Lost (in) Dimensions: Consolidating progress in multidimensional poverty research

In Brief

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Introduction

Identifying and profiling the poor and deprived individuals in a society are the basic imperatives for good social policy design. Understanding why people are – and remain – poor is the next analytical step. Multidimensional poverty and deprivation estimates are important new tools in this undertaking. This paper reviews the insights of various contributions from research into multidimensional poverty and deprivation and combines them into a new framework. The proposed framework aims at creating more conceptual clarity and overcoming the challenges that have arisen from some earlier efforts; the main challenge is to avoid “getting lost in (a multitude of) dimensions” when carrying out a series of single-dimensional analyses, and avoiding the “loss of dimensions” when reducing multiple dimensions into a multidimensional poverty index. The paper also makes a distinction between household poverty and child poverty, recognising that children may experience poverty differently to adults and that people’s needs differ depending on their age. By articulating key decisions which are made throughout the multidimensional poverty analysis this paper intends to create a more informed understanding of multidimensional poverty analysis for children.

Monetary Poverty as a Multidimensional Concept

Rowntree (1901) defines the poor as those who do not have financial resources ‘to support a person at the subsistence level of food, shelter, clothing and other necessities’. The identification of the poor is then based on: (1) a definition of the “necessities” or dimensions relevant to “subsistence”; and (2) the resources needed to pay for the minimum quantity of these. Following this view, monetary poverty is no more than a special case of multidimensional poverty wherein all the selected dimensions are “monetised” and accumulated. The poor are identified using a threshold or poverty line, which is based on international, national or relative standards.

The strength of the monetary poverty approach is based on its intuitive simplicity and its links with an established economic theory. However, the economic theory comes with a set of assumptions which are less probable for countries with large non-monetary markets. Moreover, having enough financial resources does not always mean that access is guaranteed. At the same time, it may well be that the access to certain goods and services is guaranteed without the need of the financial resources at the household level because the goods or services are (semi-)public. While these considerations are particularly relevant for the goods and services consumed by children, approaches complementary to monetary poverty are required.

Multidimensional Deprivation

Multidimensional poverty studies originate from the wish to observe and measure to what extent people (children) actually have “food, shelter, clothing and access to goods and services to cover “other necessities” and thus are living at least “at subsistence level”. Like monetary poverty, deprivation is necessarily a multidimensional concept and, similarly to monetary poverty studies, multidimensional deprivation analyses need to address problems of selecting “needs” that have to be fulfilled, of defining a minimum level of satisfaction of these needs and of aggregation and weighting. During recent decades the basic human needs approach, the rights-based approach and the capabilities approach have been used to define deprivation poverty.
The Consolidated View of MODA
In the MODA framework, poverty is initially analysed using monetary poverty and deprivation in strict separation. It clearly distinguishes the actual access to (basic or perceived as necessary) goods and services from the financial means that could buy them. MODA removes all (quasi-) financial information from the definition of deprivation indicators for children by defining all children being deprived in a specific indicator regardless of whether this deprivation is ‘enforced’ by the lack of financial means or by something else. Subsequently, the results of the monetary poverty and the deprivation analysis are combined by means of an overlap analysis of monetary poverty and (multidimensional) deprivation, and/or analyses scrutinising the relation between income/consumption and deprivation distributions. Looking at child poverty through a lens of overlapping concepts of poverty and deprivations shows to what extent monetary poverty and deprivation poverty coincide, without losing the particularities of each concept. It allows identifying the individual children on the basis of whether they suffer from monetary poverty, multidimensional deprivations, both, or none of them. This allows exploring the underlying distribution of consumption or income and the relationships between deprivation, multiple deprivation, and monetary poverty. The results and the related analyses may reveal the need for different policy responses depending on which form(s) of poverty different groups of people experience.

Multiple Deprivation Analysis in MODA
Apart from integrating monetary and deprivation analysis, MODA also seeks to consolidate various types of deprivation analysis. Among the current practices of multidimensional deprivation analyses three types of approaches can be identified. The first approach accounts for the severity of deprivation by counting the number of deprivations experienced by each child. The second approach uses scalar indices to combine the multiple aspects of deprivation into one single figure. The last approach builds mainly on the counting approaches towards multidimensional poverty, but expands the analysis by measuring the overlap between deprivation dimensions.

All three approaches are integrated in the MODA methodology. Moreover, by using the child as the unit of analysis, and by selecting child- and age-relevant indicators, MODA creates a functional framework for the analysis of child deprivation and poverty.

Conclusions
MODA encompasses many aspects of existing multidimensional poverty research ranging from single deprivation analyses through multidimensional counting and overlap analyses to multidimensional poverty indices. The methodology includes efforts to make each of the decisions throughout the analysis process as transparent as possible, and it pays a lot of attention to clearly defining the concepts of poverty and deprivation by adopting the human/child rights approach. The analysis seeks to answer questions, such as “how many children are (multidimensionally) poor and/or deprived?”, “who are the poor and deprived children?”, “where do they live?” and “what other characteristics do they or their household members have?”. The methodology intends to contribute to systematic research on what children suffer from (simultaneously). Also, the analysis could serve as a stepping stone helping to direct further research, such as costing analyses and causality analyses, to answer the question on “Why” these children are deprived.