

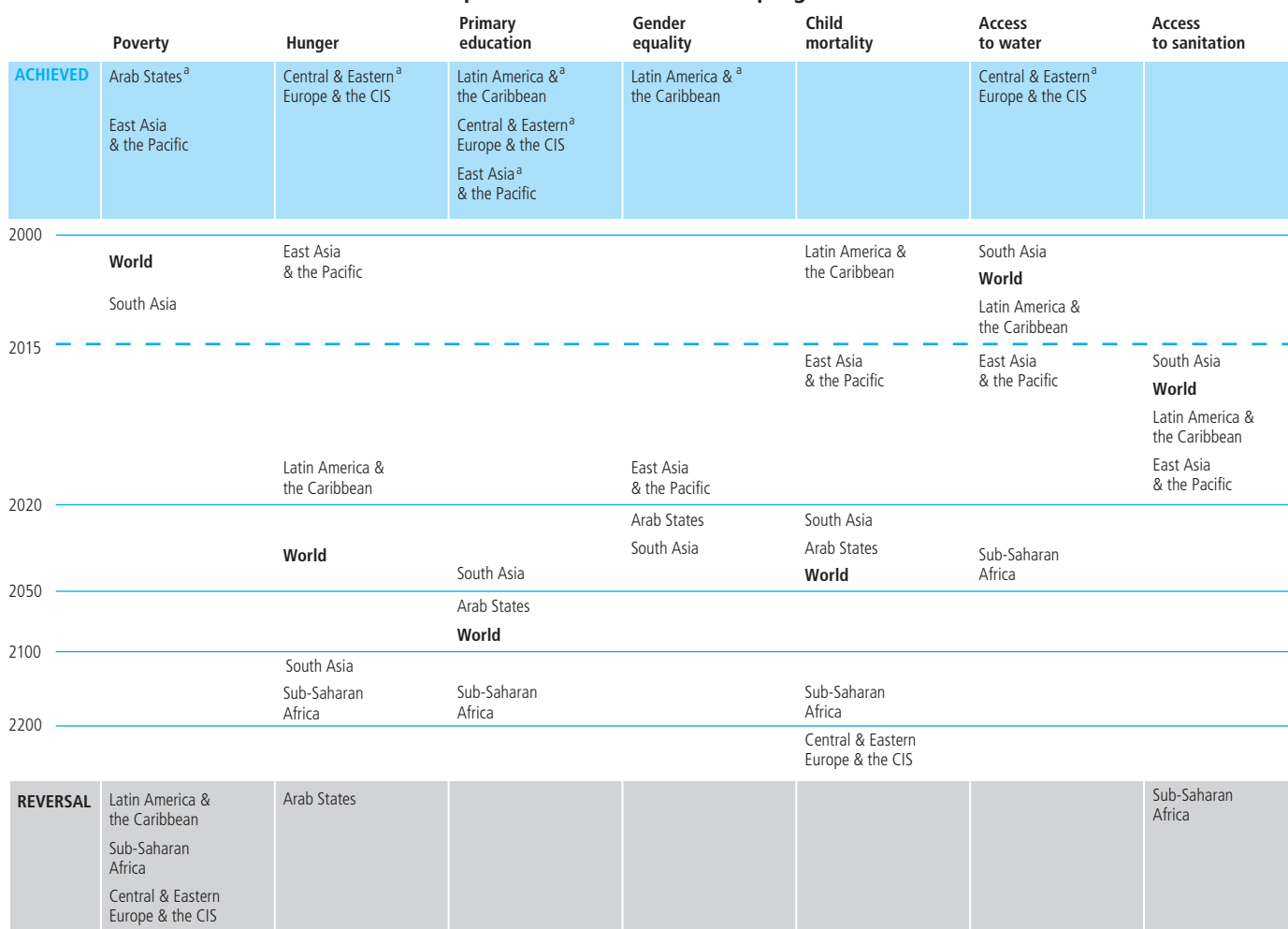


# Priority challenges in meeting the Goals

Two groups of developing countries face especially difficult—and different—challenges in achieving the Millennium Development Goals. In the first group are top priority and high priority countries where entrenched human poverty and failed—or even reversing—progress have created crises, requiring the world’s focused attention and resources. The second group is in the public eye less often, having made good progress overall. But that progress has been uneven, and gaps are widening because poor groups and regions are being left behind.

Since 1990 East Asia and the Pacific, led by China, has nearly halved extreme income poverty—and is making significant progress on the other Goals as well. For the Arab States and Latin America and the Caribbean, achieving the Goals by 2015 will be challenging but possible (figure 2.1). But for other developing regions achieving the Goals remains a huge challenge. Unless things improve, it will take Sub-Saharan Africa until 2129 to achieve universal primary education, until 2147 to halve extreme poverty and until 2165 to cut child mortality by two-thirds.

FIGURE 2.1  
**Timeline: when will the Millennium Development Goals be achieved if progress does not accelerate?**



a. Region is considered to have achieved the Goal because it has low human poverty (below 10%) in the most recent year for the relevant Goal (see technical note 2).  
 Source: Human Development Report Office calculations based on feature 2.1.

*During the 1990s many developing countries saw reversals and stagnation in many areas essential to the Goals*

For hunger no date can be set because the region's situation continues to worsen. Though South Asia has made faster progress, substantial improvements will be required in most areas if the Goals are to be met.

During the 1990s many developing countries saw reversals and stagnation in many areas essential to the Goals. Some 54 countries are poorer now than in 1990. In 21 countries a larger proportion of people are going hungry. In 14 countries more children are dying before age five. In 12 countries primary school enrolment rates have fallen. And in many countries things have simply stagnated—neither worsened nor improved.<sup>1</sup>

In the 1980s only 4 countries experienced reversals in the human development index (a summary measure based on the ability of a country's citizens to live a long and healthy life, be educated and enjoy a decent standard of living). In the 1990s that number jumped to 21. Behind these reversals were failed economic growth and the HIV/AIDS epidemic. The 1990s also saw declining development assistance from rich countries, increasing debt burdens in poor countries and continuing drops in the prices of primary commodities—which many poor countries depend on for the bulk of their export revenues (see chapter 8).

Many developing countries face huge challenges in one or two areas related to the Goals. But most worrisome are the 31 top priority countries facing failed progress and extremely low starting levels for many of the Goals. Though they come from all regions, most are in Sub-Saharan Africa. In another 28 high priority countries the situation is less desperate—though significant progress is still needed if the Goals are to be met.

Yet some of the world's poorest countries are making progress towards higher levels of development. Success stories are emerging in the fight against HIV/AIDS. Education is improving. And economies are beginning to grow. A key message of this Report is that much is known about how to achieve the Goals. But this knowledge must be applied quickly if struggling countries are to do so.

When measuring progress, it is vital to look beyond country averages. In many countries the letter of the Goals may be achieved if efforts

focus on people already doing the best in society. But the spirit of the Goals is not met if countries that cross the finishing line leave behind many poor people. In Brazil, China, India and Mexico overall progress has been excellent. But some areas and groups are not benefiting enough, while wealthy segments of the population continue to surge ahead. And in countries doing badly, much of the burden is borne by marginalized groups—as in Burkina Faso, Mali and the Russian Federation.

This chapter assesses progress towards the Millennium Development Goals using a global perspective to identify areas most in need of policy attention (box 2.1 and feature 2.1 at the end of the chapter; see also the Millennium Development Goal indicator tables 1–10 in the statistical annex). The assessment shows:

- Stark contrasts between and within regions.
- Human development reversals in the 1990s.
- Struggles to achieve the Goals, with reversals, stagnation and countries in crisis.
- Good performance by some of the poorest countries.
- Widening gaps within countries: who is being left behind?

#### **STARK CONTRASTS BETWEEN AND WITHIN REGIONS**

Around the world, progress is being made on the Goals. But stark differences are emerging between regions, with some pulling ahead and reaching new levels of development—while others are left behind. The same pattern is occurring within regions: some countries are succeeding amid disappointing regional trends, while others are falling behind in regions making good overall progress:

- *South Asia—advancing from low levels.* South Asia remains one of the world's poorest regions. And because it is so heavily populated, it is home to the largest number of poor people. The task is enormous—with more than one-third of South Asians lacking access to improved sanitation, one-third in poverty, one-quarter hungry, one-fifth of children out of primary school and almost one-tenth of children dying before age five. But significant progress was made in all these areas in the 1990s, lifting the region

## Building statistical capacity—unprecedented demand, urgent opportunity

The Millennium Development Goals have made clear the need for relevant, reliable, timely statistics to set policies, hold decision-makers accountable, monitor progress and evaluate results. Yet despite considerable improvements in recent years, meeting the demand for basic data on human development remains a major global challenge.

Though the data situation varies across developing countries, the Millennium Indicators Database (see <http://millenniumindicators.un.org>)—based on national statistics compiled or estimated by international data agencies—is revealing. Not only are there significant gaps for almost every indicator, there are also extensive problems in relevance, accuracy, consistency and reliability. For example:

- Many of the indicators chosen for the Millennium Development Goals are based on available data—not necessarily the data most appropriate for the Goals. An example is the \$1 a day indicator, the most debated measure of absolute poverty (see box 2.3). Another is the indicator of sustainable access to affordable essential drugs, where both access and affordability are difficult to assess accurately. Meanwhile, adequate indicators for the target on slum dwellers (part of Goal 7) have yet to be fully developed.
- For indicators on income poverty, health, gender inequality, employment and the environment, many countries have no data for 1990–2001—and few have data on trends over that time (see table).
- Some data—such as for maternal mortality and HIV/AIDS—are based on incomplete vital registrations or non-representative surveys and so are subject to enormous uncertainty. And even when data are available for multiple periods,

they often are not comparable due to changes in definitions, methods and coverage.

By creating long-term demand for data, the Goals are challenging national and international institutions to go beyond short-term responses and to build sound, sustainable national statistical capacity and systems. What needs to be done—or done differently—to achieve those objectives?

### Building national demand

Lacking appreciation of the importance of statistics in supporting informed decision-making, too many countries are trapped in a circle of low demand and low resources for statistics, resulting in inadequate supply. Such countries do not routinely collect data—many have not conducted a population census in the past 10 years—and lag far behind in the adoption of up-to-date statistical standards and methods. They also have limited capacity to analyse and disseminate statistics, discouraging the use of data in national policy analysis.

Demand for data must increase if national statistical systems are to break this circle of underperformance and underfunding. Efforts to increase the supply of data must also strengthen the capacity of governments and the general public to use data effectively. Though country ownership and commitment are crucial to such efforts, the international community can help by:

- Advocating the importance of statistics and statistical systems in supporting effective governance and empowering people. Important opportunities include the processes for developing Poverty Reduction Strategy Papers, national human development reports and Millennium Development Goals country reports, which emphasize the need for monitoring and evaluation.

- Making better use of existing data to meet short-term demands for specific programmes, and making long-term investments in statistical systems.
- Training statistical analysts, managers of statistical systems and users of statistics; designing new tools for data collection; increasing access to data through support for data dissemination and analysis and encouraging the use of existing technology to lower costs and make national statistical programmes more effective.

### Improving national strategies and systems

International agencies have conducted a variety of household surveys to narrow data gaps in developing countries, particularly for poverty, health and education. These surveys—including Demographic and Health Surveys, Multiple Indicator Cluster Surveys, Living Standards Measurement Surveys and Core Welfare Indicator Questionnaires—have provided essential data on socio-economic characteristics and trends, especially among poor people.

But when similar surveys are conducted in resource-constrained countries, they are sometimes driven by short-term external needs, distort local priorities and offer no sustainable improvements to local statistical infrastructure. Though administrative systems can provide detailed time-series and disaggregated data for national planning, they require long-term investments and are often neglected.

To foster the development of sustainable statistical systems and minimize distortions of priorities and outputs, data collection and analysis should be conducted in the framework of national statistical strategies. These strategies should be closely aligned with national policies and agreed priorities for statistical systems.

In recent years several African countries have significantly improved their statistical capacity by using national demands to guide their statistical development efforts. Uganda restructured its statistical agency, enabling it to better manage and meet user demands. In Malawi donor and government investments in household surveys and data analysis have increased understanding of poverty—resulting in poverty maps, an agreed poverty line and a comprehensive profile of poor people.

### *An international poverty survey*

The Millennium Development Goals highlight areas where national statistical systems require dramatic improvements. Many countries, including the top and high priority countries identified in this Report, require extensive assistance to conduct regular surveys of income and

### Large data gaps even in basic human development indicators: countries lacking data, 1990–2001

Percent

Indicator	Countries lacking trend data	Countries lacking any data
Children underweight for age	100	22
Net primary enrolment ratio	46	17
Children reaching grade five	96	46
Births attended by skilled health personnel	100	19
Female share of non-agricultural wage employment	51	41
HIV prevalence among pregnant women ages 15–24 in major urban areas	100	91
Population with sustainable access to an improved water source	62	18
Population living on less than \$1 a day	100	55

*Note:* Data refer to developing countries and countries in Central and Eastern Europe and the CIS. A country is defined as having trend data if at least two data points are available—one in 1990–95 and one in 1996–2001—and the two points are at least three years apart.

*Source:* UN 2003c.

*Continued on next page*

### Building statistical capacity—unprecedented demand, urgent opportunity

consumption—especially to assess extreme poverty and basic living conditions. Such countries also need to develop or strengthen statistical programmes for other social indicators, particularly for health data singled out by the Goals.

An international poverty survey could be one way to respond to the new demand for statistical support created by the Goals. Although existing surveys (such as Demographic and Health Surveys) provide important data in many areas, none provides consistent, reliable data on extreme poverty and basic living conditions. Using new or improved international standards and methodologies, the international poverty survey could be modular, with some modules unchangeable and consistent over time and space—and others adapted to current or long-term country needs. Built within an integrated survey programme, such a survey could provide invaluable data for national and global analysis, and become a major tool for building national statistical capacity.

#### Securing more—and more effective use of—resources

Many poor countries lack all but the barest statistical infrastructure and training. Severely constrained by resources, they require significant financial support to start building statistical capacity. Other countries have well-developed programmes in certain areas but require support to strengthen overall statistical systems. They also need to adjust national priorities and invest in statistical activities to ensure sustainable capacity building.

Governments and donors should recognize that strengthening statistical systems is integral to achieving the Millennium Development Goals. Rather than focusing on short-term results and relying on expensive external experts, efforts should favour long-term planning and make more effective use of local resources and knowledge.

#### New financing instruments

Many donors are making efforts to finance statistical systems, both by increasing funding (such as including statistical components in projects) and by experimenting with new instruments. For example, the World Bank's new multidonor Trust Fund for Statistical Capacity Building provides grants to develop master plans and small-scale projects for statistical capacity building. In addition, new lending facilities—such as investment loans that gradually reduce support for recurrent costs (the bulk of expenses facing statistical offices) during implementation phases—will help

developing countries increase investments and ease dependence on donor financing.

#### Cooperation among developing countries

Decades of technical cooperation and assistance from donors have fostered significant knowledge in developing countries. But while experts from rich countries have a vital role to play, so do practitioners within countries—and from other developing countries with similar problems and conditions. In the late 1980s, for example, the Philippines's National Statistical Coordination Board helped Indonesia's Central Bureau of Statistics compile national accounts data.

Several factors are key to the success of such efforts: ownership and commitment by recipient countries; similar economic, cultural and data systems in recipient and assisting countries, facilitating technology transfer; affordable consultation costs to enable long-term support; a sense of being peers; and willingness to cooperate fully.

#### Improving collaboration and coordination

Statistical capacity building must be coordinated effectively both within countries and among donors. Statistical programmes in most developing countries, even those with long statistical traditions, are often decentralized among various ministries beyond national statistical offices. The statistical offices of international agencies, such as those at UN headquarters and regional commissions, mainly work with national statistical offices. Other statistical units in specialized donor agencies—such as the International Labour Organization, Food and Agriculture Organization, United Nations Educational, Scientific and Cultural Organization and World Health Organization—generally work with their national counterparts in line ministries. Still other donors, mostly multilateral and bilateral, often manage technical cooperation through technical cooperation ministries or similar mechanisms.

This structure poses enormous challenges for coordination. Different donors inevitably duplicate similar projects, with overlapping and inconsistent objectives, competing for limited local resources and overloading national capacity. There is also severe incoherence within national systems and disconnection between national statistical offices and various ministries. The result? Enormous inefficiency, less valuable data from surveys that use different definitions and methods and discrepancies in national and international statistics.

The Millennium Development Goals offer a unique opportunity to establish clear, effective responsibilities both nationally and internationally.

For example, national statistical offices could play a more central role in coordinating national statistics for national and international needs. Practical mechanisms should be created to coordinate and monitor international assistance.

To coordinate statistical capacity building, the Partnership in Statistics for Development in the 21st Century (PARIS21) was established in 1999. This partnership links national and international statisticians and users of statistics in an effort to develop strategies for building statistical capacity and promote effective cooperation between poor and rich countries. Though relatively new, PARIS21 has addressed many challenges—advocating the need for better data, mobilizing resources, designing tools for assessing statistical capacity and identifying priorities and encouraging countries to develop long-term plans for statistical development.

#### Strengthening international data systems

The growing demand for coherent, consistent international statistics poses a serious challenge. Although stronger international statistics depend on stronger national statistics, changes are also needed in international statistical agencies. They must increase their capacity to respond to new measurement challenges and provide timely statistics, reduce data gaps and inconsistencies, improve collaboration with national statistical systems and strengthen coordination among themselves to enhance international standards and methods and to ensure consistency among international data series.

The international community plays an important role in statistical development by implementing internationally agreed standards, methods and frameworks for statistical activities. Significant milestones include the development and adoption of the System of National Accounts, General Data Dissemination Standards and Data Quality Assessment Framework. The Millennium Development Goals have generated new momentum for the development of international guidelines on appropriate concepts and methods for each country to build on—such as measures of extreme poverty and living conditions in urban slums. These needs are especially essential to meet the needs of top and high priority countries.

The Goals have mobilized the international community and inspired developing countries to assume responsibility for building statistical capacity. Closing enormous statistical gaps will require commitment and effort from donors and recipients alike. Capacity building is not something that can be done for countries: they must do it themselves. Still, external assistance is essential.



from the basement of development. Moreover, country performance was more homogeneous than in any other region: except for Afghanistan, no country experienced reversals in the key indicators for the Millennium Development Goals. Still, there was some divergence: Bangladesh and Bhutan reduced their under-five mortality rates by more than 6 percentage points, and Nepal by more than 5 points. Now a smaller proportion of children die before age five in these countries than in Pakistan, where progress has been much slower. Moreover, India's performance varied enormously across states, with inequality increasing between several.

- *Sub-Saharan Africa—left behind.* Like South Asia, Sub-Saharan Africa faces enormous poverty. But unlike South Asia, it is being left behind. Almost across the board the story is one of stagnation. Economies have not grown, half of Africans live in extreme poverty and one-third in hunger, and about one-sixth of children die before age five—the same as a decade ago. And because of population growth, the number of people suffering increased considerably in the 1990s. Some progress was made in education, but the primary enrolment rate is still only 57%. And with low completion rates, only one in three children in the region finish primary school. Yet amid this dismal picture of stagnation and reversals, some countries achieved impressive progress in the 1990s. In Cape Verde, Mauritius, Mozambique and Uganda per capita income grew by more than 3% a year, and Ghana and Mozambique achieved some of the world's sharpest reductions in hunger. In Benin the primary enrolment rate increased by more than 20 percentage points. And in the face of HIV/AIDS, 10 countries reduced child mortality by 3 percentage points or more—Malawi by more than 5 points.

- *Latin American and the Caribbean—stalled progress.* At the other end of the spectrum of developing regions, Latin America and the Caribbean has human development indicators approaching levels in rich countries. But though progress continued in some areas (education, under-five mortality), the 1990s saw slow economic growth and slight increases in poverty. As a result East Asia is fast closing its income gap with Latin America and now has a

lower proportion of hungry people. Although most Latin American and Caribbean countries had slow growth in per capita incomes in the 1990s, in five countries per capita growth was more than 3% a year—with Chile and Guyana seeing per capita growth of almost 5%. In hunger, too, there was great variation: the proportion of hungry people almost tripled in Cuba, from 5% to 13%, while Peru had the region's biggest reduction, from 40% to 11%. Under-five mortality rates fell in Bolivia (from 12% to 8%) and Ecuador (6% to 3%), while Barbados, Jamaica and Saint Vincent and the Grenadines experienced almost no improvement.

- *East Asia and the Pacific—performing well across the board.* East Asia's economy grew by almost 6% a year in the 1990s, while poverty fell by about 15 percentage points—and this despite the severe financial crisis that hit the region in 1997–98. The reduction in hunger was the fastest of any region, falling from 17% to 11%—now lower than in the Arab States or Latin America and the Caribbean. Universal primary education attendance and completion are within reach, and under-five mortality has fallen significantly. China has been pivotal to the region's success. With 1.2 billion people, it accounts for about 70% of East Asia's population. (China's success and its uneven distribution are discussed later in this chapter.) Other success stories include higher enrolment rates in Lao People's Democratic Republic and lower under-five mortality rates in Indonesia. Still, many countries in the region did not enjoy similar progress in the 1990s. Income growth was slow in the Philippines—and negative in Brunei Darussalam, Mongolia, the Solomon Islands and Vanuatu. And in Cambodia under-five mortality rates rose 2 percentage points.

- *Central and Eastern Europe and the Commonwealth of Independent States—increasing poverty and declining life expectancy.* People in Central and Eastern Europe and the Commonwealth of Independent States (CIS) ended the 1990s less healthy and with lower average incomes than people in Latin America and the Caribbean. These negative trends date to the 1980s, but data for the 1990s give an idea of the size of the decline: poverty more than tripled, to almost 100 million people—25% of the region's

*In Cape Verde, Mauritius, Mozambique and Uganda per capita income grew by more than 3% a year, and Ghana and Mozambique achieved some of the world's sharpest reductions in hunger*

Questions about global income inequality inspire some of the most contentious debates on the international stage: the answers depend on how the questions are asked

population.<sup>2</sup> The experience in the transition to market economies has been a tale of two regions—Central and Eastern Europe on the one hand and the CIS on the other. Some countries in Central and Eastern Europe have made remarkable improvements since the late 1990s: the Czech Republic, Hungary, Poland, Slovakia and Slovenia are on the verge of joining the European Union. The challenge is to replicate these successes in CIS countries struggling to move forward. The CIS Seven—Armenia, Azerbaijan, Georgia, Kyrgyzstan, Moldova, Tajikistan and Uzbekistan—ended the 1990s with incomes close to those of the least developed countries.

- *Arab States—persistent gaps.* In the Arab States high incomes have improved many aspects of human development since 1970. Yet of all regions the Arab States has the widest gap between incomes and other aspects of human development. Despite narrowing gender gaps in enrolments, gender inequality remains an issue: in countries with parliaments, women hold only 5% of seats.<sup>3</sup> Political and civil rights pose the greatest challenge—in 1999 only 4 of the region’s 17 countries with data had multiparty electoral systems.<sup>4</sup> Still, despite general economic stagnation, Lebanon, Sudan and Tunisia grew by more than 3% a year in the 1990s. Kuwait reduced its hungry population from 22% to 4%, and Egypt achieved the largest reduction in under-five mortality rates, from around 10% to 4%. But other countries are being left behind. In Iraq the under-five mortality rate almost tripled in the 1990s, to 13%. Countries facing less extreme circumstances have also struggled: in

Yemen the proportion of underweight children jumped from 30% in 1992 to 46% in 1997.<sup>5</sup>

*GAPS BETWEEN RICH AND POOR COUNTRIES: MOVING BEYOND INCOME INEQUALITY ALONE*

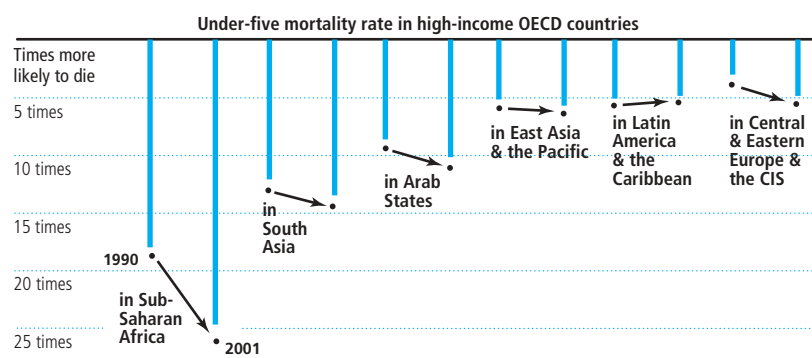
Questions about global income inequality inspire some of the most contentious debates on the international stage. The answers depend on how the questions are asked. And even when the questions seem the same, the answers can be very different (box 2.2). People look to data on income inequality as they might a stock market index to gauge how the world is doing. Are things on the right track? Is enough being done? Yet debates on global income inequality indicate little more than how economists and statisticians can find many answers to the seemingly same questions.

Nobel Prize winner Amartya Sen has suggested that careful consideration be given to what is meant by inequality.<sup>6</sup> Looking at income inequalities alone can mask inequalities in human lives and capabilities and how they are changing. But capturing how gaps between rich and poor people and regions are changing in areas other than income is often hard to do, because most basic human development indicators have a limit at the top. When nearly all children are in school, all adults are literate and life expectancy approaches its biological limit, countries can make little further progress. So while rich countries can get little better according to these indicators, any improvement in poor countries represents a reduction in inequality.

But even when a country can progress no further in a basic human development indicator, things can continue to improve. The quality of education can get better. Health care can dramatically improve people’s lives in ways not reflected in life expectancy data. Hidden behind income levels can be more enjoyable employment and increased leisure time. Women can be empowered in the home and workplace. Such indicators are at the frontier of measurement in human development—and it is through them that many changes in non-income inequality will be identified.

Yet inequalities in basic human development indicators are not always falling. For example,

FIGURE 2.2  
**Comparing child mortality in OECD countries and other regions:  
 Inequalities are growing, 1990 to 2001**



Source: World Bank 2003i.

## What is happening with global income inequality? Grotesque levels, ambiguous trends

*Human Development Report 2002* noted that while the definition of global income inequality is fuzzy and its trends ambiguous, there is widespread consensus on its grotesque levels. This has not changed. Incomes are distributed more unequally across the world's people (with a Gini coefficient of 0.66) than in the most unequal countries (Brazil, for example, has a Gini coefficient of 0.61). (The Gini coefficient is a measure of income inequality that ranges between 0, indicating perfect equality, and 1, indicating complete inequality.) The richest 5% of the world's people receive 114 times the income of the poorest 5%. The richest 1% receive as much as the poorest 57%. And the 25 million richest Americans have as much income as almost 2 billion of the world's poorest people (Milanovic 2002, pp. 51–92).

Monitoring and containing income inequality are essential not only to increase opportunities for as many people as possible, but also to reduce social friction in areas (usually urban) with high inequality. As globalization deepens and access to information becomes cheaper and more widely available, awareness of global inequality is increasing. People no longer compare themselves only to their fellow citizens: they are also aware of international gaps, making divergence across countries increasingly harmful—and dangerous. To reduce growing tensions, it is crucial that the tide of development lift all boats.

Findings on global inequality vary considerably depending on the approach used to analyse it. Inequality can be calculated across countries (using average national incomes), across the world's people (regardless of national boundaries) and across people within countries.

### Inequality across countries

International inequality is generally measured by comparing national per capita incomes. Countries with the highest per capita incomes in the early 1800s are still today's richest countries, indicating persistence in the structure of international inequality.

In 1820 Western Europe's per capita income was 2.9 times Africa's—and in 1992, 13.2

times (Maddison 2001). In the 1990s per capita incomes increased slowly but steadily in high-income OECD countries, but many transition countries in Central and Eastern Europe, particularly the CIS, many parts of Sub-Saharan Africa and some countries in Latin America and the Caribbean experienced economic stagnation. At the same time, highly populated developing countries such as China and India achieved rapid growth.

As a result per capita incomes have been converging in rich countries, while in developing countries the pattern is mixed. But when income data are weighted by population—to capture the relative importance of each country's performance—average incomes across countries appear to be converging. Highly populated developing countries drive such trends: fast-growing China and India are catching up with parts of the industrialized world, such as North America and Western Europe.

### Inequality across the world's people

Some studies have tried to capture trends in true global inequality—that is, the distribution of income across citizens of the world, regardless of national borders. Income surveys suggest that when measured this way, global inequality increased between 1987 and 1998. The main forces behind this divergence were:

- A widening income gap between the poorest and the richest people due to slow growth in rural incomes in populous Asian countries relative to rich OECD countries.
- Faster progress in urban China relative to rural China and to India.
- Shrinkage in the world's middle-income group (Milanovic 2002, pp. 51–92).

But these conclusions are not entirely robust due to the limited timeframe covered and the use of purchasing power parity (PPP) rates, which are often unsuitable and do not accurately reflect international price differences (see box 2.3).

Using alternative methodologies, other analysts have reached more optimistic conclusions suggesting convergence in global individual incomes: that after peaking in 1970, the gap in

1995 had returned to the level in 1950 (Dollar and Kraay 2002, pp. 120–33; Bhalla 2002; Sala-i-Martin 2002). A driving factor in this debate is the measure of inequality used to draw conclusions. When measured using single summary indicators such as the Gini coefficient, incomes appear to be converging. (Because of the Gini coefficient's construction, it gives more weight to middle-income groups and less to the extremes.) Still, in recent decades there has unquestionably been a widening gap between the incomes of the very richest and the very poorest.

### Inequality across people within countries

National income inequality is the concept used for country-level analysis. This concept is suitable for analysing the correlation between a country's policies—typically economic openness or redistribution measures—and its distribution of income.

In many countries inequality in assets and especially income appears to be on the rise. Numerous studies have tried to capture trends in income distribution over time across large samples of countries. Cornia and Kiiski (2001) estimate that between the 1980s and the mid- to late 1990s inequality increased in 42 of 73 countries with complete and comparable data. Only 6 of the 33 developing countries (excluding transition countries) in the sample saw inequality decline, while 17 saw it increase. In other words, within national boundaries control over assets and resources is increasingly concentrated in the hands of a few people.

Though not the case for all these countries, in many inequality began increasing during the debt crisis of the early 1980s (Kanbur and Lustig 1999). Since then inequality has soared, particularly in the Commonwealth of Independent States (CIS) and south-eastern Europe. And in many Latin American countries inequality remains extremely high. If sharp increases in inequality persist, they may have dire effects on human development and social stability (including violence and crime rates; see Fajnzylber, Lederman and Loayza 1998 and Bourguignon 2001).

Source: Ravallion 2002; Schultz 1998, pp. 307–44; Korzeniewicz and Moran 1997, pp. 1000–39; Sprout and Weaver 1992, pp. 237–58; Maddison 2001; Milanovic 2002, pp. 51–92, 2003; Dollar and Kraay 2002, pp. 120–33; Kanbur and Lustig 1999; Bhalla 2002; Sala-i-Martin 2002; Cornia and Kiiski 2001; UNDP 2002e; Fajnzylber, Lederman and Loayza 1998; Bourguignon 2001.

while there is heated debate on whether income inequality is increasing between rich and poor countries, inequality in child mortality has gotten unambiguously worse. In the early 1990s children under five were 19 times more likely to

die in Sub-Saharan Africa than in rich countries—and today, 26 times more likely (figure 2.2). Among all developing regions only Latin America and the Caribbean saw no worsening in the past decade relative to rich countries,

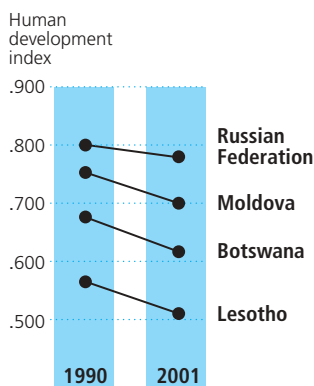
with children still about 5 times more likely to die before their fifth birthdays.

### HUMAN DEVELOPMENT REVERSALS IN THE 1990s

For human development the 1990s were the best of years and the worst of years. Some regions and countries saw unprecedented progress, while others stagnated or reversed. What is most striking is the extent of the stagnation and reversals—not seen in previous decades.

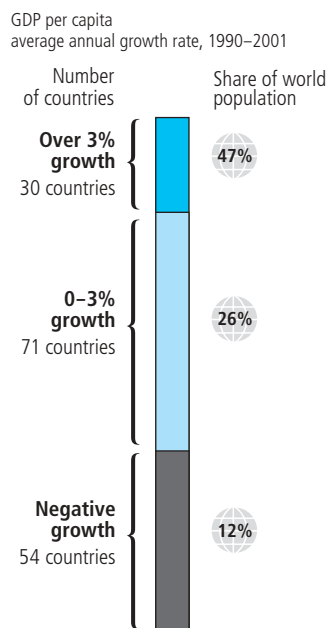
This is apparent not just by looking at the targets for the Millennium Development Goals, but also from the human development index (HDI), the summary measure of key dimensions of human development (see feature 2.2). The index usually moves steadily upwards, though usually slowly because three of its key components—literacy, enrolment rates and life expectancy—take time to change. So when the HDI falls, it indicates crisis, with nations depleting their basis for development—people, their real wealth.

FIGURE 2.3  
Human development setbacks



Source: Indicator table 2.

FIGURE 2.4  
Fast growth is the exception —with populous countries doing well



Source: Indicator table 12.

TABLE 2.1  
Countries that saw a drop in the human development index, 1980s and 1990s

Period	Number	Countries
1980–90	4	Congo, Dem. Rep. of; Guyana; Rwanda; Zambia
1990–2001	21	Armenia <sup>a</sup> ; Belarus <sup>a</sup> ; Botswana; Burundi; Cameroon; Central African Republic; Congo; Congo, Dem. Rep. of; Côte d'Ivoire; Kazakhstan <sup>a</sup> ; Kenya; Lesotho; Moldova; Russian Federation; South Africa; Swaziland; Tajikistan <sup>a</sup> ; Tanzania <sup>a</sup> ; Ukraine <sup>a</sup> ; Zambia; Zimbabwe

Note: Based on a sample of 113 countries with complete data.  
a. Country does not have HDI data for 1980–90, so fall in HDI may have begun before 1990.  
Source: Indicator table 2.

on a downward spiral in the mid-1980s, and between 1990 and 1995 the region's average HDI declined. In Sub-Saharan Africa overall growth in the HDI merely slowed, though some countries suffered terrible declines (figure 2.3).

### FAILING ECONOMIC GROWTH

Failed economic growth lies behind the faltering HDI and the inability of many countries and regions to reduce income and human poverty (figure 2.4). Seldom if ever is income poverty reduced in a stagnant economy, and the regions growing fastest economically are also the ones that have reduced income poverty most (table 2.2). That provides a clear message: economic growth is essential for reducing income poverty. But the link is far from automatic. In Indonesia, Poland and Sri Lanka income poverty rose in the 1990s despite economic growth (figure 2.5). (Chapter 3 considers pro-poor growth and how it can be achieved.)

At constant inequality levels, a country needs to grow by 3% or more a year to double incomes in a generation—say, from \$1 to \$2 a day. Yet of 155 countries with data, only 30 had annual per capita income growth rates above 3% in the 1990s. Among the rest, 54 countries saw average incomes fall, and in 71 countries annual income growth was less than 3%.

The consequences of this dismal growth performance? At the turn of the millennium more than 1.2 billion people were struggling to

### DECELERATING HUMAN DEVELOPMENT

Though average incomes have risen and fallen over time, human development has historically shown sustained improvement, especially when measured by the HDI. But as noted, the 1990s saw unprecedented stagnation and deterioration, with the HDI falling in 21 countries. Many of these countries have insufficient data to calculate the HDI before 1990, so there is no way of knowing if their HDIs also fell in the 1980s. Of the 114 countries with data since 1980, only 4 saw their HDIs decline in the 1980s—while 15 saw declines in the 1990s (table 2.1). Much of the decline in the 1990s can be traced to the spread of HIV/AIDS, which lowered life expectancies, and to a collapse in incomes, particularly in the CIS.

As a result, after a steady increase since the mid-1970s, there has been a deceleration in HDI progress. The slowdown, particularly in the late 1980s and first half of the 1990s, was led by countries in Central and Eastern Europe and the CIS. Many of these countries had already started



survive on less than \$1 a day—and more than twice as many, 2.8 billion, on less than \$2 a day. Living on \$1 a day does not mean being able to afford what \$1 would buy when converted into a local currency, but the equivalent of what \$1 would buy in the United States: a newspaper, a local bus ride, a bag of rice.

Debate rages over the validity of \$1 a day poverty data, which come from the World Bank, because calculating them is fraught with conceptual and practical problems. Some experts believe them to be rough but reasonable. Others believe that they reveal little about income poverty and its trends (box 2.3).

Whatever the case, the data show that globally the proportion of people living on less than \$1 a day dropped from nearly 30% in 1990 to 23% in 1999 (table 2.3).<sup>7</sup> But the story is not one of good overall progress. Rather, it is one of some countries forging ahead while others see bad situations get even worse. Much of the impressive reduction in global poverty has been driven by China's incredible economic growth of more than 9% a year in the 1990s, lifting 150 million people out of poverty.<sup>8</sup>

Of 67 countries with data, 37 saw poverty rates increase in the 1990s.<sup>9</sup> But others achieved impressive reductions in poverty: Brazil, Chile, India, Uganda, Thailand, Viet Nam. Many of the countries where poverty rates soared were in Eastern Europe—particularly Central Asia—though other cases included Algeria, Mongolia, Nigeria, Pakistan, Venezuela and Zimbabwe.<sup>10</sup>

When populations grow, reductions in the proportion of poor people can still mean an increase in the number. Only in East Asia did the number of people in extreme poverty decline significantly in the 1990s. In South Asia, home to almost 500 million poor people, the number hardly changed. In all other regions the number of poor people rose—notably in Sub-Saharan Africa, where an additional 74 million people, the population of the Philippines, ended the decade in extreme poverty. And as noted, in Eastern Europe and the CIS the number of poor people more than tripled, from 31 million to almost 100 million (see table 2.3).<sup>11</sup>

TABLE 2.2  
**Economic growth and income poverty: strong links**

Region	Growth in the 1990s (annual per capita income growth) (%)	Poverty reduction in the 1990s (percentage point reduction)
East Asia and the Pacific	6.4	14.9
South Asia	3.3	8.4
Latin America & the Caribbean	1.6	-0.1
Middle East & North Africa	1.0	-0.1
Sub-Saharan Africa	-0.4	-1.6
Central and Eastern Europe and the CIS	-1.9	-13.5 <sup>a</sup>

a. Change measured using the \$2 a day poverty line, which is considered a more appropriate extreme poverty line for Central & Eastern Europe & CIS.

Source: World Bank 2002f.

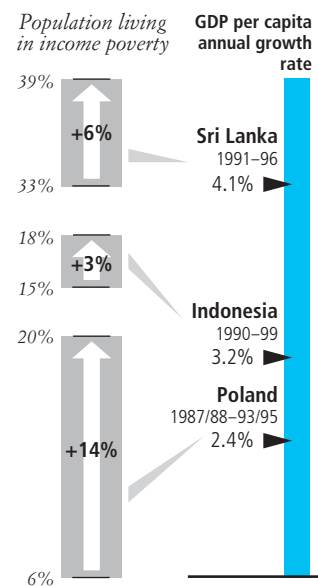
### INCREASING SPREAD OF HIV/AIDS

In recent decades the greatest shock to development has been HIV/AIDS. The first cases were recognized in the early 1980s, and by 1990 some 10 million people were infected (figure 2.6). Since then that number has more than quadrupled, to about 42 million. Moreover, the disease has already killed 22 million people and left 13 million orphans in its wake.

The disease's impact on the HDI occurs through its devastating effect on life expectancy in the worst-affected countries (figure 2.7). But HIV/AIDS destroys more than lives. By killing and incapacitating adults in the prime of their lives, it can throw development off course.

HIV/AIDS is crippling parts of Africa—about 1 in 3 (or more) adults is infected in

FIGURE 2.5  
**Growth and income poverty: links not automatic**



Source: Human Development Report Office calculations based on World Bank 2003i and World Bank 2000a.

TABLE 2.3  
**Changes in the share and number of people living on \$1 a day have been uneven**

Region	Percentage		Number	
	1990	1999	1990	1999
Sub-Saharan Africa	47.4	49.0	241	315
East Asia and the Pacific	30.5	15.6	486	279
Excluding China	24.2	10.6	110	57
South Asia	45.0	36.6	506	488
Latin America and the Caribbean	11.0	11.1	48	57
Central and Eastern Europe and the CIS <sup>a</sup>	6.8	20.3	31	97
Middle East and North Africa	2.1	2.2	5	6
Total <sup>b</sup>	29.6	23.2	1,292	1,169
Excluding China	28.5	25.0	917	945

a. Changes measured using the \$2 a day poverty line, which is considered a more appropriate extreme poverty line for Central and Eastern Europe and the CIS.

b. Data are based on the \$1 a day poverty line for all regions.

Source: World Bank 2002f.

### Measuring income poverty: where to draw the line?

The animated debate on whether the Millennium Development Goal of halving poverty will be achieved is largely driven by the lack of agreement on the best way to measure poverty. (Among the main participants in this debate are Surjit Bhalla, Angus Deaton, Thomas Pogge, Sanjay Reddy, Martin Ravallion and Xavier Sala-i-Martin.) Thus conclusions on whether the poverty Goal will be met must be qualified in terms of definitions and, more important, methodologies.

Absolute poverty is the main indicator used to assess progress towards the Goal. This indicator measures the proportion of a population surviving on less than a specific amount of income per day. This specific amount is the poverty line—arguably the most contentious issue in the debate. Shifting the international poverty line by just a few cents can alter world poverty estimates immensely, “moving” millions of individuals in or out of poverty.

Poverty rates based on national poverty lines can capture the dynamics of poverty over time in a single country. National poverty lines are generally based on the amount needed for an individual in one country to live decently. Surviving in the Russian Federation requires different minimum survival goods than surviving in Haiti. Because the costs of the consumption bundles used to estimate poverty lines vary across countries, poverty lines vary as well. The concepts and criteria used to define poverty lines also differ across countries, making national poverty lines problematic when the analytical purpose is to make international poverty comparisons—as with the monitoring of regional and global progress towards the Millennium Development Goal for poverty.

#### An international poverty line—messy but necessary

To compare poverty rates across countries, poverty data based on an internationally defined poverty line would be more suitable, at least in theory. To that end the World Bank uses an extreme poverty line of about \$1 a day (measured in purchasing power parity terms). Behind this approach is the assumption—based on national poverty lines from a sample of developing countries—that, after adjusting for cost of living differences, \$1 a day is the average minimum consumption required for subsistence in the developing world. But this approach has been assailed as being conceptually and methodologically inaccurate in capturing minimum subsistence levels across developing countries.

Some analysts see poverty as a concept set by society—implying that people are considered

poor relative to their fellow citizens (Oster, Lake and Oksman 1978). This view inevitably raises the poverty line as income rises, weakening the argument for a common poverty line across countries. Reddy and Pogge (2002) provide a similar argument against the \$1 a day poverty line and propose one based on locally defined minimum capabilities. Ravallion (2000, pp. 3245–52), on the other hand, defends the \$1 a day poverty line based on its simplicity. One of the main benefits of this line is as a rhetorical and advocacy tool: it is intuitively appealing because it suggests the degree of deprivation of poor people in developing countries. But because of enormous methodological and conceptual inconsistencies, poverty data calculated using international poverty lines are extremely problematic and can lead to misleading poverty rates.

#### Problems comparing prices across countries

One of the main problems with \$1 a day poverty data derives from underlying adjustments of international price differences. Assuming that \$1 a day is the correct average price of the subsistence consumption bundle in developing countries—a major assumption—the price of this bundle needs to be translated into national currencies. The World Bank does this using purchasing power parity (PPP) rates: price indices that compare the price of a bundle of goods in one country with the price in another.

But the process for obtaining these rates is not entirely transparent. Moreover, they produce inaccurate poverty lines because many of the prices they are based on are for goods that poor people do not consume (Reddy and Pogge 2002; Deaton 2003). Making matters worse, these conversions do not take into account the considerable price differences between countries’ urban and rural areas. Moreover, poor people have to pay higher unit prices for many goods and services because they cannot afford to buy in bulk (Ward 2003).

#### Using national accounts instead of income surveys—better or biased?

The World Bank’s \$1 a day poverty line is based on income and budget surveys that provide information on the distribution and level of income (or consumption). Given a specific poverty line, these two indicators determine the income poverty rate. There is debate on whether the income levels from these surveys should be replaced with another consumption aggregate (Sala-i-Martin 2002; UNCTAD 2002a; Bhalla 2002). Advocates point out that, for various

reasons, surveys grossly underestimate the incomes of very rich people in poor countries (Székely and Hilgert 1999). One way to avoid this problem is to retain the income distribution information from surveys but to calculate poverty rates based on (usually higher) national accounts data on average consumption.

But while the national accounts approach may be more consistent across countries, income levels based on surveys are not necessarily less accurate than those based on national accounts. National accounts data on consumption may be more complete than surveys because they include goods such as financial services, imputed rents and income from employer contributions to pension funds. But poor people do not consume these goods—so while surveys may underestimate average incomes, that does not mean that they overestimate poverty. Furthermore, as countries become richer, the items missed by surveys may overstate the growth of consumption of poor people.

The end result? Using national accounts instead of income surveys to derive poor people’s income levels risks overestimating the rate of poverty decline. Furthermore, using national accounts may underestimate the number of poor people in all but the poorest countries—where, conversely, poverty levels may be overstated because national accounts miss significant informal activity. Using income levels from surveys avoids these problems by directly targeting income and consumption goods relevant to poor households (food, shelter, health, education).

Still, surveys are not free of severe problems in measurement and interpretation. Most important, surveys are not very common in the countries where they are needed most because of the high costs and considerable expertise required for their design and implementation. Moreover, using survey-based poverty rates to draw conclusions on poverty levels across countries—let alone changes in poverty across countries—may be misleading because definitions, methodologies, coverage and accuracy vary across countries and over time.

Because of these concerns, more efforts should be made internationally and nationally to perfect the price collection efforts behind purchasing power parities (the World Bank is currently engaged in such an effort and expects to release new rates in 2005), to harmonize design and collection methods for income and consumption surveys and to agree on local bundles of minimum capabilities on which to base poverty figures, for which feedback and guidance from countries and communities are crucial.

Botswana, Lesotho, Swaziland and Zimbabwe, 1 in 5 in Namibia, South Africa and Zambia and more than 1 in 20 in 19 other countries. The disease kills both rich and poor people, including teachers, farmers, factory workers and civil servants. In 1998 Zambia lost 1,300 teachers to the disease—two-thirds of those trained each year.<sup>12</sup> By 2020 the hardest-hit African countries could lose more than a quarter of their workforces.<sup>13</sup>

The depth of this human tragedy is immeasurable. Uganda is the only Sub-Saharan country to have begun to reverse the epidemic once it reached crisis proportions. In Zambia HIV prevalence among young women fell 4 percentage points between 1996 and 1999, offering hope that it would become the second country in the region to begin to reverse the crisis. Senegal is another success story, having kept HIV/AIDS under control from the beginning through an immediate, concerted response.<sup>14</sup>

But elsewhere in Sub-Saharan Africa, signs are not good. In Cameroon and Nigeria infection rates were thought to be stable, yet are starting to increase. In a survey, half of the continent's teenage respondents did not realize that a healthy-looking person could have HIV/AIDS. And of people using contraception worldwide, just 7% use condoms—an effective barrier against HIV.<sup>15</sup>

Though Sub-Saharan Africa accounts for nearly 70% of HIV/AIDS cases, the epidemic is causing considerable damage in other regions. Almost 0.5 million people are infected in the Caribbean, 1.2 million in East Asia, 1.2 million in Eastern Europe and the CIS, 1.5 million in Latin America and 6.0 million in South Asia.<sup>16</sup>

China, India and the Russian Federation—all with large populations and at risk of seeing

HIV infection rates soar—are of particular concern. About 7 million people are infected in these countries, and in Sub-Saharan Africa 7 million cases exploded to 25 million in a decade.<sup>17</sup> The course of the epidemic depends on social characteristics and responses to the threat. But even in a moderate scenario, by 2025 almost 200 million people could be infected in these three countries alone (table 2.4).

### STRUGGLES TO ACHIEVE THE GOALS

The drop in many countries' HDIs signals a problem; looking at key indicators of progress towards the Millennium Development Goals reveals its depth. Without significant changes, countries experiencing reversals or stagnation have little chance of achieving the Goals.

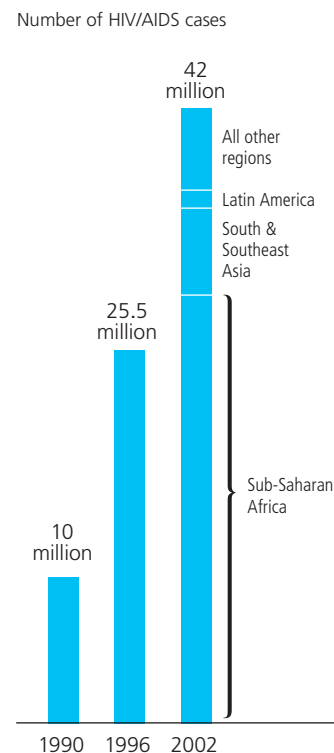
#### FOR EACH GOAL—TOP PRIORITY AND HIGH PRIORITY COUNTRIES

For each Goal there are countries where the situation is particularly urgent—where failed progress is combined with brutally low starting levels. These top priority countries are in greatest need of the world's attention, resources and commitments (box 2.4; technical note 2).<sup>18</sup>

In high priority countries the situation is less desperate but progress is still insufficient (see feature 2.1). These countries are either making progress from low levels of development or achieving slow (or negative) progress from higher levels.

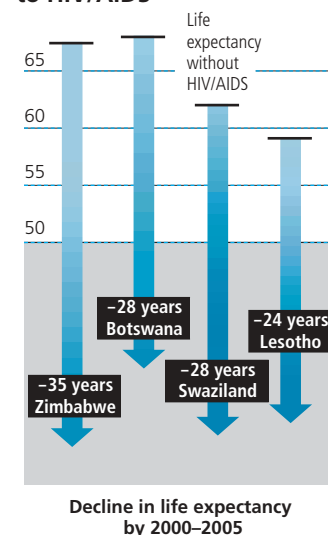
- As noted, per capita incomes fell in 54 countries during the 1990s (see figure 2.5). Of these, 32 are top priority countries facing economic crises. Many are extremely poor, and most are in Sub-Saharan Africa. But there are also crisis countries in Central and Eastern Europe and the CIS, Latin America and the Caribbean and East Asia and the Pacific. Low per capita incomes are also a serious problem in 20 high priority countries.
- Hunger increased in 21 countries in the 1990s. In 19 top priority countries more than one-quarter of people are going hungry and things are failing to improve much—or are worsening. In 19 high priority countries the situation is better but hunger remains a serious challenge.

FIGURE 2.6  
HIV/AIDS cases have skyrocketed



Source: UNAIDS 2002b.

FIGURE 2.7  
Loss of life expectancy due to HIV/AIDS



Source: UNDP 2001c.

TABLE 2.4

#### Big countries face big threats from HIV/AIDS by 2025, even with a moderate epidemic

Country	Estimated HIV/AIDS cases by 2025	Estimated reduction in life expectancy (years)
China	70 million	8
India	110 million	13
Russia	13 million	16

Source: Eberstadt 2002.

### Struggling to meet the Goals—defining top priority and high priority countries

#### Priority countries for each Goal

This Report identifies top priority and high priority countries for each Millennium Development Goal (see feature 2.1). The aim is to identify countries where urgent action is needed to meet a Goal (top priority countries) and countries where the situation is less desperate but still demands significant improvements in progress (high priority countries; see technical note 2).

In top priority countries entrenched human poverty is combined with failing or even reversing progress (see matrix). These are the countries that are in crisis for each Goal, and these are the countries where the world’s attention and resources must be focused.

In high priority countries the situation is less desperate—but great needs remain. These countries are either at medium starting levels but

facing failed or reversing progress, or they are suffering from extreme human poverty yet making moderate progress—but still moving far too slowly to meet the Goal.

#### Priority countries across the Goals

The countries of greatest concern are those that are top or high priority across a broad range of Goals.

There are 31 top priority countries across the Goals, meaning that they are top priority countries for at least three Goals or for at least half of the Goals for which they have data, with a minimum of three data points. If data are available for only two Goals, they are top priority in both.

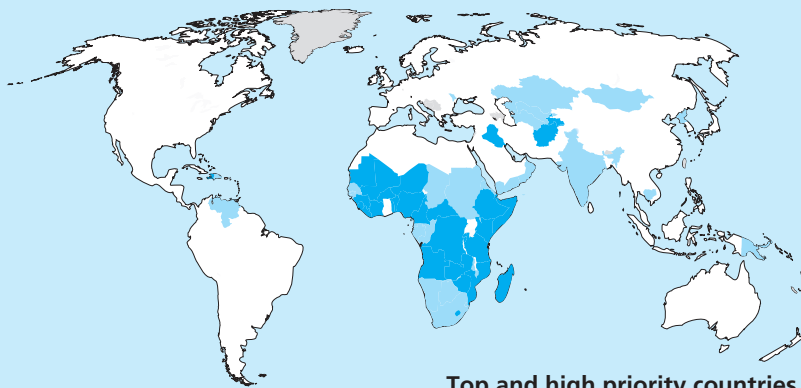
There are 28 high priority countries across the Goals. These countries do not fall into the top priority category but are top or high priority for at

least three Goals, are top priority for two Goals, or are top or high priority for at least half of the Goals for which they have data, with a minimum of three data points. If data are available for only two Goals, they are top or high priority in both.

Another 78 countries have sufficient data to be assessed and do not fall into the top priority or high priority categories. And for 32 other countries there are not sufficient data to make reliable assessments.

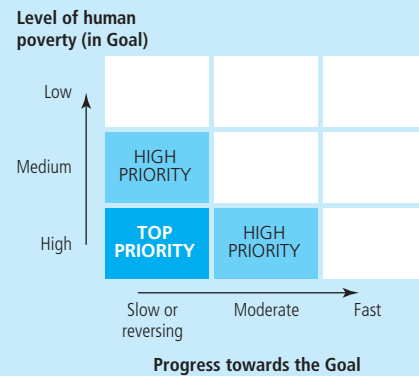
Grouping countries into top priority, high priority and other categories is useful, but such efforts should be viewed with caution. The classifications point out that the countries most at risk of failing to meet the Goals are in Sub-Saharan Africa and Central Asia. But the underlying data for individual Goals are often measured imprecisely, and some country classifications will change as data improve. Moreover, many countries are missing too much data for individual Goals to be given proper overall classifications. Thus some of the 32 countries in the “other” category would be top or high priority countries if the underlying data were more complete.

In addition, the classification criteria used here are plausible but only one among many reasonable choices. Some countries are on the border between categories, and would shift if slightly different classification criteria were used. Finally, many countries that are not top or high priority are often falling behind on one or more Goals and need considerable international attention and help.



**Top and high priority countries**

	No data	Top priority countries	High priority countries
Sub-Saharan Africa		25	13
East Asia & the Pacific		0	4
South Asia		1	1
Arab States		3	3
Latin America & the Caribbean		1	3
Eastern Europe & the CIS		1	4



Source: Human Development Report Office based on feature 2.1.

- In 11 top priority countries at least one-quarter of children do not attend primary school, and little progress is being made towards the Goal of universal enrolment. Again, most are in Sub-Saharan Africa. But this is one development area where good data are sorely lacking. Low primary enrolments are also a concern in 13 high priority countries.

- Child mortality rates increased in the 1990s in a way not seen in previous decades, rising in 14 countries. Overall, bad situations are failing to improve in 32 top priority countries. In some of these countries almost one-third of children will not reach age five. All but 6 of these countries—Afghanistan, Cambodia, Iraq, Somalia, Sudan, Tajikistan—are in Sub-Saharan



Africa. Child mortality rates are also extremely worrisome in 24 high priority countries.

*ACROSS THE GOALS—31 TOP PRIORITY COUNTRIES, 28 HIGH PRIORITY COUNTRIES*

Data on top and high priority countries across the Goals are shown in box 2.4. There are 31 such countries: 25 from Sub-Saharan Africa, 3 from the Arab States and 1 each from South Asia, Latin America and the Caribbean and Central and Eastern Europe and the CIS. These countries are seeing development fail across the board—and require the world’s attention and resources if the Goals are to be achieved.

Another 28 high priority countries face serious challenges across the Goals. Again, many are from Sub-Saharan Africa: 13. But 4 each are from Central and Eastern Europe and the CIS and East Asia and the Pacific, and 3 each are from the Arab States and Latin America and the Caribbean. One is from South Asia.

No single factor can explain the predicaments of the top and high priority countries. Still, the ones from Sub-Saharan Africa tend to share common features. Many are landlocked or have a large portion of their populations living far from a coast. In addition, most are small—only four contain more than 40 million people. Being far from world markets and having a small economy makes it much harder to diversify from primary commodities to less volatile exports with more value added. Indeed, primary commodities account for more than two-thirds of exports in 14 of the 17 top and high priority Sub-Saharan countries with data. Many of the region’s priority countries also have other serious concerns: in 23 more than 5% of the population has HIV/AIDS, and in 9 violent conflicts occurred in the 1990s (box 2.5).<sup>19</sup>

In other regions top priority countries face very different challenges. Many countries in the CIS, for example—while also facing some of the structural issues affecting Sub-Saharan Africa—are trying to make the transition to market economies, a process that has been much more successful in Central and Eastern Europe. In the Arab States constraints are unrelated to income, and derive instead from a failure to convert income into human development and progress towards the Goals.

So what needs to be done to achieve the Millennium Development Goals? No matter how that question is answered, the top priority and high priority countries must be front and centre. The issues they face and ways to resolve them are considered in detail in the chapters that follow.

But poor countries failing to achieve progress are not the only concern. Later in this chapter another group of countries is examined: those where progress has been unevenly distributed, leaving vast numbers of people in terrible conditions.

**GOOD PERFORMANCE BY SOME OF THE POOREST COUNTRIES**

Many of the world’s poorest countries are making good progress on most or all of the Goals. Indeed, for all the Goals the poorest countries have made some of the fastest progress. True, with low starting levels they have the most room for improvement. But that should not detract from achievements that countries have made in circumstances that have caused many of their development peers to stagnate or fall backwards. The success of Southern African countries is particularly fragile, because widespread HIV/AIDS and recent droughts seriously threaten continued progress.

**BOX 2.5**

**Violent conflict and the Goals**

Violent conflict is a key obstacle to achieving the Millennium Development Goals. During 1990–2001 there were 57 major armed conflicts in 45 locations. Sub-Saharan Africa has been hit the hardest, but no developing region has been unaffected.

Deaths from conflicts are hard to gauge, and estimates vary. But since 1990 conflicts have killed as many as 3.6 million people and injured many millions more. Particularly tragic is that civilians, not soldiers, are increasingly the victims—accounting for more than 90% of deaths and injuries. Shockingly, children account for at least half of civilian casualties.

Beyond these tragic direct effects, collapsing economies and infrastructure can take a further human toll. Among the top and high priority countries for achieving the Goals,

13 experienced serious conflict in the 1990s. Surprisingly, some countries—such as Indonesia and Sri Lanka—have experienced significant conflict yet continue to make good progress towards the Goals. Two reasons explain these seemingly unlikely successes.

First, good policies are vital: strong governments that continue to provide services for all people can make a huge difference in human outcomes. (Box 3.5 in chapter 3 examines government and donor policies that can mitigate the human costs of conflict.) Second, conflicts often do not involve entire countries, but are isolated to specific regions. Thus the impacts of war may not be reflected in national social indicators—but in areas where conflict rages, its effects can still be devastating. Box 2.8 examines countries where isolated areas are suffering from conflict.

*Source:* Stewart 2003; Marshall 2000; UNHCR 2000; UNICEF 1996; SIPRI 2002b.

- Still, during the 1990s:
- Cape Verde, Mauritius, Mozambique and Uganda averaged per capita income growth of more than 3% a year.
  - Countries in Sub-Saharan Africa achieved some of the world's sharpest reductions in hunger. Ghana reduced its hunger rate from 35% to 12%, and Mozambique from 69% to 55%.
  - Benin increased its primary enrolment rate from 49% to 70%. Mali and Senegal increased primary enrolment rates by 15 percentage points or more. Primary completion rates also rose in some of the poorest countries—in Mali by more than 20 percentage points.
  - Many of the poorest countries made good progress towards gender equality in primary and secondary education. Mauritania led the pack, increasing the ratio of girls to boys from 67% to 93% between 1990 and 1996. Mali and Nepal narrowed their gaps by 10 percentage points or more in the 1990s.
  - Despite HIV/AIDS, there were some remarkable improvements in child survival in Sub-Saharan Africa. Guinea reduced its child mortality rate by 7 percentage points, and

- Malawi and Niger by 5 percentage points or more. There were also dramatic reductions in some of the poorest countries in Asia. Bhutan and Lao People's Democratic Republic reduced under-five deaths from around 16% to 10%, and Bangladesh from 14% to 8%.
- Though HIV/AIDS has generally taken a crushing toll on Sub-Saharan Africa, there have been some notable exceptions. Uganda reduced infection rates for eight consecutive years in the 1990s, and Zambia may become the second country in the region to reverse the spread of HIV/AIDS from crisis levels. Senegal has also prevented the spread of the disease.<sup>20</sup>
  - Côte d'Ivoire and Mali increased the proportion of people with access to safe water by 10 percentage points or more. In addition, Ghana and Senegal increased the proportion of people with access to improved sanitation by 10 percentage points or more.

These successes, along with rapid improvements in more developed countries, show that all countries can achieve the Millennium Development Goals (box 2.6). (Chapters 4 and 5 analyse what underpinned some of these successes.)

BOX 2.6

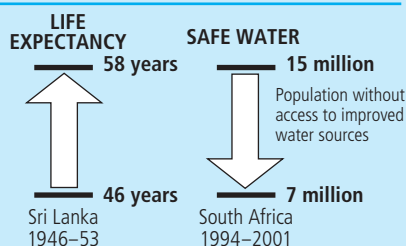
### Great leaps forward are possible in years—not decades

The Millennium Development Goals aim to dramatically improve people's lives in the course of a generation. Such targets are ambitious but achievable: many countries have made great leaps forward in all aspects of human development in short periods.

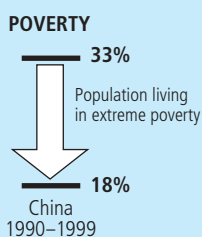
In just seven years (1946–53) Sri Lanka increased average life expectancy by an incredible 12 years. Between 1970 and 1985 Botswana doubled the proportion of children in primary school, nearly achieving universal primary education. In the 1990s China almost halved the proportion of people living in poverty. And between 1994 and 2001 South Africa halved the number of people without access to safe water.

These successes resulted from appropriate policies in specific circumstances, and replicating them is not straightforward. But they show what can be done. Later chapters of this Report examine what works and what does not—identifying key policies for achieving the Goals.

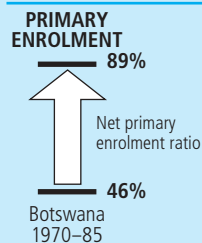
In 7 years...



In 9 years...



In 15 years...



Source: Millennium Project Task Force 7 2003; WSP 2002b; Human Development Report Office calculations based on World Bank 2002f and 2003i; Caldwell 1986, pp. 171–220; World Bank 2003i.

### WIDENING GAPS WITHIN COUNTRIES: WHO IS BEING LEFT BEHIND?

While national performance indicators help convey what is happening to a country's inhabitants, progress often differs widely across regions of the same country. Many countries with good average performance on the Goals contain population groups—and sometimes entire areas—being left behind. What are the gaps in human development within countries, and how have they evolved over the past decade (see feature 2.3)?

National statistics are midpoints of internal differences or summaries of domestic idiosyncrasies that average out economic, social, cultural, gender and ethnic cleavages within borders. Thus indicators used to assess national progress towards the Goals may not adequately reflect the living conditions of many inhabitants (box 2.7).

Wide—and widening—gaps are cause for concern because of their likely negative effects

on the pace of development. They also indicate uneven opportunities, with powerful people securing more of the benefits of development. As gaps worsen and reach high levels, they may destabilize human development as a result of social unrest, political disputes, biased resource allocations and violence and conflict (box 2.8).

For these reasons subnational trends deserve attention even among countries that appear to be performing well on the Goals. These countries may be advancing through a top-down approach, with policy efforts and resources initially focused on groups that are easier to reach, such as non-poor people or urban residents. This approach can raise national averages enough to declare the achievement of a Goal or some other target.

This is a particular concern for health because the health-related Goals and targets (such as reducing child mortality by two-thirds and maternal mortality by three-quarters) seek to lower average rates and so apply to the entire population—while those for nutrition, education and poverty focus on hungry, uneducated and poor people. Thus the health targets can be achieved by targeting any group, including better-off people. Some governments may be tempted to meet the health Goals by concen-

trating efforts among the better off, only later targeting people who are harder to reach.<sup>21</sup> Some analysts argue that such a top-down approach has its merits because it will allow Goals to be met at the country level and will eventually benefit everyone. But that may not be true.

For progress to be sustained and inclusive, it should take a bottom-up approach, emphasizing equity and focusing first on people most in need of support. In pursuing the health Goals, the worst-off and hardest to reach people should not receive attention only at the last minute. For policy-makers, putting poor people at the end of the queue for social services is easier and less costly in the short and medium run.<sup>22</sup> But the false progress that results may prove unsustainable in the long run.

#### GAPS BETWEEN SOCIO-ECONOMIC GROUPS

Evidence from many countries suggests that some groups are receiving fewer benefits from national improvements in income, health and education. Income disparities appear to be increasing in several countries, indicating wider gaps between people at the top of the income distribution (generally middle and upper classes in urban areas) and people at the bottom (mostly

#### BOX 2.7

#### Disaggregated data within countries: national human development reports

Since 1992 some 135 countries have used country-owned processes to produce more than 450 national and regional human development reports. Many of these reports present data disaggregated along gender, ethnic, age, race, geographic or other lines, enabling deeper analysis of country-specific causes of inequality and poverty—and sometimes revealing systemic discrimination and serious deprivations. The reports have become crucial sources of the most recent disaggregated country data, contributing to policy strategies for advancing and tools for measuring progress on human development. The following examples show what the reports can help achieve:

- Since 1997 Brazil has calculated the human development index (HDI) annually for each of its more than 5,000 municipalities. In response the state of Minas Gerais introduced the Robin Hood Law, which allocates a proportion of tax

revenues to municipalities that rank low on the HDI and other indicators.

- Nepal's 2001 human development report used extensive disaggregated data that revealed significant inequities in the distribution of resources and opportunities, leading the report to conclude that weak governance is at the root of disappointing outcomes in poverty reduction. The report found that life expectancy averaged 51 years in the most disadvantaged castes—and 63 years for the Newar ethnic group.
- Egypt's annual human development reports disaggregate socio-economic, environmental, demographic and other indicators for each of the nation's 26 governorates. These data and the reports' findings form the basis for yearly meetings of the country's governors to jointly examine disparities and identify policy responses.
- Lithuania's 2000 report analysed urban-rural disparities in human development. Disaggregated

data for key indicators such as mortality, suicide, employment and education showed that rural Lithuanians are losing their ability to sustain themselves with traditional occupations—and no alternative, productive, sustainable livelihoods have emerged. The report warned that this trend could undermine social cohesion.

- Namibia's human development reports have examined human poverty by disaggregating the HDI across language groups. This disaggregation reveals high human development levels among predominantly European groups—people who speak Afrikaans, English or German—and very low levels among the San (bushmen). These findings have led to targeted investments in health, education and job creation.

Disaggregated data from the reports are available online at <http://sedac.ciesin.columbia.edu/hdr/>. (To view national human development reports online, see <http://hdr.undp.org/>.)

Source: Human Development Report Office, National Human Development Report Unit.

### Conflicts within countries

Violent conflicts are often contained within certain areas of countries, driven by ethnic, linguistic and similar social fault lines. This tendency may explain the good overall performance on the Millennium Development Goals in countries—such as Indonesia and Sri Lanka—that experienced years of conflict in the 1990s. Human development is likely to be lower in areas that suffer from conflict than in areas not directly affected by it. (Sometimes neighbouring regions are also affected by nearby conflicts, experiencing refugee flows and humanitarian emergencies.)

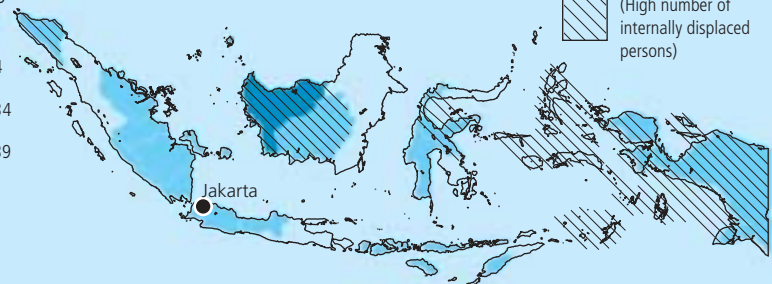
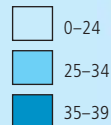
The links between conflicts and poor development can go both ways. Economic and social hardships, especially when accompanied by sharp inequalities across groups and areas, can foment violence. At the same time, conflicts are often major causes of weak economic development, leading to (among other things) health crises and destruction of infrastructure. This relationship can be captured by comparing the spatial distribution of conflicts with subnational indicators of development. But due to data limitations, few countries allow for such analysis. This Report was able to obtain such data for four countries:

- *Indonesia.* Sharp regional disparities in the human poverty index (HPI) appear across and within the islands of Indonesia. Violent, separatist conflicts have occurred in areas with high poverty, with sharp divisions along religious, ethnic and social lines.
- *Colombia.* Violence runs high and medium throughout the parallel mountain chains that run from the north to south of Colombia, as well as in the areas linking these mountains to the Pacific coast. The mountains are largely rural, with little infrastructure, and often inhospitable. The human development index (HDI) is lowest in some of the areas where conflict has been most violent (see map).
- *Nepal.* The Maoist uprising that began in Nepal in 1996 is based in the country's most isolated, neglected, resource-poor areas—those lacking even the most basic social infrastructure. Among these are remote villages containing ethnic minorities, including low HDI areas in the northwest and some areas in the north.
- *Sri Lanka.* After nearly 20 years of civil conflict between the minority Tamil population and the majority Sinhalese, more than 65,000 Sri Lankans have been killed and nearly 1 million have been displaced. The map shows how the northern and north-eastern Tamil regions have been excluded from the country's infrastructure development.

Source: UNDP 2003a.

#### INDONESIA

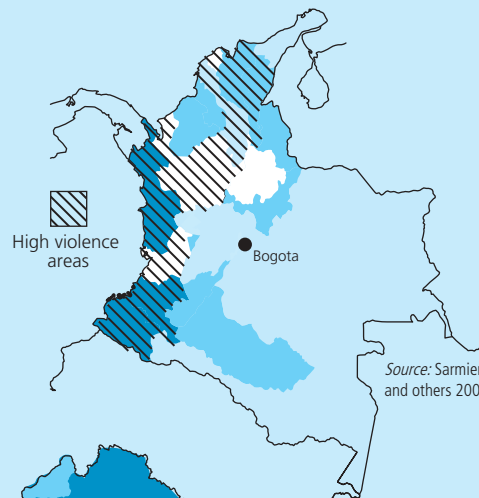
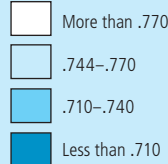
Human poverty index, 1998 (percent)



Source: BCPR 2003.

#### COLOMBIA

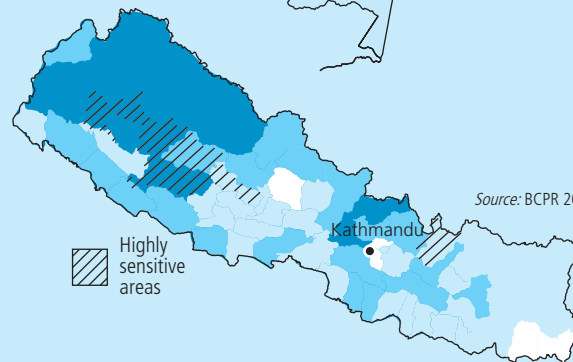
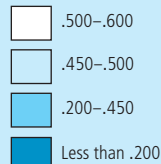
Human development index, 2001



Source: Sarmiento Gómez and others 2003; BCPR 2003.

#### NEPAL

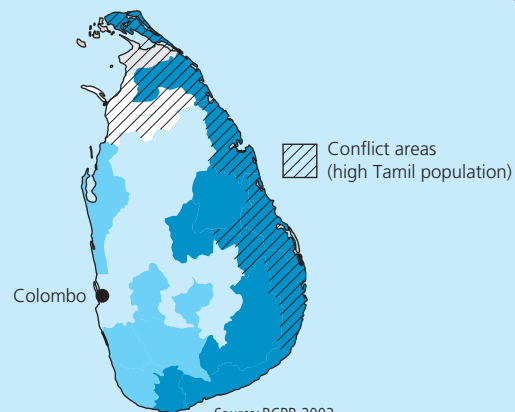
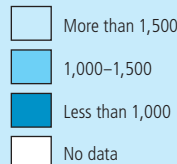
Human development index, 2000



Source: BCPR 2003.

#### SRI LANKA

All class roads (km), 1998



Source: BCPR 2003.



TABLE 2.5

**Child mortality rates: changes in levels and in wealth gaps, selected countries, 1980s and 1990s**

		Relative gap (between rich and poor)				
		Narrowing		Constant		Widening
Average level	Improving	Guatemala	Egypt Morocco Senegal	Mali Peru	Bangladesh Bolivia Brazil Colombia Dominican Rep. Ghana Indonesia Uganda	
	Constant	Togo Zambia	Burkina Faso Cameroon Niger		Philippines Tanzania	
	Worsening		Kenya		Kazakhstan Zimbabwe	

Source: Minujin and Delamonica 2003.

rural, female-headed households of indigenous or ethnically marginal descent). Unless persistent income inequality is dealt with, it may limit the benefits of economic growth for poverty reduction (see box 2.2).

Wealth, probably even more than income, appears to be crucial in securing basic social services. (The studies cited in this section estimated wealth using surveys of household assets and characteristics.)<sup>23</sup> Between the mid-1980s and mid-1990s the gap in child mortality rates between the wealthiest and poorest quintiles narrowed in only 3 of 24 developing countries with data.<sup>24</sup> And in 13 countries considered good performers in reducing average child mortality rates, there is evidence of constant or increasing gaps between the richest and poorest groups (table 2.5).

Among the same sample of 24 countries, despite a substantial narrowing of wealth-related gaps in immunization coverage, by the late 1990s less than half the children from the poorest families had been immunized with DPT3 (three doses of diphtheria, pertussis and tetanus immunizations). In Burkina Faso, Cameroon, Mali and Niger less than 30% of poor children were covered. In many countries immunization coverage for the poorest fifth of the population showed no change or fell slightly in the 1990s.<sup>25</sup>

Disparities in education provide further evidence of inequality between wealthy and poor households. In many countries children from poor households are much less likely to attend school and are more likely to drop out if they

do. Enrolment rates are especially low for poor households, and dropout rates especially high, in Sub-Saharan Africa.<sup>26</sup>

South Asia shows a similar pattern, though dropout rates are concentrated after grade 5. In Latin America poor households are more likely to send children to school, resulting in higher enrolment rates, but dropout rates are just as high as in the other regions.<sup>27</sup> Even countries with low income inequality, such as Viet Nam, show wide variations in education across wealth quintiles. The data on wealth gaps in health and education support an undeniable conclusion: for the Goals to be met by as many countries and people as possible, policies should focus on closing the wealth divides within countries.

#### RURAL-URBAN GAPS

Widening gaps between urban and rural areas also indicate skewed development. In some African countries, despite satisfactory overall progress towards the Millennium Development Goals, urban-rural divides persist—or are widening—for most indicators.<sup>28</sup> In 8 of 11 countries with data, overall poverty rates have fallen—but rural poverty has fallen more slowly, particularly in Niger, Senegal and Tanzania.

As with wealth gaps, rural-urban divides are reflected in uneven progress on education and health. In 26 African, Latin American and Asian countries, rural areas are struggling on many of the Goals.<sup>29</sup> Usually this is relative to urban areas, but sometimes it is absolute (with

*Gender equality is at the core of whether the Goals will be achieved—from improving health and fighting disease, to reducing poverty and mitigating hunger, to expanding education and lowering child mortality, to increasing access to safe water, to ensuring environmental sustainability*

*That all countries can  
meaningfully achieve the  
Millennium Development  
Goals is beyond doubt*

conditions in rural areas deteriorating and those in urban areas improving). Between the late 1980s and the mid- to late 1990s the gap in child mortality rates for rural and urban households widened in 14 of the 26 countries.

Similarly, children in urban areas are much more likely to receive a decent education. Parents in poor rural areas are often reluctant to send their children to school—and when they do, there are often not enough teachers, textbooks and classrooms. In the developing world a man living in a rural area is twice as likely to be illiterate as one in an urban area.<sup>30</sup> South Asia is home to the largest rural-urban education disparities.

#### GENDER GAPS

The Millennium Declaration calls for empowering women politically, socially and economically. To that end, the third Millennium Development Goal aims to reduce the gap between males and females in primary, secondary and eventually higher education. But gender gaps in education are only a small part of gender inequality. As this Report argues, gender equality is at the core of whether the Goals will be achieved—from improving health and fighting disease, to reducing poverty and mitigating hunger, to expanding education and lowering child mortality, to increasing access to safe water, to ensuring environmental sustainability.

One clear indicator of the gender crisis is the gap in mortality rates between men and women. Despite women's biological advantage, they have higher mortality rates in a number of countries, mainly in South and East Asia. The "missing women" phenomenon refers to females estimated to have died due to discrimination in access to health and nutrition. Census data indicate that missing women have increased in number but fallen as a share of women alive today. Improvements have occurred in Bangladesh, Pakistan and most Arab States, yet there have been only small improvements in India—and deterioration in

China.<sup>31</sup> Conversely, in some countries in the western CIS men are dying up to 15 years earlier than women.<sup>32</sup>

In most cases gender discrimination is accompanied by biases against other personal characteristics, including location (rural areas), ethnic background (indigenous minorities) and socio-economic status (poor households). Gender gaps in health and particularly education are important causes of gender discrimination. In many developing countries gender gaps in primary and secondary education are much higher among the poorest fifth of the population. Moreover, in most of these countries the situation did not change significantly in the 1990s—supporting evidence of discrimination against girls at the household level, particularly in poor households.<sup>33</sup>

Globally, women account for just under half of the adults living with HIV/AIDS. But in Sub-Saharan Africa, where the virus is spread mostly through heterosexual activity, more than 55% of infected adults are women.<sup>34</sup> Young women there are two to four times more likely than young men to become infected. In South and South-East Asia 60% of young people with HIV/AIDS are female.<sup>35</sup>

\* \* \*

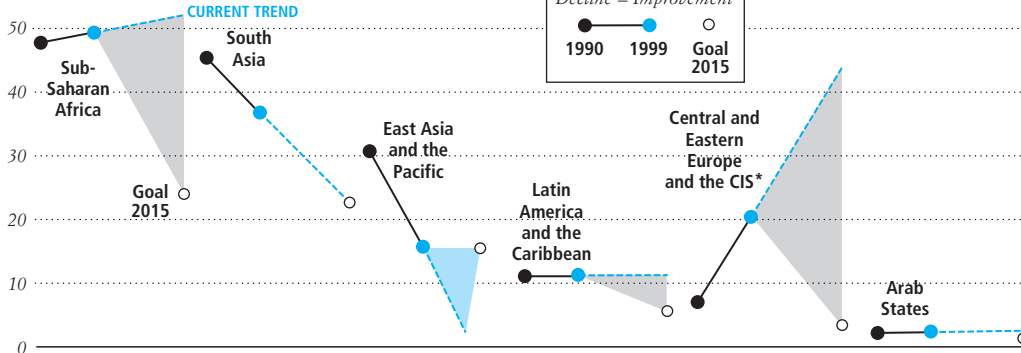
That all countries can meaningfully achieve the Millennium Development Goals is beyond doubt. Countries at all levels of development and from all regions have made dramatic progress. Countries have also progressed without incurring higher inequality. Chapters 3 through 7 consider what lessons lie behind these successes and how they can be applied to countries now failing. While many of the steps for success are known, ensuring that they are taken will require fundamental changes in development thinking. Traditional approaches of trying to do what is possible in the face of weak policies and severe resource constraints will not be enough. Chapter 8 considers cross-cutting actions needed to create the environment required to meet the Goals, with a focus on actions needed by rich countries.

## Feature 2.1 Progress towards the Millennium Development Goals

### Millennium Development Goals regional summary

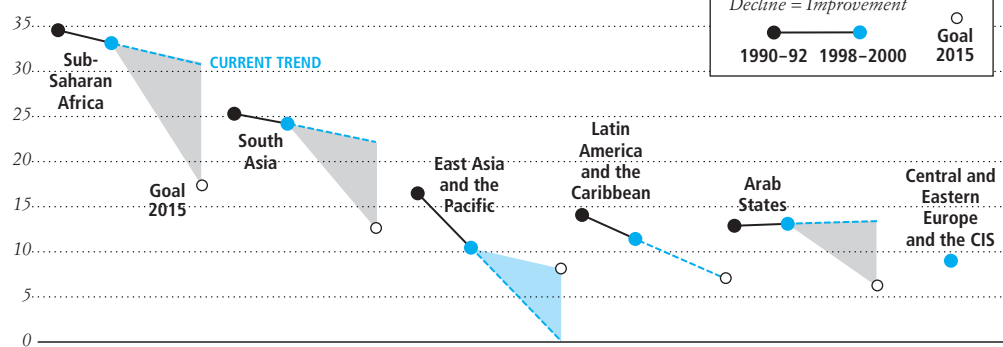
#### Poverty

Percentage of the population living below \$1 a day



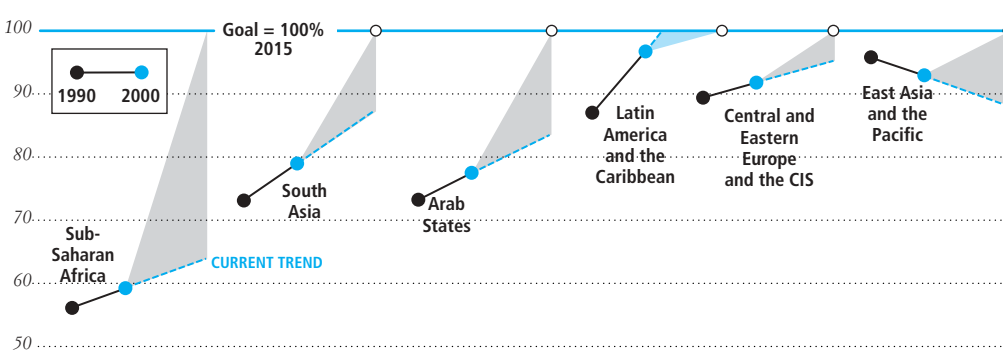
#### Hunger

Percentage of the population that is malnourished



#### Primary education

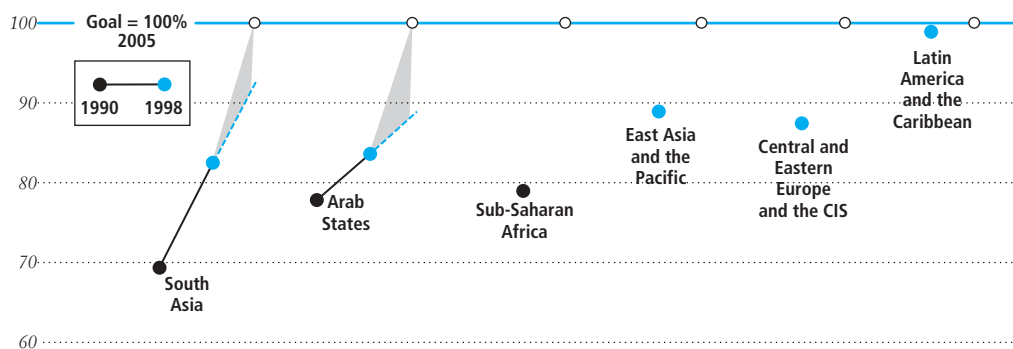
Net primary enrolment ratio (percent)



\* refers to population living below \$2 a day.

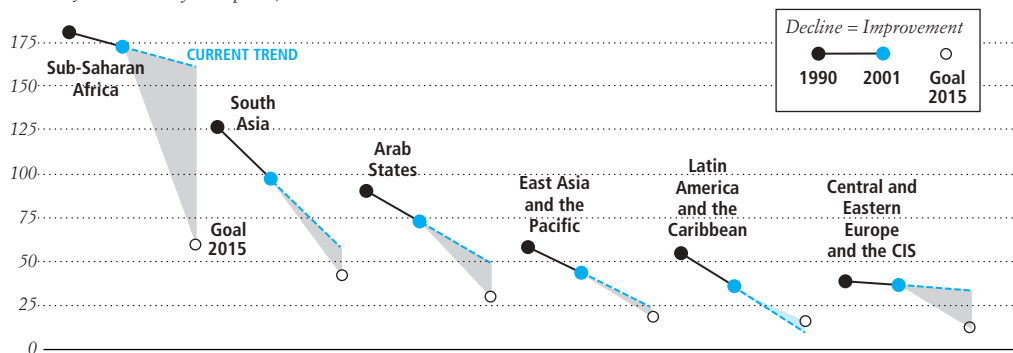
### Gender equality

Ratio of girls to boys in primary and secondary education (percent)



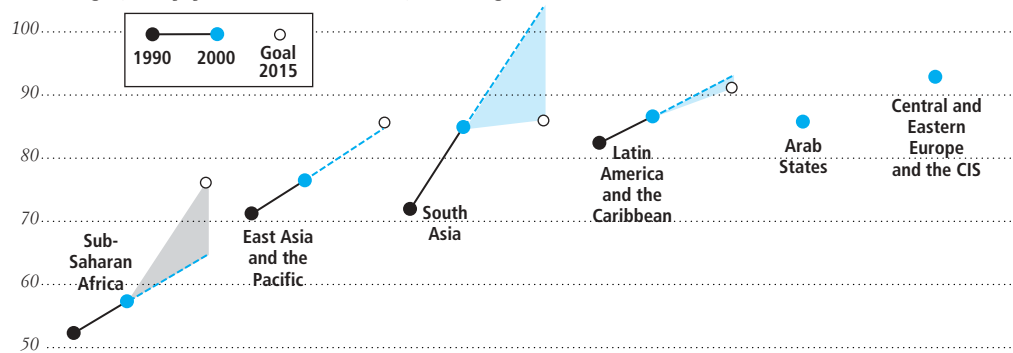
### Child mortality

Under-five mortality rate per 1,000 live births



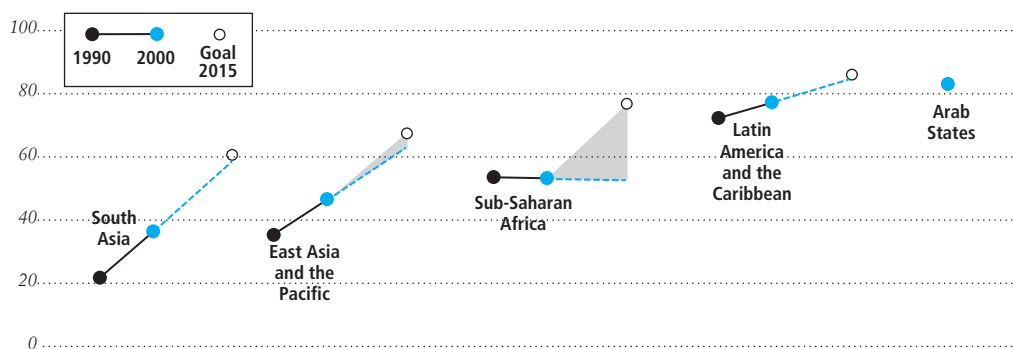
### Access to water

Percentage of the population with access to safe drinking water



### Access to sanitation

Percentage of the population with access to adequate sanitation

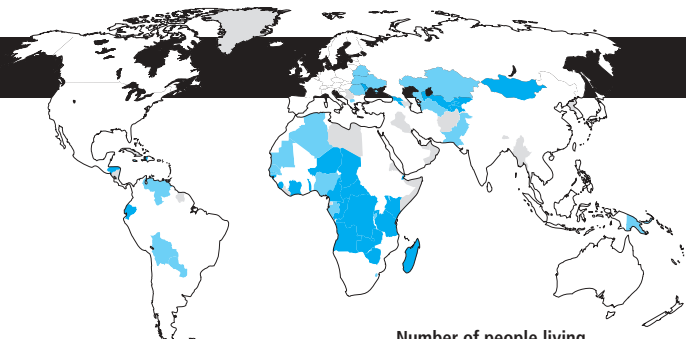




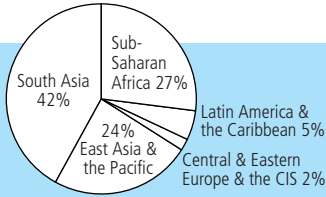
# Income poverty

GDP per capita (PPP US\$ thousands)

Countries with 1990 income of \$10,000 or less



**Regional distribution of people living on less than \$1 a day (PPP)**



COUNTRY RANKING BY 1990 VALUE

Global total—1,169 million in 1999

**Number of people living on less than \$1 a day, 1999 (millions)**

Sub-Saharan Africa	315
South Asia	488
East Asia & the Pacific	279
Arab States	6
Latin America & the Caribbean	57
Central & Eastern Europe & the CIS*	97

- Top priority (countries listed in **BOLD COLOUR** type)
- High priority (countries listed in **COLOUR** type)
- No data

## Sub-Saharan Africa

REGIONAL AVERAGE

**TANZANIA, U. REP. OF**

MALAWI

ETHIOPIA

MALI

MOZAMBIQUE

BENIN

**NIGERIA**

BURKINA FASO

**MADAGASCAR**

**SIERRA LEONE**

ZAMBIA

**NIGER**

**BURUNDI**

UGANDA

CHAD

KENYA

**GUINEA-BISSAU**

CONGO

SENEGAL

**CENTRAL AFRICAN REPUBLIC**

RWANDA

**CÔTE D'IVOIRE**

GUINEA

MAURITANIA

**CONGO, DEM. REP. OF THE**

**CAMEROON**

GHANA

TOGO

LESOTHO

**GAMBIA**

**COMOROS**

**ANGOLA**

**ZIMBABWE**

CAPE VERDE

SWAZILAND

NAMIBIA

BOTSWANA

**GABON**

MAURITIUS

## South Asia

REGIONAL AVERAGE

NEPAL

BANGLADESH

PAKISTAN

INDIA

SRI LANKA

IRAN, ISLAMIC REP. OF

## East Asia and the Pacific

REGIONAL AVERAGE

LAO PEOPLE'S DEM. REP.

VIET NAM

CAMBODIA

CHINA

**MONGOLIA**

PAPUA NEW GUINEA

INDONESIA

**SOLOMON ISLANDS**

VANUATU

PHILIPPINES

FIJI

THAILAND

SAMOA (WESTERN)

MALAYSIA

KOREA, REP. OF

## Arab States

REGIONAL AVERAGE

YEMEN

SUDAN

LEBANON

SYRIAN ARAB REPUBLIC

EGYPT

MOROCCO

**DJIBOUTI**

JORDAN

TUNISIA

ALGERIA

## Latin America & the Caribbean

REGIONAL AVERAGE

**BOLIVIA**

**HAITI**

**HONDURAS**

GUYANA

**ECUADOR**

PERU

JAMAICA

GUATEMALA

EL SALVADOR

SAINT VINCENT AND THE GRENADINES

PANAMA

BELIZE

DOMINICAN REPUBLIC

DOMINICA

**SAINT LUCIA**

GRENADA

**PARAGUAY**

CHILE

VENEZUELA

BRAZIL

COLOMBIA

TRINIDAD AND TOBAGO

URUGUAY

COSTA RICA

MEXICO

ANTIGUA AND BARBUDA

SAINT KITTS AND NEVIS

ARGENTINA

## Central and Eastern Europe and the CIS

REGIONAL AVERAGE

**UZBEKISTAN**

ALBANIA

**TAJKISTAN**

ARMENIA

**KYRGYZSTAN**

**MOLDOVA, REP. OF**

**GEORGIA**

ROMANIA

POLAND

MACEDONIA, FYR

TURKMENISTAN

BULGARIA

KAZAKHSTAN

BELARUS

UKRAINE

CROATIA

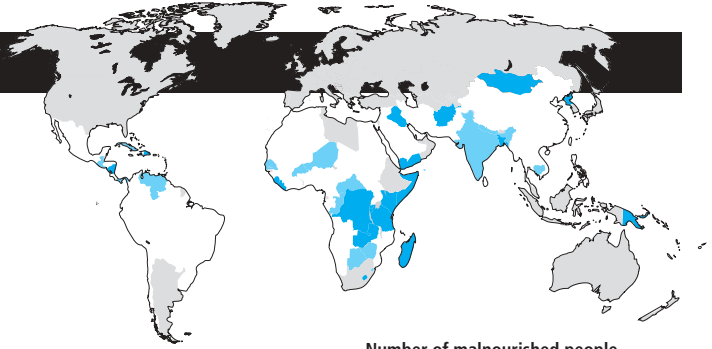
ESTONIA

RUSSIAN FEDERATION

\* refers to the proportion of the population living below \$2 a day.

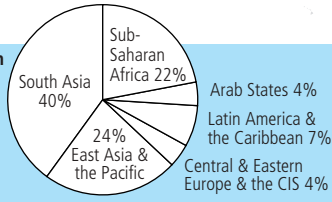
# Hunger

Undernourished people as a percentage of the total population

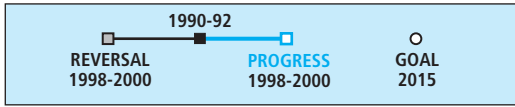


Regional distribution of undernourished people, 1998-2000

Total - 827.5 million people

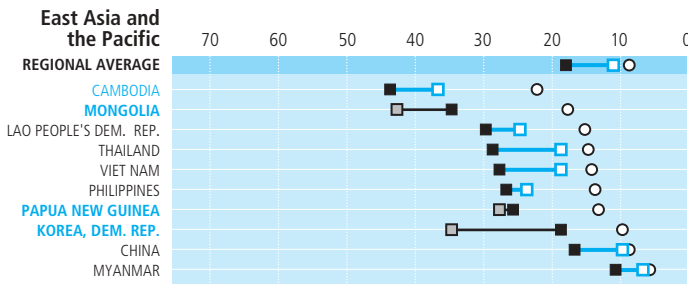
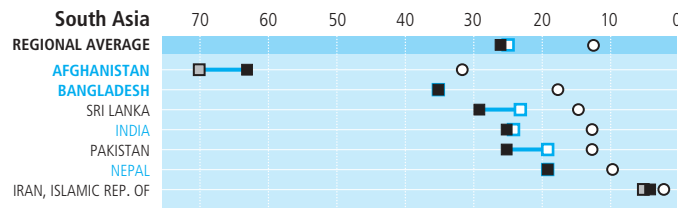
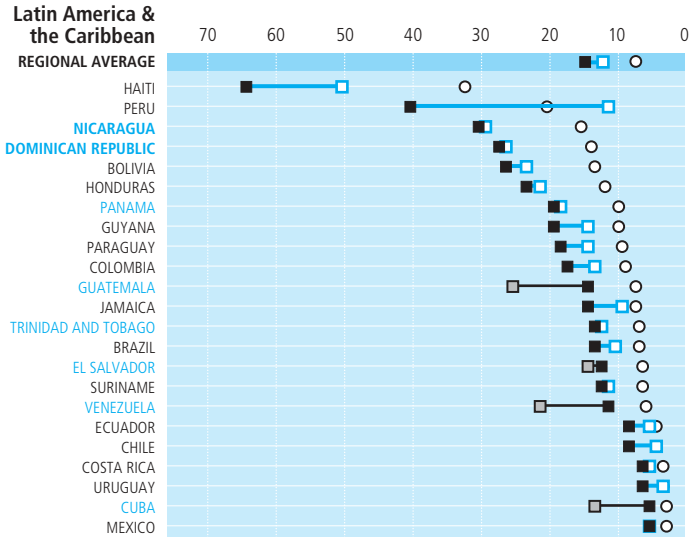
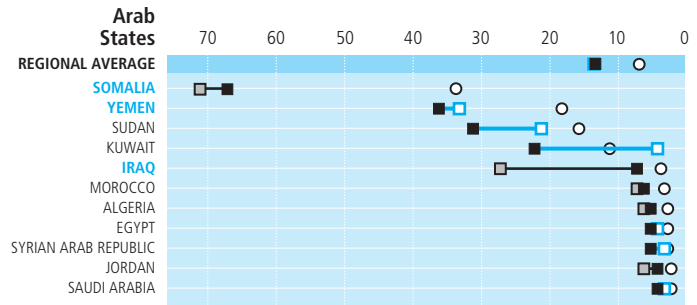
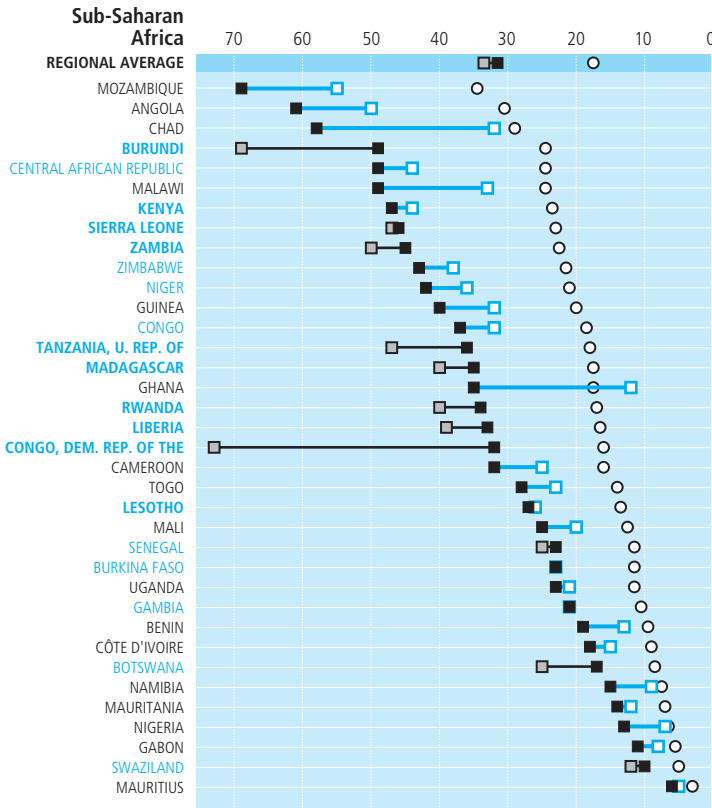


COUNTRY RANKING BY 1990 VALUE



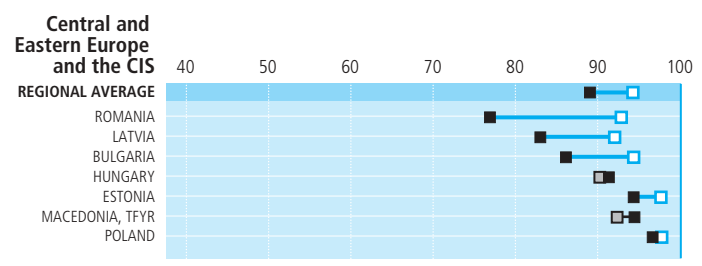
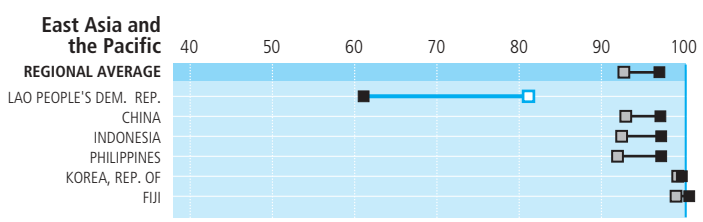
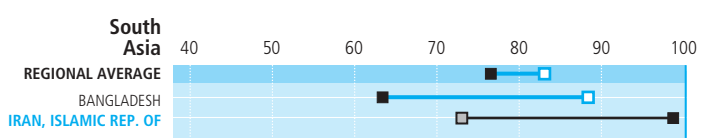
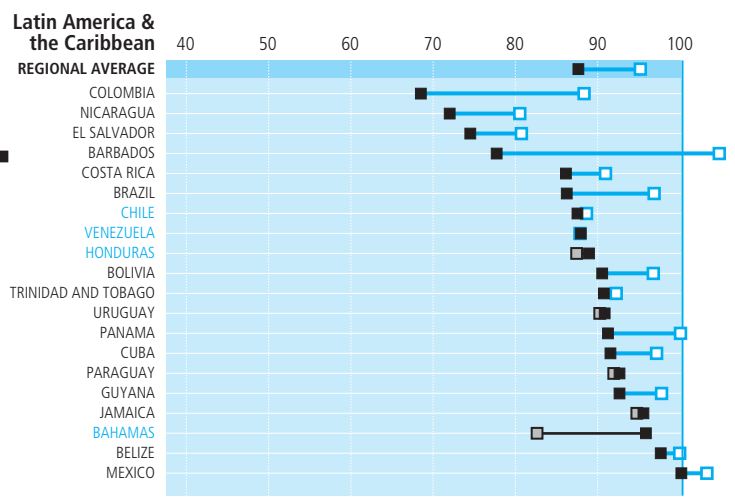
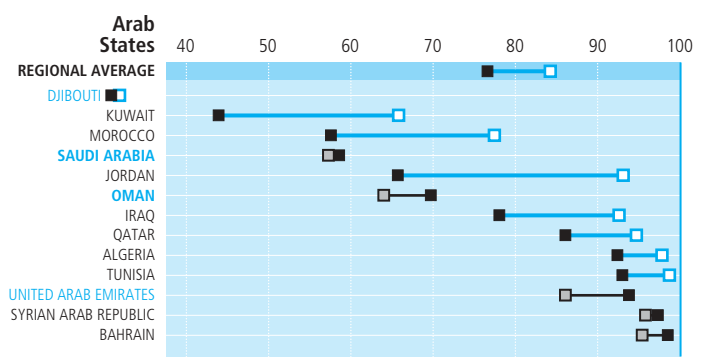
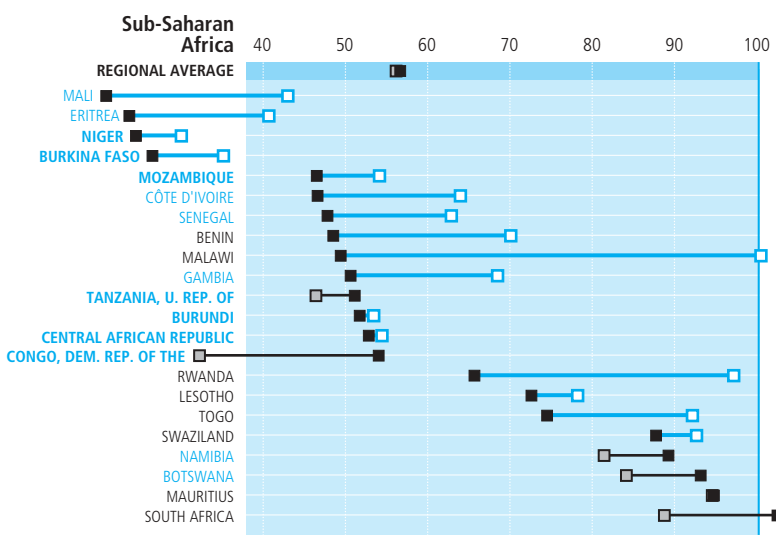
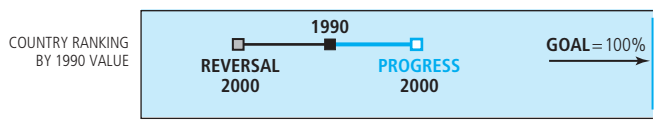
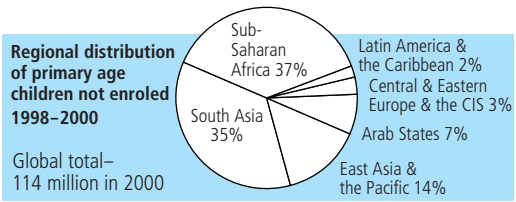
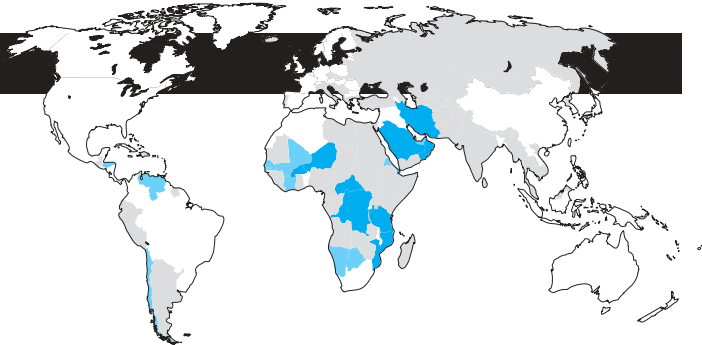
Number of malnourished people 1998-2000 (millions)

Sub-Saharan Africa	183.3
South Asia	333.6
East Asia & the Pacific	193.3
Arab States	32.2
Latin America & the Caribbean	54.9
Central & Eastern Europe & the CIS	30.2



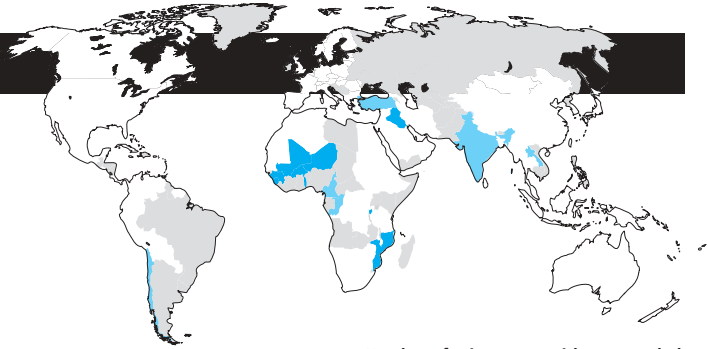
# Primary education

Net primary enrolment ratio (percent)



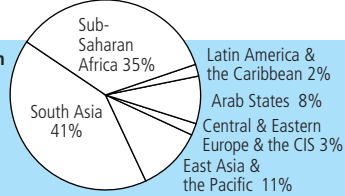
# Gender equality

Ratio of girls to boys in primary and secondary education (percent)

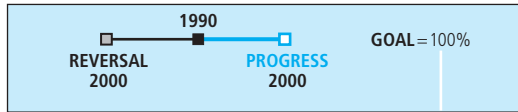


**Regional distribution of primary age girls not enrolled 1998-2000**

Global total—63 million in 2000



COUNTRY RANKING BY 1990 VALUE

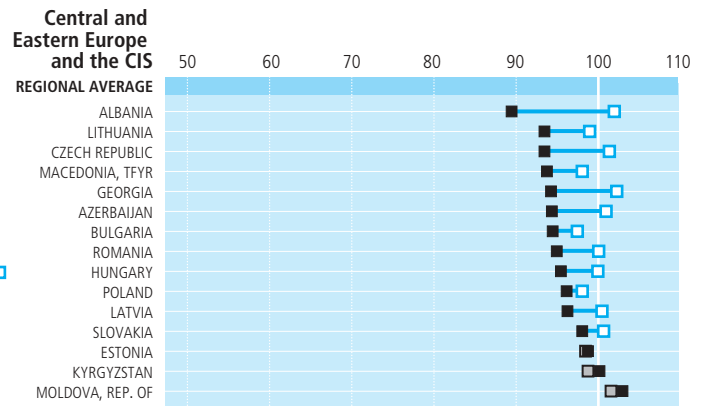
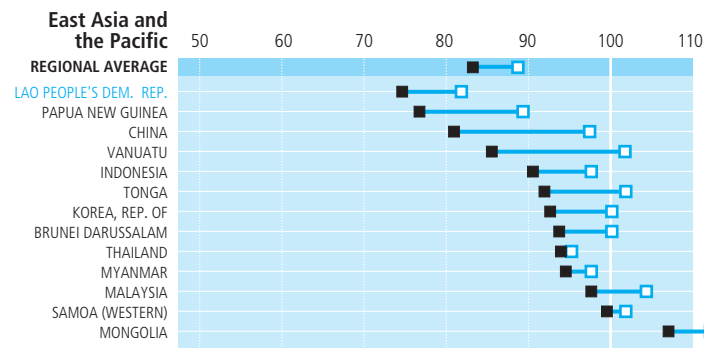
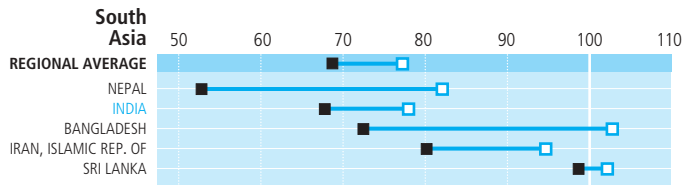
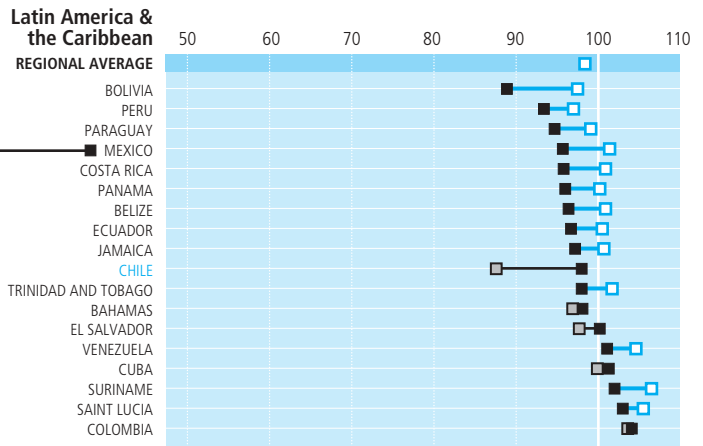
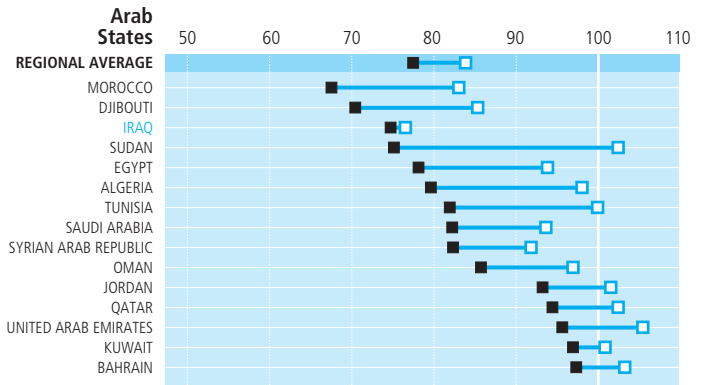
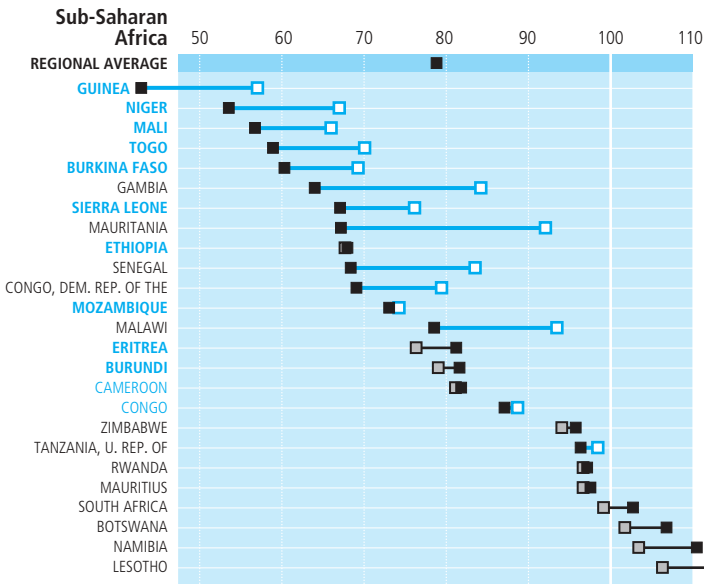


**Number of primary age girls not enrolled 2000 (millions)**

Sub-Saharan Africa	22.1
South Asia	26.1
East Asia & the Pacific	6.9
Arab States	4.8
Latin America & the Caribbean	1.2
Central & Eastern Europe & the CIS	1.9

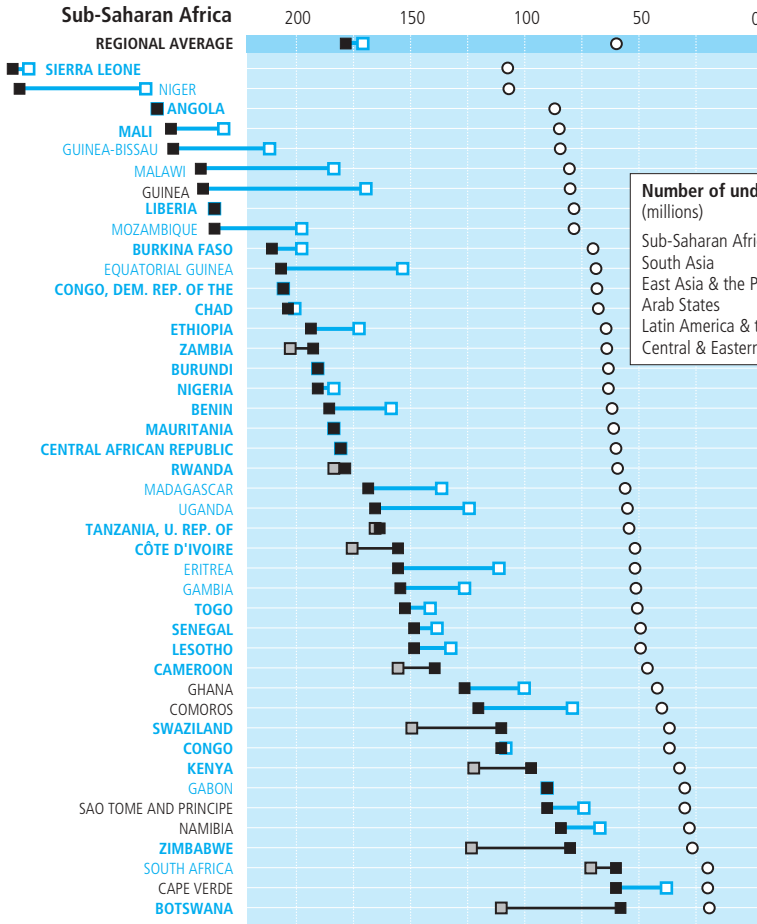
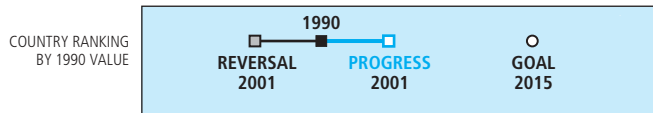
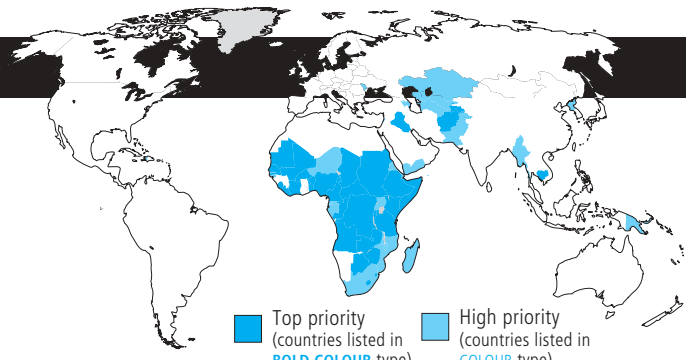
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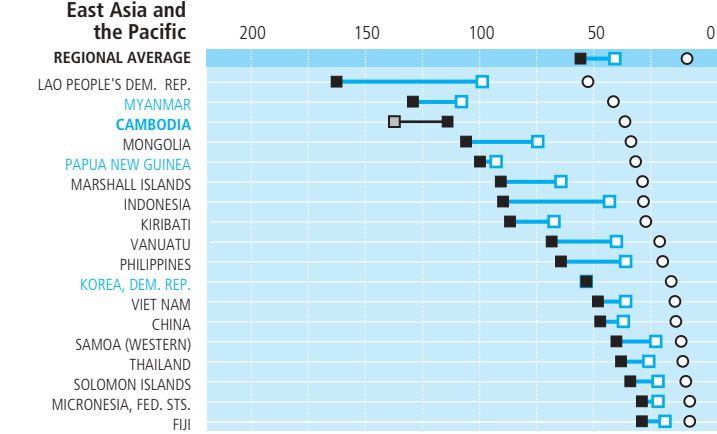
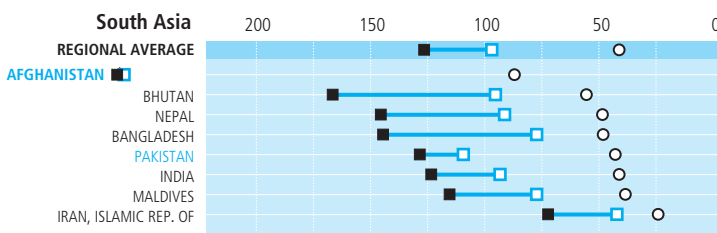
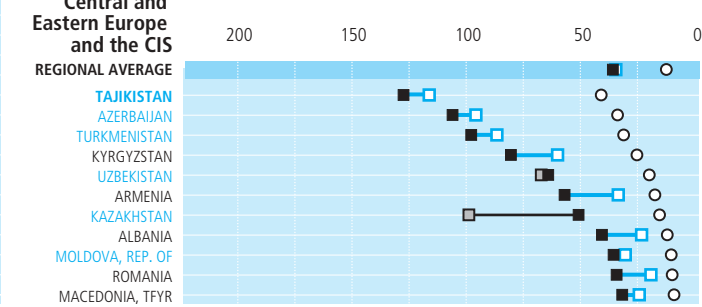
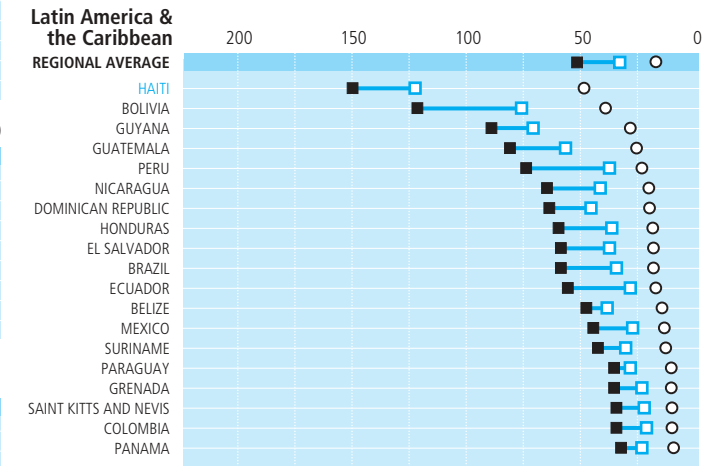
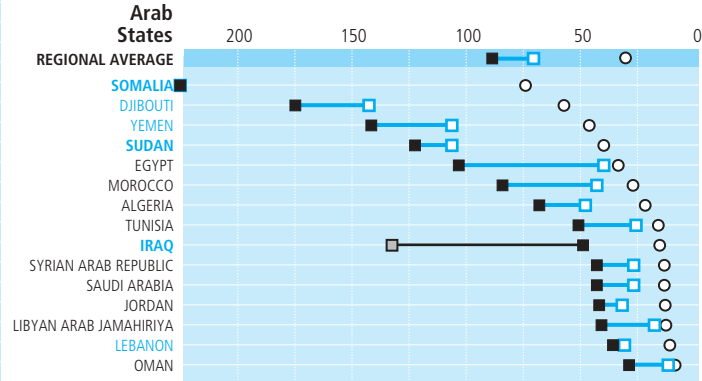
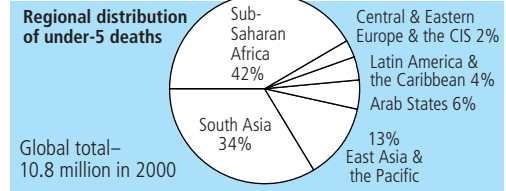
# Child mortality

Under-five mortality rate (per 1,000 live births)



**Number of under-5 deaths, 2000 (millions)**

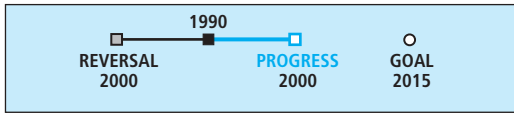
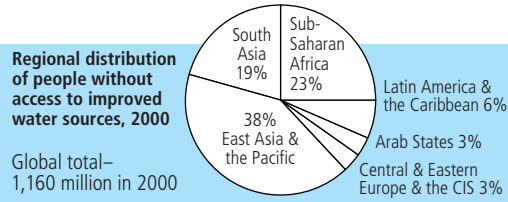
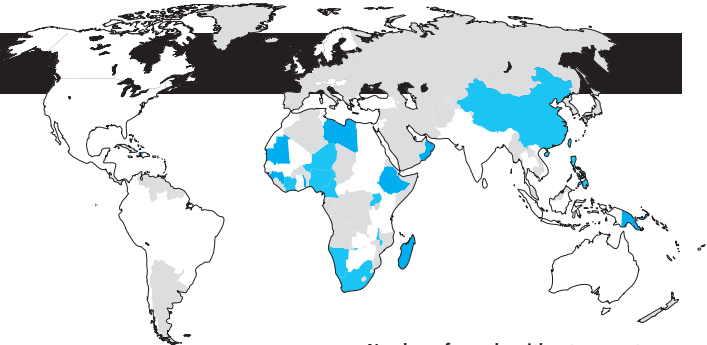
Sub-Saharan Africa	4.5
South Asia	3.6
East Asia & the Pacific	1.4
Arab States	0.6
Latin America & the Caribbean	0.4
Central & Eastern Europe & the CIS	0.2





# Access to water

People with access to improved water sources (percent of the population)



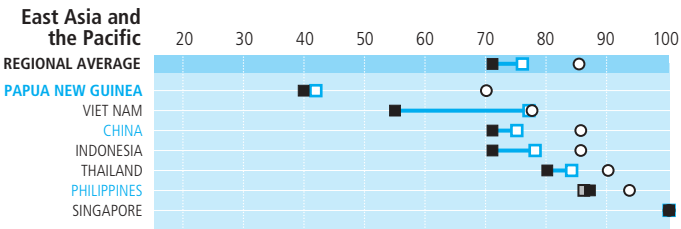
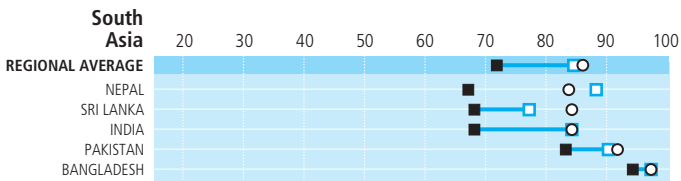
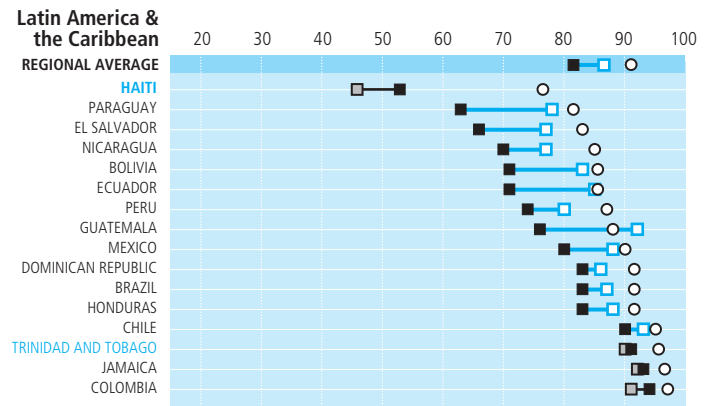
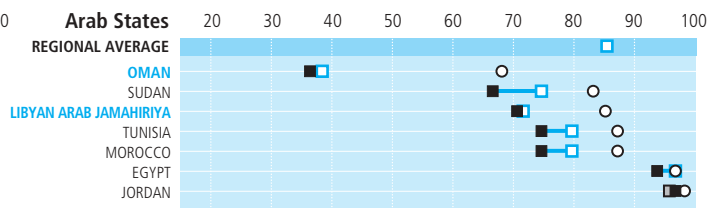
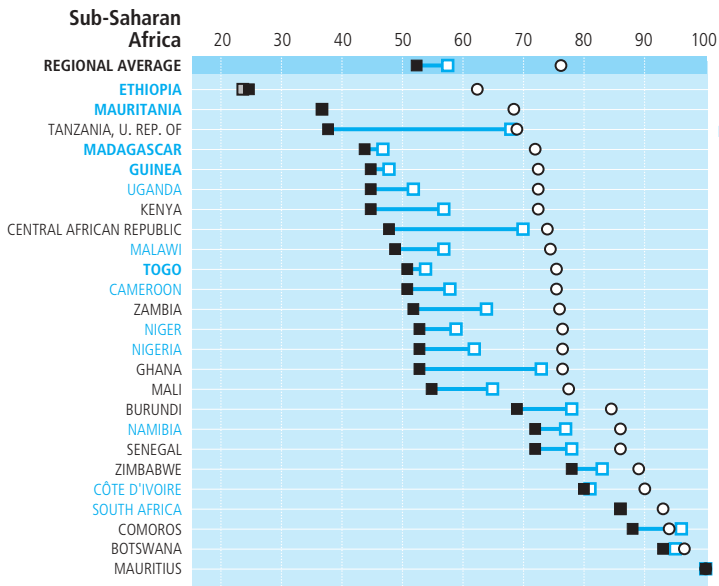
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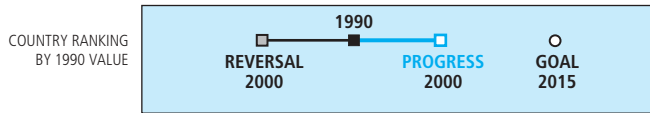
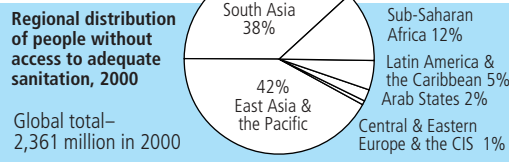
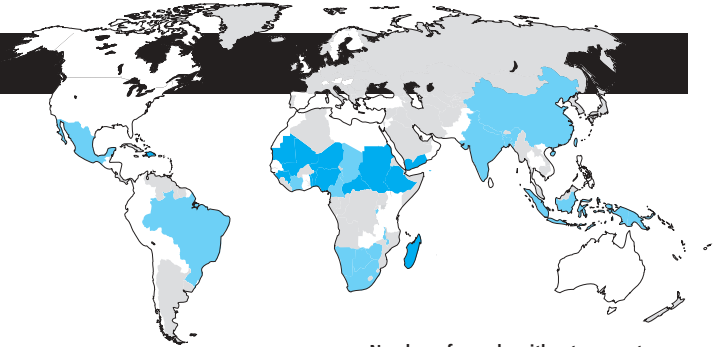
## Number of people without access to improved water sources, 2000 (millions)

Sub-Saharan Africa	264.5
South Asia	215.8
East Asia & the Pacific	440.3
Arab States	39.6
Latin America & the Caribbean	69.4
Central & Eastern Europe & the CIS	29.6



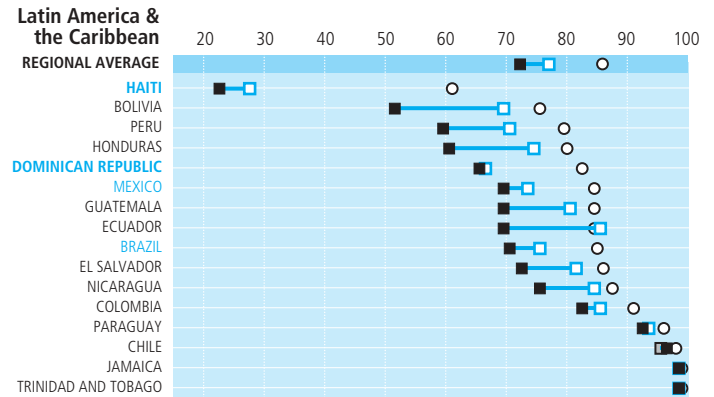
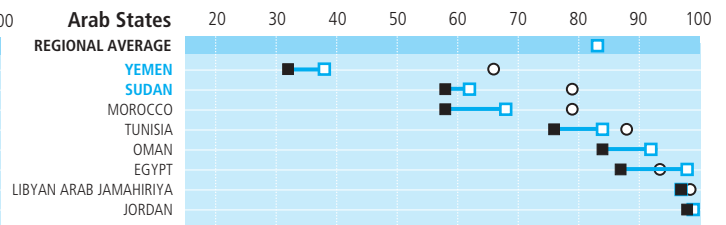
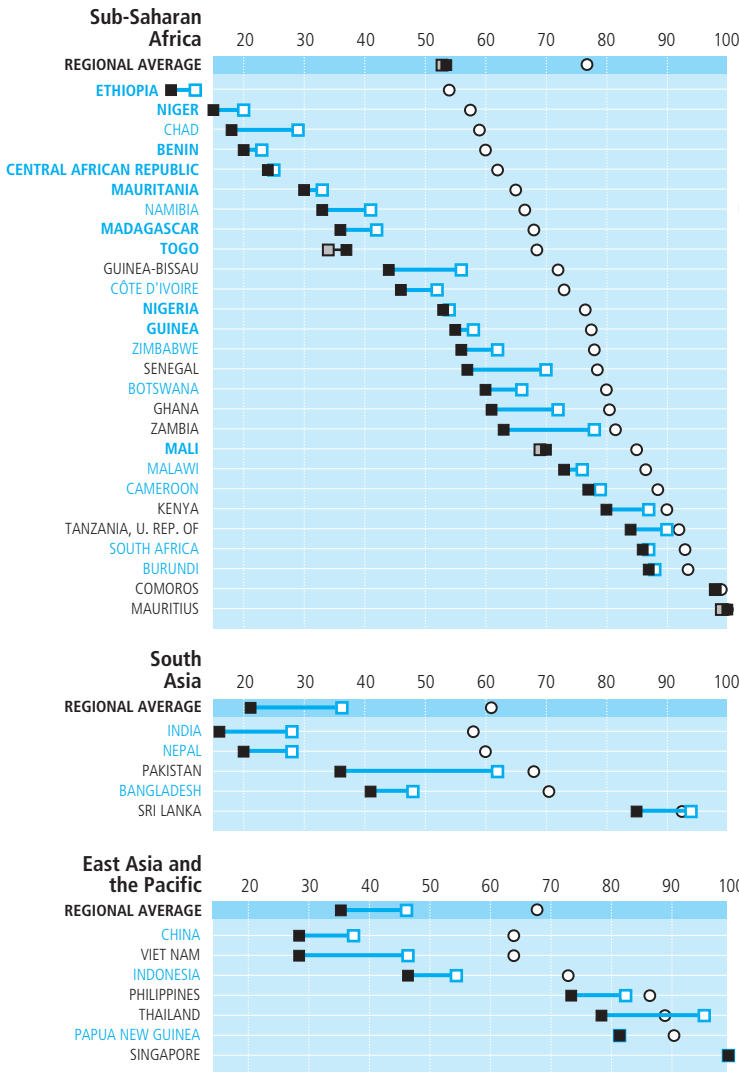
# Access to sanitation

People with access to adequate sanitation (percentage of the population)



**Number of people without access to adequate sanitation, 2000 (millions)**

Sub-Saharan Africa	281.9
South Asia	907.1
East Asia & the Pacific	995.3
Arab States	44.8
Latin America & the Caribbean	108.8
Central & Eastern Europe & the CIS	16.5



Source: Income: Human Development Report Office calculations based on data on GDP at market prices (constant 1995 US\$), population and GDP per capita (PPP US\$) from World Bank 2003i; World Bank 2002f. Hunger: MDG indicator table 1; FAO 2002b. Primary education: MDG indicator table 1; UNESCO 2002a. Gender equality: World Bank 2003i; aggregates calculated for the Human Development Report Office by the World Bank; UNESCO 2002a. Child mortality: World Bank 2003i; UNICEF 2003b. Access to water: UN 2003c; aggregates calculated for the Human Development Report Office by the World Bank; Human Development Report Office calculations based on UN 2003c, 2003h. Access to sanitation: UN 2003c; aggregates calculated for the Human Development Report Office by the World Bank; Human Development Report Office calculations based on UN 2003c, 2003h.

## Feature 2.2 Measuring human development: the human development indices

### Human development index

The human development index (HDI) is a simple summary measure of three dimensions of the human development concept: living a long and healthy life, being educated and having a decent standard of living (see technical note). Thus it combines measures of life expectancy, school enrolment, literacy and income to allow a broader view of a country's development than using income alone—which is too often equated with well-being. Since the creation of the HDI in 1990 three supplementary indices have been developed to highlight particular aspects of human development: the human poverty index (HPI), gender-related development index (GDI) and gender empowerment measure (GEM).

The HDI can highlight the successes of some countries and the slower progress of others. Venezuela started with a higher HDI than Brazil in 1975, but Brazil has made much faster progress. Finland had a lower HDI than Switzerland in 1975 but today is slightly ahead. Rankings by HDI and by GDP per capita can also differ, showing that high levels of human development can be achieved without high incomes—and that high incomes do not guarantee high levels of human development (see indicator table 1). Pakistan and Viet Nam have similar incomes, but Viet Nam has done much more to translate that income into human development. Similarly, Jamaica has achieved a much better HDI than Morocco with about the same income.

Swaziland achieves the same HDI as Botswana with less than two-thirds of the income, and the same is true of the Philippines and Thailand. So with the right policies, countries can advance human development even with low incomes.

Most regions have seen steady progress in HDI over the past 20 years, with East Asia and the Pacific performing particularly well in the 1990s. Arab States have

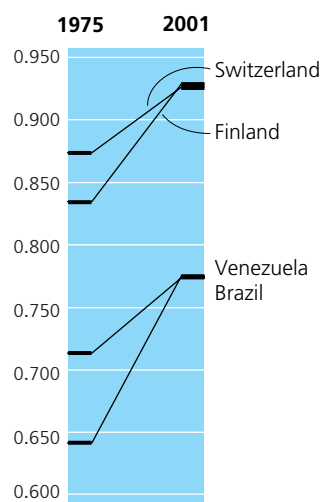
also seen substantial growth, exceeding the average increase for developing countries. Sub-Saharan Africa, by contrast, has been almost stagnant—on par with South Asia in 1985, it has fallen far behind. Two groups of countries have suffered such setbacks: CIS countries going through what has become for many a long, painful transition to market economies, and poor African countries whose development has been hindered or reversed for a variety of reasons—including HIV/AIDS and internal and external conflicts.

Although the HDI is a useful starting point, it omits vital aspects of human development, notably the ability to participate in the decisions that affect one's life. A person can be rich, healthy and well-educated, but without this ability human development is held back.

The omission of dimensions of freedoms from the HDI has been highlighted since the first *Human Development Reports*—and drove the creation of a human freedom index (HFI) in 1991 and a political freedom index (PFI) in 1992. Neither measure survived past its first year, testament to the difficulty of adequately capturing in a single index such complex aspects of human development. But that does not mean that indicators of political and civil freedoms can be ignored entirely in considering the state of a country's human development.

There are strong links between the Human Development Indices and the Millennium Development Goals. The three dimensions of human development captured in the HDI are very similar to goals 1–7 which also focus on issues of education, health and a decent standard of living (see also Box 1.2 in Chapter 1). Furthermore, the GDI and GEM which aim to capture, respectively, gender inequalities in human capabilities and in political and economic decision making focus very much on the aspirations of Goal 3 to promote gender equality and empower women.

### Different paths in HDI



Source: Indicator table 2.

### HDI, HPI-1, HPI-2, GDI—same components, different measurements

Index	Longevity	Knowledge	Decent standard of living	Participation or exclusion
HDI	Life expectancy at birth	1. Adult literacy rate 2. Combined enrolment ratio	GDP per capita (PPP US\$)	—
HPI-1	Probability at birth of not surviving to age 40	Adult illiteracy rate	Deprivation in economic provisioning, measured by: 1. Percentage of people without sustainable access to an improved water source 2. Percentage of children under five underweight for age	—
HPI-2	Probability at birth of not surviving to age 60	Percentage of adults lacking functional literacy skills	Percentage of people living below the income poverty line (50% of median adjusted disposable household income)	Long-term unemployment rate (12 months or more)
GDI	Female and male life expectancy at birth	1. Female and male adult literacy rates 2. Female and male combined primary, secondary and tertiary enrolment ratios	Estimated female and male earned income, reflecting women's and men's command over resources	—

### Human poverty index

While the HDI measures overall progress in a country in achieving human development, the human poverty index (HPI) reflects the distribution of progress and measures the backlog of deprivations that still exists. The HPI measures deprivation in the same dimensions of basic human development as the HDI.

#### HPI-1

The HPI-1 measures poverty in developing countries. It focuses on deprivations in three dimensions: longevity, as measured by the probability at birth of not surviving to age 40; knowledge, as measured by the adult illiteracy rate; and overall economic provisioning, public and private, as measured by the percentage of people not using improved water sources and the percentage without sustainable access to an improved water source and the percentage of children under weight for age.

#### HPI-2

Because human deprivation varies with the social and economic conditions of a community, a separate index, the HPI-2, has been devised to measure human poverty in selected OECD countries, drawing on the greater availability of data. The HPI-2 focuses on deprivation in the same three dimensions as the HPI-1 and one additional one, social exclusion. The indicators are the probability at birth of not surviving to age 60, the adult functional illiteracy rate, the percentage of people living below the income poverty line (with adjusted household disposable income less than 50% of the median) and the long-term unemployment rate (12 months or more).

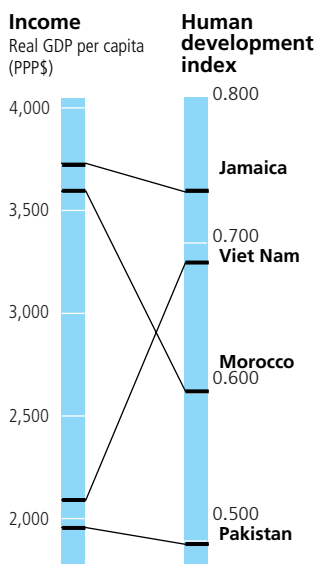
### Gender-related development index

The gender-related development index (GDI) measures achievements in the same dimensions and using the same indicators as the HDI, but captures inequalities in achievement between women and men. It is simply the HDI adjusted downward for gender inequality. The greater is the gender disparity in basic human development, the lower is a country's GDI compared with its HDI.

### Gender empowerment measure

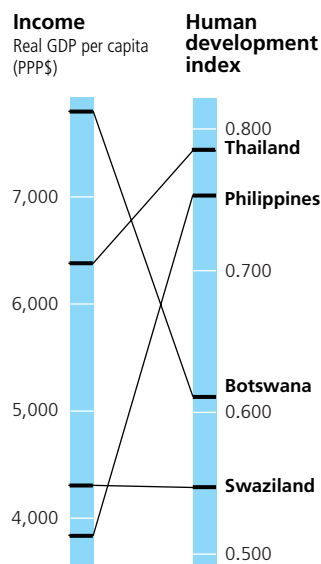
The gender empowerment measure (GEM) reveals whether women can take active part in economic and political life. It focuses on participation, measuring gender inequality in key areas of economic and political participation and decision-making. It tracks the percentages of women in parliament, among legislators, senior officials and managers and among professional and technical workers—and the gender disparity in earned income, reflecting economic independence. Differing from the GDI, it exposes inequality in opportunities in selected areas.

### Same income, different HDI



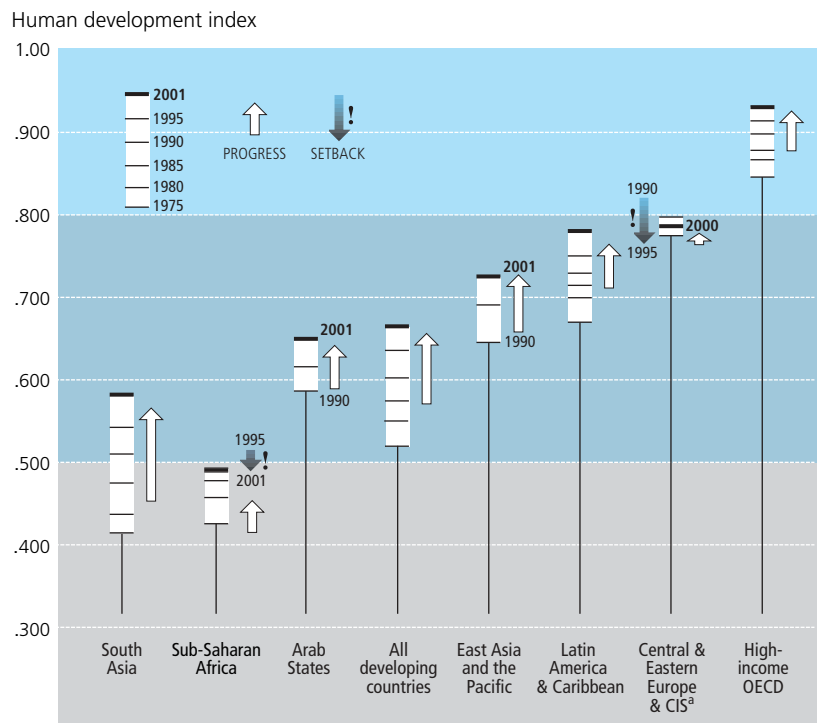
Source: Indicator table 1.

### Same HDI, different income



Source: Indicator table 1.

### Global disparities in HDI



Source: Human Development Report Office calculations based on indicator table 2.

## Feature 2.3 Widening gaps within countries—between areas and groups

Subnational socio-economic data provide important evidence on inequalities—even for countries that on average have made good progress towards the Millennium Development Goals. Evidence of unbalanced national development helps determine policy priorities. In particular, efforts should go towards eradicating the entrenched human poverty affecting certain areas and groups in countries where human development is otherwise much higher. Some countries provide detailed subnational data for in-depth socio-economic analysis and, where possible, spatial mapping of socio-economic variables. Some of these data are examined below because they provide good examples of growing or lingering gaps—where entire areas or groups (or both) have been left behind in one or more spheres of development.

### China: fast progress, driven by the coastland

China is among the few countries performing well overall on the indicators for the Millennium Development Goals. Yet in recent decades China has shown large disparities in economic and social outcomes between coastal and inland regions—a trend that also reflects cleavages between urban and rural areas. Coastal areas have consistently experienced the fastest economic growth: between 1978 and 1998 per capita incomes increased by an astonishing 11% a year. Ignoring inflation, that means that \$100 in 1978 would have jumped to \$800 just 20 years later.

Moreover, the performance of coastal areas sped up in the 1990s, with annual growth averaging 13%—five times the level in China’s slowest-growing north-western

regions, which happen to be far from the commercially thriving coast. As a result the bulk of national income is concentrated in metropolitan and coastal regions. Map 1 shows the dispersion in GDP levels across administrative units in 2000. The wealth of coastal areas—with their large ports and harbour cities—owes much to exports.

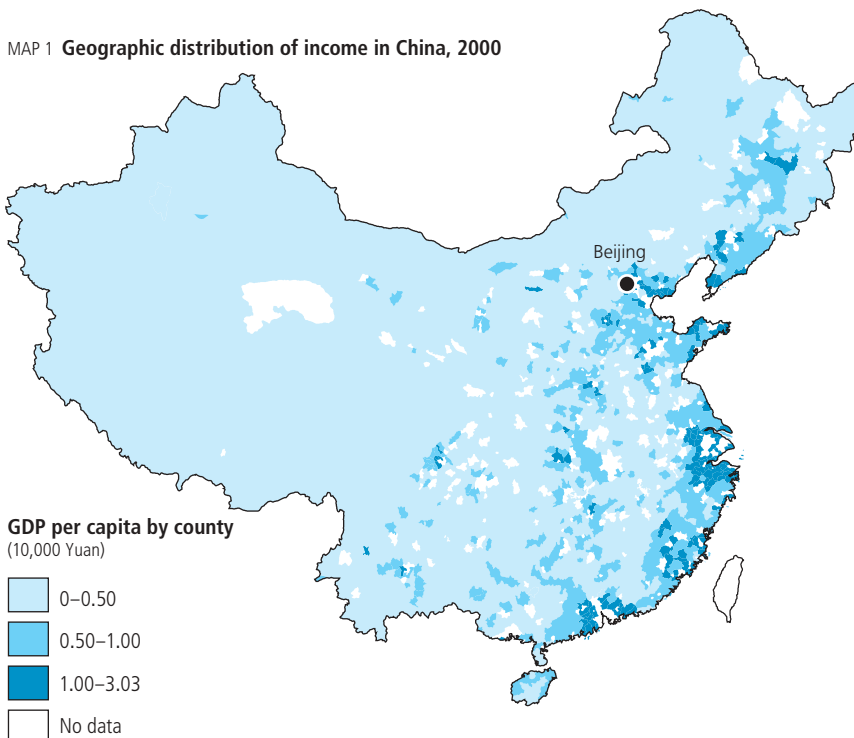
In 1999 China’s three richest metropolises—Shanghai, Beijing and Tianjin—stood at the top of the human development index (HDI) ranking. Those at the bottom were all Western provinces. Moreover, the poorest provinces have the highest inequality. Tibet had the lowest values for education attainment and life expectancy. In income, education and health only some parts of China will achieve the Millennium Development Goals, leaving behind the vast inland areas—and particularly the Western provinces.

### Brazil: leaving the North behind?

Brazil has a long legacy of high inequalities. The richest 10% of households have 70 times the income of the poorest 10%. Over the past 10 years illiteracy rates have been widening between the richest and poorest states (table 1). And though poverty started to decline in the early 1990s, it did so unevenly—and is not falling fast enough for Brazil to achieve the first Millennium Development Goal. At current rates of progress, the South is the only region expected to halve poverty by 2015. But the Northeast, the poorest region, has also reduced poverty dramatically, as have the Central and South-eastern regions.

The North is the only region that has seen poverty increase, rising from 36% in 1990 to 44% in 2001. (Data for the North are limited to urban areas.) Why are so many people being left behind when overall growth is good? The culprit is not a shortfall in average resources but persistently high inequality (Mendonça 2003). Not only is the North seeing poverty increase, it is also lagging on the HDI—unlike the wealthy, urban South (São Paulo, Rio de Janeiro and Rio Grande do Sul) and unlike the Northeast, which has seen substantial improvements in its HDI. The policy implications of this are that more resources should be targeted to areas most in need—the North because of the adverse trends and the Northeast because of its still low levels of human development.

MAP 1 Geographic distribution of income in China, 2000



Note: Counties with very low population densities (the lowest 20%) were combined to calculate an aggregate GDP per capita for them, because the sparse populations there do not permit high-resolution mapping of per-capita income.  
Source: CIESIN 2003.

TABLE 1

### Illiteracy rates in Brazil by region, ages 15 and older, 1990 and 2001

Region	1990	2001	Change
Brazil	18.7	12.4	-6.4
North	12.4	11.2	-1.2
Northeast	36.4	24.3	-12.2
Middle-east	16.9	10.2	-6.7
Southeast	11.4	7.5	-3.9
South	11.7	7.1	-4.6

Source: Mendonça 2003.



### Mexico: development excluding the South

Since the early 1990s Mexico's economic, social and political performance has been mixed at best, with its recovery from the debt crisis of the 1980s suffering a blow from the 1994–95 financial crisis. But as a whole, Mexico is on track to achieving most of the Goals. Poverty was lower in 2000 than in 1992, dropping from 15% to 13% (though in 1995 it jumped to 18%). The poorest areas are the South and Southeast. The wealth gap also got worse in the 1990s: by the end of the decade the top 10% of earners had 35 times the income of the bottom 10%, compared with 33 times in 1992. But other development indicators—mainly for health, nutrition and education—improved in the 1990s.

While inequalities divide Mexican society along ethnic and social lines, the most notable gap is that which splits the South from the North, with the South lagging behind in nearly all of the Millennium Development Goals. Southern states are also mainly indigenous and rural, and their economies are largely agricultural and lack infrastructure. Because of poor performance in the South and progress in the North, this historical cleavage has persisted since Mexico's opening to international trade in the 1990s. The North and Northwest have tended to benefit, while distance from the U.S. border has excluded the South from economic integration with Canada and the United States.

In the Southern state of Chiapas more than 30% of the population lives in extreme poverty, and episodes of violence are frequent—as elsewhere in the South. Moreover, large numbers of people in the South are illiterate (map 2). This pattern also reflects gaps between male and female literacy rates, which are much deeper in the most illiterate states of the South.

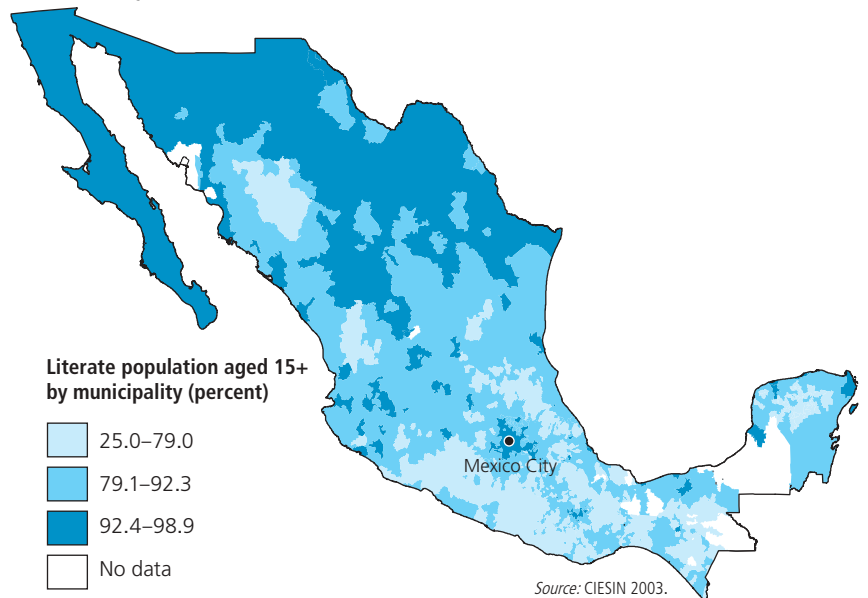
### The Philippines: integrating ethnic minorities

The Philippines is highly fragmented economically and socially. Difficult topography and unfavourable climate make the Southeast more vulnerable to natural disasters than the milder Central and Northwest (metropolitan Manila) states.

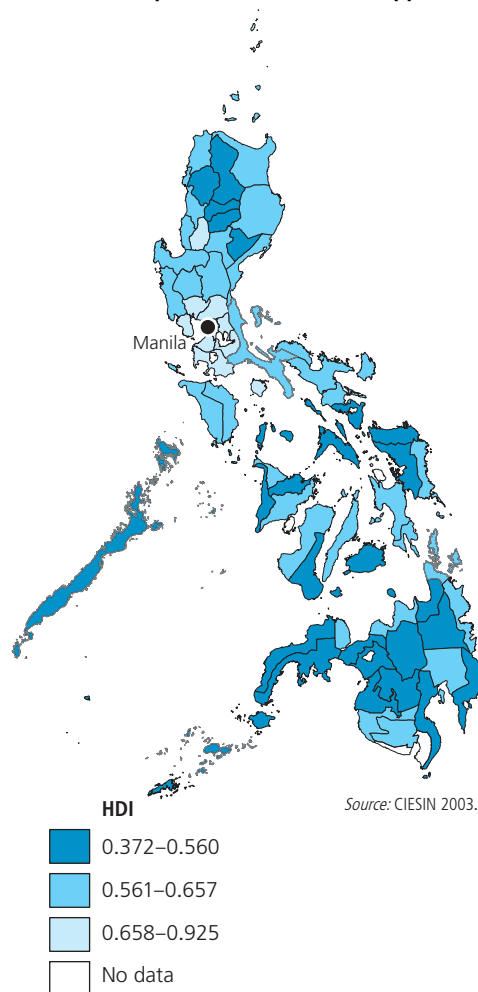
Some areas contain large concentrations of minority populations: Moro secessionists in the Autonomous Region of Muslim Mindanao (ARMM) in the Southwest and Central Mindanao in the South and the indigenously dominated Cordillera Administrative Region in the North. Large areas in these regions are lagging behind in many socio-economic indicators relative to the national average. The East Asian financial crisis in 1997, coupled with the El Niño weather phenomenon the following year, contributed to a resurgence in the poverty rate to 28% in 2000. This trend has not been uniform, with poverty increasing in the mountainous central areas of the Northern island of Luzon and the western areas of Mindanao in the South.

Regional disparities in income poverty remain wide, from a low of 12% in the Manila area to 74% in the ARMM. This is reflected in the uneven distribution of the HDI, reflecting closely the ethnic distribution of the population, with ethnic minority areas performing worse (map 3). Similarly heterogeneous performance appears

MAP 2  
Adult literacy in Mexico, 2000



MAP 3  
Human development index in the Philippines, 1994



when looking at other indicators, including child mortality rates, with the smallest improvements again recorded in the Mindanao area.

### India: general progress, slower for some

India, home to one in six of the world's people, has achieved great progress on most fronts. Poverty has been dramatically reduced and improvements made in education for both males and females. There has been tremendous improvement in gender literacy gaps, particularly in the poor Central states of Madhya Pradesh and, to some extent Rajasthan, Uttar Pradesh and Bihar.

Still, a number of areas appear to have been excluded from these trends, particularly along the Pakistani and Nepalese borders. Furthermore, gaps in literacy between low social classes and the rest of the population remain extremely high, particularly in the poorest states—Rajasthan, Uttar Pradesh, Bihar—and in Karnataka. Shariff and Sudarshan (1996) found that female literacy rates among members of scheduled tribes were as low as 7% in Rajasthan and 9% in Madhya Pradesh.

There are also grave concerns in health. Largely due to widespread undernutrition and poor infrastructure, mortality rates remain high in the poorest, rural, scheduled caste states, particularly among mothers and children (Bajpay 2003). Between 1992/93 and 1997/98 infant mortality fell in all states except Madhya Pradesh and Rajasthan. Moreover, infant mortality rates are substantially higher in rural areas, particularly in Maharashtra and Andhra Pradesh (table 2). High immunization rates are still an almost exclusive characteristic of provinces in the South and Southwest. In numerous areas, particularly in the North and Northeast, less than one-third of children were immunized in 1999.

### Guatemala: progress on gender and ethnic gaps

Since 1990 the pace towards the Millennium Development Goals in Guatemala has been slow and uneven. In recent years shocks have included serious drought and lower world prices for coffee, the country's main export staple. In the 1990s, while many groups and areas experienced improvements in human development, outcomes in the North and Northwest were disappointing. These regions, where most indigenous Guatemalans live, had the highest extreme poverty in 2000. There appears to be some overlap between the discrimination facing these ethnic minorities and women. Map 4, for instance, shows that maternal mortality is highest in the North and Northwest, suggesting weak health systems in rural areas with a prevalence of ethnic minorities and women.

Literacy rates illustrate another aspect of the problem. Women in the Northwest were the only group not to see the literacy rate improve. Discrimination by gender and by race occurs in the same areas and probably affects the same people: indigenous women. These trends are compounded by persistent inequalities, especially in land concentration, all of which may impede Guatemala's development. According to a recent study, land concentration increased

TABLE 2  
Infant mortality rates in India by state and region, 1990s

State	Infant mortality rate (per 1,000 live births)		Rural to urban ratio 1995
	1992/93	1997/98	
Andhra Pradesh	70.4	65.0	1.72
Bihar	89.2	73.0	1.30
Gujarat	73.5	62.2	1.45
Karnataka	65.4	51.5	1.60
Kerala	23.8	16.3	1.23
Madhya Pradesh	85.2	86.1	1.70
Maharashtra	50.5	43.7	1.94
Orissa	112.1	82.0	1.65
Rajasthan	76.3	80.4	1.45
Tamil Nadu	67.7	48.2	1.56
Uttar Pradesh	99.9	86.7	1.35

Source: International Institute of Population Sciences 2000.

between 1979 and 2000, hindering diversification and better distribution of property and risk (Fuentes, Balsells and Arriola 2003).

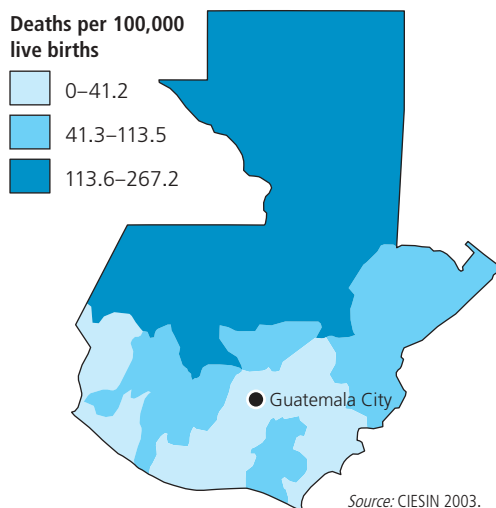
But while in absolute terms the situation is worrisome, during the 1990s the greatest percentage reduction in extreme poverty occurred among indigenous households, from 32% to 26%. Income poverty also fell fast among female-headed households. While the income progress recorded in many of the indicators relevant to the Millennium Development Goals has been satisfactory, malnutrition (mainly due to droughts) has increased in the Northwest and particularly in the North—overwhelmingly affecting rural indigenous populations and probably suggesting infrastructure deficiencies.

### Mali: leaving women behind

Mali has made important progress on many of the indicators for the Millennium Development Goals. Despite some variability, 1992–99 saw overall development

MAP 4

### Maternal mortality in Guatemala, 1997



improve in each region. Still, in many important areas of development, too many women are suffering. In education, 40 of 100 men are literate—and only 33 of 100 women. The Northern rural regions exemplify this national picture, particularly as a consequence of cultural attitudes towards women in rural areas.

Women are also disproportionately hit by HIV/AIDS. In 1992 the infection rate was about 3%. Female sex workers have the highest infection rates (Backiny-Yetna, Raffinot and Coulibaly 2003). The disease has contributed to the high maternal mortality ratio of about 580 deaths per 100,000 live births—unchanged in the past five years.

### Burkina Faso: facing drought and disease

One of the world's poorest countries according to the human poverty index (HPI) and GDP per capita, Burkina Faso presents sharp differences in development between its Eastern and Western regions. The East is dry, which complicates agricultural practices. The West is more humid, creating a climate suitable for cotton production. Furthermore, poverty incidence is five times higher in rural areas (50% in rural areas in 1994 and 1998).

Between 1993 and 1999 malnutrition increased in all provinces. Stunting increased from 29% in 1993 to 37% in 1999, with rural areas driving the trend. In the capital city of Ouagadougou an estimated one-fifth of children suffers from malnutrition. In the rest of the country one-third of children do. The rural population has barely improved primary enrolment rates. In 1994 this figure for rural girls was 22%, compared with 69% for urban girls. Four years later the figures had changed to 24% and 99%, indicating extremely slow progress in rural areas.

### Russian Federation: development shocks and gender bias

The Russian Federation has undergone a profound transformation since its transition to a market economy. Moreover, two shocks in the 1990s undermined its development indicators. The first was HIV/AIDS, with the number of HIV-positive people reaching 178,000 in 2001 (Zubarevich 2003). The disease has mainly affected people between the ages of 15 and 29 and those in urban areas (Moscow, Saint Petersburg, Sverdlovsk oblast).

The second shock was an increase in poverty and inequality between and within regions. In 2000 Moscow, Tatarstan and oil- and gas-producing Tyumen oblast were the only regions with HDI levels comparable to those of richer countries such as the Czech Republic, Hungary and Slovenia. At the other end of the spectrum were the republics of Siberia and the Far East,

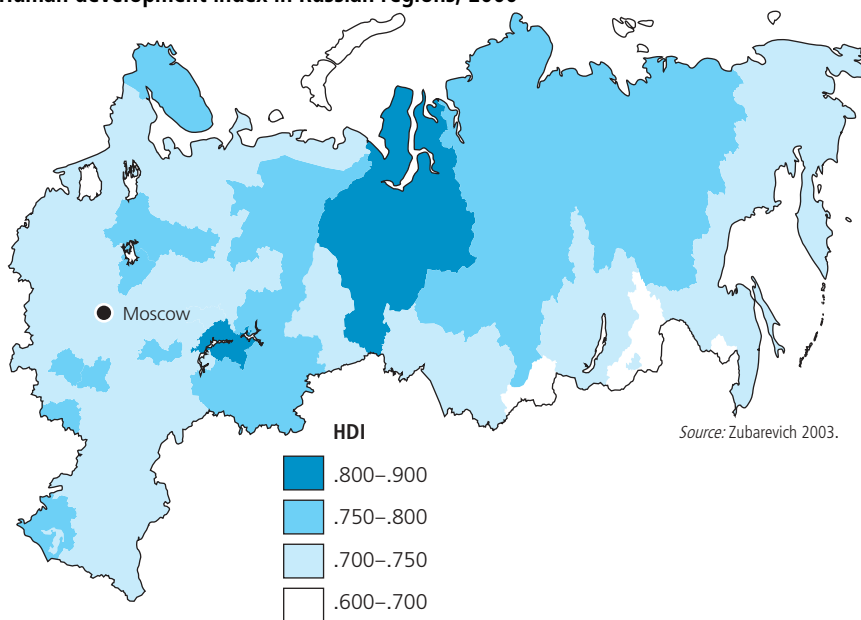
with HDI levels comparable to those of Gabon and Nicaragua (map 5).

Mirroring these differences between regions are gaps within regions. The three richest regions are also experiencing the sharpest polarizations of wealth and poverty. Poverty in Russia has increased in both urban and rural areas, particularly between 1997 and 1999, peaking at 57% in rural areas compared with 47% in urban areas. Poverty has affected different regions in different ways: economic instability in particular (such as the financial shocks in the late 1990s) appears to have exacerbated regional disparities in living standards, with less developed regions getting poorer faster (Zubarevich 2003).

The growth of poverty has hit elderly women and female-headed households particularly hard, illustrating a worrisome “feminization” of poverty in Russia. A driving force behind this trend is job instability and, even more, wage discrimination against women. In early 1999 the female-male wage ratio was 56%. At the end of that year it was down to 52%, and in mid-2000 it reached 50% (Zubarevich 2003). Another study saw this ratio fall from 70% in 1998 to 63% in 2000. Furthermore, women's political representation was very low in the transition period. Gender gaps in education have stayed low, however—close to their levels before the transition.

MAP 5

### Human development index in Russian regions, 2000



Source: Human Development Report Office based on national human development reports and Mendonça 2003; Bajpay 2003; Baumeister 2002, cited in Fuentes, Balsells and Arriola 2003; Backiny-Yetna, Coulibaly and Raffinot 2003a, b; Zubarevich 2003.

