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Working Paper No. 6

From the MDGs to the Multi-dimensional Measurement of Poverty as Part of the Post-2015 Agenda for (Human) Development

By *Stefano Pettinato and Jimmy Vásquez*

December 2013

United Nations Development Programme

POVERTY REDUCTION

A word cloud of development-related terms is overlaid on a light blue world map. The most prominent words are 'poverty', 'hunger', 'inequality', 'gender equality', 'energy', and 'health'. Other visible terms include 'trends', 'Youth', 'innovation', 'data', 'Governance', 'Infrastructure', 'civil society', 'Gaps', 'Beyond 2015', 'Implementation', 'Technology', 'water', 'Climate change', 'Crisis', 'Decent jobs', 'Employment', 'Conflict', 'evaluation', 'Lessons learned', 'Resilience', 'maternal mortality', 'sanitation', 'Environment', and 'Sustainability'.

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Please cite this paper as:

Pettinato, S., and Vásquez J. (2013), "From the MDGs to the Multi-dimensional Measurement of Poverty as Part of the Post-2015 Agenda for (Human) Development", 2013 Global MDG Conference, UNDP Working Paper. No. 6, UNDP Publishing.

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December 2013
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Abstract

Accelerating individuals' and nations' human development requires comprehensive public policies, that can simultaneously impact positively variables such as education, health, livelihoods, in a framework of equity, security and environmental sustainability. Building on the lessons from the Millennium Development Goals, a global effort is on the way to define the Post-2015 agenda, built on a bottom-up view and reflecting different needs and priorities of countries around the world. At the national level, a natural complement for these efforts is the multidimensional measurement of poverty and wellbeing. This methodology, to be institutionalized nationally, can help identify the most disadvantaged groups, inform public policies for more impact and effectiveness, and report national outcomes globally. With a mission to promote human development, UNDP is strategically positioned to promote globally a new development agenda from a local and national multidimensional poverty lens.

Keywords:

Human Development, Public Policy, Impact, Education, Health, Livelihoods, Equity, Security, Environment Sustainability, MDGs, Post-2015, Multidimensional Poverty.

Acknowledgements: This document was written by Stefano Pettinato and Jimmy Vásquez, with input from William Pleitez, Carolina Rovira and Ivette Contreras. Written on the occasion of the Global MDG Conference, Bogotá, 27-29 February 2013.

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1. On the UNDP mandate

The commitment of the United Nations Development Programme (UNDP) is to support national processes that contribute to the progress of human development and the eradication of poverty by means of equitable development and sustained economic growth.

This means that the provision of political consultancy, technical support, advocacy and all contributions aimed at building national capacity should have one objective: real improvements to people's lives within the expansion of their options and opportunities. (UNDP, 2013)

The commitment to human development is, to put it simply, a commitment to the well-being of individuals or, better still, to their happiness. For this reason, although many measurements used by Human Development aggregate well-being at the country level – focusing on countries with high, medium or low levels of human development – efforts should be coordinated to focus the analysis on people, with the ultimate aim of increasing the human development of individuals.

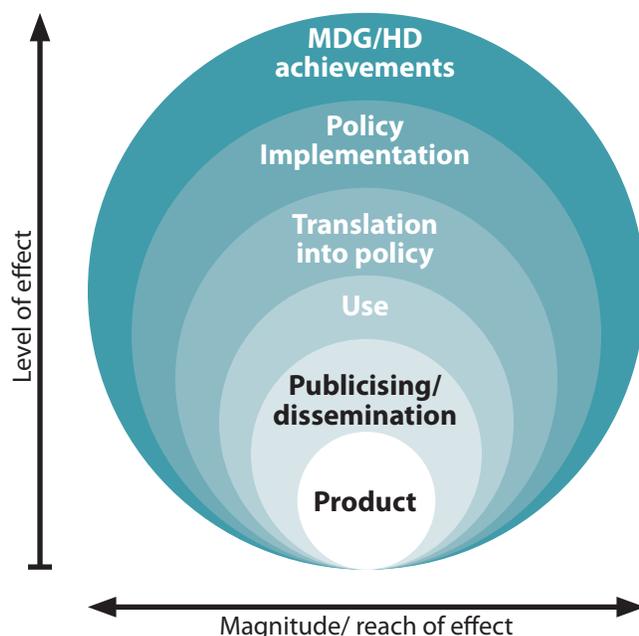
UNDP cannot guarantee that everyone will achieve the set of aspirations for their personal happiness. Nevertheless, there is a space in which organisations like UNDP can contribute to an environment in which people are developing, thereby generating conditions for the strengthening of their freedoms. Conversely, we can guarantee that the tools for the conversion of their capacities (such as education, employment and health) work in the best possible way in support of how they build their lives.

The UNDP mandate is implemented at the public policy level, since this is where actions are initiated to transform the environment in which individual capacities develop. Consequently, the impact of actions is aimed at public policies that affect individuals' human development in economic and social policy and in the interactions between the two.

As shown in Figure 1, if the goal is to bring about advancement in a society's human development, improvements have to transcend the development of certain products and be translated into policies and these policies' implementation.

Following this line of reasoning, social policy seen from the guiding principle of human development is not an instrument of subsidiary intervention or intervention focused on certain groups, but an instrument with the capacity to transform every member of society.

Figure 1: The sequence of effects of knowledge products on human development



Source: UNDP, 2011.

2. From Mandate to Impact

Different initiatives or strategies for the achievement of greater levels of human development arise from this. Among the most well-known is the Millennium Development Goals (MDGs) platform, inspired by the Millennium Declaration. On top of this, in the light of the final time period for achievement of the MDGs, the most recent initiative to be highlighted is the construction process for the Post-2015 Development Agenda.¹

In the case of the MDGs, these define the minima to be guaranteed by means of social policy to move toward greater human development. Since their establishment in 2001, they have offered a standard for the systematic monitoring of progress toward objectives. In spite of some important advances that the MDGs have facilitated globally and in some countries, and notwithstanding the declared commitment to the MDGs, the platform offered never did become the backbone of social policy in many countries.

Turning to the process for the construction of the Post-2015 Development Agenda, this represents a new opportunity to continue progressing towards the challenges posed by the Millennium Declaration. On the one hand, this project is anchored in local reality and diagnoses these realities through various consultation processes. On the other hand, general objectives are being established globally to suggest far-reaching axes of development, with guiding principles for the new development agenda. From this further process, as stock is taken of MDGs not met, a new framework for objectives, baselines and goals will be established.

There is no doubt that both initiatives have been and continue to be instrumental in taking forward agendas enabling greater levels or personal well-being (the MDGs have already demonstrated their impact in certain specific areas). Nonetheless, the human development paradigm holds that individuals' well-being must be gauged as a function of the liberties they enjoy. For this reason, it is not a matter of minima, but of thresholds of liberty in different dimensions. Social policy is the instrument to ensure that every individual crosses the threshold in every dimension relevant to his or her context to build the life plan he or she considers to be valuable.

Every individual has the right to happiness, but there are gaps in the opportunities to be happy and some people are more likely than others to achieve happiness. If social policy is to catalyse these opportunities, it must also be capable of identifying the relevant dimensions – as is being done in the Post-2015 consultations – and also of identifying the gaps (UNRISD, 2010).

Why? Because, behind the gaps (of gender, age or location), there are groups of persons who will need different interventions to achieve their happiness. Among these groups are the poor, whose opportunities are least in comparison to the rest of society. But there are also others who, although not poor in terms of income, are vulnerable because their possibilities are not realised because of the gaps that mount up with regard to key enablers such quality education or health care.

3. The Contribution of Multidimensional Measurement of Well-being or Poverty

Based on these considerations, there must be a tool that can not only effectively diagnose these dimensions, but also usefully and relevantly inform public policy makers – and be easy to interpret. Starting from the areas of intervention or key dimensions, this tool needs to make it possible to reach disadvantaged groups identifiable on the basis of specific minimum thresholds and enable the estimation of the various groups' levels of accumulated multidimensional deprivations. Moreover, such measurement will help

¹ It is recognised, of course, that many activities and projects are being undertaken within this general framework (human development reports, interventions in the areas of governance, sustainable development, etc.).

The Contribution of Multidimensional Measurement of Well-being or Poverty

capture the broader human development impact of a universal social policy, compared to that of sectoral and focused interventions. In addition to that, such measure can help prioritise interventions at times of limited resources.

Some countries, such as El Salvador with its Multi-dimensional Measurement of Poverty (MMP) project, are promoting a tool with the characteristics mentioned above. The MMP project takes inspiration from human development and seeks the broadening of individuals' liberties in key dimensions. In doing so, it sets thresholds for deprivation or absence of deprivation for each dimension, to identify isolated or accumulated gaps among groups and to determine the type and intensity of the different interventions. The synthetic index arising from the dimensions of poverty can be read 'negatively' (that is, read as a function of those with the greatest accumulated deprivations). Nevertheless, there is nothing to stop it from being read 'positively', focusing on those individuals who have left deprivation behind to accumulate possibilities. In societies that eradicate poverty, the index arising from the MMP project will be a multi-dimensional well-being index.

4. Many Initiatives, Same Objectives

On a strategic level, the institutionalisation of tools such as MMP is essential since this can offer a new, more efficient and more integral way of fulfilling the UNDP mandate: committing to the eradication of poverty conceived in such a way as to embrace several dimensions at once. This is in line with the vision offered in the UNDP draft Strategic Plan 2014-2017 to help countries achieve the simultaneous eradication of extreme poverty and significant reduction of inequalities and exclusion, using a sustainable human development approach.

With the general goal of bringing the various initiatives (MDGs, Post-2015 Agenda, MMP) into line with one another and specifically of understanding how MMP is a complementary contribution to what is already being undertaken, we propose analysing the interactions and complementarities between initiatives, comparing six stages or key axes of the processes: consultation, national adoption, definition of human development areas, target-setting, monitoring and policy recommendations. (See Table 1.)

- 1. Consultation:** a coordinated proposal for the multi-dimensional measurement of poverty maintains broadened consultation with the population, with special emphasis on understanding the principal deprivations of people living in poverty.
- 2. National adoption:** the MMP project makes it possible for the government to take direct ownership, because the aspiration is that UNDP will have a consultancy role in the process, while the initiative is will originate from the country.
- 3. Definition of human development areas or 'dimensions':** for MMP, we suggest that the country should be responsible for defining its priorities and indicators through a process coordinated by the government, civil society and other organisations. Only in this way is it possible to guarantee that the reduction in poverty (understood from a multi-dimensional perspective) will be a priority for the country.
- 4. Targets:** we also suggest that the process should be carried out at the country level, because these commitments can be used as a basis for designing the different programmes that make up national social policy.
- 5. Monitoring indicators:** from a multi-dimensional poverty perspective, we have an interest in understanding advances in people's human development (reducing the incidence and intensity of deprivation is a step forward towards human development), not advances of countries taken on an aggregated basis. Furthermore, this methodology enables a more detailed diagnosis of people's situations, as it permits the identification of groups with more or more serious deprivation.
- 6. Policy recommendations:** UNDP should operate as the country's main consultant to guide the diagnosis and monitoring of multi-dimensional measurement of poverty to then guide social policy.

Table 1: Comparison of various human development initiatives

Theme	Millennium Development Goals	Post-2015 Development Agenda	Multidimensional Measurement of Poverty (MMP)
Consultation	No consultation phase	Inclusive consultation undertaken with different sectors of society	Consultation with all society; primary focus, however, on understanding the perceptions of people living in poverty
National adoption	Signature of Millennium Declaration by Heads of State, committing their countries to a new world alliance to reduce levels of extreme poverty and establish a series of time-bound objectives	National adoption generated through consultation. The approval of countries for the consultation results is also hoped for.	Project is led by the government, with direct UNDP office support on the bases of inputs taken from the ground. This gives hope for high ownership.
Definition of dimensions of human development	Defined by the United Nations for all countries	Defined by the United Nations after systematic consultation. Dimensions will be the same for every country.	Defined by the country after systematic consultation. Dimensions custom-designed for the country.
Goals	Also defined by the United Nations, with some adaptation by governments	Not yet clear, but probably also defined by the United Nations	Priorities defined by the country
Monitoring	Monitoring jointly carried out by countries and the United Nations at country-aggregate level	Monitoring jointly carried out by countries and the United Nations at country-aggregate level	Monitoring jointly carried out by country and UNDP to gauge advances in people's human development (reduction in the incidence and intensity of deprivation is an advance), not advances of countries taken on an aggregated basis. Enables the identification of groups with greater human development deprivation.
Policy recommendations	Focused on accelerating achievement of the goals	Focused on accelerating achievement of the goals	Due to developing a measurement methodology to suit the country's needs, monitoring of indicators makes it possible to direct social policy.

5. Final Observations

Due to the lack of resources (financial and UNDP officials' time), coordinating several initiatives may make it difficult to achieve the impact expected from UNDP country offices. For this reason, we suggest coordinating the UNDP mandate to contribute to human development around just one proposition that positions UNDP as the main partner and consultant for the design and direction of social policy.

Human development priorities must be different for each country. Although some development areas, such as education, health and employment, have worldwide recognition, decisions at the indicator and target level must respond to the country's specific needs. The same solution cannot be applied to different problems.

The most appropriate pathway is to start from a global consultation process and move towards a bottom-up Post-2015 Agenda that takes account of proposals from the ground and inspires countries through globally valid development principles. For this reason, it needs to be accompanied by a process that promotes a multi-dimensional measurement of poverty at the national level, through which it is possible to carry out monitoring that is flexible and relevant to the national context yet also reportable on a global level.

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