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Comparing Global Trends in Multidimensional and Income Poverty and Assessing Horizontal Inequalities

While poverty alleviation has always been at the heart of international development efforts, the 2030 Agenda introduced two significant shifts. First, poverty is no longer defined strictly as a lack of sufficient income, but rather as deprivation in several life domains. Second, the Agenda looks beyond national averages, and calls for a reduction of poverty for different social groups. This requires broadening the perspective through which poverty is analysed; and underlines the need for tools that provide detailed information on the multiple deprivations suffered by men and women, rural and urban people, as well as other groups.

This paper uses a new indicator of multidimensional poverty, the Global Correlation Sensitive Poverty Index (G-CSPI) (Burchi, Rippin and Montenegro, 2018). This indicator has various advantages compared with existing measures. First, it includes three dimensions: education, (decent) employment and health, which largely overlap with the list of dimensions of poverty most valued in several constitutions around the world. Second, it can be decomposed into the three poverty components incidence, intensity, and inequality. The well-known Multidimensional Poverty Index (MPI), instead, is decomposable only into the first two. In addition, the G-CSPI is an individual-level, rather than household-level, measure of poverty: therefore, no assumption has to be made with regard to intra-household distribution of resources. The latter feature is crucial for a sound gender-disaggregated analysis.

The paper has three main objectives. The first one is to analyse aggregate and country-level trends in multidimensional poverty and compare them with those in income poverty. In most of the cases the survey that was used to calculate the G-CSPI is exactly the same as the one used to measure income poverty; when the survey differs, the year of the two different surveys is nonetheless the same. This is the first time that we are able to carry out a sound comparison of trends in income and multidimensional poverty for several countries. We thereby assess whether, and to what degree, the different components of poverty have declined, and avoid most of the pitfalls of previous studies.

The second objective is to explore the evolution of rural-urban differences in poverty over time. In particular, we are interested in investigating whether the problem of urban bias is still as acute as claimed by Michael Lipton in 1970s. According this theory, governments adopt policies and allocate public resources disproportionally more in favour of urban compared to rural areas. This is because the influential elites live in urban areas, and the urban population can

mobilize and exercise its voice more easily and forcefully than the rural population. In this paper, we measured the urban bias through the urban-rural G-CSPI ratio.

The third objective is to assess gender disparities in poverty. This is crucial as the claims that 70% of the poor were women and that there was a feminisation of poverty, made at the 1995 United Nations World Conference on Women, has not been empirically tested in low- and middle-income countries. With the G-CSPI, being an individual-level measure of poverty, we can track separately female and male poverty.

We focus on the period starting from the establishment of the MDGs. The analysis relies on a total sample of 60 low- and middle-income countries, for which data for multiple years are available. While the countries included in the study are located in different world regions, the largest coverage concerns sub-Saharan African, and Latin America and the Caribbean.

As for the first objective, both income poverty and multidimensional poverty, in aggregate terms, fell between 2000 and 2012. However, the decline in income poverty, in percentage terms, was twice as large as the decline in multidimensional poverty (-32% vs. -15%). There is significant regional heterogeneity. Multidimensional poverty declined the most in Asia, which has been converging towards the relatively low levels of poverty witnessed in Latin America and Europe. In contrast, sub-Saharan Africa experienced a very slow progress, which further distanced this region from the others. These findings point to the existence of poverty traps.

As for the second objective, the paper confirms that poverty is predominantly a rural phenomenon: in all countries rural poverty is higher than urban poverty. In aggregate terms, the rural G-CSPI is steadily more than four times the urban G-CSPI. This shows that the urban bias is still a major issue.

As for the third objective, no gender bias in 2000 at the global level is found. However, since 2000 multidimensional poverty declined more among men (-18.5%) than women (-15%), indicating a minimal process of feminisation of poverty. This was triggered by the decline in employment poverty, which was much slower among women. Given that existing studies focusing on high-income or upper middle-income countries concluded that there was no evidence for a feminisation of poverty, this finding provides a substantial contribution to the literature.

In conclusion, the paper shows the potential of the G-CSPI database in tracking country, regional and global progress towards the achievement of SDG 1. Furthermore, the findings have relevant policy implications. First, the progress towards poverty eradication has not been as remarkable as suggested: poverty is still a big problem, especially in sub-Saharan Africa. This calls for renewed efforts in tackling the different forms of poverty, as policies successfully alleviating income poverty are not necessarily as effective in tackling multidimensional poverty. Second, the findings point to the need for new labour market policies in Africa, which could improve the quantity and the quality of employment, especially for women. Third, the study shows that most of the poor still live in rural areas. Despite the current emphasis on

urbanisation, a considerable part of poverty-alleviating efforts should still focus on improving the living standards of rural households.