

# Social Progress Index (SPI)

## Measuring more than just GDP

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To measure a country's development, measuring economic growth is no longer enough. Society also needs to focus on basic human needs, foundations of wellbeing, and opportunity. Measuring a society's success must go beyond the realms of economic outcomes.

The Social Progress Index is the first index of its kind—no economic indicators, only measures of social and environmental outcomes.





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By using 52 indicators, the SPI can more accurately measure how well a society is doing

With the support of Deloitte, the Social Progress Imperative, the US non-profit organization, released its Social Progress Index 2015 report. The Social Progress Index is a new index that measures growth by analyzing the progress of a country's social aspects. This index is completely non-economic and is set to act alongside GDP as a complementary tool, a core benchmark to provide a whole and inclusive view of a country's progress. It is based on four key design principles:

1. Exclusively social and environmental indicators
2. Outcomes that matter to the lives of real people, not the inputs
3. A holistic index that is relevant to all countries (holistic measure of social progress that encompasses the many aspects of health of societies)
4. Actionable: an index as a practical tool to help implement policies and programs that will faster drive social progress

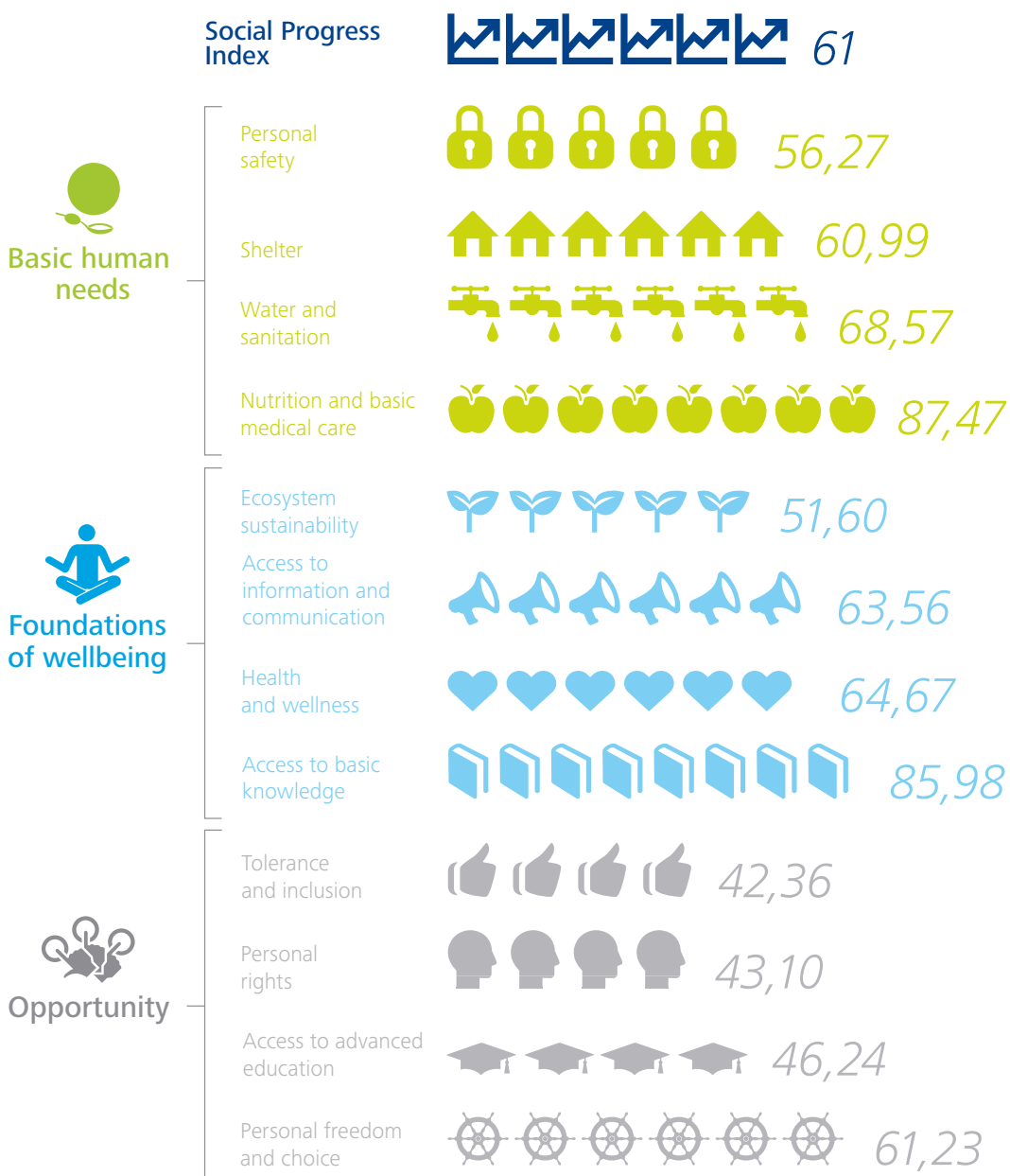
In other words, by using 52 indicators, the SPI can more accurately measure how well a society is doing. It helps us to thoroughly understand the level of social progress being achieved in a given society across numerous dimensions/components, such as:

- Basic human needs
- Foundations of wellbeing
- Opportunity

The 2015 Social Progress Index measures 133 countries, with a total of 94 percent of the world's population covered, plus 28 countries with partial data.

There are important global differences across various aspects of social progress. If we were to consider the world as one country, it would score 61.00 on the Social Progress Index on a population-weighted basis.

Figure 1: World Social Process Index and Component Scores



Source: Social Progress Index 2015/EXECUTIVE SUMMARY

Figure 2: Social Progress Index 2015—Ranking

 Rank	 Country	 Score	 GDP per Capita PPP	 Rank	 Country	 Score	 GDP per Capita PPP
<b>VERY HIGH SOCIAL PROGRESS</b>				<b>UPPER MIDDLE SOCIAL PROGRESS</b>			
1	Norway	88.36	\$62,448	32	Hungary	74.80	\$22,914
2	Sweden	88.06	\$43,741	33	Latvia	74.12	\$21,825
3	Switzerland	87.97	\$54,697	34	Greece	74.03	\$24,540
4	Iceland	87.62	\$41,250	35	Lithuania	74.00	\$24,483
5	New Zealand	87.08	\$32,808	36	Mauritius	73.66	\$16,648
6	Canada	86.89	\$41,894	37	Croatia	73.30	\$20,063
7	Finland	86.75	\$38,846	38	Argentina	73.08	
8	Denmark	86.63	\$41,991	39	United Arab Emirates	72.79	\$57,045
9	Netherlands	86.50	\$44,945	40	Israel	72.60	\$31,029
10	Australia	86.42	\$42,831	41	Panama	71.79	\$18,793
<b>HIGH SOCIAL PROGRESS</b>				42	Brazil	70.89	\$14,555
11	United Kingdom	84.68	\$62,448	43	Bulgaria	70.19	\$15,695
12	Ireland	84.66	\$43,741	44	Jamaica	69.83	\$8,607
13	Austria	84.45	\$54,697	45	Serbia	69.79	\$12,893
14	Germany	84.04	\$41,250	46	Malaysia	69.55	\$22,589
15	Japan	83.15	\$32,808	47	Kuwait	69.19	\$84,188
16	United States	82.85	\$41,894	48	Montenegro	69.01	\$14,152
17	Belgium	82.83	\$38,846	49	Colombia	68.85	\$12,025
18	Portugal	81.91	\$41,991	50	Romania	68.37	\$18,200
19	Slovenia	81.62	\$44,945	51	Ecuador	68.25	\$10,541
20	Spain	81.17	\$42,831	52	Albania	68.19	\$10,405
21	France	80.82	\$37,154	53	Macedonia	67.79	\$11,609
22	Czech Republic	80.59	\$27,959	54	Mexico	67.50	\$16,291
23	Estonia	80.49	\$25,132	55	Peru	67.23	\$11,396
24	Uruguay	79.21	\$18,966	56	Paraguay	67.10	\$7,833
25	Slovakia	78.45	\$26,263	<b>LOWER MIDDLE SOCIAL PROGRESS</b>			
26	Chile	78.29	\$21,714	57	Thailand	66.34	\$13,932
27	Poland	77.98	\$22,877	58	Turkey	66.24	\$18,660
28	Costa Rica	77.88	\$13,431	59	Bosnia and Herzegovina	66.15	\$9,387
29	Republic of Korea	77.70	\$32,708	60	Georgia	65.89	\$6,946
30	Cyprus	77.45	\$27,394	61	Armenia	65.70	\$7,527
31	Italy	77.38	\$34,167	62	Ukraine	65.69	\$8,508
				63	South Africa	65.64	\$12,106
				64	Philippines	65.46	\$6,326

Source: Social Progress Index 2015/EXECUTIVE SUMMARY



Rank



Country



Score

GDP per  
Capita PPP**LOWER MIDDLE SOCIAL PROGRESS**

Rank	Country	Score	GDP per Capita PPP
65	Botswana	65.22	\$15,247
66	Belarus	64.98	\$17,055
67	Tunisia	64.92	\$10,768
68	El Salvador	64.31	\$7,515
69	Saudi Arabia	64.27	\$52,068
70	Moldova	63.68	\$4,521
71	Russia	63.64	\$23,564
72	Venezuela	63.45	\$17,615
73	Bolivia	63.36	\$5,934
74	Jordan	63.31	\$11,407
75	Namibia	62.71	\$9,276
76	Azerbaijan	62.62	\$16,594
77	Dominican Republic	62.47	\$11,795
78	Nicaragua	62.20	\$4,494
79	Guatemala	62.19	\$7,063
80	Lebanon	61.85	\$16,623
81	Mongolia	61.52	\$9,132
82	Honduras	61.44	\$4,445
83	Kazakhstan	61.38	\$22,467
84	Cuba	60.83	\$18,796
85	Algeria	60.66	\$12,893
86	Indonesia	60.47	\$9,254
87	Guyana	60.42	\$6,336
88	Sri Lanka	60.10	\$9,426
89	Egypt	59.91	\$10,733
90	Uzbekistan	59.71	\$5,002
91	Morocco	59.56	\$6,967
92	China	59.07	\$11,525
93	Kyrgyzstan	58.58	\$3,110
94	Ghana	58.29	\$3,864
95	Iran	56.82	\$15,090
96	Tajikistan	56.49	\$2,432
97	Senegal	56.46	\$2,170
98	Nepal	55.33	\$2,173



Rank



Country



Score

GDP per  
Capita PPP**LOW SOCIAL PROGRESS**

Rank	Country	Score	GDP per Capita PPP
99	Cambodia	53.96	\$2,944
100	Bangladesh	53.39	\$2,853
101	India	53.06	\$5,238
102	Laos	52.41	\$4,667
103	Lesotho	52.27	\$2,494
104	Kenya	51.67	\$2,705
105	Zambia	51.62	\$3,800
106	Rwanda	51.60	\$1,426
107	Swaziland	50.94	\$6,471
108	Benin	50.04	\$1,733
109	Republic of Congo	49.60	\$5,680
110	Uganda	49.49	\$1,368
111	Malawi	48.95	\$755
112	Burkina Faso	48.82	\$1,582
113	Iraq	48.35	\$14,471
114	Cameroon	47.42	\$2,739
115	Djibouti	47.27	\$2,903
116	Tanzania	47.14	\$1,718
117	Togo	46.66	\$1,346
118	Mali	46.51	\$1,589
119	Myanmar	46.12	
120	Mozambique	46.02	\$1,070
121	Mauritania	45.85	\$2,945
122	Pakistan	45.66	\$4,454
123	Liberia	44.89	\$850
124	Madagascar	44.50	\$1,369
125	Nigeria	43.31	\$5,423

**VERY LOW SOCIAL PROGRESS**

126	Ethiopia	41.04	\$1,336
127	Niger	40.56	\$887
128	Yemen	40.30	\$3,832
129	Angola	40.00	\$7,488
130	Guinea	39.60	\$1,213
131	Afghanistan	35.40	\$1,884
132	Chad	33.17	\$2,022
133	Central African Republic	31.42	\$584

# A country with a high income per capita does not necessarily have a high level of social progress in terms of the SPI

If a country does not provide the circumstances that allow its people to meet their basic needs and to improve their quality of life, the country is not succeeding as a society, even if its GDP is growing. A country with a high income per capita does not necessarily have a high level of social progress in terms of the SPI. On the contrary, a country like Costa Rica, which has quite a low level of GDP (59<sup>th</sup> out of 133) is ranked socially higher than a country with a higher GDP, such as Italy (20<sup>th</sup> out of 133). Social progress means to enhance the quality of citizens' lives, and to eventually create the conditions for all individuals to reach their full potential.

Since 1971, Bhutan has already adopted a measurement tool alongside GDP to measure its social progress, the Gross National Happiness index (GNH). An index that tries to go beyond GDP is the Human Development Index.

In 2009, after the national elections of Luxembourg, the Government of Luxembourg planned to investigate a very similar index to the Social Progress Index, the "PIBien-être". The Competitiveness Observatory, the High Council for Sustainable Development (*Conseil supérieur pour un développement durable*), and the Economic and Social Council (*Conseil économique et social*) were then delegated the task of producing this social measurement tool by the Government of Luxembourg. This is an ongoing project.

This year, the European Commission will launch a new EU Regional Social Progress Index. Developed in conjunction with the Social Progress Imperative, the index reveals the different levels of societal wellbeing across the 272 regions of the European Union. Acting as a complement to traditional measures of economic progress, this new index will give the EU Commission a more holistic view for regional funding — though the Index was not created for the purpose of fund allocation — as well as informing EU regional development strategies. The EU Regional Social Progress Index is a three-year collaborative project carried out by the Directorate-General for Regional and Urban Policy of the European Commission (DG Regio), SPI, and Orkestra (a Basque competitiveness institute). The beta version was released in February ahead of its official launch by the EU Commission in October.



Source: Social Progress Index 2015—Scorecards

As for the European countries, they are ranked quite well by the SPI.

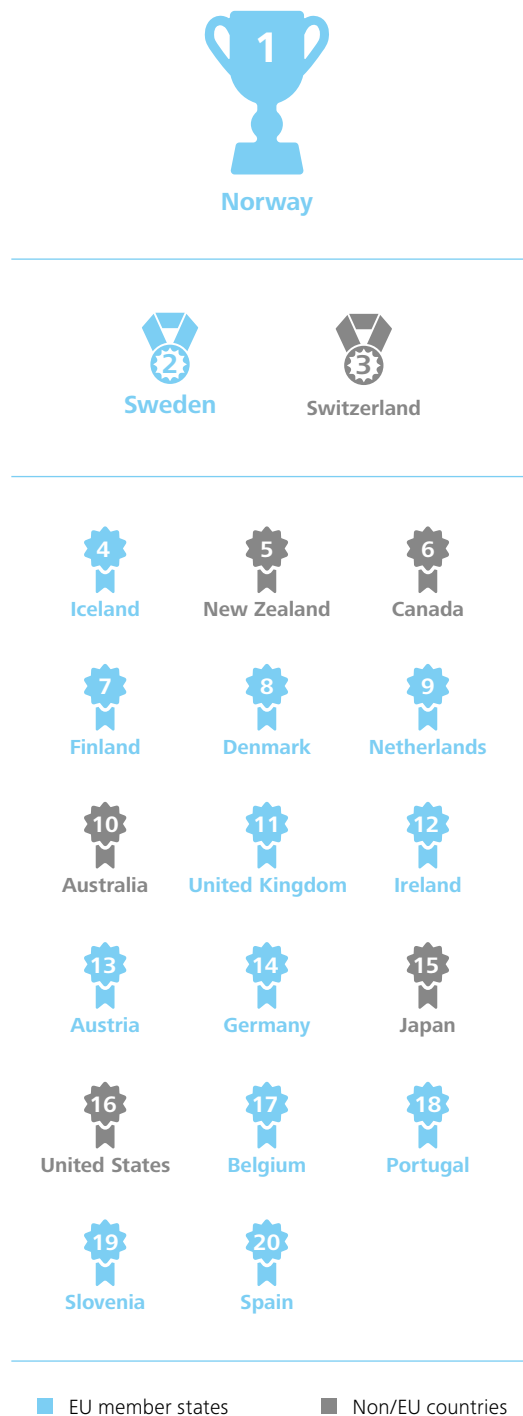
Looking at the countries on this top 10 leaderboard, remarkably 7 of them are in Europe, and 4 of them are member states of the European Union (Sweden, Finland, Denmark, and the Netherlands). All the Nordic countries feature in the top 10, which tells us that the level of social well-being there is the highest among the European countries. They are setting a great example by keeping their GDP at a healthy high level (all in the top 20 in terms of GDP) and their level of social progress high as well (top 10). Other EU member states with a similar level of GDP are following closely behind the top 10. In terms of the Social Progress Index, Luxembourg does not yet have a ranking owing to incomplete data.

As mentioned before, we can see cases that prove that a high level of GDP does not go hand-in-hand with a high level of social progress. Countries such as the United Arab Emirates, Kuwait, and Saudi Arabia have a very high GDP, but lag far behind when it comes to social progress. These countries should focus more on their social progress, especially because they have the financial ability to do so. In addition, we can see that New Zealand, which has approximately only half of the above-mentioned GDP, ranks 5th in the Social Progress Index while the UAE is 39<sup>th</sup>, Kuwait 47<sup>th</sup> and Saudi Arabia 69<sup>th</sup>.

That makes 14 EU members ranked in the SPI top 20, which is quite impressive, considering there are 28 EU member states in total. Moreover, all of the 28 EU member states place in the top 50.

If we split Europe into four main parts, namely Nordic Europe, Western Europe, Southern Europe, and Eastern Europe, we notice that each part is ranked on a more or less similar level. Nordic European countries fall under the index's "very high social progress" category. Close behind comes Western Europe, mostly classed under "high social progress". Those are then followed by a mix of Southern and Eastern Europe and are placed in the lower part of the "high social progress" category to "lower middle social progress". In total, all of the 39 European countries ranked in the index are listed in the top 71, with Russia in the 71<sup>st</sup> position.

Coming back to the EU member states, 14 of the top 20 countries are EU countries







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## A big factor that can trigger social progress development is Foreign Direct Investment (FDI)

Furthermore, 9 of the 12 EU members from the top 20 list—barring Portugal, Slovenia, and Spain—are ranked tightly together and have similar GDP PPP per capita figures.

If we analyze Norway's GDP category, the results clearly show huge differences between some of these countries in terms of the SPI.

Social progress means striving for inclusive growth. A big factor that can trigger social progress development is Foreign Direct Investment (FDI). FDI is the term used when a company from one country invests in another company from a different country, or sets up a subsidiary there. These investments make important contributions to economic growth, and thus have the potential to push social progress. This may not be the case for every country though, because the effectiveness of FDI on social progress may vary and depends on a range of economic, political, and geographical factors. These factors can put up barriers for FDI that prevent it from enhancing social progress. An economy that is growing too quickly could hamper social progress if it is unable to keep up with such a pace.

FDI being channeled into certain types of industries can also prove to be a barrier, as it leads to economic



industries that target the extraction of raw materials, such as oils, minerals, and metals, which do not require a highly skilled workforce. As a result, countries in the Gulf, for example, are lacking in terms of social progress even though they have a very high GDP per capita. In the same way, countries that have more tax advantages can attract large amounts of FDI, but are not experiencing social progress because the FDI is not contributing towards or enhancing economic diversification.

A case study in Botswana showed that strong and stable political institutions have enabled the country to avoid what most natural-resources-driven FDI would result in. Its high scores on personal freedom and personal rights provided by democratic institutions and political participation are contributing to political stability. Through these strong government institutions, the value created by their natural resources is guaranteed to be invested in economic diversification in order to support stable and inclusive growth. Thus, only short-term gains can be avoided and long-term objectives can be maintained.

As emerging countries need to catch up on social progress, much FDI flows to those countries. Hence, the Social Progress Index can help attract foreign investment by acting as a guide for businesses to clearly see the risks and opportunities associated with any country included in the index.

inequalities in the country, particularly in developing states. Political instabilities that threaten personal safety aren't attractive to FDI either. In addition, underdeveloped countries are threatened by poverty traps and no FDI flows into these countries as they lack the resources and the infrastructure needed to kick off economic growth. However, the Social Progress Index can help to identify other markets that show long-term growth potential and where the right FDI can spur them on to the next level of development.

Contrary to the normally positive correlation between FDI and social progress, there are exceptions; some countries attract a lot of FDI but in return the resulting social progress is not as equal as it should be. This is mostly the case when investments are driven by the abundance of natural resources in a country. The clearest example of this is where the FDI flows only into

To conclude, due to the Social Progress Index, countries are now able to spot their social weaknesses more easily and identify priorities for action. Most countries have been focusing solely on increasing their GDP and might have been neglecting their social progress. The goal now is to improve on both levels, economically as well as socially, in order to achieve a healthy level of sustainability. Harvard professor Michael Porter, co-creator of the SPI wants to create "Shared value", i.e., economic value combined with social value. The Social Progress Index is the most accurate tool to ever have existed to track a country's social progress and to observe how effectively it has transformed its economic growth into social progress.