

## **Session 5: Multidimensional poverty: what could be the options for CIS countries?**

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### ***Finalization of a national measure of multidimensional poverty in Armenia***

A national measure of multidimensional poverty in Armenia was prepared jointly by the National Statistical Service of the Republic of Armenia (NSS RA) and the World Bank. The measure of multidimensional poverty complements the analysis of consumption poverty and reflects aspects of quality of life which are not captured by consumption poverty, such as having access to good quality education and health services and having adequate heating. In Armenia, the analysis of multidimensional poverty is a relevant exercise, as consumption poverty has not recovered to the levels of poverty seen prior to the global economic crisis and a national measure of multidimensional poverty helps to identify deprivations and development gaps. From a policy perspective this measure offers additional tools to monitor the progress on the development goals. These goals are outlined in the government's development priorities and findings from the analysis on multidimensional poverty support the Government of Armenia and national line ministries to coordinate their policies.

The work program on multidimensional poverty was structured around three pillars: (1) defining basic principles and methodology; (2) organizing consultations with stakeholders; and (3) preparing launch and dissemination. For the first step, the objective was to better understand the methodology and requirements for the measure of multidimensional poverty. Both NSS RA and World Bank worked closely together to study existing literature, look into other country examples and then develop a pilot measure of multidimensional poverty which was also presented during the UNECE conference in 2015 and 2016. For the second step, the technical team needed to tailor the measure to the country context of Armenia. By doing so, the measure turned into a relevant instrument to monitor development progress in the country and make it useful for policy coordination. This objective was achieved by organizing multiple rounds of consultations with national line ministries, international organizations, academia and civil society. In the third step, NSS RA together with the World Bank established the final measure of multidimensional poverty as an analytical tool and a policy instrument in the country. After the presentation of main results a joint workshop with policy makers, and a dialogue on use and interpretation of results with multiple stakeholders in the country is going to ensure that the national measure of multidimensional poverty becomes a relevant instrument for poverty monitoring and policy coordination in the country.

Lessons learned from the work program to construct a national measure of multidimensional poverty can be summarized as follows: First, a measure of multidimensional poverty is

technically easy to build, but requires a large set of decisions. The Alkire Foster methodology is well-established in the academic literature but remains vague about specific choices in constructing the measure such as the selection of indicators, the identification of poverty cut-offs and determination of weights. In Armenia, a multi-year survey with national coverage (such as national household survey) enhances comparability and acceptance of the measure of multidimensional poverty but also limits availability of deprivations. Second, an active dialogue with a wide set of actors in the country builds knowledge beyond technical teams and facilitates a discussion around the experience of poverty. And third, findings do not only describe an additional instrument to monitor poverty; as the measure of multidimensional poverty aggregates a lot of information into a single index the interpretation should pay further attention to the count and overlap of deprivations which are equally important to describe the face of poverty in the country. Moreover, the use for policy design and evidence-based policies requires a close coordination and alignment of the instrument with the development agenda in the country.