Engaging policymakers in developing multidimensional poverty measures

Adriana Conconi, OPHI, University of Oxford
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www.ophi.org.uk    www.mppn.org
“A number can awaken consciences; it can mobilize the reluctant, it can ignite action, it can generate debate; it can even, in the best of circumstances, end a pressing problem”

*Numbers that Move the World*

by Miguel Szekely (2005, 13).
Steps to create a MPI – Alkire-Foster method

1. Select indicators, cutoffs, weights

2. Create profile of deprivations for each household/individual

3. Identify who is poor

4. Compute Incidence, Intensity, MPI, and compositions

\[ MPI = H \times A \]
Comparable MPI (Global MPI, ECLAC MPI, Arab MPI)

- Like $1.90/day and $3.10/day poverty measures
- Can also compare countries (& subnational groups, over time)
- Could track SDG-1: halve poverty in its many dimensions
- Could measure both acute and moderate poverty
- Not as useful for national policy
National MPIs: Tailor made for policy

- Reflects the national context and priorities
- Guides national policies – focalization, monitoring, coordination
- Useful for policy interventions but not internationally comparable
National Adaptations

Colombia    Mexico
Bhutan      Chile
El Salvador  Costa Rica
Ecuador     Honduras
Pakistan     Mozambique
Armenia     HCMC (Vietnam)
Panama      Dominican Rep.

And many being developed.
MPI as a Governance Tool
What’s new?

1. **Panoramic view** – It can be disaggregated (‘leave no one behind’):
   a. by region, ethnic group, rural/urban, gender, disability, age group, etc.
   b. by indicator, to see composition
   c. by ‘intensity’ to see inequality among the poor

2. **Value added** – focus in overlapping deprivations (*joint distribution*)

3. **Incentives** to reach the poorest of the poor

4. **Flexible** to select dimensions/indicators/cutoffs/etc.

5. **Robust** to range of weights and cutoffs

6. **Shows progress immediately**
Policy makers are using their national MPIs to:

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, all parts of government.
Most countries launch national monetary and multidimensional poverty measures on the same day.

Example: Chile

El nuevo estándar oficial de medición

La pobreza multidimensional: 20,4%
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Pakistan’s MPI Incidence (H), 2004-2015

<table>
<thead>
<tr>
<th>Year</th>
<th>Incidence</th>
</tr>
</thead>
<tbody>
<tr>
<td>2004/05</td>
<td>55.2%</td>
</tr>
<tr>
<td>2006/07</td>
<td>52.5%</td>
</tr>
<tr>
<td>2008/09</td>
<td>49.3%</td>
</tr>
<tr>
<td>2010/11</td>
<td>44.7%</td>
</tr>
<tr>
<td>2012/13</td>
<td>40.8%</td>
</tr>
<tr>
<td>2014/15</td>
<td>38.8%</td>
</tr>
</tbody>
</table>
Descomposición del IPM

¿Por qué son pobres?

Ecuador
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Costa Rica: Does our allocation match our levels of poverty by sector? (Not yet)

<table>
<thead>
<tr>
<th>Indicador</th>
<th>% Carencia</th>
<th>Presupuesto Ejecutado</th>
</tr>
</thead>
<tbody>
<tr>
<td>Sin acceso a educación</td>
<td>22,8%</td>
<td>€217,477,650,077.62</td>
</tr>
<tr>
<td>Rezago educativo</td>
<td>27,6%</td>
<td>€0</td>
</tr>
<tr>
<td>Sin bachillerato</td>
<td>27,6%</td>
<td>€0</td>
</tr>
<tr>
<td>Bajo capital humano</td>
<td>61,3%</td>
<td>€8,570,200,000.00</td>
</tr>
</tbody>
</table>

MPI: used to diagnose Mismatches between objectives & Programmes/allocations
Costa Rica: Because the 2015 MPI showed big mismatches between policy objectives and allocations, President Solis issued a Presidential Decree that the MPI must be part of allocation formulae in the future.

The 2017 budget reflects the MPI

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PART XIII  THE FIGHT AGAINST POVERTY
Chapter 56  Take Targeted Poverty Reduction Measures
Chapter 57  Support Accelerated Development of Poor Areas
Chapter 58  Improve Poverty Reduction Systems
In keeping with the need to ensure that poverty reduction efforts are well-defined in terms of targeting population, designing projects, using funds, implementing measures, appointing village personnel, and achieving outcomes, we will work to see that assistance programs become more effective so that people living in poverty in rural areas have adequate food and clothing and are able to access compulsory education, basic medical care, and safe housing.

**Dimensions**

Compulsory Education (9 years)
Basic Medical Care
Safe Housing (includes water, etc.)
Adequate Food and Clothing
Sufficient income and livelihood.

**Aim:** end this poverty by 2020.
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Inclusive Cabinet of Mexico

In order to build basic levels of social protection and guarantee social inclusion, Enrique Peña Nieto, President of Mexico, created the Cabinet *Mexico Incluyente*. Every Ministry at the federal level undertakes a full commitment to reduce social inclusion gaps related with the Mexican MPI. SEDESOL coordinates the Cabinet Mexico Incluyente.

### Cabinet México Incluyente

<table>
<thead>
<tr>
<th>Category</th>
<th>Ministries</th>
<th>Objectives</th>
</tr>
</thead>
<tbody>
<tr>
<td>Education</td>
<td>• SEP&lt;br&gt;• (CDI, INEA)</td>
<td>Educational gap reduction</td>
</tr>
<tr>
<td>Healthcare</td>
<td>• SALUD, SEGOB</td>
<td>Increase Healthcare memberships</td>
</tr>
<tr>
<td>Social Security</td>
<td>• SHCP-SALUD&lt;br&gt;• (STPS-SEDESOL, IMSS, ISSSTE)</td>
<td>Increase access to social security</td>
</tr>
<tr>
<td>Basic Services in Homes</td>
<td>• SEDESOL&lt;br&gt;• (SEMARNAT-CONAGUA, CDI, SEDATU, CFE, SENER, SCT, CNA)</td>
<td>Potable water, power, drainage</td>
</tr>
<tr>
<td>Housing, quality and spaces</td>
<td>• SEDATU&lt;br&gt;• (SEDESOL, INFONAVIT)</td>
<td>Floor, roof, walls, household overcrowding</td>
</tr>
<tr>
<td>Food Access</td>
<td>• SEDESOL&lt;br&gt;• (SEP, SALUD, SAGARPA, DIF)</td>
<td>Household food insecurity scale</td>
</tr>
<tr>
<td>Income</td>
<td>• ECONOMÍA (SEDESOL, CDI, SCT, SEMARNAT, SALUD-DIF, STPS, SEDATU, SAGARPA, SHCP, SRE)</td>
<td>Income above the Basic Food Basket</td>
</tr>
</tbody>
</table>

**NEW PARADIGM:**

From the sectorial glance to an intersectorial and transversal approach

**FULL COOPERATION**

Between the federal government, governments from all states and municipalities
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Panama 2017: MPI rates vary nationally from 4.2% to over 90% in two indigenous Comarcas

Leave No One Behind
Engaging policymakers in building the MPI

1. Dimensions
2. Indicators
3. Deprivation cutoffs
4. Weights
5. Poverty cutoff
6. Data to use

How to decide?
- National plans/legislation
- Consensus (e.g. SDGs)
- Participatory processes/consultation
- Opinion of experts
- Data availability
Institutional arrangement

1. Technical committee – NIS, relevant ministries, international agencies, academia (who will be computing?)

2. Consultations
   - Within gov’t
   - Community and other relevant actors

3. ‘Steering Committee’ – represents policymakers who will use the MPI

And after launch of the measure:
   - Who updates? How often?
   - Who can modify the MPI and when?
   - Report MPI for SDG 1.2
Thanks!