

## FY 2020 JOURNEY TO SELF-RELIANCE

# COUNTRY ROADMAPS

## WHAT'S DIFFERENT?

### Overview

Each year, USAID releases updated Journey to Self-Reliance Country Roadmaps. In this year's Roadmap, four metrics have been modified from the inaugural Roadmap released in FY 2019. The metric changes improve the Roadmap's overall accuracy and utility as a tool for strategic planning and bilateral dialogue. In some cases, these changes leverage newly-available and more robust data, while in others, changes address methodological limitations underscored in feedback from Missions, Bureaus, partner governments, and the external stakeholder community. The Roadmap framework of seven sub-dimensions, three in the commitment dimension and four in the capacity dimension, and a total of 17 Roadmap metrics is unchanged from FY 2019.



### Why is USAID Making Changes to the Roadmap?

Each year, in advance of the launch of the Country Roadmap in October, the Journey to Self-Reliance Metrics Team reviews the 17 Roadmap metrics to determine if any changes should be made based on:

- Newly-available data;
- Feedback from USAID Missions, Bureaus, partner governments, and external stakeholders;
- Changes to the existing metrics made by the third-party indicator institutions; and
- USAID's evolving understanding of commitment and capacity dynamics worldwide

Ultimately, we want the Roadmap to provide an accurate and conceptually robust snapshot of the self-reliance story across the developing world. We do not anticipate revising the Roadmap framework (i.e., the seven sub-dimensions), but we will continue to review and analyze the metrics to identify opportunities to improve Roadmap accuracy, timeliness, and usability.

## What Changed with the Journey to Self-Reliance Metrics in FY 2020?

This year's Roadmap includes four changes: three metrics have been replaced and one has been revised by the third-party indicator institution. Each change is outlined below:

1. **Efficiency of Tax Administration (Now Tax System Effectiveness):** This metric captures a country's ability to generate domestic resources to fund its own development challenges, in alignment with the Financing Self-Reliance Conceptual Framework. To improve country coverage and the metric's alignment to the concept of Financing Self-Reliance, this will be replaced with [USAID's Collecting Taxes Database](#) indicator for "Tax Effort" — a measure of how much tax revenue a country collects relative to its tax capacity, or potential.

Key advantages of this metric include:

- Tax Effort provides more frequently updated data;
- The metric is endorsed by the Agency's Financing Self-Reliance experts; and
- Based on objective, quantitative data pertaining to tax system dynamics, as opposed to the previous metric's expert perception-based qualitative assessment.

Note: While the Tax Effort metric is sourced from the USAID-branded Collecting Taxes Database, it is based on a methodology developed by International Monetary Fund economists and therefore adheres to the Agency's criteria that data is publicly available and from a third-party institution.

2. **Education Quality:** This metric measures the capacity of the education system to prepare young individuals capable of contributing productively to their economy and society. In October 2018, the World Bank launched its new [Human Capital Index](#) (HCI), designed to gauge countries' investments in the human capital of the next generation. This year's Roadmaps will utilize an indicator newly available via the HCI called [Learning-Adjusted Years of Schooling \(LAYS\)](#). Whereas the previous metric was based on basic reading proficiency at the end of primary school, the new indicator gauges both the quality of education—using harmonized scores across major international student achievement testing—and the quantity of schooling a child born today is expected to receive. Together, this allows for a comparative evaluation of the relative performance of schooling systems worldwide. World Bank research indicates that an additional year of quality-adjusted schooling raises worker productivity by approximately 8 percent on average.

Key advantages of this metric include:

- More comprehensive methodology — combines estimates of education quality, via student achievement scores, with estimates of the quantity of schooling received, via enrollment rate estimates;

- Based on more recent testing and offers potentially greater country coverage; and
- Better proxy for the relative performance of educational systems across countries, making it a better overall conceptual fit.

### 3. **Information and Communications Technology (ICT) Use (Now ICT**

**Adoption):** The [World Economic Forum \(WEF\)](#) revised, renamed, and improved this metric in its latest *Global Competitiveness Index Report* to better-reflect emerging ICT technologies across the global economy.

Key advantages of this metric include:

- A component to measure fiber optic internet accessibility as a more relevant proxy for modern ICT infrastructure;
- Removes fixed telephone subscriptions which are less relevant to most of the developing world; and
- Endorsed by ICT experts in the USAID Global Development Lab.

4. **Export Diversification (Now Export Sophistication):** This metric was based previously on the United Nations Conference on Trade and Development (UNCTAD) Export Concentration Index. While useful in examining a country's export profile and the extent to which those exports are diversified, this data did not factor the "value-added" of export products and, thus, did not fully reflect the underlying sophistication of a country's economy. To more accurately and reliably gauge economic complexity and sophistication, the Roadmap will now use Harvard University's Economic Complexity Index (ECI) — a measure of both the diversity of export products and their ubiquity, or rarity in the global market. The ECI performance of low- and lower-middle income countries better reflects their economic reality and export sector capability, a key point of feedback raised by Missions in last year's socialization survey.

The significant advantages of the ECI include:

- Measures complexity of exports;
- Country coverage accounts for roughly 99 percent of global trade;
- Unlike UNCTAD, Harvard excludes suspect and unreliable trade data; and
- Results provide a more normal distribution aligned to the general consensus of the development community.

## Risk of External Debt Distress

The ability of a country to sustainably manage its public sector debt is a key aspect of self-reliance. Governments and lenders should weigh the long-term economic implications of high public sector debt burden, especially when the debt is held by foreign entities.

For this reason, the FY 2020 Roadmap for many low income countries will feature a graphic in the lower left corner of the first page that shows a country's risk of external debt distress

based on a simple continuum of low, moderate, high and “in debt distress”. The risk rating is included for low-income countries for which a debt sustainability analysis was completed within 18 months of July 2019. This risk rating is sourced from the [International Monetary Fund’s \(IMF\) Debt Sustainability Framework for Low Income Countries](#). Low-income countries often struggle with large external debts. The framework is designed to help guide countries and donors in mobilizing the financing of LICs’ development needs, while reducing the chances of excessive future debt build-up.

It is important to note that USAID is including the risk of external debt distress rating for informational purposes only and it is not a scored component of commitment or capacity. The rating is not available for middle-income countries and is not available for all low-income countries. However, including the risk rating is intended to emphasize the importance of sound debt management policy while underscoring the potential economic risks posed by unsustainable public sector borrowing from foreign creditors.

For additional details on the FY 2020 Roadmap changes, please consult the FY 2020 Journey to Self-Reliance Country Roadmap Methodology Guide.

### **What do these changes mean for Missions?**

The purpose of the Roadmap as a high-level strategic planning tool and key input to bilateral dialogue remains unchanged. The FY 2020 Roadmap changes respond directly to stakeholder feedback and better-reflect the development reality on the ground. In most instances, changes will not result in significant shifts to a country’s placement on the scatterplot based on its commitment and capacity scores. In addition, each Mission will be provided with a FY 2020 Roadmap Highlights document to help explain the changes, and their contextual implications, to host country partners.

Missions are still expected to share their country’s Roadmap with the host country government and solicit its feedback. In addition, Missions are encouraged to convene their staff to explore the data, build a common understanding of self-reliance in their unique country context, and consider how results have evolved since FY 2019’s Roadmap.

While USAID/Washington will continue to evaluate the Roadmap and make incremental improvements, the Roadmap is far from comprehensive and is subject to certain limitations including data gaps, time lags, and a lack of sub-national variation. For these reasons, Missions are strongly encouraged to explore the concepts embedded in the sub-dimensions of the Roadmap using [secondary data and analytics](#).

## Additional Resources:

PPL has developed [useful resources](#) to help Missions, Bureau staff, and external stakeholders analyze, understand, and apply Country Roadmaps, including:

- [How to Read a Roadmap One Pager](#)
- [How to Read a Roadmap Slide Presentation](#)
- [FY 2019 Country Roadmap Methodology Guide](#)
- [Secondary Metrics Quick Reference and FAQs](#)
- [Secondary Metrics Compendium](#)
- [Secondary Metrics User Guide](#)

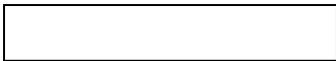


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