



The Human Development Index

The Human Development Index (HDI) is a composite statistic used to rank countries based on their levels of human development. Introduced by the United Nations Development Programme (UNDP) in 1990, the HDI provides a more comprehensive measure of development than purely economic indicators like Gross Domestic Product (GDP) per capita.

Calculation

The HDI is calculated using three key dimensions: life expectancy at birth, education, and standard of living. Life expectancy at birth measures the average number of years a newborn is expected to live if current mortality rates continue to apply, serving as a proxy for the overall health and longevity of a population. The education dimension is assessed through two indicators: mean years of schooling, which is the average number of years of education received by people aged 25 and older, and expected years of schooling, which is the number of years of schooling a child entering school is expected to receive, assuming current enrollment rates remain the same. The standard of living is measured by Gross National Income (GNI) per capita, adjusted for purchasing power parity (PPP)¹, reflecting the average income of a country's citizens.

$$\text{HDI} = \left(\text{Life Expectancy Index} \times \text{Education Index} \times \text{Income Index} \right)^{\frac{1}{3}}$$

What does the HDI tell us?

For a long time, economists and politicians looked only at a country's economic growth to see whether it was making progress or not. The HDI was born out of the recognition that development is about more than a country's economic progress. GDP alone does not take sufficient account of people's needs and the social aspects of development, which include values such as better nutrition, health, education, leisure and opportunities for participation. A country's overall prosperity (as measured by GDP) may increase, but whether this translates into a real improvement in the living conditions of its people remains unclear. The HDI is therefore intended as an indicator of economic and social development.

Since 2009, the UNDP has classified countries into four development categories according to their HDI score:

- Countries with a very high level of human development: $0.9 \leq \text{HDI}$
- Countries with high human development $0.8 \leq \text{HDI} < 0.9$
- Countries with medium human development $0.5 \leq \text{HDI} < 0.8$ - Low human development countries: $0 \leq \text{HDI} < 0.5$

The HDI has increased in almost all regions of the world between, indicating a generally positive human development. Asia in particular (especially China and India) has made great progress. Sub-Saharan Africa, on the other hand, has stagnated since the 1980s.

¹ Purchasing Power Parity (PPP) = is a measure of the price of specific goods in different countries and is used to compare the absolute purchasing power of the countries' currencies. PPP is effectively the ratio of the price of a market basket at one location divided by the price of the basket of goods at a different location.



Arguments in favor of the HDI

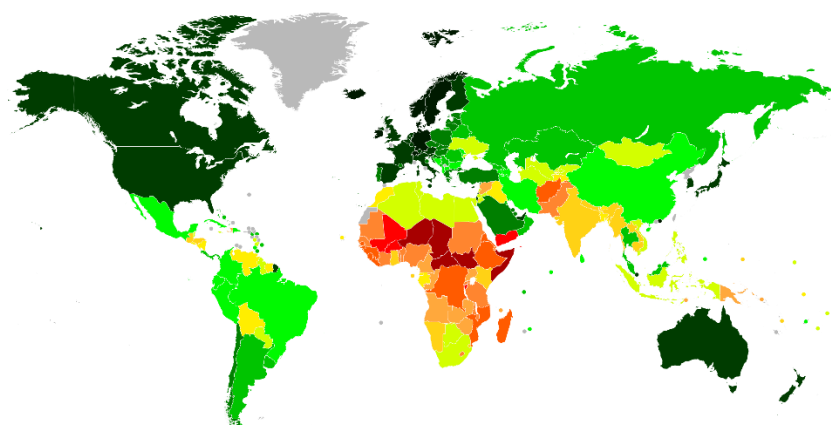
Development is about more than just economic growth, which is why the Human Development Index (HDI) includes social aspects like health and education, offering a more holistic view than GDP alone. While the HDI uses GDP as one of several indicators to measure economic development, it differs from indices such as the Happy Planet Index, which ignore GDP altogether. The HDI gains high global visibility through the annual publication of the Human Development Report by the United Nations Development Programme (UNDP). The data used for the HDI are available for the vast majority of countries and regions, making it possible to compare different countries. Additionally, the index is designed to be relatively simple and easy to understand.

Arguments against the HDI

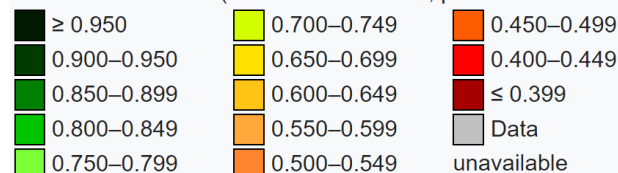
While the Human Development Index (HDI) is a valuable tool, it does have its limitations. One major issue is that the HDI uses national averages and simplifies complex aspects of human development into a single number, which can overlook important nuances. This means that significant differences within a country, such as those between regions or between urban and rural areas, are not visible. As a result, two countries with similar HDI scores could have vastly different levels of income distribution.

The selection and weighting of the individual elements used to measure human development are also controversial. Critics argue that the HDI takes into account relatively few factors and does not sufficiently acknowledge important aspects of human development, such as political and civil rights. Additionally, the reliability of data in many developing countries is questionable, which reduces the significance of the index.

Furthermore, the HDI does not consider environmental factors, such as ecological sustainability, which are increasingly important in the context of climate change. Lastly, it is important to note that the HDI was designed primarily for developing countries. Its significance is limited for industrialized countries like Germany or the USA, where goals such as literacy and life expectancy have largely been achieved.



World map of countries and territories by HDI scores in increments of 0.050 (based on 2022 data, published in 2024)





Fact Sheet

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Conclusion: