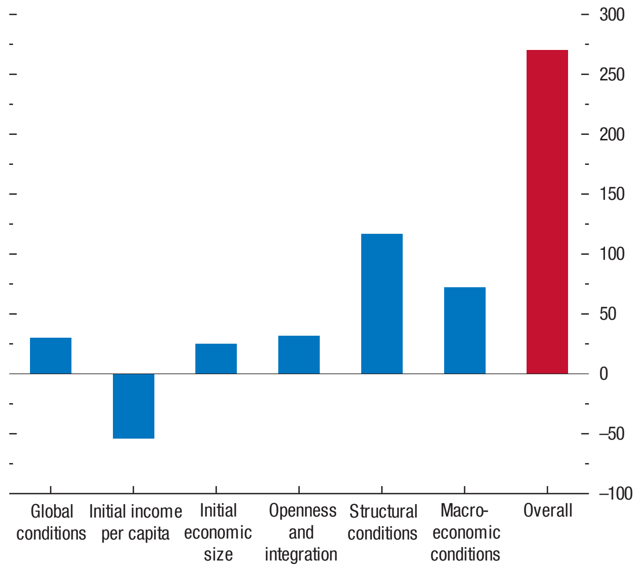
Figure 4.11. Contributors to the Changing Likelihood of a Growth Takeoff in Low-Income Countries

(Percent change in odds ratio; 2000s versus before 1990)

The predicted annual chance of a strong growth takeoff for an average low-income country was larger in the 2000s than it was before 1990. More favorable global conditions, greater economic size, a larger share of exports going to emerging market and developing economies, a more competitive real exchange rate, more years of schooling, higher investment, lower inflation, and lower public debt all contributed to this rise; higher initial income per capita lowered the chances.



Source: IMF staff calculations.
Note: The odds ratio is the probability of starting a takeoff divided by the probability of not starting one. The estimated contribution of the variables to the percent change in the predicted odds ratio is based on the logistic regression coefficient estimates in Table 4.4, for the full sample. The variable groups shown correspond to those in Table 4.4. The average values of the variables over either the period before 1990 or 2000–11 are used to calculate the predicted odds ratio. The associated predicted probabilities at these average values are 0.8 percent for the subsample before 1990 and 2.8 percent for the 2000–11 subsample. To calculate the overall change, the product of the contributions is used. See Appendix 4.3 for additional details on the model specification and estimation.