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2023-2024 Human Development Report

Breaking the Gridlock: Reimagining cooperation in a polarized world

The global Human Development Index (HDI) is projected to reach record levels in 2023. However, inequality is on the rise again: after 20 years of convergence, the gap between the richest and poorest countries began to widen from 2020. The poorest and most vulnerable countries are being left behind. In 2023, while recovery is widespread among wealthier countries, one in two Least Developed Countries is projected to have an HDI below their already low pre-crisis level. Moreover, the world may be on a trajectory towards a permanent loss in human development, with every region operating below its pre-2019 path.

As the HDI update shows, the human toll of mismanaging interdependencies is high. The growing effects of climate change on people, the recent outbreaks of violent conflicts in different parts of the world, and their escalation towards longer term and potentially larger scale conflicts, signal the intensification of threats that are spilling across countries.

We live in a tightly knit world. Shared, interlinked global challenges, like the pandemic and its recovery, are outpacing our willingness and our institutions' capacities to respond to them. Instead of capitalizing on connections, we are failing to act on shared challenges – *We face 'a global gridlock'*, exacerbated by growing polarization. Polarization poisons practically everything it touches, and impedes international cooperation.

For breaking the gridlock and scale up collective action, the report suggests work in three areas:

- **Narrow agency gaps:** The role of agency – the ability of people to determine their own future – in development has been somewhat neglected and warrants closer attention by the development community.
- **Dial back temperature to push back polarization:** Overcoming political polarization, populism and mistrust key to breaking deadlock and tackling inequality and challenges to human development.
- **Build a 21st architecture for global public goods,** to complement the two existing tracks of international cooperation based on humanitarian assistance and development assistance to low-income countries. The report proposes a third track of international cooperation to support the financing of global public goods.

KEY MESSAGES

1. Inequality is rising again: after 20 years of convergence, the gap between the richest and poorest countries started to widen from 2020

According to the 2023/24 Human Development Report (HDR), titled “*Breaking the Gridlock: Reimagining Cooperation in a Polarized World*,” development progress overall had started to rebound in 2022 and was projected to reach record highs in 2023 after steep declines during 2020 and 2021. But this progress is deeply uneven. Rich countries are experiencing record levels of human development while a large fraction of the world’s poorest countries remain below their pre-crisis level of progress.

- The recovery is incomplete because for 2023, we project that more than a quarter of the countries in the world will have an HDI value below their pre-2019 level.
- The recovery is unequal, leaving the poorest countries behind. While all OECD countries have recovered from the 2020-2021 reversal in human development, among Least Developed Countries, only one in two countries have recovered their already low pre-crisis HDI level.

2. A world on a path towards a permanent loss in human development?

The crisis is leaving long-term scars in human development.

- Some losses will never be recovered, such as the 15 million lives lost to Covid-19. We cannot get them back. Nor the time spent in isolation, caregiving, in not attending school.
- The crisis may have permanent effects on future human development. Before the crisis, the world was on track to reach an average “very high” HDI by 2030,—coinciding with the deadline for the SDGs. Now the world is off track, with every region running below its pre-2019 path.

3. Instead of capitalizing on connections, we fail to act on shared challenges – We face ‘a global gridlock.’

We live in a tightly knit world, but instead of capitalizing on our connections we are failing to address shared challenges. Shared, interlinked global challenges, like the pandemic and its recovery, are outpacing our willingness and our institutions’ capacities to respond to them. The destabilizing effects of global shocks along with the perceived inability of institutions to protect people stir populism and polarization.

- Polarization is on the rise since 2011, globally it is increasing in two thirds of the countries.
- There is a surge in support for anti-elit movements that are hostile to global cooperation politics and pit groups (“us the people” and “them the elite”) against each other. The share of countries with governments that fit with this broad characterization of anti-elite & cooperation-hostile movements is unprecedented.

However, our world is not de-globalizing, but global interdependencies are being reshaped. **Going forward, our linkages are going to be increasingly planetary and instantaneous.**

- Digital technologies are shrinking the world, connecting billions of people over vast geographies – in almost real time. More than half of the global population are now internet users and 95 percent of people are in the range of a mobile broadband network.
- The Anthropocene reality of human driven planetary change is so stark that we have altered the natural cycles of carbon, nitrogen, phosphorus, water and other elements. We are changing the planet’s temperature, precipitation patterns, sea-levels and atmospheric composition – none of which respect national borders.

We also remain highly connected economically, even if the pace of economic integration has slowed down.

- No region of the world is self-sufficient, as they all rely on imports from other regions of at least 25 percent of major goods and services.
- Financial integration is almost four times higher than in the mid-1990s
- Goods today travel twice as far as in 1965, and cross more borders before reaching final destination

In a hyperconnected world, domestic policies and choices can have spillovers that spread quickly regionally and even globally. Large economies of scale and scope have concentrated production of certain critical products and materials in a few places or in a handful of companies, increasing risks of global disruptions.

- Almost 40 percent of global trade in goods is concentrated in three or fewer countries, even for goods where more suppliers exist
- The market capitalization of each of the three largest tech companies in the world surpassed GDP of more than 90 percent of countries in 2021

4. The gridlock and the democracy paradox – globalization of discontent

Democracy paradox: Over the last decades, global support for democracy has remained robust at 90%. But support for leaders who can bypass the fundamental rules of the democratic process has markedly increased. Today, more than half of those polled express support for such leaders. We refer to this as the “democracy paradox.” It reflects that people value democracy as an ideal, but that current systems are not working for them.

People are sadder and more stressed than one decade ago.

- 3 billion people report feeling worried today – an increase of 687 million people over the last decade
- 2 billion people report feeling sadness, 540 million more than a decade ago
- 2.9 billion people experience stress, an increase of 569 million people over the past decade

This adds to polarization and populism, which are disruptive and costly, eroding our ability to collectively manage global interdependence and tackle issues that transcend borders.

- Research shows that countries with episodes of governments characterized as populist, irrespective of their ideological leaning, have lower GDP-growth trajectories – 15 years after such an episode started, the GDP per capita is 10 percent lower than where such episodes did not take place.
- Over time, anti-globalization narratives have become more salient in partisan discourse

5. The human toll of the gridlock – both wellbeing and human agency under threat

The human toll of mismanaging interdependencies is high. Recent outbreaks of violent conflicts in different parts of the world, and their escalation towards longer term and potentially larger scale conflicts, signal a resurgence of threats that are spilling across countries.

- The year 2022 observed the highest number of state-based armed conflicts since World War II, and the highest number of battle-related deaths since 1984, including increased civilian fatalities.
- In 2022, even before the outbreak of recent conflicts in the Middle East and African, 1.2 billion people (15 percent of the world's population) were affected by conflicts in their vicinity.
- Emerging from conflicts, persecution and human rights violations, the number of people forced to flee their homes reached an all-time high of 108 million by 2022, two-and-a-half times the number in 2010.

The human development costs of mismanaging interdependence associated with climate change are expected to be high and growing.

- Leading up to a decade of increasingly higher temperatures, 2023 has been the hottest ever—at least since 1880, when global temperatures were first recorded.
- Projections from the UNDP Human Climate Horizons platform show that under moderate mitigation to very high emissions scenarios about 40-190 million people are expected to die because of higher temperatures from now to the end of the century.
- The impacts are projected to be highly unequal with some regions (such as the Arab States, South Asia and Sub-Saharan Africa) expected to see sharp increases in death rates, while other more developed countries (such as Western Europe and North America) expected to experience a net reduction in death rates.

Unmanaged interdependencies affect both well-being and agency:

- At the midpoint to the 2030 Agenda on Sustainable Development, progress has stalled or reversed for 30 percent of the SDG targets and is weak or insufficient for another 50 percent. The world is more off track in progress towards the SDGs than four years ago and is regressing on key goals on climate action, biodiversity loss, food security, poverty, inequality and gender inequality.
- For example, Covid-19 pandemic delivered the largest setbacks to poverty in decades. For the first time in two decades, poverty trends reversed.

- The last 20 years saw a deterioration in freedom of expression. Some 85 percent of the global population experienced a decline in press freedom in their country between 2016 and 2020.
- Unmanaged interdependencies disproportionately affect segments of population such as indigenous groups, or population from small island developing states.

6. Breaking the gridlock – dialing down tensions, empowering people, reimagining global cooperation

Slivers of hope have emerged even now. Multiple forms of cooperation are working.

- Before its suspension last year, the Ukraine grain deal averted widespread famine, which would have hurt poorer countries and poorer people most. The production of COVID-19 vaccines, which saved some 20 million lives in the first year of the pandemic alone, rely on global supply chains. Countries continue to cooperate on genomic sequencing of variants, even as shameful inequities in vaccine access persist.
- At COP28, the world established a new loss and damage fund from which more than 3 billion people are set to benefit from, with pledges totaling over \$600 million.
- Global clean energy investment, and the jobs and opportunities that come along with it, reached an all-time high of \$1.8 trillion in 2023 (equivalent to the size of the economy of the Republic of Korea), almost double the amount in 2020.

But we need to break the gridlock to scale up collective action. The report suggests three areas:

Dial back temperature to push back polarization: Overcoming political polarization, populism and mistrust key to breaking deadlock and tackling inequality and challenges to human development

- Polarization leads to negative perceptions of insecurity, threatens diversity, and builds animosity towards those with opposing viewpoints, thereby diminishing the prospects and space for collective action, which impedes efforts to address health crises, violent conflicts, and climate change.
- Polarization disincentivizes the governments from entering into international agreements. Recently, the European Union, the World Trade Organization and international justice institutions have been described as facing legitimacy challenges.

In order to ease polarization, the report advises correcting misperceptions about other people's preferences and motivations. We are more united than we think. For example, while 69 percent of people around the world report being willing to sacrifice some of their income to contribute to climate change mitigation, only 43 percent perceive that others feel the same (a 26-percentage point misperception gap).

Narrow agency gaps: The role of agency – the ability of people to determine their own future – in development has been somewhat neglected and warrants closer attention by the development community. These agency gaps are widespread and are behind our inability to achieve collective action.

- Globally, one in two people feel that they are not in control of their lives; and two out of three people don't think their voice is heard in the political system.
- Income inequalities, which often intersect and are associated with other inequalities in human development, shape agency. There is a steep decline in the share of people reporting having very low control over their lives as income increases for the bottom half of the income distribution.

The report proposes a strategy based on institutions that are people-centred (with emphasis in achieving human development and human security), co-owned (reflecting a fair distribution of power) and future oriented (putting in place mechanisms to navigate an uncertain and volatile world).

Build a 21st architecture for global public goods, to complement the two existing tracks of international cooperation based on humanitarian assistance and development assistance to low-income countries. The report proposes a third track of international cooperation to support the financing of global public goods. The potential gains of this strategy --beyond zero-sum thinking and despite diverging interests and views-- are enormous. For example,

- **Promoting Climate Stability:** The benefits of climate change mitigation efforts far outweigh the costs, with a net benefit of \$45 trillion globally by 2050. Developing countries stand to gain disproportionately from these efforts, emphasizing the importance of collective action to transition to cleaner energy sources.
- **Preparing for Pandemics:** Investing \$60 billion upfront and an additional \$5 billion annually for pandemic response could result in global benefits of \$800 billion, with a net present value of \$400 billion.