Basic Capabilities Index
Poverty dimensions: Responsibilities to be undertaken by governments

The study of poverty and social development cannot be reduced to only the consideration of people's and countries' income levels. Other dimensions must be taken into account. To evaluate the progress of a country or community towards improving the well being of its people, it is crucial to assess several indicators of the different capabilities that will enable women and men to function effectively as individuals and collectively.

To assess progress towards the eight Millennium Development Goals (MDGs), for example, the United Nations has identified 48 indicators. While those indicators are extremely useful to look at how each commitment is doing in detail, they do not make it easy to see the "big picture". Further, on many indicators data are only available for a limited number of countries and lack historical series, which makes it very difficult to assess how nations are evolving or how they stand in comparison with their peers.

The public needs a clear answer to questions like "how fast are we progressing **overall**? Are we doing better or worse than our neighbour country? And for that, indexes are extremely useful, merging different indicators in a single number.

In 2004 Social Watch published for the first time a summary index to compare and to classify countries according to their progress on social development. This **Basic Capabilities Index (BCI)**[1] is based on three indicators:
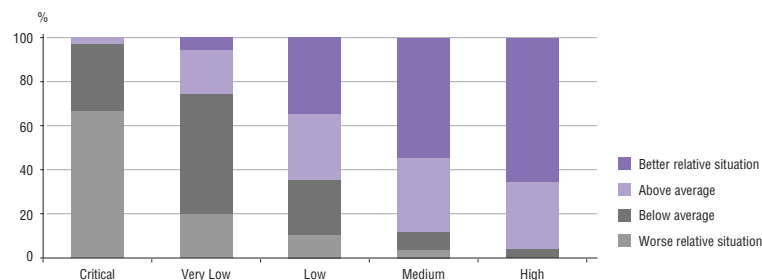
- deliveries attended by skilled health personnel
- mortality among children under five years old, and
- number of children remaining in the school system up to the fifth grade.

Contrary to income, that can grow without any limit (theoretically), all these three indicators have a "ceiling", they reach a maximum possible level when all women have medical attention while giving birth and no children are out of school by fifth grade. It might be impossible to reduce infant mortality to cero, but some countries have values so low that they are in practice close to it. An index of 100, the achievement of that ceiling on all three indicators, does not imply a high level of social development. What it means is that the country has achieved universal coverage of the minimum essential requirements to be able to make progress towards improved well being. A departure point, rather than a destination.

In the real world, though, few countries are close to 100 and too many rate "critical level" on the BCI scale (under 70). The next category, with "very low" BCI ratings (under 80), covers countries in which there are big obstacles to achieving minimum standards like those set by the MDGs. The

Chart 1. Food security* by BCI categories

Legend: Better relative situation / Above average / Below average / Worse relative situation

(Chart x-axis categories: Critical, Very Low, Low, Medium, High; y-axis: % from 0 to 100)

* Food Security: One of the dimensions studied by Social Watch. It is based on 3 indicators: Undernourishment, Low birth weight and Infant malnutrition

"low" BCI level is a heterogeneous group, including poor countries that are improving their social development and relatively rich countries with high inequalities. The countries in the top two categories, "medium" and "high" BCI ratings (over 90 in the index), have been able to satisfy most or all of their citizens' basic needs.

If the MDGs are achieved by the year 2015 in each and every country, all girls and boys will be attending school, all mothers will have medical assistance when delivering and infant mortality will be reduced by two thirds. The BCI will therefore be at least at a medium level for all nations.

The BCI, an efficient summary

The BCI is an efficient summary indicator for classifying countries in line with the basic dimensions that are normally associated with social development and for which international goals have been set. That "efficiency" derives from the capacity to arrive to a conclusion using three indicators that is similar to what we would learn using a much larger set of measures. A set that for too many countries is not available.

The BCI is built in very much the same way as the Human Development Index (HDI) estimated by the UNDP.[2] The main difference is that HDI includes in its three components an indicator of income while the BCI does not.[3] The end result is not very different, because, obviously, countries with higher income are able to provide better social services and what the BCI measures is a result of efficient delivery of basic social services. Not having income as a component frees the BCI from short term variations in the economy and at the same time makes its calculation easy, since it does not depend from costly

household surveys that, in practice, only governments can carry out.

The BCI is consistent with national and international statistical systems and it can be derived with simple calculations from indicators made public by governmental and intergovernmental agencies. The BCI can be applied to states, provinces or municipalities within a country, which makes it particularly useful to monitor local policies. It is also possible to follow the evolution of the index over time, thus allowing to watch the evolution of poverty situations.

The BCI is already in use in different regions, with some minor methodological adjustments to local realities. For example, the 2001 Report by Social Watch Philippines[4] used the BCI to compare provinces and to promote local civil society monitoring of municipal social policies. In Latin America the BCI was used to compare the basic capabilities for population groups with different levels of income.[5]

The BCI ranking of a country shows a high correlation with the categories in each separate development dimension studied by Social Watch and shown in the tables for the different thematic areas in this report.[6] In these tables, countries are ranked by their average performance in a group of specific indicators in each dimension of development, and they are divided into four groups: *Countries in better relative situation, Countries above average, Countries below average* and *Countries in worse relative situation.*[7]

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1 In the 2004 Social Watch Report this index was called the "Quality of Life Index".

2 The correlation between the HDI and the BCI can be found in "General classification of countries: situation by thematic area and Quality of Life Index (QLI)", in *Social Watch Report 2004. Fear and Want*. Montevideo: ITEM, 2004.

3 The other two components of the HDI are life expectancy and literacy.

4 Raya, Rene. "An alternative measure of poverty and human capability: Introducing the Quality of Life Index", 2001; www.socialwatch.org/en/ informeImpreso/pdfs/ articlei2001_phi.pdf

5 Batthyány, Karina, Mariana Cabrera and Daniel Macadar. "La pobreza y la desigualdad en América Latina". *Cuadernos Ocasionales* No. 4. September 2004; www.socialwatch.org/en/informeImpreso/images/ otrasPublicaciones/ZOOM-04-esp.pdf

6 Food security, health, reproductive health, education, public expenditure, science and technology, water and sanitation, and gender equity.

7 For further details about this classification see the section on methodology.

Table 1. Basic Capabilities Index (BCI) by country *

Critical level	BCI	Very low level	BCI	Low level	BCI	Medium level	BCI	High level	BCI
Chad	47	Côte d'Ivoire	71	Azerbaijan	80	Trinidad and Tobago	90	Albania	98
Ethiopia	50	Gambia	71	Congo, Rep. of	81	Botswana	91	Belarus	98
Rwanda	50	Kenya	71	Ecuador	81	Lebanon	91	Bulgaria	98
Guinea-Bissau	51	Senegal	71	Peru	81	Mexico	91	Croatia	98
Niger	54	Comoros	72	South Africa	81	Tonga	91	Cuba	98
Madagascar	56	Nicaragua	72	Colombia	82	Vanuatu	91	United Arab Emirates	98
Bangladesh	57	Honduras	73	Cook Islands	83	Viet Nam	91	Russian Federation	98
Burundi	57	Lesotho	73	El Salvador	84	Georgia	92	Hungary	98
Lao PDR	57	Togo	73	Indonesia	84	Panama	92	Jordan	98
Pakistan	57	Cameroon	75	Guyana	85	Turkey	92	Latvia	98
Haiti	58	Iraq	75	Tajikistan	85	Armenia	93	Lithuania	98
Burkina Faso	60	Papua New Guinea	75	Maldives	86	Cape Verde	93	Ukraine	98
Nepal	60	Sao Tome and Principe	76	Zimbabwe	86	Iran	93	Bahrain	99
Equatorial Guinea	61	Swaziland	76	Belize	87	Libya	93	Canada	99
Mozambique	61	Benin	78	Sudan	87	Bahamas	94	Slovenia	99
Eritrea	62	Djibouti	78	Brazil	88	Jamaica	94	United States of America	99
Cambodia	63	Philippines	78	Egypt	88	Kuwait	94	Estonia	99
Guatemala	64	Paraguay	78	Namibia	88	Palau	94	France	99
India	64	Bolivia	79	Syria	89	Qatar	94	Ireland	99
Liberia	64	Morocco	79	Dominican Republic	89	Saint Vincent and the Grenadines	94	Israel	99
Central African Republic	64							Italy	99
Uganda	64					Tunisia	94	Malta	99
Mauritania	65					Algeria	95	Mauritius	99
Malawi	66					Barbados	95	Poland	99
Nigeria	66					Dominica	95	United Kingdom	99
Tanzania	66					Fiji	95	Czech Republic	99
Yemen	66					Uzbekistan	95	Singapore	99
Zambia	67					Kazakhstan	96	Germany	99+
Ghana	68					Mongolia	96	Australia	99+
Guinea	68					Uruguay	96	Austria	99+
Mali	68					Venezuela	96	Belgium	99+
Myanmar	68					Saudi Arabia	97	Chile	99+
Bhutan	69					Argentina	97	Cyprus	99+
Congo, Dem. Rep. of	69					Brunei	97	Korea, Rep. of	99+
						China	97	Denmark	99+
						Costa Rica	97	Spain	99+
						Malaysia	97	Finland	99+
						Moldavia	97	Greece	99+
						Oman	97	Iceland	99+
						Romania	97	Japan	99+
						Samoa	97	Luxembourg	99+
						Sri Lanka	97	Norway	99+
						Thailand	97	New Zealand	99+
								Netherlands	99+
								Portugal	99+
								Sweden	99+
								Switzerland	99+

* Countries for which there is sufficient information available to construct the index. See Methodological Notes.

It seems obvious that a country performing well in health or education will also have a good BCI ranking, since the BCI averages indicators are related to health and education. But the correlation is also very high between BCI and, for example, food security (see Chart 1).

Almost all the countries in the critical BCI category are also below the average or in a worse relative situation in the food security ratings. The exception is Nigeria, which is above the average. In the very low BCI category only a quarter of the countries are above the average, and Paraguay stands out as being in the better relative situation group. Of the countries with high BCI ratings only one, the United Arab Emirates, is below the average for food security. This coincidence in the performance of countries according to the BCI and all the different social development dimensions studied in detail allow to formulate plausible judgements for situations where no data are available.

Thus, for example, a country at BCI critical level is very likely to suffer from nutritional problems. The countries with the lowest basic capabilities are disadvantaged in all the dimensions of development.
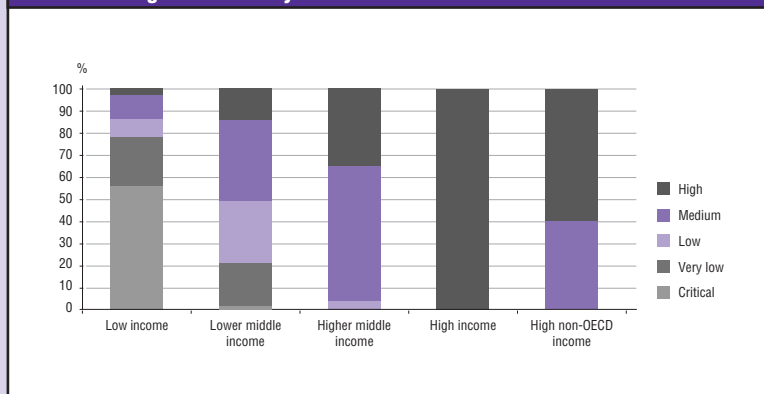
BCI and MDGs: Progress is too slow to achieve the goals

In the same way that market analysts assess the evolution of the stock exchange from the behaviour of a few companies summarized in indexes like the Dow Jones, the evolution of the BCI can throw light on how countries are doing in terms of the internationally agreed MDGs.

The MDGs set target for 2015 that require gradual progress every year. The evidence of progress is not enough to ascertain whether the goals will be met. It is also necessary to know the speed of progress.

Table 2. BCI evolution in 39 countries

	BCI AROUND 1990	BCI 2003*
Cape Verde	69	93
El Salvador	68	84
Indonesia	69	84
Jordan	94	98
Tunisia	84	94
Panama	88	92
Namibia	74	88
Colombia	78	82
Ecuador	79	81
Peru	77	81
Togo	55	73
Nicaragua	66	72
Côte d'Ivoire	68	71
Chile	97	99+
Mauricio	98	99
Cuba	97	98
Costa Rica	93	97
Oman	93	97
Venezuela	93	96
Jamaica	91	94
Botswana	93	91
Philippines	74	78
Paraguay	73	78
Cameroon	70	75
Lesotho	70	73
Senegal	71	71
Mali	60	68
Guinea	55	68
Tanzania	69	66
India	60	64
Guatemala	59	64
Cambodia	57	63
Burkina Faso	64	60
Madagascar	54	56
Niger	48	54
Rwanda	56	50
Chad	49	47
Trinidad - Tobago	97	90
Guyana	91	85
*Or latest available year.		

The development of basic capabilities as a reflection of wealth inequalities among countries

Chart 2. Categories of BCI by income levels

Sixty percent of the countries with the lowest income levels[8] are in the worst situation regarding the improvement of their citizens' basic capabilities. Moreover, none of the countries with very low or critical BCI ratings have more than a middle-low income level.

At the other end of the scale, the high-income countries that are members of the OECD are all in the top BCI category, and all or nearly all of their basic capabilities are fully satisfied. The other high-income countries are all in the top two BCI categories. To sum up, basic capabilities are at their highest levels in countries with high income.

However, there are some low-income countries that have managed to achieve medium BCI ratings, which shows that it is possible to develop the basic capabilities of a population even if a country is not very wealthy. ∎
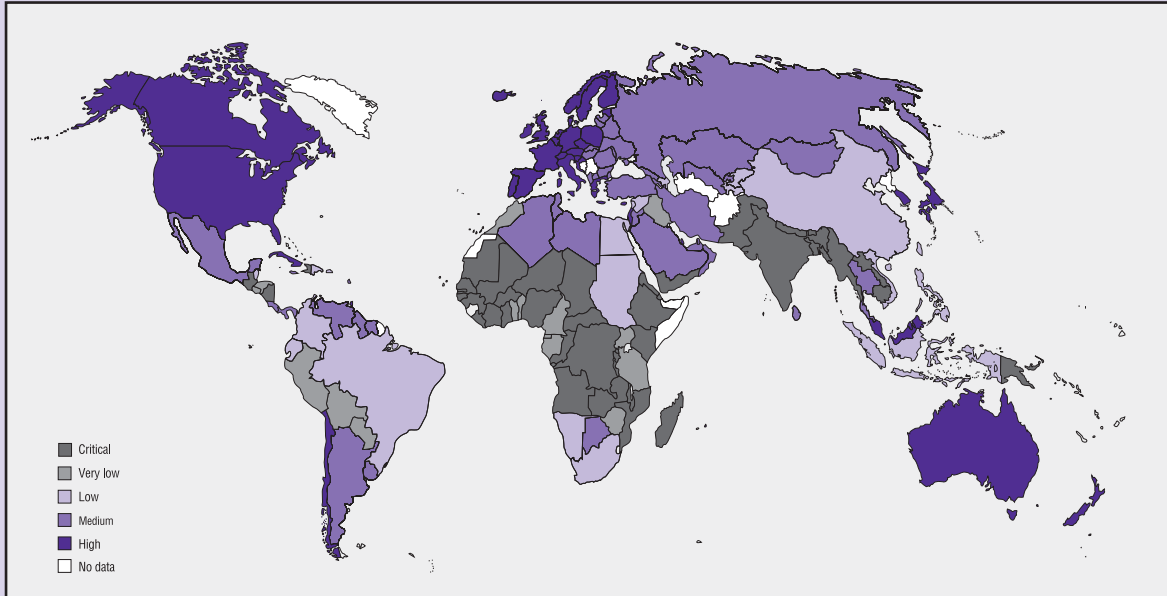
8   Economies are divided in accordance with their per capita GNI in 2003, calculated by the World Bank Atlas method. The groups are as follows: low income, USD 765 or less; middle low income, USD 766 to USD 3,035; middle high income, USD 3,036 to USD 9,385; and high income USD 9,386 and over. See: www.worldbank.org/data/countryclass/countryclass.html

On many of the indicators selected to measure the MDGs information is not available for a great number of countries. And in many cases, data exist to show the present situation but not for the recent past. Thus it is possible to know where the country is and maybe also if it is moving forward, but not how fast.

In the case of BCI, reliable information exists to calculate for 39 developing countries what their index was around 1990 and where they stand now (table 2). Those countries are scattered all over the world and have very different sizes and levels of income.[9]

9 Measured according to GDP per capita.

Critical
Very low
Low
Medium
High
No data

The geography of the BCI

The worst deficiencies in basic capabilities are in sub-Saharan Africa and South Asia: 82% percent of the countries with the lowest basic capabilities are in these regions, but nearly 70% of them are in sub-Saharan Africa alone.

These two regions have the highest percentage of countries in the lowest BCI categories. In sub-Saharan Africa 55% of the countries are in the critical BCI category and another 26% are in the very low category.

In South Asia, on the other hand, while there are 5 countries in the critical category there are also two in the low and higher categories.

In Latin America 6 out of 28 countries for which there is available information rate very low or critical, all in Central America or the Caribbean. Chile and Cuba are the only countries in the region with high basic capabilities.

Five of the countries in East Asia and the Pacific have critical or very low BCI, but five other nations in the region rate high.

The Middle East and North Africa region also has a heterogeneous mix: there are three countries in the critical BCI category, but there are five in the group with high ratings.

The situation is better in Central Asia, where countries are in the low, medium or high BCI categories, while OECD countries have medium or high rankings. ■

What the table shows is disappointing. While the majority shows improvement in their BCI ranking, only seven countries (18% of the group) progress more than 10 points. And other seven countries have lower BCI now than a decade ago. Progress is so slow that 24 countries out of 39 did not improve enough to move into the next level. And of 11 out of the 17 that had critical levels in 1990 continue ranking at the same critical level.

The target date for the MDGs is only ten years away. At the present speed of progress, as measured by the BCI, by 2015 there will still be some 70 countries with unacceptable deficiencies in basic capabilities,[10] and at least 25 still in critical situation. Without a dramatic uplift in the present trends, the internationally agreed goals will not be met. ■

10 BCI levels lower than "medium"

		BCI 2003*					
		CRITICAL	VERY LOW	LOW	MEDIUM	HIGH	TOTAL
BCI AROUND 1990	CRITICAL	11	3	2	1		17
	VERY LOW		5	4			9
	LOW				2		2
	MEDIUM			1	5	1	7
	HIGH				1	3	4
	TOTAL	11	8	7	9	4	39

Table 3. Number of countries in different BCI categories in 1990 and 2003

* Or latest available year