Multidimensional Poverty: insights and adaptations to the Arab Region

Sabina Alkire, ESCWA, Beirut, August 2014

Outline

1. Measuring Multidimensional Poverty
2. How to Use an MPI
3. Multidimensional Poverty Peer Network
4. Adaptations to the Arab Region
Motivation: Action ‘with vigour’

“positive changes have often occurred and yielded some liberation when the remedying of ailments has been sought actively and pursued with vigour”

Jean Dreze and Amartya Sen  *India: An Uncertain Glory*  2013
Policy Interest – Why?

1. **Intuitive** – easy to understand headline
2. **Birds-eye view** - can be unpacked
   a. by region, ethnicity, rural/urban, etc
   b. by indicator, to show composition
   c. by ‘intensity’ to show inequality among poor
3. **Adds Value:**
   a. focuses on people with multiple deprivations
   b. shows people’s simultaneous deprivations.
4. **Incentives** to reach the poorest of the poor
5. **Flexible** you choose indicators/cutoffs/values
6. **Robust** to wide range of weights and cutoffs
7. **Academically Rigorous** – axiomatic & empirical

Global Multidimensional Poverty Index
UNDP *Human Development Report 2014* & Alkire Conconi and Seth 2014

Develop a deprivation profile for each person, using a set of **indicators, cutoffs** and **weights**. Example:
Identify someone as poor if he or she is deprived in 33% (for example) or more of the weighted indicators.

National: you choose indicators/weights / cutoffs

Aggregation: Alkire & Foster
- Appropriate for Ordinal data -

The MPI is the product of two components:

\[ MPI = H \times A \]

1) **Incidence** \( \sim \) the percentage of people who are poor, or the headcount ratio \( H \).

2) **Intensity** of people’s deprivation \( \sim \) the average percentage of dimensions in which poor people are deprived \( A \).
MPI: Two kinds ~ both useful

Internationally comparable:

Example: The Global MPI estimated and analysed by OPHI and published by UNDP’s HDRO can be compared across 108 countries. Facilitates ‘lessons learned’ across countries.
- Like $1.25/day and $2/day poverty measures & MDGs
- Useful for policy analysis, but limited national relevance

Context-Specific:

Example: National MPIs reflect national contexts and priorities. They guide policies like targeting and allocation and monitor changes
- Like National income poverty measures
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People and Stories
Global MPI 2014: Key findings

The Global MPI in 2014 covers 108 developing countries. Our analysis of multidimensional poverty across those countries span a number of topics:

1) Deprivation: In 2014 we have used more extreme MPI indicators to shine a light on hundreds of millions of people who each day face grinding hardships difficult for most of us to imagine: the destitute, or pocket of the poor. Across 49 countries analyzed so far, half of MPI poor people are destitute; one in three poor people. The good news is that where data are available, we can see strong progress being made to remove the lives of the destitute, particularly in the poorest countries. Read more.

2) Dynamics: We look at how multidimensional poverty changed in 34 countries covering 2.5 billion people, documenting trends in poverty and distribution across and within those countries, and according to different kinds of deprivation. We discover that the countries which reduced MPI poverty and distribution the most in absolute terms were mostly Less Income and Least Developed Countries, with rapid making the fastest progress. Read more.

3) Rural-urban comparisons: Our rural-urban analysis finds that of the 1.6 billion people identified as MPI poor, 85% live in rural areas, significantly higher than income poverty estimates of 70-75%. We also analyze changes over time by rural and urban regions for 34 countries, looking at the level and composition of that change by each of the Global MPI’s 12 indicators. Read more.

4) Inequality: Poverty reduction is not necessarily uniform across all poor people in a country, or across population subgroups. An improvement overall may not leave the poorest of the poor behind. In 2014 we use a new measure to analyze inequality among poor people in 49 countries, and find that the highest levels are to be found in Sub-Saharan African countries, in Pakistan, India and Afghanistan; and in Yemen and Somalia. Read more.

Updates and Coverage

In 2014, the Global MPI has been updated for 31 countries, and two new countries have been added; it covers 108 countries with data from 2001-2011.

Infographics

These two downloadable infographics provide a glance at how the Global MPI can be used to measure not just the many different aspects of poverty (MI), but also distribution (right) - the hardships experienced by the poorest of the poor.
Interactive DataBank with Maps

New! Interactive Databank
Explore the MPI through our interactive dashboard

Maps

Data Tables

Global MPI Data Tables for 2014
Detailed MPI data for 108 countries is available to download from the tables below. These tables were updated in June 2014 to include:
• New: Detailed MPI results at the country level (108 countries)
• New: Breakdown of MPI results by rural and urban areas (105 countries)
• New: MPI at the subnational level for 780 regions of 69 countries
• New: Changes to MPI poverty over time for 24 countries (and their subnational regions where possible)

The table is divided into sheets to help in navigating through the data. The chart provides detailed information on what is included in each data table and sheet. You can download the tables by clicking on the icon on the right-hand column.

<table>
<thead>
<tr>
<th>Table</th>
<th>Contents</th>
<th>Download</th>
</tr>
</thead>
<tbody>
<tr>
<td>1.1-2.3</td>
<td>Main MPI results, headcount ratio by dimensions, contribution of deprivations and other measures of poverty and wellbeing at the national level (108 countries)</td>
<td>![Download]</td>
</tr>
<tr>
<td>3.1-4.3</td>
<td>Multidimensional poverty, headcount ratio by dimension and contribution of deprivations in rural and urban areas (105 countries)</td>
<td>![Download]</td>
</tr>
<tr>
<td>5.1-5.3</td>
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<td>![Download]</td>
</tr>
<tr>
<td>6.1-6.6</td>
<td>Changes to MPI poverty over time, including annualized changes in headcount ratio and intensity, changes in each indicator at the national level and changes in destitution where available (24 countries)</td>
<td>![Download]</td>
</tr>
</tbody>
</table>
Academic Paper Drafts for Comment

2014 Resources

The Global Multidimensional Poverty Index 2014: In Brief (2 pages) Download
The Global Multidimensional Poverty Index 2014: An Overview (8 pages) Download
Measuring Multidimensional Poverty: How poor are the poorest? Download
Inequality Among the MPI Poor, and Regional Disparity in Multidimensional Poverty: Levels and Trends Download

MPI: Two kinds ~ MPPN: both

Internationally comparable:
Example: The Global Multidimensional Poverty Index (MPI) is estimated and analysed by OPHI and published by UNDP’s HDRO can be compared across 108 countries. Facilitates ‘lessons learned’ across countries.
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Context-Specific:
Example: An MPI2015+ may be used in the SDGs
Many MPPN countries are leading on this already.
HOW TO USE AN MPI

What MPI shows – National level

How MPI decreased in Nepal 2006-11
Decomposition By Region (or social group) — shows inequalities

How did MPI go down?

Monitor each indicator
The MPI is like a high resolution lens…
The MPI is like a high resolution lens…

You can zoom in

The MPI is like a high resolution lens…

You can zoom in

and see more
Some Policy Applications of MPIs:

- **Track poverty** over time (official statistics)
- **Compare** poverty by region, ethnicity, rural/urban
- **Monitor** indicator changes (measure to manage)
- **Coordinate** different policy actors
- **Target** marginalized regions, groups, or households
- **Evaluate** policy impacts

High Resolution Lens

- Break down by population subgroup
  - Province, State, Ethnicity, Social Groups
- Break down by indicators
- Show (weighted) composition of deprivations
- Analyse changes across time
- Analyse robustness, inclusive growth, strategies
The Multidimensional Poverty Peer Network (MPPN) AND OTHER VOICES

The Multidimensional Poverty Peer Network

Launched in June 2013 at University of Oxford with:

- President Santos of Colombia
- Ministers from 16 countries in person
- A lecture from Professor Amartya Sen

Supported by the German Federal Ministry for Economic Cooperation and Development (BMZ)
Over 20 governments pressure UN to change how it measures poverty

Germany, Colombia and Mexico lead calls for a new poverty measure at side-event at the UN General Assembly on the Post-2015 Development Agenda

A global network of more than 20 governments and institutions are using a side-event at the UN General Assembly on 24 September to argue for a new multidimensional poverty index to stand alongside an income poverty measure. Why? Focussing on ending income poverty alone in the post-2015 development context overlooks policies that address other aspects of being poor, such as a lack of access to healthcare, quality schooling, housing, electricity and sanitation.

Research by the Oxford Poverty and Human Development Initiative (OPHI) at Oxford University, among others, shows startling discrepancies between income poverty and multidimensional poverty, which takes into account other factors. The Multidimensional Poverty Peer Network – which was founded by Colombia, Mexico and OPHI – will use the side-event to make a case for the UN to include a multidimensional poverty index, or MPI, alongside the $1.25/day measure, to track progress towards nationally defined goals.

The MPI 2015+ would build on the global MPI published in the UN Development Programme’s flagship Human Development Reports, and would incorporate the most accurate...
The Global Multidimensional Poverty Peer Network (MPPN) had 22 countries in 2013

Angola, Bhutan, Brazil, Chile, China, Colombia, ECLAC, Ecuador, El Salvador, Dominican Republic, Germany, India, Iraq, Malaysia, Mexico, Morocco, Mozambique, Nigeria, OECD, the Organization of Caribbean States, OPHI, Peru, Philippines, SADC, and Vietnam

MPPN has 30 countries plus 10 international agencies in 2014
Islamic Solidarity Fund for Development:

“The Fund views poverty as a multi-dimensional phenomenon, encompassing not only low income and consumption, but also low achievement in fundamental human rights including education, nutrition, primary health, water and sanitation, housing, crisis coping capacity, insecurity, and all other forms of human development.”

MPPN had a side-event at the Islamic Development Bank: June 2014

Economic Commission for Latin America (ECLAC):

“Social Panorama of Latin America 2013 addresses poverty from a multidimensional perspective.”

This multidimensional perspective on poverty will be continued at a regional level in future Social Panoramas using the AF methodology.

Option: An ‘acute’ MPI + ‘moderate’ regional MPIs
Other Intersections:

**SADC**: use MPI as a standard indicator to compare SADC members

**MEDSTAT**: Use MPI to compare North African countries

**UNDP LAC**: Forthcoming regional report on poverty will present MPIs from MPPN member countries.

Organisation for Economic Cooperation and Development (OECD):

*Move from poverty to inclusive well-being*
- Create a new headline indicator to measure progress towards eradicating all forms of poverty, which could complement the current income-poverty indicator (Chapters 3 and 5).

Executive Summary,
*Development Cooperation Report 2013: Ending Poverty*
Sustainable Development Solutions Network (SDSN) May 2014:

Goal 1: End Extreme Poverty including Hunger

Target 1a. End extreme poverty, including absolute income poverty ($1.25 or less per day).

Indicator 1: Percentage of population below $1.25 (PPP) per day

Indicator 2: [Percentage of population in extreme multi-dimensional poverty]— Indicator to be developed

Sustainable Development Solutions Network (SDSN) May 2014:

We support the creation of a slightly revised indicator. At a minimum this ‘MPI2015’ would track extreme deprivation in nutrition, education, health care, water, sanitation, access to modern cooking solutions and reliable electricity…

An MPI based on the Alkire and Foster method has the potential to be disaggregated by both region and groups…

To increase the frequency of household surveys and to promote consistency between international agencies, SDSN endorses the proposal of the OPHI Multi-dimensional Poverty Peer Network, for a rapid multi-topic household survey methodology to be adopted by the United Nations, and collected bi-annually.
Open Working Group Final Draft Document on SDGs: 19 July 2014

Sustainable Development Goals and targets

Goal 1. End poverty in all its forms everywhere

1.1 by 2030, eradicate extreme poverty for all people everywhere, currently measured as people living on less than $1.25 a day

1.2 by 2030, reduce at least by half the proportion of men, women and children of all ages living in poverty in all its dimensions according to national definitions.

ADAPTATIONS TO THE ARAB REGION
Two main options for revised MPI

Let us call global MPI a measure of ‘acute’ poverty and Level 2 Arab measure a measure of ‘moderate’ poverty.

Option 1: Use the SAME dimensions, indicators and weights as the global MPI; change ONLY the deprivation cutoffs.

Example: no one in hh has 5 years of schooling
Example: no one in hh has 8 years of schooling

Advantage: acute poor are always a subset of moderate poor.
Disadvantage: restricts indicators of moderate poverty.

Levels of Poverty

Deprivation Score
### Example: Destitution (MPI 2014 special study)

See policy briefing by Alkire Conconi and Seth

<table>
<thead>
<tr>
<th>Indicator</th>
<th>Deprivation Cutoff</th>
</tr>
</thead>
<tbody>
<tr>
<td>Schooling</td>
<td>No one completed at least one year of schooling (&gt;=1)</td>
</tr>
<tr>
<td>Attendance</td>
<td>No child attending school up to the age at which they should finish class 6</td>
</tr>
<tr>
<td>Nutrition</td>
<td>Severe Undernourishment of any adult (BMI&lt;17kg/m²) or any child (-3 standard deviations from median)</td>
</tr>
<tr>
<td>Mortality</td>
<td>Any woman/man in the household report death of 2 or more children</td>
</tr>
<tr>
<td>Electricity</td>
<td>The household has no electricity (No change)</td>
</tr>
<tr>
<td>Sanitation</td>
<td>There is no facility/bush, or other (open defecation)</td>
</tr>
<tr>
<td>Water</td>
<td>The household does not have access to safe drinking water, or safe water is more than a 45-minute walk (round trip)</td>
</tr>
<tr>
<td>Floor</td>
<td>The household has a dirt, sand, or dung floor (No change)</td>
</tr>
<tr>
<td>Cooking fuel</td>
<td>The household cooks with dung or wood (coal/lignite/charcoal are now non-deprived)</td>
</tr>
<tr>
<td>Assets</td>
<td>The household has no assets (radio, mobile phone, etc) and no car</td>
</tr>
</tbody>
</table>

A person is destitute if deprived in 1/3 of weighted destitute deprivation cutoff

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### Universal MPI – nested measures, society-wide maps

```
Non-poor
    MPI-III
    MPI-II
    MPI
```
Two main options for revised MPI

**Option 2.** Create a different measure with better indicators also.

**Advantage:** richer, more accurate, and pushes the envelope.
- Work
- Violence
- Health and Disability

**Disadvantage:** some moderate poor may NOT be MPI poor.

MPI 2015+: Which Indicators? (globally/nationally) & how?

First MPI indicators

Published: in *Human Development Reports of UNDP*