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world development report 2006

Equity and Development

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Inequalities in incomes, in health, and in educational outcomes have long been a stark fact of life in many developing countries. When such inequalities in outcomes arise from unequal opportunities, there are both intrinsic and instrumental grounds for concern. Because inequalities in opportunity are often accompanied by profound differences in influence, power, and social status—whether at the level of individuals or groups—they have a tendency to persist. And because it leads to an inefficient use of resources and to less effective institutions, inequity is inimical to long-term development. It follows that there is a legitimate role for public action in the promotion of fairness and in the pursuit of equity, provided such action is cognizant of the primacy of individual freedoms, and of the role of markets in allocating resources.

World Development Report 2006 presents evidence on the inequality of opportunity, within and across countries, and illustrates the mechanisms through which it impairs development. The Report advocates taking explicit account of equity in determining development priorities: public action should aim to expand the opportunities of those who, in the absence of policy interventions, have the least resources, voice, and capabilities. Domestically, it makes the case for investing in people, expanding access to justice, land, and infrastructure, and promoting fairness in markets. Internationally, the report considers the functioning of global markets and the rules that govern them, as well as the complementary provision of aid to help poor countries and poor people build greater endowments. Drawing on the World Bank's 60 years of development experience, the *World Development Report 2006* is essential reading for understanding how greater equity can reduce poverty, enhance economic growth, advance development, and deliver increased opportunities to the poorest groups in our societies.



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