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MDGs and Assets

Philipp Horn, Alfredo Stein and Caroline Moser

Key points:

- **Most MDG related policies do not tackle all MDG targets and fail to take into account the particularities of local contexts**
- **An asset accumulation framework can help translate MDG-related policies from single sector issues to more holistic strategies**
- **MDG-related policies that rely on an asset accumulation framework are more responsive to the local needs and demands of the poor**

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The United Nations (UN) Millennium Development Goals (MDGs) represent a path-breaking global effort to combat poverty and human deprivation. In comparison with prior attempts, the MDGs are unique in symbolising the first ever global long-term agreement to combat the multiple dimensions of poverty (Sumner & Tiwari 2009), while providing national policymakers with comprehensive and time-bound goals, targets and indicators (Hulme 2010). Meanwhile, the MDGs are widely criticised as top-down poverty reduction guidelines which fail to take into account the context specific needs of the poor. Furthermore, policy makers often implement only single MDG targets and fail to address the MDGs in their entirety.

This briefing paper explores the extent to which the incorporation of an asset accumulation framework into the MDGs and related policy interventions can assist in overcoming the outlined criticisms. The paper starts by summarising the asset accumulation framework. It then discusses how assets are already incorporated in the conceptual design of the MDGs and in MDGs-related national poverty reduction initiatives. Finally, opportunities of incorporating assets into the MDGs are discussed.

The asset accumulation framework

What is an asset? An asset is a "stock of financial, human, natural or social resources that can be acquired, developed, improved and transferred across generations. It generates flows or consumptions as well as additional stock" (Ford Foundation 2004). Assets are not simply resources that people use to build livelihoods. As Bebbington (1999) argues, assets give people the capability to be and act. Thus, the acquisition of assets is not a passive act but one that creates agency and is linked to the empowerment of individuals and communities (Sen 1997). The concept of assets and capital endowments includes both tangible and intangible assets. The most widely known assets are natural, physical, social, financial and human capital (see Moser 2009).

The MDGs *(Source: www.undp.org)*

What is an asset accumulation framework? An asset accumulation framework has two components (see Moser 2009):

1) An ***asset index***: This is an analytical and diagnostic tool for understanding poverty dynamics. It quantitatively, or qualitatively, measures the accumulation or erosion of different assets over time and clarifies the interrelationship between different assets. This may, or may not, mirror changes in income or consumption poverty.

2) An ***asset accumulation policy***: This is an associated operational approach that focuses directly on creating opportunities for poor people to accumulate and sustain complex asset portfolios.

Asset accumulation policy is not a set of top-down interventions. Though it may include interventions that focus on strengthening individual assets, it is essentially a framework that provides an enabling environment with clear rules, norms, regulations and support structures to allow households and communities to identify and take advantage of opportunities to accumulate assets. To facilitate asset accumulation, structural, operational and institutional factors need to be addressed simultaneously (Moser 2009).

There are three different stages or 'generations' of asset accumulation strategies. First-generation strategies intend to access assets; second-generation strategies ensure the consolidation and prevent the erosion of assets; third-generation strategies maximise the linkages between different types of inter-dependent asset (Moser and Stein 2011).

The incorporation of assets within the design of the MDGs

Although the MDGs targets follow a multi-dimensional conceptualisation of poverty and address different vulnerabilities and forms of human deprivation, 'assets' are not explicitly mentioned, nor incorporated in their design. However, when linking the MDGs targets to an asset-based index (see (table 1) it is evident that 19 out of 21 MDG targets can be associated with one particular type of asset. (Targets 8b and 8c cannot be linked to specific assets as they are formulated to meet the needs of particular countries.) Overall, about 57 per cent of the MDG targets (12 out of 21) refer to strengthening human capital through, for example, education, health or nutrition; 14 per cent refer to financial capital such as income; 9 per cent to natural capital; and 9 per cent to physical capital. None, however, implicitly refers to the need to strengthen social capital.

Implementation of the MDGs

The MDGs do not represent a policy paradigm but rather a normative framework of goals, targets, and indicators which should be addressed through different policy mechanisms (Gore 2010). While the UN institutions primarily monitor the overall MDG achievement in different member countries, their implementation is coordinated by national governments.

The majority of national governments have incorporated the MDGs within their overall policy agenda. For example, there hardly exists a country Poverty Reduction Strategy Paper (PRSP) which does not refer to achieving the MDGs (Fukuda-Parr 2010). Yet, a closer look at national policy strategies, programmes, and interventions shows how different countries emphasise

Table 1: Summary of MDGs targets and their implicit links to assets

MDG	Target	Link to assets
MDG 1: Eradicate extreme poverty & hunger	1a) Reduce proportion of people living on less than one dollar a day 1b) Achieve full and productive employment and decent work 1c) Halve proportion of people who suffer from hunger	Financial capital (income) Human capital (Labour) Human capital (Nutrition)
MDG 2: Achieve universal primary education	2a) Ensure that boys and girls alike will complete primary schooling	Human capital (Education)
MDG3: Promote gender equality & empower women	3a) Eliminate gender disparity in all levels of education	Human capital (Education)
MDG4: Reduce child mortality	4a) Reduce mortality rate for children aged under 5 years	Human capital (Health)
MDG5: Improve maternal health	5a) Reduce maternal mortality ratio by three quarters 5b) Achieve universal access to reproductive health	Human capital (Health) Human capital (Health)
MDG6: Combat HIV/ aids, malaria and other diseases	6a) Halt and reverse the spread of HIV/AIDS 6b) Universal access to treatment for HIV/AIDS 6c) Halt and reverse incidence of malaria and other diseases	Human capital (Health) Human capital (Health) Human capital (Health)
MDG7: Ensure environmental sustainability	7a) Integrate principles of sustainable development into country policies and programmes and reverse loss of environmental resources 7b) Maintain biodiversity 7c) Sustainable access to safe drinking water & basic sanitation 7d) Improvement in the lives of slum dwellers	Natural capital (Environment) Natural capital (Environment) Physical capital (Infrastructure) Physical capital (Infrastructure)
MDG8: Develop a Global Partnership for Development	8a) Develop an open, rule-based, predictable, non-discriminatory trading and financial system 8b) Address the special needs of least developed countries 8c) Address the special needs of landlocked developing countries and small island developing states 8d) Deal with the debt problems of developing countries through national and international measures in order to make debt sustainable in the long term 8e) Provide access to affordable essential drugs in developing countries 8f) Make available benefits of new technologies, especially information and communications	Financial capital (Macro-economic climate) n/a n/a Financial capital (Savings) Human capital (Health) Human capital (Innovation)

Source: Based on UN (2008).

some MDGs over others. A desk review of different PRSPs and UNDP country reports showed that the majority of national governments primarily focus on targeting single sector issues such as improving water and sanitation; nutrition; and education. Most of these governments aim to achieve the MDGs through first generation asset accumulation strategies that focus on the provision of social and economic infrastructure (see table 2).

For example, Benin primarily focused on providing first-generation asset-accumulation strategies based on access to human capital through increased investments in primary school infrastructure projects. By increasing the number of schools, the country significantly increased primary school enrolment rates and therefore in 2009 achieved MDG 2. Bearing in mind that in 1980 only 68 per cent of children were enrolled in schools this represented a significant success.

Moser (2009) argues that providing access to assets does not *per se* strengthen and consolidate the asset-base of the poor in the longer term. Indeed, Benin's increase in primary school enrolment did not necessarily lead to an overall improvement in the quality of education levels. Other examples, however, show different outcomes: the Bolivian government, for instance, has enhanced the quality of its human capital investment in education by improving the capacity of its teaching system.

Although increased numbers of children completing primary education and well-trained teachers are important to secure a high quality education, on their own these are not necessarily enough to change poverty dynamics. In certain contexts, particular local structural and institutional constraints can harm the (educated) poor's opportunities to further accumulate assets (Moser 2009). For instance, due to the lack of formal employment opportunities, many young people in developing countries fall into unemployment after completing their school education and continue to be trapped in poverty (Saith 2006).

In many societies institutionalised discriminatory and exclusionary practices trap certain groups of people, e.g. based upon their race, ethnic origin, place of residence or gender, into poverty (Kabeer 2000). Even though every individual might have completed primary education, institutionalised exclusionary practices can potentially hinder some societal groups from further accumulating assets, e.g. through denial of citizenship rights or denial of access to labour, and hence pull them back into poverty. To address this problem, South Africa has promoted policies to consolidate the assets of the urban poor. This has included strengthening their rights through massive land tenure and titling processes, and the increased participation of local

Table 2: Asset accumulation strategies of different countries for the achievement of the MDGs

Country	Accessing an asset portfolio	Consolidating assets and preventing erosion	Maximising linkages between assets
Benin	School programmes (human capital)	-	-
Bolivia	Rural roads, schools, & healthcare programmes (physical, financial, human capital)	Improving quality of education, maximising agricultural productivity (human capital)	-
South Africa	Water, sanitation/ housing programmes (human and physical capital)	Urban rights (land titles), housing/ infrastructure improvements, pension funds (natural, human, financial capital)	-
Brazil	Social Protection (Bolsa Familia), housing/ water/ sanitation programmes (human, physical capital)	Urban rights (land titles), and urban development (Cities for All Strategy) (physical, human capital)	Ministry of Cities rethinks linkages between transport, employment, urban rights & civic participation (all capital assets)

Source: Based on PRSPs and UNDP MDG country reports

municipalities, private stakeholders, civil society organisations and slum-dweller federations in the design and delivery of infrastructure and housing (Satterthwaite 2006)

However, few national governments in developing countries promote third-generation asset accumulation strategies to maximise the linkages between inter-dependent types of asset. One exception is the integrated urban development policy implemented by the Ministry of the Cities in Brazil (Ministry of Cities Brazil 2004). In this case, national and local governments, and civil society stakeholders defined an agenda to tackle complex MDGs targets such as improving the lives of urban slum dwellers, women empowerment, environmental sustainability, and employment generation. In so doing, they have sought to address the structural, institutional, and organisational constraints that impede their achievement, including those related to good governance, accountability, financial sustainability, and the generation of competitive cities built on principles of solidarity and partnerships.

Opportunities for incorporating assets into the MDGs

Incorporating an asset accumulation framework into MDGs related policies, programmes and interventions is valuable in two ways:

First, an asset accumulation framework can be used to assess potential strengths and weaknesses of current MDGs related policies. As shown above, most national policy initiatives implicitly aim to provide the poor with access to certain assets while also expecting that other assets will be accessed as a result of these interventions. This is why the majority of governments opt to address single MDGs, like MDG 2 or MDG

Box 1: Reinforcing assets at the local level: the case of PRODEL in Nicaragua

Since the 1990s the Nicaraguan Local Development Foundation (PRODEL) has institutionalized participatory action planning practices into local development programmes. These have been designed to access and transform the urban poor's collective and individual household physical and productive assets, with participation from community based organizations (social capital), as well as support from international agencies, banks, national government, local governments and microfinance institutions. This planning process has resulted in the development of a series of financially sustainable instruments, and changed the working methods of local governments and financial institutions towards the urban poor. PRODEL has implemented more than 700 small infrastructure and basic services projects (water, sewerage, street, community centres, elementary schools, risk-mitigation works against natural disasters, etc.) in 11 secondary cities, mobilising more than US$ 18 million in local contributions. With 35,000 houses upgraded through small, recurrent loans worth US$ 45 million, and the economic activities off 22,000 small entrepreneurs improved through 100,000 micro credits worth US$44 million, PRODEL has achieved sustainable cross-target MDGs achievements at the local level.
Source: Stein (2010)

1c, and indeed do it quite successfully. However, most policy and programmatic interventions fail to recognise the linkages between different assets or to take into account structural and institutional constraints which adversely affect the poor's asset-base and hence hamper the overall MDG achievement (Saith 2006).

Second, the incorporation of an asset accumulation framework into MDG-related policy strategies represents an opportunity to overcome constraints such as these, as well as to identify how cross-target MDGs can be achieved. Overall, an asset accumulation framework can help translate MDGs-related policies from single issue targeting strategies into transformative local strategies that take into account the specific needs of the poor, not only by listening to their voices, but also more importantly, by understanding which structural, institutional and operational measures could maximise the linkages of the inter-dependent assets that the poor command and control.

Practical examples reveal that policy strategies which follow such an approach are particularly successful in reaching cross-target MDG achievements. For instance, to help extreme poor people to escape less-than-one-dollar-a-day poverty (MDG 1a), a programme implemented by Bangladesh's NGO BRAC provides access to multiple assets and simultaneously generates an enabling structural and institutional environment which protects the poor from asset erosion and, meanwhile, provides them with opportunities to further accumulate other assets (Hulme and Moore 2007). Furthermore, an example from PRODEL, Nicaragua, illustrates how cross-target MDG achievement can be reached when policy makers, through participatory action planning practices, are responsive and accountable to the priorities and needs of the local poor (see box 1).

In summary, MDG policies that include asset accumulation create an enabling environment in which the poor can accumulate and consolidate their assets over time, and in doing so, escape poverty.

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Global Urban Research Centre

The University of Manchester, Humanities Bridgeford Street Building, Oxford Road, Manchester, M13 9PL, United Kingdom

Tel +44 (0)161 306 6437

Fax +44 (0)161 275 6893

Email: gurc@manchester.ac.uk