



Summer School on Capability and Multidimensional Poverty

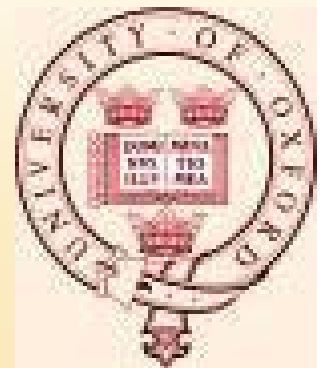
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Normative Issues in Multidimensional Measures

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Outline:

- Part I: From Concept to Implementation
- Part II: Basic options for measurement
- Part III: Multidimensional Poverty Measures
 - *Choice of Unit of Analysis (individual, household)*
 - *Choice of Dimensions*
 - *Choice of Variables/Indicator(s) for dimensions*
 - *Choice of Normalisation (if relevant)*
 - *Choice of Poverty Cutoffs for each indicator/dimension*
 - *If relevant Aggregation within dimensions*
 - *Choice of Weights within and across dimensions*
 - *Identification (who is poor)*
 - *Aggregation (How much poverty does a society have)*



Part I. From Concept to Implementation

Focal question from now until Thursday:

**Can we implement a real, robust,
measure of capability poverty?**

Note 1: plural methods essential

- The capability approach is incomplete. It raises but does not resolve all of the normative issues identified here. The one clear recommendation: the *space* of evaluation.
- Theoretically there are many degrees of freedom in how to implement the CA
- After ‘filling in’ the specific constraints of an exercise you find that, **in practice, there are far fewer realistic options.**

Note 2: Measure reflects context

1. Particular objectives of the exercise
 - The purpose of the evaluation
 - The region, or sector, or years of interest
 - The methodologies
2. Unchangeable constraints (*might include*)
 - Data
 - Political powers
 - Time and Costs (e.g. of participation)

Sample purposes for MD measures

- to replace, supplement, or combine with the *official measures* – (of poverty, of health, of governance, etc) that show the level and composition of poverty, and the reduction of poverty, over time
- to *monitor or evaluate* the impact of programmes
- to *predict* poverty or vulnerability in the future
- to *target* the poorest more effectively
- to *identify vulnerable or excluded groups* in the population

Note 3: Measuring Freedom?

- A perfect capability measure of poverty?
- Usually use functionings/resource data
- Opportunity Freedom – subjective / access data have been used but are problematic.
- Alternative: measure coercion/agency alongside functioning – but how combine?
- How/when justify functionings as capabilities?
 1. All or Most value and would choose if could **and**
 2. There is no direct coercion (sterilization)

Note 4: Problem of Diverse Values

- Comparable measures *ignore diverse values*.
 - Same dimensions/weights for all people – *But* values differ across people (wts can be individ).
 - Compare people across time, but values change
- Participatory processes can be used: but they obscure diversity; and how update?
- Some indicators only relevant for minority
- Not all valued capabilities/functionings can be *measured*. E.g.: love, faith, beauty, serenity. Value of omitted variables also vary.

Exercise

- Think of one concrete situation in which you have developed a measure: What kind of constraints did you operate under?
 1. Particular objectives of the exercise
 - The purpose of the evaluation
 - The region, or sector, or years of interest
 - The methodologies
 2. Unchangeable constraints (*might* include)
 - Data
 - Political powers
 - Time and Costs(e.g. of participation)

Part II: Issues for Measurement

Initial discussions of capability measurement are found in the Appendix to *On Economic Inequality* by Foster and Sen 1997.

Later discussions not yet collected but see reading list for key articles.

Measurement options from OEI 97:

1. Distinguished Capability
2. Income plus....
3. Adjusted Income
4. Direct Multidimensional

1 Distinguished Capability Comparison

- This general approach compares some focal capability ie life expectancy, literacy, employment, nutrition. It might consider overlaps between achievements in that functioning, and in another.
- *Development as Freedom page 82*

2 Income plus...

- *The supplementary approach:* A second approach is relatively nonradical, and involves continued use of traditional procedures of interpersonal comparisons in income spaces, but supplements them by capability considerations (often in rather informal ways).
- Essentially, this involves using ‘distinguished capability comparison’ as a supplementary device.
- **Problems:** cannot reach an overall assessment of poverty

3 Adjusted Income

Information on determinants of capabilities *other than income* can be used to calculate ‘adjusted incomes.’ For example, family income levels may be adjusted downward by illiteracy and upward by high levels of education, and so on, to make them **equivalent in terms of capability achievement.**

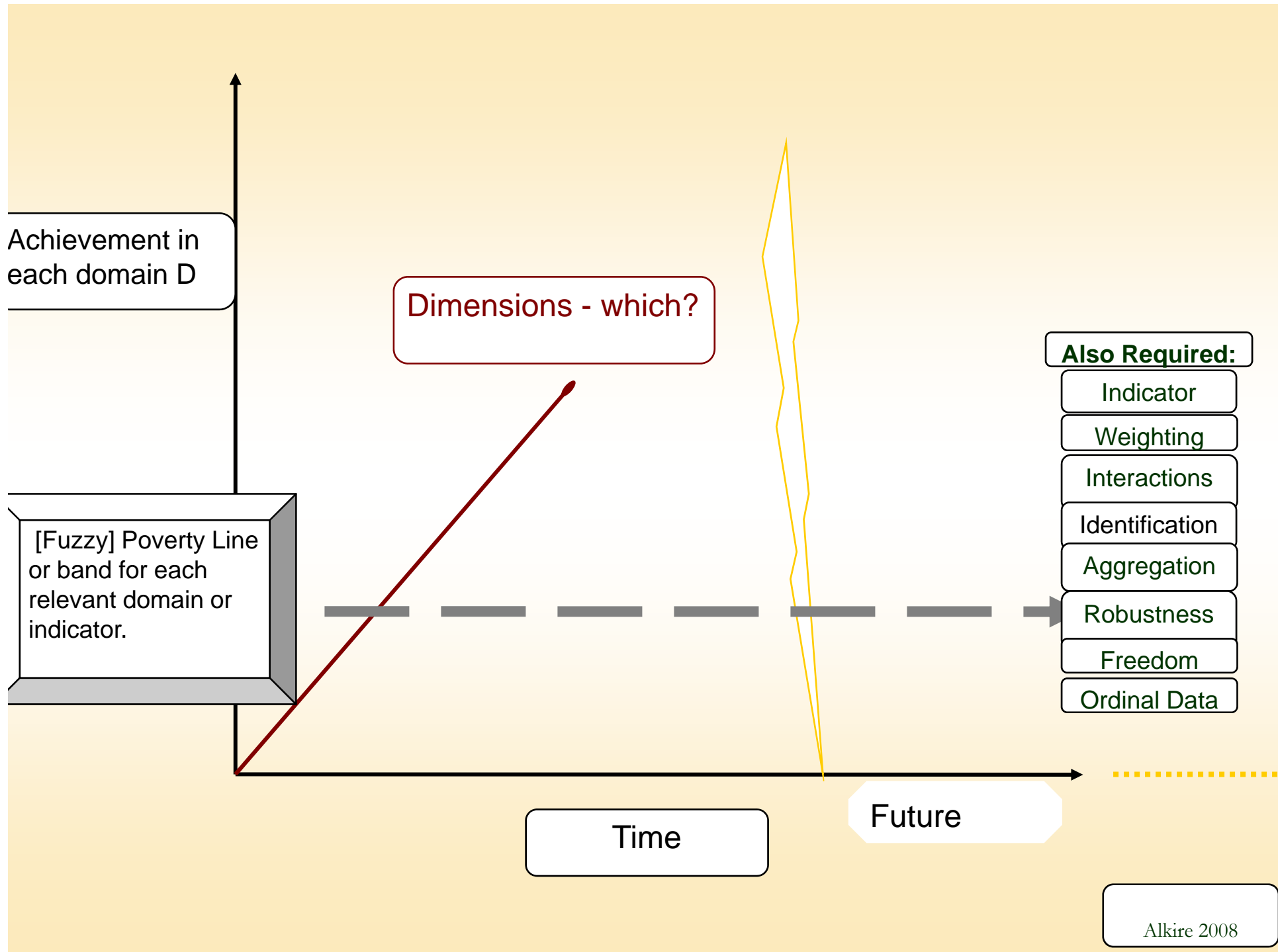
Problems: how include personal heterogeneity? Are the trade-offs costless and possible?

Direct approach:

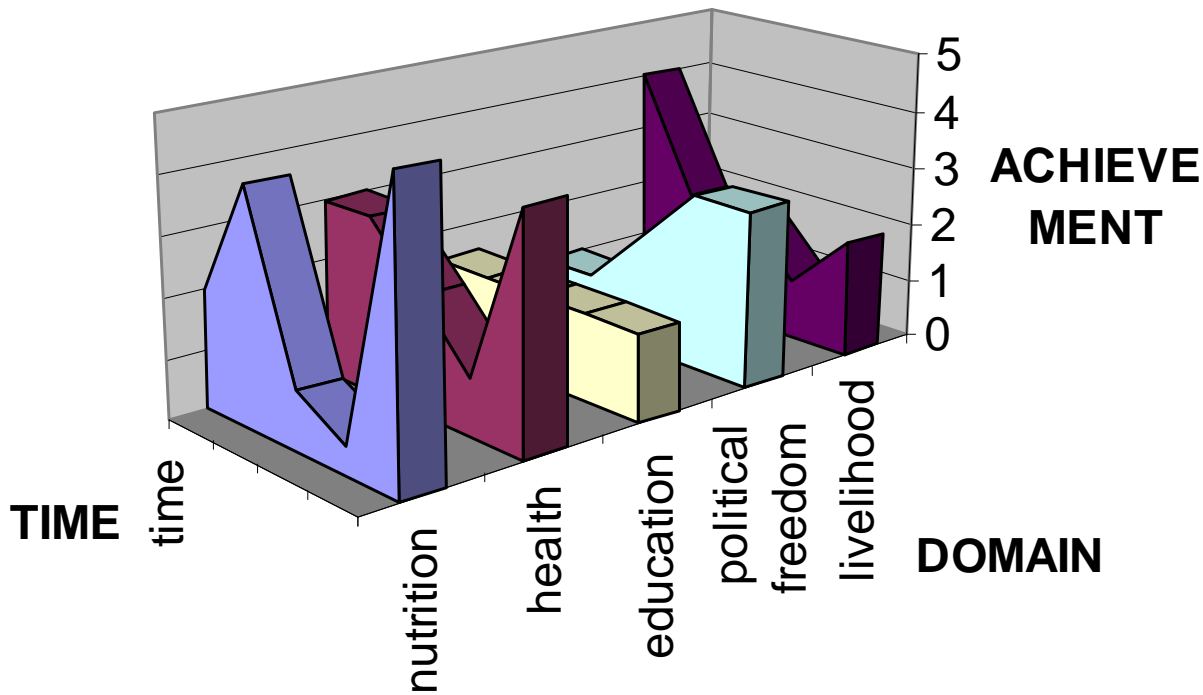
The direct approach: “This general approach takes the form of directly examining what can be said about respective advantages by **examining and comparing vectors of functionings or capabilities**. In many ways, this is the most immediate and full-blooded way of going about incorporating capability considerations in evaluation.”

Part III: Multidimensional Poverty Measures

1. *Choice of Unit of Analysis (order of aggregation)*
2. *Choice of Dimensions*
3. *Choice of Variables/Indicator(s) for dimensions*
4. *Choice of Normalisation (if relevant)*
5. *Choice of Poverty Cutoffs for each indicator/dimension*
6. *If relevant Aggregation within dimensions*
7. *Choice of Weights within and across dimensions*
8. *Identification (who is poor)*
9. *Aggregation (How much poverty does a society have)*



Time - Domain - Achievement -



- Interaction
- Aggregation
- Relative Wts
- Indicators

Domain for MDP: A representative capability or cluster of capabilities or functionings that are of i) basic importance and ii) social influenceability

1. Choice of Unit of Analysis

- Individual
- Household
- Municipality
- Nation

Choice depends upon *data*, and *purpose*.

1. Choice of Unit of Analysis

It is related to the *order of aggregation*

- Individual ~ first across D then N
- Household ~ first within hh then D, then N
- Municipality ~ first within M then across D
- Nation ~ first across C then across D

Unit of Analysis: Nation (Region)

- Order of Aggregation: First across people, then across dimensions (e.g. HPI).
 - Aggregate data are widely available – so simple, less sophisticated.
 - Can combine different data sources
 - Can combine with distribution information
 - Cannot speak about breadth of poverty,
 - May not be able to decompose by state or smaller groups

Unit of Analysis: Person (or hh)

- Order of Aggregation first across dimensions, then across people (e.g. this class).
 - Coheres with a normative focus on individual deprivations.
 - Has information that can penalise breadth as well as depth of deprivation
 - Decomposable as far as data allows.
 - Can combine with distribution information
 - Requires all questions from same dataset
 - [if desired, the measure can represent interaction – substitutability/complementarity – between dimensions]

Bourguignon & Chakravarty 2003
express an emerging preference for
aggregation first across dimensions:

- “The fundamental point in all what follows is that a multidimensional approach to poverty defines poverty as a shortfall from a threshold on each dimension of an individual’s well being. In other words, *the issue of the multidimensionality of poverty arises because individuals, social observers or policy makers want to define a poverty limit on each individual attribute: income, health, education, etc...*”

This was Echoed in the Stiglitz Sen Fitoussi Commission

- Some of the most important policy questions involved relate to how developments in one area (e.g. education) affect developments in others (e.g. health status, political voice and social connections), and how developments in all fields are related to those in income.

This was Echoed in the Stiglitz Sen Fitoussi Commission

- For example, the loss of quality of life due to being both poor and sick far exceeds the sum of the two separate effects, implying that governments may need to target their interventions more specifically at those who cumulate these disadvantages. (p 55)

Choosing Dimensions:

Please write down:

- Dimensions of poverty used in any multidimensional measure you have made or worked on.
- Write down the Indicators of poverty used, and the dimensions.

2. Choosing Domains

- **Grusky and Kanbur 2006** acknowledge the consensus that the multidimensionality of poverty and inequality should not be treated as soft social issues that can be “subordinated to more important and fundamental interests in maximizing total economic output.”
- **But they regard the choice of dimensions as a ‘pressing conceptual question.’** “economists have not reached consensus on the dimensions that matter, nor even on how they might decide what matters.”

Sen's Criteria for Dimensions

- Purpose of the Evaluation (targeting, monitoring, measure quality of life, sectoral)
- Value and priority [for relevant group(s)]
 - *basic importance (Sen 2004)*
- Appropriateness for institutional response
 - *social influenceability (Sen 2004)*

How Researchers Choose Dimensions

- *Existing Data or Convention*
- *Theory*
- *Public ‘consensus’*
- *Ongoing Deliberative Participatory Processes*
- *Empirical Evidence regarding people’s values*

How Researchers Choose Dimensions

- *Existing Data or Convention* – select dimensions (or capabilities) mostly because of convenience or a convention that is taken to be authoritative, or because these are the only data available that have the required characteristics.

How Researchers Choose Dimensions

- *Theory* – select dimensions based on implicit or explicit assumptions about what people do value or should value. These are commonly the informed guesses of the researcher; they may also draw on convention, social or psychological theory, philosophy, religion, and so on.

How Researchers Choose Dimensions

- *Public ‘consensus’* – select dimensions that relate to a list that has achieved a degree of legitimacy due to public consensus. Examples at the international level are universal human rights, the MDGs, and the Sphere project; these will vary at the national and local levels.

How Researchers Choose Dimensions

- ***Ongoing Deliberative Participatory Processes*** – select dimensions on the basis of ongoing purposive participatory exercises that periodically elicit the values and perspectives of stakeholders.

How Researchers Choose Dimensions

- *Empirical Evidence regarding people's values* – select dimensions on the basis of empirical data on values, or data on consumer preferences and behaviors, or studies of which values are most conducive to mental health or social benefit. (Most used in studies to maximise 'happiness' or subjective well-being)

Ideally use a combination of methods

- *Existing Data or Convention*
- *Theory (in part – not alone)*
- *Public ‘consensus’*
- *Ongoing Deliberative Participatory Processes*
- *Empirical Evidence regarding people’s values*

Ideally use a combination of methods

- **Example:** - a national measure
 - *Findings of a recent participatory study*
 - *The MDGs, or a National Plan*
 - *Set of variables in dataset, or survey design*
 - *Some theory (e.g. SSF list)*

Procedural justification of dimensions (Robeyns)

- 1. ***Explicit formulation***: In your paper explain **why** each dimension is claimed to be something people value and have reason to value.
- 2. ***Methodological justification***: Explain and defend how you generated the set of dimensions
- 3. ***Two stage process: Ideal-Feasible*** : First say what dimensions you would have wanted, and explain why some were not feasible.
- 4. ***Exhaustion and non-reduction***: Be diligent to include in the ideal list *all* relevant options including non-market or non-traditional ones.

Myth: The possible dimensions are endless!

- Fact: Researchers regularly come up with VERY similar lists of dimensions.
- Example: a review of the 19 main international multidimensional indices of poverty and well-being find that all dimensions fall into 10 categories. A further review of 45 accounts corroborates this observed regularity.

Often observed Dimensions

Life, Health, Reproduction

Security

Work and Leisure

Education, Knowledge, Skills

Relationships

Self-direction, Empowerment, Agency

Political Life, Governance

Inner Peace and Self Expression

Culture and Spirituality

Environment

**Ranis
Samman &
Stewart 06:
31
indicators
have low
corrs and
reflect 12
dimensions**

<i>Authors</i>	Rawls (1972)	Finnis, Grisez, and Boyle (1987)	Doyal and Gough (1993)	Nussbaum (2000)	Narayan-Parker (2000)	Camfield (2005)
<i>Defining concepts</i>	Primary goods	Basic human values	Basic Needs and Intermediate needs^a	Central human functional capabilities	Dimensions of well-being	Quality of life
<i>Bodily well-being</i>		Bodily life – health, vigour and safety	Physical health. -Nutrition: food and water -Health care -Safe birth control and child bearing -Safe Physical environment	Life Bodily health Bodily integrity	Bodily well-being Access to health services Good physical environment	
<i>Material well-being</i>	Income and wealth		Protective housing Economic security		Material well-being Food Assets	Food Shelter
<i>Mental development</i>		Knowledge Practical reasonableness	Basic education	Senses, Imagination, Thought Emotions Practical reason Play		Education (Bangladesh and Ethiopia, not Thailand or Peru)
<i>Work</i>	Freedom of occupation	Skillful performance in work and play	Work		Work	
<i>Security</i>			Physical security		Civil peace Physically safe environment Lawfulness (access to justice) Personal physical security Security in old age	
<i>Social relations</i>	Social bases of self-respect	Friendship	Significant primary relationships	Affiliation Social bases for self-respect	Social well-being -Family -Self-respect and dignity -Community relations	Family
<i>Spiritual well-being</i>		Self-integration Harmony with ultimate source of reality				Religion (important in Bangladesh and Thailand)
<i>Empowerment and political freedom</i>	Rights, liberties, opportunities Powers and prerogatives of office and positions of responsibility Freedom of movement		Autonomy of agency Civil and political rights Political participation	Control over one's environment	Freedom of choice and action	
<i>Respect for other species</i>				Other species		

Possible dimensions becoming clear

Stiglitz-Sen-Fitoussi

Health

Education

Economic security

Personal Security

Balance of Time

Political Voice &
Governance

Social Connections

Environmental
Conditions

**Subjective measures
of quality of life**

Bhutan's GNH

Health

Education

Material Std
of living

Time Use

Governance

Community

Environment

Culture &
spirituality

Emotional
Well-being

Voices of the Poor

Bodily Wellbeing

Material Wellbeing

Social Wellbeing
Security

Psychological
Wellbeing

Finnis

Health & Security

Knowledge

Work & Play

Agency &

empowerment

Relationships

Harmony - Art,

Religion, Nature

Inner peace

Choice of Variables/Indicators

1. Normative Justification
2. Kind of indicator
(functioning/resource/utility)
(input/output/outcome; stock/flow)
3. Data Availability
4. Institutional/Historical Considerations
5. Literature on that indicator / database
6. Interrelations with other indicators
7. Accuracy of individual level data for hh or
hh level data for individual

End of 2. Look at what you wrote down:

- How were those dimensions chosen?
- How were those indicators chosen?
- Are they indicators of capabilities, of resources, of utility?
- Write out a sample 'justification' of the dimensions

Next sections: in brief

3. *Choice of Normalisation*
4. *Choice of Poverty Cutoffs for each indicator/dimension*
5. *If relevant Aggregation within dimensions*

Other things we hope to find time to discuss:

Substitutability / Complementarity

Ordinal Data

7. Weights

1. Where are weights applied?
2. Setting Weights: Rationales
3. How are normative weights set?
 - Equal weights
 - Expert Opinion
 - Participation and Public Deliberation
 - Survey based – subjective
 - Survey based – necessities

In evaluating this summerschool how do we weight expansions in:

1. Understanding of each lecture topic
2. Understanding the Capability Approach
3. Completion of paper & stata exercises
4. Collegial Relationships (social capital)
5. Ability to complete your own research
6. Understanding of Peruvian poverty
7. Future earning potential across 20 years
8. Your satisfaction with life as a whole

Where do weights enter MD poverty measures?

- Number and kind of indicators (if equally weighted)
- Transformation and Normalisation functions for variables (ranking, z-scores, shortfall, log)
- Degree of substitution among dimensions (if relevant)
- Direct weights set on dimensions

- Poverty Measure = Aggregation of
 - weight of each dimension, applied to
 - transformed variable, corrected for
 - substitutability

A very general functional form:

$$I(X|\beta) = \frac{[w_1 I_1(x_1)^\beta + \dots + w_q I_q(x_q)^\beta]^{1/\beta}}{w_1 + \dots + w_q}$$

$I(X|\beta)$ = Individual well-being index

$I_j(x_j)$ = transformed achievement

β = degree of substitutability (parameter)

$\beta = 1/(1-\sigma)$ where σ = elasticity of subs.

w = explicit weights for each dimension

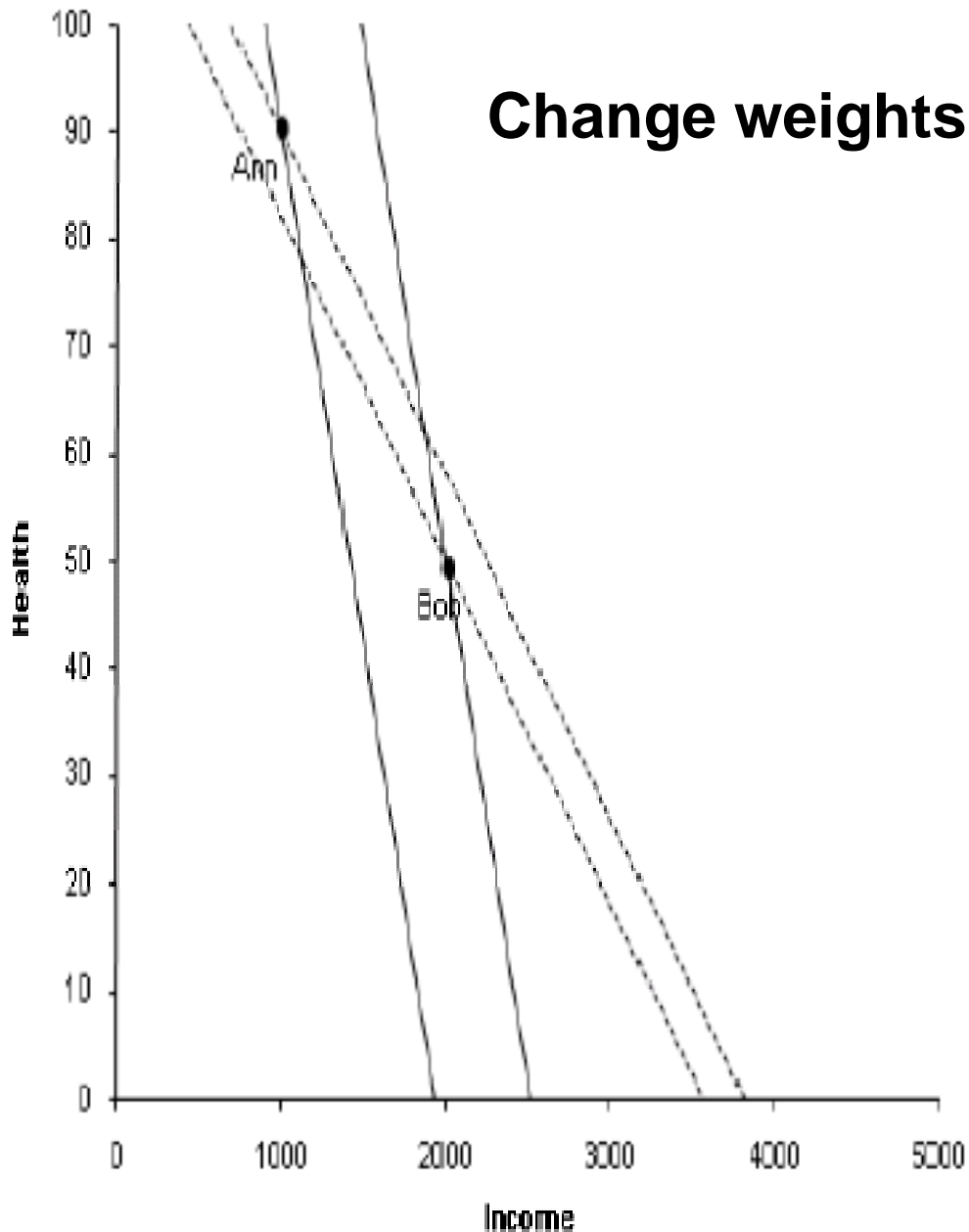
Decanq & Lugo OPHI WP 08

A simple comparison (?)

- Two people, Ann and Bob.
- Ann has life expectancy of 90 years
- Bob has life expectancy of 50 years
- Ann has \$1000
- Bob has \$2000

- Who is better off? [poverty parallel]

Change weights



Perfect substitution $\beta=1$
Rescale by median: x_j / Me_j
Median income = \$2,500
Median health = 80 years

Start with Equal weights
Who is better off?

Change explicit weights:

$w_i = 0.75$ and $w_h = 0.25$

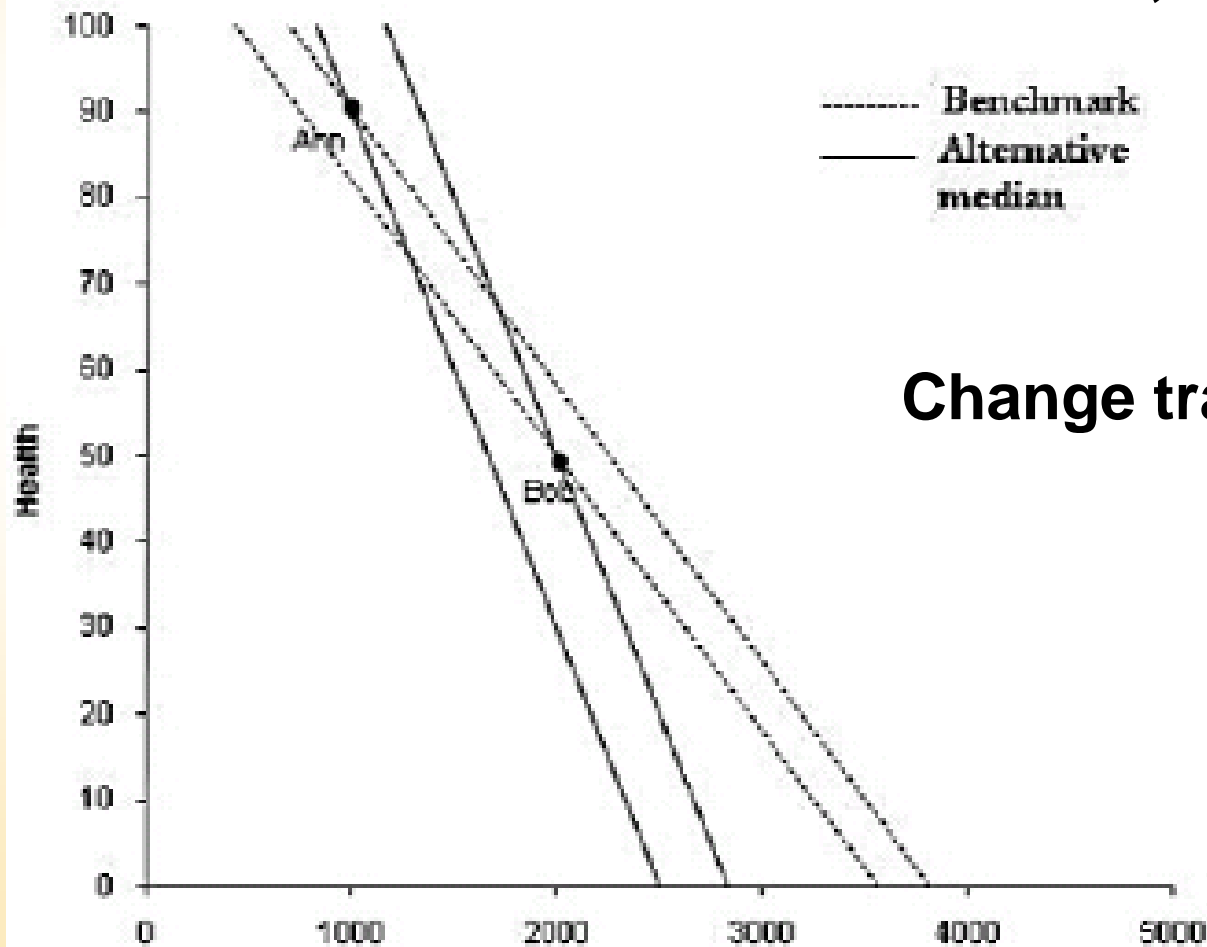
$I_j(x_j) = x_j$

$Me_j = 1$

Who is better off now?

$I_{Ann} = 0.56 < I_{Bob} = 0.76$

What happens if the median income changes (rescale/different transformation)?



Change transformation

Conclusion: *several* decisions affect weighting, not just explicit weights

- Weights are clearly very important
- However weights are affected by other factors than explicit weights:
 - Number of variables
 - Content of variables (deprivation levels)
 - Transformation of variables
 - Assumptions regarding Substitutability
 - Kind of data

Where are weights applied in MD poverty measures?

- *Within* Dimensions
 - E.g. Asset index
 - Education variables in HDI
 - Standard of living variables in HPI
- *Between* Dimensions
 - Across 3 dimensions in HDI/HPI
 - Across Unmet Basic Needs
- *Blended* Approach

Where are weights set in MD poverty measures?

- **Blended approach:** when variables for one dimension are not aggregated separately, but are directly incorporated into a MD poverty measure, but with lower weights, which may or may not be equal. Example: use 'nested' weights.
 - 4 dimensions (empowerment E, assets A, nutrition N, schooling S).
 - E, N, S measured by one indicator each
 - Assets: 8 dichotomous indicators, each weighted =ly
 - Weighting: .25, .25, .25. .(25/8, .25/8...)

Setting Weights – Rationale(s)

- Statistical – by far the most common
 - Different techniques, eg
 - Data-driven
 - Regression-based
 - Covered a bit later on.
- Normative
 - Different reasons, eg
 - Importance
 - Priority
 - MRS / MRT / Equivalence Scales

Weights *between* dimensions, for a poverty measure based on capabilities, must be *normative* rather than statistical.

Weights *within* dimensions might be normative or statistical.

Today: focus on normative weights.

Setting weights: The need for *clarity* on the selection of the *procedure* for setting weights. How and why did you set weights?

“Since any choice of weights should be open to questioning and debating in public discussions, it is crucial that the judgments that are implicit in such weighting be made as clear and comprehensible as possible and thus be open to public scrutiny” (Anand and Sen 1997 p. 6)

A note on language – arbitrary

Normative weights are often called ‘arbitrary’ -?

Arbitrary: “To be decided by one's liking; dependent upon will or pleasure; at the discretion or option of any one.”

“Derived from mere opinion or preference; not based on the nature of things; *hence*, capricious, uncertain, varying;”

“Unrestrained in the exercise of will; of uncontrolled power or authority, absolute; *hence*, despotic, tyrannical.”

Oxford English Dictionary, 3rd Edition.

Equal weights

- Most commonly used approach: HDI theory
- Sometimes is called ‘non-weighting’
- But **this is not accurate**
- Equal weights represent value judgements
- Example:
- BMI, years of school (0.5)
- BMI, yrs school, caloric intake, anaemia, (0.25)
- Weight on BMI?
- Weight on health vs ed?

Weights and Choice of Dimension

- Choice of dimensions & weights may both be value judgements
- choices are interlinked
- could choose dimensions to be equal in importance
 - e.g. Atkinson (2002): “the interpretation of the set of indicators is greatly eased where the individual components have degrees of importance that, while not necessarily exactly equal, are not grossly different”
- this is particularly relevant when the **same exercise** might address the choice of dimensions and of weights – eg expert opinion, participatory exercises

Sen: Normative Weights are Value Judgements

Kinds of value judgements required to set weights vary depending on the evaluative exercise.

Importance: Absolute importance of a dimension for poverty (national poverty measure across time)

Priority: Urgency of making progress in a dimension at a given time (3-year plan)

Context-specific: Importance and priority of dimensions in a particular context, which is shaped by the reach and mandate and reporting requirements of the institutions involved (ministry of health, participatory milk cooperative, budget allocations, relevant variables to choose from a given dataset).

Example: Priority

“For example, the ability to be well nourished cannot in general be put invariably above or below the ability to be well sheltered, so that the tiniest improvement of one will always count as more important than a large change in the other. We may have to give priority to the ability to be well nourished when people are dying of hunger in their homes, whereas the freedom to be sheltered may rightly receive more weight when people are in general well fed, but lack shelter.” (Sen 2004, p.78 – *Feminist Econ.*)

Example: Importance

In some situations, such as the development of a long term multidimensional poverty measure to replace an income poverty line, the weights should reflect the *importance* of each dimension relative to the other dimensions

- Long term poverty measure
- Comparative

Need to Justify rationale: 1) normative; 2) priority or importance

Priority

- Time-specific
- M&E
- Institutional powers
- Planning exercises

Importance

- Long term
- More
- Comparative

Sen: Criteria for setting normative weights (theory)

It is thus crucial to ask, in any evaluative exercise... how the weights are to be selected. This judgmental exercise can be resolved only through reasoned evaluation. **For a given person** who is making his or her own judgments, the selection of weights will require **reflection** rather than interpersonal agreement or a consensus. However, in arriving at an agreed range **for social evaluations** (e.g. in social studies of poverty), there has to be some kind of a **reasoned consensus** on weights or at least on a range of weights. This is a social exercise and requires public discussion and a democratic understanding and acceptance (Sen, 1996, p. 397).

- **So individual reflects** on life; **social** requires reasoned consensus among people with different values.

- - **so are informed by ‘prevailing values’**

“In the case of functionings and capabilities, since there are no markets directly involved, the weighting exercise has to be done in terms of explicit valuations, **drawing on the prevailing values in a given society.**”

- **Open to critical scrutiny**

It is not so much a question of holding a referendum on the values to be used, but the need to make sure that the weights – or ranges of weights – used remain open to criticism and chastisement, and nevertheless enjoy reasonable public acceptance. **Openness to critical scrutiny**, combined with—explicit or tacit—public consent, is a central requirement of non-arbitrariness of valuation in a democratic society. (Sen 1997: 206)

Aggregation & Range

Disagreement is likely to be durable ~ but dominance and intersection approaches can be used with a **range** of weights.

“There is no need here for different people, making their respective judgments, to agree on the same list, or on the same weight for the different items; we are individually free to use reason as we see fit. A framework for the analysis of well-being is just that – not a complete solution of all evaluation problems, nor a procedure for interpersonal agreement on relevant judgments.”

But who will bell the cat?

How set weights *in practice*???



Expert Opinion?
Survey Methods?

Participatory Methods?
Combination?

Expert Opinion

Expert opinion has been used to:

- Set priorities in health care
- Devise lists of capabilities, needs and rights.
- Scrutinize HDI weights (Chowdhury and Squire, 2006).

Advantages:

- relatively quick and cheap
- experts grasp complex ideas easily and respond appropriately
- experts to have extensive relevant knowledge

Process:

1. Select Experts (number, competence, uncertainty)

2. Select Choice Procedures

- E.g. Voting or external aggregation procedure
- Consensus building through discussion, reasonable argument and deliberation

3. Challenges

Expertise on *values* of people?

How assess expertise vs own views

3. Challenges, cont'd

Tension: experts vs democracy

How revise expert weights?

How often revis expert weights?

Clarifying 'expertise' is political (the experts well placed to comment on local value judgments or needs – NGO staff, facilitators, judges – may not be those considered 'experts' in academia or development.

Empirical comparisons (Ch & Sq – no difference)

“Que dicen los pobres”

- Voices of the poor, in Mexico
- 3,000 “poor” people (adults) engaged in participatory processes.
- Groups were asked to **name and rank** the most important aspects of deprivation and they said:
 1. Income
 2. Access of drinking water
 3. Education
 4. Health
 5. Nutrition
 6. Shelter

Questions re: VOP/PRSP participation

- How translate the *rankings* information into *weights*?
- Quality of participation
- When revise?
- Disagreements between groups

Challenges of Participatory approaches:

- 1. Organisation and facilitation**
- 2. Inequality and unfairness in discussions**
- 3. Deliberation vs. bargaining and power imbalances**
- 4. Participation, information and (under)representation**
- 5. Adaptation vs. listening to the poor**
- 6. External Power and Domination**

The Contribution of Deliberation

In addition to gathering information, participatory approaches provide a mechanism for public discussion and deliberation, in which participants:

- exchange views and information
- influence proceedings by ‘offering reasons others can accept’
- learn from the experiences of other people and revise their opinions accordingly;
- pool their capacity to analyse the relative merits of different arguments and options; and
- move towards a consensus grounded in the common good.

Using Subjective Wellbeing weights

A newly popular technique – but problematic:

Schokkaert & Fleurbaey 2008

- “happiness data can help us obtain information on individual preferences about the various dimensions of life...”
- “we ...argue against the welfarist use of such data on the ground that this is unlikely to respect individual preferences on what makes a good life.”

Example:

- Consider a rich and a poor person.
- 1) an average inhabitant of Iceland with a university degree, a life expectancy of 81.5 years and an income of \$36,510 (PPP-corrected);
- 2) an average inhabitant of Sierra Leone with no schooling, a life expectancy of 41.8 years and an income of \$806 (PPP-corrected).⁴
- Both persons have similar answers about their happiness and satisfaction.
- It is still very possible that both have a strong preference for the former's life and could defend such preferences with good reasons.

Socially Perceived Necessities

- Is this item 'essential for everyone to have in order to enjoy an acceptable standard of living in South Africa today'.
- Yes No
- Percentage saying 'yes'

Percentage of people defining an item as 'essential'

Mains electricity in the house	92
Someone to look after you if you are very ill	91
A house that is strong enough to stand up to the weather	90
Clothing sufficient to keep you warm and dry	89
A place of worship in the local area	87
A fridge	86
Street lighting	85
Ability to pay or contribute to funerals	82
Separate bedrooms for adults and children	82
Having an adult from the hh at home at all times when children under 10 from the hh are at home	81
Having police on the streets in the local area	80
Tarred roads close to the house	80

For the same items, cross-check to
double check *value* vs *feasibility*

- ‘Please say whether you have each of the following. If you do not have the item please say whether you don’t have it and don’t want it, or don’t have it and can’t afford it.’
 - ‘have’
 - ‘don’t have and don’t want’ [*not valued*]
 - ‘don’t have and can’t afford’ [*capability poor*]

Socially perceived necessities

- Individual level responses
 - + Democratic
 - Not informed by discussion
- Apply at the individual level? (*not done*)
- Aggregate – how? Mean?
- Values change; weights change across time?
 - Difficulties in comparisons across time
 - Political considerations

Summary

- Use normative weights between dimensions
- This is an active area of innovation
- Broad approaches each have +/- :
 - Equal Weights
 - Normative weights set transparently
 - Expert opinion
 - Participatory Approaches
 - Socially Perceived Necessities / SWB

Summary cont'd

- Weights affect outcomes significantly
- Must consider not only explicit weights but also transformation, choice of dimensions, and substitutability
- Methodologically:
 - Justify selection of weights clearly
 - Report different weights
 - Perform Robustness tests

“A choice procedure that relies on a democratic search for agreement or a consensus can be extremely messy, and many technocrats are sufficiently disgusted by its messiness to pine for some wonderful formula that would simply give us ready-made weights that are ‘just right.’ However, no such magic formula does, of course, exist, since the issue of weighting is one of valuation and judgment, and not one of some impersonal technology.” (Sen 1999:79)