Methodology

Sources and handling of information

Since its origins Social Watch has geared its efforts to measure, through the use of objective indicators, governments' compliance with the targets set by the governments themselves at different international forums. This is to allow the citizens of all the world to make accountable to them governments, the UN system and international organizations.

Despite the increase of available information on different social development indicators produced regularly by each country and compiled by international organizations, this data is not readily available to the public. Most of the international statistics databases are accessible only by subscription and at very high costs. In the case of the World Bank, the main source of international statistics on development, its policy of claiming copyright and charging for the use of the information is doubly contradictory, since it is an intergovernmental institution that handles information generated by the different governments, and is therefore public.

Once the obstacles to obtain the primary data are surmounted, there are further difficulties to face in the elaboration of the comparative tables, like the lack of coincidence in the dates for which data is available, the potential differences in methodological criteria for the construction of indicators at the level of each country, and the considerable discrepancies between the statistics provided for the same year by different sources.

Given these difficulties, Social Watch has kept in this report the criteria adopted in earlier editions. The data used is the most recent provided by recognized international organizations. In the case of recent data found in "secondary sources", we opted for the data that regularly showed the highest correspondence with data published by recognized sources on the subject in question. When the choice was between similar sources, we chose the one that covered the most countries.

In the case of information referring to an interval (e.g. 1990-1994) rather than a specific year, the criterion adopted was to give the data in the middle of the interval (e.g. 1992) as a means of calculating the rate of change.

Measurement of the current situation of countries and the rate of change

In each of the thematic areas the information is displayed in relation to the chosen indicators. Each indicator covers three columns: the first shows the country's initial situation,[1] the second column shows the latest available data[2] and the third and last column (titled "Progress or regression") shows the rate of change.

In order to assess the evolution of each indicator, two aspects were taken into account: initial and final levels and the rate of change of progress or regression.

The **situation** a country is in according to each indicator is given by the last available value for that indicator.

Each country is assigned a value from 1 to 4 (1 indicates worst situation and 4 indicates best situation) according to the distribution of values for each indicator[3] and an average of these values is then given for all the indicators in that area.[4] In this way a self-referential ranking is obtained, independent of the distance from the goals or from specific conceptually defined levels.

This ranking was only applied to those countries with information for at least half the indicators that make up the overall thematic area.

To avoid giving a false impression of accuracy, the average values were rescaled[5] to create four country categories:

- *Countries in better situation*
- *Countries above average*
- *Countries below average*
- *Countries in worse situation*

A fifth group is also presented showing information for those countries which lack sufficient data to be included in the ranking (*Countries with insufficient data to summarize the area*).

Within each group the countries are listed in alphabetical order.

The **rate of change** for each country is obtained by considering the variation in the values of the indicator over the time period within which the measurements are made. The quotient between the variation in the indicator and the time period reflects the rate of change for the item in question.

The values for this rate of change have also been rescaled in sections (using a reference scale from 1 to 5), which are presented in the tables in the column "Progress or regression". A series of symbols are used to illustrate the changes in order to make the information easier to read and to avoid the false impression of accuracy given by a numerical value.

The categories defined in this rescaling are as follows:

⟶	Significant progress
→	Slight progress
"	Stagnant
←	Slight regression
⟵	Significant regression

"Significant progress" applies to those countries which are progressing at rates above the average for all countries making progress.

"Slight progress" applies to those countries which are progressing at rates below the average for all countries making progress.

"Stagnant" refers to those countries where no changes (or quantitatively insignificant changes) have been recorded over the period in question.

"Slight regression" applies to those countries which are regressing at rates below the average for all countries regressing (i.e. they are regressing more slowly).

"Significant regression" applies to those countries which are regressing at rates above the average for all countries regressing (i.e. they are regressing more rapidly).

1 Initial situation was 1995 or the closest possible year for gender tables (in order to take into account the Beijing commitments), and 1990 or the closest possible year for the other thematic areas.

2 In some tables two extra columns appear displaying the date of the information selected.

3 For this the variable was normalized (by subtracting the mean and dividing by the standard deviation) and then the mean positive values and the mean negative values for the normalized indicator were calculated. The four categories were established according to the values above and below the mean positive values for the normalized indicator, and the values above and below the mean negative values for the normalized indicator.

4 In the case of the table showing morbidity and mortality rates the child immunization ranking was included as another indicator in the calculations of the average value for the area. The immunization table is presented separately and ordered according to the average value of its indicators.

5 The possible range for the average of the area was divided into four groups as follows: group 1 (between 4 and 3.26); group 2 (between 3.25 and 2.6); group 3 (between 2.5 and 1.76); group 4 (between 1.75 and 1).

GENDER EQUITY INDEX (GEI)

Gender equity is a very complex concept that involves numerous quantitative and qualitative dimensions, and for many of these there is no information available. In 2004 Social Watch produced a Gender Equity Index (GEI) which appeared in the Annual Report for that year. The index was built up from information available in most countries in dimensions that are relevant to the study of gender equity.

The challenge was to assemble the different dimensions in which inequity was measured so as to obtain an overall ranking that was wider than that of the dimensions taken separately or of the indexes traditionally used.

The main obstacle to constructing a comprehensive tool, based on a selection of indicators and conceptually suitable for measuring gender inequities, is that in many countries basic information is scarce. Different dimensions were selected, bearing in mind the information available that could be used to make comparisons internationally. These dimensions were education, economic activity, and women's representation at decision-making levels in political and economic life ("empowerment").

The final ranking was built up from a combination of the main categorizations within each of the dimensions mentioned above. This yielded 10 groups of countries classified in function of the average values of their indicators.

This tool is a first step towards combining the different dimensions in a single index, and no doubt it will have to be refined. However valuable it may be to build up an index that reflects the different areas in which gender equity is currently measured, what really matters is that the gender perspective should be incorporated into all the dimensions of social development, that it should become an integral part of the concept of development. It is not that a society is "developed" or that it "has gender equity", it is rather that gender equity is a necessary condition for development.

The 2005 Social Watch Report contains a poster with GEI classification of countries, and the results are analyzed in the chapter entitled "No country treats its women the same as its men. The Gender Equity Index - a new perspective." ■

Technical notes: the construction of the GEI

The procedure that Social Watch used to construct the table ranking countries by the different dimensions of gender equity was the same as that used for the thematic tables for other areas. That is to say, the average of countries' situations in the different areas analyzed; in the case of gender equity these areas are education, economic activity and empowerment.

The final ranking was calculated by taking a non-weighted average of each country's rating in each area. The countries were classified into four categories in line with their distribution within each indicator. The average for each area was calculated according to the average values in the classification. With this first breakdown distances were eliminated and the distribution was homogenized; therefore the result of the GEI is a basic criterion for ranking by relative position and not according to the conceptual levels of the indicators.

Where two or more countries appear in the same relative position, they are ranked alphabetically.

BASIC CAPABILITIES INDEX (BCI)

This year, like every year since 1996, the Social Watch Annual Report includes a listing of the countries of the world ranked by their situation in a series of dimensions considered important for evaluating social development.

For its 2004 Annual Report Social Watch designed a summary-index which considered the multi-dimensional aspects of development and made it possible to classify countries more easily. This index was based on the methodological approach adopted by Social Watch Philippines in their 2001 Report, and its original name, "Quality of Life Index", was retained.[6]

Since the dimensions found in the index are the minimal or basic capabilities essential for social development, the name has now been changed to **Basic Capabilities Index (BCI)** so as to give a more accurate reflection of the kinds of information it contains.

The way the results are presented has also been modified. In the current edition the countries are ranked in ascending order in accordance with their BCI ratings. Lower values indicate that a country's basic needs are far from being satisfied, so the first countries on the list are those in which improvement is most urgently required if even a minimum level of well-being is to be attained.

The BCI reflects basic well-being gauged by capabilities[7] in different aspects of the human condition, and the indicators that make it up yield separate results for each aspect. The index gives an efficient rating for the basic levels of people's well-being on the basis of their state of health (child health and reproductive health) and their performance in primary education. Both these dimensions are of crucial importance in development goals.

The indicators that make up the BCI are as follows:

- The percentage of children in the first grade of primary education who reach the fifth grade.
- Under-5 mortality rate.[8]
- The percentage of births attended by skilled health personnel.

The BCI has comparative advantages in that it is relatively simple to calculate and inexpensive because it does not depend on household surveys to estimate levels of income. It is compatible with the various national and international statistical systems, and it can be calculated easily from indicator data that are regularly issued by governments and agencies. In addition to being an instrument for classifying the relative situation of countries or of particular sectors within a country (population groups or geographical areas, for example), it can also be used to generate time series for monitoring situations related to poverty.

The tests that evaluate the efficiency of the BCI to rank countries according to their minimum levels of well-being show that the index gives an adequate

6 Raya, Rene. *An alternative measure of poverty and human capability: Introducing the Quality of Life Index.* Social Watch Philippines. Report 2001. The Quality of Life Index, originally developed by the Philippine non-governmental organization Action for Economic Reforms, is derived from the Capability Poverty Index (CPI) developed by Professor Amartya Sen and popularized as the United Nations Development Programme's Human Development Index (HDI).

7 One difference between the BCI and the HDI is that the latter combines capability indicators with measures of income.

8 The original indicator used in the Philippines experience was "Malnutrition among children under 5". Social Watch Philippines developed this methodology, and in their own report they raise the possibility of using the infant mortality rate instead because there is more data available on this in different countries' statistical registers, and because there is a high correlation between it and the child malnutrition indicator.

Table 1. BCI categories

BCI categories	Points grouping	Number of countries
Critical	Up to 69 points	26
Very low	70 to 79 points	15
Low	80 to 89 points	13
Medium	90 to 97 points	24
High	98 to 100 points	15

synthesis of the dimensions studied by Social Watch in the thematic tables (education, morbidity-mortality, reproductive health, science and technology, public expenditure, food security, water and sanitation).[9] A country's ranking on the BCI scale is similar to the ranking given by its average performance for each thematic area. The correlation between the BCI and this ranking was 0.9.[10]

There is also a high correlation with other indicators and indexes that are generally used to measure development or to classify countries according to their levels of well-being: the Human Development Index, The Human Poverty Index, the International Poverty Line, and per capita Gross Domestic Product (GDP).

The BCI makes it possible to distinguish between countries in more unfavourable situations, but it is less sensitive when detecting differences between countries that have reached a relatively high level of development. This is because the indicators used relate to basic deficiencies that are characteristic of unfavourable development situations. Therefore as a tool it is more suitable for identifying critical situations than for detecting slight differences between more developed countries.

While the indicators used in the BCI are basic and are widely used at the international level, as well as having comparative advantages over other indicators that are more expensive or complex, problems can arise when it comes to obtaining up-to-date information from many countries. It has therefore been necessary to make assumptions about performance and to employ statistical tools, so as to be able to include more countries in the classification.

It should be noted that in order to avoid any methodological bias, all the statistical tests were made using the original countries' available information.

9 The BCI explicitly excludes the gender dimension. There is a separate ranking for countries in that dimension, given by the Gender Equity Index (see related chapter in this report).

10 This value was also obtained by correlating the average with the BCI before values were assigned. See "Technical Notes: BCI design in countries" at the end of this section.

CHART 1. BCI distribution

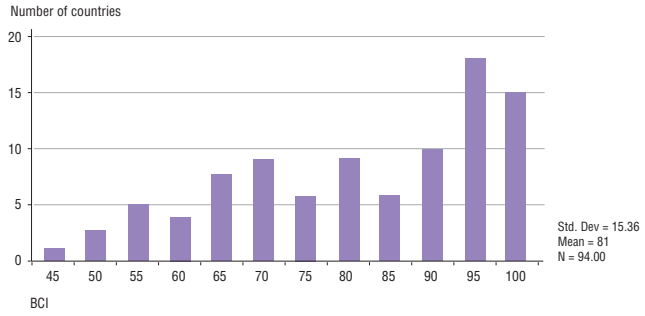

Table 2. Characterization of BCI categories based on its indicators*

BCI CATEGORIES		CHILDREN REACHING 5TH GRADE (%)	BIRTHS ATTENDED BY SKILLED HEALTH PERSONNEL (%)	UNDER-5 MORTALITY RATE (PER 1,000 LIVE BIRTHS)
Critical	Average	62.6	34.9	148.8
	Number of countries	26	26	26
	Standard deviation	16.2	16.0	54.6
Very low	Average	73.3	63.1	113.3
	Number of countries	15	15	15
	Standard deviation	9.4	7.2	50.8
Low	Average	78.4	80.6	43.1
	Number of countries	14	14	14
	Standard deviation	13.7	12.0	22.0
Medium	Average	90.5	94.8	25.8
	Number of countries	24	24	24
	Standard deviation	4.9	4.8	20.3
High	Average	98.8	99.7	8.3
	Number of countries	15	15	15
	Standard deviation	4	0.6	6.47
Total	Average	79.6	71.8	73.6
	Number of countries	94	94	94
	Standard deviation	17.1	27.7	68.0

* Only countries with original data

Table 3. BCI categories by HDI levels

BCI CATEGORIES	LOW HUMAN DEVELOPMENT	MIDDLE HUMAN DEVELOPMENT	HIGH HUMAN DEVELOPMENT	TOTAL
Critical	69.6% (16)*	20.8% (10)		**28.6% (26)**
Very low	30.4% (7)	14.6% (7)		**15.4% (14)**
Low			27.1% (13)	**14.3% (13)**
Medium		33.3% (16)	35.0% (7)	**25.3% (23)**
High		4.2% (2)	65.0% (13)	**16.5% (15)**
Total	**100.0% (23)**	**100.0% (48)**	**100.0% (20)**	**100.0% (91)**

* Number of countries.

Table 4. BCI categories by income levels (per capita GDP)

BCI CATEGORIES	LOW INCOME	LOWER MIDDLE	HIGHER MIDDLE	HIGH INCOME	HIGH INCOME NON-OECD	TOTAL
Critical	67.6% (25)*	3.3% (1)				**28.6% (26)**
Very low	24.3% (9)	20.0% (6)				**16.1% (15)**
Low	5.4% (2)	36.7% (11)				**14.0% (13)**
Medium	2.7% (1)	33.3% (10)	66.7% (12)		100.0% (1)	**25.8% (24)**
High		6.7% (2)	33.3% (6)	**100.0% (7)**		**16.1% (15)**
Total	**100.0% (37)**	**100.0% (30)**	**100.0% (18)**	**100.0% (7)**	**100.0% (1)**	**100.0% (93)**

* Number of countries.

Technical notes: the construction of the BCI

Indicators that make up the BCI:

- Percentage of children in the first grade who reach the fifth grade of primary education
- Under 5 mortality rate
- Percentage of births attended by skilled health personnel

In this edition of the report, the information available (infant mortality for 193 countries, school retention for 114, and assisted childbirth for 163) meant that the BCI could be designed directly for 94 countries. To increase the number of countries, values were assigned[11] for the indicators where information was lacking. This was done by assigning the average value of that indicator for the group the country was in as defined by its current situation in the thematic area in question. This made it possible to design an index covering a total of 163 countries.

The BCI was calculated using the non-weighted average of the original values of the three indicators in question (in the case of infant mortality a lineal transformation was previously applied to the indicator). To simplify the calculations all three indicators were given the same weight.

Child health is represented as I1 = (100 - M), where M is the under-5 mortality rate (expressed as a percentage) or the probability of death in the first five years of life expressed as per 100 live births.

Education is represented as I2, where I2 is the rate of school retention or the percentage of children enrolled in the first grade who reach the fifth grade.

Reproductive health is shown as I3, where I3 is the percentage of births assisted by skilled health personnel (doctors, nurses or midwives).

The Basic Capabilities Index value for a particular country is obtained by taking a simple average of the three components: BCI = (I1 + I2 + I3) / 3

The BCI categories

The lowest empirical value obtained in the BCI was 47 points, and the distribution was heavily concentrated at the upper end of the scale (values near 100).

Based on this distribution, five categories were used to classify countries by their different levels in the BCI. (see table 1).

In line with the indicators used in the BCI the groups are characterized by the average values given in Table 2.

For example, in the countries in the worst situation (critical BCI) the under-5 mortality rate is about 150 per 1,000 live births, only one third of births are assisted by skilled health personnel, and the primary school dropout rate is around 40%.

The five categories used in the BCI correlate very well with other international classification systems for well-being (HDI, per capita GDP).

As the BCI is an index that only expresses results it is a good tool to use in combination with other tools that include indicators of means (like income). This cross-checking also makes it possible to see how some countries have managed to achieve good BCI performance in spite of having low levels of income.

It should be borne in mind that the BCI is able to make finer distinctions between countries that have lower levels of basic capabilities than between those that have risen well above the minimum levels of well-being. ■

11 No values were assigned in the mortality dimension, values were assigned for eight countries in the percentage of assisted births, and values were assigned for 65 countries in the percentage of children reaching the fifth grade. The procedures used to assign values have been designed to ensure that the position of countries in the situation ranking would be reflected with as little distortion as possible, on the hypothesis that the indicator would be consistent with the four big ranges defined by area. However, special care should be taken with countries that were assigned values when it comes to analyzing index values over time.