Country Due Diligence

A guidance
Country Due Diligence

amfori has created a methodology to collect and visualise Country Indicators for Due Diligence purposes in its members’ supply chain. The Country Due Diligence tool allows companies to use the indicators in their Due Diligence Process alongside amfori’s Supply Chain Management products, amfori BSCI and amfori BEPI.

Due Diligence

Due diligence is the process through which enterprises can identify, prevent, mitigate and account for how they address their actual and potential adverse impacts1. Due diligence is conducted against the OECD Guidelines regarding specific adverse impacts (i.e. harm). An enterprise is expected to conduct due diligence on its own activities and on its suppliers across its supply chain and other business relationships. Due diligence is an on-going exercise, recognising that risks of harm may change over time as the enterprise’s operations and operating context evolve.

Due diligence should be risk2-based. In practice, this concept, which may be applied throughout this Guidance, can be understood in the following way:

▪ The measures that an enterprise takes to conduct due diligence should be commensurate to the likelihood and severity of the harm. For example, if an enterprise is sourcing from a country with a weak labour inspectorate, the measures that the enterprise will need to take to prevent child labour, forced labour and other labour impacts will be more extensive than the measures an enterprise may need to take if sourcing from a supplier operating in a jurisdiction with a strong labour inspectorate.

▪ The enterprise may prioritise the order in which it takes action based on the likelihood and severity of harm.

Country Due Diligence

amfori supports its member companies in their Due Diligence efforts with a comprehensive list of country indicators, which cover Trade, Social and Environmental topics. These indicators can be used for amfori BSCI monitoring decisions and planning, as well as for broader country due diligence input.

The Country Indicators are provided through an easy-to-use online tool, accessible to all amfori members (http://duediligence.amfori.org/). It is highly recommended to share this tool broadly within the company with any relevant staff member.

1 Adverse impact - In the context of the OECD Guidelines, ‘adverse impacts’ can be considered harmful impacts on matters covered by the OECD Guidelines (e.g. child labour, discrimination, hazardous chemicals, etc.). The term ‘harm’ and ‘adverse impacts’ are often used interchangeably.

2 Risk - In the context of the OECD Guidelines, ‘risk’ refers to the risk of harm to individuals, other organisations and communities in relation to human rights, labour rights, and the environment.
Contents

Country Due Diligence Tool .................................................................................................................. 4
1. Dashboard ........................................................................................................................................... 5
2. amfori BSCI Country Risk Classification ......................................................................................... 6
3. Country Indicators ............................................................................................................................ 7

Due Diligence Process .......................................................................................................................... 10

Annex 1: Country Indicators ................................................................................................................ 11
Annex 2: Change Board ....................................................................................................................... 53
The Country Due Diligence tool provides three elements, each of which supports amfori’s members at a different step of their Supply Chain Due Diligence process:

1. Dashboard
2. Country Risk Classification (CRC)
3. Country Indicators

Image 1: The Country Due Diligence Tool
1. Dashboard

The Country Due Diligence Dashboard is the main navigation tool to access both the amfori BSCI Country Risk Classification (CRC) and Country Indicators, including guidance on how to use these.

The tool can be accessed here: [http://duediligence.amfori.org/](http://duediligence.amfori.org/)

The main page will provide you access to both elements of the tool.

---

**Country Due Diligence**

Due diligence is the process through which enterprises identify, prevent, mitigate and account for how they address their actual and potential adverse impacts to those they are in business with. Due diligence is conducted against the OECD Guidance regarding specific adverse impacts (e.g. Harm). Companies are expected to conduct due diligence on their own activities and on its suppliers across its supply chain and other business relationships through an ongoing exercise, recognizing that risks of harm may change over time as the companies’ operations and operating context evolve.

The Country Due Diligence Tool offers two components to assist amfori members participating in amfori BSCI and amfori RSP to determine how to involve business partners in their sustainability activities. The Country Risk Classification and Country Indicators complement each other and supplement due diligence activities members may already have incorporated into their business practice. This tool is meant to assist the wealth of information members use in their due diligence process. Members are not limited only to the data presented in this tool, but are encouraged to conduct further research as needed, accordingly to their business needs and situation.

Please refer to the Country Due Diligence Guidance document and view the online learning course through the amfori Academy prior to implementing the tool within your processes.

---

**Country Risk Classification**

The Country Risk Classification relies on the Worldscope Governance Indicators. These determine the level of risks related to Governance in sourcing countries.

Please click here for the public (pdf) version of the Country Risk Classification.

**Country Indicators**

Additional Trade and Sustainability Due Diligence Indicators to support members and participants in their on-going due diligence processes in current and potential sourcing countries.

Please click here to access the Country Due Diligence guidance.

---

Image 2: Country Due Diligence Dashboard home page

**Country Risk Classification**

This element can be accessed by opening the public (pdf) version, or by clicking on the title which will open a new page. This page contains data which can be filtered to your needs. The page can be printed by clicking on ‘Print’.

**Country Indicators**

Clicking on the title opens a new page. In this page please select a country you wish to see.

You will then be provided with the Country Risk Classification details for the country, as well as the top 5 indicators for social, environmental and trade issues.

When you click on the title of an indicator, a new screen will open with relevant details on the indicator, as described in the Annex.

To access the full indicator list, please switch the button to ‘off’ under ‘Only Top 5 indicators’.

The guidance you are reading now can also be accessed from the main page, under Country Indicators.
2. amfori BSCI Country Risk Classification

amfori BSCI’s Country Risk Classification (CRC) methodology covers 6 indicators, drawn from the World Bank’s Worldwide Governance Indicators (WGI). These indicators determine the level of risk related to Governance in sourcing countries.

For details on the indicators, and a full overview of classifications per country, please refer to the Country Risk Classification document. This document will also include more details on significant changes in rating observed country-by-country.

The Country Due Diligence Dashboard will provide the Risk Classification rating for each country, as well as an easy-to-use graph with amfori BSCI Auditing deployment recommendations:

The above amfori BSCI auditing activities recommendations may vary depending on the distribution of producers across the four groups. For example, in case all of your producers are in the 91-100 group, you may want to include the sample approach as well. The CRC ratings should be used by amfori members and amfori BSCI participants solely for amfori BSCI auditing activities decisions.

Review Cycle
The data for the CRC referenced in this Guidance were updated in October 2017. The amfori Secretariat will review the current list of indicators on an annual basis and may add or replace any indicator(s) to enhance the Country Risk Classification methodology.
3. Country Indicators

In addition to the Country Risk Classification (CRC), used to determine the level of risk related to Governance in sourcing countries, amfori provides additional Trade and Sustainability Indicators to support member companies in their on-going due diligence processes in current and potential sourcing countries. With the support of these indicators, companies can be better equipped to make informed decisions and manage a risk-based approach more efficiently.

The indicators included cover all of amfori’s activities and services:

- Trade
- Social Sustainability
- Environmental Sustainability

The defined indicators are customised to the amfori system, i.e. in accordance with the amfori BSCI Code of Conduct principles, amfori BEPI Environmental Performance Areas and defined Trade indicators. The dataset fully includes the 6 indicators used for the Country Risk Classification.

Sources

The indicators selected are derived from publicly available datasets, created and maintained by credible international organisations. The indicators must be updated by these organisations regularly\(^3\).

The organisations and data sets referenced are:

- International Labour Organization (ILO)
  - Country Profile
  - ILOSTAT
- United Nations Development Programme (UNDP)
  - Human Development Index (HDI)
  - Human Development Report
- World Bank
  - World Development Indicators (WDI)
  - Worldwide Governance Indicators (WGI)
  - World Bank Open Data
- U.S. State Department
  - Human Trafficking in Persons (TIP) Report
- Waste Atlas
- United Nations Environment Programme (UNEP)
  - Environmental Governance
- Transparency International
  - Corruption Perception Index (CPI)
- World Resources Institute (WRI)
  - Aqueduct Water Risk by Country
- Yale University
  - Environmental Performance Index (EPI)

\(^3\) The frequency will depend on source data availability
The criteria used to accept an indicator for inclusion in the tool, as outlined above, are applied without exception. This means that certain elements, for which there is no data available meeting the inclusion criteria, will not be covered in the dataset. These elements will be reviewed at each Annual Review cycle, to assess whether additional, eligible data has become available.

Visualisation
The indicator values, as assigned by these organisations, have been converted to a uniform scale of 0 (lowest) to 5 (highest) for easy reference and comparison:

0 represents the lowest perceived risk or highest level of compliance as per the organisation owning the indicator
5 represents the highest perceived risk or lowest level of compliance as per the organisation owning the indicator

For each country, the top 5 Trade and Sustainability issues per area (Trade, Social, Environmental) will be listed:

**Trade and Sustainability Indicators**
Below you will find the top 5 issues identified for the country selected, for use in your risk-based due diligence process. For details on the underlying indicators, please click on the indicator title.

The indicators used for this are from publicly available datasets, managed by credible organisations. This means that if no public and credible data is available, the issue may not be included below.

### Trade
- Gross National Income (GNI) per capita
- Rule of law
- Voice and Accountability
- Control of Corruption
- Government effectiveness

### Social
- Ethical Business behaviour
- No discrimination
- No Bonded labour
- No precarious Employment
- Fair remuneration

### Environmental
- Energy Use and GHG
- Chemicals
- Waste Management
- Wastewater
- Environmental Nuisances

To access all indicators for this country, please click [here](#).
As indicated before, a 0 indicates lowest perceived risk, and a 5 highest perceived risk:

![Image: low to high perceived risk]

These indicators should be used by amfori members as part of their broader Due Diligence efforts. A full list of indicators for each country is equally available.

**Using the Country Indicators**

While the Country Risk Classification provides specific advice regarding amfori BSCI monitoring activities, the Country Indicators provide additional support to companies’ due diligence efforts. Please see the [Annex](#) for specific guidance per indicator.

The indicator set should be used as a useful element within a comprehensive Due Diligence Process. This means that the Country Indicators do not replace other Due Diligence activities, but rather inform a certain step of the process, particularly:

**Step 2: Identify potential and actual harm in the enterprise’s supply chain**

The Country Indicators can be used to map potential country-level issues, related to Trade, Social Sustainability and Environmental Sustainability. The following principles must be taken into account when applying or using the indicators:

- The indicators often only cover a country basic expressed commitment, e.g. ratification of conventions, and do not cover therefore enforcement levels or implementation effectiveness.
- In other cases, the indicators can provide a generalised country trend, which does not necessarily translate equally to a specific sector or producer.
- Country level effectiveness or compliance cannot be seen as equal to business or producer effectiveness or compliance.
- The information provided in the guidance per indicator under “Data Limitations” must be read and applied appropriately.

Please read the chapter [Due Diligence Process](#) to see all Due Diligence Process steps, and how amfori services support member companies.

**Review Cycle**

The data used for the Country Indicators cover years from 2012-2017, depending on availability and frequency of updates provided by the data owner.

The amfori Secretariat will review, and where appropriate update, the current list of indicators on an annual basis, and may add or replace any indicator(s) to enhance the Country Indicators.
Due Diligence Process

The below table depicts which amfori services or tools are available at each step in a typical Due Diligence Process.

<table>
<thead>
<tr>
<th>amfori Membership</th>
<th>1. Embed responsible business conduct in enterprise policy and management systems</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>▪ Adopt a policy that articulates the enterprise’s commitments to responsible business conduct in its own operations and in its supply chain.</td>
</tr>
<tr>
<td></td>
<td>▪ Strengthen management systems in order to conduct due diligence on risks of harm in the enterprise’s own operations and in its supply chain.</td>
</tr>
<tr>
<td>amfori BSCI</td>
<td>2. Identify potential and actual harm in the enterprise’s own operations and in its supply chain</td>
</tr>
<tr>
<td>amfori BEPI</td>
<td>▪ Scope the risks of harm in the enterprise’s own operations and in its supply chain</td>
</tr>
<tr>
<td>amfori Platform</td>
<td>▪ Conduct a self-assessment of the enterprise’s own operations</td>
</tr>
<tr>
<td>amfori Sustainability Intelligence Dashboards</td>
<td>▪ Assess suppliers associated with higher-risks at the site-level</td>
</tr>
<tr>
<td>amfori Country Due Diligence tool</td>
<td>▪ Assess the enterprise’s relationship to impacts</td>
</tr>
<tr>
<td>amfori BSCI</td>
<td>3. Cease, prevent or mitigate harm in the enterprise’s own operations and its supply chain</td>
</tr>
<tr>
<td>amfori BEPI</td>
<td>▪ Cease, prevent or mitigate harm in the enterprise’s own operations</td>
</tr>
<tr>
<td>amfori Platform</td>
<td>▪ Seek to prevent or mitigate harm in the enterprise’s supply chain</td>
</tr>
<tr>
<td>amfori BSCI</td>
<td>4. Track</td>
</tr>
<tr>
<td>amfori BEPI</td>
<td>▪ Verify, monitor and validate progress on due diligence and its effectiveness in own operations</td>
</tr>
<tr>
<td>amfori Platform</td>
<td>▪ Verify, monitor and validate progress on due diligence and its effectiveness in the enterprise’s supply chain</td>
</tr>
<tr>
<td>amfori Sustainability Intelligence Dashboards</td>
<td>▪ Communicate publicly on the enterprise’s due diligence processes, including how the enterprise has addressed potential and actual harm</td>
</tr>
<tr>
<td>amfori Grievance Mechanism⁴</td>
<td>▪ Communicate with affected stakeholders</td>
</tr>
<tr>
<td>amfori Grievance Mechanism⁴</td>
<td>5. Communicate</td>
</tr>
<tr>
<td>amfori Grievance Mechanism⁴</td>
<td>▪ Establish a process to enable remediation in the enterprise’s own operations</td>
</tr>
<tr>
<td>amfori Grievance Mechanism⁴</td>
<td>▪ Commit to hearing complaints against the enterprise that are raised through legitimate processes</td>
</tr>
</tbody>
</table>

⁴ Limited to grievances which are accepted by amfori Secretariat and bear relevance on amfori’s services or staff
Annex 1: Country Indicators

Below you will find further guidance for each indicator. This guidance follows the same structure, namely:

- **Indicator title**
  This may include the specific area or issue it relates to, and the full indicator title.

- **Reference year(s)**
  This will be the year, or years covered by the source data, and where applicable, the date when this data was extracted.

- **Source**
  This will refer to the original source, i.e. the organisation who produced the data.

- **Reported in**
  This will show the name of the document, or weblink, from where the data has been extracted.

- **Data coverage**
  Definition of the indicator, outlining what exactly is covered by the indicator.

- **Data relevance**
  Description on why or how the indicator is relevant.

- **Data limitations**
  Description of any data limitations which may apply, and need to be taken in account when considering the indicator.

- **From**
  Link to source for the above content.

The Guidance provided for each indicator is valid at country level, and should always be used in that manner. Enforcement, implementation and Supply Chain realities are to be considered.
Right to Freedom of Association and Collective Bargaining
ILO Conventions #87 and #98 Ratification Rate

Reference year: 2017
Source: International Labour Organization (ILO) - Country Ratification by Convention

Data Coverage:
The following ILO Conventions have been ratified and are in force:
- Freedom of Association and Protection of the Right to Organize Convention, 1948 (No. 87)
- Right to Organize and Collective Bargaining Convention, 1949 (No. 98)

Data Relevance:
Freedom of association refers to the right of workers and employers to establish organizations which have the means to promote and defend the interests of their members. Without freedom of association (FOA) workers would not be able to create unions and enter into collective bargaining. FOA is a human right which is universally recognized, but often challenged.

There are a number of ILO Conventions related to freedom of association and collective bargaining, but the two fundamental ones are: No. 87, Freedom of Association and Protection of the Right to Organize (1948) and No. 98, Right to Organize and Collective Bargaining (1949). While all the Conventions and Recommendations of the ILO are relevant to the interests of unionists these two Conventions are considered particularly essential for the practice of free trade unionism. If a country has ratified either of these Conventions, workers and employers have the right to legal action in order to force their application.

If unions and employer organizations feel that the Conventions are not being adhered to, they can use the formal supervisory mechanisms of the ILO to complain and have their cases discussed. Moreover, complaints concerning violations of trade union rights by states concerning FOA can be brought to the ILO even if the country is not a member of the Organization, or, if it is a member, even if it has not ratified the relevant Conventions.

Data Limitations:
The data does not cover enforcement levels and implementation.

From: http://training.itcilo.org/ils/ils_freedom/freedom_activities.htm
**Fair Remuneration**

**Working poor at PPP$2 a day (% of total employment)**

Reference year: 2003-2012  
Source: ILO  

**Data Coverage:**
Employed people who live on less than $2 (in purchasing power parity terms) a day, expressed as a percentage of the total employed population ages 15 and older.

**Data Relevance:**
The fast-changing world of work, driven by globalization of work and the digital revolution, presents opportunities, but at the same time poses risks. The benefits of this evolving new world of work are not equally distributed and there are winners and losers. Addressing imbalances in paid and unpaid work will be a challenge, particularly for women, who are disadvantaged on both fronts. Creating work opportunities for both present and future generations would require moving towards sustainable work.

Occupational Health & Safety
Cause of death, by injury (% of total working population)

Reference year: 2005-2013
Source: World Health Organization (WHO)
Reported in https://data.worldbank.org/indicator/SH.DTH.INJR.ZS

Data Coverage:
Cause of death refers to the share of all deaths for all ages by underlying causes. Injuries include unintentional and intentional injuries.

Data Relevance:
Statistics on causes of death, which are among the oldest medical statistics available, provide information on developments over time and differences in causes of death between countries. These statistics play a key role in the general information system relating to the state of health in the world.

Data Limitations:
The limited availability of data on health status is a major constraint in assessing the health situation in developing countries. Surveillance data are lacking for many major public health concerns. Estimates of prevalence and incidence are available for some diseases but are often unreliable and incomplete. National health authorities differ widely in capacity and willingness to collect or report information. To compensate for this and improve reliability and international comparability, the World Health Organization (WHO) prepares estimates in accordance with epidemiological models and statistical standards.

From: https://data.worldbank.org/indicator/SH.DTH.INJR.ZS (Details)
Special protection for Young workers
Employment to population ratio, ages 15-24, total (%)

Reference year: 2015
Source: ILO
Reported in https://data.worldbank.org/indicator/SL.EMP.1524.SP.ZS

Data Coverage:
Employment to population ratio is the proportion of a country's population that is employed. Employment is defined as persons of working age who, during a short reference period, were engaged in any activity to produce goods or provide services for pay or profit, whether at work during the reference period (i.e. who worked in a job for at least one hour) or not at work due to temporary absence from a job, or to working-time arrangements. Ages 15-24 are generally considered the youth population.

Data Relevance:
Four targets were added to the UN Millennium Declaration at the 2005 World Summit High-Level Plenary Meeting of the 60th Session of the UN General Assembly. One was full and productive employment and decent work for all, which is seen as the main route for people to escape poverty. Employment to population ratio is a key measure to monitor whether a country is on track to achieve the Millennium Development Goal of eradicating extreme poverty and hunger by 2015. And it continues to be a priority in the Sustainable Development Goal of promoting sustained, inclusive and sustainable economic growth, full and productive employment and decent work for all.

Data Limitations:
Data on employment by status are drawn from labour force surveys and household surveys, supplemented by official estimates and censuses for a small group of countries. The labour force survey is the most comprehensive source for internationally comparable employment, but there are still some limitations for comparing data across countries and over time even within a country. Comparability of employment ratios across countries is affected by variations in definitions of employment and population. The reference period of a census or survey is another important source of differences.

From: https://data.worldbank.org/indicator/SL.EMP.1524.SP.ZS (Details)
No Bonded labour
Human Trafficking in Persons (TIP) Tier Placement

Reference year: 2017
Source: U.S. State Department
Reported in https://www.state.gov/documents/organization/271339.pdf

Data Coverage:
Tier indicating to which extent governments meet the Trafficking Victims Protection Act's (TVPA) minimum standards. The TVPA and its subsequent reauthorizations, define a human trafficking victim as a person induced to perform labor or a commercial sex act through force, fraud, or coercion. Any person under age 18 who performs a commercial sex act is considered a victim of human trafficking, regardless of whether force, fraud, or coercion was present.

Data Relevance:
Human trafficking is a crime increasingly associated with other government priorities such as national security, economic stability, migration, and environmental sustainability. It is reported that human trafficking fuels transnational criminal organizations, exacerbates irregular migratory flows, disrupts labor markets, and sustains other harmful, illicit activities through the forced criminality of its victims. Human trafficking can subvert legitimate economic and labor markets and cause a loss of productivity and economic stability for countries. And certain industries known for the use of forced labor also feature practices that wreak significant environmental damage.

From: https://www.state.gov/documents/organization/271339.pdf
Ethical Business behaviour
Corruption Perception Index (CPI)

Reference year: 2016
Source: Transparency International
Reported in https://www.transparency.org/cpi2015/

Data Coverage:
The Corruption Perceptions Index aggregates data from a number of different sources that provide perceptions of business people and country experts of the level of corruption in the public sector.

Corruption is the abuse of entrusted power for private gain. It can be classified as grand, petty and political, depending on the amounts of money lost and the sector where it occurs.

- Grand corruption consists of acts committed at a high level of government that distort policies or the central functioning of the state, enabling leaders to benefit at the expense of the public good.
- Petty corruption refers to everyday abuse of entrusted power by low- and mid-level public officials in their interactions with ordinary citizens, who often are trying to access basic goods or services in places like hospitals, schools, police departments and other agencies.
- Political corruption is a manipulation of policies, institutions and rules of procedure in the allocation of resources and financing by political decision makers, who abuse their position to sustain their power, status and wealth.

Data Relevance:
Corruption impacts societies in a multitude of ways. In the worst cases, it costs lives. Short of this, it costs people their freedom, health or money. The cost of corruption can be divided into four main categories: political, economic, social and environmental.

On the political front, corruption is a major obstacle to democracy and the rule of law. In a democratic system, offices and institutions lose their legitimacy when they’re misused for private advantage. This is harmful in established democracies, but even more so in newly emerging ones. It is extremely challenging to develop accountable political leadership in a corrupt climate.

Economically, corruption depletes national wealth. Corrupt politicians invest scarce public resources in projects that will line their pockets rather than benefit communities, and prioritise high-profile projects such as dams, power plants, pipelines and refineries over less spectacular but more urgent infrastructure projects such as schools, hospitals and roads. Corruption also hinders the development of fair market structures and distorts competition, which in turn deters investment.

Corruption corrodes the social fabric of society. It undermines people's trust in the political system, in its institutions and its leadership. A distrustful or apathetic public can then become yet another hurdle to challenging corruption.

Environmental degradation is another consequence of corrupt systems. The lack of, or non-enforcement of, environmental regulations and legislation means that precious natural resources are carelessly exploited, and entire ecological systems are ravaged. From mining, to logging, to carbon offsets, companies across the globe continue to pay bribes in return for unrestricted destruction.

From: https://www.transparency.org/what-is-corruption/
No discrimination
Gender Inequality Index (GII)

Reference year: 2014
Source: HDRO

Data Coverage:
A composite measure reflecting inequality in achievement between women and men in three dimensions:
reproductive health, empowerment and the labour market.

Data Relevance:
Gender inequality remains a major barrier to human development. Girls and women have made major strides
since 1990, but they have not yet gained gender equity. The disadvantages facing women and girls are a
major source of inequality.

The GII provides insights into gender disparities in health, empowerment and labour market in 159 countries. It
can help governments and others understand the ramifications of gaps in achievements between women and
men. The component indicators highlight areas in need of critical policy intervention. The GII, as any other
global composite index, is constrained by the need for international comparability. But it could be readily
adapted for use at the national or local level.

An example of how this may show in the workplace: overwork culture can lock gender inequality in place,
because work–family balance is made more difficult for women, who bear a disproportionate share of care
work.

Data Limitations:
The GII includes reproductive health and goes beyond the literacy and primary education. It also reveals
gender disparities in labour market participation, instead of using the flawed sex-disaggregated income
measure.

Like all composite measures, the GII has some limitations. First, it does not capture the length and breadth of
gender inequality. For example, the use of national parliamentary representation excludes participation at the
local government level and elsewhere in community and public life. The labour market dimension lacks
information on employment, having an adequate job and unpaid work that is mostly done by women. The
index misses other important dimensions, such as time use—the fact that many women have the additional
burden of caregiving and housekeeping cuts into their leisure time and increases stress and physical
exhaustion. Asset ownership, child care support, gender-based violence and participation in community
decision-making are also not captured in the GII, mainly due to limited data availability.

From: http://hdr.undp.org/en/content/gender-inequality-index-gii
Decent Working Hours
Share of employees working more than 48 hours per week (%)

Reference year: 2004-2016
Source: International Labour Organization (ILO)
Reported in ILOSTATS Hours of Work (extracted on 9th October 2017)

Data Coverage:
The percentage of employees who work more than 48 hours in a week, considered by the ILO as “excessive working time”.

Data Relevance:
The number of hours worked has an impact on the health and well-being of workers. Additionally, the number of hours worked has an impact on workers’ productivity and on the labour costs of establishments. Measuring the level and trends in working time in a society, for different groups of persons and for individuals, is therefore important when monitoring working and living conditions as well as for analysing economic and broader social developments.

“Excessive” working time may be a concern when individuals work more than a “normal” workweek due to inadequate wages earned from the job or jobs they hold. Long hours can be voluntary or involuntary (when imposed by employers).

Data Limitations:
Statistics based on hours actually worked are not strictly comparable to statistics based on hours usually worked. The various data collection methods also represent an important source of variation in the working time estimates.

Data is not available for a large number of countries.

No Child Labour
Child labour (% ages 5–14)

Reference year: 2005-2013  
Source: UNICEF  

**Data Coverage:**  
Percentage of children ages 5–11 who, during the reference week, did at least one hour of economic activity or at least 28 hours of household chores, or children ages 12–14 who, during the reference week, did at least 14 hours of economic activity or at least 28 hours of household chores.

**Data Relevance:**  
Around 150 million children under the age of 14 are engaged in child labour, often in hazardous conditions. Child trafficking is on the rise and 5.5 million children are engaged in forced labour, with thousands more subject to abuse, forced into marriage and coerced into militias despite the prohibition of such practices under the Rome Statute of the International Criminal Court (ICC). Climate-related disasters threaten children’s lives and disrupt their education, creating conditions that leave them at increased risk of abuse, neglect, trafficking and child labour.

Education can be a tool in the fight against child rights violations such as child labour, though stopping such violations will demand action on many fronts.

Cash transfers have also proven to have some impact on child marriage and child labour and on the educational disadvantages these practices entail. While addressing these child rights violations is a complex challenge that demands action in multiple sectors, cash transfers can play a role in alleviating some of the financial pressures that force children into work or marriage and out of school.

**Data Limitations:**  
The prevalence rates of child labour presented in the table vary widely across countries due to significant differences in survey methodology, questionnaire content, national definitions and thresholds used to establish child labour prevalence. Only a limited number of countries have produced child labour prevalence data based on international standards and classifications.

No precarious Employment
Vulnerable employment (% of total employment)

Reference year: 2008-2013
Source: ILO

Data Coverage:
Percentage of employed people engaged as unpaid family workers and own account workers.

Data Relevance:
Breaking down employment information by status in employment provides a statistical basis for describing workers' behaviour and conditions of work, and for defining an individual's socio-economic group. A high proportion of wage and salaried workers in a country can signify advanced economic development. If the proportion of own-account workers (self-employed without hired employees) is sizeable, it may be an indication of a large agriculture sector and low growth in the formal economy. A high proportion of contributing family workers — generally unpaid, although compensation might come indirectly in the form of family income — may indicate weak development, little job growth, and often a large rural economy. Each status group faces different economic risks, and contributing family workers and own-account workers are the most vulnerable - and therefore the most likely to fall into poverty. They are the least likely to have formal work arrangements, are the least likely to have social protection and safety nets to guard against economic shocks, and often are incapable of generating sufficient savings to offset these shocks.

Data Limitations:
Data are drawn from labor force surveys and household surveys, supplemented by official estimates and censuses for a small group of countries. Due to differences in definitions and coverage across countries, there are limitations for comparing data across countries and over time even within a country. Estimates of women in employment are not comparable internationally, reflecting that demographic, social, legal, and cultural trends and norms determine whether women's activities are regarded as economic.

From: https://data.worldbank.org/indicator/SL.EMP.VULN.ZS (Details)
ENVIRONMENTAL INDICATORS

Energy use, transport and Green House Gases
Carbon dioxide emissions per capita (tonnes)

Reference year: 2011
Source: World Bank

Data Coverage:
Human originated carbon dioxide emissions stemming from the burning of fossil fuels, gas flaring and the production of cement, divided by midyear population. Includes carbon dioxide emitted by forest biomass through depletion of forest areas.

Data Relevance:
Carbon dioxide (CO2) is naturally occurring gas fixed by photosynthesis into organic matter. A by-product of fossil fuel combustion and biomass burning, it is also emitted from land use changes and other industrial processes. It is the reference gas against which other greenhouse gases are measured.

Burning of carbon-based fuels since the industrial revolution has rapidly increased concentrations of atmospheric carbon dioxide, increasing the rate of global warming and causing climate change. This is leading to an increase in the earth's surface temperature and to related effects on climate, sea level rise and world agriculture.

It is also a major source of ocean acidification since it dissolves in water to form carbonic acid.

Emissions of CO2 are from burning oil, coal and gas for energy use, burning wood and waste materials, and from industrial processes such as cement production. The carbon dioxide emissions of a country are only an indicator of one greenhouse gas. For a more complete idea of how a country influences climate change, gases such as methane and nitrous oxide should be taken into account. This is particularly important in agricultural economies.

Data Limitations:
The U.S. Department of Energy's Carbon Dioxide Information Analysis Center (CDIAC) calculates annual anthropogenic emissions from data on fossil fuel consumption (from the United Nations Statistics Division's World Energy Data Set) and world cement manufacturing (from the U.S. Department of Interior's Geological Survey, USGS 2011). Although estimates of global carbon dioxide emissions are probably accurate within 10 percent (as calculated from global average fuel chemistry and use), country estimates may have larger error bounds. Trends estimated from a consistent time series tend to be more accurate than individual values. Each year the CDIAC recalculates the entire time series since 1949, incorporating recent findings and corrections. Estimates exclude fuels supplied to ships and aircraft in international transport because of the difficulty of apportioning the fuels among benefiting countries.

From: https://data.worldbank.org/indicator/EN.ATM.CO2E.PC (Details)
Water Use
Overall Water Risk

Reference year: 2013
Source: World Resources Institute (WRI) - Aqueduct
Reported in http://www.wri.org/applications/maps/aqueduct-country-river-basin-rankings/#x=0.00&y=0.00&l=2&v=home&d=bws&f=0

Data Coverage:
Overall water risk identifies areas with higher exposure to water-related risks and is an aggregated measure of all 12 selected indicators from the Physical Quantity, Quality and Regulatory & Reputational Risk categories.

Data Relevance:
The availability and quality of freshwater to meet human needs has emerged as a top-tier global issue for environment and development, and the number of people affected by water shortages has increased over time. Risks associated with water availability are further compounded by uncertainties in the distribution of future climatic and rainfall patterns. High and unsustainable water use forces competition or compromises that may lead to conflict among users.

Data Limitations:
At the composite index level, the selection of aggregation methods is an inherently subjective process that creates value by simplifying complex phenomena. Therefore, results, to some extent, reflect the judgment of the authors and expert advisors. However rigorous the results produced, this exercise inevitably runs up against the limits of describing the complexity of water risks with a single number.

Wastewater / Effluent
Wastewater Treatment - anthropogenic wastewater that receives treatment (%)

Reference year: 1995-2012
Source: Yale University – Environmental Performance Index
Reported in http://archive.epi.yale.edu/our-methods/water-resources#tab-1

Data Coverage:
The percentage of collected wastewater that is treated. The performance of wastewater treatment is measured by volume of wastewater treated over time, and performance metrics are established by public or privately owned or operated utilities for a municipal area.

Data Relevance:
Wastewater from industrial or household sources can contain a variety of contaminants that are detrimental to both human and ecosystem health. Wastewater treatment is a measure of what percentage of wastewater is treated before it is released back into ecosystems. The percentage of wastewater treated represents a measure of largely urban waste collection and treatment, since few rural areas are connected to sewage systems.

See also: What is Wastewater Treatment

Data Limitations:
Where country-level data were not available, city-level data were sought, along with peer-reviewed literature for a given country’s performance.

Emissions to air
Ambient air pollution: annual mean concentrations of fine particulate matter (PM2.5) in urban areas (µg/m3) by country ranking

Reference year: 2014
Source: World Health Organisation (WHO)
Reported in http://gamapserver.who.int/gho/interactive_charts/phe/oap_exposure/atlas.html

Data Coverage:
Air pollution of a country, measured as the mean annual concentration of fine suspended particles of less than 2.5 microns in diameters.

For more details, please see here.

Data Relevance:
Ambient air pollution, made of high concentrations of small and fine particulate matter, is the greatest environmental risk to health-causing more than 3 million premature deaths worldwide every year.

More than 80% of people living in urban areas that monitor air pollution are exposed to air quality levels that exceed the World Health Organization (WHO) limits. While all regions of the world are affected, populations in low-income cities are the most impacted.

Most sources of urban outdoor air pollution are well beyond the control of individuals and demand action by cities, as well as national and international policymakers to promote cleaner transport, more efficient energy production and waste management.

For industry: clean technologies that reduce industrial smokestack emissions; improved management of urban and agricultural waste, including capture of methane gas emitted from waste sites as an alternative to incineration (for use as biogas).

Data Limitations:
Annual mean concentrations of particulate matter (PM10 and/or PM2.5) based on daily measurements, or data which could be aggregated into annual means, were included in the database. In the absence of annual means measurements covering a more limited period of the year were exceptionally used.

Waste Management
Generation of waste per capita (kg/yr)

Reference year: 2014
Source: World Atlas
Reported in http://www.atlas.d-waste.com

Data Coverage:
The average amount of Municipal Solid Waste (MSW) generated annually per person. MSW encompasses residential, industrial, commercial, institutional, municipal, and construction and demolition (C&D) waste. Industrial, commercial, and institutional (ICI) wastes are often grouped together and usually represent more than 50% of MSW.

Data Relevance:
Waste Generation:
At present almost 1.3 billion tonnes of MSW are generated globally every year, or 1.2 kg/capita/day. The actual per capita rates, however, are highly variable.

Waste composition is influenced by factors such as culture, economic development, climate, and energy sources; composition impacts how often waste is collected and how it is disposed.

From: World Bank ‘What a Waste’ report

There is a strong correlation between urban solid waste generation rates and GHG emissions, which will, however, vary depending on waste composition, waste disposal and recycling.

Waste Management:
Although quantitative data is not readily available, most low- and lower middle-income countries dispose of their waste in open dumps. Several middle-income countries have poorly operated landfills; disposal should likely be classified as controlled dumping.

Citizens and corporations will likely need to assume more responsibility for waste generation and disposal, specifically, product design and waste separation.

Data Limitations:
Reliable global MSW information is not typically available. Data is often inconsistent, incomparable and incomplete

Pollution Prevention & Chemicals
Ratification of Basel Convention + Rotterdam Convention + Stockholm Convention

Reference year: 2014
Source: United Nations Environmental Program (UNEP)
Reported in http://www.unep.org/chemicalsandwaste/conventions

Data Coverage:
The indicator shows country status of ratification of the three conventions.

Data Relevance:
- **Basel Convention on the Control of Transboundary Movements of Hazardous Wastes and their Disposal**: The overarching objective of the Basel Convention is to protect human health and the environment against the adverse effects of hazardous wastes. Its scope of application covers a wide range of wastes defined as “hazardous wastes” based on their origin and/or composition and their characteristics, as well as two types of wastes defined as “other wastes” - household waste and incinerator ash.

- **Rotterdam Convention on Prior Informed Consent**: The objectives of the Convention are:
  - to promote shared responsibility and cooperative efforts among Parties in the international trade of certain hazardous chemicals in order to protect human health and the environment from potential harm;
  - to contribute to the environmentally sound use of those hazardous chemicals, by facilitating information exchange about their characteristics, by providing for a national decision-making process on their import and export and by disseminating these decisions to Parties.
  The Convention creates legally binding obligations for the implementation of the Prior Informed Consent (PIC) procedure.

- **Stockholm Convention on Persistent Organic Pollutants**: The Stockholm Convention is a global treaty to protect human health and the environment from persistent organic pollutants (POPs). POPs are chemicals that remain intact in the environment for long periods, become widely distributed geographically, accumulate in the fatty tissue of living organisms and are toxic to humans and wildlife. POPs circulate globally and can cause damage wherever they travel. In implementing the Convention, Governments will take measures to eliminate or reduce the release of POPs into the environment.

From: http://www.basel.int/ and http://www.pops.int/ and http://www.pic.int/
Contaminated land/soil & ground water Pollution Prevention
Population living on degraded land (%)

Reference year: 2015
Source: Food and Agriculture Organization of the United Nations (FAO)

Data Coverage:
Percentage of the population living on severely or very severely degraded land. Land degradation estimates consider biomass, soil health, water quantity and biodiversity.

Data Relevance:
The causes of land degradation can be divided into natural hazards, direct causes, and underlying causes.

Natural hazards are the conditions of the physical environment which lead to the existence of a high degradation hazard, for example steep slopes as a hazard for water erosion.

Direct causes are unsuitable land use and inappropriate land management practices, for example the cultivation of steep slopes without measures for soil conservation.

Underlying causes are the reasons why these inappropriate types of land use and management are practised; for example, the slopes may be cultivated because the landless poor need food, and conservation measures not adopted because these farmers lack security of tenure.

The effects of land degradation include soil erosion, deforestation, grassland destruction and altering hydrological conditions.

Land use & Biodiversity

Natural resource depletion in % of GNI

Reference year: 2008-2013
Source: World Bank

Data Coverage:
Monetary expression of energy, mineral and forest depletion, expressed as a percentage of gross national income (GNI).

Net forest depletion is unit resource rents times the excess of roundwood harvest over natural growth. Energy depletion is the ratio of the value of the stock of energy resources to the remaining reserve lifetime (capped at 25 years). It covers coal, crude oil, and natural gas. Mineral depletion is the ratio of the value of the stock of mineral resources to the remaining reserve lifetime (capped at 25 years). It covers tin, gold, lead, zinc, iron, copper, nickel, silver, bauxite, and phosphate.

Data Relevance:
Natural resources depletion is a critical component in the calculation of adjusted net national income. Adjusted net national income is calculated by subtracting from GNI a charge for the consumption of fixed capital (a calculation that yields net national income) and for the depletion of natural resources. The deduction for the depletion of natural resources, which covers net forest depletion, energy depletion, and mineral depletion, reflects the decline in asset values associated with the extraction and harvest of natural resources - this is analogous to depreciation of fixed assets.

Data Limitations:
Net forest depletion is not the monetary value of deforestation. Net forest depletion includes only timber values and does not include the loss of nontimber forest benefits and nonuse benefits.

For both energy and mineral depletion, unit resource rent is calculated as (unit world price - average cost) / unit world price. Marginal cost should be used instead of average cost in order to calculate the true opportunity cost of extraction; however, marginal cost is difficult to compute and data are not readily available.

From: https://data.worldbank.org/indicator/NY.ADJ.DRES.GN.ZS (Details)
Commodities - Timber
Timber Risk Score

Reference year: 2017
Source: NEPCon
Reported in https://www.nepcon.org/sourcinghub/timber

Data Coverage:
This indicator is only applicable for countries where timber is harvested. It does not apply to countries where you source wooden products from.

The Timber Risk Score is based on an assessment of the risk of illegality occurring in 21 areas of law relevant to timber legality. These 21 sub-categories cover the scope of the definitions for legal/illegal timber contained in the EU Timber Regulation, the US Lacey Act and the Australian Illegal Logging Prohibition Act.

From: https://www.nepcon.org/sourcinghub/info/timber-risk-assessment-methodology

The score includes different risks for different timber source types in a country, the overall country score is calculated as an average (mean) of the different source type scores.

Countries for which materials are licensed under the FLEGT licensing scheme, the FLEGT licensed timber and timber products are considered to comply with the requirements of the EU Timber Regulation (EUTR), so the country is considered low risk.

Data Relevance:
Illegal logging is the harvesting of wood that is in violation of national regulations. This could include harvesting timber from protected areas, felling protected species, or exceeding logging quotas. Illegal logging often takes place in countries with poor governance and law enforcement capacity, especially in tropical
rainforests and the boreal forests in Russia’s Far East. The impacts of illegal logging are varied, ranging from unchecked deforestation to the deprivation of sustainable livelihood opportunities for local communities.

According to World Bank estimates, illegal logging also results in a loss of approximately 5 billion USD in tax revenue for governments annually. The lack of regulation also prevents as well as depressing global prices for timber by about 7-16%. Illegal timber floods the market without being subject to taxes and duties, and is cheaper than legal timber, which in turn drives down legal timber prices. The reduction in legal market prices results in a loss of 10 billion USD for the legal timber industry, while the loss of tax revenues costs governments an additional 5 billion USD. Besides economic costs, the scale of deforestation caused by illegal logging is significant enough to contribute to the intensification of climate change via the reduction in carbon sequestration capacity.

The EU Timber Regulation (EUTR) seeks to prevent illegally-harvested timber and timber products from being placed on the EU market. It is one component of the EU Forest, Law, Enforcement, Governance and Trade (FLEGT) Action Plan, and it is the responsibility of each of the 28 Member States to implement and enforce it.

Please access the NEPCon Sourcing Hub for Timber to access by country:

- Detailed information on the Timber Risk Score;
- A full Timber Risk Assessment
- Tools for Information Gathering and Risk Mitigation

amfori BEPI is running a Timber Pilot to support its members on this important issue. Please click here for more information.

Data Limitations:
The scores do not provide an accurate basis for comparing individual countries. This is because we identify whether particular laws are at risk of being broken; we do not measure the volume of timber affected by that risk.

TRADE INDICATORS

Ease of doing business ranking

Reference year: 2016
Source: World Bank
Reported in http://www.doingbusiness.org/rankings

Data Coverage:
Economies are ranked on their ease of doing business, from 1–190. The rankings are determined by sorting the aggregate distance to frontier scores on 10 topics, each consisting of several indicators, giving equal weight to each topic.

Topics covered:
- Starting a Business
- Dealing with Construction Permits
- Getting Electricity
- Registering Property
- Getting Credit
- Protecting Minority Investors
- Paying Taxes
- Trading across Borders
- Enforcing Contracts
- Resolving Insolvency

Data Relevance:
A high ease of doing business ranking means the regulatory environment is more conducive to the starting and operation of a local firm.

Several of the indicator sets measure the strength of regulations; others focus on their efficient application. Accordingly, some indicators give a higher score for more regulation, such as stricter disclosure requirements in related-party transactions. Some give a higher score for a simplified way of applying regulation with lower compliance cost for firms, for example, if firms can comply with business start-up formalities in a one-stop shop or through a single online filing portal.

Data Limitations:
The Ease of Doing Business Ranking does not measure all aspects of the business environment that matter to firms or investors—or all factors that affect competitiveness. It does not, for example, measure security, macroeconomic stability, corruption, labour skills of the population, underlying quality of institutions and infrastructure or the strength of the financial system. Doing Business focuses on 11 topics, with the specific aim of measuring the regulation and red tape relevant to the life cycle of a domestic small to medium-size firm.

From: http://www.doingbusiness.org/Methodology/Common-Misconceptions
Foreign Direct Investment (FDI), net inflows (% of GDP)

Reference year: 2013

Data Coverage:
Foreign direct investment are the net inflows of investment to acquire a lasting management interest (10 percent or more of voting stock) in an enterprise operating in an economy other than that of the investor. It is the sum of equity capital, reinvestment of earnings, other long-term capital, and short-term capital as shown in the balance of payments. This indicator shows net inflows (new investment inflows less disinvestment) in the reporting economy from foreign investors, and is divided by GDP.

Data Relevance:
Private financial flows - equity and debt - account for the bulk of development finance. Equity flows comprise foreign direct investment (FDI) and portfolio equity. Debt flows are financing raised through bond issuance, bank lending, and supplier credits.

Data Limitations:
FDI data do not give a complete picture of international investment in an economy. Balance of payments data on FDI do not include capital raised locally, an important source of investment financing in some developing countries. In addition, FDI data omit nonequity cross-border transactions such as intra-unit flows of goods and services. The volume of global private financial flows reported by the World Bank generally differs from that reported by other sources because of differences in sources, classification of economies, and method used to adjust and disaggregate reported information. In addition, particularly for debt financing, differences may also reflect how some instalments of the transactions and certain offshore issuances are treated.

The IMF suggests that investments should account for at least 10 percent of voting stock to be counted as FDI. In practice, many countries set a higher threshold. Many countries fail to report reinvested earnings, and the definition of long-term loans differs among countries.

From: https://data.worldbank.org/indicator/BX.KLT.DINV.WD.GD.ZS (Details)
Gross National Income (GNI) per capita, PPP $

Reference year: 2014

Data Coverage:
GNI per capita based on purchasing power parity (PPP). PPP GNI is gross national income (GNI) converted to international dollars using purchasing power parity rates. An international dollar has the same purchasing power over GNI as a U.S. dollar has in the United States. GNI is the sum of value added by all resident producers plus any product taxes (less subsidies) not included in the valuation of output plus net receipts of primary income (compensation of employees and property income) from abroad. Data are in current international dollars based on the 2011 ICP round.

Data Relevance:
While it is understood that GNI per capita does not completely summarize a country’s level of development or measure welfare, it has proved to be a useful and easily available indicator that is closely correlated with other, nonmonetary measures of the quality of life, such as life expectancy at birth, mortality rates of children, and enrollment rates in school.

Data Limitations:
There are some limitations associated with the use of GNI that users should be aware of. For instance, GNI may be underestimated in lower-income economies that have more informal, subsistence activities. Nor does GNI reflect inequalities in income distribution. Users should also note that the Atlas method used to convert local currencies into a common U.S. dollar is based on official exchange rates, which do not account for differences in domestic price levels.

Population average annual growth (%)

Reference year: 2010/2015
Source: UNDESA

Data Coverage:
Average annual exponential growth rate for the period specified.
Annual population growth rate for year t is the exponential rate of growth of midyear population from year t-1 to t, expressed as a percentage. Population is based on the de facto definition of population, which counts all residents regardless of legal status or citizenship.

Data Relevance:
Social progress – improvements in human wellbeing – is dependent on higher levels of economic output, and higher economic output will place pressures on all natural resources – land, forests, ground water, oceans and the climate.

The environmental impact of human activity is attributable to three principle determinants (Ehrlich and Holdren, 1971), namely the rate of economic growth, the rate of technological progress and the rate of population growth.

Data Limitations:
Total population growth rates are calculated on the assumption that rate of growth is constant between two points in time.

Long term unemployment (% of labour force)

Reference year: 2008/2013
Source: International Labour Organization (ILO)

Data Coverage:
Percentage of the labour force ages 15 and older that has not worked for at least 12 months but is available for work and has taken specific steps to seek paid employment or self-employment.

Data Relevance:
Unemployment spells for workers are becoming longer in some countries compared to the pre-crisis situation in 2008. In countries with similar unemployment rates, there can be substantial differences in labour market trends.

While both the United States and Germany had unemployment rates of around 6.3 per cent between 1970 and 2013, unemployment spells were on average shorter in the US labour market. In France, where unemployment rates have been about 30 per cent higher than in Germany since 1991, it takes on average less time for an unemployed worker to find a job than it does in Germany.

In developing countries, the story is different. Workers move faster between spells of unemployment and employment than in advanced economies, because they transit frequently into informal employment.

Countries at all development levels find that adequate education and skills make the difference between inclusive growth and growth that leaves large segments of society behind.

Data Limitations:
Unemployment rates only give a rough picture of the functioning of a country’s labour market.
Data is also unavailable for 58% of countries covered.

From: ILO Key Indicators of the Labour Market (KILM) 2013
Gross fixed capital formation (% of GDP)

Reference year: 2005-2013
Source: World Bank and OECD

Data Coverage:
Value of acquisitions of new or existing fixed assets by the business sector, governments and households (excluding their unincorporated enterprises) less disposals of fixed assets, expressed as a percentage of GDP. No adjustment is made for depreciation of fixed assets.

Data Relevance:
Gross fixed capital formation (formerly gross domestic fixed investment) includes land improvements (fences, ditches, drains, and so on); plant, machinery, and equipment purchases; and the construction of roads, railways, and the like, including schools, offices, hospitals, private residential dwellings, and commercial and industrial buildings. According to the 1993 SNA, net acquisitions of valuables are also considered capital formation.

The fall in Gross Fixed capital formation has been a significant contributor to recent recession in various countries. Investment is usually highly cyclical. The recessions of 1991 and 2008 saw a sharp fall in gross fixed capital formation. This is because if output falls, firms expect to make lower profits, therefore they start to think of cutting back output rather than increase it.

Generally speaking, developing countries often devote a higher % of GDP to investment. Countries with rapid rates of economic growth are heavily investing in more fixed assets to enable rapid economic growth.

From: https://data.worldbank.org/indicator/NE.GDI.FTOT.ZS (Details)
Total tax revenue (% of GDP)

Reference year: 2005-2013
Source: World Bank, IMF and OECD

Data Coverage:
Compulsory transfers to the central government for public purposes, expressed as a percentage of GDP.

Data Relevance:
Tax revenue refers to compulsory transfers to the central government for public purposes. Certain compulsory transfers such as fines, penalties, and most social security contributions are excluded. Refunds and corrections of erroneously collected tax revenue are treated as negative revenue.

The way in which governments raise and spend revenue has a substantial impact on the economic and social development of nations. Tax revenue is not the only source for governments, but does constitute a large proportion of total revenue for a country.

Classification of different sources of government revenues – Figure 2 in Prichard et al. (2014)

Data Limitations:
For most countries, central government finance data have been consolidated into one account, but for others only budgetary central government accounts are available. Because budgetary accounts may not include all central government units (such as social security funds), they usually provide an incomplete picture. In federal states, the central government accounts provide an incomplete view of total public finance. Despite IMF efforts to standardize data collection, statistics are often incomplete, untimely, and not comparable across countries.

From: https://data.worldbank.org/indicator/GC.TAX.TOTL.GD.ZS (Details)
Research and development expenditure (% of GDP)

Reference year: 2005-2012
Source: UNESCO

Data Coverage:
Current and capital expenditures (both public and private) on creative work undertaken systematically to increase knowledge and the use of knowledge for new applications, expressed as a percentage of GDP. It covers basic research, applied research and experimental development.

Data Relevance:
Expenditure on research and development (R&D) is a key indicator of government and private sector efforts to obtain competitive advantage in science and technology. R&D expenditures include expenditures from all sources for R&D performed within a country, including capital expenditures and current costs (wages and associated costs of researchers, technicians, and other supporting staff and other current costs, including noncapital purchases of materials, supplies, and minor equipment to support R&D such as utilities, reference materials, subscriptions to libraries and scientific societies, and materials for laboratories).

Research and development (R&D) comprise creative work undertaken on a systematic basis in order to increase the stock of knowledge, and the use of this knowledge to devise new applications. R&D covers three main activities:
1) Basic research - Basic research is experimental or theoretical work undertaken primarily to acquire new knowledge of the underlying foundation of phenomena and observable facts, without any particular application or use in view.
2) Applied research - Applied research is also original investigation undertaken in order to acquire new knowledge; it is, however, directed primarily towards a specific practical aim or objective.
3) Experimental development - Experimental development is systematic work, drawing on existing knowledge gained from research and/or practical experience, which is directed to producing new materials, products or devices, to installing new processes, systems and services, or to improving substantially those already produced or installed.

Data Limitations:
The OECD's Frascati Manual defines research and experimental development as "creative work undertaken on a systemic basis in order to increase the stock of knowledge, including knowledge of man, culture and society, and the use of this stock of knowledge to devise new applications." R&D covers basic research, applied research, and experimental development. Data on researchers and technicians in R&D are measured in both full-time equivalent and headcount but are shown in full-time equivalent only. The data are obtained through statistical surveys which are regularly conducted at national level covering R & D performing entities in the private and public sectors.

From: https://data.worldbank.org/indicator/GB.XPD.RSDV.GD.ZS (Details)
Debts – Domestic credit provided by financial sector (% of GDP)

Reference year: 2013
Source: World Bank, IMF and OECD

Data Coverage:
Domestic credit provided by the financial sector includes all credit to various sectors on a gross basis, with the exception of credit to the central government, which is net.

The financial sector includes monetary authorities and deposit money banks, as well as other financial corporations where data are available (including corporations that do not accept transferable deposits but do incur such liabilities as time and savings deposits). Examples of other financial corporations are finance and leasing companies, money lenders, insurance corporations, pension funds, and foreign exchange companies.

Data Relevance:
Both banking and financial systems enhance growth, the main factor in poverty reduction. At low levels of economic development commercial banks tend to dominate the financial system, while at higher levels domestic stock markets tend to become more active and efficient. The size and mobility of international capital flows make it increasingly important to monitor the strength of financial systems. Robust financial systems can increase economic activity and welfare, but instability can disrupt financial activity and impose widespread costs on the economy.

Data Limitations:
In a few countries governments may hold international reserves as deposits in the banking system rather than in the central bank. Since claims on the central government are a net item (claims on the central government minus central government deposits), the figure may be negative, resulting in a negative figure for domestic credit provided by the banking sector.

From: https://data.worldbank.org/indicator/FS.AST.DOMS.GD.ZS (Details)
External debt stock (% of GNI)

Reference year: 2005-2013
Source: World Bank

Data Coverage:
Debt owed to non-residents repayable in foreign currency, goods or services, expressed as a percentage of gross national income (GNI).

Total external debt is the sum of public, publicly guaranteed, and private nonguaranteed long-term debt, use of IMF credit, and short-term debt. Short-term debt includes all debt having an original maturity of one year or less and interest in arrears on long-term debt. GNI (formerly GNP) is the sum of value added by all resident producers plus any product taxes (less subsidies) not included in the valuation of output plus net receipts of primary income (compensation of employees and property income) from abroad.

Data Relevance:
External debt is that part of the total debt in a country that is owed to creditors outside the country. The debtors can be the government, corporations or private households. The debt includes money owed to private commercial banks, other governments, or international financial institutions.

A country’s external debt burden, both debt outstanding and debt service, affects its creditworthiness and vulnerability.

Total debt service is contrasted with countries’ ability to obtain foreign exchange through exports of goods, services, primary income, and workers’ remittances. Debt ratios are used to assess the sustainability of a country’s debt service obligations, but no absolute rules determine what values are too high.

Empirical analysis of developing countries’ experience and debt service performance shows that debt service difficulties become increasingly likely when the present value of debt reaches 200 percent of exports. Countries with fast-growing economies and exports are likely to be able to sustain higher debt levels.

Data Limitations:
The DRS encourages debtor countries to voluntarily provide information on their short-term external obligations. By its nature, short-term external debt is difficult to monitor: loan-by-loan registration is normally impractical, and monitoring systems typically rely on information requested periodically by the central bank from the banking sector.

From: https://data.worldbank.org/indicator/DT.DOD.DECT.GN.ZS (Details)
Prices – Consumer price index (2010=100)

Reference year: 2013
Source: World Bank and IMF

Data Coverage:
Index that reflects changes in the cost to the average consumer of acquiring a basket of goods and services that may be fixed or changed at specific intervals, such as yearly.

Data Relevance:
A general and continuing increase in an economy’s price level is called inflation. The increase in the average prices of goods and services in the economy should be distinguished from a change in the relative prices of individual goods and services. Generally accompanying an overall increase in the price level is a change in the structure of relative prices, but it is only the average increase, not the relative price changes, that constitutes inflation. A commonly used measure of inflation is the consumer price index, which measures the prices of a representative basket of goods and services purchased by a typical household. The consumer price index is usually calculated on the basis of periodic surveys of consumer prices. Other price indices are derived implicitly from indexes of current and constant price series.

Data Limitations:
Consumer price indexes should be interpreted with caution. The definition of a household, the basket of goods, and the geographic (urban or rural) and income group coverage of consumer price surveys can vary widely by country. In addition, weights are derived from household expenditure surveys, which, for budgetary reasons, tend to be conducted infrequently in developing countries, impairing comparability over time. Although useful for measuring consumer price inflation within a country, consumer price indexes are of less value in comparing countries.

From: https://data.worldbank.org/indicator/FP.CPI.TOTL (Details)
Multidimensional Poverty Index (MPI)

Reference year: 205-214
Source: United Nations Development Programme (UNDP)

Data Coverage:
Percentage of the population that is multidimensionally poor adjusted by the intensity of the deprivations.
See below how the MPI is calculated:

Data Relevance:
The Multidimensional Poverty Index (MPI) complements monetary measures of poverty by considering overlapping deprivations suffered by individuals at the same time. The index identifies deprivations across the same three dimensions as the HDI and shows the number of people who are multidimensionally poor (suffering deprivations in 33% or more of the weighted indicators) and the number of weighted deprivations with which poor households typically contend with. It can be deconstructed by region, ethnicity and other groupings as well as by dimension and indicator, making it a useful tool for policymakers.

The MPI can help the effective allocation of resources by making possible the targeting of those with the greatest intensity of poverty; it can help address some SDGs strategically and monitor impacts of policy intervention. The MPI can be adapted to the national level using indicators and weights that make sense for the region or the country, it can also be adopted for national poverty eradication programs, and it can be used to study changes over time.

About 1.5 billion people in the 102 developing countries currently covered by the MPI—about 29 percent of their population — live in multidimensional poverty — that is, with at least 33 percent of the indicators reflecting acute deprivation in health, education and standard of living. And close to 900 million people are at risk (vulnerable) to fall into poverty if setbacks occur – financial, natural or otherwise.

From: http://hdr.undp.org/en/content/multidimensional-poverty-index-mpi
Employment – Labour force participation rate (% ages 15 and older)

Reference year: 2013
Source: ILO

Data Coverage:
Percentage of a country’s working-age population that engages actively in the labour market, either by working or looking for work. It provides an indication of the relative size of the supply of labour available to engage in the production of goods and services.

Data Relevance:
Estimates of women in the labor force and employment are generally lower than those of men and are not comparable internationally, reflecting that demographic, social, legal, and cultural trends and norms determine whether women's activities are regarded as economic. In many low-income countries women often work on farms or in other family enterprises without pay, and others work in or near their homes, mixing work and family activities during the day. In many high-income economies, women have been increasingly acquiring higher education that has led to better-compensated, longer-term careers rather than lower-skilled, shorter-term jobs. However, access to good-paying occupations for women remains unequal in many occupations and countries around the world. Labor force statistics by gender is important to monitor gender disparities in employment and unemployment patterns.

Data Limitations:
Data on employment by status are drawn from labour force surveys and household surveys, supplemented by official estimates and censuses for a small group of countries. The labour force survey is the most comprehensive source for internationally comparable employment, but there are still some limitations for comparing data across countries and over time even within a country. Comparability of employment ratios across countries is affected by variations in definitions of employment and population. The reference period of a census or survey is another important source of differences.

From: https://data.worldbank.org/indicator/SL.TLF.CACT.ZS (Details)
Population living below income poverty line
National poverty line (%)

Reference year: 2004-2014
Source: World Bank

Data Coverage:
Percentage of the population living below the national poverty line, which is the poverty line deemed appropriate for a country by its authorities. National estimates are based on population-weighted subgroup estimates from household surveys.

Data Relevance:
National poverty lines reflect local perceptions of the level and composition of consumption or income needed to be non-poor. The perceived boundary between poor and non-poor typically rises with the average income of a country and thus does not provide a uniform measure for comparing poverty rates across countries. While poverty rates at national poverty lines should not be used for comparing poverty rates across countries, they are appropriate for guiding and monitoring the results of country-specific national poverty reduction strategies. Almost all national poverty lines are anchored to the cost of a food bundle - based on the prevailing national diet of the poor - that provides adequate nutrition for good health and normal activity, plus an allowance for nonfood spending.

Data Limitations:
The data only includes estimates that to the best of the World Bank’s knowledge are reasonably comparable over time for a country. Due to differences in estimation methodologies and poverty lines, estimates should not be compared across countries.

From: https://data.worldbank.org/indicator/SL.POV.NAHC (Details)
Trade
Exports and Imports (% of GDP)

Reference year: 2013
Source: World Bank

Data Coverage:
The sum of exports and imports of goods and services, expressed as a percentage of gross domestic product (GDP).

Data Relevance:
It is a basic indicator of openness to foreign trade and economic integration and indicates the dependence of domestic producers on foreign demand (exports) and of domestic consumers and producers on foreign supply (imports), relative to the country’s economic size (GDP).

From: https://data.worldbank.org/indicator/NE.TRD.GNFS.ZS (Details)
World Governance Indicators
Control of Corruption

Reference year: 2016 (extracted on 22 September 2017)
Source: World Bank
Reported in http://info.worldbank.org/governance/wgi/#home

Data Coverage:
Reflects perceptions of the extent to which public power is exercised for private gain, including both petty and
grand forms of corruption, as well as "capture" of the state by elites and private interests.

Data Relevance:
Businesses and individuals pay an estimated $1.5 trillion in bribes each year. This is about 2% of global
GDP—and 10 times the value of overseas development assistance. The harm that corruption causes to
development is, in fact, a multiple of the estimated volume, given the negative impact of corruption on the poor
and on economic growth:

- The poor pay the highest percentage of their income in bribes, and corruption discourages poor people
  from accessing health services and negatively impacts health outcomes, such as infant mortality.
- Corruption contributes to higher-order crimes when money is lost through illicit financial flows (IFFs)
- Economic activity is similarly harmed by corruption – with corruption operating as a strong disincentive to
  foreign investment.

Corruption comes in different forms, each being important.

Data Limitations:
The WGI cover six dimensions of governance, which should not be thought of as being somehow independent
of one another.

As with comparisons across countries, comparisons of governance scores for one country over time need to
take into account margins of error: if confidence intervals for governance estimates in two periods overlap, the
WGI data should not be interpreted as signaling meaningful changes in governance. The vast majority of
year-to-year changes in the WGI are too small relative to margins of error to be viewed as statistically, or
practically, significant, and so should not be over-interpreted as indicating a significant change in governance
performance. However, over longer periods of time such as a decade, the WGI data do show significant
trends in governance in a number of countries.

World Governance Indicators
Government Effectiveness

Reference year: 2016 (extracted on 22 September 2017)
Source: World Bank
Reported in http://info.worldbank.org/governance/wgi/#home

Data Coverage:
Reflects perceptions of the quality of public services, the quality of the civil service and the degree of its independence from political pressures, the quality of policy formulation and implementation, and the credibility of the government's commitment to such policies.

Data Relevance:
Countries with more effective governments tend to achieve higher levels of economic growth by obtaining better credit ratings and attracting more investment, offering higher quality public services and encouraging higher levels of human capital accumulation, putting foreign aid resources to better use, accelerating technological innovation, and increasing the productivity of government spending. Efficiency in the delivery of public services also has a direct impact on poverty. On average, countries with more effective governments have better educational systems and more efficient health care. There is evidence that countries with independent, meritocratic bureaucracies do a better job of vaccinating children, protecting the most vulnerable members of society, reducing child mortality, and curbing environmental degradation. Countries with a meritocratic civil service also tend to have lower levels of corruption.

Data Limitations:
The WGI cover six dimensions of governance, which should not be thought of as being somehow independent of one another.

As with comparisons across countries, comparisons of governance scores for one country over time need to take into account margins of error: if confidence intervals for governance estimates in two periods overlap, the WGI data should not be interpreted as signaling meaningful changes in governance. The vast majority of year-to-year changes in the WGI are too small relative to margins of error to be viewed as statistically, or practically, significant, and so should not be over-interpreted as indicating a significant change in governance performance. However, over longer periods of time such as a decade, the WGI data do show significant trends in governance in a number of countries.

From: https://www.mcc.gov/who-we-fund/indicator/government-effectiveness-indicator#ref-1-a
World Governance Indicators
Political stability and absence of violence

Reference year: 2016 (extracted on 22 September 2017)
Source: World Bank
Reported in http://info.worldbank.org/governance/wgi/#home

Data Coverage:
Political Stability and Absence of Violence/Terrorism measures perceptions of the likelihood of political instability and/or politically-motivated violence, including terrorism.

Data Relevance:
Fragility, conflict, and violence (FCV) is a critical development challenge that threatens efforts to end extreme poverty and promote shared prosperity. Two billion people now live in countries where development outcomes are affected by FCV. The share of extreme poor living in conflict-affected situations is expected to rise from 17% of the global total today to almost 50% by 2030. Conflicts also drive 80% of all humanitarian needs, while they reduce gross domestic product (GDP) growth by two percentage points per year, on average.

Violent conflict has spiked dramatically since 2010, and the fragility landscape is becoming more complex. Climate change, rising inequality, demographic change, new technologies, illicit financial flows and other global trends are inter-connected and can cause further instability. Both low- and middle-income countries are affected by fragility risks, some far away from where the problems start.

Data Limitations:
The WGI cover six dimensions of governance, which should not be thought of as being somehow independent of one another.

As with comparisons across countries, comparisons of governance scores for one country over time need to take into account margins of error: if confidence intervals for governance estimates in two periods overlap, the WGI data should not be interpreted as signaling meaningful changes in governance. The vast majority of year-to-year changes in the WGI are too small relative to margins of error to be viewed as statistically, or practically, significant, and so should not be over-interpreted as indicating a significant change in governance performance. However, over longer periods of time such as a decade, the WGI data do show significant trends in governance in a number of countries.

World Governance Indicators

Reference year: 2016 (extracted on 22 September 2017)
Source: World Bank
Reported in http://info.worldbank.org/governance/wgi/#home

Data Coverage:
Reflects perceptions of the ability of the government to formulate and implement sound policies and regulations that permit and promote private sector development.

Data Relevance:
Trade does not stimulate growth in economies with excessive regulation. The effect of openness on growth was examined using cross-country regressions on data from more than 100 countries. Results from levels regressions imply that increased openness is, if anything, associated with a lower standard of living in heavily-regulated economies.

Growth regressions confirm that the effect of increased trade on growth is absent in highly regulated countries. Excessive regulations restrict growth because resources are prevented from moving into the most productive sectors and to the most efficient firms within sectors. In addition, in highly regulated economies, increased trade is more likely to occur in the wrong goods—i.e. goods where comparative advantage does not lie. The results imply that regulatory reform enhances the benefits of trade liberalization.

Data Limitations:
The WGI cover six dimensions of governance, which should not be thought of as being somehow independent of one another.

As with comparisons across countries, comparisons of governance scores for one country over time need to take into account margins of error: if confidence intervals for governance estimates in two periods overlap, the WGI data should not be interpreted as signaling meaningful changes in governance. The vast majority of year-to-year changes in the WGI are too small relative to margins of error to be viewed as statistically, or practically, significant, and so should not be over-interpreted as indicating a significant change in governance performance. However, over longer periods of time such as a decade, the WGI data do show significant trends in governance in a number of countries.

World Governance Indicators
Rule of law

Reference year: 2016 (extracted on 22 September 2017)
Source: World Bank
Reported in http://info.worldbank.org/governance/wgi/#home

Data Coverage:
Reflects perceptions of the extent to which agents have confidence in and abide by the rules of society, and in particular the quality of contract enforcement, property rights, the police, and the courts, as well as the likelihood of crime and violence.

Data Relevance:
Good governance requires fair legal frameworks that are enforced impartially. It also requires full protection of human rights, particularly those of minorities. Impartial enforcement of laws requires an independent judiciary and an impartial and incorruptible police force.

Data Limitations:
The WGI cover six dimensions of governance, which should not be thought of as being somehow independent of one another.

As with comparisons across countries, comparisons of governance scores for one country over time need to take into account margins of error: if confidence intervals for governance estimates in two periods overlap, the WGI data should not be interpreted as signaling meaningful changes in governance. The vast majority of year-to-year changes in the WGI are too small relative to margins of error to be viewed as statistically, or practically, significant, and so should not be over-interpreted as indicating a significant change in governance performance. However, over longer periods of time such as a decade, the WGI data do show significant trends in governance in a number of countries.

From: http://info.worldbank.org/governance/wgi/#home
World Governance Indicators
Voice and Accountability

Reference year: 2016 (extracted on 22 September 2017)
Source: World Bank
Reported in http://info.worldbank.org/governance/wgi/#home

Data Coverage:
Reflects perceptions of the extent to which a country's citizens are able to participate in selecting their
government, as well as freedom of expression, freedom of association, and a free media.

Data Relevance:
It is widely acknowledged that citizens as well as state institutions have a role to play in delivering governance
that works for the poor and enhances democracy. In particular, citizens’ capacity to express and exercise their
views has the potential to influence government priorities or governance processes, including a stronger
demand for transparency and accountability. However, citizens need effective ‘voice’ in order to convey their
views; and governments or states that can be held accountable for their actions are more likely to respond to
the needs and demands thus articulated by their population.

Data Limitations:
The WGI cover six dimensions of governance, which should not be thought of as being somehow independent
of one another.

As with comparisons across countries, comparisons of governance scores for one country over time need to
take into account margins of error: if confidence intervals for governance estimates in two periods overlap, the
WGI data should not be interpreted as signaling meaningful changes in governance. The vast majority of
year-to-year changes in the WGI are too small relative to margins of error to be viewed as statistically, or
practically, significant, and so should not be over-interpreted as indicating a significant change in governance
performance. However, over longer periods of time such as a decade, the WGI data do show significant
trends in governance in a number of countries.

From:
http://www.undp.org/content/dam/undp/documents/partners/civil_society/publications/2008_UNDP_Voice-
Accountability-and-Civic-Engagement_EN.pdf
Annex 2: Change Board

Update June 2018

This update includes the following:

- Country Risk Classification page (http://duediligence.amfori.org/CountryRiskClassification)
  In addition to the various Sort, Order and Filter options, you can now also select one or more countries you wish to see on the screen:

- Country Due Diligence home page (http://duediligence.amfori.org/)
  The introductory text on the Home Page now provides a quick introduction to the tool, as well as quick and easy access to:

- Country Indicators (http://duediligence.amfori.org/CountryDueDiligence)
  The indicator **Commodities – Timber Risk** has been added under the header Environmental. This indicator is only applicable for countries where timber is harvested. It is not applicable for countries where wooden products are sourced from. The indicator looks at the risk of timber being harvested illegally in a country and can support companies in their due diligence efforts regarding the EU Timber Regulation. All details can be found [here](http://duediligence.amfori.org/indicators/amfori.Country.Due.Diligence.pdf).