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**United Nations  
Development Programme  
contacts:**

**New York**  
Mr. William Orme  
Tel: +1 212 906 6763  
Cell: +1 917 607 1026  
william.orme@undp.org  
Ms. Sophia Qureshi  
Tel: +1 212 906 5797  
Cell: +1 202 446 7679  
sophia.qureshi@undp.org  
Ms. Botagoz Abdreyeva  
Tel: +1 212 906 3690  
botagoz.abdreyeva@undp.org

**Bangkok**  
Ms. Cherie Hart  
Tel: +(662)288 304 9100 X 2133  
Cell: +66 8 1 918 1564  
cherie.hart@undp.org

**Geneva**  
Mr. Adam Rogers  
Tel: +41 22 917 8541  
Cell: +41 798490679  
adam.rogers@undp.org

**Brussels**  
Mr. Asier Seguro  
Tel: +32 (0)2 504 90 52  
Cell: +32 492 67 50 11  
asier.segurola@undp.org

**Oslo**  
Mr. Trygve Olfarnes  
Tel: +47 22 12 1613  
Cell: +47 94 15 6028  
trygve.olfarnes@undp.org

**Copenhagen**  
Ms. Mette Fjalland  
Tel: +45 3546 7154  
Cell: +45 5183 6228  
mette.fjalland@undp.org

**Stockholm**  
Ms. Monica Lorensen  
Tel: +46 (0)8 545 232 50  
Cell: +46 (0) 768 83 96 56  
monica.lorensen@undp.org

**Tokyo**  
Mr. Toshiya Nishigori  
Tel: +81 3 5467 4875  
Cell: +81 90 7200 3295  
toshiya.nishigori@undp.org

**New Delhi**  
Mr. Cedric Monteiro  
Tel: +91 11 46532346  
Cell: +91 98 10153924  
cedric.monteiro@undp.org

**Johannesburg**  
Mr. Lucky Musonda  
Tel: +27 (11) 603 5084  
Cell: +27 7 322 246 01  
lucky.musonda@undp.org

**Cairo**  
Mr. Noeman AlSaiyyad  
Tel: +20 2 2456 4942  
Cell: +20 10 0181 187 6  
noeman.alsaiyyad@undp.org

**Bratislava**  
Mr. Zoran Stevanovic  
Tel: +421 2 59337428  
Cell: +421 908 729 846  
zoran.stevanovic@undp.org

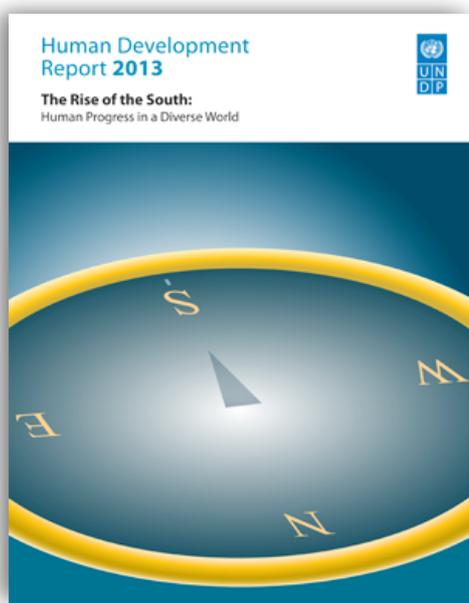
**Panama**  
Mr. Pablo Basz  
Tel: +507 305 4864  
Cell: +507 6674 2224  
pablo.basz@undp.org

**Washington**  
Ms. Sarah Jackson-Han  
Tel: +1 202 331 9130  
Cell: +1 202 674 7442  
sarah.jackson-han@undp.org

# “Rise of South” transforming global power balance, says 2013 Human Development Report

*Massive poverty reduction, middle-class expansion from major development gains in Africa, Asia, Latin America*

**Mexico City, 14 March 2013**—The rise of the South is radically reshaping the world of the 21<sup>st</sup> century, with developing nations driving economic growth, lifting hundreds of millions of people from poverty, and propelling billions more into a new global middle class, says the United Nations Development Programme’s (UNDP) 2013 Human Development Report.



“The rise of the South is unprecedented in its speed and scale,” the 2013 Report says. “Never in history have the living conditions and prospects of so many people changed so dramatically and so fast.”

This phenomenon goes well beyond the so-called BRICs, middle income countries often represented by Brazil, Russia, India and China, the 2013 Report stresses. The Report shows that more than 40 developing countries have made greater human development gains in recent decades than would have been predicted. These achievements, it says, are largely attributable to sustained investment in education, health care and social programmes, and open engagement with an increasingly interconnected world.

This historic progress is creating opportunities for the South and the North to collaborate in new ways to advance human development and confront shared challenges such as climate change, the Report says. Countries across the South are extending trade, technology and policy ties throughout the North, while the North is looking South for new partnerships that can promote global growth and development.

The 2013 Human Development Report—*The Rise of the South: Human Progress in a Diverse World*—is being launched by UNDP’s Administrator Helen Clark and Mexican President Enrique Peña Nieto here today.

“The 2013 Report makes a significant contribution to development thinking by describing specific drivers of development transformation and by suggesting future policy priorities that could help sustain such momentum,” Helen Clark says in the Report’s foreword.

This historic progress is in turn creating opportunities for new partnerships between the South and the North—or developing and developed countries, respectively—to confront shared challenges such as climate change and to cooperate in new ways to speed human development advancement elsewhere in the world, the Report says.

“The South as a whole is driving global economic growth and societal change for the first time in centuries,” says the Report, which provides a detailed look at this fast-changing world.

For example:

- China and India doubled per capita economic output in less than 20 years—a rate twice as fast as that during the Industrial Revolution in Europe and North America. “The Industrial Revolution was a story of perhaps a hundred million people, but this is a story about billions of people,” says Khalid Malik, the 2013 Report’s lead author.
- By 2020, the Report projects, the combined output of the three leading South economies—China, India, Brazil—will surpass the aggregate production of the United States, Germany, United Kingdom, France, Italy and Canada.
- With living standards rising in much of the South, the proportion of people living in extreme income poverty worldwide plunged from 43 percent in 1990 to 22 percent in 2008, including more than 500 million people lifted from poverty in China alone. As a result, the world has already achieved the main poverty eradication target of the Millennium Development Goals, which called for the share of people living on less than US\$1.25 a day to be cut by half from 1990 to 2015.
- Developing countries nearly doubled their share of world merchandise trade from 25 percent to 47 percent between 1980 and 2010, the Report notes. Trade within the South was the biggest factor in that expansion, climbing from less than 10 percent to more than 25 percent of all world trade in the past 30 years, while trade between developed countries fell from 46 percent to less than 30 percent. Trade between countries in the South will overtake that between developed nations, the Report projects. Increasing openness to trade correlates with rising human development achievement in most developing countries.
- The South is increasingly interdependent and interconnected. Mobile phones with Internet links are now found in most households in Asia and Latin America, and in much of Africa— and most of those affordable smart phones are produced by South-based companies. Brazil, China, India, Indonesia and Mexico now have more daily social media traffic than any country except the United States. The South’s growing global interconnections are personal as well virtual: migration between developing countries recently surpassed net migration from South to North.
- The world is witnessing an epochal “global rebalancing.” The rise of the South reverses the huge shift that saw Europe and North America eclipse the rest of the world, beginning with the industrial revolution, through the colonial era to the two World Wars in the 20<sup>th</sup> century. Now another tectonic shift has put developing countries on an upward curve. The Report predicts that the so-called “Rise of the South” should continue and could even accelerate as the 21<sup>st</sup> century unfolds.
- Global institutions have not yet caught up to this historic change. China, with the world’s second largest economy and biggest foreign exchange reserves, has but a 3.3 percent share in the World Bank, less than France’s 4.3 percent. India, which will soon surpass China as the world’s most populous country, does not have a permanent seat on the UN Security Council. And Africa, with a billion people in 54 sovereign nations, is under-represented in almost all international institutions.

### **Government Leadership, Global Engagement**

The 2013 Report first identifies more than 40 developing countries with human development gains that significantly outpaced global norms in recent decades. It then looks in greater detail at 18 of those countries,

ranging from the biggest high-achievers—beginning with China—to many smaller successful countries in the South, such as Chile, Ghana and Thailand.

While these countries differed greatly in their histories, political systems, economic profiles and development priorities, they share some key characteristics. Most were proactive “developmental states” that sought to take strategic advantage of opportunities offered by world trade. They also invested heavily in human capital through health and education programs and other essential social services. “More important than getting prices right, a developmental state must get policy priorities right,” the Report says. “They should be people-centred, promoting opportunities while protecting against downside risks.”

The Report argues that ambitious, well-conceived policies can sustain this human development progress in coming decades and expand its reach to still more developing countries. But it also warns that short-sighted austerity measures, failures to address persistent inequalities, and a lack of opportunities for meaningful civic participation could threaten this progress unless leaders take bold corrective action.

Several leading nations of the South are creating new paradigms for advancing human development and reducing inequalities, through innovative social policies that are increasingly studied and emulated worldwide. Pioneering cash-transfer programmes in Brazil, India and Mexico have helped to narrow income gaps and improve health and education in poor communities, the Report says.

Mayor Michael Bloomberg of New York City, who travelled to see Mexico’s *Oportunidades* programme in action, explains in a contribution to the Report why his city looked to Latin America when designing its own antipoverty initiatives. “No one has a monopoly on good ideas,” Bloomberg writes.

The Report also features contributions from Nobel Laureate Amartya Sen, Japan International Cooperation Agency President Akihiko Tanaka, and Turkish Development Minister Cevdet Yılmaz, among others.

### **Facing Challenges, Sustaining Momentum**

The South faces long-term challenges shared by industrialized countries of the North, including an aging population, environmental pressures, social inequalities, mismatches between educational preparation and job opportunities and the need for meaningful civic engagement, among others. These require both national and global solutions if developing countries are to maintain their human development momentum.

Environmental inaction, especially regarding climate change, has the potential to halt or even reverse human development progress in the world’s poorest countries and communities, the Report warns. The number of people in extreme poverty could increase by up to three billion by 2050 unless environmental disasters are averted by coordinated global action, it says.

In more advanced developing countries, as in the North, aging populations are increasing the burden on the productive workforce, the Report notes. Some poorer regions, however, could benefit from a “demographic dividend” as the share of their working-age population rises, the Report says, but only if appropriate policy action is taken to reap this dividend.

Projections in the Report examine the potential demographic impact of ambitious national education policies similar to those implemented in recent decades by the Republic of Korea. The forecast suggests that faster educational progress also substantially reduces child mortality, the direct result of improvements in girls’ opportunities for continued education and the well-documented benefits for children of having a well-educated mother. In India, for example, accelerated education progress such as that in the Republic of Korea could cut child mortality by as much as half in future generations.

Educating women through adulthood is the closest thing to a “silver bullet” formula for accelerating human development, the Report’s research shows.

Severe poverty remains a major problem throughout much of the developing world, the Report stresses. An estimated 1.57 billion people, or more than 30 percent of the population of the 104 countries studied for the Report, live in what it terms “multidimensional” poverty, including 612 million people in India.

The Report warns that nonresponsive political structures can prompt civil unrest, especially if economic opportunity does not keep pace with educational advancement, as in the countries that were part of 2011’s uprisings in the Arab States region. These social tensions are also acutely felt currently in many developed countries, the report notes, where austerity policies and declining growth impose hardships on millions.

“There is a ‘south’ in the North and a ‘north’ in the South,” says the Report.

### **New Resources, New Opportunities, New Institutions**

The South itself has both the expertise and the resources to be a more powerful force in global development, the Report argues. Developing countries now hold two-thirds of the world’s total \$10.2 trillion in foreign exchange reserves, including more than \$3 trillion in China alone, and about three-quarters of the \$4.3 trillion in assets controlled by sovereign wealth funds worldwide. Even a small share of these vast sums could have a swift measurable impact on global poverty and human development, the Report says.

The 2013 Report argues that the rise of the South is challenging existing global institutions to change and showing new ways that countries and regions can work together to confront shared challenges. As older international institutions fail to adapt, new mechanisms are emerging, such as overlapping networks of national and continent-wide cooperation, including regional trade pacts, security groupings, development banks and bilateral agreements.

The South needs greater representation in global governance, which also requires assuming greater responsibility, the Report argues. The global system is overdue for reform, and the Report calls for a more “coherent pluralism” in international governance driven at the national level by “responsible sovereignty,” or the recognition that in an interconnected world, national policy decisions affect neighboring countries and, often, the planet as a whole.

The Report urges the convening of a new “South Commission” where developing countries can take the lead in suggesting constructive new approaches to effective global governance.

The rise of the South and its potential for accelerating progress for future generations should be seen as beneficial for all countries and regions, as living standards improve and the world as whole becomes ever more deeply interdependent, the Report emphasizes.

“The South needs the North,” the Report says, “and, increasingly, the North needs the South.”

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***ABOUT THE HDI:*** The Human Development Index (HDI) was introduced in the first Human Development Report in 1990 as a composite measurement of development that challenged purely economic assessments of national progress. The HDI in the 2013 Report covers 187 countries and territories. Data constraints precluded HDI estimates for eight countries: Marshall Islands, Monaco, Nauru, the People’s Democratic Republic of Korea, San Marino, Somalia, South Sudan and Tuvalu. HDI values and rankings as presented in Table 1 of the Report’s Statistical Annex are calculated using the latest internationally comparable data for health, education and income. Previous HDI values and rankings are retroactively recalculated using the same updated data sets and current methodologies, as presented in Table 2 of the Statistical Annex. ***The HDI rankings and values in the 2013 Human Development Report cannot therefore be compared directly to HDI rankings and values published in previous Human Development Reports.***

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**ABOUT THIS REPORT:** *The Human Development Report is an editorially independent publication of the United Nations Development Programme. For free downloads of the 2013 Human Development Report in ten languages, plus additional reference materials on its indices and specific regional implications, please visit: <http://hdr.undp.org>.*

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