

# Trainer's Manual

## Training Programme on District Planning and Human Development



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*The summary of the Human Development reports from 1990 to 2006 has been taken from the compilation done by Dr. Arabinda Ghosh, Joint Director, Administrative Training Institute, Kolkata*

## Module 1

### The Concept of Human Development and Human Development Reports

<b>Module objectives</b>	(i) To refresh the conceptual framework of Human Development and its theoretical background.
	(ii) To familiarize the participants to the thematic issues in the various global human development reports.
	(iii) To recapitulate the computation of various HD related indices
<b>Essential reading</b>	The summary of global HD reports and the section on computation of HDIs
<b>Activities</b>	(i) Presentation distinguishing HD from growth and showing the linkages between growth and HD
	(ii) UNDP films on HD
	(ii) Group task: Ask the groups to discuss the reports and post answers to the questionnaire
	(iii) Discuss the answers in the class
	(iv) Summarize the discussion
	(iv) Participatory session on calculation of HDI (Most participants would be familiar with the HD indices. Get the participants to discuss the computational aspect and jot down the methodology on flip chart. The trainer is required to fill the gaps)

# 1. Human Development Approach

## 1.1 Introduction

1.1.1 The Human Development (HD) approach was developed by a group of economists and thinkers led by Mahbub ul Haq and Amartya Sen as reflected in UNDP's Human Development Reports. Put simply, the starting point for the human development approach was the idea that the purpose of development is to improve human lives by not only enhancing income but also expanding the range of things that a person can be and do, such as to be healthy and well nourished, to be knowledgeable, and to participate in community life. Seen from this viewpoint, development is about removing the obstacles to what a person can do in life, obstacles such as lack of income, illiteracy, ill health, lack of access to resources, or lack of civil and political freedoms.

1.1.2 As stated in the Human Development Report, 1990, human development 'is about more than GNP growth, more than producing commodities, and accumulating capital' which is only a means of enlarging people's choices. It is about creating an environment in which people can develop their full potential and lead productive, creative lives in accordance with their needs and interests. People are the real wealth of nations. Development is thus about expanding the choices people have to lead lives that they value.

1.1.3 To grasp the key idea behind HD, let us consider Kalpistan, an imaginary country with per capita income close to US \$6,000. According to most economists, Kalpistan is a "developed" country. And yet, it is also known that in Kalpistan:

- a. The wealthy families are few in number and are extremely rich, while the majority of people live in poverty.
- b. Women are severely disadvantaged and discriminated against.
- c. Environmental degradation is severe, and the government does little to prevent it.
- d. An authoritarian regime is cracking down on political opponents.

1.1.4 Should Kalpistan really be considered a "developed" country? Is the average per capita income adequate to assess the true level of "development"? Could it be that the standard definition of "development" is potentially misleading? And if so, do we not need to reconsider the conventional policies and programs to accelerate "development"? Are not such policies and programs, perhaps too narrow, one sided, and even harmful in terms of issues such as preservation of the environment, gender equity, or social integration?

1.1.5 Human Development (HD) is about addressing and solving such questions, and is the most systematic and influential attempt to widen our understanding and our search for local, national, and international development in the 21st century. Its aim is to reconceptualize "development", measure it properly, and redesign policies to achieve it in a way that does not compromise but furthers all basic human values.

1.1.6 Most often, this basic fact of development gets obscured because of two reasons a) national income figures, useful though they are for many purposes, do not reveal the composition of income or the real beneficiaries and b) people often value achievements that do not show up at all, or not immediately, in higher measured income or growth figures: better nutrition and health services, greater access to knowledge, more secure livelihoods, better working conditions, security against crime and physical violence; satisfying leisure hours, and a sense of participating in the economic, cultural and political activities of their communities. Of course, people also want higher incomes as one of their options. But income is not the sum total of human life.

1.1.7 An important feature of the human development approach is that it has an explicit basis in philosophical reasoning and the longstanding intellectual traditions of philosophy, political economy, and economics, dating back to Aristotle and including the works of Adam Smith and Immanuel Kant, among others. Aristotle argued that "wealth is not the good we

are seeking it is merely useful for the sake of something else." He distinguished a good political arrangement from a bad one in terms of its success in enabling people to lead "flourishing lives".

1.1.8 The human development approach contains two central theses about people and development that improvements in human lives should be an explicit development objective, and that human achievements can be used as key indicators of progress. This emphasis on people is essential as economic growth does not seem to guarantee an automatic improvement in the lives of all people in an economy.

Thus, we find that:

- a. High economic growth has not solved the problem of inequalities and deprivation among substantial sections of the population
- b. High incomes are no protection against socio-economic phenomenon such as drugs, alcoholism, violence and breakdown of family relations.
- c. At the same time, some low-income countries have demonstrated that it is possible to have a high level of human development even at relatively low levels of income if the resources are directed towards enhancing human capabilities.

## 1.2 Human Development -An Initial Definition

1.2.1 Let us go back to Kalpistan, the imaginary country with a high per capita income but serious flaws in terms of "true" development. How can that "true" standing be ascertained?

1.2.2 One possibility is to correct or "adjust" the per capita income figure so that it gets penalized for the extension of poverty, for gender discrimination, for damage to the environment, and so on. But this approach, though intuitively appealing, has three serious drawbacks:

- a. It becomes increasingly difficult to compute and to interpret as new variables, or "true" development dimensions, are brought into the picture.
- b. It does not tell why a given variable is to be added, nor why should it be given a certain weight (for instance: is political democracy a dimension of "true" development? Also, how many dollars should be discounted from per capita income if the country discriminates against women?).
- c. Thus, it actually begs the question of what "true development" is.

1.2.3 Another possibility is to face up to the fact that there is not one but several economic, social, political, and cultural goals that a country should strive for.

### Discussion

Ask the participants to provide examples on the limitations of income as the measure of development. Note all the examples on a Flip Chart and categorize examples according to the bullets given below:

- There are choices that do not depend on income ( playing with your children)
- Income alone does not predict every choice ( wealthy Shyam suffers a serious illness)
- National income includes not only the 'goods' but the 'bads' as well (the value of guns and heroin produced in the country)
- Per capita income does not take into account how income is distributed (Shyam and Rakhi's per capita income is the same whether Rakhi gets Rs. 5 and Shyam gets Rs. 25 or both get Rs. 15)

These goals cannot be reduced to a single variable or merely to a number. And, more importantly, that any and all such national goals (a higher per capita income, political democracy, gender equity...) are but means towards its population living a better, "more human" life.

1.2.4 Once you think of development as a matter of ends rather than means, it seems but natural to assert that it "truly" consists in more people having better chances to lead a better life. This simple but powerful idea inspires the common definition of human development as "the process of enlarging people's choices".

1.2.5 "Choices" are the many things human beings have a good reason to value and desire. The choices we refer to are not whimsical or relativistic (say, a criminal's choice to murder or a drug dealer's choice to sell heroin). Choices need to be grounded in a reasonable and reasoned moral argument.

1.2.6 But even valid "choices" do vary from one society, one period, or one person to the next. HD is then an open, continuous, and theoretically endless process. For different purposes, however, one may need to be more or less specific in describing the "choices" in HD.

### Exercise No. 1

Ask each participant to prepare a list of ten essential choices, which they feel are necessary for well-being. Form buzz-groups in clusters of five and ask each group to consolidate their lists into a single list of 10 points. Share the lists in the plenary and discuss points of commonality and difference.

1.2.7 At a very basic level, a concrete yet conceptually sound simplification would boil HD down to four key "choices".

- A healthy and long lasting existence
- Access to knowledge in its different expressions
- Material resources for a decent standard of living,
- Free participation in community life and collective affairs

1.2.8 For analytical purposes, Amartya Sen has elaborated the idea of "choices" in terms of "functionings" and "capabilities". A human life may be

seen as a set of interrelated "functionings", a set of beings and doings contributing to her or his personal welfare: being well nourished, being respected, avoiding escapable disease, and participating in political decisions are among some such "beings" or doings". Capabilities are the various combinations of functionings a person can achieve, in exercising his or her freedom to select a life style. According to this concept of development must, therefore, be more than just the expansion of income and wealth. Its focus must be people.

1.2.9 Human development has therefore been defined as a process of enlarging people's choices.

### *The Four Basic Choices*

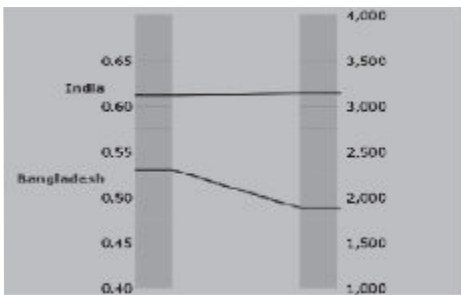
1.2.10 While expansion of choices is a laudable goal, choices are unlimited while resources are limited. Governments, especially those in developing countries are hardly willing to embark on a campaign of choice expansion. Therefore, it became essential that governments undertake selective expansion of choices. Certain functionings like having long and healthy life, having wholesome food to eat and having decent clothes to wear are basic. Basic capabilities can be seen as those that enable a person to appear in public without feeling ashamed, to the use oft-repeated Aristotelian phrase. Capabilities of a rocket scientist are of much higher order. If the governments were to promote certain capabilities the moot question was how to identify those capabilities. In the 1990s UNDP did several studies to ascertain the capabilities and functionings people value most. Result of the studies indicated that three most valuable choices for people were (i) ability to lead a long life, (ii) access to education, (iii) a decent income and (iv) political freedom. The first three capabilities were later to become the corner stones of the human development index. The fourth choice was deliberately left out because in many societies political freedom was either not available or people had different ideas about what political freedom constitutes. For a human development index to be globally acceptable, it was imperative that political sensitivity of different cultures was respected. Though, as later developments showed countries which had achieved high level of human development almost inevitably turned out to be those that guarantee great amount of freedom to its people. Therefore, the last choice is actually subsumed in the other three.

It is important to note that 'choices' in HD approach means choices that are grounded in some moral philosophy. HD approach does not advocate enlarging amoral choices.

### 1.3 Economic Growth and Human Development

#### *Growth is Not Welfare*

1.3.1 What the successive human development reports have established is that there is no direct relationship between growth and human condition. We now know that different societies exhibit different capacities for converting income into human development. This is brought out by the comparison of HD index and per capita income of different countries, for example in the figures below.



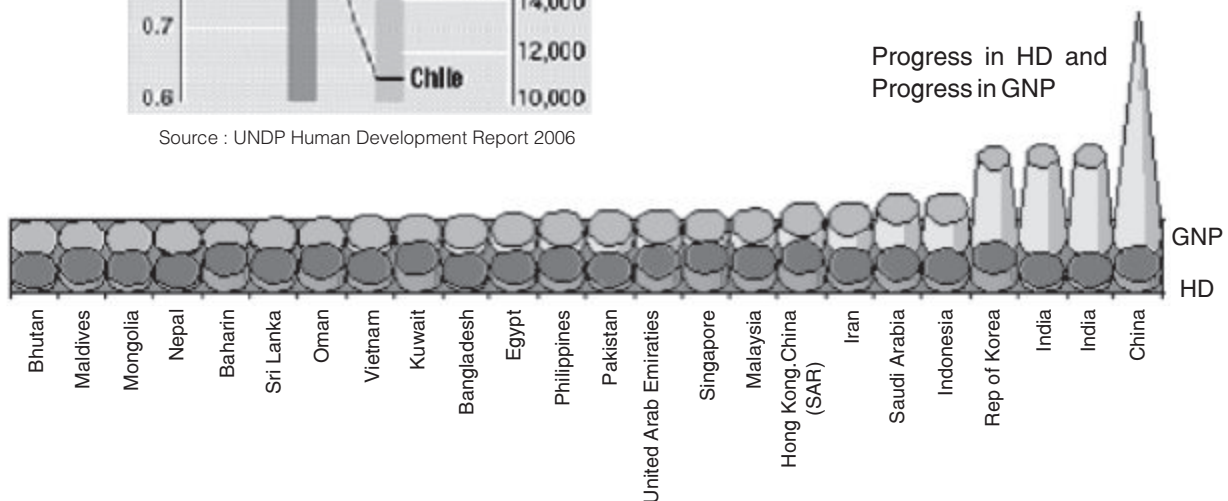
Source : UNDP Human Development Report 2006



Source : UNDP Human Development Report 2006

How directly growth in GDP per capita reflects in enlargement of people's choices depend on how widely distributed the income is. Highly unequal distribution of income reduces a society's capacity to transform income into human development for large masses of people. The other factors related to 'income to human development' conversion are education and health of the people. Educated and healthy people are better capable of partaking of the process of income growth. Besides, where large sections of people are unemployable due to lack education and poor health, employable people are expensive to hire and hence the industrial sector tends to adopt capital intensive technologies that do not disperse benefits of growth. Capital intensive technologies require skills that are highly expensive to acquire and thus only those who benefit from capital intensive growth can give their children the kind of education that imparts these skills. This creates a vicious cycle of inequality. The following figure shows how different countries have succeeded in making economic growth work for human development.

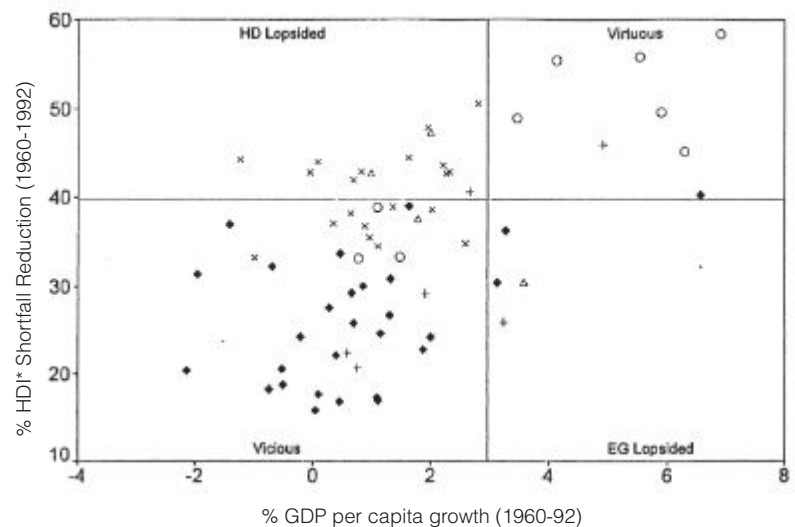
1.3.2 The cones represent improvement in per capita income and in HDI over a period of time. If the HD cone is closer in height to the income cone, it shows a greater capacity to convert income into welfare. It should however be appreciated that unequal growth affects health and educational status of people more at lower levels of income. At higher levels of income, unequal growth need not affect health and education adversely, especially, if the level of income necessary for basic healthcare and quality education is already attained by most people. However, this may intensify social stratification and discontent. In high income societies, HD issues tend



to shift away from health and education to other dimensions such as quality of community life and emotional health of people. It should also be noted that in underdeveloped and developing countries, there is little correlation between per capita income, life expectancy, and education. Therefore, human development cannot be left to market mechanisms but require active involvement of the government.

1.3.3 A similar inference was drawn by Gustav Ranis and Frances Stewart by using a growth vs. HD grid. For this analysis they plotted a graph on which vertical axis represent HDI and horizontal axis GDP per capita. They created the grid by drawing a horizontal line from point representing global average HDI on the vertical and a vertical line from the global average per capita GDP as shown below. The intersection of the lines produces a grid of four quadrants. The top left quadrant indicate more than average attainment in HD but low level of growth. Countries that lie in this quadrant are HD lopsided. In HD lopsided countries, the state plays a proactive role in promoting HD but at the same time the state's policies are not growth promoting. This situation is typically one in which high level of HD is accompanied by high level of unemployment. In the long run, a HD lopsided state is clearly unsustainable. Government of HD lopsided country needs to adopt employment and growth promoting policies.

13.4 The bottom left is the vicious quadrant of low growth and low HD. Here the society is trapped in a vicious cycle in which low HD lead to low growth, which in turn leads to low HD. Many African countries would lie in this quadrant. The bottom right quadrant is the economic growth lopsided quadrant. Here the society has a high growth rate but a low capacity convert growth into improvement in human condition.



REGION  
 + South Asia      Δ Middle East      x Latin Am/Carib  
 o East Asia      ◆ Africa

Such countries would be characterized by a high level of inequality, government inefficiency in delivering basic public services, low level of allocation in government budget to HD promoting expenditure and government policies that promote growth without expanding employment. Clearly the need is of policies that enhances the growth to HD conversion. The top right quadrant is the ideal situation where high growth leads to high HD and HD favourably impacts growth. Watching the path by which countries move from one quadrant to another can be enlightening. The table in the following page shows the transition of some developing/underdeveloped countries between quadrants. We can make the following observations:

- i. Countries have directly moved from vicious to virtuous category
- ii. Countries have directly moved from HD lopsided to virtuous category
- iii. No country has directly moved from EG lopsided to virtuous category

HDI	<b>HD Lopsided</b> <i>Low income, High HD Unsustainable</i>	<b>Virtuous</b> <i>Growth and high HD impact each other beneficially</i>
	<b>Vicious</b> <i>Low HD and low income and each pulling other down</i>	<b>EG Lopsided</b> <i>Low conversion of GNP growth into HD</i>
	GNP per capita	



Table : Performance of various countries 1960-92

	1960 – 70	1970 – 80	1980–92
<i>Africa</i>			
Benin	Vicious	Vicious	Vicious
Botswana	Vicious	Virtuous	Virtuous
Burkina Faso	Vicious	Vicious	Vicious
Burundi	Vicious	Vicious	Vicious
Cameroon	Vicious	EG lop-sided	Vicious
Central African Republic	Vicious	Vicious	Vicious
Chad	Vicious	Vicious	Vicious
Congo	Vicious	EG lop-sided	Vicious
Cote d'Ivoire	EG lop-sided	Vicious	Vicious
Gabon	EG lop-sided	Vicious	Vicious
Ghana	Vicious	Vicious	Vicious
Kenya	Vicious	Virtuous	Vicious
Lesotho	Virtuous	EG lop-sided	Vicious
Madagascar	Vicious	HD lop-sided	Vicious
Malawi	Vicious	EG lop-sided	Vicious
Mali	Vicious	Vicious	Vicious
Mauritius	HD lop-sided	EG lop-sided	EG lop-sided
Niger	Vicious	Vicious	Vicious
Nigeria	Vicious	Vicious	Vicious
Rwanda	Vicious	Vicious	Vicious
Senegal	Vicious	Vicious	Vicious
Sierra Leone	EG lop-sided	Vicious	Vicious
South Africa	Virtuous	Vicious	Vicious
Sudan	Vicious	Vicious	Vicious
Tanzania	Vicious	Vicious	Vicious
Zaire	Vicious	Vicious	Vicious
Zimbabwe	Vicious	Vicious	Vicious
<i>Latin America &amp; Caribbean</i>			
Argentina	Vicious	Vicious	HD lop-sided
Barbados	Virtuous	HD lop-sided	HD lop-sided
Bolivia	Vicious	Vicious	HD lop-sided
Brazil	EG lop-sided	EG lop-sided	Vicious
Chile	HD lop-sided	HD lop-sided	Virtuous
Colombia	HD lop-sided	Virtuous	HD lop-sided
Costa Rica	HD lop-sided	HD lop-sided	HD lop-sided
Dominican Republic	HD lop-sided	EG lop-sided	Vicious

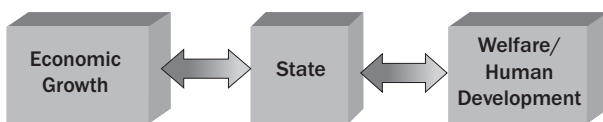
	1960-70	1970-80	1980-92
El Salvador	HD lop-sided	Vicious	HD lop-sided
Guatemala	HD lop-sided	EG lop-sided	Vicious
Haiti	Vicious	Vicious	Vicious
Honduras	Vicious	HD lop-sided	HD lop-sided
Jamaica	Virtuous	Vicious	Vicious
Mexico	Virtuous	Virtuous	HD lop-sided
Nicaragua	Virtuous	Vicious	HD lop-sided
Panama	Virtuous	Virtuous	HD lop-sided
<i>Latin America &amp; Caribbean</i>			
Paraguay	Vicious	EG lop-sided	Vicious
Peru	HD lop- sided	Vicious	HD lop-sided
Togo	EG lop-sided	Vicious	Vicious
Trinidad & Tobago	Vicious	EG lop- sided	HD lop-sided
Uruguay	Vicious	Vicious	HD lop-sided
Venezuela	HD lop-sided	HD lop-sided	Vicious
<i>South Asia</i>			
India	Vicious	Vicious	EG lop-sided
Nepal	Vicious	Vicious	Vicious
Pakistan	EG lop-sided	Vicious	EG lop -sided
Sri Lanka	Vicious	Virtuous	Virtuous
Bangladesh	Vicious	Vicious	Vicious

Table : Performance of States in India – 1981 – 2001

State	1981	1991	2001
Andhra Pradesh	Vicious	Vicious	Vicious
Assam	Vicious	Vicious	Vicious
Bihar	Vicious	Vicious	Vicious
Gujarat	Virtuous	Virtuous	Virtuous
Haryana	Virtuous	Virtuous	Virtuous
Karnataka	Lopsided-HD	Lopsided-HD/Virtuous	Virtuous
Kerala	Lopsided-HD	Lopsided-HD	Lopsided-HD
Madhya Pradesh	Vicious	Vicious	Vicious
Maharashtra	Virtuous	Virtuous	Virtuous
Orissa	Vicious	Vicious	Vicious
Punjab	Virtuous	Virtuous	Virtuous
Rajasthan	Vicious	Vicious	Vicious
Tamil Nadu	Lopsided-HD	Virtuous	Virtuous
Uttar Pradesh	Vicious	Vicious	Vicious
West Bengal	Lopsided-EG/Virtuous	Virtuous	Lopsided-EG /Virtuous

1.3.5 In his paper Economic Growth and Human Development in Indian States (2001) Madhusudan Ghosh has constructed a similar table for Indian states (prepage) which further confirm the above observations.

1.3.6 The important point to note is that no country or state has moved from EG lopsided to virtuous category. This shows that welfare cannot be left just to the market forces, for if it did, we would have observed some countries moving from EG lopsided to virtuous category. Human development requires the state to interface between growth and itself.



## 1.4 The Four Pillars of HD

1.4.1 At a practical level, HD approach is premised on four fundamental conditions. These are (i) Efficiency, (ii) Equity, (iii) Participation and (iv) Sustainability

### *Efficiency*

1.4.2 Efficiency can be understood in many ways. It may mean:

- i. Optimal distribution of products among consumers (revenue maximization)
- ii. Optimal allocation of production factors (cost minimization or production maximization)
- iii. Optimization of product-mix (revenue maximization)
- iv. Optimal specialization (which firms produce which goods)
- v. Overall economic efficiency, in which all the four efficiencies mentioned above are realized simultaneously.

1.4.3 When evaluating government programmes from efficiency angle, what we have to see is whether the programme delivers the intended outputs (or outcomes, where the focus is on outcomes) at minimum cost. Alternatively, the programme should be able to maximize output (or outcome) with a given financial allocation.

### *Equity*

1.4.4 Equity is connected with fairness. Though equality and equity at a practical level are similar, sometimes, to treat someone equitably we may have to treat her unequally. In general economic discourse the expression 'equity' often signifies a move toward greater equality or lesser inequality. 'Equitable distribution' is generally understood as more equal distribution. If markets function perfectly, greater equity can come only by sacrificing some amount of efficiency. Equity-efficiency trade-off is routinely cited as argument against equity. In developing countries markets can and do suffer from enormous imperfections. Studies have shown that in highly imperfect markets, pursuit of equity can actually lead to greater efficiency.

From a HD point of view, equity means that every person in the target population of a government programme must have equal opportunity to benefit from the programme.

### *Participation*

1.4.5 Equal opportunity to participate in a programme does not necessarily result in equity, if the rules of the programme are biased against some. For example, two teams of eleven players each may be given equal opportunity to play a football match. But if the rules of the game are biased against one team, say by ruling that when team 1 scores a goal it is counted as two goals the odds of team 2 winning is automatically reduced. Thus, equity demands not only equality of opportunity; it also requires equal participation in rule making. Participation is a tool of empowering people. Being empowered means having the power to make rules or influence rule-making. HD approach therefore encourages participation. Evaluating a programme requires asking the question: "is the programme participative?", or "does the programme allow the members to make or influence the rules?"

### *Sustainability*

1.4.6 Sustainability can be assessed at two levels, economic and environmental. Economic sustainability signifies that an activity/programme generates its own needed resources. Maharashtra's Employment Guarantee Scheme is sustainable because it is tied to certain source of revenue. A higher order sustainability

would require the programme to support itself with its own generation and not depend on public funds. Many government programmes may not be sustainable in terms of the second criterion though it is possible and in many cases desirable to build in user charges or partial cost recovery.

1.4.7 Environmentally sustainable development means development of the present generation without sacrificing that of the future generation. Environmental sustainability leads to inter-generational economic sustainability. HD approach believes in intergenerational equity and therefore provides that enlarging choices of the present generation should not be made by narrowing down the choices of the future generation. For example, Punjab government's continued provision of free power to the state's farmers has led to indiscriminate borewell drilling, severely compromising water availability in the state for the new generation. Evaluating programmes from the HD perspective therefore will include assessing environmental impact of programmes.

## 1.5 Public Policy and HD in India

1.5.1 The task of the Indian Government, in the immediate post-independence period was to improve the material and human conditions of life by motivating rapid growth in a stagnant economy. The initial planning efforts in the country were directed and designed with a solitary objective of increasing the quantum of growth. The idea behind the fixation with growth was the faith in the 'trickle down' theory.

1.5.2 Doubts were raised in the early 70's about the effectiveness of the "trickle down" approach and its ability to alleviate poverty. The growth generated by the planned approach itself remained too weak. Public sector did not live up to the expectations of generating surpluses to accelerate the pace of capital accumulation and help reduce inequality. Agricultural growth remained constrained by perverse institutional conditions. Unchecked population explosion made the twin historic tasks of industry more difficult. Though the growth achieved in the three Five Year Plans was

not insignificant, yet, it was not sufficient to meet the aims and objectives of development. A diversified industrial structure was established. Professional, managerial and technical manpower and skills were created. Similarly, in the field of agriculture, land under cultivation and irrigation increased, but their impact on economic growth and human development remained marginal. During the late 70's, almost half of the country population (51.3 % ) was below the poverty line, literacy rates were only 43 % and life expectancy was as low as 45 years. These brought into view the weakness of economic strategy. A shift of policy was called for. The country had also witnessed calamities of nature, war and oil-shocks. Continuing the Fourth Plan's targeted programmes, the Fifth Plan (1974-79) corrected its course by initiating a programme emphasizing growth and distribution. The trend continued till the seventh Plan. The shift in the international discourse to HD for assessing and planning for development was embraced by India and was reflected in the Eight Plan onwards. The efforts to further HD continued during the Ninth Five Year Plan. The Group of Chief Ministers on Basic Minimum Services recommended adoption of seven objectives to be attained by the year 2000. These were 100 per cent coverage of provision of safe drinking water, 100 per cent coverage of primary health centres, universalisation of primary education, public housing to all shelterless and poor families, extension of mid-day meal scheme, road connectivity to all villages and habitations and streamlining the public distribution system targeted to families below the poverty line. These objectives were then served by Centrally sponsored schemes and schemes in State Plans. In the Tenth Five Year Plan, HD was the guiding force. This plan can be considered as a landmark as for the first time, it set State level monitorable targets relating to human development to be achieved by 2015. These targets relate to poverty, employment, literacy, IMR, MMR, drinking water and environment and have been inspired by the Millennium Development Goals set up by the global community to achieve equitable and sustainable development in a time-bound manner.

## 2. UNDP: Human Development Reports

### 2.1 1990: Human Development Report

2.1.1 Development discourse took a turning point with the first Human Development Report 1990. The central message of the Human Development Report 1990 is that while growth in national production (GDP) is absolutely necessary to meet all essential human objectives, what is important is to study how this growth translates or fails to translate into human development in various societies. Some societies have achieved high levels of human development at modest levels of per capita income. Other societies have failed to translate their comparatively high income levels and rapid economic growth into commensurate levels of human development. What were the policies that led to such results? In this line of enquiry lies promising seeds of forging a much better link between economic growth and human development, which is by no means automatic.

2.1.2 The orientation of this Report is practical and pragmatic. It aims at analysing country experience to distil practical insights. Its purpose is neither to preach nor recommend any particular model of development, but to make relevant experience available to all policymakers.

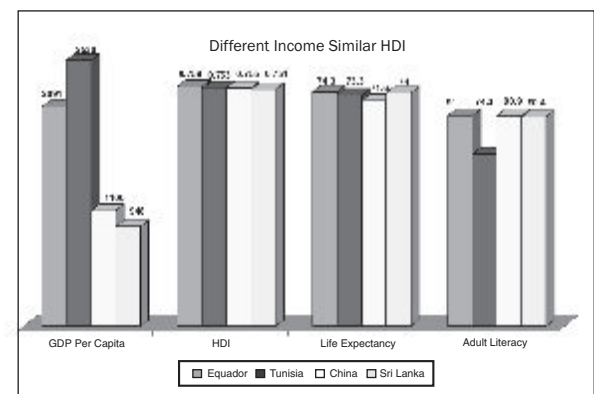
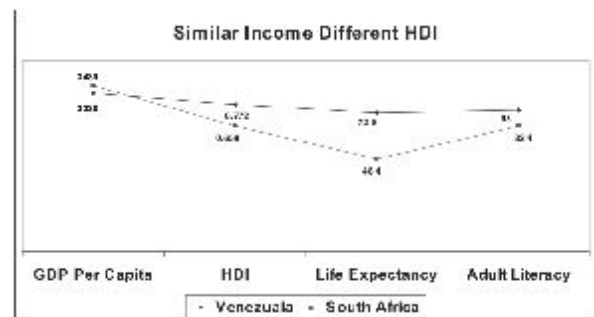
#### *Typology of Country Experience*

2.1.3 The human development experience in various countries during the last three decades reveals three broad categories of performance. First are countries that sustained their success in human development, sometimes achieved very rapidly, sometimes more gradually. Second are countries whose initial success slowed down significantly or sometimes even reversed. Third are countries that achieved good economic growth but did not translate it into human development. From these country experiences emerges the following typology:

- Sustained human development, as in Botswana, Costa Rica, the Republic of Korea, Malaysia and Sri Lanka.

- Disrupted human development, as in Chile, China, Colombia, Jamaica, Kenya and Zimbabwe.
- Missed opportunities for human development, as in Brazil, Nigeria and Pakistan.

2.1.4 The figure below shows that Venezuela and South Africa has similar income but different Human Development Indices (HDI)



The figure above highlights that Ecuador, Tunisia, China and Sri Lanka have different per capita income but have similar Human Development Indices.

2.1.5 The analysis of these country cases leads to several important conclusions:-

First, growth accompanied by an equitable distribution of income appears to be the most effective means of sustained human development. The Republic of Korea is a stunning example of growth with equity.

Second, countries can make significant improvements in human development over long periods— even in the absence of good growth or good distribution— through well-structured social expenditures by governments (Botswana, Malaysia and Sri Lanka).

Third, well-structured government social expenditures can also generate fairly dramatic improvements in a relatively short period. This is true not only for countries starting from a low level of human development but also for those that already have moderate human development (Chile and Costa Rica).

Fourth, to maintain human development during recessions and natural disasters, targeted interventions may be necessary (Botswana, Chile, Zimbabwe and the Republic of Korea in 1979-80).

Fifth, growth is crucial for sustaining progress in human development in the long run, otherwise human progress may be disrupted (Chile, Colombia, Jamaica, Kenya and Zimbabwe).

Sixth, despite rapid periods of GNP growth, human development may not improve significantly if the distribution of income is badly skewed and if social expenditures are low (Nigeria and Pakistan) or appropriated by those who are better off (Brazil).

Finally, while some countries show considerable progress in certain aspects of human development (particularly in education, health and nutrition), this should not be interpreted as broad human progress in all fields, especially when we focus on the question of democratic freedoms. The main policy conclusion is that economic growth, if it is to enrich human development, requires effective policy management.

Conversely, if human development is to be durable, it must be continuously nourished by economic growth. Excessive emphasis on either economic growth or human development will lead to developmental imbalances that, in due course, will hamper further progress.

### ***The Main Conclusions***

2.1.6 The best way to achieve human development is to promote more equitable economic growth and more participatory development. During the 1980s, countries throughout the world increasingly relied on private initiative and market mechanisms to promote faster economic growth and improve the quality of

human life. The moving agents behind this growth are manifold. Among the more important are the many small businesses that provide income for the rapidly growing labour force, stimulating private savings and enhancing investments to increase people's productivity. This approach is exemplified, in part, by the recent experience of newly industrializing economies of East Asia. Their efficient, broadly based and employment-intensive economic growth was backed by social services for those who, for various reasons, were unable to earn their own living.

2.1.7 Growth is particularly needed where it has been lacking. For many of the least developed countries, sustained human development cannot be envisaged without a broad range of actions to increase people's capabilities and opportunities. This involves not only mobilising and developing human capacities but also investing in order to expand and diversify the economic base and eliminating the barriers to equal opportunity. Without such action, no human development can be sustained in the longer run. Economic growth has to reach people, and people have to contribute to growth. Both nationally and internationally, economic growth with human development will, in the long term, depend on achieving a better match between economic opportunities and people's needs.

## **2.2 1991: Financing Human Development**

2.2.1 The lack of political commitment, not of financial resources, is often the real cause of human neglect. That is the main conclusion of Human Development Report 1991. The Report is about financing human development. A single powerful idea runs through it—that the potential is enormous for restructuring national budgets and international aid in favour of human development. The Report concludes that much current spending is misdirected and inefficiently used.

### ***Optimizing Human Expenditure***

2.2.2 Adequate income-earning opportunities and properly directed public spending on human priority needs are essential components of the path to human development.

2.2.3 While private spending on human development is quite important in both developing and industrial countries, the public sector often plays a

critical, complementary role, especially where incomes are low and basic human needs would otherwise remain unmet. Public action in support of human development can take several forms. It can be policy action aimed at activating private initiative; or the provision of public finance to subsidise privately run services; or public finance for publicly run programmes. Whatever the approach or mix of strategies adopted, past development experience shows that markets alone cannot ensure good human development; and neither can overextended public sector spending, because it is not sustainable.

### *Restructuring National Budgets*

2.2.4 It is possible to release nearly \$50 billion a year, about 2% of the GNP of the developing countries for more productive purposes. Much of this could come from freezing military expenditure, which absorbs 5.5% of the GNP of the developing world. Added savings could come from:

- Halting capital flight
- Combating corruption
- Reforming public enterprises
- Reducing internal policing

### *Reallocating Social Expenditures*

2.2.5 To develop a sound basis for analysing public spending on human development, countries should monitor four ratios:

**The public expenditure ratio** – the percentage of national income that goes into public expenditure.

**The social allocation ratio** – the percentage of public expenditure earmarked for social services.

**The social priority ratio** – the percentage of social expenditure devoted to human priority concerns.

**The human expenditure ratio** – the percentage of national income devoted to human priority concerns.

The human expenditure ratio is the product of the first three ratios. A powerful operational tool, it allows policy-makers who want to restructure their budgets to see clearly the available options.

- If public expenditure is already high (as in many developing countries) but the social allocation ratio is low (as in Indonesia), the budget will need to be reassessed to identify which areas of expenditure could be reduced. Military spending,

debt servicing, prestige projects and loss-making public enterprises would all be likely candidates.

- If the first two ratios are comparatively high but the ultimate human development impact is low (as in Pakistan), the social priority ratio must be increased. For the poorest countries, this is likely to involve arranging a better balance between curative hospitals and primary health care, between universities and primary schools, and between focusing attention on the cities and on the rural areas, where the majority of poor people live.
- If the problem is a low public expenditure ratio (as in Bangladesh), raising this and therefore raising revenue could be an essential part of the strategy.

### *Cost Savings and Efficiency*

2.2.6 Most countries could use existing resources more efficiently by adopting more decentralized, participatory approaches to development, by making prudent economies and reducing unit costs, by charging many users for the benefits they receive and by encouraging private initiative in both the financing and delivery of social services,

2.2.7 Many countries have adopted measures along these lines. Here are just a few of the lessons:

**Involving the community** – A community self-help water programme in Malawi in which the government provides equipment and training, and the community provides labour for construction and maintenance and local leaders are involved in planning and design benefits over one million people.

**Involving NGOs** – It is often taken for granted that the provision of social services is the government's responsibility. This need not be so. The current trend is towards greater involvement of private organizations in the provision of services. The trend is towards choices and away from standardization, towards smaller-scale and away from centralization. NGOs are important in all this.

**Improving Management** – Simple management changes in the principal hospital in Malawi could lead to savings of two-fifths in recurrent non-salary expenditures.

**Using double-shift schools** - Zambia has used double (and even triple) shifts in classrooms to reduce its capital costs in education by almost half.

**Concentrating all basic drugs** – Average medicine consumption in developing countries was \$5.40 per head in 1985. Yet basic and essential drugs need cost only \$1.00 per head, and an even more basic list could be provided for \$0.25.

**Food subsidies** – An important social service in many developing countries, food subsidies can be a vital tool for transferring income to the poor and for improving their nutritional status. The challenge is to target the subsidies so that they support the nutrition of the poor most efficiently.

**Cheaper technology** – A pump and well construction project in India now allows people to pump water from a deep well for capital costs of less than \$1.00 a year per user.

**User Charges** – Another approach to reducing costs for the public sector is to charge users for the services they receive. User charges have produced mixed results in developing countries, so far recovering only a modest proportion of costs. Their success or failure often depends on the sector in question.

## 2.3 1992: Global Dimensions of Human Development

2.3.1 The report attempts to place global markets in proper perspective. Free Competitive markets are the best guarantee for efficient production. The report brings out three main strands of observations:

- First, where world trade is completely free and open--as in financial markets--it generally works to the benefit of the strongest. Developing countries enter the market as unequal partners and leave with unequal rewards.
- Second, in precisely those areas where developing countries may have a competitive edge, as in labour-intensive manufactures and the export of unskilled labour, the market rules are often changed to prevent free and open competition.
- The Report concludes that if developing countries are to trade on a more equal basis, they will need massive investments in people--because knowledge and the mastery of new technology are a country's best competitive advantage today.

## 2.4 1993: Peoples' Participation

2.4.1 People's participation is becoming the central issue of our time. Development must be woven around people, not people around development. Economic progress should empower individuals and groups rather than disempowering them. If development is participatory, it can empower people. The report notes that future conflicts may well be between people rather than between states. This calls for accommodation of diversity and difference by national and international institutions.

### *Forms of Participation*

2.4.2 Since participation can take place in the economic, social and political arenas, each person necessarily participates in many ways, at many levels, in economic life as a producer or a consumer, an entrepreneur or an employee, in social life, as a member of a family, or of a community organization or ethnic group and in political life as a voter, or as a member of a political party or perhaps a pressure group.

**Household participation-** It is almost always women who rear the children and provide food and water, as well as ensure adequate health care for the family. To fulfil such responsibilities, they also work outside the home, often in the informal sector. This contribution of women to society remains unrecognized in economic statistics, and it does not give women even an equal say in decisions in the household.

**Economic participation-** Most people spend a large part of their lives in economic activity. It is in the economic arena that people have a unique opportunity to use their capabilities and to gain a remunerative income, which in turn enables them, through increased purchasing power, to increase their range of choices. Participation in economic life also affords people a basis for self-respect and social dignity, attributes that are integral to participating in all dimensions of life.

**Social and cultural participation-** All people, and all communities, have a right to create their culture in whatever way they wish--whether through language, through ritual, art, music and dance or through literature or storytelling--in any of the myriad forms of culture through which human beings the world over express themselves.



### *Making Markets More People-Friendly*

2.4.3 People-friendly markets allow people to participate fully in their operation and to share equitably in their benefits. Making markets more people-friendly will require a strategy that maintains their dynamism but supplements them with other measures to allow many more people to capitalize on the advantages they offer.

2.4.4 Governance needs to be decentralized to allow greater access to decision-making and community organizations need to be allowed to exert growing influence on national and international issues.

### **2.5 1994: New Dimensions of Human Security**

2.5.1 The report notes that the world can never be at peace unless people have security in their daily lives. Until recently, the concept of security has been shaped by the potential for wars between countries. For most people today, a feeling of insecurity arises more from worries about daily life than from the dread of war job security, income security, health security, environmental security, security from crime-these are the emerging concerns of human security all over the world. This should not surprise us.

2.5.2 Several insights can help in redefining the basic concept of security:

- Human security is relevant to people everywhere, in rich nations and in poor. The threats to their security may differ-hunger and disease in poor nations and drugs and crime in rich nations-but these threats are real and growing. Some threats are indeed common to all nations-job insecurity and environmental threats, in particular.
- When the security of people is attacked in any corner of the world, all nations are likely to get involved. Famines, ethnic conflicts, social disintegration, terrorism, pollution and drug trafficking are no longer isolated events, confined within national borders. Their consequences travel the globe.
- It is less costly and more humane to meet these threats upstream rather than downstream, early rather than late. Short-term humanitarian assistance can never replace long-term development support. It is important to develop some operational indicators of human security.

### **2.6 1995: Gender and Human Development**

2.6.1 Women's emancipation has been a great movement in the 20th century. It has been the relentless struggle for gender equality, led mostly by women, but supported by growing numbers of men. At the heart of this concept are three essential components:

- Equality of opportunity for all people in society.
- Sustainability of such opportunities from one generation to the next.
- Empowerment of people so that they participate in-and benefit from-development processes.

2.6.2 Equal enjoyment of human rights by women and men is a universally accepted principle, reaffirmed by the Vienna declaration, adopted by 171 States at the World Conference on Human Rights in June 1993. It has many dimensions:

- Equal access to basic social services, including education and health.
- Equal opportunities for participation in political and economic decision-making.
- Equal reward for equal work.
- Equal protection under the law.
- Elimination of discrimination by gender and violence against women.
- Equal rights of citizens in all areas of life, both public and private such as, the workplace and the home.

2.6.3 The report makes the following observations.

- **Human development, if not engendered, is endangered. That is the simple but far-reaching message of this Report**

Human development is a process of enlarging the choices for all people, not just for one part of society. Such a process becomes unjust and discriminatory if most women are excluded from its benefits. Wide income disparities and gender gaps stare us in the face in all societies. Moving towards gender equality is a political process. It requires a new way of thinking in which the stereotyping of women and men gives way to a new philosophy that regards all people, irrespective of gender, as essential agents of change.

- **In no society do women enjoy the same opportunities as men**

An innovation of the Human Development Report, 1995, the gender-related development index (GDI), reflects gender disparities in basic human capabilities—and ranks 130 countries on a global scale. The four top countries are in the Nordic belt—Sweden, Finland, Norway and Denmark, in that order. This is hardly surprising. These countries, much concerned with ending the relative deprivation of women, have adopted gender equality and women’s empowerment as conscious national policies. In these countries, adult literacy rates are similar for women and men, and combined enrolment is higher for females. Life expectancy is, on average, about seven years higher for women (compared with an estimated global biological edge of five years). And women’s earned income is around three-fourths of men’s income.

- **Removing gender inequality has nothing to do with national income**

Income is not the decisive factor. Several of the world’s poor nations have been able to raise female literacy rates. With limited resources but a strong political commitment, China, Sri Lanka and Zimbabwe raised adult women’s literacy to 70% or more. By contrast, several richer countries lag behind.

- **Every country has made progress in developing women’s capabilities, but women and men still live in an unequal world**

Gender gaps in education and health have narrowed rapidly in the past two decades, although the pace of this progress has been uneven between regions and countries.

- While doors to education and health opportunities have opened rapidly for women, the doors to economic and political opportunities are barely ajar
- A major index of neglect is that many of women’s economic contributions are grossly undervalued or not valued at all.
- Another major element of discrimination is the unacceptably low status of women in society, with

continuing legal discrimination and violence against women

- The revolution towards gender equality must be propelled by a concrete strategy for accelerating progress

2.6.4 Engendering the development paradigm involves radical change in the long-standing premises for social, economic and political life.

2.6.5 National and international efforts must be mobilized to win legal equality within a defined period—say, the next ten years. To achieve this objective, the international community will need to move on several fronts:

2.6.6 Many economic and institutional arrangements may need revamping to extend more choices to women and men in the work place. For example: encouraging men to participate in family care.

2.6.7 Key programmes should embrace universal female education, improved reproductive health and more credit for women. These programmes can make a decisive difference in enabling women to gain more equitable access to economic and political opportunities. Analysis of experience shows that in three critical areas—access to education, reproductive health and credit resources women face barriers that can be overcome only through determined policy action.

2.6.8 National and international efforts should target programmes that enable people, particularly women, to gain greater access to economic and political opportunities. Reproductive health care, credit for poor people, sustainable livelihood for all, and remunerative employment opportunities are the key to the attack on poverty. But not all of them need to be in the formal, organized sectors of the economy. What is essential is to encourage self-employment schemes, micro enterprises and opportunities for the poor to enter the market.

## 2.7 1996: Economic Growth and Human Development

2.7.1 Human development is the end while economic growth a means. Hence, the purpose of growth should be to enrich people’s lives. The recent decades show clearly that there is no automatic link

between growth and human development. And even when links are established, they may gradually be eroded-unless regularly fortified by skilful and intelligent policy management. This Human Development Report explores the nature and strength of the links between economic growth and human development. The Human Development Report, 1996, concludes that more economic growth, not less, will generally be needed as the world enters the 21st century. But more attention must go to the structure and quality of that growth to ensure that it is directed to supporting human development, reducing poverty, protecting the environment and ensuring sustainability.

- Over the past 15 years the world has seen spectacular economic advance for some countries-and unprecedented decline for others.
- Widening disparities in economic performance are creating two world sever more polarized.
- Everywhere, the structure and quality of growth demand more attention-to contribute to human development, poverty reduction and long-term sustainability.

2.7.2 Policy-makers are often mesmerized by the quantity of growth. They need to be more concerned with its structure and quality. Unless governments take timely corrective action, economic growth can become lopsided and flawed. Determined efforts are needed to avoid growth that is jobless, ruthless, voiceless, rootless and futureless.

- **Jobless growth** – where the overall economy grows but does not expand the opportunities for employment.
- **Ruthless growth** – where the fruits of economic growth mostly benefit the rich, leaving millions of people struggling in ever deepening poverty.
- **Voiceless growth** – where growth in the economy has not been accompanied by an extension of democracy or empowerment.
- **Rootless growth** – which causes people's cultural identity to wither. There are thought to be about 10,000 distinct cultures, but many risk being marginalized or eliminated.
- **Futureless growth** – where the present generation

squanders resources needed by future generations.

2.7.3 The traditional view that economic growth in the early stages is inevitably associated with deteriorating income distribution has been proved false. The new insight is that an equitable distribution of public and private resources can enhance the prospects for further growth. The discovery of reinforcing relationship between equity and growth has far-reaching implications for policy-makers. Well-developed human capabilities and well-distributed opportunities can ensure that growth is not lopsided and that its benefits are equitably shared. They can also help in getting the most growth.

**For policy-makers everywhere, the focus must be on strengthening the links between economic growth and human development.**

2.7.4 To ensure that these links work efficiently and effectively in both directions, policymakers need to understand how the links connect. Some of the most important issues determining how growth contributes to human development:

- **Equity** – The more equally GNP and economic opportunities are distributed, the more likely that they will be translated into improved human well-being.
- **Job opportunities** – Economic growth is translated into people's lives when they are offered productive and well-paid work. An important way to achieve this is to aim for patterns of growth that are heavily labour intensive.
- **Access to productive assets** – Many people find their economic opportunities stifled by a lack of access to productive assets-particularly land, physical infrastructure and financial credit. The state can do much in all these areas by stepping in and levelling the playing fields.
- **Social pending** – Governments and communities can greatly influence human development by channelling a major part of public revenue into high-priority social expenditure-particularly by providing basic social services for all.
- **Gender equality** – Fairer opportunities for women and better access to education, child care, credit and employment contribute to their human

development. They also contribute to the human development of other family members and to economic growth. Investing in women's capabilities and empowering them to exercise their choices is the surest way to contribute to economic growth and overall development.

- **Population policy** – Education, reproductive health and child survival all help lower fertility, thus creating the conditions for slower population growth and lower education and health costs in the longer run.
- **Good governance** – When those in power give high priority to the needs of the whole population, and when people participate in decision-making at many levels, the links between economic growth and human well-being are likely to be stronger and more durable.
- **An active civil society** – Non-governmental organizations and community groups also play a vital part in enhancing human development. They not only supplement government services, extending them to people and groups who would otherwise remain unserved. They also play a vital advocacy role, mobilizing public opinion and community action and helping shape human development priorities

**New approaches are needed to expand and improve employment opportunities, so that people can participate in growth-and benefit from it.**

2.7.5 Without growth, it is difficult to create jobs and increase wages. With growth, job opportunities normally expand. But again, the process is not automatic.

2.7.6 To forge a strong link between economic growth and employment requires employment-generating growth strategies.

- **A political commitment to full employment** – The countries achieving the greatest success in employment have generally been those that deliberately set out to do so.
- **Enhancing human capabilities** – High employment economies have generally invested heavily in the development of human capabilities-particularly education, health and skills.

- **Strengthening small – scale and informal sector production** - In many countries such production has demonstrated the potential for generating employment and incomes for millions of people while providing a wide range of the basic goods and services needed in daily life.
- **Broader and more egalitarian access to land**– Numerous studies show that small farmers achieve higher output per hectare than large farmers. So, providing greater access to land can increase productivity, employment and growth while reducing poverty and easing the pressure on scarce resources.
- **Research and development** – Another part of successful employment strategies is intensive investment in research and development for labour-intensive technology, including the adaptation of imported capital-intensive technologies to fit local needs.

The imbalances in economic growth over the past 15 years are clear enough. But if allowed to continue well into the next century, they will produce an extremely unequal world.

## 2.8 1997: Human Development to Eradicate Poverty

2.8.1 The great success in reducing poverty in the 20th century shows that eradicating severe poverty in the first decades of the 21st century is feasible. This may seem an extraordinary ambition. but it is well within our grasp. Almost all countries committed themselves to this goal at the World Summit for Social Development in 1995. Human Development Report 1997 reviews the challenge to eradicate poverty from a human development perspective. It focuses not just on poverty of income but on poverty from a human development perspective- on poverty as a denial of choices and opportunities for living a tolerable life.

**From a human development perspective, poverty means the denial of choices and opportunities for a tolerable life.**

2.8.2 Poverty can mean more than a lack of what is necessary for material well-being. It can also result in denial of most basic opportunities and choices such as leading a long, healthy, creative life and to enjoy a decent standard of living, freedom, dignity, self-esteem and the respect of others.

## Human Poverty Index

2.8.3 This Report introduces a human poverty index (HPI). Rather than measure poverty by income, it uses indicators of the most basic dimensions of deprivation: a short life, lack of basic education and lack of access to public and private resources. Like all measures the HPI has weaknesses—in data and in concept. Like all measures it cannot capture the totality of human poverty. But by combining in a single poverty index the concerns that often get pushed aside when the focus is on income alone, the HPI makes a useful addition to the measures of poverty.

- The scale of poverty is daunting, but we should take heart from what's already been achieved—and focus on six priorities for action to eradicate poverty.
- Indicating absolute poverty in the first decades of the 21st century is feasible, affordable and a moral imperative.

2.8.4 Eradicating poverty everywhere is more than a moral imperative and a commitment to human solidarity. It is a practical possibility. The time has come to eradicate the worst aspects of human poverty within a decade or two—to create a world that is more humane, more stable, more just.

## 2.9 1998: Consumption for Human Development

2.9.1 The report brings out the convergence and conflict between consumption and Human Development. If consumption is a must for a decent healthy life, it is also the for degradation of the environment.

2.9.2 The report recommends that consumption must be:

- Shared. Ensuring basic needs for all.
- Strengthening. Building human capabilities.
- Socially responsible. So the consumption of some does not compromise the wellbeing of others.
- Sustainable. Consumption must not compromise the choices of future generations. Human life is ultimately nourished and sustained by consumption. Abundance of consumption is no crime. It has, in fact, been the life blood of much human advance. The real issue is not consumption itself but its patterns and effects. Consumption patterns today must be changed so as not to advance human development tomorrow.

## 2.10 1999: Globalization with a Human Face

2.10.1 The report notes that globalization is a process integrating not just the economy but culture, technology and governance. People everywhere are becoming connected—affected by events in far corners of the world. The collapse of the Thai baht not only threw millions into unemployment in South-East Asia—the ensuing decline in global demand meant slowdowns in social investment in Latin America and a sudden rise in the cost of imported medicines in Africa. Globalization is not new but the present globalization has distinctive features:

- **New markets** – foreign exchange and capital markets linked globally, operating 24 hours a day, with dealings at a distance in real time.
- **New tools** – Internet links, cellular phones, media networks.
- **New actors** – the World Trade Organization (WTO) with authority over national governments, the multinational corporations with more economic power than many states, the global networks of non-governmental organizations (NGOs) and other groups that transcend national boundaries.
- **New rules** – multilateral agreements on trade, services and intellectual property, backed by strong enforcement mechanisms and more binding for national governments, reducing the scope for national policy.

**Globalization offers great opportunities for human advance—but only with stronger governance.**

2.10.2 Globalization is opening many opportunities for millions of people around the world. Increased trade, new technologies, foreign investments, expanding media and Internet connections are fuelling economic growth and human advance. The challenge is to find the rules and institutions for stronger governance to ensure that globalization works for people—not just for profits. Globalization with human face means globalization with:

- **Ethics**—less violation of human rights, not more.
- **Equity**—less disparity within and between nations, not more.
- **Inclusion**—less marginalization of people and countries, not more.
- **Human security**—less instability of societies and less vulnerability of people, not more.

- **Sustainability** – less environmental destruction, not more.
- **Development** – less poverty and deprivation, not more.

## 2.11 2000: Human Rights and Human Development

2.11.1 The report noted that the mark of all civilizations is the respect they accord to human dignity and freedom. The report championed the cause of following human rights:

- Freedom from discrimination – by gender, race, ethnicity, national origin or religion.
- Freedom from want – to enjoy a decent standard of living.
- Freedom to develop and realize one's human potential.
- Freedom from fear – of threats to personal security, from torture, arbitrary arrest and other violent acts.
- Freedom of participation, speech and association
- Freedom from injustice and violations of the rule of law.
- Freedom of thought and speech and to participate in decision-making and form associations.
- Freedom for decent work — without exploitation. All religions and cultural traditions celebrate these ideals.

2.11.2 Human rights and human development are both about securing basic freedoms. Human rights express the idea that all people have claims to social arrangements that protect them from the worst abuses and deprivations and secure the freedom for a life of dignity. Human development, in turn, is a process of enhancing human capabilities. When human development and human rights advance together, they reinforce one another.

2.11.3 The report notes that every country needs to strengthen its social arrangements for securing human freedoms—with norms, institutions, legal frameworks and an enabling economic environment. Legislation alone is not enough.

## 2.12 2001: Making New Technologies Work for Human Development

2.12.1 This report is about how people can create

and use technology to improve their lives. It is also about forging new public policies to lead the revolutions in information and communications technology and biotechnology in the direction of human development. The Report looks specifically at how new technologies will affect developing countries and poor people. Many people fear that these technologies may be of little use to the developing world or that they might actually further widen the inequalities between North and South, rich and poor. Without innovative public policy, these technologies could become a source of exclusion, not a tool of progress. But managed well, the rewards could be greater than the risks.

2.12.2 The technology divide does not have to follow the income divide. Throughout history, technology has been a powerful tool for human development and poverty reduction.

2.12.3 Technology is a tool, not just a reward, for growth and development. In fact, the 20th century's unprecedented gains in advancing human development and eradicating poverty came largely from technological breakthroughs.

2.12.4 If new technologies offer particular benefits for the developing world, they also pose greater risks. Technology-related problems are often the result of poor policies, inadequate regulation and lack of transparency. From that perspective, most developing countries are at a disadvantage because they lack the policies and institutions needed to manage the risks well. Stronger policies and mechanisms are needed at the regional and global levels, and should include active participation from developing countries.

2.12.5 Two simultaneous shifts in technology and economics —the technological revolution and globalization—are combining to create a new network age. Yet Even in the network age, domestic policy still matters. All countries, even the poorest, need to implement policies that encourage innovation, access and the development of advanced skills. National policies will not be sufficient to compensate for global market failures. New international initiatives and the fair use of global rules are needed to channel new technologies towards the most urgent needs of the world's poor people.

## 2.13. 2002: Deepening Democracy in a Fragmented World

2.13.1 This report is about politics and human

development. It is about how political power and institutions—formal and informal, national and international—shape human progress. For politics and political institutions to promote human development and safeguard the freedom and dignity of all people, democracy must widen and deepen. That is the subject of this report.

2.13.2 The report observes that democratic governance is valuable in its own right. But it can also advance human development for three reasons. First, in the decisions that shape one's life are fundamental human rights. They are part of human development in their own right. Democracy is the only political regime that guarantees political and civil freedoms and the right to participate. Second, democracy helps protect people from economic and political catastrophes such as famines and descents into chaos. Democracies also contribute to political stability, providing space for political opposition. Third, democratic governance can trigger a virtuous cycle of development—as political freedom empowers people to press for policies that expand social and economic opportunities.

2.13.3 However the links between democracy and human development are not automatic: when a small elite dominates economic and political decisions, the link between democracy and equity can be broken.

## 2.14 2003: Millennium Development Goals: A Compact Among Nations To End Human Poverty

2.14.1 In 2000 the UN Millennium Declaration, adopted at the largest-ever gathering of heads of state, committed countries—rich and poor—to doing all they can to eradicate poverty, promote human dignity and equality and achieve peace, democracy and environmental sustainability. World leaders promised to work together to meet concrete targets for advancing development and reducing poverty by 2015 or earlier. The Millennium Development Goals (MDG) bind countries to do more in the attack on inadequate incomes, widespread hunger, gender inequality, environmental deterioration and lack of education, health care and clean water. They also include actions to reduce debt and increase aid, trade and technology transfers to poor countries.

2.14.2 During the 1990s debates about development focused on three sets of issues. The first

was the need for economic reforms to establish macroeconomic stability. The second was the need for strong institutions and governance—to enforce the rule of law and control corruption. The third was the need for social justice and involving people in decisions that affect them and their communities and countries. These issues are all crucial for sustainable human development, and they continue to deserve priority attention in policy-making. But they overlook a fourth factor, explored in this report, that is the structural constraints that impede economic growth and human development.

2.14.3 The Millennium Development Compact presented in this report proposes a policy approach to achieving the MDG that starts by addressing these constraints. The goals and targets that the signing heads of state have agreed to achieve are:

1. Eradicate extreme poverty and hunger
  - o Halve, between 1990 and 2015, the proportion of people whose income is less than one dollar a day
  - o Achieve full and productive employment and decent work for all, including women and young people
  - o Halve, between 1990 and 2015, the proportion of people who suffer from hunger
2. Achieve universal primary education
  - o Ensure that, by 2015, children everywhere, boys and girls alike, will be able to complete a full course of primary schooling.
3. Promote gender equality and empower women
  - o Eliminate gender disparity in primary and secondary education preferably by 2005, and at all levels by 2015.
4. Reduce child mortality
  - o Reduce by two-thirds, between 1990 and 2015, the under-five mortality rate.
5. Improve maternal health
  - o Reduce by three quarters, between 1990 and 2015, the maternal mortality ratio.
  - o Achieve, by 2015, universal access to reproductive health
6. Combat HIV/AIDS, malaria, and other diseases
  - o Have halted by 2015 and begun to reverse the spread of HIV/AIDS.
  - o Achieve, by 2010, universal access to treatment for HIV/AIDS for all those who need it.

- o Have halted by 2015 and begun to reverse the incidence of malaria and other major diseases.
- 7. Ensure environmental sustainability
  - o Integrate the principles of sustainable development into country policies and programmes; reverse loss of environmental resources.
  - o Reduce biodiversity loss, achieving, by 2010, a significant reduction in the rate of loss
  - o Halve, by 2015, the proportion of people without sustainable access to safe drinking water and basic sanitation (for more information see the entry on water supply).
  - o By 2020, to have achieved a significant improvement in the lives of at least 100 million slum-dwellers
- 8. Develop a global partnership for development
  - o Develop further an open trading and financial system that is rule-based, predictable and non-discriminatory. Includes a commitment to good governance, development and poverty reduction—nationally and internationally.
  - o Address the special needs of the least developed countries. This includes tariff and quota free access for their exports; enhanced programme of debt relief for heavily indebted poor countries; and cancellation of official bilateral debt; and more generous official development assistance for countries committed to poverty reduction.
  - o Address the special needs of landlocked and small island developing States.
  - o Deal comprehensively with the debt problems of developing countries through national and international measures in order to make debt sustainable in the long term.
  - o In cooperation with pharmaceutical companies, provide access to affordable essential drugs in developing countries.
  - o In cooperation with the private sector, make available the benefits of new technologies, especially information and communications

## 2.15 2004: Cultural Liberty in Today's Diverse World

2.15.1 The report notes in this age of globalization, a new class of political claims and demands has

emerged from individuals, communities and countries feeling that their local cultures are being swept away. They want to keep their diversity in a globalized world. People want to participate in the process of development without letting go their culture. The report debunks five myths:

**Myth 1.** People's ethnic identities compete with their attachment to the state, so there is a trade-off between recognizing diversity and unifying the state.

**Myth 2.** Ethnic groups are prone to violent conflict with each other in clashes of values, so there is a trade-off between respecting diversity and sustaining peace.

**Myth 3.** Cultural liberty requires defending traditional practices, so there could be a trade-off between recognizing cultural diversity and other human development priorities such as progress in development, democracy and human rights.

**Myth 4.** Ethnically diverse countries are less able to develop, so there is a trade-off between respecting diversity and promoting development.

**Myth 5.** Some cultures are more likely to make developmental progress than others, and some cultures have inherent democratic values while others do not, so there is a trade-off between accommodating certain cultures and promoting development and democracy.

2.15.2 The report highlights that human development requires more than health, education, a decent standard of living and political freedom. People's cultural identities must be recognized and accommodated by the state, and people must be free to express these identities without being discriminated against in other aspects of their lives. In short: cultural liberty is a human right and an important aspect of human development—and thus worthy of state action and attention.

## 2.16 2005: International Cooperation at Crossroads: Aid, Trade and Security in An Unequal World

2.16.1 This report is about the scale of the challenge facing the world at the start of the 10-year countdown to 2015. Its focus is on what governments in rich countries can do in the global partnership for development. This does not imply that governments in developing countries have no responsibility. On the contrary, they have primary responsibility. No amount of international cooperation can compensate for the



actions of governments that fail to prioritize human development, to respect human rights, to tackle inequality or to root out corruption. But without a renewed commitment to cooperation backed by practical action, the MDGs will be missed and the Millennium Declaration will go down in history as just one more empty promise. The report focuses on three pillars of cooperation. The first pillar is development assistance. International aid is a key investment in human development. The report observes that development assistance suffers from two problems: chronic under-financing and poor quality. The second pillar is international trade. Under the right conditions trade can be a powerful catalyst for human development. The third pillar is security. Violent conflicts have dominated the lives of hundreds of millions of people. It is a source of systematic violations of human rights and a barrier to progress towards the MDGs. In an increasingly interconnected world the threats posed by a failure to prevent conflict, or to seize opportunities for peace, inevitably cross national borders. More effective international cooperation could help to remove the barrier to MDG progress created by violent conflict, creating the conditions for accelerated human development and real security.

## **2.17 2006: Beyond Scarcity: Power, Poverty And The Global Water Crisis**

2.17.1 Human Development Report 2006 looks at an issue that profoundly influences human potential and progress towards the Millennium Development Goals. Throughout history human progress has depended on access to clean water and on the ability of societies to harness the potential of water as a productive resource. Water for life in the household and water for livelihoods through production are two of the foundations for human development. Yet for a large section of humanity these foundations are not in place. It argues that the roots of the crisis in water can be traced to poverty, inequality and unequal power relationships, as well as flawed water management policies.

2.17.2 Water, the stuff of life and a basic human right, is at the heart of a daily crisis faced by countless millions of the world's most vulnerable people—a crisis that threatens life and destroys livelihoods on a huge scale. Unlike wars and natural disasters, the global crisis in water does not make media headlines.

Water security is an integral part of broader conception of human security. In broad terms water security is about ensuring that every person has reliable access to enough safe water at an affordable price to lead a healthy, dignified and productive life, while maintaining the ecological systems that provide water and also depend on water. “The human right to water”, declares the United Nations Committee on Economic, Social and Cultural Rights, “entitles everyone to sufficient, safe, acceptable, physically accessible and affordable water for personal and domestic use.” These five core attributes represent the foundations for water security. Yet they are widely violated.

2.17.3 The crisis in water and sanitation is—above all—a crisis for the poor. Almost two in three people lacking access to clean water survive on less than \$2 a day, with one in three living on less than \$1 a day. These facts have important public policy implications. While the private sector may have a role to play in delivery, public financing holds the key to overcoming deficits in water and sanitation. The perverse principle that applies across much of the developing world is that the poorest people not only get access to less water, and to less clean water, but they also pay some of the world's highest prices. Overcoming the crisis in water and sanitation is one of the great human development challenges of the early 21st century.

## **2.18 2007/08: Fighting Climate Change: Human Solidarity in A Divided World**

2.18.1 Human Development Report 2007 examines the issue of climate change and how it is defining human development issues of our generation. Across developing countries, millions of the world's poorest people are already being forced to cope with the impact of climate change, even as it goes unnoticed in financial markets and in the measurement of world gross domestic product (GDP). Increased exposure to drought, more intense storms, floods and environmental stress is holding back the efforts of the world's poor to build a better life for themselves and their children. Looking to the future, the danger is that climate change will stall and then reverse progress built-up over generations not just in cutting extreme poverty, but in health, nutrition, education and other areas. How the world deals with climate change today will have a direct bearing on the human development prospects of a large section of humanity.

2.18.2 The rapid build-up of greenhouse gases in the Earth's atmosphere is fundamentally changing the climate forecast for future generations. We are edging towards 'tipping points'. These are unpredictable and non-linear events that could open the door to ecological catastrophes that will transform patterns of human settlement and undermine the viability of national economies. Climate change demands urgent action to address a threat to two constituencies with a little or no political voice: the world's poor and future generations.

2.18.3 Global warming is evidence that we are overloading the carrying capacity of the Earth's atmosphere. Stocks of greenhouse gases that trap heat in the atmosphere are accumulating at an unprecedented rate. Current concentrations have reached 380 parts per million (ppm) of carbon dioxide equivalent (CO<sub>2</sub>e) exceeding the natural range of the last 650,000 years. In the course of the 21st Century, average global temperatures could increase by more than 5°C, equivalent to the change in temperature since the last ice age. The threshold for dangerous climate change is an increase of around 2°C. This threshold broadly defines the point at which rapid reversals in human development and a drift towards irreversible ecological damage would become very difficult to avoid.

2.18.4 There is an inverse relationship between responsibility for climate change and vulnerability to its impacts. While the world's rich countries have predominant responsibility for global warming and the consequent rise in sea level, inhabitants of cities like London and Los Angeles are protected by elaborate flood defence systems. By contrast, when global warming changes weather patterns in the Horn of Africa, it means that crops fail and people go hungry, or that women and young girls spend more hours collecting water.

### *The Case for Action*

2.18.5 If the world acts now, it will be possible to keep 21st Century global temperature increases within a 2°C threshold above pre-industrial levels. Even stringent mitigation measures will not materially affect average temperatures changes until the mid-2030s and temperatures will not peak until 2050. In other words, for the first half of the 21st Century the world in general, and the world's poor in particular, will have to

live with climate change to which we are already committed.

2.18.6 Urgency is the second feature of the climate change challenge, and a corollary of inertia. Every year of delay in reaching an agreement to cut emissions adds to greenhouse gas stocks, locking the future into a higher temperature. In the seven years since the Doha Round started, stocks of greenhouse gases have increased by around 12 ppm of CO<sub>2</sub>e.

2.18.7 The third important dimension of the climate change challenge is its global scale. The Earth's atmosphere does not differentiate greenhouse gases by country of origin. One tonne of greenhouse gases from China carries the same weight as one tonne of greenhouse gases from the United States and one country's emissions are another country's climate change problem. It follows that no one country can win the battle against climate change acting alone. Collective action is imperative.

2.18.8 Five key transmission mechanisms through which climate change could stall and reverse human development are:

**Agricultural production and food security.** Climate change will affect rainfall, temperature and water availability for agriculture in vulnerable areas. For example, drought affected areas in sub-Saharan Africa could expand by 60–90 million hectares. Other developing regions—including Latin America and South Asia will also experience losses in agricultural production, undermining efforts to cut rural poverty. The additional number affected by malnutrition could rise to 600 million by 2080.

**Water stress and water insecurity.** Changed run-off patterns and glacial melt will add to ecological stress, compromising flows of water for irrigation and human settlements in the process. An additional 1.8 billion people could be living in a water scarce environment by 2080. Central Asia, Northern China and the northern part of South Asia face immense vulnerabilities associated with the retreat of glaciers at a rate of 10–15 meters a year in the Himalayas. Seven of Asia's great river systems will experience an increase in flows over the short term, followed by a decline as glaciers melt. Several countries in already highly water-stressed regions such as the Middle East could experience deep losses in water availability.

**Rising sea levels and exposure to climate disasters.**

Sea levels could rise rapidly with accelerated ice sheet disintegration. Global temperature increases of 3–4°C could result in 330 million people being permanently or temporarily displaced through flooding. Over 70 million people in Bangladesh, 6 million in Lower Egypt and 22 million in Vietnam could be affected. Warming seas will also fuel more intense tropical storms. With over 344 million people currently exposed to tropical cyclones, more intensive storms could have devastating consequences for a large group of countries. The 1 billion people currently living in urban slums on fragile hillsides or flood-prone river banks face acute vulnerabilities.

**Ecosystems and biodiversity.** Around one-half of the world's coral reef systems have suffered 'bleaching' as a result of warming seas. Increasing acidity in the oceans is another long-term threat to marine ecosystems. Ice-based ecologies have also suffered devastating climate change impacts, especially in the Arctic region. While some animal and plant species will adapt, for many species the pace of climate change is too rapid: climate systems are moving more rapidly than they can follow. With 3°C of warming, 20–30 percent of land species could face extinction.

**Human health.** The greatest health impacts will be felt in developing countries because of high levels of poverty and the limited capacity of public health

systems to respond. Major killer diseases could expand their coverage. For example, an additional 220–400 million people could be exposed to malaria, a disease that already claims around 1 million lives annually. Dengue fever is already in evidence at higher levels of elevation than has previously been the case, especially in Latin America and parts of East Asia. Climate change could expand the reach of the disease.

2.18.9 As a priority, the world needs a binding international agreement to cut greenhouse gas emissions across a long time horizon, but with stringent near-term and medium-term targets. The major developing countries have to be party to that agreement and make commitments to reduce emissions. Fighting climate change is a cross-generational exercise. For the current generation, the challenge is to keep open the window of opportunity by bending greenhouse gas emissions in a downward direction. The world has a historic opportunity to begin this task. In 2012, the current commitment period of the Kyoto Protocol expires. The successor agreement could set a new course, imposing stringent limits on future emissions and providing a framework for international collective action. Carbon budgeting backed by radical energy policy reforms and government action to change incentive structures for consumers and investors is the foundation for effective climate change mitigation.

### 3. Human Development Indices

#### 3.1 Types of Indices

3.1.1 Even though quite a number of specific measures of HD have been presented or suggested in the literature, four of them have so far consolidated within the paradigm. These measures are the Human Development Index, the Gender-related Development Index, the Gender Empowerment Measure, and the Human Poverty Index.

3.1.2 The **Human Development Index (HDI)** was designed as a means to shift the emphasis from the narrow focus on economic growth (measured by GNP) to human progress and the widening of human choices, as well as to create debate on national and international policy options. HDI measures a country's total achievement in three dimensions of HD: longevity, knowledge, and a decent level of living. As variables it uses life expectancy at birth, educational achievement (literacy and combined gross schooling ratio), and the real adjusted per capita income.

3.1.3 The **Human Poverty Index (HPI)** measures the extent of deprivation in HDI's three dimensions. For industrialized countries, it uses as variables the probability of dying before age 60, functional illiteracy, and the incidence of poverty and long-lasting unemployment. For developing countries, its variables are the probability of death before age 40, adult illiteracy, child malnutrition, and the percentage of population with no access to drinking water.

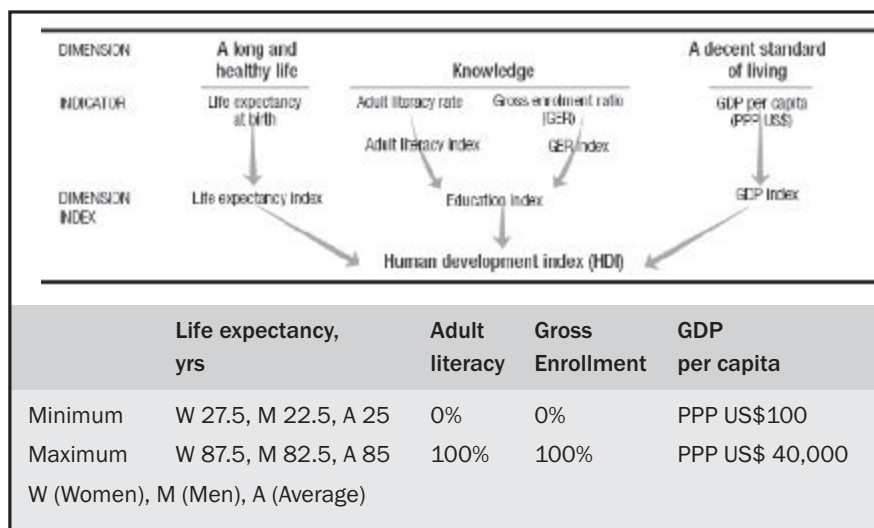
3.1.4 The **Gender-Related Development Index (GDI)** measures the achievement in the three dimensions and variables of HDI, but it adjusts their values according to the inequality existing between sexes: the higher gender inequality, the larger the retrogression in the country's HDI.

3.1.5 The **Gender Empowerment Measure (GEM)** assesses women's participation in economic and political life. As variables it uses the female share in Parliament as well as in the higher occupational categories, and the proportion between women and men's income.

3.1.6 HDI, HPI and GDI refer to the same set of basic human choices (life expectancy, knowledge, and standard of living). The HD Reports and the HD academic community have explored additional dimensions, including human freedom, political democracy, inequality, poverty, technological advance, human rights, and governance.

3.1.7 We will discuss HDI, GDI and GEM in the following paragraphs.

**Human Development Index** is the simple average of three indices: Income per capita (or GDP) index, Life Expectancy Index and Education Index. Each of these indices is calculated as actual achievement as proportion to maximum possible achievement. The maximum possible achievement is indicated by the distance between the maximum possible achievement and minimum possible achievement. The maximum and minimum values used in the calculation of country HDIs are as below.



### Calculating the HDI

### Illustration

This illustration of the calculation of the HDI uses data for Brazil.

#### 1. Calculating the life expectancy index

The life expectancy index measures the relative achievement of a country in life expectancy at birth. For Brazil, with a life expectancy of 70.8 years in 2004, the life expectancy index is 0.764.

$$\text{Life expectancy index} = \frac{70.8 - 25}{85 - 25} = 0.764$$

#### 2. Calculating the education index

The education index measures a country's relative achievement in both adult literacy and combined primary, secondary and tertiary gross enrolment. First, an index for adult literacy and one for combined gross enrolment are calculated. Then these two indices are combined to create the education index, with two-thirds weight given to adult literacy and one-third weight to combined gross enrolment. For Brazil, with an adult literacy rate of 88.6% in 2004 and a combined gross enrolment ratio of 86% in 2004, the education index is 0.876.

$$\text{Adult literacy index} = \frac{88.6 - 0}{100 - 0} = 0.886$$

$$\text{Gross enrolment index} = \frac{86 - 0}{100 - 0} = 0.857$$

$$\text{Education Index} = 2/3 (\text{adult literacy index}) + 1/3 (\text{gross enrolment index}) \\ = 2/3 (0.886) + 1/3 (0.857) = 0.876$$

#### 3. Calculating the GDP index

The GDP index is calculated using adjusted GDP per capita (PPP US\$). In the HDI income serves as a surrogate for all the dimensions of human development not reflected in a long and healthy life and in knowledge. Income is adjusted because achieving a respectable level of human development does not require unlimited income. Accordingly, the logarithm of income is used. For Brazil, with a GDP per capita of \$8,195 (PPP US\$) in 2004, the GDP index is 0.735.

$$\text{GDP Index} = \frac{\log (8,195) - \log (100)}{\log (40,000) - \log (100)} = 0.735$$

#### 4. Calculating the HDI

Once the dimension indices have been calculated, determining the HDI is straightforward. It is a simple average of the three dimension indices.

$$\text{HDI} = 1/3 (\text{life expectancy index}) + 1/3 (\text{education index}) \\ + 1/3 (\text{GDP index}) \\ = 1/3 (0.764) + 1/3 (0.876) + 1/3 (0.735) = 0.792$$

From a technical note on calculation of HDIs, UNDP

### Maximum and minimum achievements for India

3.1.8 When calculating State HDIs or District HDIs it may be more contextually relevant to take maximum and minimum achievements of Indian States. However for district HDIs it would not be proper to take the maximum and minimum values of districts within the State, as this would relatively hike the district indicators of low HD States and depress those of the high HD states. For the sake of uniformity of benchmark also, it is advisable to use maximum / minimum values of States.

### Why take log of income

3.1.9 Incremental income directly translates into better human conditions at low levels of income, since most of it goes into necessary consumption. The contribution of income to human development progressively declines and incomes rise. To capture this diminishing impact we use the natural log values of income rather than absolute amounts. The property of log values is that it rises less than proportionately. The use of log values also mean that beyond US \$40,000, any increase in income almost results in no improvement in HD.

## 3.2 Gender Related Development Index

3.2.1 In the case of GDI we calculate HDIs of women and men separately and reduce the average of the two in a manner that penalizes unequal achievement. In case the HDIs of women and men are exactly the same, GDI will be the same as HDI. The steps to calculating GDI are following.

- Step 1 Ascertain the proportion of men (M) and that of women (W) in the population.
- Step 1 Calculate separately the life expectancy indices (LEI) of women and men
- Step 2 Calculate separately the education indices (EI) of women and men
- Step 3 Calculate separately the GDP indices of men and women (see separate algorithm below for this exercise)
- Step 4 Calculate equally distributed equivalent percentage (EDEP) for life expectancy by taking the harmonic mean of women's and men's LEI. This is done by the following method. Suppose LEI for women is LW and for

men is LM. Harmonic mean of LW and LM is given by  $1 / (M/LM + W/LW)$ . This gives the inequality adjusted average or what is known as EDEP for life expectancy.

Step 5 Calculate EDEP for education and GDP in the same way as Step 4.

Step 7 Take the simple average of three EDEPs, namely those for life expectancy, education and GDP. This gives the GDI.

3.2.2 The following algorithm can be followed for separating per capita GDP into per capita GDP for women and per capita GDP for men.

- Find out female wage rate  $W_f$  and male wage rate  $W_m$
- Find out the work participation rate of women ( $P_f$ )
- Find out work participation rate of men ( $P_m$ ) [Therefore:  $P_f + P_m = 1$ ]
- Wage earned by women =  $W_f * P_f$
- Wage earned by men =  $W_m * P_m$  [Total Wages = (d)+(e)]
- Share of women in total wages =  $(d) / \{(d)+(e)\} = (W_f * P_f) / (W_f * P_f + W_m * P_m)$
- Share of men in wages =  $1 - (f) = (W_m * P_m) / (W_f * P_f + W_m * P_m)$

- Use (f) & (g) as proxies for relative shares in the GDP. Hence per capita GDP for women is (f)\*total per capita income. Likewise per capita income for men is (g) \*total per capita income.

Please note that GDI has no bias for women, but has a bias against inequality between sexes.

3.2.3 Gender Empowerment Measure focuses on women's opportunities rather than capabilities. Unlike the GDI it has a bias for women as it seeks to measure empowerment of women. GEM is composed of the following components:

- Political participation (% share of parliamentary seats)
- Economic participation (% share as in managerial and technical positions)
- Power over economic resources (estimated per capita earned income)

3.2.4 The method is similar to GDI: first calculate the three above measures separately for men and women and then compute equally distributed equivalent percentage (EDEP) calculated for each dimension, using harmonic mean. The EDEPs for political and economic participation indexed by dividing them by 50 assuming equal empowerment of the sexes. Finally GEM is calculated as the simple average of the 3 indexed EDEPs.

The following is an illustration of GEM calculation.

### Calculating the GEM : Illustration

This illustration of the calculation of the GEM uses data for Argentina.

#### 1. Calculating the EDEP for parliamentary representation

The EDEP for parliamentary representation measures the relative empowerment of women in terms of their political participation. The EDEP is calculated using the female and male shares of the population and female and male percentage shares of parliamentary seats according to the general formula.

FEMALE	MALE
Population share: 0.511	Population share: 0.489
Parliamentary share: 36.5%	Parliamentary share: 63.5%

$$\text{EDEP for parliamentary representation} = \left[ \frac{0.511 (36.5^{-1})}{0.511 (36.5^{-1}) + 0.489 (63.5^{-1})} \right]^{-1} = 46.07$$

Then this initial EDEP is indexed to an ideal value of 50%.

$$\text{Indexed EDEP for parliamentary representation} = \frac{46.07}{50} = 0.921$$

## 2. Calculating the EDEP for economic participation

Using the general formula, an EDEP is calculated for women's and men's percentage shares of positions as legislators, senior officials and managers, and another for women's and men's percentage shares of professional and technical positions. The simple average of the two measures gives the EDEP for economic participation.

FEMALE	MALE
Population share: 0.511	Population share: 0.489
Percentage share of positions as legislators, senior officials and managers: 25.4%	Percentage share of positions as legislators, senior officials and managers: 74.6%
Percentage share of professional and technical positions: 54.7%	Percentage share of professional and technical positions: 45.3%

$$\text{EDEP for positions as legislators, senior officials and managers} = \left[ \left( 0.511 (25.4)^{-1} \right) + \left( 0.489 (74.6)^{-1} \right) \right]^{-1} = 37.46$$

$$\text{Indexed EDEP for positions as legislators, senior officials and managers} = \frac{37.46}{50} = 0.749$$

$$\text{EDEP for professional and technical positions} = \left[ \left( 0.511 (54.7)^{-1} \right) + \left( 0.489 (45.3)^{-1} \right) \right]^{-1} = 49.67$$

$$\text{Indexed EDEP for professional and technical positions} = \frac{49.67}{50} = 0.993$$

## 3. Calculating the EDEP for income

Earned income (PPP US\$) is estimated for women and men separately and then indexed to goalposts as for the HDI and the GDI. For the GEM, however, the income index is based on unadjusted values, not the logarithm of estimated earned income. (For details on the estimation of earned income for men and women, see the addendum to this technical note.)

FEMALE	MALE
Population share: 0.511	Population share: 0.489
Estimated earned income (PPP US\$): 9,258	Estimated earned income (PPP US\$): 17,518
Income index = $\frac{9,258 - 100}{40,000 - 100} = 0.230$	Income index = $\frac{17,518 - 100}{40,000 - 100} = 0.437$

The female and male indices are then combined to create the equally distributed index:

$$\text{EDEP for income} = \left[ \left( 0.511 (0.230)^{-1} \right) + \left( 0.489 (0.437)^{-1} \right) \right]^{-1} = 0.299$$

Please note that above methodology in effect uses the harmonic mean.

### References:

- i. "Readings in Human Development", Sakiko Fukuda Parr and others
- ii. "Economic Growth and Human Development in Indian States", Madhusudan Ghosh, EPW, July 29, 2006
- iii. "Economic Growth and Human Development", Ramirez, Ranis & Stewart
- iv. "Paths to success: The Relationship Between Human Development and Economic Growth", Boozer, Ranis, Stewart & Suri
- v. "Human Development: Beyond the Human Development Index", Ranis, Stewart, Samman
- vi. Human Development Reports, UNDP
- vii. Technical Note -1 on calculation of Human Development Indices in UNDP HDR 2006

## 4. Exercise on Human Development Reports

### I. Match the following:

Year of the HDR	Focus area
1993	A New Concept of Human Security
1994	Human Development to Eradicate Poverty
1995	International Cooperation at Crossroads : Aid, trade & Security in an unequal world
1996	Peoples' Participation
1997	Making New Technologies Work for Human Development
1999	Scarcity: Power, Poverty and the Global Water Crisis
2001	Fighting Climate Change: Human Solidarity in a Divided World
2002	Deepening Democracy in a Fragmented World
2003	The Revolution for Gender Equality
2005	Globalisation with a Human face
2006	Millennium Development Goals: A Compact Among Nations to End Human Poverty
2007/8	Growth for Human Development

### II. Answer the following:

- 1) What are the insecurities faced by the nations due to globalisation?
- 2) What are the ratios to be monitored for analyzing public spending on human development?
- 3) While restructuring national budgets, which are the possible areas for added savings?
- 4) 'Human development, if not engendered, is endangered.'- Explain.
- 5) List the Millennium Development Goals.
- 6) What is the role of an active Civil Society in Human Development?
- 7) What are the five key transmission mechanisms through which climate change could stall and reverse human development?

### III. Fill in the gaps by choosing the right alternatives:

- 1) For policy makers everywhere, the focus must be on strengthening the links between economic growth and ----- (Fiscal policy/ Capital formation/ Human Development)
- 2) In India, the world's largest democracy, the Supreme Court has insisted on the right of all citizens to ----- (voting right/freedom of entertainment/ free education & basic health care)



- 3) A new development paradigm is needed that puts people at the ----- (top/bottom/ centre) of development.
- 4) Human Development is ----- (expansion/contraction/suppression) of choice for the people.
- 5) The pressures of global competition has led the countries and employers to adopt more ----- (rigid/loose/flexible) labour policies.
- 6) The logical forum for the administration of the new global human security is the ----- (World Bank/ United Nations/ Interpol).
- 7) In most developing countries, poverty is often caused by ----- (skewed/even/ discreet) distribution of resources.

#### IV. True/ False

- 1) Right to Information has no link with Human Development.
- 2) Promotion of Gender Equality & Women Empowerment has direct impact on Human Development.
- 3) Human Poverty Index (HPI) only measures poverty by income.
- 4) Economic Growth automatically improves Human Development.
- 5) Development assistance, international trade and security are the three pillars of international cooperation as discussed in HDR, 2005.
- 6) The global water supply is about absolute shortages of physical supply & not related to poverty, inequality in any way.
- 7) Policies recognizing cultural identities and encouraging diversity to flourish result in fragmentation, conflict and weak development.
- 8) Climate disasters are heavily concentrated in poor countries.