

Dimensions

Multidimensional Poverty Peer Network (MPPN)

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**INTERVIEW WITH
TATYANA OROZCO**

**MULTIDIMENSIONAL POVERTY IN
SUB-SAHARAN AFRICA**

**MULTIDIMENSIONAL POVERTY
REDUCTION IN INDIA**

HOW WAS THE CHILEAN MPI CREATED?



Dimensions

- 3 Editorial
- 4 Interview with Tatyana Orozco
- 9 Multidimensional Poverty in Sub-Saharan Africa
- 16 Multidimensional Poverty Reduction in India between 1999 and 2006
- 23 How Was the Chilean Multidimensional Poverty Index Created?
- 28 Data of the Month
- 30 News
- 31 Photo Credits

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In this edition, we are pleased to present a variety of articles from different regions of the world – Latin America, Africa and India – that illustrate the richness offered by multidimensional poverty indices (MPIs) for analysing poverty, either alone or as a complement to income measurement.

We begin with Colombia in our series of interviews with key players. In this issue, the former director of the Colombian Department for Social Prosperity, Tatyana Orozco, discusses the use of the C-MPI by the Colombian government.

We continue with an analysis of sub-Saharan African countries that illustrates the MPI's powerful disaggregation feature by presenting results for subnational regions. It also shows that pockets of acute poverty are not exclusive to countries with higher national levels of poverty.

We showcase India next, where Sabina Alkire and Suman Seth ask if a reduction in poverty was the result of helping those people with a larger number of deprivations or only those just below the poverty line. They also explore which dimensions exhibit the greatest changes over time in the period analysed. Furthermore, they show that the MPI can be easily adapted to analyse subgroups of the population living in poverty – in this case, by identifying the poorest among the poor using different criteria in order to undertake a thorough analysis of this segment of the population.

Both analyses as well as our 'Data of the Month' section show the possibilities for analysing changes over time with these indices.

We also offer our readers a description of the creation process for the Chilean MPI. This article illustrates the institutional consultation process and the efforts made to implement, with transparency, a brand-new way of measuring poverty.

We invite you to read *Dimensions*.

‘POVERTY IS A MULTIDIMENSIONAL PHENOMENON WHICH REQUIRES A MULTIDIMENSIONAL POLITICAL RESPONSE’

Colombia was one of the first countries to officially establish a multidimensional poverty measurement in 2011. **Tatyana Orozco**, until recently the director of Colombia’s Department for Social Prosperity, spoke with *Dimensions* about how the Columbian government is using the Colombian Multidimensional Poverty Index (C-MPI).

Colombia is probably the country that has made the most advances in using its multidimensional poverty index to inform public policy (in targeting, municipal mapping and as graduation criteria for conditional cash transfer programmes). Could you tell us a little about why the government has found this tool so useful?

Mainly because poverty is a multidimensional phenomenon which requires a multidimensional political response. Policies which are geared towards reducing poverty cannot operate in isolation because these dimensions have strong interconnections. For example, a child who is frequently absent from school could be missing their education in order to be a breadwinner. This implies that both the child and the household are deprived in terms of education and work.

In Colombia, working with dimensions has enabled us to establish common goals and improve dialogue between ministers and the bodies responsible for creating and enacting poverty reduction policies. These can be based on education, healthcare,

wellbeing, housing and childhood conditions, among others.

Working with the Colombian Multidimensional Poverty Index (C-MPI) has shown us various things: What are the dimensions that are more frequently involved with changes in poverty? Which groups require the most attention and where are they located? In our country, for example, we have found that the dimensions which contribute most to a reduction in poverty are healthcare and education. As a result, we have achieved universal basic education and more than 80% of Colombians now have health insurance.

Also, at critical points the C-MPI has shown us that the country needed to strengthen its social policies to improve early childhood conditions. This led to the creation of the De Cero a Siempre (‘From Zero to Forever’) strategy in 2011 which unifies programmes of vaccination, health insurance, growth and development consultations, nutritional evaluations, and quality primary education under one banner for those children within the highest

Twenty out of every 100 people in Colombia are poor. However, when we analyse those regions which have been affected by the armed conflict, the proportion increases to 80 out of 100.



poverty levels. The C-MPI has likewise helped us realise that we needed to reinforce our housing policy for the extreme poor. In response to this, the government implemented a nationwide scheme that created 100,000 fully subsidised houses for people in extreme poverty and for victims of violence.

Lately, you have not only been using the measure to identify poverty but also to identify the deprivations of those newly middle class, who have moved out of poverty, and to design policies to help secure their economic position. Could you tell us a bit more about this?

Yes. The C-MPI has indeed been fundamental to the design of policies which seek to strengthen the middle class and prevent the newcomers from falling back into poverty. Through the C-MPI, we have been able to establish that the people in the middle class do not have significant deficiencies in housing. However they do have problems with deprivations in education and healthcare, aspects they share with the population still living in poverty.

Consequently, we understand that in order to support the middle class we need to work on guaranteeing school attendance, reducing illiteracy and improving living conditions. This will determine people's definitive exit from poverty and their consolidation into the middle class. For this reason, our conditional cash transfer programmes are fundamental and are triggered strictly when children attend school and by growth and nutrition controls.

Is there a role for the C-MPI in post-conflict tasks in Colombia?

Absolutely yes. As I have mentioned, the C-MPI allows us to analyse poverty data at the territorial level and by population group. For example, when

we look at the national average of multidimensional poverty, 20 out of every 100 people in Colombia are poor. However, when we analyse those regions which have been affected by the armed conflict, the proportion increases to 80 out of 100.

Also, as we have multidimensional poverty reports at the municipal level, we know that in municipalities like El Retorno in Guaviare (which has been severely affected by the armed conflict), 95% of households have a member with no health insurance and 88% are deprived in educational achievement. These figures are in plain contrast with national averages. For this reason, the C-MPI will undoubtedly be a useful tool for better targeting the fiscal resources available for post-conflict tasks and supporting the most vulnerable families.

What recommendations would you give to other nations interested in measuring multidimensional poverty? Which factors or variables would they need to consider when designing and applying their multidimensional poverty index?

The main piece of advice I would give to countries constructing their own multidimensional poverty index is that the dimensions and indicators should be pegged to concrete policy actions. For example, our C-MPI uses an indicator of educational achievement. This indicator is directly linked to policies affecting access to education, on which we work jointly with the Ministry of Education; they work on increasing coverage while we, through Social Prosperity, help those families in poverty through conditional cash transfer programmes that encourage parents to guarantee children's attendance. This connection is fundamental; without it, the indicator would not be a useful tool for poverty reduction policy decision-making.



The second piece of advice that I would give to them is to have an adequate institutional framework to ensure that the indicator is credible and its methodology is respectable. In Colombia, this institutional participation is achieved with the Mesa Transversal de Pobreza y Desigualdad (Poverty and Inequality Roundtable). This is a ministerial-level institution led by the President of Colombia. Progress towards goals in each of the indicators are evaluated at this roundtable and high-level decisions are made. This roundtable is complemented by a committee of

experts in multidimensional poverty measurement. This committee is led by the National Department of Statistics and attended by the National Planning Department, the Department for Social Prosperity, the World Bank, the Economic Commission for Latin American and the Caribbean, and academics. This committee is charged with validating results and the methodology.





MULTIDIMENSIONAL POVERTY IN SUB-SAHARAN AFRICA

In June 2016, the Islamic Development Bank and the Oxford Poverty and Human Development Initiative published the report ‘Multidimensional Poverty Assessment in IDB Sub-Saharan African Member Countries’. What is the state of poverty in the region? Where are the people with largest deprivations located? The answers to these questions are crucial to formulating adequate policy responses for one of the poorest regions of the world.

The global Multidimensional Poverty Index (MPI), launched in 2010 and published by the Oxford Poverty and Human Development Initiative (OPHI) and the United Nations Development Programme (UNDP), assesses people’s deprivations in ten indicators, which are organized

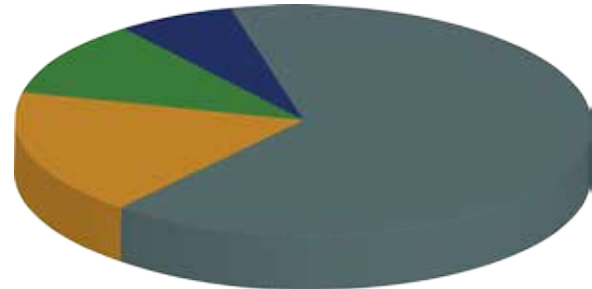
into three dimensions: education, health and living standards. In 2015, 101 countries were analysed, 43 of which were members of the Islamic Development Bank (IDB) (from a total of 57 of IDB members). Among the IDB member countries analysed, 22 are situated in sub-Saharan Africa.

The analysis established that 264.3 million people (61.9% of the population) in these sub-Saharan countries are multidimensionally poor. Of these, 65.3% live in West Africa, 17.4% in East Africa, 10.8% in Central Africa, and 6.5% in Southern Africa. Given its large population, Nigeria, situated in West Africa, accounted for a third of all multidimensionally poor people in sub-Saharan African member countries of the IDB (87.4 million people). The country with the highest incidence of multidimensionally poor people is Niger (89.3% in 2012), followed by Chad (87.2% in 2010).

MULTIDIMENSIONAL POVERTY AT THE SUBNATIONAL LEVEL

The report illustrates the global MPI's powerful descriptive capacity stemming from its ability to decompose results by subgroup and measure changes in poverty levels over time. As multidimensional poverty levels, composition, and trends vary greatly, the analysis indicates that sub-Saharan Africa should

Multidimensionally Poor People

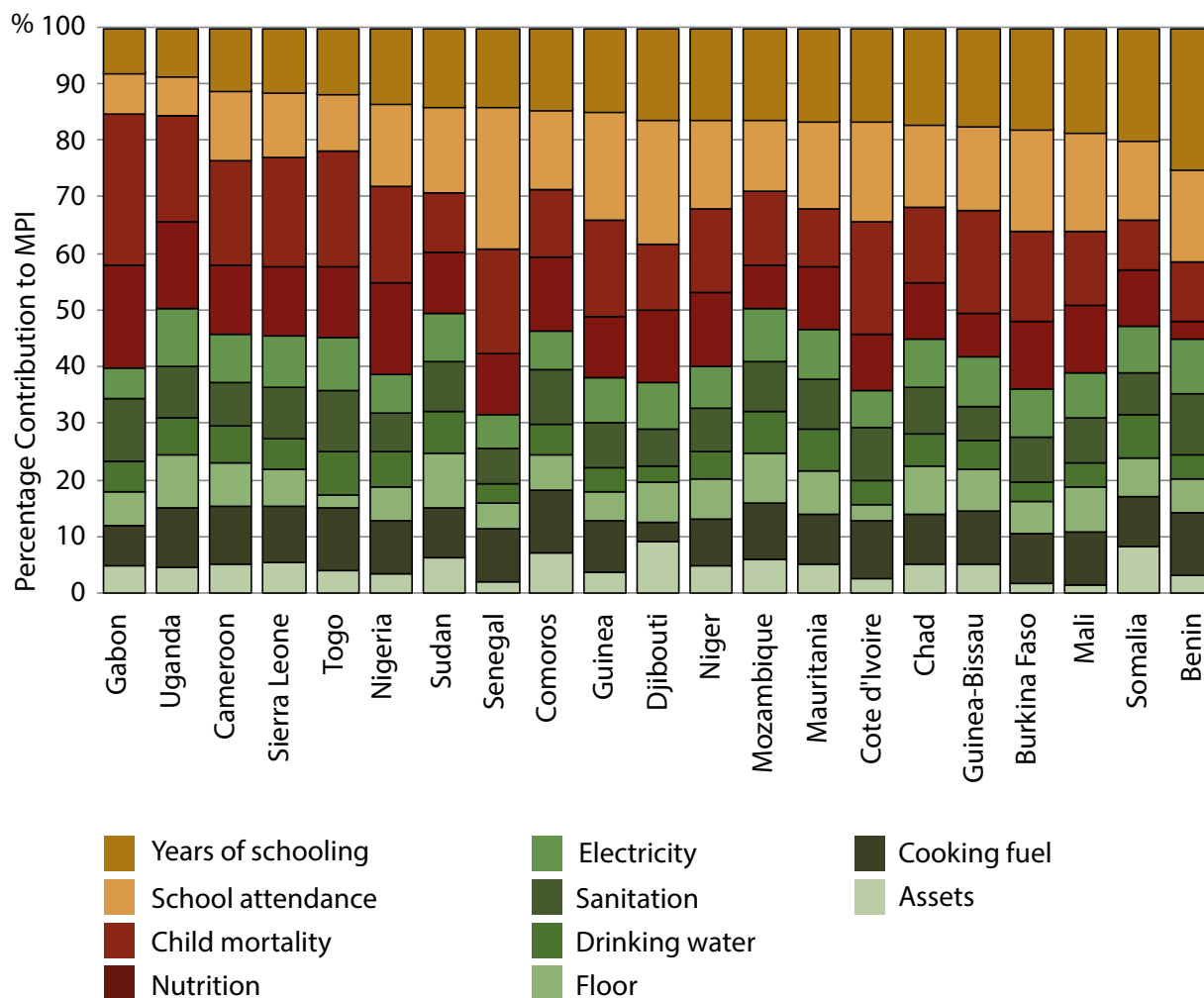


- West Africa (65.3%)
- Southern Africa (6.5%)
- Central Africa (10.8%)
- East Africa (17.5%)

be considered not only on a regional basis, but also country by country and by subnational regions within each country.



Percentage Contribution of Each Indicator to Overall MPI for 22 IDB Member Countries in Sub-Saharan Africa



While no IDB country exhibits a proportion of multidimensionally poor people higher than 90%, the same is not the case at the subnational level, with 39 of the 222 subnational regions within these countries having higher rates.

The poorest subnational region is Salamat, located in the southeast part of Chad, a landlocked region just south of the Sahel that borders the Central African Republic. According to 2010 data, 98% of Salamat's population is multidimensionally poor. On average, each poor person is deprived in 73% of MPI indicators, which also makes it the region with the highest intensity of poverty. The second poorest subnational region is Est in Burkina Faso,

where 97% of people are multidimensionally poor and the average intensity is 72%. This subnational description, drawing on the global MPI, serves to make pockets of poverty visible; pockets that remain invisible in other types of analyses.

Multidimensional poverty in sub-Saharan Africa is predominately rural (82.2%) and significantly higher than monetary poverty (73.8%).

WHAT IS THE COMPOSITION OF MULTIDIMENSIONAL POVERTY?

The global MPI also analyses the contribution of each indicator to overall poverty. It is interesting

to observe that the composition of poverty for each country is different, showing the challenges each country faces in addressing their situation. In countries such as Gambia, Cote d'Ivoire, and Burkina Faso, the contribution of each indicator tends to be relatively equal. In countries such as Gabon, deprivations in health indicators dominate the MPI, while deprivations in education contribute the most to poverty in Benin and Senegal. Deprivations in living standards contribute 45% or more to the MPI in ten countries and are highest in Uganda, Sudan, and Mozambique.

The report also reveals that cooking fuel was the indicator that contributed the most to multi-dimensional poverty, followed by deprivation in sanitation. Furthermore, deprivations in electricity were quite prominent in these countries. Deprivations in education and child mortality also continue to be a challenge.

As mentioned above, national compositions of poverty can be disaggregated by subnational regions to provide rich information on the regional variations of poverty. This information can be used in the formulation of targeted public policies. For instance, the analysis of the composition of

poverty in Salamat and Moyen Chari, two regions in Chad, shows that the overall contribution of deprivations in education are much larger in Salamat than in Moyen Chari. Therefore, Salamat requires a bigger investment in education than Moyen Chari. These important differences remain hidden when only national averages are considered. These types of analysis could be used by each country to understand the particularities of the challenges exposed by multidimensional poverty at a national level when complemented with subnational data showing the composition of the MPI.

DESTITUTION: THE POOREST OF THE POOR

The report also presents data regarding destitution in 20 of the 22 African countries of the IDB. To measure destitution, the deprivation cut-offs of each indicator were adjusted to reflect more critical deprivation levels (e.g., that two or more children



under five have died in the household rather than one, as used by the global MPI). The destitute are those who experience deprivations in at least one-third of the indicators using the destitution cut-offs.

The analysis of the 20 countries for which data is available shows there are 150 million destitute people, representing 36.2% of the total population or 58.8% of multi-dimensionally poor people in those countries. In turn, of those identified as destitute, 46.6% have experienced the loss of two or more children, 29% have at least one household member suffering severe malnutrition, 45% have no household member who has completed even one year of schooling, and 41.5% live in households where all primary school-aged children are not attending school.

Also, most of them (89.5%) have no access to electricity, and 22.4% do not possess even the most basic assets (bicycle, radio, refrigerator, television, motorbike) or a car or truck.

The results indicate that almost 50% of the destitute practice open defecation, experiencing the shame, fear, insecurity, and humiliation that this entails. Furthermore, 60% have no access to safe drinking water or the source of water is located over 45 minutes away; 80.3% of the destitute have inadequate flooring in their house, and almost all use solid fuels for cooking. The sad truth is that none of the destitution indicators have, thus far, been shown to be irrelevant.



Niger is not only the poorest country in terms of the global MPI but also has the highest incidence of destitution among IDB African countries: 68.8% of its population lives in destitution. The percentages in Chad and Burkina Faso are also very high, at 65.8% and 57.5%, respectively. Nevertheless, this is not the case for all African countries; in Gabon, for instance, the percentage is 3.2%.

SO, WHAT CAN WE DO NOW?

One third of people identified as multidimensionally poor live in sub-Saharan IDB member countries (out of the 101 countries analysed by the global MPI in 2015). It is also the region that shows the largest incidence and intensity of poverty. However, as mentioned above, the region should be analysed not only as a whole but also country by country and by the subregions within each country, as the level, composition, and trends of multidimensional poverty vary greatly. In order to implement sound public policies, the use of valuable global MPI information at both the national and subnational level is essential.

Governments must focus their programmes on reducing the incidence of poverty – that is, taking people out of poverty. But they are also urged to ‘leave no one behind’ by reducing the intensity of deprivations that poor people experience. It is clear that investment in public health, schools, and public services in rural areas should be strengthened. Public policies focused on the needs of the poor in such areas may have the largest impact in terms of the incidence and intensity of poverty.

Among the 22 IDB member countries from sub-Saharan Africa, deprivations in living standards

affect a large number of people, especially cooking fuel, sanitation, electricity, flooring, and water access. Addressing these deprivations will not only make an impact on the MPI but will also contribute to reducing related aspects of poverty such as malnutrition and child mortality. Another prominent challenge is education.

This analysis clearly shows that poverty has many faces, from sanitation to electricity, education to living standards, and health. While an integrated plan to reduce poverty should be nationally led and monitored, the particular emphases and allocations should be regional. An MPI based on census data can be used to dig deeper and provide policy-relevant information on deprivation structures at an even more disaggregated level to inform and engage local governments. National government responses to multidimensional poverty thus need to be multilevel, involving lower levels of government as well as national leadership.

It is also important for international organizations to recognize that focusing on one dimension of poverty is insufficient. Growth alone does not necessarily result in multidimensional poverty

264.3 million people (61.9% of the population) in these 22 sub-Saharan countries are multidimensionally poor

The terms ‘destitution’ and ‘profoundly poor’ used in this article and the next are synonyms that denote the same situation: the people in the worst circumstances amongst those living in multidimensional poverty. These analyses follow the call to ‘leave no one behind’ within the framework of the Sustainable Development Goals and are examples of how analyses based on the global MPI can enable countries to evaluate their progress towards reaching these goals.



reduction. Growth strategies need to be complemented by specific, multisectoral poverty reduction programmes that directly tackle the different dimensions of poverty.

Editor's note: The most recent set of figures for the countries included in this study can be viewed in 'Multi-dimensional Poverty Reduction among Countries in Sub-Saharan Africa', published in Forum for Social Economics (10 May 2017).



MULTIDIMENSIONAL POVERTY REDUCTION IN INDIA BETWEEN 1999 AND 2006

This article is a summary of the essay published in *World Development* (vol. 72, 2015) entitled ‘Multidimensional Poverty Reduction in India between 1999 and 2006: Where and How?’ by **Sabina Alkire** and **Suman Seth** (also available as an *OPHI Working Paper* No. 60) and presents the key findings of an analysis of changes in multidimensional poverty through the application of an adaptation of the global Multidimensional Poverty Index. This same analysis is replicated for over a 100 countries.

India has witnessed high economic growth since the 1980s, accompanied by a reduction in the share of people living in income poverty. Poverty, however, has multiple dimensions. This article explores the improvements experienced by the Indian population in different social deprivations other than income. The analysis from this multidimensional perspective shows the prevalence of multiple overlapping deprivations among the poor.

ANALYSIS OF MULTIDIMENSIONAL POVERTY IN INDIA: KEY FINDINGS

Poverty in India has traditionally been measured in terms of consumption and expenditure, centred on the ability to spend on goods and services rather than the capability to enjoy valuable beings and doings (Sen 1985). All this, despite methodological revisions, multiple debates, and the acknowledgements of the multidimensional nature of poverty and the need for inclusive growth that have taken place in the country.

We know that deprivation in per-capita expenditure is an important dimension of poverty. However,

surprisingly, income poverty does not accurately proxy other deprivations: empirical studies have shown that significant percentages of those who are multidimensionally deprived are not income poor and vice versa (Laderchi, Saith, and Stewart 2003; Alkire and Kumar 2012). Therefore, there is a need to supplement income poverty measurement with multidimensional poverty measures that capture the joint distribution of deprivations across the population. Furthermore, such measures can be used to track national poverty levels and the changes by region, caste, and dimension, amongst others.

Sabina Alkire and Suman Seth created a Multidimensional Poverty Index for India (MPI-I) that is strictly comparable across two sufficiently separated time periods, allowing us to see clearly the changes in multiple dimensions. Out of the ten indicators used, six are identical to those of the global MPI, and the other four (nutrition, mortality, school attendance, and flooring material) were adjusted due to differences in the two National Family Health Survey datasets.

Based on these comparable indicators, the findings show that, nationally, multidimensional poverty

has fallen in India between 1999 and 2006. The percentage of MPI-I poor people shows a statistically significant decrease of 1.2 percentage points per year, from 56.8% in 1999 to 48.5% in 2006. These findings supplement the understanding of reductions in national income poverty.

This reduction by 1.2 percentage points per year has been much slower than that achieved by some countries in the region, which are significantly poorer in terms of income. For example, Nepal reduced the percentage of poor people between 2006 and 2011 by 4.1 percentage points per year, while Bangladesh's poverty rates decreased by 3.2 percentage points per year between 2004 and 2007. Even India's best performing states – Kerala and Andhra Pradesh – did not progress as fast as Nepal or Bangladesh in reducing multidimensional poverty.

The authors also investigate where and how this reduction took place. To understand where, they explored the changes in poverty across various population subgroups, including states, rural/urban areas, castes, religions, and various household characteristics. The study found that the reduction in multidimensional poverty has not been uniform across all subgroups. The poorer groups, be they the poorer states, castes, or religious groups, have shown slower progress than the initially better-off subgroups. These findings contrast with the pattern of national income poverty reduction across states, where poorer states did not necessarily record slower progress.

For example, among states, the better-performing states in 1999, such as the South Indian states of Himachal Pradesh, Gujarat, and Maharashtra, reduced multidimensional poverty more than



the initially poorer states, such as Uttar Pradesh, Madhya Pradesh, Rajasthan, and Bihar. This pattern is in contrast to the pattern of change in income poverty across states between 1993–94 and 2004–05, in which the poorest states reduced income poverty the most.

Among castes and tribes, there have been statistically significant reductions in multidimensional poverty across all groups, but the reduction was slowest for the poorest group, the Scheduled Tribes. Similarly, across religious groups, Muslims, the poorest subgroup in 1999, saw the least reduction in poverty over the seven year period.

In addition, the MPI-I allows the decomposition of the population based on household characteristics, generating additional insights. When considering the population across different household sizes, the essay found that in 1999 multidimensional poverty tended to be higher among larger households and

that the reduction in poverty had been slowest for these larger and poorer households.

Also, the share of the population living in female-headed households increased from 7.6% in 1999 to 10.8% in 2006. In 1999, multidimensional poverty among female-headed households was lower than male-headed households. In contrast, multidimensional poverty was higher among female-headed households in 2006, bucking the national downward trend. On the other hand, there was a statistically significant decrease in poverty among male-headed households.

In order to understand how poverty reduction has taken place, the investigators broke down the index into its different components: the multidimensional poverty incidence ratio and the average intensity of deprivation among the poor. The study found that the reduction in multidimensional poverty was mainly caused by a significant reduction in the



proportion of people living in poverty (incidence) instead of by a reduction in the intensity of the deprivations amongst the poor. Comparing across states, Alkire and Seth found that some of them, for example Andhra Pradesh, have reduced poverty mostly by reducing the intensity of poverty among the poor; whereas other states, for example Kerala, have reduced poverty by reducing the proportion of poor people. Nationally, absolute improvements in certain living standards indicators – such as access to electricity, access to water, type of housing, and access to improved sanitation facilities – have been larger than in other social indicators.



In order to analyse the situation among the poorest of the poor, subgroups among the poor were identified using two additional criteria. The first one identifies the poorest people in terms of the intensity of their deprivation. A stricter criterion is used to identify those who have a larger number of deprivations – suffering, in this case, deprivations in half or more of the indicators instead of the number used for identifying multidimensional poverty, which is a third of them. These people are identified as intensely poor.



The second identifies the poorest people in terms of being more deeply deprived in each of the indicators (those further away from the deprivation cut-off line for each indicator). For example, if a body mass level is used in the original analysis in order to determine if a person suffers deprivation in terms of nutrition, a considerably

lower level of body mass is used for this specific analysis. The essay refers to these people as deeply poor.

These two subgroups of the MPI-I poor do not coincide with each other, but both show statistically significant reductions in the proportion of people

considered the poorest of the poor. In fact, the researchers found that the reduction in the proportion of multidimensionally poor people has been accompanied by relatively faster reductions in both the proportion of the intensely poor and the deeply poor. The proportion of the multidimensionally poor has gone down by 14.6% between 1999 and 2006; whereas the shares of intensely poor and deeply poor have gone down by 20.3% and 26.9%, respectively, during the same period.

The authors classified the MPI-I poor people into four groups: those who are both intensely and

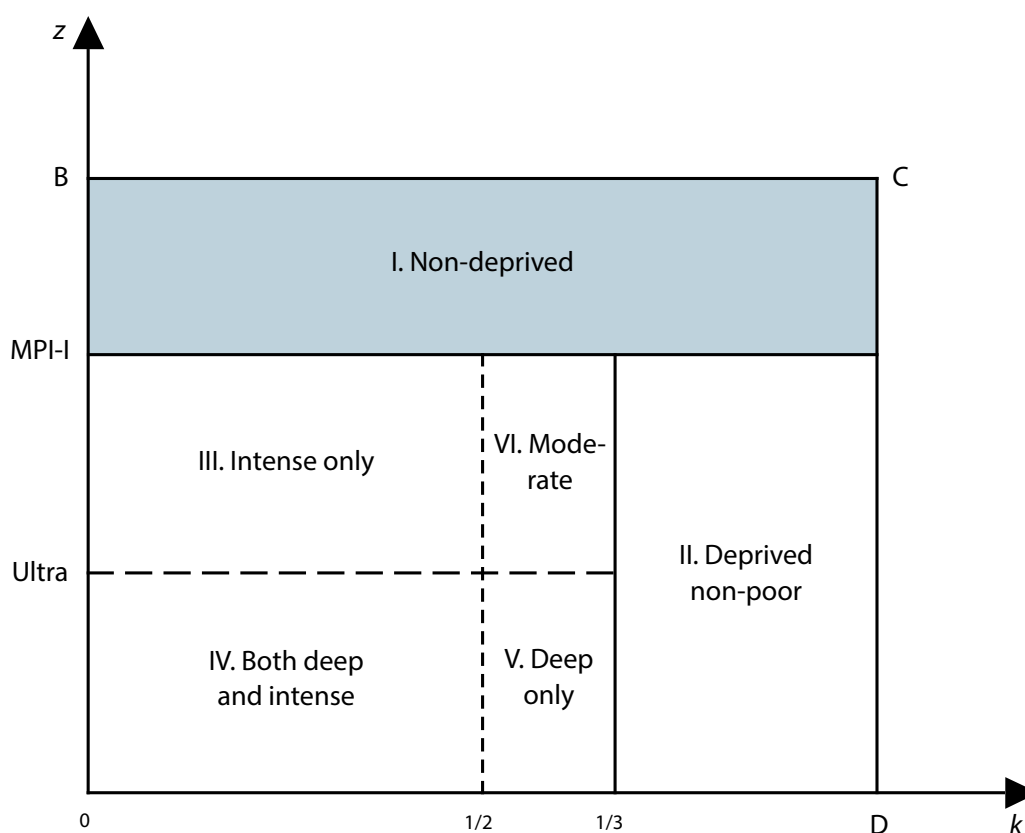
deeply poor, those who are deeply but not intensely poor, those who are intensely poor but are not deeply poor, and those who are moderately poor.

The poorer groups, be they the poorer states, castes, or religious groups, have shown slower progress than the initially better-off subgroups.

An alarming finding was made: In 1999 nearly 66% of India's poor people were deeply or intensely poor – or both. Happily, the share of people who are both deeply and intensely poor has gone down considerably. However, in the year 2006, 29.8% of the population was still

either intensely poor or deeply poor, and 13.9%, or more than 140 million people, were simultaneously intensely poor and deeply poor. This number is larger than the total population of Japan.

Two Approaches to Identify the Poorest of the Poor



Source: Alkire, S., and Seth, S. (2015). 'Multidimensional Poverty in India between 1999 and 2006: Where and How?', *World Development*, 72, pp. 93–108



TO BE TAKEN INTO ACCOUNT

The article by Alkire and Seth shows the differing patterns of change in income poverty and multidimensional poverty at the state level. However, the authors express the need to explore this relationship at a more micro-level. In the case of India, neither of the nationally representative surveys or inter-temporal datasets allows such comparisons. The National Family Health Surveys do not collect any information on household incomes or consumption expenditures, and the National Sample Surveys do not collect any information on the anthropometric indicators such as the nutritional status of household members.

Furthermore, the authors indicate that rural multidimensional poverty has decreased much faster than urban poverty. However, at the same time there has been a large migration of people from rural areas to urban areas. This analysis is pending in the research agenda for India.

Editor's note: The analysis of the intensely and deeply poor in India has been replicated recently by OPHI for 102 countries with a view to paying special attention to the situation of the poorest of the poor and leaving no one behind (see www.ophi.org.uk > Global MPI > MPI Resources > Table 1.2 for detailed data by country, columns k to n).



HOW WAS THE CHILEAN MULTIDIMENSIONAL POVERTY INDEX CREATED?

The Multidimensional Poverty Index in Chile (MPI-CL) was the product of a broad dialogue that brought people from different professional and political backgrounds together. What bodies were established to develop the MPI-CL? The following article provides some of the highlights of this process.

Chile began exploring the idea of incorporating a multidimensional poverty index into their official poverty measures in 2009, towards the end of Michelle Bachelet's first administration. A crisis developed in 2012 when the validity of the data on poverty was called into question, triggering a need to review the measures. The president at that time, Sebastián Piñera, brought together a panel of experts from various organisations and political backgrounds to participate in what was known as the Presidential Advisory Commission of Experts to Update Poverty and Extreme Poverty Lines (Comisión Asesora Presidencial de Expertos para la Actualización de la Línea de la Pobreza y la Pobreza Extrema), whose mission was to brief the president on all aspects of measuring poverty and extreme poverty and to offer proposals on the matter.

COMMISSION TO MEASURE POVERTY

The commission was created in December of 2012 and comprised nine people from academia, non-governmental organisations, multilateral organisations, and government, all of them experts on poverty matters. The body engaged in dialogue with a broad group of people from various civil society organisations, Congress, governmental agencies, universities, and international organisations and specialists.

The commission's president was Rodrigo Jordán, vice president of the Foundation for Overcoming Poverty (Fundación para la Superación de la Pobreza), an institution tasked with generating information and proposals for overcoming poverty and social exclusion. This foundation had worked on the idea of creating social thresholds for Chile based on a multidimensional perspective on poverty. This perspective allowed for internal discussion at the commission to include subjects beyond income.

After 13 months of work, the commission presented two proposals. The first suggested updating the monetary poverty measure, given that the existing one had been created in 1987 and had not been revised since then. Therefore, it did not reflect the current consumption patterns of households in Chile.

The second proposal stated that a new measure of multidimensional poverty, based on the Alkire-Foster methodology, should be incorporated into Chile's official statistics and identified the dimensions this should include.

The commission proposed 14 indicators to measure deprivations in five dimensions: education, health, employment and social security, housing, and local environment and networks. Further, it recommended giving equal consideration to each

of the dimensions, and identified as deprived those households with 33% or more of the deprivations.

This report was delivered to President Piñera at the end of his administration (January 2014). Its implementation, by the Ministry of Social Development, went into effect therefore under the second administration of President Michelle Bachelet.

The ministry took the commission's recommendations and generally adopted the new proposals for measuring monetary poverty. For the multidimensional measures, an Interinstitutional Technical Panel (MTI) was established by the Ministry of Social Development and the National Institute of Statistics, and advised by the Economic Commission for Latin America and the Caribbean (ECLAC). The ministry also received technical advice from the Oxford Poverty and Human Development Initiative (OPHI).

This group of experts analysed the recommended indicators and made slight revisions to the original proposal. For example, the use of some indicators was delayed because of technical problems with some of the available data. In December of 2014, a seminar was held to introduce the methodology of the MPI-CL, which comprised four dimensions: education, health, employment and social security, and housing, each of them having three indicators. Through this MPI-CL, a person with deprivations in at least three of the 12 indicators – or the equivalent of being deprived in one dimension – would be considered multidimensionally poor.

Furthermore, it was stated that the local environment and networks dimension would be incorporated into the next measure because the data in the

Casen Survey on this subject were not adequate. The government committed to presenting a revised measure in the short term in response to a request that civil society made through the commission.

THE REFORMULATION OF THE MPI-CL TO INCORPORATE A NEW DIMENSION

For an in-depth analysis of how to measure the local environment and networks dimension proposed by the Presidential Commission in April of 2015, the Ministry of Social Development created the Ministerial Advisory Committee on the Local Environment and Networks (Comité Asesor Ministerial Entorno y Redes) comprising seven representatives from civil society and academia who were specialists in the subject. The committee worked over a period of three months, using the

commission's report as a basis to measure poverty. The final report was presented in August of 2016.

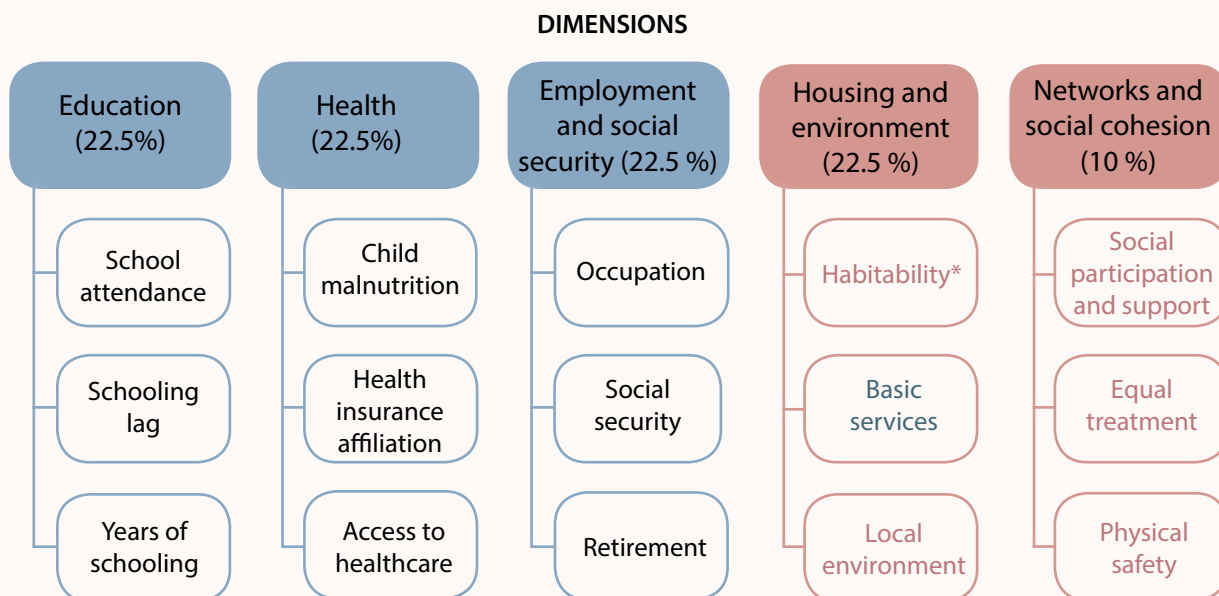
The committee analysed the problems that available indicators on

the local environment and networks had and proposed nine new questions. The ministry began to work from this basis to incorporate them into the MPI-CL, taking into account the contributions of various public institutions and the recommendations of the Casen 2015 Panel of Experts.

At the end of the project, the Ministry of Social Development modified the original MPI-CL to accommodate these new indicators. The resulting new multidimensional measure includes five dimensions: education, health, employment and social security, housing and local environment, and networks and social cohesion. Each dimension comprises three indicators, adding up to a total of 15.

The process of creating the MPI-CL was a very rich experience in terms of involvement at an institutional level and the broad participation of civil society.

Measure of Multidimensional Poverty Incorporating Local Environment Variable and Networks and Social Cohesion Dimension



* Habitability indicator includes deprivations involving overcrowding and household conditions, which were previously measured separately.

Source: Ministry of Social Development, Chile.



Upon adding the new indicators to the five dimensions, the government also showed the figures from the first version of the MPI-CL, that is, without incorporating the fifth dimension or the local environment variable, to make the figures more transparent and to maintain the data series. The new version of the MPI-CL was well received by the general public, as all aspects requested by the commission were included.

CONSENSUS FOR MEASURING POVERTY

The process of creating the MPI-CL was a very rich experience in terms of involvement at an institutional level and the broad participation of civil society. The different bodies that were created were non-governmental and independent, with people from different political and professional backgrounds. Academics, politicians, and members of civil society

working on the frontlines in vulnerable zones all participated in the process, an approach that created a broad consensus on measuring poverty and its dimensions. This was evident both in the Presidential Commission and in the Ministerial Commission charged with proposing the reformulation of the indicators.

All of these factors make the Chilean case of great interest to other countries. Not only do they shine a light on an interactive path for designing a multidimensional poverty index, but they also show that these kinds of indices can be modified with a minimum of controversy, as long as it is done with transparency in order to avoid suspicion.





DATA OF THE MONTH

ARE CHANGES IN THE INCIDENCE OF MULTIDIMENSIONAL POVERTY AND MONETARY POVERTY SIMILAR?

For many years it was argued that, for someone experiencing poverty, an increase in income would almost automatically have a positive trickle-down effect on other aspects of their life. If this were the case, one would expect changes in levels of monetary poverty within a country to correlate with the results given by other means of measuring poverty. But how do changes in multidimensional poverty really compare to changes in monetary poverty? The answer varies from country to country.

Based on data from 27 countries that have reduced their levels of multidimensional poverty, it can be concluded that there is no consistent pattern between changes in the incidence of multidimensional and monetary poverty.

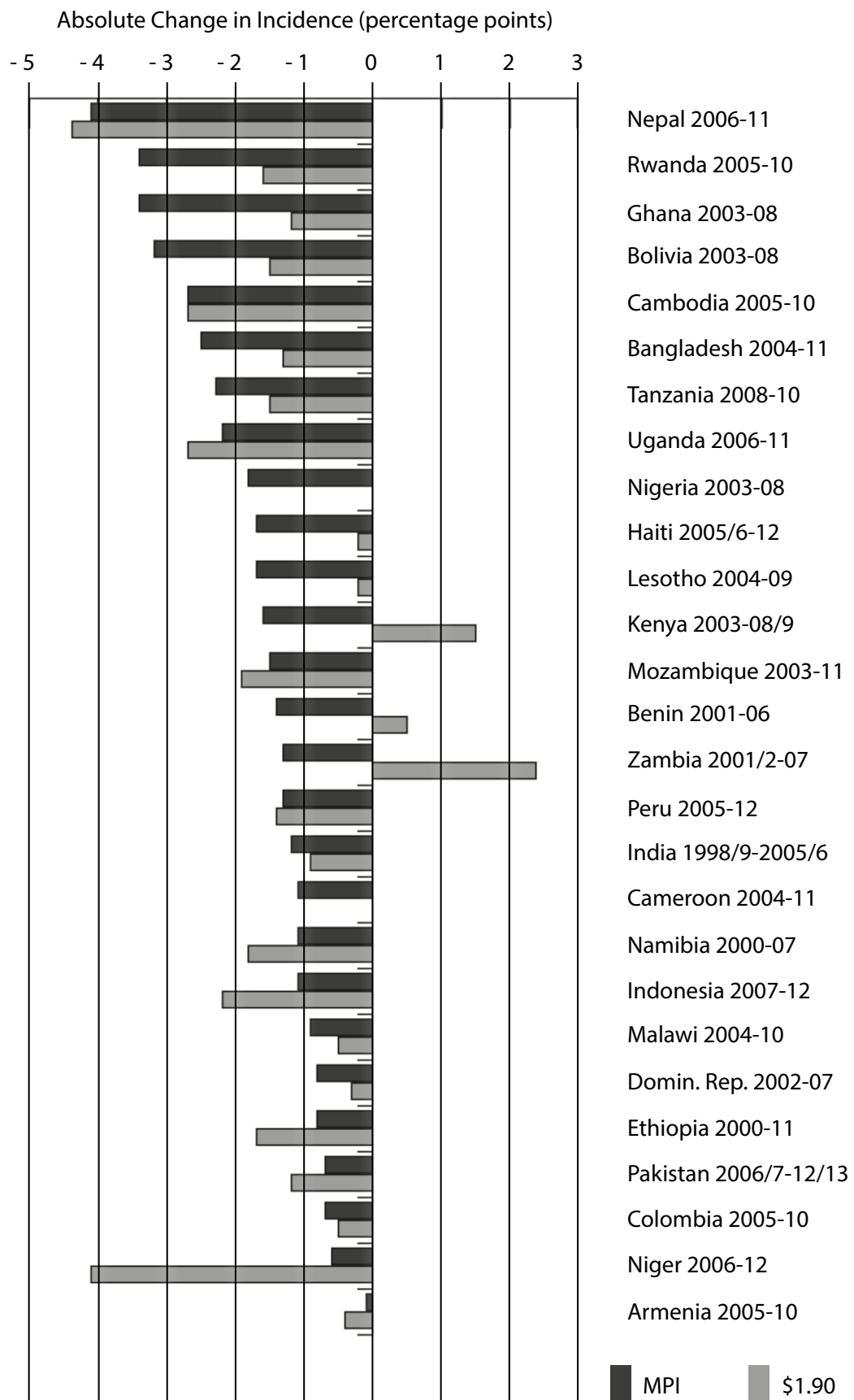
The graph below demonstrates that figures for the incidence of multidimensional and monetary poverty can vary significantly in their rates of change – and even in the direction of that change.

For instance, countries like Rwanda, Ghana, Bolivia, Nigeria, Haiti, and Lesotho reduced the incidence of multidimensional poverty much faster than the incidence of poverty based on US\$1.90/day. The opposite occurred in countries like Niger, Indonesia, and Namibia.

For their part, Kenya, Benin, and Zambia managed to reduce multidimensional poverty despite registering increases in terms of monetary poverty.

These results demonstrate the relevance of complementing monetary measurements with multidimensional measurement. If progress were measured only in terms of a reduction in monetary poverty, Nepal, Niger, Cambodia, Uganda, and Indonesia, in that order, would be considered leaders in the reduction of poverty, and the huge advances made in Rwanda, Ghana, and Bolivia would be invisible.





Alkire, S., Roche, J. M., and Vaz, A. (2017). 'Changes over Time in Multidimensional Poverty: Methodology and Results for 34 Countries', *World Development*, 94: 232–249

NEWS

48TH SESSION OF THE UNITED NATIONS STATISTICAL COMMISSION

On the 7th of March, the Multidimensional Poverty Peer Network held a high-level Side Event at the United Nations Statistical Commission in New York entitled ‘Measuring the Interconnected Dimensions of Poverty to Energise Policy’. More information at www.mppn.org > Events.



SEMINAR: ‘THE MULTIDIMENSIONAL POVERTY INDEX: ITS IMPACT ON SOCIAL POLICY IN COLOMBIA’

On March 13th, experts on multidimensional poverty convened at Los Andes University in Bogota, Colombia, to discuss the impact of the Multidimensional Poverty Index on the country’s social policy. This seminar was part of the ‘Course on Multidimensional Poverty Analysis’, which took place from the 13th to the 18th of March, and was organised by the Oxford Poverty and Human Development Initiative and the Department for Social Prosperity of Colombia. The workshop took place at Los Andes University and was supported by the Organisation of American States. More than 40 representatives from 12 Latin American countries took part in this training event. More information at www.mppn.org > News.



PANAMA APPROVES PLAN FOR A NATIONAL MULTIDIMENSIONAL POVERTY INDEX

On the 14th of March, the cabinet of the government of Panama, chaired by President Juan Carlos Varela, approved an innovative plan called ‘Panama for All: Zero Poverty’. The plan includes finalising the national multidimensional poverty index, which is to be officially launched at the end of June. More information at www.mppn.org > News.





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