

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

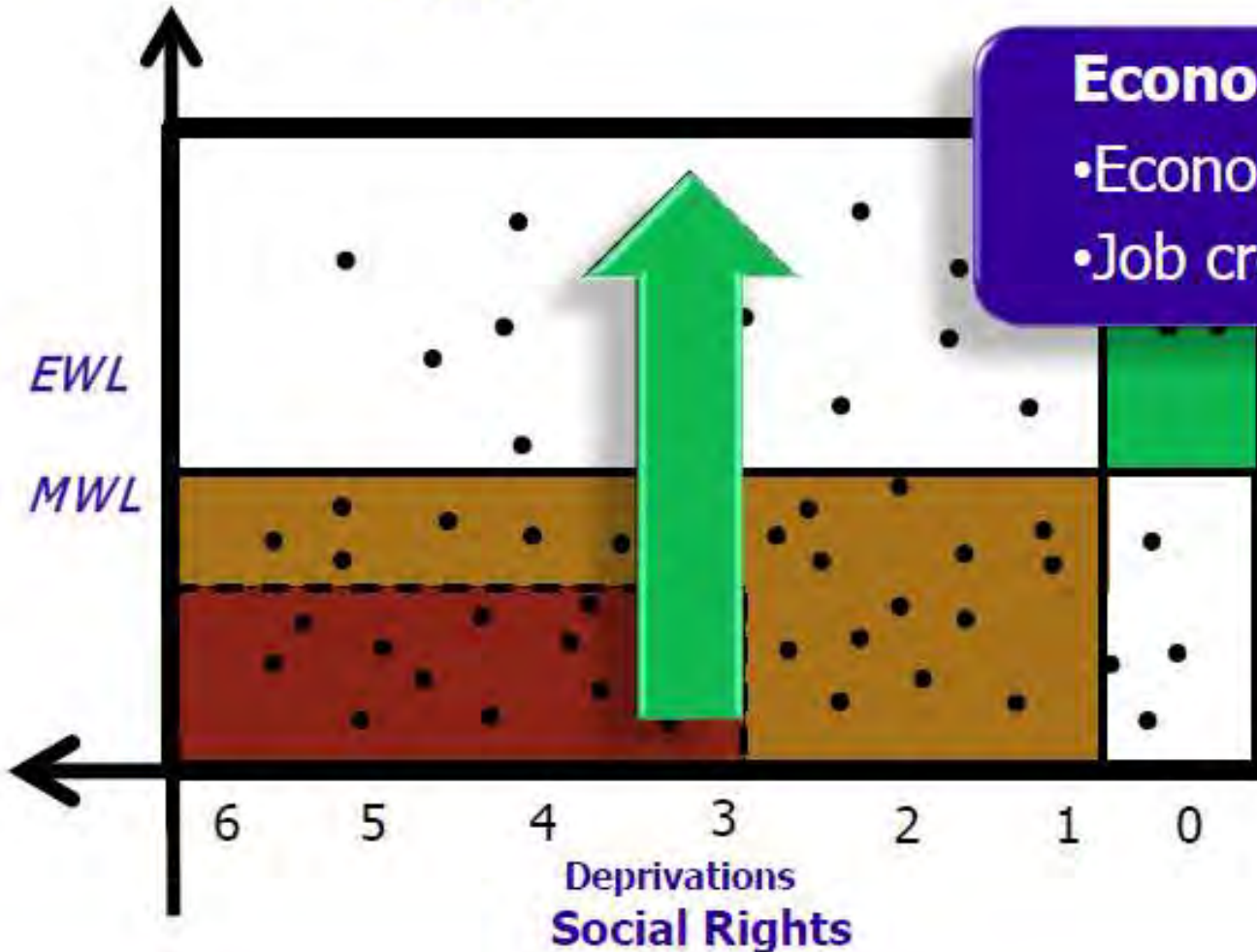
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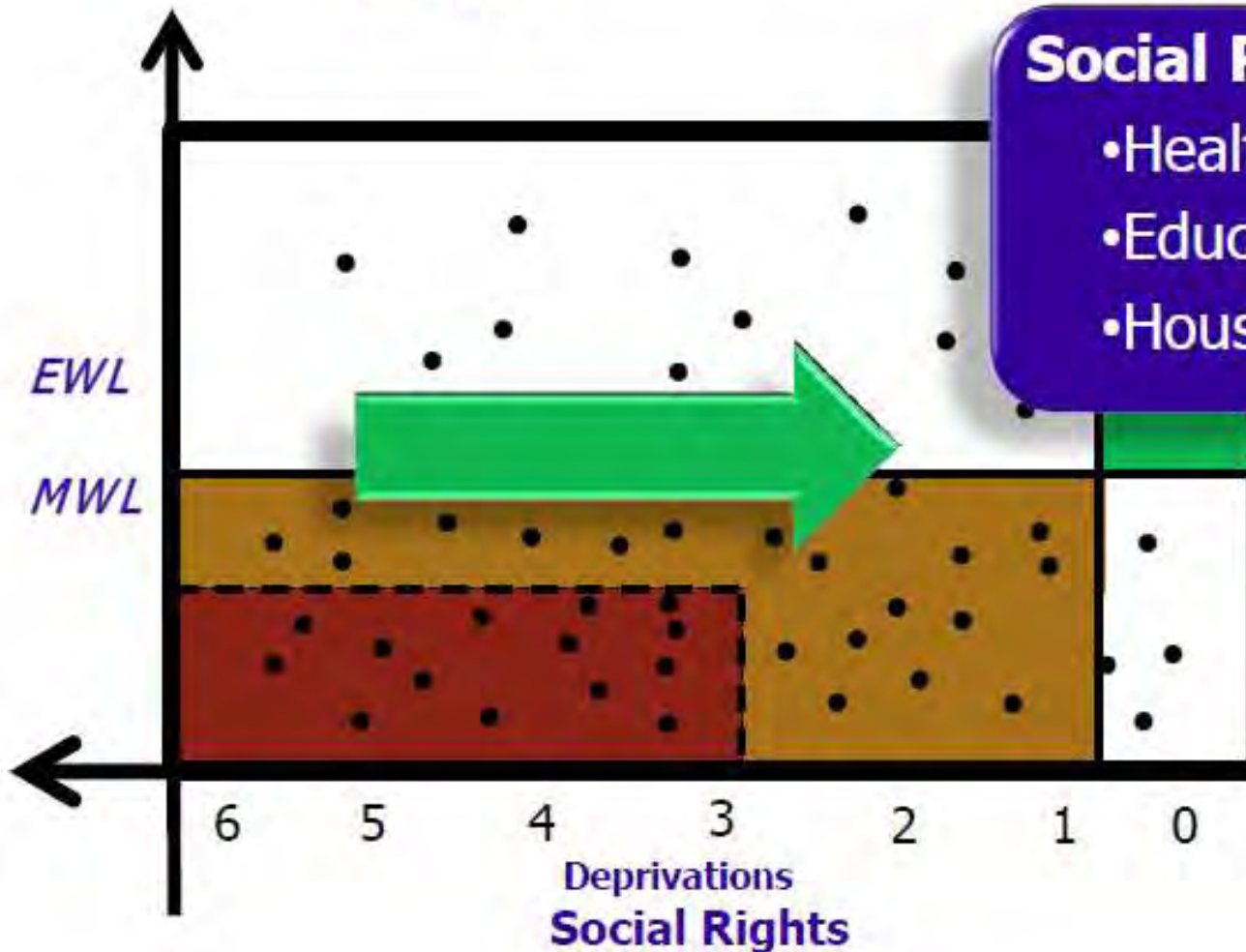
Policy I

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?



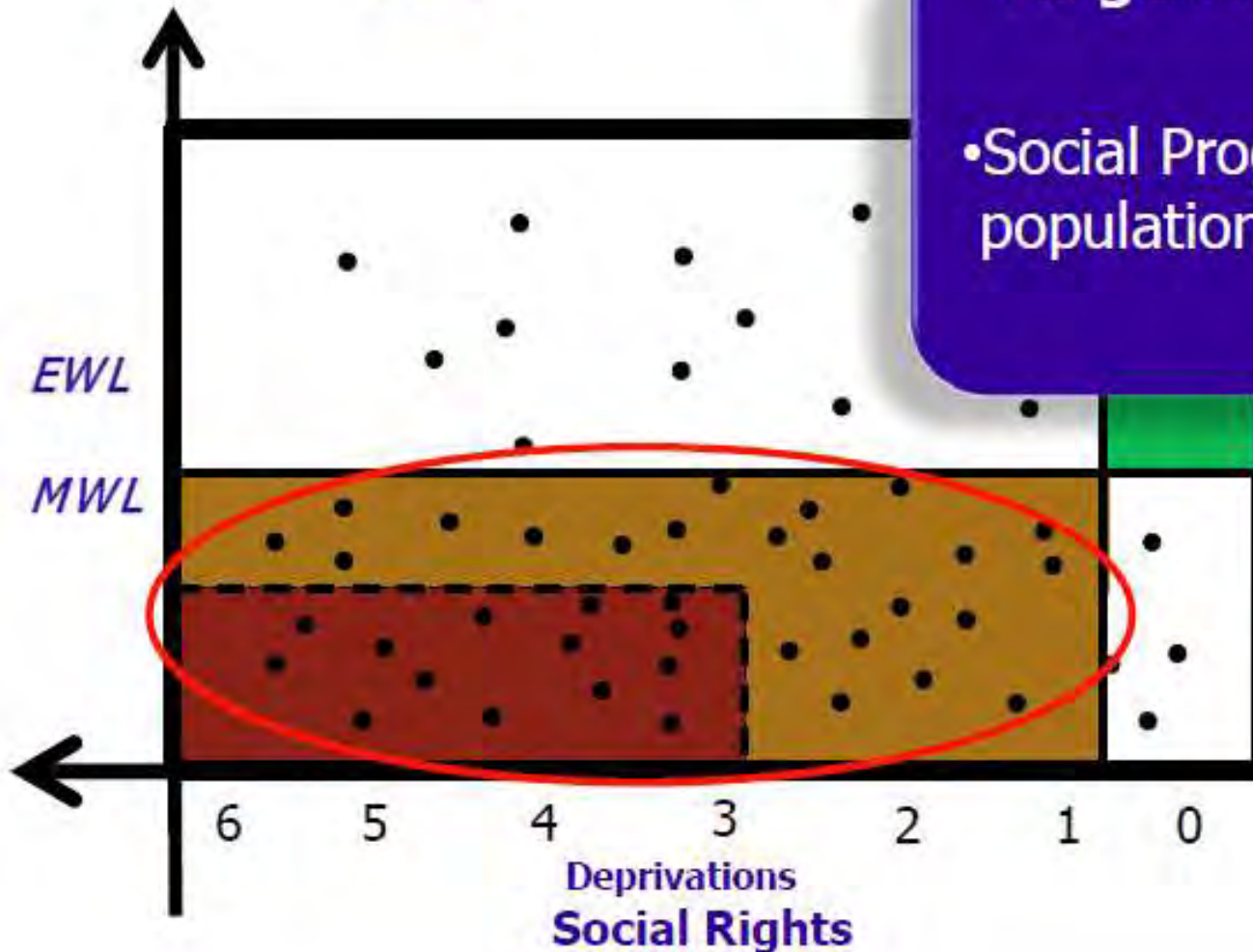
Social Policies:

- Health
- Education
- Housing

What policies should be carried out?

Targeted policies

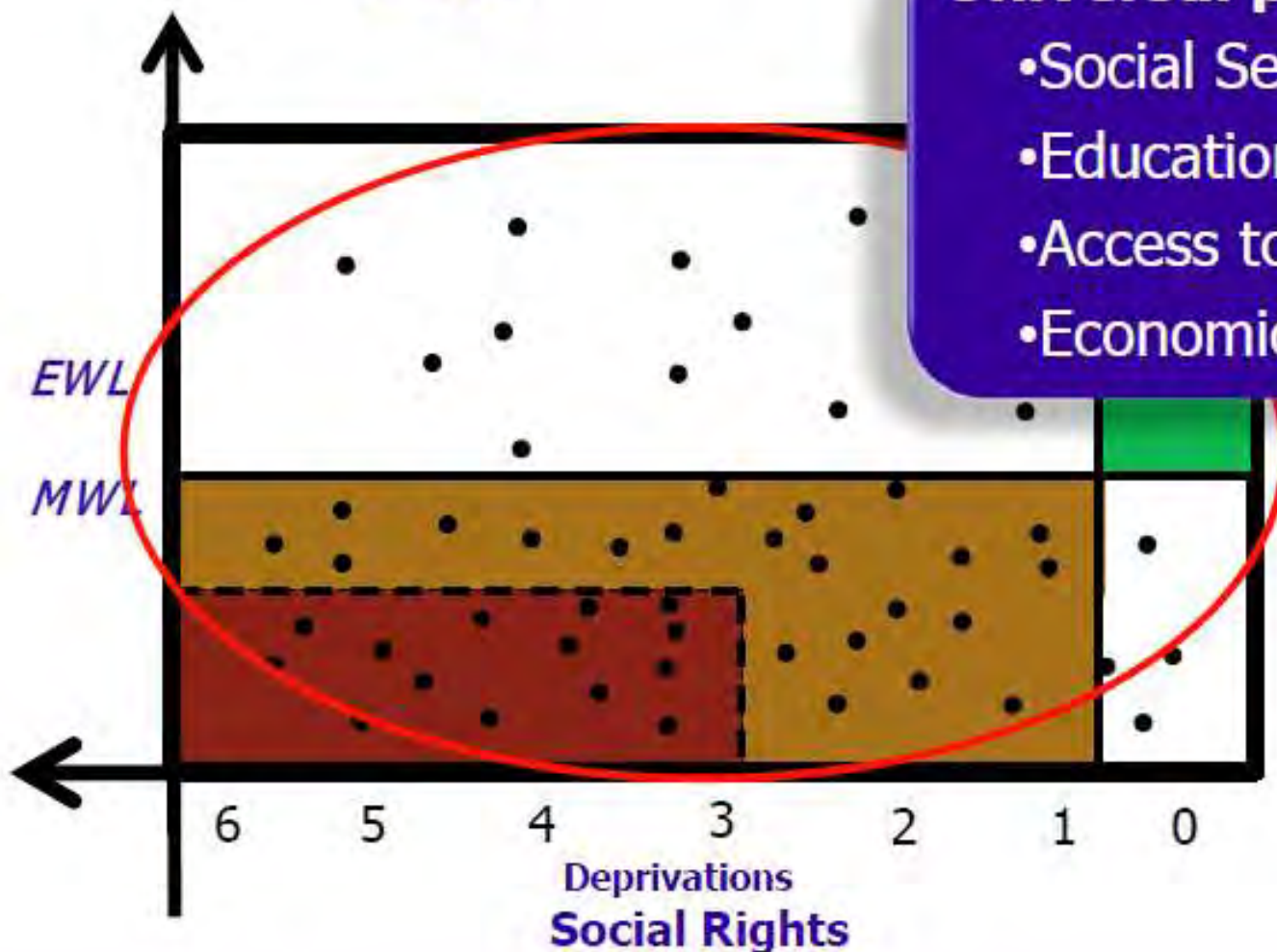
- Social Programs for the population in poverty



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

Political Considerations:

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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.

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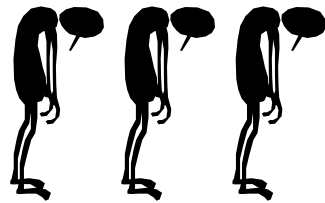
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Incentives from measurement design: How do policy makers decrease headcount poverty measures?



poverty



They reach out to the person closest to the line



Is this fair?

Incentives I: from Methodology

Unlike the Headcount, M_0 provides incentives to:

- Reduce the **percentage** of poor persons (H)
- Reduce the **average intensity** of poverty (A)

- Implication: use M_0 to reflect changes in poverty over time.

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**? How?
- Indicator selection & weights
 - Which institutions will be congratulated if poverty goes down?
Who will be accused if poverty goes up?
 - What achievements will be undetected due to missing data?
Can oversights be fixed?
 - What programmatic tradeoffs do weights imply?

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Who gives input into a measure? Who designs it? Who releases it?

- Civil Service
 - Planning
 - Statistics
 - Ministries
 - Social Development
- Political leaders
- International Institutions?
- Business Leaders?
- Academics?
- Think Tanks / Policy groups?
- NGOs?
- Interest groups (unions, local government, provincial govt)
- **Poor people & communities?**

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Institutional agreement on the measure of poverty

Documento Conpes Social

150

Consejo Nacional de Política Económica y Social
República de Colombia
Departamento Nacional de Planeación

METODOLOGÍAS OFICIALES Y ARREGLOS INSTITUCIONALES PARA LA
MEDICIÓN DE LA POBREZA EN COLOMBIA

DNP – DDS
DANE
DPS

Versión aprobada

Bogotá, D.C., mayo 28 de 2012

The National Department of Statistics acquired the responsibility of producing the official poverty measurements.

Technical and methodological decision are defined in a committee (NPD, DSP, external experts)

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High official commission

Monitoring an integrated poverty reduction

- Leaders
 - Presidency
 - Department of Social Prosperity
 - National Planning Department
- Permanent members
 - Ministry of Health
 - Ministry of Labor
 - Ministry of Housing
 - Ministry of Agriculture
 - Ministry of Education
 - Ministry of Finance



MANDATORY PRESENCE
The President of Colombia

Some National Considerations

- **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.
 - Same with a switch of government
 - A new government may not be interested in showing MD poverty reduction trends from previous years.
 - Yet is also a good way of starting from a different benchmark.
- **Establishing trust in the new measure:**
 - Confusions will need to be settled if the income and multidimensional poverty measures have different headcounts.
 - If groups already gave input, they may trust already.

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Updating should be discussed before a measure is released

Who is responsible for:

- generating data,
- providing and releasing authoritative updates
- updating methodology (changing k etc)

Angus Deaton: “when a national poverty line is set using the calorie method, it is usually updated over time in a way that is inconsistent with the maintenance of the nutritional norm.”

“In countries as widely different as the US and India, the official poverty lines have never been updated”

“[B]ecause of the political issues ... lines survive even beyond the time when they can be justified... Poverty lines are as much political as scientific constructions.”