Improving Data Foresight for Economic Policy Decisions

Measuring Gross Domestic Product (GDP) is especially challenging in developing countries, where the informal sector is large and institutional constraints can be severe. As a result, GDP growth estimates are often met with skepticism. But new technologies offer an opportunity to improve matters. Luminosity observed from satellites has been shown to be a good proxy for economic activity, and methodologies have been developed in recent years to predict GDP over time and across space based on nightlight intensity. In South Asia’s case, GDP predicted using these methodologies closely tracks National Accounts GDP at the aggregate level, and provides a granular picture of GDP at subnational levels. Nightlight intensity also yields new insights on recent economic developments. Thus, the major shocks experienced by Nepal in 2015 had very different impacts across districts. In Afghanistan, local surges in conflict reduced local growth for up to one quarter. And in India demonetisation had a short-lived effect at the aggregate level, but a noticeable impact on rural, unbanked and informal districts. To improve economic measurement in South Asia, a greater reliance on big data may help, but a clear agenda towards stronger statistical systems is a necessity.

The panel will be based on the Focus Chapter in the new South Asia Economic Focus, which can be found here: <https://openknowledge.worldbank.org/handle/10986/28397>.

Panel Organisers:
Mr Robert Carl Michael Beyer, The World Bank
Dr Vaqar Ahmed, Sustainable Development Policy Institute, Islamabad, Pakistan
Email address: vaqar@sdpi.org