OPHI

OXFORD POVERTY & HUMAN DEVELOPMENT INITIATIVE

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Introduction and Problematic

OPHI Workshop on the Dynamic Comparison between Monetary and Multidimensional Poverty

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Outline of the Workshop

17 papers in 2 days:

- **MD Pov Methods**: Alkire, Foster
- **Monetary poverty**: Klasen (1), Dotter
- **Multidimensional and Monetary Poverty** remaining 13 papers

This Intro: to 13 papers

Outline:

- Motivation
- 13 papers: schematic introduction
- Thought provoking results:
  - rural-urban
  - by quintile
  - by hh size
  - cross-tabs matched headcounts

Practical Questions:

- When do Multidimensional poverty measures add information lacking in monetary poverty measures?
- If the headcounts of income and MPI are similar, are the same people identified as poor by both measures?
- Should a Multidimensional Poverty measure *include* income or consumption poverty, or should these be kept separate? (survey)
- How do relationships across multidimensional and income poverty measures evolve over time?

Background:

- The mismatch between distributions of monetary and other dimensions has long been noted and studied
  - Atkinson and Bourguignon 1982: multivariate distributions
  - **Klasen 2000: Poverty & deprivation in South Africa**
  - Sahn and Stifel 2003: expenditure vs asset index to predict malnutrition
  - Whelan Layte Maitre 2004: mis-match between income & deprivation
  - Ruggieri-Laderchi Saith and Stewart 2007: do disagreements matter

TABLE 10

OVERLAP AND DIFFERENCES BETWEEN POOR AND DEPRIVED POPULATIONS

	Both	Poor, not deprived	Deprived, not poor	Neither
Poor/Deprived, %	44.2	8.7	8.7	38.4
Poor/Deprived, Numbers (m.)	16.8	3.3	3.3	14.6
Poorest/Most Deprived, %	20.3	8.6	8.8	62.4
Poorest/Most Deprived, Numbers (m.)	7.7	3.2	3.3	23.7

Convergence and Divergence of Incidence of Poorest/Most Deprived by Population Groups (figures in parentheses sum to 100% in each column category such as race, the other figures sum to 100% in each row)

Background:

- The mismatch between distributions of monetary and other dimensions has long been noted and studied
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  - Klasen 2000: Poverty & deprivation in South Africa
  - Sahn and Stifel 2003: expenditure vs asset index to predict malnutrition
  - **Whelan Layte Maitre 2004: mis-match between income & deprivation**

Table 6 Distribution across combined income poverty and deprivation persistence variable by country

	Neither persistently income poor nor deprived	Persistently income poor only	Persistently deprived only	Persistently income poor and deprived
Denmark	82.8	6.9	8.9	1.4
The Netherlands	78.8	7.1	7.3	6.8
Belgium	73.0	9.3	8.8	8.9
France	70.8	11.6	8.5	9.0
Ireland	64.8	11.4	9.7	14.0
Italy	68.8	9.2	11.3	10.7
Greece	68.8	11.2	9.9	10.1
Spain	72.7	9.2	8.7	9.4
Portugal	64.5	12.0	11.3	12.2
All	70.7	10.4	9.2	9.7

Ruggieri Laderchi Saith and Stewart:

2003. 'Does It Matter That We Don't Agree on the Definition of Poverty? A Comparison of Four Approaches', *Oxford Development Studies* 31(3): 243-74

Table 5. Lack of overlaps between monetary and CA poverty

Capability poverty measured as		Education		Nutrition/health	
		Children	Adults	Children	Adults
% of CA poor not in monetary poverty:	India	43	60	53	63
	Peru	32	37	21	55
% of monetary poor not CA poor:	India	65	38	53	91
	Peru	93	73	66	94

I (omission)

II (inclusion)

Source: Franco *et al.* (2002).

Multidimensional Poverty:

- 7: Similar-ish to global MPI:
  - **India** (Rajeev Kumar)
  - **Nepal** (Ram Hari)
  - **Nepal** (Shabana Mitra)
  - **South Africa**
  - **Vietnam**
  - **Venezuela**
  - **Uganda**

- 7: Include Monetary Poverty (dimensions & weights vary)
  - **Bhutan**
  - **Iraq**
  - **India** (Sandip Sarkar)
  - **Indonesia**
  - **Peru**
  - **Venezuela**
  - **Mexico** (50% weight)

definitions differ!

Dynamic comparison between Multidimensional Poverty and Monetary Poverty
Workshop 21-22 November 2012, Oxford

Presenter	Country	Dataset	Dynamic	Periods	Years
Maria Emma Santos	Bhutan	BLSS	Time Series	2	2003-2007
Rajeev Kumar*	India	RECOUP	Cross-sectional	1	2007-8
Sandip Sarkar	India	NSS	Time Series	5	1987-2010
Shabana Mitra	Nepal	NLSS	Time Series	3	1995-6 - 2010-11
Ram Hari	Nepal	NLSS	Time Series	1	2010-11
Sebastian Levine	Uganda	DHS-HIES	Cross-sectional	1	2006
Van Tran-Quang	Vietnam	DFG-FOR-756	Panel	3	2007-2010
Juan Pablo Ocampo	Peru	ENAHO	Time Series	2	2004-8
Jose M Roche	Venezuela	EHPM	Time Series	13	1997-2010
Ivan Gonzalez	Mexico	ENIGH	Time Series	1	2010
Paola Ballon*	Indonesia	IFLS	Panel	4	1993-2007
Bilal Kiswani	Iraq	IKN	Cross-sectional	1	2011
Stephan Klasen	South Africa	NIDS	Time Series	2	2008-2010

11 different countries **39**

Preview:

- Four analyses that are common across papers

  Presented here, to catalyse comments/analysis/inputs.
  - rural-urban
  - by quintile
  - by hh size
  - cross-tabs matched headcounts

- **Note**: due to space limitations, only certain results selected.

Rural vs Urban

Poverty in Rural areas is higher than urban areas by both measures.
The Rural-urban ratio tends to be higher in MDP than in income.

Presenter	Country		H	Rural	Urban	R/U
Rajeev Kumar*	India	MPI	64.9%	78.4%	31.1%	2.52
Ram Hari	Nepal	MPI	41.7%	48.3%	13.7%	3.53
	Nepal	$	41.7%	45.1%	27.4%	1.65
Ivan Gonzalez	Mexico	MPI	74.9%	53.1%	21.70%	2.45
	Mexico	$	52.0%	36.7%	15.3%	2.40
Paola Ballon*	Indonesia	MPI	32.0%	43.0%	12.0%	3.58
Bilal Kiswani	Iraq	MPI	13.3%	27.6%	6.6%	4.18
	Iraq	$	16.0%	16.0%	16.0%	1.00

Questions:

- Is this more accurate, because 'direct'?
- Different urban measures?

Quintile Puzzle: There are MPI poor even in the richest quintile, and non-MPI in the poorest quintile even when H-MPI is high.

			Quintile				
Presenter	**Country**	**H-MPI**	**Poorest**	**2**	**3**	**4**	**Richest**
Sandip Sarkar	India	**43.5%**	97.4%	87.3%	17.7%	11.1%	4.2%
Ram Hari	Nepal	**24.7%**	51.9%	35.1%	21.1%	11.8%	4.7%
Jose M Roche	Venezuela	**16.8%**	36.8%	22.2%	14.6%	9.5%	5.5%
Paola Ballon*	Indonesia	**32.0%**	65.2%	41.4%	27.3%	19.3%	5.9%
Van Tran-Quang	Vietnam	**16.7%**	32.0%	20.0%	14.0%	11.0%	6.5%
Ivan Gonzalez	Mexico	**74.9%**	97.0%	89.0%	78.0%	65.5%	45.0%
Juan Pablo Ocampo	Peru	**56.2%**	88.7%	75.3%	62.3%	41.4%	26.6%
Rajeev Kumar	Rural India	**78.4%**	89.3%	87.4%	82.4%	70.6%	56.9%

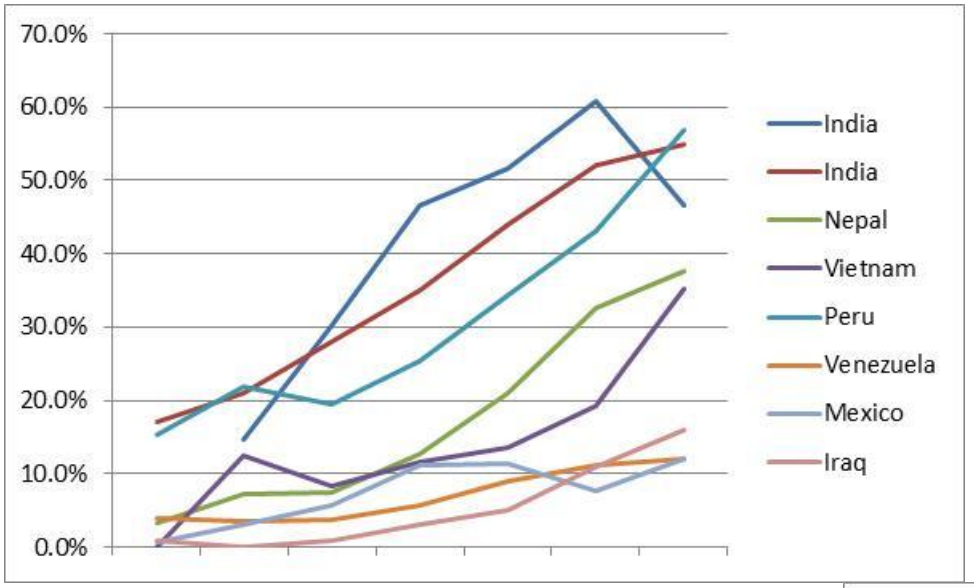
Question: Who are the poor in the richest quintiles?
Who are the nonpoor in the poorest quintiles?

Monetary poverty is increasing with hh size; Multidimensional less so.

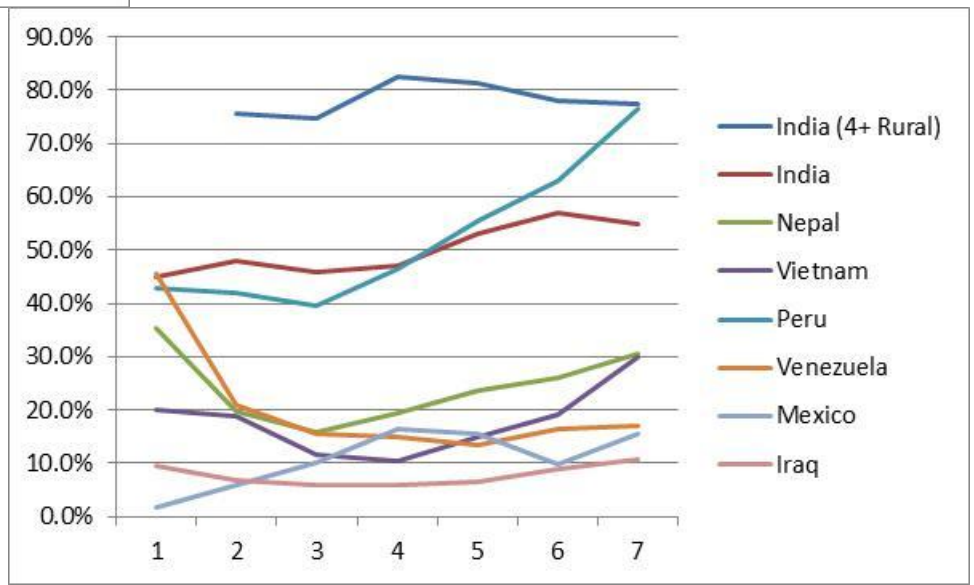
			HH Size							
Presenter	**Country**		**H**	**1**	**2**	**3**	**4**	**5**	**6**	**7**
Rajeev Kumar*	India (4+ Rural)	MPI	64.9%		75.6%	74.6%	82.5%	81.4%	78.1%	77.3%
	India	$	40.1%		14.7%	30.2%	46.7%	51.6%	60.9%	46.7%
Sandip Sarkar	India	MPI		45.0%	48.0%	46.0%	47.0%	53.0%	57.0%	55.0%
	India	$		17.0%	21.0%	28.0%	35.0%	44.0%	52.0%	55.0%
Ram Hari	Nepal	MPI	24.7%	35.3%	19.6%	15.8%	19.3%	23.6%	26.0%	30.6%
	Nepal	$	25.0%	3.3%	7.3%	7.4%	12.8%	21.0%	32.7%	37.6%
Van Tran-Quang	Vietnam	MPI	16.8%	20.0%	18.7%	11.7%	10.5%	14.8%	19.2%	29.9%
	Vietnam	$	16.7%	0.0%	12.5%	8.4%	11.7%	13.5%	19.2%	35.3%
Juan Pablo Ocampo	Peru	MPI	56.20%	43.0%	41.9%	39.7%	46.4%	55.6%	62.9%	76.5%
	Peru	$	36.2%	15.4%	21.8%	19.5%	25.3%	34.3%	43.1%	56.9%
Jose M Roche	Venezuela	MPI	16.8%	45.7%	20.9%	15.5%	14.9%	13.4%	16.5%	17%
	Venezuela	$	8.0%	3.9%	3.6%	3.7%	5.6%	8.9%	11.2%	12%
Ivan Gonzalez	Mexico	MPI	74.9%	1.8%	5.8%	10.1%	16.3%	15.5%	9.9%	15.5%
	Mexico	$	52.0%	0.7%	3.1%	5.7%	11.3%	11.5%	7.7%	12.0%
Bilal Kiswani	Iraq	MPI	13.3%	9.4%	6.9%	6.0%	5.8%	6.4%	9.0%	10.7%
	Iraq	$	20.0%	1.0%	0.0%	1.0%	3.0%	5.0%	11.0%	16.0%

Monetary poverty is increasing with hh size; MPI less consistently.

Monetary Poverty by hh size



MD Poverty by hh size



Cross Tabs of Multidimensional and Monetary Poverty with matching headcounts.

Recall: MPI indicators are differently defined, and their definition will affect cross-tabs, so results are illustrative.

Observation: match tends to be lower with lower H (not Bhutan).
Observation: with income included, match generally higher
(nb: Mexico crosses income x social deprivations)
Region and 'wealth' of countries not clear guide.

Presenter	Country	Average po	Poor in Both	Match	Cutoff 2	Poor in both	Match
Jose M Roche	Venezuela	16.8%	3.4%	20.2%	8.4%	2.0%	23.8%
Stephan Klasen	South Africa	11.0%	3.0%	27.3%	34.0%	19.0%	55.9%
Rajeev Kumar*	India	43.4%	14.3%	32.9%			
Van Tran-Quang	Vietnam	16.7%	5.7%	34.1%			
Ivan Gonzalez	Mexico	26.6%	10.4%	39.2%	74.9%	49.2%	65.7%
Juan Pablo Ocampo	Peru	83.8%	35.4%	42.3%			
Paola Ballon*	Indonesia	16.5%	7.1%	43.0%	31.8%	18.4%	57.9%
Ram Hari	Nepal	24.9%	12.2%	49.1%	41.7%	27.0%	64.7%
Bilal Kiswani	Iraq	13.3%	7.9%	59.4%	20.0%	13.6%	68.0%
Maria Emma Santos	Bhutan	23.2%	16.4%	70.7%	31.3%	20.9%	66.9%

Some Next steps:

- Survey
- Lagged relationships across dimensions
- Richer information not included in deprivation indicators
- Further Analyses using macro data (growth)
- Standard errors, robustness tests, etc.
- Relative rates of poverty reductions and inter-relationships
- Individual measures; equivalence scales; novel variables
- Chronicity and transitions