



**In depth**



# 3.1

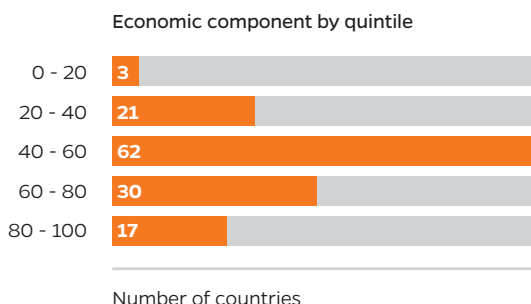
## The economic component

For the PCDI, economic policy coherence for development means economic policies that put a priority on the well-being of people and the planet. Increased economic growth as measured by GDP, which guides many economic policies today, is no longer considered the main point of reference when assessing the economic policy performance of countries from the perspective of the index. Instead, the PCDI will assess the extent to which taxation and finance are being used for the benefit of the majority of the people and are thereby contributing to global development. Thus, in the area of taxation, there will be an assessment of the efforts countries make to gather funds which enable them to guarantee universal access to basic social services and uphold economic, social and cultural rights; the extent to which fiscal policy is being used to combat inequality; the level of spending that countries earmark for environmental protection; and their commitment to fighting tax evasion and avoidance.

In the field of finance, the PCDI assesses the size of the banking sector, penalising countries with a disproportionately large banking sector given the risk this poses for global stability and governance, and likewise takes note of the level of external debt insofar as that increases the vulnerability of countries to outside events and the financial markets.

### OVERVIEW: DEEP-SET CONTRADICTIONS IN ECONOMIC BEHAVIOUR AROUND THE WORLD

An initial analysis of countries' performance on the economic component of the PCDI, summarised in an "economic ranking", shows that most countries (62 out of the 133 surveyed) are in the middle quintile of the ranking (40 to 60 range). Only 17 countries showed good performance on economic variables (scores above 80) and 3 had scores below 20.



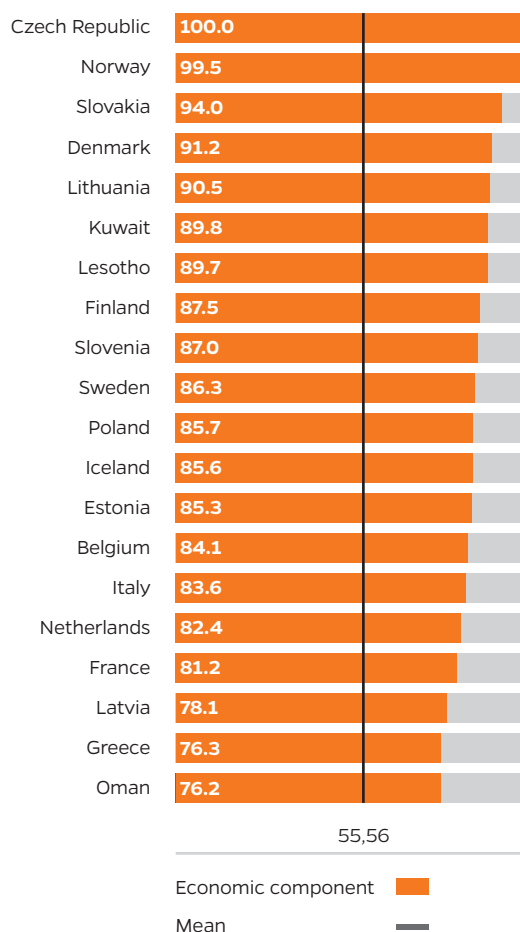
**FIGURE 8**  
Breakdown of countries according to the economic component of the PCDI by quintile

## THE BEST IN THE ECONOMIC RANKING: THE MOST REDISTRIBUTIVE COUNTRIES

The Czech Republic and Norway are first and second in the economic ranking, with very similar scores. Both are among the countries with the most redistributive fiscal policies. The Czech Republic is also the country that spends the highest percentage of its GDP on environmental protection while Norway is one of the five countries with the highest tax pressure.

Both countries are slightly penalised for the size of their banking sectors, which are disproportionately large in comparison to their economies, and for the level of financial secrecy which, although not excessively high, leaves room for improvement in terms of corporate transparency. In the case of the Czech Republic more could also be done to fight tax evasion.

Of the 20 highest scoring countries, only three are not European: Kuwait, Oman and Lesotho. Their high rank is attributable to their high tax revenues. In the case of Kuwait, these revenues are mainly from oil, and in that of Oman, from oil and natural gas. In the case of Lesotho, a large percentage is income received from the Southern African Customs Union of which it is a member alongside South Africa, Namibia, Botswana and Swaziland. We would note that these countries did not do as well in the overall PCDI ranking due to lower scores in other components (social, environmental, global and production). This illustrates the importance of the integrated, comprehensive view provided by policy coherence for development to government activity as opposed to other one-dimensional or sectoral analyses. Achieving high scores in the economic component does not automatically guarantee a good score in the general ranking.

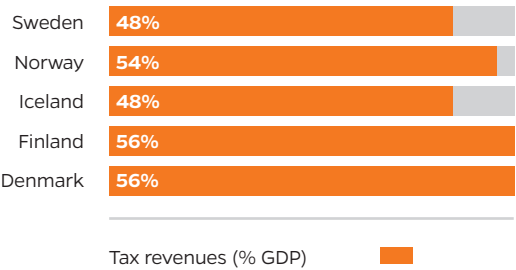


**FIGURE 9**  
The 20 top countries on the economic component

**Nordic countries lead both the economic and overall ranking**

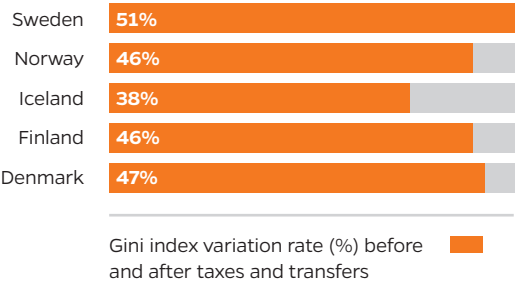
Norway, Denmark, Finland, Sweden and Iceland, worldwide reference points for their welfare model, stand out for their high levels of tax revenues and reduction of income inequality before and after taxes and transfers, which reflects their commitment to a decidedly redistributive fiscal policy and to mobilising domestic resources providing them with stable funding frameworks for their welfare states, thus contributing to fiscal sustainability by way of revenues as opposed to other strategies that prioritise public spending cuts.

The high score on these indicators is slightly offset by indicators measuring the size of the banking sector and its level of financial secrecy. All five countries have banking sectors that exceed up to 2.5 times (Finland and Denmark) the size of their economies. While their financial secrecy scores are not that bad, there is room for improvement in corporate transparency regulations, especially in Norway, Sweden and Iceland. If it were not for these penalties, these five countries would have the best scores on the economic component.



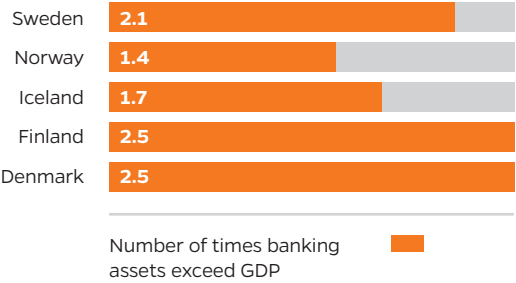
**Source:** Created in-house from the International Monetary Fund data, World Economic Outlook Database, April 2015.

**FIGURE 10**  
Tax collection in the Nordic countries



**Source:** Created in-house from data taken from The Standardized World Income Inequality Database.

**FIGURE 11**  
Inequality reduction in the Nordic countries



**Source:** Created in-house from Helgilibrary data.

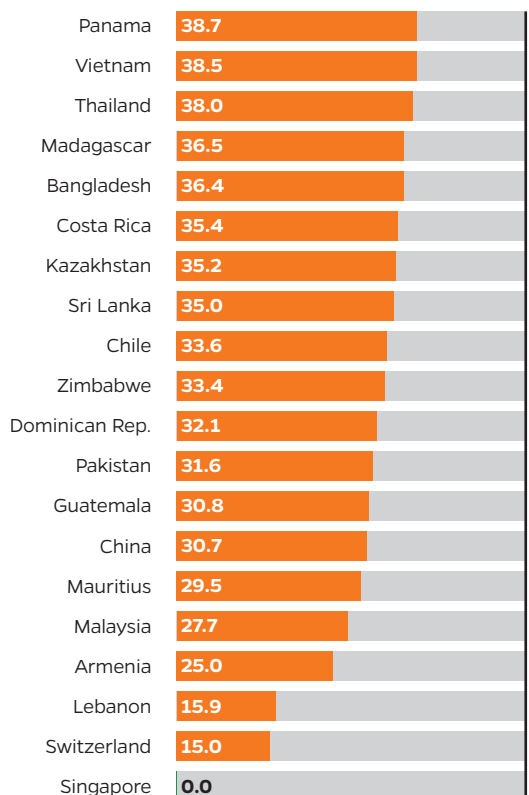
**FIGURE 12**  
Weight of the banking sector in the Nordic countries

## THE LOWEST: SINGAPORE AND SWITZERLAND

Singapore and Switzerland are at the bottom of the ranking. In other words, the economic policies of these two countries are the least coherent with development.

Singapore is last in the economic ranking. Despite being considered a “developed” or high-income country according to the World Bank classification, its economic policies are the least coherent of all of the countries surveyed. This is due to its relatively low tax burden and weak inequality reduction before and after taxes and transfers and to the disproportionate size of its banking sector and especially the high degree of financial opacity. All variables appear to indicate not only that the economic policies of this country fail to prioritise the welfare of the majority of its population, but that they also hinder the development prospects of other countries. This goes to show that a country’s level of income does not necessarily go hand-in-hand with its contribution or commitment to global development.

Switzerland, a country whose tax burden is close to the mean and has a relatively high level of inequality reduction, nonetheless received the second worst score on this component. This is due to the enormous weight of the banking sector in relation to the size of the Swiss economy (its banking assets are 4.5 times its GDP) and the fact that it is considered to be the country with the greatest financial opacity of the 133 surveyed. Switzerland dropped 100 places in the ranking due to its poor score on these two indicators.



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Economic component

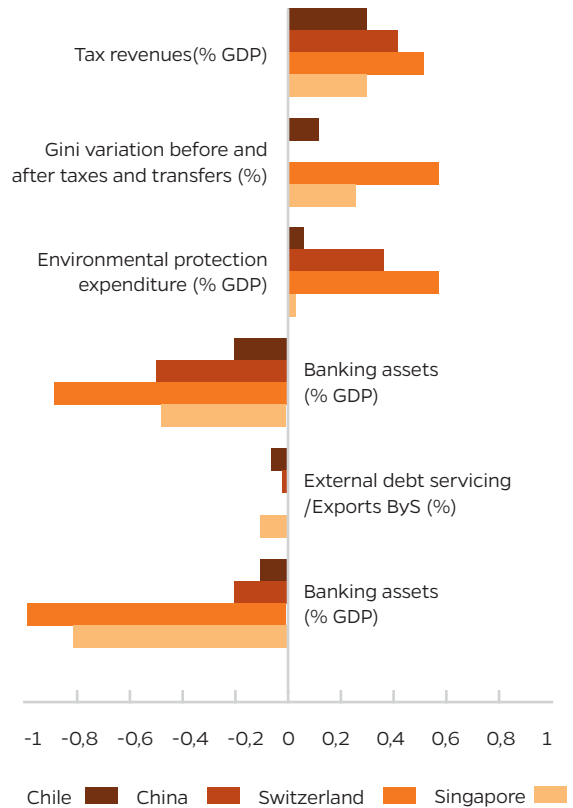
Mean

**FIGURE 13**

The 20 lowest-ranked countries  
on the economic component

Also striking is the very poor performance of another two high income countries, China and Chile: China ranks sixth from last and particularly stands out as the country with the worst score in redistribution and poor scores on banking sector size and financial secrecy. Chile also stands out for its low score on fiscal policy due to its limited ability to redistribute wealth and is also penalised (though significantly less than China) for the size of its banking sector and financial opacity.

**FIGURE 14**  
Performance of Chile, China, Switzerland and Singapore on the economic variables of the PCDI

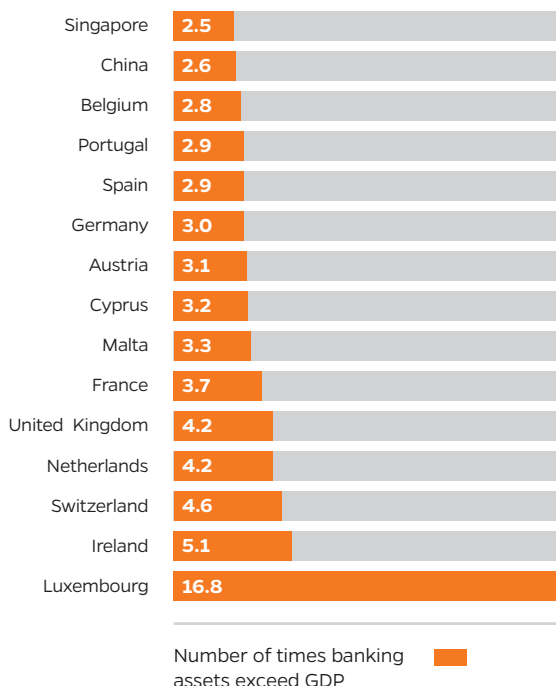


Switzerland receives the second worst score on the economic component because both the enormous weight of the banking sector relative to the size of its economy and the fact that it is the country with the greatest financial opacity of the 133 surveyed

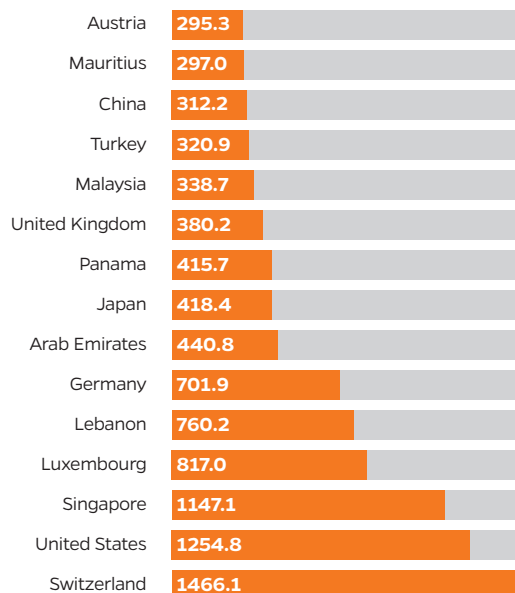
### Penalised by the disproportionately large size of the banking sector and financial secrecy

Countries with relatively good indicators in terms of tax burden and combating inequality were penalised in the economic ranking owing to poor scores on indicators related to the size of the banking sector and degree of financial transparency:

- Switzerland, the country with the highest degree of financial secrecy of those evaluated, fell 100 places in the ranking.
- Luxembourg, whose banking sector is nearly 17 times larger than the size of its economy, fell 94 places.
- The United States, the second most financially opaque country, fell 53 places in the ranking.
- The United Kingdom fell 44 places due mainly to the size of its banking sector which is four times its GDP.
- Ireland dropped 43 places mainly due to the size of its banking sector but also because of weakness in combating tax evasion and promoting corporate transparency.
- Germany, one of the 10 countries with the highest level of financial secrecy, fell 35 places.
- The Netherlands and France fell 15 places each, mainly due to their disproportionately large banking sectors.



Source: Created in-house from Helgilibrary data.



Source: Created in-house from Financial Secrecy Index data.

**FIGURE 15**  
Countries with the largest  
banking sector in relative terms  
**FIGURE 16**  
Countries with the highest  
levels of financial secrecy



## **DOES HIGHER INCOME MEAN GREATER COHERENCE ON THE ECONOMIC COMPONENT?**

An analysis of economic rank by income group revealed a positive relation between higher income and coherence in economic matters. However, this positive relation is not decisive, as evidenced by the fact that only 27% of the upper middle income countries are among the most coherent on the economic component and, as mentioned above, the fact that the two countries with the lowest levels of coherence, Singapore and Switzerland, are both high income countries,

Disparities in the degree of economic coherence between high and low income countries are due largely to differences in their tax systems. Higher income countries are able to collect more taxes and therefore have greater margin to implement redistributive fiscal policies to combat inequality. Low income countries, however, have to cope with numerous structural problems and shortcomings in their tax systems.

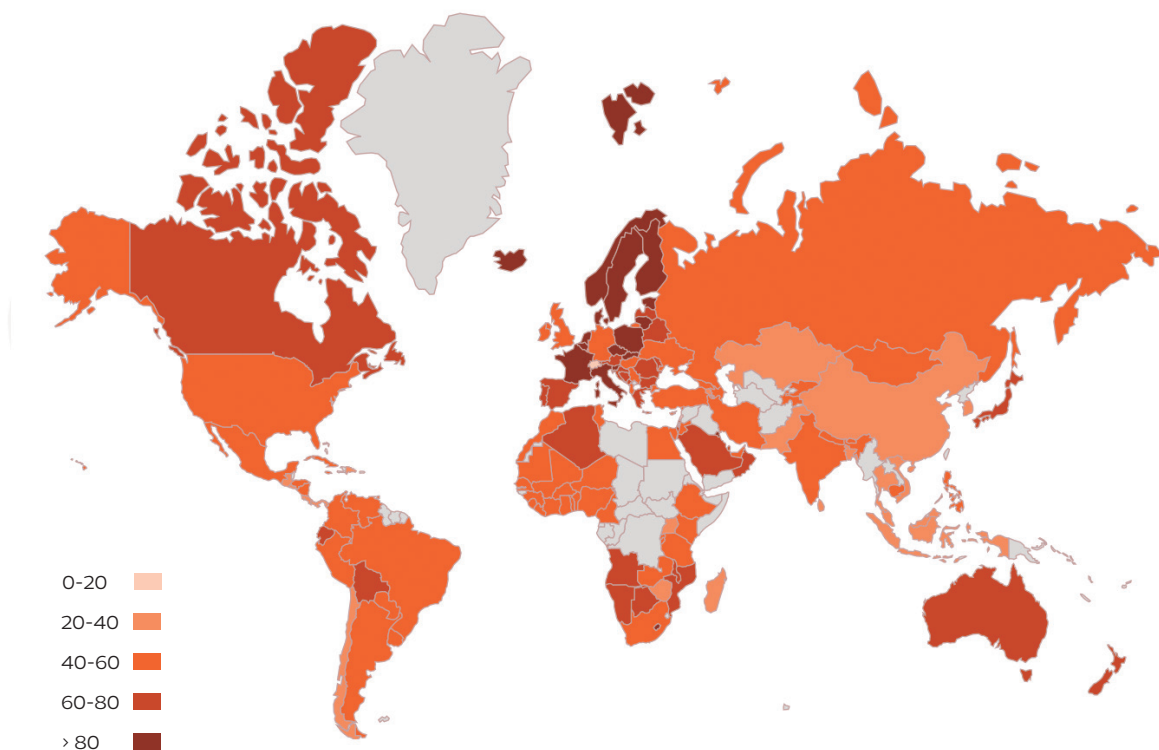
However, despite the better economic ranking achieved by higher income countries, attributable to greater tax revenues and redistribution, these are also the ones most penalised for the disproportionate size of their banking sectors and for their lack of financial transparency, both of these factors having a major impact on global development due to the constraints they pose for the potential development of other countries.

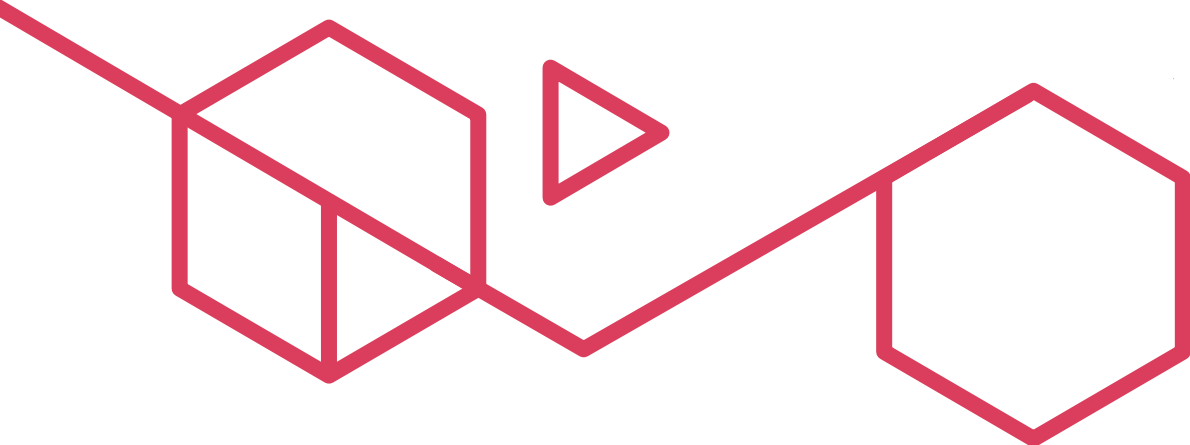
## THE ECONOMIC COMPONENT BY REGION

Western Europe, the United States and Canada is the region with the highest proportion of countries at the top of the economic ranking, followed by the Pacific and Oceania. Despite the risk for global development posed by the countries from the first group due to the disproportionately large size of their banking sectors and their financial opacity, they collect large amounts of tax and have high redistributive capabilities.

The Pacific and Oceania region is made up of four high income, very high HDI countries (Australia, Japan, New Zealand and South Korea). Of this group, South Korea is the only one showing poor economic coherence. South Korea's low score is mainly due to its tax burden (of the high-income countries evaluated, it has the lowest tax burden), weak redistributive effort and some penalisation for the size of its banking sector and level of financial secrecy.

East and South Asia are at the other end of the spectrum. All of the countries ranked as having the lowest degree of coherence are in these two regions. East Asia includes countries like China, Singapore and Malaysia where the banking sector is disproportionately large relative to the size of their economies and there is a high degree of financial secrecy. Unlike the Western Europe, the United States and Canada region, these drawbacks are not offset by higher tax burden and redistribution scores. Of the regions surveyed, South Asia is the one that, on average, collects and redistributes the least amount of taxes.





## 3.2

### *The social component*

The PCDI social component provides a snapshot of how satisfied citizens are with the social rights afforded them by their governments. It is obtained by evaluating six policy areas that define the social component profile: education, health, equality, employment, social protection and science and technology. For the PCDI, a social component that is more coherent with the principles of development is one that receives sufficient public funding in a framework of equality and universality based on a human rights approach. The quality of services, of employment and life expectancy, citizen participation in the implementation of these services, their accessibility and affordability, and gender as a cross-cutting component taking account of the status of women relative to society as a whole, are its essential defining elements.

Assessment of the social aspects of public policy from the aforementioned vantage point not only involves indicators measuring the status of countries in terms of satisfaction levels with social services, but also incorporates other variables that best account for the level of satisfaction from a rights-based perspective.

Social protection is therefore considered specifically alongside variables measuring education and health services, in terms of public spending devoted to this purpose, and specifically examines the percentage of the population receiving old age pensions and how well the protection system addresses the poorest 20% of the population in each country.

The gender perspective is not confined to equality policy but is considered in all of the areas examined. Thus, our index includes variables related to the gender gap in employment, to work-life balance focusing on pre-school childcare, as well as unpaid care-giving as a proportion of working women. While it is true that there are still no reliable worldwide data on this type of care-giving to measure the contribution of this type of unpaid work to the economy, we have included the best available estimates of what we call unpaid family workers. Similarly, the analysis focuses on school enrolment rates by gender and the proportion of women graduates from tertiary studies over the total number of graduates.

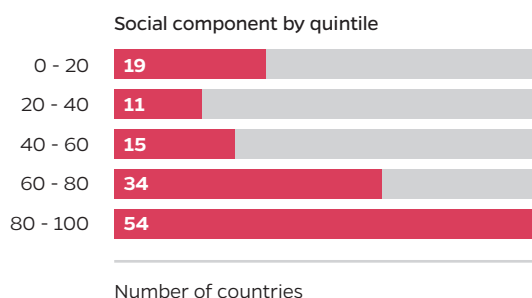
In short, the social component provides an overview of how countries redistribute resources by implementing active, inclusive social policies to guarantee the protection and exercise of rights, while creating opportunities within a framework of equality with special attention to the most disadvantaged and most discriminated groups. Country performance is measured not only in terms of employment rates, life expectancy and school enrolment, but also in terms of employment stability, healthy life expectancy and enrolment in universal, participatory and quality education.

## AN OVERVIEW OF THE SOCIAL COMPONENT RANKING: POSITIVE OVERALL RESULTS

Of the 133 countries surveyed, 54 are in the highest quintile of the social component ranking mainly because the PCDI sample of countries (determined on the basis of data availability) is skewed towards a larger relative number of high income countries (48) and countries from the regions of Europe, United States and Canada (30) and the Pacific and Oceania (4). Of the 54 countries with the highest score on the social component (80 to 100), 42 are high income countries, 30 are from Europe, the US and Canada and four from the Pacific and Oceania. This distribution indicates that there is significant relation between income level/geopolitical location and the highest scores on the social component. This is corroborated by the fact that 34 countries earned scores between 60 and 80, six of them high income and 24 upper middle-income countries; and that of the 45 countries that scored below 60, only five were are not lower-middle or low-income countries, and that 29 of the 31 sub-Saharan countries surveyed were in this under 60 group.

As regards the social component, most countries, 84, are above the mean (64.27) while 49 are below, indicating that the world as a whole performs reasonably well on the social component.

**FIGURE 17**  
Breakdown of countries  
according to the PCDI social  
component by quintile



COUNTRIES WITH THE HIGHEST SOCIAL COMPONENT SCORES

Iceland, Norway and Sweden lead the social ranking, followed by Cyprus and Estonia. The top 20 countries are all European except for Australia, ranked ninth, and New Zealand, ranked 17th. This top-ranking group is composed of five types of countries, all with good performance on the social component: the Nordic countries, EU countries with high and low incomes (15 of the 20 are EU-28 countries), several countries from the former communist bloc and two from Oceania.

To provide a representative graphic image of this group of the top 20 countries in the social component, we took ten of them and made two groups of five countries each. The first group is made up of one country from each of the five types mentioned based on their population and importance: from the group of Nordic countries we chose Sweden; from the two EU country groups, the United Kingdom and Croatia; from the group of former communist bloc countries, Belarus, the only country of the 20 from Central Asia and Eastern Europe; and from Oceania, Australia. The second group was formed of countries with the largest gap between their social component scores and their overall PCDI score. Again, one country from each of the five types mentioned was chosen. This group consists of Denmark, Austria, Cyprus, Hungary and New Zealand.

School enrolment rates in these countries is nearly 100%. There are very few children not enrolled from primary through secondary school indicating that the right to education is effective and of high quality. They also have the lowest student per teacher ratios in pre- and primary school and very low repetition rates, the highest percentages for which are found in Slovakia (2.8%) and Hungary (2.5%). Therefore, their scores were not penalised by overcrowded classrooms or high academic failure rates. In these countries, women outnumber men in higher education: over 54% of those who graduate and earn a university degree are women.

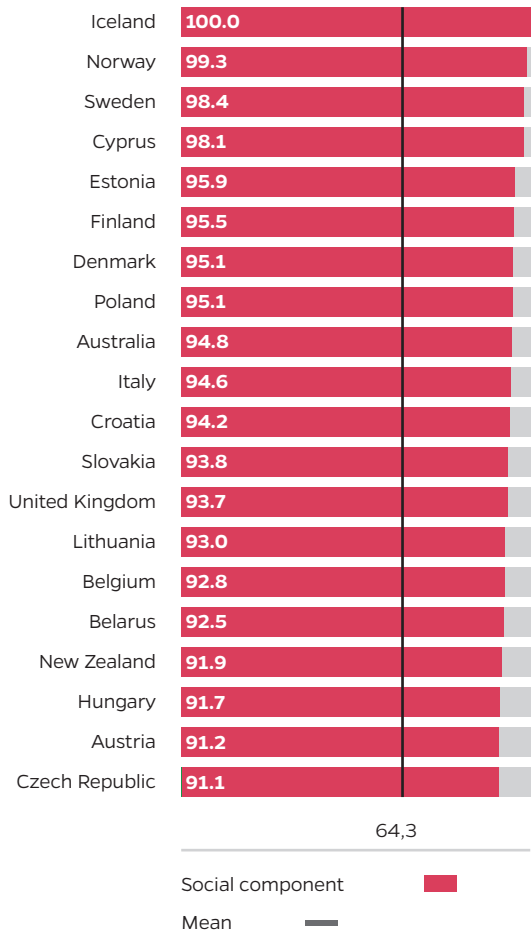
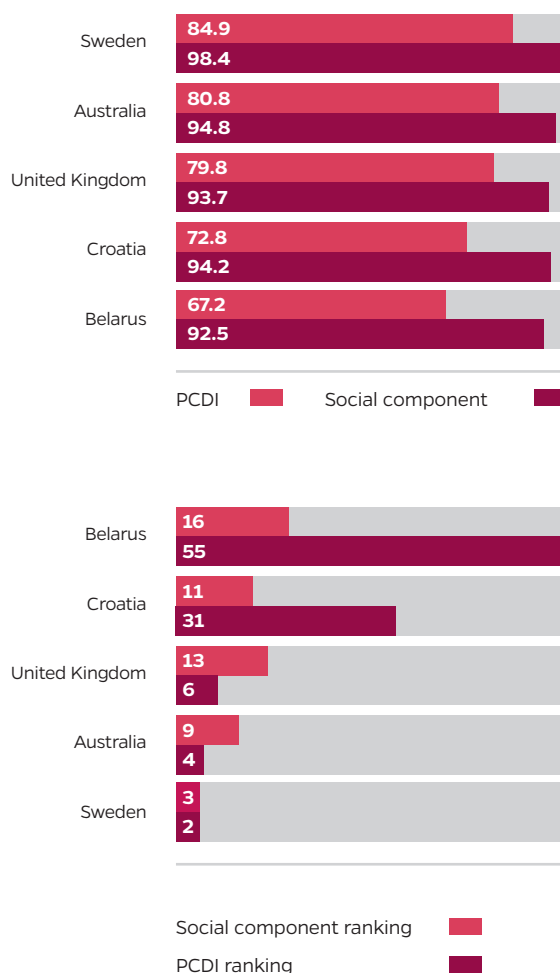


FIGURE 18  
Top 20 countries in  
the social component

GROUP 1			GROUP 2		
COUNTRY	PCDI	SOCIAL	COUNTRY	PCDI	SOCIAL
Sweden	84.89	98.42	Cyprus	74.77	98.14
Australia	80.80	94.79	Denmark	89.60	95.09
Croatia	72.77	94.20	New Zealand	73.74	91.90
United Kingdom	79.77	93.71	Hungary	71.27	91.74
Belarus	67.20	92.52	Austria	64.22	91.18

These are countries that devote large sums of public money for so-called social spending, from 30.8% of GDP in Denmark to 15.8% in Belarus. Moreover, this spending has a major impact on benefits for the poorest fifth of the population. Generally over 20% of social spending is earmarked for the poorest, the most sensitive countries in this connection being Poland, Australia and Croatia, that spend over 40% of their social budget on the poorest fifth of the population. The country in this group which spends the least on the poorest members of society is Italy, with only 8%. In these countries the elderly are well provided for through to pension schemes. Eight countries cover 100% of the elderly and in all of the other countries over 83% of the elderly population receives a pension with the exception of Croatia where coverage is only provided for 57.6% of the elderly.



**FIGURE 19**

Comparison of overall PCDI and social component scores in Group 1

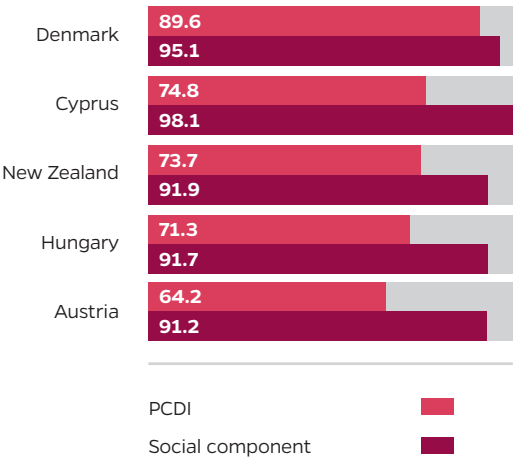
**FIGURE 20**

Comparison of overall PCDI and social component ranking in Group 1

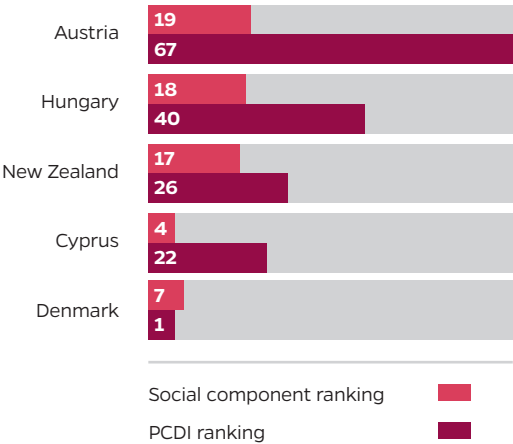
These countries also have good maternity leave schemes; all exceeding Iceland’s 91 days and most over 120 days. The country with most compulsory maternity leave days is Croatia with 406, followed by the UK and Australia with 364 and Norway with 245. They all also have good legal coverage of gender-based violence and sexual harassment, except for Belarus and Hungary which do not recognise such crimes, and take a front-running stance in the United Nations on the rights of the LGBT population. All these countries have fewer women than men engaged in vulnerable employment and low rates of unpaid family workers and therefore their scores are not penalised by the extent of vulnerable employment that especially affects women in other countries.

In the area of health, all these countries exceed the average healthy life expectancy of 65 with the exception of Belarus where it is 62. The number of hospitals per 100,000 inhabitants ratio is good, near or above the world average of 1.5. In all countries, access to sanitation is above Belarus’ 92%, resulting in a high rate of environmental health.

It is important to note that not all countries in this group with the highest social component scores have high overall PCDI scores. This indicates that the social component has only relative impact on overall policy coherence for development. Looking at the countries in groups 1 and 2, variation is observed in terms of overall PCDI scores and some actually did quite poorly, which is the case of Croatia (31), Hungary (40), Belarus (55) and Austria (67), despite their very good performance on the social component.



**FIGURE 21**  
Comparison of overall PCDI and social component scores in Group 2



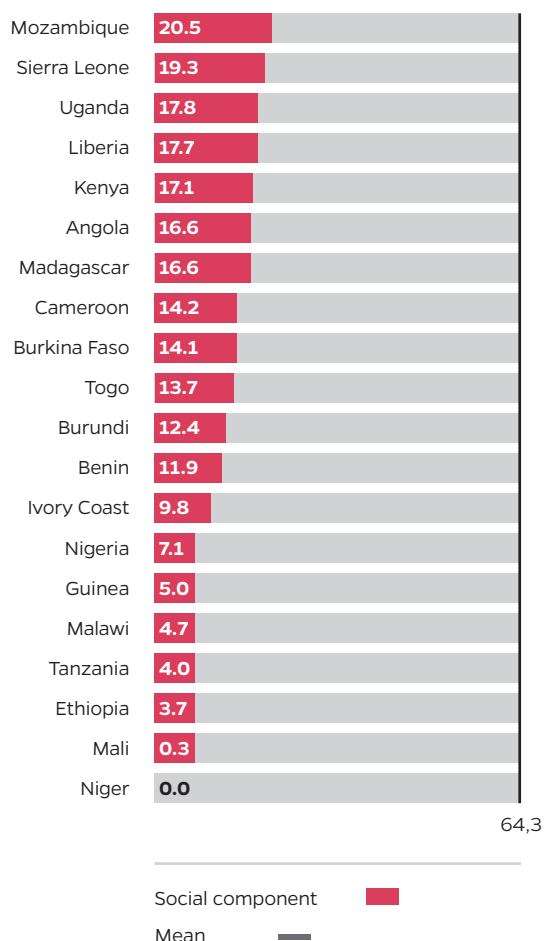
**FIGURE 22**  
Comparison of overall PCDI and social component ranking in Group 2

## THE COUNTRIES WITH THE LOWEST SOCIAL COMPONENT SCORES

The 20 lowest-ranking countries on the social component earned scores below the 20.54 threshold corresponding to Mozambique, ranked number 114. All 20 are from Sub-Saharan Africa and most are low-income countries. The only low-middle income countries are Kenya, Ivory Coast, Cameroon and Nigeria, and Angola which is in the upper-middle income range. As the figure illustrates, all of these countries scored far from the mean social component score of the 133 countries surveyed.

In this case the group is much more homogeneous both in terms of its geopolitical makeup and the difference vis-à-vis overall PCDI ranking, which is why we selected only one group of five countries to represent the entire group.

These are some of the countries with the lowest scores on the different indicators. For instance, Angola has the lowest school enrolment rate for girls compared to boys in primary education, i.e. only 7.6 girls for every 10 boys. We also have the countries with the lowest survival rate in secondary school, Malawi and Niger, where only 31% and 44% of students, respectively, complete secondary school. If we consider penalising variables, Liberia stands out as one of the countries where over half of the children are not enrolled in primary school and where six out of ten do not attend school at all; Tanzania, with the highest student-teacher ratio in pre-school with 82 pupils per teacher; and Malawi with the highest student-per-teacher ratio in primary school at 69. There is also Burundi, with the highest percentage of students repeating grades at 29%. Burundi also has the lowest percentage of graduates in tertiary education in the world, 28%, while Benin has the lowest number of women enrolled at this level of education, at 2.6 women for every 10 men.



**FIGURE 23**  
The 20 lowest-ranking countries  
on the social component

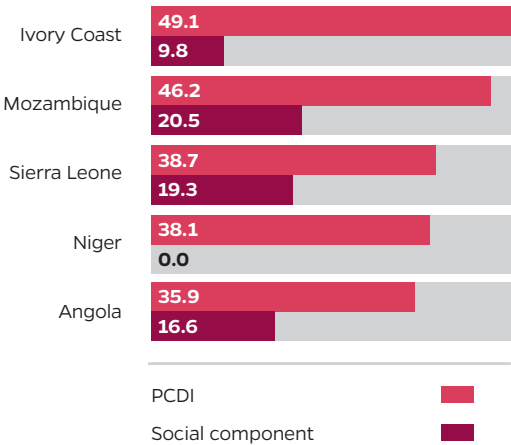


In these countries one cannot speak of social protection systems since public spending for social programmes is below the 6.8% of GDP in Angola and Tanzania, and the average of the 20 countries is just over 4%. This results in an average of only 7.9% of the elderly having old age pensions in these 20 countries, with coverage ranging from 17.3% in Mozambique to 2.1% in Sierra Leone. None of these countries show any relevant impact of such benefits on the poorest 20% of the population, such impact being under 15% in all cases.

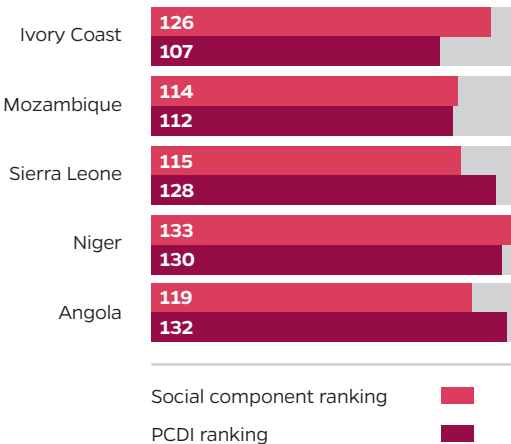
With the exception of Burundi which has laws against sexual harassment and gender-based violence, these countries have no specific legislation or only barely deal with violence in marriage. Seven of the 20 countries take a stance at the UN in favour of LGBT rights but the rest do not. Average official maternity leave for the group is 88 days and none of them exceeds 98 days. All countries in the group were penalised equally for having a moderate rate of unpaid female workers, with the exception of Tanzania which has a much higher rate (38%). In all cases, more women than men are subject to vulnerable employment but that did not entail a major penalisation in scoring the social component of these countries.

Healthy life expectancy is among the lowest in the world, ranging from 39 years in Sierra Leone and 44 in Angola to 56 in Ethiopia. Only Ivory Coast and Kenya register near the world average of 1.5 hospitals per 100,000 inhabitants, while most countries in this group have fewer than 0.6 hospitals per 100,000 inhabitants. Only about one in four people in this group of countries has access to basic sanitation, the lowest figures being recorded for Niger (10%), Madagascar (12%) and Sierra Leone (13.3%).

Social component scores were lower than overall PCDI scores in all the countries of this group, although overall PCDI scores were still low in all cases. Kenya is the country in this group with the highest PCDI rank at 106,



**FIGURE 24**  
Comparison of overall PCDI  
and social component  
scores in Group 3



**FIGURE 25**  
Comparison of overall PCDI  
and social component  
ranking in Group 3

the worst being Angola at 132. Unlike the top 20 countries on the social component, there are no major differences between the social component ranking of these countries and their overall PCDI ranking, the biggest difference being found in Malawi (18 places) and the Ivory Coast (19 places). This would seem to indicate that these countries perform equally poorly on the social component and the rest of the PCDI components.

### **THE SOCIAL COMPONENT ACCORDING TO COUNTRY INCOME AND HDI**

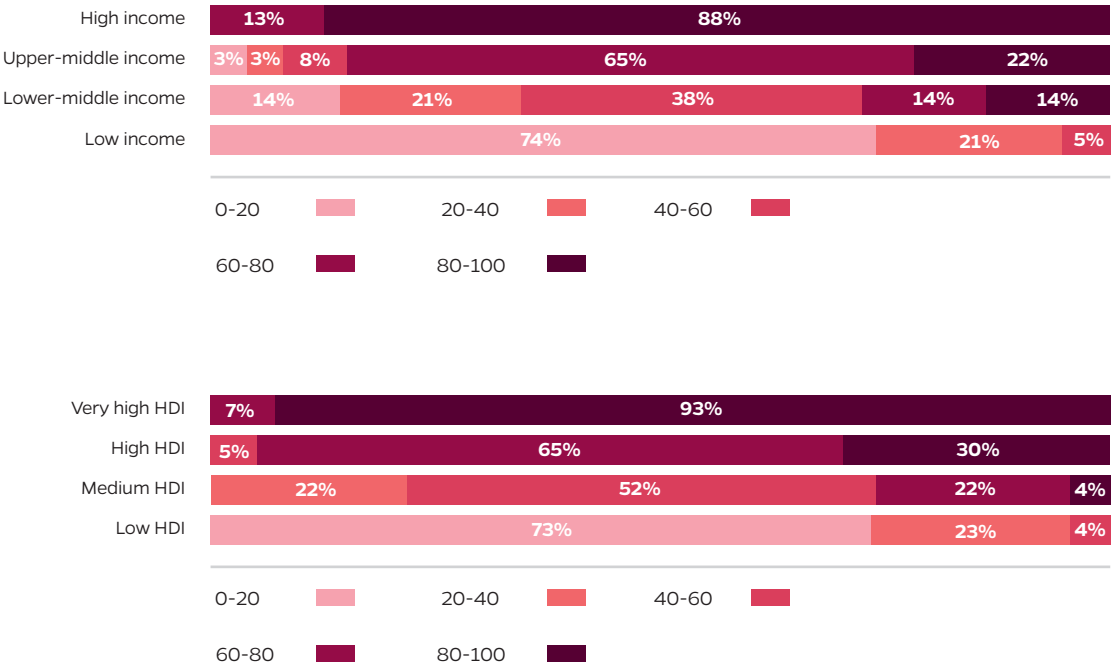
There is a strong positive relation between per capital income and good performance on the social component. As the figure shows, most high-income countries earned high scores (80-100), nearly two thirds of the upper-middle income countries earned medium to high scores (60-80); just over 70% of low-middle income countries earned low to medium scores (20-80), and three-quarters of the low-income countries earned low scores (0-20).

There is an even higher correlation among countries in regard to the HDI: all countries with a low HDI are in the bottom quintile, while 93% of countries with a high HDI are in the top quintile. This makes sense given that the HDI incorporates some social policy indicators that resemble the variables used for the PCDI social component.

For the PCDI, a social component that is more coherent with the principles of development is one that receives sufficient public funding in a framework of equality and universality based on a human rights approach

These two analyses show strong relation between countries’ level of development measured more traditionally and social coherence. The most novel contribution made by the PCDI as compared with these analyses is that it contextualises this coherence in other dimensions of development from a global perspective providing a much broader map of the development process.

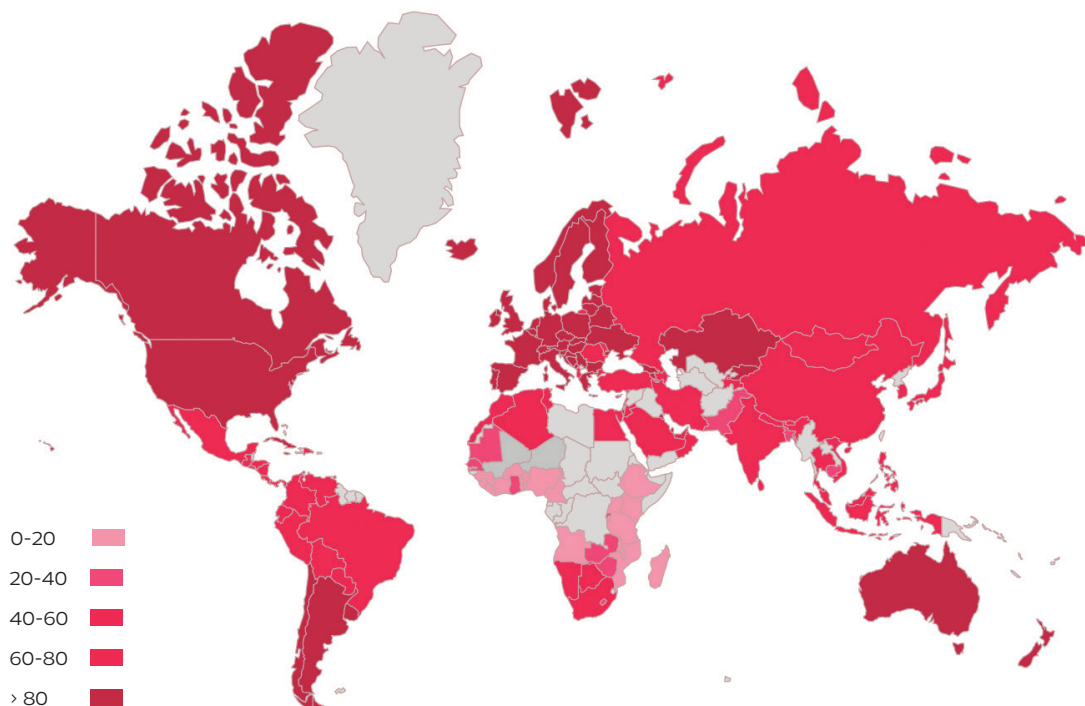
**FIGURE 26**  
Breakdown of countries  
by income on the social  
component  
**FIGURE 27**  
Breakdown of countries  
by HDI on the social  
component



## THE SOCIAL COMPONENT BY REGION

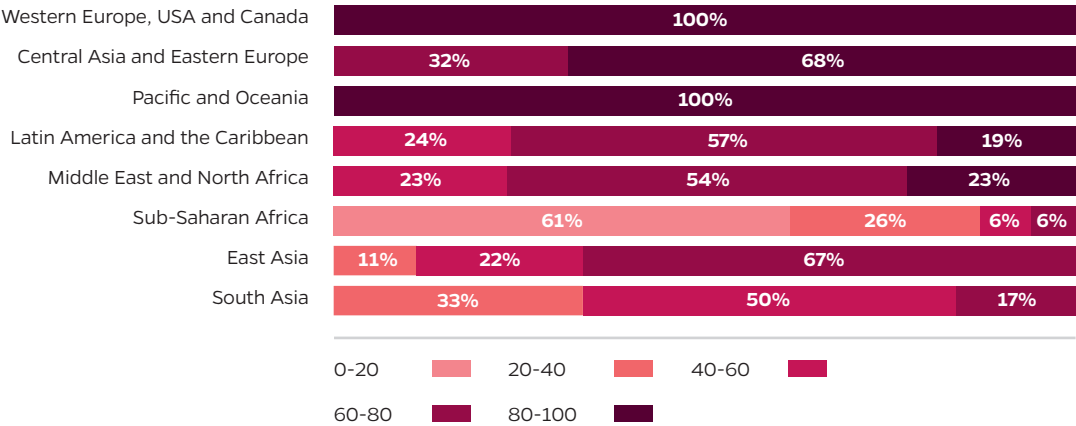
The social component ranking shows a very diversified breakdown of countries in each geopolitical region. Three regions are found to hold most of the positions in the highest quintile (80-100): all countries from the region of Western Europe, the United States and Canada and the Pacific and Oceania.

These regions are joined by many countries from Central Asia and Eastern Europe, only four countries from Latin America and the Caribbean (Uruguay, Cuba, Argentina and Chile) and three from the Middle East and North Africa (Israel, Kuwait and Qatar). Most countries from these latter two regions scored in the middle range (60-80), except for five Latin American and Caribbean countries (Honduras, El Salvador, Nicaragua, Guatemala and Bolivia) and three North African and Middle Eastern countries (Iran, Morocco and Egypt), with the lowest scores for both regions in the 40-60 range.



In Central Asia and Eastern Europe there were only six countries (Moldova, Romania, Azerbaijan, Albania, Tajikistan and Turkey) whose score put them in the upper middle quintile (60-80). As for the rest of Asia, of the nine East Asian countries only three scored below the upper middle quintile (60-80), two of these (Vietnam and Indonesia) in the middle quintile (40-60) and only one country (Cambodia) scored in the lower middle (20-40). Only one of the six South Asian countries, Sri Lanka, scored in the upper middle quintile (60-80) and two, Bangladesh and Pakistan, in the lower middle quintile (20-40).

At the other extreme, the lowest quintile (0-20) is made up exclusively of 19 of the 31 Sub-Saharan African countries. Only two countries from this region (Botswana and Namibia) scored in the middle quintile (40-60) and two others (Mauritius and South Africa) scored in the upper middle quintile (60-80).

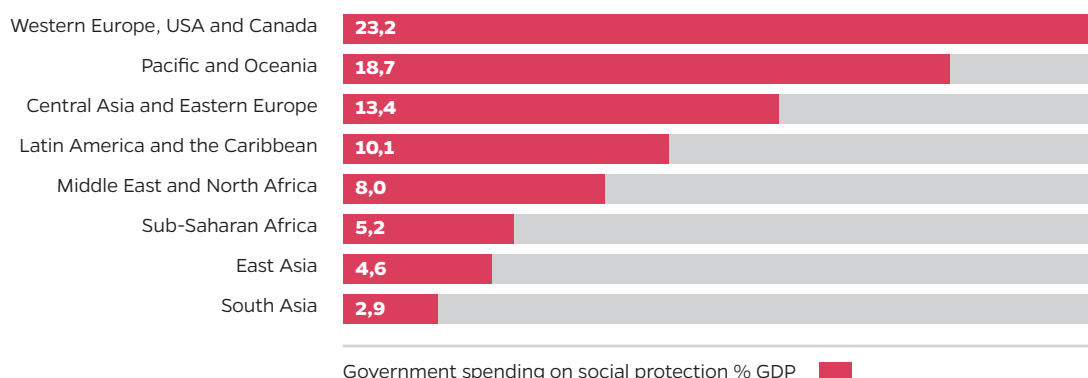


**FIGURE 28**  
Breakdown of countries by  
geopolitical region on the  
social component

### What are the differentiating factors in the social component? Social protection, employment vulnerability, freedoms and equality rights

While all variables have an impact on the final result, social protection schemes are the most important factors that account for differences between regions. The two leading regions spend an average of 18% and 23% of their respective GDP on social protection. The remaining regions invest between half and 10 times less than Western Europe.

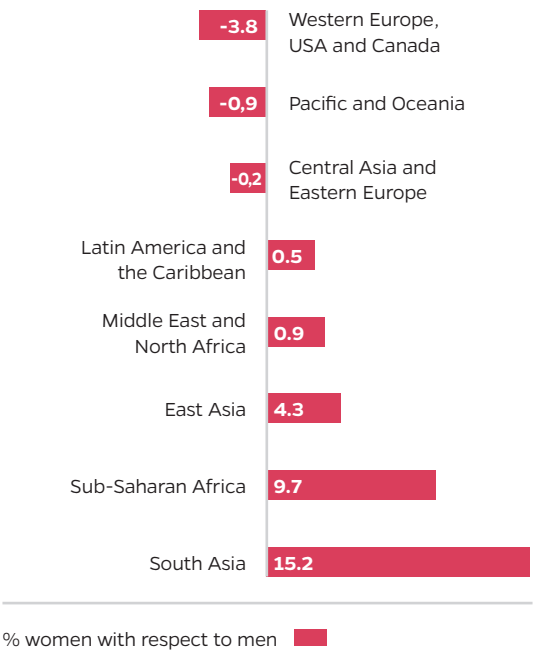
As for variables hampering development, the biggest differences are found in the gender gap in relation to vulnerable employment. While in the regions that scored the highest on the social component there are as many or even more men with vulnerable employment, in other regions more women are engaged in this sort of employment. The percentage of unpaid female employment also has a serious impact on the opportunities and living standard of many women, seriously limiting their social advancement in most of the regions with the greatest number of countries with the lowest social ranking.



**Source:** Created in-house from ILOSTAT data, several years.

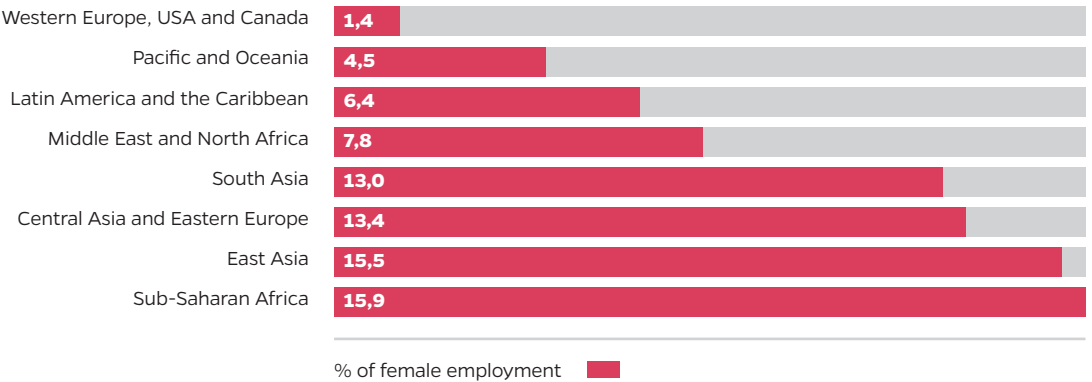
**FIGURE 29**  
Public expenditure on  
social protection by region

The relatively high rank of Central Asia and Eastern Europe is mainly due to infrastructure and legislative factors, very likely a legacy from their time as former socialist bloc countries. We would draw attention to the average 178 days of compulsory maternity leave and, in terms of infrastructure, the 3.44 hospitals per 100,000 inhabitants, rivalled only by the average of the four Oceanian countries.



**Source:** Created in-house from World Bank data, several years.

**FIGURE 30**  
Gender gap in vulnerable  
employment by region



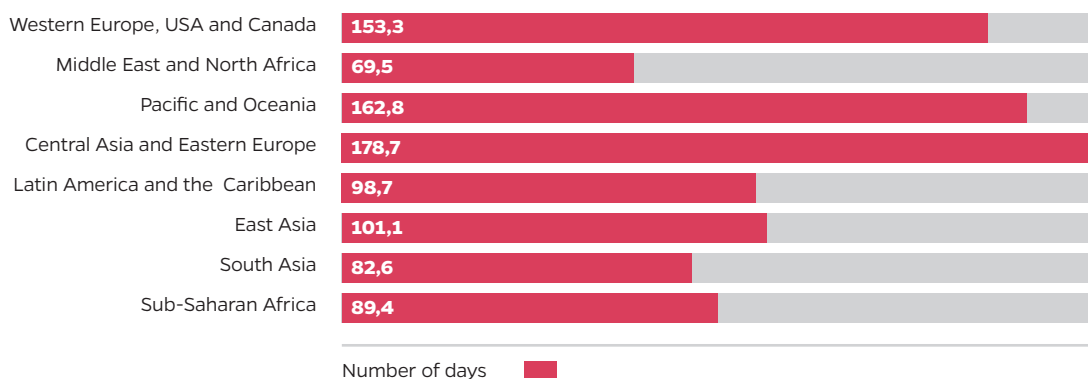
**Source:** Created in-house with World Bank data, several years.

**FIGURE 31**  
Unpaid family workers  
by region

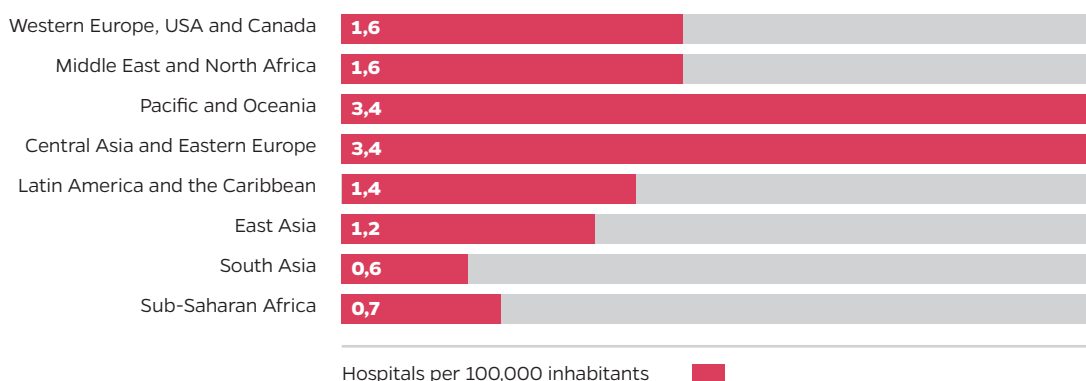
Sub-Saharan Africa has the lowest figures for practically all variables except vulnerable employment (where South Asia is worse): maternity leave, laws against gender-based violence and stance taken at the United Nations on LGBT rights —concerning which the figures are even lower than the already extremely low average of the Middle East and North Africa, regions where most countries take a clearly discriminatory stance towards this community.

Restrictions on women's freedoms and rights are also a major problem for the Middle East and North Africa in the social component. This region earned the lowest score on legislation and prosecution of crimes of violence against women.

**FIGURE 32**  
Average length of  
maternity leave by region  
**FIGURE 33**  
Average hospital  
density by region



**Source:** Created in-house from UN Women data.



**Source:** Created in-house from World Health Organisation data.

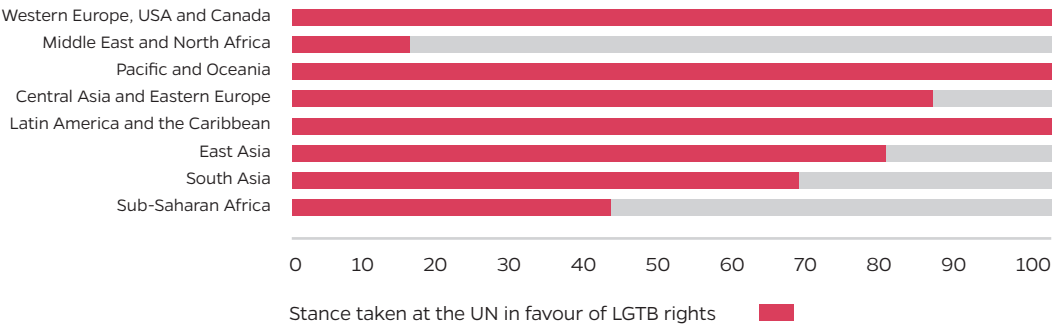


This variable is one of the few where Latin America and the Caribbean lead other regions, along with the two variables referring to the percentage of women enrolled in tertiary education (where the Middle East and North Africa earned the highest score) and to the percentage of women who complete this level of education.

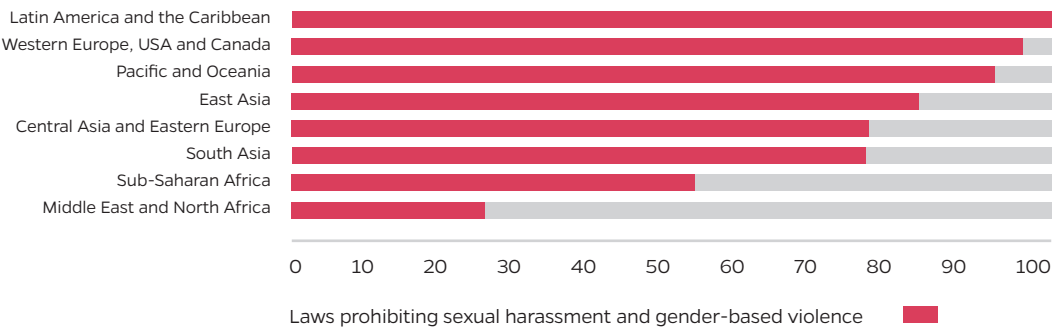
**FIGURE 34**  
Stance taken at the United Nations on LGBT rights by region

**FIGURE 35**  
Legislation against sexual harassment and gender-based violence by region

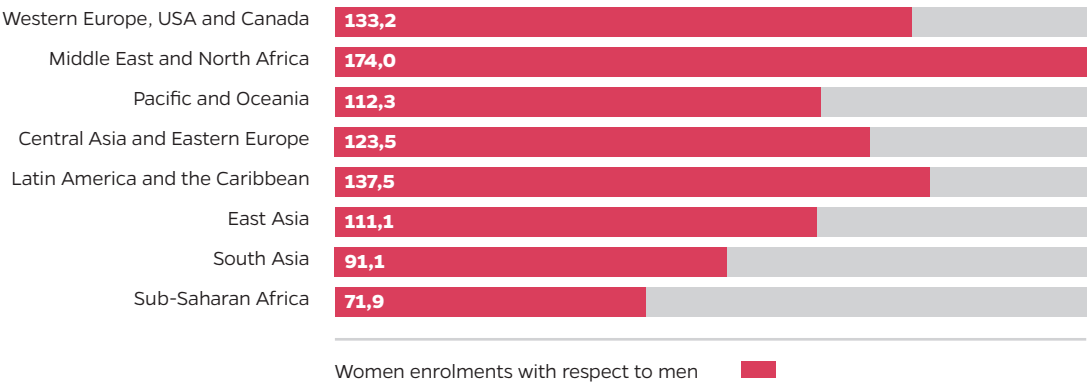
**FIGURE 36**  
Enrolment ratio of women to men in tertiary education by region



Source: Created in-house from UN data.



Source: Created in-house from UN Women data.



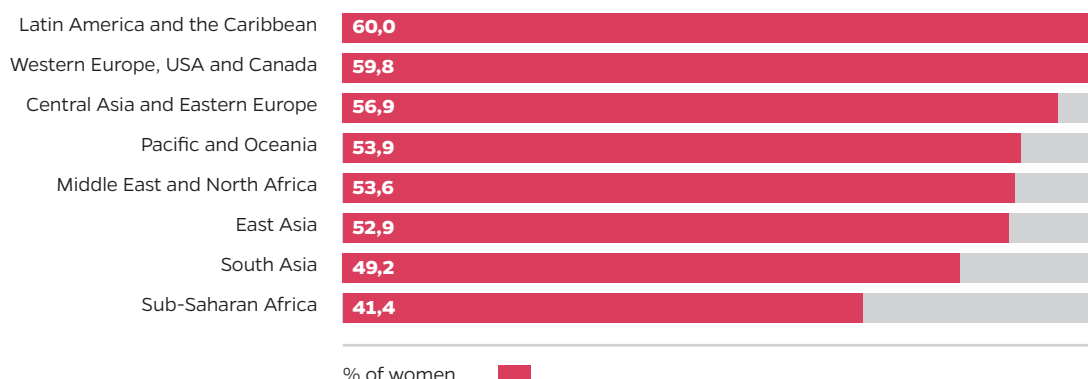
Source: Created in-house from UNESCO data.

However, the region of Latin America and the Caribbean stands out the most for its treatment of the poorest segment of the population, showing a very high percentage of impact of benefits on the poorest quintile of the population in comparison to other countries.

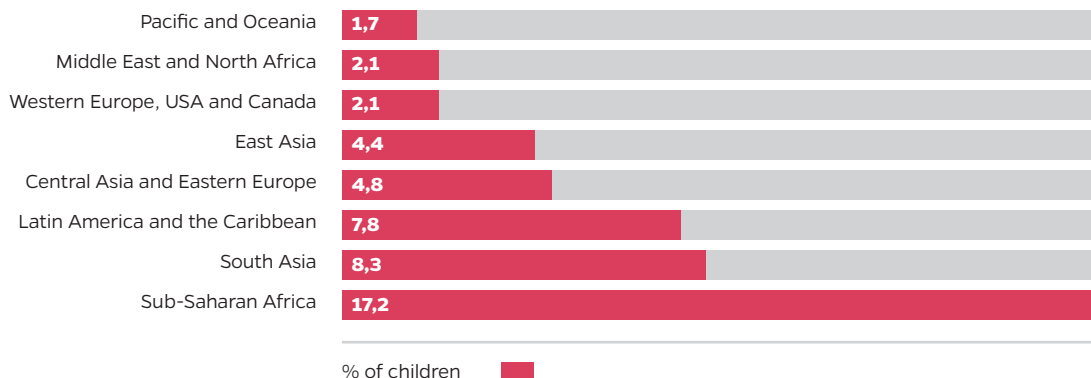
**FIGURE 37**  
Percentage of women graduates in tertiary education by region

**FIGURE 38**  
Children not enrolled at the prescribed age for commencing primary education by region

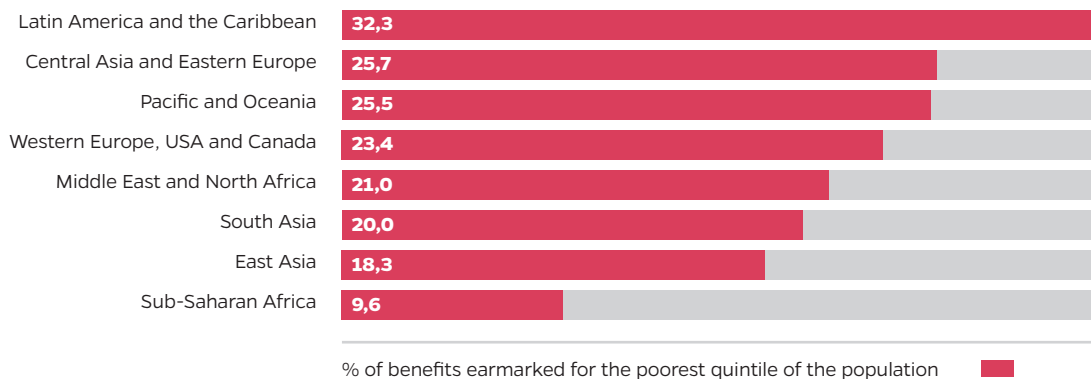
**FIGURE 39**  
Impact of social benefits on the poorest quintile by region



Source: Created in-house from UNESCO data.



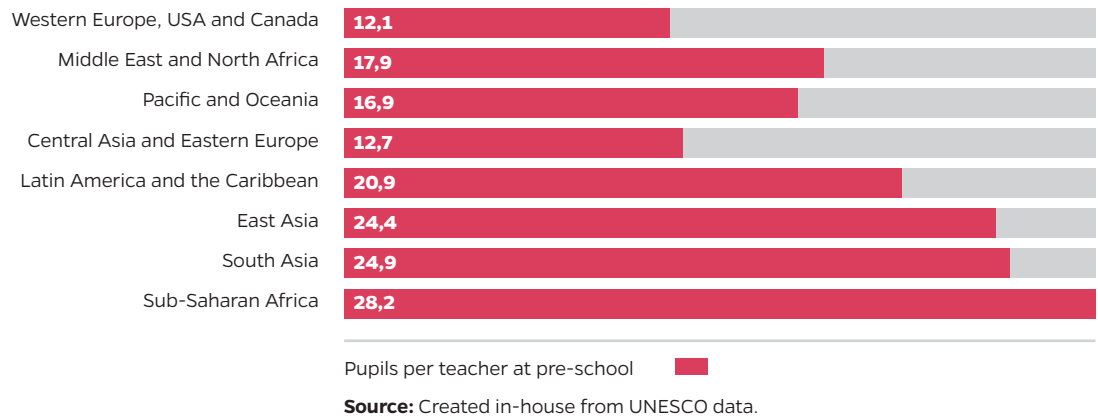
Source: Created in-house from UNESCO data.



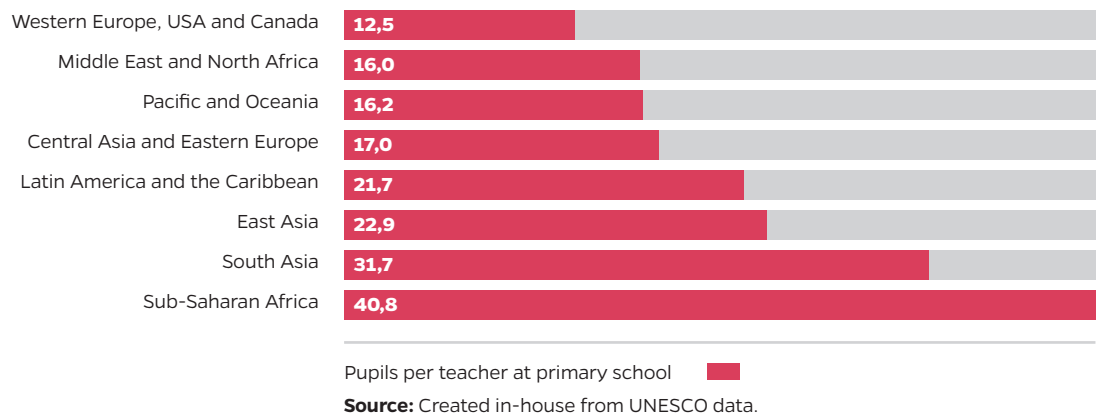
Source: Created in-house from World Bank data.

Both South and East Asia are severely penalised by their high student-teacher ratios at pre-school and primary school, pointing to serious overcrowding in the classroom.

**FIGURE 40**  
Student-teacher ratio  
in pre-school education  
by region



**FIGURE 41**  
Student-teacher ratio  
in primary school  
education by region





## 3.3

### *The global component*

The global component of the PCDI shows country coherence in a number of areas contributing to global governance such as peace and human security, international cooperation, support for multilateral governance fora on issues such as development and sustainability, migration and human mobility, the international legal framework on human rights, international justice and the arms trade. In addition to these areas, the global component analyses a number of other elements that stand in the way of human security and, as a result, decrease the likelihood of building global democratic governance based on human rights, conflict prevention and peace building. Militarisation is the main element detracting from coherence on the PCDI global component.

#### **AN OVERVIEW: GEOPOLITICS ARE DECISIVE IN COMMITMENT TO GLOBAL DEVELOPMENT**

Based on the analysis of the overall ranking in chapter 2, with very few exceptions the countries with the best PCDI rank are the same ones that rank high on the global component.

We find the top positions being held by high income countries and those with the best scores on the human development index. This same relation holds true for the lowest ranked countries on the global component. Therefore, although there is no denying the relevance of income levels and HDI, a deeper understanding can be gained by focusing on geographic and political factors as discussed in greater detail in this chapter, which appear to have a greater influence on the performance of different countries on the global component.

This makes sense, as this is a component where geopolitics and being located in areas subject to ongoing armed conflict have an obvious impact on many policy decisions relating to global governance. This explains why, although the PCDI did not include countries engaged in armed conflicts due to the lack of recent data, countries affected by conflict or located in areas heavily influenced by conflict, perform worse on the global component as a result.

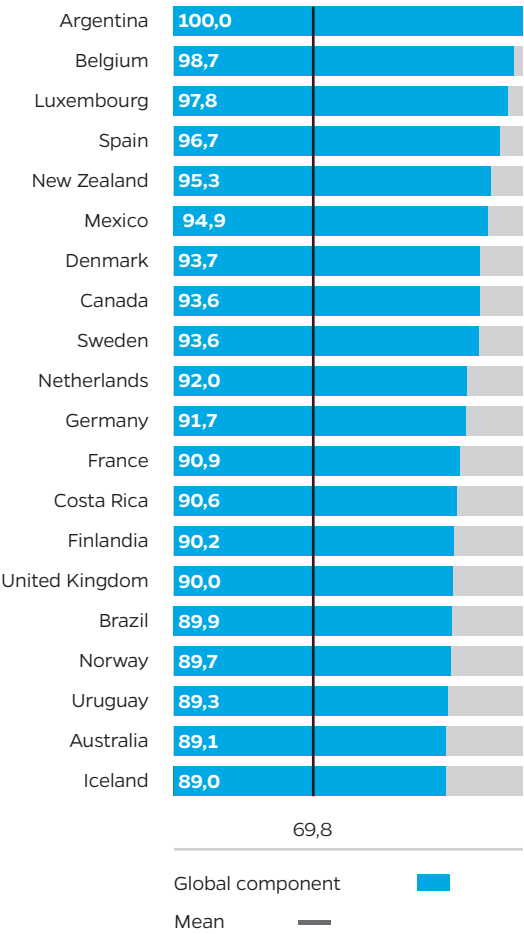
**An international regulatory framework created by (and benefiting) the West**

Just as the geopolitical situation is important in explaining countries’ performance on the global component, historical-political factors also go a long way in explaining how the international regulatory framework for global and democratic governance was defined. When interpreting the results of the global component, one should bear in mind that the regulatory framework and international treaties were established under the leadership of a large group of Western countries and international organisations. While this fact does not invalidate or discredit the analysis, it does provide a better understanding of the fact that, in general terms, Western countries are the ones that show greater commitment to the international regulatory framework, which is not neutral.

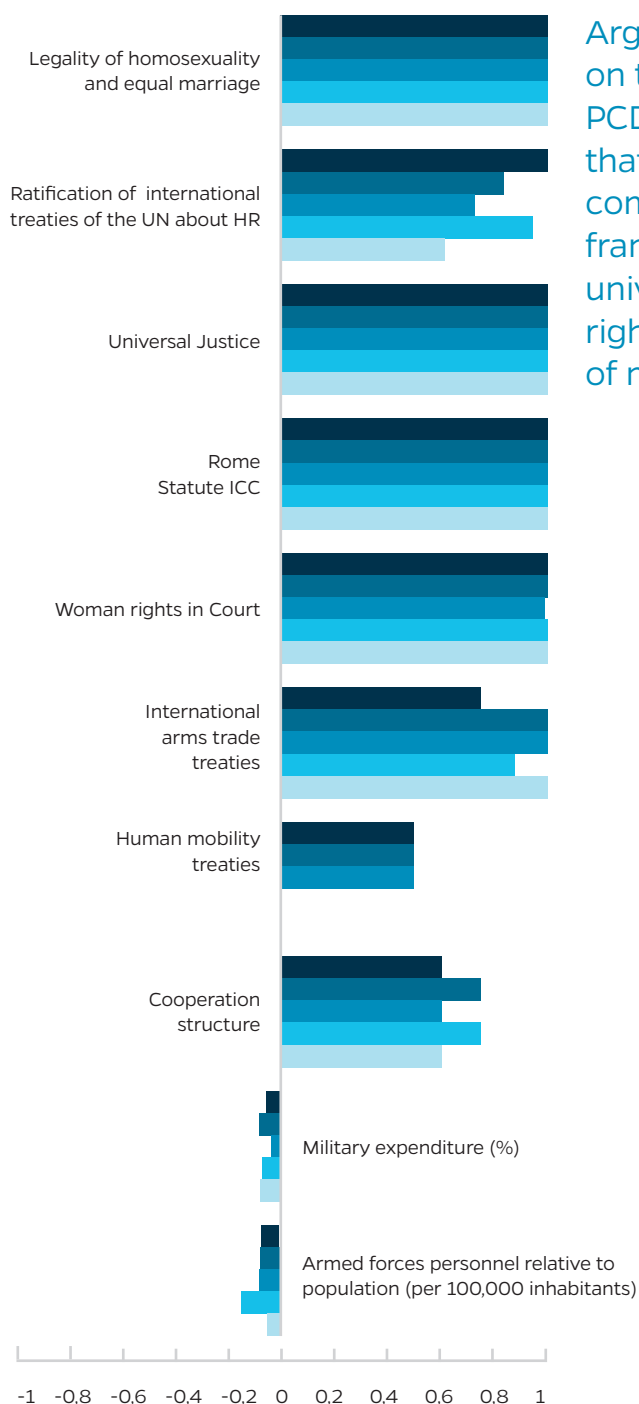
**THE MOST COMMITTED TO THE GLOBAL COMPONENT**

Argentina ranks number one on the global component of the PCDI. It is one of the countries that combines a high level of commitment to the international framework of human rights and universal justice and women’s rights with low levels of militarisation.

Along with Argentina, there are three European countries, Belgium, Luxembourg and Spain, and one Oceanian country, New Zealand, holding the top five positions on the PCDI global component. As with Argentina, all of these countries combine deep respect for the international framework of human rights and universal justice and low levels of militarisation as compared to the average for the countries surveyed in the PCDI. Spain differs slightly in this regard, as it is more militarised than the other four global component leaders.



**FIGURE 42**  
The top 20 countries on the global component



Argentina ranks number one on the global component of the PCDI. It is one of the countries that combines a high level of commitment to the international framework of human rights and universal justice and women's rights with low levels of militarisation

FIGURE 43

Performance on the PCDI global component variables of Argentina, Belgium, Luxembourg, Spain and New Zealand

THE LEAST COMMITTED TO THE GLOBAL COMPONENT: OMAN, SAUDI ARABIA AND SINGAPORE

Oman was by far the lowest on the global component. It has the highest military spending as a proportion of GDP and ranks eighth in terms of size of its armed forces relative to population. Of the countries included in the PCDI, it is also among the least committed to the international framework of human rights and universal justice and international arms trade treaties. The countries with the next lowest performance on this component are Saudi Arabia and Singapore. All three are high-income countries with very high HDI.

Of the 20 lowest-ranking countries, all very far from the global component average of the countries surveyed, these three scored quite a bit lower than even their already low-ranking counterparts in terms of commitment to global democratic governance and they are therefore considered the three least coherent countries on the basis of the criteria included in the PCDI global component.

A closer look at these 20 lowest-ranked countries in the global component reveals that there are fewer high-income, very high HDI countries than at the other extreme of the ranking. Despite this fact, there is still a significant representation of high-income, high HDI countries and very few low-income, low HDI countries in this segment.

Unlike the top 20 countries on the global component, the 20 lowest ranked are more homogeneous in geopolitical terms than in terms of income or HDI level. Of these 20 countries, a total of 12 pertain to the Middle East and North Africa region, three to South Asia, two to East Asia, two to Sub-Saharan Africa and one to Central Asia and Eastern Europe. No country from Latin America and the Caribbean, Western Europe, United States and Canada or the Pacific and Oceania are among the 20 lowest ranked on this component.

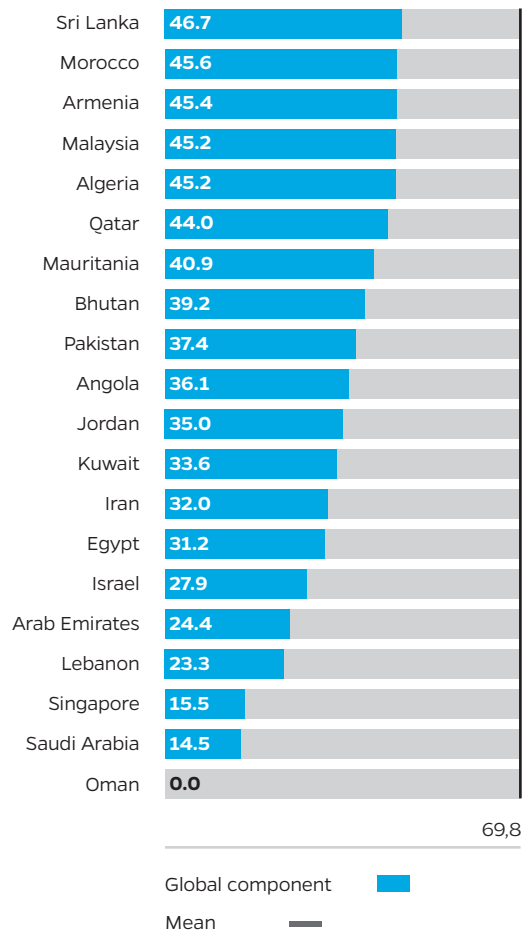
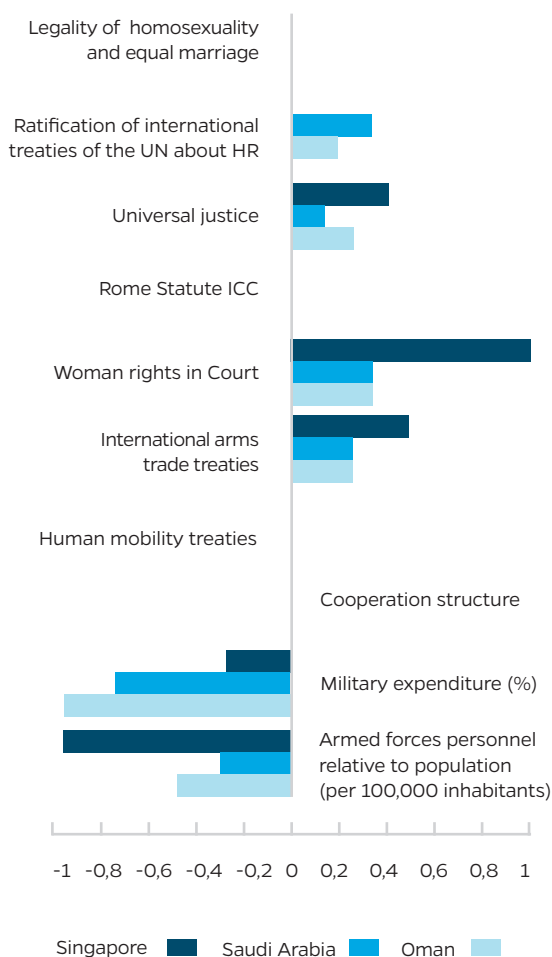


FIGURE 44  
The 20 lowest-ranking countries on the global component



**FIGURE 45**  
Performance on the PCDI  
global component variables  
for Singapore, Saudi Arabia  
and Oman

Top 30 countries on the global component		Lowest 30 countries on the global component	
High income: 22	Very high HDI: 21	High income: 8	Very high HDI: 7
Upper middle income: 6	High HDI: 6	Upper middle income: 12	High HDI: 14
Lower middle income: 1	Medium HDI: 2	Lower middle income: 8	Medium HDI: 4
Low income: 1	Low HDI: 1	Low income: 2	Low HDI: 5

### INCOME, HDI AND COMMITMENT TO GLOBAL DEVELOPMENT

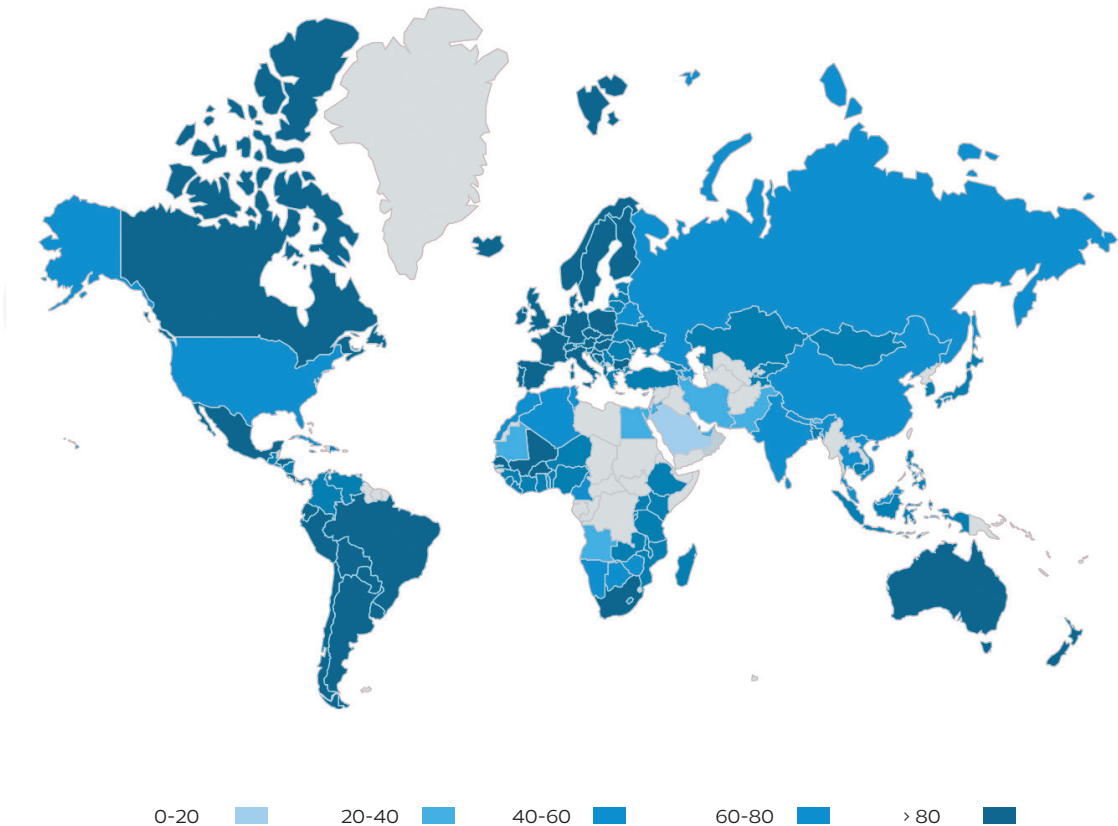
While it is true that high income, very high HDI countries rank the highest, a significant number of highly developed countries, defined as such by traditional income and HDI classifications, are among the lowest ranked on the global component. It can therefore be concluded that the global component is not unequivocally determined by income and HDI levels.

No one reason for this was found: on the one hand, low income, low HDI countries generally have lower levels of militarisation. On the other hand, many high income, high HDI countries have failed to firmly commit to the international framework of human rights and universal justice, international arms trade treaties and protection of migrants and displaced persons. All of this adds a number of qualifiers to the undeniable relation between higher income and HDI and good performance on the global component. However, the reasons why different countries perform a certain way on the global component differ significantly and do not always coincide with income or HDI criteria. The regional analysis discussed in the next section clarifies some of the reasons behind the performance of different groups of countries on the global component.



### COMMITMENT TO GLOBAL DEVELOPMENT BY REGION

The global component was put together based on an approach to global governance which is affected by geopolitical considerations, power distribution and global responsibilities. Therefore, for the global component as well, a regional analysis will make greater differentiations and offer more analytical options than an income or HDI-based approach.



### Western Europe, United States and Canada

The performance of the region made up of countries from Western Europe, the United States and Canada is quite homogeneous and many of them are among those earning the highest PCDI scores. Ninety percent of the countries of this region rank in the top half of the global component and most are among the top 50. Three countries, Estonia, Greece and the United States, scored significantly lower than the rest of the countries in the region.

On average, this region performed the best on the PCDI global component. However, some countries, such as Greece, the United States and, to a lesser degree Estonia, performed more poorly on the global component. The poor performance of the United States and Estonia is due to weak commitment to some of the major international frameworks for human rights and universal justice. In the case of the United States, the country in the region with the lowest global component ranking, this is specifically due to its lack of commitment to the International Criminal Court, as it is not a signatory of the Rome Statute, and to international treaties on human rights, human movement and the arms trade.

Greece's high level of militarisation mostly accounts for its poor ranking. Greece's performance on other indicators contributing positively to the global component is on par with the regional average and on some it is significantly higher, its law regarding human movement being a case in point. Greece's poor score on the global component is therefore due to its degree of militarisation, as it is the most militarised country of the region.

COUNTRIES	GLOBAL COMPONENT RANKING	GLOBAL COMPONENT SCORE
Belgium	2	98.7
Luxembourg	3	97.8
Spain	4	96.7
Denmark	7	93.7
Canada	8	93.6
Sweden	9	93.6
Netherlands	10	92.0
Germany	11	91.7
France	12	90.9
Finland	14	90.2
United Kingdom	15	90.0
Norway	17	89.7
Iceland	20	89.0
Austria	21	88.6
Hungary	24	87.9
Switzerland	25	87.8
Ireland	26	87.5
Czech Republic	27	87.5
Portugal	32	84.6
Croatia	34	83.9
Poland	35	83.9
Italy	40	83.5
Slovakia	43	82.2
Slovenia	46	81.7
Malta	47	81.4
Latvia	52	80.0
Lithuania	56	78.1
Estonia	72	71.9
Greece	86	66.8
United States	100	59.4

### Latin America and the Caribbean

The performance of Latin America and the Caribbean on the global component is extremely heterogeneous. This is a region comprised of 21 countries with varying social, political and economic realities and, particularly from a subregional point of view, immersed in differing geopolitical contexts. This heterogeneity, already apparent in the general PCDI ranking, is even more evident regarding the global component, where Argentina scored the highest on this component while Cuba came in last in the region. The rest of the countries are scattered between these two extremes. Despite this heterogeneity, most of the region's countries are in the middle of the global component ranking.

The region as a whole is more coherent than the average. The basic reason for this good performance is the countries' low level of militarisation owing to the region's geopolitical context and few armed conflicts. Only Colombia and, to a lesser degree Cuba, Uruguay, Bolivia, Ecuador and Chile, are an exception to this low level of militarisation.

COUNTRIES	GLOBAL COMPONENT RANKING	GLOBAL COMPONENT SCORE
Argentina	1	100
Mexico	6	94.9
Costa Rica	13	90.6
Brazil	16	89.9
Uruguay	18	89.3
Panama	28	87.3
Honduras	30	84.9
Chile	31	84.8
Ecuador	33	84.6
Paraguay	36	83.9
Peru	41	83.1
Bolivia	48	81.2
Venezuela	50	80.4
Nicaragua	55	78.3
Dominican Republic	59	77.4
Guatemala	60	77.0
El Salvador	62	75.9
Colombia	68	73.1
Trinidad and Tobago	78	69.7
Jamaica	93	64.4
Cuba	106	55.9

## Pacific and Oceania

Despite being the smallest region in number of countries, the Pacific and Oceania's performance on the global component was very heterogeneous. The global component ranking ranged from fifth place for New Zealand to 94th for Japan.

Oceanian countries performed well in the areas contributing to this component and are not overly militarised, particularly New Zealand. In contrast, the Asian countries are less committed to the areas contributing to this component (especially Japan) and also scored higher on the penalising indicators. This is especially the case with South Korea, which is highly militarised in comparison to the rest of the countries in the region.

Japan was particularly surprising as the worst ranked country in the region. The reason for this negative performance was not its militarisation, as it is one of the least militarised countries in the region (practically on par with New Zealand), but rather due to its weak commitment to human rights. It is the only country in the region that has not signed the Rome Statute on the International Criminal Court and has a poor track record when it comes to signing international arms trade treaties.

COUNTRIES	GLOBAL COMPONENT RANKING	GLOBAL COMPONENT SCORE
New Zealand	5	95.3
Australia	19	89.1
South Korea	90	65.5
Japan	94	63.5

Japan was particularly surprising as the worst ranked country in the region. The reason for this negative performance is due to its weak commitment to human rights

### Sub-Saharan Africa

As with Latin America and the Caribbean, Sub-Saharan Africa is extremely heterogeneous on the global component. The 31 countries comprising the region were ranked from position 22 (South Africa) to 123 (Angola) on the ranking.

The degree of militarisation is only significant in four countries, Angola, Mauritania, Namibia and Zimbabwe, and accounts for their low rank on this component.

However, there are two areas in which the countries in this region stand out and account for Sub-Saharan Africa’s performance on the global component: the signing and ratification of the Rome Statute on the International Criminal Court, signed by most countries in the region, and the degree of recognition of gender equality in basic aspects of the legal systems of many of this region’s countries.

COUNTRIES	GLOBAL COMPONENT RANKING	GLOBAL COMPONENT SCORE
South Africa	22	88.1
Burkina Faso	29	86.0
Mali	38	83.6
Senegal	39	83.6
Niger	51	80.3
Ivory Coast	53	79.1
Ghana	57	78.1
Madagascar	61	76.6
Mauritius	64	75.0
Nigeria	66	73.5
Benin	67	73.2
Kenya	69	73.1
Uganda	70	72.9
Lesotho	73	71.7
Sierra Leone	75	70.8
Rwanda	76	70.5
Liberia	77	69.8
Guinea	79	68.7
Mozambique	82	67.6
Ethiopia	84	67.0
Malawi	87	66.8
Burundi	88	66.4
Tanzania	89	65.5
Zambia	91	64.7
Botswana	97	60.9
Cameroon	98	60.3
Namibia	99	59.9
Togo	102	58.0
Zimbabwe	113	49.6
Mauritania	120	40.9
Angola	123	36.1

### Central Asia and Eastern Europe

As in the two previous cases, Central Asia and Eastern Europe is also a region characterised by heterogeneity in terms of its performance on the PCDI global component. The region's 19 countries are scattered throughout virtually the entire continuum of the global component: Bosnia, the region's highest ranking country came in at 23 on the global component while Armenia, the least coherent with global development, was ranked at 116.

The regional average for Central Asia and Eastern Europe is practically the same as that of Sub-Saharan Africa. The main reason that some of these countries did not score well on the global component is that most of them (12 out of 19) are highly militarised, above the average of the countries surveyed. Indeed, the size of the military relative to the population penalised many of the countries of this region, this being the indicator on which it had the lowest scores. The Middle East and North Africa was the only region that scored lower.

COUNTRIES	GLOBAL COMPONENT RANKING	GLOBAL COMPONENT SCORE
Bosnia and Herzegovina	23	88.1
Albania	37	83.9
Macedonia	42	82.3
Bulgaria	44	81.9
Moldavia	45	81.8
Romania	58	77.7
Tajikistan	63	75.9
Cyprus	65	74.6
Georgia	71	72.0
Serbia	74	71.5
Ukraine	80	68.5
Kazakhstan	81	67.9
Turkey	95	62.7
Kyrgyzstan	96	61.8
Azerbaijan	104	56.6
Montenegro	107	53.8
Russia	108	53.3
Belarus	109	52.5
Armenia	116	45.4

East Asia

A broad range of scores was exhibited by the nine countries of East Asia on the global component. While these countries scored under the mean on the global component, they ranged from place 49 held by the Philippines, the leading country in the region, to place 131 held by Singapore. With the exception of Singapore, the scores earned by these countries were mostly due to their weak commitment to the international regulatory framework. They were not strongly penalised for excessive militarisation.

COUNTRIES	GLOBAL COMPONENT RANKING	GLOBAL COMPONENT SCORE
Philippines	49	80.6
Mongolia	54	78.4
Cambodia	83	67.6
Indonesia	85	66.8
China	101	59.1
Vietnam	103	56.6
Thailand	112	50.3
Malaysia	117	45.2
Singapore	131	15.5

South Asia

The region of South Asia is made up of six countries that, for the most part, performed homogeneously on the global component. All six are in the lower part of the global component ranking, between positions 92 and 122. Bangladesh, ranked at 92, outperformed the other countries in the region. This is the region with the second lowest global component performance after the Middle East and North Africa.

COUNTRIES	GLOBAL COMPONENT RANKING	GLOBAL COMPONENT SCORE
Bangladesh	92	64.6
India	110	51.5
Nepal	111	51.1
Sri Lanka	114	46.7
Bhutan	121	39.2
Pakistan	122	37.4

Regional performance is below the mean. Penalisations and poor results on the variables positively contributing to the global component account for this poor performance. Although it is not one of the most militarised regions, it does include countries such as Sri Lanka which is highly militarised, and two nations, India and Pakistan, which are nuclear powers. The region’s poor overall performance on global component indicators also accounts for its poor ranking: on average the region’s countries exhibit weak commitment to the international frameworks for human rights and universal justice (only Bangladesh ratified the Statute of Rome), the arms trade and human mobility.

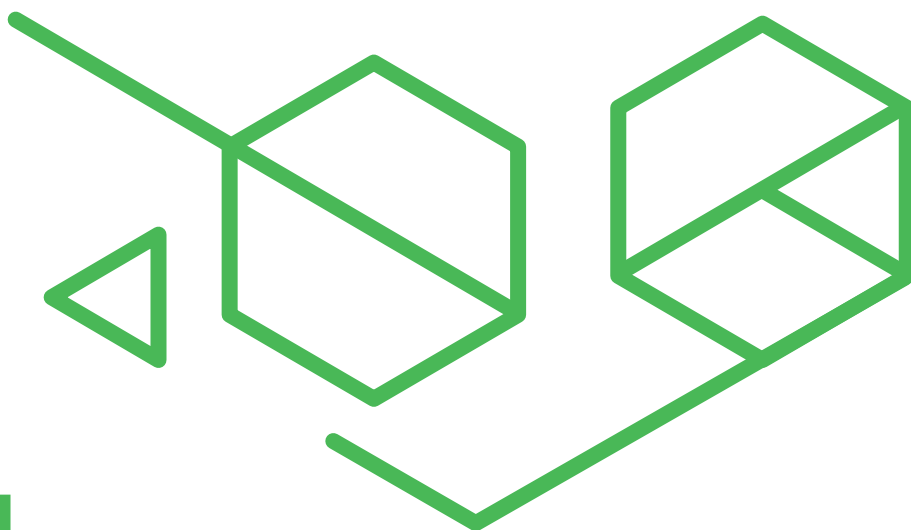
### Middle East and North Africa

The region of the Middle East and North Africa is the most homogeneous in terms of its performance on the global component. It is comprised of 13 countries ranked from 105th place (Tunisia) to 133rd place (Oman).

This region earned the lowest scores on the global component and is the only one where all the countries scored below the mean. This is clearly due to a combination of elements: lack of commitment to the international frameworks for human rights and universal justice, the arms trade and international treaties on human mobility. These countries also demonstrated lack of commitment to women's rights and the protection of human rights. This region is also by far the one with the highest degree of militarisation.

COUNTRIES	GLOBAL COMPONENT RANKING	GLOBAL COMPONENT SCORE
Tunisia	105	56.0
Morocco	115	45.6
Algeria	118	45.2
Qatar	119	44.0
Jordan	124	35.0
Kuwait	125	33.6
Iran	126	32.0
Egypt	127	31.2
Israel	128	27.9
Arab Emirates	129	24.4
Lebanon	130	23.3
Saudi Arabia	132	14.5
Oman	133	0.0





## 3.4

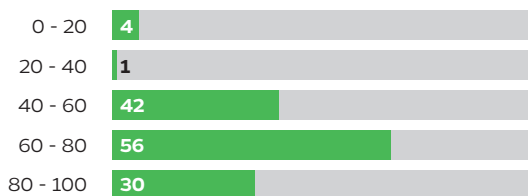
### *The environmental component*

The PCDI environmental component seeks to assess the relation between countries' economic and production activities and their ability to conserve natural resources and lessen the footprint they leave on the planet. To achieve that, a series of areas and policies were synthesised into a group of variables that reflect countries' degree of coherence with environmental sustainability.

Five elements were gleaned from this selection on areas and policies considered to contribute to sustainable development: promoting change in the energy (and production) model leading to a gradual shift from fossil fuels to renewable clean energy; protection of ecosystems and biodiversity; implementation of actions to prevent and mitigate pollution and environmental degradation; inclusion of the gender approach in public decision-making processes; and the signing of international agreements promoting progress towards global governance of global environmental goods.

#### **AN OVERVIEW OF THE ENVIRONMENTAL COMPONENT: A BROADLY SHARED CHALLENGE**

At first sight, the environmental component ranking appears to show quite uniform results, with countries tending to earn similar scores. However, these scores conceal enormous differences in development models, where there are certain countries that exert much greater pressure on the environment but are capable of instituting "compensatory" policies to mitigate their negative environmental impact.



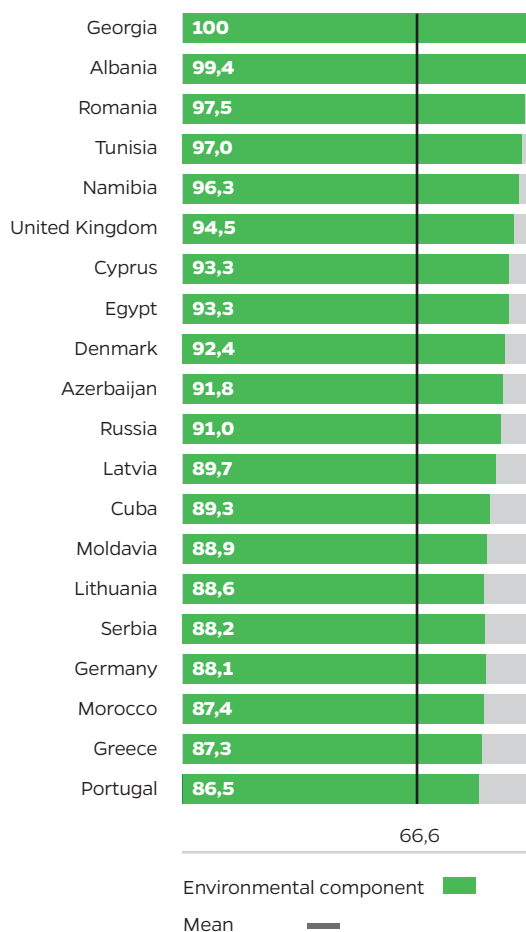
**FIGURE 46**  
Breakdown of countries on the environmental component of the PCDI by quintile

## TOP COUNTRIES ON THE ENVIRONMENTAL COMPONENT

The scores earned by the top 20 countries on the environmental ranking are quite similar, the range being a mere 15 points. However, this group of countries is quite heterogeneous in terms of income, HDI and geographical location. Of the top 20 countries, nine are high income, seven are upper-middle income and four are lower-middle income. The HDI scores of this group of countries are quite similar: eight scored very high, eight scored high and four scored in the middle range.

Two middle income countries, Georgia and Albania, led the environmental ranking. Georgia earned the maximum score (100) and was the top ranked country, with Albania second at 99.41, just two points above Romania which came in at number three. These two countries have high HDI scores and are from the same region —Central Asia and Eastern Europe— but their income levels differ, with Georgia being a lower-middle income country while Albania is in the upper-middle income bracket.

**FIGURE 47**  
The top 20 countries on the environmental component

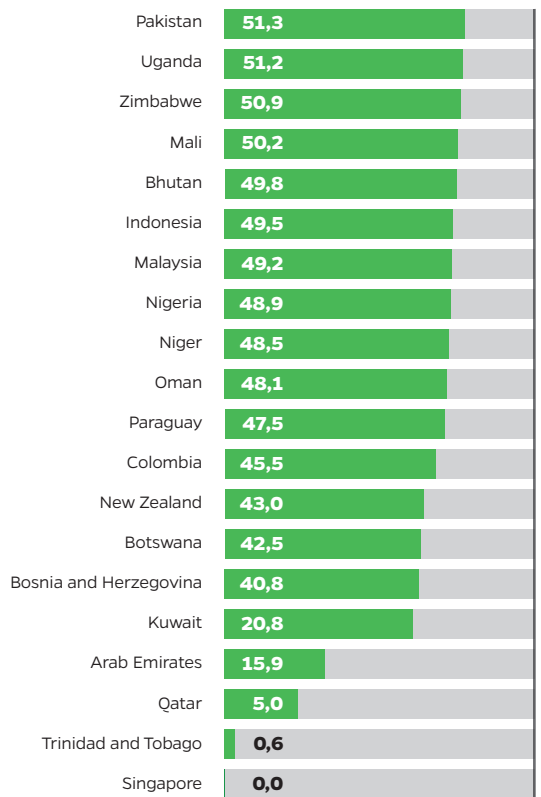
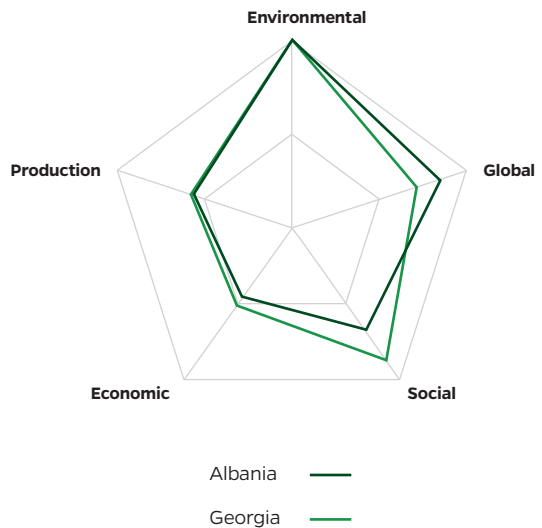


These two countries, Georgia and Albania, scored highest for a number of reasons. Both make scant use of agricultural fertilisers, have a small ecological footprint in terms of production and imports and moderate levels of pollution as a result of agricultural activity.

Neither of them, however, earned the same high scores on the other PCDI components.

THE LOWEST RANKING COUNTRIES ON THE ENVIRONMENTAL COMPONENT

The 20 lowest ranking countries on the environmental component are more heterogeneous than their top 20 counterparts. Here we find countries from all income groups, albeit with a predominance of high income countries, and all HDI levels. The group is geographically diverse as well.

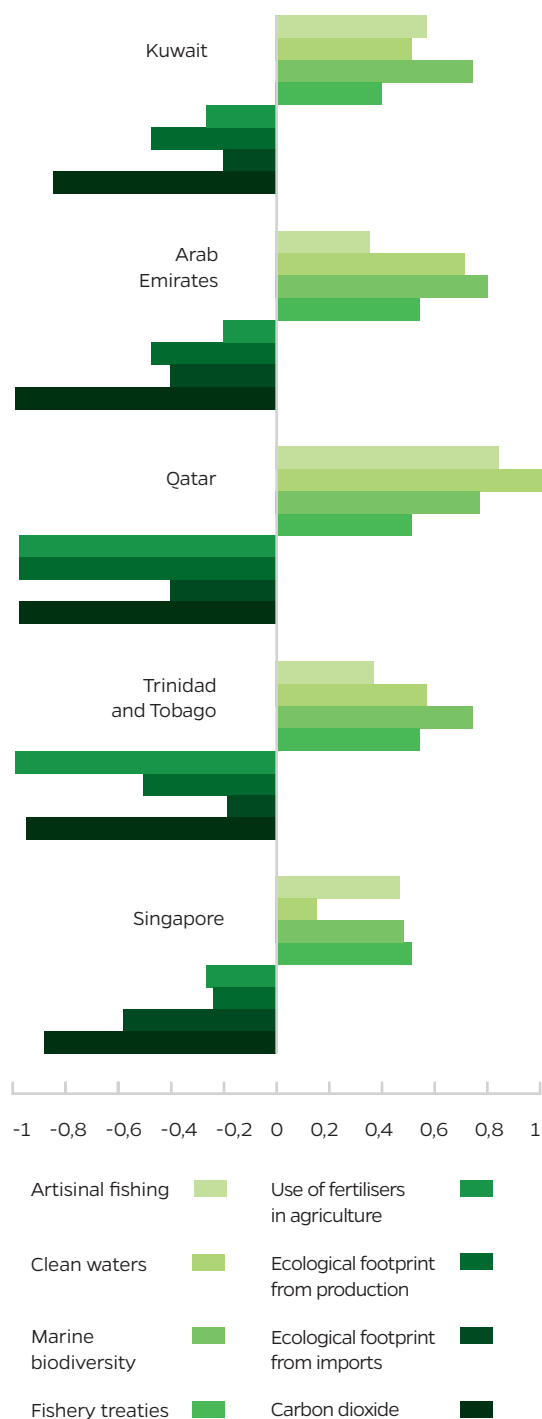


**FIGURE 48**  
Scores earned by Georgia and Albania  
on the five components of the PCDI

**FIGURE 49**  
The 20 lowest-ranking countries on  
the environmental component

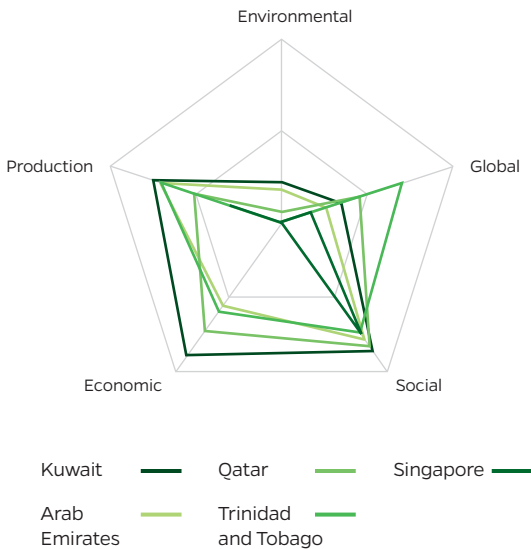
Environmental component  
Mean

Kuwait, Arab Emirates, Qatar, Trinidad and Tobago and Singapore scored the lowest on the environmental component. All five are high-income countries and four have a very high HDI (Trinidad and Tobago has a high HDI). Although they performed adequately on several of the environmental variables (the ones that score positively), they were penalised by the variables that score negatively. For instance, all five emit large amounts of CO<sub>2</sub>. Fertiliser use in agriculture is the reason that Trinidad and Tobago and Qatar are at the bottom of the environmental ranking. Moreover, of all the countries surveyed, Qatar has the largest ecological footprint from production activities.



**FIGURE 50**  
Performance of Kuwait, Arab Emirates, Qatar, Trinidad and Tobago and Singapore on environmental variables

Despite high production and economic performance, the environmental cost of these countries' activities or their poor commitment to the global component put them at the bottom of the general PCDI ranking, meaning that their policies are not coherent for development.



RELATION BETWEEN INCOME LEVEL AND HDI AND THE ENVIRONMENTAL RANKING

High income and HDI results are no guarantee of high environmental ranking. Quite to the contrary, it would appear that countries with higher income levels and HDI generally scored lower than countries with the next lower income and HDI rating. Furthermore, some of the highest income and HDI countries are the most environmentally incoherent, as they appear to base their development model and achievements on other PCDI components at the expense of the environment.

Data show that countries with high income-generating development models (correlating significantly with high HDI) are in a position to preserve biodiversity and be parties to more international treaties on environmental preservation and sustainability despite the fact that they pollute more and deplete resources.

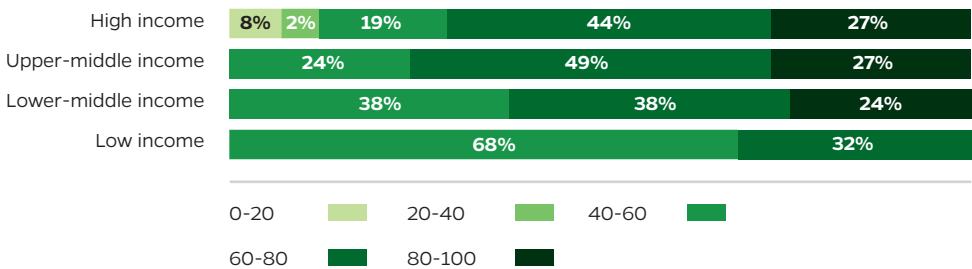
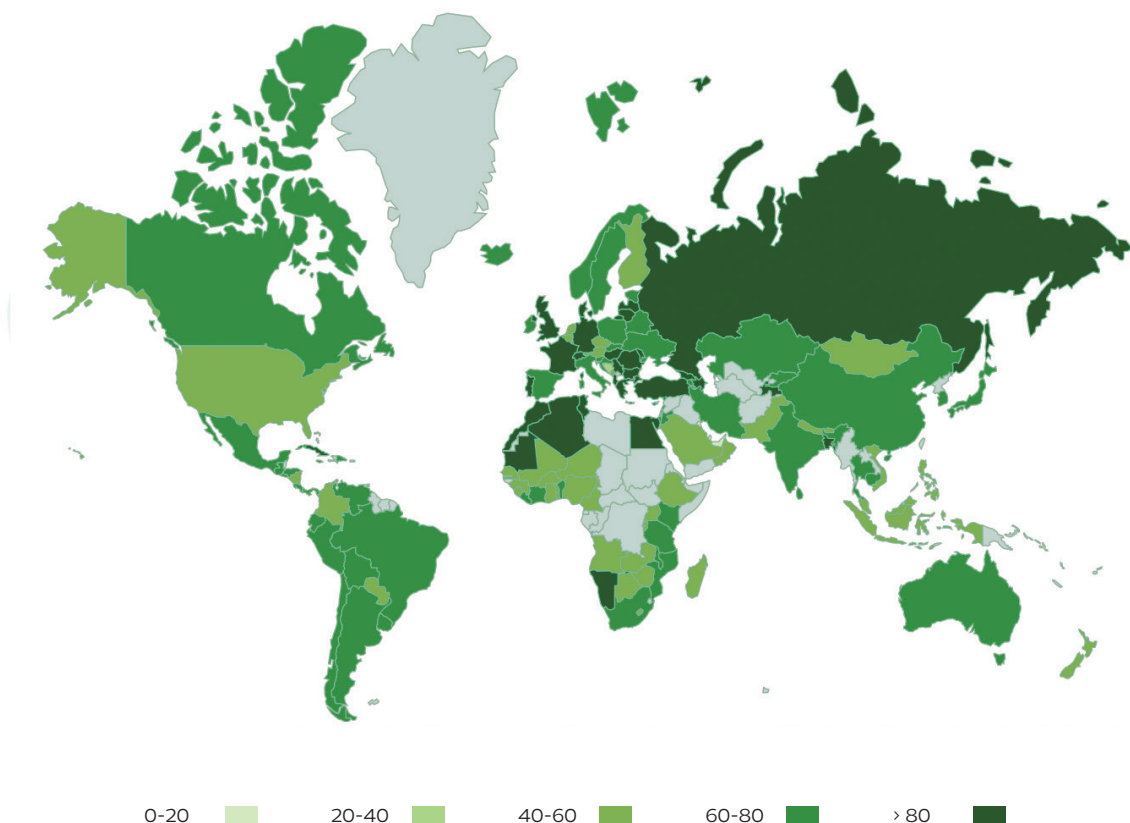


FIGURE 51  
Scores earned by Kuwait, Arab Emirates, Qatar, Trinidad and Tobago and Singapore on the five PCDI components

FIGURE 52  
Breakdown of countries on the environmental component by income bracket

## THE ENVIRONMENTAL COMPONENT BY REGION

The region of Central Asia and Eastern Europe earned the highest environmental scores, with an average score of 80.66 and accounting for eight of the top 20 countries. Georgia, Albania and Romania are the top three countries on the environmental component.

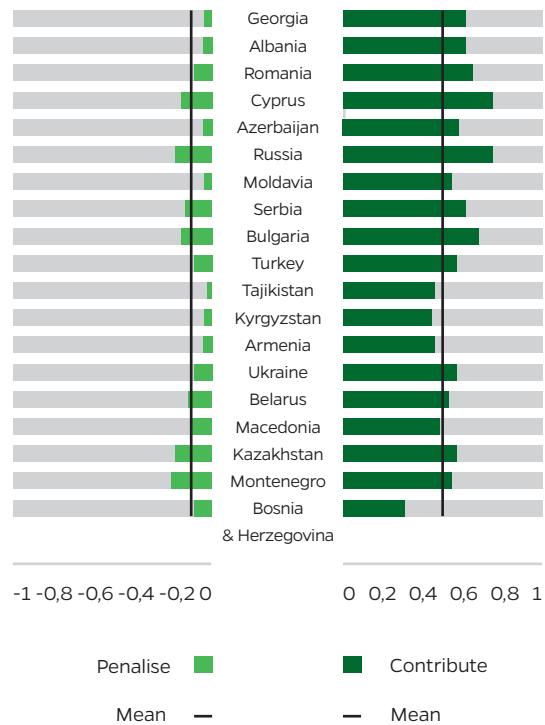


However, the countries of this region are not known for pursuing active environmental protection policies; for many of the region's countries, the positive result is due to their low environmental impact. Virtually all of the countries are close to or below the mean in terms of pollution and ecological footprint.

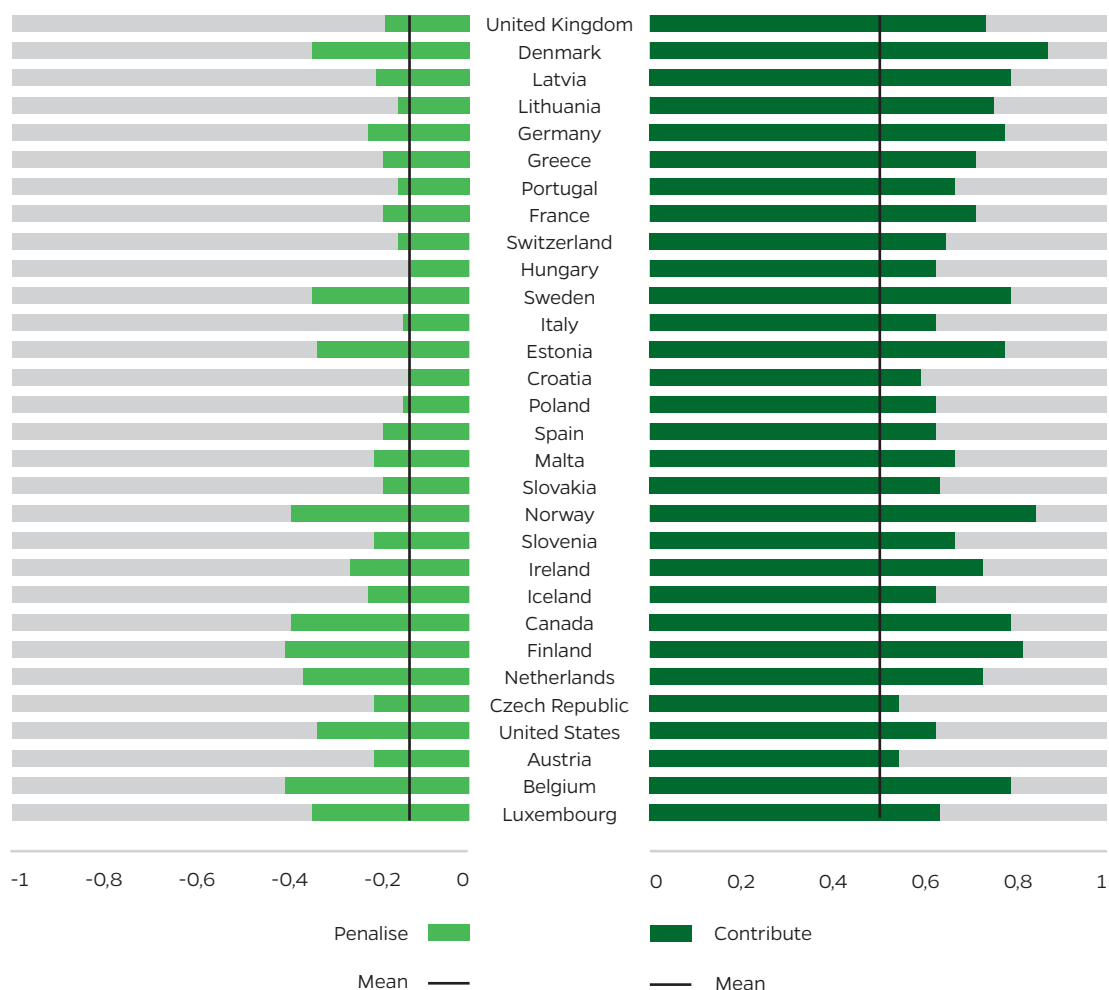
The region made up of Western Europe, the United States and Canada ranked second on the environmental component, with a score of 74.36. These countries have development models that take a high toll on the environment. Nearly all are well above the mean in terms of active environmental protection policies but are also the ones with the worst performance on the variables that are environmentally penalising or have a negative impact on the sustainable development model.

The Middle Eastern and North African countries are quite heterogeneous in terms of environmental performance. The region's 13 countries range from fourth place (Tunisia), with a score of 96.99, to 131st place (Qatar, with a mere 4.99 points). Qatar, Arab Emirates and Kuwait are at the bottom of this region's environmental ranking.

These countries are last in the region because they are seriously penalised for heavy pollution and excessive use of natural resources.



**FIGURE 53**  
PCDI scores for the region of Central Asia and Eastern Europe on variables that contribute to or penalise countries on the environmental component as compared with the total average

**FIGURE 54**

PCDI scores for the region of Western Europe, the United States and Canada for variables that contribute to or penalise countries in the environmental component as compared with the total average



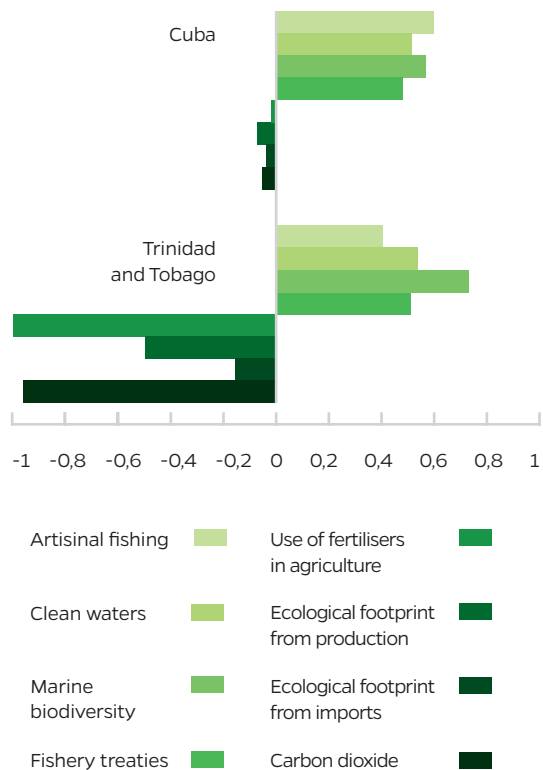
The average environmental score for Latin America and the Caribbean was 62.28. Cuba, ranked 13th, is the region's leader with a score of 89.27, while Trinidad and Tobago is at the opposite end, ranked at 132 with a score of 0.58.

The development models of Cuba and Trinidad and Tobago are diametrically opposed and this has important environmental implications. The pressure put on the environment by Trinidad and Tobago's development model is much greater than that produced by Cuba's agricultural activity and rural development policies. The ecological footprint (including production and imports) and especially the volume of fertilisers used in agriculture and CO2 emissions are the reasons why Trinidad and Tobago is at the bottom of the environmental ranking.

Most of the countries in the region of Sub-Saharan Africa (20 out of 31) are in the middle of the environmental ranking. The development model of this region puts less pressure on the earth's environment.

The environmental performance of the Pacific and Oceania was generally poor, with an average score of 60.49. New Zealand, at position 126, had the lowest environmental ranking by far.

A comparison of this region with South Asia and Sub-Saharan Africa shows that, even though performance on this component was very similar, their development models are substantially different in environmental terms. In the Pacific and Oceania, a region comprised exclusively of high-income, high

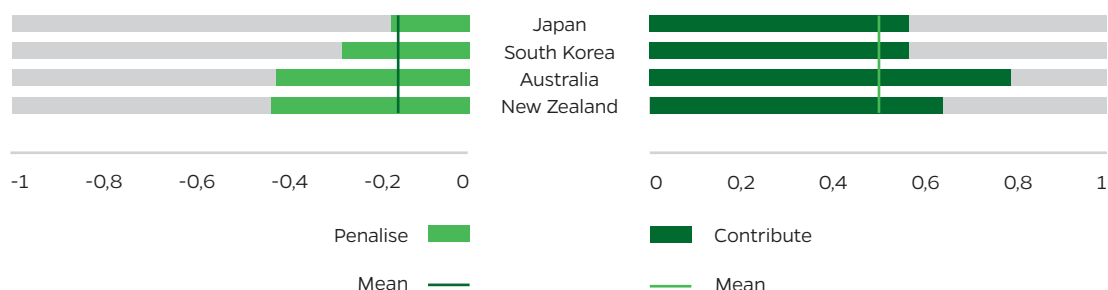


**FIGURE 55**  
Performance of Cuba and  
Trinidad and Tobago on  
environmental variables

HDI countries, all scored above the mean on elements contributing to environmental coherence but were also above the mean in terms of pollution and use of natural resources. The development model employed by these countries puts clear pressure on the environment and requires the implementation of more ambitious compensatory measures to offset negative environmental impacts.

The region of East Asia is strongly affected by Singapore, the country in that region with the lowest environmental score. It is the region with the lowest environmental score (55.01). However, if Singapore is taken out of the analysis, the regional average rises to 61.88, surpassing the Pacific and Oceania, Sub-Saharan Africa and the Middle East and North Africa.

The region of Central Asia and Eastern Europe earned the highest score on the environmental component. Georgia, Albania and Romania are the top three countries on the environmental component



**FIGURE 56**

Scores on positive and negative environmental variables in the Pacific and Oceania as compared to the overall average



## 3.5

### *The production component*

A country's infrastructure and productive means markedly determine its development processes. From a human development perspective, the evaluation of policies related with these processes should not follow the economic logic of "the more, the better" (nor the opposite) but should rather take social, environmental and governance criteria into account as well.

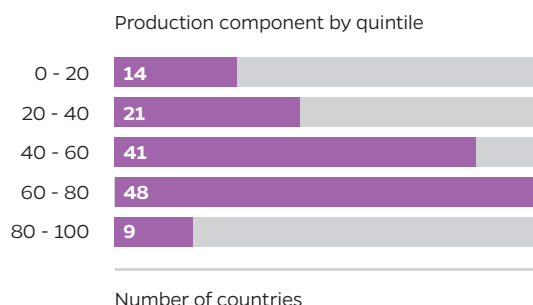
Hence, when assessing the coherence of industrial policy, the PCDI aims to overcome the reductionist logic of "the more industry, the better." A group of variables was selected to be able to conduct a more complex evaluation of the effect of this policy on development: public expenditure on research and development (R&D), withdrawal of fresh water for industrial use, and the gender gap in access to employment in this sector.

In this same vein, consideration is given to the risks associated with excessive tourism measured in terms of tourist arrivals as a proportion of host country population, bearing in mind that revenues from an overdeveloped tourist sector can create economic dependence if they account for an inordinately large proportion of the country's goods and services exports, not to mention the environmental impact of excessive tourism.

Lastly, the assessment of coherence in the area of production from the point of view of infrastructures takes account of the percentage of the population with access to basic services such as drinking water and electricity.

### An overview of the production component

At first view, the production component ranking shows that most countries earned moderately high (between 60 and 80) or medium (40 to 60) scores, with only nine countries earning values indicating higher levels of coherence and 14 showing very low coherence (scores between 0 and 20).



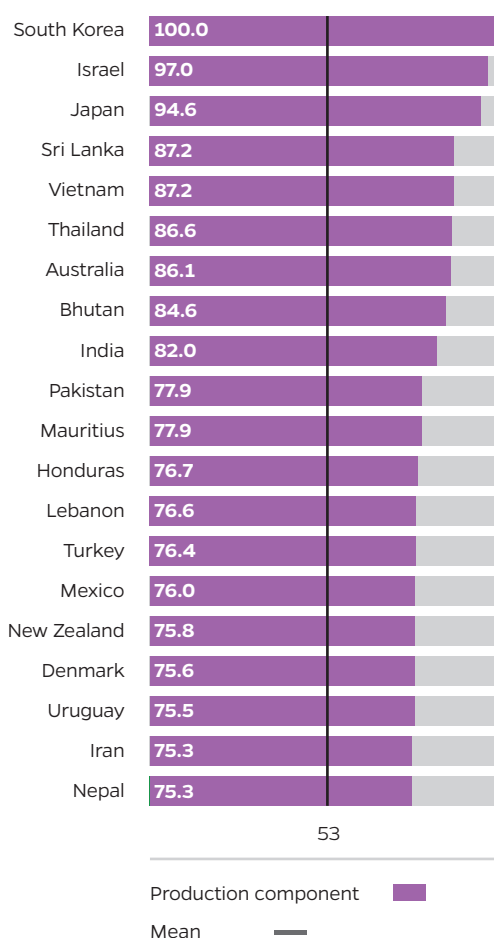
**FIGURE 57**

Breakdown of countries according to the production component of the PCDI by quintile

### THE TOP 20 IN THE PRODUCTION RANKING: ONLY ONE EUROPEAN COUNTRY AMONG THE HIGHEST RANKED

The ranking is led by a heterogeneous group of countries with differing income levels, HDI scores and from different regions. The highest scores are attributable to good net results derived from: 1) positive variables such as guaranteed access to basic services like water and electricity or emphasis on R&D; 2) variables that sanction aggressive tourism and industries that consume large amounts of natural resources such as fresh water and industries in which there is a high rate of inequality in employment opportunities for women

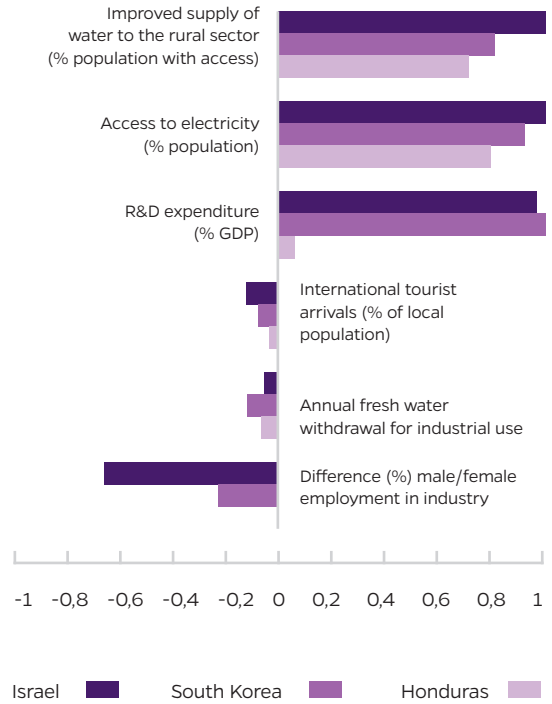
Amongst the leaders were South Korea and Israel with high scores on variables fostering development (such as access to electricity) and moderately low scores on those hindering it (excessive tourism), and Honduras which, although it did not have high scores on positive development variables, had very low scores on negative ones.



**FIGURE 58**

The top 20 countries on the production component

The same reasons explain why there is only one EU country, Denmark, in the top 20. Although EU countries earned high scores on access to basic services and R&D, they are under heavy tourist pressure and the fact that they are industrially developed means that they consume greater amounts of natural resources, such as water, and also show high levels of gender inequality in access to employment in the industrial sector.



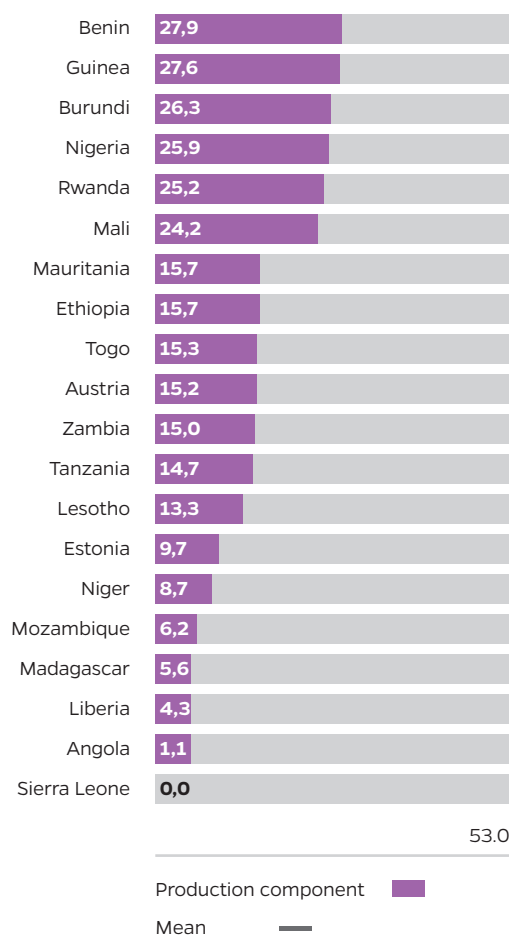
**FIGURE 59**  
Scores earned by Israel, South Korea and Honduras on PCDI production variables

It is surprising to find Austria and Estonia in this group of low scoring countries, as they are both high income and very high HDI countries. They are the only ones from the Western Europe, United States and Canada region at the bottom of the ranking

## THE 20 LOWEST-RANKED COUNTRIES IN THE PRODUCTION COMPONENT

The Sub-Saharan African countries are predominant among the 20 least coherent on the production component, with low levels of human development and income due mainly to their lack of infrastructure and their low-tech industrial sector, as demonstrated by their low scores on R&D expenditure.

It is surprising to find Austria and Estonia in this group of low-scoring countries, as they are both high-income and very high HDI countries. They are the only ones from the Western Europe, United States and Canada region at the bottom of the ranking. Both countries scored very well on infrastructure and R&D but registered low scores on tourism, fresh water withdrawals for industrial use and the gender gap in industry. For instance, after Malta, Austria had the lowest score on the variable measuring tourist pressure and Estonia earned the highest score for fresh water withdrawals for industrial use (96% of fresh water withdrawals per year in Estonia are for industry).



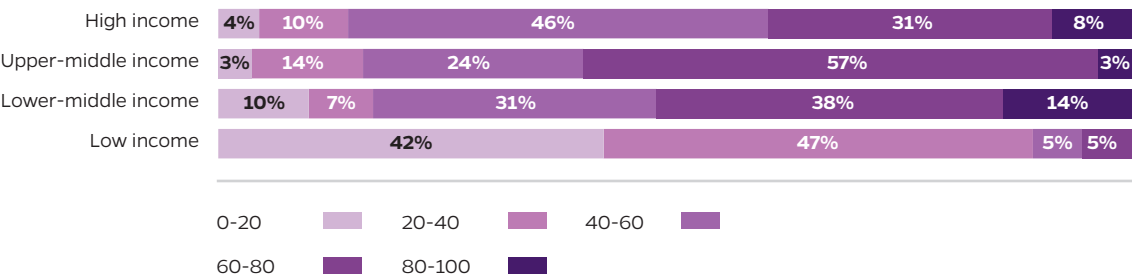
**FIGURE 60**

The 20 lowest-ranking countries on the production component

INCOME LEVEL RELATIVE TO RANKING ON THE PRODUCTION COMPONENT

As one may have guessed from the foregoing analysis, most low-income countries are near the bottom of the ranking. Only 5% of the low-income countries surveyed are in the second most coherent quintile (scores between 60 and 80), and none are in the top quintile (scores between 80 and 100). As already stated, this is due to infrastructure deficit and low R&D expenditure.

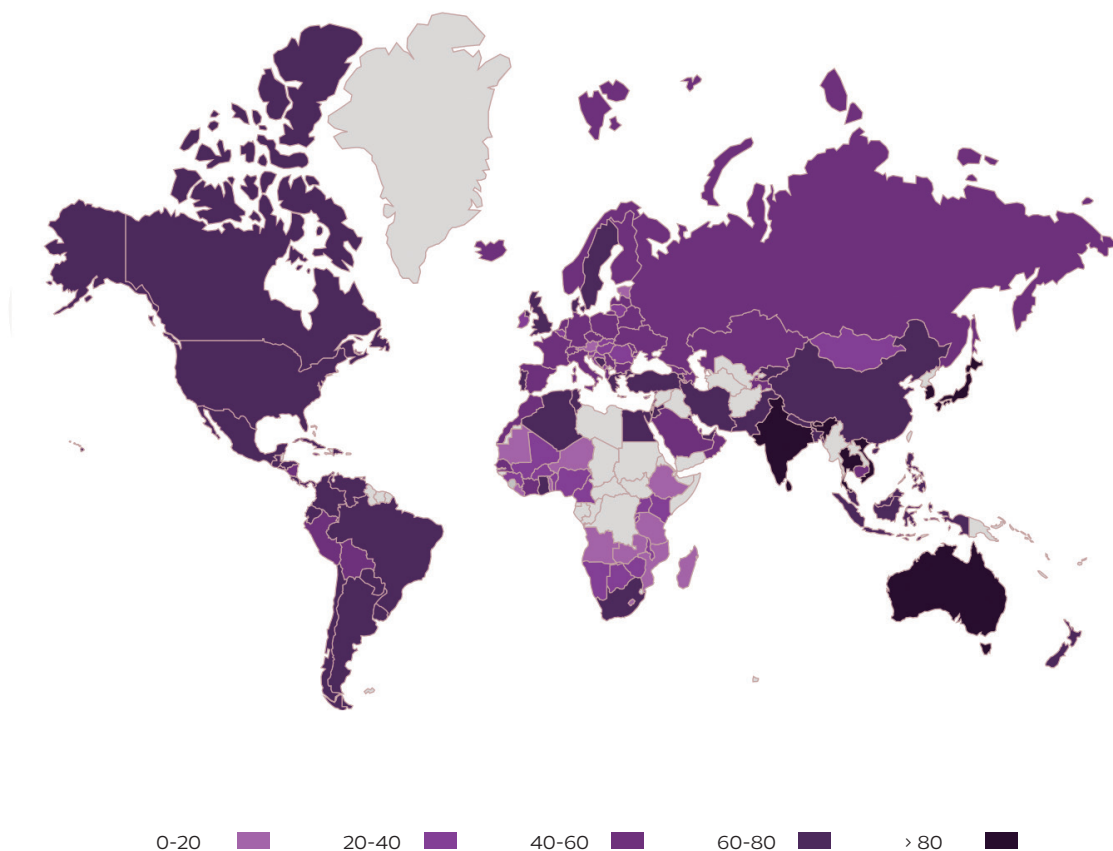
It is worth noting that although high, upper-middle and lower-middle income countries are distributed evenly along the coherence continuum, with countries in both the most and least coherent groups, high-income countries as a group ranked second behind low-income countries in terms of representation in the most coherent group (scores between 60-80 and 80-100). This is because, although higher income typically goes hand-in-hand with higher infrastructure coverage and higher R&D spending scores, many high income countries scored low on variables that sanction mass tourism, intensive use of fresh water in industry and the gender gap in industrial employment. In short, higher income does not necessarily mean greater coherence on the production component.



**FIGURE 61**  
Breakdown of countries on the production component by income bracket

## THE PRODUCTION COMPONENT BY REGION

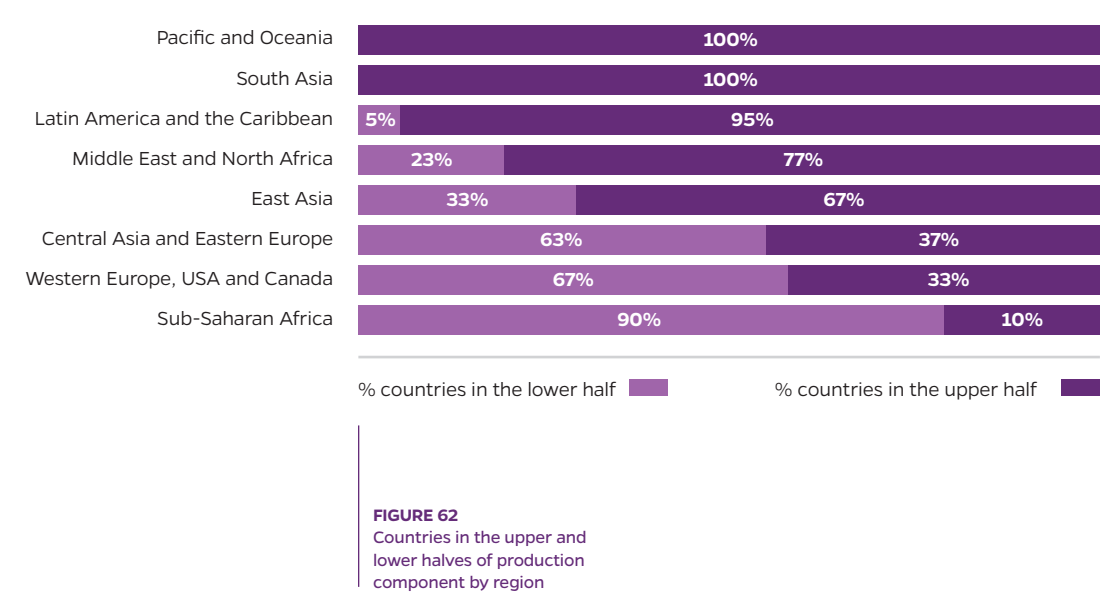
The leading regions in coherence on the production component are the Pacific and Oceania and South Asia, all of whose countries are in the upper quintiles of the ranking.





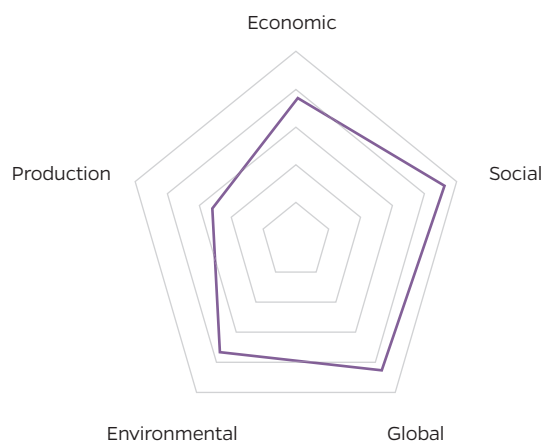
The Pacific and Oceania is composed of four high-income, very high HDI countries: South Korea, Japan, Australia and New Zealand. Japan, Australia and New Zealand earned maximum scores on infrastructure and, of all countries surveyed, South Korea is the one which spends the most on R&D. Regarding variables detracting from coherence, Japan, South Korea and Australia are among the high-income countries with the least pressure from tourism and New Zealand has low figures for fresh water withdrawal for industrial use.

The region of South Asia is different. The high ranking achieved by the six low and lower-middle income countries comprising this region (Sri Lanka, Bhutan, India, Pakistan, Nepal and Bangladesh) is mostly due to low tourist pressure and less intensive use of fresh water for industrial purposes.

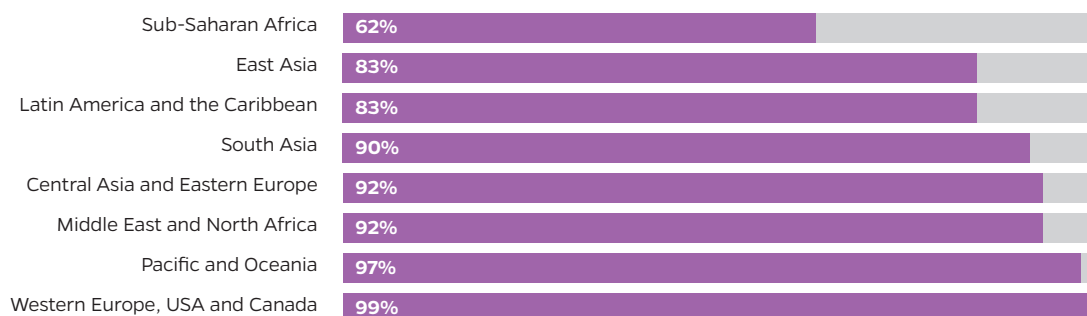


Sub-Saharan Africa is at the other end of the spectrum, being the region with the fewest countries in leading positions in the ranking. This is mainly due to the fact that this is the region with the lowest scores for basic infrastructure and low expenditure on R&D.

The region of Western Europe, United States and Canada did not fare well either. As the figure shows, this is the component on which this region scored the lowest. This is because of tourist pressure on the countries in this region and a number of very developed industrial sectors that are highly dependent on natural resources such as fresh water.

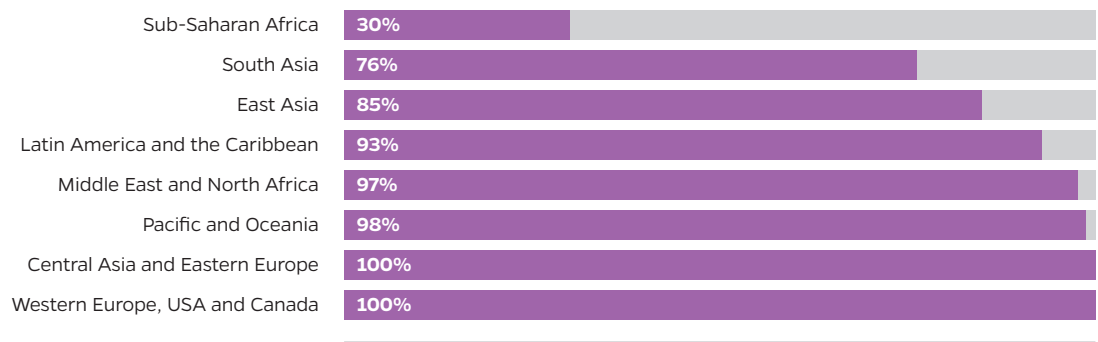


**FIGURE 63**  
Scores earned by the region of Western Europe, United States and Canada on the five PCDI components



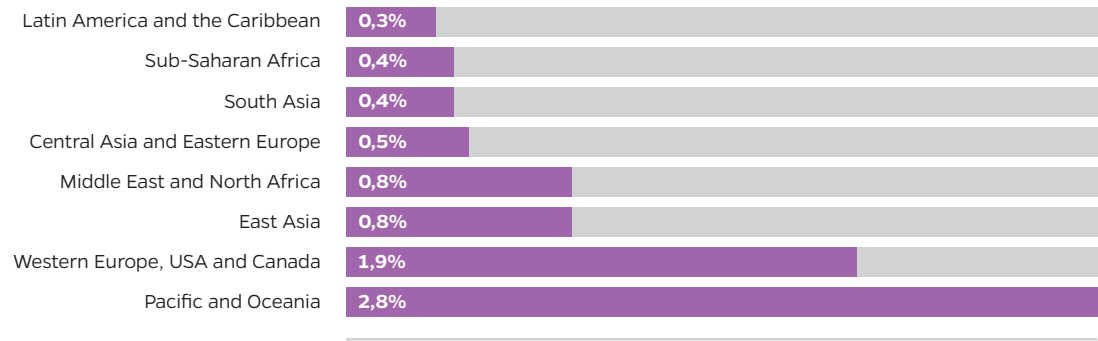
**Source:** Created in-house from World Bank data.

**FIGURE 64**  
Percentage of the population with access to drinking water in the rural sector by region



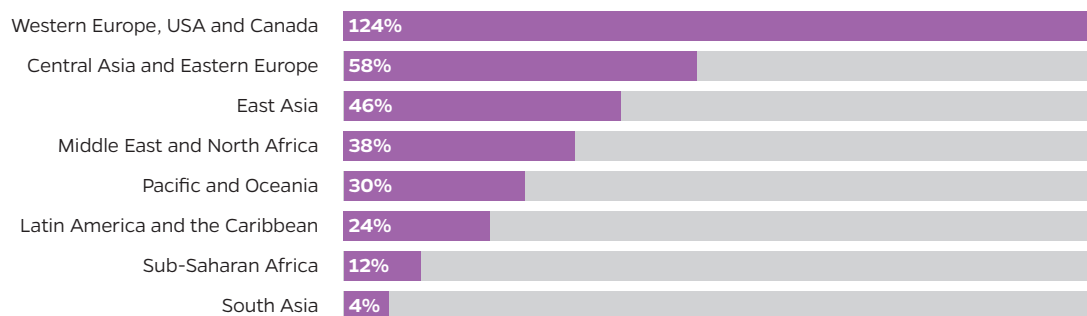
**Source:** Created in-house from World Bank data.

**FIGURE 65**  
Percentage of the population with  
access to electricity (% of the  
population) by region



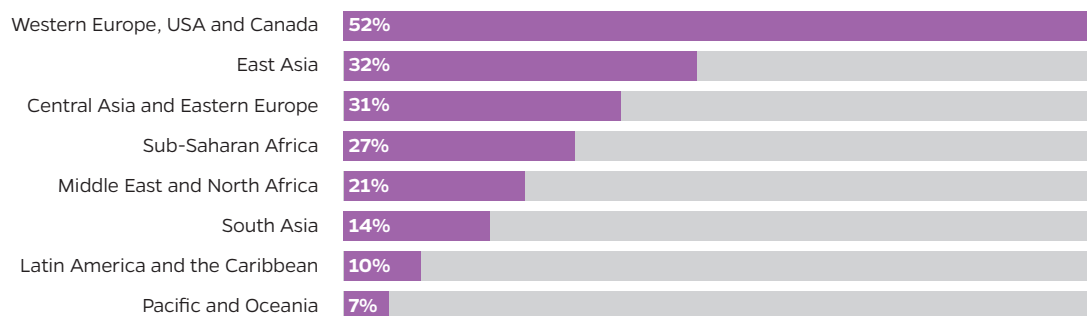
**Source:** Created in-house from World Bank data.

**FIGURE 66**  
R&D expenditure (% GDP) by region



**Source:** Created in-house from World Bank data.

**FIGURE 67**  
International tourist arrivals  
(as a percentage of host country  
population) by region



**Source:** Created in-house from World Bank data.

**FIGURE 68**  
Annual fresh water withdrawals  
for industrial use by region

# 3.6

## A glance at the regions

### EUROPE, UNITED STATES AND CANADA

There are 30 high-income, very high HDI countries in this region, including 25 EU members, with PCDI scores ranging from 64.2 to 89.6. The PCDI mean score for this region is 75.16; 18 countries are above and 12 below that score.

As regards PCDI ranking, 16 countries (53% of the region) are in the upper middle PCDI quintile and the other 14 countries (47%) are in the top quintile.

Most countries in this region are in the top tiers of the PCDI. Their development models are very advanced in the social and economic areas and in most cases they are strongly committed to global governance. However, this region takes a high toll on the environment worldwide, its banking sector is disproportionately large and it is home to countries with the least financial transparency.

PCDI RANKING COUNTRIES PCDI	COUNTRIES	PCDI
1	Denmark	89.60
2	Sweden	84.89
3	Norway	82.63
5	Portugal	80.43
6	United Kingdom	79.77
7	Iceland	79.65
8	Italy	79.34
9	France	78.26
10	Latvia	77.53
11	Finland	77.04
12	Poland	76.74
13	Spain	76.73
14	Czech Republic	76.72
15	Greece	76.61
16	Lithuania	75.98
19	Slovakia	75.59
20	Canada	75.43
21	Germany	75.33
24	Netherlands	74.22
25	Slovenia	73.89
27	Belgium	73.72
31	Croatia	72.77
32	Malta	72.72
40	Hungary	71.27
47	Estonia	68.42
54	Ireland	67.20
58	Switzerland	66.84
60	Luxembourg	66.63
65	United States	64.72
67	Austria	64.22

Denmark, Sweden and Norway are the three top-ranked countries, with very similar PCDI scores. A closer look shows high scores on the economic, social and global components but less brilliant performance on production and the environment possibly due to the role played by the oil and gas sector in Norway which lowered that country's score as compared to Denmark.

These three countries are followed in the PCDI ranking by Portugal and the United Kingdom, high-income, very high HDI countries and also EU members. The two have similar PCDI scores, with only slight variations except for the economic component on which the United Kingdom exhibits clear contradictions having to do with its lack of transparency in the banking sector.

Europe, United States and Canada takes a high toll on the environment worldwide, its banking sector is disproportionately large and it is home to countries with the least financial transparency

PCDI of the highest-ranking countries in the region of Europe, United States and Canada						
COUNTRIES	PCDI	Economic	Social	Global	Environmental	Production
Denmark	89.60	91.17	95.09	93.67	92.42	75.64
Sweden	84.89	86.33	98.42	93.60	80.80	65.33
Norway	82.63	99.51	99.27	89.73	72.38	52.28
Portugal	80.43	72.10	89.80	84.64	86.50	69.09
U. Kingdom	79.77	52.95	93.71	90.04	94.54	67.62
Overall PCDI ranking and ranking on the five components						
Denmark	1	4	7	7	9	17
Sweden	2	10	3	9	30	45
Norway	3	2	2	17	52	73
Portugal	5	24	26	32	20	34
U. Kingdom	6	66	13	15	6	42

The region’s lowest four places on the PCDI ranking are held by Switzerland, Luxembourg, United States and Austria. There are no major variations in their scores; all are affected by a lack of financial transparency and the disproportionate weight of the banking sector in their economies.

Switzerland and Luxembourg performed well on the social, environmental and global indicators but that was not the case in the economic area. Indeed, Switzerland is the world leader in financial secrecy and earned one of the lowest scores on the PCDI economic component. Luxembourg performed the poorest on the economic and environmental components due to its opaque policies in tax matters and its polluting industrial sector. The case of Austria is similar although its poor performance in the area of production is partly due to the pressure of tourism and the withdrawal of fresh water for industrial use.

It is fair to say that the United States is a country with low policy coherence for development. Despite scoring well on social indicators, it performed quite poorly on the rest of the components. Regarding the economic component, the United States is very reluctant to redistribute wealth through tax policy and its financial system is very opaque. On the global component, it exhibits low commitment to global democratic governance, having signed few human rights treaties, and contributes to world militarisation through one of the world’s highest military budgets relative to GDP. As for the environmental component, it leaves a deep ecological footprint which means that its development model is not compatible with the sustainable development of most of the world.

PCDI of the lowest-ranking countries in the region of Europe, United States and Canada						
COUNTRIES	PCDI	Economic	Social	Global	Environmental	Production
Switzerland	66.84	15.00	89.72	87.81	83.90	57.76
Luxembourg	66.63	41.08	89.15	97.83	51.82	53.27
United States	64.72	47.18	87.28	59.41	55.09	74.65
Austria	64.22	71.66	91.18	88.64	54.43	15.20
Overall PCDI ranking and ranking on the five components						
Switzerland	58	132	28	25	24	63
Luxembourg	60	108	31	3	112	72
United States	65	88	38	100	99	22
Austria	67	25	19	21	101	123

## CENTRAL ASIA AND EASTERN EUROPE

This region is made up of 19 countries, two high income, 11 upper-middle income and six lower-middle income. In terms of HDI, two are very high, 14 are high and three are in the middle range. Only three are EU members.

Their PCDI scores range between 59.16 and 74.77. Nine countries scored higher than the PCDI mean for the region (68.40) while the other ten scored lower.

Sixteen, or 84%, of the countries from the Central Asia and Eastern Europe region ranked in the middle of the PCDI range, while the other three countries (16%) ranked in the lower-middle quintile.

The PCDI scores of the countries in this region were quite similar, with the exception of Armenia and Kazakhstan on the economic and Montenegro on the production component.

In general, this region excelled on environmental but had only modest scores on social indicators. It fared worse, however, on the economic and global components, appearing to point to a need to reorient their economies towards sustainable development and firmer commitment to global governance in the international arena.

PCDI Ranking	COUNTRIES	PCDI
22	Cyprus	74.77
28	Georgia	73.69
30	Bulgaria	72.91
35	Moldavia	72.19
36	Romania	72.00
38	Albania	71.46
41	Serbia	70.27
42	Bosnia & Herzegovina	69.94
45	Kyrgyzstan	68.72
48	Macedonia	68.24
49	Ukraine	67.52
50	Turkey	67.38
53	Russia	67.24
55	Belarus	67.20
61	Tajikistan	66.39
62	Azerbaijan	66.04
70	Kazakhstan	62.66
74	Armenia	61.83
84	Montenegro	59.16



Cyprus and Georgia led the region’s PCDI ranking. Cyprus and Georgia earned good scores on the social and environmental components, proving that they are able to sustainably combine good social indicators. In fact, Georgia is the overall PCDI leader on the environmental component.

Kazakhstan, Armenia and Montenegro were the region’s lowest ranking countries. In line with the other countries of their region, they performed well on the social but did not score so well on the economic component. Their environmental and global scores were also low, indicating a weak international commitment.

PCDI of the highest-ranking countries in the region of Central Asia and Eastern Europe						
COUNTRIES	PCDI	Economic	Social	Global	Environmental	Production
Cyprus	74.77	59.63	98.14	74.57	93.29	48.23
Georgia	73.69	51.71	87.89	71.99	100.00	56.88
Overall PCDI ranking and ranking on the five components						
Cyprus	22	48	4	65	7	83
Georgia	28	72	33	71	1	67

PCDI of the lowest-ranking countries in the region of Central Asia and Eastern Europe						
COUNTRIES	PCDI	Economic	Social	Global	Environmental	Production
Kazakhstan	62.66	35.22	90.70	67.92	63.20	56.27
Armenia	61.83	25.04	86.14	45.40	77.93	74.63
Montenegro	59.16	65.90	86.88	53.81	56.30	32.93
Overall PCDI ranking and ranking on the five components						
Kazakhstan	70	120	23	81	77	68
Armenia	74	130	42	116	38	23
Montenegro	84	37	38	107	96	109

## EAST ASIA

There are nine countries in this region, one of which is high income, four are upper-middle income, three are lower-middle income and one is low-income. Four have a high HDI, three have a medium and one has a very high HDI.

Their PCDI scores range from 23.70 to 63.55. The PCDI mean score for the region is 53.91; five countries are higher and four are lower.

As regards PCDI ranking in the East Asian region, two countries (22% of the region) are in the middle PCDI quintile, five countries (56%) are in the lower-middle, one country (11%) is in the low quintile and the last country has a very low PCDI score.

This region is very heterogeneous and performed modestly on the PCDI. It exhibited good results overall on the environmental component, where most of the countries are ranked relatively high. However, the social and global components are quite diverse. It is difficult to generalise regarding the other components, especially the economic scores earned by Singapore, Malaysia and China.

PCDI Ranking	COUNTRIES	PCDI
68	Philippines	63.55
69	China	63.45
80	Thailand	60.65
82	Vietnam	59.74
88	Mongolia	57.86
97	Indonesia	53.50
99	Cambodia	53.12
105	Malaysia	49.62
133	Singapore	23.70

The Philippines earned high scores on the global component, indicating that it works actively in favour of global democratic governance but has room for improvement in the environmental and social areas. China does not stand out on any of the five components but ranks relatively well on social and environmental. Both countries have a long way to go on the economic component, especially China which is among the ten lowest ranked countries in this area.

Singapore ranks last, as it scored very low on four of the five components (the exception being the social component), so it is fair to say that it exhibits an extremely low level of PCDI coherence for 2016. It combines a high degree of social development with virtually no financial transparency, high militarisation and environmentally unsustainable development. This country can be said to be the least coherent in terms of sustainable development.

PCDI of the highest-ranking countries in the region of East Asia						
COUNTRIES	PCDI	Economic	Social	Global	Environmental	Production
Philippines	63.55	41.62	62.76	80.65	59.74	73.00
China	63.45	30.71	77.61	59.14	79.58	70.22
Overall PCDI ranking and ranking on the five components						
Philippines	68	107	87	49	87	28
China	69	127	61	101	33	32

PCDI of the lowest-ranking country in the region of East Asia						
COUNTRIES	PCDI	Economic	Social	Global	Environmental	Production
Singapore	23.70	0.00	73.89	15.47	0.00	29.17
Overall PCDI ranking and ranking on the five components						
Singapore	133	133	67	131	133	111

## SOUTH ASIA

There are six countries in this region, five of which are lower-middle income and one is low-income. Two have low HDI scores, three are in the middle range and one has a high score. The PCDI scores of this small group of countries range from 44.41 to 61.49. Three countries scored higher than the PCDI mean for the region (55.18) while the other three scored lower.

As regards the PCDI ranking in the South Asian region, five countries (83% of the region) are in the lower-middle PCDI quintile and the remaining country (17%) is in the low quintile.

The countries of South Asia share many of the same characteristics as the previous region. While they do not have the lowest scores on the social component, performance in that area was quite low. They are more heterogeneous on the environmental and global components, where they have moderate scores, but there is a lot of room for improvement on the economic component.

Sri Lanka is the regional leader but, as the scores show, it has important deficiencies in the economic and global areas. It performed better on the environmental and production component.

Pakistan is at the tail end of the region, presenting serious deficiencies on the economic, social and global components of the PCDI, but exhibiting more acceptable policy coherence in the environmental and especially production area owing to positive performance by its industrial sector and infrastructures.

PCDI Ranking	COUNTRIES	PCDI
77	Sri Lanka	61.49
79	India	60.84
90	Bangladesh	57.10
93	Nepal	54.54
100	Bhutan	52.68
116	Pakistan	44.41

PCDI of the highest-ranking countries in the region of South Asia						
COUNTRIES	PCDI	Economic	Social	Global	Environmental	Production
Sri Lanka	61.49	35.04	65.48	46.70	73.00	87.24
Overall PCDI ranking and ranking on the five components						
Sri Lanka	77	121	82	114	50	4

PCDI of the lowest-ranking countries in the region of South Asia						
COUNTRIES	PCDI	Economic	Social	Global	Environmental	Production
Pakistan	44.41	31.59	23.86	37.43	51.27	77.91
Overall PCDI ranking and ranking on the five components						
Pakistan	116	125	110	122	114	10

PACIFIC AND OCEANIA

There are four high-income, very high HDI countries in this region. The PCDI scores of this small group of countries range from 69.92 to 80.80. Two countries scored above the PCDI mean for the region (75.02), while the other two scored below. As regards PCDI ranking, one country (25% of the region) ranked high while the other three (75%) are in the middle range.

In general, all four countries earned high scores especially on the social component, Australia notably ahead of the rest. The differences in their places on the ranking are mostly due to the economic and environmental components where ample margin for improvement exists if they adopt policies more in line with sustainable development.

Australia is the regional leader with respectable scores on the social, global and production components but clear deficiencies in the economic and environmental areas.

South Korea had the lowest PCDI ranking of the region mostly due to poor scores on the economic component related to low tax burden and lack of wealth distribution which is the result of reduced tax revenues. However, it did earn an excellent score in production thanks to strong investment in infrastructure and R&D.

PCDI Ranking	COUNTRIES	PCDI
4	Australia	80.80
18	Japan	75.62
26	New Zealand	73.74
43	South Korea	69.92

PCDI of the highest-ranking countries in the region of the Pacific and Oceania						
COUNTRIES	PCDI	Economic	Social	Global	Environmental	Production
Australia	80.80	69.62	94.79	89.11	64.39	86.10
Overall PCDI ranking and ranking on the five components						
Australia	4	27	9	19	73	7

PCDI of the lowest-ranking countries in the region of the Pacific and Oceania						
COUNTRIES	PCDI	Economic	Social	Global	Environmental	Production
South Korea	69.92	38.87	80.64	65.47	64.64	100
Overall PCDI ranking and ranking on the five components						
South Korea	43	113	53	90	72	1

## LATIN AMERICA AND THE CARIBBEAN

This region is comprised of 21 countries, five of which are high income, 11 are upper-middle income and five are lower-middle income. Two have a very high HDI score, 13 have a high HDI score and the remaining six are in the middle range.

Their PCDI scores range from 54.09 to 75.87. Ten countries scored higher than the PCDI mean for the region (65.52), while 11 scored lower.

As regards the PCDI ranking, 11 countries (52% of the region) are in the middle and the other ten countries (48%) are in the lower-middle quintile.

Latin America is a heterogeneous region in terms of policy coherence for development, making it difficult to identify any trend. It is fair to say, however, that in light of the degree of inequality, one of the region's most prevalent characteristics, it is important to raise coherence on the economic component by strengthening tax systems and enhancing their redistributive function with a view to improving social component indicators.

PCDI Ranking	COUNTRIES	PCDI
17	Argentina	75.87
23	Uruguay	74.62
29	Mexico	73.47
33	Brazil	72.60
37	Ecuador	71.76
39	Cuba	71.33
46	Chile	68.48
52	Costa Rica	67.24
57	Venezuela	66.95
63	Honduras	65.98
64	Panama	65.21
71	Peru	62.44
72	Paraguay	62.24
73	Dominican Republic	62.21
75	Bolivia	61.63
76	Jamaica	61.61
78	El Salvador	61.46
83	Guatemala	59.67
85	Colombia	58.94
87	Nicaragua	58.03
95	Trinidad and Tobago	54.09

Argentina leads the regional PCDI ranking with excellent scores on the global component and acceptable scores on all others although, as already mentioned, showing deficiencies on the economic component due to insufficient tax redistribution.

In contrast, Trinidad and Tobago is at the bottom of the regional ranking, owing mostly to its low score on the environmental component due to an aggressive mining industry and its negative effects on the environment.

PCDI of the highest-ranking countries in the region of Latin America and the Caribbean						
COUNTRIES	PCDI	Economic	Social	Global	Environmental	Production
Argentina	75.87	59.56	85.69	100	69.97	64.15
Overall PCDI ranking and ranking on the five components						
Argentina	17	49	43	1	60	51

PCDI of the lowest-ranking countries in the region of Latin America and the Caribbean						
COUNTRIES	PCDI	Economic	Social	Global	Environmental	Production
Trinidad and Tobago	54.09	57.96	74.12	69.74	0.58	68.05
Overall PCDI ranking and ranking on the five components						
Trinidad and Tobago	95	53	66	78	132	41

## MIDDLE EAST AND NORTH AFRICA

This region is made up of 13 countries, six of which are high income, five are upper-middle income and two are lower-middle income. Five have a very high HDI score, six have a high HDI score and two are in the middle range.

Their PCDI scores range from 47.52 to 72.43. Six countries scored above the PCDI mean for the region (57.61) while seven scored below.

As regards the PCDI ranking in the Middle East and North Africa, three countries (23% of the region) are in the middle PCDI quintile, eight (62%) are in the lower-middle and two are in the lowest quintile.

The countries of this region occupy very diverse positions in the ranking, with the exception of the global component where most have very low scores.

Israel is the highest-ranked country in the region, with a high score on the production component but one of the poorest scores of any country surveyed on the global component. This is partly due to its failure to ratify international legal instruments on human rights, arms control and international justice, in addition to its high degree of militarisation.

PCDI Ranking	COUNTRIES	PCDI
34	Israel	72.43
44	Tunisia	68.78
56	Algeria	66.97
81	Kuwait	60.50
86	Jordan	58.89
89	Egypt	57.70
91	Iran	55.87
92	Morocco	55.39
98	Saudi Arabia	53.27
102	Lebanon	52.14
104	Qatar	50.71
108	Oman	48.79
110	Arab Emirates	47.52



Arab Emirates is the region’s lowest-ranking country, with poor performance on the global and environmental components, the latter severely weakened by a mining industry that makes a considerable ecological footprint and high CO2 emissions. As for the global component, in addition to the reasons just set forth in the case of Israel, Arab Emirates lost points because women do not have access to judicial institutions on equal footing with men and the fact that homosexuality is illegal and same-sex marriage is not recognised.

PCDI of the highest-ranking countries in the region of the Middle East and North Africa						
COUNTRIES	PCDI	Economic	Social	Global	Environmental	Production
Israel	72.43	69.33	88.29	27.87	79.65	97.01
Overall PCDI ranking and ranking on the five components						
Israel	34	29	32	128	32	2

PCDI of the lowest-ranking countries in the region of the Middle East and North Africa						
COUNTRIES	PCDI	Economic	Social	Global	Environmental	Production
Arab Emirates	47.52	55.10	73.16	24.42	15.94	68.96
Overall PCDI ranking and ranking on the five components						
Arab Emirates	110	58	68	129	130	37

## SUB-SAHARAN AFRICA

This region is made up of 31 countries, six of which are upper-middle income, eight are lower-middle income and 17 are low-income. Only one has a high HDI, five are in the middle range and 25 have a low HDI.

Their PCDI scores range from 35.93 to 67.30. Twelve countries scored above the PCDI mean for the region (46.11), while 19 scored below. As regards the PCDI ranking, three countries (10% of the region) are in the middle; four (13%) in the lower-middle; 23 (74%) in the low range and one (3%) in the very low range.

PCDI Ranking	COUNTRIES	PCDI
51	South Africa	67.30
59	Mauritius	66.64
66	Namibia	64.58
94	Ghana	54.39
96	Lesotho	53.51
101	Botswana	52.64
103	Senegal	51.92
106	Kenya	49.43
107	Ivory Coast	49.12
109	Burkina Faso	47.64
111	Malawi	47.28
112	Mozambique	46.23
113	Benin	46.08
114	Rwanda	44.76
115	Cameroon	44.61
117	Mauritania	44.23
118	Mali	42.46
119	Burundi	42.32
120	Zambia	42.08
121	Uganda	41.96
122	Guinea	41.61
123	Liberia	41.44
124	Tanzania	40.41
125	Zimbabwe	39.82
126	Nigeria	39.29
127	Togo	38.88
128	Sierra Leone	38.69
129	Madagascar	38.32
130	Niger	38.13
131	Ethiopia	37.81
132	Angola	35.93

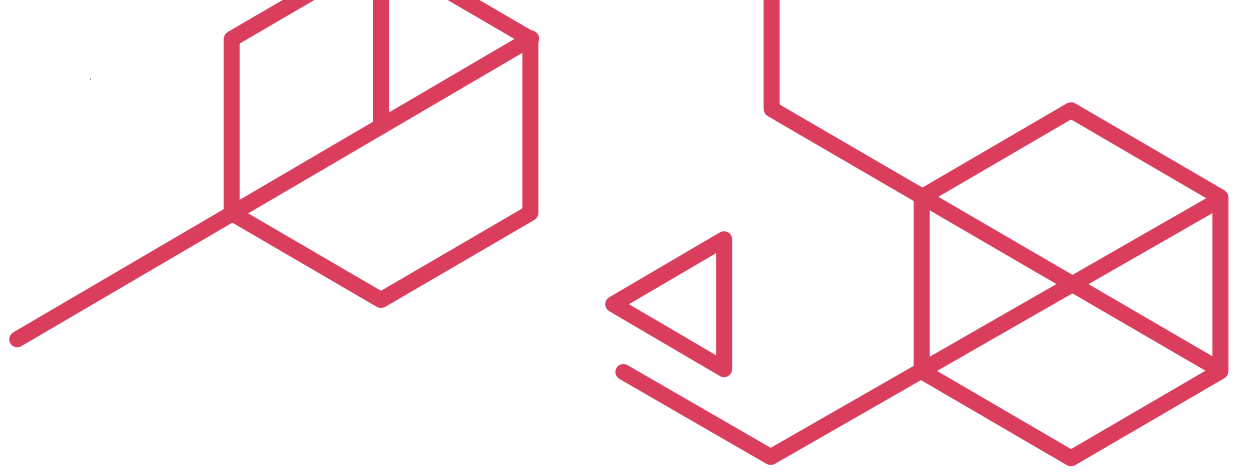
The most notable feature of this region is the fact that some countries have very low scores on the social and production components, implying that many social rights are not guaranteed and there is a clear lack of access to basic infrastructures. In contrast, these countries fared better on the global and environmental indicators, which points to suitable performance on global issues considering their relative position.

South Africa is the regional leader on the PCDI ranking. It earned a high score on the global component but performed poorly on the economic component, mostly because of its low tax revenues, not only reflecting the weakness of its tax system but also the deficient impact it has on reducing inequality.

Angola earned the region's lowest score. While it performed well on the economic component, it did very poorly in the area of production due to lack of infrastructure. It also scored very low on the social and global components, reflecting a lack of resources devoted to education, social protection, employment, gender equality and health, not to mention its failure to ratify international legal instruments. Moreover, public funds are spent on the military which could have been allocated to help mitigate the poverty suffered by a segment of the population.

PCDI of the highest-ranking countries in Sub-Saharan Africa						
COUNTRIES	PCDI	Economic	Social	Global	Environmen- tal	Production
South Africa	67.30	46.04	68.24	88.14	70.83	63.27
Overall PCDI ranking and ranking on the five components						
South Africa	51	91	77	22	56	52

PCDI of the lowest-ranking countries in Sub-Saharan Africa						
COUNTRIES	PCDI	Economic	Social	Global	Environmental	Production
Angola	35.93	70.24	16.64	36.13	55.51	1.11
Overall PCDI ranking and ranking on the five components						
Angola	132	26	119	123	98	132



# 3.7

## Spain in the 2016 PCDI

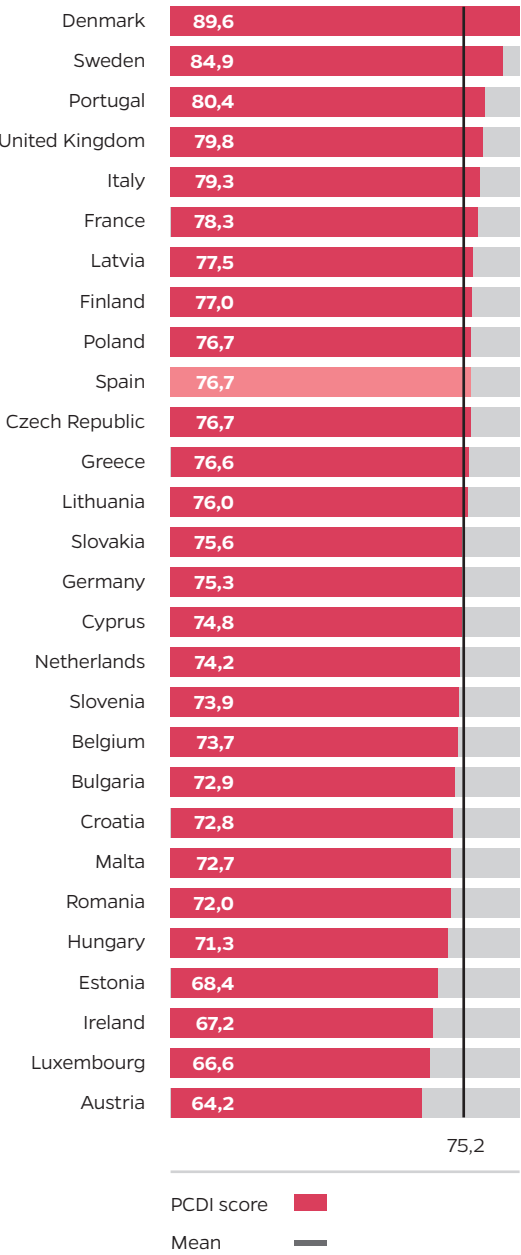
Spain ranked 13th in the PCDI, placing it in the upper part of the ranking in the group of high PCDI countries. We will now compare the ranking of Spain's performance in each of the components.

The table shows that Spain's component rankings are below its general position in all areas except global. Indeed, its rank on this component is the reason for its positive position on the general PCDI ranking. Its performance is much poorer in the other areas. Spain's placement relative to EU-28 is upper-middle, i.e. 10th out of 28.

Performance of Spain by component					
PCDI	Economic	Social	Global	Environmental	Production
13	33	41	4	44	66
lower/higher	-20	-28	+9	-31	-53

This analysis shows also that European Union country performance on the PCDI is very diverse, ranging from Denmark at first place to Austria at 67th place. This dispersion in the ranking is relevant for our analysis as it shows that European Union membership does not mean that Member State policies are more coherent for development. Countries such as Austria and Luxembourg are in the middle of the PCDI ranking and most European Union countries scored below the European Union-28 average of 75.2.

COUNTRIES	RANKING	COUNTRIES	RANKING
Denmark	1	Germany	21
Sweden	2	Cyprus	22
Portugal	5	Netherlands	24
U.Kingdom	6	Slovenia	25
Italy	8	Belgium	27
France	9	Bulgaria	31
Latvia	10	Croatia	32
Finland	11	Malta	33
Poland	12	Romania	36
Spain	13	Hungary	40
Czech Republic	14	Estonia	47
Greece	15	Ireland	53
Lithuania	16	Luxembourg	60
Slovakia	20	Austria	67

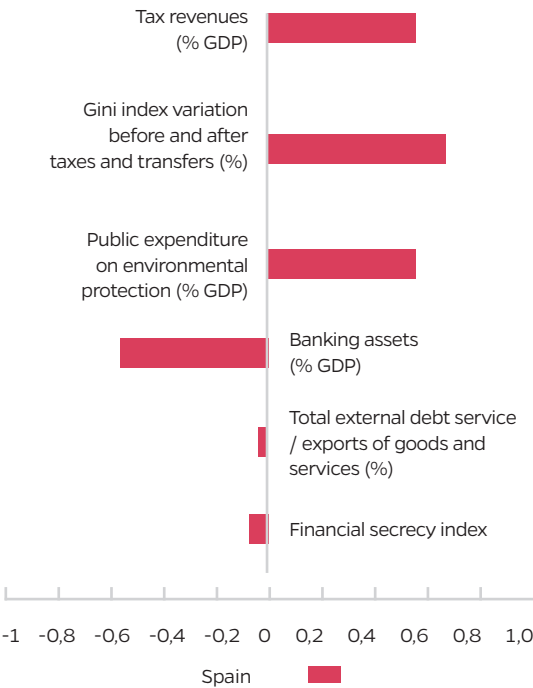


**FIGURE 69**  
European Union (EU-28) country  
scores on the PCDI

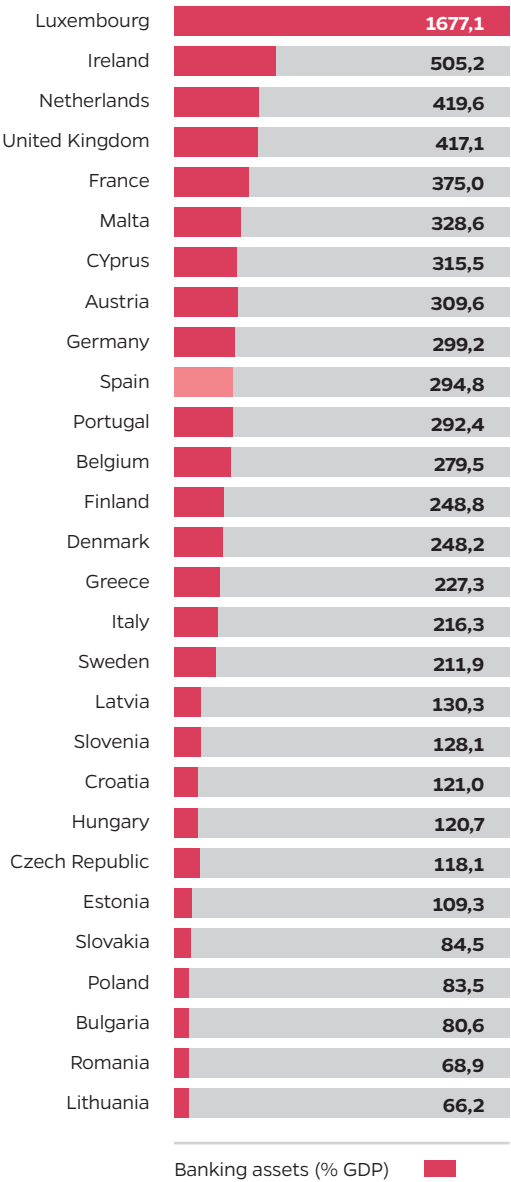
PCDI ANALYSIS BY COMPONENT

Spain ranks 33 on the economic component, putting it in the second quintile (countries with a mid-level PCDI). As Figure 70 shows, Spain performed well on the economic variables related to tax burden and inequality reduction but was penalised for the size of its banking sector relative to GDP; Spain’s banking sector is practically three times the size of its economy.

However, the large relative size of the banking sector is the norm throughout the European Union, as seen in Figure 71 which compares the performance of EU Member States on this variable.

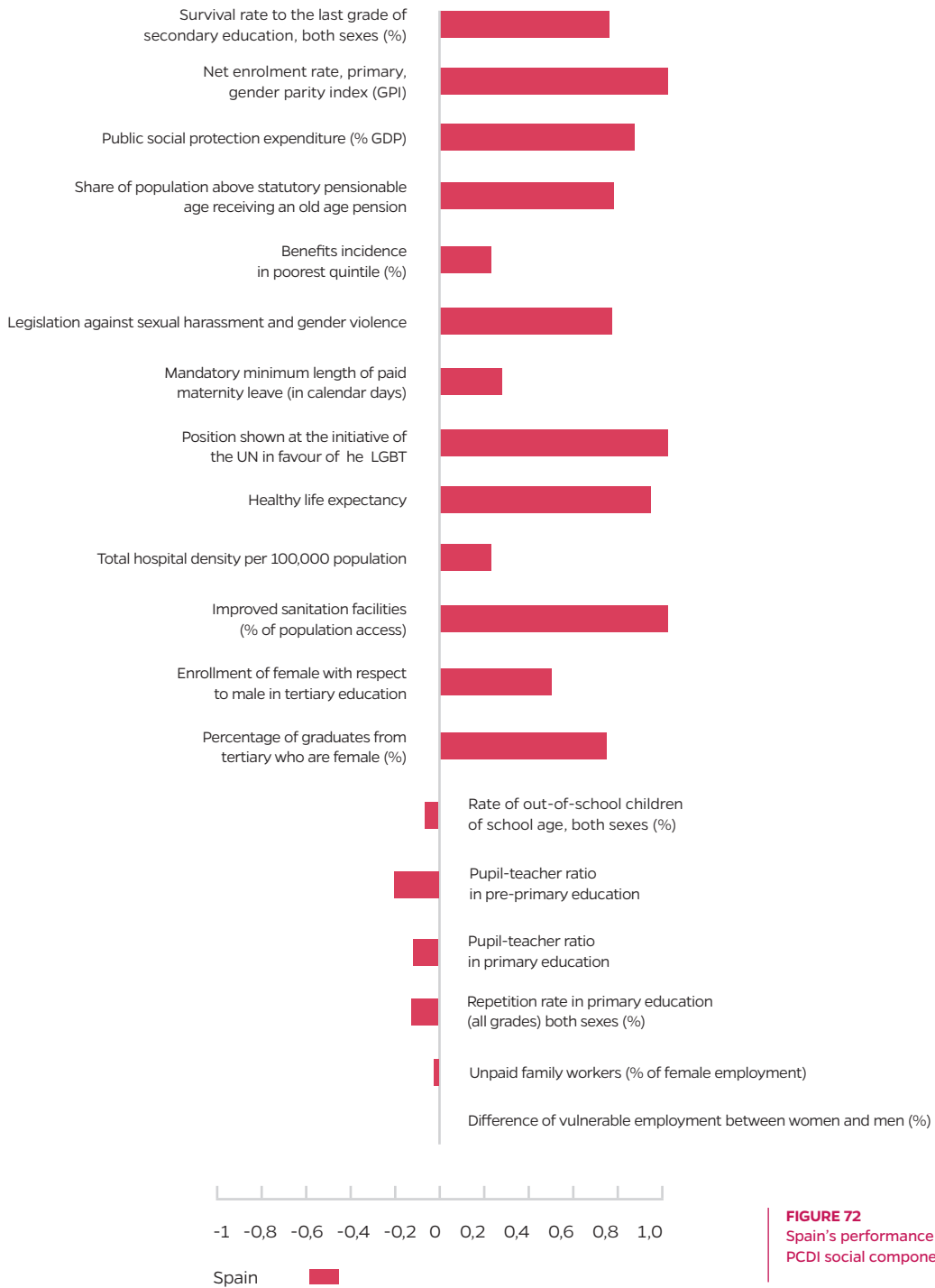


**FIGURE 70**  
Spain's performance on PCDI economic variables



**Source:** Created in-house from Helgilibrary data.

**FIGURE 71**  
Size of the banking sector as a percentage of GDP in the European Union (EU-28)



**FIGURE 72**  
Spain's performance on the  
PCDI social component

Spain is not the EU country with the largest banking sector relative to its economy but rather is located in the mid-range. Banking sector figures of other countries such as Ireland and Luxembourg are much higher. It is important to note that, with the exception of the United Kingdom, the countries with the largest banking sectors relative to their economies are in the Eurozone. This shows that the single currency can have negative effects from a human development perspective to the extent that it stimulates size in this sector.

Spain ranks 41st on the social component, one of the lowest among EU Member States. A closer look at the variables helps explain why.

Spain performed well on all but three of the positive variables: impact of social benefits on the poorest quintile of the population, number of hospitals per 100,000 inhabitants and length of maternity leave.

As for the variables detracting from development, Spain did not lose many points on the education variables and very little on the variable measuring the percentage of unpaid jobs of total female employment, which aims to measure the insecurity of female employment.

The single currency can have negative effects from a human development perspective to the extent that it stimulates size in the banking sector



This variable also sheds light on the importance each country places on work-life balance. As Figure 73 shows, Spain is among the EU-28 countries with the shortest mandatory maternity leave and is well below the mean. This stands in stark contrast with other countries, such as the United Kingdom or Ireland, where the State grants nearly three times the number of days as a sign of support for such balance.

Spain is among the EU-28 countries with the shortest mandatory maternity leave and is well below the mean



Source: Created in-house from UN Women data.

**FIGURE 73**  
Mandatory minimum length of paid maternity leave in the European Union (EU-28)

Spain earned its highest scores in the global area, with respectable scores on all variables, both positive and negative, earning it the number four ranking on this component.

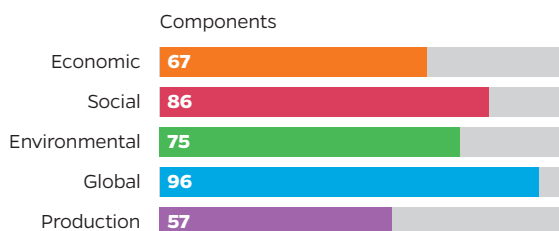
Spain ranked number three among European Union countries on the global component. It is interesting to note the very wide range of performance on the global component in the European Union from position number two (Belgium) to number 86 (Greece). This shows that even though the EU is a very homogeneous region on the global component —most countries scoring between 80 and 98— some countries behave very differently, indicating that European Union membership is no guarantee against very divergent behaviour.

## Spain

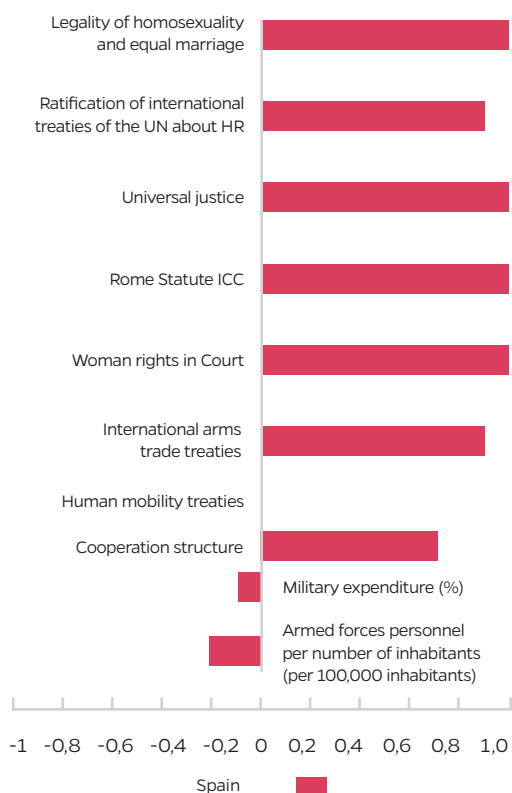
PCDI

**76.73**

Position: 13



Income	High income
HDI	Very high HDI
Region	Western Europe, USA and Canada
Organization	EU 28



**FIGURE 74**  
Spain's performance on the PCDI global component

This same divergence is apparent in the different levels of military expenditure in the European Union as illustrated in Figure 75.

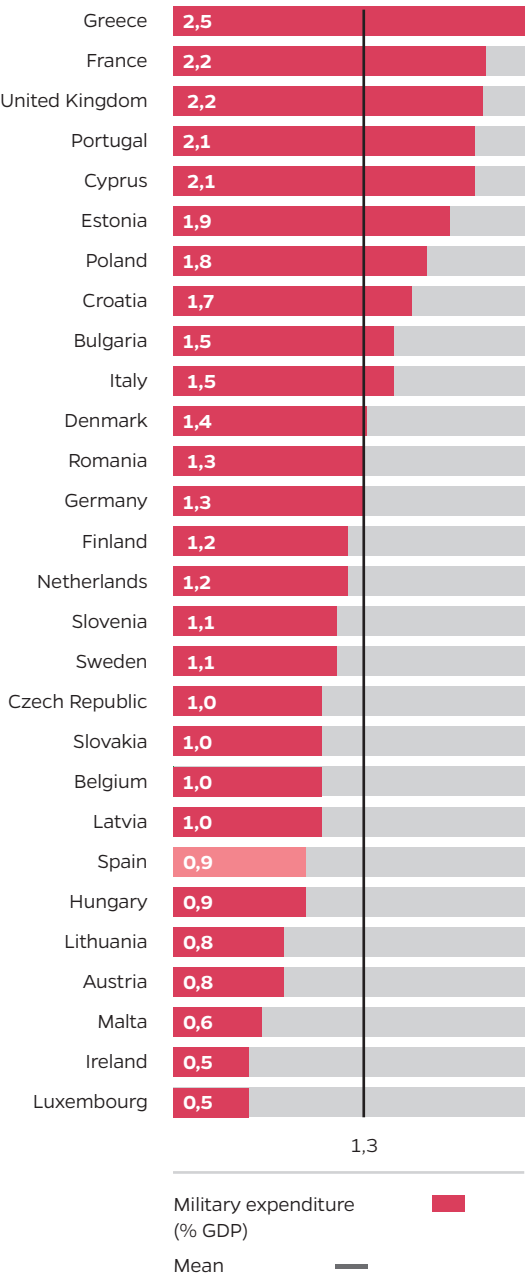
The figure illustrates the differences in military expenditure as a percentage of GDP among European Union countries. Greece led military spending with 2.45% of its GDP earmarked for that purpose, while Luxembourg spent the least, nearly two percentage points less. Spain is among the group of countries with the lowest military spending in the European Union.

Spain ranks 44 on the environmental component, putting it in the upper middle range. Figure 76 shows that Spain earn average scores on nearly all of the positive variables except on participation in fishery treaties, where it scored high. Spain was not excessively penalised by any of the negative variables.

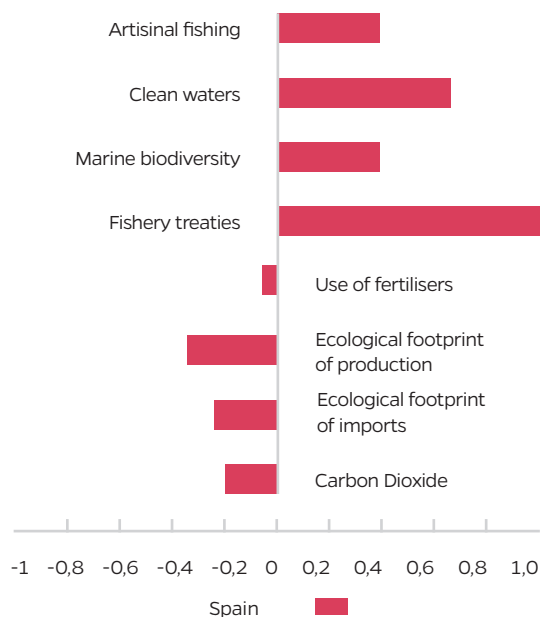
One of a country’s most interesting variables in terms of policy coherence for development is its ecological footprint. Figure 77 shows the ecological footprint of imports in the European Union. This provides information on the global hectares each person needs to maintain his/her level of consumption of commodities imported from other countries.

As the figure shows, Spain ranks 12th, meaning that nearly four hectares per Spanish citizen is needed to provide Spaniards with the imported goods they consume.

The figure highlights differences between countries. For instance, Belgium uses 16 times more hectares than Romania, the country with the smallest ecological footprint of imports in the EU (according to available data). Spain ranks number 66 on the production component, its lowest ranking on the PCDI.

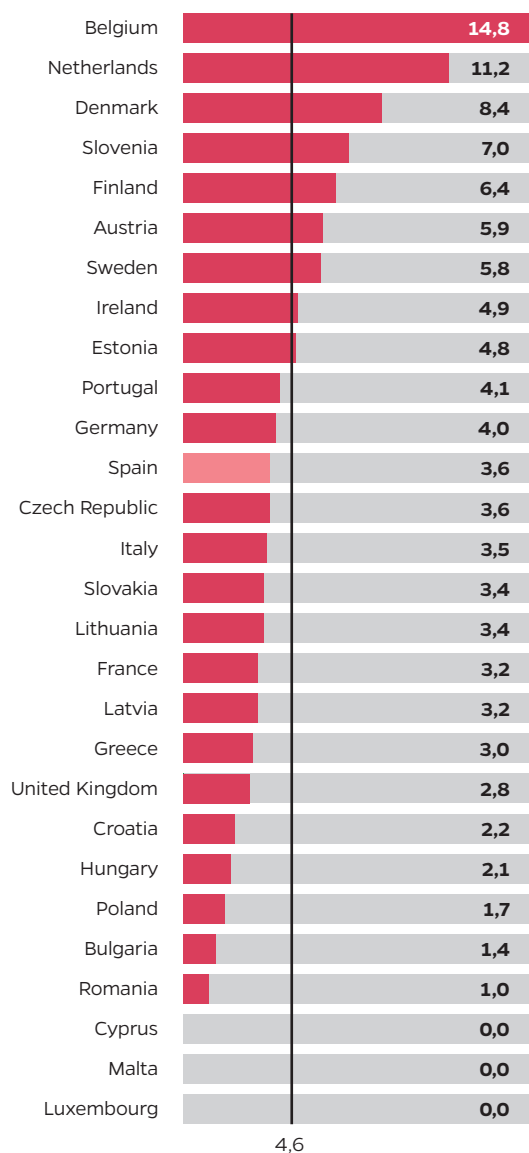


**FIGURE 75**  
Military spending as a percentage of GDP in the European Union (EU- 28)



**FIGURE 76**

Spain's performance on the PCDI environmental component



Global hectare per person

Mean

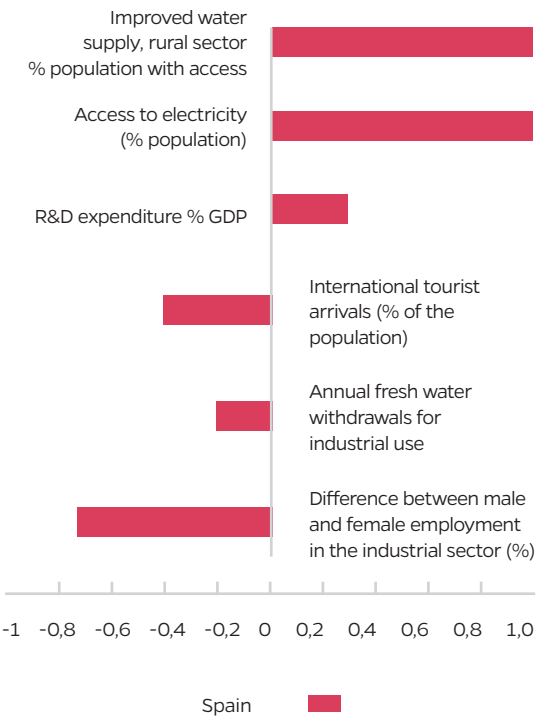
**Source:** Created in-house from Footprint Network data.

**FIGURE 77**

Ecological footprint of imports in the European Union (EU-28)

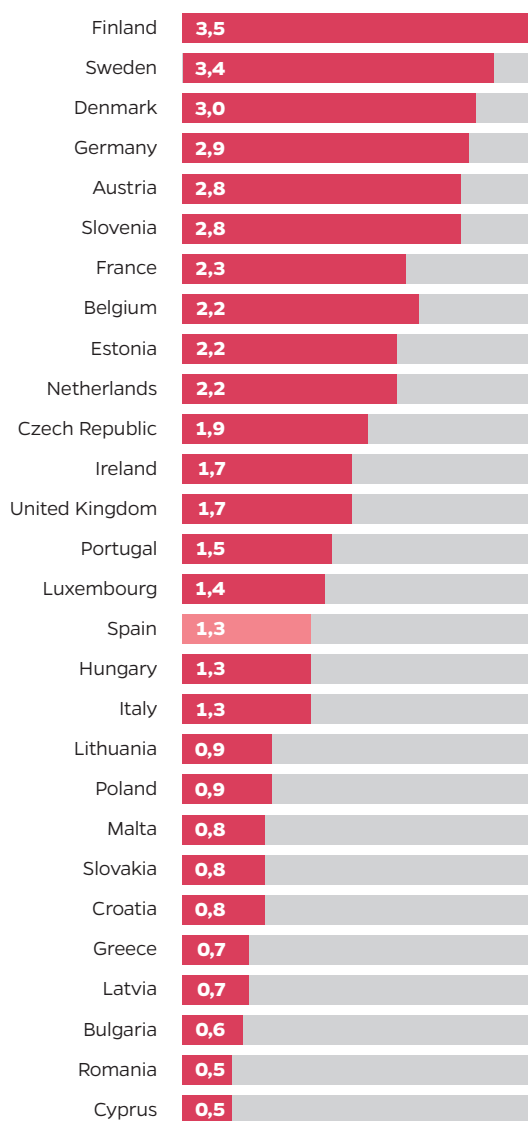
In terms of negative variables, there are important gender differences in Spain between male and female industrial workers and Spain was also penalised for its number of tourist arrivals. As for positive variables in this component, Spain scored low on R&D expenditure but showed the highest level of electricity and water coverage in the rural sector. A closer look at R&D expenditure figures shows each country's commitment to a knowledge-based economy.

Figure 79 shows each EU Member Country's spending on R&D as a percentage of GDP. There is a huge gap between the country that spends the most on research and development, Finland, at 3.5% of GDP, and Cyprus, with only 0.5%. Spain is located in the middle of the graph but spends a relatively small amount in comparison with the biggest R&D spenders.



**FIGURE 78**  
Spain's performance on the PCDI production component

Spain has a long way to go in terms of policy coherence for development. Especially in the social, environmental and production areas, Spain ranked relatively low, meaning that it needs to implement measures to effectively guarantee social rights, commit to making the Spanish economy much more sustainable and knowledge-based and build a more advanced production model



**Source:** Created in-house from World Bank data.

**FIGURE 79**  
R&D expenditure in Spain and  
the European Union (EU-28)  
(% of GDP)

## SPAIN, ONE OF MANY COUNTRIES IN A HETEROGENEOUS EUROPEAN UNION

In this analysis we have taken an in-depth look at Spain's performance on the PCDI, its rank on each of the components, the variables where its score was penalised to varying degrees and those showing that Spain is a relatively coherent country. Now that the analysis is complete, it is fair to say that our country has a long way to go in terms of policy coherence for development. Especially in the social, environmental and production areas, Spain ranked relatively low, meaning that it needs to implement measures to effectively guarantee social rights, commit to making the Spanish economy much more sustainable and knowledge-based and build a more advanced production model.

Another conclusion may also be gleaned from our analysis: the European Union is a heterogeneous group of countries in terms of policy coherence for development in general but much more homogeneous on the global component. We have seen how countries perform differently on each of the components. In the general PCDI ranking, EU-28 countries hold the number one position (Denmark) along with position number 67 (Austria). No country scored consistently low or high on all variables, but rather varied performance was found on each of the components.