

# MDG1: Poverty

## A. Income Poverty

- A. Internationally comparable: \$1.25 or \$2 per day
- B. Nationally owned: national poverty line and target (absolute or weakly relative)
- C. Growth rate

## B. Employment

- A. Percentage of workforce in decent work (ILO)

## C. Multidimensional Poverty

- A. Internationally comparable: MPI-2.0, using key new MDGs
- B. Nationally owned: reflecting own indicators/cutoffs/values

# Why Multidimensional Poverty?

1. **Birds-eye view** - can be unpacked
  - a. by region, ethnicity, rural/urban, etc
  - b. by indicator, to show composition
  - c. by 'intensity' to show inequality among poor
2. **Adds Value:**
  - a. focuses on the multiply deprived
  - b. shows joint distribution of deprivation.
3. **Incentives** to reach the poorest of the poor
4. **Flexible:** you choose indicators/cutoffs/values
5. **Robust** to wide range of weights and cutoffs

# 1. Birdseye View

2.4	38	0.1	5.2	3.6	12	0.4	2.1	78	9.7	1.8	7.8	6.9	49	5.7	0.4	7.3	54	0.2	17	0.4	4.3	2.1	0.3
1.3	7.2	13	4.8	93	0.2	3.4	0.6	3.6	7.5	62	4.1	23	10	2.8	92	1.7	9.1	4.0	0.8	85	24	3.6	27
4.6	.003	2.8	0.32	45	0.9	1.9	31	41	0.2	0.6	0.9	6.7	0.7	3.1	5.6	90	8.7	2.9	25	47	0.3	11	9.8

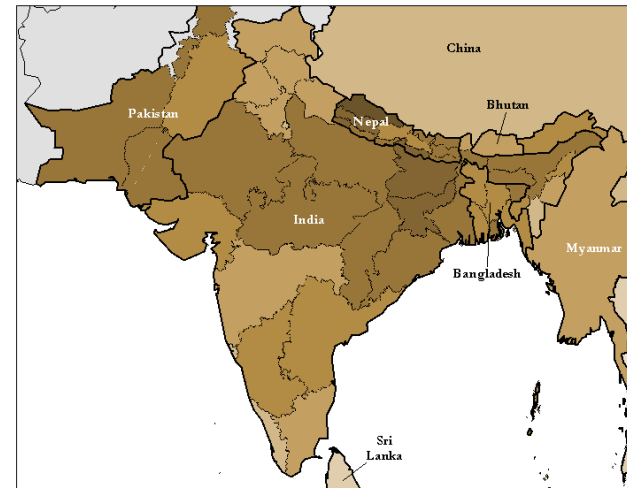
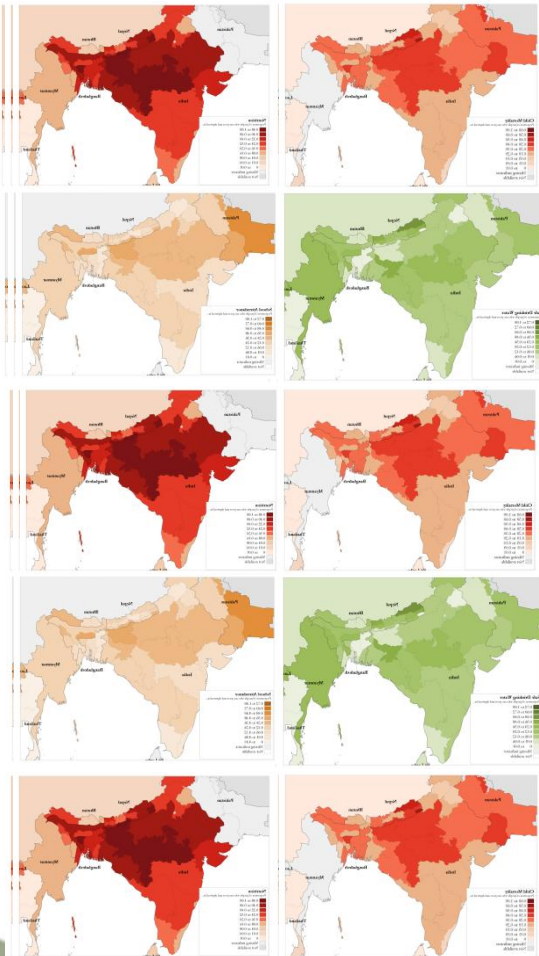
Above please find the 72 indicators for the 12 MDGs.

If these were on your dashboard you might crash.

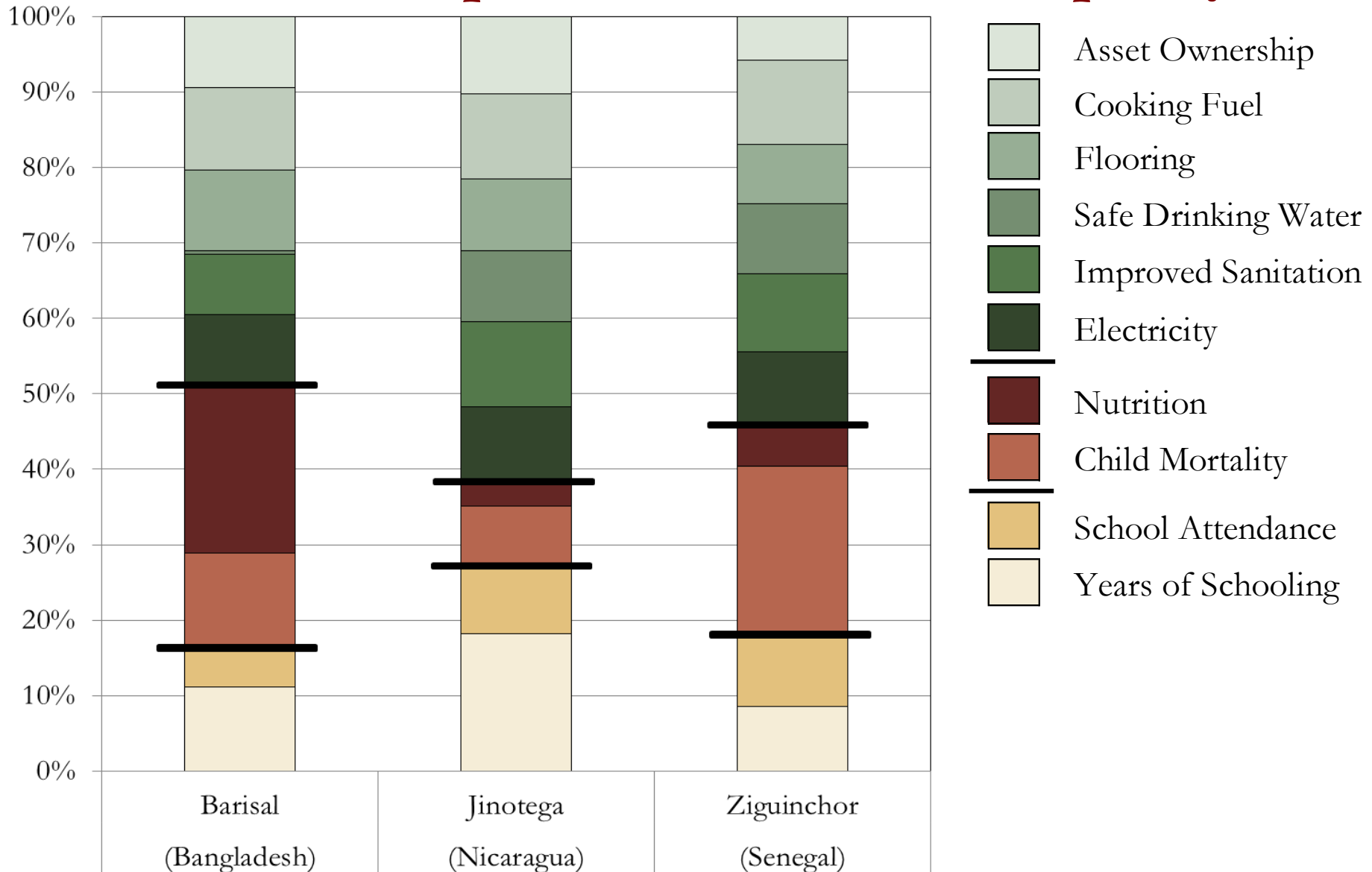
Perhaps make *some* overview indicators that have good properties so *add* rather than lose information?

# MDG Multiplication?

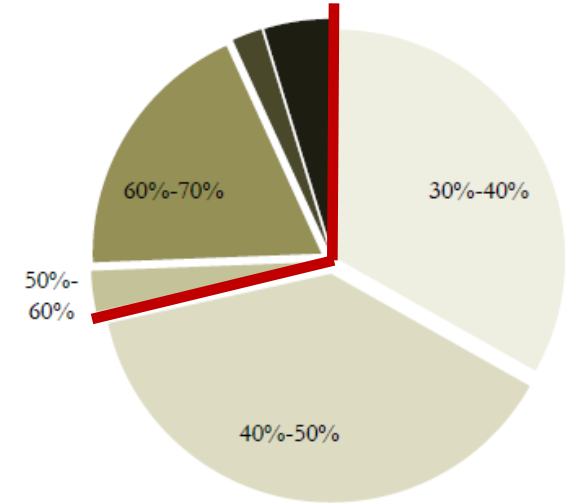
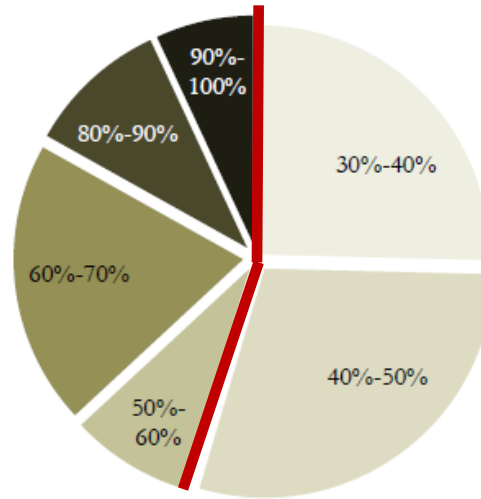
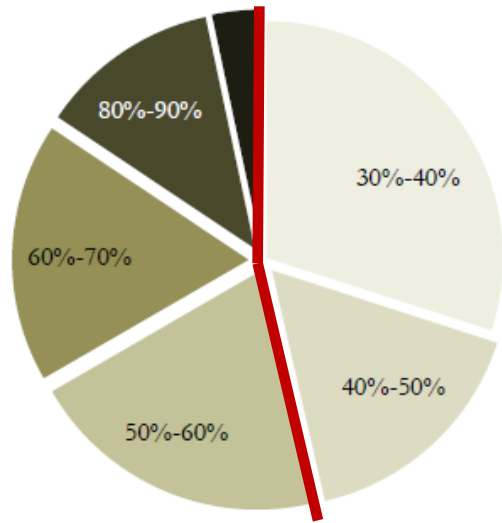
72 indicators (**or even 10**),  
broken down by gender  
by region  
by ethnicity  
by disability  
(**or even just region**)



# Similar MPI, but Different Composition, => Different policy



# What % of poor are severely poor?



Intensity of Deprivation Among MPI Poor . Intensity of Deprivation Among MPI Poor

F. Intensity of Deprivation Among MPI Poor

**India**

**MPI = 0.296**

**A = 53.5%**

**Cameroon**

**0.299**

**54.7%**

**Kenya**

**0.302**

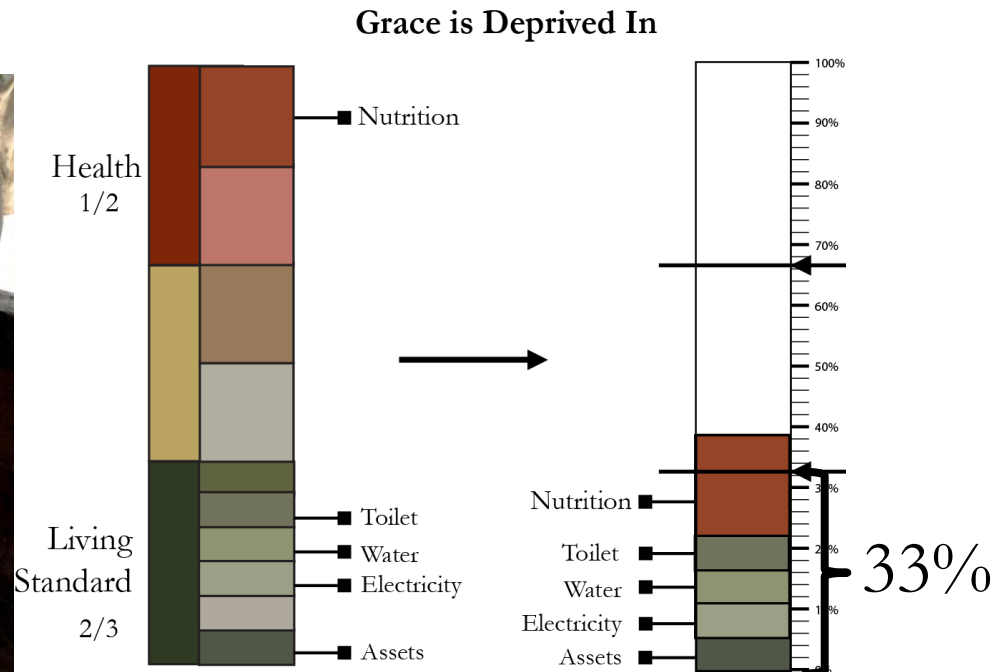
**50%**

# Birds-eye view

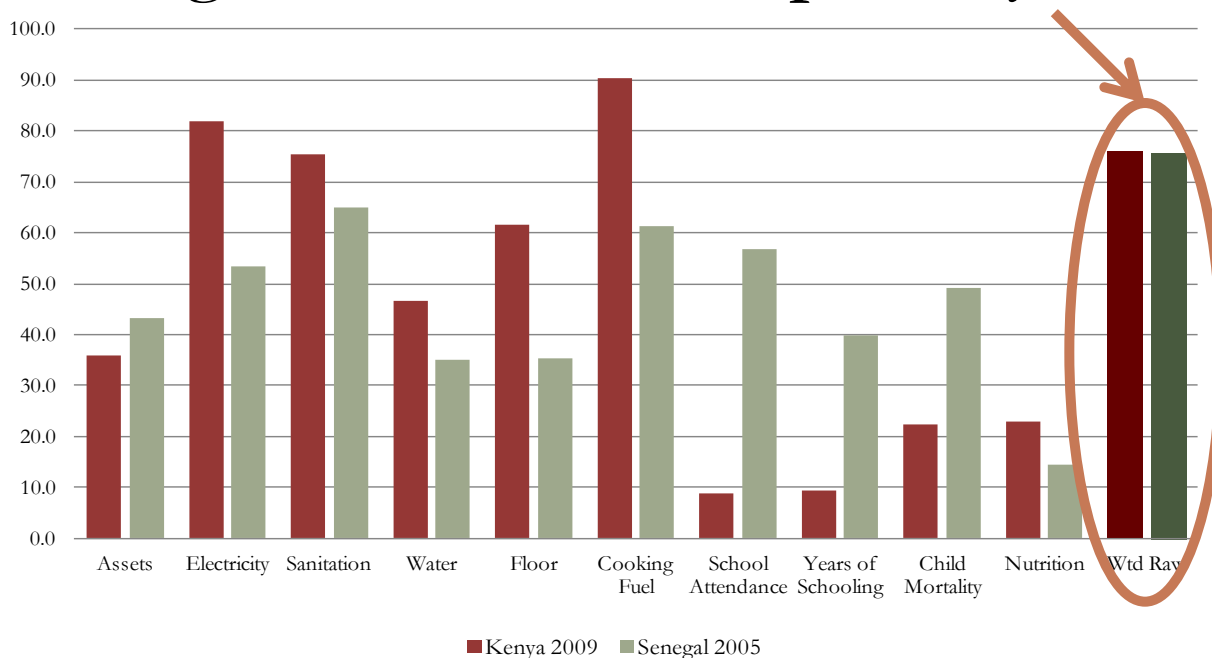
- An MPI can summarize a subset of indicators, drawn from the same hh survey or linked surveys.
- It can be decomposed by any variables the survey allows
- It can be broken down by indicator & intensity
- It adds information, as we shall see

## 2. Adds value by focusing on the multiply deprived.

A person is multi-dimensionally poor if they are deprived in some percentage of the dimensions at the same time (MPI: 33%).



**Example: Kenya vs Senegal:** If we add the 10 weighted MPI 'raw headcounts' Kenya and Senegal have the same poverty levels.

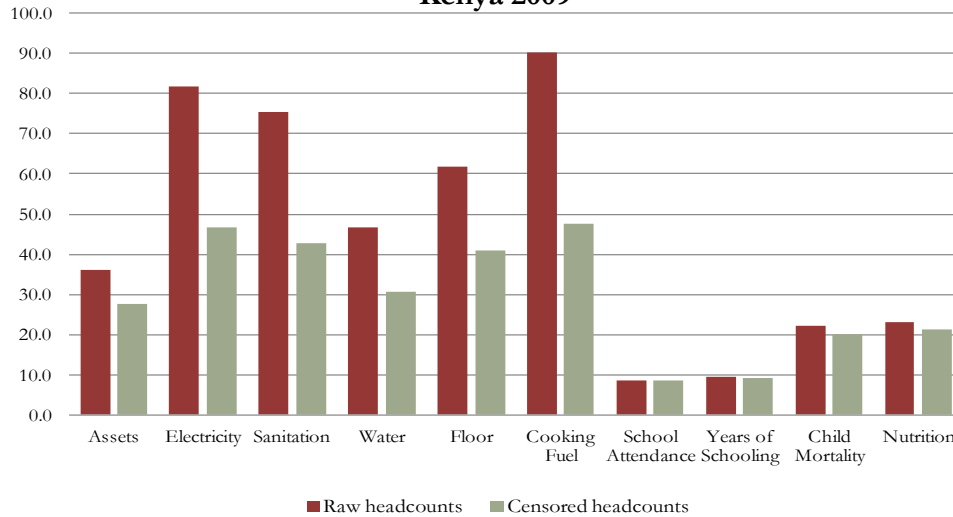


What happens if we now 'identify' as poor only those people who experience deprivations in one-third or more of the weighted indicators?

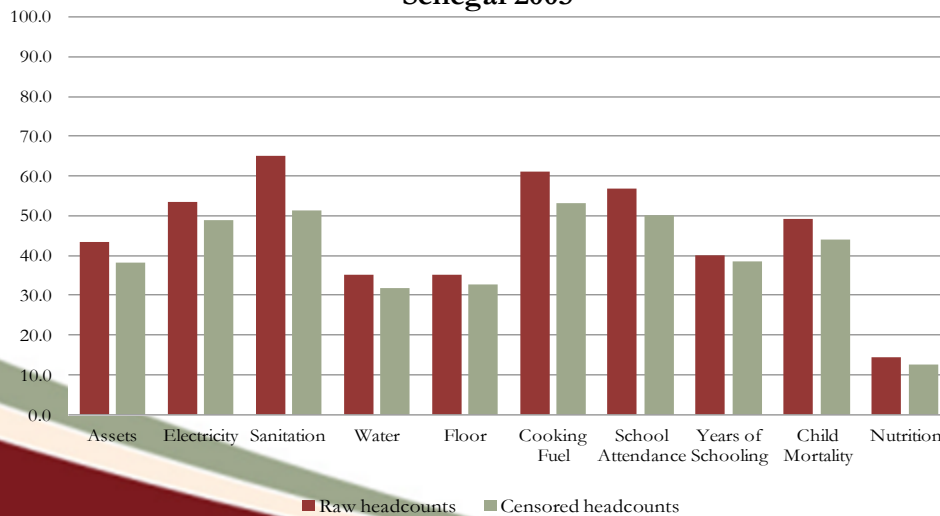
**Kenya:** MPI = 0.228; H = 47.8%; A = 48.0%

**Senegal:** MPI = 0.384; H = 66.9%; A = 57.4%

Kenya 2009



Senegal 2005



48% of people in Kenya are poor vs 67% in Senegal.

*Their multidimensional poverty is very different!*

Senegal  
0.384



MPI

Kenya  
0.229



MPI

# Why look *across* indicators?

India NFHS data 2005-6

% of people living in a hh where a child has died: **22.55%**

% of people living in a hh where no one has 5 yrs schooling: **17.58%**

**Are they mostly the same people?**

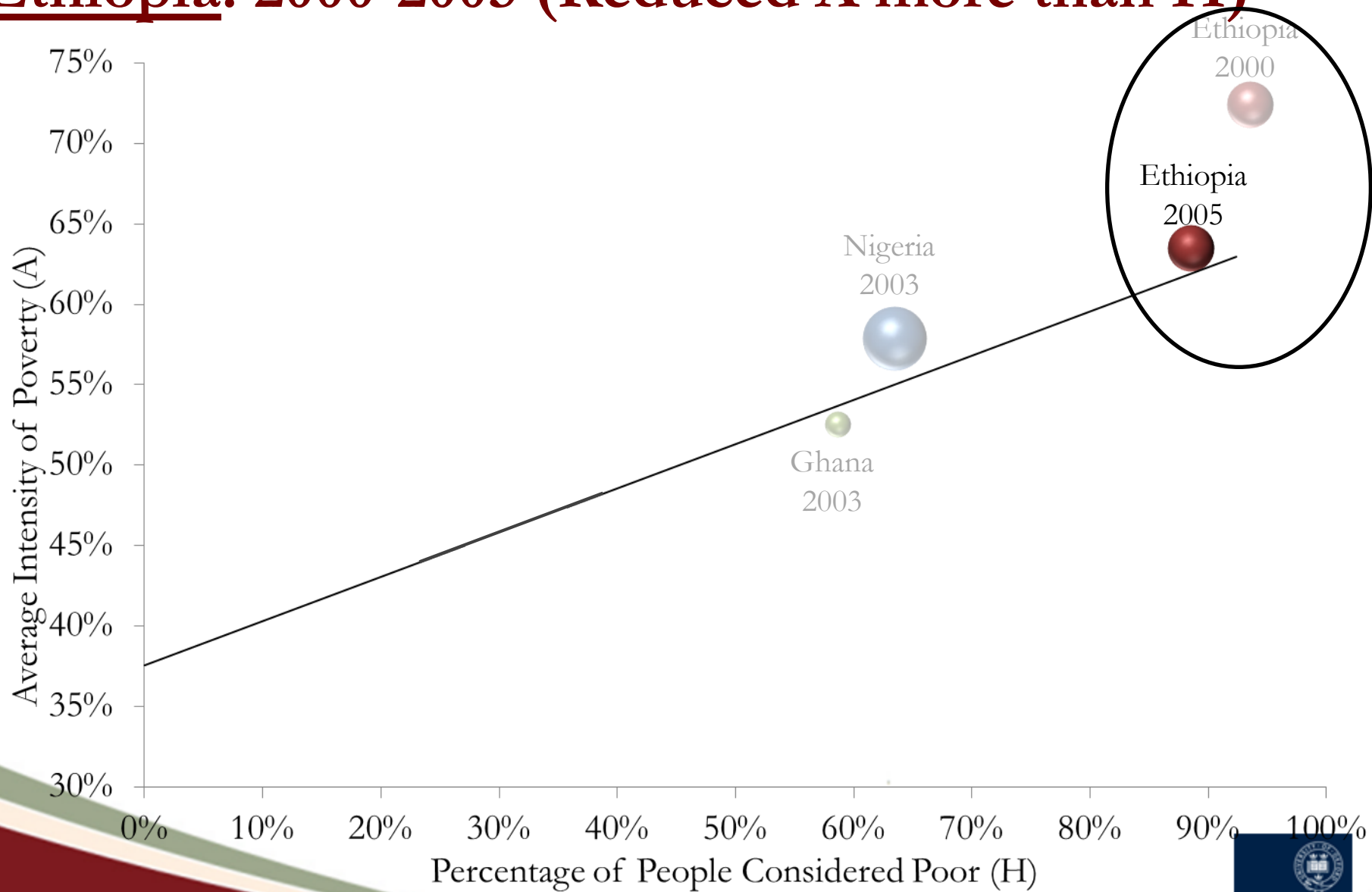
**Less than one-third of the time.**

**Only 5.75%** of people have **both** deprivations

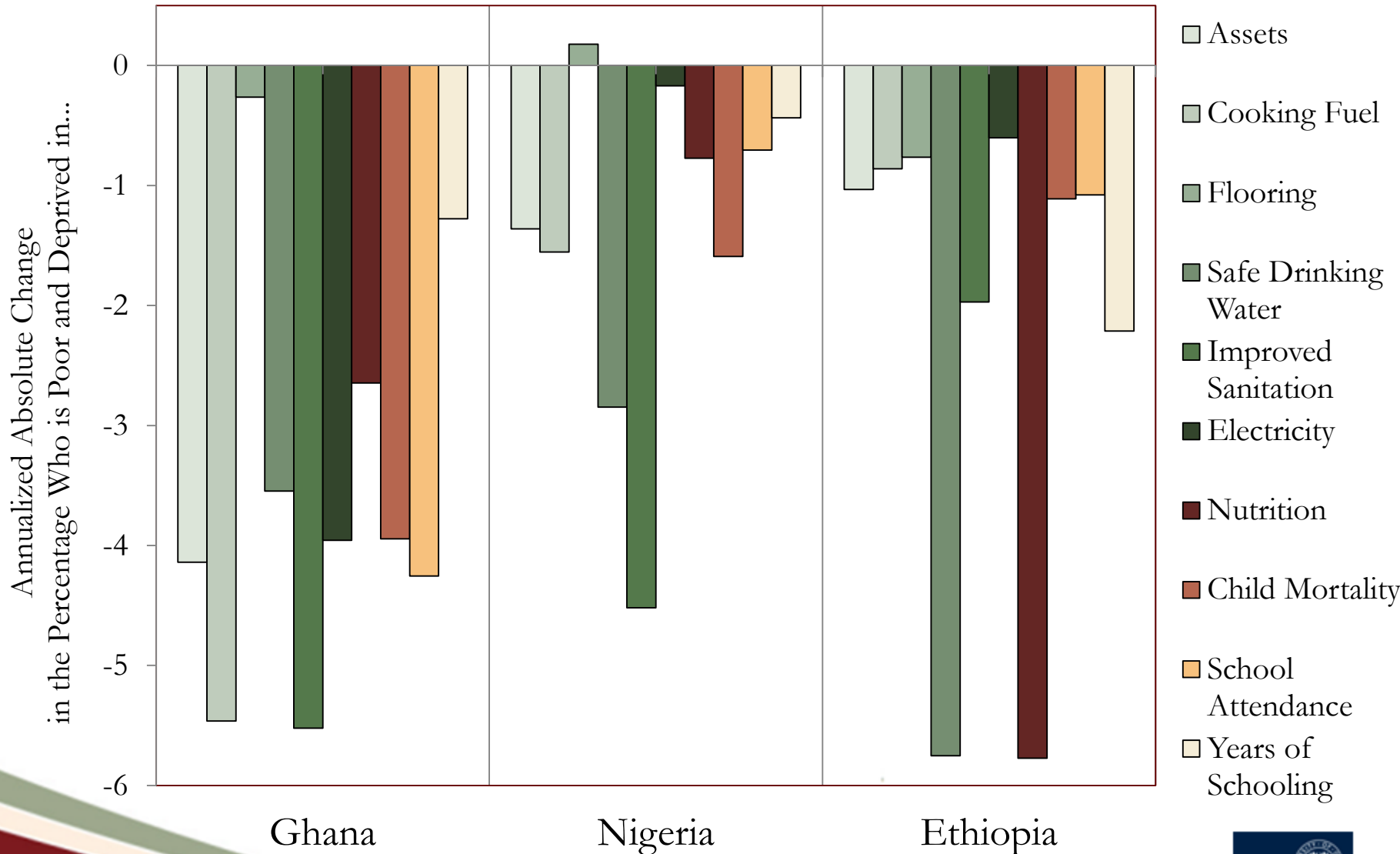
This is repeated worldwide, and motivates the need to look *across* deprivations

### 3. Incentives: to reach the poorest of the poor

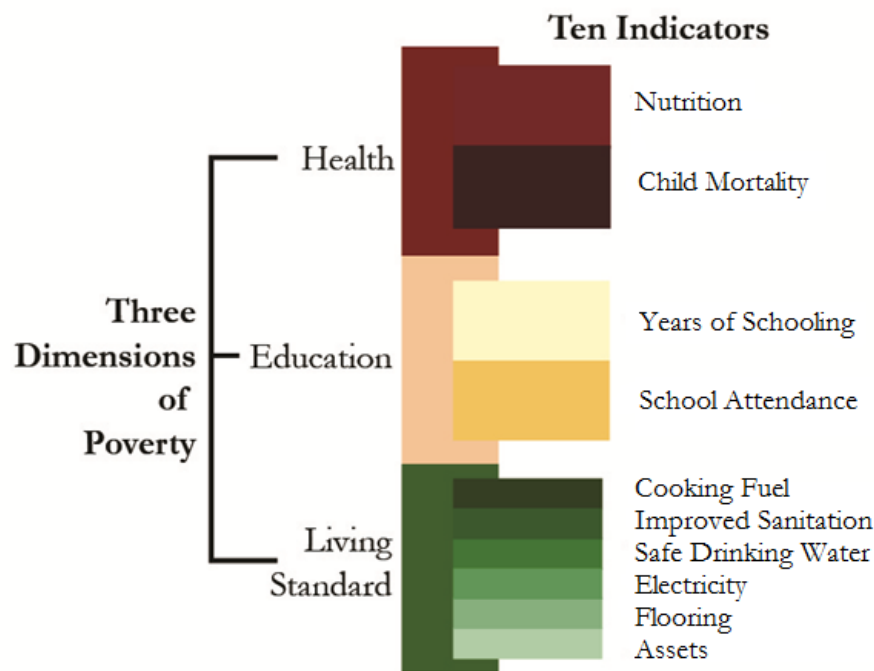
## Ethiopia: 2000-2005 (Reduced A more than H)



# Pathways to Poverty Reduction



# 4. Dimensions Weights & Indicators are Flexible – *you choose*



**National examples:**

**Mexico:**

Income plus.

6 social deprivations

**Colombia:**

5 dimensions

15 indicators

## 5. Robustness to weights, cutoffs, etc

*The analysis does not change if you change the weights.*

**Concretely: 85% of all pairwise comparisons are robust to weights between 25% to 50% on each dimension.**

**Among poorest 75 countries, Kendall tau-b  $> 0.90$**

**Rank Independence rejected at 99%.**

# Why an MPI-2.0, + National MPIs?

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