

OPHI

OXFORD POVERTY & HUMAN DEVELOPMENT INITIATIVE

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UNIVERSITY OF
OXFORD

Multidimensional Progress in Low and Middle Income Countries

UNDP 7th Ministerial Forum in Latin America & Caribbean
Sabina Alkire, 30 October 2014

Tabita, Kenya

Rabiya, India

Stephanie, Madagascar

Agathe, Madagascar

Dalmo, Kenya

Ann-Saphia, Kenya

Valérie, Madagascar





Multidimensional Progress

MEASURE TO MANAGE

From Measure to Tool

Example: Global MPI

- The MPI is an internationally comparable index of acute poverty for 100+ developing countries.
- It was launched in 2010 in UNDP's *Human Development Report*, and updated in 2011, 2013 and 2014.
- The MPI methodology is being adapted for national poverty measures – using better indicators for each policy context.
- A revised MPI 2015+ could be used to monitor extreme poverty in the SDGs

Data: Surveys (MPI 2014)

Details in: Alkire, Conconi and Seth (2014)

Demographic & Health Surveys (DHS - 52)

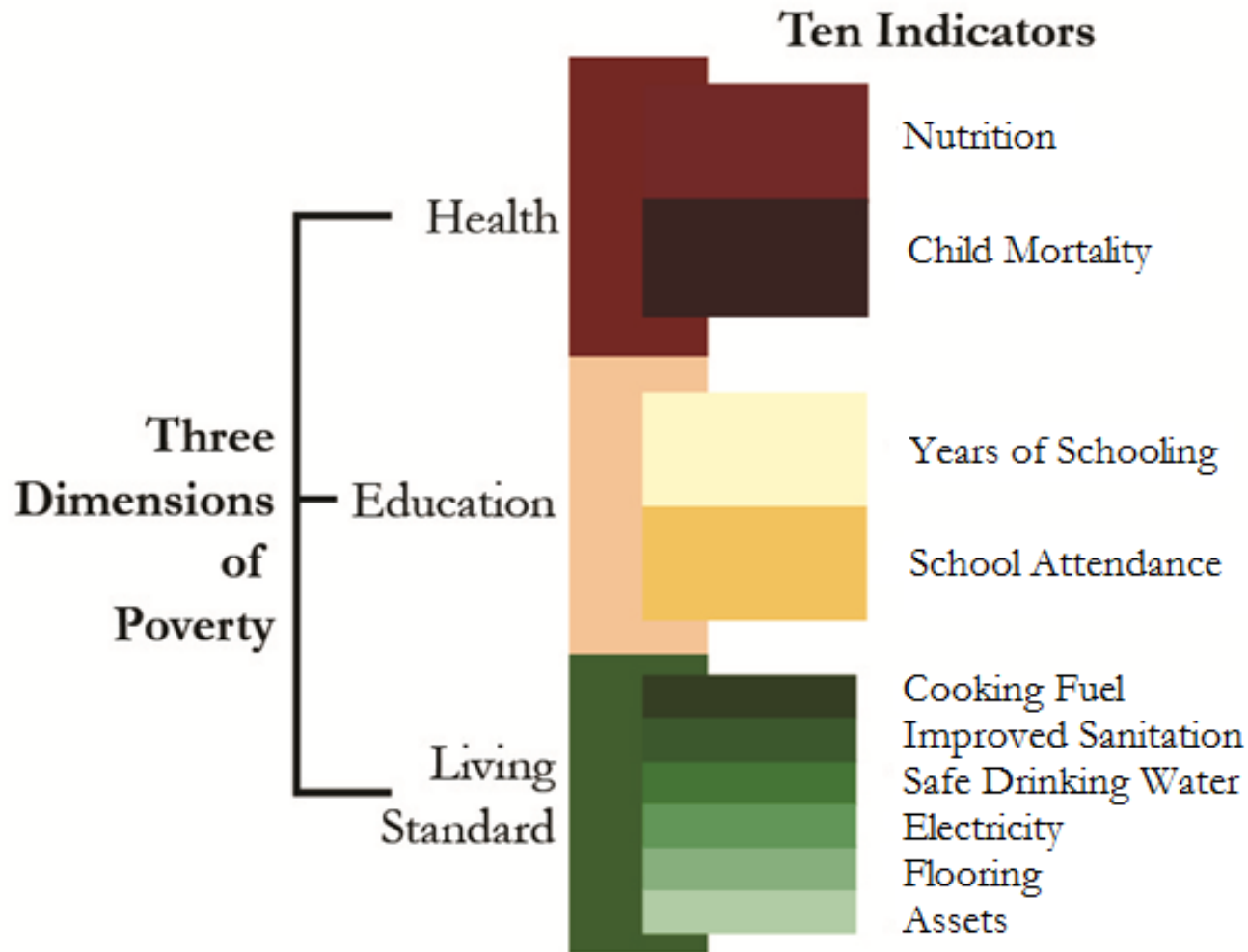
Multiple Indicator Cluster Surveys (MICS - 34)

World Health Survey (WHS – 16)

Additionally we used 6 special surveys covering urban Argentina (ENNyS), Brazil (PNDS), Mexico (ENSANUT), Morocco (ENNVN/LSMS), Occupied Palestinian Territory (PAPFAM), and South Africa (NIDS).

Constraints: Data are 2002-2013. Not all have precisely the same indicators.

Dimensions, Weights, Indicators

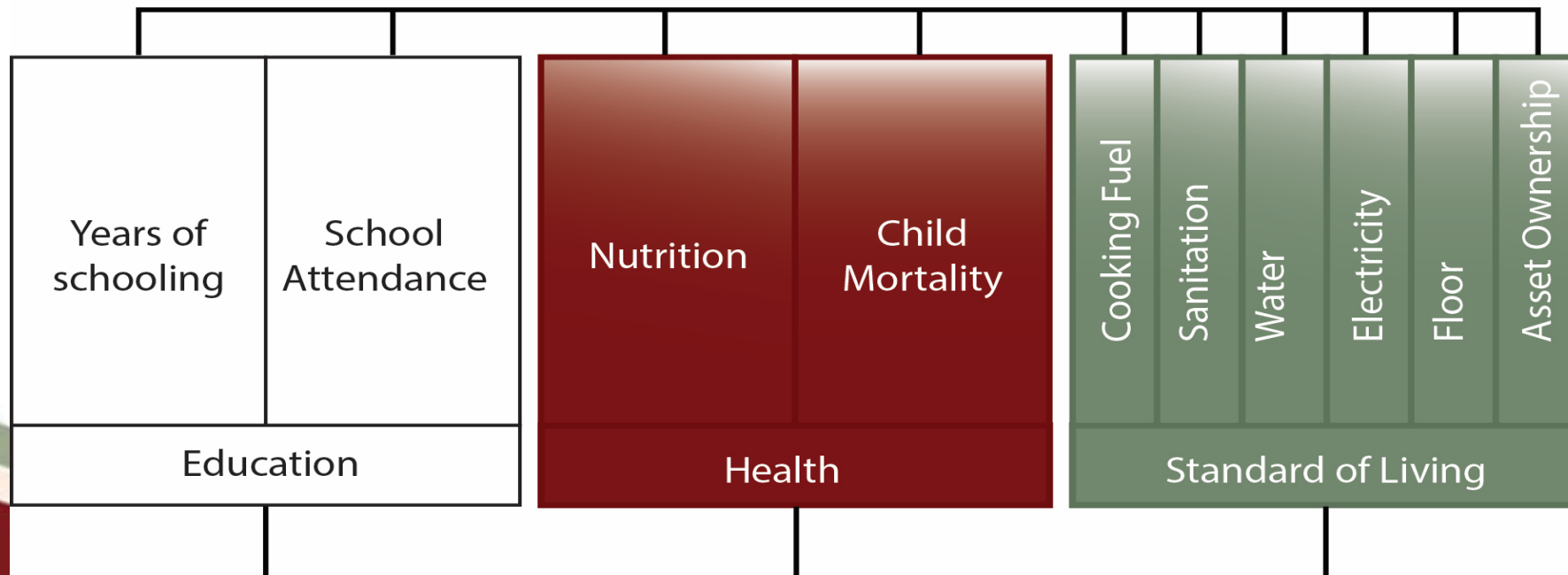




1. Build a deprivation score for each person

Nathalie faces multiple deprivations in health and living standards

10 Indicators

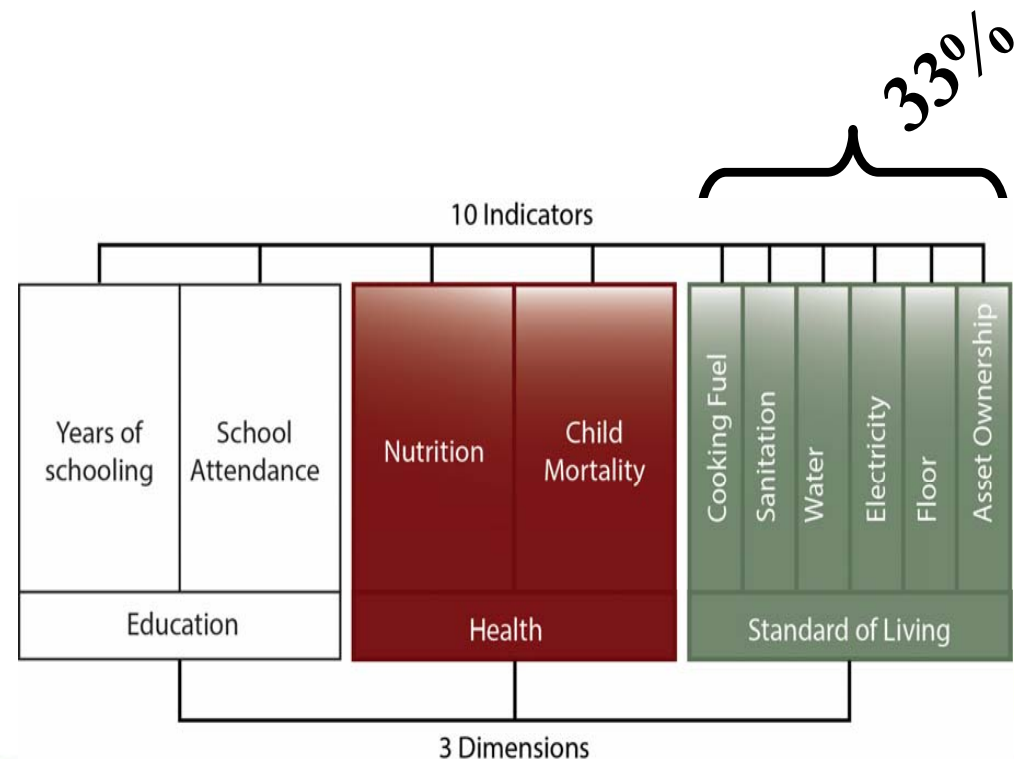


3 Dimensions

2. Identify who is poor

Global MPI: A person is multidimensionally poor if they are deprived in 33% or more of the dimensions.

Nathalie's deprivation score is 67%



3. Compute the MPI (Alkire-Foster)

The MPI is the product of two components:

$$MPI = H \times A$$

- 1) *Incidence* ~ the percentage of people who are poor, *H*.
- 2) *Intensity* ~ the average percentage of dimensions in which poor people are deprived *A*.

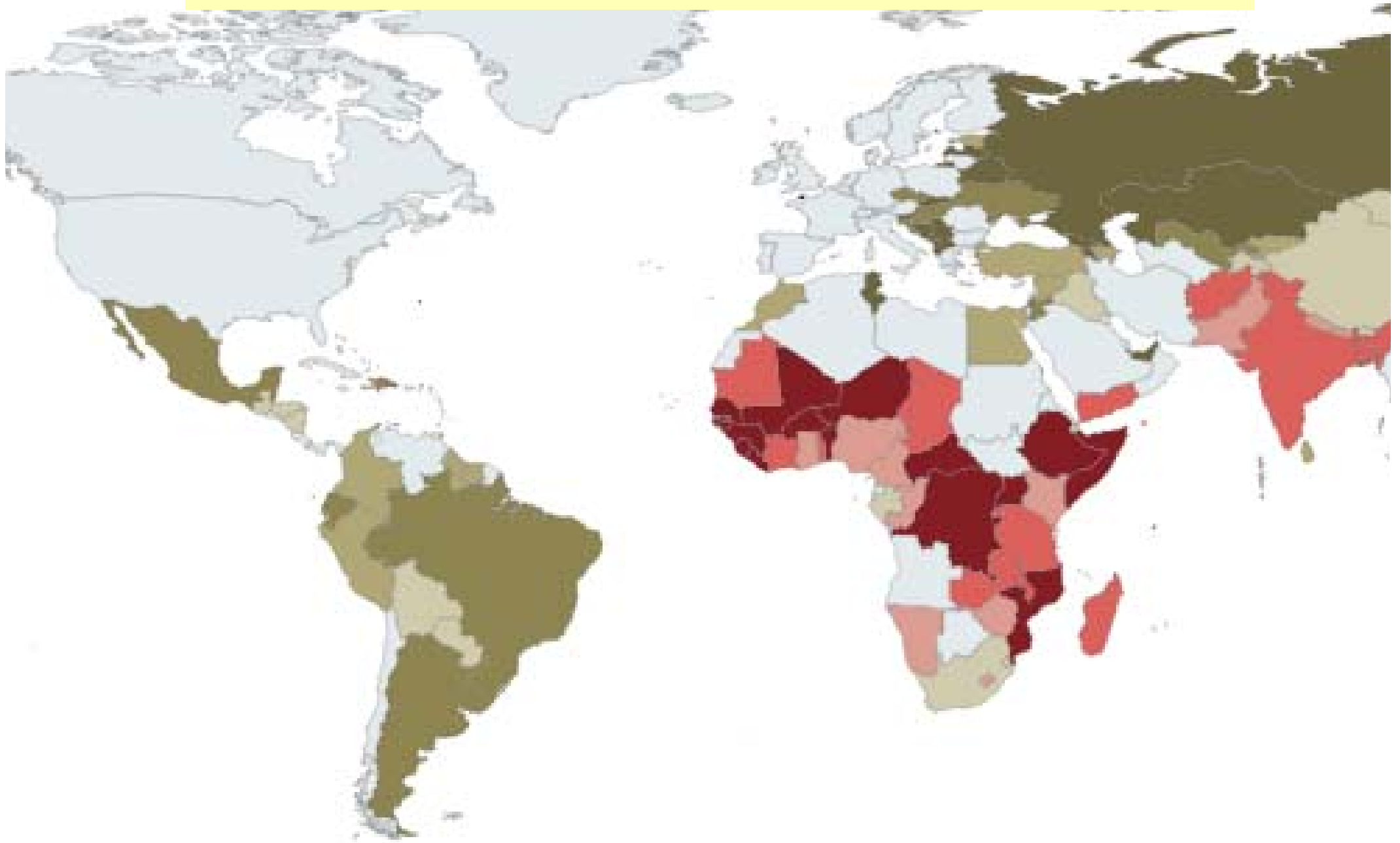
Alkire and Foster *Journal of Public Economics* 2011

Método de
conteo
(NBI)

Método
axiomático
(FGT)

AF
Metodología

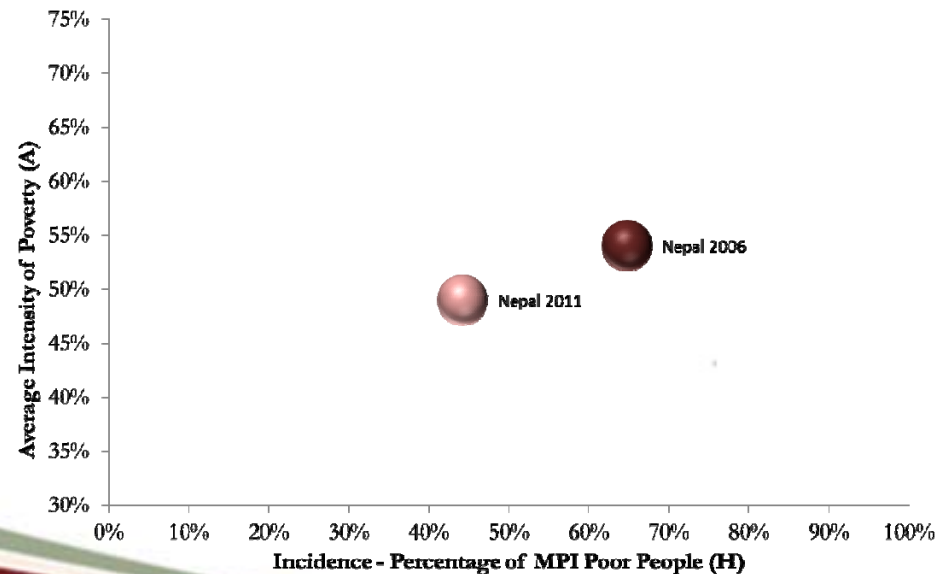
Headline results



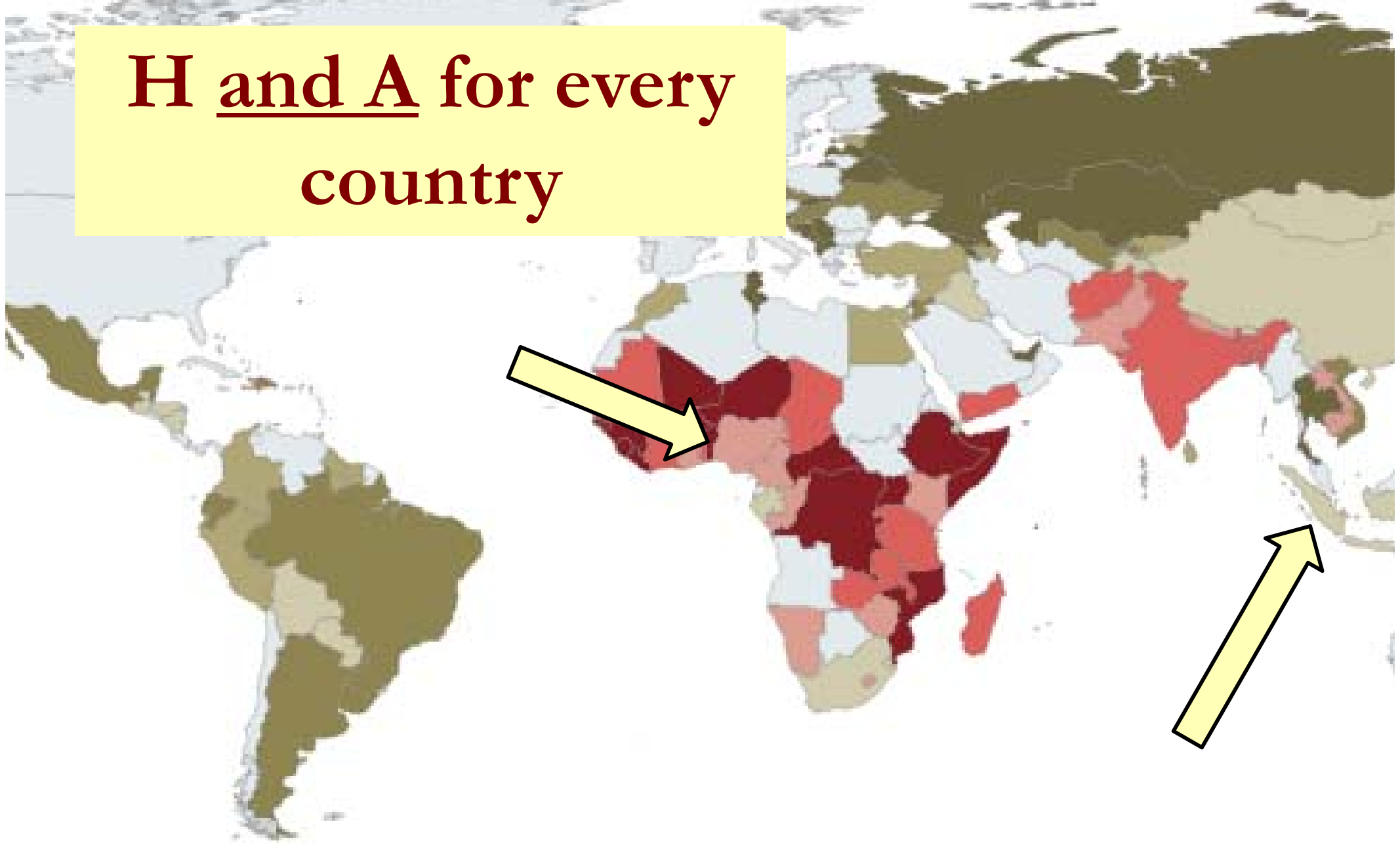
Headlines Help

“While assessing quality-of-life requires a plurality of indicators, there are strong demands to develop a **single summary measure.**”

Stiglitz Sen Fitoussi Commission Report

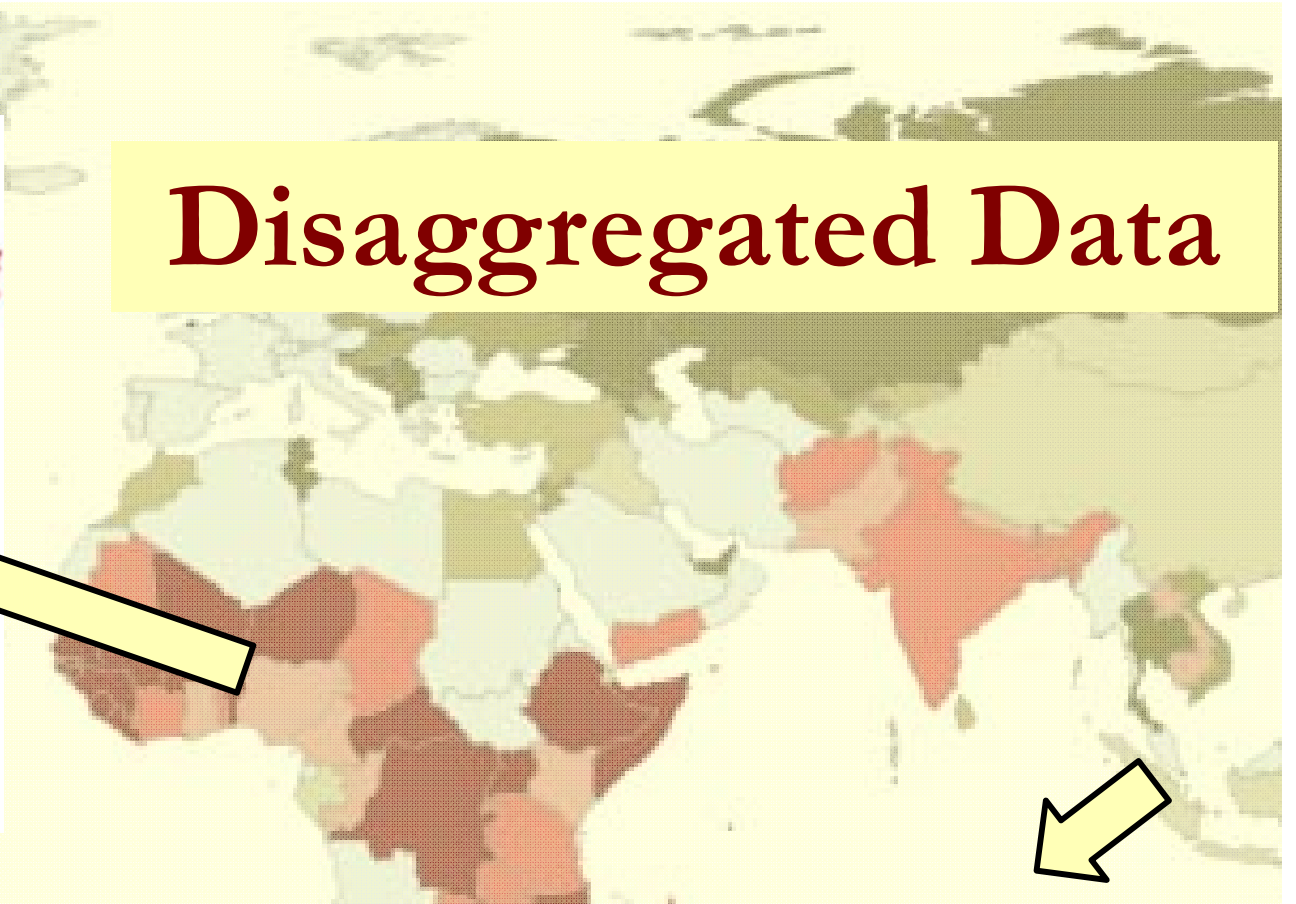
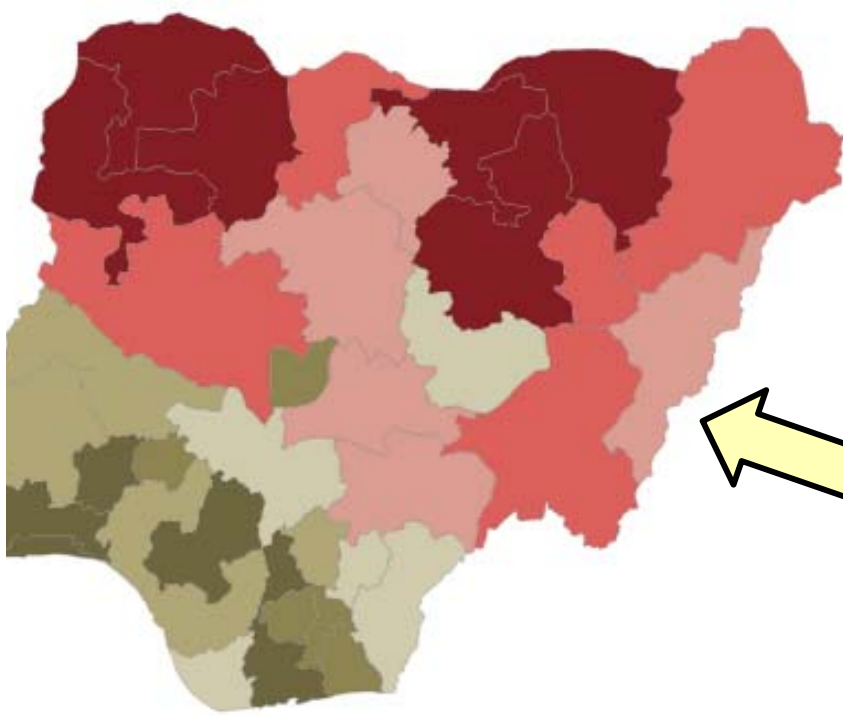


H and A for every country



11.03 11.04 - 29.41 29.42 - 49.57 49.58 - 69.43 69.44 - 89.3 Missing Value

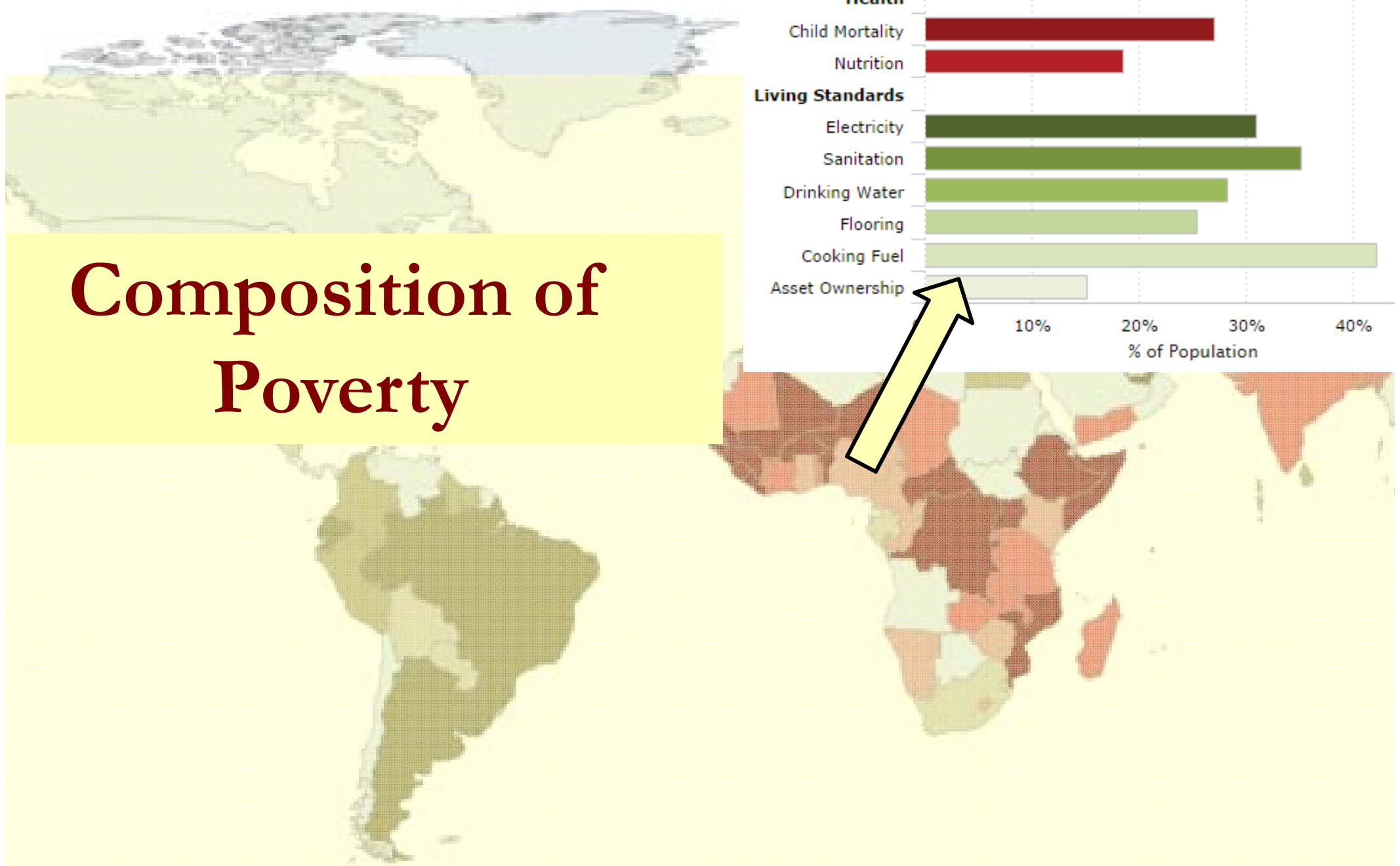
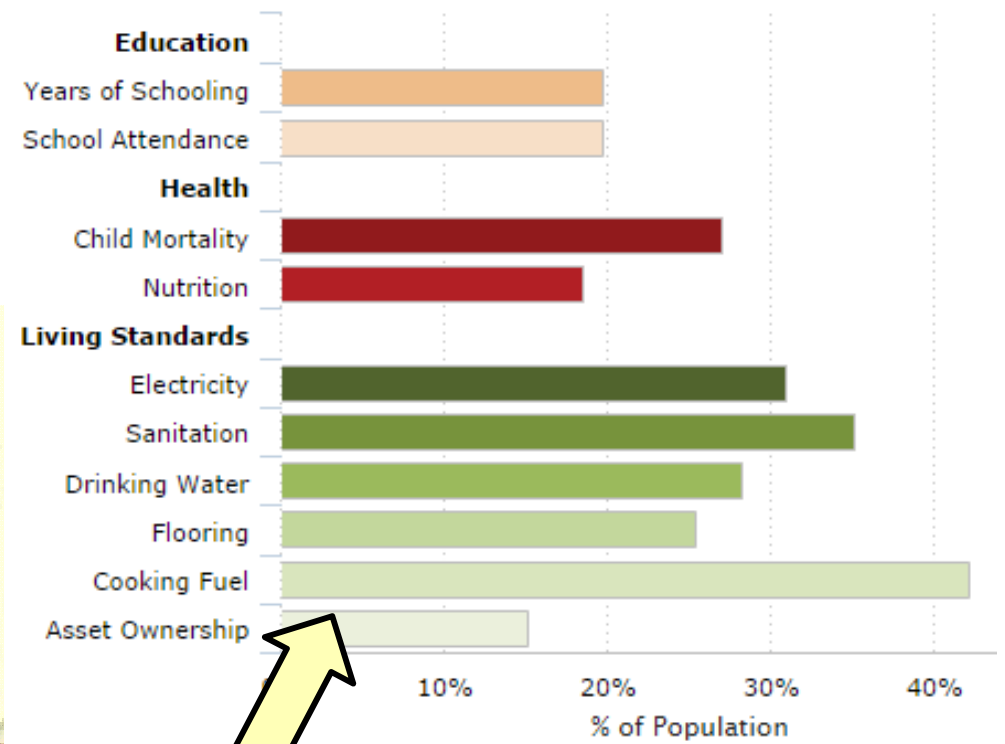
Disaggregated Data



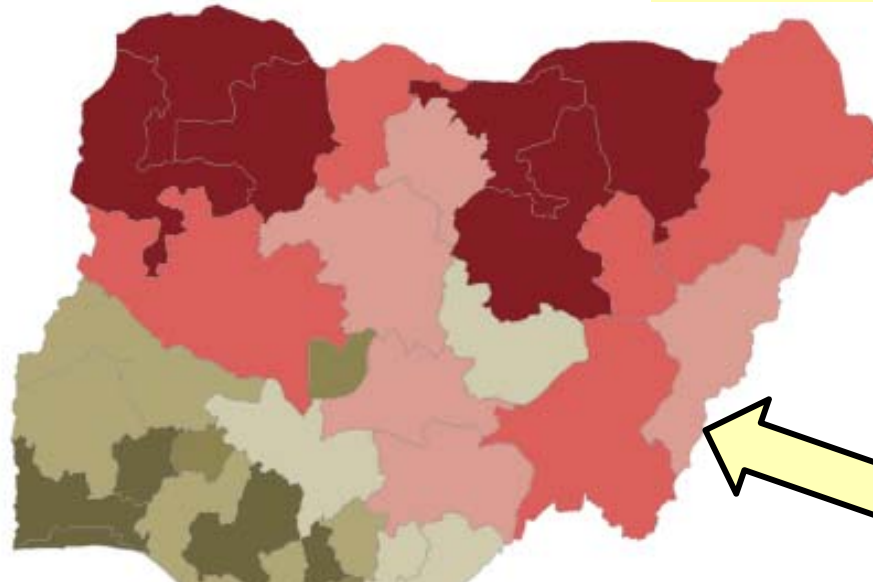
11.03 11.04 - 29.41 29.42 - 49

12.82 - 13.4 13.41 - 14.97 14.98 - 17.73 17.74 - 22.44 22.45 - 27.11 27.12 - 44.6 Missing

Composition of Poverty

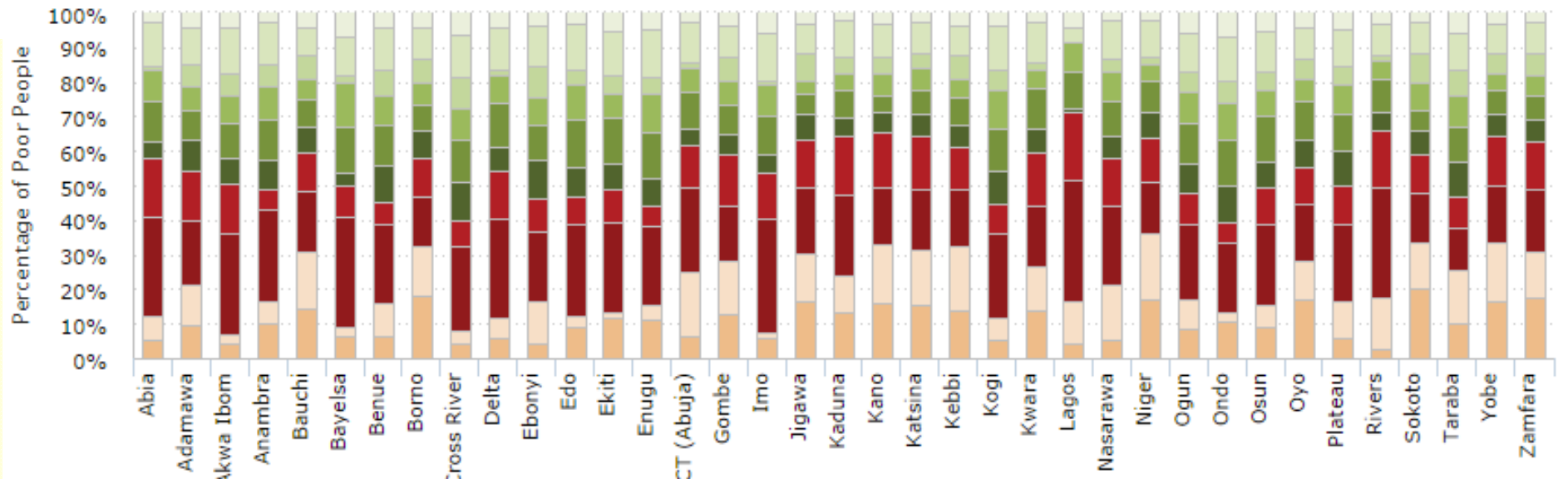


Composition by region



Percentage Contribution of Each Indicator to the MPI at the Sub-national Level

OPHI MPI 2014



Breakdown by Indicator & Region

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...

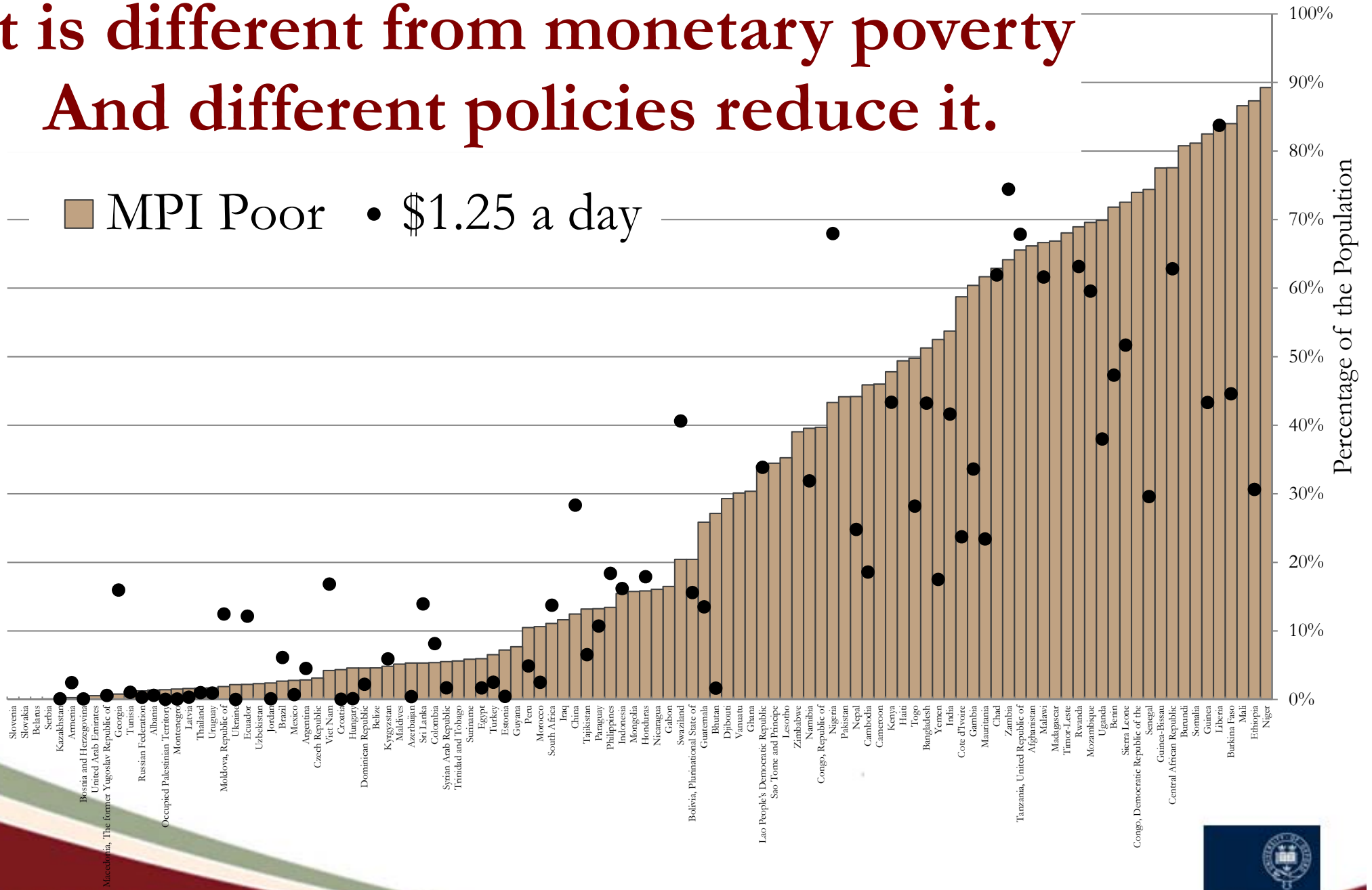
You can zoom in

and see more



Why Multidimensional Poverty?

It is different from monetary poverty
And different policies reduce it.



Income may not match other deprivations

Table 3.6 Income and Multidimensional Poverty: Who is poor in both?

Income	Multidimensionally		
	Poor	Non-poor	Total
Poor	3.2	8.9	12.0
Non-poor	9.5	78.5	88.0
Total	12.7	87.3	100.0

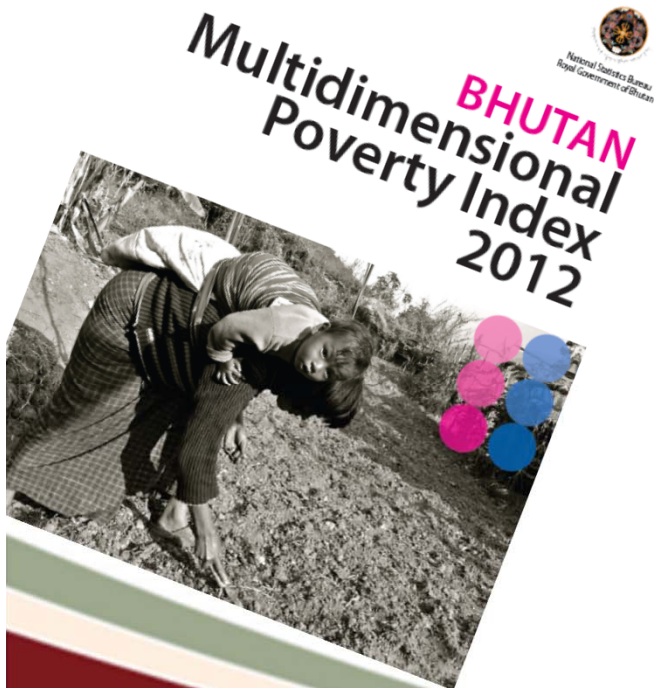
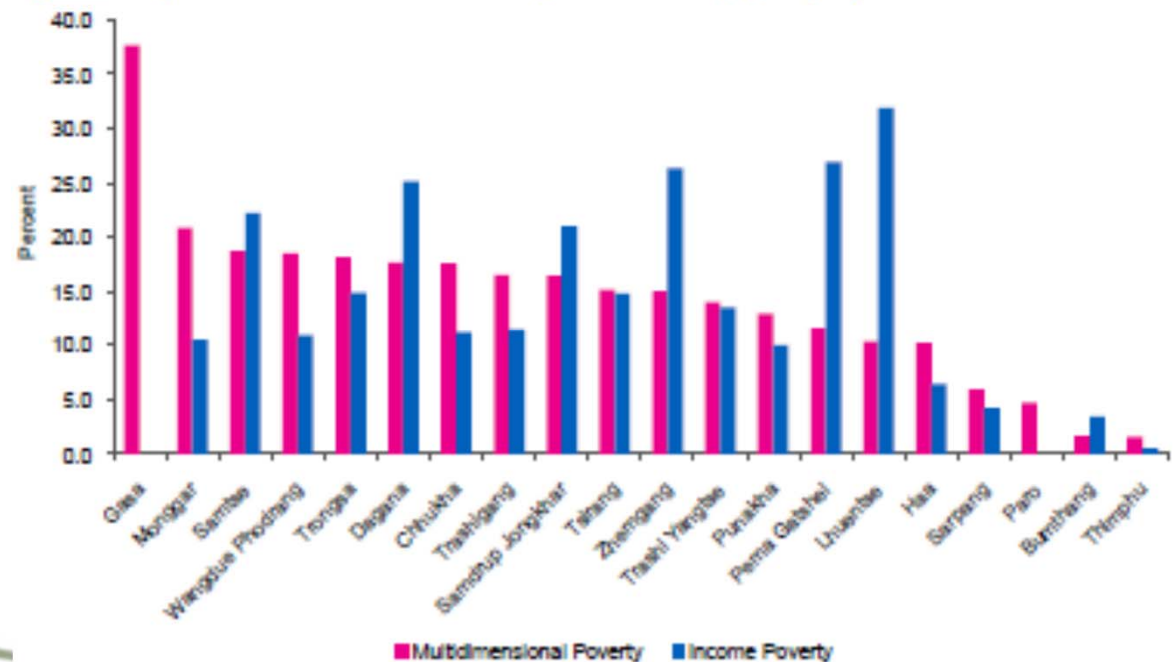
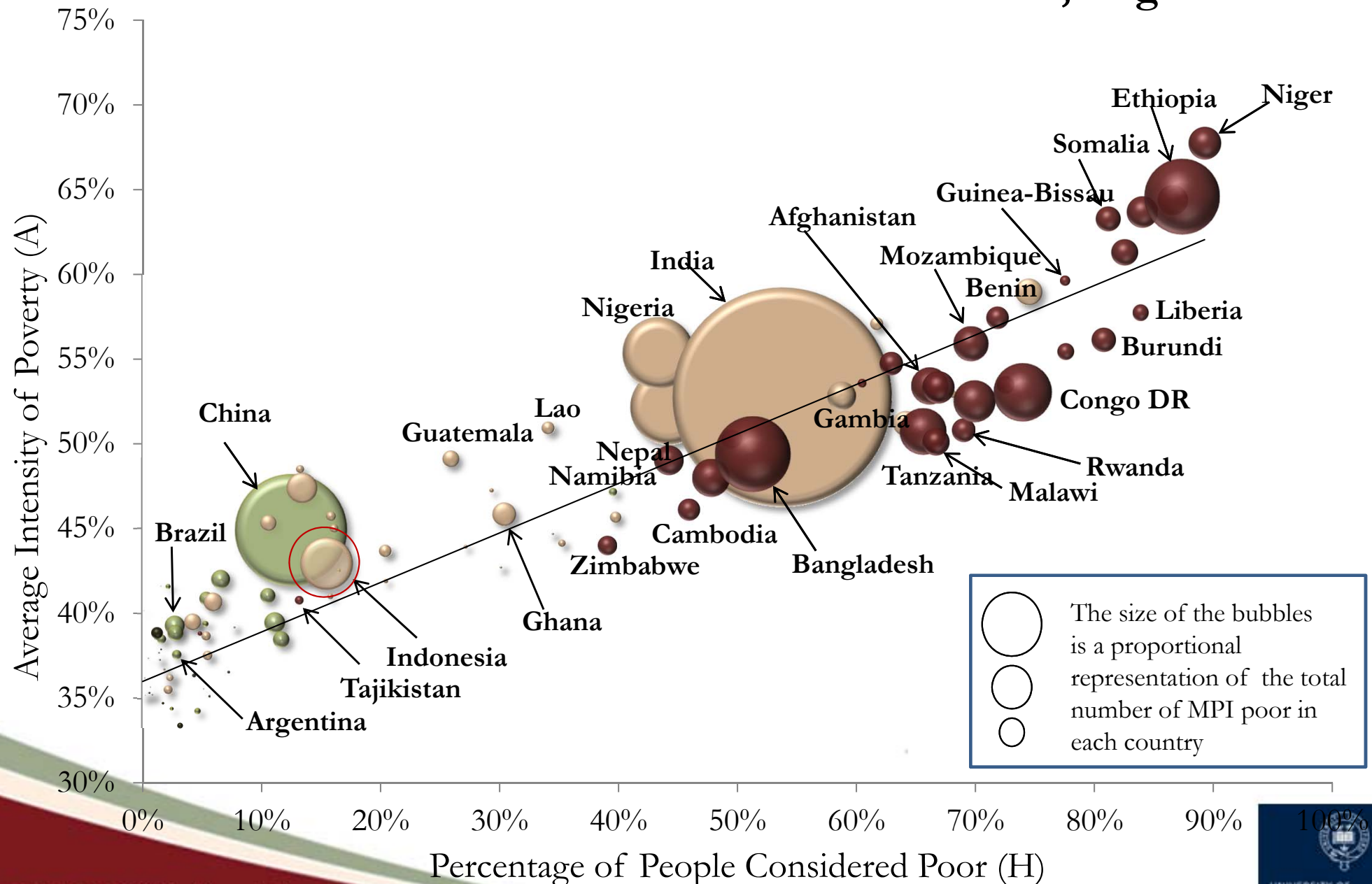


Figure 3.8 Comparison between Multidimensional Poverty and Income Poverty by Dzongkhag



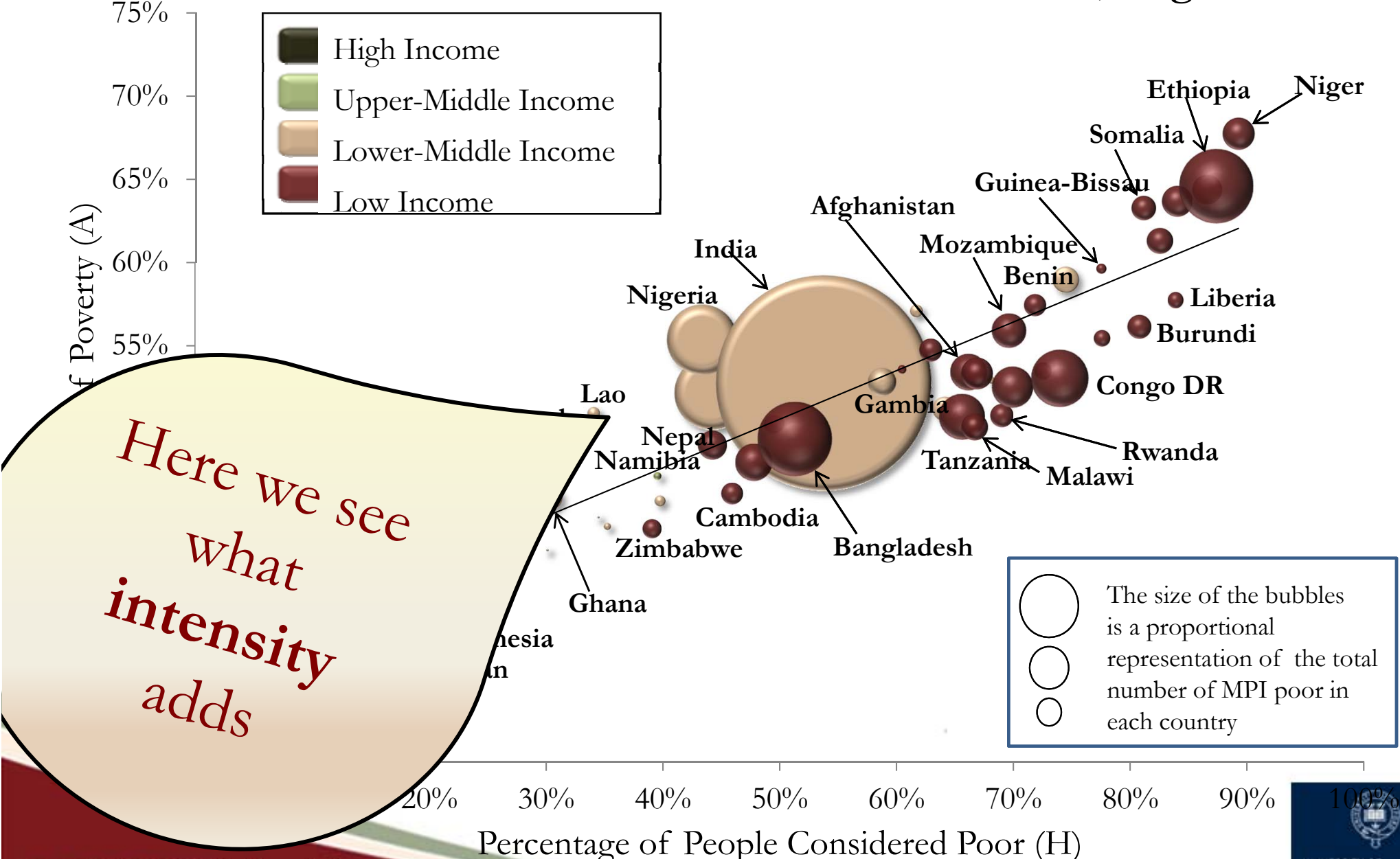
Incidence and Intensity by Country

Poorest Countries, Highest MPI

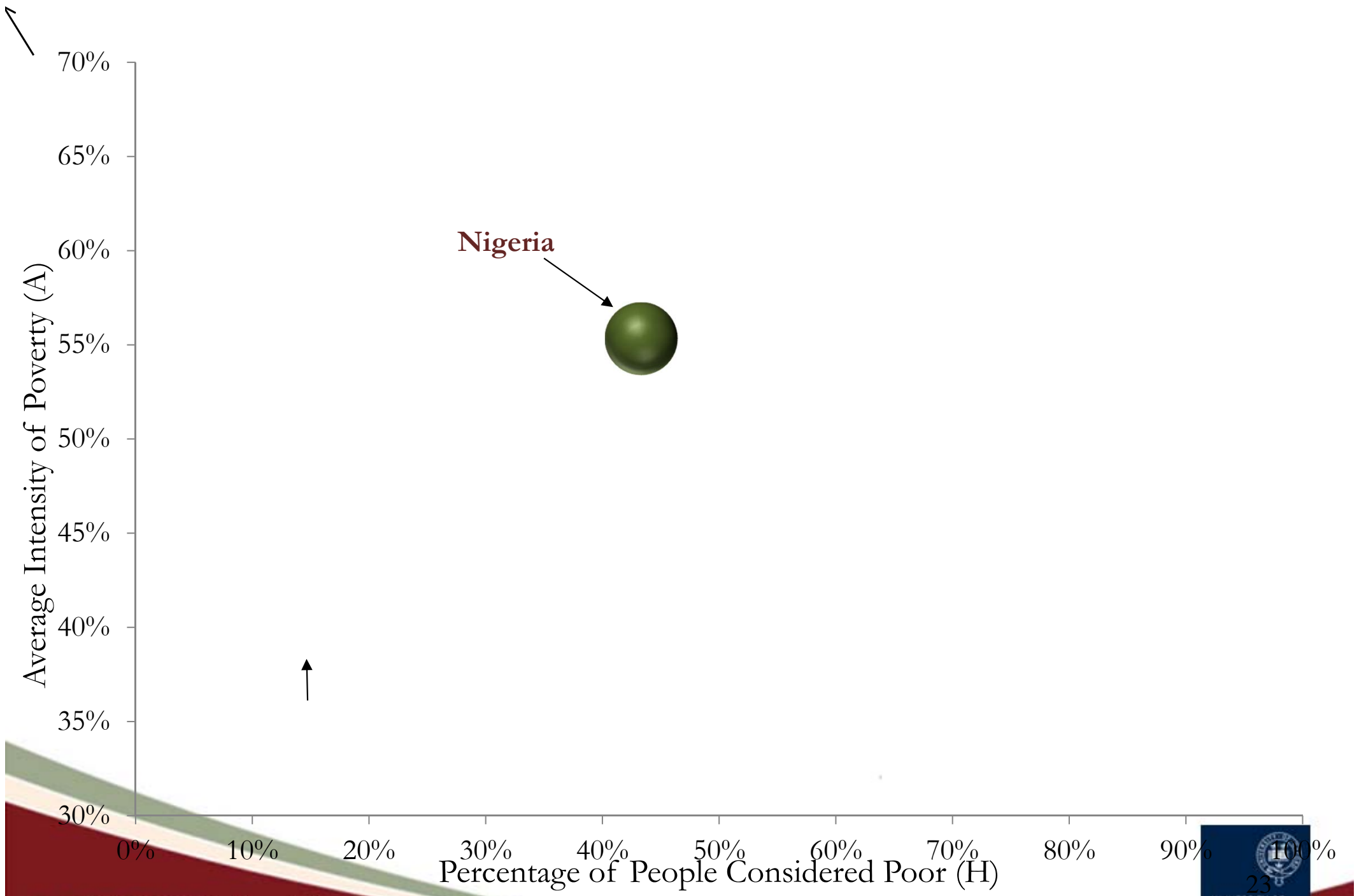


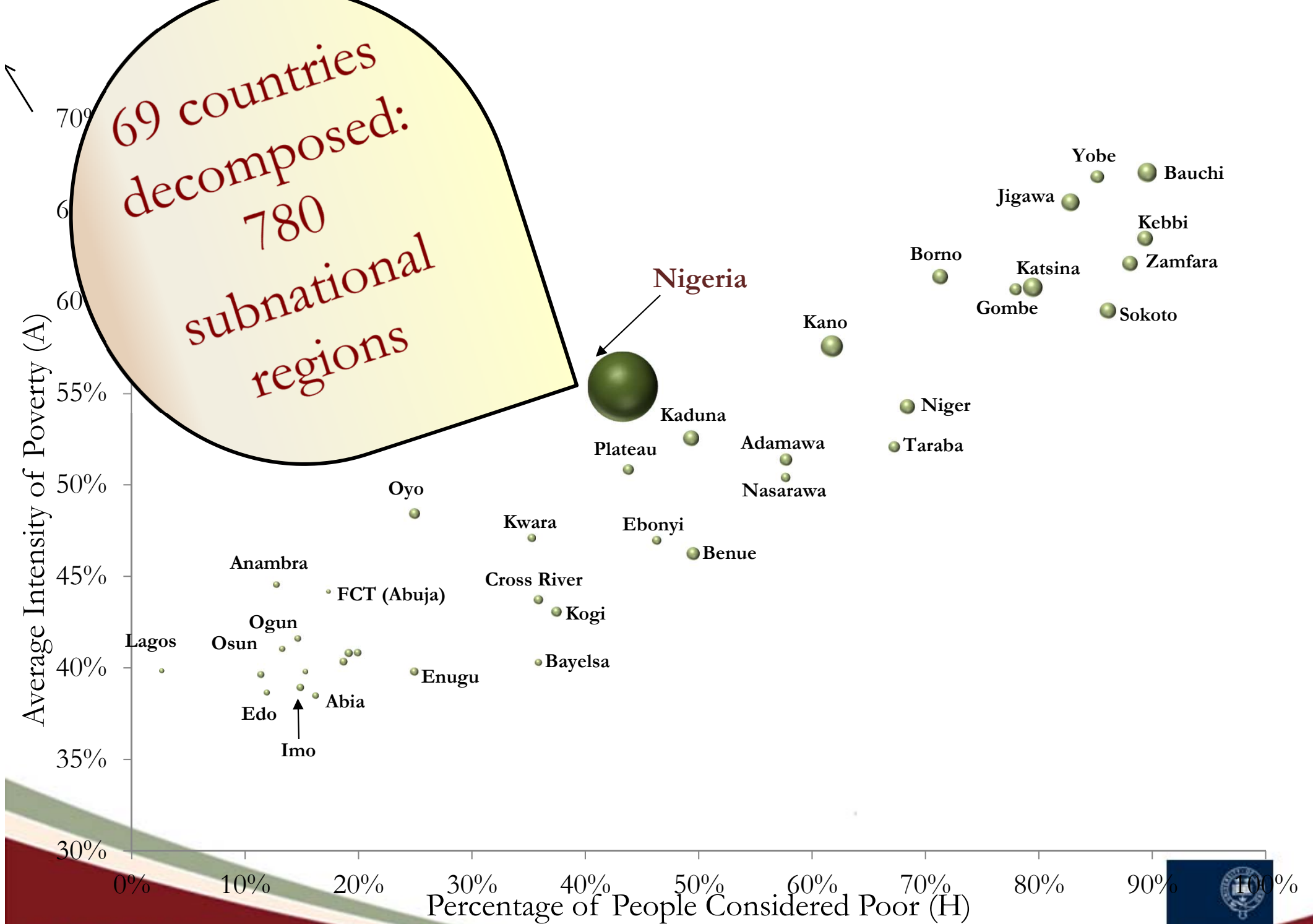
MPI varies subnationally too

Poorest Countries, Highest MPI

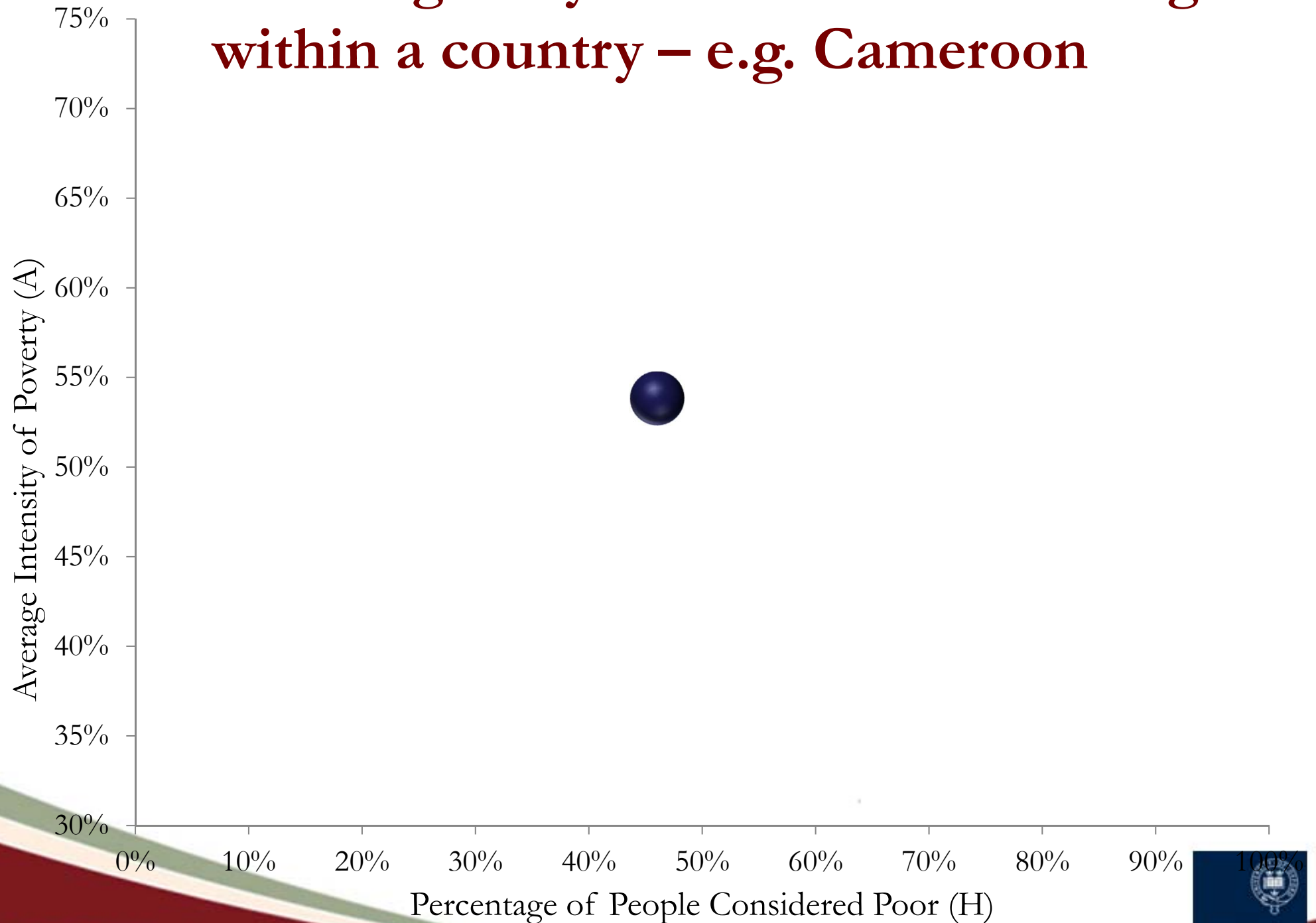


Here we see what intensity adds

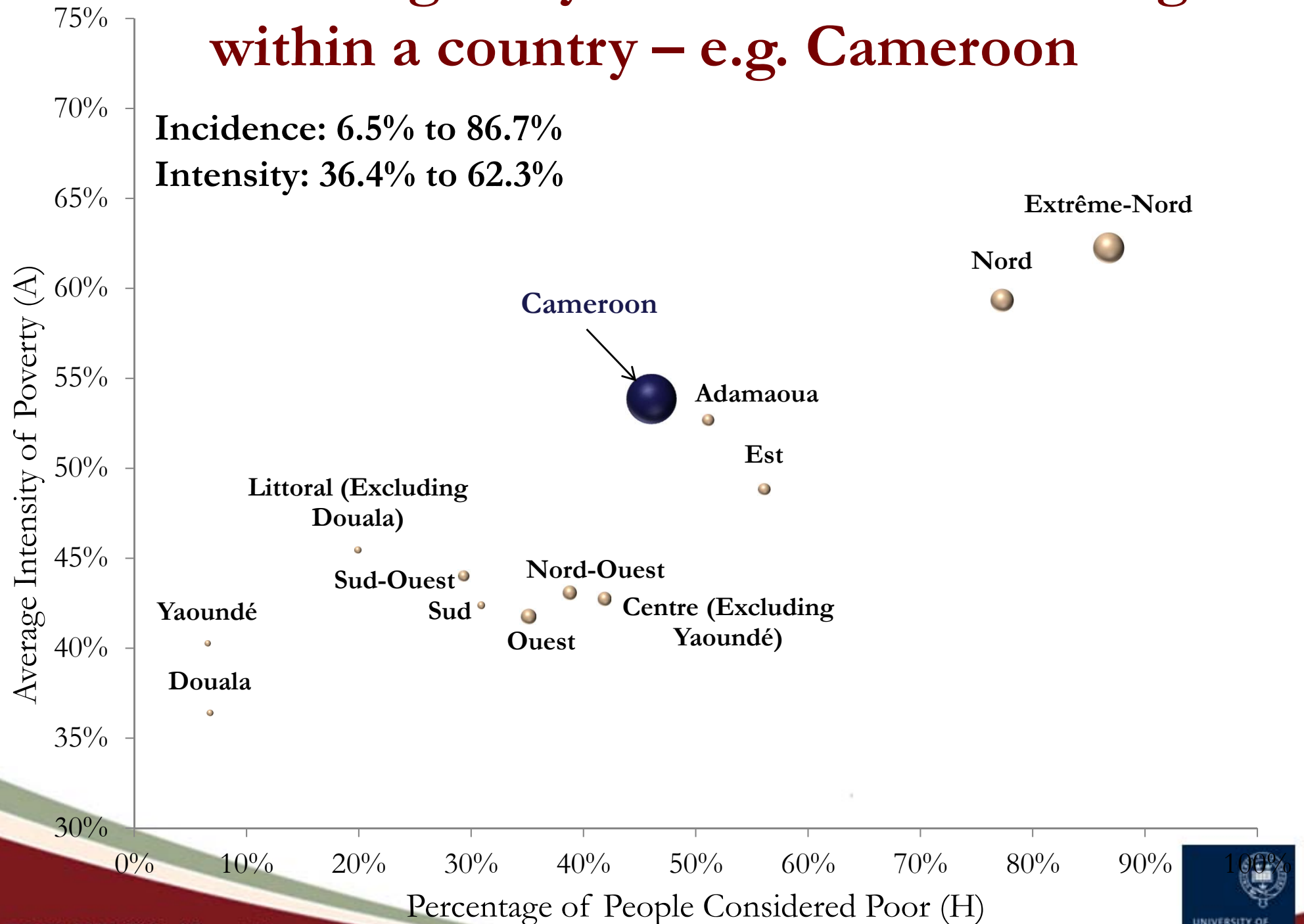




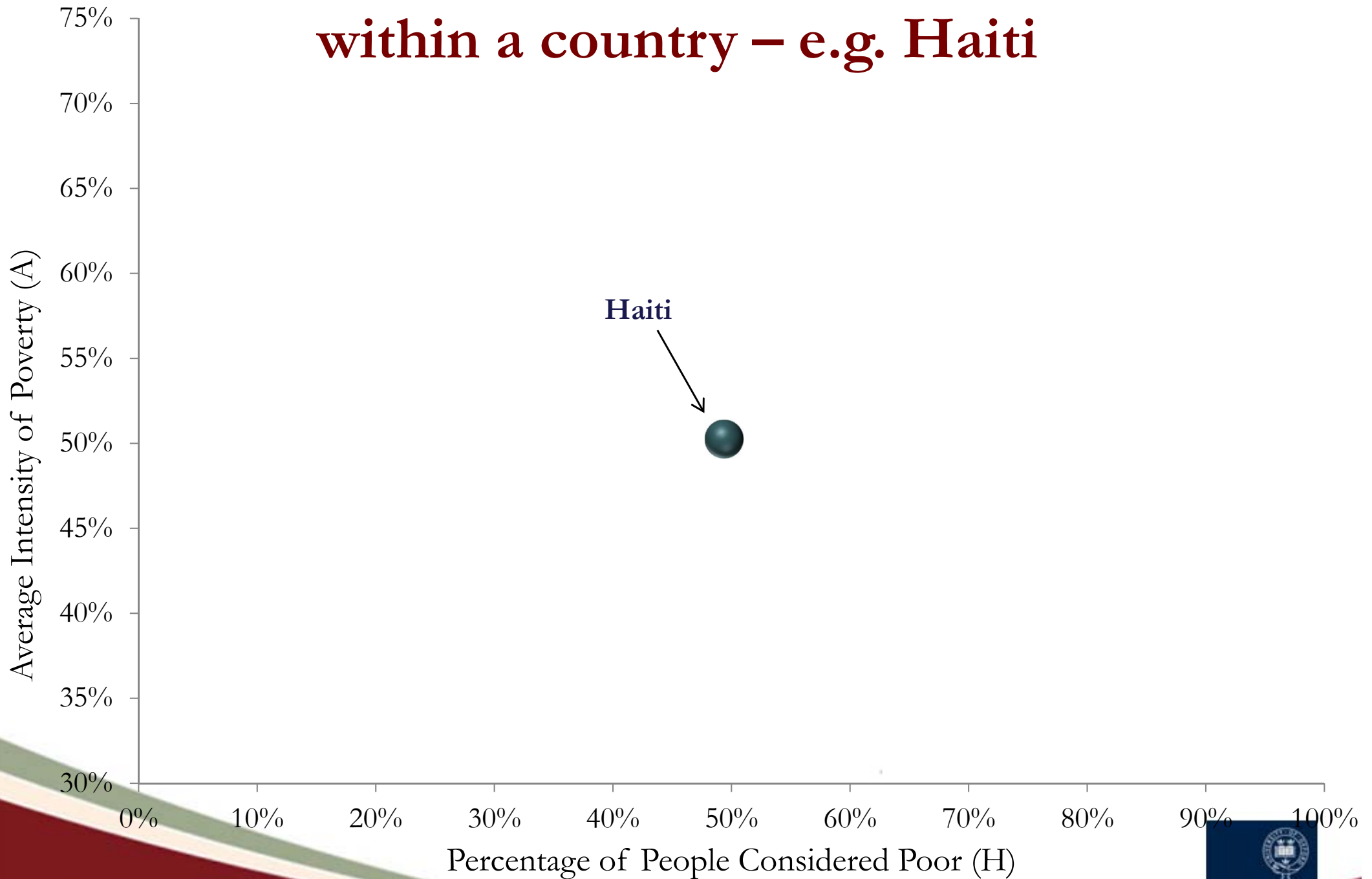
MPI also varies greatly across subnational regions within a country – e.g. Cameroon



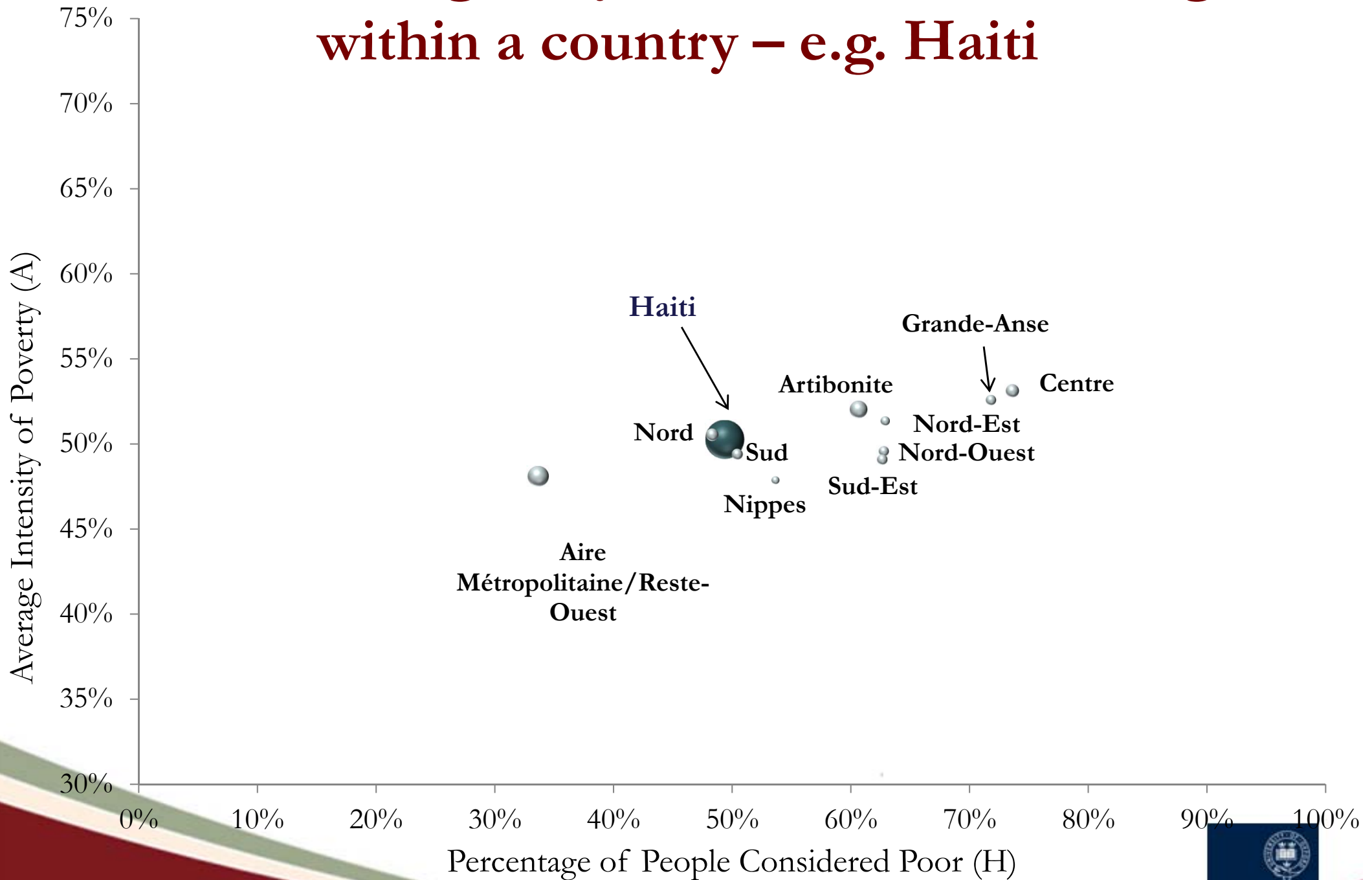
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MPI also varies greatly across subnational regions within a country – e.g. Haiti



MPI also varies greatly across subnational regions within a country – e.g. Haiti



Tabita, Kenya



Rabiya, India



Stephanie, Madagascar



Agatha, Madagascar



Dalma, Kenya



Ann-Sophia, Kenya



Valérie, Madagascar



CHANGES OVER TIME

And how has MPI gone down?

- Coverage:
 - 34 countries, from every region; both LICs and MICs
 - 338 sub-national regions
 - covering 2.5 billion people
- Rigorously comparable MPI values, with std errors/inference
- Annualized changes compared across countries

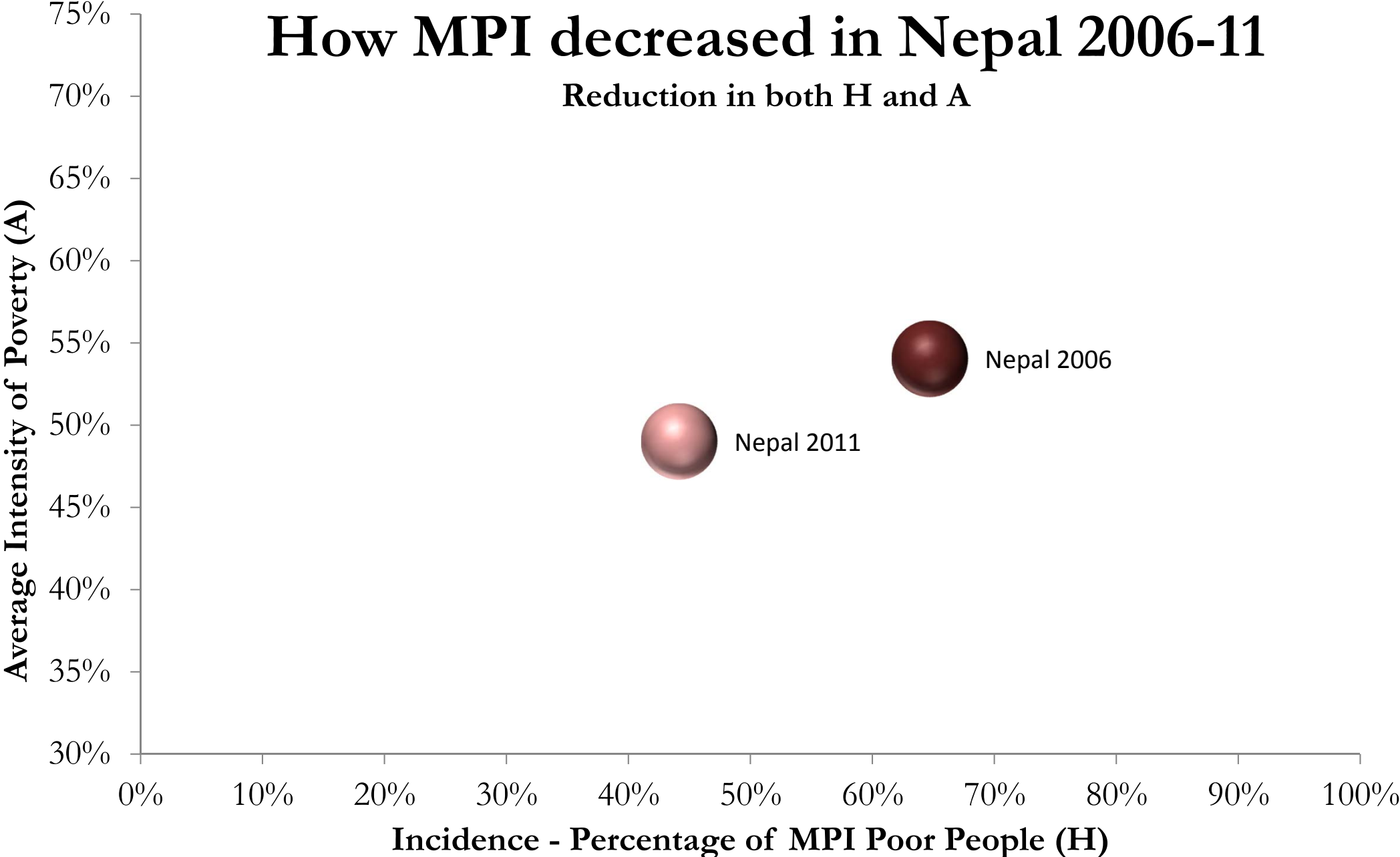
DR, Bolivia,
Peru and
Colombia had
strong MPI
reduction
relative to start

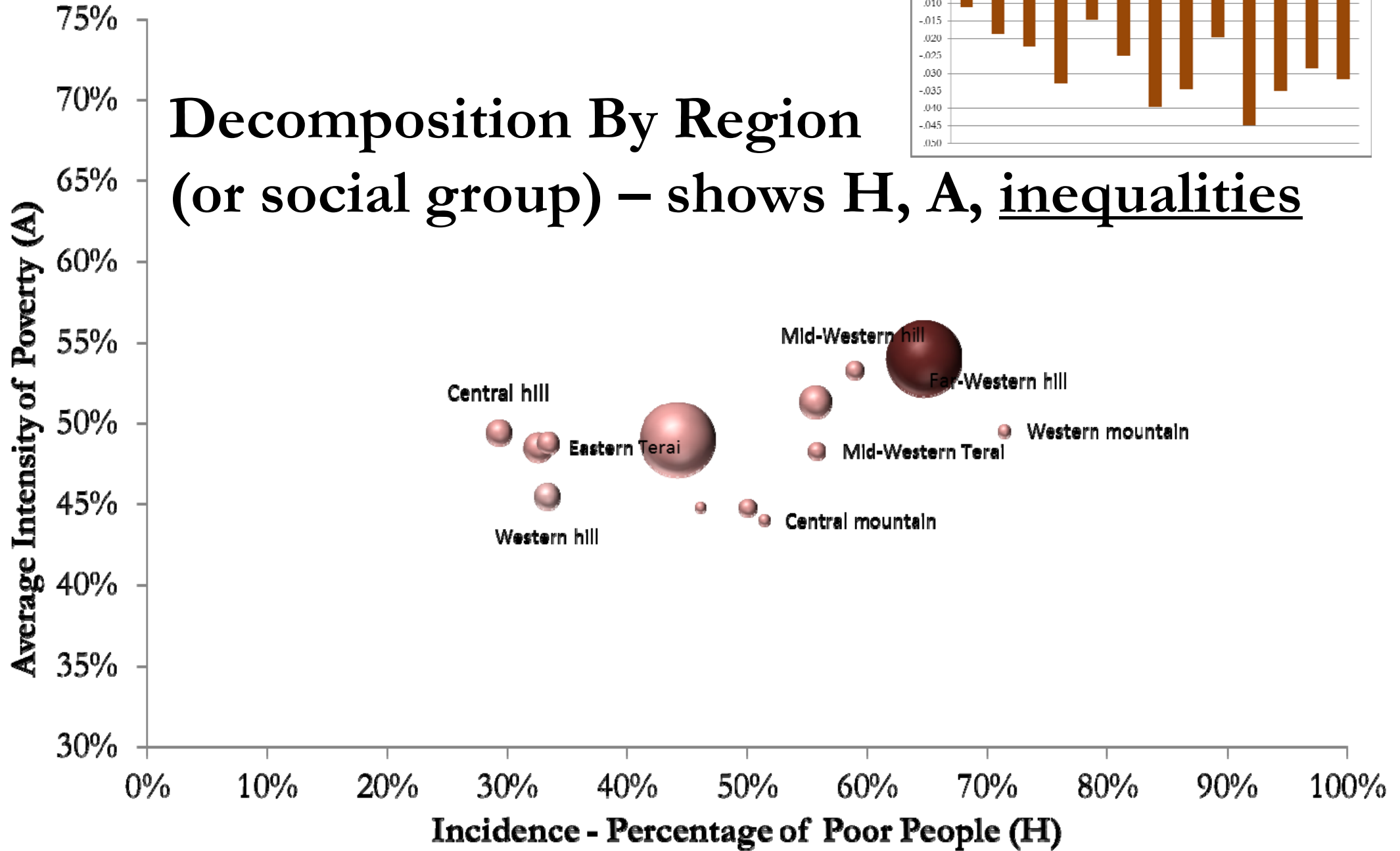


■ Annualized % Relative Change

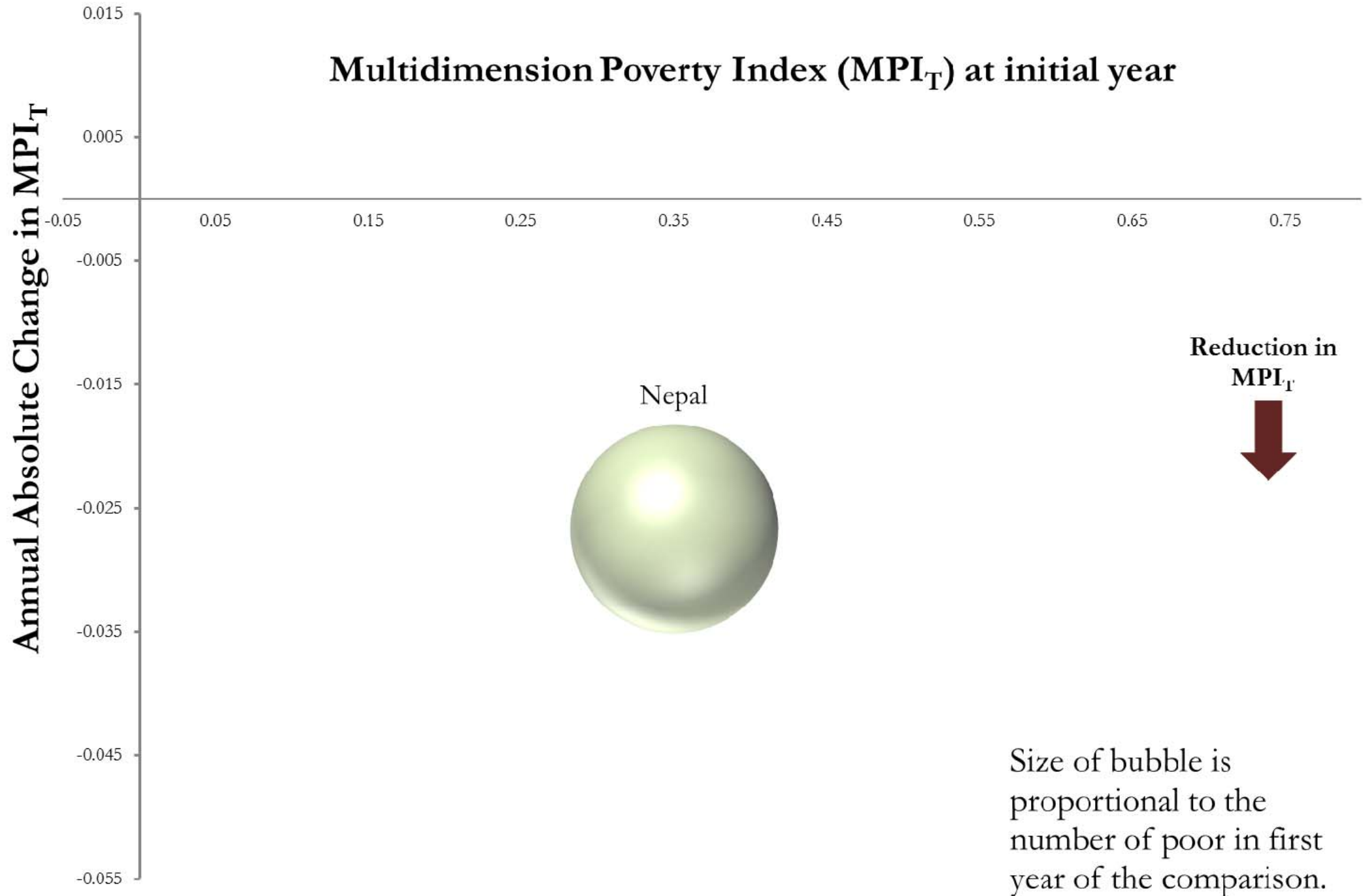
How MPI decreased in Nepal 2006-11

Reduction in both H and A

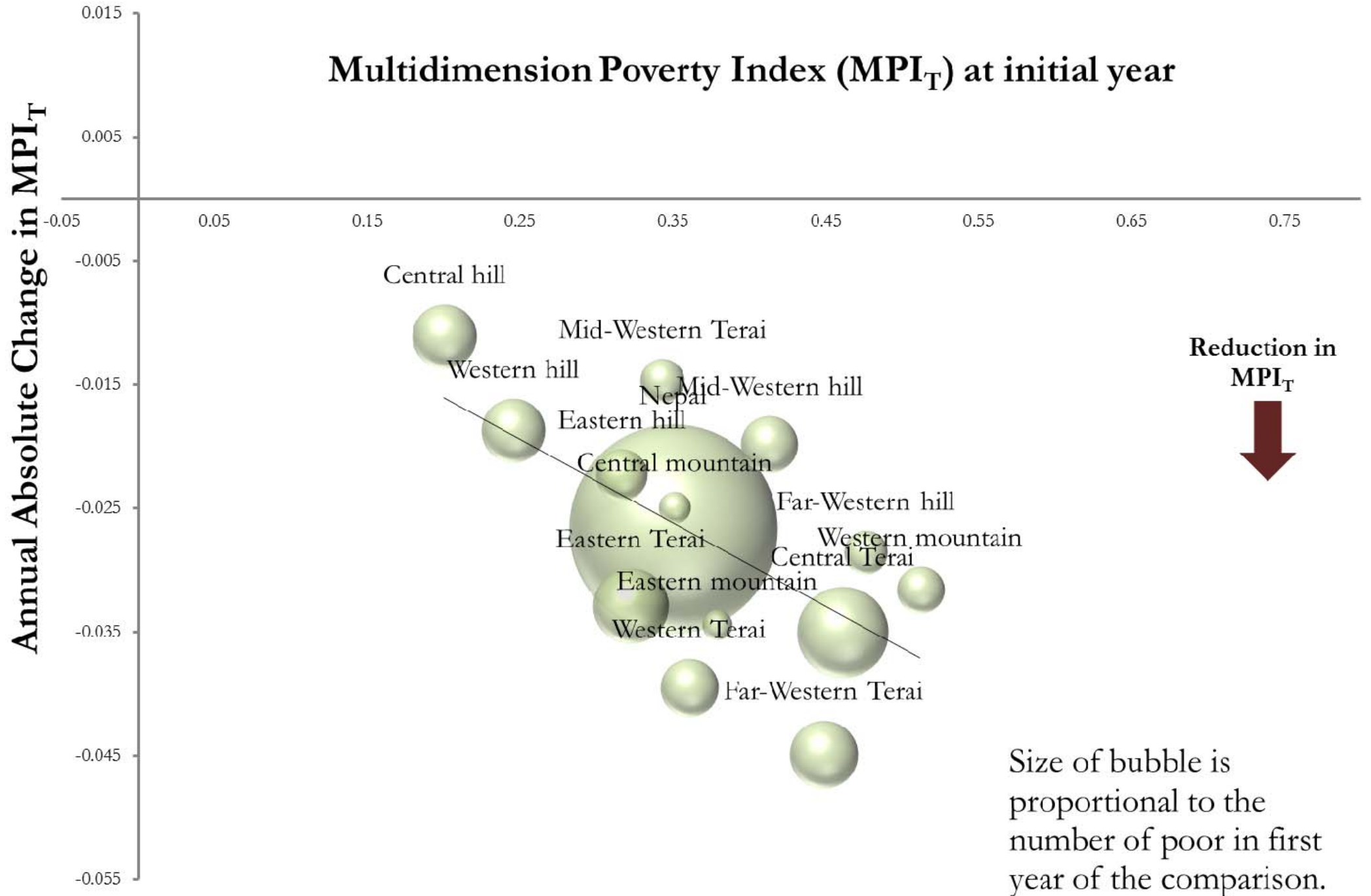




Subgroup Decompositions

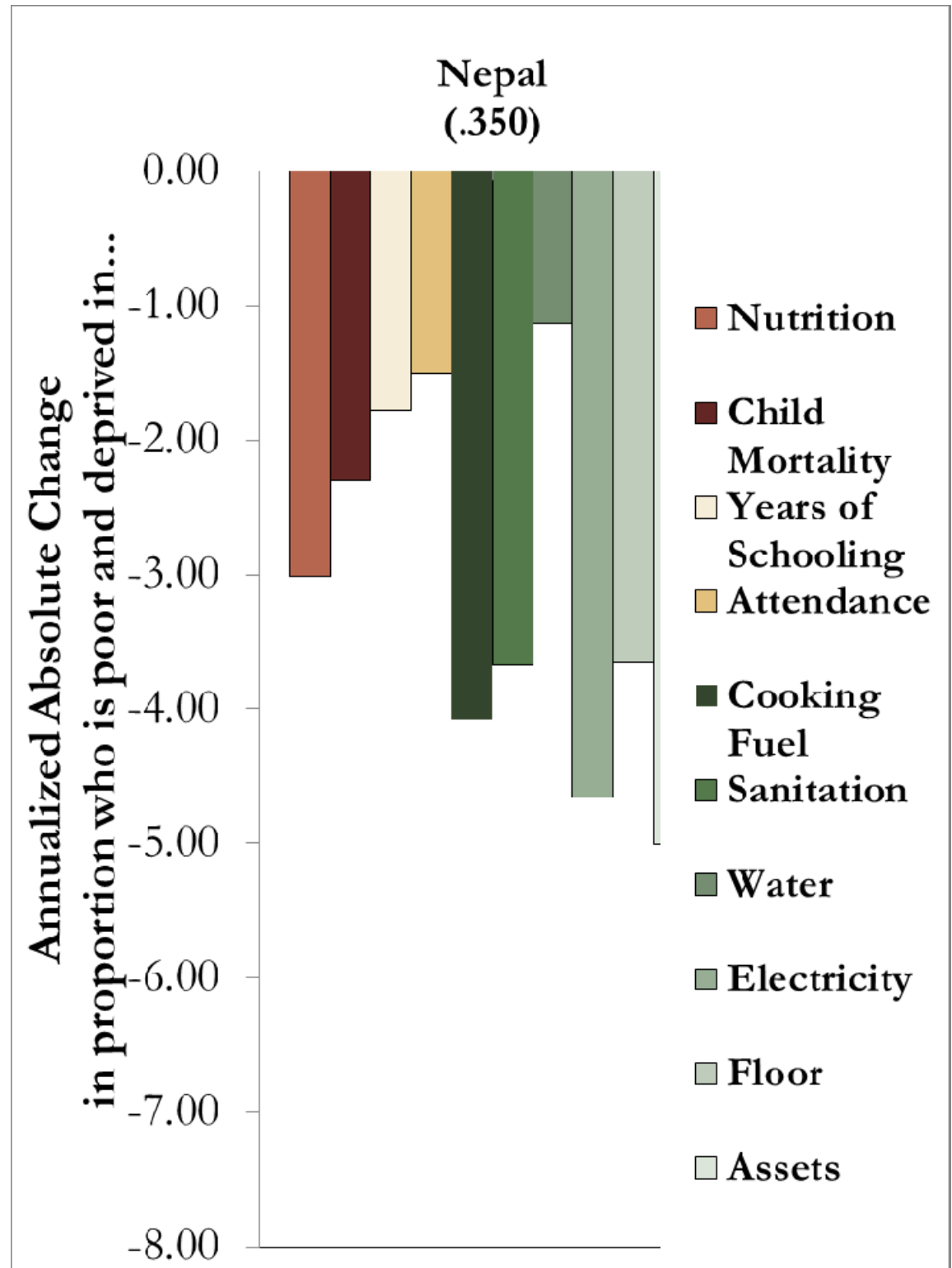


Subgroup Decompositions (regional)

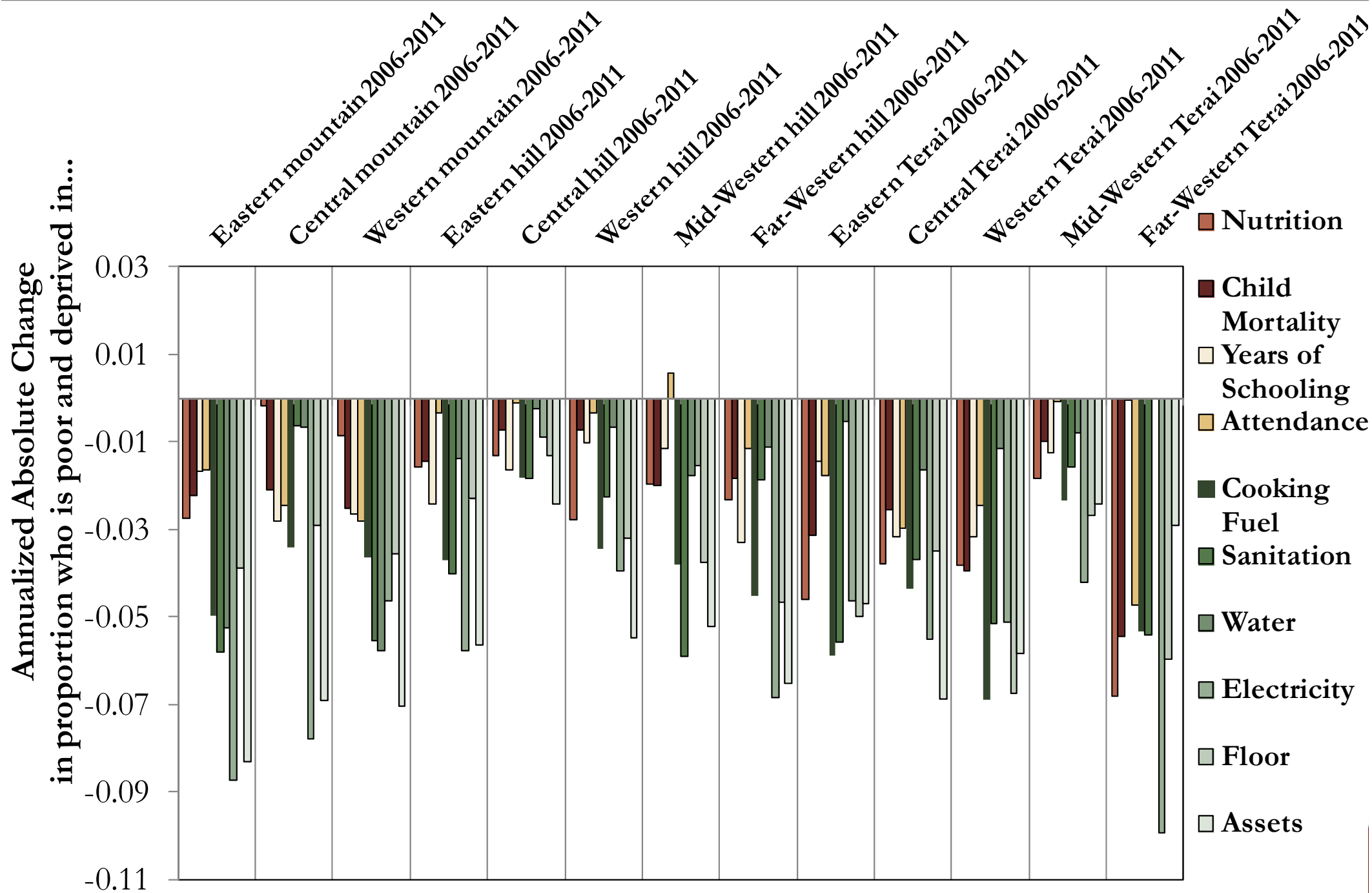


How did MPI go down?

Monitor each indicator



Indicator Changes by region (Nepal)

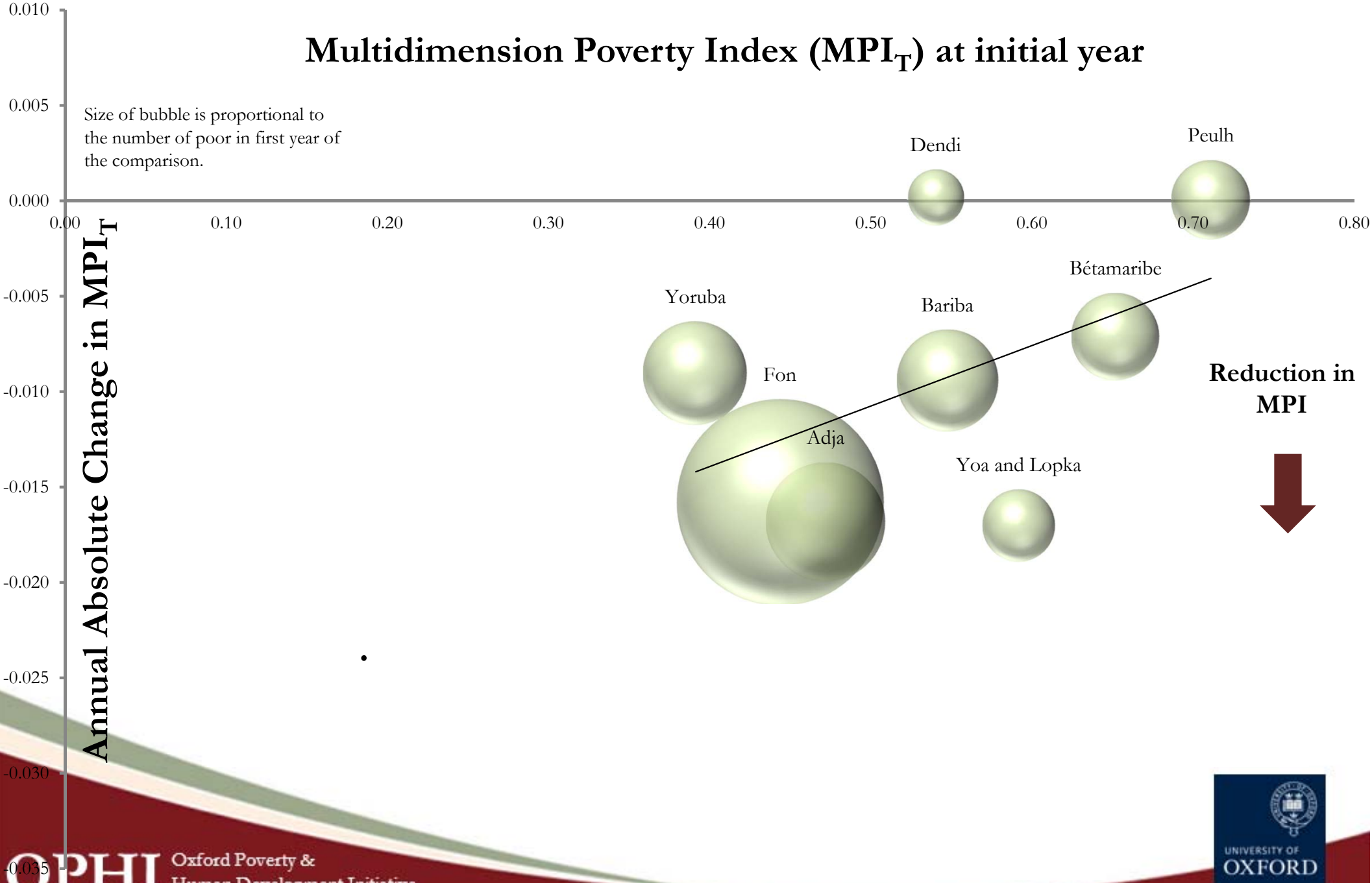


Disaggregating by subnational region

- Poverty significantly decreased in **208** of the 338 subnational regions, which house 78% of the poor.
- Ten countries reduced all MPI indicators significantly:
Bolivia, Cambodia, **Colombia**, the **Dominican Republic**, Gabon, India, Indonesia, Mozambique, Nepal, and Rwanda;
- Eight countries reduced poverty in all subnational regions:
Bangladesh (2007-11), **Bolivia**, Gabon, Ghana, Malawi, Mozambique, Niger and Rwanda.
- In nine countries the poorest region reduced poverty the most: Bangladesh (2007-2011), **Bolivia**, **Colombia**, Egypt, Kenya, Malawi, Mozambique, Namibia and Niger.

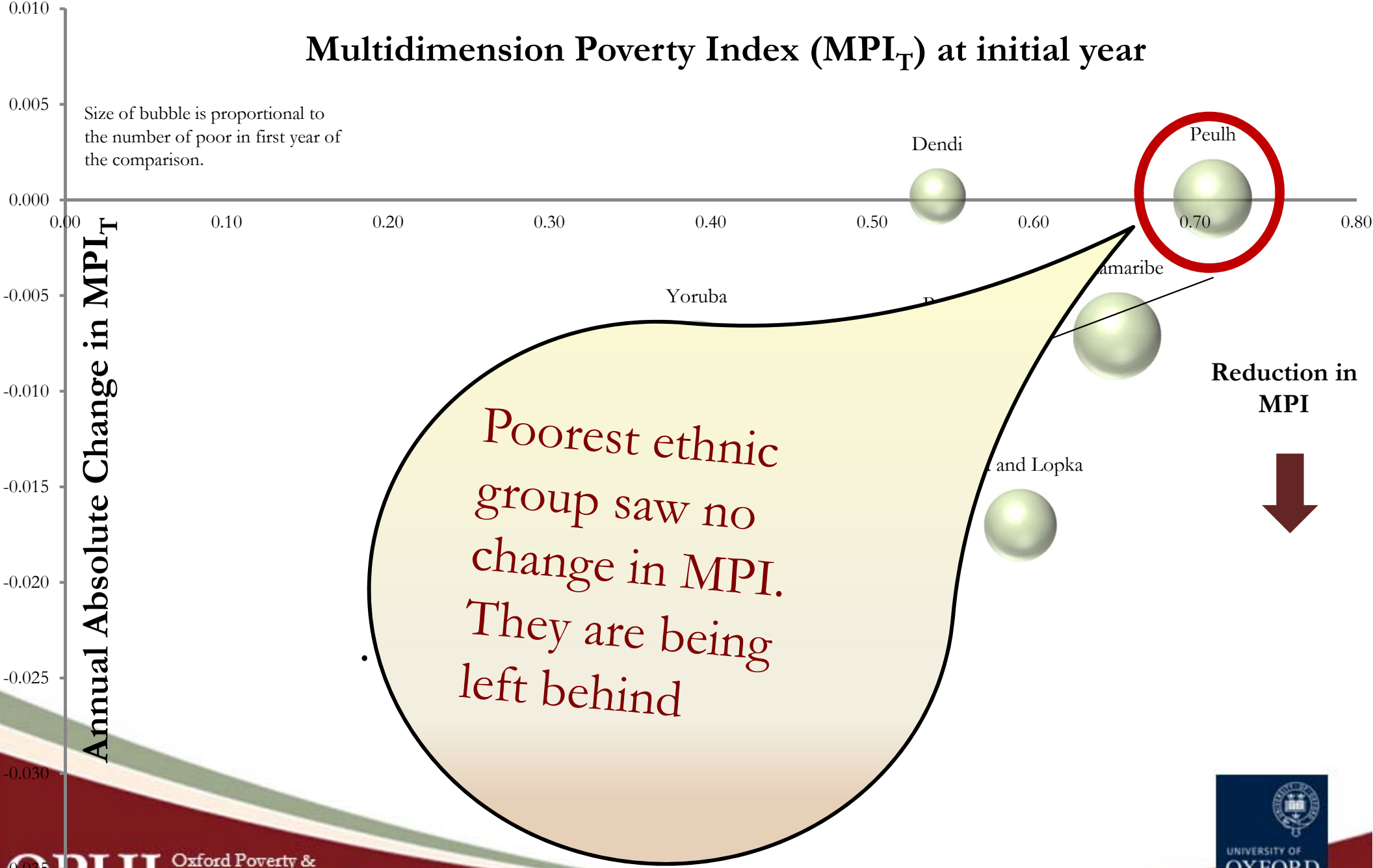
Disaggregating by ethnic group - Benin

Multidimension Poverty Index (MPI_T) at initial year



Disaggregating by ethnic group - Benin

Multidimension Poverty Index (MPI_T) at initial year

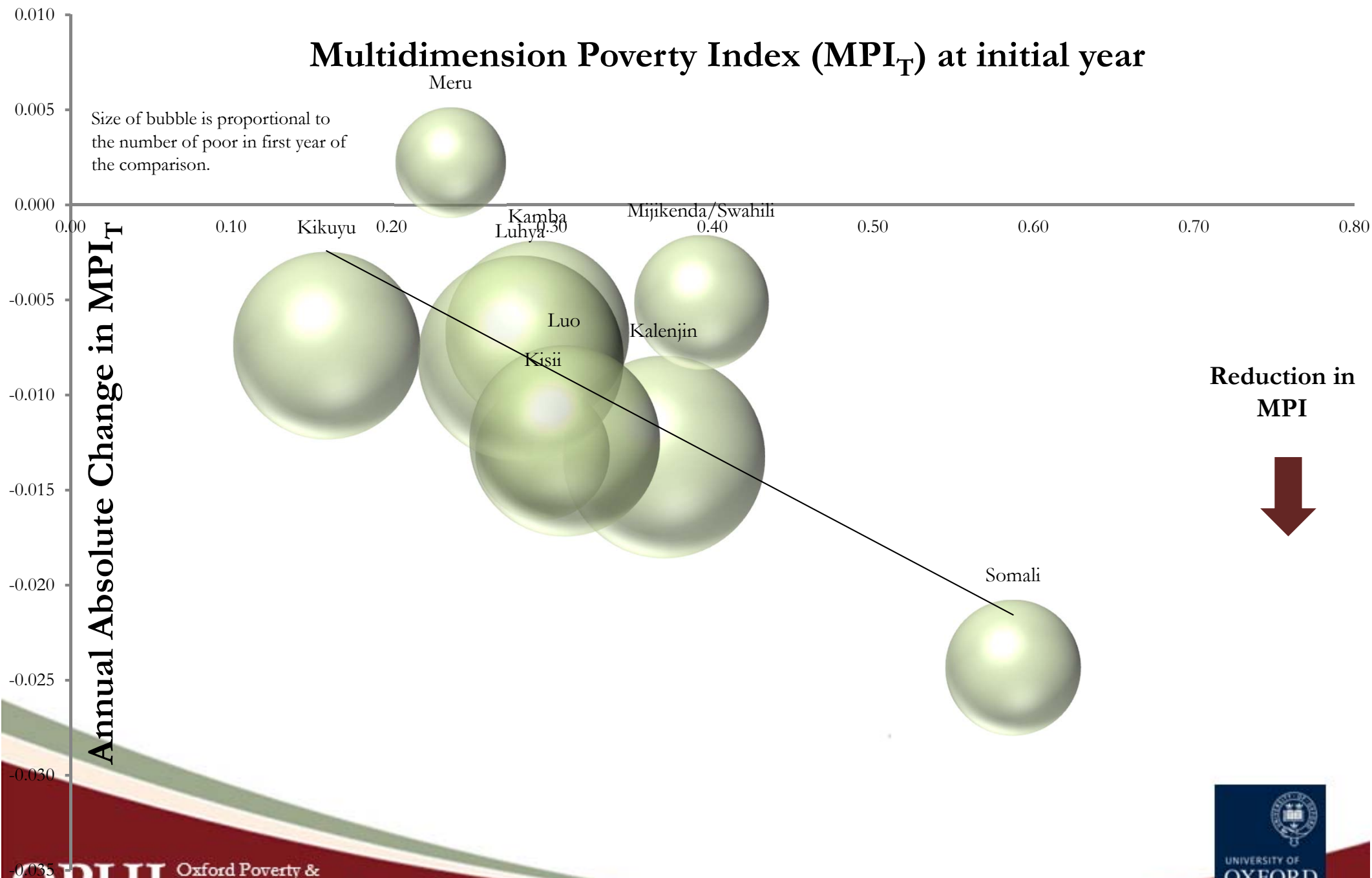


Poorest ethnic group saw no change in MPI. They are being left behind

Reduction in MPI
↓

Disaggregating by ethnic group - Kenya

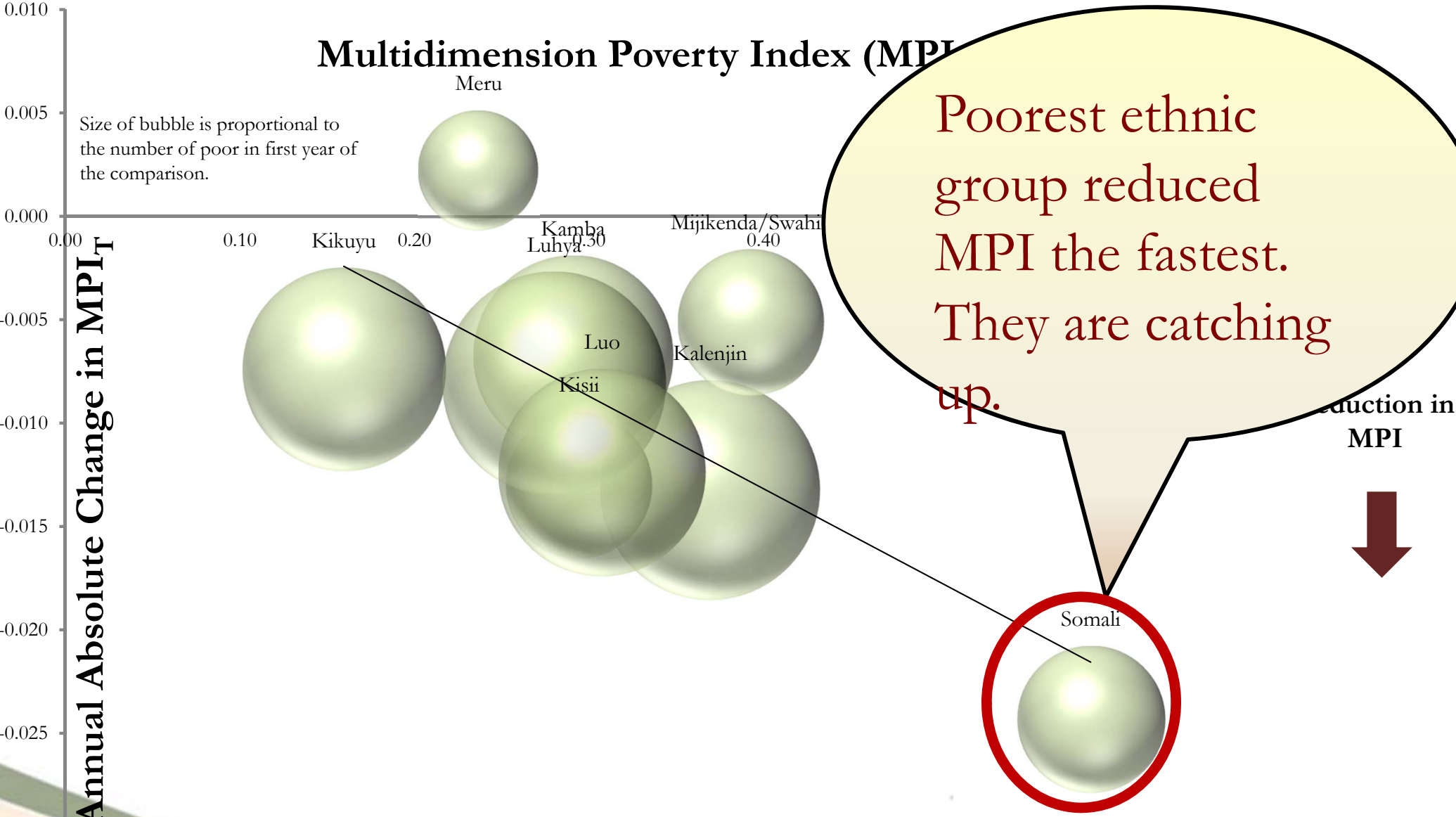
Multidimension Poverty Index (MPI_T) at initial year



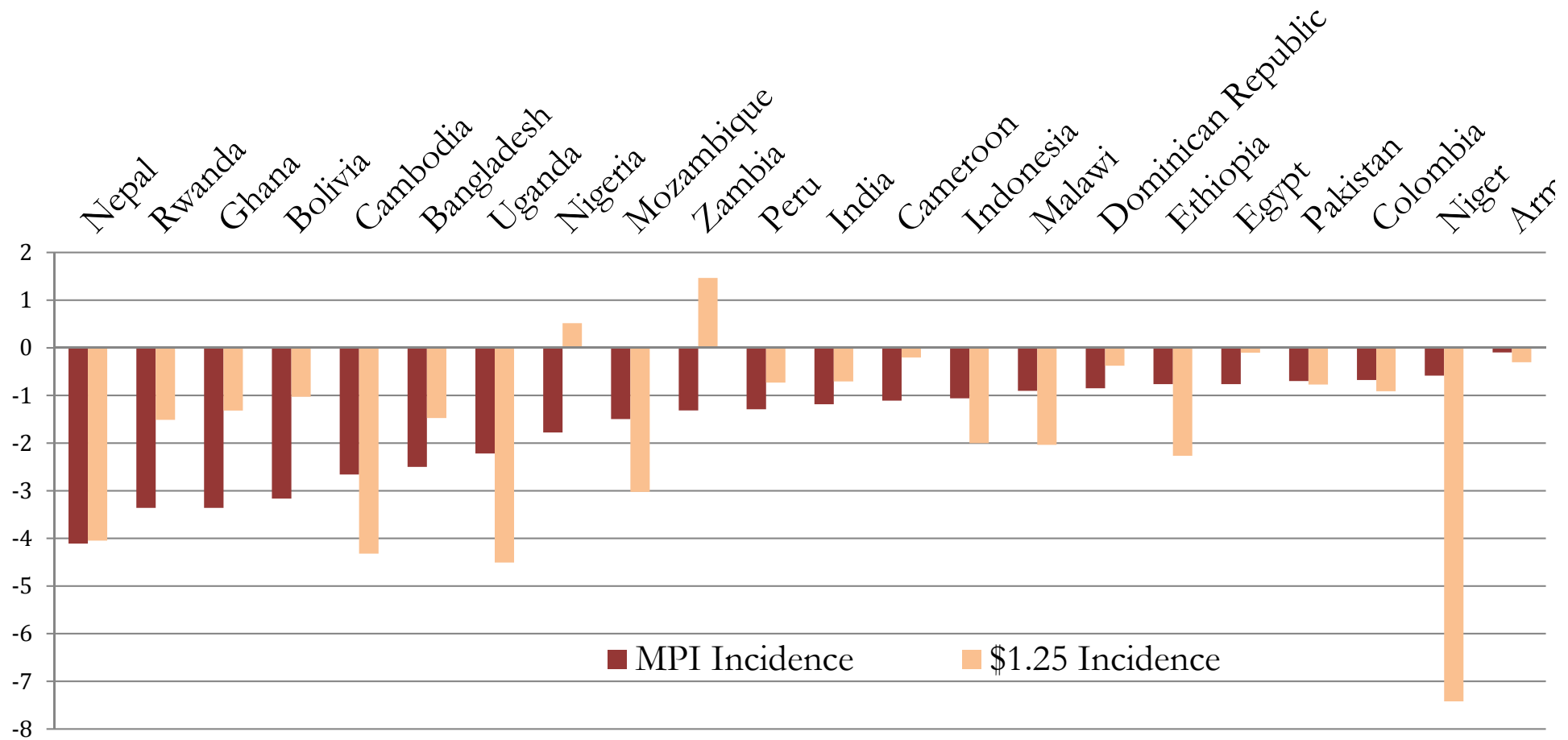
Reduction in
MPI



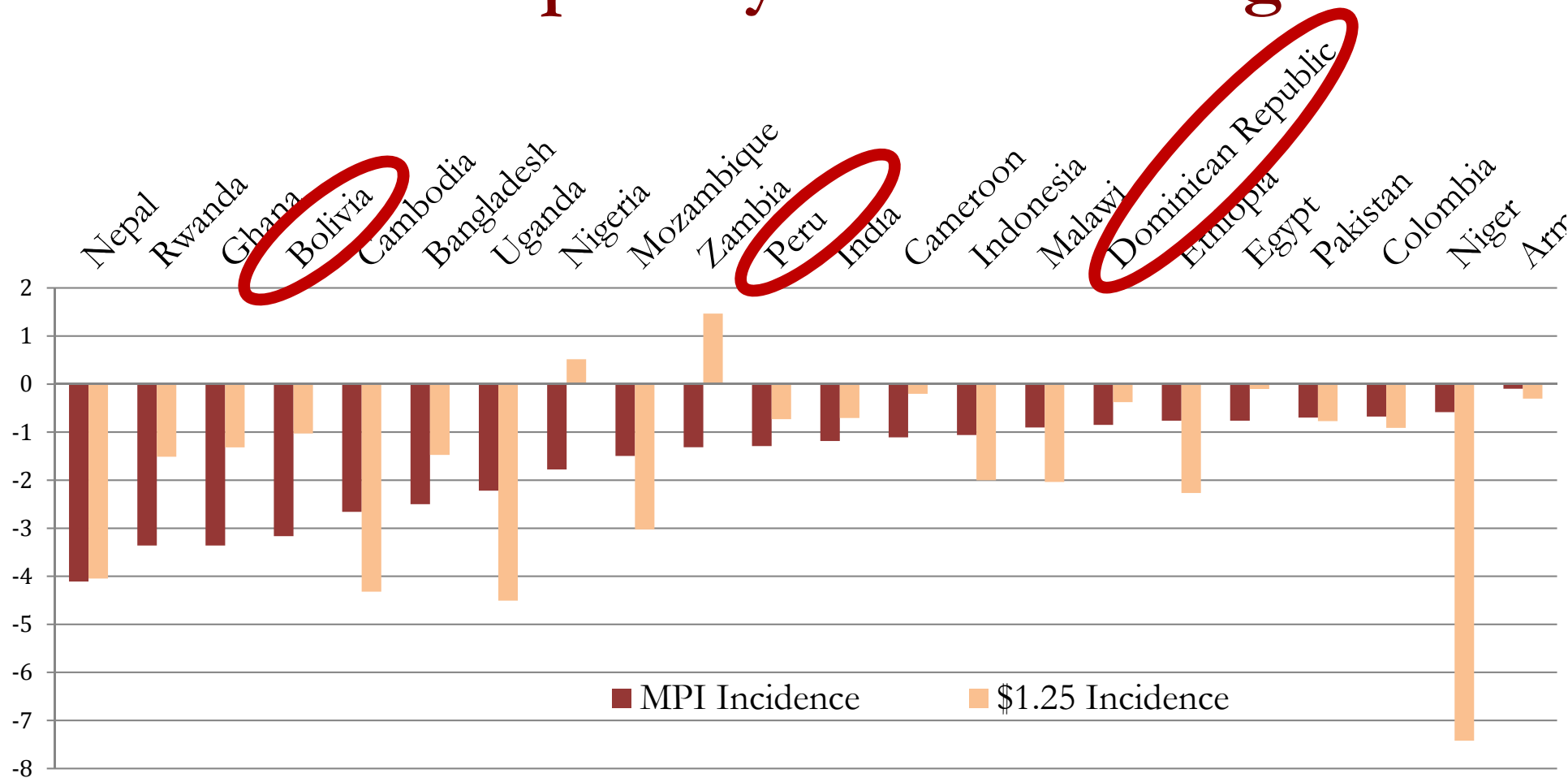
Disaggregating by ethnic group - Kenya



MPI vs. Income poverty



MPI & Income poverty trends: heterogeneous



If progress was only measured by reducing income poverty, the gains of Bolivia, Peru, and the Dominican Republic would have been less visible.

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** the marginalized
 - **Geographic** targeting
 - **Household** beneficiaries
- **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

Tabita, Kenya



Rabiya, India



Stephanie, Madagascar



Agatha, Madagascar



Dalma, Kenya



Ann-Sophie, Kenya



Valérie, Madagascar

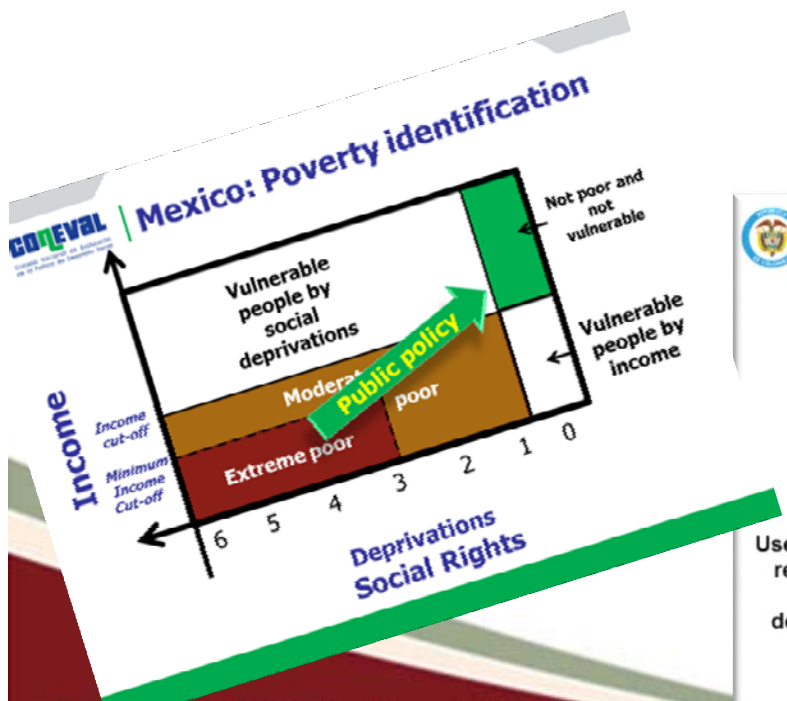


National MPIs & MPPN

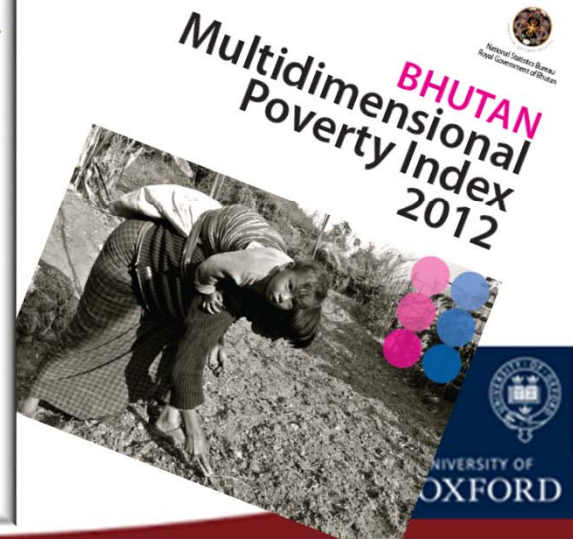
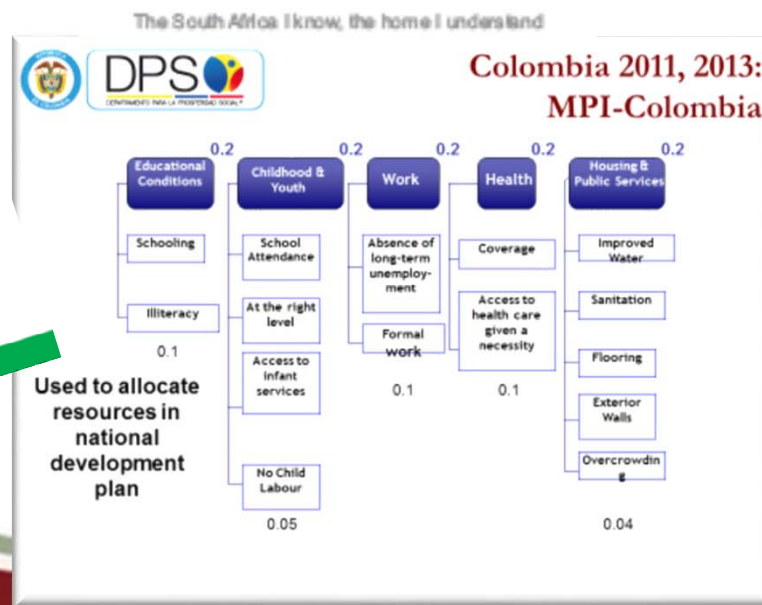
MPI: Two kinds ~ both useful

National MPIs:

- Reflects National Priorities
- Vital for policy
- Measure to Manage ~ Target, Coordinate, M&E



The South African MPI
Creating a multidimensional poverty index using census data



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 ownership

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
- Useful for policy but can't be compared internationally

MPI in Action

Official National MPIs

Colombia

Mexico

Bhutan

Philippines

Other national applications underway.



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
- <http://www.ophi.org.uk/policy/policynetwork/>

Supported by the German Federal Ministry for Economic Cooperation and Development (BMZ)

Voices Action Commitment Wisdom

OPHI is Secretariat to the **Multidimensional Poverty Peer Network (MPPN)** that had 22 countries when launched by Colombia's President Santos and Amartya Sen in June 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, Peru, Philippines, SADC, Vietnam **2013 MPPN!**



UN General Assembly Side Event Sept 2013: Press release

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



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):

- Create a new headline indicator to measure progress towards eradicating all forms of poverty, which could complement the current income-poverty indicator.

Executive Summary,

Development Cooperation Report 2013: Ending Poverty

Sustainable Development Solutions Network (SDSN) May 2014:

Goal 1: End Extreme Poverty including Hunger

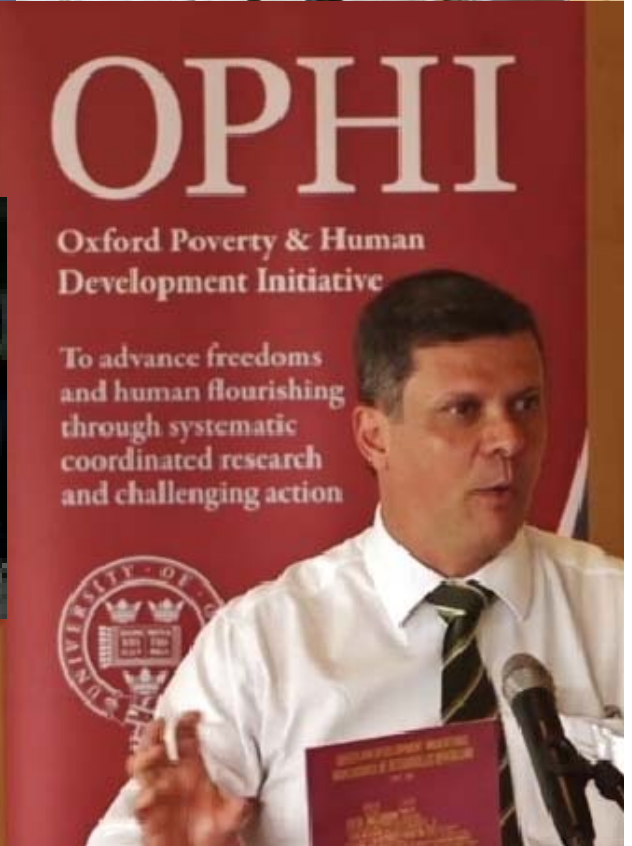
End extreme poverty in all its forms (MDGs 1-7), including hunger, child stunting, malnutrition, and food insecurity. Support highly vulnerable countries.

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

MPPN Second Meeting Berlin 2014



Supported by the German Federal Ministry for Economic Cooperation and Development (BMZ)

25 Sept 2014 UNGA Side event

- Mexico, Colombia, Ecuador, S. Africa, Ecuador, Seychelles, China, Nigeria, Costa Rica, Indonesia, Honduras, OPHI, DR, & Germany
- Effectiveness of National MPIs
- Importance of defining poverty as multidimensional
- Promote a Global MPI 2015+ in the SDGs



(300 participants)

MPPN has grown: *October 2014*

- Over 30 countries
- 10 multilateral bodies
- Circulated draft survey modules for MPI 2015+
- Side Event for UN Statistics Commission 2015

The MPPN agenda

- Support **National MPIs** that inform powerful policies
- Suggest an improved **Global MPI 2015+** that reflects the SDGs (acute & moderate poverty versions)
- Strengthen the **data sources** for MPI metrics