

# Comparing Global trends in Multidimensional and Income Poverty and Assessing Horizontal Inequalities

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## Abstract

The 2030 Agenda has provided two new impulses in the struggles for poverty alleviation, a central goal of the international development community. First, poverty is no longer viewed only in monetary terms, but rather as a multidimensional phenomenon. Second, the need to reduce poverty for different social groups and not just at aggregate, national level is explicitly recognized. Against this background, the paper has a threefold aim: (1) to assess the trends in multidimensional poverty in low- and middle-income countries; (2) to compare trends in income and multidimensional poverty; (3) to explore rural-urban differences in poverty, also over time. The analysis relies on a new indicator of multidimensional poverty, the Global Correlation Sensitive Poverty Index (G-CSPI), which incorporates three dimensions: education, decent employment and health. This indicator presents several methodological advantages compared to existing measures. For example, the G-CSPI is an individual rather than household-level measure of poverty.

Regarding the aggregate trends, the paper shows that both income poverty and multidimensional poverty have fallen between 2000 and 2012. However, the decline in (extreme) income poverty, in percentage terms, is twice as large as the decline in multidimensional poverty. There is significant heterogeneity in the results across regions. Multidimensional poverty declined the most in Asia, thereby converging towards the relatively low levels of Latin America and Europe, while sub-Saharan Africa's slow progress has led to a widening gap with the other regions. These findings point to the existence of poverty traps and indicate that more efforts are needed to eradicate poverty.

Regarding the urban-rural comparison, our analysis shows that poverty is everywhere predominantly a rural phenomenon: the rural G-CSPI is more than four times higher than the urban G-CSPI. This difference has remained nearly constant over time.