This section focuses on the data gathering and data cleaning process.

The first dataset consists of 29 World Development Indicators and it was downloaded from World Bank’s website. These indicators represent the independent variables used for this research plus the population indicator that is used to filter small countries. Provided that the focus of this research is on country level data, all regional data was dropped. Further, 169 rows that contained only NA values were deleted.

After dropping empty rows, the data frame was alphabetically (ascending) ordered, data was grouped by iso2c code and variables were renamed.

The dataset was further cleaned preparing the data for imputation using the AMELIA package. The imputation will be conducted however at a further stage of the research. This process requires that the panel is as balanced as possible, as it feeds from all variables to predict values for the missing observations. The next step was thus dropping variables for which more than 80% of the observations (552) were missing. In addition, countries with a population smaller than one million inhabitants were dropped from the database. 59 countries fell in that category: 46 islands, 5 European countries (Andorra, Liechtenstein, Luxemburg, Monaco and Montenegro), Bahrain, Bhutan, Belize, Djibouti, Equatorial Guinea, Guyana, Qatar and Suriname. Dropping these countries does not affect the research as the remaining database still contains a highly heterogeneous sample both in geographic and socio-economic terms.

The second database used for this research was downloaded from UNAIDS’ website and it provides information on HIV/AIDS incidence rates (as well as prevalence and deaths caused by HIV/AIDS). The data is publicly available. All columns expect the incidence rate were dropped.   
After renaming the variables, a unique identifier was created and missing values were recoded as NAs. Moreover, some observations in the database were not specific numbers; instead, it was indicated that for that year, prevalence was below a certain threshold (0.01%). In those cases, these observations were replaced by 0.009. The final step in the cleaning of the UNAIDS database consisted of deleting all missing values.

Once both databases were cleaned, the next step was to merge the datasets using the combination of iso2c and year as unique identifier. In the merging process, XX countries were dropped because XX. Finally, unnecessary columns from the new database were dropped.

The next section of the research consisted in the data preparation. For this purpose, the dependent variable was lagged by one period and the difference between the lag and the current year was calculated. In line with the goal of this research, a dummy variable was created assigning a value of zero for those observations were the incidence rate decreased or stayed the same and a value of one was assigned to those observations were incidence increased.