

## Informal consultation on HDR2010 with HDCA participants

Pontificia Universidad Catolica del Peru, Lima, 9 Sept 2009

### Background

On the 9<sup>th</sup> September 2009, Eva Jespersen and Isabel Pereira participated in the informal consultation for HDR2010, organized by Oxford Poverty and Human Development Initiative (OPHI) whose focal points were Sabina Alkire and John Hammock. The 26 participants in the meeting had different background, but mostly came from academia (e.g., Oxford University, University of Pavia, University of Bath, Universite Versailles, Pontificia Universidad Catolica del Peru, University of New South Wales, Georgetown University) or development organizations (e.g., UNICEF, IDRC). The one day discussion at the Catholic University of Peru was the 6<sup>th</sup> informal consultation supporting the preparation of the research agenda for HDR2010.

The very alive and rich discussions of this meeting were centered in the role of HD in advancing ideas since 1990 and how has changed since then, HD concept and measurement issues and ways to advance the international development debate.

By more than once it was raised the importance of reviewing how NHDRs have been dealing with definitions and measurement, and to evaluate how far they have influenced policy.

### Summary of the discussions

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- **Contextualization and “evaluation”** - HD has played a key role in advancing ideas since 1990. It is important to recognize how the development discourse has converged to the HD approach. The analysis and discussion in HDR2010 must organize the debate, being frank about the achievements and weaknesses, recognizing the areas neglected and where advances have been made. It was suggested to review the main questions that were tried to answer and how they have been addressed both top-down (leadership) and bottom-up.

Since 1990, there have been several changes in the international context, including:

- the advance of ideas as the multidimensionality of HD,
  - basic needs ideas of Sen (most accepted, so no need to have much focus),
  - monetary values – marketisation (privatization),
  - globalization,
  - inequality has become a big issue. Between nations, countries are closing the gap measured by HDI or life expectancy; but the problem is that the pattern of development we are adopting is increasing inequality within countries. We are living lots of people behind. Example, LA is quite well in terms of HDI, but is the region with the highest inequality in the world.
  - the world recession (was a problem some months ago, but now maybe not so much given the rapid change).
  - man-made destructions: climate change and the role of Western nations, violent conflicts. Climate change is of overwhelming importance today: overriding threat to HD.
  - there has been change in the political context – advances in democratic forms of government, with progressive governments gaining power (e.g., LA). Capabilities approach has been weak in political economy, and is difficult to include it in a UN report, but there has been political economy change.
  - communications: how you communicate ideas and how far we need to go forward on that. Website can be more active in putting forward new ideas, e.g., download papers and new ideas/information from HDCA through the HDRO webpage.
- **Conceptually**, it is important to highlight advantages and uniqueness of HD approach (people centered and income is not all). Sabina made a presentation of the historical definition of HD along the several HDRs (very interesting!).

Today it is mainstream to think on HD as concept of development. It was not like that in 1990, so it was a risk at that time. This is special visible once we compared WB report and HDR at that time. But now WB report is closer to HD conceptualization and discussion. Other views converged to HD perspective and it's important to say it, to make the debate transparent and say where we stand.

Under the conceptual framework of HD (France's point of view) there is no "right-wrong" concept – so we have to be careful when defining HD and not precluding other's contribution.

Rich countries may have a definition of HD different from the poor.

China success with economic growth may bring back the focus to GDP as the main point in development, creating a tension with broader development concept. HD is an alternative paradigm that does not replace markets, but makes markets more human.

In the definition of HD, Sen advocates for people leading lives they *have reason* to value – which is/may be different from "what they value". For example, if all Chinese and Indian wanted to have a car, that would not be sustainable and we have to be clear on that. What people value and how they influence decisions depends on their participation.

In Sen's idea of justice, capability is a power to do something and it is linked with responsibility. Conceptually, there may be a need to add something to the HD definition along the idea of "in a responsible way" so that people's expansion of choices do not limit others' choices (individual vs society) – what are the global constraints?

Also: how capability is different from happiness?

- In terms of **measurement**, it's important not to redo HDI otherwise its power may be lost, but important to bring other indices to the discussion and maybe to add some sensitiveness to aspects such as inequality or environment.

It can be added some missing dimensions. However, it would become too complicate, its value will decrease – a HDI "light" is a major advantage, so do not add too many new dimensions.

Important to understand if/why we need to aggregate dimensions in 1 single nr, otherwise we can continue to see/study dimensions separately and their determinants.

Also important to understand how to use measurement to support policy.

Measuring poverty, there is a trade-off between comprehensiveness of analysis (more dimensions) and international coverage, as well as between complexity/accuracy of analysis and communication of messages to non-technical audience so that it supports public policy design.

- **Looking forward** - Generally, but most forcefully articulated by Frances Stewart, there was the suggestion to limit the HDR2010 to review of critiques and their responses, and to add a few 'edgy' conclusions in some critical HD areas, e.g., inequality, environment and impact of climate change, importance of collective action, and the macroeconomic policies context. Other topics, such as norms and government or the role of aid, have been in all the reports. Today there is a general consensus in development theory among those themes, so it may not be worth to fight for/raise them in HDR2010.

- **Inequality**, both between and within countries is important to be reflected in the HD discussion, conceptually and in terms of measurement.

It is not totally consensual that convergence has a conceptual justification of analysis.

To analyse inequality we need a general equilibrium analysis, not partial. We need to study systems themselves (democratic, economic, ...) and how they interact; otherwise we may create even more inequality.

There are difficulties in measuring signals of inequality between cultural different communities, since signals of wealth/inequality may be context-specific.

- The paramount importance of **environment** challenges resulting from climate change, their conceptual link to the notion of justice and responsibility, and the relevance to HD.

If HD can be environmental-friendly, why countries did not do it? Because lack of incentives and macroeconomic context.

There is a triangle: economy, social equality and environmental sustainability. It is not impossible, the main question is inequality. The trade-offs can be solved by starting to do things differently, e.g., international cooperation and technology transfer – it is a question of how markets work, how incentives are drawn, and how players interact.

It is not environment that is the edge, it is people – so what can policies do differently? What are the consequences of traditional economic policies?

- The importance of **collective action**: group dynamics (collective action and empowerment), and the importance of the decision/political processes (e.g., as constraints or determinants) for HD realisation.

On **agency and empowerment**: for what? What is the aim? Behind those terms there is a real political game, these are not neutral concepts and it matters how the distribution changes accordingly. Also, there may be things that people want and society wants to avoid, e.g., violence and conflict.

Even when people can participate, they may choose not to if they don't know/don't recognize the benefits from participation. At a local level and maybe with support of NGOs' work, people need to learn why participation is good – there is a need to evaluate results, which may come slowly. Some of the global issues are not important for people unless they are affected – so how to link the individual with the global debate(s)?

Individual empowerment is embedded in the action of groups that make claims – instrumental view of groups. Also being part of groups contributes to well-being, groups are intrinsic aspects of HD.

Through groups, individuals have impact on policies. An example= project in Australia (NSW) with a model to provide health services to communities.

Empowerment of groups may be thought as “financing groups”, but that is not the point – funding may even have negative impacts on motivation and ownership. **Aid** is not central in HD; actually it may be so controversial that it may even be negative. What is central to HD are groups, not necessarily that outsiders finance groups. We can expand capabilities without expanding monetary expenses.

What's the **role of the state**? It can be seen as a “3<sup>rd</sup> person” to solve conflicts, but in many societies, state is part of the society and it has no role if the society does not give it (there is no social contract with a 3<sup>rd</sup> player); it is the way to solve the questions of the overall community.

- Evaluate how HD brought change, namely in terms of **policies** and resource allocation. Also, since UNDP works close to development practitioners and gives support, it is particularly relevant to discuss the policy consistency of HD and how to translate the conceptual framework into policies, either by analyzing specific interventions or general guidelines. There is a need to see HD analysis within alternative macroeconomic contexts.

Revisit the links between local and global policies, decentralization of political processes and its role for HD.

What can be added more on rich countries - constraints and opportunities of globalization.

The analysis needs to be both: top-down (macro policies and their links with HD) and bottom-up (microeconomic approach: how people interact and organize themselves, look at small experiences).

## Minutes of the discussions

### (outcome of compiled notes from Isabel Pereira, Emma Santos, and Suman Seth)

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- Javier Iguiniz **introduced the meeting**. The vice-president of the university, Efrain Gonzalez welcomed. Sabina acknowledged the organization of the meeting. Eva welcomed participants.

“The HDR’s objective is to advance development thinking and practice following the HD approach. In the last 20 years it has been recognized in policy and academic circles as a source of relevant development. It has positioned UNDP as a major development actor. So it is a good time to think what has been achieved, what is new and what is missing.”
- **Eva’s presentation** on the initial thinking, and the 20<sup>th</sup> anniversary report. Looking ahead and talking with audience more broad than development thinkers. History and importance of HDRs. Then the presentation followed the proposed concept note and structure of the report (3-ways parts).

“HDRO did a survey to academics, media, etc, and got responses from 1700 people.  
For 2010, there are several discussions on innovations within the HDI.  
Also, not so much long reports.  
There were several initial proposals: to have a broad retrospective and prospective HDR 2010 – but it could end up being very academic, move academic debate forward; to have a policy focused report without measurement or conceptual issues; to have a broad thematic approach, the MDGs, aid or sustainability.

The initial decision is a 3 part structure:

  - i) Progress and setbacks in HD since the 70s; achievements, gaps and constraints; trends in people’s well being; The advance of ideas (ex. Role of the state); new actors: major emerging economies; new opportunities: including channels for participation and democratic activity;
  - ii) Concept and measurement of HD: does it help to address the identified obstacles?  
Revisiting key aspects; implications for measurement and how it affects the HDI; investigate: humanly-made destruction of HD, new challenges-deprivation, traps and inequality of various forms, experiences of countries that have taken different routes of development, voices of the poor - how are their interests represented at local, national and global levels; invigorate or tune the HD concept: aspects which warrant deeper consideration for explicit discussion (individual as unit of analysis); the agency or empowerment aspect of human development at the individual and collective level; inequality in its various manifestations; environmental sustainability; kinking the HD concept to other key concepts, e.g., human rights, estimate MD poverty for 60-70 countries;
  - iii) The impact of HD on policy.
- **Frances’s presentation** on *Assessing HD progress with a perspective of the LA region into HD challenges and forward*.

Comments to current concept note:

  - try to have edgy conclusions, and
  - be more focus, maybe on 2 topics:
    1. inequality “closing the gaps” and Helen Clarks’ position while in NZ.  
A basic irony: HD ideas have greatly advanced, yet many policy have moved in the opposite direction. We should now have more direct conclusions in terms of inequality, ‘closing the gaps’.
    2. talk about global warming (the most horrendous threat to humanity). Otherwise, going over everything is maybe too much. Maybe political economy and aid is everywhere and not so much controversy.

Talk about global warming, forget about the rest of the environmental issues. Global warming should be one of the two really edgy bits: inequality and global warming.

We can't aim at talking about everything. Take out the typical of norms & government, the role of aid and other topics that have been in all the reports. We need to be more edgy. In 1990 multidimensionality was a big contribution of the report. Today there is a general consensus in theory. We do not need to fight that battle anymore.

1<sup>st</sup>. Major challenges since 1990.

- The advances of ideas:
  - o many dimensions of HD (multidimensionality),
  - o basic needs ideas of Sen (most accepted, so no need to have much focus),
  - o monetary values – marketisation (privatization),
  - o globalization,
  - o inequality (mostly within nations than between, which is something that is more problematic, and is keeping people out at the bottom of the distribution). Inequality has become a big issue: inequality between nations measured by HDI or life expectancy, countries are closing the gap. BUT the problem is that the pattern of development we are adopting is increasing within countries inequality. We are living lots of people behind.
  - o the world recession (was a problem some months ago, but now maybe not so much given the rapid change).
  - o climate change is of overwhelming importance today: overriding threat to HD.
- Man-made destructions: climate change and the role of Western nations, violent conflicts.
- There has been change in the political context – advances in democratic forms of government, with progressive governments gaining power (e.g., LA). Capabilities approach has been weak in political economy, and is difficult to include it in a UN report, but there has been political economy change.
- Communications: how you communicate ideas and how far we need to go forward on that. Website can be more active in putting forward new ideas, e.g., download papers and new ideas/information from HDCA through the HDRO webpage.

Major themes that might be included in HDR2010:

- new themes;
- review of critiques and their responses, and try to discuss them: income is not all, nothing is new, too individualist and more focus on groups, does not include environment, politics of change, weak on macroeconomics, distribution excluded, review of countries development;
- what can be added: environment plus, distribution, missing dimensions, more on rich countries, constraints and opportunities of globalization;
- In terms of measurement, abandoning HDI will weak the report – do not abandon it, if too much complicated than its value will decrease. HDI-light has a major advantage, so do not add too many new dimensions;
- Review of policies.

Conclusions: advantages of the approach - is people's centered, and economy is just a mean; "is not about...", is more broad. It's unique; no other concept is so broad. Did it bring change – in global discourse, allocation of aid, policy debates and resource allocation?

- **Luis Filipe Lopez-Calva's presentation** on trends and issues of HD in LA

4 things that must be in the report:

- Intellectual conceptualization: declare victory of the approach, but be honest and critique of achievements;
- Organize the debate;
- Advance in measurement;
- Set guidelines to what means having a HD consistent policy with practical implications.

1<sup>st</sup>. Being critique on the concept. Today it is mainstream to think on HD as concept of development. It was not like that in 1990, so it was a risk at that time. This is special visible once we compared WB report and HDR at that time. But now WB report is closer to HD conceptualization and discussion. Other views converged to HD perspective and it's important to say it.

Solomon said that "there is nothing new under the sun, only forgotten" and is important not to forget path that brought us here.

Make the debate transparent and say where we stand.

Access to goods and services, transformation function (individual aspects, social aspects, context) =capability set.

2<sup>nd</sup>. Off-springs of HD discussion – there are several discussions and perspectives, e.g., Sarkozy commission. It's important not to be too much critique, but put discussions in place (present a scheme). And clarify possible conceptual confusions.

3<sup>rd</sup>. Advance measurement. Multidimensional poverty, inequality between and within countries – not sure whether convergence has a conceptual justification of analysis. Example, LA is quite well in terms of HDI, but is the region with the highest inequality in the world.

It's important not to redo HDI otherwise its power may be lost, but important to bring other indices to the discussion. But maybe add some sensitiveness to aspects such as inequality.

4<sup>th</sup>. Policy consistent HD. UNDP works close to development practitioners and gives support. We need to be closer between conceptual framework and its operationalisation in terms of policy – guidelines, either by analyzing specific interventions or general guidelines.

- **Sabina's presentation** on Conceptual HD

What should be the definition of HD in HDR2010? People in HDCA have a wide definition and concept, relying on agency and empowerment. Discuss how HD concept compares with other concepts.

How HD was presented along different HDRs: from 1990 on, both in terms of means and ends.

1992 was the 1<sup>st</sup> definition in narrow way, leaving out processes.

1993: participation only useful as instrument, not per se.

1994: language on sustainability.

1995: gender policy – equity.

1996: not so much new.

1997: glossary with formalization of HD: agency absent.

1998: 1 page with only 2 dimensions.

1999: HDR put central on processes.

2000: more emphasis on process and end.

2001: nothing new.

2002: again emphasis on value.

2003: 1 sentence, but include dignity.

2004: very rich definition: freedoms, equity, range of dimensions.

2005 and 2006: nothing new conceptually. 2006: no definition.

2007: climate change not integrated in HD. Most of the times: enlarging people's choices.

Every year: long and healthy, knowledge, decent standard of living. Many reports have freedoms in the titles, but no consistent terminology.

Dimensions vary but were part of the HD conceptual discussions: work came on, but as a need to be participants in society; topics related with security and violence; some related with social features and not defined in depth. Looking forward: will have enlarging people's freedoms, also on the process.

- **General discussion** on what questions for reflection

Frances Stewart: important not to straight jacket. There is an on-going debate, and evolve. There is no "right-wrong" concept. We have to be careful when defining HD in not precluding other's contributions, so as not to say 'you haven't advanced HD because you have not met our particular definition'.

Luis Filipe: one of the major issues is the transformation function. Political economy of why inequality produces inequality? There are failures in the system of representation. How to analyse formal and informal ways to make system more responsive of the needs of the groups? Yet, while linked with the UN there are political constraints in talking about political feasibility of reforms.

Frederico Burone: are there ideas on expanding HD, not so much in terms of Development part, but also for Human?

Eva: In addressing Human development, one also needs to see the responsibility and interaction towards other species.

Severine: how people value and what they value. Many definitions of HD say that it is about people being able to live the lives that *they value*, whereas Sen advocates on people leading the lives they *have reason to value*. There is a huge and crucial distinction between the two. If all the Chinese and Indians wanted to have a car, that is not sustainable. We need to be clear on that.

Also, agency and empowerment - for what? What is the aim? We cannot just use that neutral concepts as there is a real political game, it matters how the distribution changes.

Enrica: not so much strict concept of HD. Rich countries have a definition different from the poor, so the perspectives are different. Sarkozy commission.

Diego: there may not be a clear definition of HD, but maybe discuss how NHDRs have been dealing with definitions and measurement. Also – what we need to do different, in terms of political economy and policy?

Catalina: discussion of the process – decision processes, political processes. What they value and how they influence decisions depends on their participation.

Frances: It is important to think about the definition, and add something on 'in a responsible way' so that people's expansions do not limit other choices. What are the global constraints, and what's the role and influence of the countries on that.

I am a bit uneasy in the use of the empowerment concept, it is not 'something' you can get. What it means empowerment and what is its goal? How can we facilitate people's empowerment needs to give them so many things that we want to avoid, like conflict or violence. It has to be something that comes from below, 'facilitating people's empowerment' may sound more realistic.

Javier: there is a permanent tension between processes and ends. Experience from the grassroots suggests that even when people can, they do not want to get participate. It is a slow process. Here,

participation is accepted, but not so much because it is as effective as one would like – that's why solitary leadership is so popular. Processes need to tell people that it's worth to participate, world of NGOs gives results but very slow. Learning to know why participating is good, how we can bring results and evaluate them. At the local level that is more close to people and may make a difference. At the global governance – crisis is here, we may be changing, but China is being successful due to growth and bring back GDP as the main point. There is a tension.

Claudio: good time for impact evaluation. But then what is the baseline? What were the questions we tried to answer and how we went along? Is it part of leadership (top-down) or parts of bringing back a bottom-up discussion, more flexible?

Sabina: concept has been described in different ways along time, apart from enlarging people's choices.

Eva invites the discussion on: groups vs individuals, environment, role of the state – addressing inequality.

Isabel: "HD defined by the negative – is not.., so what it is?" How do we formulate so that it is more recognizing and effective. Root dynamics is very important.

Severine: case study in London-2006, on how water sanitation played a role in political parties and trade unions and not being neutral. How can be engineered in the development practices? Neutral HDI and HDRs, but not neutral on the ground.

Eva: organization supportive of collective action. Neutrality does not mean that we don't talk about issues.

Frances: we cannot have individual empowerment, without talking about groups that make claims. Instrumental views of groups. But more than that- being part of groups contributes to well-being (being part of family, academic circles, ...). Group are intrinsic aspect of human development. Yesterday there was a meeting on the role of groups with negative actions on Amazonia, conflict with major interests, and people are not so much in favour of empowerment.

Eva: Issue of stimulating civil society is important. 15<sup>th</sup> anniversary of social cohesion. How the world thought but did not pursue it.

Efrain: there is no mention to entitlements and rights, and groups in Amazonia are asking for that, for example in Peru.

Enrica: sustainable human development, and what's the links between local and global policies. Decentralization of political processes, and how specific and concrete may be on the ground, to make a difference on policy terms. Local policies are more important sometime that the national level, as it is easier to connect people in human development. Measurement – what kind of data, of globe post.

Sabina: civil society movements in India, trying to monitor role in communities to 100-days guarantee employment and the right to food in India. A lot of activism, process is part of it, but they want to receive external funds, because they want to engage local externalities. Empowering groups may be thought that the solution is to finance groups, while that is not the point – it may have negative impacts on motivation and ownership.

Frances: aid is not central, actually is so controversial and may be even negative. Countries and groups are the central. HD requires groups, but not necessarily that outsiders finance groups.

Javier: inequality – always trying to connect global issues with specific experiences, but that is not easy. We cannot evaluate anything until we consider interactions, we have to have a general equilibrium analysis, not a partial analysis. Evaluation of specific work needs to be seen in a more connected way. We need to study the systems itself (democratic, economic) not only the interaction between them. Otherwise, we may produce even more inequality. Also valuable on the evaluation of

global warming, environment, but at the regional-local level. For the peoples is not a big issue, unless they are affected by it (e.g., on their everyday life). How we can link local with general?

Catalina: groups are part of the basic social institutions. Is not politics, trade unions, ..., but basic groups and institutions where people learn how to live, and being empowered. The quality of groups should be monitored in some way, seen as groups, and not only channels to develop and provide services. Public spaces (from communities to countries) to form agreements and empower people, to build democratic rules and institutions.

Diego: Multi-layers level, what groups experiences have promoted HD. Evaluation of NHDRs – how far they have influenced policy?

Eva: OECD has identified NHDRS as the best example of bringing policymakers together and it will be talked both in Busan and in HDR2010. Collective action comes along.

The current HDR09 talks about removing barriers for people coming together, and enabling environments for people to participate.

Where do cultural rights come along in human development?

Also, recognizing rights as discourse, what is the role of the state in supporting and development of groups?

Frances: there is a tension between social and political rights: which one takes the lead when taking decisions? We should not impose the decision. They are not good for gender rights. We take different view. There are certain areas with general conflicts.

Francesca: example of groups and their significance in developed countries. Australia, there is the “close gap” between indigenous and non-indigenous communities, despite that Australia is on top of HDI. UN declaration of indigenous rights. How single individuals have an impact on policy? Only through groups. So, “we” (project in Australia, NSW) are proposing a model of helping the provision of health services to communities.

Claudio: role of the state can be seen as a “3<sup>rd</sup> person” to solve conflicts. But in many societies, state is part of the society and the way they solve the questions of the overall community. State is a participant player, and has no role if the society does not give it – there is no social contract with a 3<sup>rd</sup> player, since state is part of the society.

Eva: environmental sustainability – how to bring in?

Frances: I feel this is a real difference comparing 1990 with 2010. We have to rethink definition and tell us how much we can expand capabilities in a single world. This is a critical change that threatens human beings. Not necessarily included on the measurement side, but at least conceptually. People in Oxford are working on it.

John: if HDI should not be changed, how to include environment?

Frances: I correct what I’ve said - environment is the exception, needs to be included in measurement.

Javier: It would be interesting to relate global climate and democracy. Is there a way of democratic convince people not to buy a car, and consume more? We can all be equal, but all destroyed.

Sabina: Oxfam person – look at high people and the way they live: we may want to mimic (“we all want to be Scandinavian”), but that is a false goal, we cannot mimic the same way of living. We need a climate shift. In Sen’s idea of justice, capabilities is a power to do something and needs to be linked with responsibility (and with others), which is different from others.

Also, how capability is different from happiness?

Severine: the focus on developed countries, but HD focus on developing. Less can be better. Developed countries have a responsibility, e.g., DFID helps developing countries, but UK gov sells weapons – it is inconsistent!

Frances: we can expand capabilities, without expanding monetary expenses.

John: we shall not allow the market people to come again, but there is an opening to show that there is an alternative paradigm not to replace markets, but to make markets more human. Now we have an historical opportunity to discuss the conceptual framework and then to think on how to operationalize it.

Eva: the issue on macroeconomics, how important to be in HD?

Frances: if HD can be environmental-friendly, why countries did not do it? Because of macroeconomics and incentives to grow-profit oriented. To do it differently is such a major change that is not easy, but is so much needed.

Javier: perverse side of thinking. When there is inflation, poverty (reduced demand) is a solution. The same happens with democracy: when there is conflict of interest, the way of solving is with authoritarianism. The same with pollution: if firms are polluting, and someone complains, then the people-workers argue that firms & pollution are benefic for employment. People see decisions as trade-offs.

Eva: Copenhagen COP15 raises these discussions.

Efrain: there is an impossible triangle – economy, social equality, environmental sustainability. We can choose 2 of the dimensions, not three.

Diego: there is a triangle, but not a trade-off, the main question is inequality.

Isabel: the trade-offs can be solved by starting doing things differently, to switch to cleaner technologies that allow progress in a sustainable way. International cooperation and technology transfer can help. It is a question on how markets work and players interact.

Sabina: can environment be an edge? Can economic growth be an edge? No, because people are the edge. Which correlation exists between growth and other dimensions? How we craft it so not be very vague? How do states create incentives?

Enrica: what is the role of fiscal policy and monetary policies in terms of HD? What are the consequences of traditional economic policies in HD? This is a way in which the report could incorporate the macro part in the discussion of HD.

Eva: how states create incentives for different outcomes, namely to environmental questions?

Jean-Luc: Microeconomic approach – the interaction of people and how they organize themselves, their sense of corporate responsibility, microfinance. In Africa, there are several places where water and electricity are provided in a bottom-up approach. There may be value-added in looking at small experiences.

Sabina: the role of distribution, and how measurement, conceptual, inequality can come across? The case studies that you're part of it.

- Lunch break
- **Sabina's presentation** on Measurement of multi-dimension poverty

Human Poverty Index? Multiple deprivations and counting (breadth, scope), it can be decomposed by data groups (intensity and scope), 2 surveys (DHS and MICS), 70 developing countries, and some results/estimations.

There are 4 major database surveys: LSMS, DHS, Core Welfare Indicators, MICS (Multiple Indicator Cluster Survey) – they started in the mid 80s, and in the 1990 when the first HDR was launched the coverage was very reduced. But even the standards indicators, there is lack of data consistency – adequate indicators are still not collected (Bourguignon et al., 2008).

HDRs refers to several dimensions as ends of HD (e.g., health, education, ...) and there is the paper on 12 dimensions from Ranis et al. (2006). But many dimensions are not included (e.g., work, empowerment, safety, respect, meaning, spiritual wellbeing, ...). These dimensions are not in the major surveys, which constraints on poverty analysis and measurement.

What is possible, is to look at survey data DHS and MICS and identifying variables for several countries, e.g., roof material, wall material, floor material, person per bedroom, ... BMI, incidence of child death. So, what should be chosen? Several housing indicators, other durables, education (not quality, but enrollment and years of schooling), health (BMI, sanitation facility, source of drinking water – but there are other health failures that are not reflected there).

There are several dimensions that are missing, e.g., empowerment, political freedom, safety from violence, ... what is the best approach: smaller sample (<nr. countries) or less dimensions?

What are the methodologies to aggregate?

Poverty is multidimensional, and deprivations are interconnected (poorest are battered by multiple deprivations at same time).

Creating an index has several choices, e.g., weights, dimensions, cut-offs, ...

Multidimensional poverty: one problem would be to miss the identification of deprivations that are very important (e.g., in India it is important to look at malnourish, education level, ...).

“Nrs that change the world” listed a nr of criteria for a multidimensional poverty.

7 steps on measurement. Would there be a 2<sup>nd</sup> cut-off?

- **Suman Seth’s presentation** on Indian example with NFHS, data 2005/06, 9 dimensions, 12 indicators.
- **Maria Emma Santos’s presentation** on data (also used for a joint paper for LAC data) from rural areas are poorer than urban.
- **General discussion**

Sabina: how to address data limitations? Which other things can be included and how to communicate to non-technical audience?

Eva: how to use this complex analysis in parallel with more simple HDI analysis? How is inequality addressed?

Enrica: to use the data at global level, there is limitation of data and its comparability across countries. If we add this analysis, it becomes more arbitrary because we need to use micro-level, so it weakens HD measurement. The suggestion is to present case studies, regional analysis, where data is more comparable. And stressing that approach is more normative (e.g., choosing dimensions, weights, ...).

Frances: It is important to be clear that this discussion is on poverty-HPI, not HDI. HPI has never taken off, which is different from what happens with the HDI. As far as HDI is concern, it is important to have inequality and environment adjustments.

Regarding the issue of comprehensiveness, balance. Start with larger set of countries, and as dimensions are added, the set of countries decrease... up to make the point that with time, data collection can be improved.

On health, is difficult how to measure it, even conceptually – there are so many different indicators. Life expectancy is related with children's health, so I would use life expectancy and child mortality incidence.

Avoid including trivial dimensions.

Absolute vs relative poverty: how do we approach rich countries, since comparison maybe different? We have now 2 different indices, but shall we use a single indicator or continue with double standard?

Eva: EECIS and UNICEF study on children, geographical important dimensions (locality-specific dimensions and indicators). If we open for too many different countries, the picture may become blurry on the value of indicators.

Jean-Luc: this approach is an improvement in the last 10 years. Enrich HPI with this type of analysis. On inequality issues of HDI, there are not clear knowns of what is the accepted inequality in each country. Local indicators vs general indicators – depending on the country, there may be specific (e.g., in Comoros, in the 1<sup>st</sup> room of the house and type of chair says whether people are poor or not; in other countries, depending on whether have dinner or not is the poverty indicator). What about subjective measures of poverty?

Claudio: why do we need to interpret the several dimensions in 1 single nr – poverty? If we add more dimensions, the interpretation becomes less clear. Maybe we need to continue to see dimensions separately, and try to study each one separately – what's behind (e.g., determinants).

Javier: by aggregating dimensions, it's difficult to convert income in other measures of well-being. It becomes more difficult to show that we can advance without being rich. Income reveals the diversity of goods and services that people have access, but HPI was a tool to show that people could advance in child mortality without being rich. HPI is important to show separation of economic and non-economic indicators.

Henry: why not have a threshold for each dimension?

Viviana: public policy design – how to use this measurement analysis to support policy, and what is the difference to the variables that are already been used to address multi-cultural populations?

David: One thing we can probably agree is that multidimensional poverty is complex. There is a tension between having a comprehensive index that covers many countries but with few dimensions, and a richer index for a smaller set of countries. However, the two indices may have conflicting results. Once you have a lot of dimensions, there may be overlap between different dimensions.

Javier: Index on environment and conservation. There is a trade-off between completeness and complexity.

Eva: scale of indices, for range of countries, and do some sensitive analysis.

Suman: dynamics is not only between countries, but also within countries while comparing rural-urban areas.

Efrain: in HDI there is the problem of being in a range 0-1, and several countries are closer the top, so changes are marginal.

Sabina: 1<sup>st</sup>. HDI includes the rich and the poor and inequality is very relevant (HDI can go up just because of the rich people) but we can take into account inequality by squaring; HDI has 3 dimensions normalized for 3 dimensions, but there is aggregate data for other dimensions – it's possible for people to calculate their own HDI with "chosen" dimensions, and in this way HDRO would not have to choose the dimensions.

2<sup>nd</sup> general coverage for many countries, and maybe some case studies for particular database.

3<sup>rd</sup> poverty profile does not capture several deprivations, and we don't know whether they are the same people or not, and with a single nr-aggregate is the only way of knowing whether the people are the same.

4<sup>th</sup> how to combine income? We cannot since most of the databases do not have both income and non-income data. Also, if income is mostly as a resource, then we would not need it because functioning would be already captured by other functioning.

5<sup>th</sup> Deliberate decisions on the value of each dimension to obtain weights? What type of reference/category? Maybe it depends on the context you are.

Eva: maybe it would be a good idea to have a HD portal between HDRO-HDCA-Measuring progress (OECD)?

- Break and finish meeting.