

Poverty and Inequality in the Non-Income Multidimensional Space: A Critical Review in the Arab States

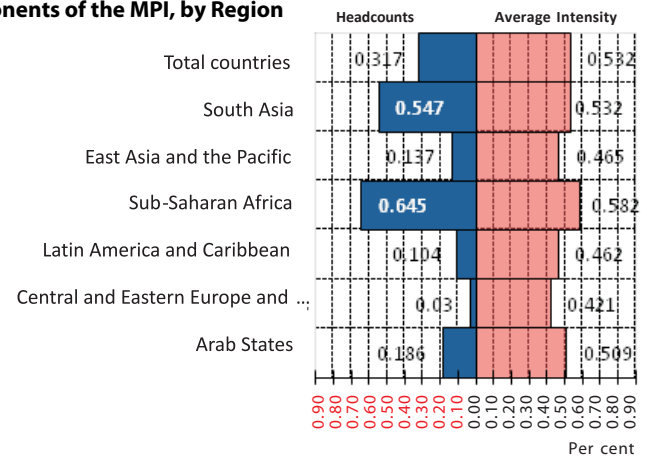
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Oxford University's Poverty and Human Development Initiative (OPHI) recently developed a multidimensional poverty index (MPI), a composite measure from micro surveys with a set of indicators that has overlapping areas with the Millennium Development Goals (MDGs). A household is identified as being multidimensionally poor if, and only if, it is deprived in some combination of 10 indicators (also called dimensions and denoted by *d*) whose weighted sum exceeds a cut-off $k=3$ or 30 per cent of deprivations. The dimensions cover three equally weighted areas, namely: health (child mortality and malnourishment), education (less than five years of schooling, and school-aged children out of school in years 1 to 8) and standard of living (no electricity, no improved drinking water, no improved sanitation, dirt/sand/dung flooring, wood/charcoal/dung cooking fuel, and poor assets).

Despite the large degree of subjectivity in selecting the dimensions and the cut-off threshold determining the minimum number of dimensions required to identify whether or not a household is multidimensionally poor, the MPI has an important advantage of capturing more dimensions of human deprivations and includes both the level of human deprivation and a measure of the intensity of poverty using micro survey data. The MPI also provides a single achievement index, whereas the MDGs do not. Moreover, the introduction of the MPI extends the frontiers of measurement and significantly enriches policy analysis and debate. Indeed, making it theoretically viable and empirically applicable to 104 countries across the globe was a significant success, and the index has been included in the *Human Development Report* since 2010.

Using survey data from 13 Arab countries—Comoros, Djibouti, Mauritania, Somalia and Yemen (Arab Least Developed Countries – LDCs), Morocco and Tunisia (Arab Maghreb) and Egypt, Iraq, Jordan, Occupied Palestinian Territories and Syrian Arab Republic (Arab Mashreq) —with a combined population of 221.2 million in 2007, the OPHI estimated that 41.2 million people, representing 18.64 per cent of the combined population, were living in multidimensional poverty in 2007, with an average intensity of 50.9. It is shown that the average intensity has a strong positive correlation to headcount in the Arab Region. Somalia has the highest MPI value, 81 per cent of the population, with deprivation concentrated in indicators of living standard. The United Arab Emirates, the only Gulf Cooperation Council state considered here, has the lowest MPI value, 0.57, with deprivation concentrated in education. Arab Mashreq countries have highest deprivation in both education and health, while Arab Maghreb countries have low deprivation in health and education but also in standard of living compared to both Arab LDCs and Arab Mashreq countries. Non-income multidimensional poverty is mostly greater than the extreme income poverty evaluated at the international purchasing power parity poverty line of US\$1.25/day and sometimes at the respective national poverty line, if there is one.

Components of the MPI, by Region



Taking the ratio of rural to urban MPI as a measure of multidimensional inequality, analysis of data in the Arab Region shows that rural populations suffer from deprivation rates far higher than urban populations. In particular, huge variations of multidimensional inequality exist within Maghreb countries and between the countries in that sub-region. Moreover, investigating inequality in each dimension in the Arab Region shows that deprivation rates are generally much higher in living standards than in health and education dimensions, with the multidimensional rural–urban inequality unthinkably large in the Arab Maghreb countries.

Having found that, what can be done differently and what can be made better in development policy debate and intervention? By and large, reduced income poverty does not necessarily coincide with reduced multidimensional poverty. Thus, while there is much to gain from improving levels of income and the delivery of basic public services, national and local development policies should be balanced, in the sense of taking equal responsibility for the welfare of rural and urban areas in the same country and being more sensitive to rural–urban inequality in the multidimensional space of deprivations, to deliver the right kind of development. This is particularly critical in the general course of economic development where a large part of the population lives in rural areas and where income poverty is largely a rural phenomenon, i.e. where income and non-income poverty intersect. Since imbalanced development has been going on for many years, it is certainly going to be a major challenge for current and future governments, given the mounting social pressures demanding distributive justice— fair distribution of incomes, assets, basic infrastructure and access to opportunities within the population.

Reference:

Nawar, Abdel-Hameed, (2013). 'Poverty and Inequality in the Non-Income Multidimensional Space: A Critical Review in the Arab States', IPC-IG Working Paper, No. 103. Brasília, International Policy Centre for Inclusive Growth.

