

Multi-Dimensional Poverty Index and Tackling Interlocking Deprivations in the Arab States

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Research into multidimensional poverty has gathered momentum in the last half decade, most notably in the aftermath of the global food and financial crises of 2007–2008. It has gained further momentum since the UNDP-OPHI launched the *2010 Human Development Report* and more recently as part of the continuing debate on the post-2015 global development agenda. The availability of very large and rich datasets on households and individuals from micro surveys and the advances in survey data analysis have transformed research into. Not only does this raise new policy questions, but it also suggests new policy instruments.

Theories on multidimensional poverty have been vigorously advocated by some of the most thoughtful and hard-working economists. The Alkire-Foster Multidimensional Poverty Index (MPI) measures overlapping multiple deprivations that people face simultaneously. It is compatible with the Millennium Development Goals and has the advantage that it distills those multiple indicators into a single score. While the standardised global MPI model allows for international comparisons to be made for different countries, numerous caveats exist when using it nationally 'as is'. Individual countries can refine the global MPI model to make it more applicable to their own conditions by expanding the scope for incorporating national- or subnational-specific dimensions, indicators, weights and cut-offs.

Nawar (2014) analyses the recent round of multidimensional poverty and inequality results for Arab States at the national and subnational levels using the 2013 results from the OPHI's standardised global Alkire-Foster MPI model. It also explores how some countries in the Arab region can use the MPI as a tool to develop targeted policies aimed at tackling the 'hard core of poverty' at the national and subnational level.

Analyses show that the Arab region has 21.5 million people vulnerable to or at risk of multidimensional poverty, and 18.8 million people in 'severe' multidimensional poverty—representing, respectively, 9.3 per cent and 7.9 per cent of a total population of 231.1 million people in 12 Arab States in 2010. Within the Arab region, data show that the vulnerability rates are high and less heterogeneous across the subregions, while very high rates of severe multidimensional poverty prevail in Arab Least Developed Countries.

Comparisons between urban and rural areas make the multidimensional inequality obvious. The MPI at the subnational level reveals that a high degree of social deprivations—and, therefore, low resilience—is inflicting huge suffering on ordinary citizens in rural and certain geographic areas within the Arab States. Moreover, it is shown that income poverty and multidimensional poverty measures typically do not move together.

The relationship between income inequality and multidimensional poverty measures is spherical. Hence, if income poverty alone is used for policymaking, poverty mapping and targeting, it leads to significant distortions and may overlook a large proportion of poor people. Hence, poverty and inequality in the Arab States have been on a trajectory that is unsustainable.

The development of the MPI model for public policymaking is still at a very preliminary stage in the Arab States, but various international experiences reviewed and assessed in Nawar (2014)—namely, Mexico, Colombia and Brazil—substantiate the success of using the MPI in the policymaking process. While, of course, there are common threads running through all of the MPIs, it is shown in the case of Mexico's that it incorporates both income and non-income aspects, whereas elsewhere the country-specific MPI complements the income measurement. Lessons learned from international experiences suggest that a change in paradigm is needed and opportunities found so that successes can be replicated in the Arab States.

The key messages are:

- (1) the measurement of poverty and inequality cannot be restricted to just one indicator, lack of income;
- (2) multidimensional aspects should be integrated into poverty mapping in the Arab States;
- (3) a focus is needed on targeted interventions on the parts of the country that are left behind, such as rural areas;
- (4) public provision of goods and services is necessary to build poor people's capabilities and human and social capital;
- (5) a dashboard and an overall single index can go together;
- (6) the MPI should be augmented with unemployment, and certain targets should be set in that context;
- (7) a data revolution is essential for monitoring and evaluation of multidimensional poverty dynamics; and
- (8) strong 'political will' is needed to boost critical institutional reforms to break the deadlock in the current institutional setting of socio-economic policymaking and to ensure good governance.

In conclusion, it is argued that when multidimensional deprivations serve as a framework within which all sorts of policies are conducted, Arab States will start to bend the staggering cost curve of poverty and inequality and will cease to face further decades of lost development.

Reference:

Nawar, Abdel-Hameed (2014). 'Multi-Dimensional Poverty Index and Tackling Interlocking Deprivations in the Arab States', IPC-IG Working Paper, No. 125. Brasília, International Policy Centre for Inclusive Growth.