

## Panel 1: Multidimensional Poverty Measurement: Uses for a New Understanding of the Meaning of Poverty and Deprivation

Jeni Klugman, Director of Human Development Report Office (UNDP)

### Some insights from the new Multidimensional Poverty Index

- What is human development?
  - Sen – development is rooted in people's freedoms
    - The idea of people engaged in *shaping* these processes is very important.
- Report was founded in 1990
  - 2000 report was the main theme of human rights; influential in bringing the focus on human rights and development
  - Alongside global reports produced annually has been a flourishing of similar types of thinking and reporting at the national level
    - Address particular aspects of “these types of things”
- 2010 – 20<sup>th</sup> anniversary report with two objectives:
  - Trends and patterns over the last 40 years (measurement for this was the Human Development Index – a proxy for human development to include income, education, health but not political freedoms... it's an average without showing distribution of achievements)
    - Major finding was tremendous progress around the world
    - Still the problem of dimensions missing
    - **What about missing dimensions?**
      - New measures for assessing inequality and multiple dimensions of poverty, building on better data and advances in methods”
        - Inequality, gender...
    - Methodology is constructed mirroring the HDI
    - Ten indicators chosen for MPI... nutrition, child mortality, years of schooling, children enrolled, cooking fuel, sanitation, water, electricity, floor, assets
      - Work done on the national level is able to innovate much more in terms of indicators because you don't need to account for cross-country comparability
      - Someone is classified as poor if they are in a household qualifying for 30 percent of the indicators
    - Methodology: Alkire and Foster
      - The MPI combines two aspects of poverty
        - 1. Incidence – the percentage of people who are poor, or the headcount
        - 2. Intensity of people's poverty
  - What is new?
    - Intensity of Poverty
  - Results
    - Different numbers and different patterns

- Larger deprivation for less than \$1/day
- 1.75 billion poor people found compared to 1.3 billion as estimated by the World Bank
- Multidimensional poverty rate differs from the rate of \$1/day → much higher in Ethiopia, Pakistan, etc.
- *Some* countries have done well in addressing chronic poverty – Uzbekistan, Tanzania... even China, slightly
- Regional distribution:
  - Most who are poor in multidimensional live in South Asia, although the percentage is higher in Africa
  - Countries with higher headcounts have higher intensity of poverty
  - There can be significant differences within countries and regions
    - Further analysis behind national averages provides very important insights
- Different compositions of poverty by dimensions and indicators
  - Compare three countries: Zambia, Nigeria, Niger
    - Similar income poverty rates, but the MDI gives quite different numbers
      - Lower for Zambia, Nigeria is lower, but Niger is much higher
      - MDI shows what is contributing to the deprivations
- Insights from trends over time
  - Ghana and Bangladesh reduced headcount relatively more than intensity, versus Ethiopia
- Policy Applications
  - Identify coupled deprivations
  - Design Policy
  - Target groups/regions
  - Show impacts of some policy interventions quickly
  - National MPIs being tailored to the context
- In sum:
  - New metrics, new insights
    - Multidimensional poverty is very extensive – far more pervasive than monetary poverty
    - Casts important light on thinking about the MDGs

**Shabana Singh, PhD student, Vanderbilt University**

**Toward a Multidimensional Measure of Governance**

- Various available indices
- Dimensions of government
  - Political Freedom Index
  - Worldwide Governance Index
  - Mo Ibrahim's Index of African Governance
- Broad Concerns about Governance Index
  - Sensitivity of these measures to scale views
- Mo Ibrahim's IAG
  - 57 indicators for 48 countries in Africa
  - 18 of 57 indicators are ordinal variables
  - Three tier structure to the index which is aggregated
  - Divided into sub-dimensions with their own dimensions
  - Aggregation Methodology
    - Rescaling of raw data (both ordinal and cardinal)
      - $X - \min(x) / \max(x) - \min(x)$
    - Three methods used for choosing the min and max
      - Allow for inter-temporal comparisons
      - ...
- Main Issue: The IAG has 18 of its 57 indicators as ordinal variables. IAG imputes cardinal values to ordinal data.
  - 4 nations and 4 dimensions
- Revisiting Alkire-Foster Methodology
  - IAG is about how good your governance is... this measures governance deprivation...
  - Alkire-Foster is simple to understand because it is an average, or means, based approach
- A new governance index
  - Indicators are aggregated using AF to give dimension-specific government indices
  - Average of these dimension-specific indices gives overall level of governance for the nation
  - Do not aggregate across nations
  - For the IAG the dimensions: safety and security, rule of law, transparency, corruption, and participation and human rights
- Main results
  - Used an international law norm wherever indicator allowed for it... shifted it to see if it changed results
  - Five best countries as far as governance: Cape Verde, Mauritius, Lesotho, Gabon, Ghana – 15 countries ranked in sets of 5 according to quality of governance
  - Very little variation between rankings with highest and lowest... for the minimum countries there is a lot of variation...
- Comparison
  - New methodology
    - Can be used with ordinal variables with imputing...
    - No scaling required

- Gain information on depth of deprivation in governance
- IAG methodology
  - Scaling necessary...
- Report cards
  - The new index is a counting approach where zero implies not governance poor and one implies maximum deprivation
    - It implies your level of governance, and it does so at every dimension.
    - Allows a convenient representation of a nation's performance

## **Ricardo Aparicio, Director, Policy Analysis, CONEVAL**

### **CONEVAL**

- Social Development Law → public institution, academic researchers, technical autonomy
- Measuring Poverty by mandate of the Law
  - Indicators: current income per capita, educational gap, access to health services, access to social security, quality of living spaces, housing access to basic services, access to food

### **Human Rights Approach to Multidimensional Poverty**

### **Multidimensional Poverty Measurements in Mexico**

### **Research Agenda**

### **Measuring Poverty**

- Lack of resources; capabilities; unmet needs; human rights
- Identification: who is poor?
- Theoretical framework – poverty indicator
- Identification criteria – threshold
- Multidimensional: relevant dimensions; thresholds...

### **Principles of human rights**

- Universal, inalienable, interdependent, indivisible, interrelated, absolute, inherent, inviolable, irreversible, progressive
- Relevant dimensions: constitutional human rights; individuals – titularity of human rights/universality principle
- Legal norms; institutional criteria
- Determinations are based on human rights principles
- Must use official sources from the national (government?)

### **Methodological Approach**

- Social Rights
- Economic
- Mexican Population – human rights approach means whole population should be considered
- Main features

- Population with social deprivations
  - Deprivations... social rights
  - For public policy, for establishing priorities... people with low income... income poverty...

## Results

- Population with at least one social deprivation
  - 22.8%...
  - $\frac{3}{4}$  Mexicans have at least one social deprivation... 77.2%
  - 33.0% vulnerable by social deprivations
    - 35 million people with two social deprivations or more

## Multidimensional poverty measures: properties

- Population groups decomposable
- Comparability across time
- Dimension decomposable

## Research Agenda

- Using the methodology
  - By linking social rights deprivations with poverty, policy recommendations are strengthened
  - It is now possible to evaluate...
- Deepen knowledge of dimensions
- ENIGH-MCS
  - National System Social Development Indicators

## Questions

- Applying human rights to Latin America? – Question for Shabana Singh
  - Working on Chile right now
- Question for Ricardo Aparicio (couldn't hear question)
  - Many indicators... (I couldn't really hear his response either)
- Question for Jeni Klugman
  - The objective of the report is largely to generate discussion and debate; the launch of the MDI was successful in doing that... you wouldn't expect it to be immediately adopted anywhere in particular, not least because it's new.
- What about moving the multidimensional poverty measurements towards...?
- Factors that have created traction on a country-level to create incentive to look at multidimensional levels of poverty?
- What human rights are you including and what are you excluding?
- *Collections of Questions (those above)*
  - Jeni Klugman - countries that have managed to attain relatively high rates of growth created sense of people being left behind as well as widespread deprivation... multidimensional measures meant to capture that; what people are lacking and who is lacking it... public policy is impacted; countries like Tanzania with a socialist tradition to relatively

well... aspects being picked up resonate with people; dimensions being measured are much more tangible (yes you can conceptualize living on less than a dollar a day, but to actually see not having a toilet

- Ricardo Apricio – target particular issues in Mexico... housing; intense debates about what the thresholds should be... work with National Evaluation Institute for education... also work with academic institutes... most interesting thing in approach is not to lose the income dimension because that is the poverty that people understand/because income has not done very well in Mexico in the last 30 years ... combine income with other variables would hide that situation but Mexico has had some very pronounced achievements in social indicators and it wouldn't go if combined with income would hide that ... a normative base for determining poverty and the obligation of the Mexican state is not the problem of this government and monitoring the situation every 3 years
- Shabana Singh – her paper is focused on how one should go *after* decisions are made (of what indicators are used?)... used the existing indicators; human rights included... used those rather than trying to answer the question of what indicators one should use; an important question but not what she was going after... about comparison of governance indicators over time: do we change deprivation cutoff or no? Want a quality estimate with a higher cutoff, which is more difficult to achieve...