

The Rise of the South: Human Progress in a Diverse World

The *Human Development Report 2013* (HDR), published by the United Nations Development Program (UNDP), focuses on the link between the transformation of developing countries into “dynamic major economies” and human development. The report highlights that no country’s 2012 score is lower than its 2000 score in the report’s flagship Human Development Index (HDI), that progress appears to have accelerated, and that global convergence in HDI scores is occurring. But how to sustain this progress? The authors of this year’s report continue points made in the previous HDR edition (which focused on environment and equity). They suggest four areas of focus:

- improving equity (in education, living standards, health, and gender),
- enhancing civil society’s participation,
- addressing environmental issues (including degradation),
- and dealing with demographic change.

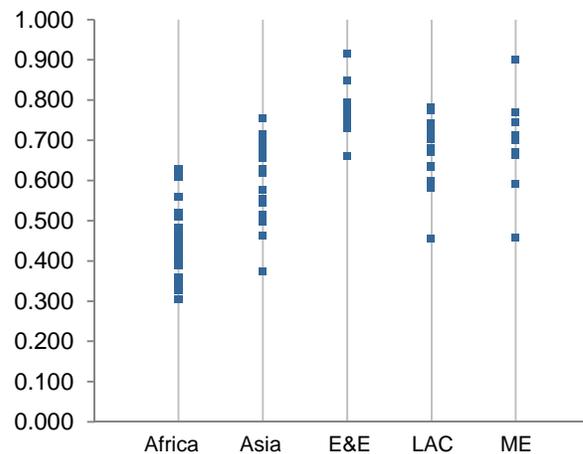
This snapshot highlights the statistical findings of this year’s HDR, focusing on the 95 countries that received at least \$2 million in obligations of USAID assistance in fiscal year 2011, henceforth referred to as USAID-assisted countries.

The Human Development Index (HDI)

The Human Development Index is a composite index that includes health, education, and income indicators. HDI scores range from 0 to 1, with 1 being the best possible score. Based on the list of USAID assisted countries, the average HDI score has improved by 37 percent from 1980 to 2012. Improvement has been slow but steady since 2008—before then, annual improvement was higher, though the HDI at in that period covered fewer countries (58 USAID-assisted countries in 1980, 70 in 1990, 79 in 2000, and 91 in 2000).

The majority of USAID-assisted countries receiving the highest HDI scores are in Europe and Eurasia (E&E) and the Latin America and the Caribbean (LAC) region. Compared to last year, Serbia and Panama no longer rank as top ten countries primarily because of our \$2 million assistance criterion. Japan and New Zealand each received at least \$2 million in FY2011, and so qualified for our analytical list, effectively pushing less developed countries’ ranks lower; and the assistance Panama received was less than \$2 million, eliminating it from our analysis. All of the bottom 21 scores are African, with the sole exception of Afghanistan. Liberia moved up out of the bottom

Distribution of HDI Country Scores by Region, 2012

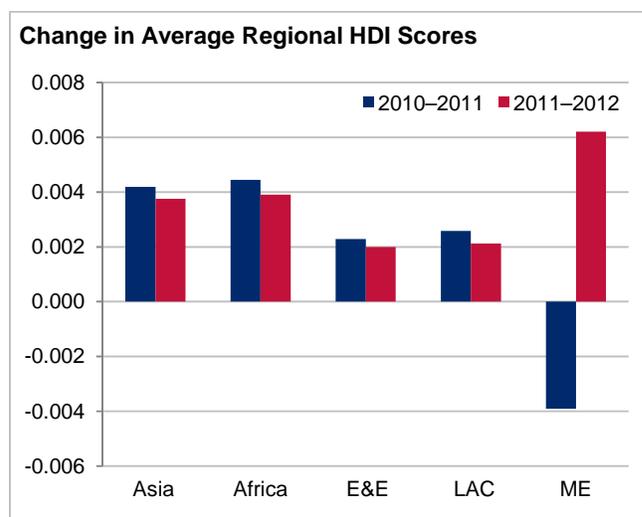
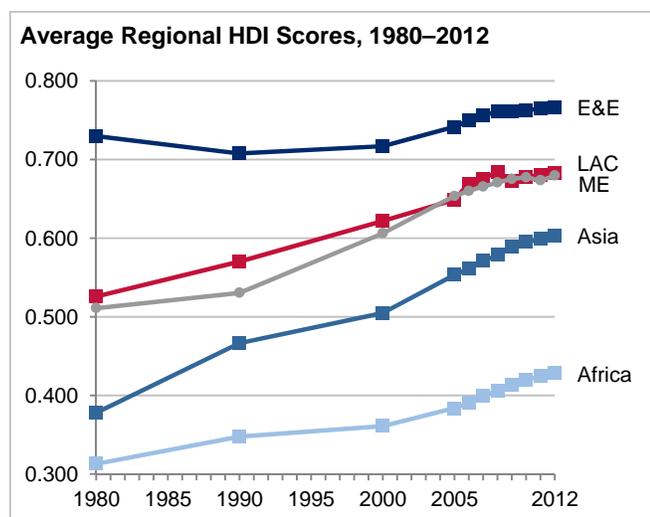


ten countries, replaced by Mali. The three greatest improvements in HDI scores between 2011 and 2012 belong to Libya, Sierra Leone, and Zimbabwe. Six countries' HDI score decreased from 2011 to 2012: Sudan, Mali, Cyprus, Yemen, Paraguay, and Senegal. Between 2010 and 2011, only one country, Madagascar, saw its HDI score fall.

Most Improved Countries, 2011–2012	
Country	Change in Score
Libya	0.044
Sierra Leone	0.011
Zimbabwe	0.010
Mongolia	0.007
Iraq	0.007
Liberia	0.007
Niger	0.007
Cote d'Ivoire	0.006
Tanzania	0.006
Indonesia	0.005

The following two charts display regional average scores for USAID assisted countries. (Note: The charts only include data for years that have been updated according to the 2012 methodology because the UNDP frequently changes its methodology for calculating HDI and only backdates certain years.) Since 1980, countries across all regions have made significant improvements in their HDI scores despite a few slight decreases. Asia has seen the greatest overall improvements, adding over 0.22 points to the region's average HDI score since 1980—followed by the Middle East (ME) 0.17 points and LAC 0.16 point improvements. While all regions have experienced gains over the past two years, the size of the annual improvement has generally decreased over time. The gains between 2010 and 2011 were larger than the period 2011–2012, with the exception of the Middle East, which fell during 2010–11 but increased in 2011–12.

Top- and Bottom-Ranked Countries, 2012		
Country	Rank	Score
<i>Top 10 Countries</i>		
New Zealand	6	0.919
Ireland	7	0.916
Japan	10	0.912
Israel	16	0.900
Cyprus	31	0.848
Belarus	50	0.793
Montenegro	52	0.791
Russia	55	0.788
Cuba	59	0.780
Mexico	61	0.775
<i>Bottom 10 Countries</i>		
Sierra Leone	177	0.359
Guinea	178	0.355
Burundi	178	0.355
Central African Republic	180	0.352
Mali	182	0.344
Burkina Faso	183	0.343
Chad	184	0.340
Mozambique	185	0.327
Congo (Kinshasa)	186	0.304
Niger	186	0.304

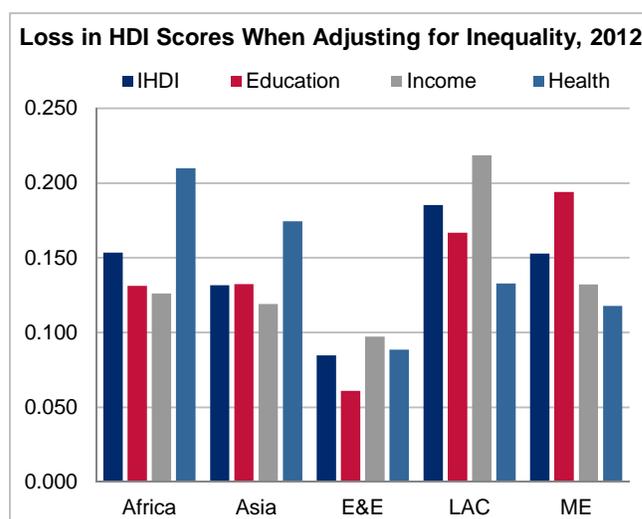


Inequality-Adjusted HDI: Widening Income Inequality

This year's HDR continued last year's innovation of adjusting HDI scores for inequality. In the inequality-adjusted HDI score (IHDI) the authors adjust HDI scores downward for inequality (higher inequality means that the difference between the inequality-adjusted HDI score and the original HDI score will be greater). The adjustment for inequality is calculated for each component of HDI using data from household surveys that reflects the distribution of each dimension across national populations. Since there is no country with perfect equality, all IHDI scores are lower than the corresponding HDI score. The findings of the report show that while there have been significant improvements in decreasing inequality in education and health, these gains have been offset by widening inequality in income.

According to the 2013 report, the rise in income inequality is mainly due to the failure of national fiscal systems, such as taxation. LAC has the highest income inequality, which has declined since last year's report as a result of cash transfer programs. Inequality in health remains a concern in Africa, whereas the Middle East faces inequality in education.

The country with the greatest difference between its HDI and inequality-adjusted HDI scores due to high income inequality is Namibia, followed by several LAC countries: Haiti, Bolivia, Venezuela, Colombia, Panama, and Brazil.

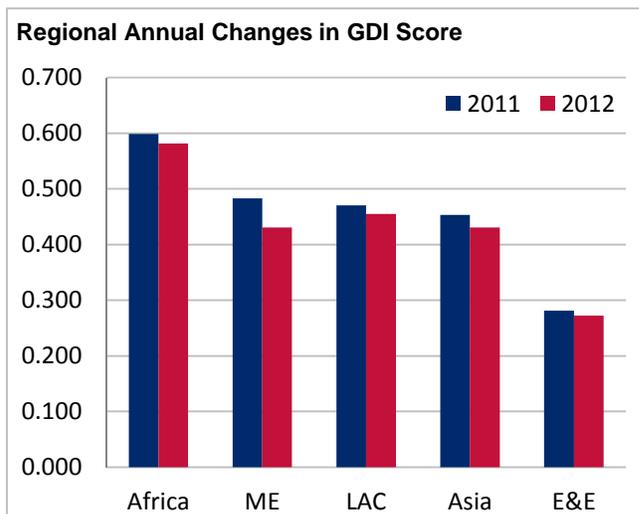


Gender Inequality Index (GII): Improving Gender Equality

The GII is a measure distinct from the HDI that is intended to capture the loss in achievement between men and women due to inequality across three dimensions: reproductive health, empowerment, and the labor market. GII scores range from 0 to 1; unlike the HDI, higher scores in the GII reflect greater inequality. The GII has been presented since the 2010 *Human Development Report* and remains an experimental index.

According to the 2013 report, countries in Sub-Saharan Africa are struggling to decrease gender disparities in education, high maternal mortality rates, and high adolescent fertility rates. Meanwhile, in South Asia, women are mostly affected by low female representation in parliament, gender imbalances in educational achievement and low labor force participation. Europe and Eurasia has the best average GII score and also had a slight decrease (improvement) in its score by 3.2 percent between 2011 and 2012. The Middle East has achieved the highest improvement, as its average GII decreased by 10.9 percent over the same period. This improvement is mainly driven by declining inequality in health and education.

The authors of the 2013 report highlight that improvements in education and job creation for women are not enough to decrease gender inequality overall. They emphasize the importance of political and social reforms that enhance women's human rights. Such reform would change social norms that offer economic incentives that favor boys over girls. In addition, the report highlights that a higher male-to-female population ratio has major implications for democracy and could lead to social violence.



Multidimensional Poverty Index (MPI): Analyzing Poverty not Captured by Income

The 2013 report updates the MPI which identifies the number of individuals suffering from deprivations in education, health, and standard of living. It ranges from 0 to 1, with scores closer to 1 representing a greater degree of poverty. MPI data come from the most recent household surveys between 2007 and 2011 available in each country. The MPI was first presented in the 2010 *Human Development Report* and remains an experimental index.

All of the bottom ten USAID assisted countries in the MPI rankings are from the Africa region. Compared to last year's report, the Central African Republic moved out of the bottom ten and was replaced by Somalia. Underlying data for this indicator is missing for a number of countries; therefore the report's authors discourage detailed country comparisons. However, a general picture of the highest scores shows a concentration of Europe and Eurasia and Asia. Armenia moved up the ranks of the top ten and replaced Kazakhstan in the second place after Belarus, which stayed at top of the list.

Note: Belarus has a MPI score of zero, which is the share of the population that is multidimensionally poor, adjusted by the intensity of the deprivations. For more information on the score please see the "Explanatory note on 2013 HDR composite indices" (<http://hdrstats.undp.org/images/explanations/BLR.pdf>).

Top-Ranked Countries, 2012			Bottom-Ranked Countries, 2012		
Country	Rank	Score	Country	Rank	Score
Belarus	1	0	Senegal	94	0.439
Armenia	4	0.001	Liberia	96	0.485
Kazakhstan	5	0.002	Guinea	97	0.506
Bosnia and Herzegovina	7	0.003	Mozambique	98	0.512
Georgia	7	0.003	Somalia	99	0.514
Serbia	7	0.003	Burundi	100	0.530
West Bank/Gaza	10	0.005	Burkina Faso	101	0.535
Albania	10	0.005	Mali	102	0.558
Russia	10	0.005	Ethiopia	103	0.564
Thailand	13	0.006	Niger	104	0.642

HDI Methodology and Limitations

The table below gives an overview of the dimensions and indicators included in each index in the 2013 report. For a full explanation of the methodology please refer to the “Technical Notes” in the *Human Development Report 2013* (http://hdr.undp.org/en/media/HDR_2013_EN_complete.pdf).

Index Dimensions and Indicators, 2013

Index	Dimensions	Indicators
Human Development Index (HDI)	Health	Life expectancy at birth
	Education	<ul style="list-style-type: none"> • Mean years of schooling • Expected years of schooling
	Income	GNI per capita (PPP\$)
Inequality-adjusted HDI (IHDI)	Health	Life expectancy at birth
	Education	<ul style="list-style-type: none"> • Mean years of schooling • Expected years of schooling
	Income	GNI per capita (PPP\$)
Gender Inequality Index (GII)	Health	<ul style="list-style-type: none"> • Maternal mortality ratio • Adolescent fertility rate
	Empowerment	<ul style="list-style-type: none"> • Population with at least secondary education by sex • Female shares of parliamentary seats
	Labor Market	Female labor force participation rates

Continued

Index Dimensions and Indicators, 2013 (continued)		
Index	Dimensions	Indicators
Multidimensional Poverty Index (MPI)	Health	<ul style="list-style-type: none"> • Nutrition • Child mortality
	Education	<ul style="list-style-type: none"> • Years of schooling • Children enrolled
	Standard of Living	<ul style="list-style-type: none"> • Cooking fuel • Toilet • Water • Electricity • Floor • Assets

The UNDP cautions against comparing HDI scores across years as the process of computing the HDI changes frequently. In the 2013 report, UNDP calculated HDI using the same methodology for years 1980, 1990, 1995, 2000, 2005, 2009, 2010, 2011 and 2012.

Additional Information

For questions or more information, please contact the author, Georges Fadel, at gfadel@devtechsys.com.

To access the complete country Human Development Report dataset, visit the Economic and Social Database (ESDB) at <http://esdb.eads.usaidallnet.gov/>. The ESDB website also offers related datasets from the United Nations and other sources.