

Human Development Report **2010**

20th Anniversary Edition

The Real Wealth of Nations: Pathways to Human Development



Published for the
United Nations
Development
Programme
(UNDP)

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1 UN Plaza, New York, NY 10017, USA

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ISBN: 9780230284456 90101

Second printing, November 2010

Palgrave Macmillan
Houndmills, Basingstoke, Hampshire RG21 6XS and
175 Fifth Avenue, New York, NY 10010

Companies and representatives throughout the world

Palgrave Macmillan in the UK is an imprint of Macmillan Publishers Limited, registered in England, company number 785998, of Houndmills, Basingstoke, Hampshire RG21 6XS.

Palgrave Macmillan in the US is a division of St Martin's Press LLC, 175 Fifth Avenue, New York, NY 10010.

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A catalogue record for this book is available from the British Library and the Library of Congress.

Printed in the United States by Consolidated Graphics. Cover is printed on Tembec's 12 pt Kallima coated-one-side paper. Text pages are printed on Cascades Mills' 60# Rolland Opaque Smooth text that is 50% de-inked post-consumer recycled fibre. Both sheets are Forest Stewardship Council Certified, elemental chlorine-free papers and will be printed with vegetable-based inks and produced by means of environmentally compatible technology. Please recycle the shrinkwrapping.



Editing and production: Communications Development Incorporated, Washington D.C.

Design: Bounford.com

For a list of any errors or omissions found subsequent to printing please visit our website at <http://hdr.undp.org>

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Foreword

In 1990 UNDP published its first *Human Development Report*, with its newly devised Human Development Index. The premise of the HDI, considered radical at the time, was elegantly simple: national development should be measured not simply by national income, as had long been the practice, but also by life expectancy and literacy.

The new HDI had its shortcomings, as the Report's authors forthrightly acknowledged, including a reliance on national averages, which concealed skewed distribution, and the absence of "a quantitative measure of human freedom." Yet it successfully advanced the Report's central thesis, stated succinctly in its first sentence: "People are the real wealth of a nation."

Twenty years later the conceptual brilliance and continuing relevance of that original human development paradigm are indisputable. It is now almost universally accepted that a country's success or an individual's well-being cannot be evaluated by money alone. Income is of course crucial: without resources, any progress is difficult. Yet we must also gauge whether people can lead long and healthy lives, whether they have the opportunity to be educated and whether they are free to use their knowledge and talents to shape their own destinies.

That was the original vision and remains the great achievement of the creators of the *Human Development Reports*, Mahbub ul-Haq of Pakistan and his close friend and collaborator, Amartya Sen of India, working with other leading development thinkers. Their concept has guided not just 20 years of global *Human Development Reports*, but more than 600 National Human Development Reports—all researched, written and published in their respective countries—as well as the many provocative regionally focused reports supported by UNDP's regional bureaus.

Perhaps most important, the human development approach has profoundly affected an entire generation of policy-makers and development specialists around the world—including thousands within UNDP itself and elsewhere in the UN system.

This 20th anniversary milestone presents an opportunity to review human development achievements and challenges systematically at both the global and national levels—a task not attempted since the first Report—and to analyse their implications for policy and future research.

On one crucial point the evidence is compelling and clear: there is much that countries can do to improve the quality of people's lives even under adverse circumstances. Many countries have made great gains in health and education despite only modest growth in income, while some countries with strong economic performance over the decades have failed to make similarly impressive progress in life expectancy, schooling and overall living standards. Improvements are never automatic—they require political will, courageous leadership and the continuing commitment of the international community.

Data from the past 40 years also reveal an enormous diversity of pathways to human development achievement: there is no single model or uniform prescription for success.

This Report shows significant progress by most countries in most areas, with the poorest countries often showing the largest gains. While perhaps not a surprise to statisticians, it was far from universally assumed four decades ago that most low-income nations would make the strong strides forward that the record now shows in health, education and (to a lesser extent) income.

Not all the trends are positive, as we know too well. Sadly, several countries have moved backwards in absolute HDI achievement since the 1990 Report. These countries offer lessons on the devastating impact of conflict, the AIDS epidemic and economic and political mismanagement. Most suffered from more than one if not all these factors.

I especially welcome the continuation of the *Human Development Report* tradition of measurement innovation. Three new measures—capturing multidimensional inequality, gender disparities and extreme deprivation—are introduced in this year's Report. The Inequality-adjusted HDI, Gender Inequality Index and Multidimensional Poverty Index, building on innovations in the field and advances in theory and data, are applied to most countries in the world and provide important new insights.

These new measurement tools reinforce the continuing validity of the original human development vision. Going forward, future Reports will have to grapple with even more difficult issues, including the increasingly critical area of sustainability, as well as inequality and broader notions of empowerment. Many of the analytical and statistical challenges identified in the original 1990 Report continue to confront us today.

UNDP can take appropriate pride in its backing of this intellectually independent and innovative Report for the past two decades, but *Human Development Reports* have never been a UNDP product alone. The Reports rely heavily on knowledge and insights from sister UN agencies, national governments and hundreds of scholars from around the world, and we have always been grateful for that collaboration. As this year's 20th anniversary edition persuasively demonstrates, we can and should continue to be guided by the *Human Development Report's* values and findings for the next 20 years—and beyond.



Helen Clark
Administrator
United Nations Development Programme

The analysis and policy recommendations of this Report do not necessarily reflect the views of the United Nations Development Programme or its Executive Board. The Report is an independent publication commissioned by UNDP. The research and writing of the Report was a collaborative effort by the Human Development Report team and a group of eminent advisors led by Jeni Klugman, Director of the Human Development Report Office.

Introduction by Amartya Sen

In 1990 public understanding of development was galvanized by the appearance of the first *Human Development Report*. Led by the visionary Mahbub ul Haq, it had a profound effect on the way policy-makers, public officials and the news media, as well as economists and other social scientists, view societal advancement. Rather than concentrating on only a few traditional indicators of economic progress (such as gross national product per capita), “human development” accounting proposed a systematic examination of a wealth of information about how human beings in each society live and what substantive freedoms they enjoy.

At the time Mahbub ul Haq became the pioneering leader of the human development approach, several voices of discontent were demanding an approach broader than standard economic measurements provided and were proposing constructive departures. With remarkable insight Mahbub saw the possibility of harnessing these initiatives towards the development of a capacious alternative outlook that would be at once practical and inclusive. The *Human Development Reports* made room for a rich variety of information and analyses related to different aspects of human life.

The difficulty, however, of replacing a simple number like GNP with an avalanche of tables (and a large set of related analyses) is that the latter lacks the handy usability of the crude GNP. So a simple index, the Human Development Index (HDI), was devised explicitly as a rival to GNP and concentrating only on longevity, basic education and minimal income. Not surprisingly, the HDI, which proved very popular in public discussion, has a crudeness that is somewhat similar to that of the GNP. This diagnosis is not meant as an “unkind” description. As someone who was privileged to work with Mahbub in devising the HDI, I would claim that the crude HDI did what it was expected to do: work as a simple measure like GNP but, unlike GNP, without being oblivious of everything other than incomes and commodities. However, the huge breadth of the human development approach must not be confused, as it sometimes is, with the slender limits of the HDI.

The world has moved on since 1990. There have been many gains (in literacy for example), but the human development approach is motivationally committed to concentrating on what remains undone—what demands most attention in the contemporary world—from poverty and deprivation to inequality and insecurity. New tables continue to appear in the steady stream of *Human Development Reports*, and new indices have been devised to supplement the HDI and enrich our evaluation.

As it happens, the new challenges we face have also intensified—for example, those surrounding the conservation of our environment and the sustainability of our well-being and

substantive freedoms. The human development approach is flexible enough to take note of the future prospects of human lives on the planet, including the prospects of those features of the world that we value, whether related to our own welfare or not (for example, we can be committed to the survival of threatened animal species on grounds that transcend our own well-being). It would be a great mistake to cram more and more considerations into one number like the HDI, but the human development approach is sophisticated enough to accommodate new concerns and considerations of future prospects (including forecasts of future levels of the HDI) without muddled attempts at injecting more and more into one aggregate measure.

Twenty years after the appearance of the first *Human Development Report*, there is much to celebrate in what has been achieved. But we also have to be alive to ways of improving the assessment of old adversities and of recognizing—and responding to—new threats that endanger human well-being and freedom. That continuing commitment is indeed a part of the large vision of Mahbub ul Haq. The need for that commitment has not diminished over time.

Acknowledgements

This Report is the fruit of the advice, contributions and support of many people. Preparation of any global *Human Development Report (HDR)* is a daunting task—and especially so on such an auspicious anniversary. I would like to especially thank Amartya Sen for his strategic advice and wisdom and Sakiko Fukuda-Parr, Frances Stewart and Michael Walton for their helpful intellectual inputs and feedback. My family, Ema, Josh and Billy, were patient and supportive throughout. The *HDR* depends on the dedication and hard work of the research team and the staff of the Human Development Report Office (HDRO). The continued success of the Report owes much to the support of UNDP Administrator Helen Clark.

An academic advisory panel provided valuable guidance. The panel comprised Bina Agarwal, Philippe Aghion, Arjun Appadurai, Anthony Atkinson, François Bourguignon, Simon Commander, Ariel Fiszbein, Nancy Folbre, Sakiko Fukuda-Parr, Stephen Gelb, Enrico Giovannini, Heba Handoussa, Richard Jolly, Ravi Kanbur, Mwangi Kimenyi, Deepak Nayyar, Lant Pritchett, Gustav Ranis, Henry Richardson, Dani Rodrik, José Salazar-Xirinachs, Hadi Salehi-Esfahani, Timothy Smeeding, Frances Stewart, Jan Svejnar, Michael Walton and Tarik Yousef.

More than 25 consultations were held between September 2008 and June 2010 to help inform preparation of the Report—including in Brussels, Busan, Cambridge (United Kingdom), Cambridge (United States), Canberra, Geneva, Istanbul, Johannesburg, Lima, London, Melbourne, Nairobi, New Delhi, New York, Oxford, Paris, Rabat, Rio de Janeiro, Sydney and Washington, D.C.—involving some 400 experts and practitioners, with the support of UNDP country and regional offices. Key partners hosting the consultations included the Center for Global Development, the European Commission, Harvard University's Center for International Development, the Human Development and Capability Association, the Organisation for Economic Co-operation and Development Development Center and the UNDP Civil Society Advisory Group.

Background research, commissioned on a range of thematic issues, is available online in our Human Development Research Papers series and listed in *References*. Intensive collaboration with the Oxford Poverty and Human Development Initiative, led by Sabina Alkire and involving a wide range of researchers, was extremely fruitful in pushing forward the conceptual and measurement agendas. Special thanks also go to James Foster of George Washington University, Stephan Klasen of Goettingen University and Lant Pritchett of Harvard University for their timely advice on a variety of measurement and empirical issues.

The statistics used in this Report rely on various databases. We are particularly grateful to the International Labour Organization, the Inter-Parliamentary Union, Jong-Wha Lee, the Luxembourg Income Study, the Polity IV Project, the Stockholm International Peace Research Institute, the UN Department of Economic and Social Affairs, the United

Nations Educational, Scientific and Cultural Organization Institute for Statistics, the UN Refugee Agency, the United Nations Children's Fund, Uppsala University's Conflict Data Program and the World Bank. Claudio Montenegro conducted the analysis on the World Bank's International Income Distribution Database needed to construct the Inequality-adjusted Human Development Index. Eduardo Zambrano of California Polytechnic State University advised on the construction of the Gender Inequality Index. The advice of the Experts' Group of the United Nations Statistical Commission is gratefully acknowledged.

A UNDP Readers Group, representing all the regional and policy bureaus, and a number of other colleagues, too numerous to list, provided valuable advice throughout preparation of the Report, although special thanks go to Abdoulaye Mar Dieye, Chief of Staff. The HD Network, which comprises some 1,400 UNDP staff, academics and nongovernmental organizations, generated a range of useful ideas and feedback through online discussions. Solaiman Al-Rifai and Martha Mai of the UN Office for Project Services provided administrative support.

Several interns worked with HDRO over the course of the year: Kevin Chua, Zaynab El-Bernoussi, Jennifer Escobar, Rebecca Funk, Georgios Georgiadis, Saad Gulzar, Francesca Rappocciolo, Thomas Roca, Sandra Scharf, Fredrik Sjoberg and Seol Yoo. Namsuk Kim was seconded from UNDP's Office of Development Studies.

A team at Communications Development Incorporated, led by Bruce Ross-Larson, did a fabulous job editing and laying out the Report, and Bounford.com carried out the design work. Cesar Hidalgo provided valuable ideas for the visualization of human development concepts and trends.

We thank all of those involved directly or indirectly in contributing to our efforts, while acknowledging sole responsibility for errors of commission and omission.



Jeni Klugman
Director
Human Development Report 2010

Abbreviations

GDP	gross domestic product
GII	Gender Inequality Index
GNI	gross national income
HDI	Human Development Index
HDR	Human Development Report
HPI	Human Poverty Index
IHDI	Inequality-adjusted HDI
MPI	Multidimensional Poverty Index
OECD	Organisation for Economic Co-operation and Development
PPP	purchasing power parity
UNDP	United Nations Development Programme

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