

HUMAN DEVELOPMENT REPORT 1990
UNITED NATIONS DEVELOPMENT PROGRAMME
(UNDP) NEW YORK
OXFORD UNIVERSITY PRESS, 1990

The global concern over alleviating poverty and the initiatives taken to mitigate the adverse effects on the poor and vulnerable groups of widespread adoption of Structural Adjustment Programmes in most developing countries, make the review of this report timely.

The Human Development Report consists of five chapters and supplementary information on social indicators as well as technical notes. The technical notes explain some of the concepts used in the report. The Report looks at the state of human development in the world (focusing mostly on developing countries), examines some of the approaches adopted to achieve human development and offers some suggestions as to how the generally low level of human development in developing countries can be improved given the present world economic situation. The first chapter of the Report defines human development as a process of enlarging people's choices, including the ability to lead a long and healthy life, acquire knowledge and to have access to resources needed for a decent standard of living. The chapter also suggests that "the measurement of human development should focus on the three elements of human life: longevity, knowledge and decent living standards". Using life expectancy, adult literacy and GDP per capita figures, a Human development Index (HDI) is constructed to serve as a bench mark for measuring achievements in human development (see appendix). The chapter also contains a chart of 130 countries, ranked by human development index and by GNP per capita, which shows that the disparity among countries is much greater in income than in human development. It is revealed that there is no automatic link between the level of per capita income in a country and the level of its human development.

While chapter II of the report acknowledges that the developing countries have made significant progress towards human development in the past three decades, it however, states that tremendous human deprivation remains. For example, there are still nearly 900 million adults in the developing world who can not read or write, 1.5 million people without access to primary health care, 1.75 billion people without safe water, about 100 million completely homeless, some 800 million people who still go hungry everyday and more than a billion who survive in absolute poverty. In addition, the chapter reviews the process and formation of human capabilities in developing countries on the basis of life expectancy, literacy, income and access to basic goods and services. The report states that fuller use of human capabilities requires sustained economic growth and considerable investment in human beings. There is also the need to reduce disparities within nations, between rural and urban dwellers in the provision of social and productive amenities, between the female and the male and between the rich and the poor.

According to the report, human development is reversible and can also be deformed. In support of this, the report reviews the debt crises of the 1980's and how this led to

a slow-down in the economies of the developing countries with the exception of Asia. This slow-down in economic activities led to sharp breaks in human development trends and in some cases reversals. On deformation of human development, the report cites examples from the developed nations. For example, in the United States, the number of homeless people has risen tremendously in the past years and in the United Kingdom, the distribution of income worsened during the 1980's leading to a deepening of poverty. There are also the problems of crime, the drug trade, AIDS, environmental degradation, refugees, displaced persons, changing household patterns and diseases, all contributing to the deformation of human development.

Chapter III emphasises that economic growth is essential for human development as it offers opportunities for improved social well-being and it (growth) needs to be properly managed. The main policy conclusion here is that if economic growth is to enrich human development, effective policy management is required. Conversely, if human development is to be durable, it must be continuously nourished by economic growth.

The report also classifies some countries into three main typologies of development experiences. These are:

- Sustained human development — Botswana, Costa Rica, the Republic of Korea, Malaysia and Sri Lanka.
- Disrupted human development — Chile, China, Colombia, Jamaica, Kenya and Zimbabwe.
- Missed Opportunities for human development — Brazil, Nigeria and Pakistan.

The report states two main approaches in effecting human development by government: across the board policies and targeted policies centering on health, education, potable water and other social services.

In chapter IV, the UNDP identifies the following as policy measures that could accelerate progress in human development across the world in the 1990s:

- growth with equity;
- meeting the needs of all;
- tackling disparities;
 - (a) rural/urban;
 - (b) female/male;
 - (c) rich/poor.
- encouraging more participatory development (Non governmental organisations)
- promoting private initiatives.

The above measures must, however, be country specific. On global targets to accelerate human development, the report cautions on setting too many goals/targets and advises that national strategies for human development should bridge national

planning and global target setting.

For internal and external financial and external financial settings for human development, UNDP recommends the following:-

INTERNAL:

- Raising additional resources via improved tax collection efforts and discriminatory user fees,
- Voluntary community contributions to social services,
- Re-allocating budgetary resources within sectors, for example in the social sector— health and education, spending should centre on preventive rather than expensive health care and increasing primary and technical school enrolments rather than expensive tertiary level education.

EXTERNAL:

On external financing of human development, the report concedes that, "Although the battle for human development must be fought in the developing countries, a favourable external environment can help considerably." It is stated that net transfer of resources to the developing countries has turned negative from a positive flow of nearly \$43 billion in 1991 to a negative flow of nearly \$33 billion in 1988. This trend must be reversed.

— Considering the resistance to debt reschedulings, debt swaps and reductions, the report supports the creation of a new debt refinancing facility under the auspices of the I.M.F., the World Bank, or both; and

— A favourable international trade environment for developing countries. This contrasts sharply with the present tendency towards regionally exclusive trade zones.

The final chapter, V, focuses on urbanisation and human development and suggests that urban deterioration can be arrested by decentralising power from central government to municipalities, mobilising municipal revenue through local sources with the active participation of private sector and community organisations, creating enabling strategies for shelter and infrastructure with special assistance targeted to weaker groups and improving the quality of urban environment.

The main conclusions of the UNDP report are as follows:-

— The developing countries have made significant progress towards human development in the last three decades.

— North-South gaps in basic human development have narrowed considerably in the last three decades even while income gaps have widened.

— Averages of progress in human development conceal large disparities within

developing countries — between urban and rural areas, between men and women, between rich and poor.

- Fairly respectable levels of human development are possible even at fairly modest levels of income.
- The link between economic growth and human progress is not automatic.
- Social subsidies are absolutely necessary for poorer income groups.
- Developing countries are not too poor to pay for human development and take care of economic growth.
- The human costs of adjustment are often a matter of choice, not of compulsion.
- A favourable external environment is vital to support human development strategies in the 1990's

COMMENT

One of the most interesting features of the Report is the aspect dealing with the measurement of human development. The report concedes that national averages like per-capita income often conceal widespread human deprivation.

The construction of a human development index, taking human deprivation into consideration — "to balance the virtues of broad scope with those of retaining sensitivity to critical aspects of deprivation", is a sound approach to measuring a country's human development. The approach reveals that countries with high per-capita income do not necessarily have high levels of human development.

The analysis of human development in the 1960's in chapter II, is very useful in that it provides some background information for policy formulation. The review of major indicators of human development — life expectancy, literacy and income — points to the fact that these attributes are very essential in the attainment of sound human development. The focus on disparities within nations is also very enlightening, given the fact that most of the time in international reports of this nature, the focus is usually on inter-country differentials.

An interesting feature of the report is the country by country classification of the state of human development into three categories:-

- i) Sustained human development,
- ii) Disrupted human development, and
- iii) Missed opportunities for human development.

The report computes Nigeria's human development index to be 0.328.

Nigeria is one of the countries classified as one that missed its opportunities for human development. This is justified in the report by the fact that Nigeria's rates of growth of 4% per year in the 1970's did not lead to substantial human progress. The above classification is not too far fetched, as a close examination at the period of

Nigeria's rapid GDP growth rate reveals public expenditure was pro urban infrastructural development with inadequate focus on the provision of goods and services that contribute to human development. The growth trend reversed in the severe recession of the 1980's with per capita GDP falling about 5% per year during 1980 — 87, hence the term, missed opportunities for human development.

Nigeria's human development is ranked low using the following indicators:

- Life expectancy at birth (51),
- Population with access to health services (40%),
- Population with access to water (46%),
- Daily calorie supply as percentage of requirements 1984 — 86 (90%),
- Adult literacy rate 1985 (43%),
- GNP per capita (US \$370),
- Real GDP per capita 1987 (US \$670).

These basic indicators appear to be fair estimations.

Nigeria has already adopted some policy measures recommended in the report for an improved human development profile — tackling rural-urban disparities, encouraging more participatory development, and promoting private initiatives. These efforts are visible in the establishment of agencies like the Directorate of Food, Roads, and Rural Infrastructure, (DFFRI), the National Directorate of Employment, (NDE), the People's Bank, and Community Banks. However, we still need to work at improving our growth rate and income distribution. There is also the need to make adequate budgetary provision for the Social Sector, focusing on the basics. For example in Education, work at increasing enrolment rates at the primary school level and in Health we need to continue focusing on preventive health delivery. The country also has to work out special social subsidies and programmes for the poor.

The report however failed to discuss countries with deformed human development which is also a classification. The drug problem in some developed countries is cited as a case in point. It would have been informative if countries with deformed human development were also covered by the report.

On the whole, the Human Development Report 1990 is a worthwhile study on the problems of human development. It is presented in a very precise and simple form which facilitates easy reading. It could serve as a very useful source of reference material for public policy decisions on the provision of social services, especially to improve the welfare of disadvantaged groups.

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APPENDIX

A mathematical formulation of the human development index

The human development index (HDI) is constructed in three steps. The *first* step is to define a measure of deprivation that a country suffers in each of the three basic variables — life expectancy (X_1), literacy (X_2), and (the log of) real GDP per capita (X_3). A maximum and a minimum value is determined for each of the three variables given the actual values. The deprivation measure then places a country in the range of zero to one as defined by the difference between the maximum and the minimum. Thus I_{ij} is the deprivation indicator for the j th country with respect to the i th variable and it is defined as:

$$I_{ij} = \frac{(\max_j X_{ij} - X_{ij})}{(\max_j X_{ij} - \min_j X_{ij})} \quad (1)$$

The *second* step is to define an average deprivation indicator (I_j). This is done by taking a simple average of the three indicators:

$$I_j = \sum_{i=1}^3 I_{ij} \quad (2)$$

The *third* step is to measure the human development index (HDI) as one minus the average deprivation index:

$$(HDI)_j = (1 - I_j) \quad (3)$$

To illustrate, the application of this formula to Kenya is as follows:

Maximum life expectancy	=	78.4
Minimum life expectancy	=	41.8
Maximum adult literacy rate	=	100.0
Minimum adult literacy rate	=	12.3
Maximum real GDP per capita (log)	=	3.68
Minimum real GDP per capita (log)	=	2.34
Kenya life expectancy	=	59.4
Kenya adult literacy rate	=	60.0
Kenya real GDP per capita (log)	=	2.90
Kenya's life expectancy deprivation		(1)
= (78.4 - 59.4)/(78.4 - 41.8)	=	0.519
Kenya's literacy deprivation		
= (100.0 - 60.0)/(100.0 - 12.3)	=	0.456

$$\begin{aligned} \text{Kenya's GDP deprivation} & & & \\ = (3.68 - 2.90)/(3.68 - 2.34) & = & & 0.582 \end{aligned}$$

$$\begin{aligned} \text{Kenya's average deprivation} & & & (2) \\ (0.519 + 0.456 + 0.582)/3 & = & & 0.519 \end{aligned}$$

$$\begin{aligned} \text{Kenya's Human Development Index (HDI)} & & & (3) \\ = 1.0.519 & = & & 0.481 \end{aligned}$$