PROSPERIDAD PARA TODOS

Multidimensional Poverty Index - Applications Colombia

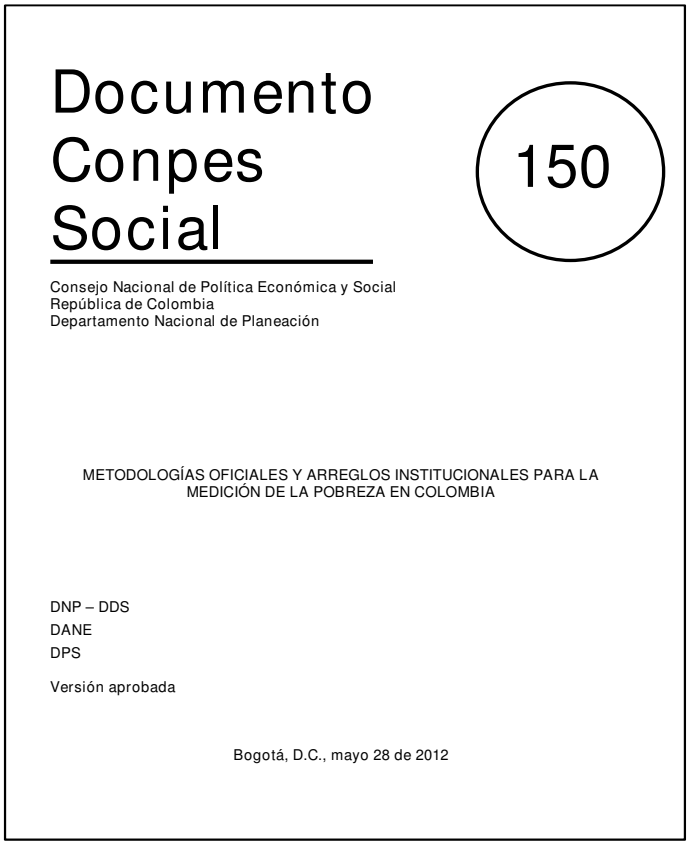
Bruce Mac Master
Director
Department for Social Prosperity

Oxford, June 2013

Our starting point: Improving the instruments and methodologies of poverty measurement

Motivation: Designing a strategy for the reduction of poverty and inequality based on a complete approach using income and multidimensional measures

Institutional agreement on the measurement of poverty



Documento Conpes Social

150

Consejo Nacional de Política Económica y Social
República de Colombia
Departamento Nacional de Planeación

METODOLOGÍAS OFICIALES Y ARREGLOS INSTITUCIONALES PARA LA MEDICIÓN DE LA POBREZA EN COLOMBIA

DNP – DDS
DANE
DPS

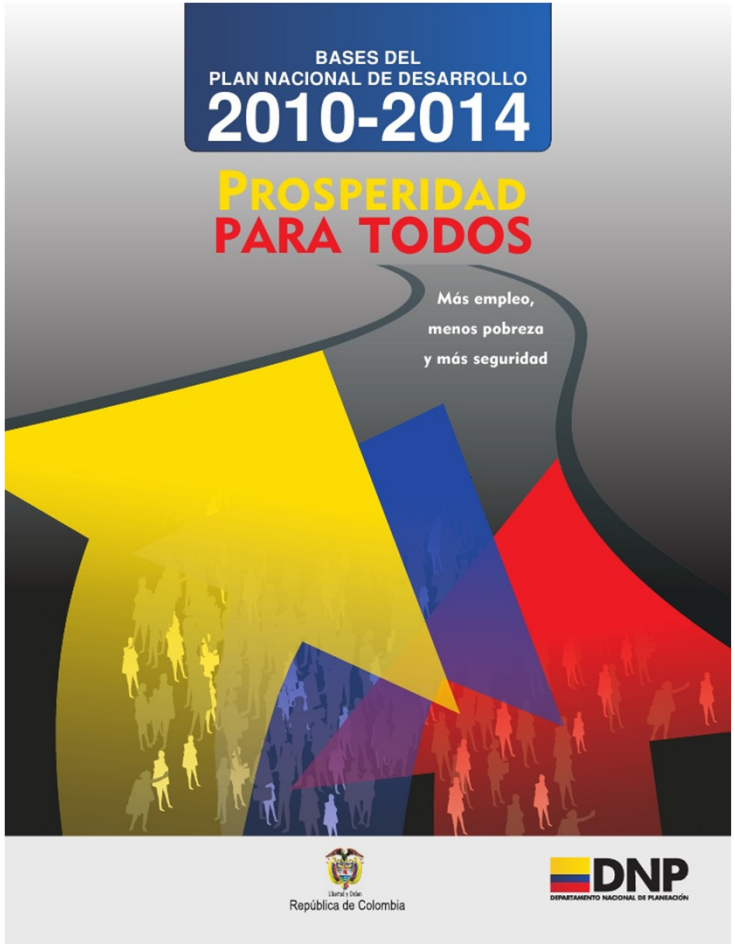
Versión aprobada

Bogotá, D.C., mayo 28 de 2012

The National Department of Statistics acquired the responsibility of producing the official poverty measurements on a year basis

Technical and methodological decisions are defined at the experts-committee

(NPD, DSP, external experts)



A complete strategy for the reduction of poverty

National Development Plan 2010-2014

"Prosperity for all"

Two channels for the reduction of poverty

Indirect Channel

- Growth (strategic sectors)
- Increase income
- Income poverty and inequality (GINI)

Direct Channel

- Social Protection (basic services)
- DSP (Social Inclusion)
- MPI – Unidos (por la prosperidad de todos)

Fuente: Bhagwati

SECTOR OF SOCIAL INCLUSION

Sector of Social Inclusion
Department for Social Prosperity (Ministry)

Agency for the care of the internally displaced population

LEY DE VÍCTIMAS Y RESTITUCIÓN DE TIERRAS

National territory consolidation

UNIDAD ADMINISTRATIVA PARA LA CONSOLIDACIÓN TERRITORIAL

Center for historical memory

Centro de Memoria Histórica

Institute of family welfare

BIENESTAR FAMILIAR

Agency for the reduction of extreme poverty

ANSPE
AGENCIA NACIONAL PARA LA SUPERACIÓN DE LA POBREZA EXTREMA

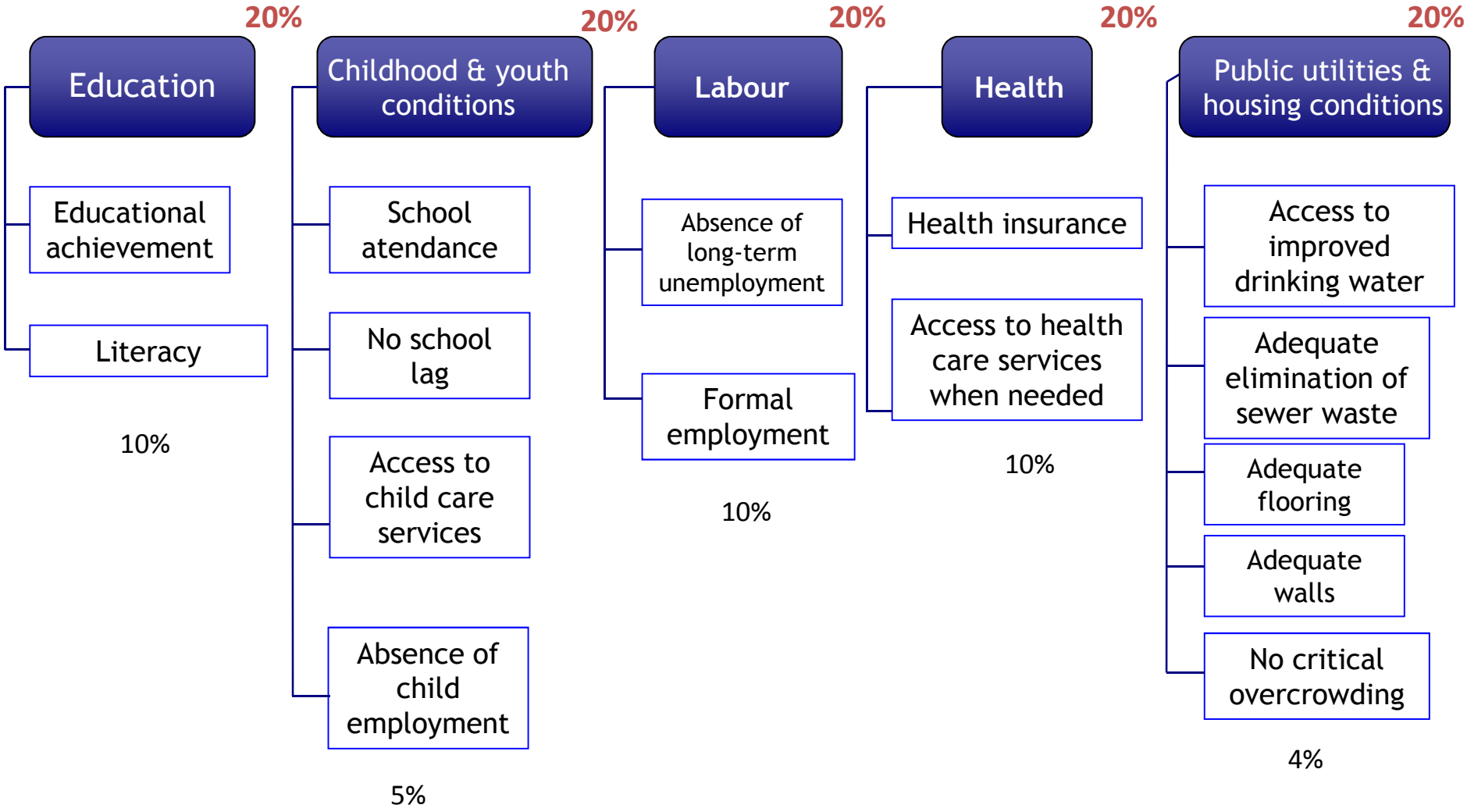
Objective: guarantee equality in opportunities, eradicate extreme poverty and ameliorate the living conditions of the victims and most vulnerable households

DPS
DEPARTAMENTO PARA LA PROSPERIDAD SOCIAL

MPI - Colombia

Education	Childhood & youth	Labour	Health	Public utilities & housing conditions

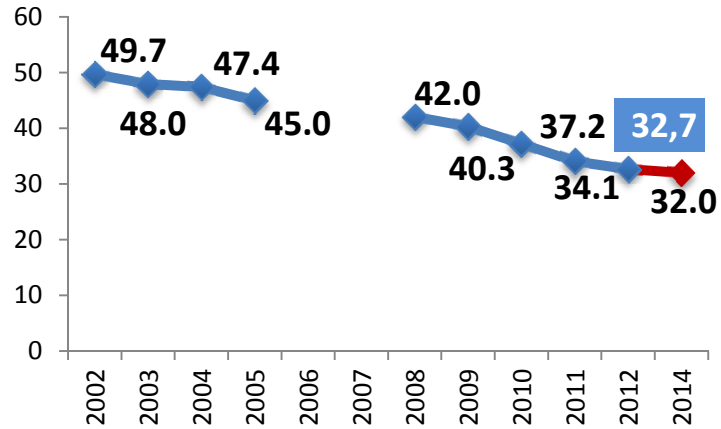
5 dimensions & 15 variables



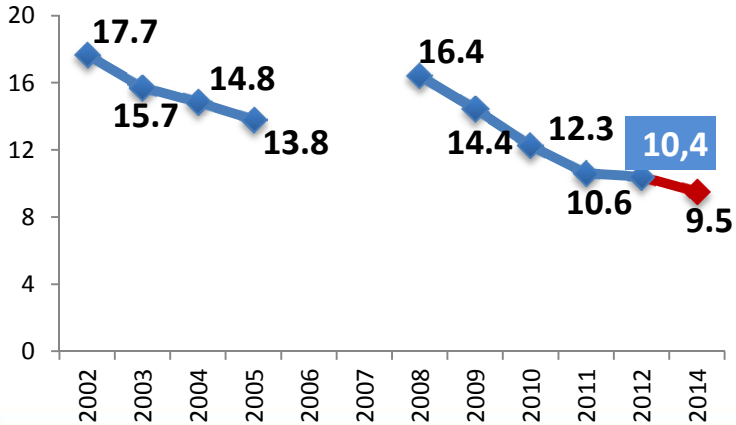
Fuente: Angulo, Pardo y Díaz (2011)

We are on are the right track
Sustained poverty reduction

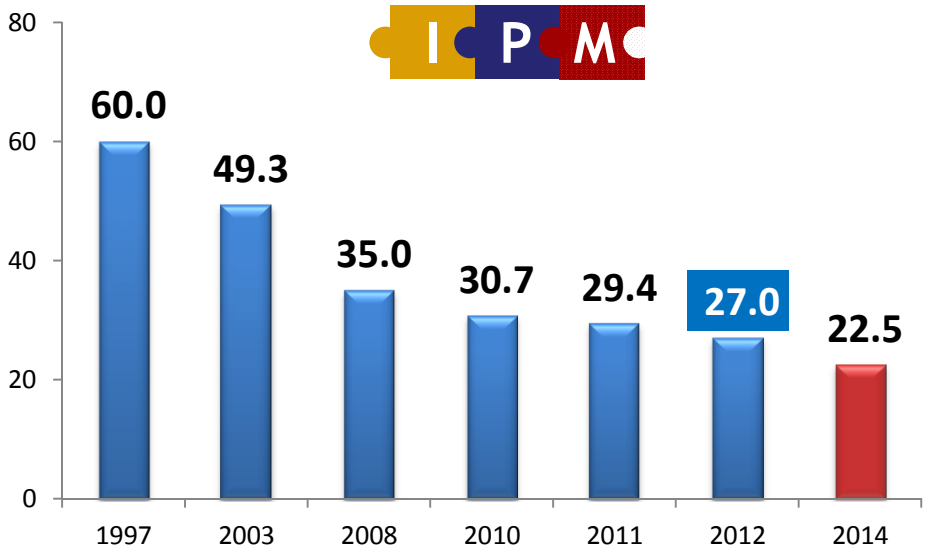
Pobreza monetaria



Pobreza extrema monetaria



Pobreza Multidimensioal



Fuente: DNP'SPSCV

From 2010 to 2012, **1,7 million** persons overcame income poverty and **700 thousand** extreme poverty

On the other hand, **1.3 million** persons were no longer multidimensionally poor

To what do we owe these good results?

NDP

2010 **2011** **2012** **2013**

2010 Alerts:

-Habitability

-School achievement

-Early childhood care

-Income generation

2010- 2011 Policies:

- Free tuition fees in primary and secondary education
- National strategy for childhood care **"De cero a Siempre"**

NDP

2010 **2011** **2012** **2013**

2010 Alerts:

-Habitability
-School achievement
-Early childhood care
-Income generation

NDP

2010 **2011** **2012** **2013**

2011 Alerts:

-Habitability

-Lower rhythm of multidimensional poverty reduction

2011-2012 policies:

•100,000 free housing solutions for poor households

NDP

2010 **2011** **2012** **2013**

2011 Alerts:

-Habitability

-Lower rhythm of multidimensional poverty reduction

-Low budget execution?

NDP

2010 **2011** **2012** **2013**

2012 Alerts:

-Lower rhythm of income poverty reduction

- Gaps of rural to urban income poverty maintained

NDP

2010 **2011** **2012** **2013**

2012-2013 policies

•Improved CCT program **"Más Familias en Acción "** (Higher amount and beneficiaries on rural areas)

Food Security Programa: Colombia Growyh Without Hunger

2012 Alerts:

-Lower rhythm of income poverty reduction

- Gaps of rural to urban income poverty maintained

NDP

2010 **2011** **2012** **2013**

2013 Alerts:

-Social mobility

-Youth unemployment

2012-2013 policies

•CCT to increase human capital and youth employment

“Jóvenes en Acción”

NDP

2010 **2011** **2012** **2013**

2013 Alerts:

-Social mobility

-Youth unemployment

MPI - Colombia

- 4 key aspects:

1. Reflects the objectives of social policy
2. Strategically designed for it to include all public policy sectors
3. Practical instrument for monitoring public policy
4. Useful alerts for decision -making at a short notice

MPI implied an important achievement on public policy coordination

Shared responsibilities on the strategy for poverty reduction

High Official Commission

Monitoring the national strategy for the reduction of poverty using official poverty measures

- **Leaders**
  - Presidency (Mandatory presence of the President of Colombia)
  - Department for Social Prosperity
  - National Planning Department

- **Permanent members**
  - Ministry of Health
  - Ministry of Labour
  - Ministry of Housing
  - Ministry of Agriculture
  - Ministry of Education
  - Ministry of Finance

Goals in the reduction of poverty using a complete profile (MPI & income)

0%-10% avance 10%-25% avance >25% avance

Poverty and Inequality	Base Line 2009	2011	Alert	2012	Goal
▪ Income poverty (% LP)	40.2%	34,1%		32.7%	32%
▪ Extreme income poverty(%LI)	14.4%	10.6%		10.4%	9.5%
▪ IPM (Multidimensional poverty) Base line 2008	34.6%	29.4%		27.0%	22.5%
▪ Graduated families from extreme poverty (Unidos)	0	581		46,000	150.000
▪ Gini (Income)	0.557	0.54		0.539	0.544

FUENTE: DNP-DDS-SPSCV

Tracking MPI progress:

from multidimensional to multisectoral

15 Goals - Sectoral accountability

Sectoral goals
For accomplishing the strategy

Pobreza	Línea Base PND 2008	Dato 2011	Dato 2012	Análisis	Goal	
MPI (Multidimensional Poverty)	**34.7%**	**29.4%**	**27.0%**		**22.5%**	
A(1) ▪ Educational achievement (≥15 yrs)	58.8%	54.6%	53.1%		52.8%	
A(1) ▪ Literacy (≥15 yrs)	14.2%	12.0%	12.1%	★	12.0%	
B(2) ▪ School attendance (6-16)	5.4%	4.8%	4.1%		3.5%	***
B(2) ▪ No school lag (7-17)	33.4%	34.1%	33.3%		33.1%	
B(2) ▪ Access to child care services (0-5)	12.1%	10.8%	9.4%		10.6%	***
B(2) ▪ Children not working (12-17)	5.5%	4.5%	3.7%		2.9%	***
C(3) ▪ Long-term unemployment	9.6%	9.1%	10.0%	★	9.3%	***
C(3) ▪ Formal employment	80.6%	80.4%	80.0%		74.7%	
D(4) ▪ Health insurance	24.2%	19.0%	17.9%		0.5%	
D(4) ▪ Access to health services	8.9%	8.2%	6.6%		2.4%	***
E(5) ▪ Access to water source	12.9%	12.0%	12.3%	★	10.9%	
E(5) ▪ Adequate sewage system	14.1%	14.5%	12.1%		11.3%	***
E(5) ▪ Adequate floors	7.5%	6.3%	5.9%		5.6%	
E(5) ▪ Adequate external walls	3.1%	3.2%	2.2%		2.1%	***
E(5) ▪ No critical overcrowding	15.7%	14.2%	13.1%		8.4%	***

***** Change 2011-2012 est. signitifcant**

FUENTE: DANE

If every ministry target beneficiaries accordingly and spends the committed resources, the official goal will be achieved

The MPI will decrease (12 p.p) from 34.6% in 2008 to 22% 2014

(more than 3 million people out of poverty)

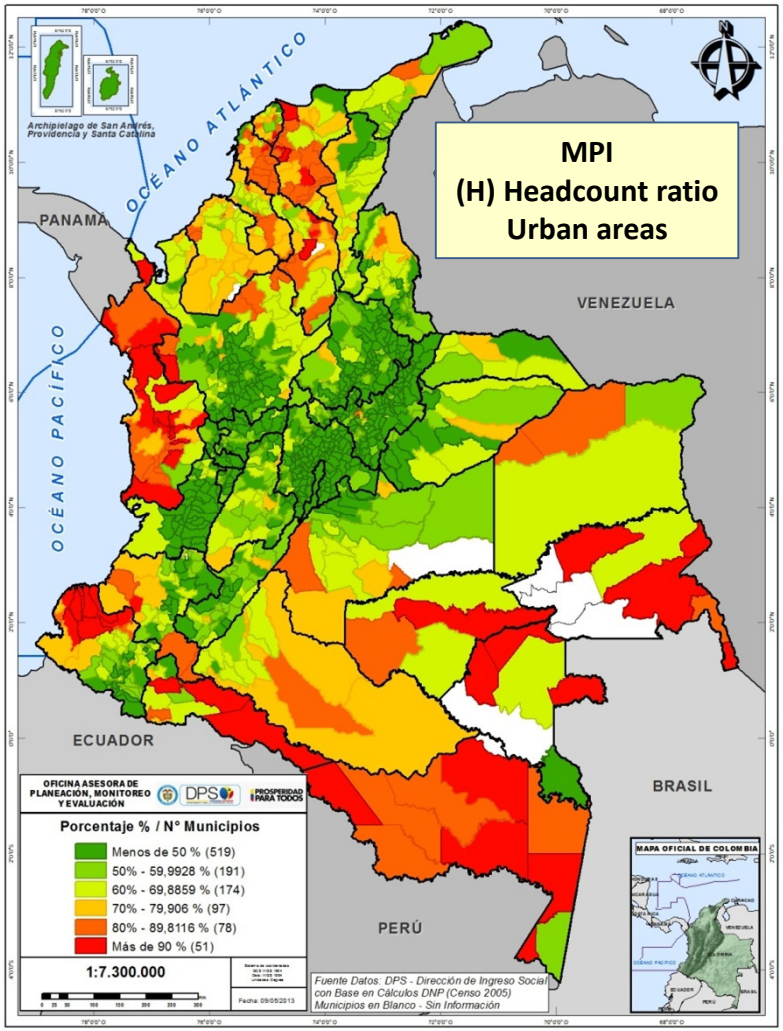
A useful tool for public policy implementation

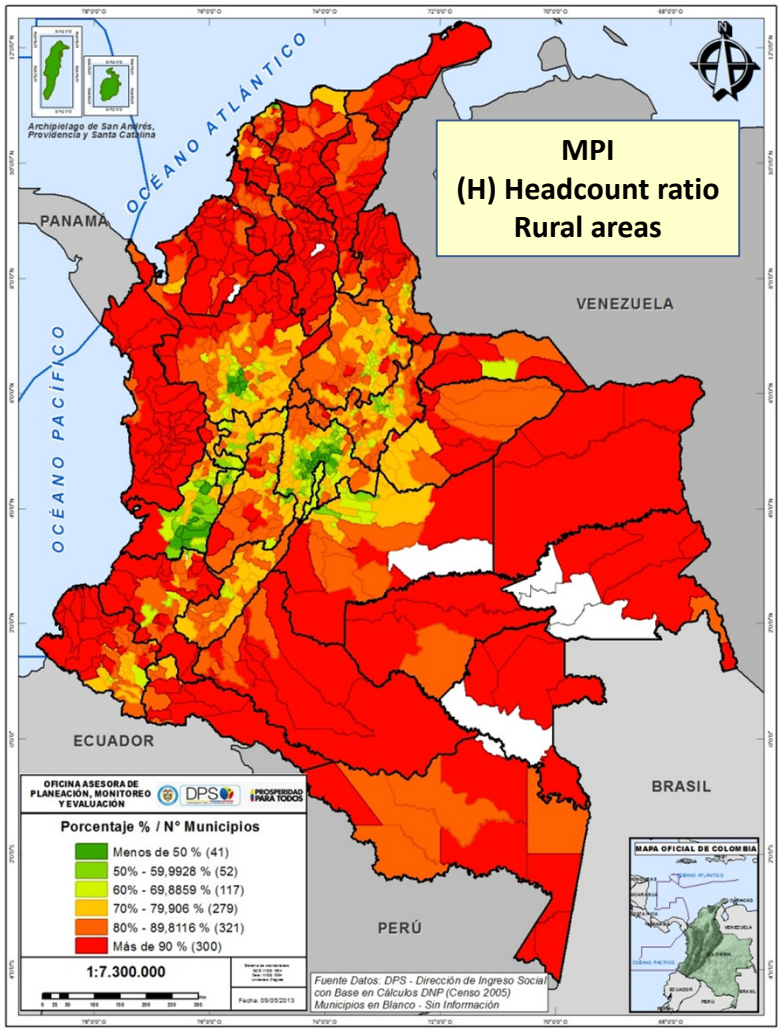
Applications

1

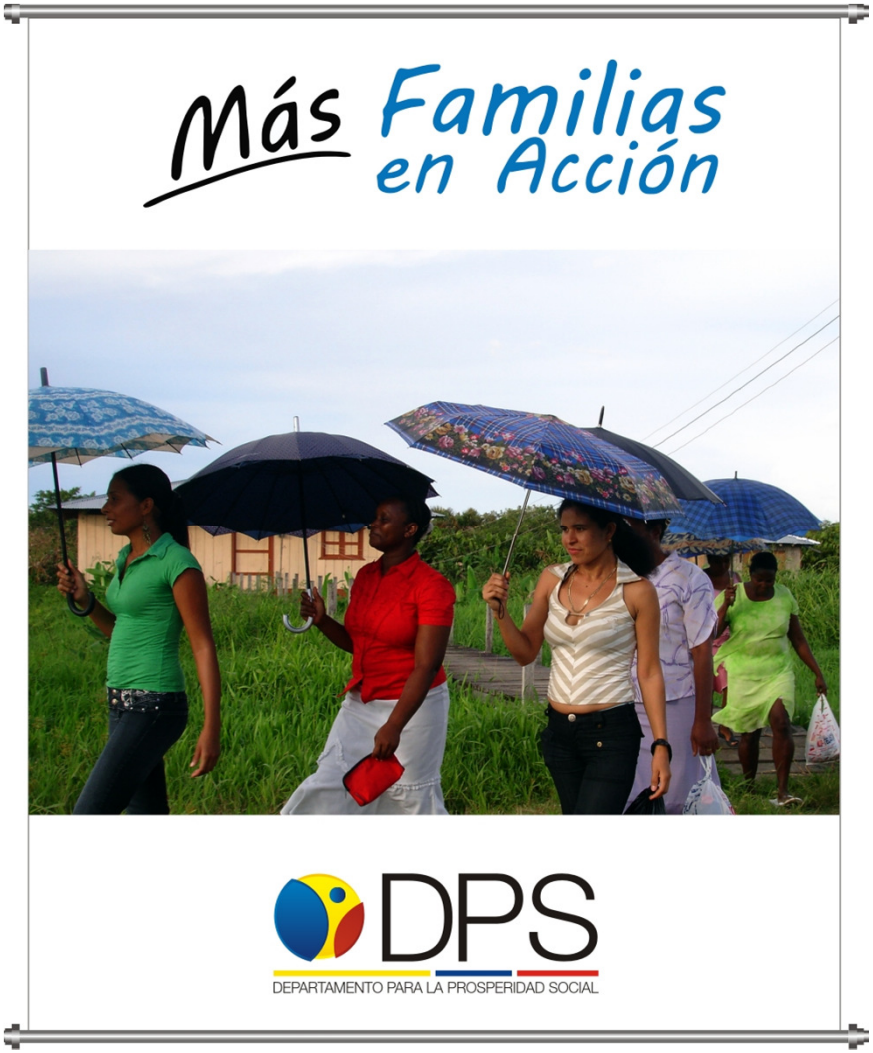
Geographical Targeting (Municipal Poverty Maps)

Municipal MPI Colombia
Headcount ratio, urban-rural areas, 2005





MPI proxy based on Census Data 2005



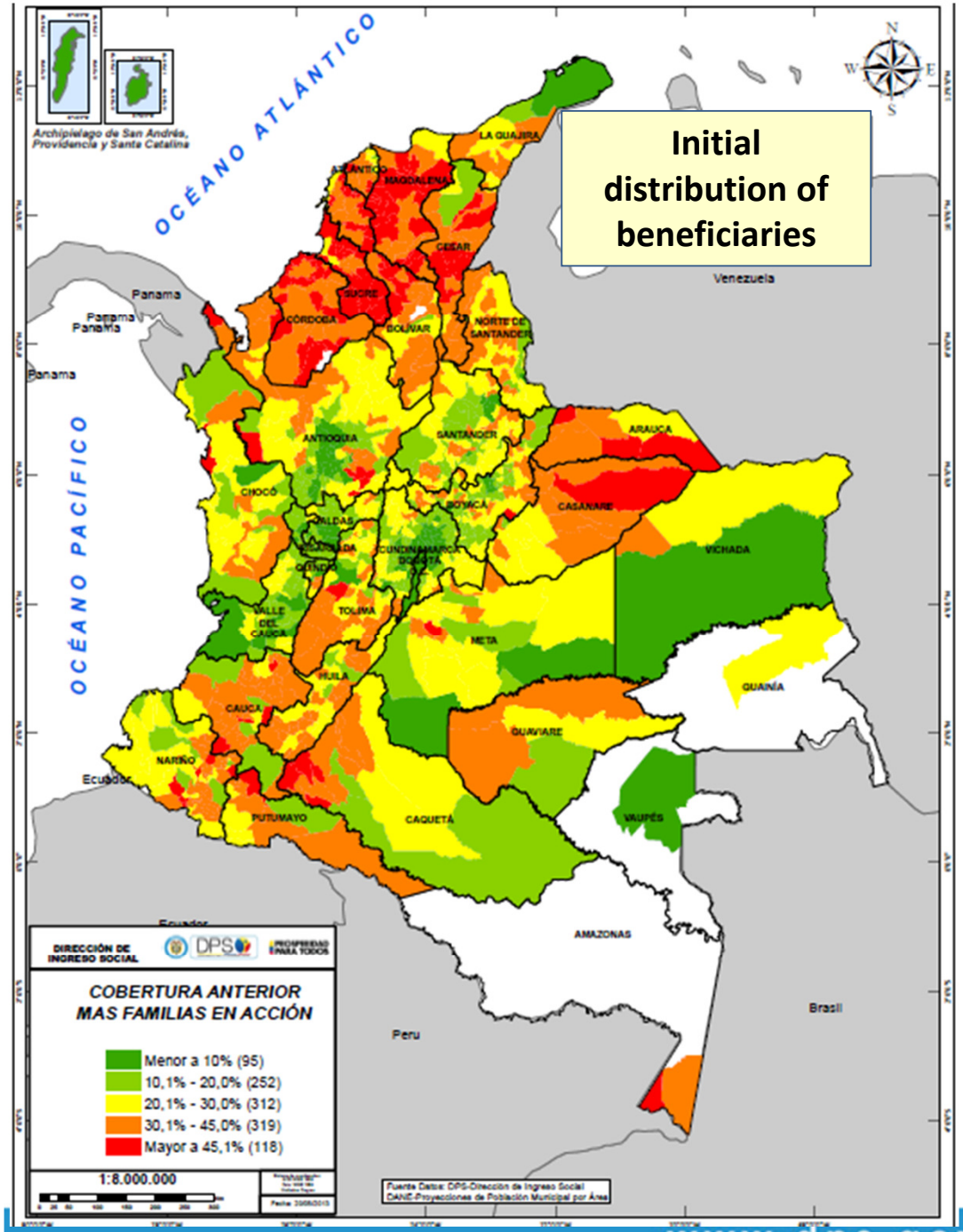
An example of geographical targeting using MPI

Conditional Cash Transfer Program

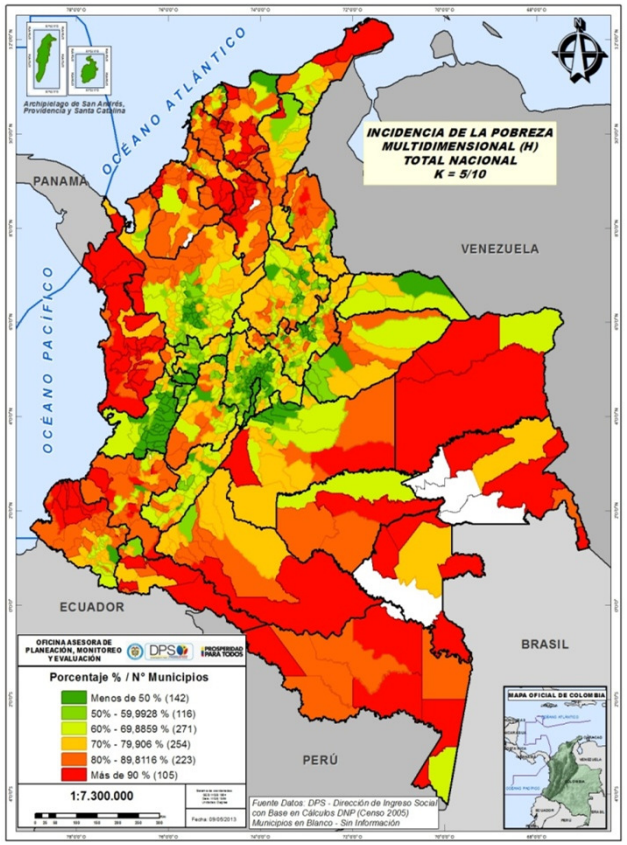
"Más Familias en Acción"

2.7 million families

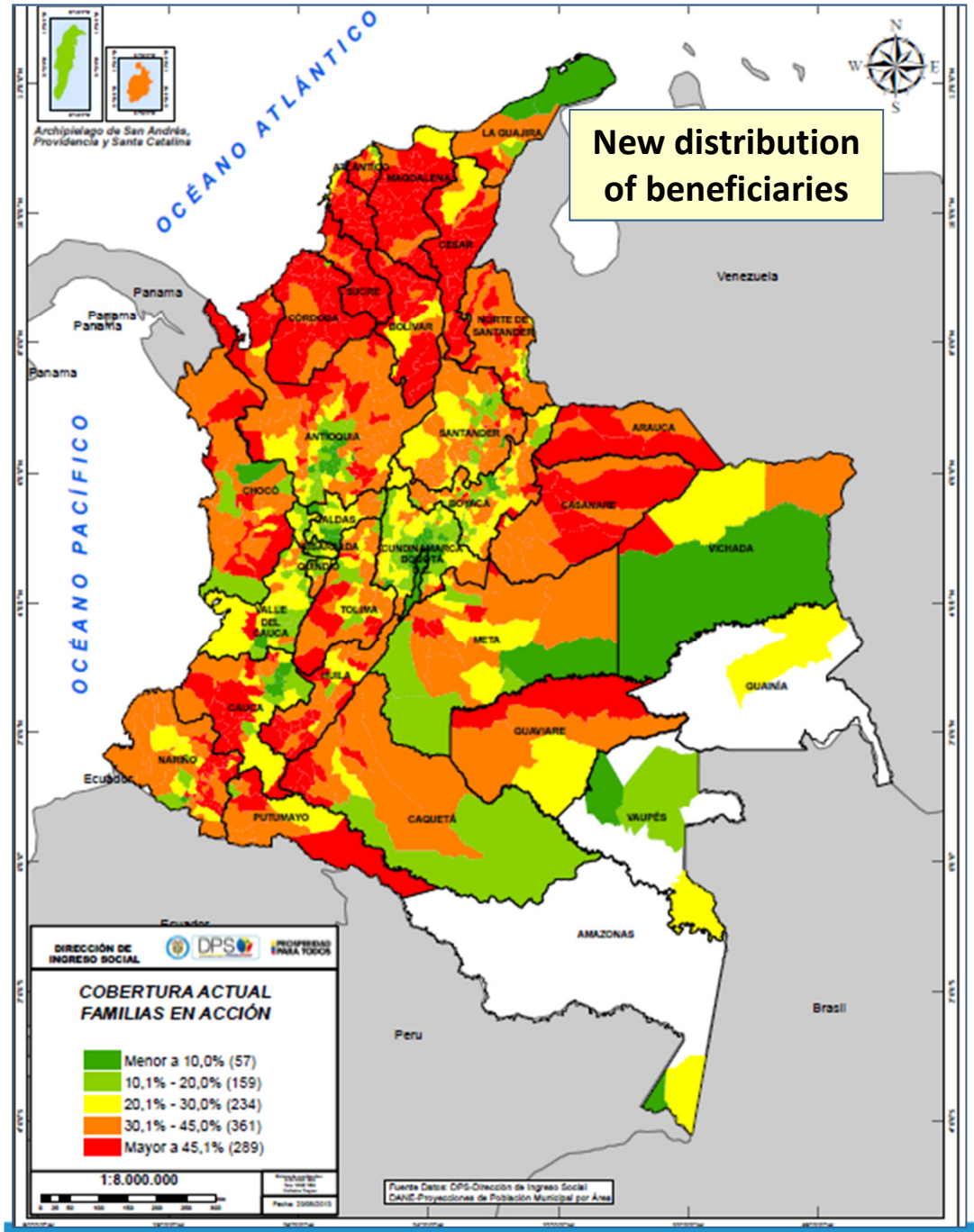
Re targeting program's beneficiaries: approximating to municipal MPI



National - MPI



Re targeting program's beneficiaries: approximating to municipal MPI



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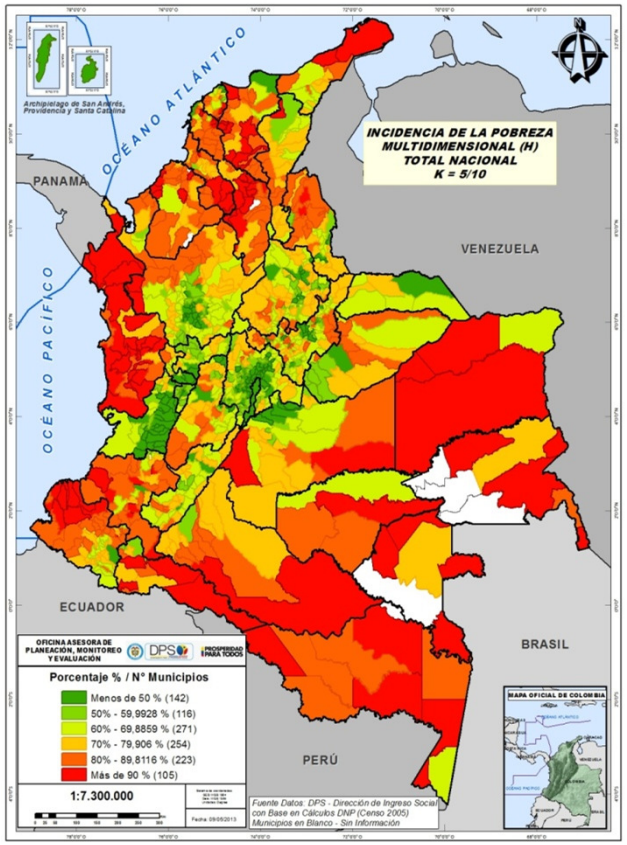
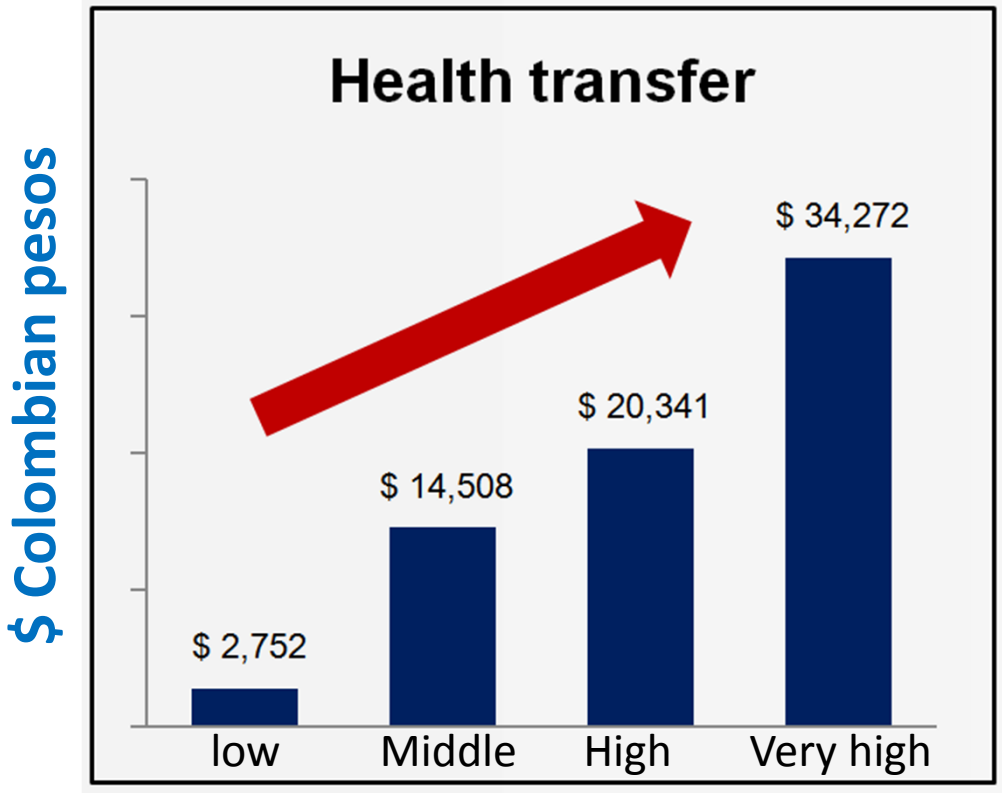


One example



Differentiating transfer amounts according to municipal MPI

Higher amounts on the poorer and rural areas

2

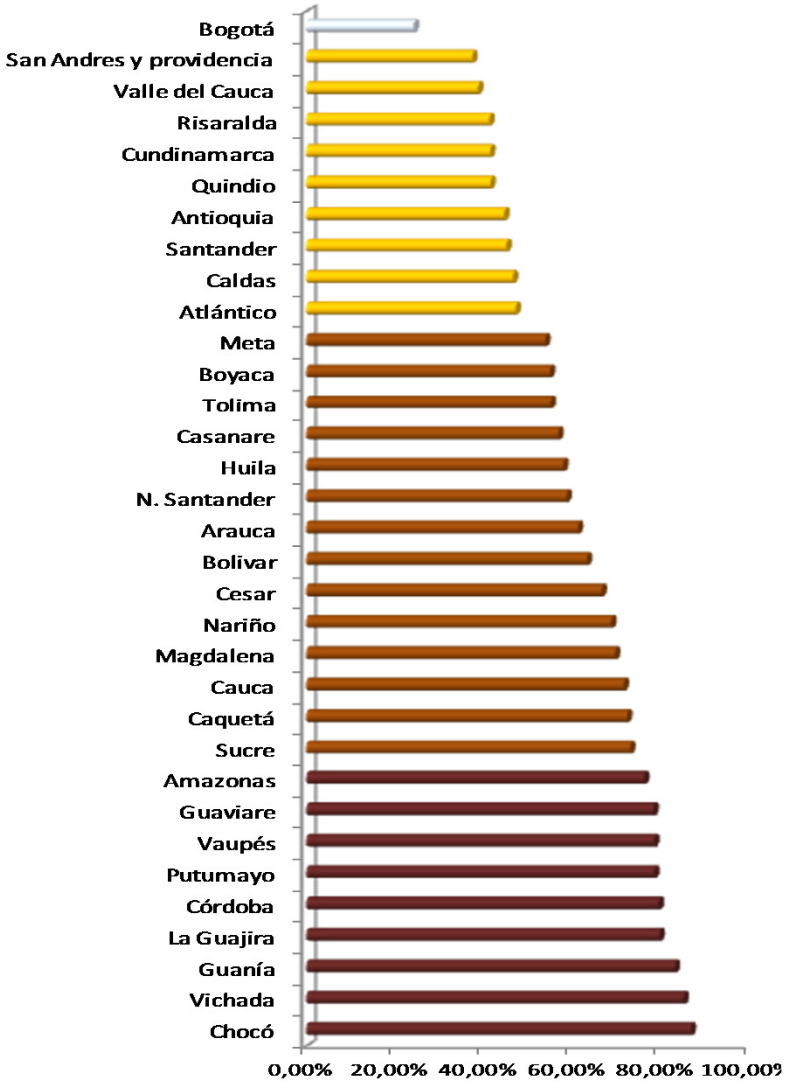
Targeting beneficiaries according to specific dimension deprivations

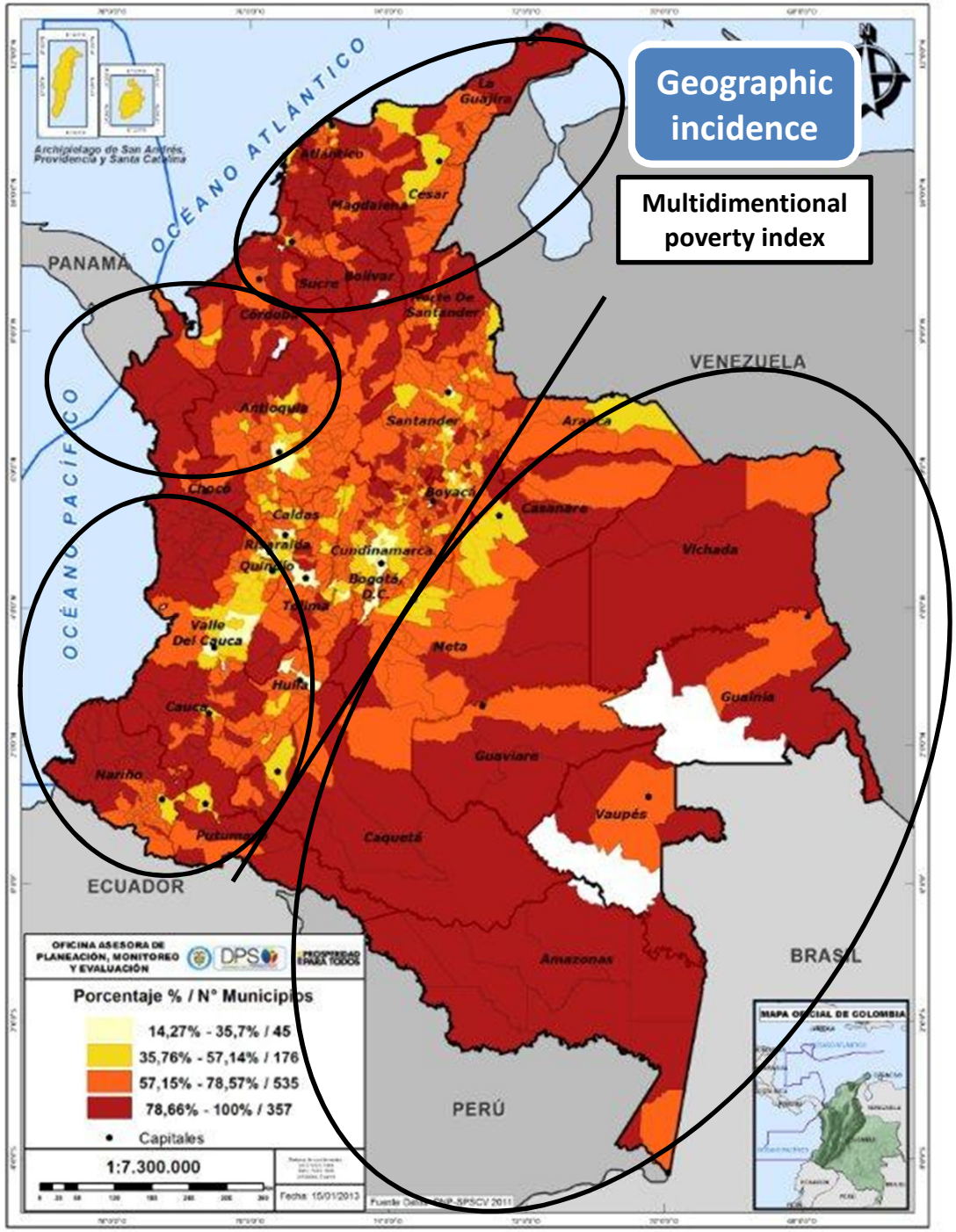
Targeting beneficiaries identifying:

Where?
What?
To whom?

Using MPI

Different types of social programs depending on multidimensional poverty incidence





3

Methodology for measuring "graduation" from extreme poverty using MPI

Safety Net Program

como **uno** por la prosperidad de **todos**

A family is "graduated" from Unidos como uno por la prosperidad de todos if:

Sufficient condition:

&

M P I

Not in extreme income poverty

Not multidimensionally poor

4

Adjusted – MPI for indigenous groups

PROSPERIDAD PARA TODOS

- Revising the MPI

(missing dimensions, cutoffs or weights) in order to adapt the index to the conditions of indigenous population of Colombia

- The objective is to have a pertinent MPI useful for the design of public policy targeting this population

5

Public policy effects micro-simulations

The method of micro data imputation may be used in the construction of counterfactual scenarios to evaluate the effect of public policy on the MPI behavior

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