

ECON 3235 Case Study Guide: Overall Performance

OP-1 Did you case study catch up with U.S.

OP-2 How does it compare with other LatAm economies? PR #1, DR #3 ?

OP-3 What is the binding constraint on growth?

OP-4 Political Economy: populist, social democratic, center-right, center-left? How do you know? Does or did it matter?

ECON 3235: 6 Social Innovations...

SI-1 CCTs (Mexico, Brazil and Bangladesh...)

SI-2 Private funding of microcredit see videos.

SI-3 Doing business Indicators Institutions, property rights Hernando De Soto, see [rankings IFC/WB](#)

*SI-4 Intra-regional trade agreements starting with NAFTA through Pacific Alliance...”rationalization”

*SI-5 Using TPS/MFIs for post conflict or disaster relief (see Haiti example...)

SI-6 Concurrent program evaluation, randomized controlled trials (Colombia Mexico...)

*how to avoid MAGA backlash?

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Peers and Comparator:

- **Comparator economies, 2016:** Mexico, Puerto Rico (U.S.), Jamaica, Haití, Panama* and Colombia*.

Source: Doing Business Dominican Republic Economic profile, 2016.

- **Peer economies, 1980:** Honduras, Albania, Tunisia, Malaysia, Chile, El Salvador, Namibia and Korea del Sur (1980).

Peers Source: Heston, Alan, R Summers & B. Aten (2012) PWT v7.1 Center for International Comparisons, Univ of Penn, November.

**Also included in the peer economies group.*

Case study Figures

- LAC equity lab shared prosperity bottom 40%

<http://www.worldbank.org/en/topic/poverty/lac-equity-lab1/shared-prosperity/income-growth-bottom-40>

Shared Prosperity (2004-2014)
Annualized growth rate of income for the poorest 40% and the overall population



Source: LAC Equity Lab tabulations of SEDLAC (CEDLAS and the World Bank) and World Development Indicators (WDI).

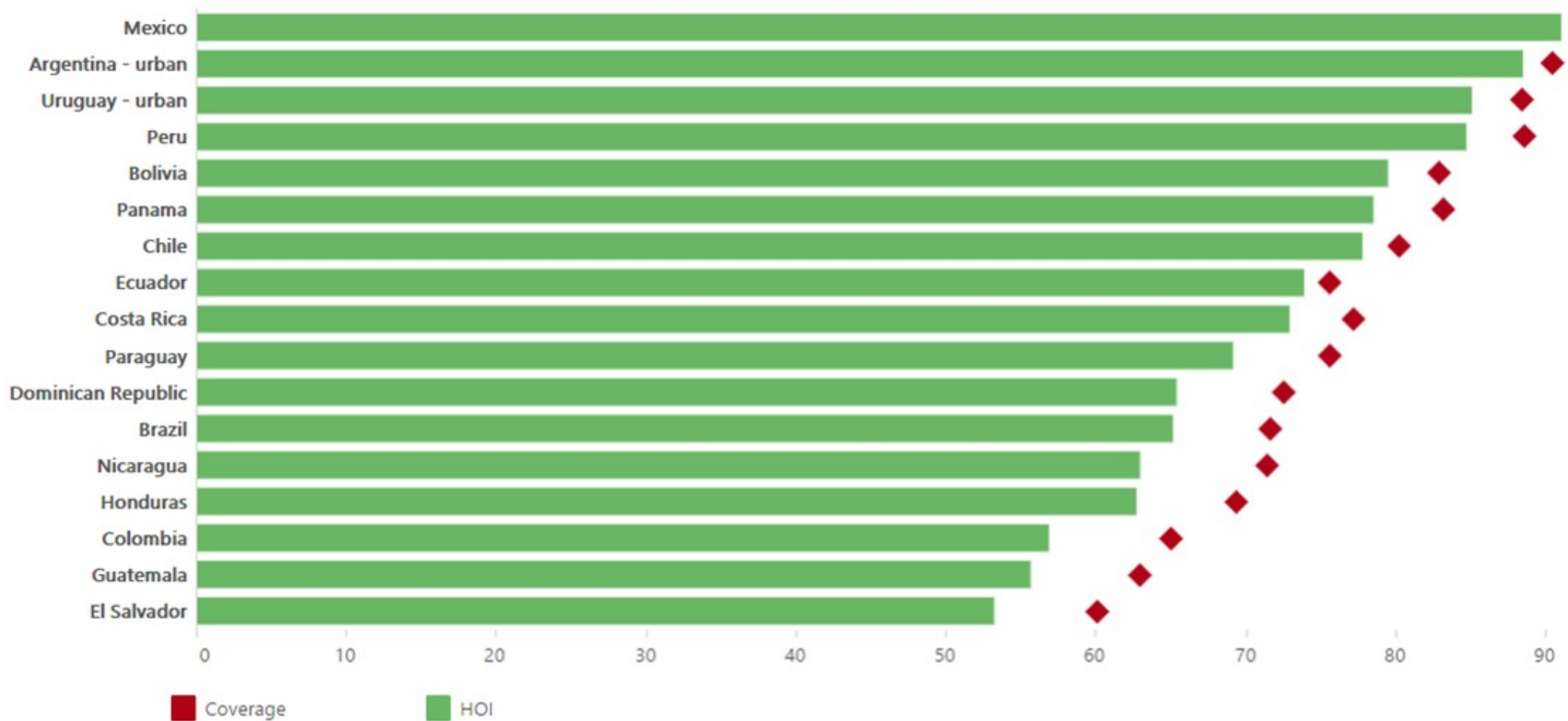
Note: Since the numbers presented here are based on SEDLAC, a regional data harmonization effort that increases cross-country comparability, they may differ from official

Case study Figures

- LAC equity lab Human Opp Index (HOI)

<http://www.worldbank.org/en/topic/poverty/lac-equity-lab1/equality-of-opportunities/hoi>

Human Opportunity Index 2014
Finished Primary School



Source: LAC Equity Lab tabulations of SEDLAC (CEDLAS and the World Bank)

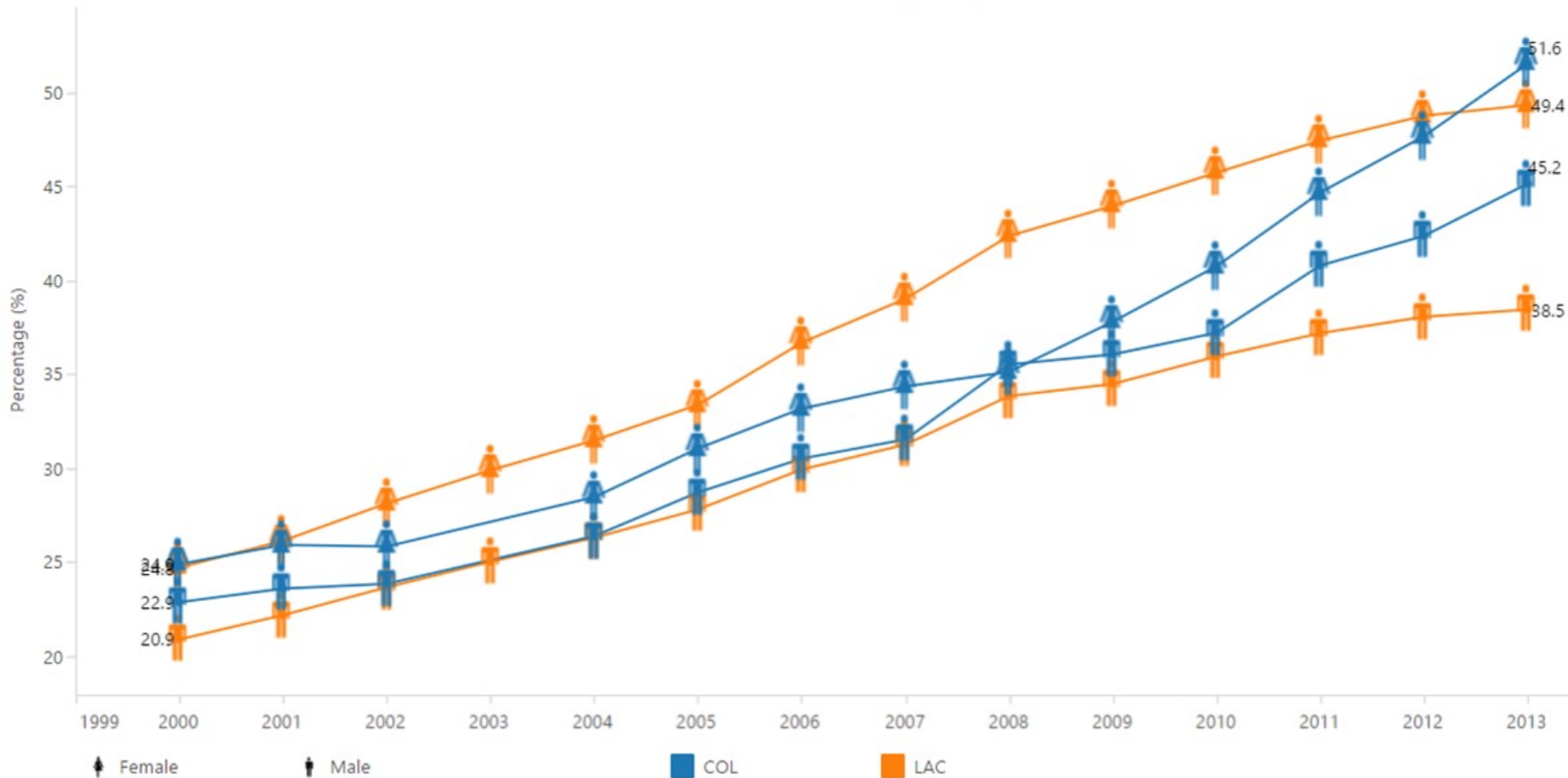
Note: Since the numbers presented here are based on SEDLAC, a regional data harmonization effort that increases cross-country comparability, they may differ from official statistics reported by governments and national statistical offices. The nearest year is used for countries in which data are not available in a particular year. For most opportunities, coverage and HOI are calculated for children between the ages of 0 and 16. For 'school attendance' these indicators are calculated for children between the ages of 10 to 14 years, and for 'finished primary school', 12 to 16. Updated April 2016

Case study Figures

- LAC equity lab Education

<http://www.worldbank.org/en/topic/poverty/lac-equity-lab1/gender/education>

Educational Outcome
School enrollment, tertiary, (% gross)



Source: LAC Equity Lab tabulations using World Development Indicators and World DataBank Education Statistics.

Notes: Data downloaded on January 13, 2016: World Development Indicators (<http://wdi.worldbank.org>) and World DataBank-Education Statistics

(<http://databank.worldbank.org>).

Case study Table (required for all LatAm)

LAC equity lab: www.gdsnet.org/ECON3235LACCaseStudyTablesFiguresF2017.xlsx

Table LAC-1 Poverty/Opportunity middle Class Shares Selected years						
\$4/day Poverty rate 2005 \$PPP (percent)						
	2000	2003	2008	2011	2013	2015
Latin America	43	42	31	27	24	24
Costa Rica				13	12	11
Honduras	56	64	52	56	59	58
\$10-\$50/day Middle Class Share						
	2000	2003	2008	2011	2013	2015
Latin America	21	21	28	31	35	35
Costa Rica				45	47	48
Honduras	13	11	15	13	11	11
\$4-\$10/day Vulnerable (informal) share						
	2000	2003	2008	2011	2013	2015
Latin America	35	36	39	39	39	39
Costa Rica				36	36	35
Honduras	13	11	15	13	11	11

LAC Equity Lab tabulations of SEDLAC (CEDLAS and the World Bank).

<http://www.worldbank.org/en/topic/poverty/lac-equity-lab1/poverty/head-count>

Washington Consensus remedy in some LAC countries: growth diagnostics

- **El Salvador:** Identify the reasons for the low returns on investments.
- **Brazil:** Explain why domestic savings do not rise to exploit large returns to investments
- **Dominican Republic:** Applied them softly.

What is the Doing business rank of you country? Is it rising or falling?



DOING BUSINESS | Measuring Business Regulations

Rankings

Rankings Distance to Frontier

Economy Rankings

Economies are ranked on their ease of doing business, from 1–190. A high ease of doing business ranking means the regulatory environment is more conducive to the starting and operation of a local firm. The rankings are determined by sorting the aggregate [distance to frontier](#) scores on 10 topics, each consisting of several indicators, giving equal weight to each topic. The rankings for all economies are benchmarked to June 2017. Read the [methodology](#), explaining how the [ease of doing business rankings](#) and the [distance to frontier measure](#) are calculated (PDF).

= Subnational *Doing Business* data available.

Latin America & Caribbean Select Rankings by Income

Economy	Ease of Doing Business Rank [▲]	Filtered Rank	Starting a Business	Dealing with Construction Permits	Getting Electricity
Mexico	49	1	10	11	19
Peru	58	2	16	4	10
Colombia	59	3	13	9	13

Figure DB-1: Dominican Republic *Ease of Doing Business Index* Global rank: 93/189

Figure DB-1a: Comparator rank

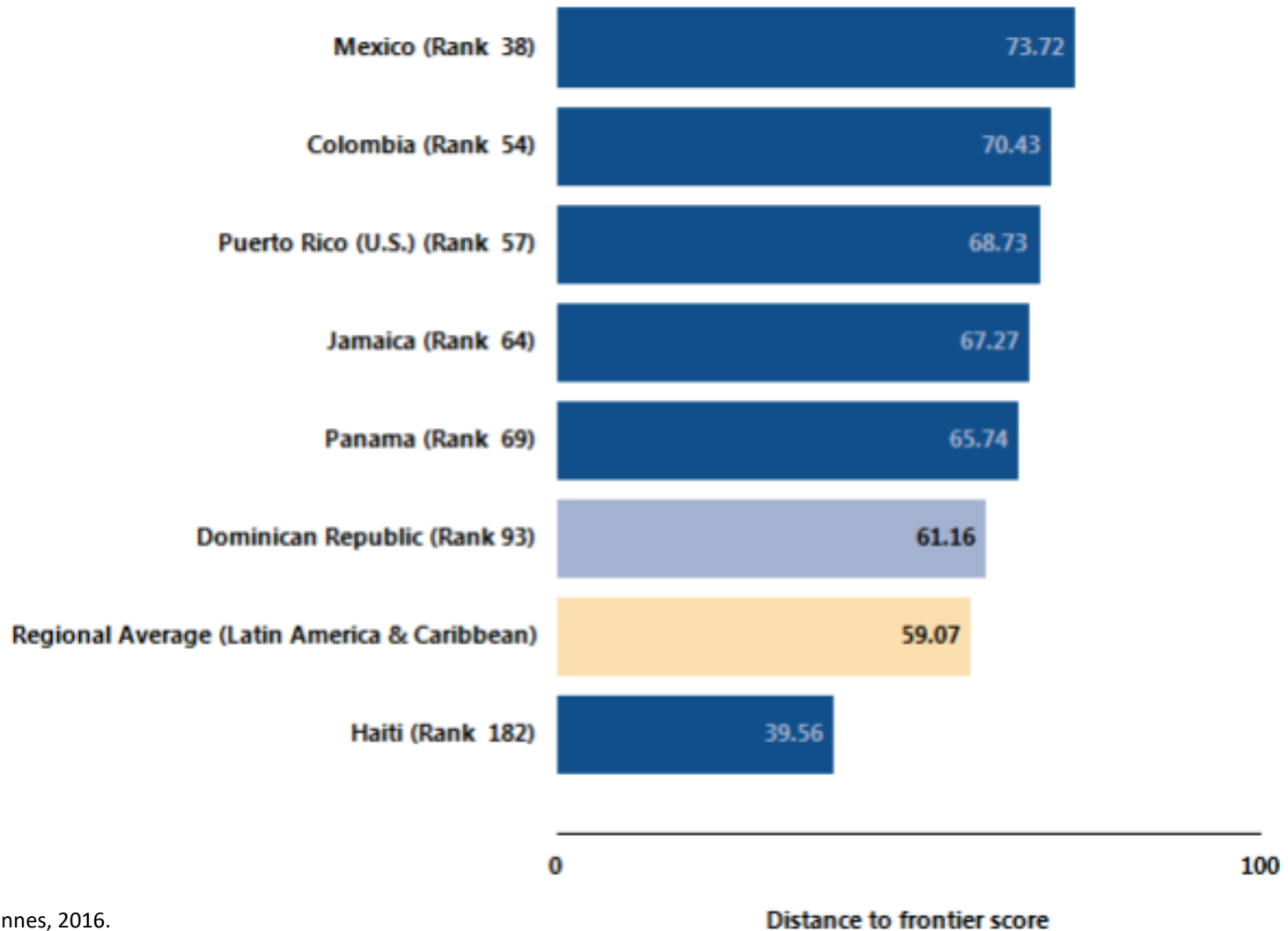
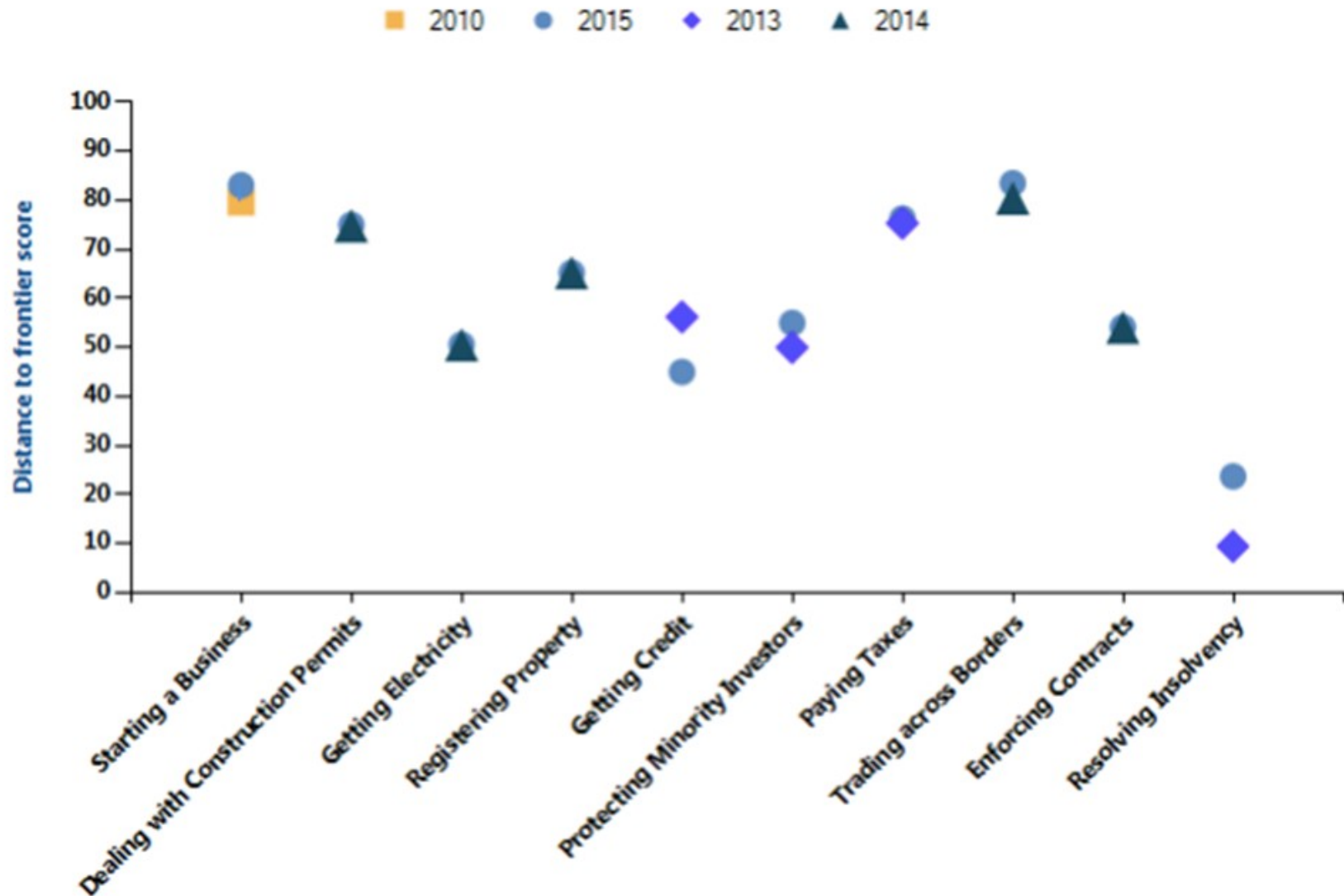


Figure DB-1: Dominican Republic *Doing Business* Index

Global rank: 93/189

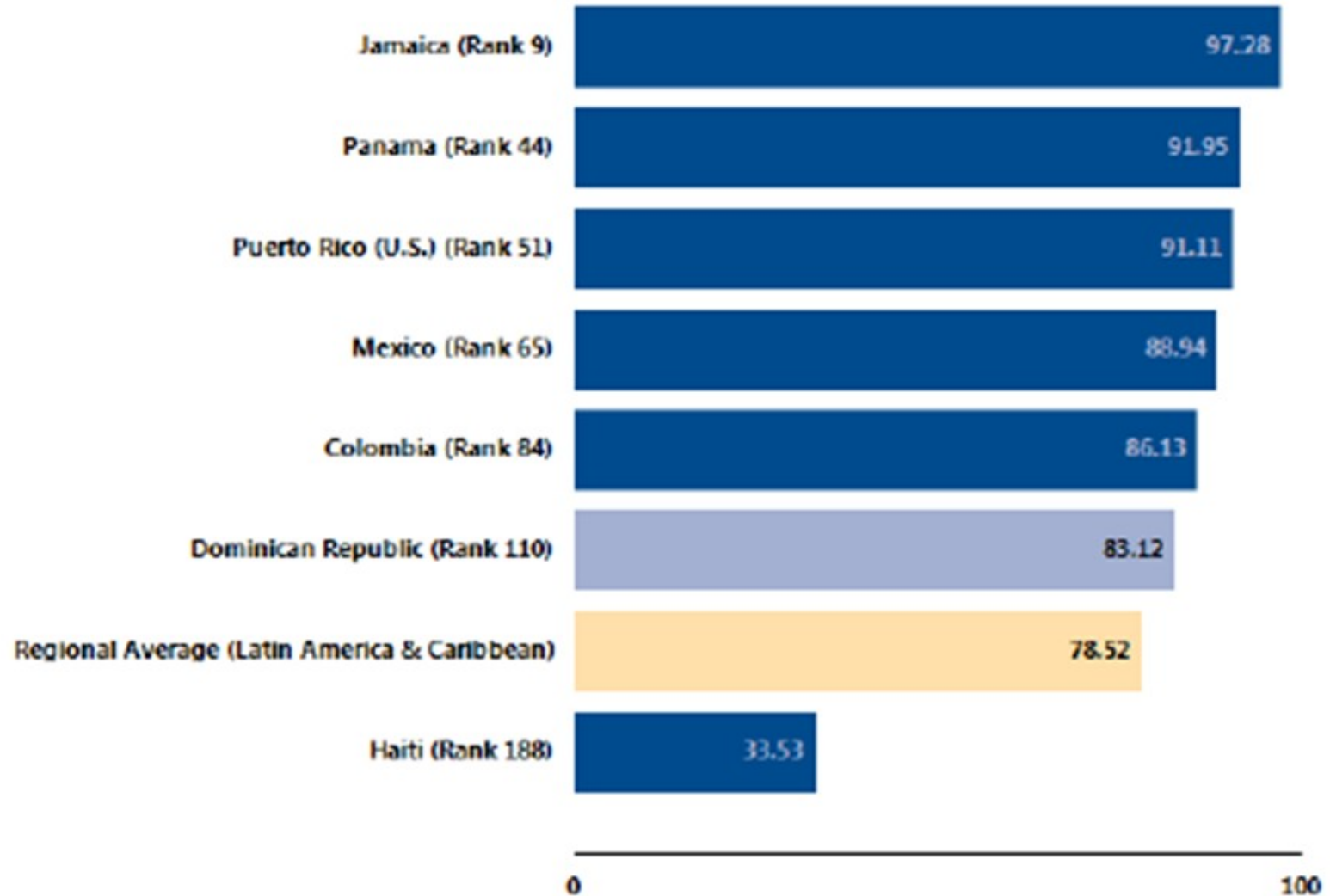
Figure DB-1b: Areas measured



DB-2:Starting A Business Global rank: 110/189

Figure DB-2a: Comparator rank

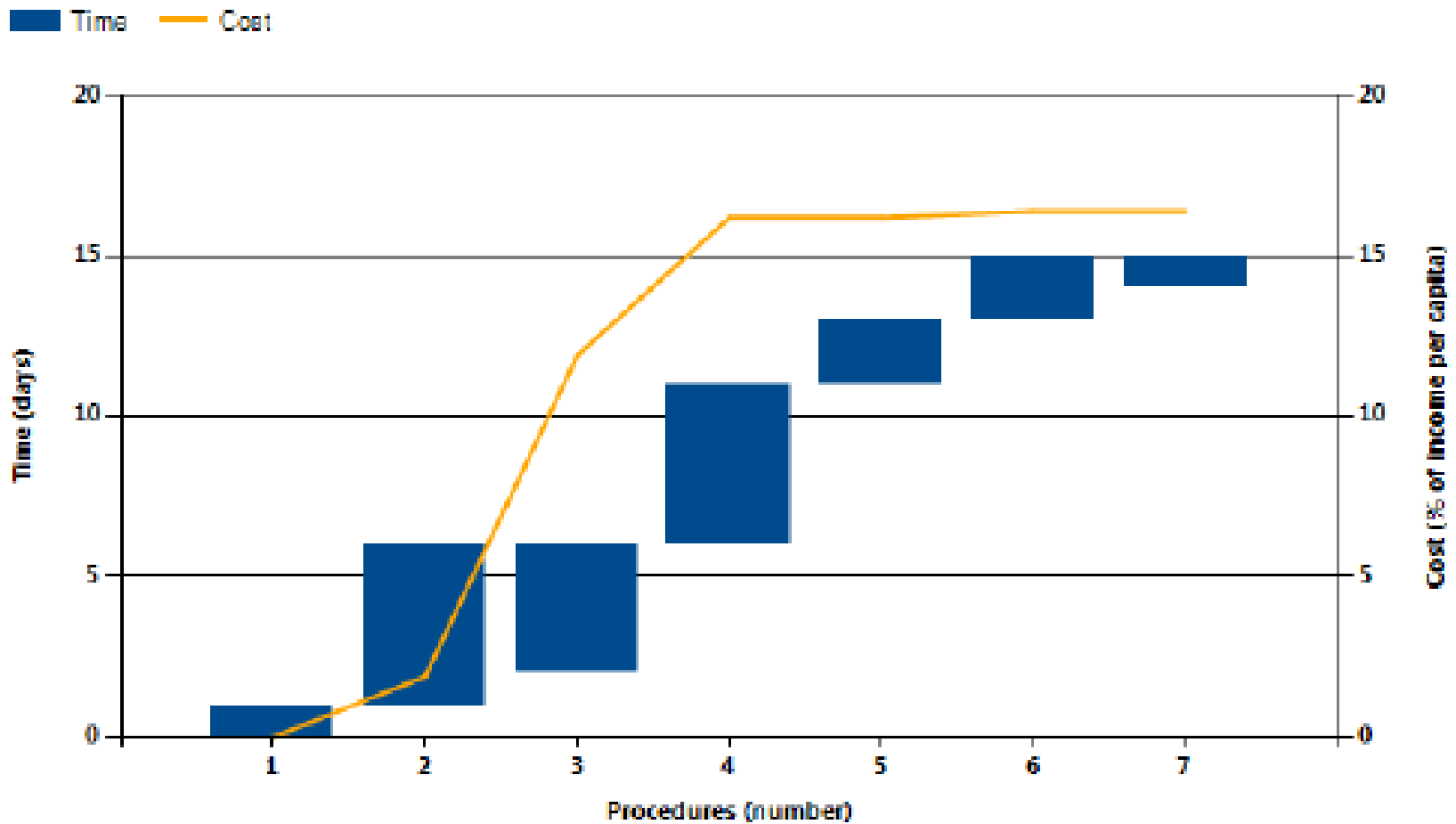
Source:Doing Businnes, 2016.



DB-2: Starting A Business Global rank: 110/189

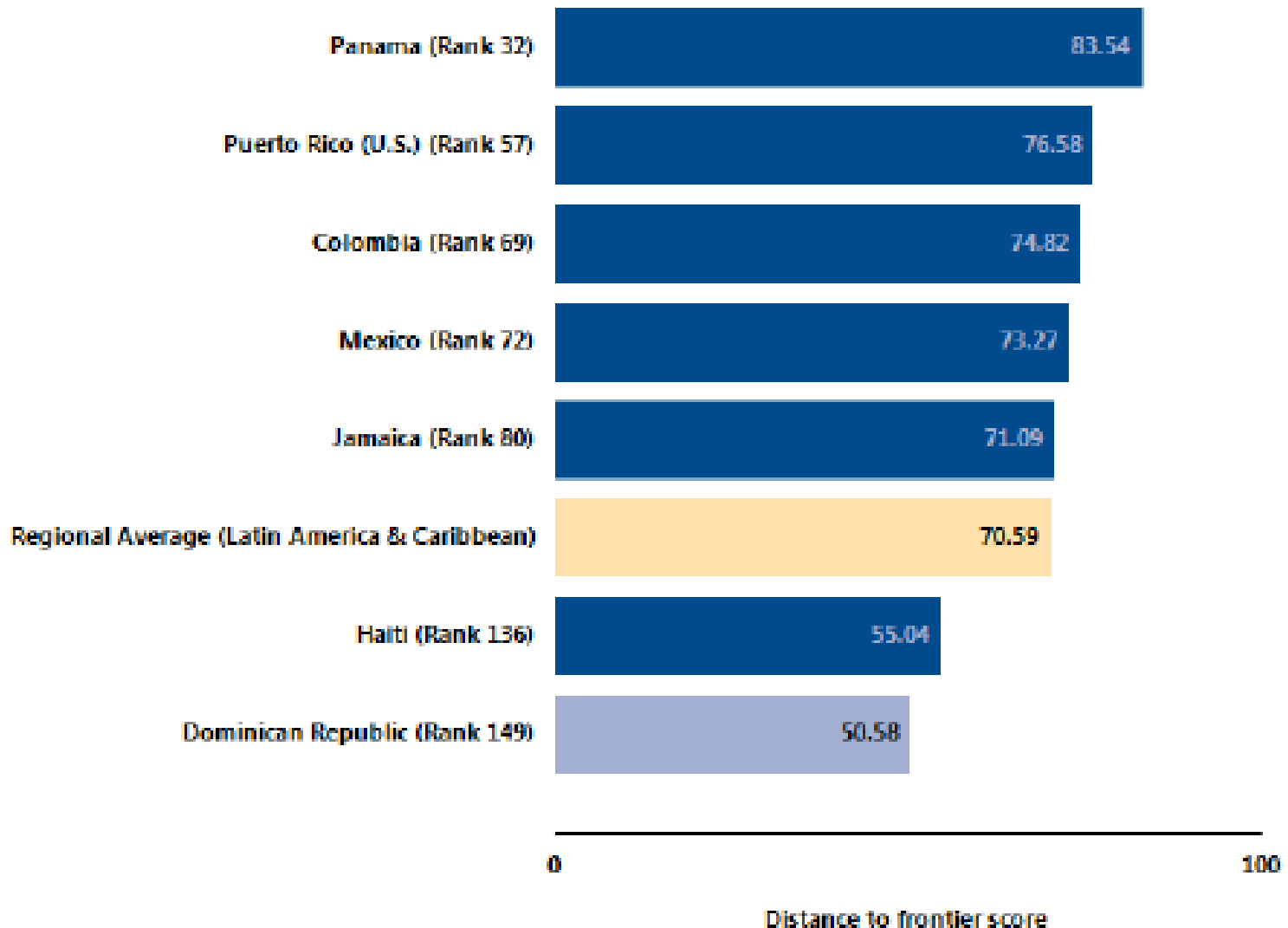
Figure DB-2a: Comparator rank

Figure DB-2b: Comparator rank



DB-3: Access to Electricity Global Rank: 149/189

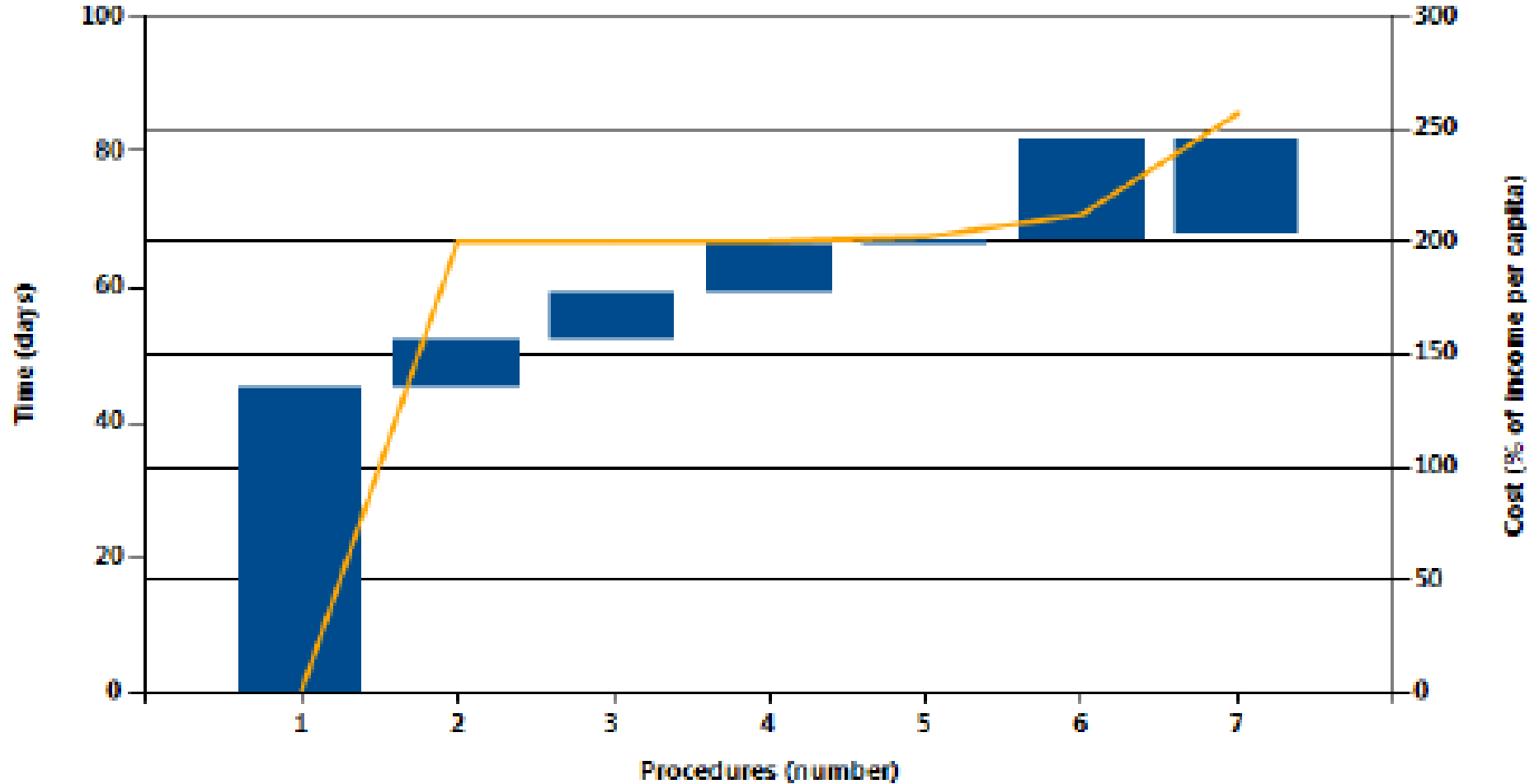
Figure DB-3a: Comparator rank



DB-3: Access to Electricity

Global Rank: 149/189 Figure DB-3b: Comparator rank ????

■ Time — Cost

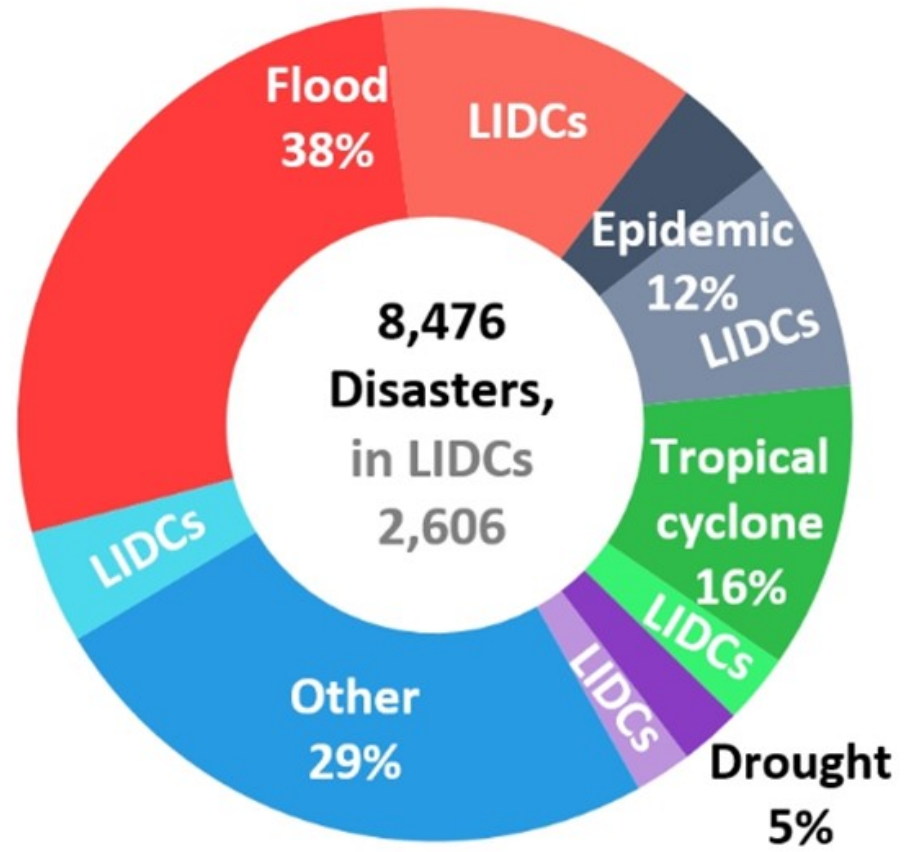


Source: Doing Business, 2016.

Climate change vulnerability and resilience IMF, 2017

Weather-stricken

Natural disasters are more frequent in low-income developing countries relative to their land area.

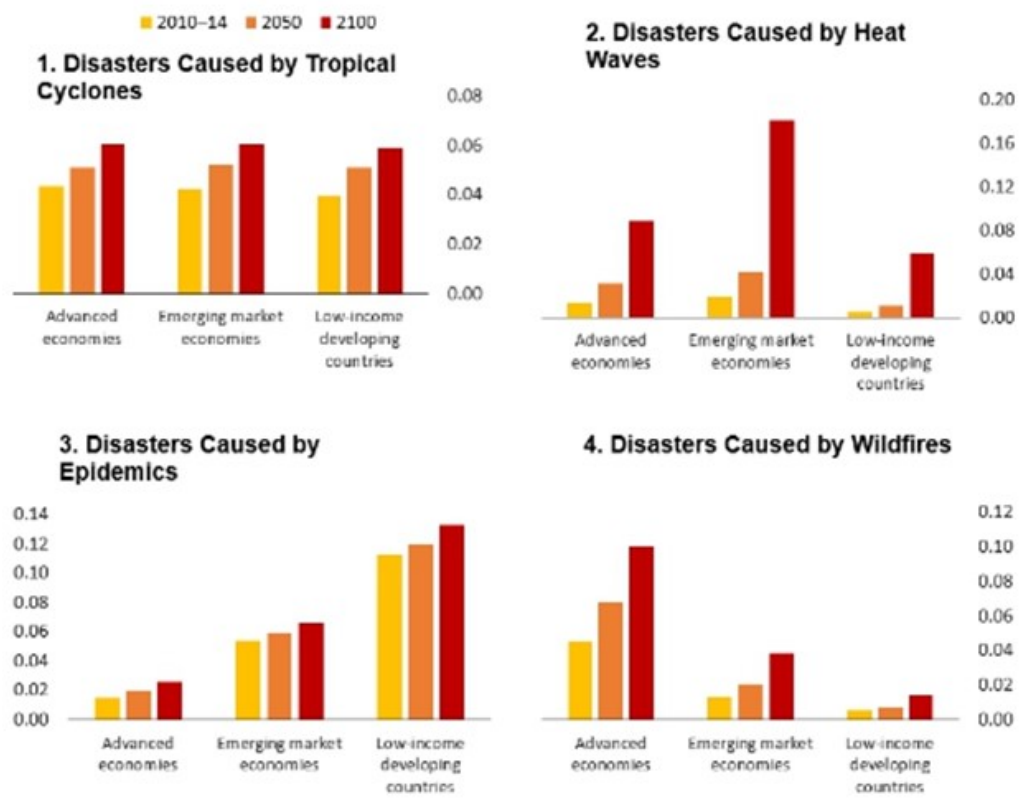


Sources: International Disaster Database (EM-DAT) and IMF staff calculations.
 Note: The colors indicate the different types of natural disasters, while the lighter shades of each color specify the portion corresponding to low-income developing countries.

Source: Doing Business, 2016.

Climate change vulnerability and in low income economies resilience IMF, 2017

Prone to disasters
 Natural disasters could become more common under a scenario of continued increase in greenhouse emissions.

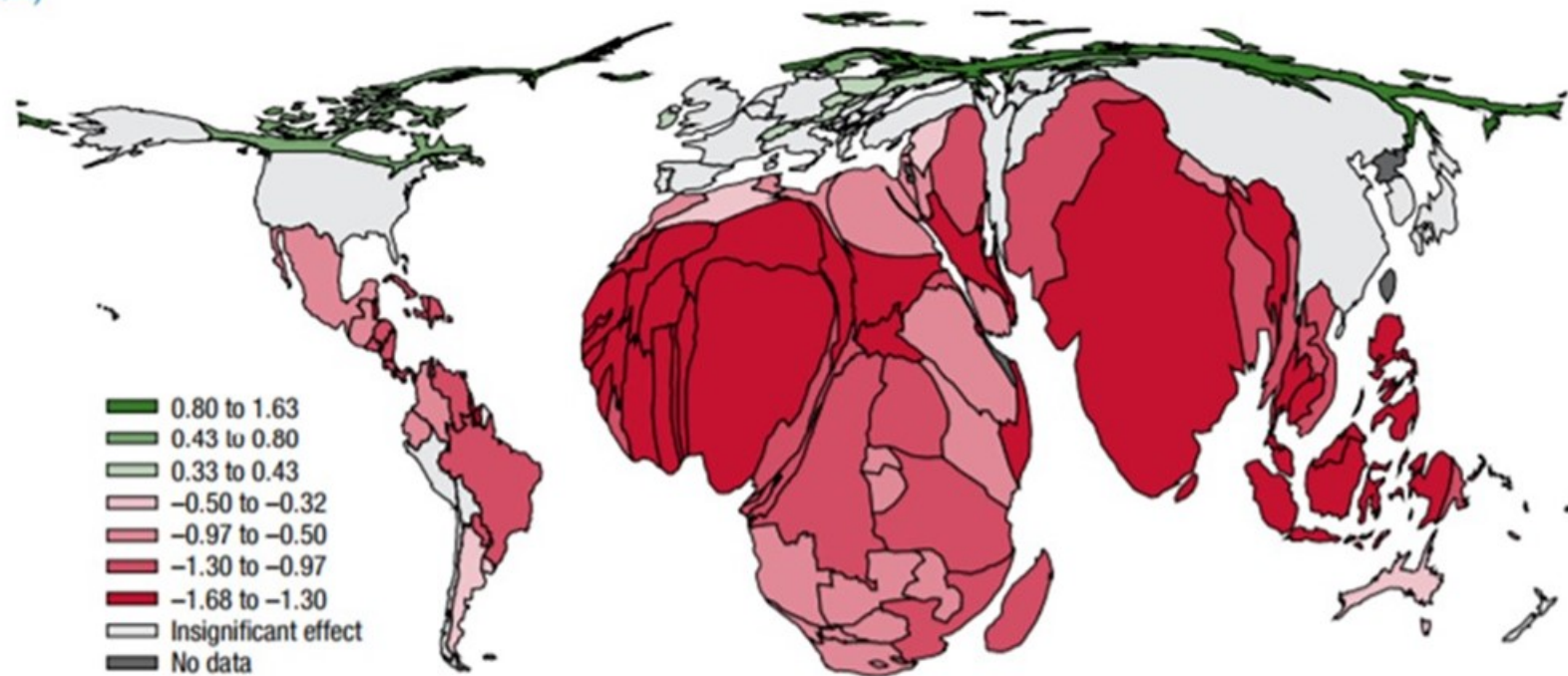


Sources: International Disaster Database (EM-DAT); Climate Research Unit (CRU); NASA Earth Exchange Global Daily Downscaled (NEX-GDDP); and IMF staff calculations.
 Note: Panel 1-4 show the predicted monthly probability of a disaster in the years 2050 and 2100 based on the climate change scenario RCP8.5. Most of the predicted probabilities for individual months are not statistically significant; the results should only be interpreted as indicative of the potential increase in the frequency of disasters with climate change.

IMF WEP Chapt 3: climate shocks

Annex Figure 3.3.1. Effect of Temperature Increase on Real per Capita Output across the Globe, with Countries Rescaled in Proportion to Their Projected Population as of 2100

(Percent)



Sources: Natural Earth; ScapeToad; United Nations World Population Prospects database: the 2015 revision; and IMF staff calculations.

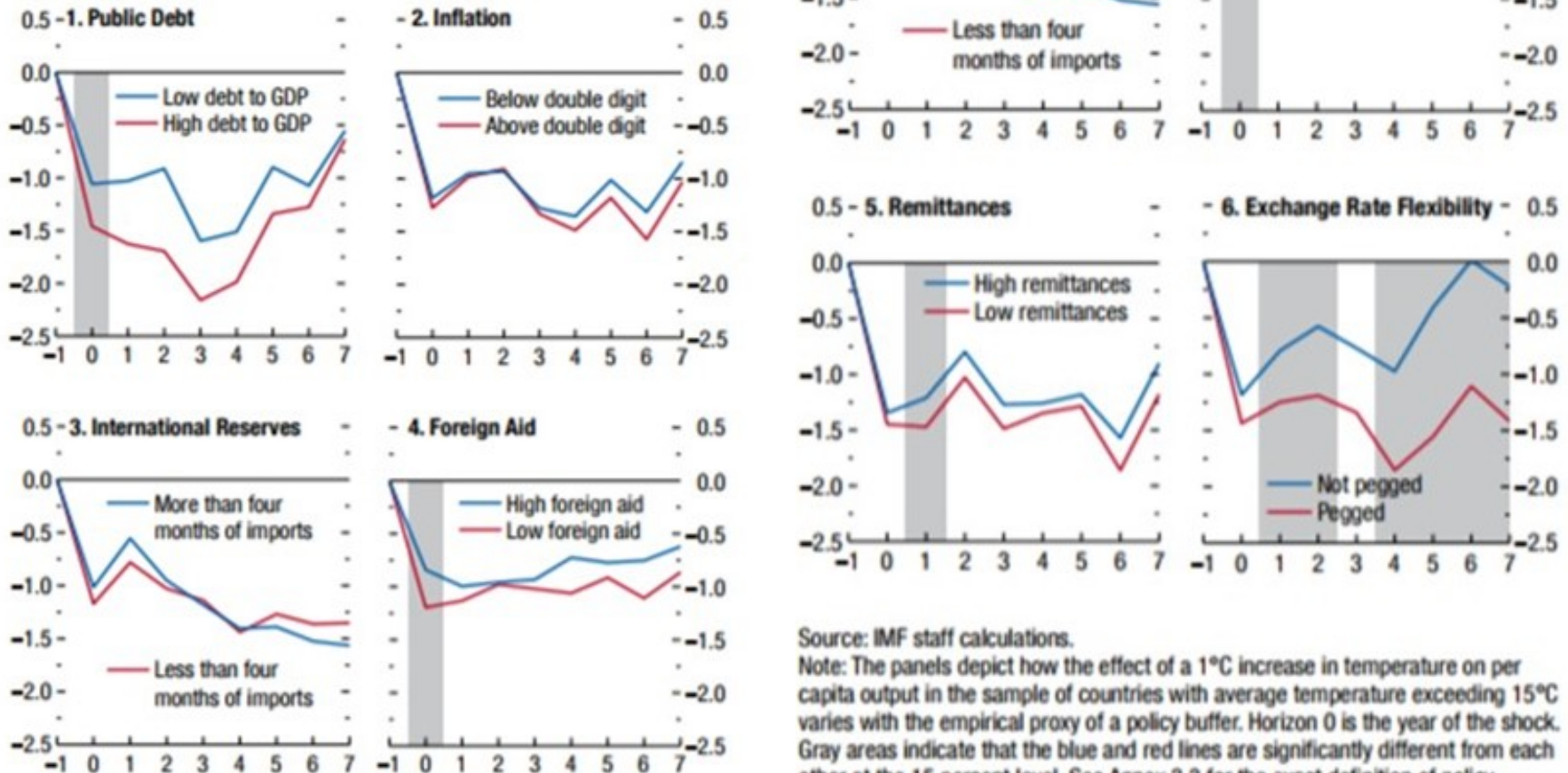
Note: The map depicts the contemporaneous effect of a 1°C increase in temperature on per capita output computed as per equation (3.3) using recent 10-year average country-level temperature together with estimated coefficients in Annex Table 3.3.1, column (5). Each country is rescaled in proportion to the projected population as of 2100. Using projected population as of 2100, 76 percent of world population will live in countries that experience a negative impact from 1°C increase. Gray areas indicate the estimated impact is not statistically significant.

IMF WEO Chapt 3: climate shocks

Figure 3.13. Role of Policy Buffers

(Percent; years on x-axis)

There is some suggestive evidence that the contemporaneous effect of temperature on per capita output is marginally lower in countries with lower public debt, greater foreign aid inflows, and flexible exchange rates.



Source: IMF staff calculations.

Note: The panels depict how the effect of a 1°C increase in temperature on per capita output in the sample of countries with average temperature exceeding 15°C varies with the empirical proxy of a policy buffer. Horizon 0 is the year of the shock. Gray areas indicate that the blue and red lines are significantly different from each other at the 15 percent level. See Annex 3.3 for the exact definition of policy variables.

World Bank FDI competitiveness



World Bank Remittances share of GDP

Personal remittances, received (% of GDP)

World Bank staff estimates based on IMF balance of payments data, and World Bank and OECD GDP estimates.

License: [Open](#)



Coping Strategies see WESS 2016

- 1. In December 2015, the Conference of the Parties to the United Nations Framework Convention on Climate Change committed to mobilizing at least US\$ 100 billion per year for climate change mitigation and adaptation activities in developing countries.
- 2. “Mobilization of resources and actions to build resilience and adaptive capacity will also entail meeting the challenge of identifying those vulnerable to climate hazards...
- 3. ”socioeconomic attributes of vulnerable groups and further assessing the potential impacts of climate hazards and policies on their livelihoods require sound statistics at the lowest possible geographical resolutions..”

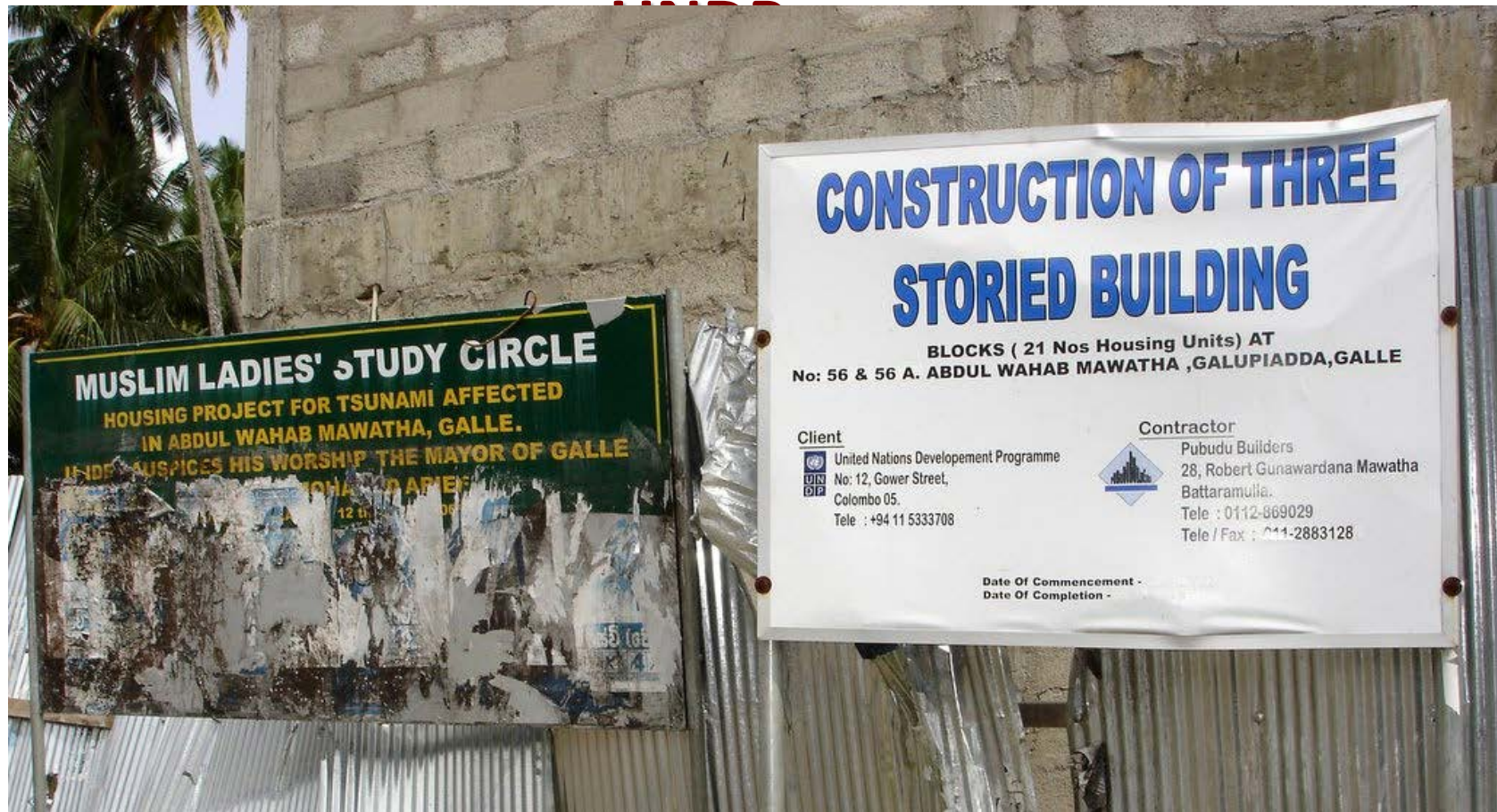
What is Resilience?

- 1. “the ability of a system, community or society exposed to hazards to resist, absorb, accommodate to and recover from the effects of a hazard in a timely and efficient manner.” UN Int Strategy for Disaster Reduction
- 2. IPCC “the amount of change a system can undergo without changing state”.
- 3. DFID: “the ability of countries, communities and households to manage change, by maintaining or transforming living standards in the face of shocks or stresses... without compromising their long-term prospects.”

For UNDP Resilience is a rebuilding process...

- 3. UNDP: “resilience is more of a process than an outcome,” says Samuel Doe, UNDP’s resilience focal point, a “transformative process of strengthening the capacity of people, communities and countries to anticipate, manage, recover and transform from shocks” also known as “build back better” As in UNDP did in Sri Lanka after Tsunami
- Doe says “a community targeted by a program with a resilience component is meant to end up with improved self-esteem, gender sensitivity, the ability to organize themselves, an effective early warning system, and other forms of self-sufficiency,.
- Jaspreet Kindra 2013, “[Understanding resilience..](#)”

First relief, then rebuild for resilience... this apartment in Galle, Sri Lanka was built twice by



Institute for Advance Development Studies



02/2013

**Building Resilience against Adverse Shocks:
What are the determinants of vulnerability and resilience?**

by:

WORLD ECONOMIC AND SOCIAL SURVEY 2016:

Climate change resilience — an opportunity for reducing inequalities

BACKGROUND PAPER

December 2015

**Identifying opportunities in a changing climate:
Research priorities for reducing vulnerability,
poverty and inequality**

By: *Luis Carlos Jemio and Lykke E. Andersen**

Gender and climate change in Latin America: An analysis of vulnerability, adaptation and resilience based on household surveys

Development Research Working Paper Series, No. 08/2014

Provided in Cooperation with:

Institute for Advanced Development Studies (INESAD), La Paz

Suggested Citation: Andersen, Lykke E.; Verner, Dorte; Wiebelt, Manfred (2014) : Gender and climate change in Latin America: An analysis of vulnerability, adaptation and resilience based on household surveys, Development Research Working Paper Series, No. 08/2014



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Research Article

Gender and Climate Change in Latin America: An Analysis of Vulnerability, Adaptation and Resilience Based on Household Surveys[†]

Lykke E. Andersen , Dorte Verner, Manfred Wiebelt

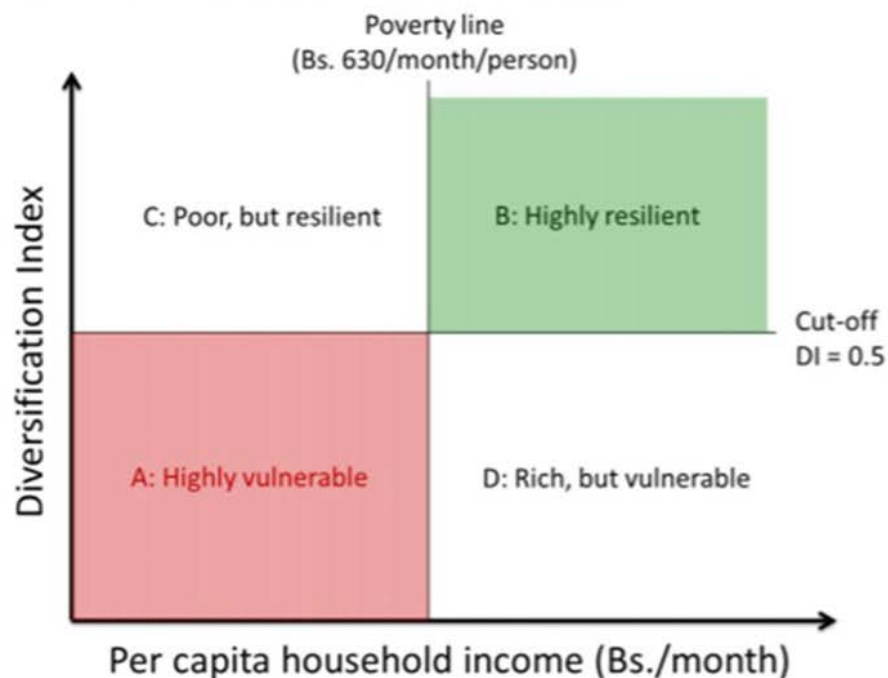
Early View



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**INESAD
defines
resilience as
diversified
and high
income ...**

Figure 2: Four main vulnerability types



This division gives us the following distribution of households in the 2011 survey

Table 6: Number of households in each vulnerability category in the 2011 survey

	Low income	High income
High diversification	C: 1466 households	B: 2886 households
Low diversification	A: 1409 households	D: 3090 households

Source: Authors' estimation based on INE's 2011 Household Survey.

INESAD

Figure 2: Four main vulnerability types

This division gives us the following distribution of households in the 2011 survey:

Poverty line
(Bs. 630/month/person)

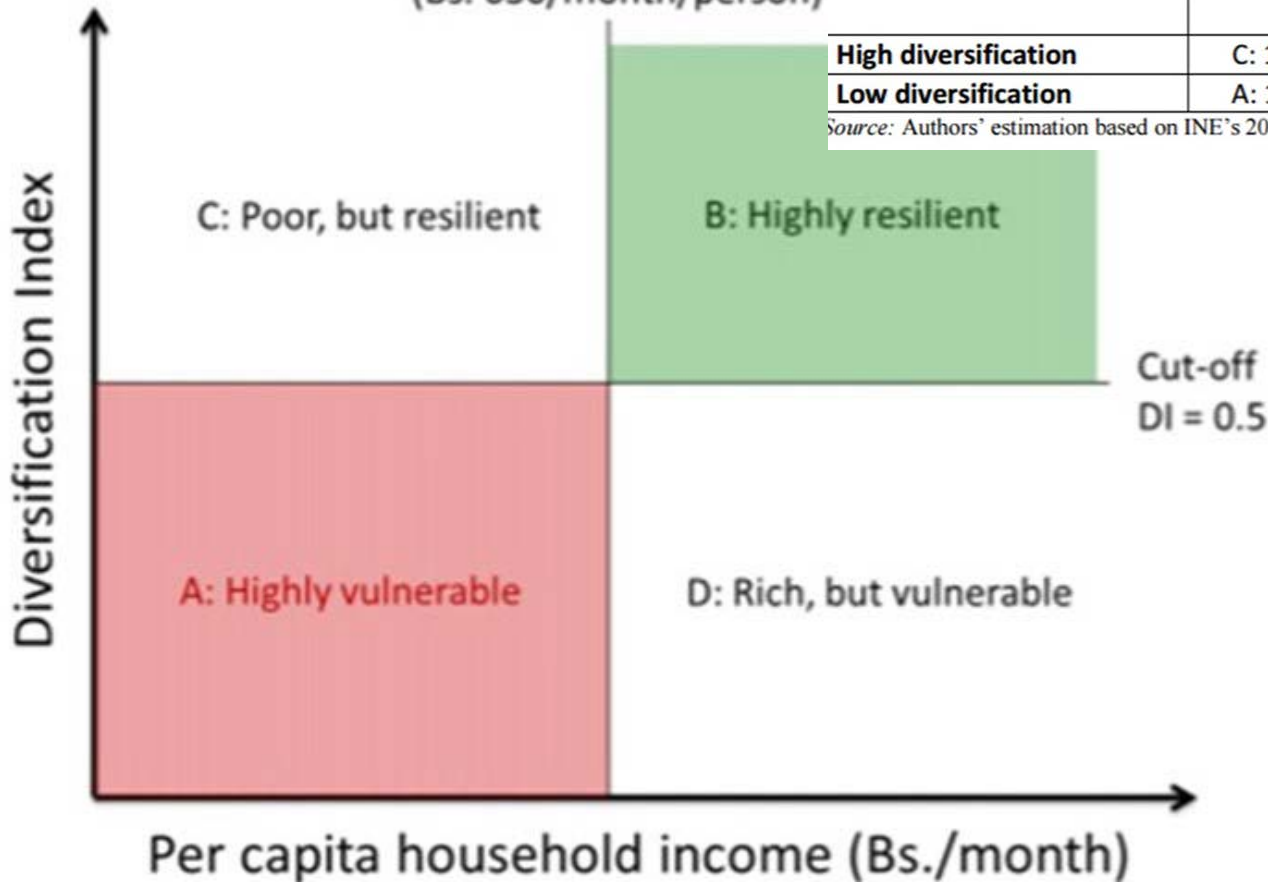


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INESAD defines
resilience as
diversified and
high income ...

What is Resilience in Bolivia
INESAD?

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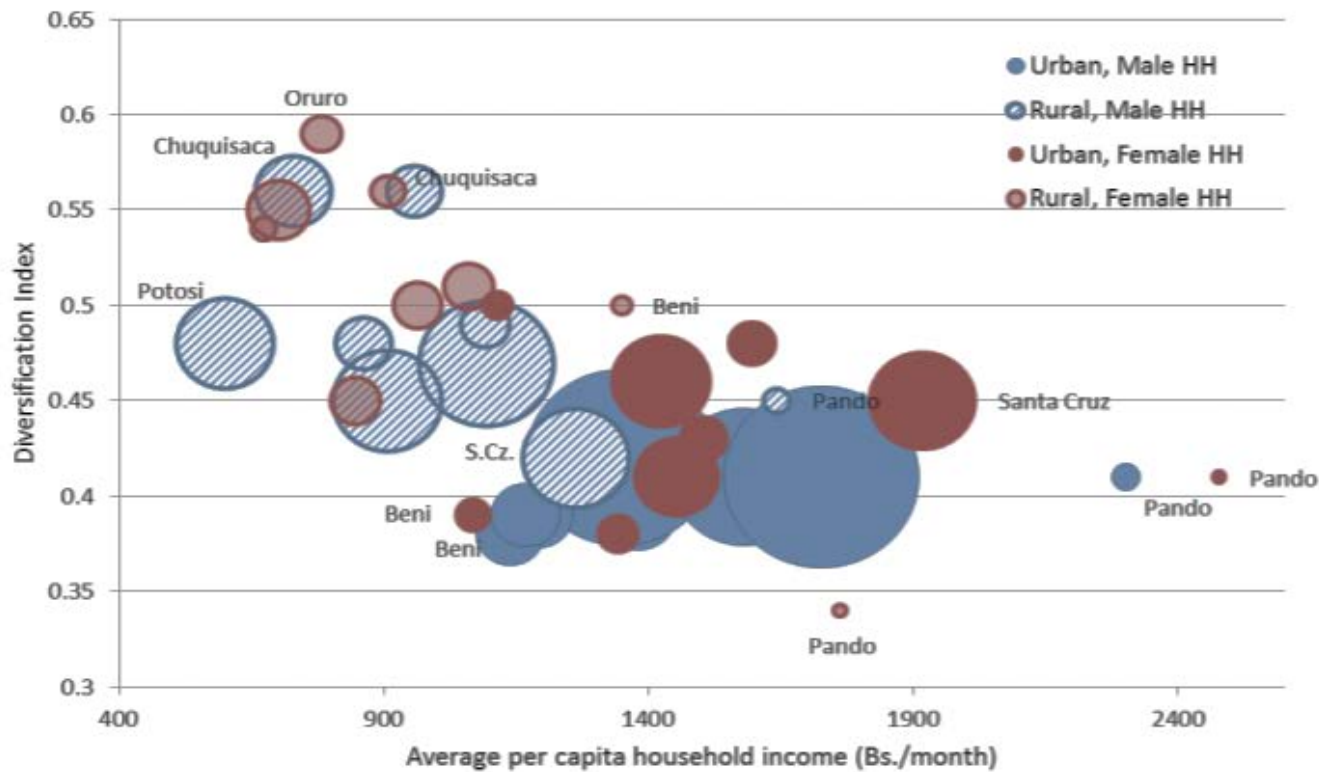
Climate change and agriculture

Table 2: Importance of different livelihood types in Bolivia, individual level, 2011

Type of livelihood	% of population who benefits from this livelihood type	Average benefit per person who benefits from this type (Bs. per month)
i) Primary labor income	38.4	2104
ii) Secondary labor income	3.3	975
iii) Pension payments etc.	8.3	633
iv) Bono Juancito Pinto	16.4	17
v) Bono Juana Azurduy	1.6	55
vi) Remittances etc.	7.6	801
vii) Rental income etc.	2.5	844
viii) Value of donations etc.	7.7	52
ix) Value of auto-consumption of own production	10.0	446
x) Value of own housing property	63.1	137

Source: Authors' calculation based on INE's 2011 Household Survey.

Figure 1: Diversification Index and average per capita household income by state, gender of the head of household and area, 2011

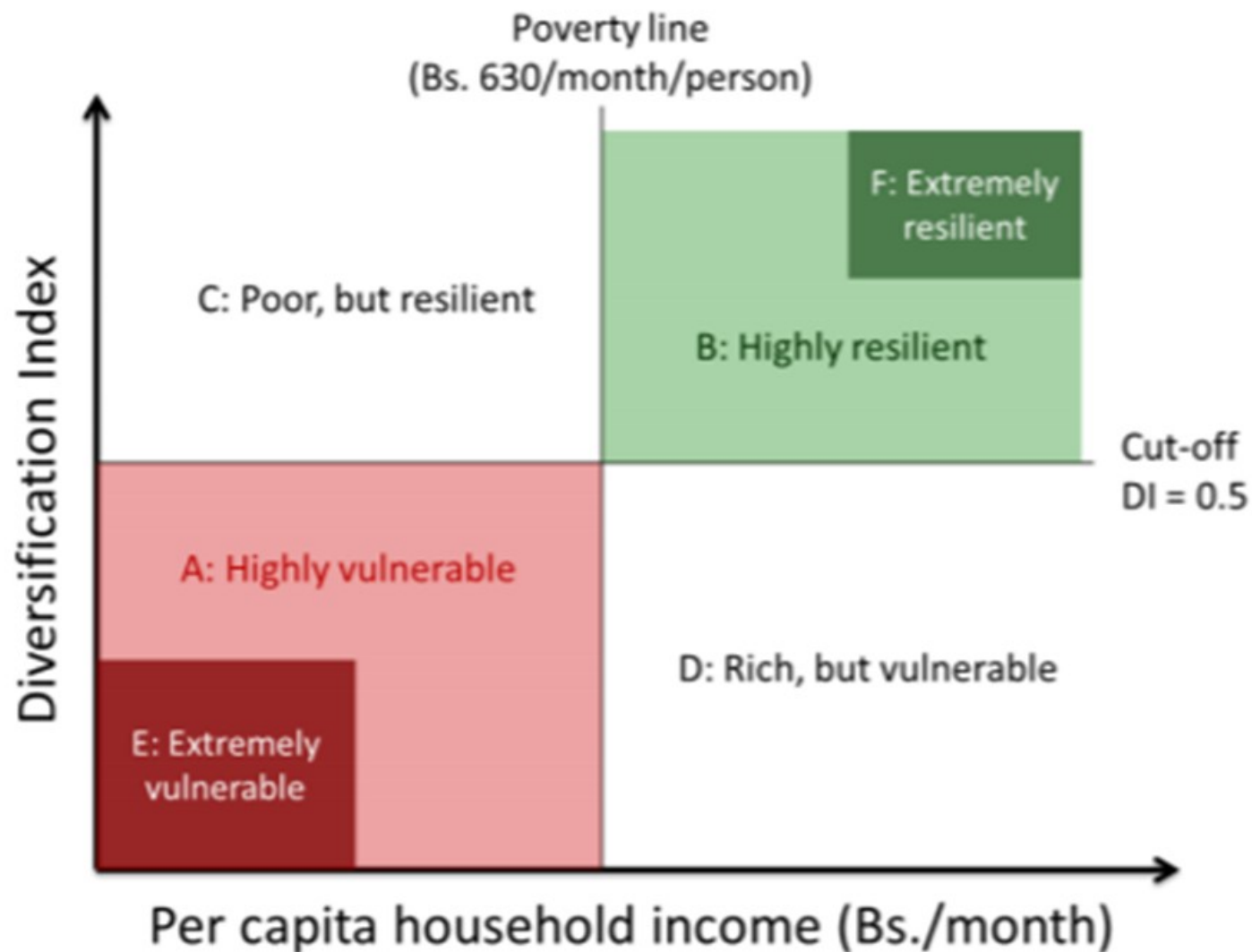


Bolivia
diversificat
ion and
resilience

Source: Authors' calculation based on INE's 2011 Household Survey.

Bolivia diversification and resilience

Figure 3: The six vulnerability types used in the paper



Mexico: Urban FHH less vulnerable!

Table 18: Probability of being highly vulnerable, by household type (%)

Type of household	Mexico, 2008		
	Rural	Urban	Total
Male headed	28.07	20.61	23.35
- Single male	25.06	10.72	14.85
- Male headed couple without dependents	21.86	12.56	16.13
- Male headed couple with dependents	31.03	24.33	26.84
- Male headed single-carer household	25.88	30.15	28.02
- Other male headed household	8.95	5.58	6.56
Female headed	32.42	17.96	22.41
- Single female	31.81	12.20	17.96
- Female headed couple without dependents	28.57	14.86	18.92
- Female headed couple with dependents	32.93	19.63	23.26
- Female headed single-carer household	44.40	32.55	37.03
- Other female headed household	18.92	10.13	12.47
Total	29.01	19.90	23.11

Source: Authors' elaboration based on national household survey data.

Mexico FHH more resilient

Table 19: Probability of being highly resilient, by household type (%)

Type of household	Mexico, 2008		
	Rural	Urban	Total
Male headed	19.02	31.89	27.16
- Single male	15.98	7.78	10.14
- Male headed couple without dependents	22.30	25.67	24.38
- Male headed couple with dependents	16.91	31.23	25.87
- Male headed single-carer household	10.11	15.28	12.70
- Other male headed household	46.06	67.91	61.54
Female headed	19.27	34.43	29.77
- Single female	21.21	18.70	19.44
- Female headed couple without dependents	7.98	30.18	23.61
- Female headed couple with dependents	21.22	37.04	32.72
- Female headed single-carer household	7.65	16.70	13.28
- Other female headed household	31.75	53.06	47.39
Total	19.08	32.56	27.81

Source: Authors' elaboration based on national household survey data.



ECON 3235 : Latin American Economics Spring 2016 Case Study Guide



Dominican Republic Case Study

By Alfonsina Diaz

ECON 6470: Economic Growth and Development
Spring 2016 Case Study

Growth Diagnostics Hausmann, Rodrik and Velasco, 2005: Binding constraints & Economic performance

[*Getting the Diagnosis Right: A new approach to economic reform* (Hausmann, Rodrik and Velasco, 2006)]:

- 1980: reinvent economy (weak institutions, macro-imbalance)
- 1991: BoP crisis—>modest structural reforms:exchange rate unification, trade liberalization
- 2002: banking crisis. Ponzy scheme uncovered—>more than 20% bank losses into public debt/quasi-fiscal deficit
- **Alternative path to development: identifying key sectors with high potential and the provide institutions and public goods needed to boost their potential.**

Which ones? **Tourism & Maquila**

*Also included in the peer economies group.

Table P-2 Dom Republic Peers base year 2000

ISO	Country	2000 Peers	\$PPP y/y _{US}			2000 to 2015	
			2000	2015	Change	POP	growth
PER	Peru		14	22	7.3	32	3.0
TUN	Tunisia		15	20	5.6	11	2.6
GTM	Guatemala		15	14	-1.2	17	1.1
MNG	Mongolia		15	22	7.0	3.0	2.9
COG	Republic of Congo		15	12	-3.3	4.5	0.6
DOM	Dominican Republic		15	26	11	10	3.6
PRY	Paraguay		17	16	-1.3	7.1	1.1
NAM	Namibia		17	20	2.8	2.2	2.1
EGY	Egypt		18	20	2.5	90	2.0
THA	Thailand		18	29	11	69	3.3
PAN	Panama		18	37	19	4.1	4.3

Source IMF October 2015 WEO database.

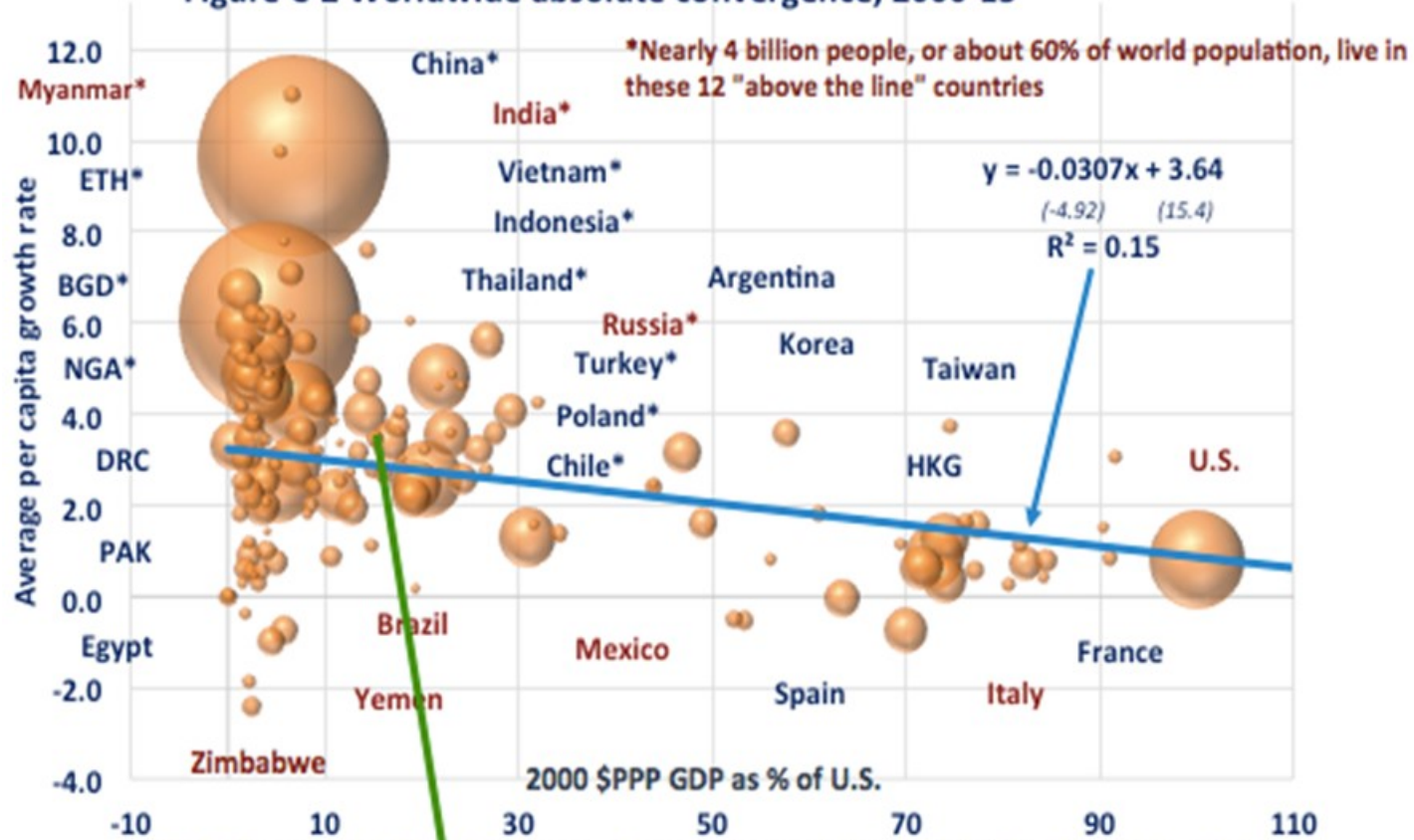
Table PC-5 DR 14th fastest growing economy in the World 2000-2015

1	SGP	Singapore	93	152	59	5.6
2	TWN	Taiwan Prov of China	42	85	43	24
3	IRL	Ireland	58	96	38	4.7
4	KOR	Korea	31	65	34	51
5	HKG	Hong Kong SAR	72	101	30	7.4
6	CHN	China	4.1	25	21	1,382
7	POL	Poland	27	47	20	38
8	PAN	Panama	18	37	19	4.1
9	MYS	Malaysia	28	47	18	31.6
10	CHL	Chile	24	42	18	18.2
11	MUS	Mauritius	20	35	15	1.3
12	LBN	Lebanon	20	33	13	4.6
13	URY	Uruguay	27	39	11	3.4
14	DOM	Dominican Republic	15	26	11	10.1
15	LKA	Sri Lanka	8.8	19.9	11	21.3
16	THA	Thailand	18	29	11	69

Source IMF October 2015 WEO database.

C-:Dominican Republic is above the line

Figure C-2 Worldwide absolute convergence, 2000-13



The blue line represents "absolute convergence" meaning poor countries grow faster than rich countries, reducing "between country" inequality. This is rare, but did happen between 2000 and 2013, data source: IMF WEO database Oct 2012 (bubbles proportion)

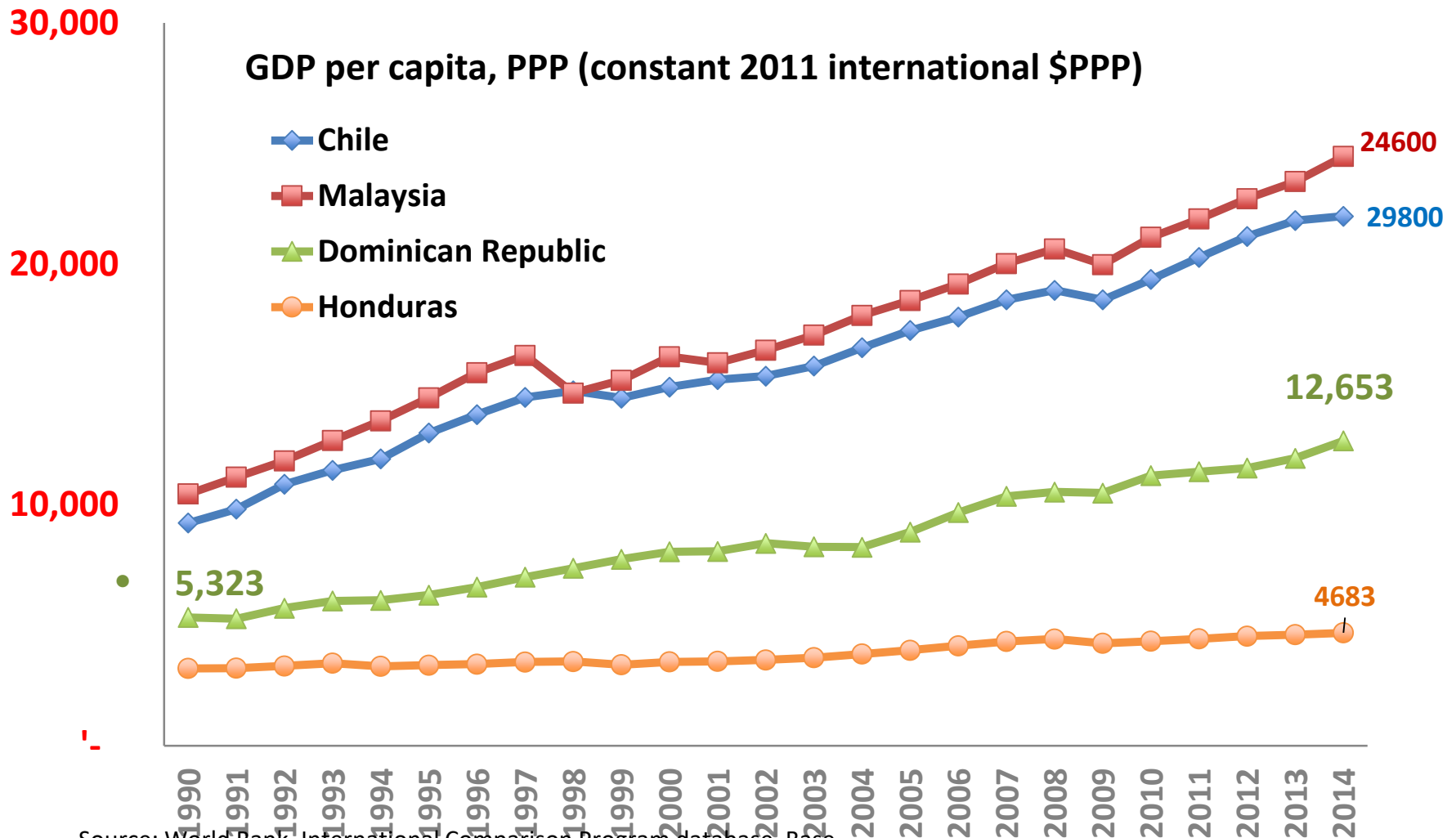
Dominican Republic:

-Size % of U.S.: 15.247%

-Average per capita growth 2000-2014: 3.44%

-Pop: 10.422

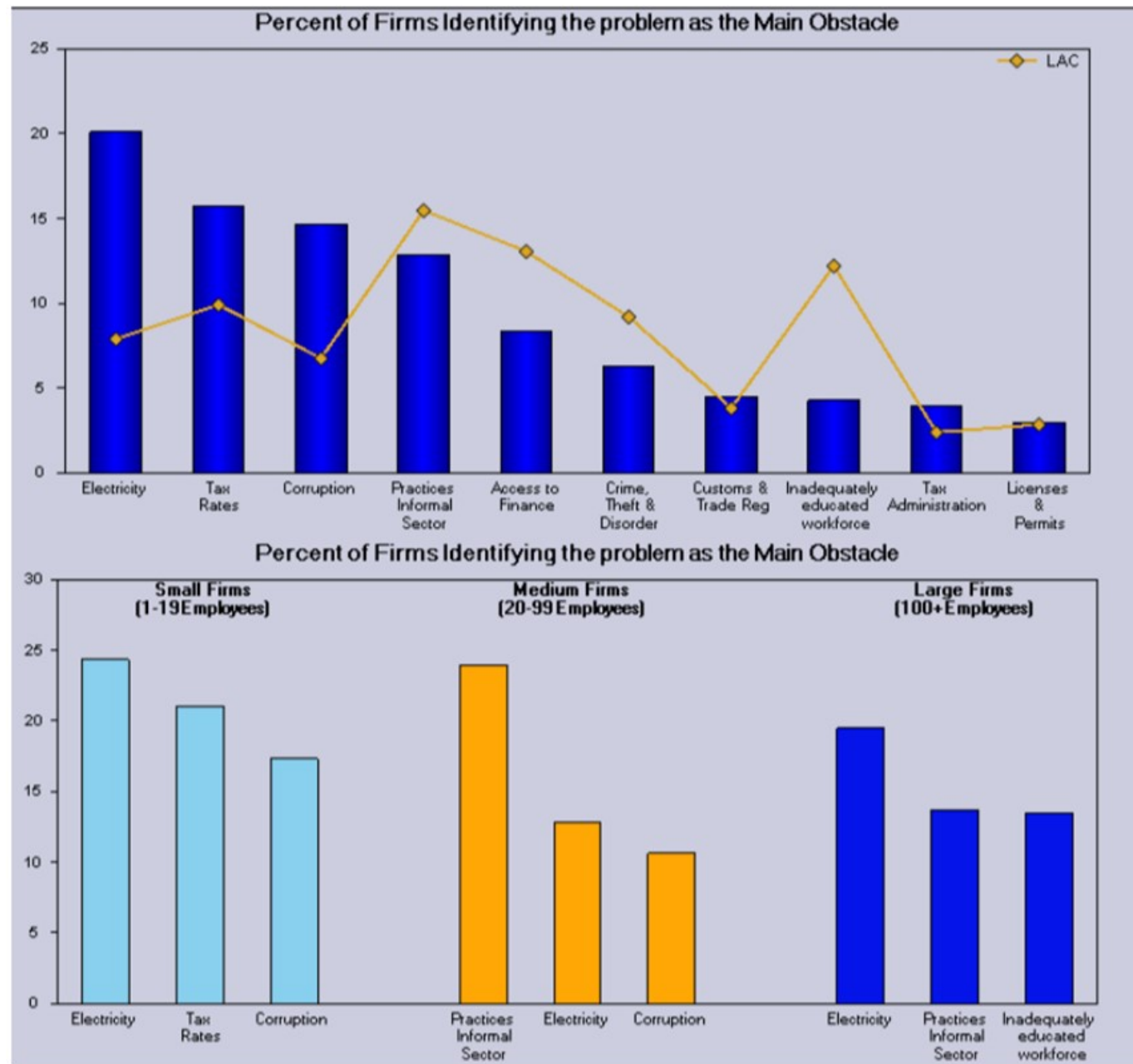
Figure PC-1: Dominican Republic & peers. Per capita GDP, chained



Source: World Bank, International Comparison Program database. Base year 2011.

Figure SF I Major Constraints Identified by Enterprises

Electricity:
strongest
constraint

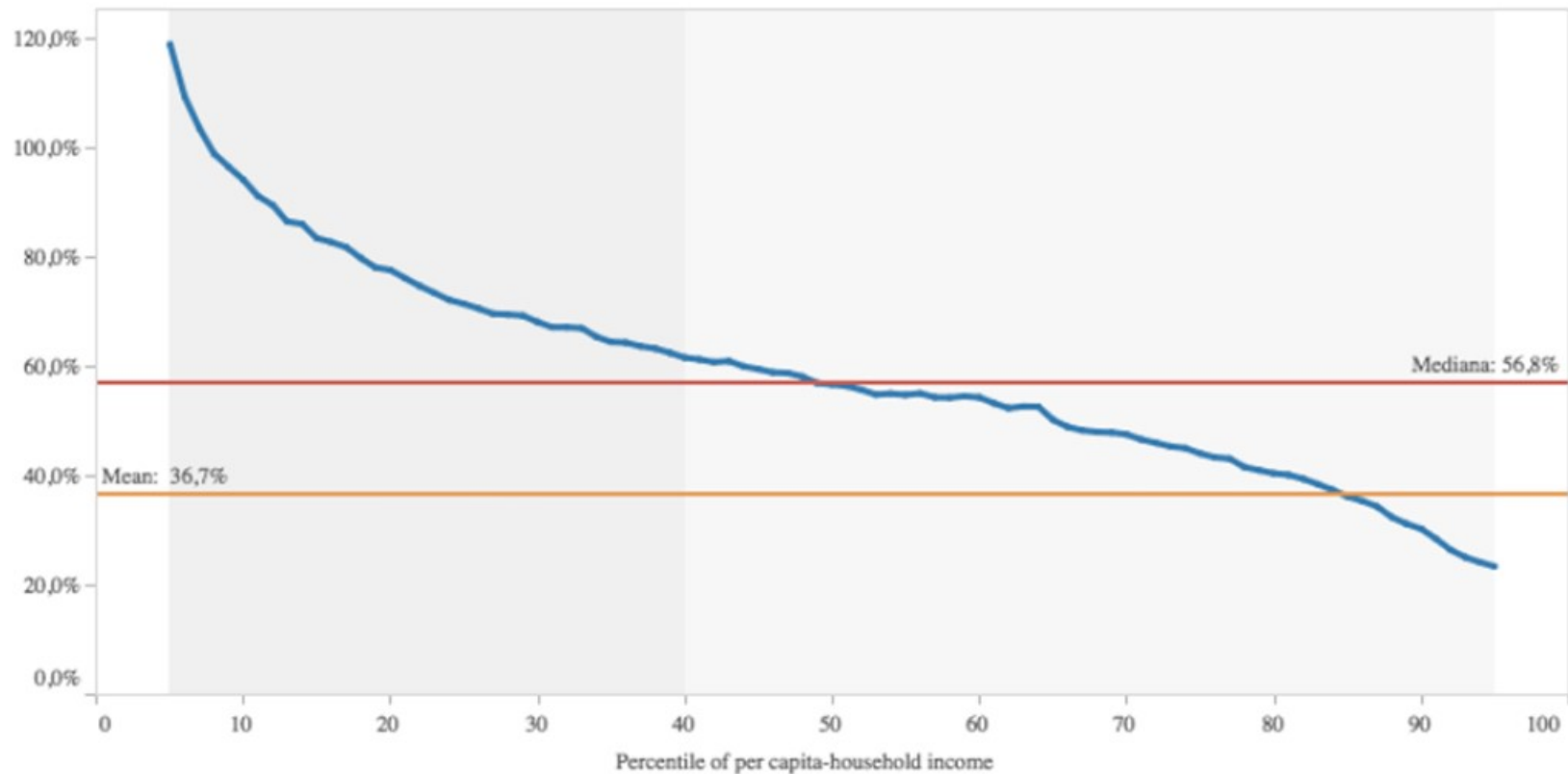


Source: World Bank/IFC Enterprise Survey, Dominican Republic Country Profile 2010, p. 4

IGD. USAID, 2012.

Figure GIC-1:LAC

LAC (2000-2014)
Total Growth



Source: LAC Equity Lab tabulations using SEDLAC (CEDLAS and World Bank) WDI for LAC interpolations.

Dominican Republic and Haiti:

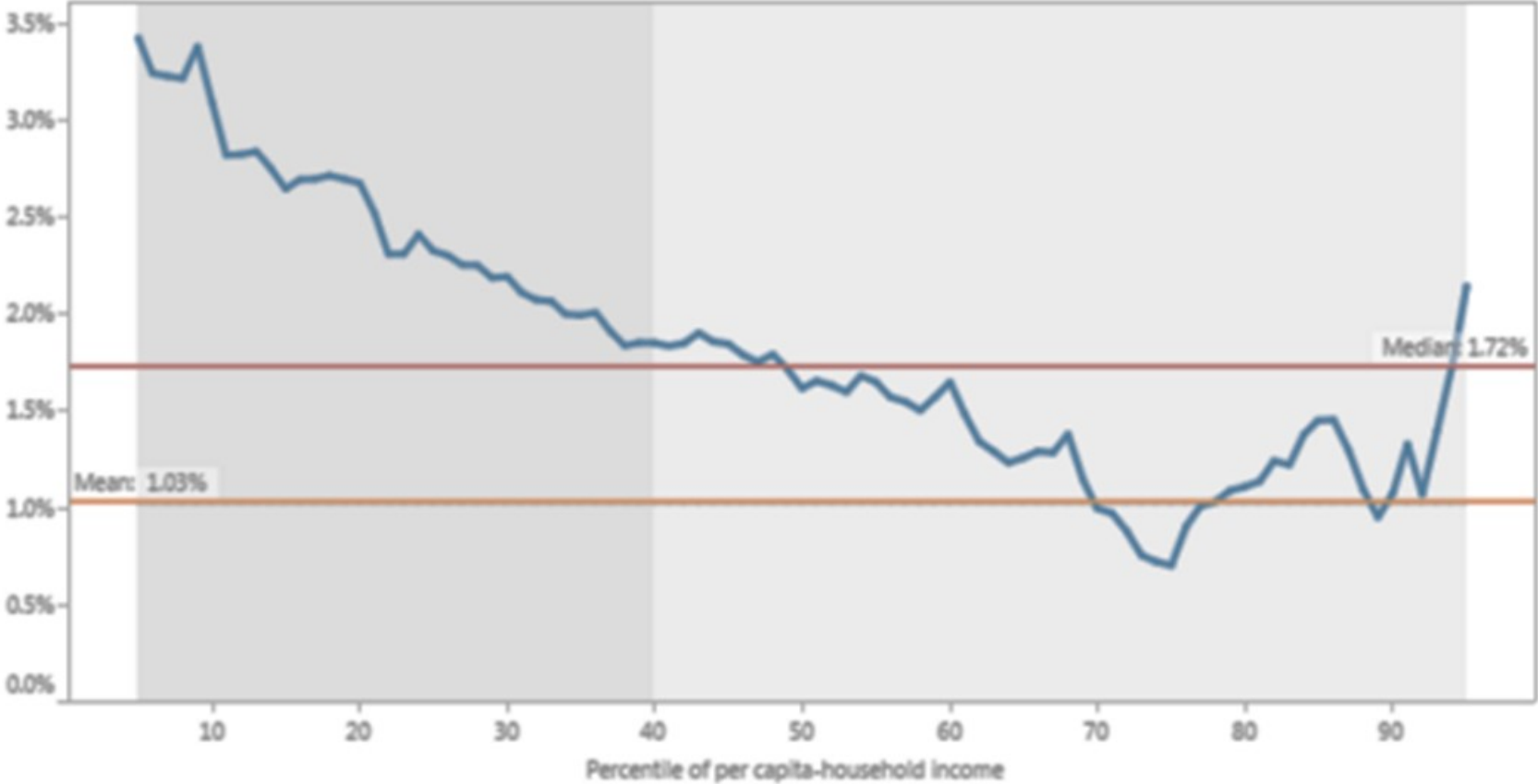
- **Area: 48,443 km² (Approx. the size of New Hampshire)**
- **Pop: 10 Million (July 2015 est.)**
- **Resources: Nickel, bauxite, gold, silver, arable land**
- **Geography: 52% (arable land 17%; permanent crops 10%; permanent pasture 25%)**
- **Currency: Dominican Peso RD\$**



Source: The World Fact Book. CIA, 2016.

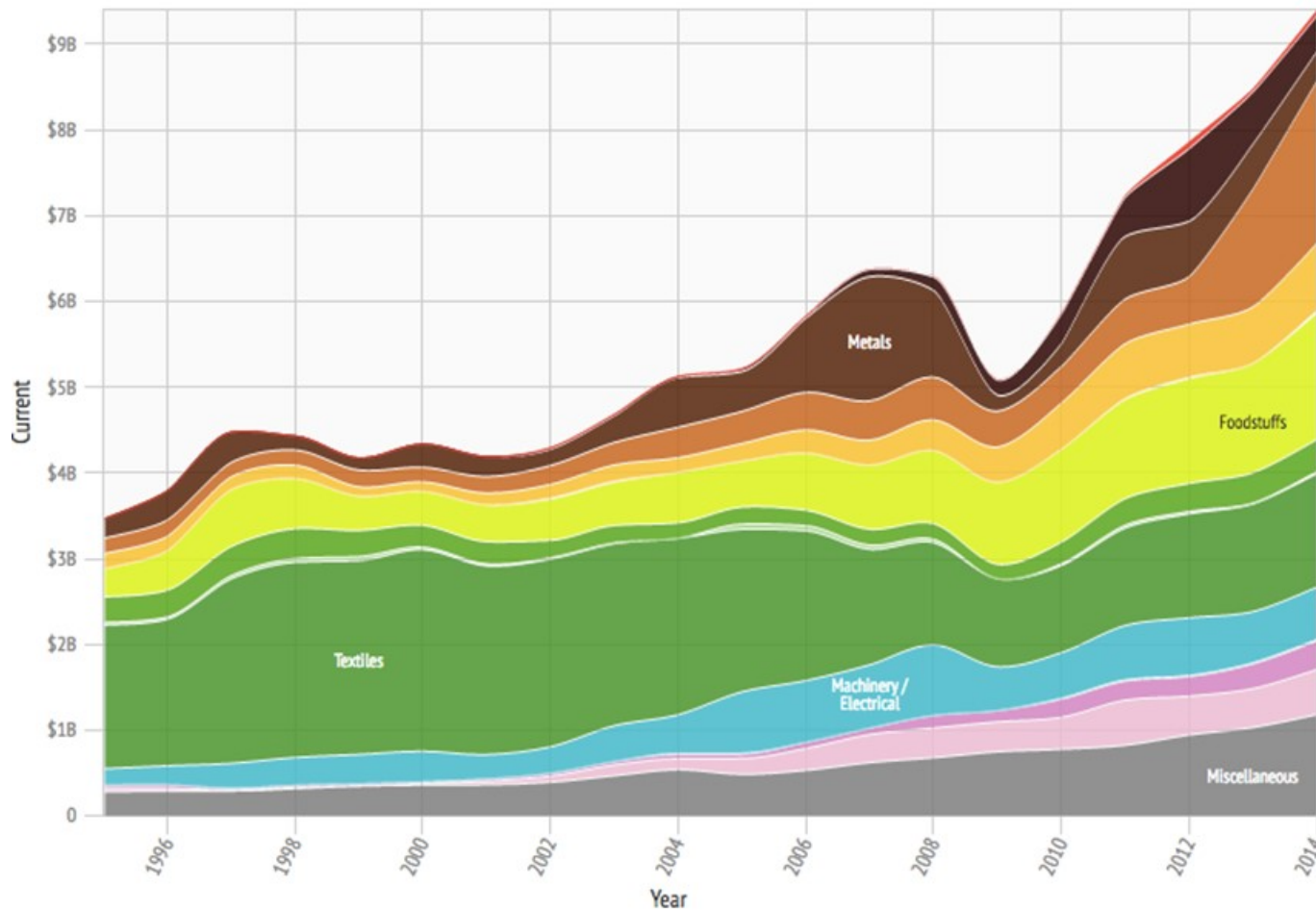
Figure GIC-2: Dominican Republic

Dominican Republic (2008-2013)
Annualized Growth



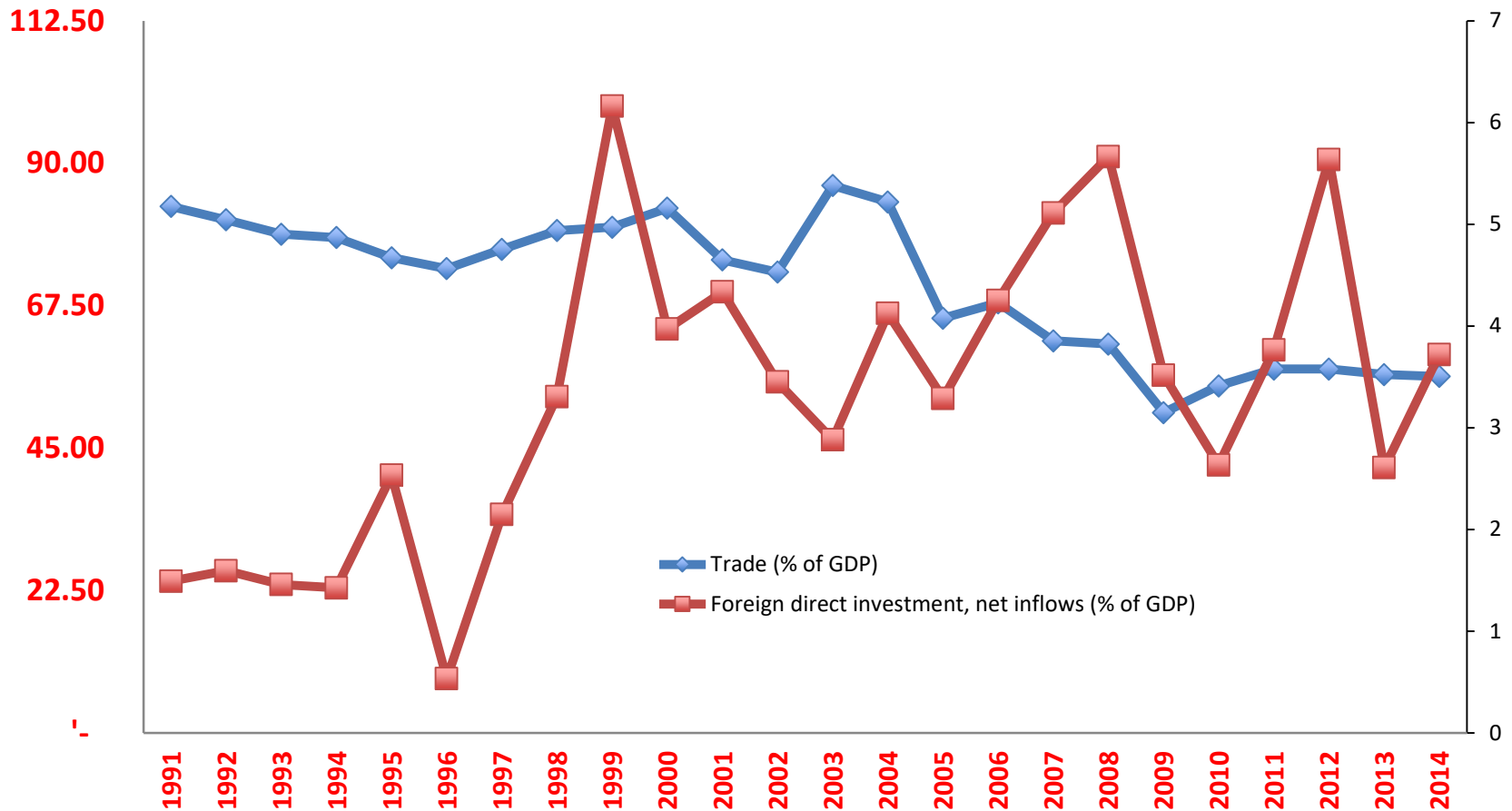
Source: LAC Equity Lab tabulations using SEDLAC (CEDLAS and World Bank) WDI for LAC interpolations.

What did Dominican Republic export between 1995-2014?



Source: MIT-Observatory of Economic Complexity, 2016

Figure T/F-1: Trade vs. FDI Dominican Republic



Source: WDI, World Bank, 2016

Classic Outlook/Forecasts: Growth diagnostics

- Improve the business climate to boost employment.
- Promote equitable, efficient, transparent and sustainable fiscal policy.
- Improve public service delivery to reach people living in poverty.

Policies(*according to the EGD-USAID*)

Improve:

- 1) Processing & marketing agri-products for both domestic & intl. markets;
- 2) Human capital: Health & Education;
- 3) Location/lack of mobility: not a problem;
- 4) Rule of law.

Keep it up:

- 1) Sound macro environment;
- 2) Social programs (*Quisqueya Aprende Contigo, Bono luz, agua, etc.*)

STOP: Corruption, bureaucracy.

References not formatted correctly!!

- The CIA World Fact Book (never use this...)
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