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The Politics of Multidimensional Poverty Measurement

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Political Considerations:

Observation:

A technically sound multidimensional poverty measure can be institutionalised if the political context is recognised, tensions are anticipated, and the institutional requirements to update the measure and, occasionally, the methodology, are in place.

Political Considerations:

Why measure?

Policy

Incentives

How develop?

Politically

Technically

How Update?

Institutions

Authority

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These slides are taken from Gonzalo Hernandez Licona's presentation at the World Bank, Aug 2010.

USING THE METHODOLOGY FOR PUBLIC POLICY

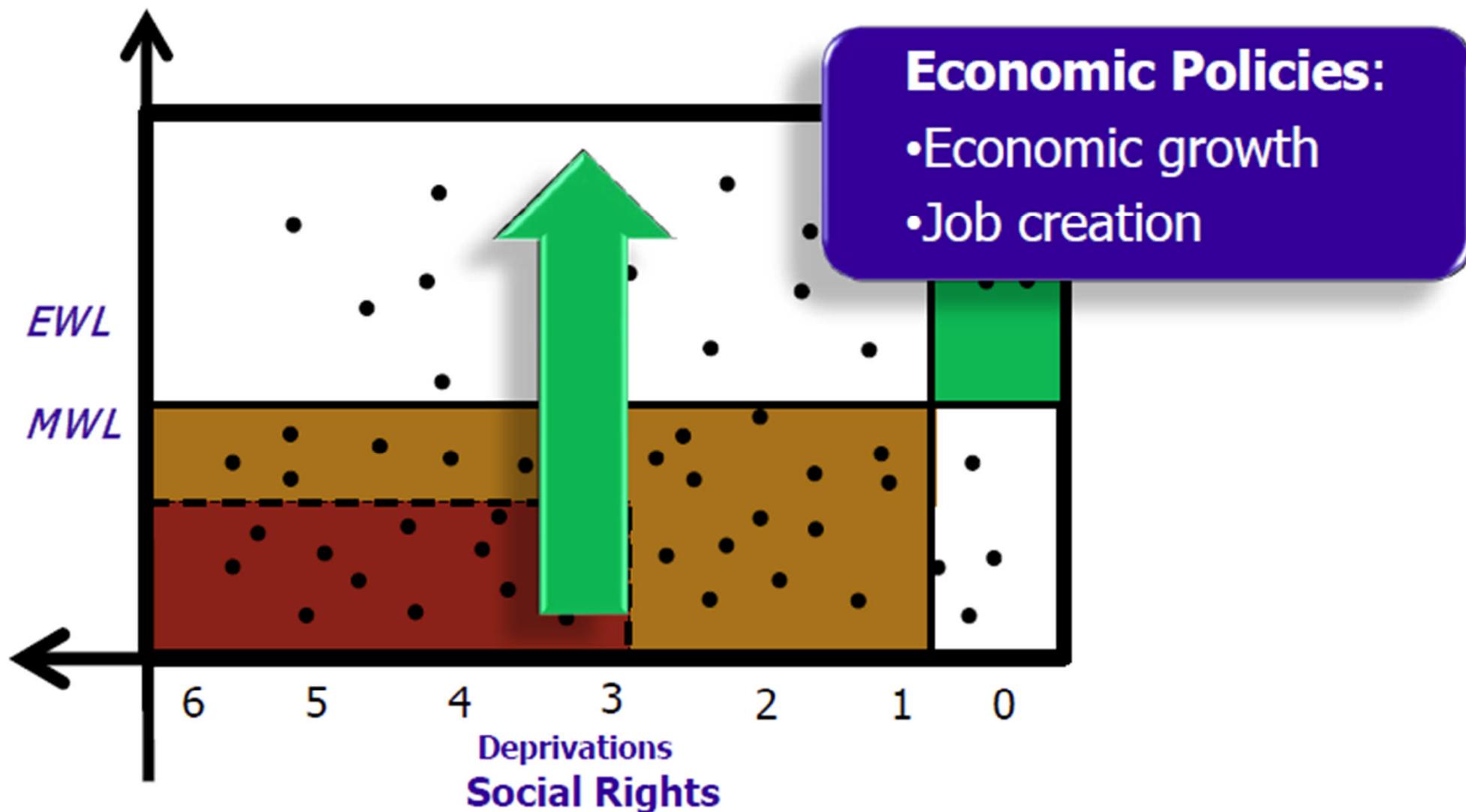
Political Considerations:

Why measure?

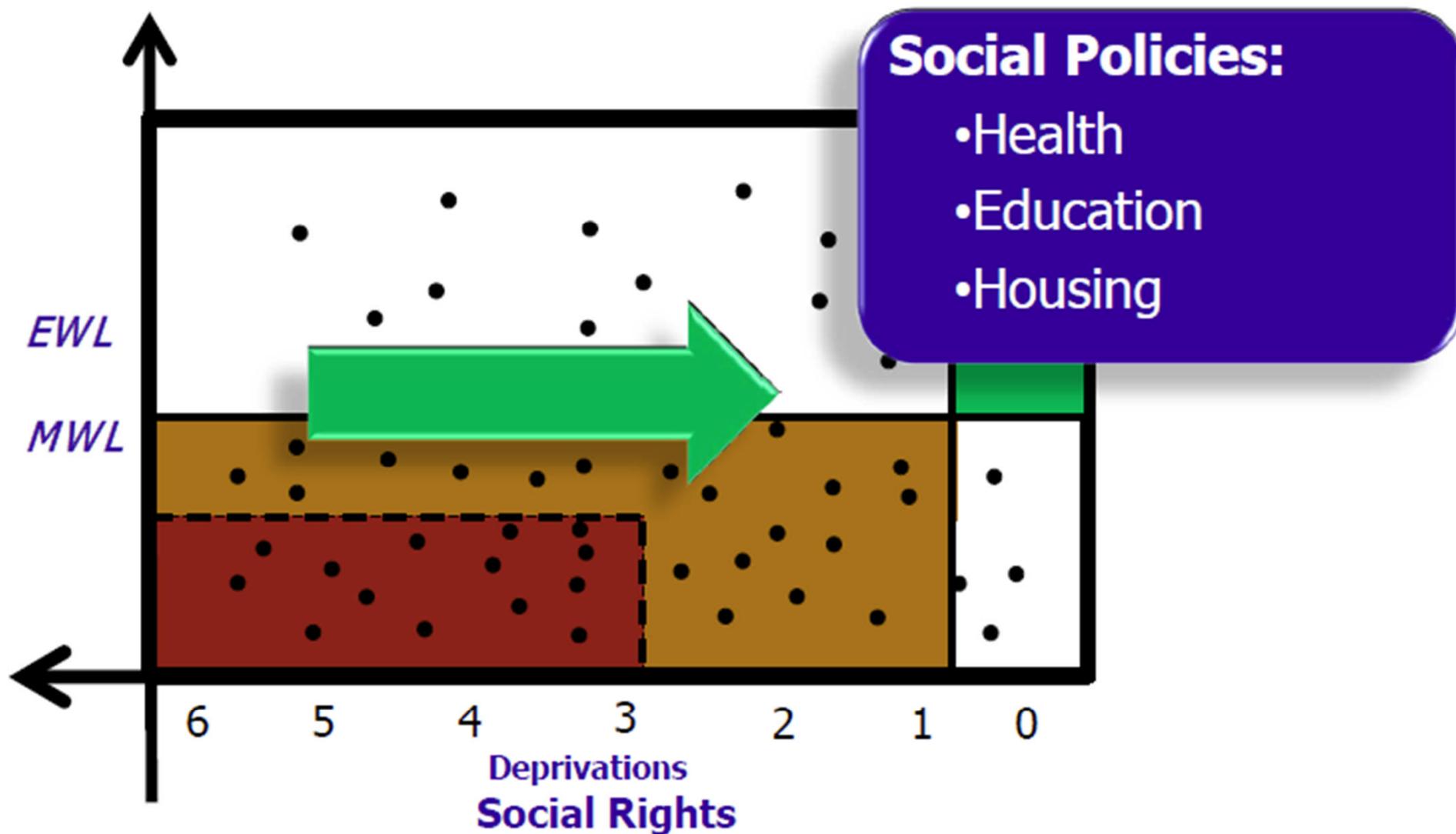
Policy I

Consider the kinds of policy analysis and response the measure should be designed to support.

What policies should be carried out?



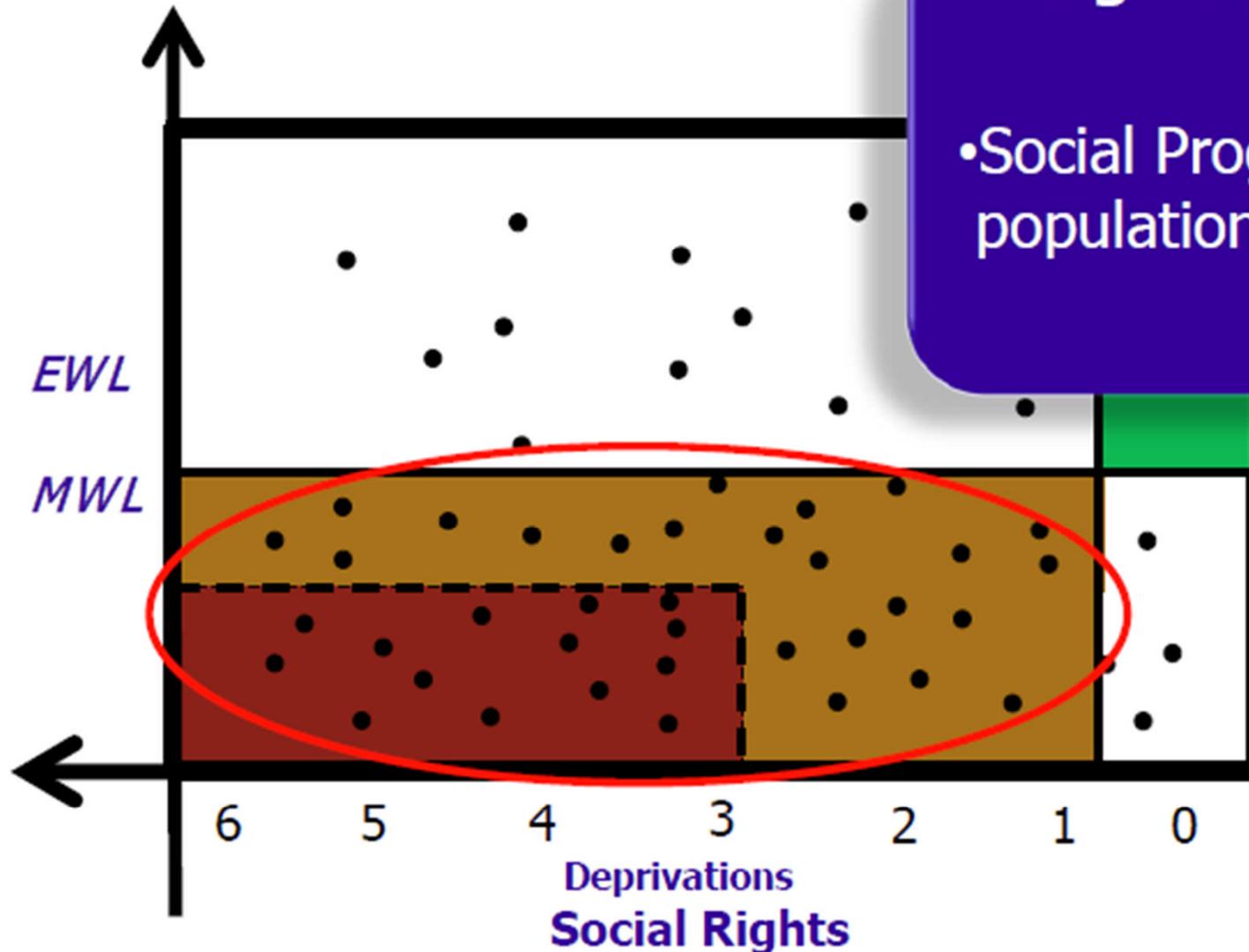
What policies should be carried out?



What policies should be carried out?

Targeted policies

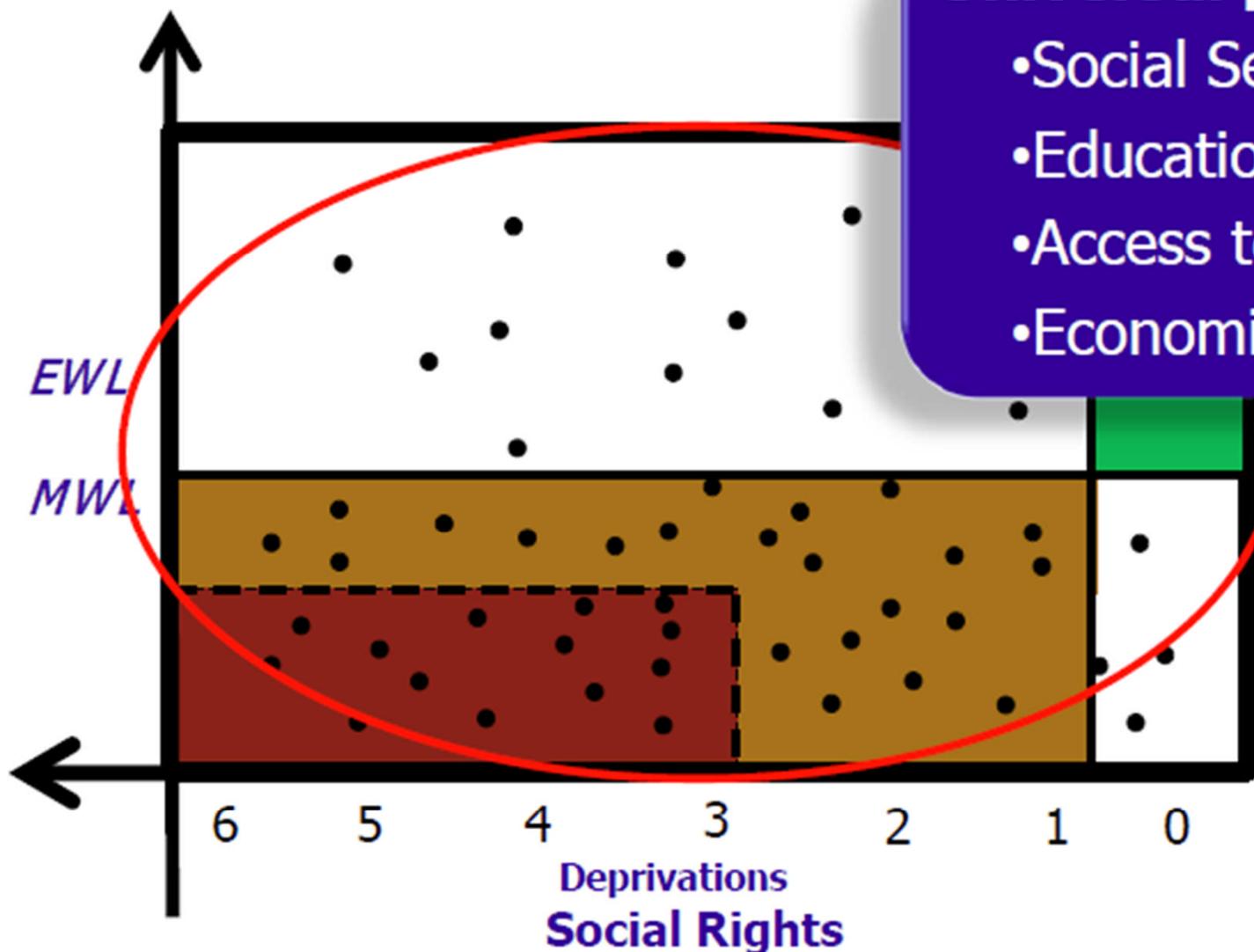
- Social Programs for the population in poverty



What policies should be carried out?

Universal policies

- Social Security
- Education for all
- Access to health services
- Economic growth



Colombia: clear national targets in MD Poverty reduction by dimension and by indicator

Indicator	2008	2014	Difference
Multidimensional Poverty Headcount (IPM-Colombia)	34.7%	22.5%	-12.2%
Absolute number of poor people by IPM	15,415,986	10,701,598	-4,714,388
Absolute number of non-poor people by IPM	29,034,274	36,959,770	7,925,496

Figure from DNP Colombia 8/11

Dimension	Variable	Indicator	Indicator National plan	Baseline (%)	2014 goal (%)
Household education conditions	Educational achievement (0.1)	Average education level for people 15 and older living in a household	Average education level for people 15 to 24 years old	9.15	9.8
	Literacy (0.1)	Percentage of people living in a household 15 and older who know how to read and write	illiteracy rate	6.7	5.7
Childhood and youth conditions	School attendance (0.05)	Percentage of children between the ages of 6 and 16 that attend school.	Gross and net coverage rate	79.27	91.0
	No school lag (0.05)	Percentage of children and youths (7-17 years old) within the household that are not suffering from school lag (according to the national norm)	Desertion rate in initial school, primary and high school	5.15	3.8
	Access to child care services (0.05)	Percentage of children between the ages of 0 and 5 who simultaneously have access to health, nutrition and education.	No National plan indicator for this variable		
	Children not working (0.05)	Percentage of children not subject to child labor.	Share of child and youth out of the labor market		35
Employment	No one in long term unemployment (0.1)	EAP that is not facing long term unemployment (more than 12 months)	National unemployment rate	12	8.9
	Formal employment (0.1)	EAP that is employed and affiliated to a pension fund (formality proxy)	Share of population affiliated to the pension system	32	42

Dimension	Variable	Indicator	Indicator National plan	Baseline (%)	Goal 2014 (%)
Health	Health insurance (0.1)	Percentage of household members over the age of 5 that are insured by the Social Security Health System	Subsidised regime coverage	92.27	100
	Access to health services (0.1)	Percentage of people within the household that has access to a health institution in case of need	No national plan indicator for this variable		
Access to public utilities and housing conditions	Access to water source (0.04)	Urban household: considered deprived if lacking public water system Rural household: considered deprived when the water used for the preparation of food is obtained from wells, rainwater, spring source, water tank, water carrier or other sources.	Coverage of pipe water	91.79	94.12
	Adequate elimination of sewer waste (0.04)	Urban household: considered deprived if lacking public sewer system Rural household: considered deprived if it uses a toilet without a sewer connection, a latrine or it simply do not have a sewage system	Share of households deprived on the materials of the housing	87.48	90.76
	Adequate floors (0.04)	Lacking materials (dirt floors)			
	Adequate external walls (0.04)	A urban household is considered deprived when the exterior walls are built of untreated wood, boards, planks, guadua or other vegetable, zinc, cloth, cardboard, waste material or when no exterior walls exist. A rural household is considered deprived when exterior walls are built of guadua or another vegetable, zinc, cloth, cardboard, waste materials or if no exterior walls exist.			
	No critical overcrowding (0.04)	Number of people sleeping per room, excluding the kitchen, bathroom and garage.	Share of households overcrowded	12.50	8.20

Political Considerations:

Why measure?

Policy II

Which people, institutions or networks will use the measure to monitor progress?

Using the methodology

- Other Ministries, besides the Ministry of Social Development, understand better their role in reducing poverty in Mexico
- We're starting to evaluate social programs (ex post and ex ante) using this approach.
- Social programs are changing the way they identify their beneficiaries
- The Strategy for poorer municipalities is using the methodology to target their programs

Using the methodology

- By linking social deprivations with poverty, policy recommendations are strengthened.
- It is now possible to evaluate the effect of social policy not only on income poverty but also on specific social deprivations.
- There is a tendency to focus on cash transfers when poverty is measured only with income. Social policies for overcoming poverty should also pursue to universally guarantee social rights.

Using the methodology

- Since income poverty is influenced by a number of circumstances that social policy cannot control (sometimes the country cannot control), relevant social achievements may remain undetected.

LPTI

ZAP

- Finally, a remarkable feature of the methodology is that it does not only identify poverty (priority), but also it identifies the **whole population without access to social rights**, which is a complete way of looking at public policy.

Guidelines and criteria (G&C) for identifying poverty



→ Mandatory application for public institutions

→ Social programs should consider the indicators of multidimensional poverty

→ G&C should be incorporated in social programs and evaluation

→ Flexible G&C according to the programs final goals.

→ Not all the indicators must be used in identifying targeted population.
V.gr. **Oportunidades**

Colombia's Poverty Reduction Roundtable: monitoring the poverty reduction programme

- Presided by the President of Colombia
- Leaders:
 - High Commissioner for Social Prosperity
 - DNP

•Permanent Members

- High Commissioner for Governance
 - Social Action
 - Ministry of Health
 - Ministry of Work
 - Ministry of Housing
 - Ministry of Agriculture
 - Ministry of Education
 - Ministry of Finance
 - ICBF
 - SENA
 - DANE

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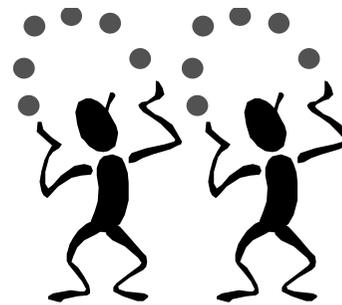
Incentives I: from Methodology

Consider our vector of incomes for 4 people.

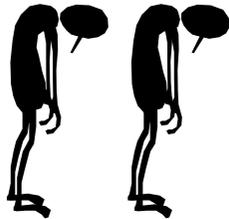
$(7, 3, 4, 8)$

Poverty line $z=5$

Now we have identified who is poor



poverty



What next?

Sample Methodology: Headcount Ratio

Headcount ratio $P_0 =$ percentage poor

Example: Incomes = (7,3,4,8) poverty line $z = 5$

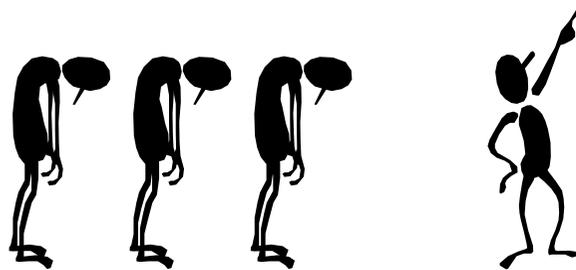
Who's poor? $g^0 = (0,1,1,0)$

Headcount $P_0 = m(g^0) = 2/4$

Think ahead to policy incentives: How do policy makers decrease headcount poverty?



poverty



Answer: They reach out to the person
closest to the line



Incentives I: from Methodology

So consider the incentives that are integral to the measure itself:

- E.g. M_0 provides incentives to:
 - Reduce the **percentage** of poor persons (H)
 - Reduce the **average intensity** of poverty (A)

Question for reflection:

Which incentives do each of the axioms provide?

Incentives II: Calibration Decisions

Consider the incentives created by each choice:

- Space (service delivery, functionings)
 - If the space matches programme outputs, a direct M&E tool.
 - Will the measure inform budget allocation? Are the analytical needs clear (cannot read budget implications off directly)
- Indicator selection & weights
 - Who (ministries, sectors, etc) is congratulated if poverty goes down? Who seems to be responsible if poverty goes up?
 - Are relevant indicators present for each programme (e.g. micro-nutrients)
 - What programmatic tradeoffs do weights imply? Are these reasonable?

Incentives II: Calibration Decisions

- Dimensional and poverty cutoff
 - If poverty H or M_0 starts very high, may be politically sensitive yet decreases can be visible
 - If poverty starts very low (= focused on poorest of the poor/ extreme destitution), it may be difficult to decrease
 - Level of deprivation cutoffs will affect the raw and censored headcounts, hence making one deprivation seem more pervasive (important) than another.

Incentives III: Calibration Process

- Who 'owns' the measure
- Who understands the measure?
- Is it perceived to be accurate by the general public?
- Is it perceived to be legitimate in method & result?
- Is it perceived to be captured by some interest group?
- Who feels that serious concerns will be considered in updating the methodology?

Incentives IV: Political Use

- Relates to Policy II: who will be congratulated if poverty is reduced, or held responsible if poverty increases.
- Perennial question for measurement design: who are the ‘users’ of the measure: how can the measure be designed to *create* positive incentives?

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Mexico

- Work started in 2006 - Process Discussions, criteria & design of data sources
- **Five Specific Methodological and Calibration proposals received:** Julio Boltvinik, Satya Chakravarty, James Foster & Sabina Alkire, David Gordon, Rubén Hernández and Humberto Soto
- **Consultation with experts:** Bourguignon, Thorbecke, Kakwani, Lustig, Skoufias, Walton, Khander, Reddy, Feres, López-Calva, ... among others.
- **Discussions of proposals**
- Consultation about indicators, thresholds, questions with **public institutions**
- **Survey Design**
- National and international **seminars**
- Finalizing the **methodology & calibration**
- **Data Collection**
- Analysis, and final discussion **results.**
- **Launch** of measure (December 2009)

Based on Gonzalo Hernandez Licona's slides, August 2010

Colombia

- Work started in 2010
- Strong political will (by both the previous and current President, and by two ministers of Planning)
- Previous President was interested as considerable effort in social policy was being strongly eclipsed by achievements in security issues.
- Current President has decided that poverty reduction is at the centre of his agenda.
- Very capable technical team
- A long history of working with multidimensional measures.
- Consultation process with universities and think-tanks.

Country X

- Work started four years ago
- Country is undergoing a change of political direction
- Wish the poverty measure to reflect new political objectives
- Hence are interested in introducing multidimensional poverty measurement, to reflect their key objectives.
- Advances were stalled due to:
 - Slow progress in new conceptual definition of poverty
 - Mismatch between political leaders and technicians
 - Long and unstructured consultation process with groups.
 - Urgent political events in-between displaced this discussion

Some National Considerations

- **Leadership**
 - There needs to be a clear leader or/and a good coordination mechanism.
 - Relevant institutions vary: Ministry of Planning, Finance, Social Development, Statistics Institutes, Central Bank, etc.
 - Colombia: President presides over a special cabinet involving all responsible ministries (e.g. Ministry of housing as one of the dimensions is housing).
 - Mexico: CONEVAL
- **Technical capacity**
 - Good technical capacity is needed to accompany the political will to introduce a MD poverty measure.

Some National Considerations

- **How to decide on dimensions, indicators, cut-off and weights?**
 - Some countries have constitutional mandates or laws establishing many of these aspects (e.g. Mexico).
 - Some have strong governments have explicit goals in national development plans (e.g. Colombia), MDG documents, etc.
 - Others calibrate using participatory schemes (Bolivia)
 - Bolivia and the long participatory process with indigenous groups about the dimensions
 - Tension: balance local context and technical/comparability: Indigenous groups introduce aspects of community well-being and environment for which robust indicators do not exist or which are not applicable to all.
 - Others rely on consultation with different ministries and sectors of government, rather than with citizens / civil society
 - Tension: Institutions consulted may seek to ‘game’ the design of measures to maximise short-term gains.

Some National Considerations

- **Position of a government with respect to income poverty and MD poverty data:**
 - Countries with *high income poverty reduction rates* may not wish to expose a more comprehensive situation if reduction is slower.
 - Countries may want to *show reduction in MD poverty* as income poverty reduction trends may be low.
 - Countries may want to *choose* the poverty cutoff such that MD poverty is lower than / equal to / greater than income poverty
- **Political cycles:**
 - Elections may create an incentive to introduce a new measure, or discourage it.
 - MD poverty measurement based in AF can show results in the short-run; results take longer to be evident using income poverty measures.

Some National Considerations

- **Political cycles (cont.):**
 - Same with a switch of government
 - A new government may not be interested in showing MD poverty reduction trends from previous years as it will show a good effort by its predecessor.
 - Yet is also a good way of starting from a different benchmark.
- **Establishing trust in the new measure:**
 - Misunderstandings and suspicion due to different values of income and MD poverty (if income poverty is lower).
 - Importance of participation

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Observations of Institutions Responsible for Creating, Analysing, and Updating poverty measures:

A correct measurement and characterization of poverty and inequality requires a **solid conceptual and technical support**, and at the same time a **general consensus** at the social participants/agents level → transparency, participation, inclusion

High **diversity** of inter-institutional cooperation modalities

With and without **international agencies**

Common: a broader view, renewed and improved methods

Recurrent limitation: insufficient participation of civil society

From Juan Carlos Feres' CEPAL powerpoint, August 2011, DNP Colombia

Examples of Institutions Responsible for Creating, Analysing, and Updating poverty measures

Examples of countries with Inter-institutional Committees or other participatory modalities/processes:

- Peru, Paraguay, Colombia: mixed Committee
- Mexico: legal and institutional support – CONEVAL
- Chile: commission to update the methodology
- Uruguay: advisory committee for new poverty line
- Brazil:
- Costa Rica
- Bolivia: UDAPE-INE

From Juan Carlos Feres' CEPAL powerpoint, August 2011, DNP Colombia

Preferences & Aesthetics of the Powerful

Inevitably, the measure may also be influenced by particular personal preferences of the leadership.

These might be in **variable choice**:

- Bolivia and the rejection of income poverty measurement as a feature of a “neo-liberal paradigm”
- Persons trained in neo-classical economics, or who assume income poverty accurately proxies deprivations in other dimensions.

They might be in terms of **presentation**

- Some prefer ‘complexity’ as it seems technically ‘scientific’
- Some prefer ‘simplicity’ (few vars) as it seems clearer.

They might be in terms of **analysis**

- Preference for certain colors, for maps, for certain techniques they are familiar with.

Tensions and Manipulation

- You are a corrupt mid-level bureaucrat.
- Your government is seeking to design a new multidimensional poverty measure.
- How might you disrupt the measure, and insert your own interests in it without being detected?
 - At the point of variable identification in your work area?
 - At the point of setting relative weights on your work area?
 - At the point of survey design?
 - At the point of updating the measure after 10 years?

Tensions and Manipulation

- You are a trained economist working in a ‘watchdog’ thinktank.
- You are seeking to criticise a measure and detect any special interests that have infiltrated its design.
- How might you identify politically motivated calibration decisions
 - At the point of variable identification?
 - At the point of setting weights?
 - At the point of survey design?
 - At the point of updating the measure after 10 years?