

## **Social Welfare Index (SWI): Measurement of Social Benefit**

In the annual report of 1999, I defined the concept of social benefit (SB), identifying its four components by means of a matrix. These components can be individual or collective, tangible or intangible ([cf. Social Benefit-Social Enterprise](#)). The social benefit is a measure of the *efficacy* of the project, of its capacity to improve the living condition of its beneficiaries. In the present article, I study the hypothesis that, in a certain manner, it is possible to quantify the value of the four components of the SB generated by the social projects.

### **Social Welfare Index (SWI): concept and definition**

Following the example of the UNPD in creating an *index for human development*, one can attempt to measure social benefit by creating a *social welfare index* that tries to measure with a certain accuracy the standard of living conditions of a population.

The SB created by a project can be defined as the improvement of social welfare (SWI), expressed as follows:

$$\mathbf{SB = SWI_1 - SWI_0}$$

Whereby:

- \* **SWI<sub>0</sub>** is the total value attributed to the four components of SB prior to the start of the project.
- \* **SWI<sub>1</sub>** (output) is the total value of the SB components after the projects have been implemented.

In fact, the SWI is a value within a scale, reflecting the degree at which a population has the four components of the matrix of the SB. The problem is twofold: on one hand, it is necessary to evaluate and measure, again using scales, each of the parameters, sometimes of a qualitative order, which integrate the SWI. On the other hand, it is necessary to combine these parameters with adequate weighting, in a global indicator of the SWI, which implies that we count on a unity of measure.

### **The socio-economic levels**

The starting point for measurement of the SB is therefore the valuation of the SWI. In some countries, the governments have defined parameters that categorize the population into a certain number of socio-economic levels. These levels determine who is qualified to receive select government subsidies.

While I intend by no means to endorse a class system, the traditional class division of upper/middle/lower suits our current purpose. By introducing another subdivision of upper/middle/low into each of these 3 classes we obtain 9 socio-economic levels ranging

from upper-upper to lower-lower. To these 9 levels we could add another level for people who live in extreme poverty and misery (street children, abandoned elders) which would give us a scale with 10 socio-economic levels. Such a scale is easy to understand in a global context. If one refers to a person belonging to the medium/upper level, there will be a notion (material and in most cases cultural conditions) in each country that distinguishes this person from another belonging to the medium/lower level.

Based on this division, one can consider 10 levels of socio-economic-cultural (SEC) conditions corresponding to the SWI. In this scale a person (a family, a community) who is under absolute poverty would be assigned a value near 0 while a very well-off person would have one approximating 99.

Socio-economic-cultural Levels		
		value
0	extreme poverty	0 - 9
1	lower-lower	10 - 19
2	middle-lower	20 - 29
3	upper-lower	30 - 39
4	lower-middle	40 - 49
5	middle-middle	50 - 59
6	upper-middle	60 - 69
7	lower-upper	70 - 79
8	middle-upper	80 - 89
9	upper-upper	90 - 99

### Classification of social projects

Amongst the institutions that work in and with developing countries the two typical project types are humanitarian aid projects and development cooperation projects.

The **humanitarian aid projects** can be defined as those that tend to cover basic necessities which are insufficiently covered for groups of **people who by themselves are not able** to initiate the process which would take them out of the existing disadvantaged conditions. Typical examples of this kind include food and medical aid, disaster relief (natural catastrophes or war), and aid to the disabled, orphans, or drug addicts.

**Development cooperation projects** are those which promote a long-lasting sustainable improvement of the existing socio-economic conditions. These projects are carried out through activities and processes in which **the beneficiaries play the main role**, and in many cases they are also the initiators of such projects. Vocational training, microenterprises, women-in-development, housing and community development, are examples of development cooperation projects.

The distinction is important because normally the beneficiaries of humanitarian aid projects are people belonging –permanently or temporarily– to the SEC levels of 0 and 1, while the beneficiaries of development cooperation projects are targeted at people in the SEC levels 2 and 3.

I believe that the objective of international cooperation for development should be to support the attainment of level 4 (lower-middle). Once at this level the beneficiaries should be in a position to continue with their own progress and development; even if some do not achieve this, the next generation probably would.

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