Introduction

1. The Human Development Report (HDR) has, since its first publication in 1990, met with an active, interested response on the part of the global development community. Its messages have been the subject of national and international-level policy debate. Increasingly, policy statements in various fora endorse the notion of people-centred development, i.e. the notion that development should be development of people, by people, and for people.

2. The response to the HDR however, has gone well beyond debate and policy dialogue; in many countries efforts have been made to move from theory to practical action. If one were to classify the different types of initiatives a 10-point agenda would emerge, one that could be pursued and adapted to different contexts. The following discussion discusses each of these points.
The Agenda

One: Making the HDR's messages country-specific

3. The HDR is a global report. The analyses and conclusions that it contains abstract from common experiences and trends. They deliberately do not portray the full complexity of the specific situation in which different countries and groups of people may be. The intention of the Report is to highlight the critical issues that are relevant to different countries albeit to different extents.

4. In order to be able to develop a global perspective on human development trends and challenges, the Report uses internationally standardized and comparable data. This has the implication that the date presented is not always the most up-to-date that may exist at the country level nor always the most comprehensive.

5. In applying the messages and perspectives of the global HDR to a specific country context or to a region it is appropriate, therefore, to collect more specific and detailed data, relying on national data sources. Several countries have found it useful to prepare their "own" human development report, reflecting their particular circumstances and their people's policy concerns as represented in statistics. Interesting examples of country-specific human development reports have been produced in Cameroon, Cote d'Ivoire and Paraguay.

Two: Preparing a human development country profile

6. As a part of these country-specific human development reports or as a separate initiative human development country profiles have been prepared in a number of instances. These profiles typically present human development indicators of a country in terms of the progress achieved; the distance as yet to travel towards desired goals; and selected policy variables, notably figures on spending on human development. Drawing on detailed information, these reports are able to capture disparities between groups of people and regions, through disaggregated data, thereby signalling areas which require specific policy attention. In this way these reports serve a variety of purposes -- a programming tool, a monitoring instrument and an inventory of what is probably the most precious capital of many countries - their human resources.

7. To complement these initiatives, the Human Development Report Office of UNDP annually issues a compendium of human development country indicators, a publication which presents the human development indicators from the Report according to countries. As the numbers of country-specific profiles, prepared by the countries themselves, increase, the compendium will be further adapted to reflect the development concerns and goals of all countries. An example of a country data sheet from the global Compendium is reproduced as annex I to this note.

Three: Improving human development statistics

8. The progress towards capturing human development indicators within a policy framework, both through the preparation of country human development reports and country profiles, can only be as good as the data on which they are based. Although the data situation often appears to be stronger at the national than at the international level, more comprehensive, more up-to-date, more reliable and appropriately disaggregated indicators are, nevertheless, still lacking at the country level in respect to many dimensions of human development.
9. During the past decades development planning and policy-making have had their primary focus on economic growth. People were woven around the development process rather than development around people. As a consequence, a lot of time, effort and financial resources have gone into developing economic statistics on income, production, imports, exports, prices, inflation, financial flows, and so on. But, when it comes to people statistics are less certain. There exists in many countries a considerable amount of uncertainty as to how many people are living below the poverty line; how many are homeless; what the differences are in life expectancy between rural and urban areas; what the wage differentials are between men and women; or how living standards differ from region to region or from ethnic group to ethnic group.

10. In collaboration with the UN Statistical Office, UNICEF and UNFPA, UNDP conducted five studies in Ecuador, Kenya, Mali, Mexico and the Philippines to look at the degree to which relevant data are being collected by various institutions for monitoring progress towards human development goals. These and other studies have shown that in many countries much more data exist than are available in processed and analysed form. This is often due to the absence of attention to human development concerns in the past.

11. These and other country studies have also shown that in many instances the availability of human development statistics does not require more surveys and data collection efforts but rather a streamlining and re-focusing of existing data collection processes. Use of data in fact was found to be consistently unsatisfactory, not only because the data was poor in quality and untimely but because in some cases the potential users, including policy-makers, were unaware that the data existed.

12. Several measures need to be taken in the area of statistics. Each country would need to establish a list of human development indicators of particular relevance, and then assess where the bottlenecks persist. Is the relevant data not being collected? Is it the case, as found in the 5 inter-agency studies, that traditional forms of data collection -- censuses, surveys and administrative records -- are rich in data but poor in relevant information? Is it the case that new and imaginative sources of data have to be developed, perhaps through administrative records -- civil registration, schools and hospitals? Perhaps innovative, participatory ways of collecting data need to be introduced, as when poor communities themselves define and measure poverty? And, what could be done to encourage the processing, analysis and use of data and statistics by policy makers and other development professionals? Above all broad-based government and policy interest must be mobilised in this effort. A case in point is the last Indian census, where for the first time work done by women in producing commodities which were ultimately marketed by male members of the family were recorded as economic contributions.

Four: Setting human development goals and targets

13. Closely linked to the weaknesses in human development statistics at present is the fact that human development goals are all too often stated in rather general, non-quantified terms. Government policy statements may call for improved levels of education but remain relatively silent as to what educational attainment should be achieved by whom and by when. The same holds true for health objectives, improvements in nutritional levels, water, sanitation, employment, and other areas.

14. Since it is often unknown precisely what the current state of human development is due to lack of relevant statistics, it is, of course, also difficult to state what distance the country would still have to travel in order to achieve its desired objectives.
15. More systematic policy formulation and programming for human development will require a better data base as well as more quantified statements on the challenges lying ahead. The best progress in terms of target setting has been achieved in the area of children's development and, with the assistance of UNICEF, many countries have moved ahead.

16. It must be remembered though that human development objectives cannot be limited to quantifiable targets. Many important aspects of human development escape quantification and can be analysed only in qualitative terms. For example, people's education depends on both years of schooling and the type of knowledge imparted. Still quantification to the extent possible remains important, especially for purposes of monitoring progress.

Five: Costing of targets

17. While infrastructural projects are often quantified, the all-important human development targets are rarely costed. Costing becomes all the more difficult when the broad goals of human development are not translated into specific targets, when targets are stated imprecisely and when quantification and monitoring are not built into the perspective. Better information on both the baseline and the target are essential. Not knowing the cost implications of human development targets will always put investment in people at a disadvantage vis-a-vis investment in physical capital or natural resources. The absence of costed targets in human development places balanced development at a clear risk.

18. When costing human development targets such as "the achievement of basic education for all by the year 2000" or poverty-alleviation, moreover, it is important to judge whether current budget allocations are appropriate or falling short of actual resource requirements. The absence of even tentative cost estimates exposes social-sector budgets to arbitrary cut-backs. This exposes social expenditures to an especially high risk of becoming the "victim" of austerity measures when savings have to be effected. While balanced budgets are no doubt desirable and necessary, they must not be achieved at the cost of unbalancing people's lives. But in many countries during the economic crisis of the 1980s, human development expenditures were under threat.

19. Careful and scientific costing can also prepare the ground for identifying complementarities in spending. For instance improved health of children often improves their participation in school, their aptitude and their learning. As methodologies for costing human development priorities and targets improve, innovative ways can be found to build these complementarities into budgets for human development.

20. Moreover, the calculation of actual costs can put to rest arguments that meeting unmet human needs is difficult and "unaffordable." For example, in connection with the preparation of the HDR 1991, UNDP had requested UNESCO to help assess the cost implications of achieving basic education for all by the year 2000 on a world-wide basis. The finding was that the attainment of this goal would involve additional expenditures per year of US$ 5 billion. To put this figure into context, if the developing countries were to continue the current trend of reducing their military spending by 3% per annum, they could cumulatively save US$ 130 billion between the early 1990s and the year 2000. If the industrial countries were to do the same, the total "peace dividend" during this period would amount to US$1.5 trillion. An additional spending of less US$ 5 billion per annum on education would be a modest amount compared to that!

Six: Identifying possible policy options
21. Attaining these clearly affordable and do-able human development targets by means of a people-centred path of development requires a complete revamping of traditional policy approaches. The strategy that each country would evolve would develop through the broadest process of consultation and through a commitment to finding new solutions to persisting and emerging problems.

22. A central question in this search is already being posed in many countries. The role of the state or the public sector is under reexamination. Some of the questions posed include:

- What is the responsibility of the state in ensuring adequate levels of human development: Which needs would be best met through social spending?
- Which responsibilities should fall on the national government? Which should be delegated to the sub-national, provincial or local level? Which initiatives should be financed by the state but left to the private sector to execute?
- Which human development concerns are best taken care of by people themselves, through their communities and their organisations, and which by the private sector and through private initiative?

23. The answers to these questions naturally differ from country to country, but there appears to be broad-based agreement on a number of points:

- The State has a critical role to play in meeting basic human needs such as basic education for all, primary health care, water and sanitation, nutrition support, and so on.
- However, these programmes should not be "handed down" to the intended beneficiaries: people's involvement in their selection, design, implementation, monitoring and readjustment is important.
- Social-sector programmes must not necessarily provide their services for "free". User charges, if properly designed and targeted, can help meet their costs without limiting people's access.
- In order to ensure people's involvement, many human development programmes may be best left to sub-national authorities to handle. Decentralization seems to be an important aspect of participatory human development.
- The extent of government responsibility for and involvement in the provision of social services depends on, among other things, the extent of poverty, human deprivation and inequity. Investment in all people, combined with affirmative action for weaker groups, can be a powerful tool to enable more people to take advantage of developmental opportunities.
- The state can be much more effective in promoting investment in people than in the direct utilization of human capabilities through work and employment schemes. The latter are necessarily only elements of a social safety net for those who do not have economic security. Once endowed with knowledge, skills and expertise, people can make important contributions to the development process - taking initiatives, being innovative, helping plan, and managing and implementing development efforts.

**Seven: Mobilizing financial resources and economic opportunities**

24. Progress in human development derives its strength from two related aspects:
i. Consistent and appropriate private and public spending on the formation of human capabilities - e.g. on good health, water, sanitation, education or training.

ii. Expansion of developmental opportunities - people must be able to find work and live within democratic polity and a social-cultural milieu.

25. Both these aspects are clearly intertwined. For example, if people have access to renumerative work, they can earn their own livelihood, including the resources they may need for investments in their own capabilities or those of their family and community. There will be less need for public spending on human development.

26. When thinking through the financing of human development, five key decisions, therefore, have to be taken:

i. Which investments in people should best be left to the people themselves? Should they be left to the initiative of all population groups? Or are they more affordable for some than for others?

ii. What could be done in order to improve people's capacity to pay for human development?
   o Should transfer payments be made?
   o Should additional credit, work and employment opportunities be provided?

iii. What could be done in order fully to exploit any existing opportunities for budgetary restructuring in favour of human development?

iv. Would it be possible to mobilize more domestic resources, and, if so, how?

v. What would be the expected financing gap, and how could it be closed through external aid, financial assistance and technical cooperation?

27. As regards point (ii) above, that is, improving people's opportunities to earn their own upkeep and development, it is important also to take into account what improvements in people's opportunities to earn their living could be brought about through improved external trade opportunities - i.e. improved access of developing countries to world markets, as well as improved conditions for foreign direct investment.

28. Needless to say, the creation of an enabling policy framework for private sector development would not only help unleash the capacity of people at large, as well as that of domestic entrepreneurs. It would also be critical to attracting foreign investors and the employment and income they could help generate, and thus open up new avenues for human development.

29. Today, the ratio between private and public spending on human development is in most countries approximately 1:1. It is most important for developing countries to increase the overall level of human development spending. Today, governments of developing countries spend only a fraction of the amount that developed countries spend on human development - viz, some 5% (of a combined GNP of US$ 2,948.5 billion in 1990) compared to 15% to 20% (of a combined GNP of US$ 16,822 billion) in the industrial countries.

30. Box 2 and Table 1 suggest an easy-to-use analytical tool for policy makers and development analysts to examine public spending on human development - three social expenditure ratios.
Available experience suggests that the human development priority ratio - the third ratio - should be around 5%.

31. The utilization of aid resources for human development can be analyzed in a similar way. Table 2 shows the results that emerge when applying the expenditure-ratio tool to the analysis of aid.

32. Another useful indicator for analyses of public spending on human development is military spending as a percentage of social spending (i.e. the combined education and health expenditures) of a country. The difference between countries in this respect is quite telling. For example, in Costa Rica the figure is 4%; in Nicaragua it is 318%.

33. Public expenditure reviews have borne out that even within the social sectors themselves there is often considerable scope for re-orienting expenditures and directing resources more towards human development priority needs.

**Eight: Formulating a country strategy for human development**

34. Steps one to seven show that making human development operational is a process that requires many actions - actions which complement each other and which, if properly coordinated, can be mutually reinforcing. Some countries have therefore found it useful not to proceed in an incremental fashion, but to approach human development in a more decisive and effective manner through the formulation of a comprehensive country strategy for human development.

35. These strategies are typically composed of all of the foregoing steps as well as the subsequent steps, i.e. points nine to and ten. Although their form may look similar, their content and thrust vary from case to case, reconfirming that indeed human development policies and measures cannot be the same everywhere because conditions vary from country to country. Three interesting examples of human development country strategies have emerged in Bangladesh, Pakistan and Colombia, respectively.

36. The Bangladesh strategy has its emphasis on employment and participation issues. The Pakistan strategy stresses the concept of balanced development through balanced investment in human capital, physical capital and natural capital. The Colombia strategy combines sectoral concerns with cross-sectoral issues such as the financing of human development, the impact of decentralization on human development, and what human development can contribute to attaining the country's macro-objectives of liberalizing the economy and restoring economic growth.

37. One of the lessons learned from these strategy initiatives is that their output - viz. the strategy paper - is only the beginning of the process. Each strategy element will require further follow-up - e.g. more work on:

- setting targets or costing targets;
- clarifying spending responsibilities and resource mobilization responsibilities different levels of government;
- identifying possibilities for better targeting of expenditures towards the poor and other priority areas;
- reviewing possibilities for user charges;
- deciding what programmes to support and whom to support/subsidize - the providers or the consumers;
- negotiating inter-sectoral expenditure shifts;
mobilizing the private sector and NGOs as well as people at large to play their part in bringing about human development;
reviewing, and eventually revising, credit policies so as to make credit more accessible to the poor and to small-scale entrepreneurs;
assessing what would be an appropriate and necessary balance between spending on the basic levels of human development (such as basic education and primary health care) and spending on higher levels of human development (e.g. tertiary education and the development of science and technology).
determining the relative emphasis to be accorded to investment in physical capital, human capital and natural capital, respectively, as well as any trade-offs that may exist.

Nine: Agreeing on a global compact on human development

38. While concerted national efforts can considerably advance progress in human development in each country, the large and growing unfinished agenda of human deprivation requires international cooperation, in several areas -- including development opportunities, improved access to world markets, foreign direct investment development assistance, emergency assistance, technical cooperation, global governance and so on.

39. Several trends militate against international support to human development. Among them are "aid fatigue" - a problem of stagnant, if not declining, aid flows; continuing protectionism; and a concentration of foreign direct investment primarily in industrial countries, with only very few developing countries holding some 56% of the world's total FDI. There is thus an urgent need to find new, innovative and enivgorating forms of development cooperation.

40. One such new approach could be a human development compact. It would work as follows:

Developing countries would formulate their human development strategies as suggested above. These strategies would outline the efforts which the developing countries themselves will make in order to achieve sustainable human development with economic growth in their countries. In addition, the strategies would indicate which aspects of human development would require international support, including aid, trade and FDI.

Industrial countries would, on their part, try to identify a selected number of global concerns for which they would like to seek the cooperation of developing countries. These could be concerns such as: poverty eradication, both as an end in itself and as a means of protecting the environment; slowing population growth; reducing pressures for international migration; or fighting drug trafficking.

At various fora for development cooperation, such as country-specific round-tables or consultative group meetings and regional or interregional fora, industrial and developing countries could then compare the extent to which their concerns overlap and negotiate the support industrial countries would provide. While some issues could find country-specific responses, others, such as trade liberalization, would have to be taken up at the relevant regional and/or global-level fora.

International agencies and offices such as UNCTAD, the Transnational Corporations Management Division of UN Department of Economic and Social Development (which also deals with FDI), the World Bank and UNDP could prepare synthesis reports on the country strategies in order to identify the problems that would need international attention. The
The forthcoming World Summit on Social Development (in March 1995) would provide an opportunity for a global review of the human development country strategies.

41. The proposed global compact for human development would constitute a mutually beneficial form of cooperation for development: developing countries would state their concerns, and the industrial countries would state theirs. The compact would lay down the mutually agreeable compromise. The compacts would, moreover, provide an integrating approach to development because they would be to support sustainable human development with growth. In the past it has been considered necessary to launch special structural adjustment for the purpose of restoring economic growth. It has also been considered necessary to prepare, as an input into the UNCED process, environmental country strategies. Special financing, furthermore, has, been made available in support of both structural adjustment towards growth and the environment. It is, therefore, more than overdue that people, and the structural adjustment processes necessary to make development more people-centered, receive the policy attention they deserve, together with the necessary financial backing. The proposed human development country strategies and the global compact are intended to move international cooperation in this direction, to expand the concept of structural adjustment to include policies for human development, environmental sustainability and economic growth. Global development and stability depends as much on the solution of the financial debt crisis as it depends on the solution of the social debt crisis (poverty and growing human disparity) and the environmental debt crisis (irreversible natural resource damage and other forms of undesirable environmental deterioration).

Ten: Encouraging public demand for human development

42. The neglect of human development has often been attributed in the past to the fact that the more powerful groups find it easier to make their interests heard than the poorer population groups. But increasingly the voices of people are being heard in the move away from authoritarianism to democracy. Moreover, more people today are educated and better informed than earlier, and shared aspirations for better standards of living and democracy are a result. Public demand and public pressure for improved human development are growing.

43. No human development strategy can be effectively formulated unless the aspirations and wishes of people are taken into account. But governments need to take responsible actions to ensure this. The momentum of public opinion can provide support for accelerated progress towards people-centered development, and actions to open up the debate on human development and encourage public demand for human development could include some of the following:

- Information on some of the findings of the most recent studies of the "new economic growth theory" might help to win private-sector support for human development. These studies show that investment in human capital formation is critical to a country's productivity, competitiveness and hence future economic growth.
- Building alliances with concerned groups of professionals, such as teachers and doctors, and non-governmental groups in joint action to combat illiteracy.
- Publicity campaigns to encourage small entrepreneurs to educate their children by showing them the advantages of numeracy and literacy in managing a business.
- Media campaigns to combat the prevailing ignorance on the contribution of women to the economy and society.
44. While special measures such as the ones suggested above may be required, the most pragmatic and practical way towards mobilizing political support for human development will be for policy makers to simply listen to people.