

Economic and Social Commission for Western Asia

Measuring development progress beyond GDP

Proposed framework and Implications for Arab countries

Sixth Meeting of Beyond GDP sprint 2023

September 21st, 2023

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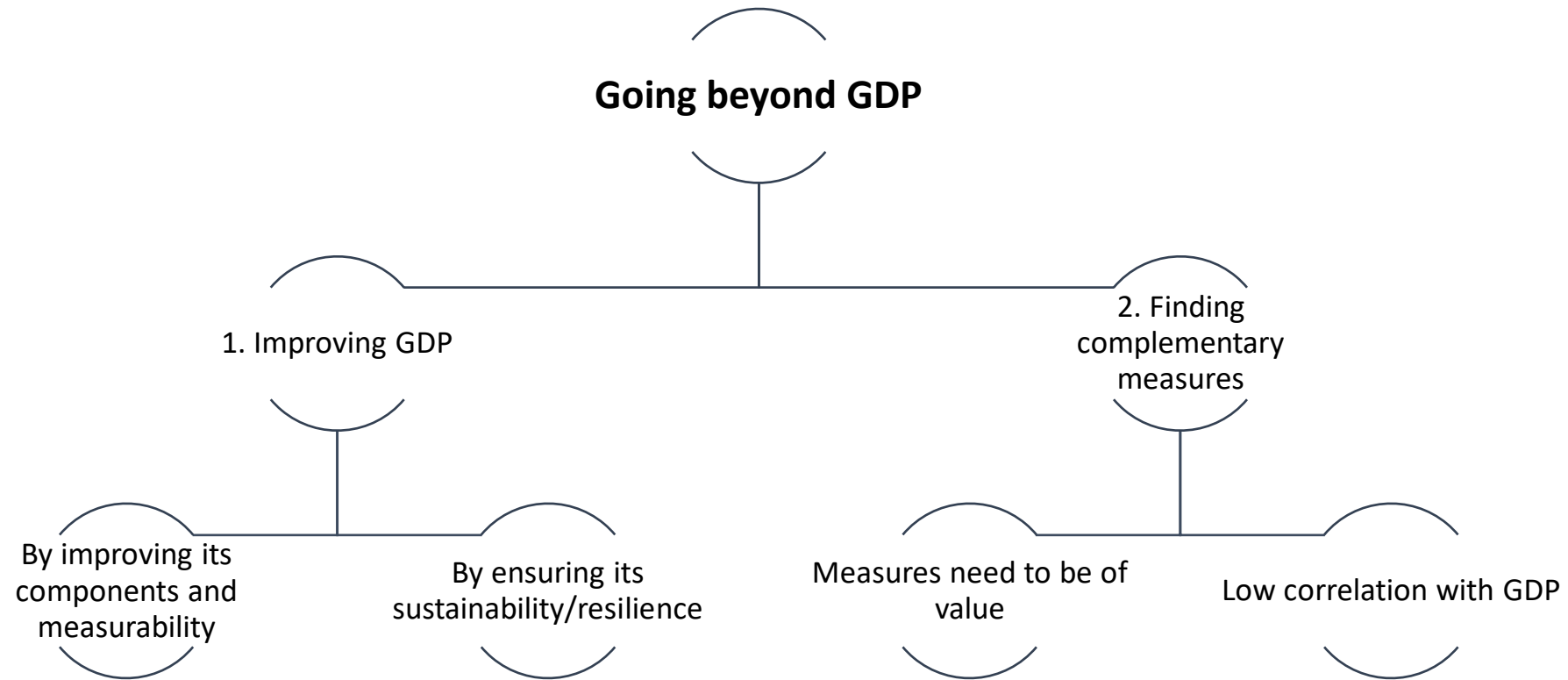
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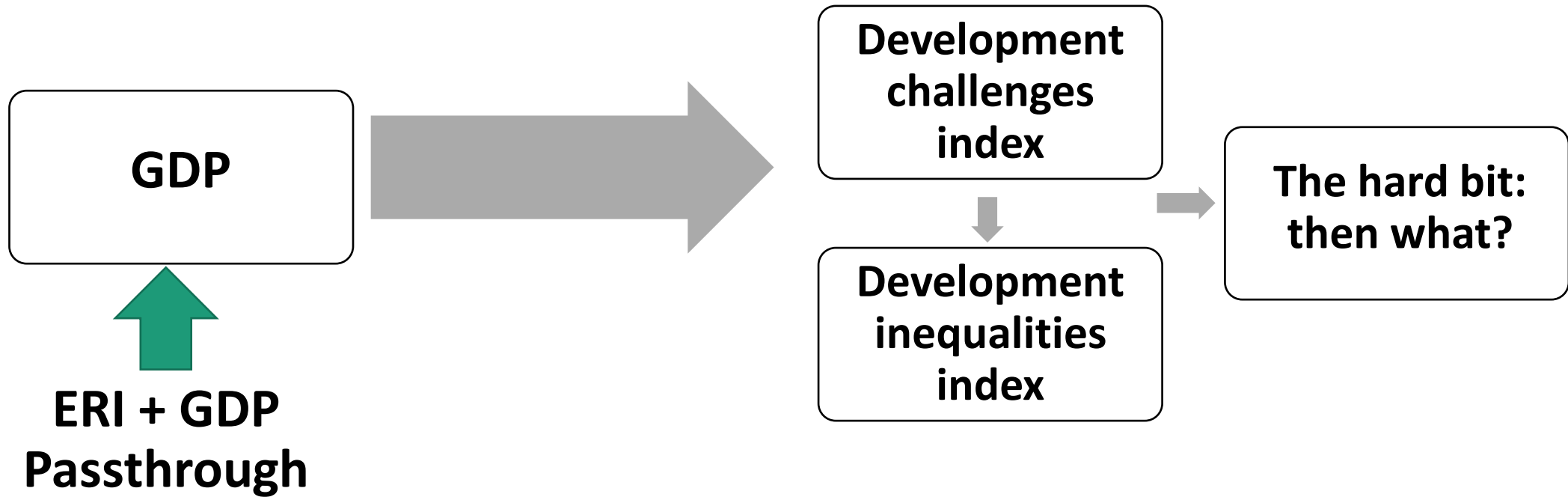
Shared Prosperity **Dignified Life**



ESCWA's approach: 2 main tasks



Some of our proposals



Economic and Social Commission for Western Asia

World Development Challenges Report



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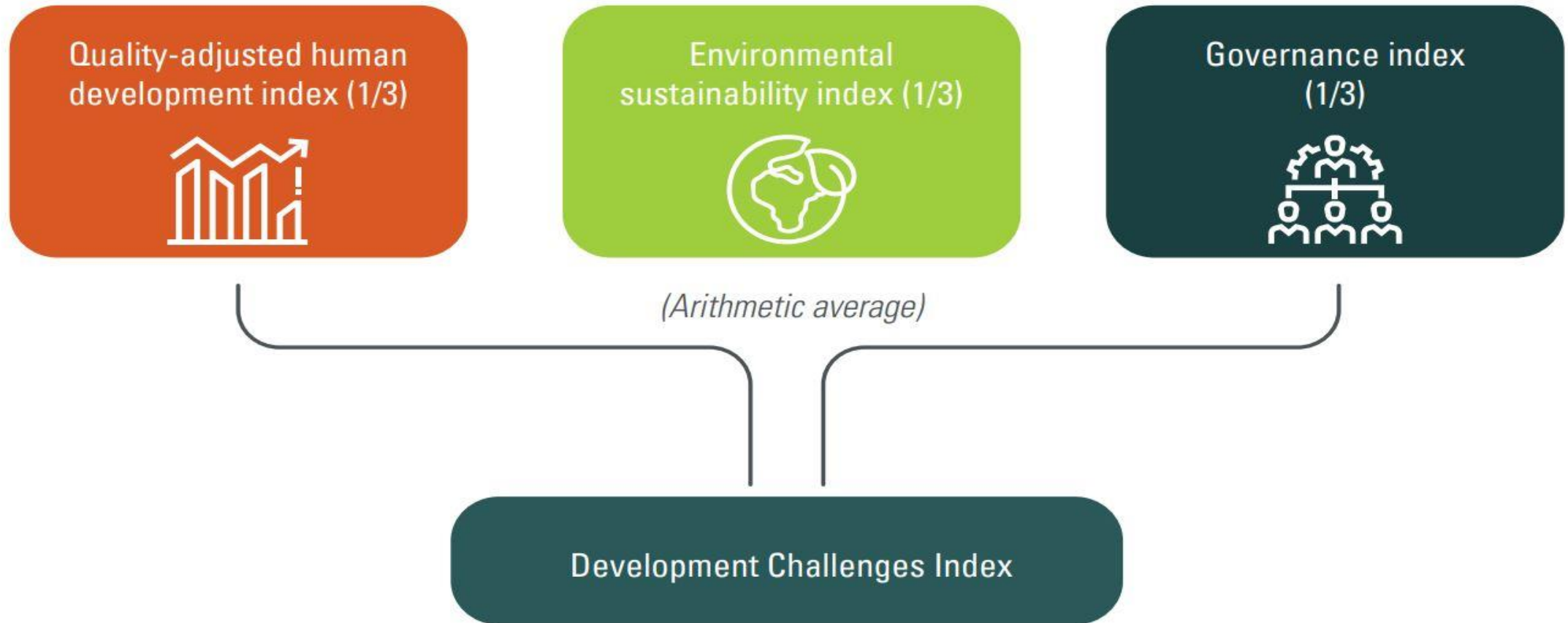
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Motivation

- ❖ The current development landscape is very different from the early 1990s and existing indices have limitations.
- ❖ Enhance our regional and country level analyses and development planning.
- ❖ Contribute to global dialogue and thinking on finding measures of development progress beyond GDP.

Introducing the Development Challenges Index

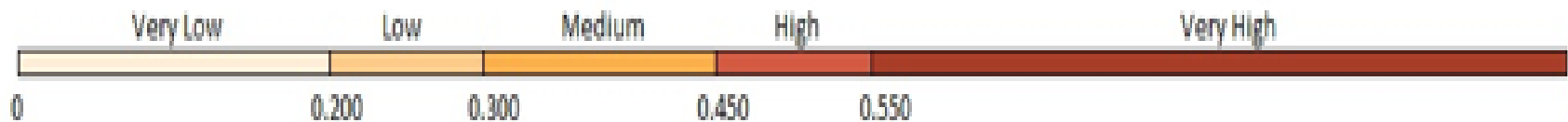


DCI: Dimensions, sub-dimensions and indicators

Challenge	Dimension	Sub-dimension	Indicator	
 <p>Quality-adjusted human development challenge index</p>	Health		Healthy life expectancy at birth, years	
	Education		Expected years of schooling	
			Mean years of schooling	
			Harmonized test scores	
	Income		Gross National Income (GNI) per capita	
			HDI inequality in income	
 <p>Environmental sustainability challenge index</p>	Climate change and energy	Climate change	Carbon Dioxide (CO2) emissions per capita (production)	
				Material footprint per capita
		Energy efficiency	Energy intensity per unit of GDP	
	Environmental health	Air quality	PM _{2.5} exposure	
				Household solid fuels
				Ozone exposure
		Sanitation & drinking water	Unsafe sanitation	
				Unsafe drinking water
		Heavy metals	Lead exposure	
		Waste management	Controlled solid waste	
 <p>Governance challenge index</p>	Rule of law and access to justice		Transparent Laws With Predictable Enforcement	
				Access to justice
	Democratic governance	Institutional accountability		Executive oversight
				Judicial accountability
				Rigorous and impartial public administration
	Participation		CSO consultation	
			CSO participatory environment	
Government effectiveness		Government effectiveness (Quality of infrastructure and public service delivery)		

DCI categories

- ❖ Scores on the DCI and its components are distributed among five categories: **very low**, **low**, **medium**, **high** and **very high** challenges.
- ❖ Countries that score up to 0.199 are considered to be in the **very-low challenge** category.
- ❖ Scores from 0.2-0.299 are graded as within the **low-challenge** category.
- ❖ Scores from 0.3-0.449 are within the **medium-challenge** category.
- ❖ Scores from 0.45-0.549 are graded within the **high-challenge** category.
- ❖ Countries that score above 0.55 are within the **very high challenge** category.



1

Result 1.

A significant share of the world population still lives in difficult, and in some cases deteriorating, conditions

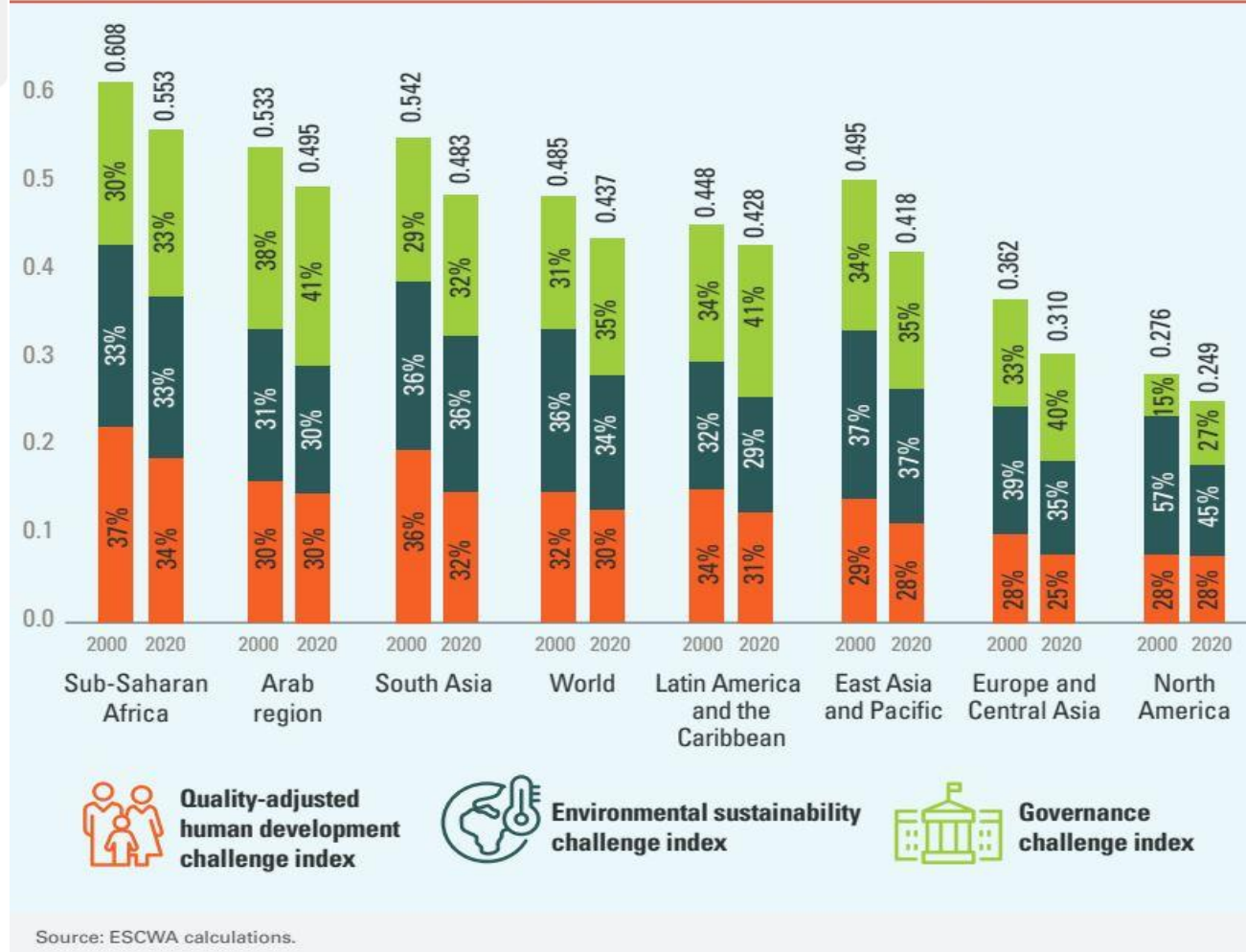
A modest reduction in development challenges is observed across regions.

East Asia and the Pacific witnessed the highest rate of progress on shortfall reduction.

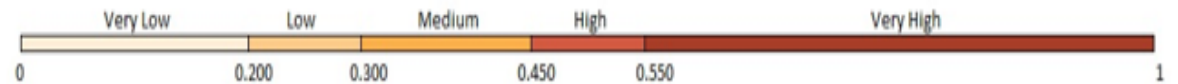
Sub-Saharan Africa is the most challenged region while North America, is the least challenged region.

Globally, governance is the most pressing challenge followed by environmental sustainability.

Figure 2. DCI regional scores and shares of the three challenges, 2000 and 2020



Source: ESCWA calculations.



1

Result 1.

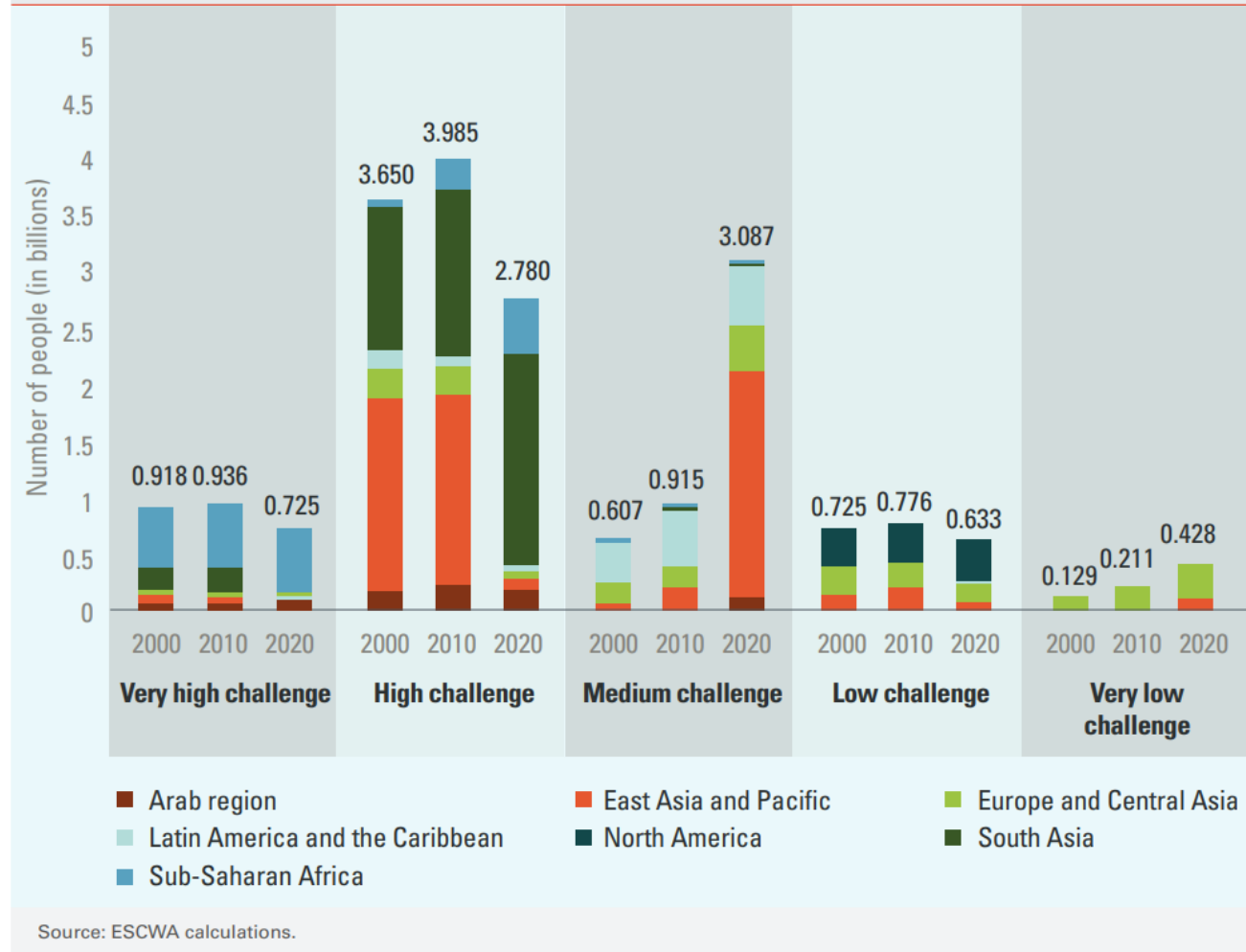
A significant share of the world population still lives in difficult, and in some cases deteriorating, conditions

Of the 163 countries assessed with the DCI, 49 face high and 25 face very high development challenges. They are home to nearly 3.5 billion people or 45 percent of the world's population.

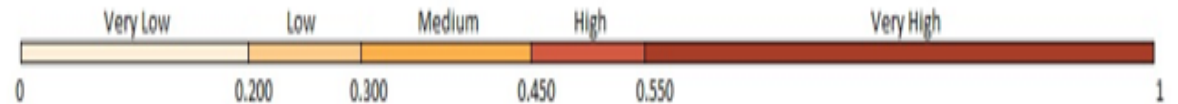
Only 15 countries with around 5 per cent of the world's population have very low development challenges.

A significant drop in the world population living in highly challenged countries due to the graduation of East Asia and Pacific from high to medium DCI.

Figure 1. Population in each DCI category by region, 2000, 2010 and 2020



Source: ESCWA calculations.



2

Result 2.

There is still much to be achieved, especially on the quality of human development, even in the richest regions

No region has a very low score on the quality-adjusted human development challenge index (Q-HDI).

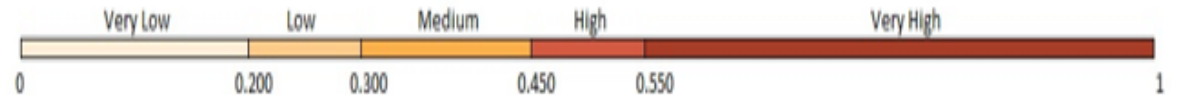
Sub-Saharan Africa faces a very high challenge, followed by South Asia, which scored high on the quality-adjusted human development challenge index.

The quality-adjusted education index has the most significant share in the quality-adjusted human development challenge index in most regions, followed by the quality-adjusted income index.

Figure 3. Quality-adjusted human development challenge index regional scores and dimension shares, 2000 and 2020



Source: ESCWA calculations.



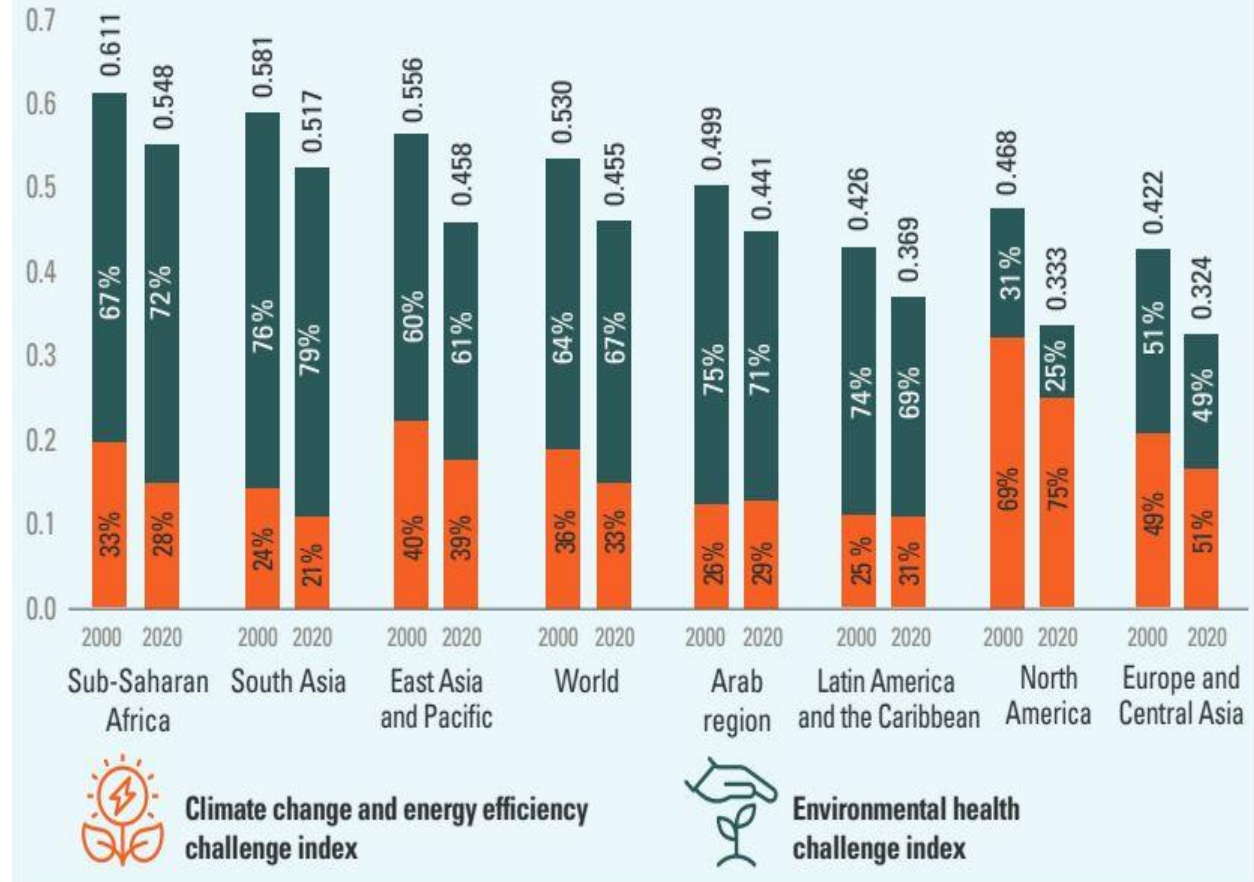
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Result 3. Environmental sustainability is a major concern for both developed and developing countries

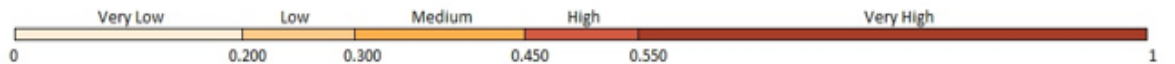
All regions witnessed slight reductions in their environmental challenges, with Europe and Central Asia retaining the least challenged position.

North America and Europe and Central Asia have a higher climate change and energy efficiency challenge while less developed regions have a higher environmental health challenge.

Figure 4. Environmental sustainability challenge index regional scores and dimension shares, 2000 and 2020



Source: ESCWA calculations.



4

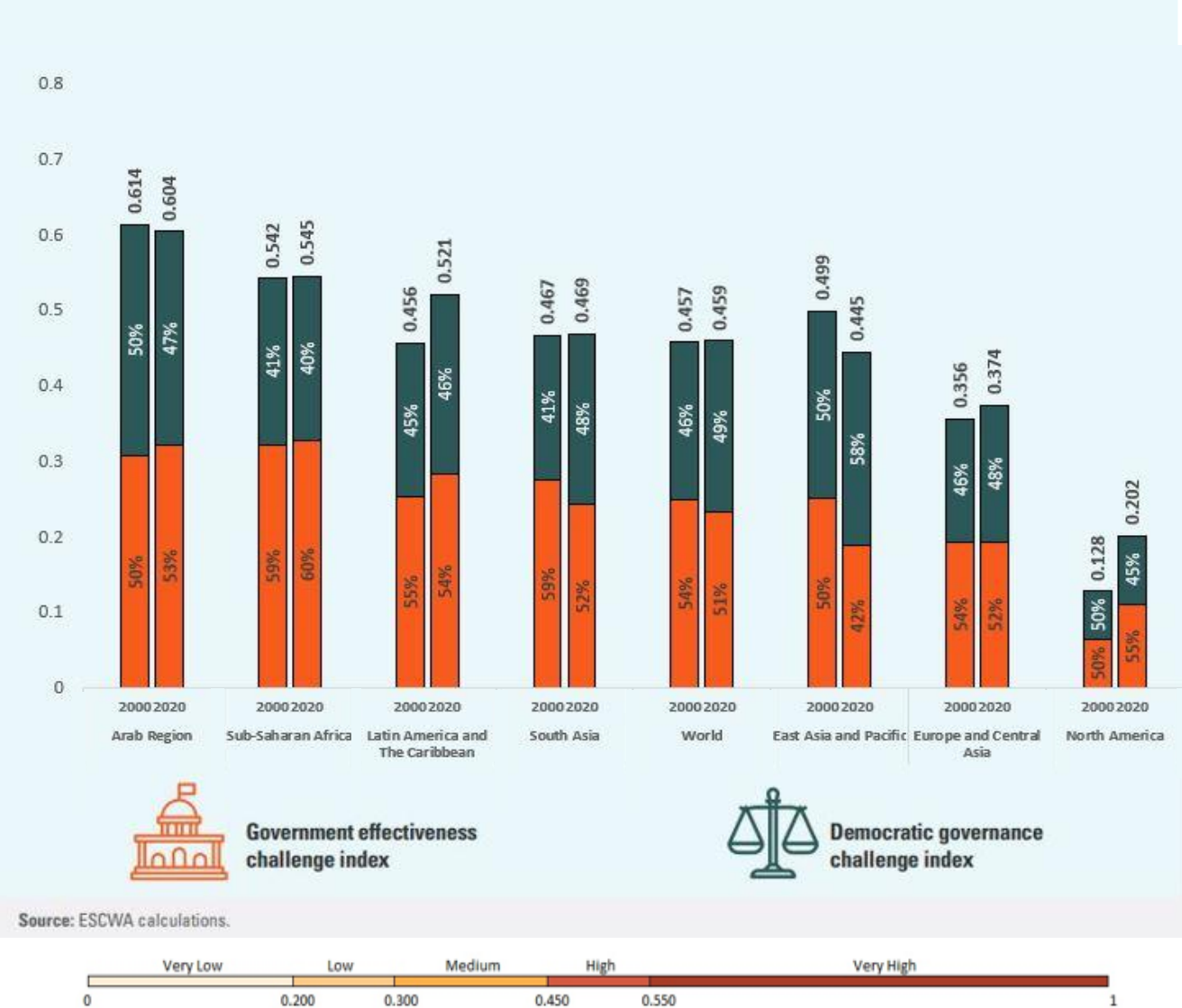
Result 4. Governance is the world's most pressing development challenge

Over 2000-2020, the world's average and average regional governance challenges increased except East Asia and the Pacific and the Arab region, which witnessed slight improvements.

The Arab region faces the highest governance challenge.

Government effectiveness has a higher share than democratic governance for all regions, with the exception of East Asia and the Pacific.

Figure 5. Governance challenge index regional scores and dimension shares, 2000 and 2020



4

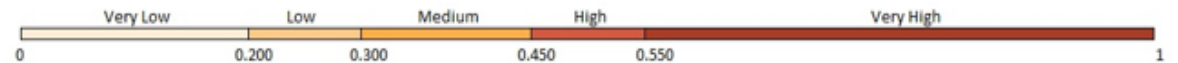
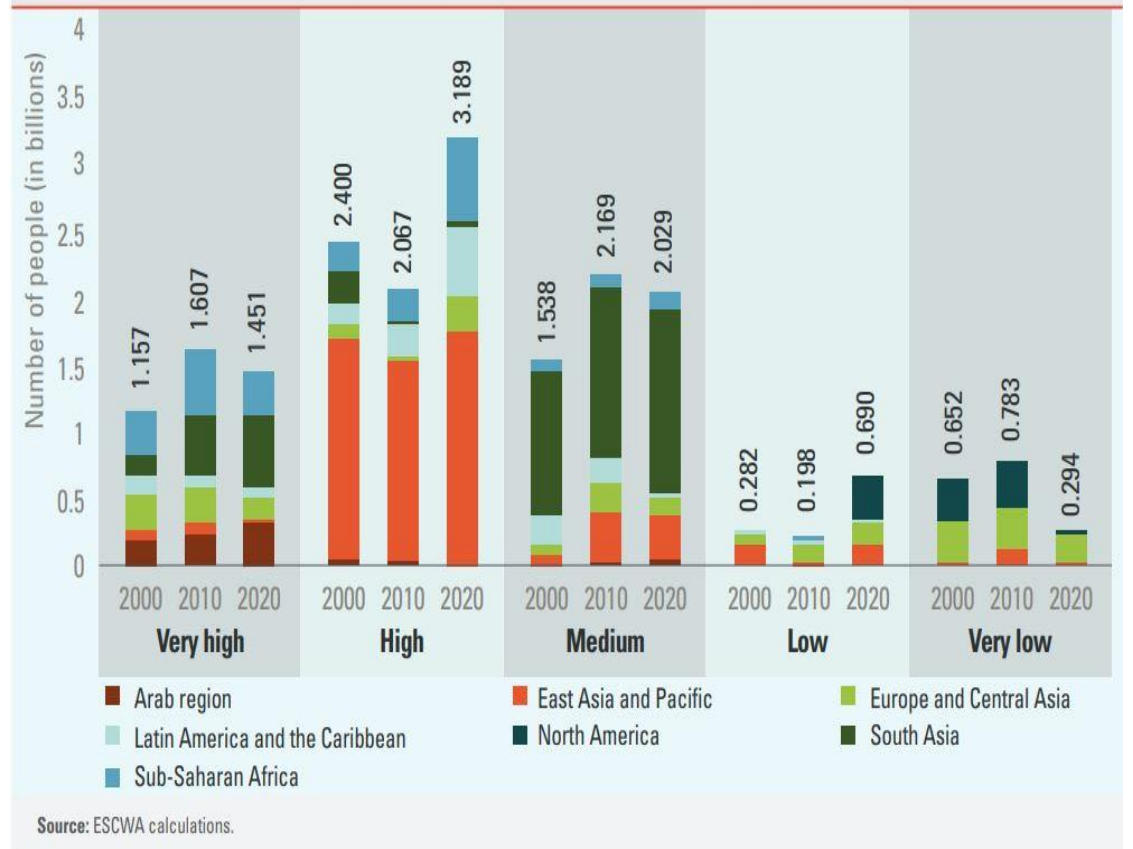
Result 4. Governance is the world's most pressing development challenge

The largest share of the world's population lives in countries scoring in the high-challenge group on the governance index, as in 2000.

In 2010, the highest number of people was in the medium-challenge category, prior to a noticeable deterioration through 2020.

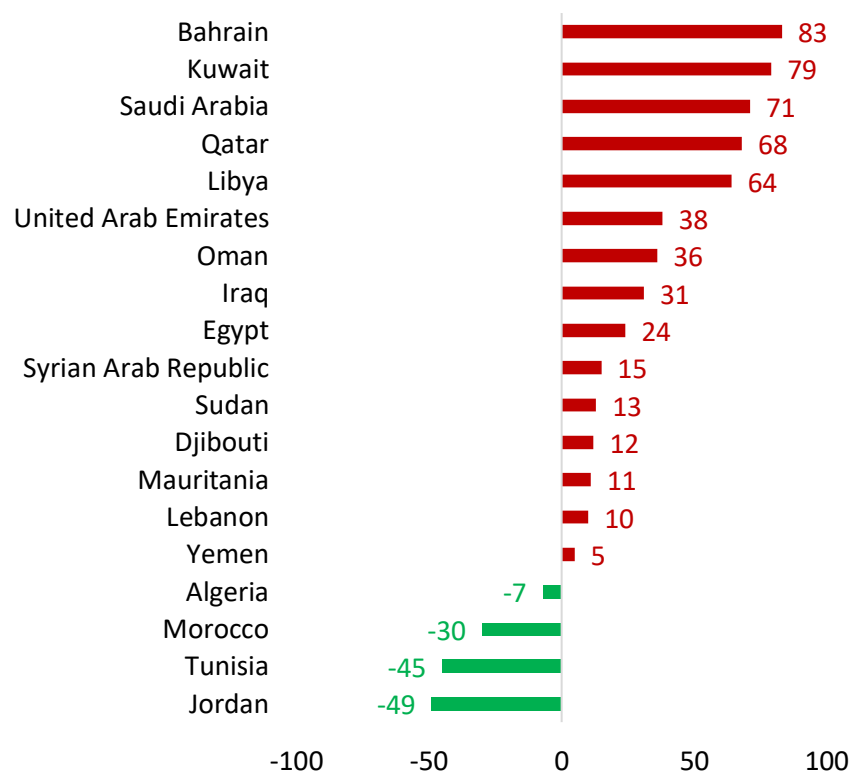
This trend was mainly driven by an increase in governance challenges in some sub-Saharan African as well as European and Central Asian countries.

Figure 5. Population in each governance challenge index category by region, 2000, 2010 and 2020



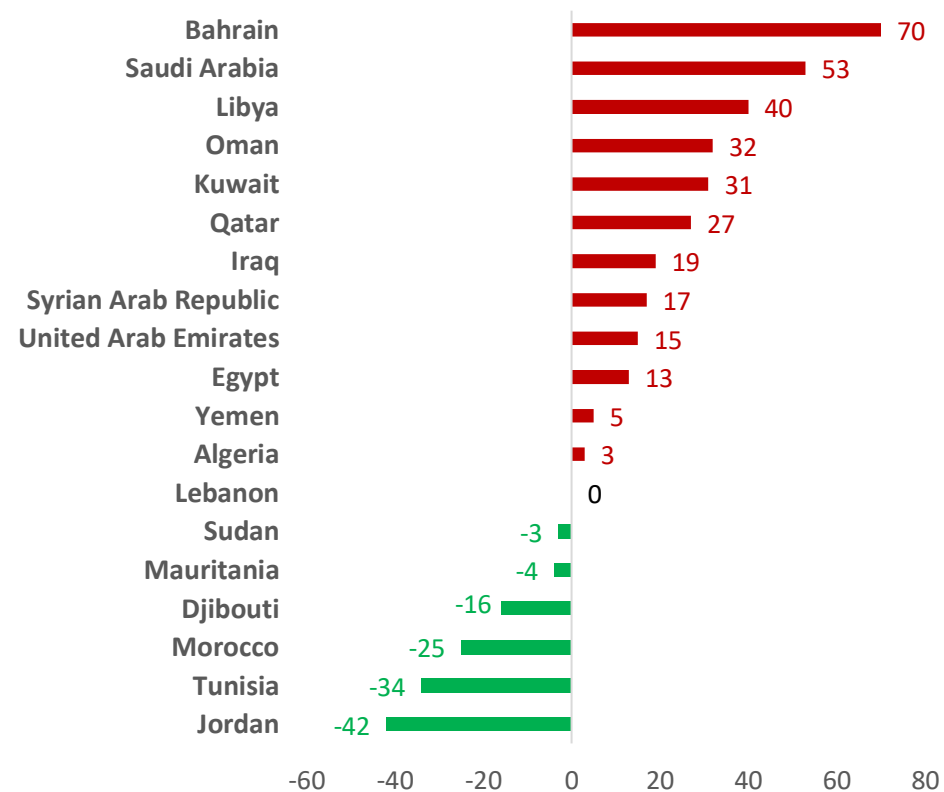
Example of how the development narrative changes with the DCI: Arab States

Rank changes when moving from **GNI per capita** to the **DCI** ((1-DCI) - GNI per capita)



Source: ESCWA calculations.

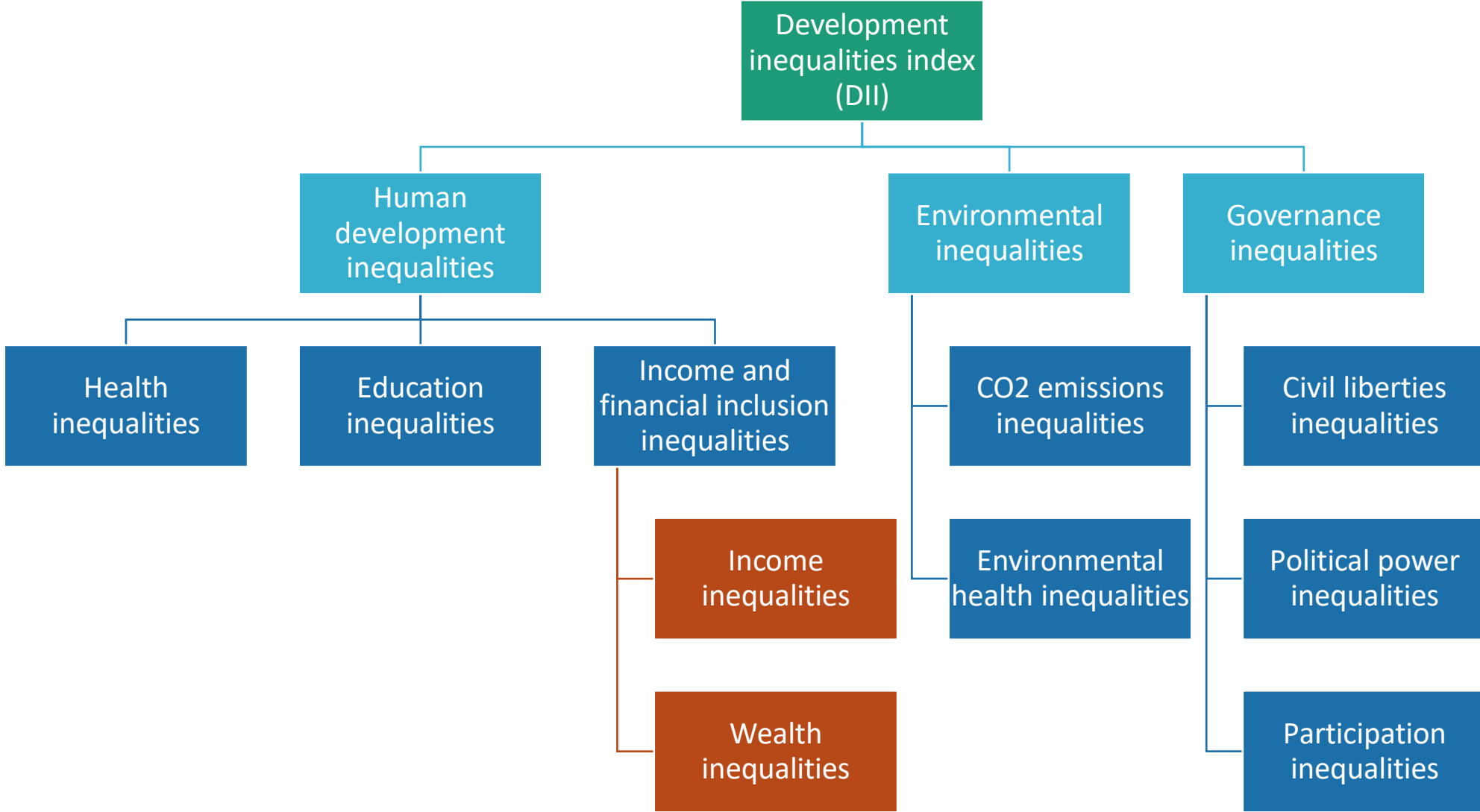
Rank changes when moving from **HDI** to the **DCI** ((1-DCI) – HDI)





Source: ESCWA calculations.

Note: DCI ranks were flipped for comparability with GNI per capita and HDI.

DCI complements: Measuring within country development inequalities

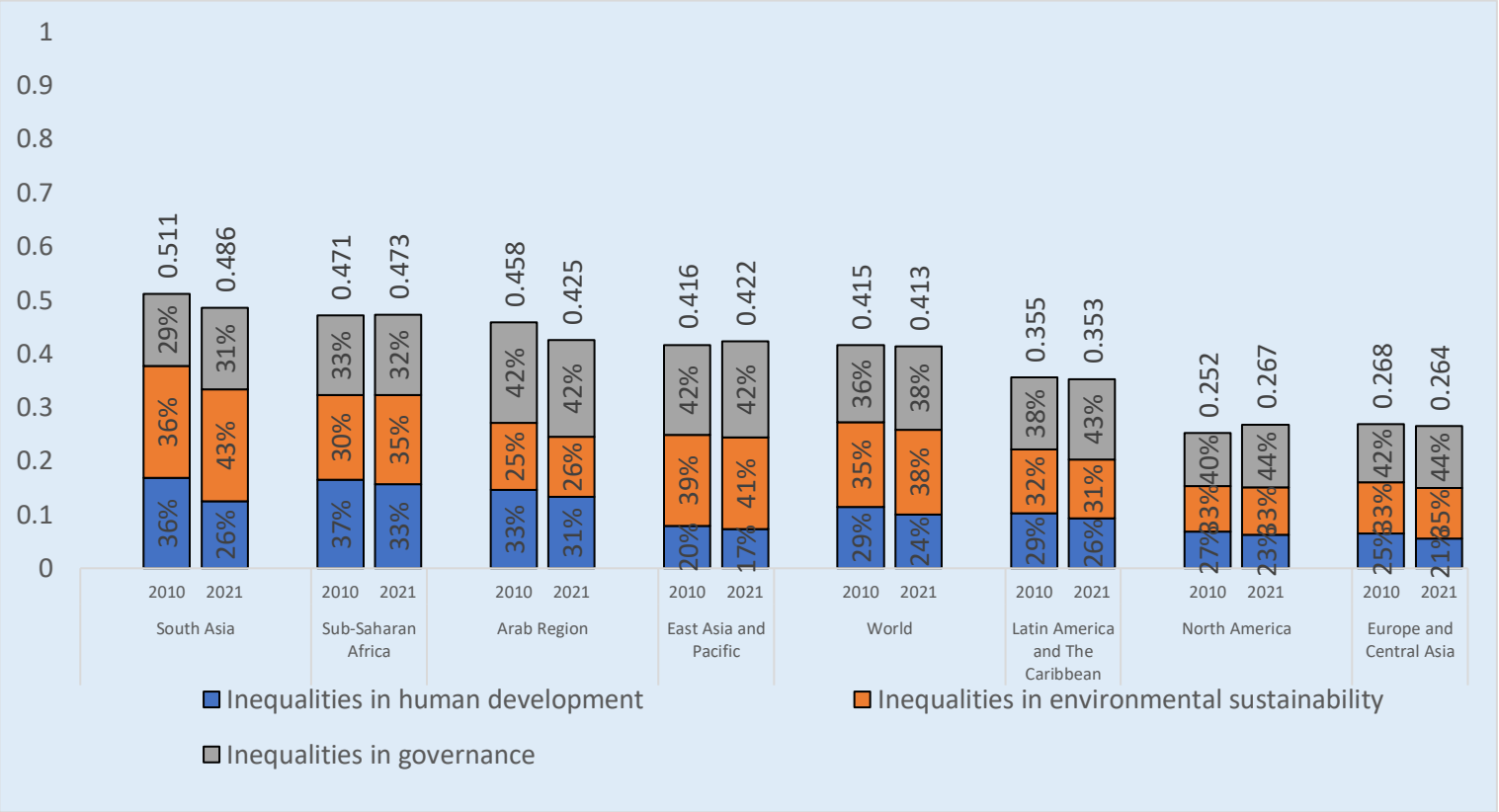


DII indicators

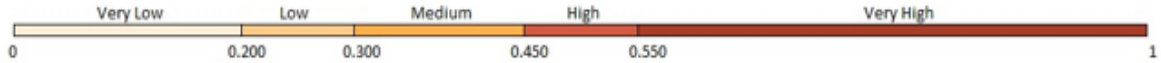
Dimension	Sub-dimension	Indicator
 <p>Human development inequalities</p>	Health inequalities index	Gender inequality in under 5 mortality rates
		Vertical inequality in health
	Education inequalities index	Gender inequality in expected years of schooling
		Gender education in mean years of schooling
	Income and financial inclusion inequalities index	Vertical inequality in education
		Gender inequality in GNI per capita
		Vertical inequality in income
		Gender inequality in account ownership
	 <p>Environmental inequalities</p>	Climate change inequalities index
Environmental health inequalities index		
		Gender inequality in mortality rates attributed to unsafe WASH
 <p>Governance inequalities</p>		Inequalities in civil liberties index
	Social class equality in respect for civil liberties	
	Inequalities in power distribution index	Power distributed by social group
		Power distributed by socioeconomic position
	Inequalities in participation index	Exclusion by gender
		Representation of disadvantaged social groups

Globally, progress towards reducing multidimensional inequalities globally has been sluggish with the World DII score remaining stagnant over the past decade.

Figure 7. DII: Regional scores and contributions of the dimensions, 2010 and 2021.

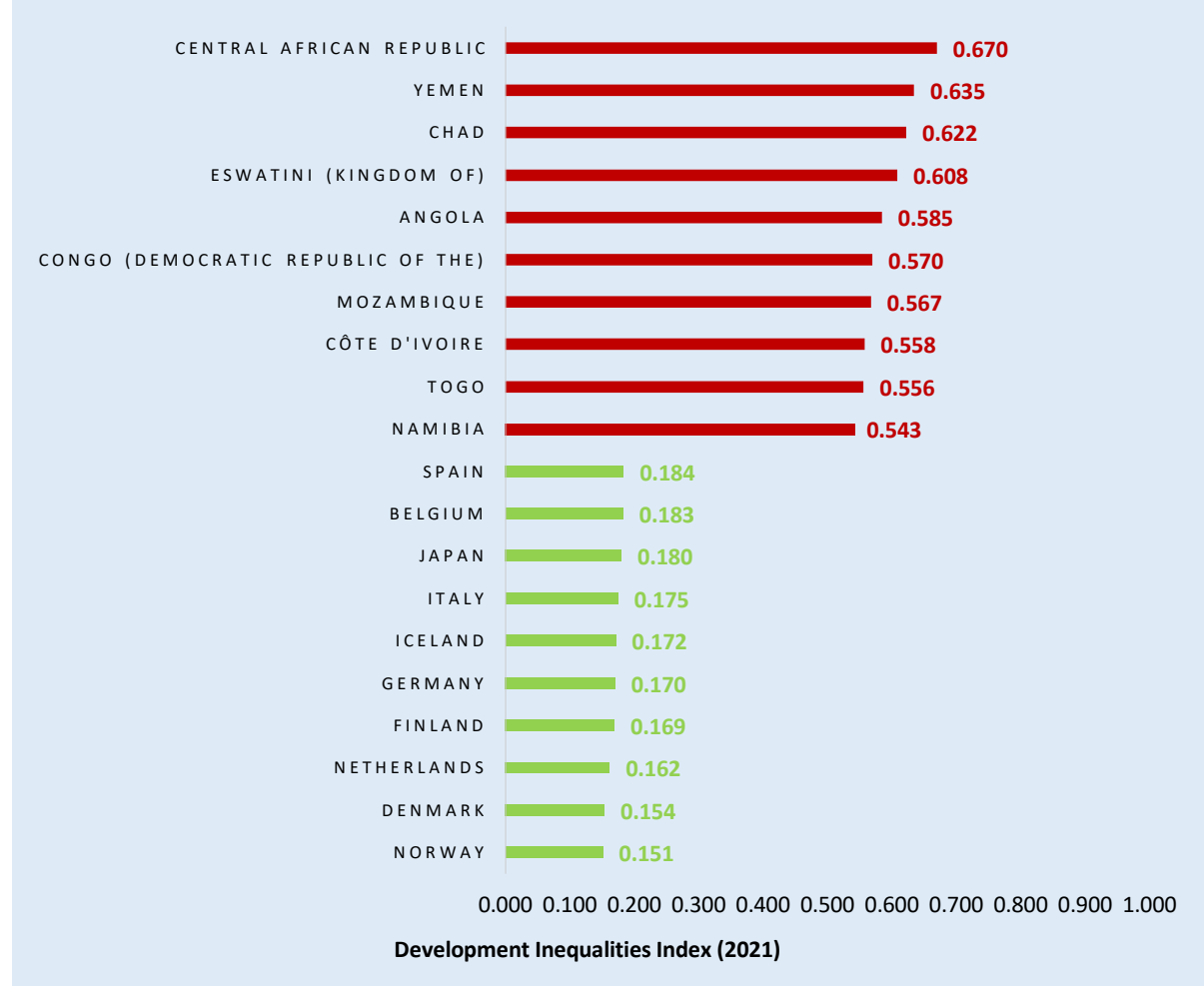


Source: ESCWA calculations.



The majority of the 10 worst performers on the DII are from Sub-Saharan Africa. On the other hand, all but one of the ten countries with the lowest levels of inequalities are from Europe.

Figure 8. Lowest and highest DII scores, 2021.



Source: ESCWA calculations.

The inequality narrative changes significantly for some countries when we look at their performance on the DII vs the GINI index.

Figure 9: Largest rank deteriorations (A) and improvements (B) when moving from the Gini index to the DII (2021) (DII – GINI Index).



Source: World Bank and ESCWA calculations.

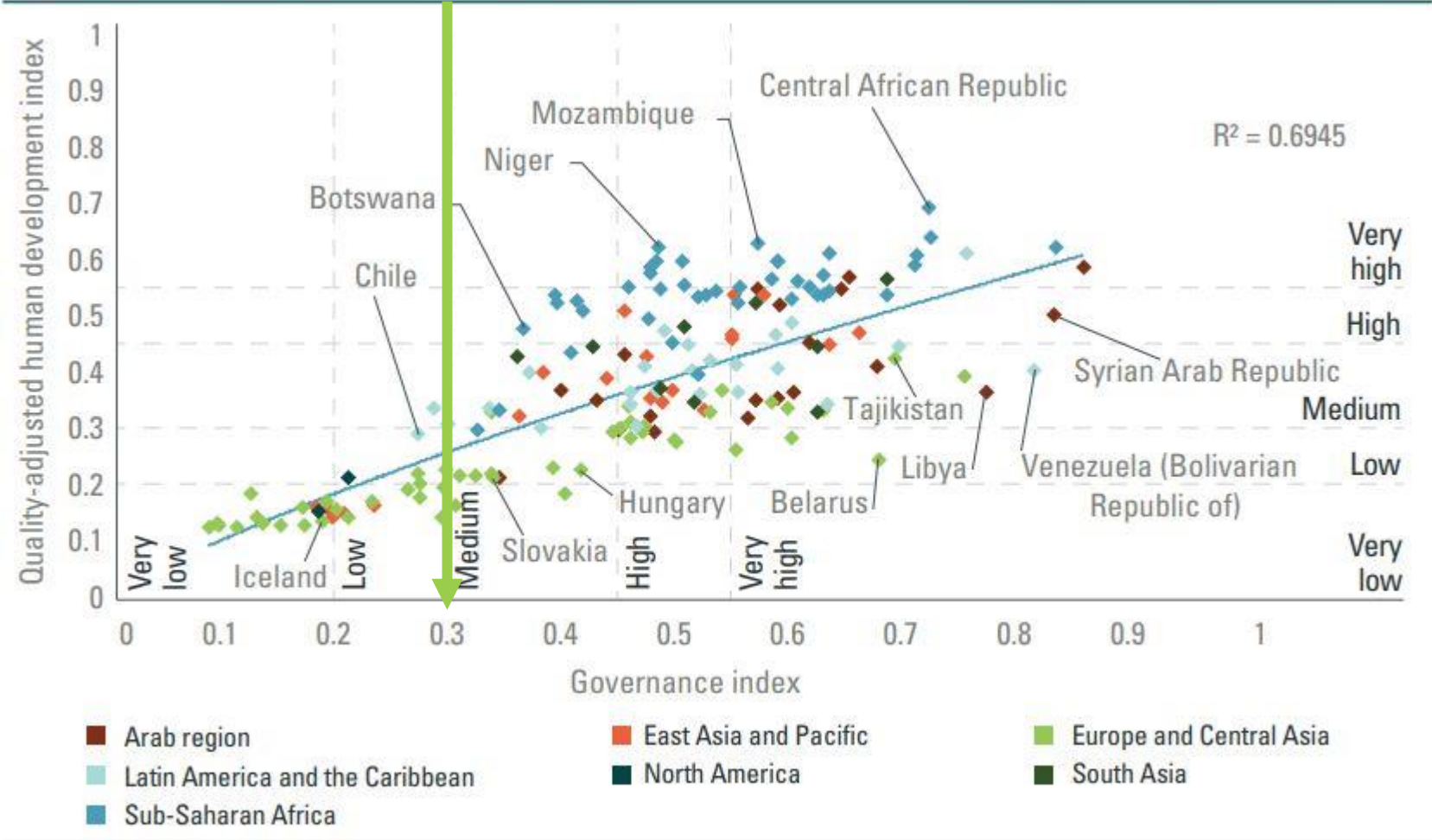
Note(s): For GINI data, the latest data year available was taken.

A positive change means an improvement in the rank while a negative change means a deterioration.

Two correlations that matter

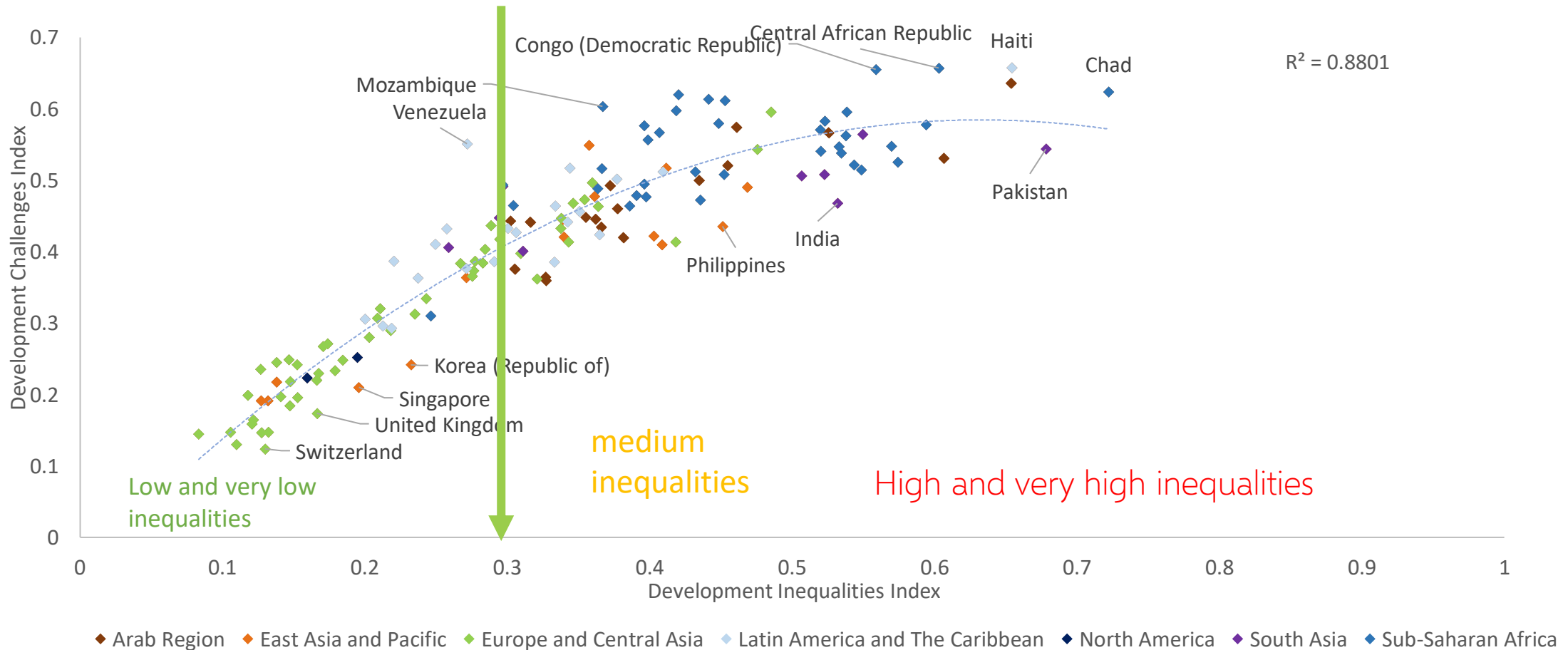
1. Human development and governance

Figure 23. Governance challenge index and quality-adjusted human development challenge index



Source: ESCWA calculations.

2. Inequalities and development



Source: ESCWA calculations.

Now the hard bit: how can all this help in designing a good BG measure?



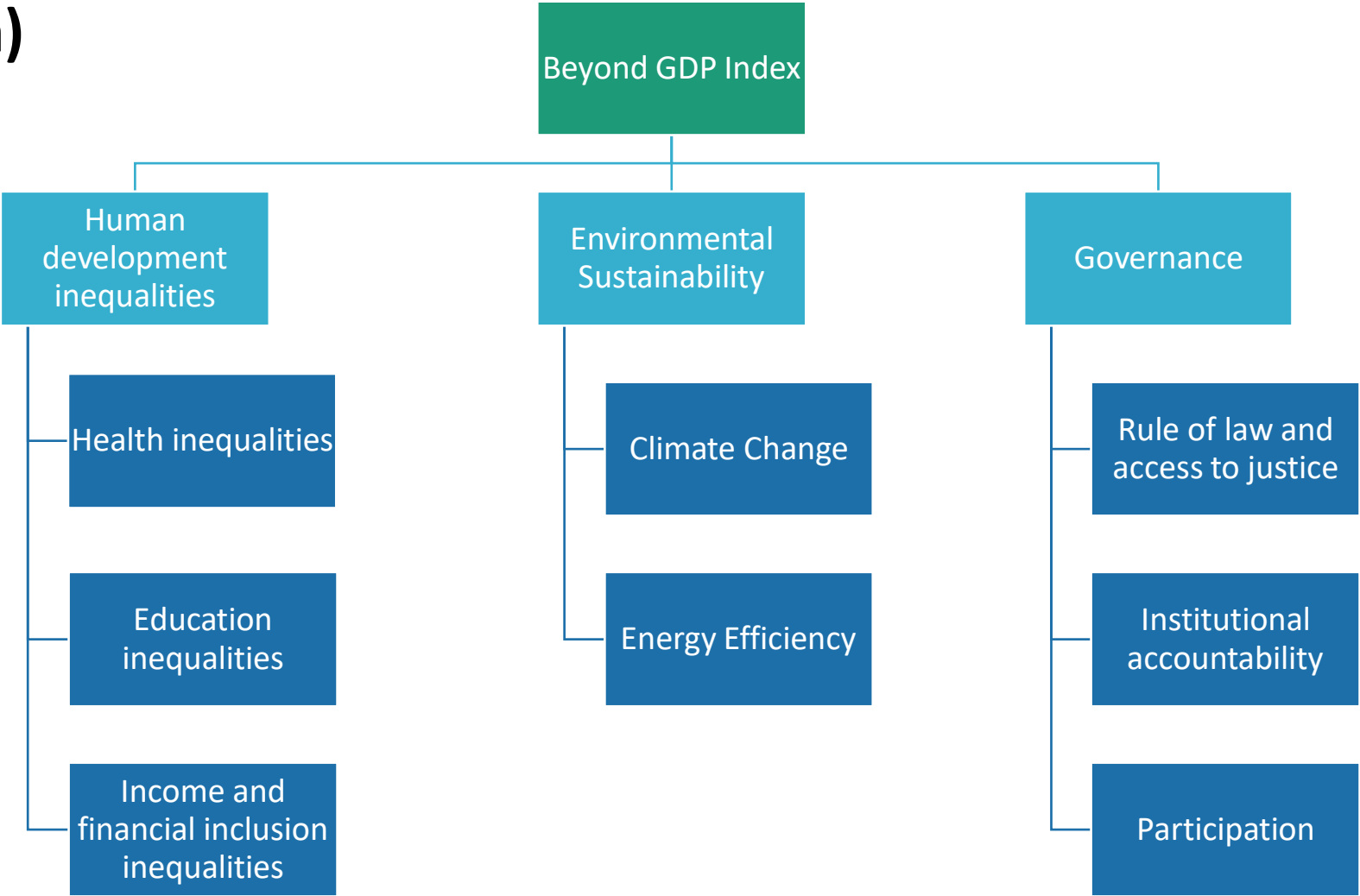
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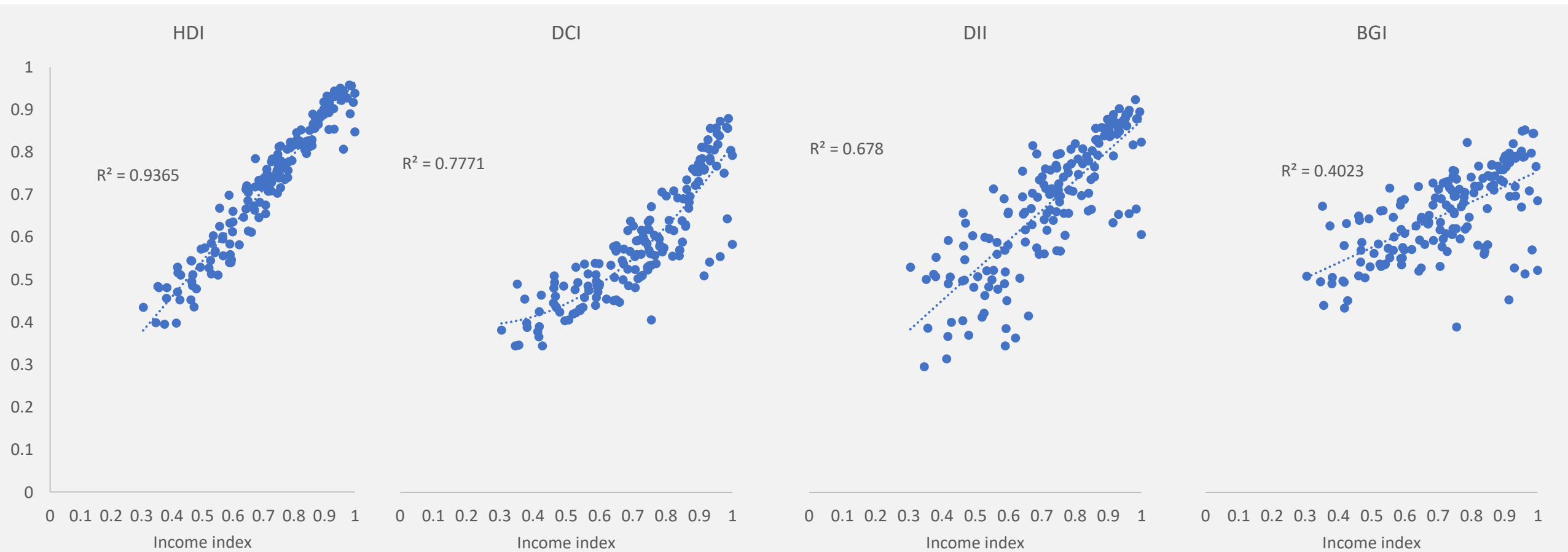
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One possible suggestion: building on this conceptually to get an index that meets our 2 criteria (indicators with intrinsic value and low GDP correlation)



Good news (1): initial results are quite plausible



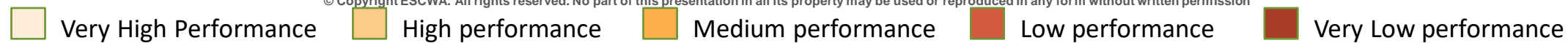
Source: ESCWA calculations. Note that DCI and DII scores are flipped (from challenges to achievements) for comparability with the other indices.

Good news (2): the narrative can change, sometimes dramatically

Country	Income rank	HDI rank	DCI rank	DII rank	BGI rank
Algeria	89	80	83	67	118
Bahrain	26	39	107	103	155
Egypt	87	98	111	107	108
Iraq	92	104	123	122	139
Jordan	95	89	47	63	64
Kuwait	10	58	88	97	146
Lebanon	70	81	81	84	59
Mauritania	116	131	127	146	120
Morocco	107	102	78	92	88
Oman	49	54	85	89	130
Qatar	1	42	68	108	144
Saudi Arabia	20	38	90	100	143
Sudan	128	143	140	137	121
Syrian Arab Republic	129	127	143	112	135
Tunisia	94	84	50	59	51
United Arab Emirates	6	29	43	86	124
Yemen	151	151	156	155	153

Source: ESCWA calculations. Note that the ranks are out of 159 countries for which all these indices is computed.

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But one last thing: building an index will take time and effort

- DCI had in addition to ESCWA 3 core team members 2 Senior Advisers, 9 contributing authors, 13 global reviewers.
- Ten thematic background papers.
- Expert group meetings (global and regional) and thematic consultations.
- All this in 2.5 years

Last slide!

You can visit the ESCWA website to download the World Development Challenges Report and use our DCI Simulator

<https://www.unescwa.org/publications/world-development-challenges-broader-lens>

<https://ispar.unescwa.org/simulator.aspx?Sim=1020>

Thank You

