

# OPHI

OXFORD POVERTY & HUMAN DEVELOPMENT INITIATIVE

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T20 Task Force 5 6th Side Event on:  
Multidimensional Poverty in the Midst of COVID-19  
A Commitment to Alleviating Poverty in All Its Forms

Organised jointly with the Faculty of Economics and Business,  
Universitas Indonesia & the Oxford Poverty and Human Development Initiative (OPHI)



## Multidimensional Poverty in the Midst of the COVID-19 Pandemic: A Commitment to Reducing Poverty in All Its Forms Recover Together | Recover Stronger



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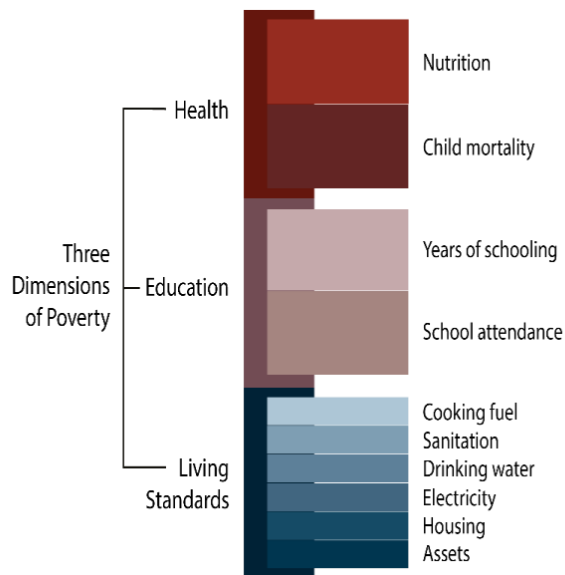
# Multidimensional Poverty Measurement Methodology

- ✧ Brings together **Counting** approaches with **Axiomatic** poverty measures (FGT).
- ✧ **Shows which problems strike each person** (joint distribution of deprivations)
- ✧ **Uses existing data of household surveys** (thus far 40-80 questions — vs consumption 400-1100)
- ✧ **Dual cutoff** (first identify each person's deprivations in each indicator, then identify who is poor)
- ✧ **Easy to compute** (hence update quickly when data are clean; teach students).
- ✧ **Provides a headline** (MPI, incidence, intensity) **and Information platform** (consistent information on each component indicator), for level and trends, with statistical details
- ✧ **If any deprivation of any poor person goes down, MPI goes down, always**
- ✧ Used by UNDP (Global and National MPIs), World Bank (2017 Atkinson Commission Report, MPM & National MPIs), and others like UNICEF, FAO, WHO, WFP, ESCWA, ECLAC, IsDB, Academics.

National Plan, .  
SDGs, M&E .

# Multidimensional Poverty & Policy 'hooks'

## Select Dimensions & Indicators



## Identify Who is Poor

Targeting, Budgeting I .

If they are deprived in at least some share of weighted indicators, such as 25%, 33%, etc. (the 'poverty cutoff')

This person: Deprivation Score 44%  
Poverty cutoff 33%

They are identified as poor.

## Compute & Disaggregate MPI (AF methodology)

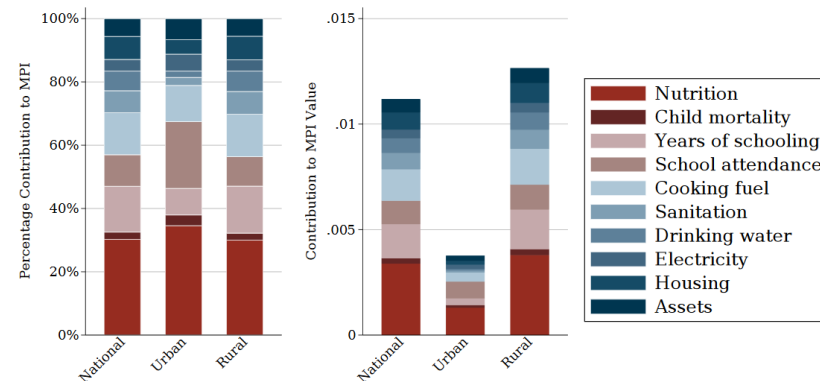
$$MPI = H \times A$$

H (Incidence) = Percentage of pop who are poor

A (Intensity) = Average deprivation score among poor

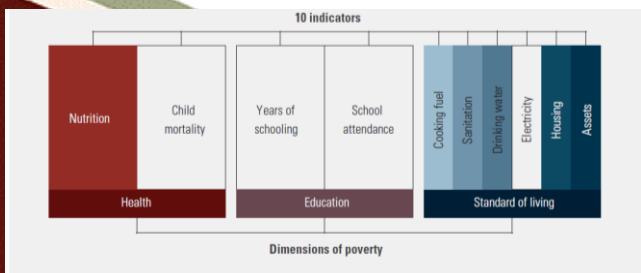
## Plus a consistent Information Platform

- With disaggregation
- Weighted indicator detail for each subgroup sums to MPI



Vulnerable groups visible .

## Create a Deprivation Profile for each person



M&E, Coordination, Budgeting II, Communication, LNOB, Transparency .

# How do MPIs link to SDG 1?

- **Goal 1 of 17 goals: End Poverty in all its forms everywhere**
- **2<sup>nd</sup> out of 169 Targets : Multidimensional Poverty (1<sup>st</sup> Target of 169 : \$1.90/day).**
- **3<sup>rd</sup> out of 232 distinct SDG Indicators MPI - SDG Indicator 1.2.2**
- **52 countries discuss multidimensional poverty in their Voluntary National Reviews**
- **Each MPI also shows direct interlinkages between Other SDG Indicators.**
- **MPI advances SDG strategies of Breaking Silos and Leaving No One Behind**  
Information Platform to build Integrated Policies; Disaggregated Data to track the poorest.
- **Two kinds of MPI: Global (compare countries) and National (tailored to context)**

## Indicator 1.2.2

Proportion of men, women and children of all ages living in poverty in all its dimensions according to national definitions

**1**  
NO  
POVERTY



# The Global Multidimensional Poverty Index (MPI)

- **Joint with UNDP;** now a global reference on poverty, complementing \$1.90/day
- **Disaggregated** by 1200+ regions, children, rural/urban, female headship etc
- **Online Public Good:** country briefings, interactive databank, dofiles, data tables
- **New methodologies every year.**
  - 2020: Trends over time for 5 billion people & How COVID impacted MPI.
  - 2021: Unmasking Disparities by Gender, Ethnicity, & COVID response
  - 2022: Interlinkages (forthcoming October 2022)

**Other applications include Regional Measures for Arab States and LAC, Women's Empowerment in Agriculture Index, Eurostat NetSILC2 & 3**

## How were global MPI Trends impacted by COVID? Set Back by 3.1 to 9.9 years

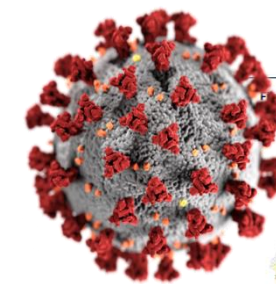
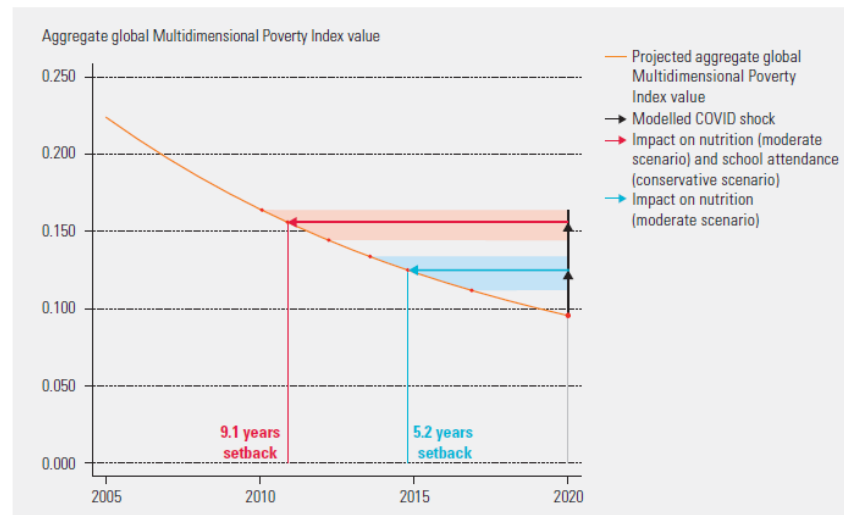
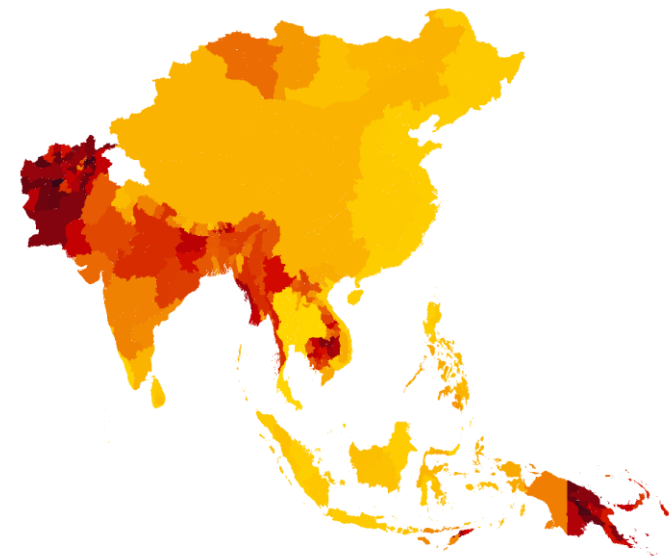
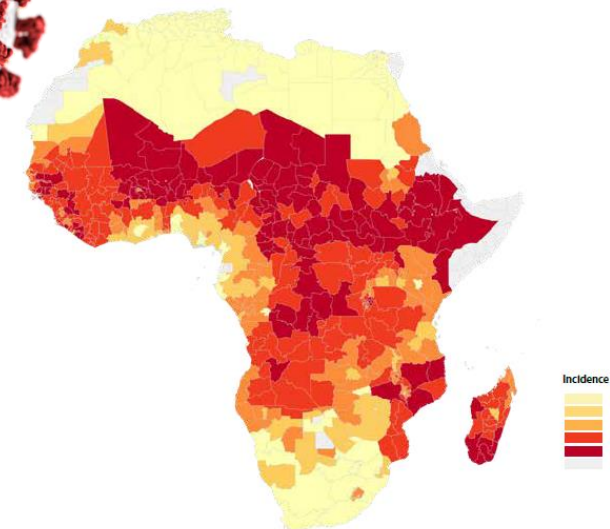


Figure 3. Incidence of MPI poverty by subnational region



# National MPIs: Tailor made for policy

- Designed to reflect national definitions of policy – national plans, consultations & values
- Permanent metrics, widely communicated subnationally to shape policy & monitor change
- Reported as official national statistics, SDG 1.2.2, and in VNRs
- Used for budgeting, targeting, policy design, coordination, M&E, Covid response





# MPPN

## Some Official National MPIs

- 2009: Mexico; 2010: Bhutan; 2011: Colombia
- 2015: Chile, El Salvador, Costa Rica and Viet Nam
- 2016: Ecuador, Pakistan, Honduras, Mozambique and Armenia
- 2017: Panama, Dominican Republic, Nepal, **USA**
- 2018: Nigeria, Philippines and Rwanda
- 2019: Guatemala, Afghanistan, Sierra Leone, Angola, Thailand
- 2020: Seychelles, Maldives, Palestine and Ghana
- 2021: Namibia, Paraguay, **S Africa**, **India**, **Sri Lanka**, **Malawi**



### MPPN Steering Committee:

- China
- South Africa
- Bangladesh
- Colombia
- OPHI

### MPPN Annual Meetings:

- Oxford **UK**
- Cartagena **Colombia**
- Beijing **China**
- Seychelles
- Cairo **Egypt (2022 forthcoming)**
- Berlin **Germany**
- Acapulco **Mexico**
- Pretoria **South Africa**
- Chile **(virtual)**

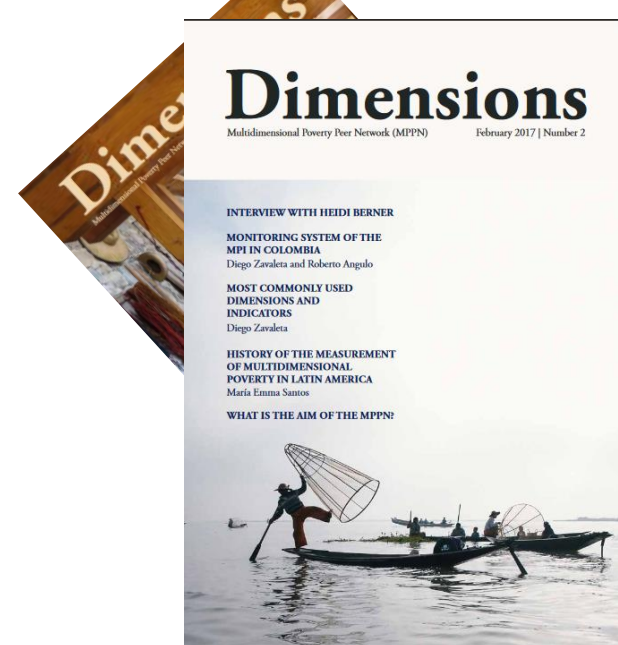
### G20 Countries in MPPN at present:

- Argentina
- Brazil
- China
- India
- Indonesia
- Mexico
- South Africa
- Turkey



# Policy makers are using their National MPIs to end poverty:

1. **Complement** monetary poverty statistics
2. **Track poverty** over time (official statistics)
3. **Allocate resources** by sector and by region
4. **Target** marginalized regions, groups, or households
5. **Coordinate** policy across sectors and subnational levels
6. **Adjust** policies by what works (measure to manage)
7. **Leave No One Behind** see the poorest & track trends
8. **Be Transparent** so all stakeholders engage — NGOs,
  - Private Sector, Academia, all parts of government.





# US MPI & Disaggregations

In USA the national MPI (called MDI) is an official 'alternative' poverty measure with 6 dimensions and a poverty-cutoff of 2 dimensions or 33%.

Across **States**, MDI 7.4% (New Hampshire) to 22.5% (Mississippi)

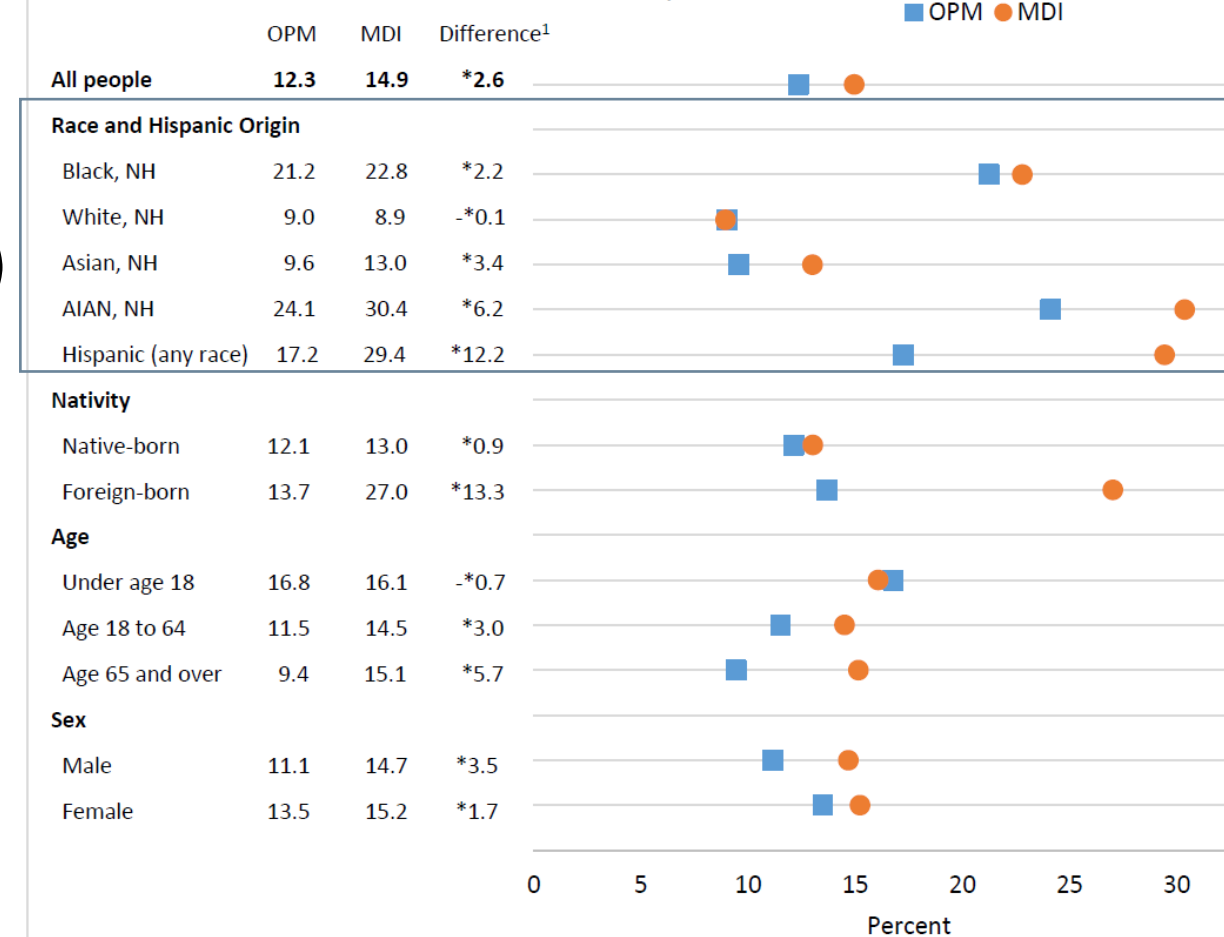
Across **Counties**: MDI 2.4% to 60.0%

Across **Ethnic groups**: MDI 8.9% to 30.4%

**MDI: greater disparity across racial and nativity groups than monetary poverty.**

<https://www.census.gov/data/tables/2019/demo/income-poverty/acs-40-table.html>  
<https://www.census.gov/library/working-papers/2021/demo/SEHSD-WP2021-15.html>  
<https://www.census.gov/library/working-papers/2021/demo/SEHSD-WP2021-03.html>

Figure 3: Difference between OPM and MDI by Demographic Group: 2019



\* statistically significant at the 90 percent confidence level.

<sup>1</sup> Details may not sum to totals due to rounding.

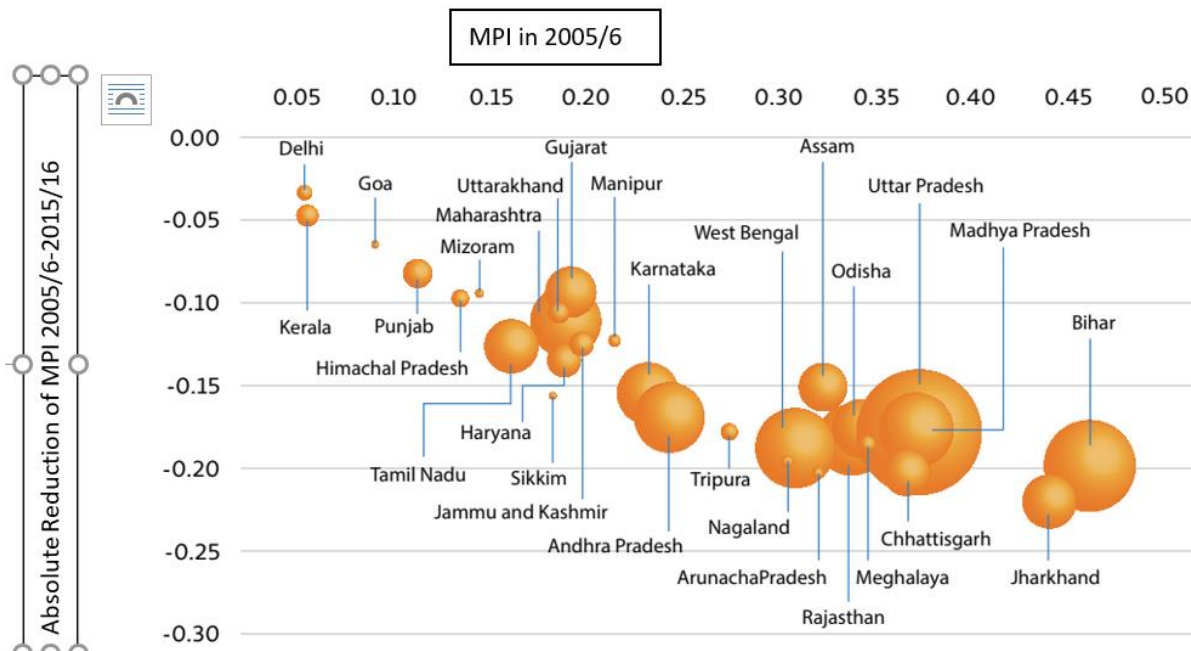
Note: NH = Non-Hispanic. AIAN = American Indian and Alaska Native.

Source: U.S. Census Bureau, 2019 American Community Survey.

# INDIA GLOBAL MPI 2005/6-15/16: OVER 270 MILLION LEFT POVERTY

Poorest reduced fastest by MPI (not H), with first order dominance of deprivation scores

World Development 142 (2021) 105454



How Progress Happened varied by state

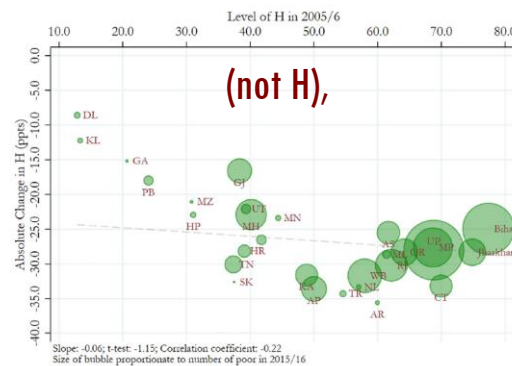
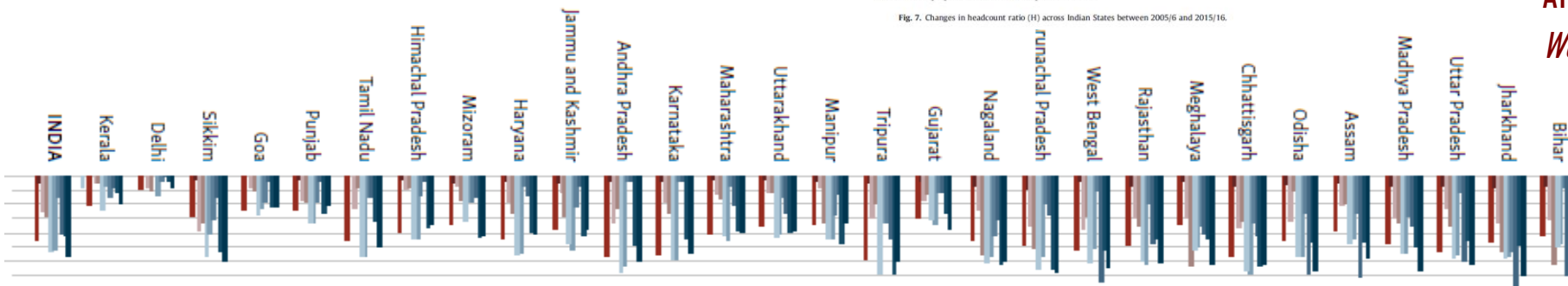
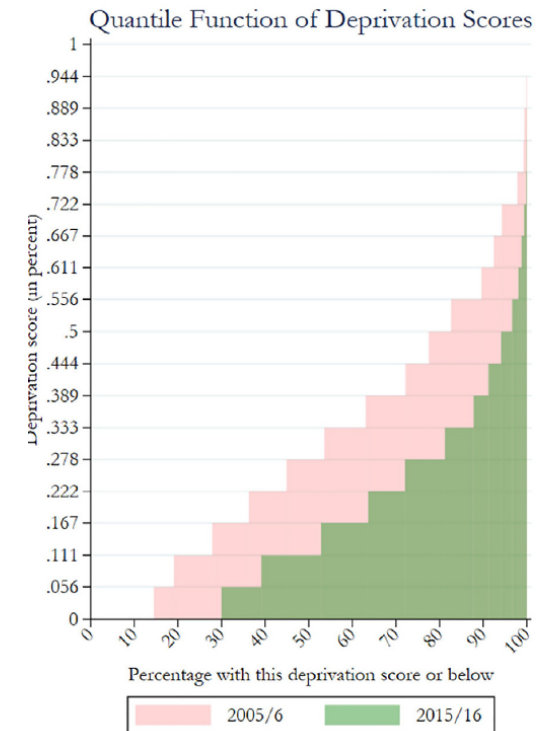


Fig. 7. Changes in headcount ratio (H) across Indian States between 2005/6 and 2015/16.

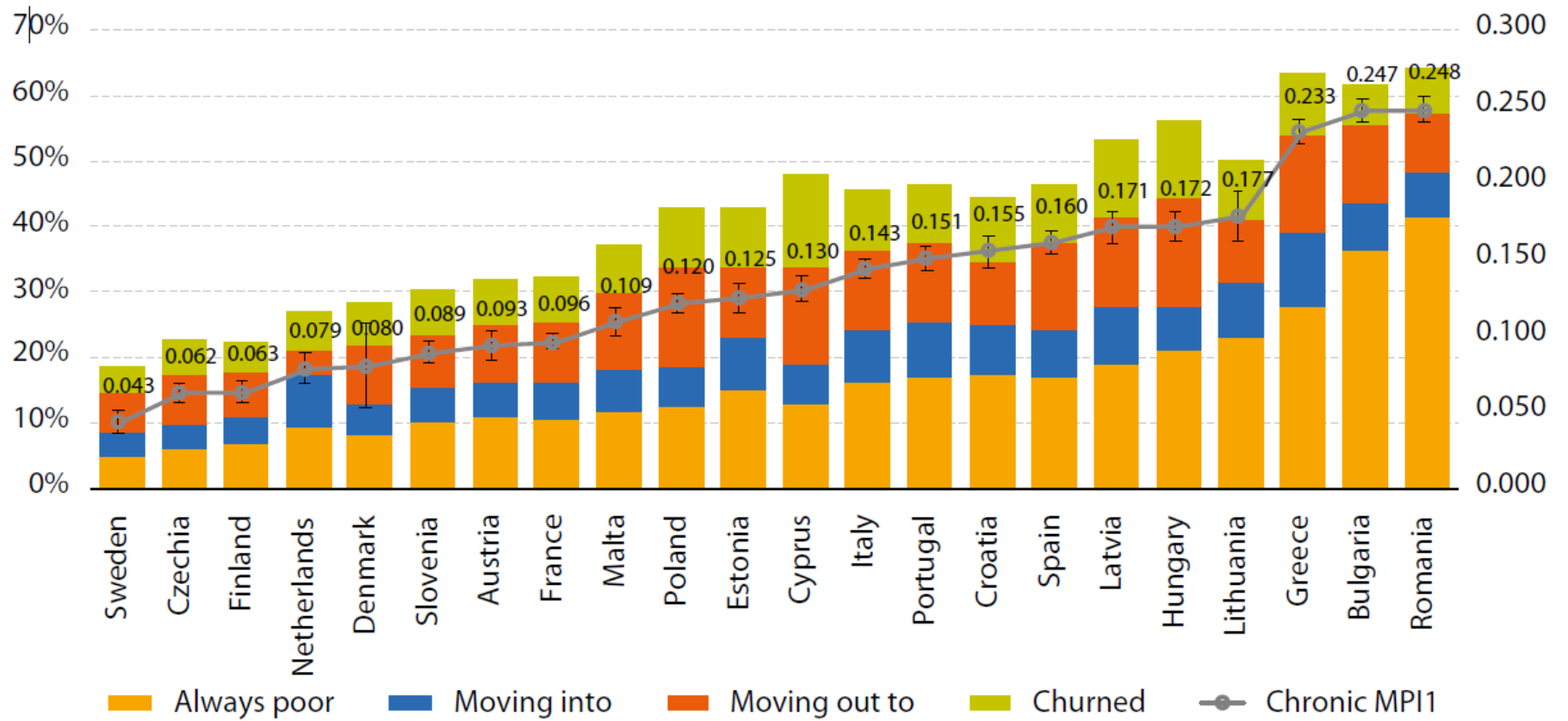


Alkire Oldiges Kanagaratnam  
World Development 2021 142.

A Study for Eurostat NetSILC3 project showed that volatility using AROPSE was rather high, with 25% of people being poor at least once in 2014-17. Augmenting this with non-income dimensions reduced volatility of measure.

Alkire Apablaza Guio 2021

**Figure 16.3:** Chronic multidimensional poverty (MPI1) index (right-hand axis) and dynamics in longitudinal poverty, 2014–2017 (% , left-hand axis)



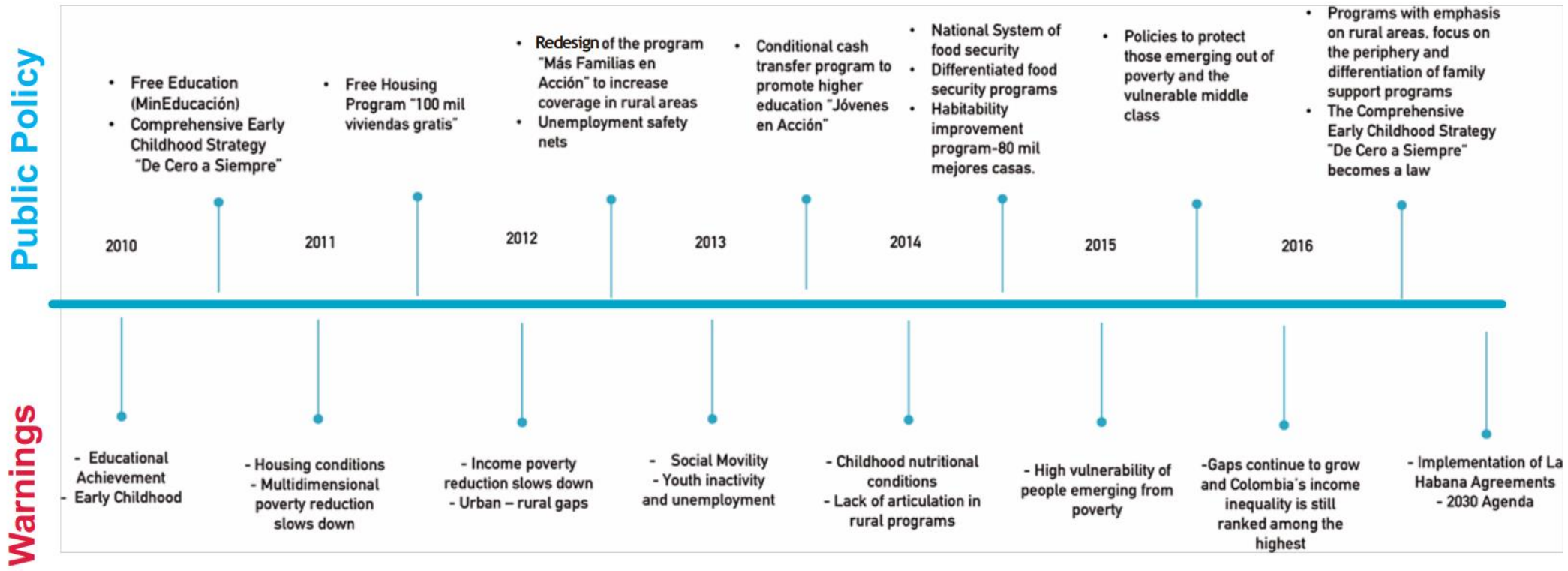
*Reading note:* The bar chart provides the headcount ratio of ever-poor persons (right-hand axis). The bar sections show the subsets of the poor who were always poor, or who moved into or moved out of poverty during 2014–17 (left-hand axis). The line shows the level of the chronic multidimensional poverty index (right-hand axis).

*Source:* Authors' computations, UDB 2019-1, weighted by RB064.

# Colombia Round Table headed by President monitored National Plan & MPI (annual targets) and cleared bottlenecks.

Strategic policy decisions are made based on the diagnosis of the Poverty Committee

The Round Table included Ministers (no deputies) from each Ministry working on **poverty** – monetary and MPI indicators – and **inequality**

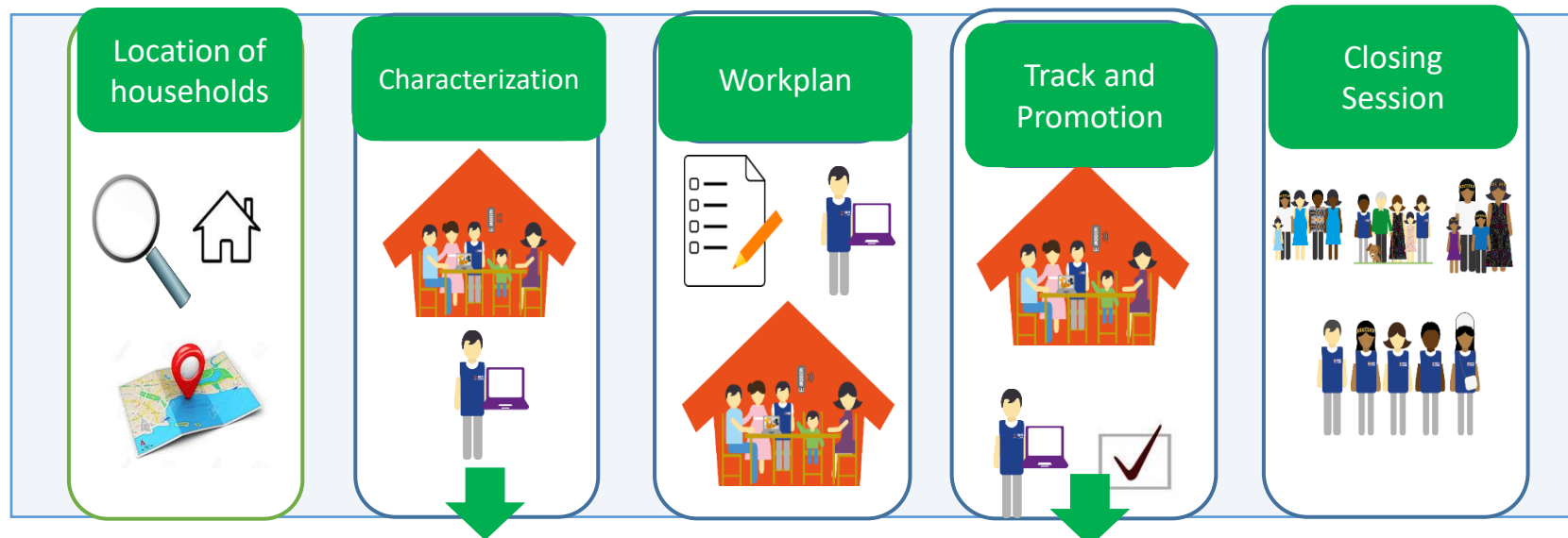


# Colombia – household targeting uses MPI & Monetary Poverty

As a criterion for entry and exit from the strategy for overcoming poverty

5

## Strategy for overcoming Extreme Poverty



**Entry:** If household is in extreme income poverty and multidimensional poverty

**Exit:** If household has overcome extreme income poverty and multidimensional poverty

## **New Research and Applications Continue (a few of many examples):**

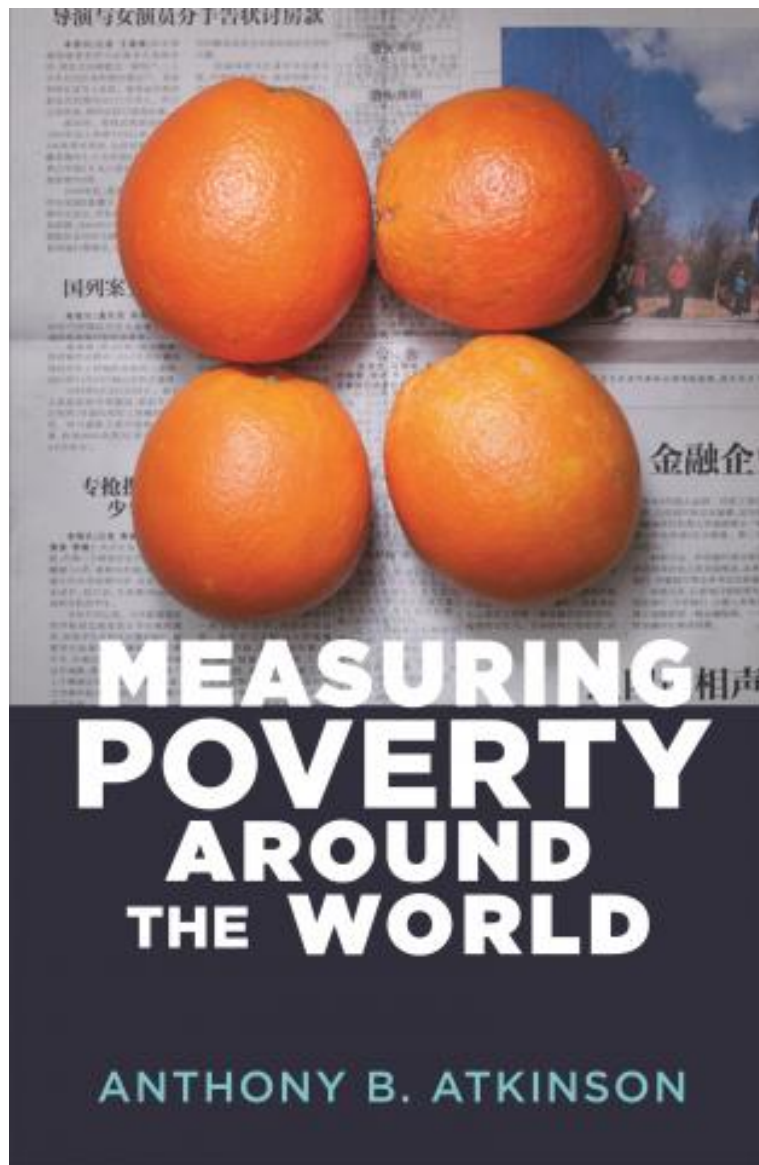
- § **Gendered** and intrahousehold analyses of education, health, work indicators
- § **Individual Child MPIs** that link to national MPI but add child-specific indicators
- § **Environmental MPIs** that merge apt environment data into MPIs to show nexus
- § **Policy Entrepreneurship** as creative policy actors innovate learn & share
- § **Leaving No One Behind** analyses using relative and absolute trends
- § **Multidimensional Impact Evaluation** to assess joint impacts on MPI indicators
- § **Multidimensional Inequality** – growth of the bottom 40% of deprivation scores
- § **Inequality among the poor** so the poorest are prioritised
- § **Imputations** give high frequency data to financial markets and social bonds
- § **Interlinked deprivation bundles** help build cost efficient integrated policies
- § **Microsimulations** of food insecurity and shocks, to plan before new data are in



World Bank's *Moving Out of Poverty* study found that 77% of poor persons who left poverty said the most important driver of change was their own initiative.

“The poor” and “the excluded” are real people. Instead of viewing them from a merely technical or functional standpoint, it is time to let them become protagonists in their own lives and in the fabric of society as a whole. Let us not think *for* them, but *with* them.

Pope Francis to Economy of Francesco



published posthumously in 2019

## From T20 to G20, what is essential? The link with action

Learning about the extent of poverty is important... but it is the link with action that marks out this issue from many other subjects of study in the social sciences. **Poverty statistics matter because they motivate people to tackle a key challenge.** (p 1)

Sir Tony Atkinson

