Statistical Commission
Forty-second session
22 - 25 February 2011
Item 3 (j) of the provisional agenda
Statistics of human development

Background document
Available in English only

Room Note prepared by the Human Development Report Office

United Nations Development Programme

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February 17, 2010

Introduction

1.   The Human Development Report Office (HDRO) would like to acknowledge the Report of Brazil, Morocco and South Africa on Member States' concerns with indicators released by the United Nations agencies"[1], and thank the authors for highlighting their concerns. The Human Development Report (HDR) is a high profile publication and is appropriately subject to close scrutiny by governments and other interested parties. Such a process is always welcome; it helps to ensure that the HDR is based on the best information available, that its composite indices are based on sound methodologies, and that it contributes to improvements in knowledge over time.

2.   At the same time we would underline that the HDR is "…the result of an independent intellectual exercise…undertaken in a neutral and transparent manner and in full and effective consultation…without compromising its editorial independence…" [2]

3.   This note complements another paper prepared by HDRO for the UN Statistics Commission,[3] with the aim of providing clarifications and updates to enable a constructive discussion at the February meeting. It has four parts. We first address the issue of discrepancies between data available in international and national databases. We underline the principle that HDRO is a data user, and in particular for the Human Development Index (HDI), relies as far as possible on data from specialized international agencies for global rankings. The second part addresses some general concerns related to the HDR and its statistics raised in the Report under "Member States' concerns." Third, we propose a series of specific steps to strengthen consultations and to enhance relations with national statistical agencies. Finally, an appendix to the note addresses some specific issues raised by the member states.

I.   Discrepancies between national and international data and credibility of the HDR's statistics

4.   The statistical tables in the HDR form a compendium for readers interested in human development relevant statistics. The composite indices and the HDI in particular, are presented as simple and useful tools to inform public policy discussions, planning, academic research and advocacy.

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[1]Report E/CN.3/2011/16 prepared for the Statistical Commission 42nd session, 22-25 February 2011, Item 3(j) of the provisional agenda, referred to here as the 'Report'.
[2] GA Resolution 57/264
[3] Report E/CN.3/2011/15

5.   The policy of the HDRO is to improve coverage, transparency and reporting on all indicators while avoiding imputation, consistent with the recommendations of the Expert Group.[4][5] As a result of this policy, the country coverage by 2010 HDI was only 169, reduced by 13 from 2009. Presently 25 member states are not included in the HDI ranking. Among others, 11 Small Island Developing States (SIDS), including Cuba, as well as Eritrea and Oman were not included in the 2010 HDI table.

6.   To enable international comparisons, the content of the tables is drawn from the most recent international data series produced by the mandated UN and other international organizations. It is critical to underline that the HDRO is primarily a user of these data and has neither the mandate nor the capacity to engage in data-collection at the country level or harmonization of data across countries. The latter task is the responsibility of UN specialised agencies.

7.   We recognize that some discrepancies do exist between national and international data series, and that this is an issue of concern, as underlined by Brazil. The HDRO sometimes becomes aware of such discrepancies during the process of building the tables. In such cases, the HDRO usually informs the responsible international agency about possible errors and requests an explanation. Discrepancies between national and international values are sometimes pointed out by governments and UNDP country offices at the HDR's launch. Often when a discrepancy is uncovered, governments immediately request that the HDRO collect and compile data directly from national sources. An example is paragraph 13 (i) and 14 of the Report. However the HDRO normally makes such corrections only once the changes are made in the relevant international databases.

8.   The use of particular international data in the HDR is sometimes contested, and the HDRO sometimes finds itself in the difficult situation of having to explain inconsistencies between national and international data. We have sometimes acted as an intermediary between national and international data agencies, seeking clarifications, providing technical explanations and facilitating communication and coordination.

9.   In the third section we propose possible future steps to lessen the risk of discrepancies.

II. General concerns of member states

Concerns related to the new experimental Multidimensional Poverty Index - MPI

10.   In 2010 the HDR introduced two experimental composite indices which utilize micro data obtained from nationally representative household surveys that are

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[4]See Report of the Expert Group E/CN.3/2011/14.
[5]Only three figures were estimated using a cross-country regression in the 2010 HDR – they are expected years of schooling for Montenegro, Singapore, and Turkmenistan. In previous HDRs the gross enrolment ratio for these countries was estimated by cross-country regression. Expected years of schooling is based on enrolment ratios.

internationally standardized and publicly available. The Inequality-adjusted HDI (IHDI) adjusts for inequality in the distribution of the three dimensions of the HDI.

11.   The Multidimensional Poverty Index (MPI) which has attracted significant interest, serves to underline the range of ways in which people and families can be deprived from, for example, lacking sanitation to having a child out of school. It is not intended to replace the more traditional monetary-based poverty measures, but is, rather, complementary measure to deepen the understanding of poverty. The human development approach has always stressed that poverty is multidimensional and goes beyond income (expenditure/consumption). Of course how we can best measure this multidimensional phenomenon is a major challenge.

12.   The (MPI), developed by the Oxford Poverty and Human Development Initiative (OPHI), is fully documented in background technical papers.[6] The HDRO recognizes that, like the dollar a day and other measures of deprivation, that the MPI is not a perfect measure. However, it does provide important and new insights into the complexity of poverty. The MPI tells us that a family may not be poor in monetary terms, but may still suffer other significant deprivations. The MPI depicts and quantifies some of these critical dimensions – mostly using the same indicators and thresholds as those adopted for the Millenium Development Goals.[7]

Concerns related to transparency and accuracy of data sources

13.   We would like to clarify that every global HDR has a statistical annex with several essential elements:

- The Statistical Annex is preceded by a Readers Guide that explains sources and definitions, coverage of countries, their groupings and aggregates, symbols and possible inconsistencies between national and international data;
- It is followed by technical notes that explain in detail the composite indices and their computation with examples, followed by the definition of indicators and statistical terms; and
- includes a note for each column in each tables, that clearly state the source of indicators, the reference year, and any specific issues.

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[6] Alkire, S. and J. Foster (2009). Counting and Multidimensional Poverty Measurement. OPHI Working Paper 32. Oxford Poverty and Human Development Initiative, Oxford, UK http://www.ophi.org.uk/working-paper-number-32/; Alkire, S. and M.E. Santos (2010). Acute Multidimensional Poverty: A new Index for Developing Countries. OPHI Working Paper 38. Oxford Poverty and Human Development Initiative, Oxford, UK http://www.ophi.org.uk/acute-multidimensional-poverty-a-new-index-for-developing-countries/

[7] Eight of the ten indicators used are in fact also part of the MDGs.

The internet presentation of HDR statistics also contains an abundance of metadata and clarifications in the form of "Frequently asked questions and answers" to help guide the reader.

III. Final remarks – Next Steps

14.   We recognize that data constraints are large, and apply not only to the HDR and its indices. Agencies and users all over the world who are seeking to utilize the best available information for as many countries as possible face many challenges, similar to those encountered by HDRO.

15.   The issues in terms of data discrepancies between national and international series are real and well understood among the statistical community. There is also international agreement that national statistical systems need to adopt and adhere to internationally agreed standards and definitions; international agencies need to clearly document estimation, harmonization methodologies and procedures, and make them transparent and accessible to the public; and that national and international statistical agencies need to coordinate and communicate more effectively.[8]

16.   The HDRO would like to emphasize that its policies build on these international principles and, more specifically, are consistent with the recommendations of the 2010 Expert Group with respect to transparency, robustness, and adherence to official statistical series.

17.   Looking ahead, in light of the recommendations of the 2010 Expert Group, and further feedback related to consultations with the official statistical community, HDRO is seeking to enhance consultations while preserving the equally important principle of editorial independence. HDRO would like to propose several points for future action and would welcome feedback from members of the statistics community.

- **Create a new Consultative Expert Group on HDR statistical issues**: This consultative group would be comprised of statistical experts from selected member states, and could be drawn from the UNSC Expert Group that was constituted for the 2010 HDI, with membership from both G77 and OECD countries. We propose that the membership would include Brazil, South Africa, the Philippines, Morocco, Australia, the United States, and an EU representative.

- **Advance notice to all Member-State Statistical Agencies about international data sources:** As noted above, one recurrent problem has been the discrepancies which arise between national and international data sources in many contexts, including MDG reporting. For the HDR2011, in advance of finalization of the report's tables, the HDRO will alert member-states (via the permanent missions in New York) of the international data sources to be utilized in the HDI and related

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[8] Fundamental Principle of Official Statistics. UN Statistical Commission – Special Session, 1994, Supplement No. 9 (E/1994/29), para. 59.

indices, so that that any discrepancies between national figures and these international sources can be reported by these agencies to the relevant international data provider.

- **Advance HDRO Advisories on HDI Omissions**: If the annual HDI value cannot be calculated for a given member-state due to the unavailability of data for the underlying indicator(s), the HDRO will directly inform the relevant government's UN mission prior to the publication of the Index, and provide an explanation of the technical reasons. These advisory notices will be sent after the annual HDI computations are finalized.

- **Direct Consultations with all Member-States not included in the HDI**: Drawing on the country representatives in the UN Statistics Commission, the HDRO is also seeking to convene an informal working group of UN member-states that were not included in the 2010 HDI, with the shared purpose of increasing HDI country coverage, in coordination with the relevant specialized UN institutions. An initial consultation of the relevant heads of national statistical agencies is scheduled for 22 February in New York.

- **SIDS statistical technical support through DESA**: Many of the countries not presently part of the HDI ranking are Small Island Developing States (SIDS), including Cuba and several South Pacific and Eastern Caribbean UN member states. HDRO has consulted already with the SIDS unit of the Sustainable Development Division of the UN Department of Economic and Social Affairs, and is also reaching out to the respective regional commissions and member states.

- **An Open Internet Forum for HDR Questions and Critiques**: The HDRO website will open a new forum for questions, critiques and other commentaries from individuals, institutions, or governments regarding the HDRs' methodologies, data sources and related issues. This is in addition to continuing technical debates and discussions about the HDI and other composite indices featured on its "Let's Talk Human Development" blog.

Appendix: More detailed responses to concerns of Brazil, Morocco and South Africa

Concerns[9]	Detailed Responses
Morocco's concerns regarding the MPI	
Paragraph 17.a: MPI was based on outdated data although more recent data were available.	The HDRO and the OPHI welcome the opportunity to use more recent data. It is important that the new data set is internationally comparable and publicly available. Our understanding is that OPHI has accepted the offer made by the Morocco High Commission in October 2010 and are presently waiting to update the numbers for Morocco and 19 other countries.
Paragraph 17.b: MPI ranking is meaningless given the range of years encompassed	Inevitably, like all international poverty and social data, the MPI refers to different years for different countries. For example, the World Bank dollar a day poverty figures cover a range of years – presently 1993 – 2007. However, it should be underlined that the purpose of the MPI is not to rank countries – in fact no ranking was estimated or given in the HDR; rather the objective was to provide a comprehensive picture of the world's acute deprivations, and to demonstrate a methodology that can be adapted to national and regional settings which presumably have more and better quality data. The MPI figures are presented as a 'baseline' of acute poverty using the latest good quality data available, and they can be updated as new data become available.
Paragraph 17.c: The choice of the MPI's dimensions, indicators and weights is subjective and guided by data availability rather than relevance and methodological soundness.	It has been explicitly and repeatedly recognized by the 2010 HDR and the OPHI[10] that data constraints were severe in the construction of the MPI. However, we feel that the method and approach is robust, as indicated by its broad acceptance, interest from policy makers and widespread citations. The MPI dimensions reflect the same three dimensions of the HDI, and the indicators were chosen based on a thorough review of the literature including the MDG reports. A sensitivity analysis has shown the results to be robust relative to alternate cutoffs and weights.[11]
Paragraphs 15 and 16: Release of MPI resulted in confusion because it coincided with the release of the national MDGs report with an emphasis on the new monetary approach-based poverty rates.	The MPI is not designed to replace the traditional monetary-based poverty measures, but rather to serve as a complementary measure to deepen the understanding of poverty. The human development approach has always stressed that poverty is multidimensional and goes beyond income or consumption. How we can best measure this multidimensional phenomenon is a major challenge. The MPI is not a perfect measure, however it provides important and new insights into the complexity of poverty. The MPI depicts and quantifies key missing dimensions in understanding poverty.

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[9] Refers to the paragraph numbering in the report.

[10] Alkire, S. (2010).Multidimensional Poverty and its Discontent .http://www.ophi.org.uk/wp-content/uploads/OPHI-RP-23a.pdf

[11] Alkire, S., Santos, M. E., Seth, S., &Yalonetzky, G. (2010). Is the Multidimensional Poverty Index robust to different weights? *OPHI Research Paper Series (draft, in Progress)*.

Paragraphs 18 and 19: The consulting process excluded the statistics community.	While the MPI methodology was not fully presented at the Expert group on HDI in March 2010, it was outlined in general terms. The Expert Group's Recommendations and Conclusions notes "***that the inequality adjusted HDI and indicators of multi-dimensional poverty are two distinct measures and, therefore, welcomes the announcement of HDRO to continue to include a separate measure of multi dimensional poverty***." The MPI was mentioned earlier in the year, during the January 2010 Conference on Measurements in Morocco, but was not formally presented or discussed because at that time the research was underway and details were not yet available. Further, the Expert Group recommended that the new indices we labeled as 'experimental' and this recommendation was followed in the 2010 HDR. Feedback on the MPI is now being considered prior to this year's publication. However we would underline that there was very extensive academic review and field testing of the MPI during 2010 prior to the November launch – highlights include: • Several 'ground reality checks' that took place in Indonesia, Madagascar, India, Kenya and Peru. In these studies, communities implemented the MPI, identified MPI poor using a simplified survey and provided feedback its accuracy, and changes that were needed (e.g. including charcoal in the fuel index, and shared sanitation not just adequate sanitation). • The methodology was reviewed in detail by a number of prominent global poverty experts, including Sudhir Anand, Tony Atkinson, Francois Bourguignon, James Foster, Amartya Sen, Frances Stewart and Xiaolan Wang. • Significant feedback was obtained in a range of fora, including a three day workshop in June 2010 on Multidimensional Poverty and Inequality: New Methods and Research Directions,; several lectures, presentations and participation in meetings to discuss the MPI over the summer months, including: workshops at the World Bank and IDB in Washington, lectures in Kathmandu, Delhi, Bhutan, Beijing, an event in Argentina, Chief Economist Seminar at DFID and at the 2010 Chronic Poverty Conference in Manchester. OPHI co-hosted a major international conference with Colombia's Ministry of Planning, ECLAC/CEPAL and the World Bank, on new techniques for measuring poverty, wellbeing and inequality in Bogota, Colombia. OPHI has run 10 day international training courses on multidimensional poverty methodologies in Jordan, Santiago, Chile, Lima, Peru and Oxford. OPHI co-hosted a major workshop with ECLAC/CEPAL, the Government of Chile, and a Chilean Foundation on Multidimensional Poverty.

Brazil and South Africa's concerns regarding transparency and accuracy of data sources	
Paragraph 24.a: Source of income poverty head-counts is unclear.	The indicator is given in column 8 of table 5 of the Statistical Annex, with the subheading (2000-2008) and the note to this column reads that "data refer to the most recent year available during the period specified." The source of data in this column is given as the World Bank, World Development Indicators, 2010, Washington, DC., printed in April 2010. Specifically, this figure is given in WDI's table "2.8 Poverty rates at international poverty lines" and refers to 2000.
Paragraph 24.b: Constant literacy of 89% between 2005 and 2008 is questioned.	The footnote attached to (2005-2008) in the header reads "Data refer to the most recent year available during the period specified," thus the literacy rate given is not a constant during the period but refers to the most recent year available during the period 2005-2008. Therefore this does not contradict the mentioned MDGs report figure.
Paragraph 24.c: Under-five mortality rate of 67 per 1000 reported by the HDR for 2008 is questioned, compared with the 104 per 1000 reported by the MDGs report for 2007 (South Africa)	We apologize that the source of data is mistakenly given as UN DESA, whereas the true source of this indicator is the UNICEF (2010) "The State of the World's Children" Table 1 "Basic Indicators" which reports 67 per 1000 for 2008. In turn, the source for this figure is given as "Inter-agency Group for Child Mortality Estimation (UNICEF, World Health Organization, United Nations Population Division and the World Bank)."
Paragraph 24.d: Life expectancy at birth figure of 52 years is questioned while the MDG report uses a figure of 58 for 2007 (South Africa)	This indicator is presented in the second column of table 1 of the 2010 HDR. It is obtained from the UN DESA Population Division's "World population prospects: The 2008 Revision."
Paragraph 24.e: The figure of 38% of one year olds lacking immunization against measles is questioned since the MDG reports 98% (South Africa)	The figure reported by the 2010 HDR in table 14 is taken from the WHO's World Health Statistics table on "Health service coverage" and refers to 2008.