

BASIC CAPABILITIES INDEX

TEN YEARS AFTER THE MILLENNIUM DECLARATION

Progress on the social indicators has slowed down

The 2010 Basic Capabilities Index (BCI) developed by Social Watch shows that in the last 20 years poverty reduction has slowed down. The evolution of this index since 2000, when the Millennium Development Goals (MDGs) were set, indicates that progress is decelerating instead of accelerating, and the international community's efforts have not translated into a more rapid improvement in social indicators. Social progress does not automatically follow economic growth and better (non-monetary) indicators are needed to more accurately monitor the evolution of poverty in the world.

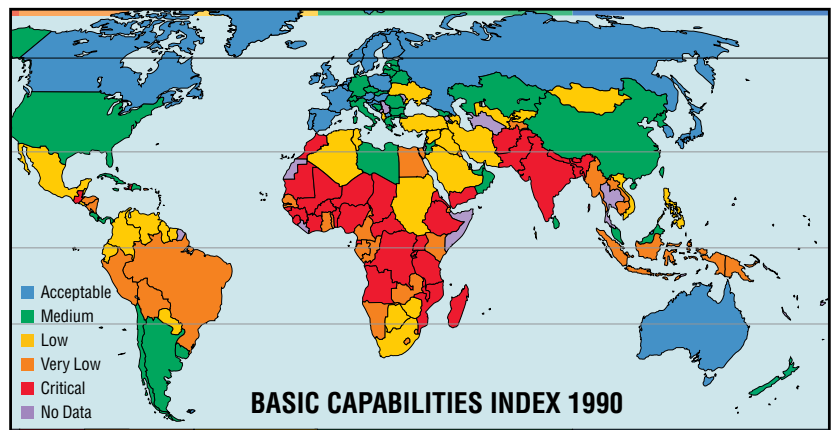
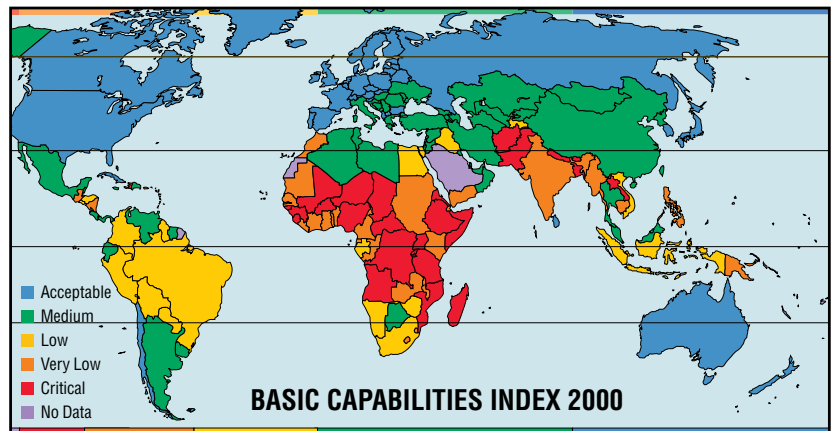
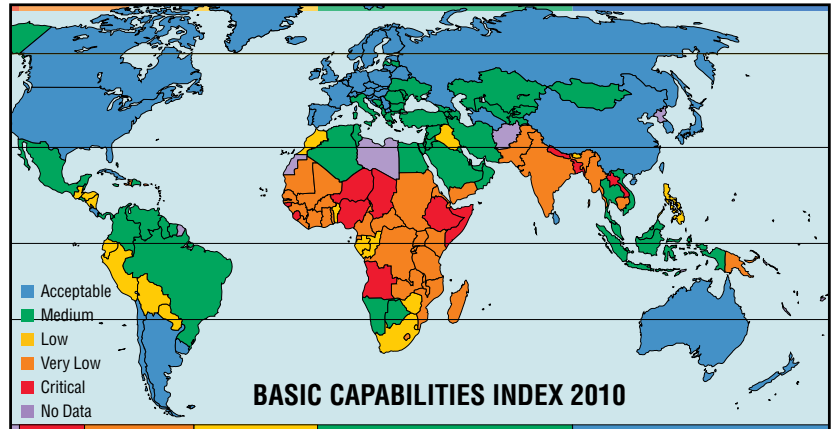
In his *Keeping the Promise* report of February 2010, UN Secretary General Ban Ki-Moon said that the MDGs "are the world's quantified, time-bound targets for addressing extreme poverty, hunger and disease, and for promoting gender equality, education and environmental sustainability. They are also an expression of basic human rights: the rights of everyone to good health, education and shelter."

Yet, even when the goals are "quantifiable", they are not easy to measure. A set of 38 indicators on each of the specific targets under each goal has been developed by the United Nations, but data are missing for most of the countries. On the most important target of reducing the proportion of the population living with less than one dollar per day, data from 2005 or after are only available for 67 countries.

The current picture as shown by the BCI

The BCI was designed by Social Watch as an alternative way to monitor the situation of poverty in the world. Most of the available poverty-measurement are based on the premise that poverty is a monetary phenomenon and they measure, for example, how many persons live with an income of under one dollar a day. The BCI, like other alternative (non-monetary) ways of measuring poverty, is based instead on a person's capability of accessing a series of services that are indispensable for survival and human dignity. The indicators that make up the BCI are among the most basic of those used to measure the MDGs.

The BCI is the average of three indicators: 1) mortality among children under five, 2) reproductive or maternal-child health, and 3) education (measured with a combination of enrolment in primary education and the proportion of children reaching fifth grade). All the indicators are expressed in percentages and they range from 0 to 100. Under five mortality, which is usually expressed in number of deaths per thousand children born alive, is expressed as 100 minus that value. So that, for example, a value of 20 deaths per thousand becomes 2% and, when deducted from 100, yields a basic indicator value of 98. Thus, the theoretical maximum value in infant mortality is 100, which would mean that all children born alive survive until they are five years old. Reproductive health takes the maximum value 100 when all women giving birth are attended by skilled health personnel. Similarly, the education indicator registers 100 when all school age children are enrolled in education and they all attain five years of schooling. These three indicators are then aver-



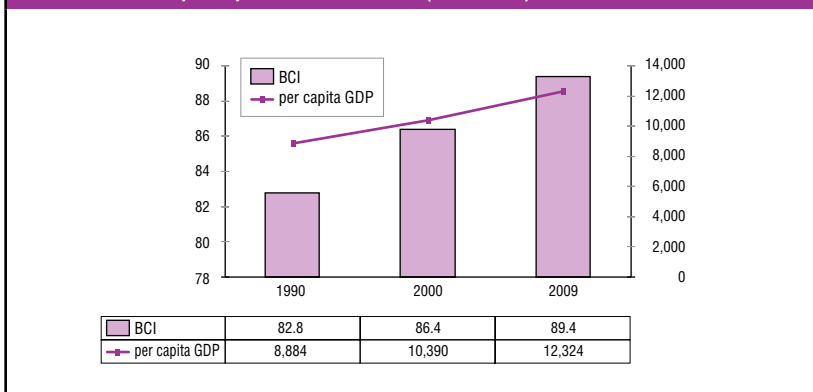
BCI EVOLUTION BY COUNTRY											
Country	BCI 2000	BCI Evolution	BCI 2010	Country	BCI 2000	BCI Evolution	BCI 2010	Country	BCI 2000	BCI Evolution	BCI 2010
Afghanistan	45			Gabon	84			Netherlands	99+		99
Albania	99	←	97	Gambia, The	76	←	72	New Zealand	98	→	99+
Algeria	94	→	96	Georgia	94	→	97	Nicaragua	76	→	81
Angola	57	→	60	Germany	99+		99	Niger	48	→	59
Argentina	97	→	98	Ghana	66	→	77	Nigeria	64	←	61
Armenia	95		94	Greece	94	→	99	Norway	99		99
Australia	99		99	Guatemala	69	→	88	Oman	94		94
Austria	99		99	Guinea	54	→	67	Pakistan	55	→	65
Azerbaijan	90	→	94	Guinea Bissau	55	→	60	Panama	94		94
Bahamas, The	94	→	97	Guyana	85	→	91	Paraguay	81	→	89
Bahrain	95		95	Haiti	63	→	67	Peru	82	→	88
Bangladesh	61		61	Honduras	80	→	84	Philippines	79	→	81
Belarus	98		99	Hungary	97		98	Poland	99		99
Belgium	99+	←	99	Iceland	99+		99	Portugal	98	→	99
Belize	91	→	96	India	67	→	73	Qatar	96	←	94
Benin	78	→	85	Indonesia	85	→	90	Romania	97		97
Bhutan	63	→	85	Iran, Islamic Rep.	93	→	95	Russian Federation	99		98
Bolivia	82		83	Iraq	81	→	88	Rwanda	57	→	79
Bosnia and Herzegovina	97		97	Ireland	98		99	Saudi Arabia			92
Botswana	91		90	Israel	96		96	Senegal	70	→	71
Brazil	88	→	96	Italy	95		99	Serbia	97	→	98
Bulgaria	98		98	Jamaica	94	←	93	Sierra Leone	55	→	61
Burkina Faso	55	→	69	Japan	99+		99+	Singapore	98		98
Burma	67	→	77	Jordan	97		97	Slovak Republic	98		98
Burundi	53	→	66	Kazakhstan	95	→	97	Slovenia	99		98
Cambodia	65	→	70	Kenya	65	→	71	Somalia	58		57
Cameroon	75		75	Kiribati	88	←	82	South Africa	85		86
Canada	99		99+	Korea, Dem. Rep.	92			Spain	99		99
Cape Verde	93	←	87	Korea, Rep.	99+		99	Sri Lanka	98		99
Central African Republic	63	→	65	Kuwait	94		94	Sudan	79	←	77
Chad	50	→	54	Kyrgyzstan	95		95	Suriname	91		91
Chile	98		98	Lao PDR	59	→	63	Swaziland	77	→	81
China	97	→	99	Latvia	99	←	97	Sweden	99		99
Colombia	87	→	94	Lebanon	94	←	92	Switzerland	98		98
Comoros	74			Lesotho	74	→	78	Syrian Arab Republic	92	→	96
Congo, Dem. Rep.	58	→	78	Liberia	70	←	67	Tajikistan	86	→	93
Congo, Rep.	73	→	80	Libya	96			Tanzania	63	→	75
Costa Rica	96	→	97	Lithuania	99		98	Thailand	96		96
Cote d'Ivoire	73	→	74	Luxembourg	99		99	Togo	71	→	74
Cuba	98		99	Madagascar	61	→	76	Trinidad and Tobago	96		96
Cyprus	95		96	Malawi	72	←	70	Tunisia	94	→	97
Czech Republic	99		98	Malaysia	96	→	97	Turkey	90	→	95
Denmark	99		99	Maldives	88	→	92	Turkmenistan	91	→	98
Djibouti	72	→	76	Mali	62	→	69	Ukraine	97		97
Dominica	96	←	92	Malta	95	→	97	United Arab Emirates	92	→	95
Dominican Republic	90		90	Mauritania	69	→	71	United Kingdom	99		99
Ecuador	95	←	88	Mauritius	98		98	United States	97		97
Egypt, Arab Rep.	83	→	91	Mexico	92	→	96	Uruguay	97	→	98
El Salvador	88	→	91	Moldova	91	→	96	Uzbekistan	96	→	97
Equatorial Guinea	66	→	68	Mongolia	94	→	96	Venezuela, RB	94	←	91
Eritrea	56	→	76	Montenegro	97		97	Vietnam	86	→	93
Estonia	99		99	Morocco	78	→	88	Zambia	68	→	75
Ethiopia	48	→	53	Mozambique	62	→	71	Zimbabwe	82	→	87
Finland	99+		99	Namibia	86	→	90				
France	99		99	Nepal	54	→	58				

References:

← Major regression ← Regression || Stagnant → Slight progress → Significant progress

Note: values in italics are estimates.

CHART 1. BCI and per capita GDP in the world (1990-2009)



aged, so the total value of the index will vary between 0% and 100% (see BCI Evolution by Country table in previous page).

The figures show that overall, since 1990, the world has made progress in its efforts to reduce poverty. In the last 20 years the BCI has grown worldwide and so has per capita income. Chart 1 shows the average total value of the BCI and of capita income in CPP (constant purchasing power) dollars for three points in time (1990, 2000 and 2009).

Per capita income growth accelerated from 17% in 1990-2000 to 19% between 2000 and 2009, but BCI growth slowed from 4% in the 1990s to 3% in the first decade of this century. This indicates that the Millennium Declaration and the international community's efforts to reach the goals it set have not translated into more rapid progress in social indicators, even when resources were available. On the contrary, the data in Chart 1 confirm the findings of recent research, which show that since 2000 progress in these indicators has become slower.¹

An analysis of the behaviour of aggregated BCI levels shows big variations between different regions of the world. These units of aggregation make sense for at least two reasons. First, there are patterns of geographic diffusion in the design and implementation of public policies geared to reducing poverty and satisfying basic needs, as captured by the BCI and other ways of measuring absolute poverty. Second, the countries that make up each region show clear patterns of inter-dependence so they tend to behave in similar ways as regards the evolution of some of the socioeconomic indicators.

For the purposes of Chart 2, the average BCI for each region was calculated by weighting each country BCI according to its population. The graph shows that all the regions have increased their BCI values, but some of them did it only marginally. The developed countries have a very small increase because their values are nearing 100% and cannot get any better. These countries have the highest levels

of human development and equity and the lowest poverty levels, and they also have the highest basic capability levels as measured by the BCI.

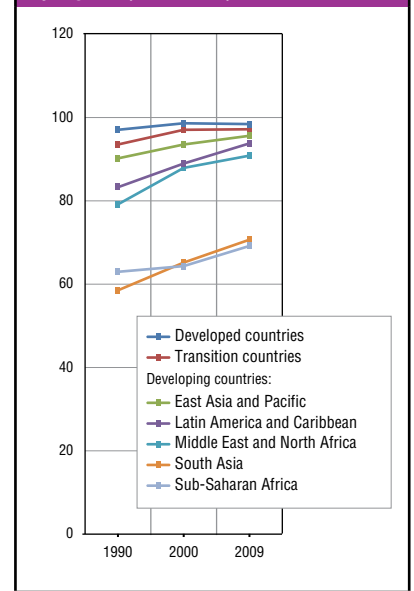
Second, the countries in transition, Latin America, the Middle East and Northern Africa show progress in the 1990-2009 period. However, the biggest advances were registered between 1990 and 2000 and their evolution between 2000 and 2009 is relatively slower. Again, the data show that BCI growth has been decelerating since 2000, when the MDGs were set, instead of accelerating.

Third, the BCI for South Asia maintained its pre-2000 growth rate in the subsequent decade, and Sub-Saharan Africa is the only region that has progressed more rapidly since 2000 than in the previous decade, when it hardly made any progress at all. Both these regions started from very low levels, and they need to accelerate even more if they are to reach average acceptable levels in the next decade. South Asia is progressing faster than Sub-Saharan Africa. This region consists of a small group of countries and its average is highly influenced by India, which grew five points in the index between 1990 and 2000 and another five points since. The enormous and heterogeneous Sub-Saharan Africa group was thus left with the lowest BCI values in 2010.

Average progress on the BCI among the developing countries in East Asia and the Pacific is very slow because of the great weight that China has in this region. China has relatively high BCI values but they are progressing very sluggishly, which stands in stark contrast to the country's behaviour as regards per capita income or the percentage of the population living on less than one dollar a day. In the last 20 years China has made tremendous progress on these two indicators, but its big progress in basic social indicators took place before the 1990s.

Table 1 shows an alternative way of looking at recent evolution, based on the levels determined by the BCI values (Critical, Very Low, Low, Medium and Acceptable). Over the last 20 years the group of countries with medium and acceptable values on the one hand, and the group of countries with low, very low and critical values on the other, inverted their positions in the sense that the former increased from 40% to 61% of all countries for which the BCI can be calculated, and the latter fell from 60% to 39% of all countries considered. In both groups the big fall in

CHART 2. Evolution of BCI by regions (1990-2009)



the number of countries in the worst situation and the increase in the number of countries with relatively better levels came about before 2000, and in the new millennium change has been slower.

Some cases of recent evolution

As well as big changes among the regions, there have been some notable changes among countries within regions. Europe and North America are relatively homogenous; the levels of variation among the countries making up these two geographical areas are low. Moreover, these regions have not shown substantial progress as they are made up of countries that already have satisfactory levels on the index. On the other hand, other regions have higher levels of variation in their evolution over the last 20 years (see Chart 2). All the levels on the general map in Evolution table contain countries that have progressed and others that have regressed.

In the group with the "acceptable" BCI levels, Albania made the most progress in the 1990s but then regressed the most in the subsequent decade. This regression was relatively slight, but it indicates a lack of continuity in efforts to improve performance on the BCI indicators. As to the group with intermediate values, it is illustrative to focus on the best and

TABLE 1. Evolution of BCI by levels (in number of countries).

	1990	2000	2010
Critical	42	35	22
Very Low	18	17	22
Low	34	19	19
Medium	29	43	40
Acceptable	33	50	58
Total	156	164	161

1 Fukuda-Parr and Greenstein, "How should MDG implementation be measured: faster progress or meeting targets?" Working paper 63. International Policy Centre for Inclusive Growth, May 2010.

worst performers. At the top end of the scale it is no surprise that Brazil has done well; it has very high rates of economic growth and a sustained political commitment that has led to substantial poverty reduction in the last 20 years. At the bottom end of the scale, as can be clearly seen from the situation of many countries in Sub-Saharan Africa that have high incomes from oil and other extractive industries, the benefits of natural resources do not automatically translate into improved social well-being, even in countries that have healthy economic indicators. It is evident that it is not enough to simply supply funds and provide services geared to poverty reduction, there also has to be collective action on the part of the agents that lead the political system. Without this commitment there cannot be social progress.

Lastly, but by no means the least important, we should look at several other countries in other BCI levels. In the low level, Guatemala and Bhutan have made enormous strides. In the very low level, countries emerging out of conflict, such as Rwanda improved considerably in 2000-2009, whereas Sudan's BCI values continued their systematic decline over the 20 years period. In the critical BCI level some countries such as Burkina Faso, Burundi and Guinea have done comparatively well but others like Nigeria, have not.

Looking to the future

In the light of the recent evolution in BCI values it is clear that extreme poverty, measured in terms of access to a pool of services that are basic to human survival, will continue to decrease over time, but the speed of poverty reduction is not automatically determined by the economy. Even at moderately low economic growth rates BCI indicators tend to fall. This has been also the case with other non-monetary poverty measurements like Unsatisfied Basic Needs, which were evaluated in a good part of Latin America in the 1980s. If the long term trend in BCI ratings is for progressively fewer countries to find themselves in the critical level and for more and more countries to attain values that are consistently above 90%,

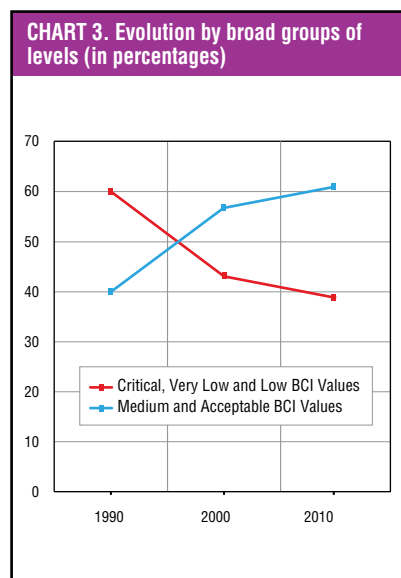
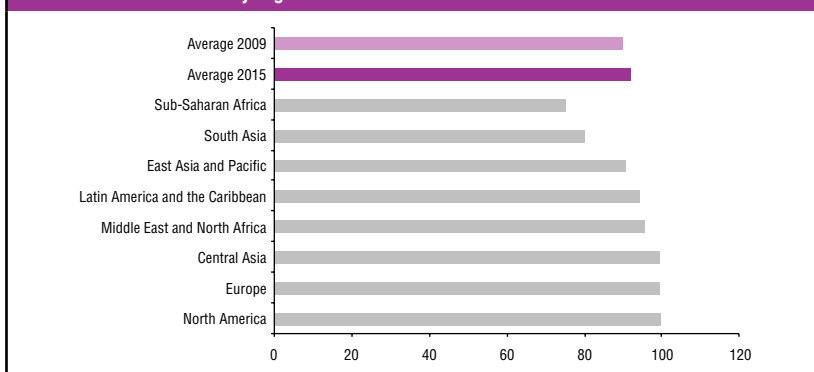


CHART 4. BCI evolution by regions to 2015



monitoring social progress will have to move from using average national indicators to other measurements that provide more levels of variation and disaggregation, particularly in countries with higher BCI values.

To make such a monitoring possible, a commitment from the international community is needed to generate better and more accurate statistics, with appropriate gender, regional and ethnical discrimination. In fact, these kinds of indicators are available for many developed countries, but very little statistical information is available about the rest of the world in this respect. Many countries will jump up to the groups with medium or acceptable BCI values in

the coming years and there will be progressively more countries with stagnant values because the BCI cannot exceed 100%. The worldwide pattern of sustained BCI growth, albeit with slower growth rates since 2000, indicates that more and more countries should be monitored using more sophisticated indicators that more accurately capture the evolution of non-monetary poverty in the world.

Yet, the linear projections in Chart 4, based on the data from the 1990-2000 and 2000-2009 periods, also show that if current trends in the evolution of the BCI are maintained, big regions of the world will still be far from reaching acceptable levels in 2015. ■

TECHNICAL NOTES:

I. The BCI indicators:

1. Education: a) The percentage of children that reach the fifth grade in primary education; b) Net enrolment rate in primary education. The Education indicator is made up of the average of these two values (a and b)
2. Mortality among children under five. The value of this indicator is represented as $I1=(100-M)$, as the rate of survival until the age of five, where M is the death rate in the first five years of life per 1,000 births.
3. The percentage of births attended by skilled health personnel.

II. The BCI has been calculated for three points in time, with different sources of free access information (for the complete list of sources, see <www.socialwatch.org>). So as to complete the data for 1990, 2000 and 2009, the Social Watch research team constructed a system of approximate measures (or proxies) that maximize the information available. For 1990 this involved considering all the data available in a range of 5 years, taking 1990 as a base and assuming +/- 2 years. In cases where no information before 1990 was available, the five-year range was still taken but up to 1995 inclusive. For 2000, we took a five-year range with 2000 as the base year and

a criterion of +/- 2 years. Lastly, for 2009, we applied the criterion of the latest data available since 2005.¹

III. There is a high level of correlation among the values of the three indicators, and the values of each indicator are correlated with its values at different points in time, so for countries for which we did not have information about the percentage of births attended by skilled medical personnel, we imputed values based on the other two indicators in the index (education and infant mortality).

IV. So as to be able to categorize countries' evolution, the Social Watch team applied the following cut-off points: less than one negative standard deviation from the average of evolution (Severe Regression); between one negative standard deviation from the average and -1% of the variation in the rate (Regression); between -1% and 1% of variation in the rate (Stagnation); between 1% of variation in the rate and a standard deviation over the average variation (Slight Progress); and more than one standard deviation over the variation average (Significant Progress). ■

¹ The BCI values shown in the "diamonds" that appear in the national reports correspond to the BCI 2010 values.