areas, the distinction between urban and rural population is not amenable to a single definition that would be applicable to all countries. National definitions are most commonly based on size of locality. Population which is not urban is considered rural.

**Unemployment Rate (%)** is the ratio of unemployed persons over the total labor force.

## AGRICULTURE PRODUCTION

**Cereal Production Per Capita** refers to total production of all cereals—including wheat, paddy rice, barley, maize, millet, and sorghum—divided by total population. Cereal data refer to the calendar year in which the whole harvest or bulk of harvest took place.

**Coconut Production Per Capita** refers to total coconut production divided by total population.

**Maize Production Per Capita** refers to total maize production divided by total population.

**Paddy Production Per Capita** refers to total rice paddy production divided by total population.

## LAND USE

**Arable Land** refers to land under temporary crops (double cropped areas are counted only once), temporary meadows for mowing or pasture, land under market or kitchen gardens, and land temporarily fallow or lying idle. Arable land does not include land under permanent crops. It is cultivated land, both registered and unregistered, including reclaimed riverbed, reclaimed tidal land, slope-land, and virgin land, which have been used for farming purposes.

**Cropped Land** is the land used for agriculture. It is the total of arable land and land under permanent crops. Cropped land can be subdivided further into cropped land irrigated and cropped land non-irrigated.

**Land Area** is the total area excluding areas under inland water bodies.

**Land Area, Total** comprises the land area of the country including areas under inland water bodies (major rivers and lakes).

**Permanent Cropland** is land planted to perennial crops that need not be replanted after each harvest. Examples are coconut, banana, coffee, and rubber plantations.

## NATIONAL ACCOUNTS

The current methodology for computing the national accounts is contained in the international standards embodied in the 1993 System of National Accounts (SNA). However, many countries have yet to adopt this latest system and continue to compile their national accounts in accordance with the methods contained in the 1968 version of the SNA. The transition economies, during the period prior to the abandonment of central planning, compiled their national accounts in accordance with the methods and concepts prescribed in the Material Product System (MPS). The MPS differed from the SNA in a number of ways, more particularly by excluding a large number of services considered “non-productive”. The transition countries have in recent years endeavored to implement the SNA.

**Expenditure on GDP** is made up of private (or household) consumption expenditure, general government consumption expenditure, gross fixed capital formation (private and public investment), changes in inventories, and net exports (exports minus imports) of goods and services. Such expenditures are generally recorded in purchaser prices and so include net indirect taxes.

**General Government Consumption** includes all current outlays on purchases of goods and services (including wages and salaries). It also includes most expenditure on national defence and security, but excludes government military expenditures that are part of public investment.

**Gross Capital Formation** is the total value of gross fixed capital formation, changes in inventories and acquisitions less disposals of valuables.

**Gross Domestic Product (GDP)** represents the total production activity of all resident producer units of a country. Basically, GDP is the sum of the gross value added by all resident producers in the economy plus any taxes and minus 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. Transfer payments are excluded from the calculation of GDP. Value added is the net output of an industry after adding up all outputs and subtracting intermediate inputs. The industrial origin of value added is determined by the International Standard Industrial Classification (ISIC) revision 3. Thus

**Agriculture** corresponds to ISIC divisions 1-5 and includes forestry and fishing, **Industry** comprises value added in mining, manufacturing (also reported as a separate subgroup), construction, electricity, water, and gas (ISIC divisions 10-45), **Manufacturing** refers to industries belonging to divisions 15-37, **Services** correspond to ISIC divisions 50-99. This is GDP calculated from the *production side*.

GDP can also be calculated from the *income side*. In this case, it is equal to the sum of the compensation of employees, mixed income, operating surplus, consumption of fixed capital, indirect taxes net of subsidies, and import duties.

Finally, GDP can be calculated from the *expenditure side*. In this instance, it is equal to the sum of the final uses of goods and services measured in purchaser's prices, less imports valued free-on-board.

Data on GDP estimates converted through purchasing power parities (PPP) under the International Comparison Program (ICP) coordinated by the United Nations are not shown in this publication, mainly because of the lack of continuous series and more current data for many of the Bank's DMCs.

**Gross Domestic Savings** are calculated as the difference between GDP and total consumption, where total consumption is the sum of private consumption and government consumption. Alternatively, it is equal to the sum of saving accruing from enterprises, general government, households and the surplus of the nation on current account without deduction of allowance for fixed capital consumption.

**Gross Fixed Capital Formation** is the total value of acquisitions, less disposals, of fixed assets plus certain additions to the values of non-produced assets. Fixed assets are tangible or intangible assets; where tangible assets include dwellings, buildings and structures, machinery and equipment, and trees and livestock; and intangible assets include mineral exploration, computer software, entertainment, literary or artistic originals. Non-produced assets refer mainly to land. Included in gross fixed capital formation are major improvements to non-produced assets and costs associated with the transfer of ownership of non-produced assets.

**Gross National Income (GNI)** is the new term for gross national product (GNP). It is GDP plus net receipts of primary income (compensation of employees and property income) from abroad. GNI, calculated in national currency, is usually converted to U.S. dollars at official exchange rates for comparisons across economies, although an alternative rate is used when the official exchange rate is judged to diverge by an exceptionally large margin from the rate actually applied in international transactions. The special Atlas method of conversion is used by the World Bank to smooth fluctuations in prices and exchange rates. This applies a conversion factor that averages the exchange rate for a given year and the two preceding years, adjusted for differences in rates of inflation between the country, and through 2000, the G-5 countries (France, Germany, Japan, the United Kingdom, and the United States). For 2001 onwards, these countries include the Euro Zone, Japan, the United Kingdom, and the United States.

**Increase in Stocks or Change in Inventories** refer to the difference between the value of stocks/inventories at the beginning and at the end of the accounting period. Inventories are materials and supplies that an enterprise holds in stock with the intention of using them as intermediate inputs into production, and work-in progress consisting of output that is not yet finished.

**Net Exports and Imports of Goods and Services** represent the value of all goods and other market services provided to or received from the rest of the world. Included is 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. Labor and property income (formerly called factor services) is also included, plus statistical discrepancy

**Per Capita GNI (US\$)**, formerly per capita GNP, is the gross national income, converted to U.S. dollars using the World Bank Atlas method, divided by the midyear population.

**Private Consumption** is the market value of all goods and services, including durable products (such as cars, washing machines, and home computers), purchased or received as income in kind by households. It excludes purchases of dwellings but includes imputed rent for owner-occupied dwellings. It also includes payments and fees to

governments to obtain permits and licenses. The expenditures of nonprofit institutions are also recorded as the consumption of households. In practice, private consumption may include any statistical discrepancy in the use of resources relative to the supply of resources.

**Resource Gap** is the difference between gross capital formation and gross domestic savings.

## PRICE INDEXES

**Consumer Price Index (CPI)** measures changes over time in the cost of a typical basket of goods and services purchased by a chosen group of consumers. Typically, the basket of goods and services differs among countries and the CPI may pertain to a target group in the main city or principal cities only. The price data of the different goods and services included in the CPI are normally weighted in proportion to the relative importance of each item to total consumption expenditure. The weights are based on expenditure data collected by means of a household expenditure survey, typically carried out at five-year intervals. Most countries use a Laspeyres' type index; some compile a retail price index, which, except for its usually broader coverage of goods and services at the retail stage of distribution, is often meant to be used interchangeably with the CPI.

**Inflation Rate** is the rate of increase of the level of prices during a given period. It is the percentage change of the CPI between two points of time.

## GOVERNMENT FINANCE

**Fiscal Balance (Surplus/ Deficit)** is the difference between total revenue and total expenditure. This provides a picture of the overall financial position of the government. When the difference is positive, then the fiscal position is in surplus, otherwise, it is in deficit.

**Total Expenditure** is the sum of current and capital expenditures. Current expenditure comprises purchases of goods and services by the central government, transfers to non-central government units and to households, subsidies to producers, and interest on public debt. Capital

expenditure, on the other hand, covers outlays for the acquisition or construction of capital assets and for the purchase of land and intangible assets, as well as capital transfers to domestic and foreign recipients. Loans and advances for capital purposes are also included.

**Total Revenue** includes current and capital revenues. Current revenue is the revenue accruing from taxes, as well as all current non-tax revenues except transfers received from other (foreign or domestic) governments and international institutions. Major items of non-tax revenue include receipts from government enterprises, rents and royalties, fees and fines, forfeits, private donations, and repayments of loans properly defined as components of net lending. Capital revenue constitutes the proceeds from the sale of non-financial capital assets.

## EXTERNAL TRADE

**Harmonized System (HS)** is a multipurpose international product nomenclature developed by the World Customs Organization (WCO). The Harmonized Commodity Description and Coding System, generally referred to as "Harmonized System" or simply "HS", comprises about 5,000 commodity groups, each identified by a six digit code, arranged in a legal and logical structure and is supported by well-defined rules to achieve uniform classification. The system is used by more than 177 countries and economies as a basis for their customs tariffs and for the collection of international trade statistics. Over 98% of the merchandise in international trade is classified in terms of the HS. The HS is thus a universal economic language and code for goods, and an indispensable tool for international trade.

### Standard International Trade Classification (SITC)

Revision 3 is used for compiling international trade statistics on all merchandise entering international trade and to promote international comparability of international trade statistics. The commodity groupings of SITC reflect (a) the materials used in production, (b) the processing stage, (c) market practices and uses of the products, (d) the importance of the commodities in terms of world trade, and (e) technological changes. The SITC identifies subgroups identified in the UN's Standard International Trade Classification Revision 3 and includes all commodities of international trade. The SITC is linked to the Harmonized

System, which is the primary classification for recording external merchandise trade.

## BALANCE OF PAYMENTS

**Current Account Balance** refers to the balance on goods, services, and income or that balance plus either private unrequited transfers or all unrequited transfers. The balance on goods, services, and income alone measures the net transfer of real resources between an economy and the rest of the world.

**Foreign Direct Investment** covers all capital transactions between investment enterprises and the direct investors themselves or any of those investors' other direct investment enterprises. The sub-classification of investment abroad and in the reporting economy into equity capital, reinvestment of earnings, other long-term capital, and short-term capital should not be seen as contradicting the basic premise that the behavior of direct investment flows reflects a lasting interest on the part of the direct investor.

**Merchandise Exports/ Imports** covers all movable goods, with a few specified exceptions, the ownership of which changes between a resident and a foreigner. For export, it represents the value of the goods and related distributive services at the customs frontier of the exporting economy, i.e., the f.o.b. (free on board) value. Merchandise imports, on the other hand, are reported in c.i.f. (cost plus insurance plus freight) values. Adjustments in terms of coverage of goods, time of recording, and valuation are made to bring the customs figures in line with BOP concepts.

**Portfolio Investment** covers transactions in equity securities and debt securities; the latter are sub-sectored into bonds and notes, money market instruments, and financial derivatives (such as options) when the derivatives generate financial claims and liabilities. Various new financial instruments are covered under appropriate instrument classifications.

**Total Trade** is the sum of exports and imports of goods and services, calculated as a share of GNP.

**Trade Balance** is the difference between exports and imports of goods and services.

## FINANCIAL FLOWS

**Aggregate Net Resource Flows** refer to the sum of net official and private capital flows. Net flow is disbursements less principal repayments.

**Net Private Flows** refer to the sum of net foreign direct investment, portfolio equity flows, net flows of long-term public and publicly guaranteed debt from private creditors, and net flows of total private non-guaranteed debt.

**Official Flows** refer to net flows of long-term public and publicly-guaranteed debt from official creditors and grants, including technical cooperation grants.

## INTERNATIONAL RESERVES

**International Reserves, Total** is the total holdings by monetary authorities (central banks, currency boards, exchange stabilization funds, and treasuries to the extent that they perform similar functions) of gold, Special Drawing Rights (SDRs), reserve positions in the IMF, and foreign exchange. For purposes of comparability, the regional table on international reserves value gold holdings at London market prices, unless otherwise specified. However, the country tables record gold at national valuation. SDRs are unconditional international reserve assets created by the IMF whereas reserve positions are unconditional assets arising from countries' reserve assets subscriptions to the IMF, from the Fund's use of members' currencies, and from Fund borrowings. Foreign exchange is defined as monetary authorities' claims on foreigners in the form of bank deposits, treasury bills, short and long-term government securities, and other claims usable in the event of a balance of payments deficit, including non-marketable claims arising from inter-central bank and inter-governmental arrangements, without regard to whether the claim is denominated in the currency of the debtor or the creditor.

**Ratio of International Reserves to Imports (months)** is the international reserves outstanding at the end of the year as percentage of imports from the balance of payments during the year, where imports are expressed in terms of monthly average.

## DEBT INDICATORS

**Concessional Debt** is defined as loans with an original grant element of 25 percent or more. The grant equivalent of a loan is its commitment (present) value less the discounted present value of its contractual debt service.

**Concessional Debt / Long-term Debt** refers to the ratio of long-term concessional debt to total long-term debt.

**Debt Service as a Percentage of Exports of Goods and Services** include payments for interest and amortization of principal of external debt as a percentage of receipts from export of goods and services.

**Debt Service, Total** refers to principal and interest payments in the year specified on total long-term debt, IMF repurchases and charges, and interest on short-term debt.

**External Debt, Total** is the total stock of external liabilities of a country owed to non-residents, regardless of maturity and mode of payment. It is the sum of public and publicly-guaranteed long-term debt, private non-guaranteed long-term debt, the use of IMF credit, and short-term debt as reported in the WB Debtor Reporting System. ADB and similar development financing institutions are particularly interested in external debt payable only in foreign currency, and or in goods and services. Indebtedness is assessed on a three point scale: *severely indebted, moderately indebted, and less indebted.*