

FOR PARTICIPANTS ONLY

REFERENCE DOCUMENT

DDR/1

26 September 2011

ENGLISH

ORIGINAL: SPANISH

Sixth meeting of the Statistical Conference of the Americas of the
Economic Commission for Latin America and the Caribbean

Bávaro, Dominican Republic

16-18 November 2011

**MINUTES OF THE MEETING OF THE EXPERT GROUP OF THE STATISTICAL
CONFERENCE OF THE AMERICAS WITH THE HUMAN DEVELOPMENT
REPORT OFFICE OF THE UNITED NATIONS DEVELOPMENT PROGRAMME***

16 May 2011

Participants:

- Brazil: Brazilian Institute of Geography and Statistics (IBGE)
- Canada: Statistics Canada (STATCAN)
- Colombia: National Administrative Department of Statistics (DANE)
- Costa Rica: National Institute of Statistics and Censuses (INEC)
- Cuba: National Statistics Office (ONE) (full participation impeded by technical problems that interrupted the audio connection)
- Dominican Republic: National Statistics Office (ONE)
- United Nations: Economic Commission for Latin America and the Caribbean (ECLAC)
- Human Development Report Office of the United Nations Development Programme (UNDP)

* This document has not undergone formal editing.

Session 1: Introduction

Francisco Rodríguez, Head of Research at the Human Development Report Office, opened the meeting by welcoming the participants and highlighted the importance of strengthening the Office's consultation process with the statistical community.

He described the methodological changes to the human development index (HDI) that were reflected in *Human Development Report 2010*. More information on those changes could be found in the Technical Notes of the 2010 edition of the Report and in "The HDI 2010: New Controversies, Old Critiques" by Klugman, Rodríguez and Choi (2011), which would soon be published in the *Journal of Economic Inequality*, both of which had been circulated with the agenda of the meeting.

As both the Expert Group and the United Nations Statistical Commission had urged the Human Development Report Office to enhance the transparency of its statistics, the following steps had been taken:

- Information had been provided to national statistical offices, permanent missions to the United Nations and UNDP regional offices on the statistical sources used to calculate the composite indices. The details of the composition and content of the statistical tables had been given and a timetable of the production process had been submitted. The letters sent to that effect were dated 25 March and were dispatched by the United Nations Statistical Division.
- The national statistical offices of those countries for which the human development index could not be calculated due to lack of data had been notified. The notification letters, sent in April, suggested statistical methods for estimating the data that were not available, where possible.
- The Statistical Advisory Panel¹ had been reconvened.
- A human development course, held in March 2011, had been attended by representatives of 54 countries, including Colombia, Jamaica, Mexico and Nicaragua.
- Bilateral consultations had been held with Brazil, Costa Rica and Ecuador, including separate meetings with the national statistical offices.

Responses:

- In the letters sent to the countries, no request was made to supply statistical data. (Colombia)
 - Human Development Report Office: The mandate of the Human Development Report Office does not include the compilation of statistics (that is, the collection and processing of information from national statistical offices). Rather, the Human Development Report Office uses, as far as possible, statistics from international organizations whose mandate includes the production and harmonization of statistics at the international level. Where there are unjustifiable discrepancies between the data of the international organizations and the statistics compiled by the country, the Human Development Report Office is at the country's disposal to facilitate dialogue with the relevant international organization.

¹ The Statistical Advisory Panel of the Human Development Report held a teleconference on 14 April 2011. Six members were available for teleconferencing: Peter Harper, Irena Krizman, Michael Noble, Eduardo Nunes, Eric Swanson, and Miguel Szekely. Charles Leyeka Lufumpa and Marcio Pochmann sent their comments; others were invited to send comments. Human Development Report Office staff participated including Jeni Klugman, Francisco Rodriguez, Milorad Kovacevic and members of the Statistics Unit of the Human Development Report Office (Amie Gaye, Astra Bonini, Clara Garcia Aguna, and Shreyasi Jha) and William Orme.

- **Data collection:** The letters were sent to the national statistical offices, even though sometimes other public institutions, for example ministries of planning or finance, are responsible for providing statistics. (Colombia)
 - Human Development Report Office: The United Nations Statistical Commission suggests that communication with the statistical community of a country should be through the national statistical office. In those cases where the national statistical office is not responsible for compiling certain indicators, the relevant entity should be contacted.
- Are the indicators used in the Human Development Report consistent with those used to measure the progress achieved on the Millennium Development Goals? The national statistical office produces about 75% of the indicators for the Millennium Development Goals. Is there any duplication of data? In particular, do the population projections used for the Millennium Development Goals match those used by the Human Development Report Office? (Colombia)

Along the same lines, a representative of Cuba sent the following comment by e-mail: “Recently, following complaints by some member States and in compliance with the mandate handed down by the United Nations Statistical Commission, a review has been carried out of the Millennium Development Goals indicators and of the data available from national statistical offices and international bodies. Following this example could increase the coverage of quality data, thus benefiting the work of the Office, which has already gained the recognition of statisticians, researchers and Governments; these last being responsible for implementing socio-economic policies as part of their role as promoters of well-being and human development.”

- Human Development Report Office: Some of the indicators in the statistical annex are similar to the indicators used to measure progress on the Millennium Development Goals. In these cases, as indicated by Mr. Luis Beccaria, Chief of the Statistics and Economic Projections Division of ECLAC, the same sources are used. In particular, the Millennium Development Goals indicators use the most recent population estimates published by the United Nations Population Division —the same source as used in the statistical annex of the Human Development Report. The Human Development Report Office proposes to draft a document analysing the differences between the indicators of the Millennium Development Goals and the sources used by the Human Development Report Office. The document would also examine opportunities for eliminating the duplication of data: if the data for one indicator could be used to calculate another, it should be used.
- Colombia would like to have a bilateral meeting with the Human Development Report Office in order to compare the values of the 90 indicators published in the Report with those produced at the national level.
 - The Human Development Report Office was at the countries’ disposal to discuss any issue they so wished. Consultations and workshops could be organized at the national level between the Office and the specialists from the national statistical offices; such meetings had already been held in Cuba, Ecuador and Costa Rica and another was scheduled to take place in Brazil.

Session 2: Methodological and computational issues in relation to the human development index

The human development index is an aggregate measure of progress in three basic dimensions: health, education and income. In *Human Development Report 2010*, the indicators used to measure progress in education and income were modified, as was the way they were aggregated.

In the knowledge dimension, mean years of schooling replaced literacy, and gross enrolment was recast as expected years of schooling —the years of schooling that a child could expect to receive given current enrolment rates.

A representative of the National Statistics Office of Cuba indicated via e-mail that “more refined indicators should be used to construct the educational dimension of the human development index” and that “the methodological changes put forward to balance the weight of each dimension in the human development index were deemed reasonable”.

- **Expected years of schooling** refers to the number of years of schooling a child can expect to receive given current enrolment rates.

Three countries presented values of over 18 years for this indicator: Australia, Iceland and New Zealand with 21.5 years, 19.7 years and 18.2 years, respectively.

The Human Development Report Office proposes capping the maximum value of expected years of schooling at 18 years, which is a more realistic figure. If this change had been introduced for the 2010 edition of the Report, only three countries would have received a different classification according to the human development index: New Zealand (-2), Ireland (+1) and the United States of America (+1).

A representative of Costa Rica said that, although in general there were no considerable discrepancies between the data used by the Human Development Report Office and the national-level data, the education indicators did differ as the most up-to-date data were not reflected in the databases of the international organizations. The speaker also thanked the Office for the consultation it had held with Costa Rica in 2011.

- **Mean years of schooling** replaces literacy. This measure can discriminate better among countries, while expected years of schooling is consistent with the reframing of this dimension in terms of years. In the absence of mean years of schooling data from the Institute for Statistics of the United Nations Educational, Scientific and Cultural Organization (UNESCO), the Report uses estimates from Barro and Lee (2010) that are based on population censuses and household survey data compiled by the UNESCO, Eurostat and other sources to provide benchmarks for school attainment by gender and age group. UNESCO plans to start producing these data from 2012.

ECLAC: Some countries in the Caribbean do not have data on mean years of schooling. The speaker suggested that census data could be used to calculate the statistics. Even if the information was not completely up-to-date, it would be better than not submitting any information on mean years of schooling for those countries.

- Human Development Report Office: Any census data that could be considered relevant should be sent to UNESCO, preferably with a copy also sent to the Human Development Report Office.
- **Per capita gross national income (GNI)** replaces per capita gross domestic product (GDP) as the measure of standard of living because it better captures the income of a country's residents, by including some international transfers and excluding profits generated in the country, but repatriated abroad. In order to compare the standard of living in different countries, the data should be adjusted for purchasing power parity (PPP) with a view to eliminating differences in prices between countries. The GNI estimates are based on price data from the most recent version of the International Comparison Programme (ICP), which was conducted in 2005 and covered 146 countries and areas. For more than 20 countries not included in the ICP surveys, the World Bank derives estimates through econometric regressions, and those are used for the Human Development Report, where available.
- Is GNI expressed in constant or current terms? (Colombia)
 - Constant. A detailed explanation of the calculation methodology will be contained in *Report 2011*.
- Why is GNI used instead of GDP? (Brazil, Colombia)
 - GNI is a more complete indicator of a country's income as it incorporates some international transfers, such as remittances sent by residents of the country who are temporarily living abroad. It also excludes income generated in the country that is repatriated abroad. A measure of income is conceptually the best way of measuring the control people have over resources from a capabilities perspective.
- The PPP captures the differences between the levels of national prices on the basis of GDP, not GNI (Brazil)
 - While this is an important point to bear in mind, other international institutions, faced with the same decision, have also opted to apply PPP to GNI. The World Bank, for example, publishes "GNI per capita, PPP" as one of its World Development Indicators (see [online] <http://data.worldbank.org/indicator/NY.GNP.PCAP.PP.CD>).
- A better indicator for measuring countries' income would be gross national disposable income (GNDI) (Brazil)
 - GNDI has the advantage of reflecting net current transfers with the rest of the world, for example, remittances sent by non-residents and international aid are recorded in GNDI, but not in GNI. However, the number of countries with available data on GNDI in the databases of international bodies is considerably lower than for GNI.

Faced with the option of using an indicator that better represents income for some countries, but which would produce an index that did not represent a significant number of countries, the Human Development Report Office decided to seek a compromise and publish an income index whose definition was more complete than GDP, without sacrificing the number of countries represented.²

A similar situation is seen with the education indicators. Ideally we would like to incorporate assessments of quality, as has been done in several national and regional human development reports. However, good measures of the quality of education do not exist for a large enough number of countries. International assessments of young persons' scientific knowledge, mathematics and reading and writing skills are very valuable instruments, but their coverage in terms of countries is low.

The Human Development Report Office will prepare a document comparing the differences between GDP, GNI and GNDI.

- Via e-mail, a representative of Cuba highlighted the fact that GNI is more volatile than GDP: “The replacement of the per capita GDP indicator by per capita GNI is a step forward; however, further consideration should be given to the advisability of using this indicator given its greater volatility from year to year as a result of fluctuations in the volume of remittances or international aid, for example.”
- The Inter-Secretariat Working Group on National Accounts should be consulted on which is the better indicator for capturing the concept of income. (Brazil)
 - The Human Development Report Office will contact the Inter-Secretariat Working Group to present the current situation, including the issue of how many countries each indicator covers.

Session 3: Options for increasing the coverage of countries represented in the human development index, using regressions

The Human Development Report Office presented the proposals contained in the attached note.

Session 4: Statistical tables in *Human Development Report 2011*

Table 8: Gallup polls

- The Gallup statistics should not be published as they are low quality (samples are too small to be representative). (Brazil) Statistics do not benefit from the use of surveys that do not respect the Fundamental Principles of Official Statistics. (Colombia)

² GNDI in 2009 could be calculated for only 134 countries.

- To provide the reader with more information on the quality of the data, the statistical annex will include the size of the samples of people interviewed and the sampling design.
- The Human Development Report Office admits that the statistical quality of the Gallup data could be improved, but given the lack of official data, the advantages of including the subjective variables on well-being and environment from Gallup outweigh the disadvantages. As an alternative, the Office would explore the possibility of including subjective information from other sources, such as the surveys by Latinobarómetro. The Office will determine whether there are other sources that:
 - Provide information on environmental variables (given that the theme of *Report 2011* is sustainability);
 - Make it possible to compare data between countries.

Table 6: Environmental variables

- **Forested area:** Publishing the deforestation indicator only in percentage terms is misleading as it does not provide information on the total forested area available. (Brazil)
 - The analysis in the Report takes into account both the percentage change and the total forested area available. The statistical annex will be modified to show both the percentage change between 1980 and 2008 and the total forested area available in 2008.
- A representative of Brazil also said that the data on freshwater extraction provided by the Food and Agriculture Organization of the United Nations (FAO) were problematic.

Session 5: Agreements

1. Table 6 of the statistical annex of Human Development Report 2011 will be modified to show both the total forested area available (in 2008) and the percentage change (1980-2008).
2. The Human Development Report Office will explore alternative sources for the statistics on perception published in table 8 of the statistical annex. The Office will determine whether there are other sources that:
 - (a) Provide information on environmental variables (given that the theme of Report 2011 is sustainability)
 - (b) Make it possible to compare data between countries
- The Human Development Report Office will consult the Inter-Secretariat Working Group on which is the best indicator for representing the concept of income, taking into account how many countries each indicator covers.

- The statistical annex will include a detailed methodology on how GNI is computed.
- The Human Development Report Office will draft a document analysing the differences between the indicators of the Millennium Development Goals and the sources used by the Human Development Report Office with a view to eliminating duplication of data.
- Where there are unjustifiable discrepancies between the data produced by international organizations and the statistics compiled by a country, the Human Development Report Office is at the country's disposal to facilitate dialogue with the relevant international organization.

Annex

From: Jose Carlos Puente [mailto:josecarlos@one.cu]

Sent: Wednesday, May 18, 2011 2:06 PM

To: Francisco Rodriguez

Cc: Luis.BECCARIA@cepal.org; "Juan Carlos Alfonso"; Milorad Kovacevic; Jeni Klugman; HDRO Archive; 'Gisela Pifferrer'; 'Aimee Cosculluela Ballester'; 'Loipa Sánchez Lorenzo'

Subject: Re: ECLAC Expert Group videoconference

Dear Mr. Francisco Rodriguez,

First, I would like to confirm that Cuba was present at the videoconference; however, as the connection was interrupted at around 10.35 a.m., our delegation was unable to take the floor.

We welcome the news that the countries participating in the videoconference on 16 May approved the imputation of the GNI of Cuba using model 3.

We would also like to respond to the first two questions that you asked relating to the steps that your Office has taken to broaden its consultations with countries and national statistical offices, and put forward our suggestions for consolidating those consultations.

We recognize the Human Development Report Office's receptiveness and capacity to respond, which will enable it to resolve promptly the concerns and demands of member countries, as well as intensify and extend the consultation process before the publication of *Human Development Report 2011* and subsequent Reports.

Nevertheless, we suggest that national statistical offices should take an active role in this process, with a view to gaining greater coverage of data, both for new indicators and for those that are already in place. In this connection, the United Nations deserves recognition for having worked tirelessly to increase the statistical capacity of national statistical offices.

Recently, following complaints by some member States and in compliance with the mandate handed down by the United Nations Statistical Commission, a review has been carried out of the Millennium Development Goals indicators and of the data available from national statistical offices and international bodies. Efforts are still being made, with the international bodies, to address the inconsistencies that were detected during this process. The progress made has led to the greater availability of data for these and other purposes, bearing in mind the quality and transparency of the process and the data provided.

Following this example could increase the coverage of quality data, thus benefiting the work of the Office, which has already gained the recognition of statisticians, researchers and Governments; these last being responsible for implementing socio-economic policies as part of their role as promoters of well-being and human development.

Regarding the methodological changes in the human development index 2010:

In principle, the changes made to the indicators (including the introduction of new indicators in two of the dimensions of the human development (income and education)) and to the calculation methodology are considered positive in terms of improving the measurement of human development in different countries through the human development index. However, I would like to draw attention to the following elements:

- It is important to prioritize the use of official statistics when constructing the human development index and to initiate dialogue with the national statistical offices in order to find out about countries' statistical capacity and the availability of reliable data and indicators.
- The replacement of the per capita GDP indicator by per capita GNI is a step forward as it is a better measure of the availability of resources in a country, since it includes net income from abroad and net transfers; however, further consideration should be given to the advisability of using this indicator given its greater volatility from year to year as a result of fluctuations in the volume of remittances or international aid, for example.
- More refined indicators should be used to construct the educational dimension of the human development index.

Lastly, the methodological changes put forward to balance the weight of each dimension in the human development index are deemed reasonable.

Regarding the statistical annexes:

It would be useful to find out what statistical data the national statistical offices have available, especially where those data are not available from the international organizations.

I will be out of the office until 24 May. Any queries regarding technical details should be sent to the designated expert, Ms. Gisela Pifferrer Campins (gisela@one.cu), while institutional queries should be directed to Ms. Aimee Cosculluela Ballester (aimee@one.cu).

Kind regards,

José Carlos Puente Suárez

National Statistics Office (ONE)

Paseo Nro 60 e/ 3ra y 5ta Vedado.

La Habana, Cuba

Telephone: (0-537) 8361940

E-mail: josecarlos@one.cu

Website: www.one.cu