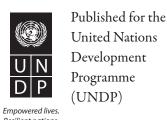
Overview

Human Development Report 2019

Beyond income, beyond averages, beyond today:

Inequalities in human development in the 21st century



144371_EN_text.indd 1 11/19/19 4:38 PM

Human Development Report 2019 Team

Director and lead author

Pedro Conceição

Research and statistics

Jacob Assa, Cecilia Calderon, George Ronald Gray, Nergis Gulasan, Yu-Chieh Hsu, Milorad Kovacevic, Christina Lengfelder, Brian Lutz, Tanni Mukhopadhyay, Shivani Nayyar, Thangavel Palanivel, Carolina Rivera and Heriberto Tapia

Production, communications, operations

Botagoz Abdreyeva, Oscar Bernal, Andrea Davis, Rezarta Godo, Jon Hall, Seockhwan Bryce Hwang, Admir Jahic, Fe Juarez Shanahan, Sarantuya Mend, Anna Ortubia, Yumna Rathore, Dharshani Seneviratne, Elodie Turchi and Nu Nu Win

External contributors

Chapter 3 (by the World Inequality Lab): Lucas Chancel, Denis Cogneau, Amory Gethin, Alix Myczkowski and Thomas Piketty

Boxes and spotlights: Elizabeth Anderson, Michelle Bachelet, Bas van Bavel, David Coady, James Foster, Nora Lustig and Ben Philips

14/4371_EN_text.indd 2 11/19/19 4:38 PM

Foreword

The wave of demonstrations sweeping across countries is a clear sign that, for all our progress, something in our globalized society is not working.

Different triggers are bringing people onto the streets: the cost of a train ticket, the price of petrol, political demands for independence.

A connecting thread, though, is deep and rising frustration with inequalities.

Understanding how to address today's disquiet requires looking "Beyond Income, Beyond Averages and Beyond Today," as this Human Development Report sets out to do.

Too often, inequality is framed around economics, fed and measured by the notion that making money is the most important thing in life.

But societies are creaking under the strain of this assumption, and while people may protest to keep pennies in their pockets, power is the protagonist of this story: the power of the few; the powerlessness of many; and collective power of the people to demand change.

Going beyond income will require tackling entrenched interests—the social and political norms embedded deep within a nation's or a group's history and culture.

Looking beyond today, the 2019 Human Development Report articulates the rise of a new generation of inequalities.

Just as the gap in basic living standards is narrowing, with an unprecedented number of people in the world escaping poverty, hunger and disease, the abilities people will need to compete in the immediate future have evolved.

A new gap has opened, such as in tertiary education and access to broadband—opportunities once considered luxuries that are now considered critical to compete and belong, particularly in a knowledge economy, where an increasing number of young people are educated, connected and stuck with no ladder of choices to move up.

At the same time, climate change, gender inequality and violent conflict continue to drive and entrench basic and new inequalities alike. As the Human Development Report sets out, failure to address these systemic challenges will

further entrench inequalities and consolidate the power and political dominance of the few.

What we are seeing today is the crest of a wave of inequality. What happens next comes down to choice. Just as inequality begins at birth, defines the freedom and opportunities of children, adults and elders, and permeates those of the next generation, so, too, policies to prevent inequalities can follow the lifecycle.

From pre-labour market investments in the health and nutrition of young children to in- and post-labour market investments around access to capital, minimum wages and social services, politicians and policymakers have a battery of choices that, if correctly combined for the context of each country or group, will translate into a lifelong investment in equality and sustainability.

Making those choices starts with a commitment to tackling the complexity of human development—to pushing the boundaries to help countries and communities realize the Sustainable Development Goals.

This is the mission at the heart of the United Nations Development Programme, working together with the 170 countries and territories we serve.

Some 40 years ago the founding father of human development, Professor Amartya Sen, asked a deceptively simple question: equality of what? He answered with equal simplicity: of the things we care about to build the future we aspire to.

Professor Sen's words help us to take a fresh look; to go beyond growth and markets to understand why people take to the streets in protest, and what leaders can do about it.

I would like to thank all those who have taken this journey of exploration with us over the past 12 months, and I encourage you to read on.

Achim Steiner

Administrator

United Nations Development Programme

Foreword | iii

Acknowledgements

Producing a Human Development Report is truly a collective endeavour. It reflects the formal and informal contributions of many people and institutions. What ultimately is included in these pages cannot fully capture the richness of ideas, interactions, partnerships and collaborations associated with the effort. These acknowledgements are an imperfect attempt at recognizing those who generously gave their time and energy to help produce the 2019 Human Development Report—with apologies for the many that contributed and that we have failed to include here. As authors, we hope that the content lives up to the outstanding contributions that were received and that the Report adds to what the UN General Assembly has recognized as "an independent intellectual exercise" that has become "an important tool for raising awareness about human development around the world."

Our first word of thanks goes to the members of our Advisory Board, energetically led by Thomas Piketty and Tharman Shanmugaratnam in their Co-Chair roles. The other members of the Advisory Board were Olu Ajakaiye, Kaushik Basu, Haroon Bhorat, Francisco Ferreira, Janet C. Gornick, David Grusky, Ravi Kanbur, Enrico Letta, Chunling Li, Nora Lustig, Laura Chinchilla Miranda, Njuguna Ndung'u and Frances Stewart.

Complementing the advice from our Advisory Board, the Report's Statistical Advisory Panel provided guidance on several methodological and data aspects of the Report, in particular related to the calculation of the Report's human development indices. We are grateful to all the panel members: Oliver Chinganya, Albina A. Chuwa, Ludgarde Coppens, Marc Fleurbaey, Marie Haldorson, Friedrich Huebler, Dean Mitchell Jolliffe, Yemi Kale, Steven Kapsos, Robert Kirkpatrick, Jaya Krishnakumar, Mohd Uzir Mahidin, Max Roser and Pedro Luis do Nascimento Silva.

Many others provided generous suggestions without any formal advisory role, including Sabina Alkire, Sudhir Anand, Amar Battacharya, Sarah Cliffe, Miles Corak, Angus Deaton, Shanta Devarajan, Vitor Gaspar,

Carol Graham, Kenneth Harttgen, Homi Kharas, Michèle Lamont, Santiago Levy, Ako Muto, Ambar Nayaran, Alex Reid, Carolina Sánchez-Páramo, Paul Segal, Amartya Sen, Juan Somavia, Yukio Takasu, Senoe Torgerson and Michael Woolcock.

Appreciation is also extended for the written contributions by Lucas Chancel and our colleagues at the World Inequality Lab, who contributed chapter 3 of the Report. Boxes and spotlights were contributed by Elizabeth Anderson, Michelle Bachelet, Bas van Bavel, David Coady, James Foster, Nora Lustig, Ben Philips, the International Lesbian, Gay, Bisexual, Trans and Intersex Association and the Peace Research Institute in Oslo. Background papers and written inputs were prepared by Fabrizio Bernardi, Dirk Bezemer, Matthew Brunwasser, Martha Chen, Sirianne Dahlum, Olivier Fiala, Valpy FitzGerald, James K. Galbraith, Jayati Ghosh, John Helliwell, Martin Hilbert, Patrick Kabanda, Emmanuel Letouze, Juliana Martínez, Håvard Mokleiv, José Antonio Ocampo, Gudrun Østby, Inaki Permanyer, Ilze Plavgo, Siri Aas Rustad, Diego Sánchez-Ancochea, Anya Schiffrin, Jeroen P.I.M. Smits, Eric Uslaner, Kevin Watkins and Martijn van Zomeren. We are thankful to all of them.

A number of consultations with thematic and regional experts were held between March and September 2019, including in Beirut, Bonn, Buenos Aires, Cairo, Doha, Geneva, Marrakech, Nairobi, Nursultan, Paris, Rabat and Tokyo. For their inputs during these consultations, we are especially grateful to Touhami Abdelkhalek, Touhami Abi, Hala Abou Ali, Laura Addati, Shaikh Abdulla bin Ahmed Al Khalifa, Ibrahim Ahmed Elbadawi, Asmaa Al Fadala, Abdulrazak Al-Faris, Najla Ali Murad, Facundo Alvaredo, Yassamin Ansari, Kuralay Baibatyrova, Alikhan Baimenov, Radhika Balakrishnan, Carlotta Balestra, Luis Beccaria, Debapriya Bhattacharya, Roberto Bissio, Thomas Blanchet, Sachin Chaturvedi, Alexander Chubrik, Paulo Esteves, Elyas Felfoul, Cristina Gallach, Amory Gethin, Sherine Ghoneim, Liana Ghukasyan, Manuel

144371_EN_text.indd 4 11/19/19 4:38 PM



Glave, Xavier Godinot, Heba Handoussa, Gonzalo Hernández-Licona, Ameena Hussain, Hatem Jemmali, Fahmida Khatun, Alex Klemm, Paul Krugman, Nevena Kulic, Christoph Lakner, Tomas de Lara, Eric Livny, Paul Makdisi, Gordana Matkovic, Rodrigo Márquez, Roxana Maurizio, Marco Mira, Cielo Morales, Salvatore Morelli, Rabie Nasr, Heba Nassar, Andrea Villarreal Ojeda, Chukwuka Onyekwena, Andrea Ordonez, Magued Osman, Mónica Pachón, Emel Memiş Parmaksiz, Maha El Rabbat, Racha Ramadan, Hala El Saeed, Ouedraogo Sayouba, Sherine Shawky, André de Mello e Souza, Paul Stubbs, Hamid Tijani, René Mauricio Valdés, Peter Van de Ven, Ngu Wah Win, Xu Xiuli, Cai Yiping, Sabina Ymeri and Stephen Younger. Further support was also extended by other individuals who are too numerous to mention here (consultations are listed at http:// hdr.undp.org/en/towards-hdr-2019 with more partners and participants mentioned at http://hdr.undp.org/en/acknowledgements-hdr-2019). Contributions, support and assistance from partnering institutions, including UNDP regional bureaus and country offices, are also acknowledged with much gratitude.

The Report also benefited from peer reviews of each chapter by Paul Anand, Carlos Rodriguez Castelan, Lidia Ceriani, Daniele Checchi, Megan Cole, Danny Dorling, Csaba Feher, Oliver Fiala, Maura Francese, Aleksandr V. Gevorkyan, Leonard Goff, Didier Jacobs, Silpa Kaza, Jeni Klugman, Anirudh Krishna, Benoit Laplante, Max Lawson, Marc Morgan, Teresa Munzi, Brian Nolan, Zachary Parolin, Kate E. Pickett, Sanjay Reddy, Pascal Saint-Amans, Robert Seamans, Nicholas Short and Marina Mendes Tavares.

We are grateful to many colleagues in the United Nations family that supported the preparation of the report by hosting consultations or providing comments and advice. They include Prosper Tanyaradzwa Muwengwa and Thokozile Ruzvidzo from the Economic Commission for Africa (ECA); Alberto Arenas, Alicia Bárcena, Mario Cimoli and Nunzia Saporito from the Economic Commission for Latin America and the Caribbean (ECLAC); Khalid Abu-Ismail, Oussama Safa, Niranjan Sarangi and Saurabh Sinha from the Economic

and Social Commission for Western Asia (ESCWA); Roger Gomis, Damian Grimshaw, Stefan Kühn and Perin Sekerler from the International Labor Organization (ILO); Astra Bonini, Hoi Wai Jackie Cheng, Elliott Harris, Ivo Havinga, Marcelo Lafleur, Shantanu Mukherjee, Marta Roig, Michael Smedes and Wenyan Yang from the United Nations Department of Economic and Social Affairs (UNDESA); Manos Antoninis, Bilal Fouad Barakat and Anna Cristina D'Addio from the United Nations Educational, Scientific and Cultural Organization (UNESCO); Lakshmi Narasimhan Balaji, Laurence Chandy and Mark Hereward from the United Nations Children's Fund (UNICEF); Shams Banihani, Jorge Chediek and Xiaojun Grace Wang from the United Nations Office for South-South Cooperation (UNOSSC); Paul Ladd from the United Nations Research Institute for Social Development (UNRISD); Rachel Gisselquist, Carlos Gradin and Kunal Sen from the United Nations University World Institute for Development Economics Research (UNU-WIDER); Margaret Carroll and Emma Morley from the UN Volunteers (UNV); Shruti Majumdar, Shahrashoub Razavi and Silke Staab from the United Nations Entity for Gender Equality and the Empowerment of Women (UN Women); and Theadora Swift Koller from the World Health Organization (WHO).

Many colleagues in UNDP provided advice and encouragement. Luis Felipe López-Calva, Michele Candotti, Joseph D'Cruz and Abdoulaye Mar Dieye gave guidance not only on the content of the Report but also towards the evolution of the Human Development Report Office over the coming years. We are grateful, in addition, to Marcel Alers, Fernando Aramayo, Gabriela Catterberg, Valerie Cliff, Esuna Dugarova, Mirjana Spoljaric Egger, Almudena Fernández, Cassie Flynn, Stephen Gold, Nicole Igloi, Boyan Konstantinov, Raquel Lagunas, Marcela Meléndez, Ruben Mercado, Ernesto Pérez, Kenroy Roach, Renata Rubian, Narue Shiki, Ben Slay, Mourad Wahba, Douglas Webb, Haoliang Xu and Diego Zavaleta.

We were fortunate to have the support of talented interns-Farheen Ghaffar, Michael Gottschalk, Xiao Huang, Sneha Kaul and

Adrian Pearl—and fact checkers—Jeremy Marand, Tobias Schillings and Emilia Toczydlowska.

The Human Development Report Office also extends its sincere gratitude to the Republic of Korea for its financial contribution. Their ongoing support and dedication to development research and the Report is much appreciated.

We are grateful for the highly professional editing and layout by a team at Communications Development Incorporated—led by Bruce Ross-Larson, with Joe Caponio, Nick Moschovakis, Christopher Trott and Elaine Wilson.

We are, to conclude, extremely grateful to the UNDP Administrator Achim Steiner for always challenging us to aim higher, while giving us the space to be bold. He called for a Report that would speak to the public, to policymakers and to experts—because that is the only way to advance the cause of human development. We hope we have lived up to those expectations.

Pedro Conceição

Director

Human Development Report Office

Contents of the 2019 Human Development Report

Foreword	iii	DARTIII	
Acknowledgements	iv	PART III	
7 data of the day of t		Beyond today	171
Overview	1		
		CHAPTER 5	
PART I		Climate change and inequalities in the Anthropocene	175
Beyond income	23	How climate change and inequalities in human development are intertwined	178
CHAPTER 1		Environmental inequalities and injustices are pervasive—a global snap of waste, meat consumption and water use	pshot 186
Inequality in human development: Moving targets in the 21st century	29	A break from the past: Making new choices for people and planet	192
Understanding inequality in capabilities	30		
Dynamics of inequality in human development: Convergence in basic capabilities, divergence in enhanced capabilities	32	CHAPTER 6 Technology's potential for divergence and convergence: Facing a	
Convergence in the basics is not benefiting everyone: Identifying those		century of structural transformation	199
furthest behind	48	Inequality dynamics in access to technology: Convergence in basic,	
Towards enhanced agency	51	divergence in enhanced	200
Moving targets and 21st century inequalities	57	Technology is reshaping the world: How will it shape inequality in hum development?	an 205
CHAPTER 2		Harnessing technology for a Great Convergence in human development	208
Inequalities in human development: Interconnected and persistent	73		
How inequalities begin at birth—and can persist	74	CHAPTER 7	
How inequalities interact with other contextual determinants of human development	82	Policies for reducing inequalities in human development in the 21st century: We have a choice	223
Inequalities can accumulate through life, reflecting deep power imbalance	s 93	Towards convergence in capabilities beyond income: From basic to enhanced universalism	225
PART II		Towards inclusive income expansion: Raising productivity and enhancing equity	233
Beyond averages	97	Postscript: We have a choice	245
CHAPTER 3		Notes	257
Measuring inequality in income and wealth	103	References	268
Tackling inequality starts with good measurement	103	STATISTICAL ANNEX	
The elephant curve of global inequality and growth	109		205
How unequal is Africa?	116	Readers guide Statistical tables	295
Inequality in BRIC countries since the 2000s	119	Human Development Index and its components	300
Inequality and redistribution in Europe and the United States	120	Human Development Index trends, 1990–2018	304
Global wealth inequality: Capital is back	127	Inequality-adjusted Human Development Index	308
Afterword: Data transparency as a global imperative	132	4. Gender Development Index	312
The state of the s		5. Gender Inequality Index	316
CHAPTER 4		6. Multidimensional Poverty Index: developing countries	320
		Human development dashboards	
Gender inequalities beyond averages: Between social norms and power imbalances	147	Quality of human development	325
Gender inequality in the 21st century	148	2. Life-course gender gap	330
Are social norms and power imbalances shifting?	152	3. Women's empowerment	335
	158	Environmental sustainability Secioeconomic sustainability	340
Restricted choices and power imbalances over the lifecycle	IJÖ	5. Socioeconomic sustainability Developing regions	345 35 0
Empowering girls and women towards gender equality: A template to reduce horizontal inequalities	164	Statistical references	351

14/4371_EN_text.indd 7 11/19/19 4:38 PM

Contents | vii

viii | HUMAN DEVELOPMENT REPORT **2019**

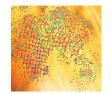
11/19/19 4:38 PM

Overview

Inequalities in human development in the 21st century

144371_EN_text.indd 9 11/19/19 4:38 PM

144371_EN_text.indd 10 11/19/19 4:38 PM



Overview

Inequalities in human development in the 21st century

In every country many people have little prospect for a better future. Lacking hope, purpose or dignity, they watch from society's sidelines as they see others pull ahead to ever greater prosperity. Worldwide many have escaped extreme poverty, but even more have neither the opportunities nor the resources to control their lives. Far too often gender, ethnicity or parents' wealth still determines a person's place in society.

Inequalities. The evidence is everywhere. So is the concern. People across the world, of all political persuasions, increasingly believe that income inequality in their country should be reduced (figure 1).

Inequalities in human development are more profound. Consider two children born in 2000, one in a very high human development country, the other in a low human development country (figure 2). Today the first has a more than 50-50 chance of being enrolled in higher education: More than half of 20-year-olds in very high human development countries are in higher education. In contrast, the second is much less likely to be alive. Some 17 percent of children born in low human development countries in 2000 will have died before age 20, compared with just 1 percent of children born in very high human development countries. The second child is also unlikely to be in higher education: In low human development countries only 3 percent are. Circumstances almost entirely beyond their control have already set them on different and unequal—and likely irreversible—paths.1 The inequalities are likewise high within countries—both developing and developed. In some developed countries the gaps in life expectancy at age 40 between the top 1 percent of the income distribution and the bottom 1 percent have been estimated to be as high as 15 years for men and 10 years for women.²

Inequalities do not always reflect an unfair world. Some are probably inevitable, such as the inequalities from diffusing a new technology.³ But when these unequal paths have little to do with rewarding effort, talent or entrepreneurial risk-taking, they may offend

people's sense of fairness and can be an affront to human dignity.

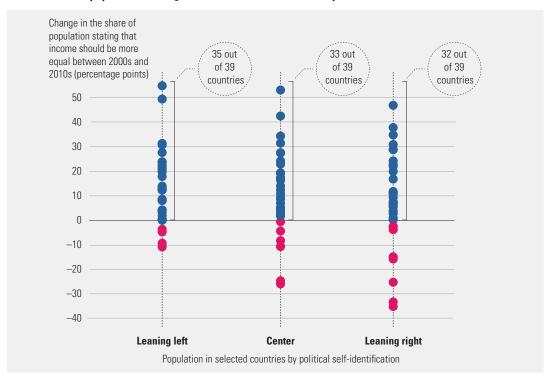
Such inequalities in human development hurt societies, weakening social cohesion and people's trust in government, institutions and each other. Most hurt economies, wastefully preventing people from reaching their full potential at work and in life. They often make it harder for political decisions to reflect the aspirations of the whole of society and to protect the planet, as the few pulling ahead flex their power to shape decisions primarily in their interests today. In the extreme, people can take to the streets.

These inequalities in human development are a roadblock to achieving the 2030 Agenda for Sustainable Development.⁴ They are not just about disparities in income and wealth. They cannot be accounted for simply by using summary measures of inequality that focus on a single dimension.⁵ And they will shape the prospects of people that may live to see the 22nd century. Exploring inequalities in human development thus has to go beyond income, beyond averages and beyond today, leading to five key messages (figure 3).

First, while many people are stepping above minimum floors of achievement in human development, widespread disparities remain. The first two decades of the 21st century have seen remarkable progress in reducing extreme deprivations, but gaps remain unacceptably wide for a range of capabilities—the freedoms for people to be and do desirable things such as go to school, get a job or have enough to eat. And progress is bypassing some of the most vulnerable even on the most extreme deprivations—so much

FIGURE 1

The share of the population stating that income should be more equal increased from the 2000s to the 2010s

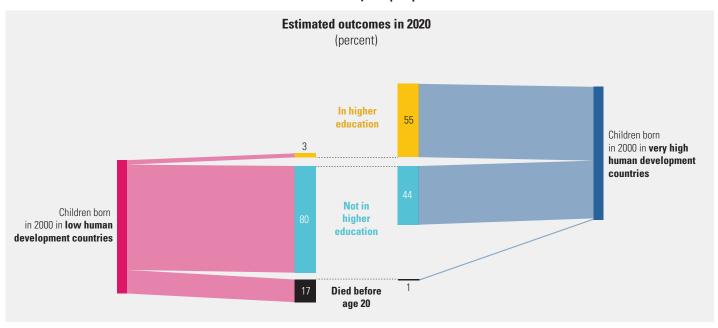


Note: Each dot represents one of 39 countries with comparable data. The sample covers 48 percent of the global population. Based on answers on a 1–5 scale, where 1 is "income should be more equal" and 5 is "we need larger income differences."

Source: Human Development Report Office calculations based on data from the World Values Survey, waves 4, 5 and 6.

FIGURE 2

Children born in 2000 in countries with different incomes will have very unequal paths to 2020



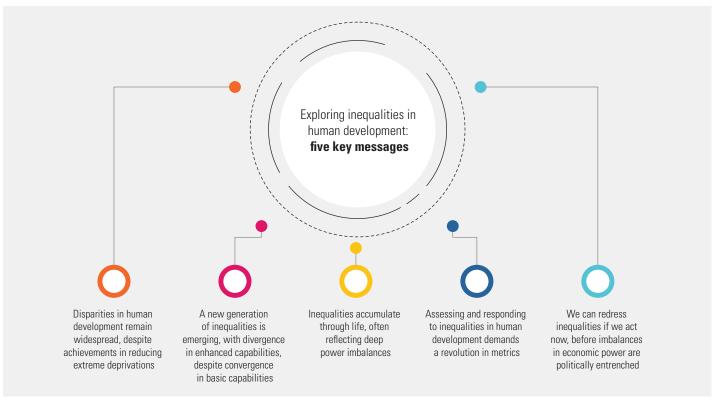
Note: These are estimates (using median values) for a typical individual from a country with low human development and from a country with very high human development. Data for participation in higher education are based on household survey data for people ages 18–22, processed by the United Nations Educational, Scientific and Cultural Organization Institute for Statistics in www.education-inequalities.org (accessed 5 November 2019). Percentages are with respect to people born in 2000. People that died before age 20 are computed based on births around 2000 and estimated deaths for that cohort between 2000 and 2020. People in higher education in 2020 are computed based on people estimated to be alive (from cohort born around 2000), and the latest data of participation in higher education. People not in higher education are the complement.

Source: Human Development Report Office calculations based on data from the United Nations Department of Economic and Social Affairs and the United Nations Educational, Scientific and Cultural Organization Institute for Statistics.

2 | HUMAN DEVELOPMENT REPORT 2019

FIGURE 3





Source: Human Development Report Office

so that the world is not on track to eradicate them by 2030, as called for in the Sustainable Development Goals.

Second, a new generation of severe inequalities in human development is emerging, even if many of the unresolved inequalities of the **20th century are declining.** Under the shadow of the climate crisis and sweeping technological change, inequalities in human development are taking new forms in the 21st century. Inequalities in capabilities are evolving in different ways. Inequalities in basic capabilities linked to the most extreme deprivations—are shrinking. In some cases, quite dramatically, such as global inequalities in life expectancy at birth. Many people at the bottom are now reaching the initial stepping stones of human development. At the same time, inequalities are increasing in enhanced capabilities—which reflect aspects of life likely to become more important in the future, because they will be more empowering. People well empowered today appear set to get even farther ahead tomorrow.

Third, inequalities in human development can accumulate through life, frequently heightened by deep power imbalances. They are not so much a cause of unfairness as a consequence, driven by factors deeply embedded in societies, economies and political structures. Tackling inequalities in human development means addressing these factors: Genuine improvement will not come from trying to fix disparities only when people are already earning very different incomes—because inequalities start at birth, often even before, and can accumulate over people's lives. Or from looking back and simply trying to reinstate the policies and institutions that held inequalities in check, at times and in some countries, during the 20th century. It was under those very conditions that power imbalances deepened, in many cases accentuating the accumulation of advantage over the lifecycle.

Fourth, assessing inequalities in human development demands a revolution in metrics. Good policies start with good

11/19/19 4:38 PM

measurement, and a new generation of inequalities requires a new generation of measurement. Clearer concepts tied to the challenges of current times, broader combinations of data sources, sharper analytical tools—all are needed. Ongoing innovative work suggests that income and wealth may be accumulating at the top in many countries much faster than one could grasp based on summary measures of inequality. Making these efforts more systematic and widespread can better inform public debates and policies. Metrics may not seem a priority, until one considers the continuing hold of such measures as gross domestic product since its creation in the first half of the 20th century.

Fifth, redressing inequalities in human development in the 21st century is possible—if we act now, before imbalances in economic power translate into entrenched political dominance. Improvements in inequality for some basic capabilities show that progress is possible. But the record of progress in basic capabilities in the past will not respond to people's aspirations for this century. And doubling down on reducing inequalities in basic capabilities further, while needed, is not enough. If enhanced capabilities are indeed associated with more empowerment, ignoring the gaps that are opening up in them can alienate policymakers from people's agency—their ability to make choices that fulfil their aspirations and values. Only by turning attention towards tackling a new generation of inequality in enhanced capabilities, many of which are only just beginning to emerge, will it be possible to avoid further entrenchment of inequalities in human development over the course of the 21st century.

How? Not by looking at policies in isolation or thinking that a single silver bullet will solve everything. The redistribution of income, which often dominates the policy debate on inequality, is sometimes seen as that silver bullet. Yet, even a full redistributive package of four ambitious policies—higher and more progressive income taxes, earned income discounts at low income levels, taxable benefits paid out for each child and a minimum income for all individuals—would be insufficient to fully reverse the increase in income inequality in the United Kingdom between the late 1970s and 2013.6

This is not to say that redistribution does not matter—quite the opposite. But long-lasting change in both income and the broader range of inequalities in human development depends on a wider and more systemic approach to policies.

What to do? The approach proposed in the Report outlines policies to redress inequalities in human development within a framework that links the expansion and distribution of both capabilities and income. The options span premarket, in-market and postmarket policies. Wages, profits and labour participation rates are typically determined in markets, which are conditioned by prevailing regulations, institutions and policies (in-market). But those outcomes also depend on policies that affect people before they become active in the economy (premarket). Premarket policies can reduce disparities in capabilities, helping everyone enter the labour market better equipped. Inmarket policies affect the distribution of income and opportunities when individuals are working, shaping outcomes that can be either more or less equalizing.⁷ Postmarket policies affect inequalities once the market along with the in-market policies have determined the distribution of income and opportunities. These sets of policies interact. For instance, the provision of public services premarket may depend in part on the effectiveness of postmarket policies (taxes on market income to fund health and education, for instance), which matter in mobilizing government revenue to pay for those services. And taxes, in turn, are informed by how much society is willing to redistribute income from those with more to those with less.

The future of inequalities in human development in the 21st century is in our hands. But we cannot be complacent. The climate crisis shows that the price of inaction compounds over time, as it feeds further inequality, which can in turn make action on climate more difficult. Technology is already changing labour markets and lives, but not yet locked-in is the extent to which machines may replace people. We are, however, approaching a precipice beyond which it will be difficult to recover. We do have a choice, and we must exercise it now.

The future of inequalities in human development in the 21st century is in our hands. But we cannot be complacent. The climate crisis shows that the price of inaction compounds over time, as it feeds further inequality, which can in turn make action on climate more difficult. Technology is already changing labour markets and lives, but not yet locked-in is the extent to which machines may replace people

4 | HUMAN DEVELOPMENT REPORT 2019

Beyond income, beyond averages and beyond today

The Report builds on a new framework of analysis that looks at inequalities by going beyond income, beyond averages and beyond today (figure 4).

Beyond income

Any comprehensive assessment of inequality must consider income and wealth. But it must also go beyond dollars and rupees to understand differences in other aspects of human development and the processes that lead to them. There is economic inequality, of course, but there are also inequalities in key elements of human development such as health, education, dignity and respect for human rights. And these might not be revealed by considering income and wealth inequality alone. A human development approach to inequality takes a people-centred view: It is about people's capabilities to exercise their freedoms to be and do what they aspire to in life.

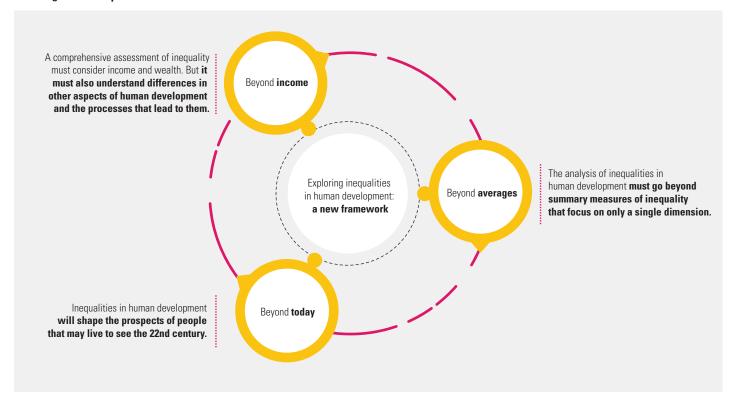
Even understanding income disparities requires examining other forms of inequality. Disadvantages in health and education (of one's parents and one's own) interact and often compound over a lifetime. Gaps open before birth, starting with the "birth lottery" of where children happen to be born, and can widen over the years. Children from poor families may not be able to afford an education and are at a disadvantage when they try to find work. These children are likely to earn less than those in higher income families when they enter the labour market, when penalized by compounding layers of disadvantage.

Beyond averages

Too often the debate about inequality is oversimplified, relying on summary measures of inequality and incomplete data that provide a partial—sometimes misleading—picture, both in the sorts of inequality to consider and the people affected. The analysis must go beyond averages that collapse information on distribution to a single number and look at the ways

FIGURE 4

Thinking about inequalities



Source: Human Development Report Office.

inequality plays out across an entire population, in different places and over time. For every aspect of human development, what matters is the entire inequality gradient (the differences in achievements across the population according to different socioeconomic characteristics).

Beyond today

A changing world

what will shape

requires considering

inequality in the future.

Existing—and new—

forms of inequality will

interact with major

social, economic and

environmental forces

to determine the lives

and their children

of today's young people

Much analysis focuses on the past or on the here and now. But a changing world requires considering what will shape inequality in the future. Existing—and new—forms of inequality will interact with major social, economic and environmental forces to determine the lives of today's young people and their children. Two seismic shifts will shape the 21st century: Climate change and technological transformations. The climate crisis is already hitting the poorest hardest, while technological advances such as machine learning and artificial intelligence can leave behind entire groups of people, even countries—creating the spectre of an uncertain future under these shifts.8

Evolving human aspirations: From basic to enhanced capabilities

When Amartya Sen asked what kind of inequality we should ultimately care about ("Equality of what?"), he argued that people's

capabilities—their freedoms to make life choices—are fundamental.9 Capabilities are at the heart of human development. The Report follows the same path and explores inequalities in capabilities.

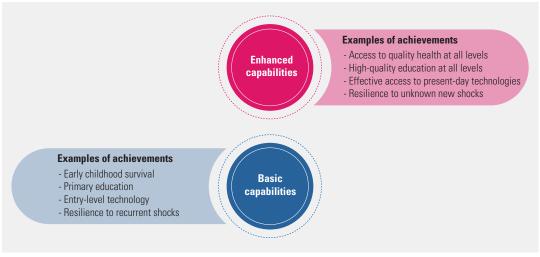
Capabilities evolve with circumstances as well as with values and with people's changing demands and aspirations. Today, having a set of basic capabilities—those associated with the absence of extreme deprivations—is not enough. Enhanced capabilities are becoming crucial for people to own the "narrative of their lives." ¹⁰

Enhanced capabilities bring greater agency along people's lives. Given that some capabilities build over a person's life, achieving a basic set—such as surviving to age 5 or learning to read—provides initial stepping stones to forming enhanced capabilities later in life (figure 5).

A similar evolution from basic to enhanced capabilities is reflected in the use of technology or in the ability to cope with environmental shocks, from frequent but low-impact hazards to large and unpredictable events. The distinction is also important when it comes to understanding inequalities across groups, such as the progression from women being able to vote in elections (a basic capability) to participating in politics as national leaders (an enhanced capability). The evolution in ambition from basic to enhanced capabilities mirrors the evolution from the Millennium Development Goals to the Sustainable Development Goals.

FIGURE 5

Human development, from basic to enhanced capabilities



Source: Human Development Report Office

6 | HUMAN DEVELOPMENT REPORT 2019

Key message 1: Disparities in human development remain widespread, despite achievements in reducing extreme deprivations

The 21st century has witnessed great progress in living standards, with an unprecedented number of people around the world making a "great escape" from hunger, disease and poverty—moving above minimum subsistence. The Human Development Index shows impressive improvement on average, reflecting dramatic improvements in achievements such as life expectancy at birth, driven largely by sharp declines in infant mortality rates.

Still, many people have been left behind, and inequalities remain widespread across all capabilities. Some refer to life and death, others to access to knowledge and life-changing technologies.

Despite having shrunk considerably, the difference in life expectancy at birth between low and very high human development countries is still 19 years. There are differences in expected longevity at every age. The difference in life expectancy at age 70 is almost 5 years. Some 42 percent of adults in low human development countries have a primary education, compared with 94 percent in very high human development countries. There are gaps at all education levels. Only 3.2 percent of adults in low human development countries have a tertiary education, compared with 29 percent in developed countries. In access to technology developing countries have 67 mobile phone subscriptions per 100 inhabitants, half the number in very high human development countries. For access to broadband, low human development countries have less than 1 subscription per 100 inhabitants, compared with 28 per 100 inhabitants in very high human development countries (figure 6).

The furthest behind include the 600 million people still living in extreme income poverty—and that jumps to 1.3 billion when measured by the Multidimensional Poverty Index. ¹² Some 262 million children are out of primary or secondary school, and 5.4 million children do not survive their first five years of life. Despite greater access to immunizations and affordable

treatment, child mortality rates in the poorest households in the world's poorest countries remain high. The highest rates are in low and medium human development countries, but there are vast disparities within countries: The poorest 20 percent in some middle-income countries can have the same average mortality rate as children from a typical low-income country.

Key message 2: A new generation of inequalities is emerging, with divergence in enhanced capabilities, despite convergence in basic capabilities

As we enter the 2020s, a new set of capabilities is becoming fundamental to 21st century life. Inequalities in these enhanced capabilities show strikingly different dynamics from those in basic capabilities. They are at the root of a new generation of inequalities.

Inequalities for some basic capabilities are slowly narrowing across most countries, even if much remains to be done. Life expectancy at birth, percentage of the population with a primary education and mobile-cellular subscriptions all show narrowing inequalities across human development groups (figure 7). The people at the bottom are progressing faster than those at the top. The gain in life expectancy at birth between 2005 and 2015 for low human development countries was almost three times that for very high human development countries, driven by a reduction in child mortality rates in developing countries. And countries with lower human development are catching up in access to primary education and access to mobile phones.

This good news comes with two caveats. First, despite progress, the world is not on track to eradicate extreme deprivations in health and education by 2030, when 3 million children under age 5 are still expected to die every year (at least 850,000 above the Sustainable Development Goal target), and 225 million children are expected to be out of school. Second, gaps are falling in part because those at the top have little space to keep moving up.

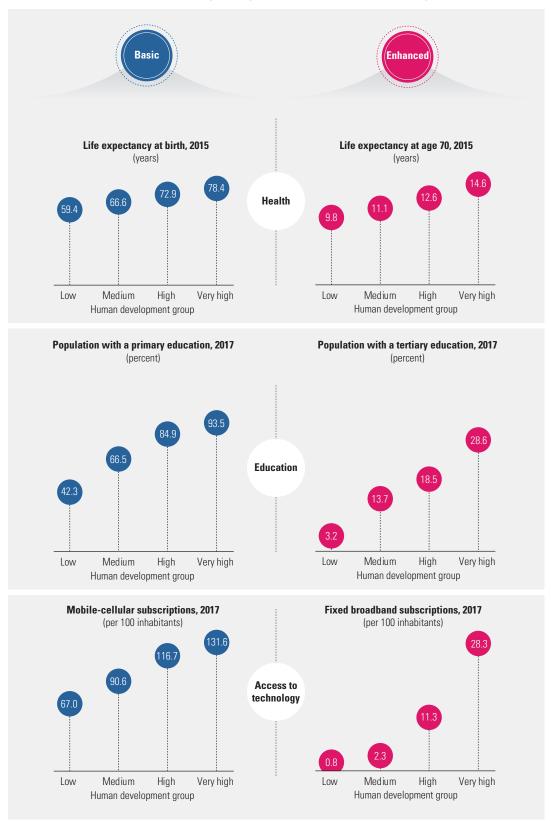
In contrast, inequalities in enhanced capabilities are widening. For instance, despite data

Inequalities for some basic capabilities are slowly narrowing across most countries, even if much remains to be done. Life expectancy at birth, percentage of the population with a primary education and mobile-cellular subscriptions all show narrowing inequalities across human development groups

Overview | 7

FIGURE 6

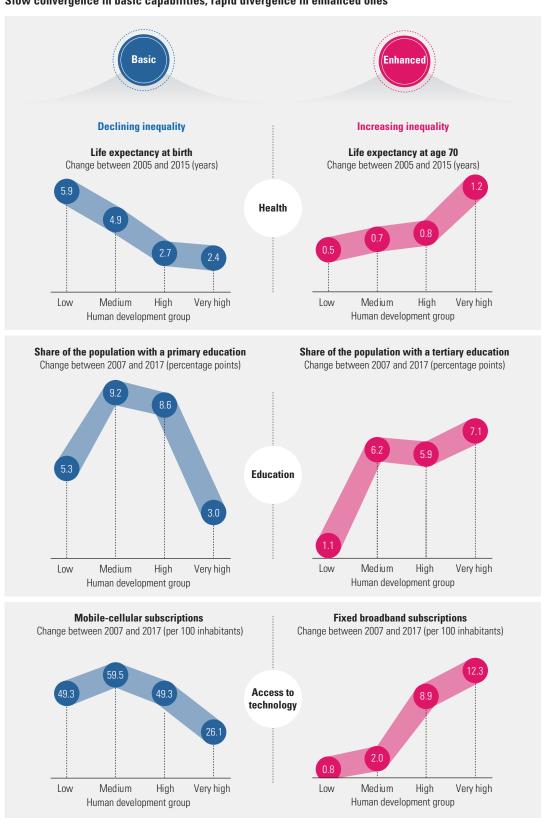
Across countries the world remains deeply unequal in both basic and enhanced capabilities



Source: Human Development Report Office calculations based on data from the International Telecommunication Union, the United Nations Educational, Scientific and Cultural Organization Institute for Statistics and the United Nations Department of Economic and Social Affairs.

FIGURE 7

Slow convergence in basic capabilities, rapid divergence in enhanced ones



Source: Human Development Report Office calculations based on data from the International Telecommunication Union, the United Nations Educational, Scientific and Cultural Organization Institute for Statistics and the United Nations Department of Economic and Social Affairs.

144371_EN_text.indd 9 11/19/19 4:38 PM challenges, estimates suggest that the gain in life expectancy at age 70 from 1995 to 2015 in very high human development countries was more than twice that in low human development countries.¹³

There is evidence for the same pattern of divergence across a wide range of enhanced capabilities. Indeed, divergences in access to more advanced knowledge and technology are even starker. The proportion of the adult population with tertiary education is growing more than six times faster in very high human development countries than in low human development countries, and fixed broadband subscriptions are growing 15 times faster.

These new inequalities—both between and within countries—are hugely consequential. Shaping 21st century societies, they are pushing the frontiers in health and longevity, knowledge and technology. These are the inequalities that will likely determine people's ability to seize the opportunities of the 21st century, function in a knowledge economy and cope with climate change.

Key message 3: Inequalities accumulate through life, often reflecting deep power imbalances

Understanding inequality—even income inequality—means homing in on the underlying processes that lead to it. Different inequalities interact, while their size and impact shift over a person's lifetime. The corollary is that policies to tackle economic inequality require much more than a mechanistic transfer of income. They often need to address social norms, policies and institutions formed deep in history.

Lifelong disadvantage

Inequalities can start before birth, and many of the gaps may compound over a person's life. When that happens, it can lead to persistent inequalities. This can happen in several ways, especially in the nexus among health, education and parents' socioeconomic status (figure 8).

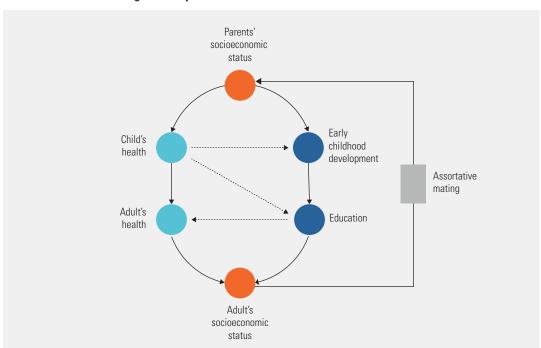
many of the gaps may compound over a person's life. When that happens, it can lead to persistent inequalities

Inequalities can start

before birth, and

FIGURE 8

Education and health along the lifecycle



Note: The circles represent different stages of the lifecycle, with the orange ones resenting final outcomes. The rectangle represents the process of assortative mating The dashed lines refer to interactions that are not described in detail. A child's health affects early childhood development and prospects for education. For example, an intellectually disabled child will not be able to benefit from early childhood development and education opportunities in the same way as a healthy child. Education can also promote a healthy lifestyle and convey information on how to benefit from a given health care system if needed (Cutler and Lleras-Muney 2010).

Source: Human Development Report Office, adapted from Deaton (2013a).

10 | HUMAN DEVELOPMENT REPORT 2019

Parents' incomes and circumstances affect their children's health, education and incomes. Health gradients—the disparities in health across socioeconomic groups—often start before birth and can accumulate at least up to adulthood, if not counteracted. Children born to low-income families are more prone to poor health and lower education. Those with lower education are less likely to earn as much as others, while children in poorer health are more likely to miss school. And when children grow up, if they partner with someone who has similar socioeconomic status (as often happens in assortative mating), inequalities across generations can persist.

The cycle can be difficult to break, not least because of the ways in which inequality in income and political power co-evolve. When wealthy people shape policies that favour themselves and their children—as they often do that can sustain the accumulation of income and opportunity at the top. Unsurprising, then, that social mobility tends to be lower in more unequal societies. Still, some societies have more mobility than others—so institutions and policies matter—in part because what tends to reduce inequality can also boost social mobility (box 1).

Power imbalances

Income and wealth inequalities are often translated into political inequality, in part because inequalities depress political participation, giving more space to particular interest groups to shape decisions in their favour. Those privileged can capture the system, moulding it to fit their preferences, potentially leading to even more inequalities. Power asymmetries can even lead to breakdowns in institutional functions, weakening the effectiveness of policies. When institutions are captured by the wealthy, citizens are less willing to be part of social contracts (the sets of rules and expectations of behaviour that people voluntarily conform to that underpin stable societies). When that translates into lower compliance with paying taxes, it diminishes the state's ability to provide quality public services. That can in turn lead to greater inequalities in health and education. When the overall system is perceived as unfair, possibly due to systematic exclusions or clientelism

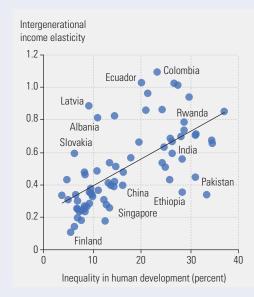
BOX 1

A new take on the Great Gatsby Curve

The positive correlation between higher income inequality and lower intergenerational mobility in income is well known. This relation, known as the Great Gatsby Curve, also holds true using a measure of inequality in human development instead of income inequality alone (see figure). The greater the inequality in human development, the lower the intergenerational mobility in income—and vice versa.

These two factors go hand in hand, but that does not imply that one causes the other. In fact, it is more likely that both are driven by underlying economic and social factors, so understanding and tackling these drivers could both promote mobility and redress inequality.

Intergenerational mobility in income is lower in countries with more inequality in human development



Note: Inequality in human development is measured as the percentage loss in Human Development Index value due to inequality in three components: income, education and health. The higher the intergenerational income elasticity, the stronger the association between parents' income and their children's income, reflecting lower intergenerational mobility. Source: Human Development Report Office using data from GDIM (2018), adapted from Corak (2013).

(the exchange of political support for personal gain), people tend to withdraw from political processes, amplifying the influence of elites.

One way of understanding the interplay between inequality and the dynamics of power is to draw on a framework that explores the process through which inequalities are generated and perpetuated. At its core, this process is often referred to as governance—or the way in which different actors in society bargain to reach agreements (policies and rules). When these agreements take the form of policies, they can directly change the distribution of resources in society (the bottom arrow in the right loop of figure 8, "outcome game"). For

11/19/19 4:38 PM

Gender disparities
are among the most
entrenched forms of
inequality everywhere.
Because these
disadvantages affect
half the world, gender
inequality is one of the
greatest barriers to
human development

example, policies on taxation and social spending determine who pays into the fiscal system and who benefits from it. These policies directly influence development outcomes such as economic inequality (and growth). However, by redistributing economic resources, these policies are also redistributing de facto power (the top arrow in the right loop of figure 8). This can generate (or reinforce) power asymmetries between actors bargaining in the policy arena, which can in turn adversely affect the effective implementation of policies. For example, power asymmetries can manifest in the capture of policies by elite actors—undermining the ability of governments to commit to achieving long-term goals. Or they may manifest in the exclusion of certain population groups from accessing high-quality public services—undermining cooperation by harming the willingness to pay taxes. This can lead to a vicious cycle of inequality (inequality traps) in which unequal societies begin to institutionalize the inequality. This loop plays out in prevailing institutions and social norms (the outcome game) and can lead to actors deciding to change the rules of the game (the bottom arrow in the left loop of figure 9). In this way, de jure power is also redistributed. This can be far more consequential because it not only changes current outcomes but also sets the conditions that shape actors' behaviour in the future. Once again, the way in which power asymmetries play out in the policy arena can exacerbate and entrench inequalities (clearly,

inequality may undermine the effectiveness of governance) or pave the way to more equalizing and inclusive dynamics.

Gender inequality

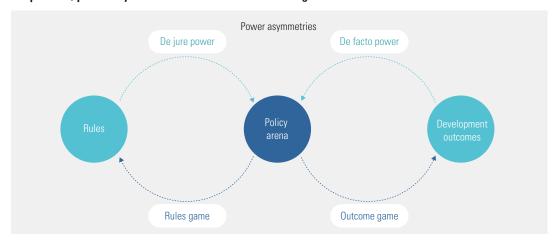
Some groups of people are systematically disadvantaged in many ways. These groups might be defined by ethnicity, language, gender or caste—or simply by whether they live in the north, south, east or west of a country. There are many examples of such groups, but undoubtedly the largest worldwide is women. Gender disparities are among the most entrenched forms of inequality everywhere. Because these disadvantages affect half the world, gender inequality is one of the greatest barriers to human development.

Gender inequality is complex, with differing progress and regress from place to place and issue to issue. Awareness has increased through the #MeToo movement, or the #NiUnaMenos movement, which shined a spotlight on violence against women. And girls around the world have been catching up on some of the basics, such as enrolment in primary school.

But there is less to celebrate about progress beyond these fundamentals. Inequality is still sharp in the power men and women exercise at home, in the workplace or in politics. At home women do more than three times as much unpaid care work as men. And although in many countries women and men vote equally in

FIGURE 9

Inequalities, power asymmetries and the effectiveness of governance



Note: Rules refer to formal and informal rules (norms). Development outcomes refer to security, growth and equity. Source: World Bank 2017b.

144371 EN text.indd 12

elections, there are differences in higher levels of political power. The higher the power, the larger the gap from parity, rising to 90 percent in the case of heads of state and government.

Social and cultural norms often foster behaviour that perpetuates such inequalities. Norms—and a lack of power—both have an impact on all forms of gender inequality, from violence against women to the glass ceiling. The Report presents a new social norms index that looks at the links between social beliefs and gender equality in multiple dimensions. Globally only 1 man in 10 (and 1 woman in 7) did not show some form of clear bias against gender equality. The biases follow a pattern: They tend to be more intense in areas where more power is involved. And there is backlash, as the proportion of people biased against gender equality has grown over the last few years (figure 10), even though there are different patterns across countries.

Key message 4: Assessing and responding to inequalities in human development demands a revolution in metrics

Existing standards and practices for measuring inequality are inadequate to inform public debate or to support decisionmaking.

Part of the challenge is the sheer number of different ways to understand inequality. To highlight a few:

- There are inequalities among groups (horizontal inequalities) and among individuals (vertical inequalities).
- There are inequalities between and within countries, which can follow different dynamics.
- There are intrahousehold inequalities (for instance, in 30 Sub-Saharan countries roughly three-quarters of underweight women and undernourished children are not in the poorest 20 percent of households, and around half are not in the poorest 40 percent).14

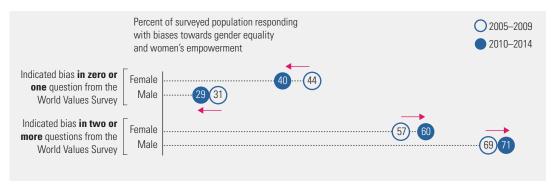
A new generation of metrics is needed to fill the many data gaps to measure these different inequalities and, more generally, to go systematically beyond averages. This starts with gaps in some of the most basic statistics, with many developing countries still lacking in vital registration systems. For income and wealth inequality the progress over the past few years has been remarkable. But data remain scarce, in part because of the lack of transparency and the low availability of information. On a new index presented in the Report, 88 countries score 1 or less (on a 20-point scale) for availability of information on income and wealth inequality—meaning that they have 5 percent or less of what would be an ideal level of transparency.

Innovative work—some experimental—is unfolding, led by academics, multilateral organizations and even a few governments, to make more systematic and comparable use of statistics on income inequality. But data sources remain only partially integrated, and coverage remains very limited.

Existing standards and practices for measuring inequality are inadequate to inform public debate or to support decisionmaking

FIGURE 10

Bias against gender equality is on the rise: The share of women and men worldwide with no gender social norms bias fell between 2009 and 2014



Note: Balanced panel of 32 countries and territories with data from both wave 5 (2005-2009) and wave 6 (2010-2014) of the World Values Survey, accounting for 59 percent of the world population. Gender biases in social norms are measured through people's views about gender roles in politics (from political rights to the ability to serve as leader), education (importance of a university degree), the economy (from the right to have jobs to the ability to work as business executive) and the physical integrity of women (from intimate partner violence to reproductive health) Source: Based on data from the World Values Survey

144371 EN text.indd 13 11/19/19 4:38 PM

The distributional national accounts methodology is still in its infancy, and many of its assumptions have been challenged. Still, as long as it remains fully transparent and improvements continue to be made, it could integrate, in an overarching agenda, the combination of data from the System of National Accounts, household surveys and administrative data to provide new perspectives on the evolution of the distribution of income and wealth. This would encompass some of the main recommendations of the Commission on the Measurement of Economic Performance and Social Progress, including an integrated focus on income and wealth inequality.¹⁵ The Report presents results based on the methodology that reveal dynamics of income inequality that are masked when using summary measures that rely on a single data source. To give an illustration, the results suggest that the top of the income distribution in Europe has been the main beneficiary of income growth since 1980 (figure 11).

Summary measures of inequality aggregate complex information into one number. They are based on implicit judgements about what forms of inequality are—or are not—important. Those judgements are rarely transparent and

may not even reflect society's views. To understand any single aspect of inequality—and there are many—one needs to look across the entire population, going beyond averages. What proportions of people survive to certain ages, reach key education levels or earn certain amounts? And how likely is it that the relative position in society of an individual, a family or a particular group changes over time? Summary measures remain important—when they reflect sound properties to assess distributions—but are only a small window onto a wider discussion about inequalities in human development.

Key message 5: We can redress inequalities if we act now, before imbalances in economic power are politically entrenched

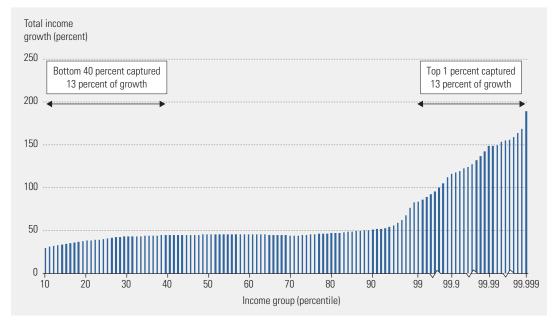
Nothing is inevitable about many of the most pernicious inequalities in human development. This is the single most important message of the Report. Every society has choices about the levels and kinds of inequalities it tolerates. That is not to say that tackling inequality is easy. Effective action must identify drivers of inequality, which

about many of the most pernicious inequalities in human development. This is the single most important message of the Report

Nothing is inevitable

FIGURE 11

Between 1980 and 2017 post-tax incomes grew close to 40 percent for the poorest 80 percent of the European population, compared with more than 180 percent for the top 0.001 percent



Note: After the 90th percentile the scale on the horizontal axis changes. The composition of income groups changes from 1980 to 2017, so the estimates do not represent the changes in income of the same individuals over time.

Source: Blanchet, Chancel and Gethin (2019); World Inequality Database (http://WID.world)

are likely complex and multifaceted, often related to prevailing power structures that the people currently holding sway may not wish to change.

But what to do? Much can be done to redress inequalities in human development with a dual policy objective. First is to accelerate convergence in basic capabilities while reversing divergences in enhanced capabilities and eliminating gender- and other group-based (or horizontal) inequalities. Second, to jointly advance equity and efficiency in markets, increasing productivity that translates into widely shared growing incomes redressing income inequality. The two sets of policies are interdependent, with those that advance capabilities beyond income often requiring resources to fund public health or education, which are financed by taxes. And the overall resources available are, in turn, linked to productivity, which is linked in part to people's capabilities. The two sets of policies can thus work together in a virtuous policy cycle (figure 12).

It is often possible to make progress in equity and efficiency at the same time. Antitrust policies are an example. They curb firms' ability to use market power, levelling the playing field and increasing efficiency. And they lead to more equitable outcomes by reducing economic rents that concentrate income.

An integrated battery of policies beyond any single silver bullet

Taxes—whether on income, wealth or consumption—can do much to redress

inequalities. They raise revenue to improve key public services (health care and schools) and to provide social insurance—benefiting both poor people and people in the middle of the income distribution.

Income inequality is lower after taxes and government transfers, but the impact of redistribution varies. In a selection of developed countries, taxes and transfers led to a 17-point reduction in the Gini coefficient, when comparing pretax and post-tax incomes. But in developing countries the reduction was just 4 points (figure 13).

Equally important, however, is to go beyond taxation and transfers (postmarket policies) by also addressing inequalities while people are working (in-market policies) and before they start working (premarket policies).

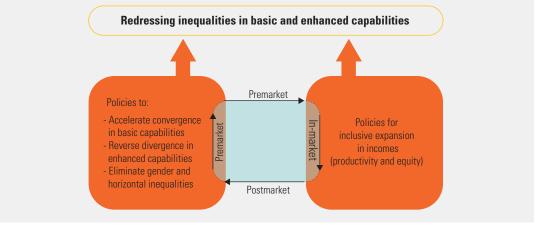
In-market policies can level the economic playing field. Policies related to market power (antitrust), inclusive access to productive capital, and collective bargaining and minimum wages affect how the benefits from production are distributed. Equally relevant are premarket policies aimed at equalizing opportunities during childhood in health and education—and postmarket policies, such as income and wealth taxes, public transfers and social protection. One clear role for premarket policies is in early childhood, where inequality-reducing interventions can support health, nutrition and cognitive development and produce a big return on investment. That is not to say that every good policy can reduce inequality and

It is often possible to make progress in equity and efficiency at the same time

Overview | 15

FIGURE 12

A framework for designing policies to redress inequalities in human development

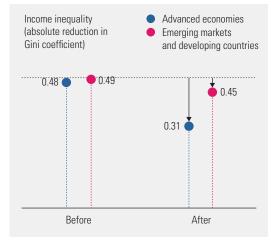


Source: Human Development Report Office.

FIGURE 13

Redistributive direct taxes and transfers explain nearly all the difference in disposable income inequality between advanced and emerging economies

The Report's analysis of gender inequality shows that reactions become more intense in areas where more power is involved, which can culminate in a backlash towards the very principles of gender equality



Source: Based on IMF (2017a)

increase welfare—as noted, processes such as the diffusion of new technology and human development achievements in large segments of society may increase inequality. What matters is whether the process that generates that inequality is, in itself, somehow biased or unfair.

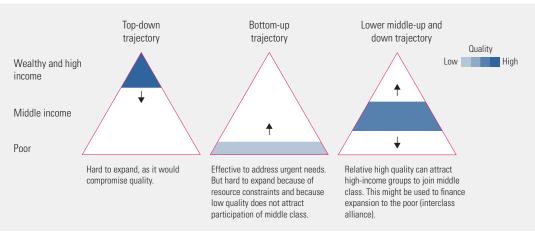
Creating incentives for change

Even if resources are available to undertake an agenda for convergence in both basic and enhanced capabilities, reducing inequalities is ultimately a societal and political choice. History, context and politics matter. Social norms that can lead to discrimination are hard to change. Even with legislation setting equal rights, social norms may prevail in determining outcomes. The Report's analysis of gender inequality shows that reactions become more intense in areas where more power is involved, which can culminate in a backlash towards the very principles of gender equality. Explicit policies for tackling stereotypes and the stigmatization of excluded groups are an important part of the toolkit to reduce inequalities.

The political economy of tackling inequality can be particularly challenging. For public services, change can happen from the top down, by extending benefits enjoyed by those at the top to others (figure 14). But those already benefiting may have little incentive to extend services if that might be perceived to reduce quality. Change can also happen from the bottom up, increasing the income below which a family qualifies for free public or subsidized services, for example. But higher income groups might resist this if they seldom use such services. A third approach is to build out from the middle—when a system covers those who are not the poorest but who are vulnerable, such as formal workers earning low wages. Here, coverage can be expanded both upward and downward. As the quality of services improves, higher income groups are likely to want to participate, broadening the support to expand services to poor people.

FIGURE 14

Strategies for practical universalism in unequal developing countries



Source: Human Development Report Office based on the discussion in Martínez and Sánchez-Ancochea (2016)

In developed countries one challenge for sustaining social policies is to ensure that they benefit a broad base, including the middle classes. Yet such benefits may be eroding. In several Organisation for Economic Co-operation and Development countries, members of the middle class perceive themselves as being progressively left behind in income, security and affordable access to quality health care and education.

In developing countries the challenge is often to solidify social policies for a still vulnerable middle. In some of these countries members of the middle class pay more for social services than they receive, and they often perceive the quality of health care and education to be poor. So they turn to private providers: The share of students going to private schools for primary education in some of these countries rose from 12 percent in 1990 to 19 percent in 2014.

A natural response would be to take resources from those at the top. But the richest, though few in number, can be an obstacle to expanding services. And they can frustrate action in multiple ways, through lobbying, donating to political campaigns, influencing the press and using their economic power in other ways in response to decisions they dislike.

Globalization means national policy is often circumscribed by entities, rules and events beyond the control of national governments, with pervasive downward pressures on corporate income tax rates and labour standards. Tax evasion and avoidance are made easier by insufficient information, by the rise of large digital companies operating across tax jurisdictions and by inadequate interjurisdictional cooperation. In these policy domains international collective action must complement national action.

Where next?

A human development approach opens new windows on inequalities—why they matter, how they manifest themselves and what to do about them—helping move towards concrete action. But the opportunities to address inequalities in human development keep narrowing the longer that inaction prevails because imbalances in economic power can eventually

be translated into political dominance. And that in turn can lead to more inequality. At that stage interventions are far harder and less effective than if they had been taken earlier on. Of course, action is context specific. The nature and relative importance of inequalities vary across countries—and so should policies to address them. In much the same way that there is no silver bullet to address inequalities within a country, there is no one-size-fits-all basket of policies to address inequalities across countries. Even so, policies in all countries will have to confront two trends that are shaping inequalities in human development everywhere: climate change and accelerating technological progress.

Climate change and inequalities in human development

Inequality and the climate crisis are interwoven—from emissions and impacts to policies and resilience. Countries with higher human development generally emit more carbon per person and have higher ecological footprints overall (figure 15).

Climate change will hurt human development in many ways beyond crop failures and natural disasters. Between 2030 and 2050 climate change is expected to cause an additional 250,000 deaths a year from malnutrition, malaria, diarrhoea and heat stress. Hundreds of millions more people could be exposed to deadly heat by 2050, and the geographic range for disease vectors—such as mosquitoes that transmit malaria or dengue—will likely shift and expand.

The overall impact on people will depend on their exposure and their vulnerability. Both factors are intertwined with inequality in a vicious circle. Climate change will hit the tropics harder first, and many developing countries are tropical. Yet developing countries and poor communities have less capacity than their richer counterparts to adapt to climate change and severe weather events. So the effects of climate change deepen existing social and economic fault lines.

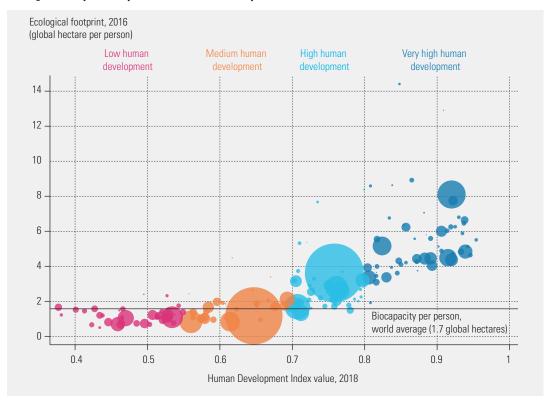
There are also effects in the other direction, with evidence that some forms of inequality may make action on climate harder. High income inequality within countries can hinder

A human development approach opens new windows on inequalities—why they manifest themselves and what to do about them—helping move towards concrete action

Overview | 17

FIGURE 15

Ecological footprints expand with human development



Note: Data cover 175 countries in the Global Ecological Footprint Network database (www.footprintnetwork.org/resources/data/; accessed 17 July 2018). The ecological footprint is per capita use of agricultural and grazing land both domestic and abroad. Each bubble represents a country, and the size of the bubble is proportional to the country's population.

Source: Cumming and von Cramon-Taubadel 2018.

Inequality can influence the balance of power among those arguing for and against curbing carbon emissions. Income concentration at the top can coincide with the interests of groups that oppose climate action

the diffusion of new environmentally friendly technology. Inequality can also influence the balance of power among those arguing for and against curbing carbon emissions. Income concentration at the top can coincide with the interests of groups that oppose climate action.

Inequalities in human development are fundamental to the climate crisis in another way. They are a drag on effective action because higher inequality tends to make collective action, key to curbing climate change both within and across countries, more difficult.

Yet there are options to address economic inequalities and the climate crisis together, which would move countries towards inclusive and sustainable human development. Carbon pricing is one. Some of the unavoidable distributional impacts of carbon prices can be addressed by providing financial support to poorer people, hardest hit by higher energy bills. But such strategies have faced challenges in practice, because the distribution of money

is not the only variable that matters. It is also important to consider a broader set of social policy packages that address inequalities and climate together while facilitating the realization of human rights. There are choices for countries and communities as they raise their ambitions for inclusive and sustainable human development.

Harnessing technological progress to reduce inequalities in human development

Scientific progress and technological innovation—from the wheel to the microchip—have driven improvements in living standards throughout history. And technological change will likely continue to be the fundamental driver of prosperity, pushing increases in productivity and hopefully enabling a transition to more sustainable patterns of production and consumption.

18 | HUMAN DEVELOPMENT REPORT **2019**

But what will be the magnitude of future changes and how will the gains from innovation be distributed? Concern is growing about how technological change will reshape labour markets, particularly in how automation and artificial intelligence might replace tasks now performed by humans.

Technological change has been disruptive before, and much can be learned from the past. One key lesson is to ensure that major innovative disruptions help everyone, which requires equally innovative policies and perhaps new institutions. The current wave of technological progress will require other changes, including stronger antitrust policies and laws to govern the ethical use of data and artificial intelligence. Many of these will require international cooperation to succeed.

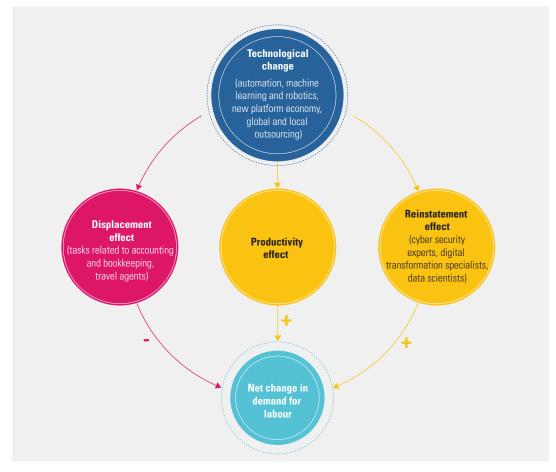
The Industrial Revolution set humanity on a path towards unprecedented improvements in well-being. But it also triggered the Great Divergence, dividing the few societies that industrialized from the many that did not. What is different now is that—perhaps for the first time in history—much of the technology behind the current transformation could be accessed anywhere. Yet the gaps in countries' abilities to harness the new opportunities are very large, with massive implications for both inequality and human development.

Technological change does not occur in a vacuum but is shaped by economic and social processes. It is an outcome of human action. Policymakers can shape the direction of technological change in ways that enhance human development. For instance, artificial intelligence might replace tasks performed by people, but it can also reinstate demand for labour by creating new tasks for humans, leading to a net positive effect that can reduce inequalities (figure 16).

The current wave of technological progress will require stronger antitrust policies and laws to govern the ethical use of data and artificial intelligence

FIGURE 16

Technology can displace some tasks but also create new ones



Source: Human Development Report Office.

Overview | 19

Towards reducing inequalities in human development in the 21st century

The Report argues that tackling inequalities is possible. But it is not easy. It requires clarifying which inequalities matter to the advancement of human development and better understanding the patterns of inequality and what drives them. The Report urges everyone to recognize that the current, standard measures to account for inequality are imperfect and often misleading—because they are centred on income and are too opaque to illuminate the underlying mechanisms generating inequalities. So, the Report argues for the value of looking at inequalities beyond income, beyond averages—and summary measures of inequality—and beyond today.

There should be a celebration of the remarkable progress that has enabled many people around the world to reach minimum standards of human development. But continuing the policies that have led to these successes alone is insufficient. Some people have been left behind. At the same time, many people's aspirations are changing. It is short-sighted for societies to focus only on inequality in the most basic capabilities. Looking beyond today means scanning ahead to recognize and tackle the new forms of inequality in enhanced capabilities that are growing in importance. Climate change and technological transformations are adding to the urgency.

Tackling these new inequalities can have a profound impact on policymaking. The Report does not claim that any one set of policies will work everywhere. But it does argue that policies must get beneath the surface of inequality to address their underlying drivers. Addressing some of these drivers will mean realigning today's policy goals: emphasizing, for instance, high-quality education at all ages, including preprimary levels, rather than focusing on

primary and secondary enrolment rates. Many of these aspirations are already reflected in the 2030 Agenda for Sustainable Development.

Power imbalances are at the heart of many inequalities. They may be economic, political or social. For example, policies might need to reduce a particular group's disproportionate influence in politics. They might need to level the economic playing field through antitrust measures that promote competition for the benefit of consumers. In some cases, addressing the barriers to equality mean tackling social norms embedded deep with a country's history and culture. Many options would enhance both equity and efficiency—and the main reason they are not pursued often has to do with the power of entrenched interests who stand not to gain much from change.

Thus, while policies matter for inequalities, inequalities also matter for policies. The human development lens—placing people at the heart of decisionmaking—is central to open a new window on how to approach inequality, asking why and when it matters, how it manifests itself and how best to tackle it. This is a conversation that every society must have. It is also a conversation that should begin today. True, action may carry a political risk. But history shows that the risks of inaction may be far greater, with severe inequalities eventually propelling a society into economic, social and political tensions.

There is still time to act. But the clock is ticking. What to do to address inequalities in human development is ultimately for each society to determine. That determination will emerge from political debates that can be charged and difficult. The Report contributes to those debates by presenting facts on inequalities in human development, interpreting them through the capabilities approach and proposing ideas to reduce them over the course of the 21st century.

There is still time to act. But the clock is ticking. What to do to address inequalities in human development is ultimately for each society to determine.

Notes

- Sources for most data and factual statements in this overview are included in the Report but are included here where precision or qualifications are important.
- Estimates for the United States, based on Chetty and others (2016). Kreiner, Nielsen and Serena (2018) argue that these results overestimate life expectancy gaps across different income groups because they ignore income mobility (by their method, the overestimation could be as high as 50 percent), but they also find that these gaps have been increasing over time and that the overestimation is attenuated at higher ages (disappearing completely at age 80). Mackenbach and others (2018) note that health inequalities generally increased in Europe from the 1980s though the late 2000s, with some narrowing in several countries since then.
- 3 This is discussed in more detail in chapter 2 of the Report.
- 4 As suggested in UN (2019b), which identified reducing inequalities and promoting capabilities as "entry points" to the transformations needed to achieve the Sustainable Development Goals. See also Lusseau and Mancini (2019), who found that inequalities are a key hurdle in achieving the Sustainable Development Goals across all countries and that reducing them would have compound positive effects on the entire set of Sustainable Development Goals.

- 5 Also a premise of the Deaton Review, a multiyear project examining inequalities in the United Kingdom (Joyce and Xu 2019).
- 6 Atkinson 2015.
- 7 Deaton (2017) has argued that governments often do more to increase inequality than to reduce it.
- 8 See, for instance, Saad (2019) on fear of climate change and Reinhart (2018) on artificial intelligence and jobs.
- 9 Sen 1980
- 10 Expression used by Angus Deaton to place in perspective the evolution of inequalities (Belluz 2015).
- 11 To borrow the expression from Deaton (2013a).
- 12 UNDP and OPHI 2019.
- Many developing countries lack complete vital registration systems, so the country-level estimates of life expectancy at older ages used in the Report, drawn from United Nations Population Division official statistics, are subject to significant measurement errors and should be interpreted with caution. Still, the dynamic of gaps in life expectancy opening up at older ages is robust to changes in age (it remains valid at age 60), and even though there is some heterogeneity across countries and over time, the same pattern is broadly confirmed within countries, as described in more detail in chapter 1 of the Report.
- 14 Brown, Ravallion and Van de Walle 2017.
- 15 Stiglitz, Sen and Fitoussi 2009a.

144371_EN_text.indd 21 11/19/19 4:38 PM

Human development indices

	Human Development Index	t Inequality-adjusted Gender Development Gender Inequality HDI Index Index					Multidimensional Poverty Index ^a					
	Value	Value	Overall loss (%)	Difference from HDI rank ^b	Value	Group ^c	Value	Rank	Value	Headcount (%)	Intensity of deprivation (%)	Year and survey ^d
HDI rank	2018	2018	2018	2018	2018	2018	2018	2018	2007–2018 ^e	2007-2018°	2007–2018	2007–2018
VERY HIGH HUMAN DEVELOPMENT												
1 Norway	0.954	0.889	6.8	0	0.990	1	0.044	5				
2 Switzerland	0.946	0.882	6.8	-1	0.963	2	0.037	1				
3 Ireland	0.942	0.865	8.2	-6	0.975	2	0.093	22				
4 Germany	0.939	0.861	8.3	-7	0.968	2	0.084	19				
4 Hong Kong, China (SAR)	0.939	0.815	13.2	-17	0.963	2						
6 Australia	0.938	0.862	8.1	-4	0.975	1	0.103	25				
6 Iceland	0.938	0.885	5.7	4	0.966	2	0.057	9				
8 Sweden	0.937	0.874	6.7	2	0.982	1	0.040	2				
9 Singapore	0.935	0.810	13.3	-14	0.988	1	0.065	11				
10 Netherlands	0.933	0.870	6.8	2	0.967	2	0.041	4				
11 Denmark	0.930	0.873	6.1	4	0.980	1	0.040	2				
12 Finland	0.925	0.876	5.3	7	0.990	1	0.050	7				
13 Canada	0.922	0.841	8.8	-4	0.989	1	0.083	18				
14 New Zealand	0.921	0.836	9.2	-4	0.963	2	0.133	34	••	••		
15 United Kingdom	0.920	0.845	8.2	0	0.967	2	0.119	27				
15 United States	0.920	0.797	13.4	-13	0.991	1	0.113	42				
17 Belgium	0.919	0.737	7.6	3	0.972	2	0.102	6				
18 Liechtenstein	0.917	0.043		J								
19 Japan	0.917	0.882	3.6	15	0.976	1	0.099	23				
20 Austria	0.915	0.843	7.7	3	0.970	2	0.099	14				
21 Luxembourg	0.909	0.822	9.5	1	0.970	2	0.078	16				
22 Israel	0.906	0.809	10.8	-3	0.972	2	0.100	24				
22 Korea (Republic of)	0.906	0.777	14.3	<u>-9</u>	0.934	3	0.058	10				
24 Slovenia	0.902	0.858	4.8	11	1.003	1	0.069	12				
25 Spain	0.893	0.765	14.3	-13	0.981	1	0.074	15				
26 Czechia	0.891	0.850	4.6	12	0.983	1	0.137	35				
26 France	0.891	0.809	9.2	1	0.984	1	0.051	8				
28 Malta	0.885	0.815	8.0	6	0.965	2	0.195	44				
29 Italy	0.883	0.776	12.1	-4	0.967	2	0.069	12				
30 Estonia	0.882	0.818	7.2	9	1.016	1	0.091	21				
31 Cyprus	0.873	0.788	9.7	1	0.983	1	0.086	20				
32 Greece	0.872	0.766	12.2	- 5	0.963	2	0.122	31				
32 Poland	0.872	0.801	8.1	4	1.009	1	0.120	30				
34 Lithuania	0.869	0.775	10.9	-1	1.028	2	0.124	33				
35 United Arab Emirates	0.866				0.965	2	0.113	26				
36 Andorra	0.857											
36 Saudi Arabia	0.857				0.879	5	0.224	49				
36 Slovakia	0.857	0.804	6.2	8	0.992	1	0.190	43				
39 Latvia	0.854	0.776	9.1	3	1.030	2	0.169	40				
40 Portugal	0.850	0.742	12.7	-6	0.984	1	0.081	17				
41 Qatar	0.848				1.043	2	0.202	45				
42 Chile	0.847	0.696	17.8	-14	0.962	2	0.288	62				
43 Brunei Darussalam	0.845				0.987	1	0.234	51				
43 Hungary	0.845	0.777	8.0	8	0.984	1	0.258	56				
45 Bahrain	0.838				0.937	3	0.207	47				
46 Croatia	0.837	0.768	8.3	4	0.989	1	0.122	31				
47 Oman	0.834	0.725	13.1	-3	0.943	3	0.304	65				
48 Argentina	0.830	0.714	14.0	-4	0.988	1	0.354	77				
49 Russian Federation	0.824	0.743	9.9	1	1.015	1	0.255	54				
50 Belarus	0.817	0.765	6.4	6	1.010	1	0.119	27				
50 Kazakhstan	0.817	0.759	7.1	4	0.999	1	0.203	46	0.002 f	0.5 ^f	35.6 ^f	2015 M
52 Bulgaria	0.816	0.714	12.5	0	0.993	1	0.218	48				
52 Montenegro	0.816	0.746	8.6	5	0.966	2	0.119	27	0.002 f	0.4 f	45.7 ^f	2013 M
52 Romania	0.816	0.740	11.1	2	0.986	1	0.113	69				2010 IVI
55 Palau	0.814											
		 0.675	 17 N	-10	 1 010	1	 0.256	 55	0.009 ^g	 2 E a	 24.2 a	2012 14
56 Barbados	0.813	0.675	17.0	-10	1.010		0.256	55 52		2.5 ^g	34.2 ^g	2012 M
57 Kuwait	0.808	 0 702	 12 N	0	0.999	1	0.245	53 50				
57 Uruguay	0.808	0.703	13.0	0	1.016	1	0.275	59				
59 Turkey	0.806	0.675	16.2	-8	0.924	4	0.305	66	**	**		

22 | HUMAN DEVELOPMENT REPORT **2019**

	Human Development Index	Inequality-adjusted HDI				evelopment dex	Gender Inequality Index		Multidimensional Poverty Index ^a				
	Value	Value	Overall loss (%)	Difference from HDI rank ^b	Value	Group°	Value	Rank	Value	Headcount (%)	Intensity of deprivation (%)	Year and survey ^d	
HDI rank	2018	2018	2018	2018	2018	2018	2018	2018	2007-2018 ^e	2007-2018e	2007–2018	2007-2018e	
60 Bahamas	0.805						0.353	76					
61 Malaysia	0.804				0.972	2	0.274	58					
62 Seychelles	0.801												
HIGH HUMAN DEVELOPMENT													
63 Serbia	0.799	0.685	14.4	-4	0.976	1	0.161	37	0.001 f	0.3 f	42.5 f	2014 M	
63 Trinidad and Tobago	0.799				1.002	1	0.323	72	0.002 f	0.6 f	38 f	2011 M	
65 Iran (Islamic Republic of)	0.797	0.706	11.5	5	0.874	5	0.492	118					
66 Mauritius	0.796	0.688	13.7	0	0.974	2	0.369	82					
67 Panama	0.795	0.626	21.2	-13	1.005	1	0.460	108					
68 Costa Rica	0.794	0.645	18.7	-7	0.977	1	0.285	61					
69 Albania	0.791	0.705	10.9	8	0.971	2	0.234	51	0.003	0.7	39.1	2017/2018 D	
70 Georgia	0.786	0.692	12.0	5	0.979	1	0.351	75					
71 Sri Lanka	0.780	0.686	12.1	4	0.938	3	0.380	86					
72 Cuba	0.778				0.948	3	0.312	67					
73 Saint Kitts and Nevis	0.777												
74 Antigua and Barbuda	0.776												
75 Bosnia and Herzegovina	0.769	0.658	14.4	-2	0.924	4	0.162	38	0.008 g	2.2 g	37.9 ^g	2011/2012 N	
76 Mexico	0.767	0.595	22.5	-17	0.957	2	0.334	74	0.025 9	6.3 g	39.2 ^g	2016 N	
77 Thailand	0.765	0.635	16.9	-4	0.995	1	0.377	84	0.003 f	0.8 f	39.1 f	2015/2016 N	
78 Grenada	0.763												
79 Brazil	0.761	0.574	24.5	-23	0.995	1	0.386	89	0.016 f,i,j	3.8 ^{f,i,j}	42.5 ^{f,i,j}	2015 N	
79 Colombia	0.761	0.585	23.1	-16	0.986	1	0.411	94	0.020 i	4.8 ⁱ	40.6 ⁱ	2015/2016 D	
81 Armenia	0.760	0.685	9.9	9	0.972	2	0.259	57	0.001	0.2	36.2	2015/2016 D	
82 Algeria	0.759	0.604	20.4	-8	0.865	5	0.443	100	0.008	2.1	38.8	2012/2013 N	
82 North Macedonia	0.759	0.660	13.1	5	0.947	3	0.145	36	0.010 ^g	2.5 ^g	37.7 ^g	2011 M	
82 Peru	0.759	0.612	19.4	-5	0.951	2	0.381	87	0.053	12.7	41.6	2012 D	
85 China	0.758	0.636	16.1	4	0.961	2	0.163	39	0.016 k,I	3.9 ^{k,l}	41.3 ^{k,l}	2014 N	
85 Ecuador	0.758	0.607	19.9	-4	0.980	1	0.389	90	0.018 f	4.5 ^f	40.0 f	2013/2014 N	
87 Azerbaijan	0.754	0.683	9.4	13	0.940	3	0.321	70					
88 Ukraine	0.750	0.701	6.5	21	0.995	1	0.284	60	0.001 ⁱ	0.2 i	34.5 ⁱ	2012 M	
89 Dominican Republic	0.745	0.584	21.5	-8	1.003	1	0.453	104	0.015 ⁱ	3.9 ⁱ	38.9 ⁱ	2014 M	
89 Saint Lucia	0.745	0.617	17.2	4	0.975	2	0.333	73	0.007 ^g	1.9 9	37.5 ^g	2012 M	
91 Tunisia	0.739	0.585	20.8	-4	0.899	5	0.300	63	0.005	1.3	39.7	2011/2012 N	
92 Mongolia	0.735	0.635	13.6	10	1.031	2	0.322	71	0.042	10.2	41.7	2013 M	
93 Lebanon	0.730				0.891	5	0.362	79					
94 Botswana	0.728				0.990	1	0.464	111					
94 Saint Vincent and the Grenadines	0.728												
96 Jamaica	0.726	0.604	16.7	3	0.986	1	0.405	93	0.018 9	4.7 9	38.7 ^g	2014 N	
96 Venezuela (Bolivarian Republic of)	0.726	0.600	17.3	1	1.013	1	0.458	106					
98 Dominica	0.724												
98 Fiji	0.724						0.357	78					
98 Paraguay	0.724	0.545	24.7	-14	0.968	2	0.482	117	0.019	4.5	41.9	2016 M	
98 Suriname	0.724	0.557	22.7	- 9	0.972	2	0.465	112	0.041 g	9.4 ^g	43.4 ^g	2010 M	
102 Jordan	0.723	0.617	14.7	11	0.868	5	0.469	113	0.002	0.4	35.4	2017/2018 D	
103 Belize	0.720	0.558	22.6	-8	0.983	1	0.391	91	0.017	4.3	39.8	2015/2016 N	
104 Maldives	0.719	0.568	21.0	-5	0.939	3	0.367	81	0.003	0.8	34.4	2016/2017 D	
105 Tonga	0.717				0.944	3	0.418	96					
106 Philippines	0.712	0.582	18.2	1	1.004	1	0.425	98	0.024 i	5.8 i	41.8	2017 D	
107 Moldova (Republic of)	0.711	0.638	10.4	21	1.007	1	0.228	50	0.004	0.9	37.4	2012 M	
108 Turkmenistan	0.710	0.579	18.5	1					0.001	0.4	36.1	2015/2016 N	
108 Uzbekistan	0.710				0.939	3	0.303	64					
110 Libya	0.708				0.931	3	0.172	41	0.007	2.0	37.1	2014 P	
111 Indonesia	0.707	0.584	17.4	6	0.937	3	0.451	103	0.028 ⁱ	7.0 ⁱ	40.3 ⁱ	2012 D	
111 Samoa	0.707						0.364	80					
113 South Africa	0.705	0.463	34.4	-17	0.984	1	0.422	97	0.025	6.3	39.8	2016 D	
114 Bolivia (Plurinational State of)	0.703	0.533	24.2	-6	0.936	3	0.446	101	0.094	20.4	46.0	2008 D	
115 Gabon	0.702	0.544	22.5	-4	0.917	4	0.534	128	0.066	14.8	44.3	2012 D	
116 Egypt	0.700	0.492	29.7	-8	0.878	5	0.450	102	0.019 ⁿ	5.2 n	37.6 ⁿ	2014 D	
MEDIUM HUMAN DEVELOPMENT													

144371_EN_text.indd 23 11/19/19 4:38 PM

	Human Development Index	Development Inequ		nequality-adjusted HDI		evelopment dex	Gender Inequality Index		Multidimensional Poverty Index*				
	Value	Value	Overall loss (%)	Difference from HDI rank ^b	Value	Group	Value	Rank	Value	Headcount (%)	Intensity of deprivation (%)	Year and survey ^d	
HDI rank	2018	2018	2018	2018	2018	2018	2018	2018	2007-2018°	2007-2018 ^e	2007–2018	2007-2018 ^e	
118 Viet Nam	0.693	0.580	16.3	8	1.003	1	0.314	68	0.019 ⁱ	4.9 ⁱ	39.5 ⁱ	2013/2014 M	
119 Palestine, State of	0.690	0.597	13.5	16	0.871	5			0.004	1.0	37.5	2014 M	
120 Iraq	0.689	0.552	19.8	3	0.789	5	0.540	131	0.033	8.6	37.9	2018 M	
121 Morocco	0.676				0.833	5	0.492	118	0.085 f	18.6 ^f	45.7 f	2011 P	
122 Kyrgyzstan	0.674	0.610	9.5	23	0.959	2	0.381	87	0.008	2.3	36.3	2014 M	
123 Guyana	0.670	0.546	18.5	4	0.973	2	0.492	118	0.014	3.4	41.8	2014 M	
124 El Salvador	0.667	0.521	21.9	1	0.969	2	0.397	92	0.032	7.9	41.3	2014 M	
125 Tajikistan	0.656	0.574	12.5	12	0.799	5	0.377	84	0.029	7.4	39.0	2017 D	
126 Cabo Verde	0.651				0.984	1	0.372	83					
126 Guatemala	0.651	0.472	27.4	-2	0.943	3	0.492	118	0.134	28.9	46.2	2014/2015 D	
126 Nicaragua	0.651	0.501	23.0	1	1.013	1	0.455	105	0.074	16.3	45.2	2011/2012 D	
129 India	0.647	0.477	26.3	1	0.829	5	0.501	122	0.123	27.9	43.9	2015/2016 D	
130 Namibia	0.645	0.417	35.3	-14	1.009	1	0.460	108	0.171	38.0	45.1	2013 D	
131 Timor-Leste	0.626	0.450	28.0	-5	0.899	5			0.210	45.8	45.7	2016 D	
132 Honduras	0.623	0.464	25.5	0	0.970	2	0.479	116	0.090 °	19.3 °	46.4 °	2011/2012 D	
132 Kiribati	0.623												
134 Bhutan	0.617	0.450	27.1	-3	0.893	5	0.436	99	0.175 ^f	37.3 ^f	46.8 f	2010 M	
135 Bangladesh	0.614	0.465	24.3	4	0.895	5	0.536	129	0.198	41.7	47.5	2014 D	
135 Micronesia (Federated States of)	0.614												
137 Sao Tome and Principe	0.609	0.507	16.7	10	0.900	5	0.547	136	0.092	22.1	41.7	2014 M	
138 Congo	0.608	0.456	25.0	2	0.931	3	0.579	145	0.112	24.3	46.0	2014/2015 M	
138 Eswatini (Kingdom of)	0.608	0.430	29.3	-4	0.962	2	0.579	145	0.081	19.2	42.3	2014 M	
140 Lao People's Democratic Republic	0.604	0.454	24.9	3	0.929	3	0.463	110	0.108	23.1	47.0	2017 M	
141 Vanuatu	0.597								0.174 f	38.8 f	44.9 f	2007 M	
142 Ghana	0.596	0.427	28.3	-3	0.912	4	0.541	133	0.138	30.1	45.8	2014 D	
143 Zambia	0.591	0.394	33.4	-6	0.949	3	0.540	131	0.261	53.2	49.1	2013/2014 D	
144 Equatorial Guinea	0.588												
145 Myanmar	0.584	0.448	23.2	3	0.953	2	0.458	106	0.176	38.3	45.9	2015/2016 D	
146 Cambodia	0.581	0.465	20.1	12	0.919	4	0.474	114	0.170	37.2	45.8	2014 D	
147 Kenya	0.579	0.426	26.3	0	0.933	3	0.545	134	0.178	38.7	46.0	2014 D	
147 Nepal	0.579	0.430	25.8	3	0.897	5	0.476	115	0.148	34.0	43.6	2016 D	
149 Angola	0.574	0.392	31.8	-2	0.902	4	0.578	144	0.282	51.1	55.3	2015/2016 D	
150 Cameroon	0.563	0.371	34.1	-6	0.869	5	0.566	140	0.243	45.3	53.5	2014 M	
150 Zimbabwe	0.563	0.435	22.8	7	0.925	4	0.525	126	0.137	31.8	42.9	2015 D	
152 Pakistan	0.560	0.386	31.1	-1	0.747	5	0.547	136	0.198	38.3	51.7	2017/2018 D	
153 Solomon Islands	0.557												
LOW HUMAN DEVELOPMENT													
154 Syrian Arab Republic	0.549				0.795	5	0.547	136	0.029 f	7.4 ^f	38.9 f	2009 P	
155 Papua New Guinea	0.543						0.740	161					
156 Comoros	0.538	0.294	45.3	-22	0.888	5			0.181	37.3	48.5	2012 D	
157 Rwanda	0.536	0.382	28.7	-1	0.943	3	0.412	95	0.259	54.4	47.5	2014/2015 D	
158 Nigeria	0.534	0.349	34.6	-5	0.868	5			0.291	51.4	56.6	2016/2017 M	
159 Tanzania (United Republic of)	0.528	0.397	24.9	7	0.936	3	0.539	130	0.273	55.4	49.3	2015/2016 D	
159 Uganda	0.528	0.387	26.7	4	0.863	5	0.531	127	0.269	55.1	48.8	2016 D	
161 Mauritania	0.527	0.358	32.1	1	0.853	5	0.620	150	0.261	50.6	51.5	2015 M	
162 Madagascar	0.521	0.386	25.8	6	0.946	3			0.453	77.8	58.2	2008/2009 D	
163 Benin	0.520	0.327	37.1	-6	0.883	5	0.613	148	0.368	66.8	55.0	2017/2018 D	
164 Lesotho	0.518	0.350	32.5	3	1.026	2	0.546	135	0.146	33.6	43.4	2014 D	
165 Côte d'Ivoire	0.516	0.331	35.8	-3	0.796	5	0.657	157	0.236	46.1	51.2	2016 M	
166 Senegal	0.514	0.347	32.5	2	0.873	5	0.523	125	0.288	53.2	54.2	2017 D	
167 Togo	0.513	0.350	31.7	6	0.818	5	0.566	140	0.249	48.2	51.6	2013/2014 D	
168 Sudan	0.507	0.332	34.6	1	0.837	5	0.560	139	0.279	52.3	53.4	2014 M	
169 Haiti	0.503	0.299	40.5	-7	0.890	5	0.620	150	0.200	41.3	48.4	2016/2017 D	
170 Afghanistan	0.496				0.723	5	0.575	143	0.272 i	55.9 i	48.6 ⁱ	2015/2016 D	
171 Djibouti	0.495												
172 Malawi	0.485	0.346	28.7	5	0.930	3	0.615	149	0.243	52.6	46.2	2015/2016 D	
173 Ethiopia	0.470	0.337	28.4	5	0.844	5	0.508	123	0.489	83.5	58.5	2016 D	
174 Gambia	0.466	0.293	37.2	-8	0.832	5	0.620	150	0.286	55.2	51.7	2013 D	
174 Guinea	0.466	0.310	33.4	-1	0.806	5			0.336	61.9	54.3	2016 M	
176 Liberia	0.465	0.314	32.3	2	0.899	5	0.651	155	0.320	62.9	50.8	2013 D	

24 | HUMAN DEVELOPMENT REPORT **2019**

144371_EN_text.indd 24 11/19/19 4:38 PM

	Human Development Inequality-adjusted Index HDI				Gender Development Gender Inequality Index				Multidimensional Poverty Index ^a				
	Value	Value	Overall loss (%)	Difference from HDI rank ^b	Value	Group	Value	Rank	Value	Headcount (%)	Intensity of deprivation (%)	Year and survey ^d	
HDI rank	2018	2018	2018	2018	2018	2018	2018	2018	2007-2018 ^e	2007-2018°	2007–2018	2007-2018e	
177 Yemen	0.463	0.316	31.8	5	0.458	5	0.834	162	0.241	47.7	50.5	2013 D	
178 Guinea-Bissau	0.461	0.288	37.5	-5					0.372	67.3	55.3	2014 M	
179 Congo (Democratic Republic of the)	0.459	0.316	31.0	7	0.844	5	0.655	156	0.389	74.0	52.5	2013/2014 D	
180 Mozambique	0.446	0.309	30.7	4	0.901	4	0.569	142	0.411	72.5	56.7	2011 D	
181 Sierra Leone	0.438	0.282	35.7	-3	0.882	5	0.644	153	0.297	57.9	51.2	2017 M	
182 Burkina Faso	0.434	0.303	30.1	5	0.875	5	0.612	147	0.519	83.8	61.9	2010 D	
182 Eritrea	0.434												
184 Mali	0.427	0.294	31.2	3	0.807	5	0.676	158	0.457	78.1	58.5	2015 M	
185 Burundi	0.423	0.296	30.1	5	1.003	1	0.520	124	0.403	74.3	54.3	2016/2017 D	
186 South Sudan	0.413	0.264	36.1	-1	0.839	5			0.58 °	91.9	63.2	2010 M	
187 Chad	0.401	0.250	37.7	-1	0.774	5	0.701	160	0.533	85.7	62.3	2014/2015 D	
188 Central African Republic	0.381	0.222	41.6	-1	0.795	5	0.682	159	0.465 f	79.4 f	58.6 f	2010 M	
189 Niger	0.377	0.272	27.9	3	0.298	5	0.647	154	0.590	90.5	65.2	2012 D	
OTHER COUNTRIES OR TERRITORIES													
Korea (Democratic People's Rep. of)													
Monaco													
Nauru													
San Marino													
Somalia													
Tuvalu													
Human development groups													
Very high human development	0.892	0.796	10.7	_	0.979	_	0.175	_				_	
High human development	0.750	0.615	17.9	_	0.960	_	0.331	_	0.018	4.5	40.9	_	
Medium human development	0.634	0.470	25.9	_	0.845	_	0.501	_	0.135	29.4	45.9	_	
Low human development	0.507	0.349	31.1	_	0.858	_	0.590	_	0.344	62.3	55.2	_	
Developing countries	0.686	0.533	22.3	_	0.918	_	0.466	_	0.114	23.1	49.4	_	
Regions													
Arab States	0.703	0.531	24.5	_	0.856	_	0.531	_	0.076	15.7	48.4	_	
East Asia and the Pacific	0.741	0.618	16.6	_	0.962	_	0.310	_	0.024	5.6	42.3	_	
Europe and Central Asia	0.779	0.688	11.7	_	0.953	_	0.276	_	0.004	1.1	37.9	_	
Latin America and the Caribbean	0.759	0.589	22.3	_	0.978	_	0.383	_	0.033	7.5	43.1	_	
South Asia	0.642	0.476	25.9	_	0.828	_	0.510	_	0.142	31.0	45.6	_	
Sub-Saharan Africa	0.541	0.376	30.5	_	0.891	_	0.573	_	0.315	57.5	54.9	_	
Least developed countries	0.528	0.377	28.6	_	0.869	_	0.561	_	0.315	59.0	53.4	_	
Small island developing states	0.723	0.549	24.0	_	0.967	_	0.453	_				_	
Organisation for Economic Co-operation and Development	0.895	0.791	11.7	_	0.976	_	0.182					_	
World	0.731	0.584	20.2		0.941		0.439	_	0.114	23.1	49.4	_	

NOTES

- a Not all indicators were available for all countries, so caution should be used in cross-country comparisons. Where an indicator is missing, weights of available indicators are adjusted to total 100 percent. See *Technical note 5* at http:// hdr.undp.org/sites/default/files/hdr2019_technical_note pdf for details.
- **b** Based on countries for which the Inequality-adjusted Human Development Index is calculated.
- C Countries are divided into five groups by absolute deviation from gender parity in HDI values.
- d Dindicates data from Demographic and Health Surveys, M from Multiple Indicator Cluster Surveys, P from Pan Arab Population and Family Health Survey and N from national surveys (see http://dncundp.org/en/faq-page/ multidimensional-poverty-index-mpi for the list of national survevs).
- e Data refer to the most recent year available during the period specified, as indicated in column 12.
- Considers child deaths that occurred at any time because the survey did not collect the date of child deaths.
- Missing indicator on child mortality.
- Multidimensional Poverty Index estimates are based on the 2016 National Health and Nutrition Survey. Estimates based on the 2015 Multiple Indicator Cluster Survey are 0.010 for Multidimensional Poverty Index value, 2.6 for UUI or Multidimensional Poverty Index value, 2.b for multidimensional poverty headcount (%), 312,5000 for multidimensional poverty headcount in year of survey, 3200,000 for projected multidimensional poverty headcount in 2017, 40.2 for intensity of deprivation, 0.4 for population in severe multidimensional poverty, 6.1 for population vulnerable to multidimensional poverty, 339 for contribution of depotation is possible 30.8 for contribution of the population is possible 30.8 for contribution of depotation is possible 30.8 for contribution of depotation is possible 30.8 for contribution of depotation is possible 30.8 for contribution of depotations in possible 30.8 for contribution of depotations of the possible 30.8 for contribution of the possible 30.8 for contribution of depotations of the possible 30.8 for contribution of the possi of deprivation in health, 23.8 for contribution of deprivation

in education and 36.3 for contribution of deprivation in standard of living

- Missing indicator on nutrition.
- The methodology was adjusted to account for missing indicator on nutrition and incomplete indicator on child mortality (the survey did not collect the date of child deaths)
- k Child mortality was constructed based on deaths that occurred between surveys-that is, between 2012 and 2014. Child deaths reported by an adult man in the household were taken into account because the date of death was reported.
- I Missing indicator on housing.
- m Based on data accessed on 7 June 2016
- Missing indicator on cooking fuel.
- Missing indicator on electricity.

Human Development Index (HDI): A composite index measuring average achievement in three basic dimensions of human development—a long and healthy life, knowledge and a decent standard of living. See Technical note 1 at http://hdr. undp.org/sites/default/files/hdr/2019_technical_notes.pdf for details on how the HDI is encludated. details on how the HDI is calculated

Inequality-adjusted HDI (IHDI): HDI value adjusted for ualities in the three basic dimensions of human development. See Technical note 2 at http://hdr.undp.org/sites/default/files/ hdr2019_technical_notes.pdf for details on how the IHDI is

Overall loss: Percentage difference between the IHDI value

Difference from HDI rank: Difference in ranks on the IHDI and the HDI, calculated only for countries for which an IHDI value is calculated

Gender Development Index: Ratio of female to male HDI values. See Technical note 3 at http://hdr.undp.org/sites/ default/files/hdr2019_technical_notes.pdf for details on how the Gender Development Index is calculated.

Gender Development Index groups: Countries are divided into five groups by absolute deviation from gender parity in HDI values. Group I comprises countries with high equality in HDI achievements between women and men (absolute deviation of less than 2.5 percent), group 2 comprises countries with medium to high equality in HDI achievements between women and men to nign equality in HUI achievements between women and men (absolute deviation of 2.5–5 percent), group 3 comprises countries with medium equality in HDI achievements between women and men (absolute deviation of 5–7.5 percent), group 4 comprises countries with medium to low equality in HDI achievements between women and men (absolute deviation of 7.5–10 percent) and group 5 comprises countries with low equality in HDI achievements between wemen and men (absolute deviation from achievements between women and men (absolute deviation from gender parity of more than 10 percent).

Gender Inequality Index: A composite measure reflecting Gentuer inequality in achievement between women and men in three dimensions: reproductive health, empowerment and the labour market. See Technical note 4 at http://hdr.undp.org/sites/default/files/hdr/2019_technical_notes.pdf for details on how the Gender Inequality Index is calculated.

Multidimensional Poverty Index: Paccatage of the population that is multidimensionally poor adjusted by the intensity of the deprivations. See Technical note 5 at http:// hdr.undp.org/sites/default/files/hdr2019_technical_notes. pdf for details on how the Multidimensional Poverty Index is calculated.

Multidimensional poverty headcount: Population with a deprivation score of at least 33 percent. It is expressed as a share of the population in the survey year, the number of people in the survey year and the projected number of people in 2017.

Intensity of deprivation of multidimensional poverty: Average deprivation score experienced by people in multidimensional poverty.

SOURCES

Column 1: HDRO calculations based on data from UNDESA (2019) LINESCO Institute for Statistics (2019) United Nations Statistics Division (2019), World Bank (2019), Barro and Lee (2018) and IMF (2019).

Column 2: Calculated as the geometric mean of the values in inequality-adjusted life expectancy index, inequality-adjusted education index and inequality-adjusted income index using the methodology in Technical note 2 (available at http://ndr.undp.org/sites/default/files/hdr2019_technical_notes.pdf).

Column 3: Calculated based on data in columns 1 and 2.

Column 4: Calculated based on data in column 2 and recalculated HDI ranks for countries for which the Inequality-adjusted HDI is calculated.

Column 5: HDRO calculations based on data from UNDESA (2019), UNESCO Institute for Statistics (2019), Barro and Lee (2018), World Bank (2019), ILO (2019) and IMF (2019).

Column 6: Calculated based on data in column 5.

Column 7: HDRO calculations based on data from UN Maternal Mortality Estimation Group (2017), UNDESA (2019), IPU (2019), UNESCO Institute for Statistics (2019), Barro and Lee (2018) and ILO (2019).

Column 8: Calculated based on data in column 7

Columns 9 and 10: HDRO and OPHI calculations based on data on household deprivations in health, education and living standards from various household surveys listed in column 12 using a revised methodology described in *Technical note 5* (available at http://hdr.undp.org/sites/default/files/hdr2019_ technical_notes.pdf)

Overview | 25

References

- Atkinson, A. 2015. Inequality: What Can Be Done? Cambridge, MA: Harvard University Press.
- Barro, R. J., and J.-W. Lee. 2018. Dataset of Educational Attainment, June 2018 Revision. www.barrolee.com. Accessed 15 June 2019.
- Belluz, J. 2015. "Nobel Winner Angus Deaton Talks about the Surprising Study on White Mortality He Just Co-Authored." Vox, 7 November.
- Blanchet, T., L. Chancel and A. Gethin. 2019. "How Unequal Is Europe? Evidence from Distributional National Accounts, 1980-2017." WID.world Working Paper 2019/06. World Inequality Database.
- Chetty, R., M. Stepner, S. Abraham, S. Lin, B. Scuderi, N. Turner, A. Bergeron and D. Cutler. 2016. "The Association between Income and Life Expectancy in the United States, 2001-2014." *Journal of the American Medical Association* 315(16): 1750–1766.
- Corak, M. 2013. "Income Inequality, Equality of Opportunity, and Intergenerational Mobility." Journal of Economic Perspectives 27(3): 79–102
- Cumming, G.S., and S. von Cramon-Taubadel. 2018. "Linking Economic Growth Pathways and Environmental Sustainability by Understanding Development as Alternate Social–Ecological Regimes." Proceedings of the National Academy of Sciences 115(38): 9533–9538.
- Cutler, D.M., and A. Lleras-Muney. 2010. "Understanding Differences in Health Behaviors by Education." Journal of Health Economics 29(1): 1–28.
- **Deaton, A. 2013.** The Great Escape: Health, Wealth, and the Origins of Inequality. Princeton, NJ: Princeton University Press.
- **Deaton, A. 2017.** "Without Governments, Would Countries Have More Inequality, or Less?" *The Economist*, 13 July. www. economist.com/the-world-if/2017/07/13/without-governments-would-countries-have-more-inequality-or-less. Accessed [date].
- **GDIM. 2018.** Global Database on Intergenerational Mobility. World Bank, Development Research Group, Washington, DC.
- ILO (International Labour Organization). 2019. ILOSTAT database. www.ilo.org/ilostat. Accessed 17 June 2019.
- IMF (International Monetary Fund). 2017. "Tackling Inequality." Fiscal Monitor, October. Washington, DC.
- ——. 2019. World Economic Outlook database. Washington, DC. www.imf.org/external/pubs/ft/weo/2019/01/weodata/index. aspx. Accessed 15 July 2019.
- IPU (Inter-Parliamentary Union). 2019. Women in national parliaments, www.ipu.org/wmn-e/classif-arc.htm. Accessed 11 April 2019.
- Joyce, R., and X. Xu. 2019. "Inequalities in the Twentieth-First Century." Introducing the IFS Deaton Review. Institute for Fiscal Studies, London.
- Kreiner, C.T., T.H. Nielsen and B.L. Serena. 2018. "Role of Income Mobility for the Measurement of Inequality in life Expectancy." Proceedings of the National Academy of Sciences 115(46): 11754–11759.

- Lusseau, D. and F. Mancini. 2019. "Income-Based Variation in Sustainable Development Goal Interaction Networks." Nature Sustainability 2: 242–247.
- Mackenbach, J.P. J.R. Valverde, B. Artnik, M. Bopp, H. Brønnum-Hansen, P. Deboosere, R. Kalediene, K. Kovács, M. Leinsalu, P. Martikainen, G. Menvielle, E. Regidor, J. Rychtaříková, M. Rodriguez-Sanz, P. Vineis, C. White, B. Wojtyniak, Y. Hu and W.J. Nusselder. 2018. "Trends in Health Inequalities in 27 European Countries." *Proceedings of the National Academy of Sciences* 115 (25): 6440–6445.
- Martínez, J., and D. Sánchez-Ancochea. 2016. "Achieving Universalism in Developing Countries." Background paper for Human Development Report 2016. United Nations Development Programme, Human Development Report Office, New York.
- Reinhart, R.J. 2018. "Al Seen as Greater Job Threat Than Immigration, Offshoring." Gallup, 9 March. https://news.gallup.com/poll/228923/seen-greater-job-threat-immigration-offshoring.aspx. Accessed 18 October 2019.
- Saad, L. 2019. "Americans as Concerned as Ever About Global Warming." Gallup, 25 March. https://news.gallup.com/ poll/248027/americans-concerned-ever-global-warming.aspx. Accessed 18 October 2019.
- Sen, A. 1980. "Equality of What?" In S. McMurrin, ed., *Tanner Lectures on Human Values*, Vol. I. Cambridge, UK: Cambridge University Press.
- Stiglitz, J., A. Sen and J.-P. Fitoussi. 2009. "The Measurement of Economic Performance and Social Progress Revisited: Reflections and Overview." Commission on the Measurement of Economic Performance and Social Progress, Paris.
- UN (United Nations). 2019. Global Sustainable Development
 Report: The Future is Now: Science for Achieving Sustainable
 Development. New York: United Nations.
- UNDESA (United Nations Department of Economic and Social Affairs). 2019. World Population Prospects: The 2019 Revision New York. https://population.un.org/wpp/. Accessed 19 June 2019.
- UNESCO (United Nations Educational, Scientific and Cultural Organization) Institute for Statistics. 2019. Data Centre. http://data.uis.unesco.org. Accessed 11 April 2019.
- UNDP (United Nations Development Programme) and OPHI (Oxford Poverty and Human Development Initiative). 2019. Global Multidimensional Poverty Index 2019: Illuminating Inequalities. New York.
- United Nations Statistics Division. 2019. National Accounts Main Aggregates Database. http://unstats.un.org/unsd/snaama. Accessed 15 July 2019.
- UN Maternal Mortality Estimation Group (World Health Organization, United Nations Children's Fund, United Nations Population Fund and World Bank). 2017. Maternal mortality data. http://data.unicef.org/topic/maternal-health/maternal-mortality/. Accessed 15 July 2019.
- World Bank. 2017. World Development Report 2017: Governance and the Law. Washington, DC.

144371 EN text.indd 26 11/19/19 4:38 PM