

KEY TO COUNTRIES

2011 HDI rank and change in rank from 2005 to 2011

Afghanistan	172
Albania	70 <span>↑</span> 1
Algeria	96
Andorra	32
Angola	148
Antigua and Barbuda	60 <span>↑</span> 1
Argentina	45 <span>↑</span> 1
Armenia	86
Australia	2
Austria	19
Azerbaijan	91
Bahamas	53
Bahrain	42
Bangladesh	146
Barbados	47
Belarus	65
Belgium	18
Belize	93 <span>↓</span> -1
Benin	167
Bhutan	141 <span>↓</span> -1
Bolivia, Plurinational State of	108
Bosnia and Herzegovina	74
Botswana	118 <span>↓</span> -1
Brazil	84 <span>↑</span> 1
Brunei Darussalam	33
Bulgaria	55 <span>↑</span> 1
Burkina Faso	181
Burundi	185
Cambodia	139 <span>↑</span> 2
Cameroon	150 <span>↑</span> 1
Canada	6
Cape Verde	133
Central African Republic	179
Chad	183 <span>↓</span> -1
Chile	44
China	101
Colombia	87 <span>↑</span> 1
Comoros	163
Congo	137
Congo, Democratic Republic of the	187
Costa Rica	69 <span>↓</span> -1
Côte d'Ivoire	170
Croatia	46 <span>↓</span> -1
Cuba	51
Cyprus	31
Czech Republic	27
Denmark	16
Djibouti	165 <span>↓</span> -1
Dominica	81 <span>↓</span> -1
Dominican Republic	98 <span>↑</span> 2
Ecuador	83
Egypt	113 <span>↓</span> -1
El Salvador	105
Equatorial Guinea	136 <span>↓</span> -1
Eritrea	177
Estonia	34
Ethiopia	174
Fiji	100 <span>↓</span> -3
Finland	22
Former Yugoslav Republic of Macedonia	78 <span>↓</span> -2
France	20
Gabon	106
Gambia	168

**NOTE**  
Arrows indicate upward or downward movement in the country's ranking over 2005–2011 using consistent data and methodology; a blank indicates no change.

Georgia	75
Germany	9
Ghana	135 <span>↑</span> 1
Greece	29
Grenada	67
Guatemala	131
Guinea	178
Guinea-Bissau	176
Guyana	117 <span>↑</span> 2
Haiti	158 <span>↑</span> 1
Honduras	121 <span>↓</span> -1
Hong Kong, China (SAR)	13 <span>↑</span> 1
Hungary	38
Iceland	14 <span>↓</span> -1
India	134
Indonesia	124 <span>↑</span> 1
Iran, Islamic Republic of	88 <span>↓</span> -1
Iraq	132
Ireland	7
Israel	17
Italy	24
Jamaica	79 <span>↓</span> -1
Japan	12
Jordan	95 <span>↓</span> -1
Kazakhstan	68 <span>↑</span> 1
Kenya	143 <span>↑</span> 1
Kiribati	122
Korea, Republic of	15
Kuwait	63 <span>↓</span> -1
Kyrgyzstan	126
Lao People's Democratic Republic	138 <span>↑</span> 1
Latvia	43
Lebanon	71 <span>↓</span> -1
Lesotho	160
Liberia	182 <span>↑</span> 1
Libya	64 <span>↓</span> -10
Liechtenstein	8
Lithuania	40 <span>↑</span> 1
Luxembourg	25
Madagascar	151 <span>↓</span> -2
Malawi	171
Malaysia	61 <span>↑</span> 3
Maldives	109
Mali	175
Malta	36
Mauritania	159 <span>↓</span> -1
Mauritius	77
Mexico	57
Micronesia, Federated States of	116
Moldova, Republic of	111
Mongolia	110
Montenegro	54 <span>↑</span> 1
Morocco	130
Mozambique	184
Myanmar	149 <span>↑</span> 1
Namibia	120 <span>↑</span> 1
Nepal	157 <span>↓</span> -1
Netherlands	3
New Zealand	5
Nicaragua	129
Niger	186
Nigeria	156 <span>↑</span> 1
Norway	1

Occupied Palestinian Territory	114
Oman	89
Pakistan	145
Palau	49
Panama	58 <span>↑</span> 1
Papua New Guinea	153 <span>↓</span> -1
Paraguay	107
Peru	80 <span>↑</span> 1
Philippines	112 <span>↑</span> 1
Poland	39
Portugal	41 <span>↓</span> -1
Qatar	37
Romania	50
Russian Federation	66
Rwanda	166
Saint Kitts and Nevis	72
Saint Lucia	82
Saint Vincent and the Grenadines	85 <span>↓</span> -1
Samoa	99
São Tomé and Príncipe	144 <span>↓</span> -1
Saudi Arabia	56 <span>↑</span> 2
Senegal	155
Serbia	59 <span>↑</span> 1
Seychelles	52
Sierra Leone	180
Singapore	26
Slovakia	35
Slovenia	21
Solomon Islands	142
South Africa	123 <span>↑</span> 1
Spain	23
Sri Lanka	97 <span>↑</span> 1
Sudan	169
Suriname	104
Swaziland	140 <span>↓</span> -2
Sweden	10
Switzerland	11
Syrian Arab Republic	119 <span>↓</span> -1
Tajikistan	127
Tanzania, United Republic of	152 <span>↑</span> 1
Thailand	103
Timor-Leste	147
Togo	162
Tonga	90
Trinidad and Tobago	62 <span>↑</span> 1
Tunisia	94 <span>↓</span> -1
Turkey	92 <span>↑</span> 3
Turkmenistan	102
Uganda	161
Ukraine	76 <span>↑</span> 3
United Arab Emirates	30
United Kingdom	28
United States	4
Uruguay	48
Uzbekistan	115
Vanuatu	125 <span>↓</span> -2
Venezuela, Bolivarian Republic of	73
Viet Nam	128
Yemen	154
Zambia	164 <span>↑</span> 1
Zimbabwe	173

The great development challenge of the 21st century is to safeguard the right of generations today and in the future to live healthy and fulfilling lives. The 2011 *Human Development Report* offers important new contributions to the global dialogue on this challenge, showing how sustainability is inextricably linked to equity—to questions of fairness and social justice and of greater access to a better quality of life.

Forecasts suggest that continuing failure to reduce the grave environmental risks and deepening inequalities threatens to slow decades of sustained progress by the world's poor majority—and even to reverse the global convergence in human development. Our remarkable progress in human development cannot continue without bold global steps to reduce both environmental risks and inequality. This Report identifies pathways for people, local communities, countries and the international community to promote environmental sustainability and equity in mutually reinforcing ways.

New analysis shows how power imbalances and gender inequalities at the national level are linked to reduced access to clean water and improved sanitation, land degradation and illness and death due to air pollution, amplifying the effects associated with income disparities. Gender inequalities also interact with environmental outcomes and make them worse. At the global level, governance arrangements often weaken the voices of developing countries and exclude marginalized groups.

But there are alternatives to inequality and unsustainability. Investments that improve equity—for example, in access to renewable energy, water and sanitation, and reproductive healthcare—could advance both sustainability and human development. Stronger accountability and democratic processes can also improve outcomes. Successful approaches rely on community management, broadly inclusive institutions and attention to disadvantaged groups. Beyond the Millennium Development Goals, the world needs a development framework that reflects equity and sustainability. This Report shows that approaches that integrate equity into policies and programmes and that empower people to bring about change in the legal and political arenas hold enormous promise.

The financing needed for development are many times greater than current official development assistance. Today's spending on low-carbon energy sources, for example, is less than 2 percent of even the lowest estimate of need. Financing flows need to be channeled towards the critical challenges of unsustainability and inequity. While market mechanisms and private funding will be vital, they must be supported and leveraged by proactive public investment. Closing the financing gap requires innovative thinking, which this Report provides.

The Report also advocates reforms to promote equity and voice. We have a collective responsibility towards the least privileged among us today and in the future around the world—to ensure that the present is not the enemy of the future. This Report can help us see the ways forward.

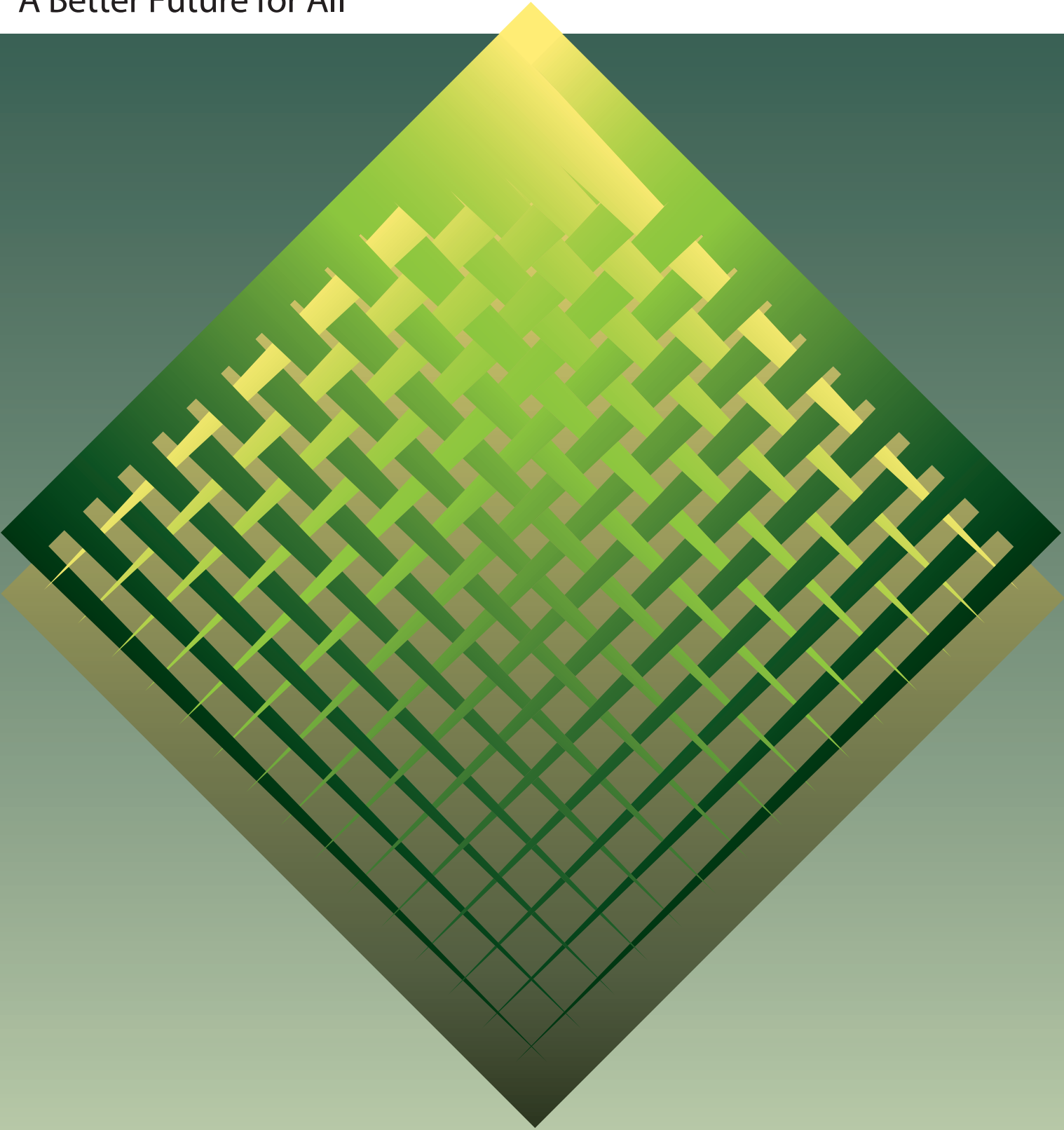


# Human Development Report 2011

## Sustainability and Equity: A Better Future for All

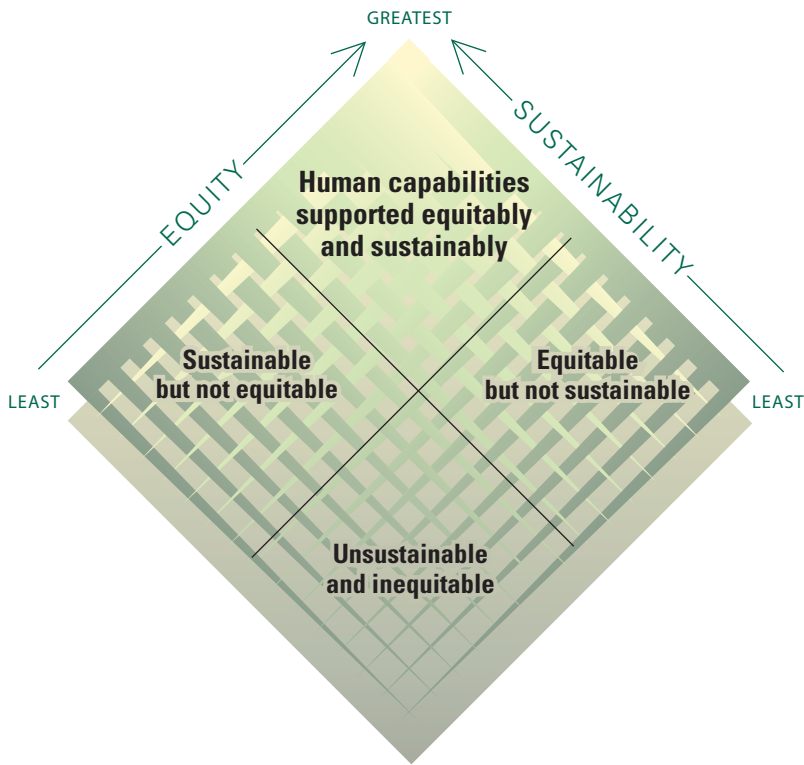


HDR 2011 Sustainability and Equity: A Better Future for All



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This Report explores the integral links between environmental sustainability and equity and shows that these are critical to expanding human freedoms for people today and in generations to come. The point of departure is that the remarkable progress in human development over recent decades that the *Human Development Report* has documented cannot continue without bold global steps to reduce environmental risks and inequality. We identify pathways for people, communities, countries and the international community to promote environmental sustainability and equity in mutually reinforcing ways.

The cover diagram symbolizes how different policies can have different implications for sustainability and equity. Whenever available, we should prefer solutions that are good for the environment while also promoting equity and human development. Pursuing sustainability and equity jointly does not require that they be mutually reinforcing. In many instances they will not be. Sometimes the most feasible alternative involves trade-offs between sustainability and equity and requires explicit and careful consideration. No trade-off is isolated from a society's structural and institutional conditions, and so we must address the underlying constraints and identify positive synergies between sustainability and equity. This Report is aimed not only at finding positive synergies but also at identifying ways to build them.

### Global, Regional and National Human Development reports

*Human Development Reports:* The annual global *Human Development Reports (HDRs)* have been published by UNDP since 1990 as intellectually independent and empirically grounded analyses of development issues, trends, progress and policies. Resources related to the 2011 Report and earlier *HDRs* are available free of charge at [hdr.undp.org](http://hdr.undp.org), including full texts and summaries in major UN languages, summaries of consultations and network discussions, the Human Development Research Paper Series and HDR news bulletins and other public information materials. Also available are statistical indicators, other data tools, interactive maps, country fact sheets and additional information associated with the *HDRs*.

*Regional Human Development Reports:* More than 40 editorially autonomous HDRs with a regional focus have been produced in the past two decades with support from UNDP's regional bureaus. With often provocative analyses and policy advocacy, these reports have examined such critical issues as civil liberties and the empowerment of women in the Arab States, corruption in Asia and the Pacific, treatment of the Roma and other minorities in Central Europe and the inequitable distribution of wealth in Latin America and the Caribbean.

*National Human Development Reports:* Since the release of the first National HDR in 1992, National HDRs have been produced in 140 countries by local editorial teams with UNDP support. These reports—more than 650 have been published to date—bring a human development perspective to national policy concerns through locally managed consultations and research. National HDRs often focus on issues of gender, ethnicity or rural-urban divides to help identify inequality, measure progress and detect early warning signs of potential conflict. Because these reports are grounded in national needs and perspectives, many have had substantial influence on national policies, including strategies for achieving the Millennium Development Goals and other human development priorities.

For more information on National and Regional HDRs, including related training and reference resources, see [hdr.undp.org/en/nhdr/](http://hdr.undp.org/en/nhdr/).

### Human Development Reports 1990–2010

1990	Concept and Measurement of Human Development
1991	Financing Human Development
1992	Global Dimensions of Human Development
1993	People's Participation
1994	New Dimensions of Human Security
1995	Gender and Human Development
1996	Economic Growth and Human Development
1997	Human Development to Eradicate Poverty
1998	Consumption for Human Development
1999	Globalization with a Human Face
2000	Human Rights and Human Development
2001	Making New Technologies Work for Human Development
2002	Deepening Democracy in a Fragmented World
2003	Millennium Development Goals: A Compact among Nations to End Human Poverty
2004	Cultural Liberty in Today's Diverse World
2005	International Cooperation at a Crossroads: Aid, Trade and Security in an Unequal World
2006	Beyond Scarcity: Power, Poverty and the Global Water Crisis
2007/2008	Fighting Climate Change: Human Solidarity in a Divided World
2009	Overcoming Barriers: Human Mobility and Development
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Summary  
**Human Development Report 2011**

**Sustainability and Equity:**  
A Better Future for All



Published for the  
United Nations  
Development  
Programme  
(UNDP)

# Foreword

In June 2012 world leaders will gather in Rio de Janeiro to seek a new consensus on global actions to safeguard the future of the planet and the right of future generations everywhere to live healthy and fulfilling lives. This is the great development challenge of the 21st century.

The 2011 *Human Development Report* offers important new contributions to the global dialogue on this challenge, showing how sustainability is inextricably linked to basic questions of equity—that is, of fairness and social justice and of greater access to a better quality of life. Sustainability is not exclusively or even primarily an environmental issue, as the Report so persuasively argues. It is fundamentally about how we choose to live our lives, with an awareness that everything we do has consequences for the 7 billion of us here today, as well as for the billions more who will follow, for centuries to come.

Understanding the links between environmental sustainability and equity is critical if we are to expand human freedoms for current and future generations. The remarkable progress in human development over recent decades, which the global *Human Development Reports* have documented, cannot continue without bold global steps to reduce both environmental risks and inequality. The Report identifies pathways for people, local communities, countries and the international community to promote environmental sustainability and equity in mutually reinforcing ways.

In the 176 countries and territories where the United Nations Development Programme is working every day, many disadvantaged people carry a double burden of deprivation. They are more vulnerable to the wider effects of environmental degradation, because of more severe stresses and fewer coping tools. They must also deal with threats to their immediate environment from indoor air pollution, dirty water and unimproved sanitation. Forecasts suggest that continuing failure to reduce the grave environmental risks and deepening social inequalities threatens to slow decades of sustained progress by the world's poor majority—and even to reverse the global convergence in human development.

Major disparities in power shape these patterns. New analysis shows how power imbalances and gender inequalities at the national level are linked to reduced access to clean water and improved sanitation, land degradation and deaths due to indoor and outdoor air pollution, amplifying the effects associated with income disparities. Gender inequalities also interact with environmental outcomes and make them worse. At the global level governance arrangements often weaken the voices of developing countries and exclude marginalized groups.

Yet there are alternatives to inequality and unsustainability. Growth driven by fossil fuel consumption is not a prerequisite for a better life in broader human development terms. Investments that improve equity—in access, for example, to renewable energy, water and sanitation, and reproductive healthcare—could advance both sustainability and human development. Stronger accountability and democratic processes, in part through support for an active civil society and media, can also improve outcomes. Successful approaches rely on community management, inclusive institutions that pay particular attention to disadvantaged groups, and cross-cutting approaches that coordinate budgets and mechanisms across government agencies and development partners.

Beyond the Millennium Development Goals, the world needs a post-2015 development framework that reflects equity and sustainability; Rio+20 stands out as a key opportunity to

reach a shared understanding of how to move forward. The Report shows that approaches that integrate equity into policies and programmes and that empower people to bring about change in the legal and political arenas hold enormous promise. Growing country experiences around the world have demonstrated the potential of these approaches to generate and capture positive synergies.

The financing needed for development—including for environmental and social protection—will have to be many times greater than current official development assistance. Today's spending on low-carbon energy sources, for example, is only 1.6 percent of even the lowest estimate of need, while spending on climate change adaptation and mitigation is around 11 percent of estimated need. Hope rests on new climate finance. While market mechanisms and private funding will be vital, they must be supported and leveraged by proactive public investment. Closing the financing gap requires innovative thinking, which the Report provides.

Beyond raising new sources of funds to address pressing environmental threats equitably, the Report advocates reforms that promote equity and voice. Financing flows need to be channelled towards the critical challenges of unsustainability and inequity—and not exacerbate existing disparities.

Providing opportunities and choices for all is the central goal of human development. We have a collective responsibility towards the least privileged among us today and in the future around the world—and a moral imperative to ensure that the present is not the enemy of the future. The Report can help us see the way forward.



Helen Clark  
Administrator  
United Nations Development Programme

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



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# Overview

This year's Report focuses on the challenge of sustainable and equitable progress. A joint lens shows how environmental degradation intensifies inequality through adverse impacts on already disadvantaged people and how inequalities in human development amplify environmental degradation.

Human development, which is about expanding people's choices, builds on shared natural resources. Promoting human development requires addressing sustainability—locally, nationally and globally—and this can and should be done in ways that are equitable and empowering.

We seek to ensure that poor people's aspirations for better lives are fully taken into account in moving towards greater environmental sustainability. And we point to pathways that enable people, communities, countries and the international community to promote sustainability and equity so that they are mutually reinforcing.

## Why sustainability and equity?

The human development approach has enduring relevance in making sense of our world and addressing challenges now and in the future. Last year's 20th anniversary *Human Development Report (HDR)* celebrated the concept of human development, emphasizing how equity, empowerment and sustainability expand people's choices. At the same time it highlighted inherent challenges, showing that these key aspects of human development do not always come together.

### The case for considering sustainability and equity together

This year we explore the intersections between environmental sustainability and equity, which are fundamentally similar in their

concern for distributive justice. We value sustainability because future generations should have at least the same possibilities as people today. Similarly, all inequitable processes are unjust: people's chances at better lives should not be constrained by factors outside their control. Inequalities are especially unjust when particular groups, whether because of gender, race or birthplace, are systematically disadvantaged.

More than a decade ago Sudhir Anand and Amartya Sen made the case for jointly considering sustainability and equity. "It would be a gross violation of the universalist principle," they argued, "if we were to be obsessed about *intergenerational* equity without at the same time seizing the problem of *intragenerational* equity" (emphasis in original). Similar themes emerged from the Brundtland Commission's 1987 report and a series of international declarations from Stockholm in 1972 through Johannesburg in 2002. Yet today many debates about sustainability neglect equality, treating it as a separate and unrelated concern. This perspective is incomplete and counterproductive.

### Some key definitions

Human development is the expansion of people's freedoms and capabilities to lead lives that they value and have reason to value. It is about expanding choices. Freedoms and capabilities are a more expansive notion than basic needs. Many ends are necessary for a "good life," ends that can be intrinsically as well as instrumentally valuable—we may value biodiversity, for example, or natural beauty, independently of its contribution to our living standards.

Disadvantaged people are a central focus of human development. This includes people in the future who will suffer the most severe consequences of the risks arising from our activities today. We are concerned not only with

**Sustainable human development is the expansion of the substantive freedoms of people today while making reasonable efforts to avoid seriously compromising those of future generations**

what happens on average or in the most probable scenario but also with what happens in the less likely but still possible scenarios, particularly when the events are catastrophic for poor and vulnerable people.

Debates over what environmental sustainability means often focus on whether human-made capital can substitute for natural resources—whether human ingenuity will relax natural resource constraints, as in the past. Whether this will be possible in the future is unknown and, coupled with the risk of catastrophe, favours the position of preserving basic natural assets and the associated flow of ecological services. This perspective also aligns with human rights-based approaches to development. *Sustainable human development is the expansion of the substantive freedoms of people today while making reasonable efforts to avoid seriously compromising those of future generations.* Reasoned public deliberation, vital to defining the risks a society is willing to accept, is crucial to this idea (figure 1).

The joint pursuit of environmental sustainability and equity does not require that the two always be mutually reinforcing. In many instances there will be trade-offs. Measures to improve the environment can have adverse effects on equity—for example, if they constrain economic growth in developing

countries. The Report illustrates the types of joint impacts that policies could have, while acknowledging that they do not hold universally and underlining that context is critical.

The framework encourages special attention to identifying positive synergies and to considering trade-offs. We investigate how societies can implement win-win-win solutions that favour sustainability, equity and human development.

## Patterns and trends, progress and prospects

Increasing evidence points to widespread environmental degradation around the world and potential future deterioration. Because the extent of future changes is uncertain, we explore a range of predictions and consider the insights for human development.

Our starting point, and a key theme of the 2010 *HDR*, is the enormous progress in human development over the past several decades—with three caveats:

- Income growth has been associated with deterioration in such key environmental indicators as carbon dioxide emissions, soil and water quality and forest cover.
- The distribution of income has worsened at the country level in much of the world, even with the narrowing of gaps in health and education achievement.
- While empowerment on average tends to accompany a rising Human Development Index (HDI), there is considerable variation around the relationship.

Simulations for the Report suggest that by 2050 the global HDI would be 8 percent lower than in the baseline in an “environmental challenge” scenario that captures the adverse effects of global warming on agricultural production, on access to clean water and improved sanitation and on pollution (and 12 percent lower in South Asia and Sub-Saharan Africa). Under an even more adverse “environmental disaster” scenario, which envisions vast deforestation and land degradation, dramatic declines in biodiversity and accelerated extreme weather events, the global HDI would be some 15 percent below the projected baseline.

FIGURE 1

### An illustration of policy synergies and trade-offs between equity and sustainability

This framework encourages special attention to identifying positive synergies between the two goals and to considering trade-offs.

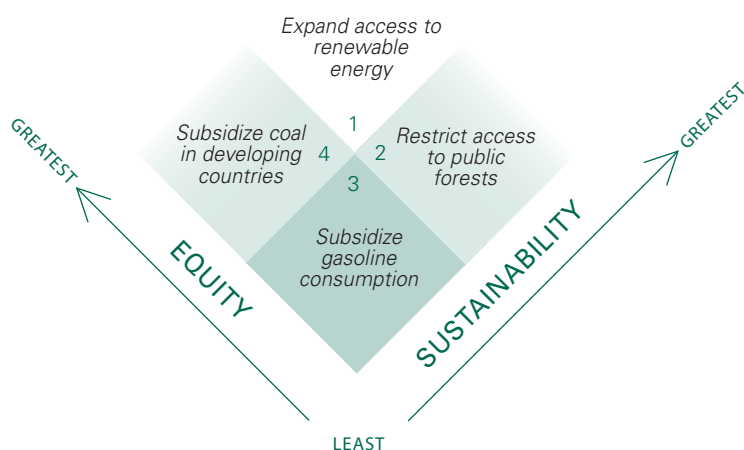




Figure 2 illustrates the scale of the losses and risks our grandchildren will face if we do nothing to halt or reverse current trends. The environmental disaster scenario leads to a turning point before 2050 in developing countries—their convergence with rich countries in HDI achievements begins to reverse.

These projections suggest that in many cases the most disadvantaged people bear and will continue to bear the repercussions of environmental deterioration, even if they contribute little to the problem. For example, low HDI countries have contributed the least to global climate change, but they have experienced the greatest loss in rainfall and the greatest increase in its variability (figure 3), with implications for agricultural production and livelihoods.

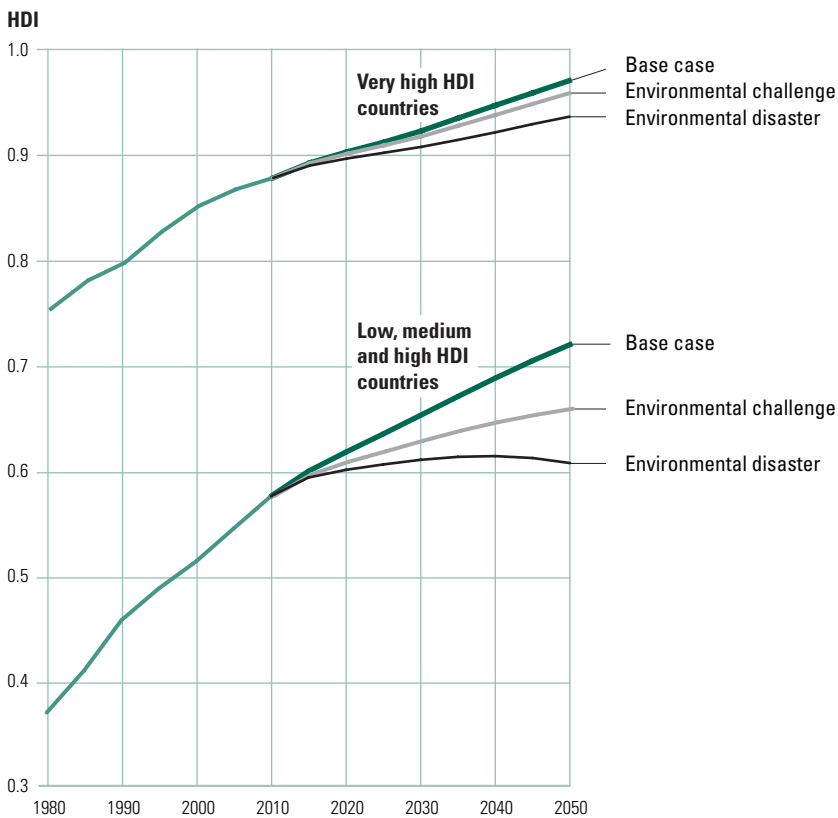
Emissions per capita are much greater in very high HDI countries than in low, medium and high HDI countries combined because of more energy-intensive activities—driving cars, cooling and heating homes and businesses, consuming processed and packaged food. The average person in a very high HDI country accounts for more than four times the carbon dioxide emissions and about twice the methane and nitrous oxide emissions of a person in a low, medium or high HDI country—and about 30 times the carbon dioxide emissions of a person in a low HDI country. The average UK citizen accounts for as much greenhouse gas emissions in two months as a person in a low HDI country generates in a year. And the average Qatari—living in the country with the highest per capita emissions—does so in only 10 days, although that value reflects consumption as well as production that is consumed elsewhere.

While three-quarters of the growth in emissions since 1970 comes from low, medium and high HDI countries, overall levels of greenhouse gases remain much greater in very high HDI countries. And this stands without accounting for the relocation of carbon-intensive production to poorer countries, whose output is largely exported to rich countries.

Around the world rising HDI has been associated with environmental

FIGURE 2

## Scenarios projecting impacts of environmental risks on human development through 2050



Note: See text for explanation of scenarios.

Source: HDRO calculations based on data from the HDRO database and B. Hughes, M. Irfan, J. Moyer, D. Rothman, and J. Solórzano, 2011, "Forecasting the Impacts of Environmental Constraints on Human Development," Human Development Research Paper, United Nations Development Programme, New York, who draw on forecasts from International Futures, Version 6.42.

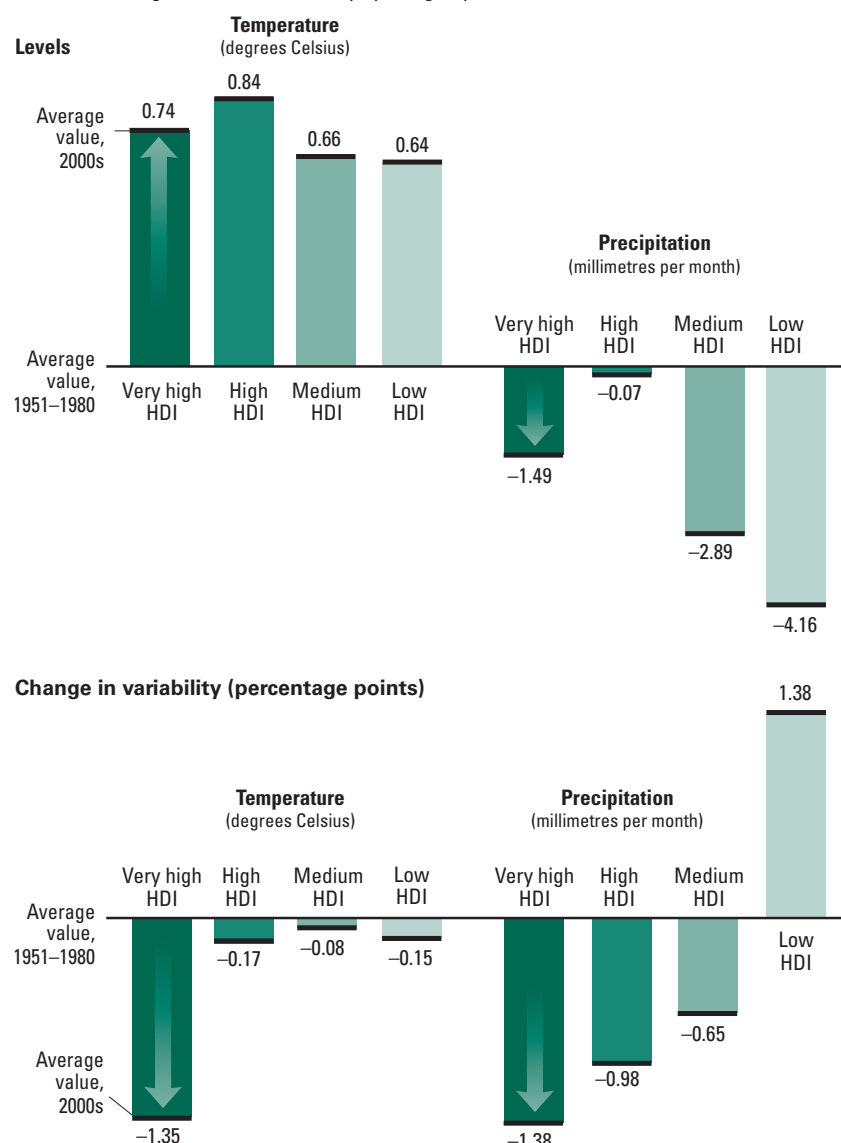
degradation—though the damage can be traced largely to economic growth. Contrast the first and third panels of figure 4. The first shows that countries with higher incomes generally have higher carbon dioxide emissions per capita. But the third shows no association between emissions and the health and education components of the HDI. This result is intuitive: activities that emit carbon dioxide into the atmosphere are those linked to the production of goods, not to the provision of health and education. These results also show the nonlinear nature of the relationship between carbon dioxide emissions per capita and HDI components: little or no relationship at low HDI, but as the HDI rises a "tipping point" is reached, beyond which appears a strong positive correlation between carbon dioxide emissions and income.

Countries with faster improvements in the HDI have also experienced faster increases in

FIGURE 3

## Rising temperatures and reduced rainfall

Levels and changes in climate variability by HDI group



Note: Change in variability is the difference in the coefficients of variation between 1951–1980 and the 2000s, weighted by average population for 1951–1980.

Source: HDRO calculations based on data from the University of Delaware.

carbon dioxide emissions per capita. These changes over time—rather than the snapshot relationship—highlight what to expect tomorrow as a result of development today. Again, income changes drive the trend.

But these relationships do not hold for all environmental indicators. Our analysis finds only a weak positive correlation between the HDI and deforestation, for example. Why do carbon dioxide emissions differ from other environmental threats? We suggest that where the link between the environment and

quality of life is direct, as with pollution, environmental achievements are often greater in developed countries; where the links are more diffuse, performance is much weaker. Looking at the relationship between environmental risks and the HDI, we observe three general findings:

- Household environmental deprivations—indoor air pollution, inadequate access to clean water and improved sanitation—are more severe at low HDI levels and decline as the HDI rises.
- Environmental risks with community effects—such as urban air pollution—seem to rise and then fall with development; some suggest that an inverted U-shaped curve describes the relationship.
- Environmental risks with global effects—namely greenhouse gas emissions—typically rise with the HDI.

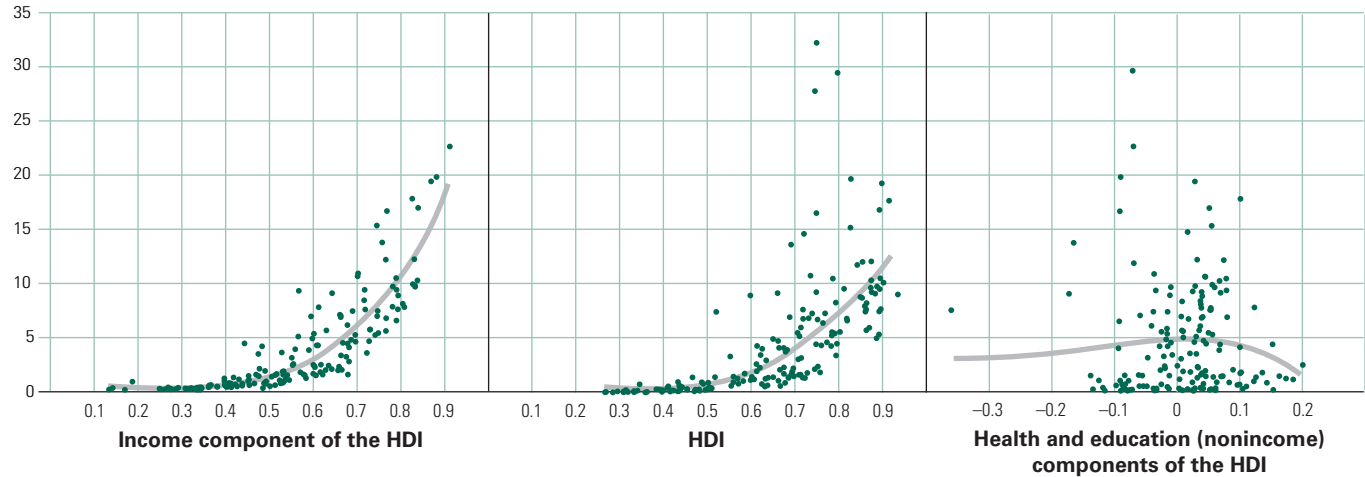
The HDI itself is not the true driver of these transitions. Incomes and economic growth have an important explanatory role for emissions—but the relationship is not deterministic either. And complex interactions of broader forces change the risk patterns. For example, international trade allows countries to outsource the production of goods that degrade the environment; large-scale commercial use of natural resources has different impacts than subsistence exploitation; and urban and rural environmental profiles differ. And as we will see, policies and the political context matter greatly.

It follows that the patterns are not inevitable. Several countries have achieved significant progress both in the HDI and in equity and environmental sustainability. In line with our focus on positive synergies, we propose a multi-dimensional strategy to identify countries that have done better than regional peers in promoting equity, raising the HDI, reducing household indoor air pollution and increasing access to clean water and that are top regional and global performers in environmental sustainability (table 1). Environmental sustainability is judged on greenhouse gas emissions, water use and deforestation. The results are illustrative rather than indicative because of patchy data and other comparability issues.

FIGURE 4

### The association with carbon dioxide emissions per capita is positive and strong for income, positive for the HDI and nonexistent for health and education

Carbon dioxide emissions per capita (tonnes)



Note: Data are for 2007.

Source: HDRO calculations, based on data from the HDRO database.

Just one country, Costa Rica, outperforms its regional median on all the criteria, while the three other top performers display unevenness across dimensions. Sweden is notable for its high reforestation rate compared with regional and global averages.

Our list shows that across regions, development stages and structural characteristics countries can enact policies conducive to environmental sustainability, equity and the key facets of human development captured in the HDI. We review the types of policies and programmes associated with success while underlining the importance of local conditions and context.

More generally, however, environmental trends over recent decades show deterioration on several fronts, with adverse repercussions for human development, especially for

the millions of people who depend directly on natural resources for their livelihoods.

- Globally, nearly 40 percent of land is degraded due to soil erosion, reduced fertility and overgrazing. Land productivity is declining, with estimated yield loss as high as 50 percent in the most adverse scenarios.
- Agriculture accounts for 70–85 percent of water use, and an estimated 20 percent of global grain production uses water unsustainably, imperilling future agricultural growth.
- Deforestation is a major challenge. Between 1990 and 2010 Latin America and the Caribbean and Sub-Saharan Africa experienced the greatest forest losses, followed by the Arab States (figure 5). The other regions have seen minor gains in forest cover.

TABLE 1

### Good performers on the environment, equity and human development, most recent year available

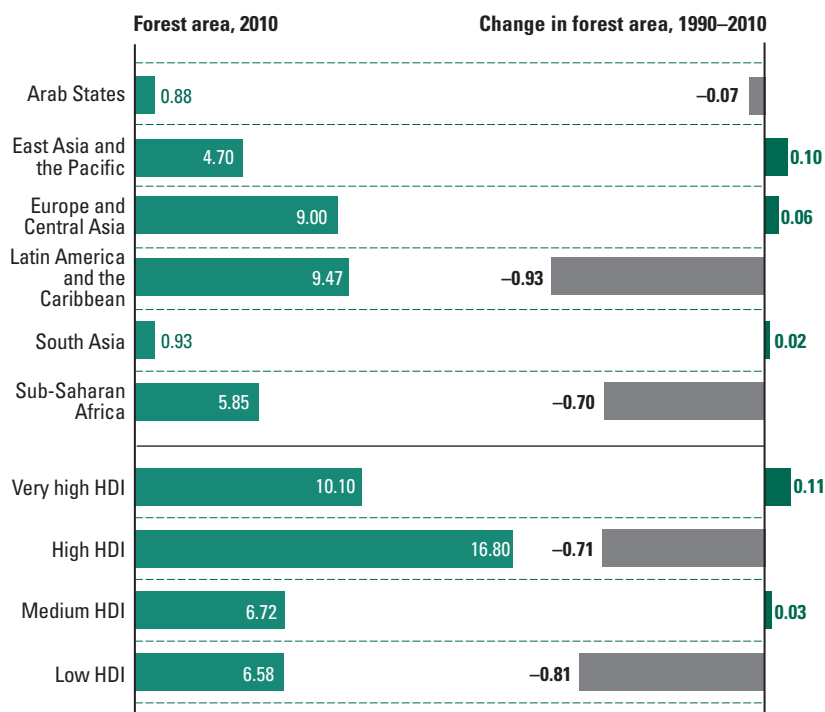
Country	Global threats			Local impacts		Equity and human development	
	Greenhouse gas emissions	Deforestation	Water use	Water access	Air pollution	HDI (percent of regional median)	Overall loss (percent of regional median)
Costa Rica	✓	✓	✓	✓	✓	104	77
Germany		✓	✓	✓	✓	103	91
Philippines	✓	✓		✓	✓	103	89
Sweden		✓	✓	✓	✓	102	70

Note: These countries all pass the criteria of absolute thresholds for global threats as defined in note 80, perform better than the median of their respective regional peers both in the human development and inequality dimensions and perform better than the regional median for local impacts.

FIGURE 5

### Some regions deforest, others reforest and afforest

Forest cover shares and rates of change by region, 1990–2010 (millions of square kilometres)



Source: HDRO calculations based on data from World Bank, 2011, *World Development Indicators*, Washington, DC: World Bank.

- Desertification threatens the drylands that are home to about a third of the world's people. Some areas are particularly vulnerable—notably Sub-Saharan Africa, where the drylands are highly sensitive and adaptive capacity is low.

Adverse environmental factors are expected to boost world food prices 30–50 percent in real terms in the coming decades and to increase price volatility, with harsh repercussions for poor households. The largest risks are faced by the 1.3 billion people involved in agriculture, fishing, forestry, hunting and gathering. The burden of environmental degradation and climate change is likely to be disequalizing across groups—for several reasons:

- Many rural poor people depend overwhelmingly on natural resources for their income. Even people who do not normally engage in such activities may do so as a coping strategy during hardship.
- How environmental degradation will affect people depends on whether they are net producers or net consumers of natural resources, whether they produce for

subsistence or for the market and how readily they can shift between these activities and diversify their livelihoods with other occupations.

- Today, around 350 million people, many of them poor, live in or near forests on which they rely for subsistence and incomes. Both deforestation and restrictions on access to natural resources can hurt the poor. Evidence from a range of countries suggests that women typically rely on forests more than men do because women tend to have fewer occupational options, be less mobile and bear most of the responsibility for collecting fuelwood.
- Around 45 million people—at least 6 million of them women—fish for a living and are threatened by overfishing and climate change. The vulnerability is twofold: the countries most at risk also rely the most on fish for dietary protein, livelihoods and exports. Climate change is expected to lead to major declines in fish stocks in the Pacific Islands, while benefits are predicted at some northern latitudes, including around Alaska, Greenland, Norway and the Russian Federation.

To the extent that women in poor countries are disproportionately involved in subsistence farming and water collection, they face greater adverse consequences of environmental degradation. Many indigenous peoples also rely heavily on natural resources and live in ecosystems especially vulnerable to the effects of climate change, such as small island developing states, arctic regions and high altitudes. Evidence suggests that traditional practices can protect natural resources, yet such knowledge is often overlooked or downplayed.

The effects of climate change on farmers' livelihoods depend on the crop, region and season, underlining the importance of in-depth, local analysis. Impacts will also differ depending on household production and consumption patterns, access to resources, poverty levels and ability to cope. Taken together, however, the net biophysical impacts of climate change on irrigated and rainfed crops by 2050 will likely be negative—and worst in low HDI countries.

## Understanding the links

Drawing on the important intersections between the environment and equity at the global level, we explore the links at the community and household levels. We also highlight countries and groups that have broken the pattern, emphasizing transformations in gender roles and in empowerment.

A key theme: the most disadvantaged people carry a double burden of deprivation. More vulnerable to the wider effects of environmental degradation, they must also cope with threats to their immediate environment posed by indoor air pollution, dirty water and unimproved sanitation. Our Multidimensional Poverty Index (MPI), introduced in the 2010 *HDR* and estimated this year for 109 countries, provides a closer look at these deprivations to see where they are most acute.

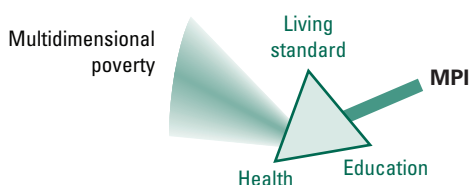
The MPI measures serious deficits in health, education and living standards, looking at both the number of deprived people and the intensity of their deprivations (figure 6). This year we explore the pervasiveness of environmental deprivations among the multidimensionally poor and their overlaps at the household level, an innovation in the MPI.

The poverty-focused lens allows us to examine environmental deprivations in access to modern cooking fuel, clean water and basic sanitation. These absolute deprivations, important in themselves, are major violations of human rights. Ending these deprivations could increase higher order capabilities, expanding people's choices and advancing human development.

In developing countries at least 6 people in 10 experience one of these environmental deprivations, and 4 in 10 experience two or more. These deprivations are especially acute among multidimensionally poor people, more than 9 in 10 of whom experience at least one. Most suffer overlapping deprivations: 8 in 10 multidimensionally poor people have two or more, and nearly 1 in 3 (29 percent) is deprived in all three. These environmental deprivations disproportionately contribute to multidimensional poverty, accounting for 20 percent of the MPI—above their 17 percent

FIGURE 6

### Multidimensional Poverty Index— a focus on the most deprived



weight in the index. Across most developing countries deprivations are highest in access to cooking fuel, though lack of water is paramount in several Arab States.

To better understand environmental deprivations, we analysed the patterns for given poverty levels. Countries were ordered by the share of multidimensionally poor people facing one environmental deprivation and the share facing all three. The analysis shows that the shares of the population with environmental deprivations rise with the MPI, but with much variation around the trend. Table 2 identifies the 10 countries with the least environmental deprivation among their multidimensionally poor, controlling for their MPI (left column). Countries with the lowest share of poor people facing at least one deprivation are mainly in the Arab States and Latin American and the Caribbean (7 of the top 10).

Of the countries with the fewest multidimensionally poor people with all three

TABLE 2

### Ten countries with the lowest share of environmental deprivations among the multidimensionally poor, most recent year available for 2000–2010

Lowest share of multidimensionally poor with at least one deprivation	Lowest share of multidimensionally poor with all three deprivations
<b>Brazil</b>	Bangladesh
<b>Guyana</b>	<b>Pakistan</b>
<b>Djibouti</b>	Gambia
Yemen	Nepal
Iraq	India
<b>Morocco</b>	Bhutan
<b>Pakistan</b>	<b>Djibouti</b>
Senegal	<b>Brazil</b>
Colombia	<b>Morocco</b>
Angola	<b>Guyana</b>

Note: Countries in bold are on both lists.

Source: HDRO staff estimates based on disaggregated MPI data.



**Environmental degradation stunts people's capabilities in many ways, going beyond incomes and livelihoods to include impacts on health, education and other dimensions of well-being**

environmental deprivations, better performers are concentrated in South Asia—5 of the top 10 (see table 2, right column). Several South Asian countries have reduced some environmental deprivations, notably access to potable water, even as other deprivations have remained severe. And five countries are in both top 10 lists—not only is their environmental poverty relatively low, it is also less intense.

Performance on these indicators does not necessarily identify environmental risks and degradation more broadly, for example, in terms of exposure to floods. At the same time the poor, more subject to direct environmental threats, are also more exposed to environmental degradation writ large.

We investigate this pattern further by looking at the relationship between the MPI and stresses posed by climate change. For 130 nationally defined administrative regions in 15 countries, we compare area-specific MPIs with changes in precipitation and temperature. Overall, the poorest regions and locales in these countries seem to have gotten hotter but not much wetter or drier—change that is consistent with evidence exploring the effects of climate change on income poverty.

## Environmental threats to selected aspects of human development

Environmental degradation stunts people's capabilities in many ways, going beyond incomes and livelihoods to include impacts on health, education and other dimensions of well-being.

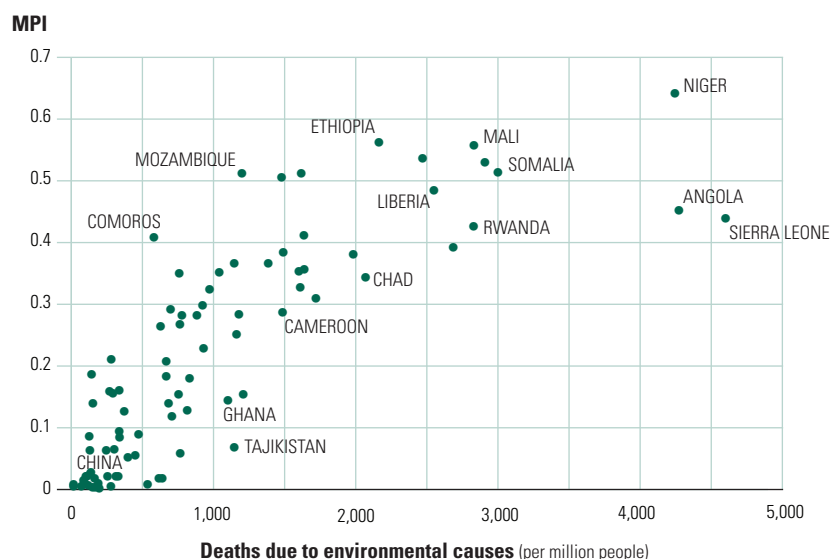
### Bad environments and health—overlapping deprivations

The disease burden arising from indoor and outdoor air pollution, dirty water and unimproved sanitation is greatest for people in poor countries, especially for deprived groups. Indoor air pollution kills 11 times more people living in low HDI countries than people elsewhere. Disadvantaged groups in low, medium and high HDI countries face greater risk from outdoor air pollution because of both higher exposure and greater vulnerability. In low HDI countries more than 6 people in 10 lack ready access to improved water, while nearly 4 in 10 lack sanitary toilets, contributing to both disease and malnourishment. Climate change threatens to worsen these disparities through the spread of tropical diseases such as malaria and dengue fever and through declining crop yields.

The World Health Organization's Global Burden of Disease database provides some striking findings on the repercussions of environmental factors, including that unclean water and inadequate sanitation and hygiene are among the 10 leading causes of disease worldwide. Each year environment-related diseases, including acute respiratory infections and diarrhoea, kill at least 3 million children under age 5—more than the entire under-five populations of Austria, Belgium, the Netherlands, Portugal and Switzerland combined.

Environmental degradation and climate change affect physical and social environments, knowledge, assets and behaviours. Dimensions of disadvantage can interact, compounding adverse impacts—for example, the intensity of health risks is highest where water and sanitation are inadequate, deprivations that often coincide. Of the 10 countries with the highest rates of death from environmental disasters, 6 are also in the top 10 in the MPI, including Niger, Mali and Angola (figure 7).

**FIGURE 7**  
**Deaths attributable to environmental risks are associated with high MPI levels**



Note: Excludes very high HDI countries. Survey years vary by country; see statistical table 5 for details.

Source: A. Prüss-Ustün, R. Bos, F. Gore, and J. Bartram, 2008, *Safer Water, Better Health: Costs, Benefits and Sustainability of Interventions to Protect and Promote Health*, Geneva: World Health Organization.

### **Impeding education advances for disadvantaged children, especially girls**

Despite near universal primary school enrolment in many parts of the world, gaps remain. Nearly 3 in 10 children of primary school age in low HDI countries are not even enrolled in primary school, and multiple constraints, some environmental, persist even for enrolled children. Lack of electricity, for example, has both direct and indirect effects. Electricity access can enable better lighting, allowing increased study time, as well as the use of modern stoves, reducing time spent collecting fuelwood and water, activities shown to slow education progress and lower school enrolment. Girls are more often adversely affected because they are more likely to combine resource collection and schooling. Access to clean water and improved sanitation is also especially important for girls' education, affording them health gains, time savings and privacy.

### **Other repercussions**

Household environmental deprivations can coincide with wider environmental stresses, constricting people's choices in a wide range of contexts and making it harder to earn a living from natural resources: people have to work more to achieve the same returns or may even have to migrate to escape environmental degradation.

Resource-dependent livelihoods are time consuming, especially where households face a lack of modern cooking fuel and clean water. And time-use surveys offer a window into the associated gender-based inequalities. Women typically spend many more hours than men do fetching wood and water, and girls often spend more time than boys do. Women's heavy involvement in these activities has also been shown to prevent them from engaging in higher return activities.

As argued in the 2009 *HDR*, mobility—allowing people to choose where they live—is important for expanding people's freedoms and achieving better outcomes. But legal constraints make migration risky. Estimating how many people move to escape environmental stresses is difficult because other factors are in

play, notably poverty. Nevertheless, some estimates are very high.

Environmental stress has also been linked to an increased likelihood of conflict. The link is not direct, however, and is influenced by the broader political economy and contextual factors that make individuals, communities and society vulnerable to the effects of environmental degradation.

### **Disqualifying effects of extreme weather events**

Alongside pernicious chronic threats, environmental degradation can amplify the likelihood of acute threats, with disqualifying impacts. Our analysis suggests that a 10 percent increase in the number of people affected by an extreme weather event reduces a country's HDI almost 2 percent, with larger effects on incomes and in medium HDI countries.

And the burden is not borne equally: the risk of injury and death from floods, high winds and landslides is higher among children, women and the elderly, especially for the poor. The striking gender inequality of natural disasters suggests that inequalities in exposure—as well as in access to resources, capabilities and opportunities—systematically disadvantage some women by making them more vulnerable.

Children disproportionately suffer from weather shocks because the lasting effects of malnourishment and missing school limit their prospects. Evidence from many developing countries shows how transitory income shocks can cause households to pull children out of school. More generally, several factors condition households' exposure to adverse shocks and their capacity to cope, including the type of shock, socioeconomic status, social capital and informal support, and the equity and effectiveness of relief and reconstruction efforts.

### **Empowerment—reproductive choice and political imbalances**

Transformations in gender roles and empowerment have enabled some countries and groups to improve environmental sustainability and equity, advancing human development.

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A 10 percent increase in the number of people affected by an extreme weather event reduces a country's HDI almost 2 percent, with larger effects on incomes and in medium HDI countries

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Meeting unmet need for family planning by 2050 would lower the world's carbon emissions an estimated 17 percent below what they are today

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### Gender inequality

Our Gender Inequality Index (GII), updated this year for 145 countries, shows how reproductive health constraints contribute to gender inequality. This is important because in countries where effective control of reproduction is universal, women have fewer children, with attendant gains for maternal and child health and reduced greenhouse gas emissions. For instance, in Cuba, Mauritius, Thailand and Tunisia, where reproductive healthcare and contraceptives are readily available, fertility rates are below two births per woman. But substantial unmet need persists worldwide, and evidence suggests that if all women could exercise reproductive choice, population growth would slow enough to bring greenhouse gas emissions below current levels. Meeting unmet need for family planning by 2050 would lower the world's carbon emissions an estimated 17 percent below what they are today.

The GII also focuses on women's participation in political decision-making, highlighting that women lag behind men across the world, especially in Sub-Saharan Africa, South Asia and the Arab States. This has important implications for sustainability and equity. Because women often shoulder the heaviest burden of resource collection and are the most exposed to indoor air pollution, they are often more affected than men by decisions related to natural resources. Recent studies reveal that not only is women's participation important but also how they participate—and how much. And because women often show more concern for the environment, support proenvironmental policies and vote for proenvironmental leaders, their greater involvement in politics and in nongovernmental organizations could result in environmental gains, with multiplier effects across all the Millennium Development Goals.

These arguments are not new, but they reaffirm the value of expanding women's effective freedoms. Thus, women's participation in decision-making has both intrinsic value and instrumental importance in addressing equity and environmental degradation.

### Power disparities

As argued in the 2010 *HDR*, empowerment has many aspects, including formal, procedural democracy at the national level and participatory processes at the local level. Political empowerment at the national and subnational levels has been shown to improve environmental sustainability. And while context is important, studies show that democracies are typically more accountable to voters and more likely to support civil liberties. A key challenge everywhere, however, is that even in democratic systems, the people most adversely affected by environmental degradation are often the worst off and least empowered, so policy priorities do not reflect their interests and needs.

Evidence is accumulating that power inequalities, mediated through political institutions, affect environmental outcomes in a range of countries and contexts. This means that poor people and other disadvantaged groups disproportionately suffer the effects of environmental degradation. New analysis for the Report covering some 100 countries confirms that greater equity in power distribution, broadly defined, is positively associated with better environmental outcomes, including better access to water, less land degradation and fewer deaths due to indoor and outdoor air pollution and dirty water—suggesting an important scope for positive synergies.

### Positive synergies—winning strategies for the environment, equity and human development

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In facing the challenges elaborated here, a range of governments, civil society, private sector actors and development partners have created approaches that integrate environmental sustainability and equity and promote human development—win-win-win strategies. Effective solutions must be context-specific. But it is important, nonetheless, to consider local and national experiences that show potential and to recognize principles that apply across contexts. At the local level we stress the need for inclusive institutions; and at the national level, the scope for the

scaling up of successful innovations and policy reform.

The policy agenda is vast. The Report cannot do it full justice—but the value added is in identifying win-win-win strategies that demonstrate success in addressing our social, economic and environmental challenges by managing, or even bypassing, trade-offs through approaches that are good not only for the environment but also for equity and human development more broadly. To inspire debate and action, we offer concrete examples showing how the strategy of overcoming potential trade-offs and identifying positive synergies has worked in practice. Here, we present the example of modern energy.

### Access to modern energy

Energy is central to human development, yet some 1.5 billion people worldwide—more than one in five—lack electricity. Among the multidimensionally poor the deprivations are much greater—one in three lacks access.

Is there a trade-off between expanding energy provision and carbon emissions? Not necessarily. We argue that this relationship is wrongly characterized. There are many promising prospects for expanding access without a heavy environmental toll:

- Off-grid decentralized options are technically feasible for delivering energy services to poor households and can be financed and delivered with minimal impact on the climate.
- Providing basic modern energy services for all would increase carbon dioxide emissions by only an estimated 0.8 percent—taking into account broad policy commitments already announced.

Global energy supply reached a tipping point in 2010, with renewables accounting for 25 percent of global power capacity and delivering more than 18 percent of global electricity. The challenge is to expand access at a scale and speed that will improve the lives of poor women and men now and in the future.

### Averting environmental degradation

A broader menu of measures to avert environmental degradation ranges from expanding

reproductive choice to promoting community forest management and adaptive disaster responses.

Reproductive rights, including access to reproductive health services, are a precondition for women's empowerment and could avert environmental degradation. Major improvements are feasible. Many examples attest to the opportunities for using the existing health infrastructure to deliver reproductive health services at little additional cost and to the importance of community involvement. Consider Bangladesh, where the fertility rate plunged from 6.6 births per woman in 1975 to 2.4 in 2009. The government used outreach and subsidies to make contraceptives more easily available and influenced social norms through discussions with opinion leaders of both sexes, including religious leaders, teachers and nongovernmental organizations.

Community forest management could redress local environmental degradation and mitigate carbon emissions, but experience shows that it also risks excluding and disadvantaging already marginalized groups. To avoid these risks, we underline the importance of broad participation in designing and implementing forest management, especially for women, and of ensuring that poor groups and those who rely on forest resources are not made worse-off.

Promising avenues are also emerging to reduce the adverse impacts of disasters through equitable and adaptive disaster responses and innovative social protection schemes. Disaster responses include community-based risk-mapping and more progressive distribution of reconstructed assets. Experience has spurred a shift to decentralized models of risk reduction. Such efforts can empower local communities, particularly women, by emphasizing participation in design and decision-making. Communities can rebuild in ways that redress existing inequalities.

### Rethinking our development model—levers for change

The large disparities across people, groups and countries that add to the large and growing environmental threats pose massive policy

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There are many promising prospects for expanding energy provision without a heavy environmental toll

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Traditional methods of assessing environmental policies are often silent on distribution issues. While the importance of equity and inclusion is already explicit in the objectives of green economy policies, we propose taking the agenda further

challenges. But there is cause for optimism. In many respects the conditions today are more conducive to progress than ever—given innovative policies and initiatives in some parts of the world. Taking the debate further entails bold thinking, especially on the eve of the UN Conference on Sustainable Development (Rio+20) and the dawn of the post-2015 era. The Report advances a new vision for promoting human development through the joint lens of sustainability and equity. At the local and national levels we stress the need to bring equity to the forefront of policy and programme design and to exploit the potential multiplier effects of greater empowerment in legal and political arenas. At the global level we highlight the need to devote more resources to pressing environmental threats and to boost the equity and representation of disadvantaged countries and groups in accessing finance.

#### **Integrating equity concerns into green economy policies**

A key theme of the Report is the need to fully integrate equity concerns into policies that affect the environment. Traditional methods of assessing environmental policies fall short. They might expose the impacts on the path of future emissions, for example, but they are often silent on distributive issues. Even when the effects on different groups are considered, attention is typically restricted to people's incomes. The importance of equity and inclusion is already explicit in the objectives of green economy policies. We propose taking the agenda further.

Several key principles could bring broader equity concerns into policy-making through stakeholder involvement in analysis that considers:

- Nonincome dimensions of well-being, through such tools as the MPI.
- Indirect and direct effects of policy.
- Compensation mechanisms for adversely affected people.
- Risk of extreme weather events that, however unlikely, could prove catastrophic.

Early analysis of the distributional and environmental consequences of policies is critical.

#### **A clean and safe environment— a right, not a privilege**

Embedding environmental rights in national constitutions and legislation can be effective, not least by empowering citizens to protect such rights. At least 120 countries have constitutions that address environmental norms. And many countries without explicit environmental rights interpret general constitutional provisions for individual rights to include a fundamental right to a healthy environment.

Constitutionally recognizing equal rights to a healthy environment promotes equity by no longer limiting access to those who can afford it. And embodying this right in the legal framework can affect government priorities and resource allocations.

Alongside legal recognition of equal rights to a healthy, well functioning environment is the need for enabling institutions, including a fair and independent judiciary, and the right to information from governments and corporations. The international community, too, increasingly recognizes a right to environmental information.

#### **Participation and accountability**

Process freedoms are central to human development and, as discussed in last year's *HDR*, have both intrinsic and instrumental value. Major disparities in power translate into large disparities in environmental outcomes. But the converse is that greater empowerment can bring about positive environmental outcomes equitably. Democracy is important, but beyond that, national institutions need to be accountable and inclusive—especially with respect to affected groups, including women—to enable civil society and foster popular access to information.

A prerequisite for participation is open, transparent and inclusive deliberative processes—but in practice, barriers to effective participation persist. Despite positive change, further efforts are needed to strengthen the possibilities for some traditionally excluded groups, such as indigenous peoples, to play a more active role. And increasing evidence points to the importance of enabling women's involvement, both in itself and because it has been linked to more sustainable outcomes.



Where governments are responsive to popular concerns, change is more likely. An environment in which civil society thrives also engenders accountability at the local, national and global levels, while freedom of press is vital in raising awareness and facilitating public participation.

### **Financing investments: where do we stand?**

Sustainability debates raise major questions of costs and financing, including who should finance what—and how. Equity principles argue for large transfers of resources to poor countries, both to achieve more equitable access to water and energy and to pay for adapting to climate change and mitigating its effects.

Four important messages emerge from our financing analysis:

- Investment needs are large, but they do not exceed current spending on other sectors such as the military. The estimated annual investment to achieve universal access to modern sources of energy is less than an eighth of annual subsidies for fossil fuels.
- Public sector commitments are important (the generosity of some donors stands out), and the private sector is a major—and critical—source of finance. Public efforts can catalyse private investment, emphasizing the importance of increasing public funds and supporting a positive investment climate and local capacity.
- Data constraints make it hard to monitor private and domestic public sector spending on environmental sustainability. Available information allows only official development assistance flows to be examined.
- Funding architecture is complex and fragmented, reducing its effectiveness and making spending hard to monitor. There is much to learn from earlier commitments to aid effectiveness made in Paris and Accra.

Although the evidence on needs, commitments and disbursements is patchy and the magnitudes uncertain, the picture is clear. The gaps between official development assistance spending and the investments needed to address climate change, low-carbon energy, and water and sanitation are huge—even

larger than the gap between commitments and investment needs (figure 8). Spending on low-carbon energy sources is only 1.6 percent of the lower bound estimate of needs, while spending on climate change adaptation and mitigation is around 11 percent of the lower bound of estimated need. For water and sanitation the amounts are much smaller, and official development assistance commitments are closer to the estimated costs.

### **Closing the funding gap: currency transaction tax—from great idea to practical policy**

The funding gap in resources available to address the deprivations and challenges documented in the Report could be substantially narrowed by taking advantage of new opportunities. The prime candidate is a currency transaction tax. Argued for by the 1994 *HDR*, the idea is increasingly being accepted as a practical policy option. The recent financial crisis has revived interest in the proposal, underscoring its relevance and timeliness.

Today's foreign exchange settlement infrastructure is more organized, centralized and standardized, so the feasibility of implementing the tax is something new to highlight. It has high-level endorsement, including from the Leading Group on Innovative Financing, with some 63 countries, among them China, France, Germany, Japan and the United Kingdom. And the UN High-Level Advisory Group on Climate Change Financing recently proposed that 25–50 percent of the proceeds from such a tax be directed to climate change adaptation and mitigation in developing countries.

Our updated analysis shows that at a very minimal rate (0.005 percent) and without any additional administrative costs, the currency transaction tax could yield additional annual revenues of about \$40 billion. Not many other options at the required scale could satisfy the new and additional funding needs that have been stressed in international debates.

A broader financial transaction tax also promises large revenue potential. Most G-20 countries have already implemented a financial transaction tax, and the International Monetary Fund (IMF) has confirmed the

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**At a minimal rate and without additional administrative costs, a currency transaction tax could yield annual revenues of \$40 billion. Not many other options could satisfy the new and additional funding needs stressed in international debates**

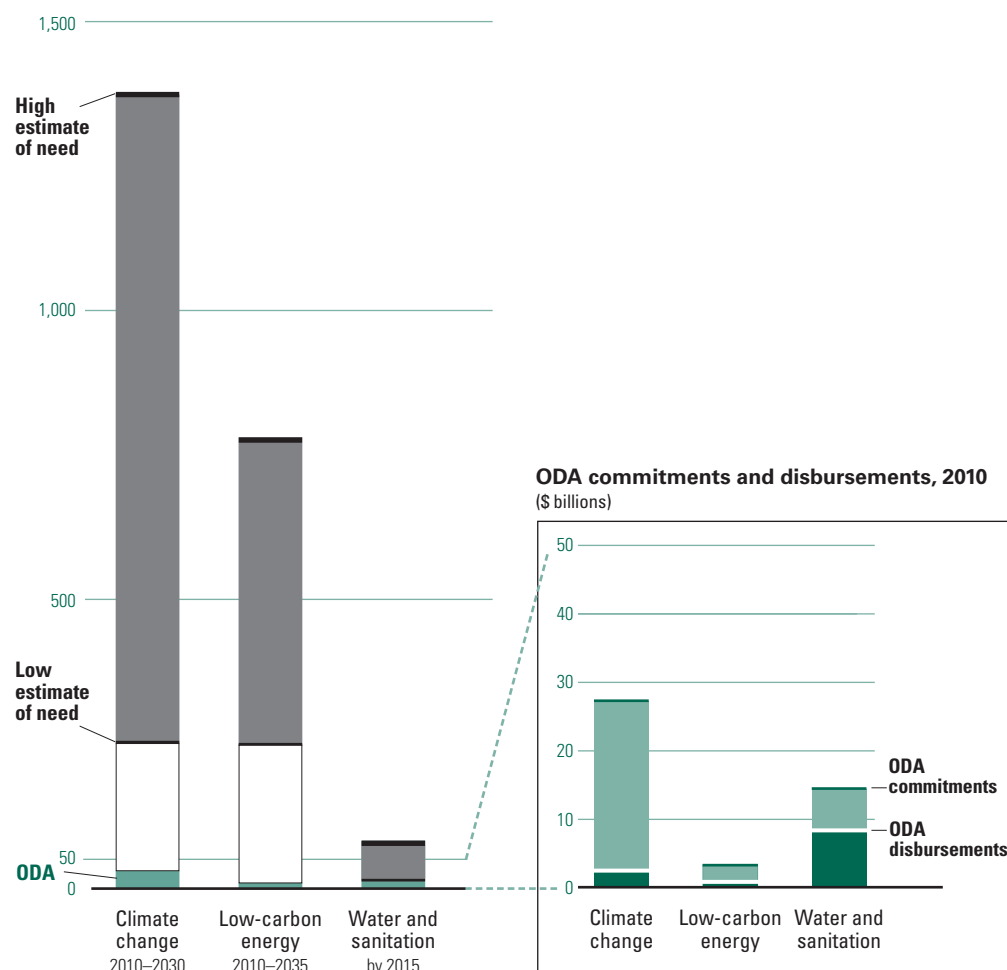
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FIGURE 8

## Official development assistance falls far short of needs

Estimated future needs and existing official development assistance (ODA)

Annual expenditures (\$ billions)



Source: International Energy Agency, 2010, *World Energy Outlook*, Paris; Organisation for Economic Co-operation and Development; UN Water, 2010, *Global Annual Assessment of Sanitation and Drinking-Water: Targeting Resources for Better Results*, Geneva; World Health Organization; United Nations Department of Economic and Social Affairs, 2010, *Promoting Development, Saving the Planet*, New York; United Nations; and OECD Development Database on Aid Activities: CRS online.

administrative feasibility of a broader tax. One version of the tax, a levy of 0.05 percent on domestic and international financial transactions, could raise an estimated \$600–\$700 billion.

Monetizing part of the IMF's surplus Special Drawing Rights has also attracted interest. This could raise up to \$75 billion at little or no budgetary cost to contributing governments. The SDRs have the added appeal of acting as a monetary rebalancing instrument; demand is expected to come from emerging market economies looking to diversify their reserves.

### Reforms for greater equity and voice

Bridging the gap that separates policy-makers, negotiators and decision-makers from the citizens most vulnerable to environmental degradation requires closing the accountability gap in global environmental governance. Accountability alone cannot meet the challenge, but it is fundamental for building a socially and environmentally effective global governance system that delivers for people.

We call for measures to improve equity and voice in access to financial flows directed at supporting efforts to combat environmental degradation.

Private resources are critical, but because most of the financial flows into the energy sector, for example, come from private hands, the greater risks and lower returns of some regions in the eyes of private investors affect the patterns of flows. Without reform, access to financing will remain unevenly distributed across countries and, indeed, exacerbate existing inequalities. This underlines the importance of ensuring that flows of public investments are equitable and help create conditions to attract future private flows.

The implications are clear—principles of equity are needed to guide and encourage international financial flows. Support for institution building is needed so that developing countries can establish appropriate policies and incentives. The associated governance mechanisms for international public financing must allow for voice and social accountability.

Any truly transformational effort to scale up attempts to slow or halt climate change will require blending domestic and international, private and public, and grant and loan resources. To facilitate both equitable access and efficient use of international financial flows, the Report advocates empowering national stakeholders to blend climate finance at the country level. National climate funds can facilitate the operational blending and monitoring of domestic and international, private and public, and grant and loan resources. This is essential to ensure domestic accountability and positive distributional effects.

The Report proposes an emphasis on four country-level sets of tools to take this agenda forward:

- *Low-emission, climate-resilient strategies*—to align human development, equity and climate change goals.
- *Public-private partnerships*—to catalyse capital from businesses and households.
- *Climate deal-flow facilities*—to bring about equitable access to international public finance.
- *Coordinated implementation and monitoring, reporting and verification systems*—to bring about long-term, efficient results and accountability to local populations as well as partners.

Finally, we call for a high-profile, global Universal Energy Access Initiative with advocacy and awareness and dedicated support to developing clean energy at the country level. Such an initiative could kickstart efforts to shift from incremental to transformative change.

\* \* \*

The Report casts light on the links between sustainability and equity and shows how human development can become more sustainable and more equitable. It reveals how environmental degradation hurts poor and vulnerable groups more than others. We propose a policy agenda that will redress these imbalances, framing a strategy for tackling current environmental problems in a way that promotes equity and human development. And we show practical ways to promote jointly these complementary goals, expanding people's choices while protecting our environment.

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**Any truly transformational effort to scale up attempts to slow or halt climate change will require blending domestic and international, private and public, and grant and loan resources**

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## 2011 HDI rank and change in rank from 2005 to 2011

Afghanistan	172			Georgia	75			Occupied Palestinian Territory	114		
Albania	70	↑	1	Germany	9			Oman	89		
Algeria	96			Ghana	135	↑	1	Pakistan	145		
Andorra	32			Greece	29			Palau	49		
Angola	148			Grenada	67			Panama	58	↑	1
Antigua and Barbuda	60	↑	1	Guatemala	131			Papua New Guinea	153	↓	−1
Argentina	45	↑	1	Guinea	178			Paraguay	107		
Armenia	86			Guinea-Bissau	176			Peru	80	↑	1
Australia	2			Guyana	117	↑	2	Philippines	112	↑	1
Austria	19			Haiti	158	↑	1	Poland	39		
Azerbaijan	91			Honduras	121	↓	−1	Portugal	41	↓	−1
Bahamas	53			Hong Kong, China (SAR)	13	↑	1	Qatar	37		
Bahrain	42			Hungary	38			Romania	50		
Bangladesh	146			Iceland	14	↓	−1	Russian Federation	66		
Barbados	47			India	134			Rwanda	166		
Belarus	65			Indonesia	124	↑	1	Saint Kitts and Nevis	72		
Belgium	18			Iran, Islamic Republic of	88	↓	−1	Saint Lucia	82		
Belize	93	↓	−1	Iraq	132			Saint Vincent and the Grenadines	85	↓	−1
Benin	167			Ireland	7			Samoa	99		
Bhutan	141	↓	−1	Israel	17			São Tomé and Príncipe	144	↓	−1
Bolivia, Plurinational State of	108			Italy	24			Saudi Arabia	56	↑	2
Bosnia and Herzegovina	74			Jamaica	79	↓	−1	Senegal	155		
Botswana	118	↓	−1	Japan	12			Serbia	59	↑	1
Brazil	84	↑	1	Jordan	95	↓	−1	Seychelles	52		
Brunei Darussalam	33			Kazakhstan	68	↑	1	Sierra Leone	180		
Bulgaria	55	↑	1	Kenya	143	↑	1	Singapore	26		
Burkina Faso	181			Kiribati	122			Slovakia	35		
Burundi	185			Korea, Republic of	15			Slovenia	21		
Cambodia	139	↑	2	Kuwait	63	↓	−1	Solomon Islands	142		
Cameroon	150	↑	1	Kyrgyzstan	126			South Africa	123	↑	1
Canada	6			Lao People's Democratic Republic	138	↑	1	Spain	23		
Cape Verde	133			Latvia	43			Sri Lanka	97	↑	1
Central African Republic	179			Lebanon	71	↓	−1	Sudan	169		
Chad	183	↓	−1	Lesotho	160			Suriname	104		
Chile	44			Liberia	182	↑	1	Swaziland	140	↓	−2
China	101			Libya	64	↓	−10	Sweden	10		
Colombia	87	↑	1	Liechtenstein	8			Switzerland	11		
Comoros	163			Lithuania	40	↑	1	Syrian Arab Republic	119	↓	−1
Congo	137			Luxembourg	25			Tajikistan	127		
Congo, Democratic Republic of the	187			Madagascar	151	↓	−2	Tanzania, United Republic of	152	↑	1
Costa Rica	69	↓	−1	Malawi	171			Thailand	103		
Côte d'Ivoire	170			Malaysia	61	↑	3	Timor-Leste	147		
Croatia	46	↓	−1	Maldives	109			Togo	162		
Cuba	51			Mali	175			Tonga	90		
Cyprus	31			Malta	36			Trinidad and Tobago	62	↑	1
Czech Republic	27			Mauritania	159	↓	−1	Tunisia	94	↓	−1
Denmark	16			Mauritius	77			Turkey	92	↑	3
Djibouti	165	↓	−1	Mexico	57			Turkmenistan	102		
Dominica	81	↓	−1	Micronesia, Federated States of	116			Uganda	161		
Dominican Republic	98	↑	2	Moldova, Republic of	111			Ukraine	76	↑	3
Ecuador	83			Mongolia	110			United Arab Emirates	30		
Egypt	113	↓	−1	Montenegro	54	↑	1	United Kingdom	28		
El Salvador	105			Morocco	130			United States	4		
Equatorial Guinea	136	↓	−1	Mozambique	184			Uruguay	48		
Eritrea	177			Myanmar	149	↑	1	Uzbekistan	115		
Estonia	34			Namibia	120	↑	1	Vanuatu	125	↓	−2
Ethiopia	174			Nepal	157	↓	−1	Venezuela, Bolivarian Republic of	73		
Fiji	100	↓	−3	Netherlands	3			Viet Nam	128		
Finland	22			New Zealand	5			Yemen	154		
Former Yugoslav Republic of Macedonia	78	↓	−2	Nicaragua	129			Zambia	164	↑	1
France	20			Niger	186			Zimbabwe	173		
Gabon	106			Nigeria	156	↑	1				
Gambia	168			Norway	1						

### NOTE

Arrows indicate upward or downward movement in the country's ranking over 2005–2011 using consistent data and methodology; a blank indicates no change.

## Human development indices

Human Development Index (HDI) 2019							
HDI rank	Country	Human Development Index (HDI)	Inequality-adjusted HDI		Gender Inequality Index		Multidimensional Poverty Index
		Value	Value	Rank	Value	Rank	
VERY HIGH HUMAN DEVELOPMENT							
1	Norway	0.943	0.890	1	0.075	6	..
2	Australia	0.929	0.856	2	0.136	18	..
3	Netherlands	0.910	0.846	4	0.052	2	..
4	United States	0.910	0.771	23	0.299	47	..
5	New Zealand	0.908	..	..	0.195	32	..
6	Canada	0.908	0.829	12	0.140	20	..
7	Ireland	0.908	0.843	6	0.203	33	..
8	Liechtenstein	0.905	..	..	..	..	..
9	Germany	0.905	0.842	7	0.085	7	..
10	Sweden	0.904	0.851	3	0.049	1	..
11	Switzerland	0.903	0.840	9	0.067	4	..
12	Japan	0.901	..	..	0.123	14	..
13	Hong Kong, China (SAR)	0.898	..	..	..	..	..
14	Iceland	0.898	0.845	5	0.099	9	..
15	Korea, Republic of	0.897	0.749	28	0.111	11	..
16	Denmark	0.895	0.842	8	0.060	3	..
17	Israel	0.888	0.779	21	0.145	22	..
18	Belgium	0.886	0.819	15	0.114	12	..
19	Austria	0.885	0.820	14	0.131	16	..
20	France	0.884	0.804	16	0.106	10	..
21	Slovenia	0.884	0.837	10	0.175	28	0.000
22	Finland	0.882	0.833	11	0.075	5	..
23	Spain	0.878	0.799	17	0.117	13	..
24	Italy	0.874	0.779	22	0.124	15	..
25	Luxembourg	0.867	0.799	18	0.169	26	..
26	Singapore	0.866	..	..	0.086	8	..
27	Czech Republic	0.865	0.821	13	0.136	17	0.010
28	United Kingdom	0.863	0.791	19	0.209	34	..
29	Greece	0.861	0.756	26	0.162	24	..
30	United Arab Emirates	0.846	..	..	0.234	38	0.002
31	Cyprus	0.840	0.755	27	0.141	21	..
32	Andorra	0.838	..	..	..	..	..
33	Brunei Darussalam	0.838	..	..	..	..	..
34	Estonia	0.835	0.769	24	0.194	30	0.026
35	Slovakia	0.834	0.787	20	0.194	31	0.000
36	Malta	0.832	..	..	0.272	42	..
37	Qatar	0.831	..	..	0.549	111	..
38	Hungary	0.816	0.759	25	0.237	39	0.016
39	Poland	0.813	0.734	29	0.164	25	..
40	Lithuania	0.810	0.730	30	0.192	29	..
41	Portugal	0.809	0.726	31	0.140	19	..
42	Bahrain	0.806	..	..	0.288	44	..
43	Latvia	0.805	0.717	33	0.216	36	0.006
44	Chile	0.805	0.652	44	0.374	68	..
45	Argentina	0.797	0.641	47	0.372	67	0.011
46	Croatia	0.796	0.675	38	0.170	27	0.016
47	Barbados	0.793	..	..	0.364	65	..
HIGH HUMAN DEVELOPMENT							
48	Uruguay	0.783	0.654	43	0.352	62	0.006
49	Palau	0.782	..	..	..	..	..
50	Romania	0.781	0.683	36	0.333	55	..
51	Cuba	0.776	..	..	0.337	58	..
52	Seychelles	0.773	..	..	..	..	..
53	Bahamas	0.771	0.658	41	0.332	54	..
54	Montenegro	0.771	0.718	32	..	..	0.006
55	Bulgaria	0.771	0.683	37	0.245	40	..
56	Saudi Arabia	0.770	..	..	0.646	135	..
57	Mexico	0.770	0.589	56	0.448	79	0.015
58	Panama	0.768	0.579	57	0.492	95	..



# Human development indices

Human Development Index (HDI)							
HDI rank		Human Development Index (HDI)	Inequality-adjusted HDI		Gender Inequality Index		Multidimensional Poverty Index
		Value	Value	Rank	Value	Rank	
59	Serbia	0.766	0.694	34	..	..	0.003
60	Antigua and Barbuda	0.764	..	..	..	..	..
61	Malaysia	0.761	..	..	0.286	43	..
62	Trinidad and Tobago	0.760	0.644	46	0.331	53	0.020
63	Kuwait	0.760	..	..	0.229	37	..
64	Libya	0.760	..	..	0.314	51	..
65	Belarus	0.756	0.693	35	..	..	0.000
66	Russian Federation	0.755	0.670	39	0.338	59	0.005
67	Grenada	0.748	..	..	..	..	..
68	Kazakhstan	0.745	0.656	42	0.334	56	0.002
69	Costa Rica	0.744	0.591	55	0.361	64	..
70	Albania	0.739	0.637	49	0.271	41	0.005
71	Lebanon	0.739	0.570	59	0.440	76	..
72	Saint Kitts and Nevis	0.735	..	..	..	..	..
73	Venezuela, Bolivarian Republic of	0.735	0.540	67	0.447	78	..
74	Bosnia and Herzegovina	0.733	0.649	45	..	..	0.003
75	Georgia	0.733	0.630	51	0.418	73	0.003
76	Ukraine	0.729	0.662	40	0.335	57	0.008
77	Mauritius	0.728	0.631	50	0.353	63	..
78	Former Yugoslav Republic of Macedonia	0.728	0.609	54	0.151	23	0.008
79	Jamaica	0.727	0.610	53	0.450	81	..
80	Peru	0.725	0.557	63	0.415	72	0.086
81	Dominica	0.724	..	..	..	..	..
82	Saint Lucia	0.723	..	..	..	..	..
83	Ecuador	0.720	0.535	69	0.469	85	0.009
84	Brazil	0.718	0.519	73	0.449	80	0.011
85	Saint Vincent and the Grenadines	0.717	..	..	..	..	..
86	Armenia	0.716	0.639	48	0.343	60	0.004
87	Colombia	0.710	0.479	86	0.482	91	0.022
88	Iran, Islamic Republic of	0.707	..	..	0.485	92	..
89	Oman	0.705	..	..	0.309	49	..
90	Tonga	0.704	..	..	..	..	..
91	Azerbaijan	0.700	0.620	52	0.314	50	0.021
92	Turkey	0.699	0.542	66	0.443	77	0.028
93	Belize	0.699	..	..	0.493	97	0.024
94	Tunisia	0.698	0.523	72	0.293	45	0.010
MEDIUM HUMAN DEVELOPMENT							
95	Jordan	0.698	0.565	61	0.456	83	0.008
96	Algeria	0.698	..	..	0.412	71	..
97	Sri Lanka	0.691	0.579	58	0.419	74	0.021
98	Dominican Republic	0.689	0.510	77	0.480	90	0.018
99	Samoa	0.688	..	..	..	..	..
100	Fiji	0.688	..	..	..	..	..
101	China	0.687	0.534	70	0.209	35	0.056
102	Turkmenistan	0.686	..	..	..	..	..
103	Thailand	0.682	0.537	68	0.382	69	0.006
104	Suriname	0.680	0.518	74	..	..	0.039
105	El Salvador	0.674	0.495	83	0.487	93	..
106	Gabon	0.674	0.543	65	0.509	103	0.161
107	Paraguay	0.665	0.505	78	0.476	87	0.064
108	Bolivia, Plurinational State of	0.663	0.437	87	0.476	88	0.089
109	Maldives	0.661	0.495	82	0.320	52	0.018
110	Mongolia	0.653	0.563	62	0.410	70	0.065
111	Moldova, Republic of	0.649	0.569	60	0.298	46	0.007
112	Philippines	0.644	0.516	75	0.427	75	0.064
113	Egypt	0.644	0.489	85	..	..	0.024
114	Occupied Palestinian Territory	0.641	..	..	..	..	0.005
115	Uzbekistan	0.641	0.544	64	..	..	0.008
116	Micronesia, Federated States of	0.636	0.390	94	..	..	..
117	Guyana	0.633	0.492	84	0.511	106	0.053
118	Botswana	0.633	..	..	0.507	102	..
119	Syrian Arab Republic	0.632	0.503	80	0.474	86	0.021
120	Namibia	0.625	0.353	99	0.466	84	0.187

Human Development Index (HDI) and Gender Inequality Index (GII)							
HDI rank	Country	Human Development Index (HDI)	Inequality-adjusted HDI		Gender Inequality Index		Multidimensional Poverty Index
		Value	Value	Rank	Value	Rank	
121	Honduras	0.625	0.427	89	0.511	105	0.159
122	Kiribati	0.624	..	..	..	..	..
123	South Africa	0.619	..	..	0.490	94	0.057
124	Indonesia	0.617	0.504	79	0.505	100	0.095
125	Vanuatu	0.617	..	..	..	..	0.129
126	Kyrgyzstan	0.615	0.526	71	0.370	66	0.019
127	Tajikistan	0.607	0.500	81	0.347	61	0.068
128	Viet Nam	0.593	0.510	76	0.305	48	0.084
129	Nicaragua	0.589	0.427	88	0.506	101	0.128
130	Morocco	0.582	0.409	90	0.510	104	0.048
131	Guatemala	0.574	0.393	92	0.542	109	0.127
132	Iraq	0.573	..	..	0.579	117	0.059
133	Cape Verde	0.568	..	..	..	..	..
134	India	0.547	0.392	93	0.617	129	0.283
135	Ghana	0.541	0.367	96	0.598	122	0.144
136	Equatorial Guinea	0.537	..	..	..	..	..
137	Congo	0.533	0.367	97	0.628	132	0.208
138	Lao People's Democratic Republic	0.524	0.405	91	0.513	107	0.267
139	Cambodia	0.523	0.380	95	0.500	99	0.251
140	Swaziland	0.522	0.338	103	0.546	110	0.184
141	Bhutan	0.522	..	..	0.495	98	0.119
LOW HUMAN DEVELOPMENT							
142	Solomon Islands	0.510	..	..	..	..	..
143	Kenya	0.509	0.338	102	0.627	130	0.229
144	São Tomé and Príncipe	0.509	0.348	100	..	..	0.154
145	Pakistan	0.504	0.346	101	0.573	115	0.264
146	Bangladesh	0.500	0.363	98	0.550	112	0.292
147	Timor-Leste	0.495	0.332	105	..	..	0.360
148	Angola	0.486	..	..	..	..	0.452
149	Myanmar	0.483	..	..	0.492	96	0.154
150	Cameroon	0.482	0.321	107	0.639	134	0.287
151	Madagascar	0.480	0.332	104	..	..	0.357
152	Tanzania, United Republic of	0.466	0.332	106	0.590	119	0.367
153	Papua New Guinea	0.466	..	..	0.674	140	..
154	Yemen	0.462	0.312	108	0.769	146	0.283
155	Senegal	0.459	0.304	109	0.566	114	0.384
156	Nigeria	0.459	0.278	116	..	..	0.310
157	Nepal	0.458	0.301	111	0.558	113	0.350
158	Haiti	0.454	0.271	121	0.599	123	0.299
159	Mauritania	0.453	0.298	112	0.605	126	0.352
160	Lesotho	0.450	0.288	115	0.532	108	0.156
161	Uganda	0.446	0.296	113	0.577	116	0.367
162	Togo	0.435	0.289	114	0.602	124	0.284
163	Comoros	0.433	..	..	..	..	0.408
164	Zambia	0.430	0.303	110	0.627	131	0.328
165	Djibouti	0.430	0.275	118	..	..	0.139
166	Rwanda	0.429	0.276	117	0.453	82	0.426
167	Benin	0.427	0.274	119	0.634	133	0.412
168	Gambia	0.420	..	..	0.610	127	0.324
169	Sudan	0.408	..	..	0.611	128	..
170	Côte d'Ivoire	0.400	0.246	124	0.655	136	0.353
171	Malawi	0.400	0.272	120	0.594	120	0.381
172	Afghanistan	0.398	..	..	0.707	141	..
173	Zimbabwe	0.376	0.268	122	0.583	118	0.180
174	Ethiopia	0.363	0.247	123	..	..	0.562
175	Mali	0.359	..	..	0.712	143	0.558
176	Guinea-Bissau	0.353	0.207	129	..	..	..
177	Eritrea	0.349	..	..	..	..	..
178	Guinea	0.344	0.211	128	..	..	0.506
179	Central African Republic	0.343	0.204	130	0.669	138	0.512
180	Sierra Leone	0.336	0.196	131	0.662	137	0.439
181	Burkina Faso	0.331	0.215	126	0.596	121	0.536
182	Liberia	0.329	0.213	127	0.671	139	0.485

## Human development indices

Human Development Index (HDI) 2019							
		Human Development Index (HDI)	Inequality-adjusted HDI		Gender Inequality Index		Multidimensional Poverty Index
HDI rank		Value	Value	Rank	Value	Rank	
183	Chad	0.328	0.196	132	0.735	145	0.344
184	Mozambique	0.322	0.229	125	0.602	125	0.512
185	Burundi	0.316	..	..	0.478	89	0.530
186	Niger	0.295	0.195	133	0.724	144	0.642
187	Congo, Democratic Republic of the	0.286	0.172	134	0.710	142	0.393
OTHER COUNTRIES OR TERRITORIES							
	Korea, Democratic People's Rep. of	..	..	..	..	..	..
	Marshall Islands	..	..	..	..	..	..
	Monaco	..	..	..	..	..	..
	Nauru	..	..	..	..	..	..
	San Marino	..	..	..	..	..	..
	Somalia	..	..	..	..	..	0.514
	Tuvalu	..	..	..	..	..	..
Human Development Index groups							
	Very high human development	0.889	0.787	—	0.224	—	—
	High human development	0.741	0.590	—	0.409	—	—
	Medium human development	0.630	0.480	—	0.475	—	—
	Low human development	0.456	0.304	—	0.606	—	—
Regions							
	Arab States	0.641	0.472	—	0.563	—	—
	East Asia and the Pacific	0.671	0.528	—	..	—	—
	Europe and Central Asia	0.751	0.655	—	0.311	—	—
	Latin America and the Caribbean	0.731	0.540	—	0.445	—	—
	South Asia	0.548	0.393	—	0.601	—	—
	Sub-Saharan Africa	0.463	0.303	—	0.610	—	—
Least developed countries		0.439	0.296	—	0.594	—	—
Small island developing states		0.640	0.458	—	..	—	—
World		0.682	0.525	—	0.492	—	—

### NOTE

The indices use data from different years—see the *Statistical annex* of the full Report (available at <http://hdr.undp.org>) for details and for complete notes and sources on the data. Country classifications are based on HDI quartiles: a country is in the very high group if its HDI is in the top quartile, in

the high group if its HDI is in percentiles 51–75, in the medium group if its HDI is in percentiles 26–50 and in the low group if its HDI is in the bottom quartile. Previous Reports used absolute rather than relative thresholds.