

Does Monetary Poverty Capture All Aspects of Poverty? Results from 119 Countries

Francisco H. G. Ferreira, Jed Friedman, Maria Ana Lugo, Daniel Gerszon, Mahler, Minh Cong Nguyen and Dhiraj Sharma

Abstract

Important aspects of wellbeing are not captured by standard monetary measures of poverty. To address this concern, an established tradition of multidimensional poverty measurement accounts for these nonmonetary dimensions directly and aggregates them into an index. The analysis in this paper places monetary wellbeing alongside nonmonetary dimensions using comparable data across 119 countries for circa 2013, representing 45 percent of the world's population. By doing so, this paper explores the share of the deprived population that is missed by sole reliance on monetary poverty as well as the extent to which monetary and nonmonetary deprivations, measures of education and access to basic infrastructure services, are jointly presented across different contexts. Accounting for these aspects of wellbeing alters the perception of global poverty. The share of poor increases by 50 percent – from 12 percent living below the international poverty line to 18 percent deprived in at least one of the three dimensions of well-being. Across this sample, only a small minority of the multidimensionally poor are deprived in only one dimension, while more than a third of the poor suffer simultaneous deprivations in all three dimensions. We quantify the extent to which monetary and non-monetary deprivations coincide. Cross-country comparison suggests that targeted spending on the monetary poor and on primary education are associated with lower rates of coincidence and thereby a more even distribution of deprivation.

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