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OXFORD POVERTY & HUMAN DEVELOPMENT INITIATIVE

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OXFORD

Poverty and interlinkages

Two critical points and two
recommendations in seven minutes

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UNIDO, Vienna, 14 December 2016

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Stephanie, Madagascar



Agatha, Madagascar



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Valérie, Madagascar



Critical point one: clarify types of interlinkages, because responses differ.

1. **Experienced:** Poverty is multidimensional. Different deprivations are experienced by the same person at the same time. To cite Amartya Sen, ‘Human lives are battered and diminished all kinds of different ways.’
2. **Interconnected:** Deprivations may be interconnected. So reducing one deprivation (child undernutrition) requires addressing others (unsafe water or inadequate sanitation).
3. **Instrumental:** Reducing one aspect of poverty (if it can be done alone) may be extra high impact because doing so is also ‘instrumental’ to other outcomes. E.g. girls’ education. (Sen *Development as Freedom* names 5 keys)
4. **Commonly determined or caused:** Sometimes different aspects of poverty have a common cause, be it a shock or expenditure or institutions.

Responses to Interlinkages:

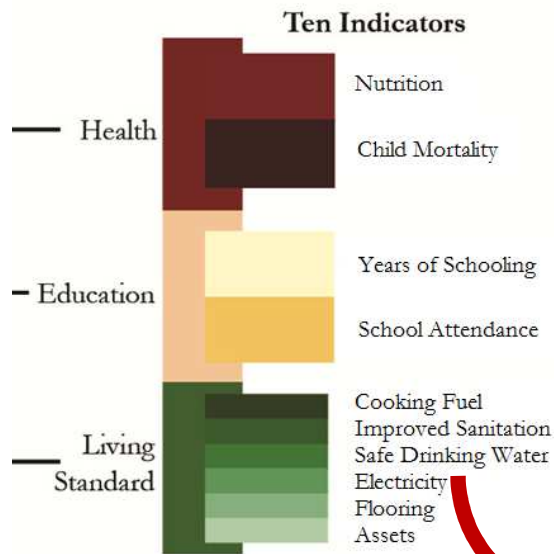
1. **Experienced:** Poverty is multidimensional.
 - **Response:** Measure poverty multidimensionally – e.g. with a counting-based Multidimensional Poverty Index MPI – and analyse its composition.
2. **Interconnected:** Key deprivations are often best addressed synergistically.
 - **Response:** use MPI for integrated and multisectoral policies, policy design & coordination, allocation, targeting. examples on www.mppn.org
3. **Instrumental:** Reducing one aspect of poverty sets off a + chain reaction
 - **Response:** Analyse and sequence interventions accordingly.
4. **Commonly determined or caused:** implement any common solutions:
 - **Response:** Analyse and address common factors, which may include governance and institutions, primary social expenditures, committed 'champions', social inclusion, response to shocks, or conflict.

Recommendation one: Build a global MPI of key SDG indicators – and halve that.

- An example to be improved upon is the global MPI published by UNDP and estimated by OPHI (this version can be disaggregated subnationally).
- The Atkinson Commission recommended adding work and personal security to the MPI, for example.
- Requires low cost high impact investments in SDG surveys, so they capture multiple deprivations that an MPI visualizes and activates.
- MPI policy responses at the country level address interlinkages; this could be scaled further.
- The global MPI like the \$1.90/day complements national MPIs, that are under development in many countries, by permitting comparability.

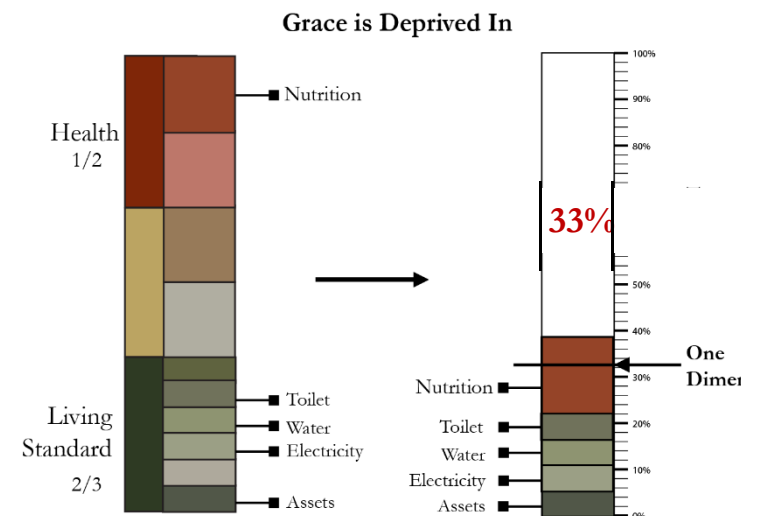
Counting Methodology for the National and Global MPIs

1. Select Indicators, Cutoffs, Values

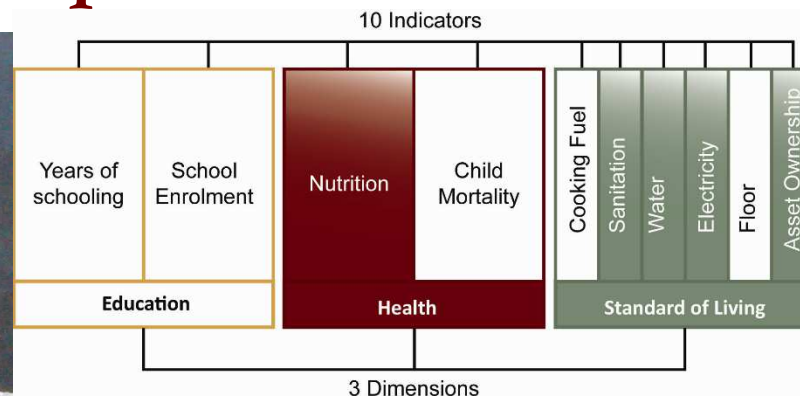


4. Use: MPI, Incidence Intensity & Composition

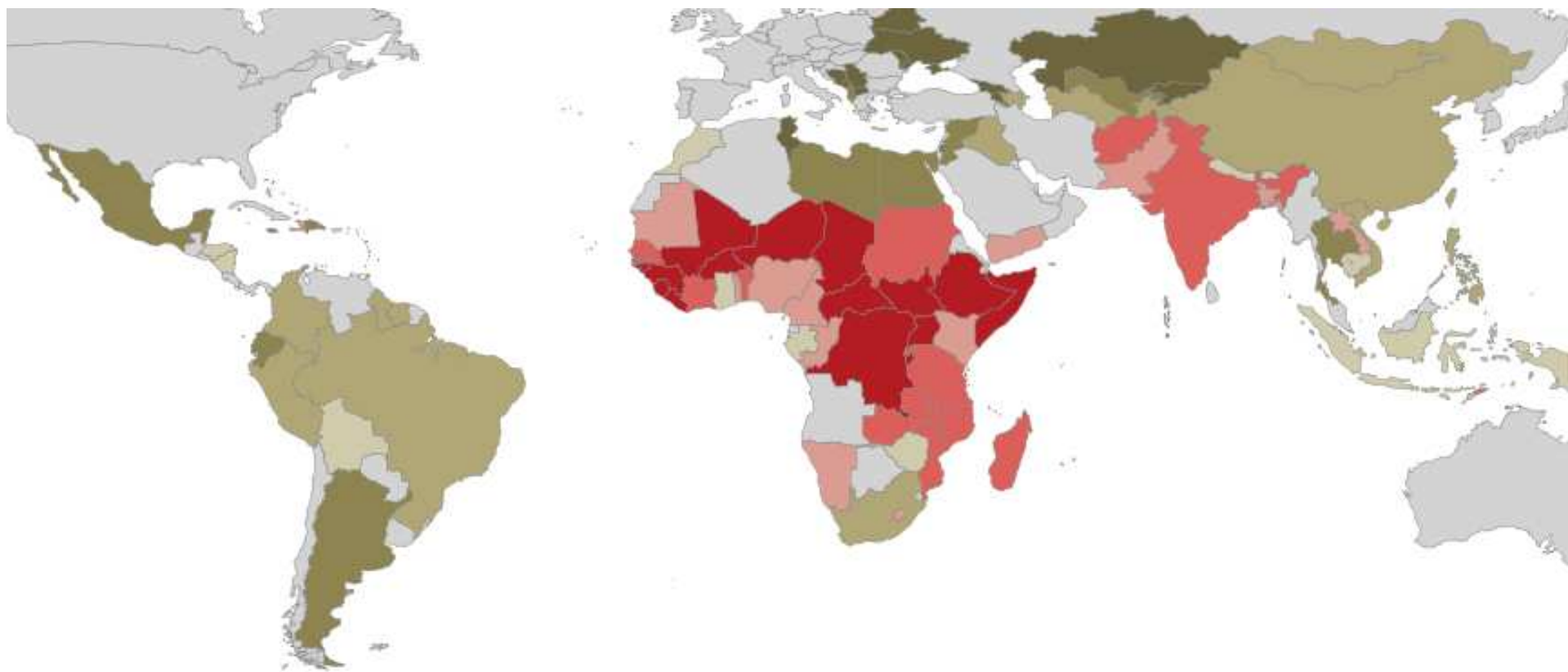
3. Identify who is poor



2. Build a deprivation score 'count' for each person



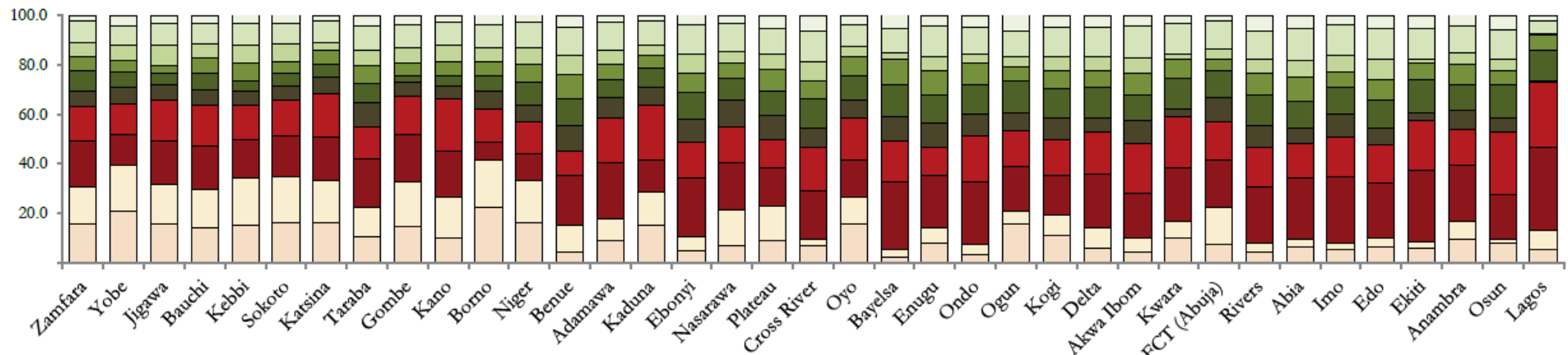
**Across 102 countries and 5.3 billion people,
30% of people are MPI poor**



Incidence of MPI – (H)

2012 Population Data, MPI 2016

Global MPI: Headline + Disaggregated detail

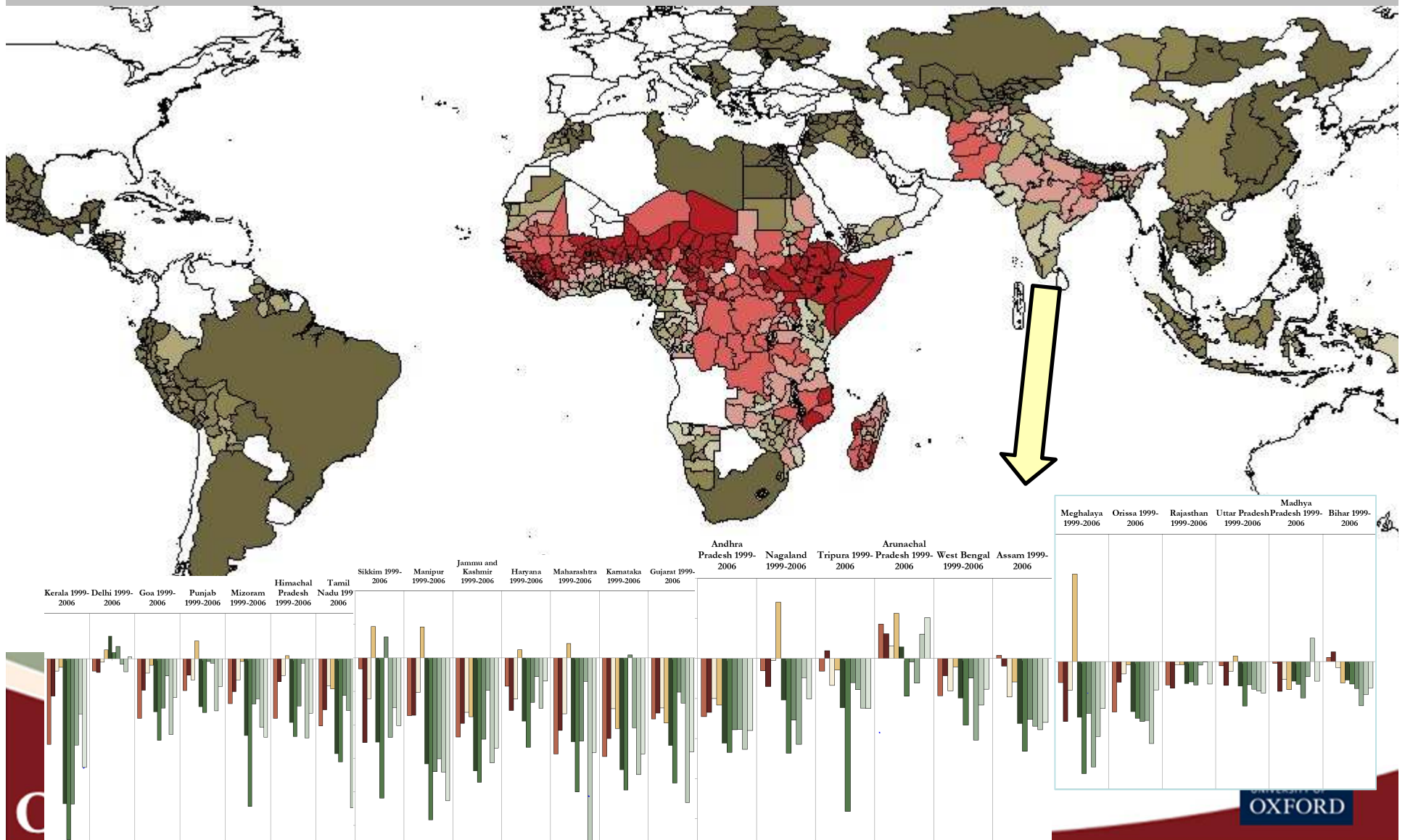


Governance



Leave No One Behind

+ Changes over time for each indicator (States of India)



Atkinson Report, October 2016: Monitoring Global Poverty

Recommendation 19: The Complementary Indicators should include a multidimensioned poverty indicator based on the counting approach.

**Recommendation 19 accepted by Chief
Economist & colleagues in 'Cover Note'**
10/16

Critical point two: address joint deprivations.

These differ from ‘correlations’.

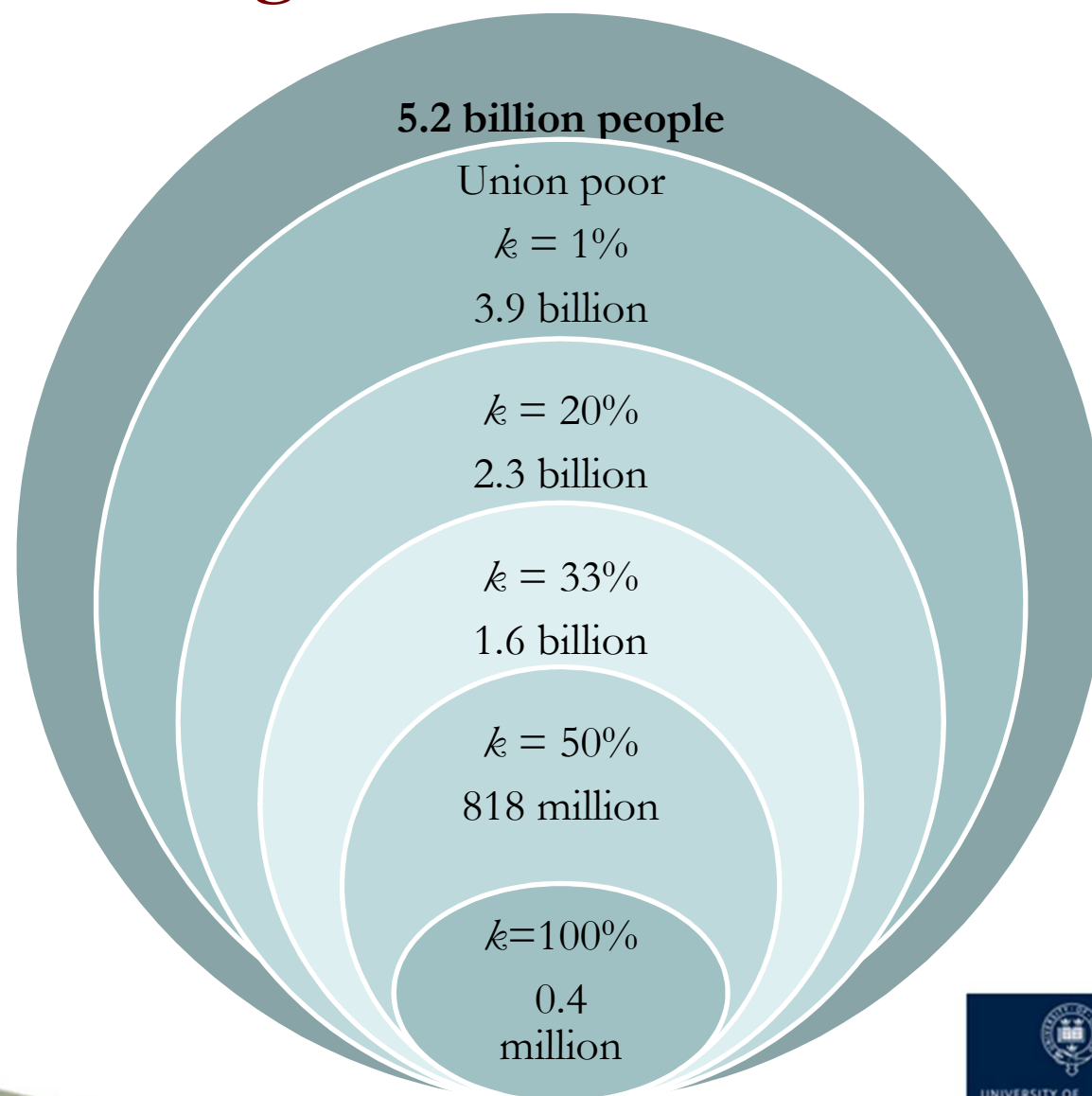
Average Deprivation in Pair-wise Indicators across 101 Developing Countries

Population deprived in each indicator		Years of schooling	School attendance	Child Mortality	Nutrition	Electricity	Sanitation	Drinking Water	Floor	Cooking Fuel
		14%	14%	17%	27%	22%	40%	26%	27%	53%
Percentage population simultaneously deprived in the column and row indicators										
Years of schooling	14%									
School attendance	14%	5%								
Child Mortality	17%	4%	5%							
Nutrition	27%	5%	6%	7%						
Electricity	22%	8%	7%	8%	9%					
Sanitation	40%	10%	10%	11%	15%	19%				
Drinking Water	26%	5%	5%	5%	8%	10%	13%			
Floor	27%	8%	8%	9%	12%	17%	22%	9%		
Cooking Fuel	53%	12%	12%	14%	19%	21%	33%	19%	25%	
Assets	23%	8%	7%	7%	10%	14%	19%	8%	16%	2

Source: Own calculations using the proportion of pairwise simultaneous deprivation by country and multiplying this by the country population. The population suffering each pairwise deprivation was obtained among 101 countries. The proportion expressed in this table has the 5.2 billion population of countries in 2011 as a denominator.

Critical point two: count overlapping deprivations – very different findings than correlations.

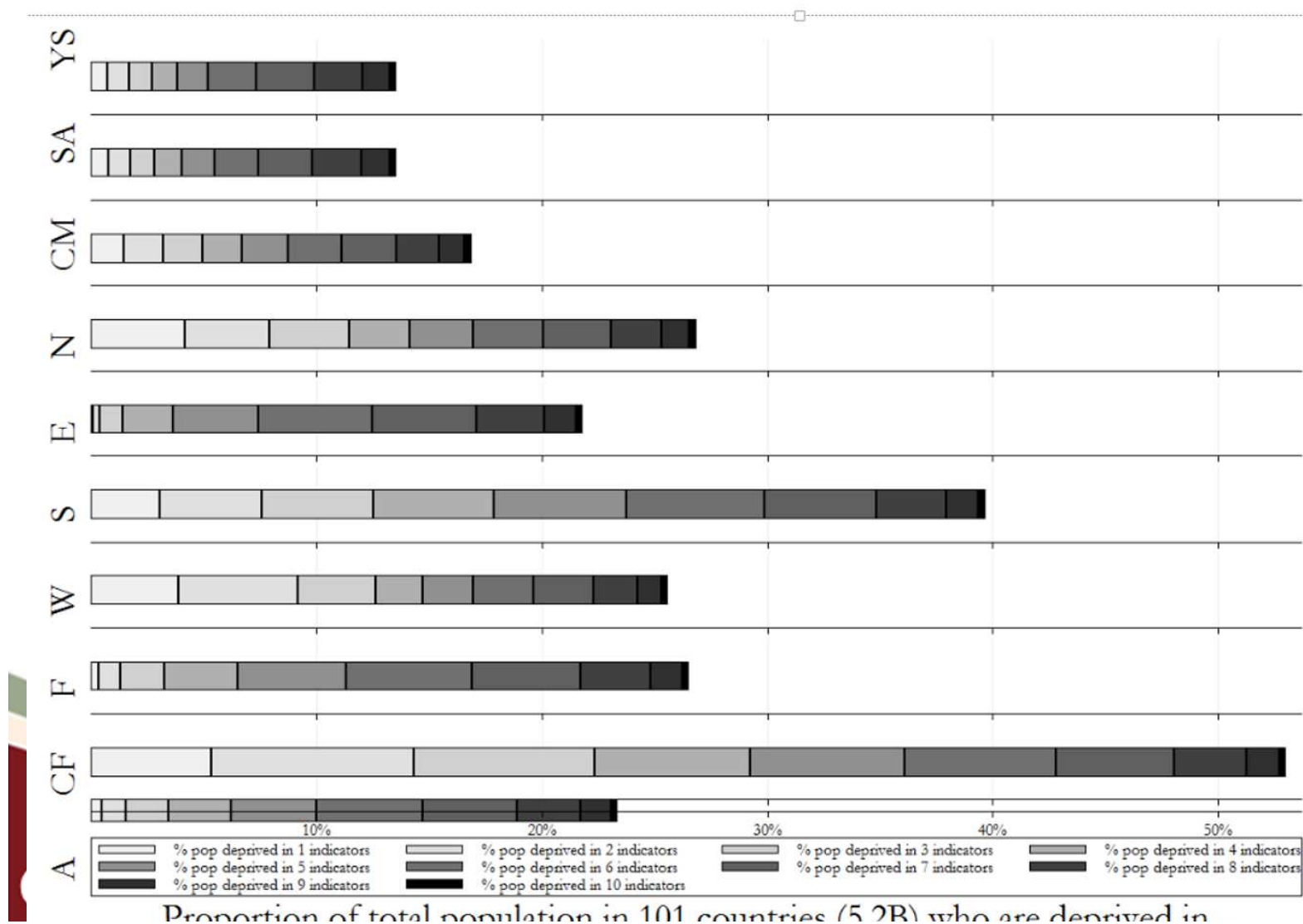
$K \geq$	People in 101 countries
Union 1%	3.9 billion
20%	2.3 billion
33%	1.6 billion
50%	818 million
100%	0.4 million



Visualize Overlapping sDeprivations

13.2 billion deprivations in 10 indicators

Distribution of Simultaneous Deprivations According to Each of the 10 Indicators Analysed.



Recommendation two: Learn from countries

- **Mexico** – The first national MPI, with dimensions based on social rights (2009).
- **Bhutan** – A MPI used for allocation, included in the census: aim is to end it (2010).
- **Colombia** – A pioneering national MPI monitoring a development plan (2011).
- **Chile** – An MPI the reflects a cross-party set of priorities and elucidate (2015).
- **Costa Rica** – An MPI used to align budget allocation with national goals (2015)
- **El Salvador** – An MPI based on participation from ‘protagonists’ of poverty (2015)
- **Ecuador** – An MPI reflecting political commitment to *Buen Vivir* (Feb 2016)
- 1. **Pakistan** – An MPI reflecting the Vision 2025, backdated to 2004 (June 2016).
- Plus experiences in Honduras, Armenia, China, South Africa, and others.

Policy examples:

- **Targeting** – China, Vietnam, Dominican Republic, Mexico, Colombia, South Africa
- **National Development Plan** – Colombia, Senegal, Malaysia, El Salvador & others
- **Policy Coordination** – Colombia, Mexico, El Salvador, Pakistan and others
- **Budget Allocation** – Costa Rica, Mexico, Bhutan, and others

Complementing Global MPI: National Measures

MPPN has 53 countries, plus agencies, in 2016 (40 in 2015, 30 in 2014, 22 in 2013)



ISFD - SESRIC - OPHI
WORKSHOP ON MULTIDIMENSIONAL POVERTY MEASUREMENT
DAKAR, 30 NOVEMBRE AU 06 DECEMBRE 2015



Critical point one: **clarify types of interlinkages, because responses differ.**

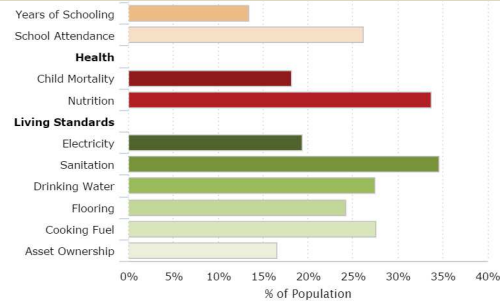
Critical point two: **count joint deprivations. These differ from ‘correlations’.**

Recommendation one: **Build a global MPI of key SDG indicators – and halve that.**

Recommendation two: **Learn from countries that already are addressing interlinkages.**

MPIs: Headline + Disaggregated detail

Censored headcount ratio



Percentage composition

