A 60 SECOND GUIDE TO . . .

Development Indicators

Royal Geographical Society with IBG

www.rgs.org

Definition

A method used to measure how developed a country or region is compared with others.

Economic Indicators

Economic indicators measure how developed a country may be through financial and industrial means. For example:

Gross Domestic Product (GDP) This is the total value of goods and services (in $US) produced by a country in a year. **Gross National Product (GNP)** is similar but also includes foreign investments. These measures indicate that level of economic activity as well as the productivity of a population.

Economic Structure This measures the percentage of the GDP that is created through the different sectors of the economy. An country that produces its wealth through secondary and tertiary industries is likely to be more developed than a country which relies on primary industries.

Aid received This measures the amount of money a country receives as a percentage of their GDP. Higher values would suggest that countries are unable to create enough wealth domestically to provide for their population.

Social Indicators

Social indicators measure how developed a country may be through non-financial and economic means. For example:

Literacy Rate This measures the percentage of adults in a country who are able to read and write their common language. A higher literacy rate is an indication of higher standards of education and the good ability of the population to find formal employment.

Life Expectancy This measures the average age at which a person of that country is likely to die. This is a good indicator of the quality of the healthcare provided by a country as well as the ability of the population to access adequate sanitation and simple disease prevention methods.

People per doctor This measures the average number of people that could be seen by a doctor at any one time. The higher the number the greater the indication of low central funding for healthcare and low education levels that would allow people to train in the profession.

Limitations

- Many indices that are used to calculate development are averages for the whole population. This method means that one cannot see any regional inequalities there may be within a population.
- Using a single indicator means it is not possible to judge the whole development level of a country. A combination of indicators in the form of an index may offer a more holistic view of a country's development.

Using Indices - the Human Development Index

Using a combination of indicators can be a more accurate way of measuring development. The Human Development Index (HDI) is one such example. The HDI combines data for life expectancy, adult literacy and GDP per capita (a country's wealth divided by its population) to produce one single measure that is put on a scale from zero to one, where a scores closer to one indicate higher levels of development.

Other indices such as the Gender Inequality Index (GII) and the Human Freedom Index (HFI) work in a similar way, by combining sets of data together to give a more accurate indication of relative development level.