‘Who is poor’ and how do we define poverty

Beyond income or financial poverty lines (like a $1 a day), other measures—or dimensions—of deprivation have captured the attention of researchers and policymakers alike due, in part, to the compelling conceptual writings of Amartya Sen and the unprecedented availability of relevant data. New methodologies enable us to bring into one measure the different deprivations that impact people’s lives.

Sabina Alkire and James Foster have proposed a new method of studying ‘multidimensional poverty measurement’ (OPHI Working Paper 7). It includes a method of identifying ‘who is poor’ by considering a range of deprivations, and a way of adding these deprivations to show the share of the population that is poor according to multiple dimensions, and the sources of their deprivation that can then be put to use in specific policy and measurement applications.

This new method is appropriate for reporting multidimensional poverty in the same way as income poverty lines, and tracking changes in poverty in a nation, state, group or individual over time. The instrument is also particularly suited to targeting the poor.

Practical applications to illustrate this methodology (see the OPHI Working Papers online) are available for poverty in: Latin America (6 countries), Africa (14 countries), South Asia (India, Pakistan, Bhutan) and China. We have also developed measures of: child poverty, targeting of social protection and conditional cash transfers, quality of education, and governance.

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Breakthrough in Bhutan

OPHI has provided assistance in devising a multidimensional measure of wellbeing, in line with the Bhutanese government’s focus on looking beyond income-based measures. Bhutan launched its Gross National Happiness Index in November 2008, coinciding with the coronation of His Majesty King Tshering. The index is based on nine dimensions of wellbeing identified as important in Bhutan, including time use, governance, community, culture, and ecology. Working with the Centre for Bhutan Studies in Thimpu, a non-aligned and non-profit research institution, OPHI helped to combine these dimensions using the multidimensional poverty measure devised by Sabina Alkire and James Foster.

The results of this work were presented at the Gross National Happiness conference in Thimpu, to a large Bhutanese and international audience. The sufficiency index showed that in 2008, the population was sufficient, on average, in 6 out of 9 dimensions. The multidimensional poverty analysis, in contrast, found that 10% of people were poor in at least 3 dimensions. Using both thresholds together provides a richer view of the distribution of wellbeing in a population than either threshold alone.

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First national-level survey of Missing Dimensions

Having pre-tested our questionnaire on a small scale in several countries, OPHI undertook the first national-level survey of these indicators in Chile in late 2008 and early 2009. Working with the Centro de Microdatos of the University of Chile, the survey drew on a sub-sample of 2,000 households from the 2006 national household survey (CASEN), which permitted combining the new OPHI indicators with those that are collected routinely.

This new survey repeated pivotal questions and modules from the 2006 survey (on income, employment, health, and housing) alongside the complete versions of all five OPHI missing dimension modules. Analyzing these data together should enable researchers to validate the OPHI questionnaire, and to generate a detailed profile of:

- employment quality
- empowerment/agency
- physical safety
- the absence of shame and humiliation, and
- psychological/subjective wellbeing

in the Chilean population. Researchers will compare these dimensions with income poverty and standard measures such as nutrition, health, education and housing quality, and will assess the interconnections between them.

The Chilean survey is available on our website in Spanish, along with a range of documents in English including the ‘Missing Dimensions Manual’, shortlists of questions, and technical notes. Translations into other languages are in preparation. Analysis of the dataset is underway, with results expected in October 2009.

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The IDB Adapts the Alkire Foster Measure for Targeting Beneficiaries by Oportunidades in Mexico

The Inter-American Development Bank (IDB) has adapted and promoted the Alkire Foster measurement methodology to help Oportunidades, a prominent Conditional Cash Transfer (CCT) programme in Mexico, to target beneficiaries. Having been adopted in 2008, the rapid success of this programme in Mexico, based on the ease of use and the much more accurate targeting of beneficiaries, led the IDB team to propose its expansion to other countries; supporting the design of multidimensional targeting in Honduras and soon to follow in Nicaragua. Recently the proposal was presented in Panama, and will be discussed at the II Sub-regional Caribbean Meeting of the Poverty and Social Protection Network of the Regional Policy Dialogue (Jamaica).

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