



A national measure of multidimensional poverty in Armenia

UNECE conference in Geneva, 11-13 July 2016

Diana Martirosova

National Statistical Service of the Republic of Armenia

Moritz Meyer

Economist, Poverty and Equity GP, Europe and Central Asia

Multidimensional poverty in Armenia

- **Our vision:** Describe complexity, depth and persistence of poverty.
 - **Concept: How do households experience poverty?**

Whether they experience deprivations in multiple aspects of welfare that are development priorities (such as healthy life or having a job).
Literature: Capability approach (Amartya Sen).
 - **Benefit: Complement consumption poverty.**

Reflects aspects of quality of life which are not captured by consumption poverty (such as having access to quality education and health services).
 - **Policy: Monitor progress on development goals.**

Multidimensional poverty can be based on government's development priorities.

Process: Multidimensional poverty in Armenia

- **Step 1: Define basic principles and methodology**
 - **Objective:** Understand the methodology and requirements for the measure of multidimensional poverty.
 - **Approach:** Pilot measure of multidimensional poverty (UNECE, 2015).
- **Step 2: Organize consultations with stakeholders**
 - **Objective:** Tailor the measure of multidimensional poverty to the country context of Armenia.
 - **Approach:** Multiple rounds of consultations with national line ministries, international organizations, academia and civil society.
- **Step 3: Prepare launch and dissemination**
 - **Objective:** Establish the measure of multidimensional poverty as an analytical tool and a policy instrument in the country.
 - **Approach:** Joint workshops with policy makers, academia and civil society to discuss use and interpretation of results.

[Process: Multidimensional poverty in Armenia]

- Step 1: Define basic principles and methodology

Define basic principles and methodology

■ Guiding questions:

- From a normative and policy perspective, how does the analysis of multidimensional poverty enhance the analysis of welfare and poverty?
- Which data should be used and which methodology suits best the objective of constructing the measure of multidimensional poverty?
- How to build capacity on measures of multidimensional poverty?

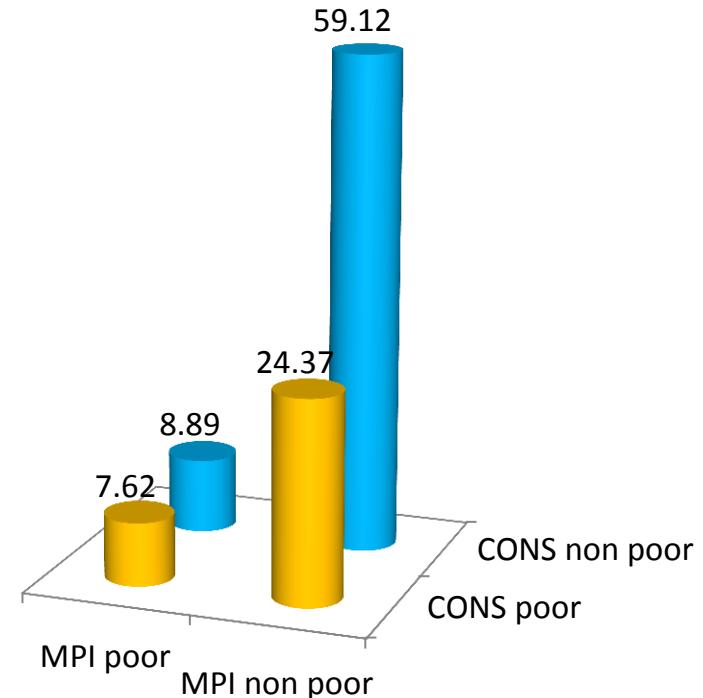
■ Lessons learned:

- **Starting point:** Multidimensional poverty measure complements existing analysis and captures aspects which are not described by monetary measures.
- **Data:** A multi-year survey with national coverage (such as national household survey) enhances comparability and acceptance but also limits availability of deprivations.
- **Methodology:** The Alkire Foster methodology is well-established in the academic literature but is unclear about specific choices in constructing the measure such as indicators, poverty cut-offs and weights.
- **Communication:** The MPI (multidimensional poverty index) aggregates a lot of information –count and overlap of deprivations are equally important to describe the face of poverty in the country.

Pilot measure of multidimensional poverty

Dimension	Indicator: a household is defined as deprived if
Education	at least one household member above the age of 15 years has <i>less than 5 years of education</i>
	at least one child of compulsory schooling age between 6 and 14 years is <i>not attending school</i>
Health	...
Labor	...
	...
Housing	...
	...
	...
Extreme poverty	...

Share of population which is multidimensionally and consumption poor (upper national poverty line).



Process: Multidimensional poverty in Armenia

■ Step 2: Organize consultations with stakeholders

Organize consultations with stakeholders

■ Guiding questions:

- How to ensure that the measure reflects the country context of Armenia and be most useful to monitor development progress and coordinate policies?
- How to **select dimensions and indicators** such that they describe deprivations in the country and show the experience of poverty?
- How to guarantee the **utilization of this measure for policy design** in the country?

■ Lessons learned:

- **Message:** Measure of multidimensional poverty complements existing instruments for poverty measurement: do not undermine trust in consumption poverty.
- **Country context:** A national measure allows to describe development gaps in the country – monetary poverty can also be used for international comparison.
- **Selection of dimensions and indicators:** All dimensions and indicators should clearly link to a (national) development objective.
- **Style:** Concept and methodology of multidimensional poverty are discussed with stakeholders – be transparent about construction of variables and choices taken. Leave space for feedback on dimensions and indicators but then also establish a mechanism to take final decisions within the team.

Selection of dimensions and indicators: education

Pilot
measure
of MP

Deprivation

a household is defined as deprived if at least one household member above the age of 15 years has *less than 5 years of education*

a household is defined as deprived if at least one child of compulsory schooling age between 6 and 14 years is *not attending school*

Describe the experience of poverty: capture access, quality and affordability.

National measure of MP

Indicator and Development Objective	Deprivation
No secondary education: enhance human capital endowment; promote sufficient education to find a decent job; ensure participation in economic growth	present: all household member between the age of 15 years and 75 years have less than secondary education (vocational or professional)
Schooling enrollment rate: enhance human capital endowment; promote sufficient education to find a decent job; ensure participation in economic growth	future: at least one child of compulsory schooling age between 6 and 17 years is not attending school
Access to education services: ensure access to public services - education	not having access to kindergarten, complete secondary school, primary (general) school in the neighborhood
Quality of education services	not satisfied with education services

Process: Multidimensional poverty in Armenia

■ Step 3: Prepare the launch and dissemination

Prepare the launch and dissemination

■ Guiding questions:

- How to communicate the selection of dimensions, indicators and technical choices without raising doubts about validity of the instrument?
- How to ensure use of this instrument in the national discussion around poverty and shared prosperity in the country?

■ Lessons learned:

- **Interpretation:** Draw a more complete picture of poverty in the country - describe correlation between measure of multidimensional poverty and other measures of welfare.
- **Dialogue:** Continue exchange with (non) technical audience (such as academia, civil society and think tanks) and policy makers to discuss use and interpretation of this measure.
- **Dissemination:** Prepare outputs which are interesting to different groups in the population: knowledge briefs, homepage, technical document.

An interactive dashboard provides easy access to results

Multi-Dimensional Poverty in Armenia

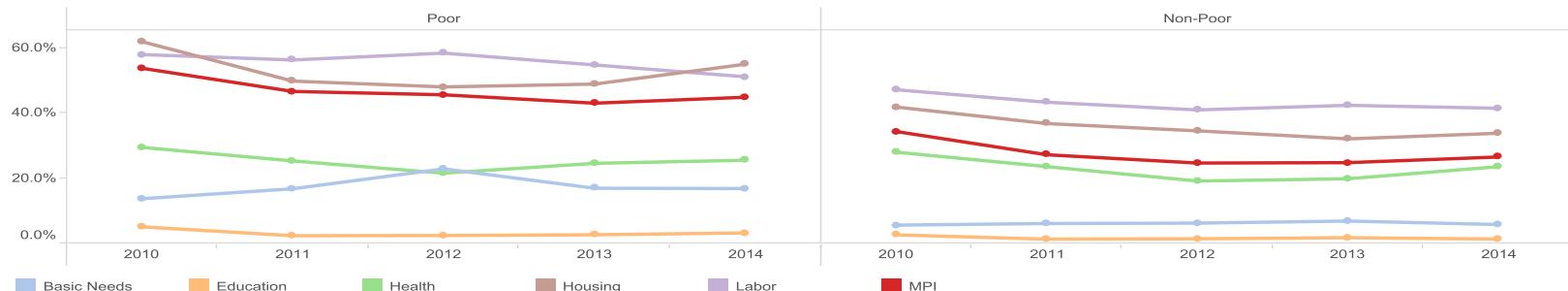
This dashboard uses the Armenian Integrated Living Conditions Surveys between 2010 and 2014 to construct Multi-Dimensional Headcount Rates across different subpopulation groups. The first chart shows the trends of different dimensions across time for the selected profile (consumption quintiles, regions etc.). The second chart displays the trends across the indicators of the selected dimension (select by clicking on the dimension line in 1st chart). The dashboard aims to help decision makers better understand the specificities of Multi-Dimensional Poverty in Armenia.

Select Profile
Upper Poverty Line

Select Dimension
All

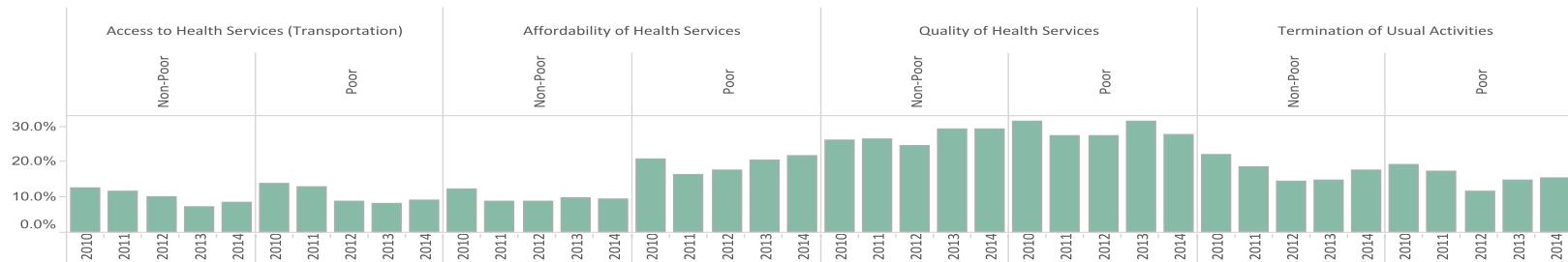
Select Timespan
2010 to 2014

Select Dimension(s) by clicking on the corresponding line to see Changes in Indicators across Time



Select Indicator(s) of Choice within the Dimension (Select "All" if graph is empty):
All

Indicators for Dimension: Health, Year(s): All



Source: Armenia Integrated Living Condition Surveys. Dashboard produced with the collaboration of the National Statistical Service of Armenia. Authors: Kaan Inan, Moritz Meyer and Nistha Sinha. April 2016

Multidimensional poverty in Armenia

- A measure of multidimensional poverty is technically easy to build, but requires a large set of decisions. Important to discuss the strength and weaknesses of the instrument.
- 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.
- Findings do not only describe an additional instrument to monitor poverty; moreover, the use for policy design and interpretation helps to improve evidence-based policies.