

## **FREQUENTLY ASKED QUESTIONS**

**2021/2022 Human Development Report**

**'Uncertain Times, Unsettled Lives: Shaping our Future in a World in Transformation'**

### **Q1. The Report opens by saying 'We are living in a world of worry' but are things really more worrying than at other points in human history?**

- Not necessarily. The report argues that new forms of uncertainties are layering on top of one another and interacting in new ways.
- The challenges people have always faced - from pandemics to war to drought - are now happening against a backdrop of dangerous planetary change, sweeping societal transformations on par with the Industrial Revolution, and widespread political polarization.
- Feelings of stress, sadness, anger, worry, and experiencing physical anger have been on the rise for the past decade and have now hit a record high since Gallup inc. started to assess these experiences in 2006.
- Across all Human Development Index (HDI) Groups, perceived human insecurity is high, and it has increased in recent years, including in some very high HDI countries.
- There is opportunity and risk in uncertainty and disruption. The important thing is not to let worry prevent us from acting.

### **Q2. Can you give some examples of how uncertainties are layering and interacting?**

- The uncertainties people have always faced - from pandemics to war to drought - are happening against a backdrop of dangerous planetary change, sweeping transformations in the use of materials and energy on par with the Industrial Revolution, and widespread political polarization.
- Global crises have piled up on top of existing inequalities: the 2008 global financial crisis, the ongoing global climate crisis, a global coronavirus pandemic, and a looming global food crisis.
- The war in Ukraine has coincided with the pandemic, battering global supply chains, in parallel with the greatest cost-of-living crisis in a generation, which threatens to worsen the looming global food crisis.
- This interplay of threats is complex.
- Many of the challenges discussed in the report are not new when seen in isolation. The world has seen war and pandemics before. But never before have we experienced the confluence of pandemics with the other crises we face today such as climate change and biodiversity loss.

**Q3. The Report mentions that this complex interaction of uncertainties has resulted in the twin paradoxes of progress with insecurity and progress with polarization. Could you explain?**

- Despite historically high measures across several key development metrics before the pandemic hit, more than 6 in 7 people at the global level felt insecure. Across all Human Development Index (HDI) Groups, perceived human insecurity is high, and it has increased, especially in some very high HDI countries.
- Political polarization has also been on the rise, which also feeds into – and is fed by – uncertainty. Globally, less than 30% of people think that most people can be trusted, its lowest recorded value.

**Q4. Why are we facing uncertainties that increasingly interact in complex ways?**

- The uncertainties people have always faced - from pandemics to war to drought are happening against a backdrop of dangerous planetary change - sweeping transformations in the use of materials and energy on par with the Industrial Revolution, and widespread political polarization.
- Today human activity is impacting planetary systems at unprecedented scales and speeds. This is altering the fundamental frame of reference within which humans have been operating for millennia.
- Sweeping societal transformation to ease these pressures is needed. E.g. transformations to energy systems; food production; transportation. But these come with their own uncertainties.
- However welcome new renewable energy technologies are, they carry their own environmental costs, including those related to supplying the materials for the world's solar panels and wind turbines
- The 'green economy' could add more than 24 million jobs worldwide by 2030. But these jobs will not necessarily be in the same regions that stand to lose jobs when fossil fuel industries shut down. Nor will they require the same skills as a fossil fuel-based economy.
- France protested against rising petrol prices again in 2021, in Spain there were demonstrations against energy bills, and in Greece the closure of coal mines was faced with social unrest. This was happening even as many jobs were being created in the renewable energy sector. People are unlikely to value overall economic benefits if they themselves are losing out.
- Political polarization has been increasing in many countries. This adds to the risk of violence, reduces trust, divides society, and undermines public deliberation and action.
- Digital technologies such as AI and social media are being used to spread misinformation to warp people's understanding of the facts that affect their choices.

- Policies focusing solely on (average) development achievements create blind spots, which can obscure progress and overlook increased feelings of insecurity. Empowering people is an essential component of development.

**Q5. Why is political polarization on the rise and why is this such a problem?**

- Uncertainty can spur political polarization which in turn reduces trust in one another, divides society, and undermines public deliberation.
- Polarization is much more than simple differences in preferences. Polarization has to do with deepening social divisions between groups that can ultimately push opposing groups towards more extreme positions.
- Polarization diminishes the scope for cooperation just when the common challenges that we confront today require it the most.
- Beyond their potential to connect people, the rapid expansion of digital communication technologies like social media has also opened avenues for the spread of misinformation and the misuse of digital tools to fuel polarization.

**Q6. Why is mental stress an obstacle to human development (in the face of uncertainty)?**

- Mental distress can hurt human development in many ways, including leading to mental disorders associated with poor performance in education or work, poverty, premature mortality, disability and poor overall health.
- We have a large and increasing global mental health crisis - one in eight, or 970 million people, suffer from a mental health disorder.
- Mental stress is made worse by the worries like economic insecurity, the pandemic and the climate crisis.

**Q7. What should we be doing in the face of increasing and complex uncertainty?**

- We need to be aware of the possible mismatch between the uncertain times that we confront and the conventional ways of understanding and doing things.
- We must focus on tackling social deficits, including deficits in human development, as these make it more difficult to navigate the uncertainty ahead. Uncertainty and insecurity are unequal, often hitting women, minority groups and many other groups first and hardest.
- To navigate uncertainty, we need to create policies that focus on the **Three I's** – **investment, insurance** and **innovation**, and social contexts that allow institutions and decision-making to respond creatively and nimbly to uncertainty.

**Q8. Could you tell me more about why the Three I's of investment, insurance and innovation are important?**

- Policies that focus on the **Three I's – investment, insurance and innovation** – will go a long way to help people navigate uncertainty and thrive in the face of it.
- **Investments** in the capabilities required to thrive under uncertainty, range from public goods to nature-based human development and investing in people.
- **Insurance** helps to protect everyone from the contingencies of an uncertain world. The global surge in social protection in the wake of the coronavirus pandemic did just that, while underscoring how little coverage there was before and how much more remains to be done. The protection of human rights and political participation can insure against polarization.
- **Innovation** in many forms – technological, economic, and cultural – will be vital in responding to the challenges that humanity will face. There is space to innovate in mechanisms against misinformation to build trust.

**Q9. Why is Investment important in helping us navigate uncertainty?**

- Investment from renewable energy to preparedness for pandemics and natural hazards can help ease planetary pressures or prepare societies to cope better with global shocks. Consider the advances in disaster risk reduction following the 2004 Indian Ocean tsunami.
- Investments are also needed in global public goods. New forms of uncertainty are often driven by global phenomena, many of which will require global action. For example, the additional investment needed to help guard against future pandemics is estimated at just \$15 billion a year, a tiny fraction of the economic cost of the coronavirus pandemic.

**Q10. Why is Insurance important in helping us navigate uncertainty?**

- Insurance provides some added protection in the face of uncertainty. Things that help manage some of the risks people face, such as social insurance, need to be revitalized and modernized, including for people in informal or other precarious employment, such as gig workers.
- Universal basic services, such as in health and education are also important in helping people manage shocks and to help incentivize experimentation. People are loathe to try new things if doing so risks their health, education or financial security.

**Q11. Isn't insurance expensive? Who will pay for this?**

- The report looks at insurance in a broad sense, including risk reduction (often cheaper than dealing with the crisis itself), and social mechanisms for collective decision making. Insurance can come in many forms and we will need to be creative.

- Contributory social insurance programmes that fund government programmes can not only enhance human security but also stimulate risk-taking and investment.
- The reverse also holds: some investments provide insurance. For instance, investments in nature-based human development can be an effective way to build resilience to shocks.
- Universal access to services – like mental health services – can act as a form of insurance.
- The protection of human rights works as insurance for people in times of uncertainty. Mechanisms that promote understanding, respect, and equality help societies to navigate challenges such as conflicts based on ethnic, religious, and socio-economic identities.
- Volunteerism is a type of collective insurance rooted in solidarity that can prepare communities for shocks.
- Political dialogue and discussion can serve as insurance against polarization.

**Q12. Why is Innovation important in helping us navigate uncertainty?**

- Innovation in its many forms – technological, economic, and cultural – will be at the heart of approaches to navigate the many challenges ahead.
- Government has a big role to play in fostering a climate for innovation. Governments were a driving force and active partner throughout the COVID-19 pandemic, ushering in vaccines at astonishing speed.
- Innovation is about more than technologies. Social innovation is also important, for example working with civil society to ensure no one is left behind or with companies to protect the environment.

**Q13. If we create policies that focus on investment, insurance and innovation will that bring an end to uncertainty and disruption and a return to normal?**

- The dangerous planetary change of the Anthropocene, sweeping societal transformations and polarized societies mean that we are in uncharted waters. But the **Three I's – investment, insurance and innovation** – will help people navigate the uncertainty ahead.
- We shouldn't aim to 'return to normal': the status quo is part of the problem.
- Conventional crisis response and risk management mechanisms are not up to the task of global, interconnected disruption.

**Q14. What assumptions underpinning institutions do we need to look at?**

- Assumptions about how people make decisions – that we have stable preferences independent of beliefs and emotions, and that we seek only to maximize individual utility – can be useful but they do not take full account of what drives people's

behavior. Behavioral science takes a broader perspective, as do insights into how people form and hold beliefs, which is key to understanding political polarization and extremism. An important insight of these broader perspectives is the recognition of the interdependence between our social context and the individual preferences, beliefs, and emotions that shape so many of our choices.

**Q15. Could you tell me more about why narratives are important?**

- Our social context matters, and policies and institutions are embedded in that context. We need to scrutinize where social processes get in the way, and how they can be leveraged to help build trust and cohesion.
- A key argument of the report is that doubling down on human development – both wellbeing and agency, as well as achievements and freedoms – can provide that leverage.
- To promote agency and freedom it is useful to cultivate four motivating principles: flexibility, solidarity, creativity and inclusion.

**Q16. Massive changes in technology and industries are taking place. Can't we just rely on these to create progress?**

- Technology is a double-edged sword. It enables better forecasting of threats; opens new frontiers in health and medicine, makes possible the prospect of limitless clean energy, and creates new industries and jobs. But it also allows misinformation to move faster and farther, sowing distrust and fanning uncertainty.
- While easing planetary pressures demands fundamental changes to much of the way the world currently operates, it comes with its own significant uncertainties.
- New renewable energy carries new environmental costs and risks, including those related to mining to supply the materials for the world's solar panels and wind turbines
- The 'green economy' could add more than 24 million jobs worldwide by 2030. But these jobs will not necessarily be in the same regions that stand to lose jobs as fossil fuel industries shut down. Nor will they require the same skills as a fossil fuel-based economy.

**Q17. What do you hope that policymakers will take from this report?**

- The growing mismatch between what our current reality demands and our conventional ways of understanding and doing things, is an opportunity to do something new.
- We must tackle social deficits, including deficits in human development, to navigate an uncertain future. And we must dial down the unprecedented intensity and scale of human pressure on our natural systems.

- We need to experiment and cooperate to thrive. The COVID-19 pandemic broke open our imaginations, expanding our understanding of what is possible. Yet our responses also revealed the impacts of inequalities and distrust.
- Where we go from here is up to us. By addressing inequalities and enhancing people's freedoms and opportunities, by unlocking our human potential, tapping into our creativity and diversity, we can build futures in which people thrive, now and in the future.