

## 2023-2024 Human Development Report

### Breaking the Gridlock: Reimagining cooperation in a polarized world

#### Frequently Asked Questions

**What are the main findings of the new report? Why are they important?**

After an unprecedented two-year decline, the 2023 global Human Development Index average estimate has reached a record level. However, the sentiment among the populations worldwide is not celebratory – we’re witnessing increasing polarization, populism, nativism, exclusion and conflict. The new Human Development Report analyzes this paradox.

Polarization plays a key role in the way people and countries relate to each other now. While much of the public discourse on polarization focuses on the role an individual leader can play in inciting divisions in societies, this year’s Human Development Report examines why societies are vulnerable to polarization. We found that inequality, distrust in institutions and the agency gap all contribute to creating conditions for polarization, which prevents effective collaborations among individuals, groups and countries.

The report argues that the international community’s failure to act collectively on shared global challenges is both a cause and a consequence of increasing polarization, distrust, and conflict around the world.

**How is this year’s report different from last year’s?**

The 2023-2024 HDR builds on the findings of the last report, in which we identified an emerging “uncertainty complex” with three volatile and interacting layers of uncertainty: The inequalities and dangerous planetary changes of the Anthropocene, the pursuit of sweeping societal transformations, including digital technologies, and widespread, intensifying polarization.

The 2023-2024 HDR takes a deep dive into one of the layers of uncertainty – polarization – and explores how to mobilize collective action to address shared global challenges.

**What is the difference between the 2022 HDI and the 2023 HDI estimates?**

In addition to the regular HDI from 2022, this year’s report includes for the first time current year (2023) estimates, based on 2022 HDI.

The 2023 estimates present a global HDI average and regional averages only. 2023 estimates for individual countries are not yet publicly available.

### **Thirty years on, is the HDI still relevant?**

The HDI was created to emphasize that people and their capabilities should be the ultimate criteria for assessing the development of a country, not economic growth alone. This is more relevant than ever, particularly as we push against planetary boundaries in the Anthropocene.

The HDI is an established index, rooted in the research of economists Mahbub UI Haq and Nobel Laureate Amartya Sen, who created the concept of human development as the process of enlarging people's freedoms and opportunities and of improving their well-being.

The index covers key indicators for human development: life expectancy, years of schooling, and per-capita income.

### **Why should we be concerned with growing inequality? Hasn't the world always been unequal?**

The new HDR warns that inequality between groups of countries is rising after three decades of declining trends. This phenomenon is occurring at the same time when we're experiencing severe climate disruptions, conflicts, and economic slowdown. Rising inequality may exacerbate our situation if we don't take collective action on these mounting crises that affect us all.

The report calls for improvement in the way we go about international cooperation. It makes the case for addressing polarization and empowering people to feel more in control over their lives in order to safeguard our collective future.

### **What do you mean by a "globally interdependent world"? And what are mismanaged interdependencies?**

More and more people live in globally connected societies. The report finds that interdependence across countries is being reconfigured, but that it remains high and is increasing in some respects. While international trade in goods and capital flows have stabilized or even decreased, no region in the world today is completely self-sufficient. All regions of the world rely on other regions for imports of at least 25% of the goods and services they need.

The increase in interdependence is being driven by two factors. First, rising flows across countries in intangibles, like services, data, and intellectual property, facilitated by digital technologies. Second, interdependence associated with dangerous planetary changes of the Anthropocene – climate change, biodiversity loss, pandemics. Even if at-border policies can stop or slow down trade and capital flows, they are less, or even completely, ineffective against these new types of interdependencies that are here to stay.

The report argues that when such interdependencies are mismanaged, human development suffers. Mismanagement of interdependencies like the global financial crisis or the Covid-19 pandemic led to aggregate declines in human development and deeper inequalities in human development.

### **What is the “democracy paradox”?**

The paradox is that 90 percent of the global population supports the ideal of a democratic system, yet more than half of the global population thinks positively of leaders with authoritarian tendencies.

This finding suggests that the majority of population are dissatisfied with current institutions and systems, and desire changes in the way societies and economies are governed.

Populism, misinformation and hate speech attempt to respond to the demand for change.

### **What is polarization and why is it bad? Aren’t people always disagreeing on politics and tastes?**

Polarization is different from disagreements in politics and tastes. Going beyond difference in opinions, it sorts people into different groups defined by one single group identity or political position coupled with animosity towards those with different viewpoints. It reduces differences in opinions to “us vs. them” attitudes.

There are various concepts of polarization. For instance, “political polarization” is about citizens’ ideologically entrenched positions, based on values and political beliefs, that increase the divide with citizens who hold different values and political beliefs.

“Affective polarization” occurs when people feel positive about one’s own group and negative about other groups. It often translates into intolerance and aversion to compromise and negotiation, which leads to political gridlock.

Today, affective polarization is widespread and increasing around the world. It is affecting both the national and international politics that shape how we address shared global challenges.

### **What are misperceptions, why do they matter, and how do we correct them?**

Misperceptions are incorrect or biased beliefs about others and their views about the world. This is important because people are influenced by others when making decisions or forming opinions. When it comes to collective action, our beliefs about what other people think about a certain issue is crucial.

For example, a recent global study found that almost 70 percent of the global population is willing to contribute their income to support climate action, but only 43 percent of the population perceives that others feel the same. This constitutes a “false social reality” that underestimates the popular support for climate action and can hamper collective action.

Correcting misperceptions can help bridge political divides and foster collective action on shared challenges. The report suggests that information-based interventions – sharing information through, for example, storytelling and vignettes – can help bridge divides and correct misperceptions.

### **What is agency and what are agency gaps?**

Agency is the ability of people to act and achieve impact based on their commitments, set goals, and values. It is proxied by two indicators: the share of the population that report feeling in control over their lives, and the share of the population that report feeling that their voice is heard in the political system.

Worryingly, the report identifies that across the world, five in 10 people do not feel that they have control over their lives and seven in 10 do not feel that their voice is heard in the political system. The shortfalls in perceived agency constitute agency gaps.

To help narrow agency gaps, institutions need to become more:

**People-centred** – by placing ultimate objectives in terms of human development and human security, recognizing the interdependence of people and the planet;

**Co-owned** – through fair distribution of the power to set collective goals, of the responsibilities to pursue them, and of the resulting outcomes. Co-ownership prioritizes the formation of social norms that cultivate the value of collective achievements and cooperative behavior; and

**Future-oriented** – by focusing on what we can shape and create if we work together, expanding space for deliberation and agreement.

### **What are global public goods (GPGs)?**

Public goods are resources that are available to all (they are “nonexcludable”) and can be enjoyed by anyone without diminishing the benefits they deliver to others (“nonrival”). The scope of public goods can be local, national, or global, such as mitigating climate change.

Global public goods can be thought of as “goods” that benefit everyone, irrespective of the country in which they live. This includes issues such as climate change mitigation, establishing peace, disease eradication, or ensuring stable global financial markets. There are several “types” of GPGs, including:

- **Best Shot GPGs** – the level of provision is determined by the country that contributes the most. For example, a scientific breakthrough that leads to a new vaccine discovery only needs to be developed in the country or countries with the greatest capacities and interests in doing so
- **Summation GPGs** – these goods come from the sum of individual contributions or actions. For example, global climate change mitigation is the sum of individual countries emissions reductions efforts
- **Weakest Link GPGs** – the level of provision is determined by the “weakest link,” the country that is contributing the least (for instance, in communicable disease control, as we heard during the Covid-19 pandemic, until the virus is not controlled everywhere we are at risk anywhere).

### **What is new about the GPG in this report?**

The report argues that we need to reimagine cooperation in a world where cross-border links are being reshaped. Using a global public goods lens to look at our current reality can reduce complexity by finding common patterns around issues that seem as disparate as international security and misinformation. Acting collectively on climate, on finance, on digital, on nature, can be seen, particularly from the perspective of multilateralism, as efforts to do one thing: to enhance the provision of global public goods.

The report extends GPGs to also include planetary and digital public goods, which respond to the 21<sup>st</sup> century challenges of the Anthropocene and the digital revolution. It argues that we should build out a 21st century architecture for global public goods. It would function as a third track to international cooperation, complementing development assistance focused on poorer countries and humanitarian assistance focused on emergencies.

### **If we focus on global public goods, does that take away from development assistance?**

Focusing on global public goods adds a third track to international cooperation, which complements rather than substitutes or competes with traditional development assistance. The financing can come in many forms. For example, when some portion of an investment in a poorer country generates global benefits, the corresponding financing (or technology transfer) should tend to be concessional, so that alignment is achieved between who benefits (the rest of the world) and who pays (the rest of the world). Every country would have a chance to have a say, as well as an opportunity to contribute. As such, this third track would be intrinsically multilateral.

### **Where is the money going to come from to finance global public goods?**

Global public goods will require additional financing as a complement, rather than substitute or competitor, to traditional development assistance. The financing can come in many forms and may imply new instruments. For instance, automatic triggers can be embedded in loan agreements, especially state-contingent debt instruments, to help poorer countries cope with crises that they had little part in generating, such as is the case with climate change. This would create more predictable conditions in navigating an uncertain world that could mobilize and attract private finance into those countries.

The report argues for new sources of resources beyond official development assistance (ODA), as global public goods aim to achieve shared global goals that extend beyond supporting the poorest countries or populations with humanitarian needs.