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People are the real wealth of nations. Indeed, the basic purpose of development is to enlarge human freedoms. The process of development can expand human capabilities by expanding the choices that people have to live full and creative lives. And people are both the beneficiaries of such development and the agents of the progress and change that bring it about. This process must benefit all individuals equitably and build on the participation of each of them. This approach to development—human development—has been advocated by every Human Development Report since the first in 1990.

The range of capabilities that individuals can have, and the choices that can help to expand them, are potentially infinite and vary by individual. However, public policy is about setting priorities, and two criteria are helpful in identifying the most important capabilities for assessing meaningful global progress in achieving human well-being, the purpose of this Report. First, these capabilities must be universally valued. Second, they must be basic to life, in the sense that their absence would foreclose many other choices. For these reasons Human Development Report focuses on four important capabilities: to lead a long and healthy life, to be knowledgeable, to have access to the resources needed for a decent standard of living and to participate in the life of the community.

The ideas behind this development paradigm are not new—they are at least as old as Aristotle. Aristotle argued that “wealth is evidently not the good we are seeking; for it is merely useful and for the sake of something else.” Immanuel Kant similarly asserted that human beings should be seen as ends in themselves, rather than as a means to other ends. And parallel ideas are reflected in the writings of Adam Smith, Robert Malthus and John Stuart Mill—to name just a few.

But for a long time development policy debates seemed to forget this simple, yet profound truth. Caught up with the rise and fall of national incomes, economists often lost sight of the real end of development—people’s well-being. Economic growth is merely a means—albeit an important one—for achieving this end.

Measuring human development
It is easier to measure national incomes than human development. And many economists would argue that national income is a good indicator of human well-being. While there is evidently a strong relationship, since economic growth is an important means to human development, human outcomes do not depend on economic growth and levels of national income alone. They also depend on how these resources are used—whether for developing weapons or producing food, building palaces or providing clean water. And human outcomes such as democratic participation in decision-making or equal rights for men and women do not depend on incomes. For these reasons the Report presents an extensive set of indicators (33 tables and almost 200 indicators) on important human outcomes achieved in countries around the world, such as life expectancy at birth or under-five mortality rates, which reflect the capability to survive, or literacy rates, which reflect the capability to learn. They also include indicators on important means for achieving these capabilities, such as access to clean water, and on equity in achievement, such as the gaps between men and women in schooling or political participation.

While this rich array of indicators provides measures for evaluating progress in human development in its many dimensions, policymakers also need a summary measure to evaluate progress, particularly one that focuses more sharply on human well-being than on income. For this purpose Human Development Reports have since their inception published the human development index, later complemented by indices looking specifically at gender (gender-related development index and gender empowerment measure) and poverty (human poverty index; table 1). These indices give an overview of some basic dimensions of human development, but they must be complemented by looking at their underlying data and other indicators.

<table>
<thead>
<tr>
<th>Index</th>
<th>Longevity</th>
<th>Knowledge</th>
<th>Decent standard of living</th>
<th>Participation or exclusion</th>
</tr>
</thead>
<tbody>
<tr>
<td>Human development index (HDI)</td>
<td>Life expectancy at birth</td>
<td>• Adult literacy rate</td>
<td>GDP per capita (PPP US$)</td>
<td>—</td>
</tr>
<tr>
<td>Human poverty index for developing countries (HPI-1)</td>
<td>Probability at birth of not surviving to age 40</td>
<td>Adult literacy rate</td>
<td>Deprivation in economic provisioning, measured by:</td>
<td>—</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>• Percentage of people without sustainable access to an improved water source</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>• Percentage of children under five underweight for age</td>
<td></td>
</tr>
<tr>
<td>Human poverty index for high-income OECD countries (HPI-2)</td>
<td>Probability at birth of not surviving to age 60</td>
<td>Percentage of adults lacking functional literacy skills</td>
<td>Percentage of people living below the income poverty line (50% of median adjusted disposable household income)</td>
<td>Long-term unemployment rate (12 months or more)</td>
</tr>
<tr>
<td>Gender-related development index (GDI)</td>
<td>Female and male life expectancy at birth</td>
<td>• Female and male adult literacy rates</td>
<td>Estimated female and male earned income</td>
<td>—</td>
</tr>
</tbody>
</table>
**Human development index**

The human development index (HDI) focuses on three measurable dimensions of human development: living a long and healthy life, being educated and having a decent standard of living (see Technical note 1). Thus it combines measures of life expectancy, school enrolment, literacy and income to allow a broader view of a country’s development than does income alone.

Although the HDI is a useful starting point, it is important to remember that the concept of human development is much broader and more complex than any summary measure can capture, even when supplemented by other indices. The HDI is not a comprehensive measure. It does not include important aspects of human development, notably the ability to participate in the decisions that affect one’s life and to enjoy the respect of others in the community. A person can be rich, healthy and well educated, but without this ability human development is impeded. The omission of this dimension of human development from the HDI has been highlighted since the first Human Development Reports—and drove the creation of a human freedom index in 1991 and a political freedom index in 1992. Neither measure survived past its first year, a testament to the difficulty of adequately quantifying such complex aspects of human development.

This difficulty does not make the many aspects of participation, such as political freedom and equal respect in the community, any less important to human development than the dimensions included in the HDI. In fact, these issues have been explored extensively in Human Development Reports. Human Development Report 2002 dealt with democracy and its importance to human development. This year’s report introduces a related and vitally important aspect of human development: cultural liberty. Leading a full life includes being free to follow different cultural practices and traditions without facing discrimination or disadvantage in participating politically, economically or socially.

The HDI clearly illustrates the distinction between income and human well-being. By measuring average achievements in health, education and income, the HDI can give a more complete picture of the state of a country’s development than can incomes alone. Bolivia, with a much lower GDP per capita than Guatemala, has achieved a higher HDI because it has done more to translate that income into human development (figure 1). Tanzania, one of the world’s poorest countries, has an HDI comparable to that of Guinea, a country almost four times richer. Conversely, countries at the same level of income have large differences in HDI—Viet Nam has roughly the same income as Pakistan but a much higher HDI, due to its higher life expectancy and literacy (figure 2). Indicator table 1 highlights these differences in another way by comparing HDI ranks with ranks in GDP per capita (last column). Sri Lanka ranks 96 of 177 countries in HDI, much higher than its GDP rank of 112. These examples highlight the importance of policies that translate wealth into human development. In particular, well designed public policy and provision of services by governments, local communities and civil society can advance human development even without high levels of income or economic growth.

This does not mean, however, that economic growth is unimportant. Economic growth is an important means to human development, and when growth stagnates over a prolonged period, it becomes difficult to sustain progress in human development.

**Gender-related development index**

The HDI measures average achievements in a country, but it does not incorporate the degree of gender imbalance in these achievements. Two countries with the same average level of adult literacy (say 30%) may have different disparities in rates between men and women (one could have a rate of 28% for women and 32% for men while the other could have a rate of 20% for women and 40% for men). Such differences in disparities would not be reflected in the HDI for the two countries. The gender-related development index (GDI), introduced in Human Development Report 1995, measures achievements in the same dimensions 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 the gender disparity in basic human development, the lower is a country’s GDI relative to its HDI. The countries with the worst disparities between their GDI and HDI values are Saudi Arabia, Oman, Pakistan,
Yemen and India, indicating a need for greater attention to gender equality. Sweden, Denmark, Australia, Latvia and Bulgaria have the closest correspondence between HDI and GDI. Full results and ranks are in indicator table 24.

Gender empowerment measure

The HDI does not include a measure of participation, an aspect of human development that is central to gender equity. The gender empowerment measure (GEM) reveals whether women take an active part in economic and political life. It focuses on gender inequality in key areas of economic and political participation and decision-making. It tracks the share of seats in parliament held by women; of female legislators, senior officials and managers; and of female professional and technical workers—and the gender disparity in earned income, reflecting economic independence. Differing from the GDI, the GEM exposes inequality in opportunities in selected areas. It has been calculated for 78 countries (for full results and ranking, see indicator table 25). The top three countries are Norway, Sweden and Denmark, which have opened significant opportunities for women to participate in economic and political life. But all countries can do more to expand the opportunities for women: only nine countries have GEM values higher than 0.8 (out of 1)—most have a long way to go to achieve full empowerment of women.

Human poverty index

The HDI measures the average progress of a country in human development. Human Development Report 1997 introduced the human poverty index (HPI), which focuses on the proportion of people below a threshold level in basic dimensions of human development, much as the poverty headcount measures the proportion of people below an income threshold. The human poverty index for developing countries (HPI-1) uses different variables than the index for high-income OECD countries (HPI-2), as shown in table 1. Indicator tables 3 and 4, respectively, give the full results and rankings of these indices. As with the HDI, these indices provide a more complete view of poverty because they go beyond measures of income poverty. For developing countries Barbados, Uruguay, Chile, Costa Rica and Cuba rank highest, with human poverty levels of 5% or lower. Burkina Faso, Niger, Mali, Ethiopia and Zimbabwe have the highest human poverty levels of the countries in the index—all above 50%.

For high-income OECD countries HPI-2 shows a different picture from that shown by the HDI. These countries tend to have very similar HVI values, because of their high overall levels of development. But when variables and dimensions of deprivation are used that are specifically adapted to the situation in these countries and to the different meaning of poverty there (such as social exclusion), there are substantial differences. For the 17 countries with data, human poverty as measured by HPI-2 varies from 6.5% in Sweden to 15.8% in the United States. And there are large differences between HDI and HPI-2 ranks: Australia ranks 3rd in the HDI but 14th in the HPI-2. Luxembourg ranks 15th in the HDI but 7th in the HPI-2, reflecting differences in how well these countries have distributed the overall human development achieved.

Trends in human development

Progress in human development during the 20th century was dramatic and unprecedented. Between 1960 and 2000 life expectancy in developing countries increased from 46 to 63 years. Mortality rates for children under five were more than halved. Between 1975, when one of every two adults could not read, and 2000 the share of illiterate people was almost halved. Real per capita incomes more than doubled, from $2,000 to $4,200. But despite this impressive progress, massive human deprivation remains. More than 800 million people suffer from undernourishment (table 2). Some 100 million children who should be in school are not, 60 million of them girls. More than a billion people survive on less than $1 a day. Some 1.8 billion people live in countries where political regimes do not fully accommodate democratic, political and civil freedoms. And about 900 million people belong to ethnic, religious, racial or linguistic groups that face discrimination.

The Millennium Development Goals

Recognizing these problems, world leaders at the United Nations Millennium Summit in September 2000 expressed an unprecedented determination to end world poverty. They declared their commitment not only to the people of their own countries but to the people of the world. The 189 countries at the summit adopted the Millennium Declaration, committing themselves to do their utmost to achieve key objectives of humanity in the 21st century, including eradicating poverty, promoting human dignity and achieving peace, democracy and environmental sustainability. Stemming from the Declaration were the Millennium Development Goals—a set of 8 goals,

---

<table>
<thead>
<tr>
<th>Region</th>
<th>Living on less than $1 (PPP US$) a day</th>
<th>Total population undernourished</th>
<th>Primary age children not in school</th>
<th>Primary age girls not in school</th>
<th>Children under age five dying each year</th>
<th>People without access to improved water sources</th>
<th>People without access to adequate sanitation</th>
</tr>
</thead>
<tbody>
<tr>
<td>Sub-Saharan Africa</td>
<td>323</td>
<td>185</td>
<td>44</td>
<td>23</td>
<td>5</td>
<td>273</td>
<td>299</td>
</tr>
<tr>
<td>Arab States</td>
<td>8</td>
<td>34</td>
<td>7</td>
<td>4</td>
<td>1</td>
<td>42</td>
<td>51</td>
</tr>
<tr>
<td>East Asia and the Pacific</td>
<td>261</td>
<td>212</td>
<td>14</td>
<td>7</td>
<td>1</td>
<td>453</td>
<td>1,004</td>
</tr>
<tr>
<td>South Asia</td>
<td>432</td>
<td>312</td>
<td>32</td>
<td>21</td>
<td>4</td>
<td>225</td>
<td>944</td>
</tr>
<tr>
<td>Latin America and the Caribbean</td>
<td>56</td>
<td>53</td>
<td>2</td>
<td>1</td>
<td>0</td>
<td>72</td>
<td>121</td>
</tr>
<tr>
<td>Central &amp; Eastern Europe &amp; CIS</td>
<td>21</td>
<td>33</td>
<td>3</td>
<td>1</td>
<td>0</td>
<td>29</td>
<td>..</td>
</tr>
<tr>
<td>World</td>
<td>1,100</td>
<td>831</td>
<td>104</td>
<td>59</td>
<td>11</td>
<td>1,197</td>
<td>2,742</td>
</tr>
</tbody>
</table>


Not enough progress toward the Millennium Development Goals

**Poverty:** Proportion of people living on less than $1 a day (%)

**Hunger:** Undernourished people (as % of total population)

**Primary education:** Net primary enrolment ratio (%)

**Gender equality:** Ratio of girls to boys in primary school (%)
Figure 3  Not enough progress towards the Millennium Development Goals

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

Access to water: People with access to an improved water source (%)

Access to sanitation: People with access to improved sanitation (%)

Regional distribution of people without access to improved water source, 2000 (% of total)

Regional distribution of people without access to adequate sanitation, 2000 (% of total)

Sources:
- World Bank 2003a (income); FAO 2003, World Bank 2004f (hunger); UNESCO 2003 (primary education); UNESCO 2003 (gender equality); UN 2003, World Bank 2004f (child mortality); World Bank 2004f (access to water); World Bank 2004f (access to sanitation).

Notes:
- Refers to population living on less than $2 a day.
18 targets and 48 indicators—that establish concrete, time-bound targets for advancing development and reducing poverty by 2015 or earlier (see Index to Millennium Development Goal indicators at the end of this feature).

As Human Development Report 2003 argued, human development and the Millennium Development Goals share a common motivation and vital commitment to promoting human well-being. The progress of countries and regions on the Millennium Development Goals since 1990 highlights a key aspect of development over the past decade: rapid progress for some, but reversals for an unprecedented number of other countries (figure 3). The picture that emerges is increasingly one of two very different groups of countries: those that have benefited from development, and those that have been left behind (tables 3–5).

An examination of regional progress on selected Millennium Development Goals reveals several noteworthy trends (see figure 3). East Asia and the Pacific stands out as being on track for all the goals for which trend data are available. The number of people living on less than $1 a day in the region was almost halved during the 1990s. South Asia is also making rapid progress on a number of goals. But despite the impressive pace of these two regions, which together account for almost half the world’s population, human development is proceeding too slowly. Only two of the goals, halving income poverty and halving the proportion of people without access to safe water, will be met at the pace of progress of the last decade, and progress on the others, hunger reduction and access to sanitation, is nearly on track (figure 4). But even progress on these goals is driven mainly by the rapid development of China and India.

Other regions, particularly Sub-Saharan Africa, are performing much less well. At the current pace Sub-Saharan Africa will not meet the goal for universal primary education until 2129 or the goal for reducing child mortality by two-thirds until 2106—100 years away, rather than the 11 called for by the goals. In three of the goals—hunger, income poverty and access to sanitation—no date can be set because the situation in the region is worsening, not improving.

The unprecedented reversals of the 1990s Looking beyond regional averages reveals many tragic reversals. An unprecedented number of countries saw development slide backwards in the 1990s. In 46 countries people are poorer today than in 1990. In 25 countries more people go hungry today than a decade ago.

These reversals can also be seen clearly in the HDI. This is particularly troubling—in previous decades, virtually no country experienced a decline in the HDI. The index has moved steadily upward, though usually slowly because three of its key components—literacy, school enrolment and life expectancy—take time to change. So when the HDI falls, that indicates crisis. Countries are depleting their

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### TABLE 3

**Progress and setbacks: child mortality**

(Per 1,000 live births)

<table>
<thead>
<tr>
<th>Country</th>
<th>1990</th>
<th>2002</th>
<th>Change</th>
</tr>
</thead>
<tbody>
<tr>
<td>Best performers</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Bhutan</td>
<td>166</td>
<td>94</td>
<td>–72</td>
</tr>
<tr>
<td>Guinea</td>
<td>240</td>
<td>169</td>
<td>–71</td>
</tr>
<tr>
<td>Bangladesh</td>
<td>144</td>
<td>77</td>
<td>–67</td>
</tr>
<tr>
<td>Egypt</td>
<td>104</td>
<td>41</td>
<td>–63</td>
</tr>
<tr>
<td>Lao, PDR</td>
<td>163</td>
<td>100</td>
<td>–63</td>
</tr>
<tr>
<td>Eritrea</td>
<td>147</td>
<td>89</td>
<td>–58</td>
</tr>
<tr>
<td>Worst performers</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Iraq</td>
<td>50</td>
<td>125</td>
<td>75</td>
</tr>
<tr>
<td>Botswana</td>
<td>58</td>
<td>110</td>
<td>52</td>
</tr>
<tr>
<td>Zimbabwe</td>
<td>80</td>
<td>123</td>
<td>43</td>
</tr>
<tr>
<td>Swaziland</td>
<td>110</td>
<td>149</td>
<td>39</td>
</tr>
<tr>
<td>Cameroon</td>
<td>139</td>
<td>166</td>
<td>27</td>
</tr>
<tr>
<td>Kenya</td>
<td>97</td>
<td>122</td>
<td>25</td>
</tr>
</tbody>
</table>


### TABLE 4

**Progress and setbacks: primary education**

(Net primary enrolment ratio, percent)

<table>
<thead>
<tr>
<th>Country</th>
<th>1990/91</th>
<th>2001/02</th>
<th>Change</th>
</tr>
</thead>
<tbody>
<tr>
<td>Best performers</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Dominican Republic</td>
<td>58</td>
<td>97</td>
<td>39</td>
</tr>
<tr>
<td>Guinea</td>
<td>25</td>
<td>61</td>
<td>36</td>
</tr>
<tr>
<td>Kuwait</td>
<td>49</td>
<td>85</td>
<td>36</td>
</tr>
<tr>
<td>Morocco</td>
<td>57</td>
<td>88</td>
<td>32</td>
</tr>
<tr>
<td>Mauritania</td>
<td>35</td>
<td>67</td>
<td>32</td>
</tr>
<tr>
<td>Malawi</td>
<td>50</td>
<td>81</td>
<td>31</td>
</tr>
<tr>
<td>Worst performers</td>
<td></td>
<td></td>
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</tr>
<tr>
<td>Angola</td>
<td>58</td>
<td>30</td>
<td>–28</td>
</tr>
<tr>
<td>Azerbaijan</td>
<td>101</td>
<td>80</td>
<td>–21</td>
</tr>
<tr>
<td>Congo, Dem. Rep.</td>
<td>54</td>
<td>35</td>
<td>–20</td>
</tr>
<tr>
<td>United Arab Emirates</td>
<td>100</td>
<td>81</td>
<td>–19</td>
</tr>
<tr>
<td>Myanmar</td>
<td>99</td>
<td>82</td>
<td>–18</td>
</tr>
<tr>
<td>Nepal</td>
<td>85</td>
<td>70</td>
<td>–14</td>
</tr>
</tbody>
</table>

Source: Indicator table 11.

### TABLE 5

**Progress and setbacks: income poverty**

(People living under the national poverty line, percent)

<table>
<thead>
<tr>
<th>Country</th>
<th>Year</th>
<th>Share</th>
<th>Year</th>
<th>Share</th>
<th>Change</th>
</tr>
</thead>
<tbody>
<tr>
<td>Good performers</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Azerbaijan</td>
<td>1995</td>
<td>68.1</td>
<td>1997</td>
<td>44.0</td>
<td>–11.0</td>
</tr>
<tr>
<td>India</td>
<td>1993</td>
<td>55.0</td>
<td>1997</td>
<td>39.7</td>
<td>–12.5</td>
</tr>
<tr>
<td>Jordan</td>
<td>1991</td>
<td>50.0</td>
<td>1997</td>
<td>47.0</td>
<td>–3.0</td>
</tr>
<tr>
<td>Cambodia</td>
<td>1993–94</td>
<td>56.0</td>
<td>1997</td>
<td>44.0</td>
<td>–12.0</td>
</tr>
<tr>
<td>Cambodia</td>
<td>1993–94</td>
<td>56.0</td>
<td>1997</td>
<td>44.0</td>
<td>–12.0</td>
</tr>
<tr>
<td>Guatemala</td>
<td>1989</td>
<td>77.0</td>
<td>2000</td>
<td>56.2</td>
<td>–20.8</td>
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<tr>
<td>Bangladesh</td>
<td>1995–96</td>
<td>51.0</td>
<td>2000</td>
<td>49.8</td>
<td>–1.2</td>
</tr>
<tr>
<td>Poor performers</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Zimbabwe</td>
<td>1990–91</td>
<td>25.8</td>
<td>1995–96</td>
<td>34.9</td>
<td>9.1</td>
</tr>
<tr>
<td>Pakistan</td>
<td>1993</td>
<td>28.6</td>
<td>1998–99</td>
<td>32.6</td>
<td>4.0</td>
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<tr>
<td>Hungary</td>
<td>1993</td>
<td>14.5</td>
<td>1997</td>
<td>17.3</td>
<td>2.8</td>
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</table>

Note: Comparisons should not be made across countries because national poverty lines vary considerably.

### TABLE 6

**Countries experiencing a drop in the human development index, 1980s and 1990s**

<table>
<thead>
<tr>
<th>Period</th>
<th>Number</th>
<th>Countries</th>
</tr>
</thead>
<tbody>
<tr>
<td>1980–90</td>
<td>3</td>
<td>Democratic Republic of Congo, Rwanda, Zambia</td>
</tr>
</tbody>
</table>

Note: Country does not have HDI data for 1980–90, so drop may have begun before 1990.

Source: Indicator table 2.
basis for development—their people, who are their real wealth.

Since 1990, 20 countries have suffered a reversal in the HDI. By contrast, only 3 (of 113 countries with available data) saw their HDI decline in the 1980s (table 6). The reversals in these countries, together with stagnation in others, do much to explain the overall deceleration in HDI progress in the last decade (figure 5). Of the 20 countries experiencing reversals, 13 are in Sub-Saharan Africa. Much of this is due to the HIV/AIDS epidemic and its massive impact on life expectancy. The other reversals are mainly in countries in the Commonwealth of Independent States (CIS), many of which started on a downward trend in the mid-1980s, reflected in the data as a drop in incomes and HDI between 1990 and 1995. The region’s HDI started to improve again in the later half of the 1990s.

The drop in many countries’ HDI 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.

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 (see Technical note 2). In high priority countries the situation is less desperate, but progress is still insufficient. These countries are either making progress from low levels of development or achieving slow (or negative) progress from higher levels.

There are 27 top priority countries that are failing in several goals: 21 in Sub-Saharan Africa, 3 in the Arab States and 1 each in East Asia and Pacific, South Asia and Latin America and the Caribbean (figure 6). In these countries development is failing across the board. They require the world’s attention and resources if they are to achieve the Millennium Development Goals. Another 27 high priority countries face serious challenges across the goals. Again, Sub-Saharan Africa has the greatest number, at 17, and Central and Eastern Europe and the CIS and the Arab States have 3 each, East Asia and the Pacific has 2, and South Asia and Latin America and the Caribbean have 1 each.

Grouping countries into top priority, high priority and other categories is useful, but such efforts should be viewed with caution. The underlying data for individual goals are often measured imprecisely, and some country classifications will change as the data improve. Moreover, many countries are missing too much data for individual goals to be given proper overall classifications. Thus some of the 30 countries in the “other” category would be top or high priority countries if the underlying data were more complete. (Examples
include Kyrgyzstan and Pakistan.) In addition, the classification criteria used here are plausible but only one among many reasonable choices.

No single factor can explain the predicaments of the top and high priority countries. But 24 of these 54 countries also saw incomes fall during the decade. And the countries 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 have more than 40 million people. Being far from world markets and having a small economy make 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 16 of the 23 top or high priority Sub-Saharan countries with data. Many of the region’s priority countries also have other serious concerns: in 22 countries more than 5% of the population has HIV/AIDS, and in 9 countries there were violent conflicts in the 1990s.

In other regions top priority countries face other challenges. Many countries in the CIS, for example—while also facing some of the structural problems affecting Sub-Saharan Africa—are trying to make the transition to a market economy, a process that has been much more successful in Central and Eastern Europe. In the Arab States constraints are unrelated to income, deriving 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 were considered in detail in Human Development Report 2003.

## Index to Millennium Development Goal indicators in the indicator tables

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| **Goal 1 Eradicate extreme poverty and hunger**  
**Target 1**  
Halve, between 1990 and 2015, the proportion of people whose income is less than $1 a day | 1. Proportion of population below $1 (PPP) a day  
2. Poverty gap ratio (incidence × depth of poverty)  
3. Share of poorest quintile in national consumption | 3  
14 |
| **Target 2**  
Halve, between 1990 and 2015, the proportion of people who suffer from hunger | 4. Prevalence of underweight children under five years of age  
5. Proportion of population below minimum level of dietary energy consumption | 3, 7  
7  
33 |
| **Goal 2 Achieve universal primary education**  
**Target 3**  
Ensure that, by 2015, children everywhere, boys and girls alike, will be able to complete a full course of primary schooling | 6. Net enrolment ratio in primary education  
7. Proportion of pupils starting grade 1 who reach grade 5  
8. Literacy rate of 15- to 24-year-olds | 11  
11  
11 |
| **Goal 3 Promote gender equality and empower women**  
**Target 4**  
Eliminate gender disparity in primary and secondary education, preferably by 2005, and to all levels of education no later than 2015 | 9. Ratio of girls to boys in primary, secondary and tertiary education  
10. Ratio of literate women to men ages 15–24  
11. Share of women in wage employment in the non-agricultural sector  
12. Proportion of seats held by women in national parliaments | 26  
26  
4  
25  
29 |
| **Goal 4 Reduce child mortality**  
**Target 5**  
Reduce by two thirds, between 1990 and 2015, the under-five mortality rate | 13. Under-five mortality rate  
14. Infant mortality rate  
15. Proportion of one-year-old children immunized against measles | 9  
9  
6 |
| **Goal 5 Improve maternal health**  
**Target 6**  
Reduce by three quarters, between 1990 and 2015, the maternal mortality ratio | 16. Maternal mortality ratio  
17. Proportion of births attended by skilled health personnel | 9  
6 |
| **Goal 6 Combat HIV/AIDS, malaria and other diseases**  
**Target 7**  
Have halted by 2015 and begun to reverse the spread of HIV/AIDS | 18. HIV prevalence among pregnant women ages 15–24  
19. Condom use rate of the contraceptive prevalence rate  
19a. Condom use at last high-risk sex  
19b. Percentage of 15- to 24-year-olds with comprehensive correct knowledge of HIV/AIDS  
20. Ratio of school attendance of orphans to school attendance of non-orphans ages 10–14 |  |  
8  
8  
8  
8  
14 |
| **Target 8**  
Have halted by 2015 and begun to reverse the incidence of malaria and other major diseases | 21. Prevalence and death rates associated with malaria  
22. Proportion of population in malaria-risk areas using effective malaria prevention and treatment measures  
23. Prevalence and death rates associated with tuberculosis  
24. Proportion of tuberculosis cases detected and cured under directly observed treatment, short course (DOTS) | 8  
8  
8  
8 |
| **Goal 7 Ensure environmental sustainability**  
**Target 9**  
Integrate the principles of sustainable development into country policies and programmes and reverse the loss of environmental resources | 25. Proportion of land area covered by forest  
26. Ratio of area protected to maintain biological diversity to surface area  
27. Energy use (kilograms of oil equivalent) per $1 GDP (PPP) | 21  
 |
## Goals and targets

### Goal 7, continued

**Target 9, continued**

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<td>28. Carbon dioxide emissions per capita and consumption of ozone-depleting chlorofluorocarbons (ODP tons)</td>
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<td>29. Proportion of population using solid fuels</td>
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**Target 10**

Halve by 2015 the proportion of people without sustainable access to safe drinking water and sanitation

30. Proportion of population with sustainable access to an improved water source, urban and rural

31. Proportion of population with access to improved sanitation, urban and rural

**Target 11**

By 2020 to have achieved a significant improvement in the lives of at least 100 million slum dwellers

32. Proportion of households with access to secure tenure

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### Goal 8 Develop a global partnership for development

**Target 12**

Develop further an open, rule-based, predictable, non-discriminatory trading and financial system Includes a commitment to good governance, development, and poverty reduction—both nationally and internationally

33. Net ODA, total and to least developed countries, as a percentage of OECD/DAC donors' gross national income GNI

34. Proportion of total bilateral, sector-allocable ODA of OECD/DAC donors to basic social services (basic education, primary health care, nutrition, safe water and sanitation)

35. Proportion of bilateral ODA of OECD/DAC donors that is untied

36. ODA received in landlocked countries as proportion of their gross national incomes

37. ODA received in small island developing States as proportion of their gross national incomes

**Market access**

38. Proportion of total developed country imports (by value and excluding arms) from developing countries and from the least developed countries, admitted free of duties

39. Average tariffs imposed by developed countries on agricultural products and textiles and clothing from developing countries

40. Agricultural support estimate for OECD countries as a percentage of their gross domestic product

41. Proportion of ODA provided to help build trade capacity

**Debt sustainability**

42. Total number of countries that have reached their HIPC decision points and number that have reached their HIPC completion points (cumulative)

43. Debt relief committed under HIPC Debt Initiative

44. Debt service as a percentage of exports of goods and services

**Target 13**

Address the special needs of the least developed countries Includes: tariff and quota-free access for least-developed countries' exports; enhanced programme of debt relief for HIPCs and cancellation of official bilateral debt; and more generous ODA for countries committed to poverty reduction

45. Unemployment rate of 15- to 24-year-olds, male and female and total

46. Proportion of population with access to affordable essential drugs on a sustainable basis

47. Telephone lines and cellular subscribers per 100 people

48a. Personal computers in use per 100 people

48b. Internet users per 100 people

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**Target 14**

Address the special needs of landlocked countries and small island developing States

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**Target 15**

Deal comprehensively with the debt problems of developing countries through national and international measures in order to make debt sustainable in the long term

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**Target 16**

In cooperation with developing countries, develop and implement strategies for decent and productive work for youth

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**Target 17**

In cooperation with pharmaceutical companies, provide access to affordable essential drugs in developing countries

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**Target 18**

In cooperation with the private sector, make available the benefits of new technologies, especially information and communications

**Note:** Millennium Development Goal (MDG) indicators are identified in the indicator tables by the symbol MDG in orange above the relevant columns.

1. Tables 7 and 33 present this indicator as undernourished people as percent of total population. 2. Table presents female enrolment ratio as percent of male ratio for primary, secondary and tertiary education levels separately. 3. Table presents data on female youth literacy rate as percent of male rate. 4. Table 27 includes data on female employment by economic activity. 5. Table 8 presents HICP prevalence among people ages 15–49. 6. Table includes data on tuberculosis cases per 100,000 people. 7. Table includes data on children under age five with fever treated with anti-malarial drugs. 8. Table includes data on malaria cases per 100,000 people. 9. Table includes data on population with sustainable access to an improved water source for urban and rural combined. 10. Table includes data on population with sustainable access to an improved sanitation, urban and rural. 11. Table includes data on population with sustainable access to an improved water source for urban and rural combined. 12. Table includes data on population with sustainable access to an improved sanitation, urban and rural. 13. Table includes data on official development assistance (ODA) to least developed countries as percent of total ODA. 14. Table 17 includes data on bilateral debt relief pledges to the HIPC trust fund and gross bilateral debt forgiveness. 15. Table includes data on official development assistance (ODA) to least developed countries as percent of total ODA. 16. Table presents telephone lines and cellular subscribers separately.
The human development index (HDI) is a composite index that measures the average achievements in a country in three basic dimensions of human development: a long and healthy life, an education that is productive and reliable, and a standard of living as measured by GDP per capita in purchasing power parity (PPP) US dollars. The index is constructed using indicators that are currently available globally, and a methodology that is simple and transparent (see Technical note 1).

While the concept of human development is much broader than any single composite index can measure, the HDI offers a powerful alternative to income as a summary measure of human well-being. It provides a useful entry point into the rich information contained in the subsequent indicator tables on different aspects of human development.

**Country coverage**

The HDI in this Report, presented in indicator table 1, refers to 2002. It covers 175 UN member countries, along with Hong Kong, China (SAR) and the Occupied Palestinian Territories. As a result of improvements in data availability, two countries — Timor-Leste and Tonga — are included in the HDI table for the first time.

Data availability affects the HDI country coverage. To enable cross-country comparisons, the HDI is, to the extent possible, calculated based on data from leading international data agencies available when the Report was prepared (see Data sources below). But for a number of countries data are missing for one or more of the four HDI components.

In response to the desire of countries to be included in the HDI table, and striving to include as many UN member countries as possible, the Human Development Report Office has made special efforts in a number of cases to obtain an estimate from other international, regional or national sources when data are lacking from the primary international data agencies for one or two of the HDI components for a country. In a very few cases, the Human Development Report Office has produced an estimate. These estimates from sources other than the primary international agencies (see descriptions below) are documented in the footnotes to indicator table 1. They are often of varying quality and reliability and are not presented in other indicator tables showing similar data.

Owing to a lack of comparable data, 16 UN member countries cannot be included in the HDI. For these countries basic human development indicators are presented in table 33.

**Data sources**

*Life expectancy at birth.* The life expectancy estimates are from the 2002 Revision of World Population Prospects (UN 2003). They are prepared biannually by the United Nations Population Division on the basis of data from national population censuses and surveys. In the 2002 Revision, the United Nations Population Division made significant adjustments to further incorporate the demographic impact of the HIV/AIDS epidemic. It anticipates a more serious and prolonged impact of the epidemic in the most affected countries than previous revisions did. The impact of the disease is explicitly modeled for 53 countries, up from the 45 considered in the 2000 Revision (UN 2001).

The life expectancy estimates published by the United Nations Population Division are five-year averages. The life expectancy estimates for 2002 shown in indicator table 1 and those underlying indicator table 2 are obtained through linear interpolation based on these five-year averages.

*Adult literacy rate.* The adult literacy rate is defined as the percentage of people ages 15 and above who can, with understanding, both read and write a short simple statement related to their everyday life. Literacy data using this definition are usually collected during national population censuses, generally conducted every 5 or 10 years, or from household surveys.

This report uses data on adult literacy rates from the United Nations Educational, Scientific and Cultural Organization (UNESCO) Institute for Statistics (UIS) March 2004 Assessment (UNESCO Institute for Statistics 2004a), which combines direct national estimates with UIS estimates. The national estimates, made available to UIS only recently, are obtained from national censuses or surveys between 1995 and 2004. The UIS estimates, produced in July 2002, were based on national data collected before 1995.

Many high-income OECD countries, having attained universal primary schooling for their populations, no longer collect literacy statistics in national population censuses or household surveys and thus are not included in the UNESCO data. In calculating the HDI, a literacy rate of 99.0% is applied for those countries.

In collecting literacy data, many countries estimate the number of literate people based on self-reported data. Some use educational attainment data as a proxy, but measures of school attendance or grade completion may differ. Because definitions and data collection methods vary across countries, literacy estimates should be used with caution (UNDP 2000, box 2, p. 143).

The UIS, in collaboration with other partners, is actively pursuing an alternative methodology for measuring literacy, the Literacy Assessment and Monitoring Programme (LAMP), see box 5 in Note on statistics). LAMP seeks to go beyond the current simple categories of literate and illiterate by providing information on a continuum of literacy skills.

For details on both the 2002 UIS estimation methods and the new literacy data collection methodology, see http://www.uis.unesco.org/.

**Combined gross enrolment ratio for primary, secondary and tertiary schools.** Gross enrolment ratios are produced by the UNESCO Institute for Statistics based on enrolment data collected from national governments (usually from administrative sources) and population data from the United Nations Population Division's 2002 Revision of World Population Prospects (UN 2003). The ratios are calculated by dividing the number of students enrolled in all levels of schooling by the total population in the official age group corresponding to these levels. The tertiary age group is set to five cohorts immediately following on the end of upper secondary school in all countries.

Countries are usually asked to report numbers of students enrolled at the beginning of the academic year in each level of education as defined by the International Standard Classification of Education (ISCED). A revised version of ISCED was introduced in 1997, which led to some changes in the classifications of national programmes of education. These changes, however, have less impact on the estimation of combined gross enrolment ratios for primary, secondary and tertiary schools.

Though intended as a proxy for educational attainment, the combined gross enrolment ratio does not reflect the quality of education outcomes. Even when used to capture access to education opportunities, it can hide important differences among countries because of differences in the age range corresponding to a level...
of education and in the duration of education programmes. Such factors as grade repetition can also create distortions in the data.

Measures such as mean years of schooling of a population or school life expectancy more adequately capture education outcomes and ideally would replace gross enrolment ratios in the HDI. However, such data are not yet regularly available for a sufficient number of countries. Expanding the coverage and quality of such data should be a priority for the international statistical community.

As currently defined, the combined gross enrolment ratio does not take into account students enrolled in other countries. Current data for many smaller countries, such as Luxembourg and Seychelles, where many people pursue tertiary education abroad, could significantly underrepresent actual access to education or the educational attainment of a population and thus lead to a lower HDI value. For instance, the combined gross enrolment ratio for Luxembourg is estimated at 75% but rises to 85% when students enrolled abroad are taken into account. Though the differences in the resulting HDI values are small (0.933 and 0.944, respectively), the HDI ranking of Luxembourg would change from 15 to 4 due to the small differences in the HDI values among the high human development countries. However, data on such a revised gross enrolment ratio are not widely available for other countries and so cannot yet be used in the HDI.

GDP per capita (PPP US$). To compare standards of living across countries GDP per capita needs to be converted into purchasing power parity (PPP) terms that eliminate differences in national price levels. The GDP per capita (PPP US$) data for the HDI are provided for 163 countries by the World Bank based on price data from the latest International Comparison Program (ICP) surveys and GDP in local currency from national accounts data.

The ICP survey covered 118 countries for which PPPs have been estimated directly by extrapolating from the latest benchmark results. For countries not included in the benchmark surveys, estimates are made using econometric regression. For countries not covered by the World Bank, PPP estimates provided by the Penn World Tables of the University of Pennsylvania are used.\(^2\)

In a limited number of cases where reliable PPP estimates are not available from the two international sources, the Human Development Report Office has worked with regional and national agencies to obtain a PPP estimate for a country. For example, in the case of Cuba, a technical team of national and international experts has been formed to explore different methodologies for obtaining a better PPP estimate. The results of this effort will be reflected in future Reports.

Though much progress has been made in recent decades, the current PPP data set suffers a number of deficiencies, including lack of universal coverage, of timeliness of the data and of uniformity in the quality of results from different regions and countries. Filling gaps in country coverage using econometric regression requires strong assumptions, and extrapolation over time means that the results become increasingly weak as the distance lengthens between the reference survey year and the current year.

The importance of PPPs in economic analysis underlines the need for improvement in PPP data. A new Millennium Round of the ICP has been established and promises much improved PPP data for economic policy analysis, including international poverty assessment (Note on statistics, box 6).

Comparisons over time and across editions of the Report
The HDI is an important tool for monitoring long-term trends in human development. To facilitate trend analysis across countries, the HDI is calculated at five-year intervals for the period 1975–2002. These estimates, presented in indicator table 2, are based on a consistent methodology and on comparable trend data available when the Report is prepared.

As international data agencies continually improve their data series, including updating historical data periodically, the year-to-year changes in the HDI values and rankings across editions of the Human Development Report often reflect revisions to data—both specific to a country and relative to other countries—rather than real changes in a country. In addition, occasional changes in country coverage could also affect the HDI ranking of a country, even when a consistent methodology is used to calculate the HDI. As a result, a country’s HDI rank could drop considerably between two consecutive Reports, but when comparable, revised data are used to reconstruct the HDI for recent years, the HDI rank and value may actually show an improvement.

For these reasons HDI trend analyses should not be based on data from different editions of the Report. Indicator table 2 provides up-to-date HDI trend data based on consistent data and methodology. For HDI values and ranks recalculated for 2001 (the reference year of the HDI in Human Development Report 2003) based on data and country coverage comparable to this year’s Report, see http://hdr.undp.org/.

HDI for high human development countries
The HDI in this Report is constructed to compare country achievements across all levels of human development. The indicators currently used in the HDI yield very small differences among the top HDI countries, and thus the top of the HDI rankings often reflects only the very small differences in these underlying indicators. For these high-income countries an alternative index—the human poverty index (shown in indicator table 4 and discussed in Statistical feature 1, The state of human development)—can better reflect the extent of human deprivation that still exists among these populations and help direct the focus of public policies.

For further discussions on the use and limitations of the HDI, see Statistical feature 1, The state of human development.