Poverty and interlinkages

Two critical points and two recommendations in seven minutes

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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](http://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.
1. Select Indicators, Cutoffs, Values

2. Build a deprivation score ‘count’ for each person

3. Identify who is poor

4. Use: MPI, Incidence, Intensity & Composition

Counting Methodology for the National and Global MPIs
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)
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

<table>
<thead>
<tr>
<th>Population deprived in each indicator</th>
<th>Years of schooling</th>
<th>School attendance</th>
<th>Child Mortality</th>
<th>Nutrition</th>
<th>Electricity</th>
<th>Sanitation</th>
<th>Drinking Water</th>
<th>Floor</th>
<th>Co-F</th>
</tr>
</thead>
<tbody>
<tr>
<td>Years of schooling</td>
<td>14%</td>
<td>14%</td>
<td>17%</td>
<td>27%</td>
<td>22%</td>
<td>40%</td>
<td>26%</td>
<td>27%</td>
<td>5</td>
</tr>
<tr>
<td>School attendance</td>
<td>14%</td>
<td>5%</td>
<td>4%</td>
<td>5%</td>
<td>6%</td>
<td>7%</td>
<td>8%</td>
<td>9%</td>
<td></td>
</tr>
<tr>
<td>Child Mortality</td>
<td>17%</td>
<td>5%</td>
<td>7%</td>
<td>8%</td>
<td>9%</td>
<td>10%</td>
<td>11%</td>
<td>15%</td>
<td></td>
</tr>
<tr>
<td>Nutrition</td>
<td>5%</td>
<td>5%</td>
<td>1%</td>
<td>6%</td>
<td>8%</td>
<td>10%</td>
<td>15%</td>
<td>19%</td>
<td></td>
</tr>
<tr>
<td>Electricity</td>
<td>22%</td>
<td>6%</td>
<td>7%</td>
<td>7%</td>
<td>9%</td>
<td>10%</td>
<td>15%</td>
<td>13%</td>
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</tr>
<tr>
<td>Sanitation</td>
<td>25%</td>
<td>8%</td>
<td>8%</td>
<td>12%</td>
<td>17%</td>
<td>10%</td>
<td>15%</td>
<td>22%</td>
<td></td>
</tr>
<tr>
<td>Drinking Water</td>
<td>5%</td>
<td>8%</td>
<td>9%</td>
<td>12%</td>
<td>17%</td>
<td>10%</td>
<td>15%</td>
<td>22%</td>
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<tr>
<td>Floor</td>
<td>27%</td>
<td>12%</td>
<td>14%</td>
<td>19%</td>
<td>21%</td>
<td>10%</td>
<td>15%</td>
<td>19%</td>
<td>25%</td>
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<tr>
<td>Cooking Fuel</td>
<td>22%</td>
<td>12%</td>
<td>10%</td>
<td>14%</td>
<td>19%</td>
<td>8%</td>
<td>16%</td>
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<tr>
<td>Assets</td>
<td>23%</td>
<td>8%</td>
<td>7%</td>
<td>10%</td>
<td>14%</td>
<td>19%</td>
<td>8%</td>
<td>16%</td>
<td></td>
</tr>
</tbody>
</table>

Percentage population simultaneously deprived in the column and row indicators

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 countries in 2011 as a denominator.
Critical point two: count overlapping deprivations – very different findings than correlations.

<table>
<thead>
<tr>
<th><strong>K &gt;=</strong></th>
<th>People in 101 countries</th>
</tr>
</thead>
<tbody>
<tr>
<td>Union 1%</td>
<td>3.9 billion</td>
</tr>
<tr>
<td>20%</td>
<td>2.3 billion</td>
</tr>
<tr>
<td>33%</td>
<td>1.6 billion</td>
</tr>
<tr>
<td>50%</td>
<td>818 million</td>
</tr>
<tr>
<td>100%</td>
<td>0.4 million</td>
</tr>
</tbody>
</table>

5.2 billion people

- Union poor
  - \( k = 1\% \)
  - 3.9 billion

- \( k = 20\% \)
  - 2.3 billion

- \( k = 33\% \)
  - 1.6 billion

- \( k = 50\% \)
  - 818 million

- \( k = 100\% \)
  - 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)
- **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)
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

Disaggregated: H, MPI, A &c