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## **Poverty facts travelling between production and usage domains:**

### **How successful has the HDI been?**

#### **Introduction**

Two decades ago three academics gathered and laid the foundations of what would become a well known measure of development. Their names were Amartya Sen, who won the Nobel Prize in 1998 for his contributions to welfare economics, Meghnad Desai, Professor of Economics at the London School of Economics, and Mahbub ul Haq, Special Advisor to the United Nations Development Program (UNDP). What they discussed was a measure that would consider people to be the end goal of progress rather than the economy. The origins of the Human Development Index (HDI) were set. In 1990 the UNDP, the organisation within the UN that is mandated with development issues, introduced the HDI: a composite index representing human development in a number between zero and one where a higher score means higher development.

While the HDI is a development measure rather than a poverty measure, it focuses on those in deprivation and has been introduced to improve the lives of the poor. Poverty measures usually focus on a lack of means seen in income and the HDI has introduced a broader scope to combine standard of living with health and education to represent development. Thus even though the HDI is not a poverty measure, it has become used to clarify the conditions of the poor in a quantity and can therefore be seen as a poverty related measure. The index aimed to represent development on a global level and has attracted much attention through academic, political and public use ever since.

This paper assesses the success of the HDI and investigates how the measure has travelled between the production to the usage domains.<sup>1</sup> As a case study, the paper offers the analysis of the different dimensions and interrelated processes<sup>2</sup> and suggests insights for other poverty measures and even economic measures in general. In addition, the paper develops an innovative approach to statistics in the ‘product approach’:<sup>3</sup> using the analogy with business products, that is, viewing the HDI as a product and adopting the business focus on production, distribution and usage. While most literature on statistics focuses on the technical aspects of the numbers and how they come about, the success of the number is not solely determined by the technical foundations. As a matter of fact, the analysis of the history of the HDI will show that the global aspects of the HDI, the emphasis on distribution, and the variety of users with different demands, determine the success of the HDI rather than its statistical make-up.

This paper uses the product approach to answer the question ‘How successful has the HDI been as a fact travelling between production and usage domains?’. The HDI literature has thus far mostly focused on the index itself and the elements that make up the measure.<sup>4</sup> However, these issues matter in the product design part of the production, while the production process entails more factors and stakeholders. This paper broadens the scope to analyse other variables that are important in the production domain. The producers and their interests, the production process and its practical issues are important to take into account when questioning the globalisation of the HDI. Moreover, the distribution and usage domains are essential to understand the usage of the measure. The product approach is used to discuss in turn the production, secondly of distribution, and thirdly of the usage of the HDI. The analysis suggests that while the HDI has been more successful for some users than for others, the HDI has travelled well because it was a quantity that was successfully distributed to a variety of global users.

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<sup>1</sup> The paper benefits from the work and outcomes of the larger research project ‘How well to facts travel?’ Working papers and the forthcoming book elaborate on the conceptual understanding of facts travelling; more information can be found at <http://www.lse.ac.uk/collections/economicHistory/Research/facts/>

<sup>2</sup> Robert K. Yin, *Case Study Research : Design and Methods*, 3rd ed., Applied Social Research Methods Series ; V. 5 (Thousand Oaks, California: Sage Publications, 2003).

<sup>3</sup> The product approach is developed conceptually in one of my thesis chapters, which is available upon request.

<sup>4</sup> See for example: Michael Ward, *Quantifying the World : Un Ideas and Statistics*, United Nations Intellectual History Project (Bloomington, Ind.: Indiana University Press, 2004), Sudhir Anand and Amartya Sen, "Human Development Index: Methodology and Measurement," *Human Development Report Office Occasional Paper* (1994), S. Morse, "For the Better or for Worse, Till the Human Development Index Do Us Part?," *Ecological Economics* 45 (2003).

## 1. Production domain of the HDI

### 1.1. Production of the first HDI in 1990

The production of the first HDI finds its origin in conversations between the economists Amartya Sen, Meghnad Desai<sup>5</sup> and Mahbub ul Haq, who aimed to develop a measure that related to the capability approach.<sup>6</sup> The goal was to 'put people back at the centre of the development process in terms of economic debate, policy and advocacy'.<sup>7</sup> While there were indicators available for some aspects of developments, they were not captured in one number. To create a 'competitor' to GDP per capita growth as development measure, a composite index was created. The aim was to create a global, simple representation of human development. The director of the HDR teams from 1990-4 Mahbub ul Haq made this explicit. He noted that the HDI was a simple summary measure of human development: 'just one number, which is of the same level of vulgarity as the GNP-but a measure that is not blind to social aspect of human lives as the GNP is.'<sup>8</sup>

The concept behind the index has been that development entails more than economic growth alone. The UNDP has argued that income is not an end in itself, but an instrument to acquire human well-being.<sup>9</sup> While access to income is one of the means to acquire human well-being, it is not the only one. Living a long life and knowledge are to be taken into account as well as done in the HDI, while political freedom, personal security, community participation and guaranteed human rights are important too but even more difficult to include in a measure.<sup>10</sup>

National income figures were viewed as insufficient, because they did not reveal the composition of income or its real beneficiaries. The UNDP disputed the assumption that income permits accessing every other choice people have or like to have and therefore justifies taking income as a proxy for development. Four reasons were given why this is only partly true. First, income is a

<sup>5</sup> Meghnad Desai, *Poverty and Capability : Towards an Empirically Implementable Measure* (London: London School of Economics Suntory-Toyota International Centre for Economics and Related Disciplines, 1990). Also: LSE lecture, 2007. And: [http://www.prospect-magazine.co.uk/article\\_details.php?id=3643](http://www.prospect-magazine.co.uk/article_details.php?id=3643)

<sup>6</sup> Developed by Amartya Sen, see <http://www.gprg.org/pubs/workingpapers/pdfs/gprg-wps-032.pdf> David A. Clark, "The Capability Approach: Its Development, Critiques and Recent Advances " *Global Poverty Research Group Working Paper Series 032*

<sup>7</sup> <http://hdr.undp.org/aboutus/> accessed 31 May 2006

<sup>8</sup> <http://hdr.undp.org/aboutus/> accessed 31 May 2006

<sup>9</sup> United Nations Development Programme, "Human Development Report," (Oxford: Oxford University Press, 1990). p. iii

<sup>10</sup> The UNDP has initiated other innovative measures as well aiming to measure these aspects, see section 2.2

means, not an end, and the well-being of a society depends on the uses to which income is put, not on the level of income itself. Secondly, countries at modest income levels can still attain high levels of human development and relatively high-income countries can show poor human development. Thirdly, the figure on income is a snapshot, and thus current income does not necessarily indicate future growth prospects. Investments in people increase potential income, but can be visible only later. Fourth, high-income levels are by themselves no guarantee for human progress, since problems in rich industrial nations can increase.<sup>11</sup> Therefore, the UNDP has claimed that there is a 'demand' for a better, competing measure of development, for which they produced the Human Development Index.

The production process from the 'world' to the index can be described by Figure 1. The HDI is about one of the features of the world, development. This feature is selected and defined as human development (step 1). Whereas the UNDP acknowledges that there are more variables to human development including political freedom and personal security,<sup>12</sup> due to measurement feasibility, three aspects are selected. As essential to human development the HDR takes: to lead a long and healthy life, to acquire knowledge and to have access to resources needed for a decent standard of living (step 2). These qualitative aspects need to be formulated as measurable entities to enable quantification. Therefore, proxies have to be taken, which are not the entire aspect (the black horizontal oval shape in Figure 1), but a changed proxy that only covers part of the aspect (grey diagonal oval shape in Figure 1). Figure 1 emphasises that the proxies are crude approximations of the aspects they are to represent as can be seen by their different shapes (step 3). Life expectancy at birth is only a crude indicator for leading a long and healthy life, as is the adult literacy rate as a proxy for knowledge, and adjusted per capita real GDP in purchasing power parity terms is taken to represent the standard of living. Of these proxies national data is collected, which are the 'raw materials' of the index. These are supplied by national or international data agencies (step 4). For each country, the information on the three aspects then needs to be normalized into the same units, by determining a deprivation measure. This measure reflects the deprivation that a country suffers in each of the three basic variables. This is done by determining the maximum and minimum value for each of the three variables given the actual values of the countries. Thus the normalisation depends on the relative position of the country in

<sup>11</sup> United Nations Development Programme, "Human Development Report." pp.10-11

<sup>12</sup> Ibid. p.10

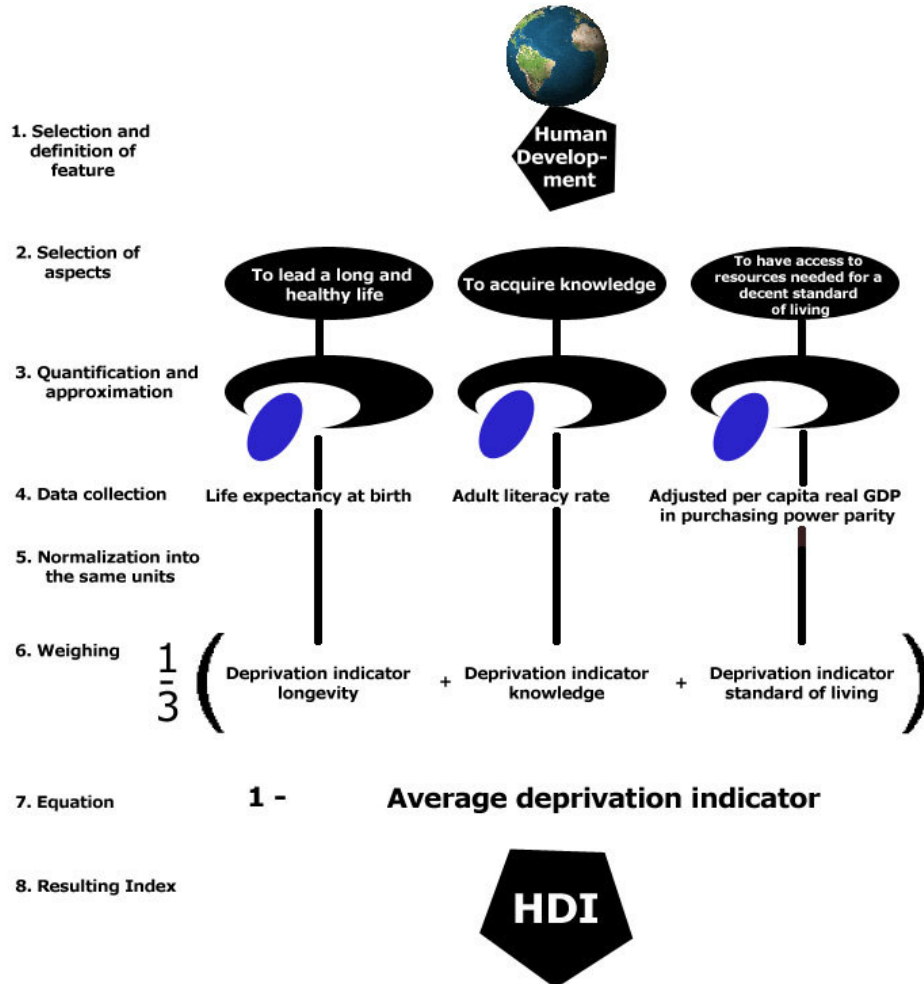
question compared to the highest and lowest performing country. The deprivation measure then places the country in the range between zero and one as defined by the difference between the maximum and the minimum (step 5). Then, averaging the three deprivation indicators gives the deprivation ratio in a simple, unweighted average (step 6). The final equation, 1 minus this average deprivation rate (step 7), yields the final product: the average human development index for each country (step 8).<sup>13</sup>

The production process just described determines how the index was designed in 1990. This is the main blueprint of the product, the product design that was used for the following stages of the production. In 1992, 1994, and 1997 the product design was amended to include different proxies to better reflect health and knowledge. The product design directs the following process of the actual collection and assemblage of the raw material to yield the HDI numbers and in addition, the ranking of the countries according to their performance on human development as measured by the HDI. Diagram 1 demonstrates how the most recent HDI has been constructed.

The HDI is a global product in the way that the product is aimed to be one measure for all the countries, in contrast to other measures that are country specific, such as national poverty lines. Moreover, the index takes together different elements of different sorts in a composite index, which then allows for the comparison of all countries through one index. This global perspective has had to take into account the limitations of data collection in different countries, which compromises the accuracy and quality of the data supply. That is, in more developed countries more sophisticated measures and data are available, but the global perspective directs that the HDI uses elements that are available in developing countries as well. This is where the global aim for the HDI plays a role: because the measure is aimed to be relevant for all countries, a compromised product design is chosen to allow for the product to be global. Thus while in theoretical terms there are better indicators available, the practical constraints of data collection imply for an ‘inferior’ quality of the product.

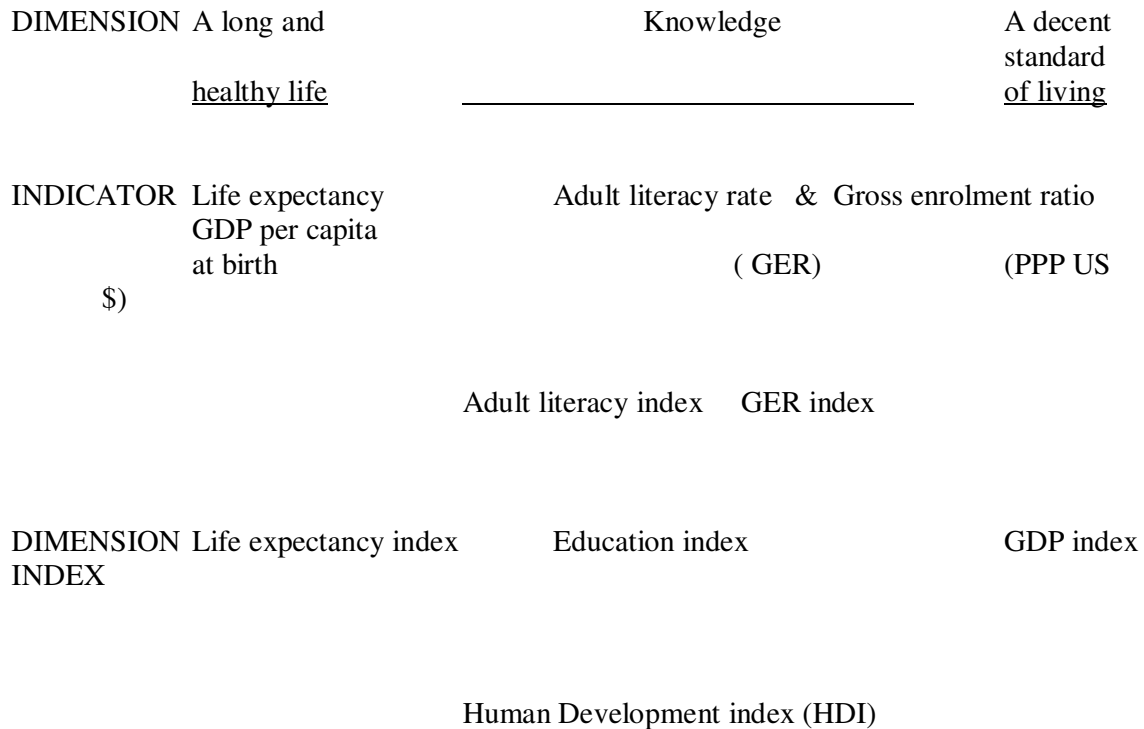
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<sup>13</sup> Over the years, the methodology of the Human Development Index has changed, but for purposes of this paper the first HDI produced in 1990 is discussed and made visual in the figure.



**Figure 1. Construction of the first HDI in 1990<sup>14</sup>**

<sup>14</sup> I constructed this figure based upon the information in the first HRD: United Nations Development Programme, "Human Development Report." In subsequent years the measure was changed and therefore this figure only represents the HDI in 1990. However, the main steps undertaken during the product design and production process remain similar over time and therefore the illustration of the process remains valid.



**Diagram 1. Construction of the HDI.** <sup>15</sup>

### *1.2 The Producers: UNDP as the multinational*

The producers of a number determine the way the quantification process is set up and performed. Their background and goals influence the final product and how the number functions after production. Similar to a multinational enterprise, the initiator and investor of the HDI has been an international organisation, the UNDP. This is the global development network of the United Nations and is on the ground in 166 countries. Its aim is to advocate for change and connect countries to knowledge, experiences and resources to help people build a better life.<sup>16</sup> Since 1990

<sup>15</sup> Source: Human Development report 2007/8 p. 355. The dimension indices are calculated taking the minimum and maximum value and then assessing a countries performance. The dimension indices are then combined into the HDI. This is illustrated in the Human Development Report 2007-8 technical notes, p. 356.

<sup>16</sup> <http://www.undp.org/about/> accessed 31 May 2006

one of the activities to advocate for change has been the publication of the Human Development Reports (HDR) which have the HDI as its prominent feature.<sup>17</sup>

The producers of the HDI have been the HDR team advised by a panel of advisors and aided by the UNDP staff in the field. In turn, they have depended on the UNDP network throughout the world and international and national data agencies that provide statistical data. As was seen in Figure 1 the HDI relies on data on a national level that are supplied by national statistical agencies, or international statistical agencies such as the OECD. There are many international suppliers of inputs involved in the production. In case of the national statistical agencies not being able to provide sufficient data of acceptable quality, the UNDP becomes involved in the national data collection as well, when UNDP teams cooperate locally for the statistical operations. Thus the UNDP undertakes vertical expansion within the production process, where the producers take on part of the production for which in other cases the producers can rely on local suppliers rather than having to produce themselves. Figure 2 gives an impression of the international character of the production process. The international movements are depicted more simplistically than the actual complex and diverse flow of products and people, but it is meant as an illustration of the globalisation of the production process. The place of origin is within the multinational organisation, the UN that has its headquarters in New York. Within the UN the UNDP is the sub organisation, within which the HDR team is responsible for the production of the HDI. The product design stage takes place in New York, where the concepts are developed, as well as the HDI formats and the HDR. The input requirements go to the suppliers of the 'raw material', which are the international and national data agencies. In terms of products, the first product is the HDI product design,<sup>18</sup> which provides the requirements for the raw material to be collected locally. The product design requirements go down to the country level. For clarity this figure takes the country level as visualised in South America, but in reality the formats go to each country, where the government is requested to provide the data. This involves the national statistical agencies and if applicable UNDP statistical teams. This data then go to the headquarters again, so the HDR team can combine the national data and assemble the second product: HDI outcomes for each country, for example the 2005 HDI for El Salvador was 0.735 and for

<sup>17</sup> While the first HDRs introduced and elaborated on the HDI and the human development concept, later reports started having annual themes focusing on certain aspects of development, such as climate change. Until 2008 the report and the HDI were a joined product, but 2008 saw the first separate publication of the statistics. <http://hdr.undp.org/en/mediacentre/news/title,15493,en.html> accessed 6 February 2009.

<sup>18</sup> As seen in Figure 1

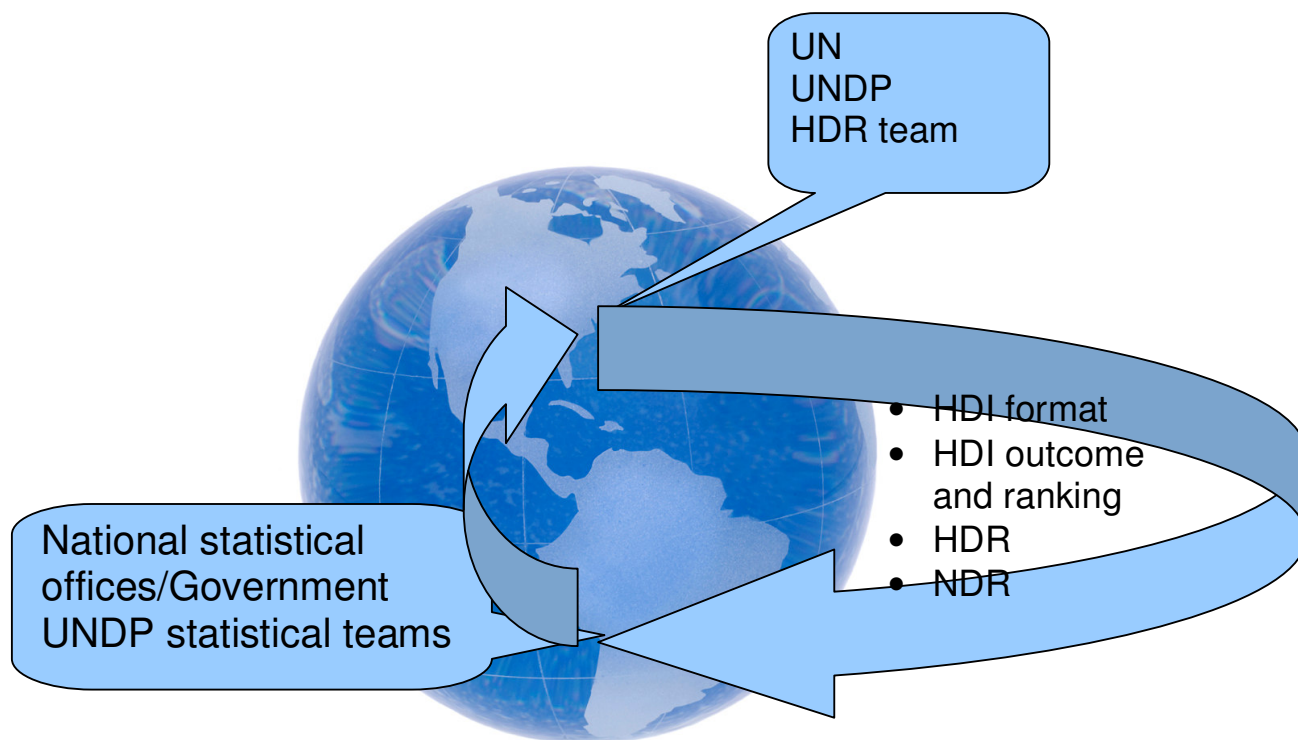


United Kingdom 0.946. Based on these outcomes, a third product, the ranking is produced that demonstrates the comparison of the countries based on their human development, which means that in 2005 El Salvador was ranked on number 103 and the United Kingdom on 16 out of 177 countries.

In addition there are other products that the UNDP produced, including the National Development Reports (NDRs) and their formats, on which section 2.1 will elaborate. These reports require more specific data which forms another international flow of NDR format and reports.

### ***1.3 Globalisation in production domain***

The production is thus clearly globalised, in terms of the set of products being a global measure, the producers, the process of product design and the production process itself. There are various production flows between the head office in New York and the local level in the particular countries, where the inputs are provided and the outcomes are consumed. Part of the production is outsourced while the head office remains in charge. The production of the HDI can be compared to a multinational organisation, that sets a standard for local production of the elements which the headquarters uses in their production activities. The international organisation is the producer: the UNDP, which is part of the larger UN organisation. Within the UNDP there is an international production development team, which is the HDR team, which combines a group of people from various nationalities and backgrounds. Then there are international suppliers of inputs, which include the national statistical agencies. The product is actually assembled in New York, but then dispersed again internationally. This dispersion depends on the distribution process, which will be discussed next.



**Figure 2 Globalisation in Production**

## **2. Distribution of the HDI**

### ***2.1 Distribution channels and complementary products***

Statistics are different from other goods because they are information products that can be freely shared in informal ways which are difficult to detect afterwards. They appear not to need physical packaging and distribution. Moreover, producers of statistics seem not have to take into account their users as much as commercial enterprises have to consider their consumers. For commercial enterprises product sales are the essential part of the business and provide the evidence for the demand that is met by the supply of the product. For statistics on the other hand, the products are not sold per end product and therefore the process is less demand driven. The

users other than the producers themselves are not well known, nor is the variety of purposes for which the product will be used. In addition, existence of the UNDP as an organisation does not depend on the statistical products only, as contrasted to commercial enterprises whose main business is related to the supply and sales of products and therefore forces the attention on optimal distribution and marketing strategies.

However, despite the negative properties of the analogy between statistics and commercial products, distribution and marketing strategies, including identifying and targeting certain user groups, are essential to the globalisation and usage of poverty measures. Statistics are packaged as well albeit in a different way than commercial products. Especially for a globalised product, the brand awareness has to be built to compete with the alternative measures that can as easily be found within the large supply of measures available through public sources and the internet. The case of the HDI illustrates this.

The UNDP differentiates itself from other statistical agencies because it emphasises the wide dispersion of the HDI and employs a range of distribution channels. The distribution can be seen as a global approach though the availability of all data and documents online and the interaction within the academic domain. Both are global, they not clearly limited to one geographical space although they are bound by language and academic networks which are clearly biased to certain countries that are well developed academically.

One of the stated aims of the UNDP was to allow the discussion about the development of the measurement<sup>19</sup> and the UNDP has made efforts to maximise the dispersion of the measure. In order to analyse this dispersion it is important to realise that there actually is a set of different products, the HDI itself and complementary products and services. As pointed out, for the index there are three related products: there is the HDI measure, the HDI outcome for a particular country and a particular time, and the HDI ranking that lists the countries. The complementary products include the HDRs, the NDRs, the academic journal and network, and the internet related platforms and services. These complementary products both serve as products themselves as well as media for the distribution of the HDI products.

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<sup>19</sup> United Nations Development Programme., *Human Development Report 1990* (New York: Oxford University Press for the United Nations Development Programme (UNDP), 1990). P 11

The UNDP aimed for a large market, for which the index and additional products have been presented in simple and accessible language without too many technical details. In addition, the technical details have been offered for academic use, especially in combination with the HDI format that was introduced via the reports. Academic users immediately used the HDI and the UNDP has engaged with the many responses the HDI quickly gathered in the academic domain.<sup>20</sup> The individual HDI outcomes per country have been published in a list that ranks countries according to their performance. This ranking list has proved to be an effective distribution channel and an appealing product in itself, as ranking lists usually hint to competition and allow citizens to compare their country to surrounding or other countries.

The UNDP has developed a variety of complementary products to distribute the outcomes: first of all, these three products of the HDI have been packaged in the Human Development Reports. The annual global HDR can be seen as a product that combines the information on human development themes, one of which is the HDI. The report is both a distribution mechanism for the HDI, as well as for the other themes that are discussed in words rather than indices. Moreover, the HDR is a complementary product in itself. It is the report that physically can be distributed, both in hard copies as well as online documents. The publication of the report further facilitates marketing and advertising, both of the HDI and of the written information on human development themes that the report focuses on. This is because the reports have been published each year and are launched accordingly. This launch has become an event for which press has been notified and politicians and other officials have been included in terms of giving speeches.<sup>21</sup>

Due to the initial success of the annual global edition, the publications have been expanded to regional and national publications as well, to over 120 national and regional issues. These issues often have a specific theme, such as gender, political reform, or climate change.<sup>22</sup>

Moreover, the HDR website forms an additional distribution channel. The website allows for the user to obtain the HDI products, as well as interactive services that enable the user to obtain additional information as well as make comparisons over time and over regions. All publications

<sup>20</sup> For example Anand and Sen, "Human Development Index: Methodology and Measurement."

<sup>21</sup> For example, *on 24 July 2002* the President of the Philippines gave the opening speech to the Global Launch of the Human Development Report 2002. Archive speeches: <http://www.ops.gov.ph/speeches2002/index.htm>

<sup>22</sup> [http://hdr.undp.org/reports/view\\_reports.cfm?year=0&country=0&region=0&type=0&theme=17&launched=0](http://hdr.undp.org/reports/view_reports.cfm?year=0&country=0&region=0&type=0&theme=17&launched=0) accessed 15 June 2006

can be downloaded, as well as interactive maps, background information on the reports and concepts. It also provides platforms for researchers, officials and other interested parties to gather and share information. In addition, it provides toolkits for the national teams preparing a report or constructing indices. The UNDP further promotes institution building as they provide support for statistical practices and local advice and assistance by their teams. Also, biennially a training course 'Human development from theory to practice' is organised at Oxford University where politicians, academics and other professionals can use the HDI concepts.<sup>23</sup>

For academic use, in 2000 the *Journal of Human Development* was launched to expand concepts and measurement tools for human development.<sup>24</sup> This journal is connected to the 'Human Development and Capability Association' that was launched in 2004. This association promotes interdisciplinary research from many disciplines on key problems including poverty, justice, well-being, and economics. The presidents have been Amartya Sen and Martha Nussbaum, both seen as the initiators of the capability approach,<sup>25</sup> which further aids the justification of the HDI as an academic index.

The UNDP has reached out to the public as well, through its own networks as well as through international and national media. The press kits are made available, the reports are launched in formal events including well known political speakers.

To aid the globalisation of the HDI several other marketing strategies have been used. The index, publications and website services have used the reputations of the UN, publisher and panel of advisors to strengthen their credibility and distribution. The reports have been published by the well known academic publisher the Oxford University Press. Moreover, it has been made clear that the panel of advisors has included the Nobel laureate Amartya Sen. These can be seen as part of the advertisement similar to celebrities promoting certain products.

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<sup>23</sup> <http://hdr.undp.org/training/> accessed 15 June 2006; <http://hdr.undp.org/en/nhdr/training/oxford/> accessed May 2008

<sup>24</sup> <http://hdr.undp.org/publications/journal.cfm> accessed 15 June 2006

<sup>25</sup> from website <http://www.capabilityapproach.com/About.php?aboutsub=about1&sid=292d866dd872fc487bc7a771c1b94c08> viewed May 27 2008

The way the UNDP has distributed the HDI mostly focused on the dispersion of the measure. On the one hand, this is understandable as information products are not easily made excludable<sup>26</sup> and therefore the usage cannot be tracked through individual sales numbers. Dispersion is very much a supply driven concept that does not necessarily take into account the users. On the other hand, regarding the aims of the production of the HDI it seems a limited approach to assume that launching the products is enough to have the products be used.

Relative to other statistical producers such as national statistical agencies, the UNDP actually does put a lot of effort into directing the dispersion of its products. This can be related to the stated aims of the UNDP for the HDI as providing a crude measure that can be used as an advocacy tool. This advocacy function only gains power when the HDI is known and used, thus the distribution is an essential part of building brand awareness that further enhances the use of the HDI. Moreover, the efforts put into the dispersion of the product are essential to the globalisation of the measure as well. International trade requires infrastructure, which in the case of the HDI can be seen as the UN networks and the international involvement of different producers and users.

## ***2.2 Horizontal and vertical expansion***

The globalisation of the HDI can be seen as connected to two expansions over time. First there is a horizontal expansion of product lines that broadens the base for measures. Since the first HDI in 1990, the product design of the HDI has been amended.<sup>27</sup> Moreover, new measures have been introduced and include the Human Poverty Index in two varieties, and Gender-related Development Index and the Gender Empowerment Measure.<sup>28</sup> Secondly there has been a vertical expansion in terms of distribution channels that deepen the scope and variety of products. There have been more reports, additional services on the website and the journals and courses. This is related to the expansion of reports from one global edition, to various regional and national

<sup>26</sup> Although consulting analyses and reports are sold, as are for example Bloomberg's business data.

<sup>27</sup> HDI changes in 1992, 1994 and 1997 and in 2008 and the achievements of the human development approach are planned to be described in the 2010 Human Development Report (forthcoming).

<sup>28</sup> The Gender Related Development Index and the Gender Empowerment Measure were introduced in 1995 while the 1997 report introduced the Human Poverty Indices. HPI-1 for developing countries and HPI-2 for a group of select high-income OECD countries. HDR 1995, 1997, and HRD 2007-8 technical notes on pp.355-361 for the way this is measured.

reports. These are not only distribution channels as they incorporate additional research following the HDR formats and thereby also engaging with the local contexts adding to the local applicability of the global concepts.

The global features of the distribution can be visualised in Figure 2. The different HDI related products and channels are distributed to the local level where they are dispersed through academia, use in the media and in the public domain. These user groups are interlinked, although they might not be specific in their geographical location. That is, the website, academia and networks are not bound to one geographical location although they are clearly connected. The NDRs require local inputs and measuring efforts that go beyond the information that is already available for the global HDI and therefore the preparation for the NDRs provide another interaction. The requirements to fulfil the UNDP standards thus provide a further distribution of the HDI products by having the local community engage with the human development concepts.

### ***2.3 Global products and global relevance***

The HDI and complementary products are global in their approach of taking the measure around the world and having the measure applicable to all countries. Thus the product is global, but for it to actually gain relevance globally, it needs to reach the people in their local environments, where the measure can have an impact. That is, for the HDI to become meaningful for the people, it needs to be distributed in order to be used locally. The UNDP in New York distributes the final product and makes the local actors engage with the concept and product because they have to commit to the HDI and NDR formats. This is what makes the globalisation process as one that is incentivised ‘top down,’ rather than ‘bottom up.’ The UNDP claims about national reports: ‘from the *bottom-up*, they are breaking down the global targets for poverty reduction and human development into national benchmarks and action plans that enjoy increasing political attention, debate and mobilization.’<sup>29</sup> It is true that there is a difference with for example the World Bank ‘dollar a day’ measure in which the local engagement is unnecessary for the poverty measures. Thus the UNDP has globally integrated production process, yet the NDRs do not

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<sup>29</sup> [NHDR Corporate Policy \(document\)](http://hdr.undp.org/en/nhdr/about/undp/) http://hdr.undp.org/en/nhdr/about/undp/, viewed June 3, 2008 p 1

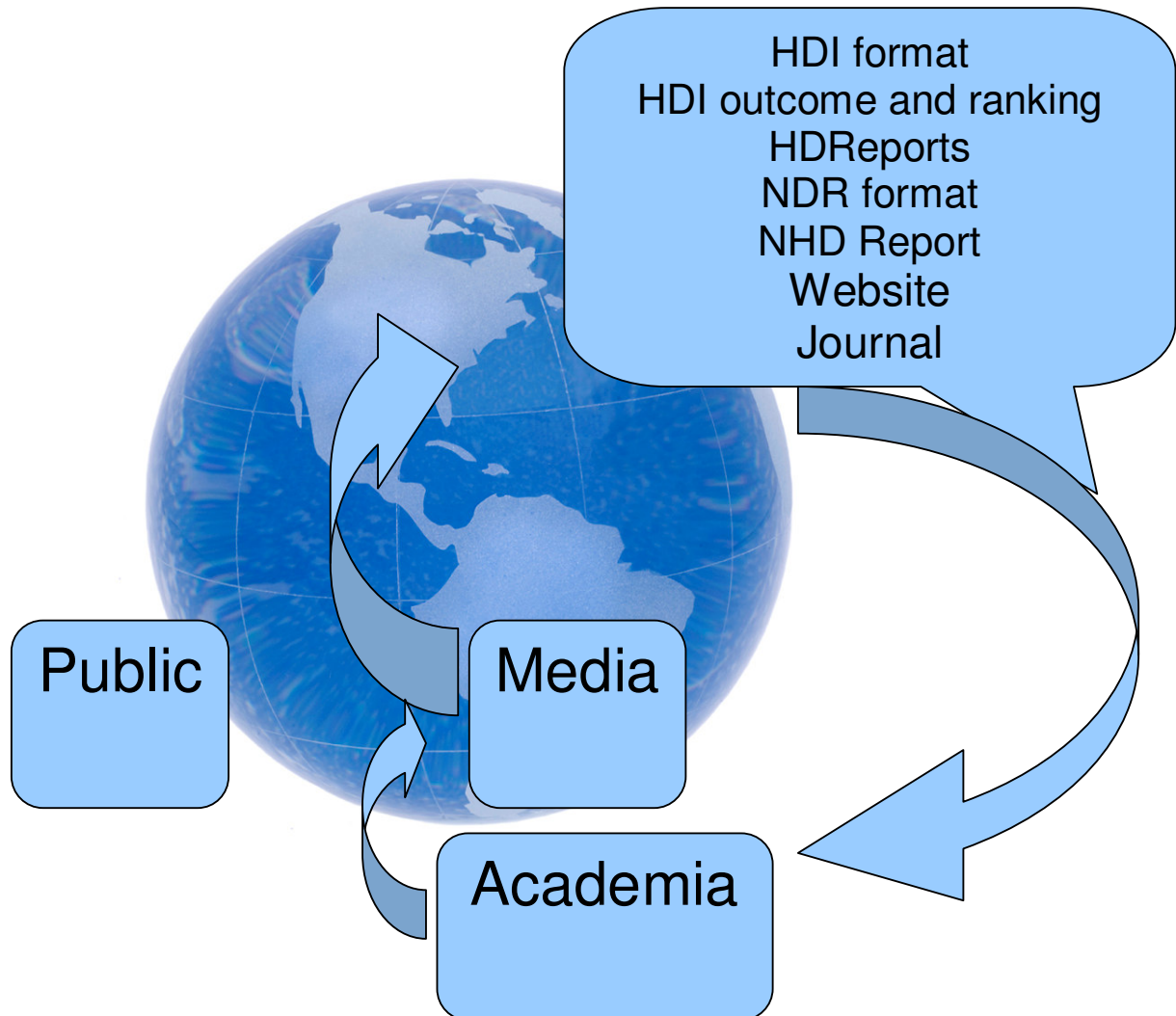
appear bottom-up. Rather, the process is directed through the format and infrastructure requirements, thus from above: top-down.<sup>30</sup>

To conclude, while the information product can easily be spread, it still needs a distribution channel that directs the move. The UNDP has aimed to direct the distribution to ensure usage by academic and politicians as well as the public. It is important to note that the human development concepts are actually packages of products and services, including the HDI products and the reports. Thus whereas information is seen as a good that can be freely accessed through the internet, the packaging and distribution channels are essential for the usage. A possible user needs to be aware of the product, and even though it is an information product, it still requires an infrastructure to move along. Therefore the distribution of statistics is important for their usage. The distribution by the UNDP is offered through a variety of levels, academically and public to increase the usage of the HDI. While the distribution is essential for people to be aware of the product, it does not necessarily ensure the actual usage or what the measure it used for, which will be discussed next.

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<sup>30</sup> The global flows of the production process, distribution and of the eventual products are thus more complex than Figure 2 can demonstrate.





**Figure 3. Global distribution channels**

### **3. User domain of the HDI**

Because statistics are an information product it is difficult to trace the actual usage because information can be gathered free of cost when it is released. However, poverty measures can have important uses and consequences. When assessing the globalisation of the HDI the users can be seen in different geographical areas as well as in different domains.

### ***3.1. International users***

A first user is the UNDP itself. It uses the HDI as a tool to gather more attention to development issues, the UNDP as an organisation and its work. Moreover, the HDI is used to identify the development countries that require assistance through the development programme. The UNDP funding flows are allocated according to the HDI listings. This means that the HDI also gets used as an indicator of where aid flows are most needed. This is also used by national countries to allocate their bilateral development aid flows. Moreover, international NGO's such as Plan international, and poor-activists can use the HDI to compare and make their case stronger.

The HDR teams use the HDI and the reports to draw attention to the human development and capability approach and change the focus away from the GDP per capita, which was the original measure of development. For them the HDI functions as a flagship, as an 'attention grabber' that allows the underlying information and additional products and services to become visible and be used. The fact that the HDI is quantitative is essential here. While the messages of the capability approach have been around longer than 1990, the fact that the HDI captures the message in quantitative form is essential.<sup>31</sup> This is because the product is different, it is not just the packaging in a quantitative format, it is an essential feature that channels the attention to the elements taken into account, and more importantly, it combines the different elements in one composite index. This makes comparison possible, which in verbal or other formats of information would have been more difficult. However, as the academic users point out, this composite index as well as the comparative features can be criticized or form the reason to dismiss the measure.

The UN as the umbrella organisation cannot easily be connected to direct use of the HDI. The United Nations Statistics Division has been internationally active in cooperating and

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<sup>31</sup> Sen and Nussbaum developed the capability approach which provides the theoretical basis on which the HDI was built. While initially Sen had been reluctant to specify the capabilities and therefore inhibiting any definition for measurement, he became one of the initiators of the HDI, he was one of the advisors the HDR teams and involved in the changes made to the HDI. Moreover, he has been involved in the biannual Human Development Course in Oxford.

standardising statistical data since the Second World War. Interestingly, a search for the HDI on both the UN and the UN Statistics Division yield ‘no results.’<sup>32</sup>

Other users are the cooperating and competing organisations, such as the OECD and the World Bank. These organisations are internationally operating and although head quarters and offices are located within a country, their operations can be seen as globally spread.

### ***3.2 Academic and internet users***

Another international set of users are academics. Although biased towards English speaking countries, the academic domain is not specifically located within one geographical domain. The journals, conference and university contacts are international when it concerns human development topics, which means that the academic use is internationally spread. Authors from different backgrounds ‘gather’ in the academic domain and relate to human development either from a global perspective, or relating the HDI to the country experiences. The UNDP actively invited the debates about the HDI and therefore the academic journals and subsequent reactions from UNDP can be compared with a customer complaint loop, in which academics complain and criticize the product, depending on which the UNDP decides which criticisms to take seriously and amend product design. This is what happened in 1992, 1994, and 1997 when the HDI was changed in the way it is measured. The elements taken into account were still longevity, knowledge and standard of living, but the proxies were different.

The academics are also part of the production, in advisory committees and production teams. The academic character of the HDI is actually an important feature of the HDI. It was important to have the involvement of Amartya Sen as an approval because of his contributions and reputation as a prominent academic, originating from a developing country himself. Moreover, statistics in general are connected to the academic character of the product; aiming to capture a phenomenon of the word into a number, is not only producing a new product but also an academic endeavour in itself, by analysing and making statements about the world: creating facts. This is an important

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<sup>32</sup> Searches on the websites were performed by entering HDI and Human Development Index on the search field of the search page of both UN and UN statistics division websites. Accessed 4 June 2008

difference from other product, which have inherent features which are not aimed at academic progress.

This academic feature is further enhanced by the involvement of different academics, as well the organisation of the Human Development Course which is held at Oxford University Press. Moreover, the Oxford University Press is the publisher of the reports, and the UNDP claims that the reports are 'independent.' The academic connection contributes to the fact like character of the HDI, which can be compared to health claims on consumption goods.

The website is another platform that most users will access, although as in the academic domain, the internet users cannot be located geographically. The website further encourages international engagements through their forums and platforms in which researchers and other professionals can exchange ideas and information.

The political domain is what the producers had claimed to target. However, the political domain is not homogeneous. Internationally, there are players such as the UNDP itself and international organizations that aim for political pressure and action. The UN allocates resources according to the classification that is made with the HDI list, in terms of high, medium and low developed countries. Moreover, international aid flows are affected by the classification, in terms of selecting the countries for bilateral aid.<sup>33</sup>

### ***3.3 National users***

The use on the national level is where it could fulfil its functions for advocacy and change in most direct ways. Statisticians collect the data that acts as inputs for the global HDI, in cooperation with the OECD and the UN. Politicians refer to the HDI in interviews when it gives a good image, but also use it for policy decisions. Brazil for example has embraced the Human Development approach and has made the HDI an explicit target. Education is the part of the HDI

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<sup>33</sup> Remarkably for the Millennium Goals the UNDP itself uses the World Bank 'dollar a day' measure, rather than the HDI. This can be related to the HDI being a relative measure, as the normalization process is based upon the best and worst performing countries and therefore makes it difficult to state a clear goal for the HDI as an improvement level to aim for. However, if the focus is on the human development approach, more direct usage of the HDI would be expected, especially from the UNDP itself.

that is most accessible for targeting policy. This is because education is an input measure, enrolment rates, rather than the output measures that are used for health and standard of living, which are both outcomes of broader policy. Thus by focusing on enlarging enrolment rates, the HDI will increase immediately, while investments in health and GDP growth will only become visible in the HDI over time. Thus the HDI allows for use as policy target but mostly indirect. More generally it can be used for emphasising government investment in health and standard of living, but this use cannot easily be audited by the HDI because the results are indirect and lagged.

As an advocacy tool the HDI can be effective, but mostly when the results are surprising or shocking. This means that the comparative feature of the HDI allows for countries to compare their situation to neighbouring countries, or peer countries that are similar in size, culture or otherwise important. However, when the HDI demonstrates a good performance, the advocacy role loses its power as the HDI could actually become ammunition for politicians aiming to relax government's involvement in health and education, rather than a tool to improve it.

The product design of the HDI functions as an advocacy tool for the human development concepts to be taken into account rather than merely focusing on economic growth. The outcome in the numbers does not serve as an advocacy tool as such, although the comparison does. The most successful HDI product for advocacy has been the ranking list in which the countries can compare their situation to others. The ranking list proves very effective as it attracts much attention from journalists in the public debate, which in turn makes the HDI ranking act as a prestige issue. This is present for the higher ranked countries, for example because of their dropped ranking the United States supplied a different data set on education after the 1994 change in the HDI.<sup>34</sup> The prestige issue also plays a role for lower ranked countries such as India and Pakistan. The following quotes illustrate this.<sup>35</sup>

‘In the Human Development Index (HDI), India stands at a low 138th (of the total 175 countries). *But the fact is that for the first time, India has done better than*

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<sup>34</sup> The United States changed their supply of education data when due to the HDI measurement changes in 1992, 1994 and 1997 their ranking had dropped. *United Nations Development Programme.*, Human Development Report 1990. 1990-1997

<sup>35</sup> Both from Morse, "For the Better or for Worse, Till the Human Development Index Do Us Part?." pp 292-3

*Pakistan*. HDI of Pakistan is only 139, and this does bring a small measure of solace.’<sup>36</sup>

*‘Pak beat India, both lose!’* The United Nations Development Programme report for 1998, released on Wednesday, shows that India and Pakistan continue to be somewhere at the bottom of the ladder of human development.... Had the *‘human development’* contest between the two been for the top positions, there may still have been something in it for either side to crow about.... The UNDP has given Canada the top rank on the human development scale for the fifth consecutive year. *India should study and adapt the Canadian model* for moving up the human development ladder.’<sup>37</sup>

These quotes demonstrate the competition element between the two countries. Moreover, there is a reference to the human development contest, appealing to the idea that in order to win countries have to make an effort. The relation is then made between the Canadian outcome, that was highest on the list that year and India, arguing that India should follow the Canadian model. While this type of reasoning has been the UNDP’s goal, it is unclear what ‘studying the Canadian model’ would do for India. Problems of different contexts and histories arise as well as questions such as what exactly is this Canadian model and which parts of the model are relevant or even applicable to India. Although these issues are problematic, they deserve more attention and the HDI makes them get known. Thus this example shows that the HDI serves as an attention grabber as well as an advocacy tool to focus on development issues. The HDI ranking and the HDI can thus be seen as a gateway to the underlying data and the ways in which policy changes inspired by other countries can make a difference for human development.

For the national level the classification according to the HDI outcomes into higher, medium and lower developed countries might cause an unintended use of lower ranked countries. Because the money flows are made dependent upon the HDI scores, incentives are created for lower ranked countries to stay within the lowest band, rather than develop into higher levels of human development. For higher ranked countries, issues of prestige become important, especially when linked to government performance.

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<sup>36</sup> Source: Indian Express Newspaper (India; June 12 1997) (Italics added).

<sup>37</sup> Source: The Tribune (India; September 14, 1998) (Italics added).

The prestige issue is not only relevant for countries high on the list. As a matter of fact, this comparison to other countries is one of the value added that makes the ranking of the HDI so successful. Ranking lists prove very appealing in the media because they allow for comparison and imply a competition element.

The public is separate from government but also part of the political domain, as the public mandates government, as well as plays a role in terms of the public debate and civil society and parliament questions. The users can be seen as the public, civil society, NGOs and think tanks and other research agencies.

In the national domain the media are important users that further make the product known. They refer to the HDI launch as well as report the HDI as background information for other stories.<sup>38</sup> Interest groups can be seen in NGO's working in the field of human development, using the HDI as further justification of their work or for gathering funds.

The local use of the HDI is strongly connected to the NDRs as devices to gear political action toward the collection of additional data and describe human development themes that are present in that country or region. The UNDP acts as the head office of a franchise organisation here, where it supplies the network, infrastructure, product development and brand name and reputations of the UNDP and HDI. It allows for national themes to be taken up and investigated. On the other hand, the NDR comes with a restrictive framework and requirements attached to motivate the nations to collect the data and perform the NDR process to be connected. Moreover, the toolkit checklist allows the national inputs to gear towards the topics that are decided by the UNDP and HDR teams. This means that the UNDP uses the HDI at NDR formats to make the attention shift to their focus areas, as well as standardise the NDR procedures. The national agencies can rely on the brand name and expertise, in return for agreeing to follow the guidelines. This requires additional work from the national agencies that might want to focus on their own preferred topics, but have to comply with the standards and requirements set. This involves gathering additional data that otherwise might not have been gathered. This is another important way in which the products are used.

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<sup>38</sup> For example the Financial Times country background information includes the HDI.

The cooperation between the UNDP and the local teams means that resources are shifted into the research done on human development topics, and therefore assures that at least the people involved engage with these issues, as well as the final report that addresses the topics in terms of outcomes. This cooperation during the process is different from products which only are used as the end product, and as this is a political process the activity of gathering the data is already a use, rather than only a part of the production process that is isolated from engagement with users. Thus rather than using only a good that is the end product, the HDI is actually already used during the production process. This is different from commercial goods which are only used in its final product.

### ***3.4 The poor***

Interestingly the HDI aims to make a difference for the poor, which is actually a group of people that is not in position to use the HDI for their own advocacy. The measure enables others to represent them, but while the ultimate aim is to alleviate poverty and aid development, the actual beneficiaries are not aided by the HDI per se. The action has to merge through the academic and political decision making process before action is taken that eventually targets the poor. This is the case for all poverty measures, that in one way unite the poor, but only on paper. In practice the poor do not gather as a group, although the measure does collect them in statistical terms. In this way the unemployed are more easily organised through government tax and benefit requirements involving employment bureaus and registration. The poor however, cannot as easily be united, they remain individuals that through poor laws or other state support can become eligible but still remain united for action. This creates the problem that there is the representation by other parties who in effect are accountable to their funders but not to the people they aim their programs at.<sup>39</sup>

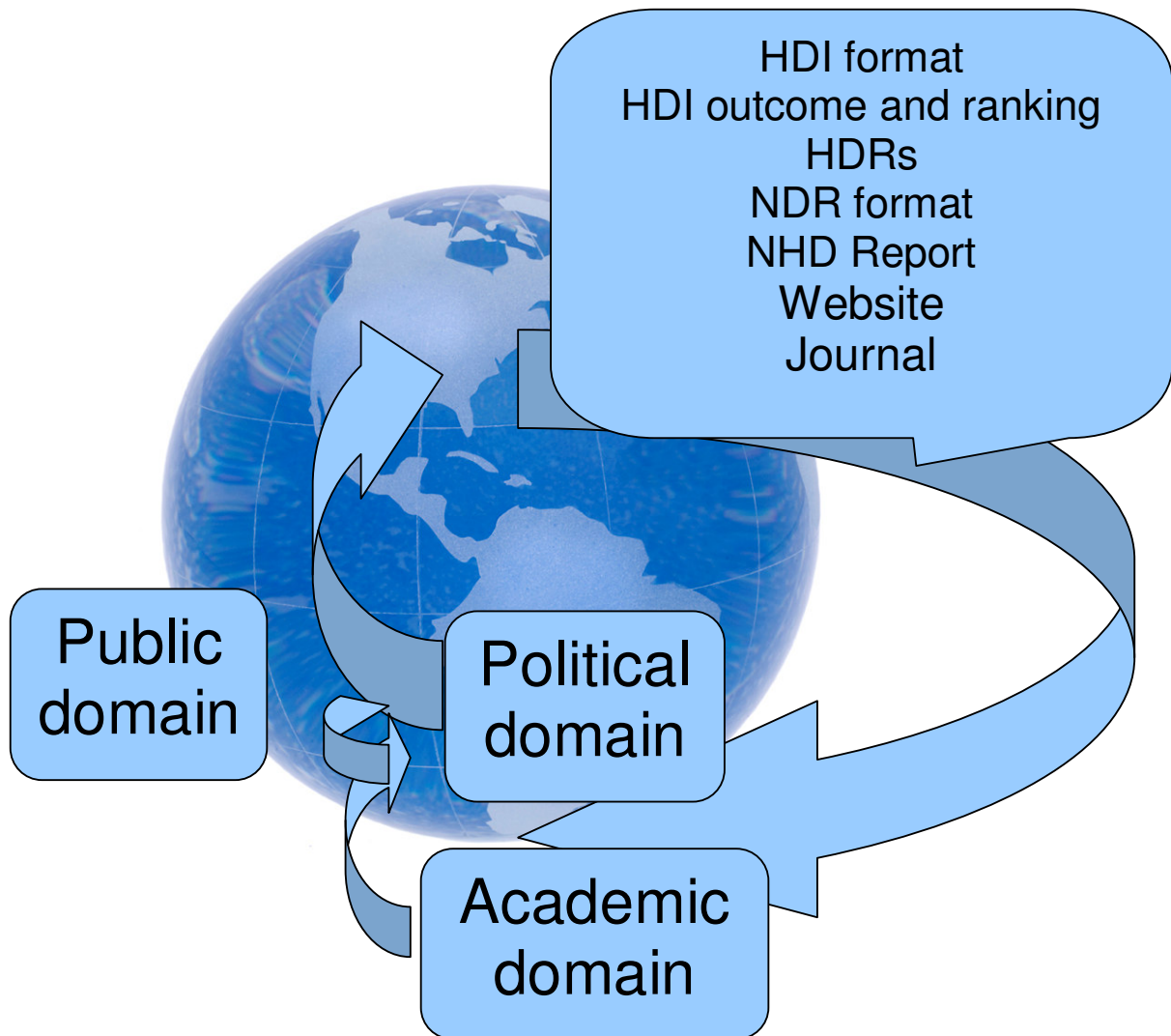
In sum, the success of the usage of the HDI has varied depending on which user group is taken into account. The HDI functions differently for academics as opposed to the politicians and the public domain. The geographical scope is important in the way that the global product does not offer policy prescriptions on the local level. Nevertheless, through the product expansion the

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<sup>39</sup> Refers to point made by Tim Allen at 22 May 2008 LSE workshop about aid organisations and evidence reporting schemes.



NDRs actually allow for more locally inspired research and political action, although the format is still directed from above. Therefore it is important to view the HDI within its context and the way the production and distribution is set up, because it is through the interactions between the head office and the local government, academics and public domain (as visualized in Figure 3) that the HDI enlarges its user domain, its global and local relevance as well as the eventual impact of the HDI to the poor.



**Figure 3: Globalisation of users of the HDI**

## Conclusions

Analysing the history of the HDI according to the product approach has demonstrated that the global aspects of the HDI on all phases of the production, distribution and usage have affected the success of the HDI as a fact travelling. The products, producers and production process all involve international interaction. While the HDI is an information product and therefore different from commercial products that are transported to the customer that can then use it, the distribution through the different channels has been essential for the success of the HDI. Different from statistical agencies, the UNDP has had a clear agenda for change and in order to achieve this the distribution and usage of the HDI has achieved much attention. The distribution of the HDI actually involved a larger package of goods and services that include not only the index itself, but also the complementary products such as the HDRs and website services. These have allowed for the products to disperse, which has been successful due to the distribution channels chosen as well as the format requirements that demand local interaction with the UNDP.

The user groups can be seen as international, academic and internet users, and national users, while the poor themselves are the aimed eventual beneficiaries, but are not users of the HDI. Usage can be seen within the academic, political and public domain, where the HDI functions in different ways. There is a tension between the global product and local applicability which makes the local use of the global HDI problematic, especially considering the aims for the HDI to perform the role of the advocacy tool for policy purposes. However, because the HDI is a composite index and education, health, and standard of living require different policy decisions, the HDI does not offer direct policy advice. On the other hand, through the comparative and ranking device, the HDI is used in the public and media, acting as an effective advocacy device to gather attention to development topics to get them on the political agenda.

While the intrinsic features of the HDI have been criticised in the academic domain, for policy and public use the HDI has been effective around the world. The user groups and their aims thus determine whether the HDI can be used effectively. When taking the academic use as a guideline, the product can be seen to have travelled well despite criticism on the concept and measurement. On the other hand, the simplicity of the HDI taking a composite index of three

elements of development people can relate to, makes the HDI effective in public and political domains. The globalisation of the HDI has aided the use that not only functions as the end product, but also during the production process because the UNDP formats have the local users engage with the human development issues that without the HDI would not have been achieved.

This paper has analysed these three phases, the production, distribution and usage of the HDI to answer the question ‘How successful has the HDI been as a fact travelling between production and usage domains?’ and suggests four factors of success. First, the production of the HDI created a fact by quantification and the numerical nature of the HDI has facilitated its travels. Whereas the quantification and production process have been criticised, they have produced a number on human development that previously was not there. The HDI was therefore successful in offering a quantity, a fact of human development as opposed to a verbal message. This was due to the attempts of the producers to create a competitor to GDP per capita. The global production process was essential for the provision of the HDI as a competing quantity.

Secondly, the HDI has been successful because the emphasis the producers have placed on the distribution and marketing of their product. Moreover, the facilitation by the UNDP and by the ties with the academic community and the media created the networks according to which the HDI could travel well. The UNDP has offered the data and information globally, in non technical terms and through various channels. The ranking lists, reports, press releases and internet stimulated the media coverage, in addition to the national reports more applicable to local interests and concerns.

A third factor of success is the way the HDI spoke to a variety of users including academics, politicians and the public. Usage by academics is limited by the caveats of the theoretical basis of the HDI. On the other hand, exactly this theoretical basis and UNDP’s willingness to open the debate and the academic mentors of the HDI actually make the HDI successful in academia in terms of attracting attention and inspiring new research and debates, which resulted in for example the academic journal of human development. The HDI provoked increased interest in the concept of human development and the improvements and intellectual debates through new research.

The usage by politicians is not straightforward, as the HDI does not offer guidance for policy design. There is a tension between the global measure and local applicability. Rather than as an explicit goal, the HDI has been used as a gateway to the underlying information and the national reports focus on the applicability per country. Therefore direct links between the HDI and change in political outcomes are difficult to demonstrate. While there are nations such as Brazil that explicitly use improvements in the HDI as an aim, the applicability of the HDI for national policy design is limited.

The HDI has been very popular in the public domain. The ranking list provides a competition element that has been taken up by the media. Therefore through the public domain and national debates the reports have inspired, an additional use of the HDI for academics and politicians can be seen as indirect.

A fourth feature of success is related to the global aims and interests attached to the HDI. The UNDP aimed for change. This makes the HDI different from other statistics, which focus on capturing a certain concept in number, not necessarily envisioning a political use for the statistics. This aim for change also informs the way the UNDP emphasised the dispersion of the data. Although this is also increasingly done by other statistical organisations,<sup>40</sup> the aims and opportunities for the UNDP were special because it could rely on the global nature of the organisation and its networks. Resource allocation, political aims and prestige became attached to the HDI, partly because the index was widely dispersed and the ranking lists created the competition element.

In sum, this case study of the HDI suggests that for the HDI to travel, statistical foundations have proven not to be the determinant factor. While the success varies according to the users, the HDI has been successful and travelled well between production and usage domains because as a quantity it offered a competitor to GDP per capita, because there was an emphasis on the distribution of the HDI, because the HDI was connected to global aims, and because the HDI spoke to a variety of users.

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<sup>40</sup> As expressed during the OECD Istanbul World Forum – Measuring and Fostering the Progress of societies. 27-30 June 2007, Istanbul, Turkey. OECD, *Statistics, Knowledge and Policy 2007. Measuring and Fostering the Progress of Societies* (OECD Publishing, 2008).

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