

# Economics and Financial Flows

Sources: World Bank, United Nations Conference on Trade and Development

	Gross Domestic Product (GDP), Constant 1995 \$US						Financial Flows (million current \$US)			Workers' Remittances as a Percent of Gross National Income (GNI) 2002	Average Annual Inflation (b) (percent) 1998-2003	
	Total (million dollars) 2002	Average Annual Growth Rate (percent) 1992-2002	Per Capita (dollars) 2002	Distribution by Sector (percent)			Cross-Border Mergers and Acquisitions (net inflows) (a) 2003	Foreign Direct Investment (net inflows) 2002	Official Development Assistance and Aid 2002			
				Agriculture 2002	Industry 2002	Services 2002						
<b>World</b>	<b>35,065,010</b>	<b>2.8</b>	<b>5,708</b>	<b>4</b>	<b>28</b>	<b>68</b>	<b>c</b>	<b>..</b>	<b>630,827</b>	<b>69,815</b>	<b>..</b>	<b>..</b>
<b>Asia (excl. Middle East)</b>	<b>9,182,585</b>	<b>2.6</b>	<b>2,738</b>	<b>6</b>	<b>33</b>	<b>61</b>	<b>c</b>	<b>..</b>	<b>91,267</b>	<b>13,009</b>	<b>0.28</b>	<b>..</b>
Armenia	4,591	5.4	777	26	37	37		25	111	293	0.42	1.6
Azerbaijan	4,132	1.2	638	16	52	32		1,387	1,392	349	2.78	(0.3) d
Bangladesh	53,751	5.0	396	23	26	51		437	47	913	5.57	3.5
Bhutan	494	7.0	580	34	37	29		..	0	73	..	3.5
Cambodia	4,062	4.8	395	36	28	36		0.3	54	487	3.19	1.1
China	1,206,605	9.0	944	15	51	34		2,174	49,308	1,476	0.14	(0.0)
Georgia	2,783	2.1	861	21	23	56		1	165	313	1.41	7.4 d
India	517,843	6.0	493	23	27	51		(414)	3,030	1,463	1.68	4.1
Indonesia	224,386	2.5	1,060	17	44	39		2,029	(1,513)	1,308	0.84	10.3
Japan	5,608,145	1.1	45,029	1	31	68	<b>c</b>	2,506	9,087	..	0.02	(0.6)
Kazakhstan	28,009	0.4	1,933	9	39	53		337	2,583	188	0.47	8.6
Korea, Dem People's Rep	..	..	..	..	..	..		..	..	267	..	..
Korea, Rep	680,293	5.3	14,937	4	34	63		3,095	..	(82)	..	2.8
Kyrgyzstan	2,055	0.7	459	38	23	39		5	5	186	2.77	11.6
Lao People's Dem Rep	2,640	6.3	477	51	23	26	<b>c</b>	..	25	278	..	26.1
Malaysia	116,937	5.3	4,811	9	47	44		(3,601)	3,203	86	..	1.7
Mongolia	1,077	2.8	442	30	16	54		7	78	208	5.29	6.2
Myanmar	..	..	..	..	..	..		417	129	121	..	24.7
Nepal	5,803	4.6	242	41	21	38		..	10	365	3.06	3.8
Pakistan	76,385	3.4	521	23	23	53		..	823	2,144	5.81	3.6
Philippines	95,570	3.7	1,209	15	33	53		229	1,111	..	0.23	4.6
Singapore	113,486	6.1	27,533	0	35	65		(3,252)	6,097	7	..	0.6
Sri Lanka	16,909	4.6	899	20	26	54		76	242	344	8.01	8.8
Tajikistan	2,863	(3.0)	271	29	25	46		..	9	168	7.10	..
Thailand	183,981	2.5	3,000	9	43	48		(121)	900	296	..	1.2
Turkmenistan	9,909	1.5	911	25	44	30	<b>c</b>	..	100	41	..	..
Uzbekistan	13,341	2.3	693	35	22	44		21	65	189	..	..
Viet Nam	33,203	7.4	413	23	39	38		14	1,400	1,277	..	1.4
<b>Europe</b>	<b>11,451,996</b>	<b>2.1</b>	<b>16,010</b>	<b>2</b>	<b>28</b>	<b>69</b>	<b>..</b>	<b>..</b>	<b>402,391</b>	<b>9,024</b>	<b>..</b>	<b>..</b>
Albania	3,420	5.8	1,114	25	19	56		2	135	317	14.19	2.7
Austria	272,562	2.2	34,044	2	32	66		371	886	..	0.18	1.9
Belarus	15,684	2.0	2,118	11	37	52		2	247	39	..	93.7
Belgium	323,356	2.4	31,094	1	27	72		15	..	..	..	2.0
Bosnia and Herzegovina	6,886	..	1,671	18	37	45		0.1	293	587	13.70	..
Bulgaria	13,634	0.3	1,742	13	28	59		383	600	381	..	6.2
Croatia	24,288	3.6	5,500	8	29	62		581	981	166	3.24	3.3
Czech Rep	58,107	2.0	5,695	4	40	57		1,615	9,323	393	..	2.8
Denmark	210,690	2.6	39,661	3	27	71		(1,340)	6,410	..	..	2.5
Estonia	6,790	3.7	4,315	5	30	65		3	285	69	0.10	3.9
Finland	169,358	4.0	32,284	3	33	64		2,957	8,156	..	..	2.1
France	1,822,901	2.2	30,790	3	25	72		8,718	52,020	..	0.06	1.6
Germany	2,706,380	1.5	32,826	1	30	69		5,489	37,296	..	..	1.4
Greece	150,494	3.0	14,162	7	22	70		572	53	..	0.95	3.3
Hungary	58,300	3.4	5,903	4	31	65		160	854	471	0.08	7.9
Iceland	9,041	3.7	31,385	..	..	..		(147)	125	..	..	4.7
Ireland	116,935	8.6	30,551	3	42	54	<b>c</b>	(1,516)	24,697	..	0.06	4.3
Italy	1,229,818	1.8	21,396	3	29	69		10,597	14,699	..	0.03	2.5
Latvia	7,238	3.4	3,033	5	25	71		12	382	86	0.03	2.4
Lithuania	9,244	2.5	2,999	7	31	62		135	713	147	0.27	0.6
Macedonia, FYR	4,928	0.8	2,432	12	30	57		0.2	77	277	2.65	3.3
Moldova, Rep	3,103	(4.0)	488	24	23	53		19	111	142	0.09	18.3
Netherlands	503,046	3.0	31,287	3	26	71		674	28,534	..	..	3.1
Norway	176,295	3.2	40,043	2	38	60		5,276	1,008	..	..	2.5
Poland	145,305	4.8	4,557	3	30	66		273	4,131	1,160	0.62	5.3
Portugal	131,930	3.0	13,034	4	30	66	<b>c</b>	1,625	4,235	..	2.47	3.4
Romania	36,010	0.6	1,652	13	38	49		492	1,144	701	0.02	32.7
Russian Federation	393,851	(0.8)	3,273	6	34	60		(884)	3,009	1,301	0.08	26.3
Serbia and Montenegro	14,932	0.1	1,798	..	..	..		863	475	1,931	17.97	..
Slovakia	24,852	3.9	4,655	4	29	67		160	4,012	189	..	8.1
Slovenia	24,553	4.1	12,326	3	36	61		(14)	1,865	171	0.08	7.6
Spain	736,495	3.2	18,050	3	30	66		(428)	21,284	..	0.66	3.2
Sweden	286,614	2.7	33,665	2	28	70		(107)	11,828	..	0.08	1.7
Switzerland	339,642	1.3	46,554	..	..	..		2,977	3,599	..	0.06	1.0
Ukraine	50,566	(4.7)	1,028	15	38	47		191	693	484	0.35	13.2
United Kingdom	1,354,618	2.9	22,974	1	26	73		(25,556)	28,180	..	..	2.1
<b>Middle East &amp; N. Africa</b>	<b>744,095</b>	<b>1.7</b>	<b>2,666</b>	<b>13</b>	<b>32</b>	<b>55</b>	<b>..</b>	<b>..</b>	<b>..</b>	<b>9,145</b>	<b>1.42</b>	<b>..</b>
Afghanistan	..	..	..	52	24	24		..	..	1,285	..	..
Algeria	51,888	2.6	1,665	10	53	37		3	1,065	361	..	2.2
Egypt	82,939	4.7	1,253	17	33	50		2,198	647	1,286	2.96	2.9
Iran, Islamic Rep	117,104	3.5	1,819	12	39	49		..	37	116	..	14.7
Iraq	..	..	..	..	..	..		..	..	116	..	..
Israel	106,383	4.6	16,676	..	..	..		(549)	1,649	754	..	2.7
Jordan	8,589	3.7	1,662	2	26	72		990	56	534	21.05	1.4
Kuwait	27,282	3.4	11,598	..	..	..		(441)	7	5	..	1.7
Lebanon	12,736	3.3	2,922	12	21	67		98	257	456	5.50	..
Libyan Arab Jamahiriya	..	..	..	..	..	..		(430)	..	10	..	(5.1) d
Morocco	43,761	3.0	1,455	16	30	54		1,624	428	636	8.29	1.5
Oman	15,940	3.9	6,147	..	..	..		(125)	40	41	..	(0.7)
Saudi Arabia	141,592	1.3	7,562	5	51	44		(473)	..	27	..	(0.6)
Syrian Arab Rep	13,618	3.5	805	24	29	47		..	225	81	..	(0.8) d
Tunisia	25,253	4.7	2,573	10	29	60		..	795	475	5.49	2.6
Turkey	204,869	2.8	2,947	13	24	63		275	1,037	636	1.11	49.2
United Arab Emirates	..	..	17,520	..	..	..		(36)	..	4	..	..
Yemen	5,838	5.4	330	15	40	44		..	114	584	14.10	9.7



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	Total (million dollars) 2002	Average Annual Growth Rate (percent) 1992-2002	Per Capita (dollars) 2002	Distribution by Sector (percent)			Cross-Border Mergers and Acquisitions (net inflows) (a) 2003	Foreign Direct Investment (net inflows) 2002	Official Development Assistance and Aid 2002		
				Agriculture 2002	Industry 2002	Services 2002					
<b>Sub-Saharan Africa</b>	<b>393,001</b>	<b>3.1</b>	<b>593</b>	<b>17</b>	<b>29</b>	<b>53</b>	..	<b>7,826</b>	<b>17,507</b>	..	..
Angola	8,305	5.2	623	8	68	24	..	1,312	421	..	175.5
Benin	2,872	5.0	443	36	14	50	..	41	220	2.70	2.8
Botswana	7,245	5.7	3,983	2	47	50	..	37	38	..	7.9
Burkina Faso	3,051	4.5	284	31	18	51	..	8	473	1.52	1.8
Burundi	1,012	(1.6)	143	49	19	31	..	0	172	..	8.8
Cameroun	11,038	3.6	710	44	19	37	..	86	632	..	1.6 d
Central African Rep	1,331	3.0	332	57	22	21	..	4	60	..	2.6
Chad	2,017	3.3	238	38	17	45	..	901	233	..	3.8
Congo	2,560	1.9	700	6	63	30	..	331	420	0.05	1.5
Congo, Dem Rep	4,660	(3.4)	90	58	19	23	..	32	807	..	276.8 d
Côte d'Ivoire	11,941	3.4	776	26	20	53	..	230	1,069	..	3.0
Equatorial Guinea	742	24.2	2,444	9	86	5	..	323	20	..	..
Eritrea	716	5.0	160	12	25	63	..	21	230	..	..
Ethiopia	8,334	5.5	122	42	11	47	..	75	1,307	0.51	1.8
Gabon	5,685	2.6	4,323	8	46	46	..	123	72	..	..
Gambia	509	3.7	356	26	14	60	..	43	61	..	3.9 d
Ghana	8,671	4.2	437	36	24	40	..	55	50	0.79	22.9
Guinea	4,861	4.3	633	24	37	39	1	0	250	0.48	..
Guinea-Bissau	241	0.1	187	62	13	25	..	1	59	..	2.7
Kenya	10,172	2.1	323	16	19	65	(2)	50	393	..	6.4
Lesotho	1,205	3.7	552	16	43	41	..	81	76	0.19	..
Liberia	657	17.2	197	..	..	..	(37)	(65)	52	..	..
Madagascar	3,562	2.6	215	32	13	55	5 e	8	373	..	9.3
Malawi	1,744	3.8	157	37	15	49	..	6	377	0.05	23.3
Mali	3,548	4.6	327	34	30	36	..	102	472	3.30	1.9
Mauritania	1,451	4.4	533	21	29	50	..	12	355	..	4.2
Mozambique	4,229	8.3	223	23	34	43	88 e	406	2,058	..	11.3
Namibia	4,398	3.9	2,411	11	31	58	67	..	135	0.10	9.4
Niger	2,387	3.3	209	40	17	43	..	8	298	..	1.7
Nigeria	32,953	2.3	254	37	29	34	..	1,281	314	..	12.2
Rwanda	2,405	4.2	295	42	22	37	..	3	356	0.38	2.9
Senegal	6,287	4.7	618	15	22	63	..	93	449	..	1.6
Sierra Leone	862	(2.9)	165	53	32	16	..	5	353	..	4.9
Somalia	..	..	..	..	..	..	..	(0)	194	..	..
South Africa	182,280	2.7	4,201	4	32	64	995	739	657	..	6.3
Sudan	11,507	6.0	335	39	18	43	768 e	633	351	7.36	8.7 k
Tanzania, United Rep	7,179	3.9	213	44	16	39	2	240	1,233	..	..
Togo	1,545	3.1	320	40	22	38	..	75	51	4.13	2.0
Uganda	8,597	6.7	363	32	22	46	..	150	638	6.15	3.1
Zambia	4,292	1.5	422	22	26	52	..	197	641	..	24.0 d
Zimbabwe	6,771	1.2	521	17	24	59	..	26	201	..	77.0 d
<b>North America</b>	<b>9,962,239</b>	<b>3.5</b>	<b>31,089</b>	<b>2</b>	<b>23</b>	<b>75 c</b>	..	<b>60,134</b>	..	..	..
Canada	741,060	3.6	23,621	..	..	..	(10,884)	20,501	..	..	2.4
United States	9,221,179	3.5	31,891	2	23	75 c	(12,726)	39,633	..	..	2.5
<b>C. America &amp; Caribbean</b>	<b>473,654</b>	<b>2.7</b>	<b>3,009</b>	<b>6</b>	<b>27</b>	<b>68</b>	..	<b>18,609</b>	<b>2,254</b>	<b>2.48</b>	..
Belize	817	4.2	3,568	15	20	65	..	25	22	1.71	1.1
Costa Rica	15,479	4.6	3,938	8	29	62	11	662	5	1.32	10.3
Cuba	..	..	..	..	..	..	..	..	61	..	..
Dominican Rep	18,388	6.2	2,128	12	33	55	..	961	157	9.71	9.9
El Salvador	11,501	3.8	1,758	9	30	61	417	208	233	14.31	2.3
Guatemala	18,532	3.8	1,552	22	19	58	..	110	249	7.51	6.6
Haiti	2,851	0.8	338	27	16	57	..	6	156	..	15.5
Honduras	4,806	2.8	716	13	31	56	..	143	435	11.35	9.5
Jamaica	5,682	0.1	2,107	6	31	63	(4,127)	481	24	16.03	7.6
Mexico	374,729	3.2	3,721	4	26	70	..	14,622	136	1.64	7.9
Nicaragua	..	..	497	18	25	57	..	174	517	9.88	7.7
Panama	11,288	3.8	3,418	6	14	80	(120)	57	35	0.72	1.0
Trinidad and Tobago	7,206	4.2	5,526	2	41	58	87	737	(7)	..	4.2
<b>South America</b>	<b>1,643,751</b>	<b>2.3</b>	<b>4,093</b>	<b>8</b>	<b>26</b>	<b>66</b>	..	<b>26,319</b>	<b>2,386</b>	<b>0.65</b>	..
Argentina	249,537	1.3	6,842	11	32	57	1,788	785	0	..	6.6
Bolivia	8,240	3.5	952	15	33	52	..	677	681	1.05	2.4
Brazil	810,244	2.7	4,642	6	21	73	2,206	16,566	376	0.34	8.1
Chile	84,689	5.0	5,441	9	34	57	56	1,713	(23)	..	3.2
Colombia	99,472	2.0	2,276	14	30	56	35	2,023	441	3.03	8.2
Ecuador	223,511	1.8	1,796	9	28	63	273	1,275	216	7.49	39.7
Guyana	724	3.5	950	31	29	41	0.3 e	44	65	7.75	5.2 d
Paraguay	9,382	1.5	1,701	22	28	50	..	(22)	57	1.52	9.3
Peru	64,305	4.0	2,380	8	28	64	156	2,391	491	1.30	2.2
Suriname	447	2.9	1,905	11	20	69	..	..	12	1.53	42.1
Uruguay	18,469	1.2	5,447	9	27	64	9	177	13	0.24	8.8
Venezuela	74,732	0.4	2,978	3	43	54	164	690	57	..	19.7
<b>Oceania</b>	<b>567,617</b>	<b>3.7</b>	<b>18,031</b>	<b>4</b>	<b>26</b>	<b>70 c</b>	..	<b>17,585</b>	<b>1,319</b>	..	..
Australia	485,640	4.0	24,455	4	26	71 c	(4,836)	16,622	..	..	3.4
Fiji	2,396	2.7	2,736	16	27	57	1	77	34	..	2.4
New Zealand	73,613	3.2	18,947	..	..	..	1,199	823	..	0.41	2.1
Papua New Guinea	4,600	1.1	879	27	39	33	82	50	203	..	12.9
Solomon Islands	234	(1.3)	534	..	..	..	..	(7)	26	..	8.3
<b>High Income (l)</b>	<b>28,547,160</b>	<b>2.6</b>	<b>29,541</b>	<b>2</b>	<b>27</b>	<b>71 c</b>	..	<b>483,001</b>	<b>1,852</b>	..	..
<b>Middle Income (l)</b>	<b>5,864,176</b>	<b>3.4</b>	<b>1,979</b>	<b>9</b>	<b>34</b>	<b>56</b>	..	<b>133,443</b>	<b>27,370</b>	..	..
<b>Low Income (l)</b>	<b>979,032</b>	<b>5.0</b>	<b>431</b>	<b>26</b>	<b>26</b>	<b>48</b>	..	<b>14,640</b>	<b>27,652</b>	..	..

a. Equal to the value of sales minus purchases for all cross-border mergers & acquisitions (M&As). b. Based on the Consumer Price Index (CPI). c. Sectoral GDP data for these countries and regions are from 2001. d. Average annual growth from 1998-2002. e. Data are for cross-border sales only; purchases are either equal to zero or data are unavailable. f. For the time period 1995-2002. g. For the time period 1992-2001. h. For the time period 1992-2000. i. Values are from 2001. j. Values are from 2000. k. Average annual growth from 1998-2001. l. With the exception of FDI inflows regional aggregates for low-, middle-, and high-income countries are obtained directly from the World Bank, not calculated from a list of countries by WRI.



# Economics and Financial Flows: Technical Notes

## DEFINITIONS AND METHODOLOGY

**Gross Domestic Product (GDP), Constant 1995 Dollars** is the sum of the value added by all producers in an economy. Data are expressed in millions of U.S. dollars. Currencies are converted to dollars using the International Monetary Fund's (IMF) average official exchange rate for 2002. Gross domestic product estimates at purchaser values (market prices) include the value added in the agriculture, industry, and service sectors, plus taxes and minus subsidies not included in the final value of the products. It is calculated without making deductions for depreciation of fabricated assets or for depletion of natural resources. To obtain series of constant price data that one can compare over time, the World Bank rescales GDP and value added by industrial origin to a common reference year, currently 1995.

National accounts indicators for most developing countries are collected from national statistical organizations and central banks by visiting and resident World Bank missions. The data for high-income economies are obtained from the Organisation for Economic Cooperation and Development (OECD) data files (see the OECD's monthly *Main Economic Indicators*). Additional data are obtained from the United Nations Statistics Division's *National Accounts Statistics: Main Aggregates and Detailed Tables* and *Monthly Bulletin of Statistics*.

**Average Annual Growth Rate** of GDP is the average percentage growth of a country or region's economy for each year between (and including) 1992 and 2002. WRI assumes compound growth and uses the least-squares method to calculate average annual percent growth. The least squares method works by fitting a trend line to the natural logarithm of annual GDP values. The slope ( $m$ ) of this trend line is used to calculate the annual growth rate ( $r$ ) using the equation  $r = e^m - 1$ . The growth rate is an average rate that is representative of the available observations over the entire period. It does not necessarily match the actual growth rate between any two periods.

**Gross Domestic Product Per Capita** is the total annual output of a country's economy divided by the mid-year population. GDP per capita values are obtained directly from the World Bank.

**Distribution of GDP by Sector** is the percent of total output of goods and services that are a result of value added by a given sector. These goods and services are for final use occurring within the domestic territory of a given country, regardless of the allocation to domestic and foreign claims. Value added is the net output of a sector 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. The ISIC is a classification system for economic activity developed and maintained by the United Nations.

**Agriculture** corresponds to ISIC divisions 1-5 and includes forestry and fishing. **Industry** corresponds to ISIC divisions 10-45 and comprises the mining, manufacturing, construction, electricity, water, and gas sectors. **Services** correspond to ISIC divisions 50-99 and include value added in 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. Value added from services is calculated as total GDP less the portion from agriculture and industry, so any discrepancies that may occur in the GDP distribution by sector calculation will appear here.

**Cross-Border Mergers and Acquisitions (M&As)** are defined as the joining of two firms or the takeover of one by another when the parties involved are based in different national economies. Data are presented here as the net inflows of M&A capital (sales less purchases) and are in millions of U.S. dollars.

The United Nations Conference on Trade and Development (UNCTAD) obtains these data from Thomson Financial Securities Data Company. Data are reported at the time of transaction and recorded by the governments of both the target firm and the purchasing firm. WRI calculates net inflows by subtracting the total value of purchases of firms within a country from total value of acquisitions made by firms within that country. Transaction amounts are recorded at the time of transfer, rather than contract.

**Foreign Direct Investment (FDI)** is private investment in a foreign economy to obtain a lasting management interest (10 percent or more of voting stock) in an enterprise. The IMF defines FDI in its *Balance of Payments Manual* as the sum of equity investment, reinvestment of earnings, and inter-company loans between parent corporations and foreign affiliates. Data are in million current U.S. dollars. FDI became the dominant means for funds transfer from rich to poor countries after the liberalization of global financial markets in the 1970s and accounts for more than one-half of financial flows to developing countries. Data are based on balance of payments information reported by the IMF, supplemented by data from the OECD and official national sources.

**Official Development Assistance (ODA) and Aid** includes concessions by governments and international institutions to developing countries to promote economic development and welfare. The data shown here record the actual receipts of financial resources or of goods or services valued at the cost to the donor, less any repayments of loan principal during the same period. Values are reported in million current US dollars. Grants by official agencies of the members of the Development Assistance Committee (DAC) of the OECD are included, as are loans with a grant element of at least 25 percent, and technical cooperation and assistance. The data on development assistance are compiled by the DAC and published in its annual statistical report, *Geographical Distribution of Financial Flows to Aid Recipients*, and the DAC annual *Development Co-operation Report*.

WRI calculates **Remittances as a Percent of GNI** by dividing workers' remittances by Gross National Income. Both values are originally in current U.S. dollars, and the quotient is expressed as a percentage.

Workers' remittances include the transfer of earned wages by migrant workers to their home country. It includes all 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. Transfers made by self-employed workers are not considered remittances, as this indicator attempts to describe money raised through labor rather than entrepreneurial activity. Since 1980, recorded remittance receipts to low- and middle-income countries have increased six-fold.

**Average Annual Inflation Rate** is the average annual percentage change in consumer prices between (and including) 1998 and 2003. The inflation rates shown here are based on the Consumer Price Index (CPI), which measures the change in cost to the average consumer of acquiring a basket of goods and services, using the Laspeyres formula. WRI assumes compound growth and uses the least-squares method to calculate average annual percent growth. The least squares method works by fitting a trend line to the natural logarithm of annual consumer price values. The slope ( $m$ ) of this trend line is used to calculate the annual growth rate ( $r$ ) using the equation  $r = e^m - 1$ . The growth rate is an average rate that is representative of the available observations over the entire period. It does not necessarily match the actual growth rate between any two periods.



## FREQUENCY OF UPDATE BY DATA PROVIDERS

The World Bank publishes *World Development Indicators* each year in April. Data for this table were taken from the 2004 on-line edition, which typically include values through 2002 or 2003. UNCTAD updates the *World Investment Report* annually.

## DATA RELIABILITY AND CAUTIONARY NOTES

**Gross Domestic Product:** The World Bank produces the most reliable global GDP estimates available. Informal economic activities sometimes pose a measurement problem, however, especially in developing countries, where much economic activity may go unrecorded. Obtaining a complete picture of the economy requires estimating household outputs produced for local sale and home use, barter exchanges, and illicit or deliberately unreported activity. Technical improvements and growth in the services sector are both particularly difficult to measure. How consistent and complete such estimates will be depends on the skill and methods of the compiling statisticians and the resources available to them. Because values are measured in U.S. dollars, these data do not account for differences in purchasing power among countries.

**Mergers and Acquisitions:** Values are calculated based on the year that a deal closes, not at the time a deal is announced. M&A values may be paid out over more than one year. Data are accepted “as is” from national surveys. Some underreporting of data may occur, though as all transactions are registered in both the country of the purchasing firm and the targeting firm, this is likely to be uncommon.

**Foreign Direct Investment:** Because of the multiplicity of sources, definitions, and reporting methods, data may not be comparable across countries. (Data do not include capital raised locally, which has become an important source of financing in some developing countries.) In addition, data only capture cross-border investment flows when equity participation is involved and thus omit non-equity cross-border transactions. For a more detailed discussion, please refer to the World Bank’s *World Debt Tables 1993-1994*, volume 1, chapter 3.

**Official Development Assistance:** Data are not directly comparable, since the ODA figures do not distinguish among different types of aid, which can affect individual economies in different ways. Because data are based on donor-country reports, they may not match aid receipts recorded in developing and transition economies. According to the World Bank, “the nominal values used here may overstate the real value of aid to the recipient.” The purchasing power of foreign aid can decrease when price and exchange rates fluctuate, grants are tied to specific policy restrictions, or technical assistance pays for the work of firms in other countries.

**Worker Remittances:** Data on worker remittances are reported by the countries receiving the transfers. Variations in reporting standards do exist, particularly in determining the residency status of a worker.

**Inflation Rate:** Data are based on CPIs, which are updated frequently and based on the prices of explicit goods and services. However, the weights used in calculating CPIs are derived from household expenditure surveys, which can vary in quality and frequency across countries. The definition of a household, the specific “basket” of goods chosen, and the geographic location of a survey can vary across countries and within a specific country over time. According to the World Bank, these data are “useful for measuring consumer prices within a country, [but] consumer price indexes are of less value in making comparisons across countries.”

## SOURCES

**GDP, Financial Flows (excluding M&A data), Remittances, and Inflation data:** The World Bank, Development Data Group. 2004. *World Development Indicators 2004* online. Washington, D.C.: The World Bank. Available at <http://www.worldbank.org/data/onlinedbs/onlinebases.htm>.

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