



Empowered lives.  
Resilient nations.



**Multidimensional Poverty Measures as a Policy Tool  
for Achieving the Sustainable Development Goals**

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# **A Review of MPI Measurement and Uses in Asia and the Pacific**





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# **A Review of MPI Measurement and Uses in Asia and the Pacific**

***Multidimensional Poverty Measures as a Policy Tool for Achieving the Sustainable Development Goals:  
A Review of MPI Measurement and Uses in Asia and the Pacific***

This is the first in a series of two reports developed to support UNDP country offices in Asia and the Pacific in their efforts to end poverty in all its forms, everywhere. This report takes stock of measurement and uses of multidimensional poverty with a view to sharing the knowledge gained.

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# Acronyms

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<b>BISP</b>	Benazir Income Support Programme
<b>BRH</b>	Bangkok Regional Hub
<b>CPEC</b>	China-Pakistan Economic Corridor
<b>DHS</b>	Demographic Health Survey
<b>GDP</b>	Gross domestic product
<b>HDI</b>	Human Development Index
<b>ILO</b>	International Labour Organization
<b>ILSSA</b>	Institute of Labor Science and Social Affairs
<b>IPRCC</b>	International Poverty Reduction Centre in China
<b>MDGs</b>	Millennium Development Goals
<b>MDP</b>	Multidimensional poverty
<b>MICS</b>	Multiple Indicator Cluster Survey
<b>MOLISA</b>	Ministry of Labour, War Invalids and Social Affairs
<b>MPI</b>	Multidimensional Poverty Index
<b>MPPN</b>	Multidimensional Poverty Peer Network
<b>NGO</b>	Non-governmental organization
<b>OPHI</b>	Oxford Poverty and Human Development Initiative
<b>PIHS</b>	Pakistan Integrated Household Survey
<b>PPP</b>	Purchasing power parity
<b>PRCO</b>	Poverty Reduction Coordination Office
<b>PSLM</b>	Pakistan Social and Living Standards Measurement Survey
<b>SDGs</b>	Sustainable Development Goals
<b>UNDP</b>	United Nations Development Programme
<b>UNICEF</b>	United Nations Children's Fund
<b>VHLSS</b>	Viet Nam Household Living Standards Survey

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# Executive Summary

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Poverty is a complex phenomenon with many dimensions. Understanding it and acting to eradicate it requires moving beyond traditional thinking about measuring only income poverty. More accurate insights and measurements can come from applying the concept of multidimensional poverty, encapsulated in multidimensional poverty measures such as the Multidimensional Poverty Index or MPI, the focus of this report. First launched in 2010, the MPI covers three dimensions: health, education and standard of living.

There are at least three motivations for measuring and using multidimensional poverty.

First, there is a growing recognition both at national and international levels that poverty and people's well-being are multidimensional. The happiness approach adopted by Bhutan clearly indicates that well-being goes much beyond income. Globally, the Stiglitz-Sen-Fitoussi Commission in 2008 argued that per capita gross national product is an incomplete indicator of well-being. The Commission on Monitoring Global Poverty in 2016 suggested that poverty measures should factor

in various non-income dimensions, including nutrition, health, education, housing conditions, access to work and personal security. It recommended using a global MPI to complement measures of income poverty that are based on US\$1.90 a day purchasing power parity (PPP).

Second, multidimensional poverty measures support commitments to meet the 17 Sustainable Development Goals (SDGs) and the 2030 Agenda for Sustainable Development. SDG 1 aims to "end poverty in all its forms everywhere". Under it, target 1.2 specifies reducing at least by half the proportion of men, women and children of all ages living in poverty in all its dimensions, according to national definitions. Many countries are already applying the MPI to track progress in that direction.

Third, there is often a mismatch between income poverty and multidimensional poverty. For example, as has been demonstrated in several countries, income poverty and multidimensional poverty headcounts can be very different. This implies that measuring multidimensional poverty can offer insights to complement those gained from measuring income poverty. A broader understanding of poverty based

on assessing multidimensional poverty can in fact be key in guiding measures to eradicate all forms of deprivation.

After the launch of the global MPI, many countries adapted it for national use. While the global MPI has 3 fixed dimensions and 10 indicators, national MPIs vary across countries. This report shares experiences with multidimensional poverty measurement in several countries in Asia and the Pacific. It takes stock of how they are defining national MPIs and using them as a policy tool, and presents two country case studies on Pakistan and Viet Nam.

## MPI measurement and uses in Asia and the Pacific

The MPI is calculated using the Alkire-Foster method, which flexibly allows changes in dimensions and indicators and their weights based on specific contexts. This means that a well-designed national MPI can closely reflect national goals and priorities as well as types of deprivations. But inadequate data can be a major constraint. In using the Alkire-Foster method, one major issue is the need for drawing all data from a single source. This typically means that MPI calculation is based more on which data are available from a household survey than country priorities. Nonetheless, the fact that national MPIs often vary from the global MPI indicates that national indexes do incorporate differing national concerns. Adaptation of the MPI ranges widely from a minimum level in Nepal to extensive alterations in Afghanistan and Viet Nam.

A national MPI is not only a measure of poverty but also a policy tool for poverty eradication. Since it can be decomposed by indicators, dimensions, groups and at the subnational level, it is useful for allocating resources, and targeting sectors and regions most in need of support, in line with the principle of leaving no one behind. It can help in coordinating policies across different sectors critical to poverty eradication, and its growing use over time will help achieve the SDGs in general, in addition to the first SDG.

For the MPI to be an effective tool, several basics must be in place:

- Governments must generate good quality data, and regularly conduct rigorous and non-partisan MPI measurement.
- Data must be collected in a way that allows disaggregated estimates at low-level administrative units as well as by social groups. Such estimates can help in better local planning and resource allocation.
- Over and above all, the MPI needs the full buy-in of top national leaders.

Countries in Latin America, including Colombia, Mexico and Panama, are in an advanced stage of applying the MPI as a policy tool. By contrast, while the majority of countries in Asia and the Pacific have started computing a national MPI, its use as a policy tool has occurred in only a few places, namely, Bhutan, Pakistan and Viet Nam. Promoting wider use could start with mutual sharing and learning among countries, a goal supported by this report.

In Asia and the Pacific, the MPI is being used mostly for tracking multidimensional poverty at a national level, but some countries have begun applying it to subnational targeting and resource allocation. In Bhutan, for example, the MPI is one of five criteria for allocating national resources to local governments, and is given high importance with a 45 percent weight in the allocation decision.

The Government of Pakistan has a plan for regularly measuring and using the MPI for planning, resource allocation, and monitoring and evaluation. Already, based on an MPI calculated in 2015, the 12th Five-Year Plan 2018-2023 prioritizes 67 districts of four provinces where more than 50 percent of people can be considered multidimensionally poor.

Viet Nam has successfully used multidimensional poverty principles for targeting, policy development and monitoring, down to the local or commune level. A national household survey feeds regular data into monitoring multidimensional poverty at national level, while a Poverty Census further identifies and tracks poor households and individuals for Government support. The Government plans to alter some indicators to match a changing country situation for the next cycle of poverty measurement from 2021 to 2024.

Bhutan, Pakistan, the Philippines and Viet Nam are among the countries that have used the MPI to complement income poverty measures. Viet Nam has taken this approach in identifying poor people in communes.

## Issues and recommendations

While recognition of the importance of the MPI has grown, some constraints stall its measurement and uses. These include:

- Lack of adequate quality data or regularly available data, and heavy reliance on household surveys.
- The Alkire-Foster method's requirement that all necessary data to compute the MPI should come from a single survey.
- The slow acceptance of the MPI in official statistics.

These and other issues require solutions. The report recommends several ways forward.

## Muster support to integrate the MPI in official statistics

Majority of the countries in Asia have calculated the MPI but not all of them have accepted it in official statistics, despite the clear contribution that it can make to eradicating all forms of poverty. A key step is to define its purpose, such as for designing policies or programmes, and/or monitoring and evaluation. Once the purpose is clear, top political buy-in should be secured along with technical and financial support.

## Regularly conduct an integrated household survey funded by the government budget

Among the various data-related issues that constrain the computation of the MPI, irregular data availability ranks high. Demographic and Health Surveys (DHS) and Multiple Indicator Cluster Surveys (MICS) are major sources of data, but these are mainly supported by external development partners, and are conducted at irregular intervals. Since the Alkire-Foster method requires all data to come from the same survey, countries could design an integrated household survey to provide regular data for MPI measurement, as has been done in Pakistan and Viet Nam.

## Update household questionnaire modules based on national priorities

Generally, the scope of data from a single national household survey drives the selection of national MPI indicators. But important indicators may be missed, as has been the case with child nutrition in Pakistan. Therefore, additional modules can be included to gather missing data. Frequent revision of MPI indicators and household surveys is not desirable, however, since that would make it difficult to track multidimensional poverty over time. The initial set of indicators should therefore be carefully selected.

## Increase sample size to provide a higher level of disaggregation

MPI use depends on the level of disaggregated information. Generally, national household surveys provide estimates broken down by urban and rural areas, or by the first tier of subnational administrative units, such as provinces. Increasing the sample size to provide MPI

estimates at the second tier of administrative units, such as districts, could help extend the use of the MPI in the subnational tracking of indicators related to SDG target 1.2, as has been done in Pakistan. This would also support programme targeting and resource allocation at the subnational level.

## Integrate data sources to enhance disaggregated data

The SDGs have amplified demand for disaggregated data, including by eight attributes—income, sex, age, race, ethnicity, migration status, disability and geographic location among other characteristics that may be relevant in different countries. Providing disaggregated data by all eight attributes at a subnational level requires a much larger sample size. Yet this can be costly and hamper data quality through an increase in non-sampling errors. To work around these issues, countries can:

- Focus on major attributes that strongly influence other attributes, for example, sex, caste and ethnicity, which often determine income.
- Integrate different data sources through tools such as small area estimation; this would provide estimates at a lower subnational level or by different groups.

As an example of the second point, household surveys and census data can be combined to provide poverty estimates at the disaggregated level. A unique identifier for each household and member could help in tracking households that are common across sample surveys in order to pool data on them.

## Conduct a census in poverty hotspots using MPI indicators to identify poor and vulnerable households

National household surveys are designed to provide estimates at broader levels. Such estimates can be used for targeting a geographical area or population group, but not households or individuals. This means the current practice of measuring the MPI using a national household survey is not effective for implementing targeted social policies or social protection programmes, which require identifying who is poor among households and individuals. Conducting a survey covering all households, however, would not only cost much more but take a longer time with lower quality results.

Addressing these issues calls for a three-step approach:

- Identify poor districts or regions based on MPI estimates from the national household survey.
- Use a data integration tool such as small area estimation to provide poverty estimates at subdistrict or block levels.
- Once poor areas or blocks are identified, conduct a census to collect data on multidimensional poverty there. Based on census data, a list of households in poverty can be developed and verified by communities, as is done in Viet Nam.

one option, as is big data, particularly in middle-income countries to locate poverty hotspots. Data harmonization and integration methods are other essential elements of disaggregated estimates.

## Use the MPI for local programming

A multidimensional approach to measuring poverty allows flexibility in prioritizing policies and programmes in different localities. Patterns of deprivation vary among provinces and cities, districts and communes, so there is no “one policy fits all”. The overall policy framework can provide guidelines, but flexibility should be encouraged in identifying priorities, allocating resources and developing specific actions that best respond to local needs. The MPI can help to address both spatial and horizontal inequality.

## In sum: accelerating uptake of the MPI

Poverty is multidimensional. Eradicating all forms of poverty everywhere, the aspiration of the first SDG, therefore requires multipronged, integrated actions.

In the Pacific, the availability of data has increased through the launch of DHS and MICS surveys in recent years, which could advance nascent efforts to measure multidimensional poverty. A majority of the countries in Asia have already measured multidimensional poverty, although in several countries, the MPI has not yet been accepted as part of official statistics. UNDP and other development partners can encourage this level of uptake. As a motivation, they can emphasize the need for the national MPI in allocating resources at the sub-national level and tracking SDG target 1.2. They can also build awareness of its value in different phases of planning cycle.

Currently, MPI measurement remains mostly at the national level. To make it an effective planning and targeting tool, countries need to extend its measurement and use at the local level as in case of Viet Nam.

Innovations in data collection are required to make disaggregated data regularly available, since the current reliance on household surveys alone cannot suffice for this purpose. Strengthening administrative records is

# Introduction

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## Background

Poverty or the lack of well-being encompasses both monetary and non-monetary aspects. Nobel Laureate Amartya Sen believes that poverty is not the mere lack of income to meet basic needs but entails deprivations in basic human capabilities.<sup>1</sup> Apart from the paucity of income, various non-income deprivations can affect well-being, such as the inability to attain a good education, the lack of access to health care, poor housing, a hazardous environment, or the lack of clean drinking water, sanitation facilities and electricity. Although income-based poverty continues to be the most widely used poverty measure, a unidimensional measure based on income or consumption alone is insufficient to depict the true picture of poverty. It does not cover the multidimensional nature of poverty as defined by the first Sustainable Development Goal (SDG), which underlines “ending poverty in all its forms everywhere.” This requires a multidimensional approach encapsulating non-income deprivations.

In addition to the use of gross domestic product (GDP) per capita as a measure of welfare, the World Bank has been measuring income or consumption-based poverty, which refers to deprivation in terms of a minimum income for the fulfilment of basic needs.<sup>2</sup> This concept involves determining a minimum level of welfare required to live, which is called a poverty line and is based on a monetary value. Those deprived of a minimum income or level of consumption are poor.

The 1990s saw many international events that advocated the social dimension of well-being as there is no one-to-one correspondence between economic and social development. These events ultimately culminated in the Millennium Declaration of 2000 with the Millennium Development Goals (MDGs) as a results framework.<sup>3</sup> With the advent of the Human Development Index (HDI) in the 1990 *Human Development Report*, several other multidimensional measures of well-being were created or more prominently propounded, such as Gross National Happiness. In 2008, the Stiglitz-Sen-Fitoussi Commission advanced the notion that GDP is not a measure of income or well-being but of market activities;

therefore, it could pass a wrong signal and distort policy if it is used to measure well-being. The Commission held that there is no single indicator that can capture all facets of development. It proposed several dimensions and indicators for measuring well-being: material living standards (income, consumption and wealth), health, education, personal activities including work, and political voice and governance.<sup>4</sup>

Moving beyond the measure of welfare, in 1997, UNDP's *Human Development Report* introduced the Human Poverty Index, which captures multiple deprivations in health, education and standard of living. Later, the World Bank expanded the concept of poverty in its 2000/2001 *World Development Report*, outlining four dimensions: income poverty, human poverty, social exclusion and voicelessness.

UNDP and the Oxford Poverty and Human Development Initiative (OPHI) launched the Multidimensional Poverty Index (MPI) in the 2010 *Human Development Report* as a measure of non-income poverty for intercountry comparison. The Alkire-Foster method, developed in 2007, provides an analytical framework.<sup>5</sup> This approach achieved traction within policy circles and spurred the global roll-out of multidimensional poverty measurement. The global MPI has three dimensions with 10 indicators.<sup>6</sup> The dimensions are the same as those of the HDI: health, education and standard of living. However, the MPI measures deprivations, whereas the HDI measures achievements.

Since the launch of the global MPI in 2010, several countries in Asia and the Pacific have adapted it to their national context, and calculated and used it for various purposes. A number of countries have also started including the MPI in their Voluntary National Reviews for the 2030 Agenda for Sustainable Development as well as in their national indicator framework for tracking the SDGs over time. Many countries reported progress on multidimensional poverty reduction in their Voluntary National Reviews (VNRs) presented to the United Nations from 2016 to 2019. Eight were from Asia and the Pacific—Bangladesh, Bhutan, India, Indonesia, Nepal, the Philippines, Sri Lanka and Viet Nam.<sup>7</sup>

In summary, measuring well-being or poverty is no longer unidimensional, given the recognition that an individual can suffer intersectional or overlapping deprivations. Apart from being income poor, one can be poor based on being ill, injured, disabled, unemployed, or affected by a change in political system or economic shocks such as inflation or financial crisis.<sup>8</sup> In the process of measuring overlapping deprivations, the MPI is gaining currency and has been accepted as an official measure of poverty in several countries. It is an important policy tool as it can be

used at different phases of development planning cycles, starting from programme design through implementation, and monitoring and evaluation.

## Rationale and justification

There are at least three main motivations for measuring and using the concepts of multidimensional poverty and the MPI as tools for planning and policy formulation. First, there is growing recognition at the national and international level that well-being and poverty are multidimensional. The happiness approach advanced by Bhutan, among others, has defined well-being in such terms. Gross National Happiness, which serves as a framework for the development plan of the Royal Government of Bhutan, has four dimensions with nine domains of well-being.

At the international level, apart from UNDP's approach to human development or well-being as multidimensional, the Stiglitz-Sen-Fitoussi Commission also made this argument in 2008. Moreover, in 2016, the Commission on Monitoring Global Poverty led by Tony Atkinson concluded that poverty is multidimensional, and suggested that the following dimensions should be considered for measuring it: nutrition, health status, education, housing conditions, access to work and personal security. The Commission recommended using a global MPI to complement the purchasing power parity (PPP) US\$1.90 a day measure of income or consumption poverty,<sup>9</sup> a proposal accepted by the World Bank.<sup>10</sup>

A second important motivation is the commitment to meet the SDGs by 2030. With the adoption of the 2030 Agenda for Sustainable Development at the United Nations in 2015, 193 Governments committed to achieving 17 global goals by 2030, promising to “leave no one behind and endeavour to reach the furthest behind first.” Goal 1 is a commitment to addressing multidimensional poverty, aiming to “end poverty in all its forms everywhere.” SDG target 1.2 is to reduce at least by half the proportion of men, women and children of all ages living in poverty in all its dimensions according to national definitions.<sup>11</sup> A multidimensional poverty headcount based on the Alkire-Foster method is being reported by many countries in their national SDG indicator framework.

The third motivation is that income poverty and (global) multidimensional poverty very often do not go together, since poverty is not only the lack of income but also the deprivation of human capabilities. Income poverty measures and multidimensional poverty measures can complement each other in the implementation of poverty alleviation policies.<sup>12</sup> Understanding poverty through

a multidimensional approach can therefore improve planning towards the eradication of all forms of poverty, as envisaged under SDG 1. It is only by knowing the drivers of poverty that planners can design programmes to eradicate it.

Eradicating poverty remains one of the greatest challenges for humanity. While the number of people living in extreme income poverty (under PPP \$1.90 per day) decreased in the world by almost two-thirds between 1990 and 2015—from 1.897 billion people in 1990 to 731 million in 2015—there are still many people struggling to fulfil their basic needs.<sup>13</sup> Of all the regions, Asia and the Pacific has seen perhaps the most significant reduction in extreme poverty.<sup>14</sup> Yet a larger proportion of people in the region are poor in non-income dimensions, suggesting the need for addressing poverty beyond income.

Several studies have found that poverty and inequality prevail because of deprivations and inequality in non-income dimensions, such as health and education, implying that reducing multidimensional poverty complements the effort to eradicate extreme poverty. This requires measuring and tracking non-income dimensions of poverty.

Apart from its use to track progress towards SDG target 1.2, a national MPI can serve as a policy tool to realize the pledge to “leave no one behind.” Using the Alkire-Foster method allows measurement of the MPI at disaggregated levels, such as by geographical areas, population groups, or indicators or dimensions such as health, education or standards of living. Such disaggregation can help identify the dimensions and indicators in which a particular population group is poor, and thus assist in the effective design of relevant and coherent policies and programmes for eradicating all forms of poverty.

## Objectives and methodology

The overall objective of this report is to share country experiences with multidimensional poverty measurement and the MPI in UNDP programme countries in Asia and the Pacific. The study methodology comprised desk reviews as well as field interviews with policymakers, academics, development partners and others in respective countries. The desk reviews helped in selecting two countries for in-depth case studies: Pakistan and Viet Nam. Two main criteria used for the selection were: (i) a country where UNDP has initiated multidimensional poverty measurement and continues supporting it to date, and (ii) a country where the MPI has been used more widely than just tracking multidimensional poverty. Field work was conducted in Pakistan and Viet Nam in December 2018 and January 2019, respectively, to gather

information on the measurement of multidimensional poverty and subsequent application.

## Scope and outline of the report

Against the backdrop of the growing role of multidimensional poverty measurement and its use as a policy tool, UNDP and OPHI recently launched a national MPI handbook, “How to Build a National Multidimensional Poverty Index,” to guide planners, policymakers and statisticians on MPI measurement and uses.<sup>15</sup> The handbook describes how to set up and build support for developing a national MPI, explains the Alkire-Foster method, explores technical steps to follow, and argues for a national MPI as an important policy tool. It also covers how to engage relevant stakeholders and communicate MPI results.

The handbook provides mainly theoretical constructs with select country examples of measurement and uses. The current report complements the handbook by providing information on dimensions and indicators specifically used in Asia and the Pacific, covering all countries that are measuring the MPI. To encourage further uptake of the MPI as a policy tool in the region, the report makes a modest attempt to document concrete examples of the use of national MPIs for policy formulation, SDG monitoring, and national planning, targeting and resource allocation.

After this introductory section, the second section of the report reviews specifications for national MPIs in countries that have applied the index and offers a brief introduction of the global MPI. The third section describes using the MPI for planning, targeting and resource allocation as well as for monitoring and evaluation. Country case studies on Pakistan and Viet Nam follow. The report ends by summarizing some challenges and offering recommendations.



# Measurement of Multidimensional Poverty



## Introduction

Both the theory and applications of multidimensional poverty measurement have grown rapidly in recent decades.<sup>16</sup> Poverty measures within the “counting” approach focus on counting the number of dimensions and indicators in which people are deprived. One prominent example is the MPI, a special case of the influential class of measures advanced by Alkire and Foster (2007 and 2011).<sup>17</sup> Once the purpose, space and unit are identified for an MPI, measurement entails the following steps:<sup>18</sup>

1. Select dimensions and indicators
2. Set deprivation cut-offs for each indicator
3. Set weights for each dimension or indicator
4. Decide the aggregate poverty cut-off
5. Compute the incidence and intensity of poverty or the MPI

Details on these measurement steps appear in the national MPI handbook. The number of dimensions and indicators as well as the weights assigned to the indicators

and the cutoff have a significant influence on poverty measurement. For example, a higher weight given to indicators in which most households are deprived will produce a higher poverty rate. On the other hand, a lower aggregate poverty cutoff yields a higher poverty rate.

Unlike measurement of extreme poverty, there are two cut-offs for MPI measurement. One is at the indicator level, where each household (or its members) is identified in terms of whether it is deprived on an indicator or not through the specification of the deprivation cut-off, as shown in Table 1. Secondly, to identify multidimensionally poor people, the deprivation scores for each indicator are summed for obtaining a household deprivation score. An aggregate cut-off of one-third of the weighted indicators is used to distinguish between poor and non-poor households or their members. Most national MPIs follow this cut-off, although there is much variation across countries.

The Alkire-Foster method identifies three forms of poverty. If the deprivation score is one-third or higher, a household (and everyone in it) is considered multidimensionally poor. They are known as acutely poor. People with a deprivation score of one-fifth or higher

but less than one-third are considered vulnerable to multidimensional poverty. People with a deprivation score of one-half or higher are considered to be severely poor.

The MPI has two components. A headcount ratio,  $H$ , is the proportion of multidimensionally poor people in a population. The intensity of poverty component,  $A$ , reflects the average proportion of (weighted) indicators in which multidimensionally poor people are deprived.<sup>19</sup>

Income or consumption-based poverty measures implicitly assume that different aspects of welfare are substitutable. Individuals have some amount of purchasing power and are free to choose how to use it in the way that makes them the most well-off. The only way to make them better off is to increase their purchasing power so that they can consume more of whatever it is that they value most or are most deprived of. Consumption-based measurement has one major limitation as it does not recognize the non-substitutability of welfare dimensions. Even if a person is better off in terms of income or standard of living, he may feel deprived if he is uneducated or has a low level of education, and is therefore not able to effectively take part in the State and society. Moreover, there may not be a rational use of income for enhancing welfare.

Measures that unpack welfare into multiple dimensions, like the MPI, are useful in giving a more nuanced picture of welfare. Looking into deprivation by indicators and dimensions with the use of the Alkire-Foster method is more useful than applying a scalar measure such as an income- or a consumption-based poverty line.

There are two variants of the MPI, national and global. The global MPI produced by UNDP and OPHI is a standard measure with the same three dimensions and 10 indicators used for international comparison.<sup>20</sup> As national MPIs are defined by national stakeholders to reflect national poverty, they could differ from the global MPI in dimensions and indicators.

While the global and national MPIs are not strictly comparable, at times they are compared in this report to look into differences between the two in terms of the dimensions and indicators used for defining them.<sup>21</sup> The larger deviation of national MPI from the global MPI does not mean that the national MPI of a country is of a low standard or poor in quality. In fact, the divergence could show differing country priorities.

## Specification of the global MPI

The global MPI launched in the 2010 Human Development Report consists of 10 indicators in three dimensions—education, health and living standards. Over the years, specifications for some indicators have changed but not the dimensions. All three dimensions are given equal weight, but weights vary across indicators mainly because the number of indicators in each dimension is not the same. The standard of living dimension has six indicators, whereas the other two dimensions each have two. The indicators of the standard of living dimension receive only a one-third weight compared to the indicators of the other two dimensions (Table 1).

**Table 1: Dimensions, indicators, deprivation cut-offs and weights of the global MPI**

Dimensions	Indicator	Deprived if...	Weight
<b>Health</b>	Nutrition	Any adult under 70 years of age or any child is undernourished.	1/6
	Child mortality	Any child died in family in the five-year period preceding the survey.	1/6
<b>Education</b>	Years of schooling	No household member aged 10 years or older completed six years of schooling.	1/6
	School attendance	Any school-aged child not attending school up to the age at which he/she would complete class 8.	1/6
<b>Living standards</b>	Cooking fuel	The household cooks with dung, wood, charcoal or coal.	1/18
	Sanitation	The household's sanitation facility is not improved, or it is improved but shared with other households.	1/18
	Drinking water	The household does not have access to improved drinking water/safe drinking water, which is at least a 30-minute walk from home, round trip.	1/18
	Electricity	The household has no electricity.	1/18
	Housing	Floor is of natural materials and/or the roof and/or walls are of natural or rudimentary materials.	1/18
	Assets	The household does not own a car or truck and more than one of these assets: radio, TV, telephone, computer, animal cart, bicycle, motorbike or refrigerator.	1/18

Source: Jehan and Alkire 2018.

The development and launch of the global MPI in 2010 was a joint action of UNDP and OPHI. Later, both organizations started computing the MPI separately with slight differences in the specification of some indicators such as child nutrition.<sup>22</sup> Both organizations came back together to launch an updated version of the global MPI in 2018, computing it in 105 countries.<sup>23</sup> They recently launched a 2019 MPI that compares acute multidimensional poverty for 101 developing countries that are home to 76 percent of the world's population (Box 1).

The 2019 global MPI publication *Illuminating Inequalities* offers both a global headline and a fine-grained analysis of multidimensional poverty among children, in rural areas, in 1,119 subnational regions and among critical population subgroups. It explores inequality among the multidimensionally poor by using innovative methods to uncover intrahousehold inequalities, growth in the “bottom 40 percent” of the multidimensionally poor, and relationships with the Gini coefficient, an indicator typically used for measuring economic inequality. The report also previews trends in 10 countries drawn from an ongoing study of over 80 countries.<sup>24</sup>

## Specification of national MPIs

Mexico became the first country to define and launch a national MPI in 2009, based on its labour laws and International Labour Organization (ILO) standards. This was followed by the launch of the global MPI in 2010 by UNDP and OPHI. Several countries have adapted the global MPI to analyse poverty nationally. In Asia and the Pacific, Bhutan was the first country to launch an MPI in 2010, with some changes from the global model and using 13 indicators. This was followed by a launch in Colombia. In 2011, Colombian President Juan Manuel Santos announced a new National Development Plan with a focus on poverty reduction. The plan featured a national MPI along with specific targets and measures for tracking progress.<sup>25</sup>

A common question is whether income or consumption should be included in a national MPI. But it seems preferable to report monetary poverty separately, although some countries, such as Armenia, Malaysia and Mexico, combine them (Table 2). These national MPIs differ from the global MPI, which is a pure non-monetary measure.

Further validation for national MPIs came with the launch of the 2030 Agenda for Sustainable Development and SDG target 1.2 to reduce poverty in all dimensions at least by half according to national definitions. In view of this, national MPIs based on country-specific definitions could differ from the global MPI.

### Box 1: Global multidimensional poverty in 2019: some key findings

UNDP and OPHI launched a new version of the global MPI in 2019, computing scores for 101 countries. Major findings include:

- 1.3 billion people—23.1 percent—are multidimensionally poor in the 101 countries.
- Two-thirds of multidimensionally poor people live in middle-income countries.
- Multidimensional poverty varies widely within countries.
- Half of the 1.3 billion multidimensionally poor people are children under age 18. A third of them are under age 10.
- Child poverty in South Asia reveals considerable diversity. While 10.7 percent of South Asian girls are out of school and live in a multidimensionally poor household, this regional average hides wide variation. For example, the ratio is 44 percent in Afghanistan.
- In South Asia, 22.7 percent of children under age 5 experience intrahousehold inequality in deprivation in nutrition. In Pakistan over a third of children under age 5 experience such intrahousehold inequality.
- Of 10 selected countries for which MPI changes over time were analysed, Cambodia and India reduced their MPI values the fastest—and they did not leave the poorest groups behind.
- There is wide variation across countries in inequality among multidimensionally poor people—that is, in the intensity of poverty experienced by each poor person.
- There is little or no association between economic inequality as measured using the Gini coefficient and the MPI value.
- In 10 selected countries for which changes over time were analysed, deprivations declined faster among the poorest 40 percent of the population than among the total population.

Source: UNDP and OPHI 2019b.

Table 2: MPI dimensions in some countries

Country	Dimensions
<b>Armenia</b>	(1) Education, (2) Health, (3) Labour, (4) Basic needs, (5) Housing
<b>Chile</b>	(1) Education, (2) Health, (3) Work and social security, (4) Basic standard of living
<b>Costa Rica</b>	(1) Education, (2) Health, (3) Work and social security, (4) Basic standard of living
<b>Colombia</b>	(1) Education, (2) Childhood and youth, (3) Work, (4) Health care, (5) Housing and public services
<b>Dominican Republic</b>	(1) Education and childcare, (2) Health, (3) Work and livelihood, (4) Housing and environment, (5) Digital divide and social relations
<b>Ecuador</b>	(1) Education, (2) Health, water and nutrition, (3) Work and social security, (4) Housing and public services
<b>El Salvador</b>	(1) Education and childhood, (2) Health and food security, (3) Work, (4) Housing, (5) Security and environment
<b>Kyrgyzstan</b>	(1) Health, (2) Education, (3) Quality of Housing, (4) Economic security, (5) Housing
<b>Malaysia</b>	(1) Health, (2) Education, (3) Living standards, (4) Income
<b>Mexico</b>	(1) Health, (2) Education, (3) Work, (4) Housing, basic services and internet access, (5) Environment and sanitation
<b>Pakistan</b>	(1) Education, (2) Health, (3) Living standards
<b>Panama</b>	(1) Health, (2) Education, (3) Work, (4) Housing, basic services and internet access, (5) Environment and sanitation
<b>Regional: Economic Commission for Latin America and the Caribbean</b>	(1) Housing, (2) Basic services, (3) Living standards, (4) Education, (5) Employment and social protection
<b>Viet Nam</b>	(1) Education, (2) Health, (3) Housing, (4) Clean water and sanitation, (5) Access to information

Source: United Nations 2017 and the Multidimensional Poverty Peer Network (MPPN). Note: the Government of Viet Nam includes income in its national multidimensional poverty measurements and uses a multidimensional poverty approach that includes income to define poor households.

## National MPIs in South Asia

All countries of South Asia have been working on MPIs but are at different stages. Bhutan adopted the MPI in 2010, followed by Pakistan in 2016, India and Nepal in 2017, Sri Lanka in 2018 and Afghanistan in 2019. Of nine countries in the subregion, only four have advanced a national MPI as part of official statistics: Afghanistan, Bhutan, Nepal and Pakistan (Tables 3 and 4).<sup>26</sup>

As per the 2012 Bhutan MPI, a person is poor in multiple dimensions if they are deprived in 30.7 percent of weighted indicators. Based on this, the Bhutan MPI revealed that about 12.7 per cent of the population was multidimensionally poor in 2012.<sup>27</sup> The Bhutan MPI report also computed the MPI for 2007 and 2010. Since indicators used in the 2012 MPI varied from those in the 2007 and 2010 calculations, it was difficult to make a strict comparison between them.

Table 3. Dimensions of existing national MPIs of South Asian countries

Dimension	Global MPI	Afghanistan	Bhutan	India	Iran, Islamic Republic of	Nepal	Pakistan	Sri Lanka
<b>Health</b>	Y	Y	Y	Y		Y	Y	Y
<b>Education</b>	Y	Y	Y	Y	Y	Y	Y	Y
<b>Living standards/ assets</b>	Y	Y	Y	Y	Y	Y	Y	Y
<b>Expenditure</b>					Y			
<b>Work</b>		Y						
<b>Shocks</b>		Y						

Source: Banerjee et al. 2014 (India), Mahoozi 2015 (Iran) and the MPPN. Note: With the technical support of OPHI, MPI measurement has been undertaken in some other countries of South Asia including Bangladesh and the Maldives, and some states of India (Andhra Pradesh, Chhattisgarh, Gujarat and Maharashtra) but the results are not yet available in public domain, therefore, they are not included here.

Table 4. Indicators of existing national MPIs in South Asian countries

Dimension	Indicators	Global MPI	Afghanistan	Bhutan	India	Iran, Islamic Rep	Nepal	Pakistan	Sri Lanka
<b>Education</b>	Years of schooling/attainment	Y		Y	Y		Y	Y	Y
	School attendance/education	Y	Y	Y	Y	Y	Y	Y	Y
	Illiterate household head					Y			
	Educational/school quality							Y	
	Schooling (male/female two indicators)		Y						
<b>Health</b>	Child mortality	Y		Y	Y		Y		Y
	Nutrition	Y			Y		Y		Y
	Food security		Y	Y					
	Antenatal care							Y	
	Assisted delivery		Y					Y	
	Immunization							Y	
	Access to health services							Y	
<b>Land, housing, living standards and basic services</b>	Electricity	Y	Y	Y	Y	Y	Y	Y	Y
	Cooking fuel	Y	Y	Y	Y	Y	Y	Y	Y
	Improved water	Y	Y	Y	Y	Y	Y	Y	Y
	Improved sanitation	Y	Y	Y	Y		Y	Y	Y
	Housing material (floor/wall/roof)	Y	Y	Y	Y		Y	Y	Y
	Asset ownership	Y	Y	Y	Y	Y	Y	Y	Y
	Overcrowding or persons/room		Y			Y		Y	
	Land and livestock ownership		Y	Y				Y	
	Access to road			Y					
<b>Employment and social protection</b>	Unemployment		Y						
	Underemployment		Y						
	Youth NEET (not in education, employment or training)		Y						
	Dependency		Y						
<b>Expenditure/income</b>	Expenditure per capita					Y			
<b>Social participation</b>	Participation in ceremony		Y						
<b>Psychological well-being</b>	Self-perception: happiness, pride, inclusion		Y						
<b>Mental distress/anxiety</b>	Mental distress: social interaction, learning difficulties		Y						
<b>Physical safety</b>	Mistreatment		Y						
<b>Shocks</b>	Production		Y						
	Income		Y						
	Security		Y						

Source: Banerjee et al. 2014 (India), Mahoozi 2015 (Iran) and the MPPN. Note: With the technical support of OPHI, MPI measurement has been undertaken in some other countries of South Asia including Bangladesh and the Maldives, and some states of India (Andhra Pradesh, Chhattisgarh, Gujarat and Maharashtra) but the results are not yet available in public domain, therefore, they are not included here.

In some countries, such as Iran, the index has been computed outside the Government.<sup>28</sup> Some other countries, such as Bangladesh, have noted plans for introducing an MPI measurement in their Voluntary National Review.

Many South Asian countries have adapted the 10 indicators of the global MPI, but some have added extra

indicators and dimensions. For example, Bhutan used 13 indicators under three dimensions—health, education and standard of living (Tables 3 and 4). Roads, land and livestock have been included as additional indicators under the standard of living dimension, indicating the critical importance of agriculture and livestock as well as transportation infrastructure in the Bhutanese economy.

Like Bhutan, Pakistan has also used land and livestock as indicators under the asset component of the standard of living dimension, but limited only to rural areas. The health dimension of Pakistan's MPI consists of four intermediate rather than outcome indicators. Among educational indicators two are similar to those of the global MPI, but the other one is about the quality of education. Overcrowding is an additional indicator in the living standards dimension.

Some countries have made few changes to the global MPI, such as India and Nepal. Nepal has used three dimensions and 10 indicators similar to those of the global index. But some others have used a larger number of indicators to reflect country priorities, such as in Afghanistan (Box 2).

In Afghanistan, the Government identified 18 indicators in five dimensions, including two new dimensions—work and shocks. It has used an innovative approach by including indicators for gendered education, and new indicators for employment and security. The MPI complements monetary poverty measures by providing an overview of poverty nationally. Using a large number of indicators, however, increases difficulties related to the provision of data.

## National MPIs in South-east Asia

The MPI initiative has been expanding over time in South-east Asia. Out of 11 countries, only Malaysia, the Philippines and Viet Nam have applied the MPI as an official national poverty measure (Tables 5 and 6). The 2017 Voluntary National Review report of the Philippines indicated the usefulness of the MPI, which was launched in December 2018. A multidimensional poverty measure had been computed since 2016 and results used for updating the (2011-2016) Philippine Development Plan. The current Philippines MPI consists of 13 indicators in four dimensions—health and nutrition; education; housing, water and sanitation; and employment. The indicators under the education, and housing, water and sanitation dimensions are similar to those of the global MPI. The health and nutrition dimension indicators are quite different, including hunger, food consumption and health insurance. One major change is the addition of an employment dimension with two indicators—underemployment and working children not in school.<sup>29</sup>

In 2015, Malaysia launched a national MPI as part of its annual development plan. Despite tremendous progress made in extreme poverty reduction, it continues to have pockets of poverty. Furthermore, inequality is on the rise. In view of this, the MPI has complemented the effort to monitor poverty and identify development gaps for formulating more inclusive development policies and interventions.<sup>30</sup>

### Box 2: Afghanistan's MPI reflects national priorities

The Afghanistan MPI comprises five dimensions and 18 indicators selected in a consultative process with high-level national policymakers and technical experts. These choices reflect both policy priorities and data availability. The weights for each indicator, which mirror their relative importance in the MPI, were set based on the same priorities, which are expressed in the Afghanistan National Peace and Development Framework (2017-2021) and the National Citizen's Charter, and were reflected as well in the consultations.

The MPI indicators provide clear insights into how to design programmes that deliberately target the poor in line with national objectives to reduce or eradicate multidimensional poverty. The MPI was developed for use in monitoring and evaluating plans and programmes at the national and subnational level, as well as in policy design, targeting and coordination.

The five dimensions were approved by the Government's High Council on Poverty, which also approved equal weights for each dimension. Within the dimensions of health, living standards and work, each indicator is equally weighted. Indicators of the other two dimensions, education and shocks, have different weights. In particular, school attendance in the education dimension and security in the shock dimension were assigned higher weights. Security in the context of Afghanistan covers the vital aspect of personal security from violence, whereas production and income cover security from sudden economic hardship. Child school attendance and adult years of schooling (male and female combined) are roughly equal in importance, but gendered adult schooling indicators were created in order to illuminate gender disparities.

In Afghanistan, the poverty cut-off or the *k-value* was set at 40 percent, based on the reasoning that this threshold is equivalent to being deprived in two or more dimensions, or the equivalent of weighted indicators. It is thus aligned with the notion of poverty in multiple dimensions.

*Source: Government of the Islamic Republic of Afghanistan, National Statistics and Information Authority 2019.*

Table 5. Dimensions of existing national MPIs of South-east Asian countries

Dimension	Global MPI	Indonesia	Lao PDR	Malaysia	Philippines	Viet Nam
Health	Y	Y	Y	Y	Y	Y
Education	Y	Y	Y	Y	Y	Y
Living standards	Y		Y	Y		
Income		Y		Y		Y
Housing						Y
Clean water and sanitation						Y
Housing, water and sanitation					Y	
Information accessibility						Y
Employment					Y	

Sources: Bader et al. 2016 (Lao People's Democratic Republic), Hanandita and Tampubolon 2016 (Indonesia), the MPPN and UNDP Viet Nam.

Note: The Government of Viet Nam includes income in its national multidimensional poverty measurements, which it uses to define poor households. Poverty can be monitored and assessed by at least the following three types of measurements: (i) income/ expenditure only, (ii) multidimensional (excluding income) and (iii) multidimensional (including income).

Malaysia made a major departure in its MPI as it uses income as an additional dimension. It also made some changes in indicators under the living standards dimension. Of the six indicators, five are different from those of the global MPI. They are related to the condition of living quarters and number of bedrooms, overcrowding, garbage facilities, transportation and access to basic communication tools. The only indicator on toilet facilities is the same as that of the global MPI. Both Malaysia and the Philippines consider income and employment as important parts of poverty. Viet Nam adds a dimension of "access to information". Like Pakistan, Viet Nam has also used intermediary health indicators such as accessibility to health-care services and health insurance.

Some efforts to compute the MPI take place outside Governments, such as in Lao People's Democratic Republic (Lao PDR), where national MPI indicators were similar to those of the global MPI. The main difference is that the national MPI in this case used "perception of the household" as one of the indicators, as follows: At least one household member rated as having a "very bad" or "bad" health status. This could be because of a lack of data on mortality and therefore use of a proxy indicator.<sup>31</sup>

In Indonesia, the Government has expressed a willingness to compute the MPI. The national development agenda known as "Nawacita" mentions various dimensions of human development and poverty reduction that are critical "to build a sovereign, independent and strong Indonesia". Indonesia's Perkumpulan Prakarsa, a research institution, has been calculating the MPI with three dimensions at the national, provincial and district/city levels.<sup>32</sup> Prior to this, Hanandita and Tampubolon (2016) computed the MPI for 2003 to 2013 using six indicators under three

dimensions: income, health and education. Income is reflected using per capita daily consumption. Health status is assessed using two indicators: illness episode (number of days disabled within the last month) and morbidity (number of illnesses within the last month). The completion of primary school and the ability to read and write Latin characters (literacy) were the two indicators used under the education dimension (Tables 5 and 6).<sup>33</sup>

## National MPIs in East Asia

In East Asia, China and Mongolia have computed the MPI on a pilot scale.<sup>34</sup> The Government of China, in partnership with UNDP, established the International Poverty Reduction Centre in China (IPRCC) in 2005. It has undertaken a study of multidimensional poverty in the Wu Ling Mountain Region, which is one of 14 priority contiguous regions for targeting national anti-poverty programmes. The IPRCC and the National Bureau of Statistics, China, together with OPHI, have planned to carry out a national multidimensional poverty measurement study.<sup>35</sup>

Table 6. Indicators of existing national MPIs in South-east Asian countries

Dimension	Indicators	Global MPI	Indonesia	Lao PDR	Malaysia	Myanmar	Philippines	Thailand	Timor-Leste	Viet Nam
<b>Education</b>	Years of schooling	Y	Y	Y	Y		Y			
	School attendance	Y		Y	Y		Y			Y
	Adult education		Y							Y
<b>Health</b>	Child mortality	Y								
	Nutrition	Y		Y						
	Health insurance									Y
	Access to health services				Y					Y
	Access to drinking water				Y					
	Food consumption/poverty						Y			
	Hunger						Y			
	Unable to work due to illness		Y							
	Number of illnesses		Y							
	Health insurance						Y			
	Perception about health			Y						
	<b>Housing, living standards and basic services</b>	Electricity	Y		Y			Y		
Cooking fuel		Y		Y						
Improved water		Y		Y			Y			Y
Improved sanitation/toilet		Y		Y	Y		Y			Y
Housing materials		Y		Y			Y			Y
Housing condition					Y					
Asset ownership				Y			Y			Y
House area										Y
Number of members/room					Y					
Garbage disposal (facility)					Y					
Access to transportation					Y					
House ownership							Y			
Access to/use of Internet										Y
Assets for information					Y					Y
Income			Y		Y					
<b>Employment</b>		Underemployment						Y		
	Working children not in school						Y			

Sources: Bader et al. 2016 (Lao People's Democratic Republic), Hanandita and Tampubolon 2016 (Indonesia), and the MPPN.

Note: The grouping by dimensions presented in the table does not necessarily reflect the dimensions in which the indicators are included in each national MPI.

## National MPIs in the Pacific

None of the Pacific countries have yet computed a national MPI mainly because of a lack of data. National household surveys such as the Demographic and Health Survey (DHS) and the Multiple Indicators Cluster Survey (MICS) or other integrated national level household surveys are the major sources of data. But these surveys have not been completed in most Pacific countries.

Progress has been made recently in data collection, however, as DHS surveys are being conducted for some countries.<sup>36</sup> And with the recent addition of MICS surveys in Fiji, Kiribati, Nauru, Samoa, Tonga and Tuvalu, there will be a wealth of data in the near future for MPI calculation.<sup>37</sup>

## Conclusion

National MPIs in Asia and the Pacific provide some information on national priorities in measuring well-being or deprivation. Beyond the traditional indicators of health and education, they have included other national priority indicators on land and livestock, employment, income, insurance, shocks, the condition of youth or women, and Internet use, among others. Reflecting country needs and priorities through defining national MPIs has been possible to some extent because of the flexibility inherent in the Alkire-Foster method, which allows the addition of indicators and dimensions as well as changes in their weight without adding any complication in computation.

Adaptation of the global MPI at the national level ranges widely from a minimum adaption, as in the case of Nepal, to extensive changes in countries such as Afghanistan and Viet Nam. If the definition of the MPI is not solely driven by data availability, the index can provide useful information on national needs and properly reflect well-being or deprivation. But the lack of data is a major constraint, as is the Alkire-Foster requirement to use data from the same survey. Efforts are underway to look into innovative ways of using some intermediate proxy indicators, such as in Pakistan, or to add new dimensions on employment, social security and access to information, as in Viet Nam.



# Uses of National MPIs



## Introduction

The MPI can make a critical contribution to development planning and enhanced governance, and more broadly supports the realization of the 2030 Agenda. Its decomposition into a “headcount” and “intensity” as well as across dimensions can help in designing specific policies and programmes targeting both poverty and vulnerability.

The MPI is not only a measurement tool but also a policy, planning, and monitoring and evaluation tool. Most countries have designed their MPIs to monitor poverty reduction, complementing income poverty measures and informing social policies. Some countries have gone beyond these purposes and implemented the MPI to coordinate and manage multisectoral social policies, prioritize programmes, strengthen social protection, allocate resources and target beneficiaries.<sup>38</sup> The Alkire-Foster method has made it feasible to include several indicators and dimensions, and to look into the dimension or indicators in which an individual is poor, and where she or he is living. The MPI can also help in designing multisectoral policies through the estimation of deprivation by sectors.

In Latin America and the Caribbean, several countries are now in a much advanced stage of applying the MPI. In Mexico, it has become a guide for national and local governments on social policy.<sup>39</sup> Juan Manuel Santos, the

former President of Colombia lauded the value of the MPI as a tool for planning and monitoring, noting, “I saw that this index [MPI] would give me the tools to have a much more efficient public investment” (MPPN 2019). See also Table 7.

Countries in Asia and the Pacific are also making headway in using the MPI as a tool of governance and improved policy. Several leaders in the region have recognized its merits. For example, the Prime Minister of Bhutan at the 2017 UN General Assembly stressed the importance of the MPI as a policy tool. Subsequently, the Director of Bhutan’s National Statistical Bureau, Chhime Tshering, said Bhutan’s MPI has become a strong instrument for resource allocation, targeting and policy design, complementing Bhutan’s monetary poverty measure.<sup>40</sup>

### **The Prime Minister of Bhutan at the General Assembly, 19 September 2017**

The Prime Minister of Bhutan at the General Assembly on 19 September 2017 said: “In Bhutan national MPI is also used as a policy tool and used as a basis to allocate resources across sectors, our districts, and our villages effectively. We have used it to identify people’s needs for infrastructure and social services in the remotest areas.”

*Source: OPHI presentation.*

Table 7: Uses of the national MPI in Colombia

Uses	Description
<b>National roundtable to reduce poverty and inequality</b>	Use of the Colombia MPI in a high-level committee for monitoring the national poverty and inequality reduction strategy.
<b>Geographic targeting tool for social programmes</b>	A criterion to introduce geographic differentiation in the conditional cash transfer programme ( <i>Program Mas Familias en Accion</i> ).
	A diagnostic tool for regional development plans elaborated by the National Planning Department and local governments.
	A criterion to distribute the overall number of beneficiaries per municipality in several programmes from the Department for Social Prosperity.
<b>Social map</b>	A geographic tool to encourage public-private partnership to reduce poverty and inequality and improve the quality of life.
<b>Criteria for graduation from the Colombian safety net to overcome extreme poverty</b>	The Colombia MPI and the extreme poverty line are two criteria to graduate households from the safety net <i>Unidos</i> , with the MPI estimated using beneficiary surveys.
<b>Definition of policy combinations to reduce multidimensional poverty and to consolidate the expansion of the middle class</b>	Use of the Colombia MPI to identify the most frequent combinations of deprivations in order to design public policy and social programmes.
	Use of the Colombia MPI, in combination with the World Bank's income methodology, to measure the middle class as part of a public policy agenda to foster the consolidation of the middle class.

Source: United Nations 2017.

## The MPI as a tool for identifying coupled or overlapping deprivations

People who are poor can be found everywhere, including in otherwise better-off countries. In fact, as the 2019 MPI report reveals, more than two-thirds of those who could be considered multidimensionally poor live in middle-income countries. Poverty eradication as envisaged under SDG 1 requires proper identification of those in extreme poverty as well as the mapping of those who are poor in non-income dimensions.

With the eradication of extreme poverty, Malaysia, for instance, has made an attempt to identify where the multidimensionally poor are living, an example of how the MPI can complement the effort to monitor poverty and identify development gaps for the formulation of more inclusive development policy. Viet Nam has taken a similar course following an extensive application of the multidimensional poverty approach for targeting at the commune level. The Government of the Philippines uses income/consumption poverty based on the Family Income and Expenditure Survey and the MPI to determine how many Filipinos remain poor.<sup>41</sup>

## The MPI as a tool for informing national planning and setting targets

Until recently, only income poverty used to feature in the development targets of developing countries. Since 2010, the MPI, especially its "headcount" calculation, has started appearing as a target in national plans of countries including Bhutan, Nepal, Pakistan the Philippines and Viet Nam. The approach has also guided countries in setting macroeconomic targets as well as sectoral targets for health, education, water and sanitation, and electricity, among others. Bhutan in its plan set a target to reduce the MPI poverty headcount to below 10 percent by 2018.<sup>42</sup>

The MPI together with income profiles has informed the 2010-2014 and 2014-2016 national development plans of Colombia.<sup>43</sup> The MPI developed by the Colombian Government forms part of a comprehensive poverty reduction strategy. The measure is being used to set plan targets and track progress towards them. The Colombia President meets biannually with ministries of the sectors covered by the MPI to discuss progress towards sectoral goals.<sup>44</sup>

The Government of the Philippines adopted a multidimensional poverty measure in its 2011-2016 updated development plan and set key poverty reduction targets aimed at securing inclusive growth and improvements in quality of life. The updated plan pledged to reduce the incidence of multidimensional poverty by 16 percent to 18 percent.<sup>45</sup> The Government of Nepal aims to reduce extreme poverty to 4.9 percent and multidimensional poverty to 10 percent by 2030.<sup>46</sup>

## The MPI as a tool for complementing income poverty measures

Studies conducted all over the world show a high degree of mismatch between income and global multidimensional poverty measures, suggesting the latter can be used as a complementary approach. Armenia, Bhutan, Colombia, Chile, Costa Rica, the Dominican Republic, El Salvador, Ecuador, Honduras, Mozambique, Pakistan and Panama, among others, have official MPIs that complement their official monetary poverty statistics. Mexico has a single official poverty measure that became multidimensional in 2009, and includes income and six non-income components.<sup>47</sup> In Asia and the Pacific, Bhutan, Malaysia, Pakistan, the Philippines and Viet Nam have been using MPI measures to complement income poverty measures.

Viet Nam has used an income criterion to complement non-income criteria for the identification of poor people in communes.<sup>48</sup> In Bhutan, *dzongkhags* (districts) that were income poor were not necessarily multidimensionally poor, suggesting the need to use both types of poverty measure.<sup>49</sup> Pakistan and the Philippines also computed both income poverty and MPIs assuming that they are complementary. Malaysia used the MPI to complement its Poverty Line Income measure of monetary poverty.<sup>50</sup>

## The MPI as a resource allocation and targeting tool

The breakdown of the MPI by sector, subgroups or subnational level can help guide resource allocations according to specific needs. For example, if the contribution of the education dimension to multidimensional poverty is higher, a larger allocation is necessary to address higher educational deprivation. Countries like Mozambique have used the MPI for budget allocations by sector, but this kind of application requires that the dimensions and indicators clearly reflect priority areas of social policy. The selection of dimensions and indicators is therefore a critical step.<sup>51</sup>

The pioneers of the MPI used it effectively for targeting. An example is the conditional cash transfer programme of Colombia, “Familias en Accion”, with about 2.6 million families as beneficiaries.<sup>52</sup>

Within Asia and the Pacific, the MPI has been used as a tool for resource allocation at the subnational level in Bhutan, Pakistan and Viet Nam. Bhutan, for example, uses the MPI as a development target and treats it as one of the main considerations in allocating annual capital grants across *dzongkhags* or *gewogs*. Since 2013, the MPI has served as one of the five criteria for allocating national resources to local governments, and is given high importance at a 45 percent weight.<sup>53</sup> India has made a significant move towards addressing multidimensional poverty by using a multidimensional targeting approach.

In Pakistan, less developed areas identified in the 12th Five Year Plan 2018-2023 comprise 67 districts of 4 provinces (7 districts in Punjab, 29 in Balochistan, 12 in Khyber Pakhtunkhwa and 19 in Sindh). These districts, identified on the basis of the 2015 MPI, have an incidence of multidimensional poverty that is more than 50 percent.<sup>54</sup>

Apart from targeting the poorest areas, the MPI can also identify poor households in more prosperous regions where large numbers of poor people live alongside wealthier citizens. It can be used to target households to ensure they receive benefits for reducing their deprivations. A well-designed MPI can have fewer errors of inclusion and exclusion in identifying those who are multidimensionally poor than proxy means tests.<sup>55</sup>

Nepal is planning to use the MPI to target poor people and groups, allocate resources in order to have the biggest poverty impact, coordinate multisectoral policies, manage interventions and make evidence-based policy adjustments for enhanced impact.<sup>56</sup> In the Philippines, the Government has stated that the MPI is ideal for identifying the poorest of poor, as it depicts multiple deprivations. It also provides an objective method for identifying beneficiaries of targeted assistance programmes.<sup>57</sup>

## The MPI as a tool for tracking multidimensional poverty

With the launch of the 2030 Agenda for Sustainable Development, countries have mainstreamed the SDGs into their national plan and budgets. Several countries, such as Pakistan and Viet Nam, have prepared national action plans that include the MPI as an indicator. They have set baseline and target values, and committed to tracking multidimensional poverty.

Several countries in Asia and the Pacific are developing a dashboard as a tool for planning and monitoring, such as India, Malaysia and Pakistan. Including the MPI indicators in such a dashboard would help more effectively track multidimensional poverty as well as attainment of SDG 1. In tracking multidimensional poverty in India, UNDP and OPHI found a drastic reduction from 55 percent to 28 percent in 10 years.<sup>58</sup>

Outside the region, several countries have deployed the MPI for monitoring plans and strategies, such as Colombia, which has used it for monitoring the national strategy for the reduction of poverty.<sup>59</sup>

Countries also use national MPIs to track progress in different administrative divisions (national, state level, districts or municipal/local authorities), geographic settings (urban and rural areas, highlands and lowlands) and by population group (gender, ethnicity, age groups). In Colombia, the MPI is used to monitor progress in priority areas established in the peace agreement. The index gives a clear picture of deprivations in areas where other data are non-existent, and establishes priorities to reduce poverty and deprivations.<sup>60</sup>

## The MPI as a tool for coordinating policies and programmes

The MPI serves as a tool for policy coordination across sectors, programmes and levels of government. It is used to align government instruments (budget allocations, targeting, programme and policy design) with the aim of reducing poverty in all its dimensions.

In Colombia, the MPI is considered at a national level in round table meetings of relevant Government ministers. They meet several times a year to coordinate policies that address deprivations included in the MPI. This is a good example of multisectoral, integrated policy development that could be elaborated in countries in Asia and the Pacific.<sup>61</sup>

The MPI can be an advocacy tool for communication with the private sector and other stakeholders to mobilize resources and engagement in anti-poverty measures. Civil society and non-governmental organizations (NGOs) can use it to help hold Governments accountable for change.

## The MPI as a tool for designing policies and programmes

The decomposition of the MPI by dimension and indicators provides useful information for programme

formulation. Panama, for example, adopted the MPI as a major step towards changing its development paradigm to one centred on human well-being.<sup>62</sup>

When strong economic growth in the Philippines had not translated into expected reductions in income poverty, a multidimensional poverty measure showed important improvements in other aspects of peoples' lives, particularly in access to services, education and the accumulation of assets.<sup>63</sup>

## Conclusion

National MPIs are not only measures of poverty but also tools for poverty reduction. The MPI can be decomposed by indicators, dimensions, groups and subnational levels, making it useful for resource allocation and for targeting sectors and regions. It provides the flexibility to include additional indicators, and assign more weights to some indicators compared to others based on their importance. This feature helps make the MPI a tool for properly reflecting national goals and priorities. It can thus contribute to the realization of these goals as well as the 2030 Agenda principle of "leaving no one behind". The growing use of multidimensional poverty tools will help achieve the SDGs in general and SDG 1 in particular.

For the MPI to be an effective tool, Governments must generate high-quality information with rigorous and nonpartisan MPI measurement at a regular interval. Data should be collected at the disaggregated level to provide an accurate picture at lower levels of administrative units, and to help in better local level planning and resource allocation. Above all, MPIs must be approved by and implemented with the full support of top national leadership.

# Multidimensional Poverty Measurement and Uses in Pakistan



## Evolution of poverty measures in Pakistan

The Government of Pakistan adopted a formal poverty line for the first time in 2001. It was used to estimate poverty incidence for 2001 and back to 1990 with data from the Pakistan Integrated Household Survey (PIHS).<sup>64</sup> Individual researchers and universities worked out the poverty incidence for years even before 1990 using the survey's rich data.

The 2001 poverty line was based on the "food energy intake" method, but in 2013, a debate sprung up around whether or not the 2001 poverty line reflected the true cost of living. In 2016, the poverty methodology was changed to the "cost of basic needs" method, and the poverty line was revised to Rs. 3,030.32 per adult per month based on a Government taskforce recommendation of a 30 percent increase in the existing poverty line. With this new methodology, a revised estimate found a higher poverty headcount at 57.9 percent in 1998-1999. The rate dropped to 29.5 percent in

2013-2014<sup>65</sup> and further to 24.3 percent in 2015-2016, with a 12.5 percent rate in urban areas and a 30.7 percent rate in rural ones. The decline was more pronounced in urban than rural areas.<sup>66</sup>

Congruently, in 2013, UNDP and the Pakistan Institute of Development Economics initiated a discussion on multidimensional poverty, as income/consumption-based poverty could not reflect social issues such as those in health and education. A provincial level consultation determined that Pakistan should use the MPI together with income/consumption-based poverty measures to portray both income and non-income deprivation. Since different provinces face varying issues, such as the development of horticulture in Baluchistan and electricity shortages in the Federally Administered Tribal Areas, there was a realization that MPI indicators could diverge across provinces.<sup>67</sup>

## Measurement of the MPI

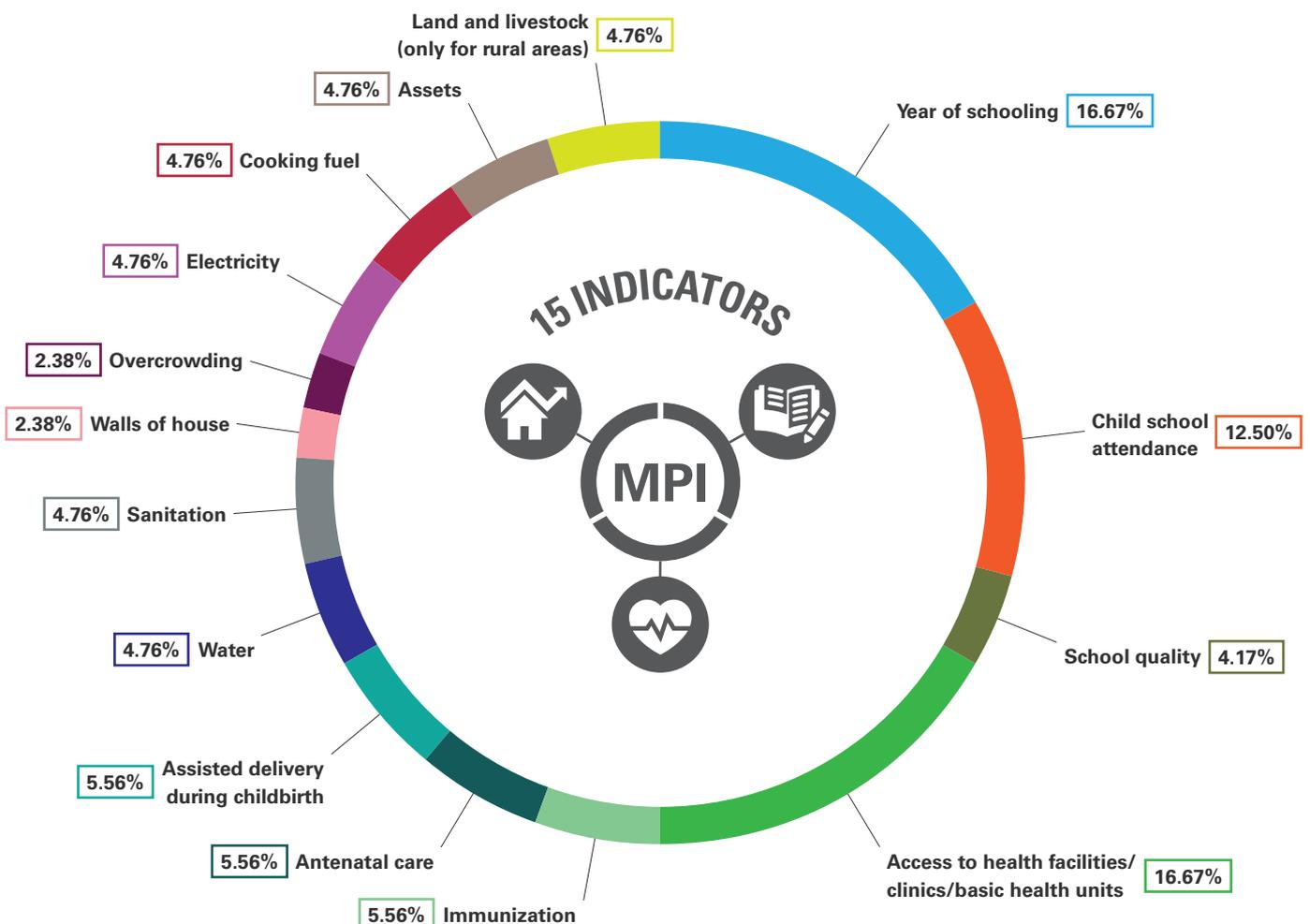
As the pioneer of MPI thinking in Pakistan, UNDP has been working with the Ministry of Planning, Development and Reform on the measurement and uses of multidimensional poverty for planning, targeting, resource allocation and social protection since 2015. UNDP together with the Government has defined and measured the MPI using socioeconomic data collected by the Pakistan Bureau of Statistics through the 2014-2015 Pakistan Social and Living Standards Measurement (PSLM) survey. The Pakistan MPI calculated in 2016 has three dimensions and 15 indicators (Figure 1 and Annex 1).

With the launch of the MPI by the federal Government, provincial governments have also started measuring it, but using data collected from the provincial level MICS. Punjab province has led the way in conducting the MICS and computing the MPI.

This chapter mainly focuses on the national MPI as the federal Government has overall responsibility for tracking multidimensional poverty as well as the 2030 Agenda and the SDGs.

Figure 1: How Pakistan's MPI is defined

Pakistan's national MPI constitutes three dimensions, education, health and standard of living, with 15 indicators. While each dimension carries an equal weight of one-third, the weights of component indicators differ.



Source: Government of Pakistan n.d.

## Comparing the 2014-2015 Pakistan MPI and 2018 global MPI

Pakistan's national MPI builds on the global MPI with the same three dimensions, health, education and standard of living, but with 15 rather than 10 indicators (see Table 8).

As stipulated in Pakistan's recent multidimensional poverty report, the choice of indicators is based on the country's context and political priorities as well as data availability from the PSLM. Compared to the global MPI, five of the 15 indicators of Pakistan's MPI are the same in terms of both the definition and cut-off. Three are very similar as

**Table 8: Specification of indicators and deprivation cut-offs: a comparison of the Pakistan MPI and global MPI**

Dimension	2014-2015 Pakistan MPI	2018 global MPI	Similarity/difference
Health	<b>Access to health facilities:</b> if health facilities are not used, or used only once in a while because of access constraint.	<b>Nutrition:</b> any adult under 70 or any child for whom nutrition info is available is undernourished.	The Pakistan MPI indicators are different from those of the global MPI. The use of intermediate indicators is due to the lack of data on the outcome indicators (like that of the global MPI) in the PSLM survey that provided data for the computation.
	<b>Immunization:</b> if any child under 5 is not fully immunized according to the vaccination calendar.	<b>Child mortality:</b> any child in the household has died in the five years preceding the survey.	
	<b>Antenatal care:</b> if a woman in a household who has given birth in the last three years did not receive antenatal care.		
	<b>Assisted delivery:</b> if any woman has given birth in the last three years attended by untrained personnel.		
Education	<b>Years of schooling:</b> if no man/woman in the household above age 10 has completed five years of schooling.	<b>Years of schooling:</b> no household member age 10 or older has completed six years of schooling.	<b>Very much similar</b> except the class.
	<b>Child school attendance:</b> if any school-aged child (6-11 years) is not attending school.	<b>School attendance:</b> any school-age child not attending up to age at which s/he would complete class 8.	<b>Very similar</b> except age cohorts, which are higher for the global MPI.
	<b>School quality:</b> if any child is not going to school because of quality issues.	<b>No indicator</b>	Addition of the quality aspect in the Pakistan MPI.
Standard of living	<b>Water:</b> if household has no access to an improved water source in under 30 minutes.	<b>Water:</b> if household has no access to improved water source in less than 30 minutes or as per SDG guidelines.	Same
	<b>Sanitation:</b> if the household has no access to adequate sanitation as per MDG standards.	<b>Sanitation:</b> if household has no access to adequate sanitation or sanitation is improved but shared with other households.	Same
	<b>Wall:</b> if the household has unimproved walls (mud/mud bricks, wood/bamboo, other).	<b>Housing:</b> at least one of three dwelling elements—floor, walls or roof—is made of inadequate material.	Same (wall)
	<b>Overcrowding:</b> if household's four-plus members are living in a single room.	<b>No indicator</b>	
	<b>Electricity:</b> if household has no access to electricity.	<b>Electricity:</b> the household has no electricity.	Same
	<b>Cooking fuel:</b> if household uses wood, dung cake, crop residue, charcoal or coal and others.	<b>Cooking fuel:</b> the household cooks with dung, wood, charcoal or coal.	Same
	<b>Assets:</b> if household has fewer than two small assets (radio, TV, iron, fan, sewing machine, video cassette player, chair, watch, air cooler, bicycle) OR no large assets (refrigerator, AC, tractor, computer, motorcycle) AND has no car.	<b>Assets:</b> household does not own a car/truck and does not own more than one of the following: radio, TV, telephone, computer, animal cart, bicycle, motorbike or refrigerator.	<b>Very much similar</b> , but the Pakistan MPI indicator is more precise.
<b>Land and livestock</b> (only rural areas): deprived if household does not have land and livestock	<b>No indicator</b>		

Source: UNDP 2018, Government of Pakistan n.d.

they differ mainly in terms of the cut-off. For example, the cut-off point for years of schooling in the Pakistan MPI is five years, whereas it is six in the global MPI.

The rest of the seven indicators are not comparable either because the global MPI does not have a corresponding indicator such as ownership of land and livestock (used in the Pakistan MPI) or because of the use of intermediate indicators in the Pakistan MPI and outcome indicators in the global MPI. Under the health dimension, the global MPI has two outcome indicators, whereas the Pakistan MPI has four intermediate indicators. The chosen intermediate indicators seem to be very much relevant for Pakistan as they relate to either antenatal care or childbirth delivery assistance, which are pertinent for women's mortality, and access to a health facility and immunization, which have significant impacts on child health and mortality.

The reason for choosing intermediate indicators in the Pakistan MPI is the inherent requirement under the Alkire-Foster method of using all data from a single household survey. As the PSLM does not have child nutrition/anthropometry as well as child mortality modules, it could not provide the requisite data. Instead, intermediate indicators were identified and used based on provincial level consultations.

## Use of the PSLM for MPI measurement

The two health outcome indicators of the global MPI—child nutrition and child mortality—are very relevant for Pakistan. These indicators are available in the Pakistan MICS but not in the PSLM, so have not been used given the single-source data requirement. Against this backdrop, a feasibility assessment of using MICS rather than the PSLM data identified several pros and cons as elaborated in Table 9.

The key advantages of using the PSLM include:

1. It is Government owned and conducted biennially;
2. It is representative at the national, provincial and district levels; and
3. It has some additional information on other relevant indicators such as the quality of education and composition of land ownership.

On the other hand, the advantages of using the MICS are quite limited. The survey cannot be used to compute the MPI at the national level because it is not conducted in all provinces at the same time or during the same year, and it is conducted at an interval of more than four years, whereas the PSLM is conducted every other year.

**Table 9: Advantages and disadvantages of three surveys for computing the MPI in Pakistan**

PSLM	MICS	DHS
<b>Advantages</b>		
Regularly conducted.	It has detailed information on child nutrition and mortality.	It has detailed information on child nutrition and mortality.
Conducted by the Pakistan Bureau of Statistics.	Large sample size, and can provide estimates even below the district level.	High-quality data on women's and children's health, and nutrition.
Conducted more frequently, every other year.	It has detailed information on child education.	
The purpose of the survey is to provide social indicators for planning and monitoring of the SDGs.		
<b>Disadvantages</b>		
It does not have data on child nutrition and mortality.	The survey's purpose is to focus on women's and children's health.	The survey's purpose is to focus on women's and children's health.
	It is not regularly conducted.	The sample size is small and can provide estimates only up to the provincial level.
	It is conducted at different times by different provinces.	It is conducted at an interval of four to five years.
	The Pakistan Bureau of Statistics has little involvement, and the survey is funded from outside sources.	The Pakistan Bureau of Statistics has little involvement, and the survey is funded from outside sources.

Source: UNDP mission.

There is thus currently no option for using data from the MICS or other surveys for measuring the national MPI. In addition, tracking the long-term progress of the 2030 Agenda requires a sustainable survey such as the PSLM. In view of this, the Planning Commission has stated that at the national level, the PSLM survey will be used for MPI computation, although the MICS can be used at the provincial level.

Computing two MPIs, one based on the PSLM and another on the MICS, can offer complimentary perspectives and enrich analysis as one will have a child nutrition component whereas the other will not.

Moreover, the MICS has changed and/or improved its sample design over the years. It no longer uses cluster sampling, and households are randomly selected from chosen primary sampling units like other standard household surveys. Recently, an integrated, nationally representative MICS was launched that could provide an option in the future to compute a national MPI if it is conducted in the provinces in the same year.

## Use of additional indicators for MPI measurement

A UNDP field mission conducted in Pakistan found that the Government has realized the value of using additional indicators for multidimensional poverty measurement, such as child malnutrition, employment and land ownership. It was suggested that the PSLM provide data on child nutrition by including anthropometry and morality modules if this does not lengthen the survey questionnaire beyond an optimum point.

Employment is a major issue in Pakistan but has not been used as an indicator for the measurement of national MPI mainly because of lack of quality data.<sup>68</sup> Another suggestion was to use land as an indicator for urban areas. There has been some realization that inclusion of this as an indicator only for rural areas in the 2014-2015 MPI created a downward bias in urban poverty.<sup>69</sup>

## Uses of the MPI

Pakistan's MPI report provides a detailed analysis of the situation of multidimensional poverty, as well as factors that have contributed to shaping it. It offers evidence and analysis to align the Government's policies to the objective of reducing poverty in all its dimensions and addressing inequality. Vision 2025 of Pakistan stresses a broad definition of poverty—one that includes health, education and other services alongside income and consumption. It

promises an increase in resource allocations to improve service delivery, governance and innovation.

The federal and provincial governments of Pakistan are very much aware of the importance of the 2030 Agenda and have been developing effective planning, implementation, monitoring and coordination mechanisms. SDG support units at both the federal and provincial levels are working closely with the Planning Commission. Provincial planning and development departments have been developing partnerships with various stakeholders for the implementation of the SDGs. In addition, an appraisal of existing policies, institutional arrangements and capacities, means of financing and future scope is being performed at the federal and provincial levels, and is planned to be extended to the district level.

According to Vision 2025, poverty is multidimensional and occurs due to a lack of income or consumption, and access to education, health and other necessities of life. Economic and other shocks increase the vulnerability of households to poverty. The strategy calls for strengthening data collection and increasing the coverage of household data to the district level to monitor poverty and vulnerability in all dimensions.<sup>70</sup>

Building on Pakistan Vision 2025 and the SDG National Framework, the Economic Survey of Pakistan 2017-2018 outlined the importance of multidimensional poverty. It recognized the critical role of social safety net programmes such as the Benazir Income Support Programme and allocated a higher budget to reduce multidimensional poverty.<sup>71</sup> In March 2018, the National Economic Council approved the SDG National Framework. This provides prioritized national goals and indicative targets, which will ultimately be converted into provincial and district plans.<sup>72</sup>

The national MPI has made a huge contribution to the debate on poverty and its reduction. Pakistan has used the MPI to track poverty, improve the targeting and evaluation of public policies, and support the design and implementation of more effective policies. Over time, the use of the MPI is growing in different ways, including those elaborated on the following pages.

## Poverty measures

The Government of Pakistan applies two poverty measures: income poverty using the cost of basic needs, and multidimensional poverty using three dimensions and 15 indicators. It has computed the multidimensional poverty headcount as well as intensity at the national, provincial and district levels. The MPI headcount is higher

than the income-based poverty head count (38.8 percent compared to 24.3, respectively). The Government has used the MPI measure to complement the income poverty measure as well as to understand the causes of poverty.

## Identification of poor areas and resource allocation

Balanced regional development is essential to ensure sustainable development in Pakistan as socioeconomic disparity among different regions impedes national development potential. Socioeconomic inequalities exist not only among different regions of the country but also in different districts of the same region. Less developed areas have been identified in the 12th Five Year Plan 2018-2023, which covers 67 districts of the four provinces of Punjab, Baluchistan, Khyber Pakhtunkhwa and Sindh. These districts have been identified as less developed based on the 2014-2015 MPI as they have a multidimensional poverty rate that is more than 50 percent.<sup>73</sup>

Azad Jammu and Kashmir, Gilgit Baltistan and merged districts of Khyber Pakhtunkhwa have also been defined as less developed regions of Pakistan. In addition to various federal development programmes, special block allocations are made by the federal Government for the socioeconomic development of these areas, where local administrations are authorized to make allocations per their own priorities. These areas are blessed with plenty of natural economic potentials that can be tapped to address poverty and socioeconomic inequality.<sup>74</sup>

## Developing policies and strategies, and resource allocation

The provincial governments of Pakistan are using the MPI in designing policy frameworks and poverty reduction programmes. The government of Sindh in its medium-term budgetary framework, from 2018 to 2021, explicitly targeted the reduction of multidimensional poverty as one of its key focus areas. It highlighted high intra-provincial disparities and the rural/urban divide through the estimates of multidimensional poverty. Building on the analysis and the budgetary framework, it developed a poverty reduction strategy to address inequality through targeted programmes.<sup>75</sup>

The province of Punjab is using the MPI to develop its growth strategy for the next five years in which it not only targets the districts with the highest multidimensional poverty, but also analyses the particular sectoral contributions that can reduce deprivation. As

MPI estimates show, the highest contributing factor to multidimensional poverty is low years of schooling in Punjab. The growth strategy builds on this analysis by estimating that an increase of one additional year of schooling can reduce the MPI of the province by as much as 5 percent. As a result, the new growth strategy prioritizes investment in human capital.<sup>76</sup>

Following the results of the MPI, the Punjab government worked with UNDP to develop a targeted regional SDG plan for southern Punjab that would explore and highlight policies to reduce multidimensional poverty in lagging districts while also helping to achieve targets set out in the broader SDG framework.<sup>77</sup>

## Targeting of social programmes

Efforts are being made in Pakistan to improve public service delivery by devising social protection policies for education and health at the district level. This would eventually result in the better implementation of poverty reduction strategies through the allocation of considerable sums under different social safety net programmes focused on marginalized segments of society.

Social safety net programmes are an ongoing emphasis of the Pakistan Government to reach poor and disadvantaged groups, and to maintain social harmony through the redistribution of resources with the basic objective of reducing poverty. The Benazir Income Support Programme (BISP) is the most prominent initiative to supplement the incomes of the poorest segments of the population. The number of beneficiaries has increased from 3.7 million in fiscal year 2013 to 5.4 million at the end of March 2017. The programme's annual disbursement grew from Rs 42.9 billion in fiscal year 2013 to Rs 115 billion in fiscal year 2017. The quarterly cash grant has also been gradually enhanced by the Government from Rs 3,000 per family in fiscal year 2013 to Rs 4,834 in fiscal year 2017.<sup>78</sup>

The BISP programme uses the Nationwide Poverty Scorecard Survey, the first of its kind in South Asia, to identify target beneficiary households. The scorecard consists of about 25 indicators under six dimensions including demographics, education, dwelling characteristics, durables, productive assets and geographic location.<sup>79</sup> Calculated in 2010 with the support of the World Bank, the scorecard enabled the BISP to identify eligible households through the application of a proxy means test that determined the welfare status of households on a scale between 0 and 100.<sup>80</sup> Households are the ultimate units of targeting under the programme. The indicators used in the targeting tool are very similar to those of the MPI, suggesting that the MPI can replace the BISP targeting tool in the future.

In addition to the BISP, other programmes such as the Pakistan Bait-ul-Mal and the Pakistan Poverty Alleviation Fund as well as forms of Islamic finance such as *zakat* are playing important roles in poverty alleviation. The Employees Old Age Benefits programme provides monetary benefits to older workers. Microfinance initiatives help the poor in building their income-generating capacities, and securing better health care and education, food security and access to the basic necessities of life.<sup>81</sup>

## District level targeting<sup>82</sup>

The 2014-2015 district level estimates of multidimensional poverty in Pakistan vary widely, from 3.1 percent in Islamabad to 95.8 percent in Kohistan. The five districts with the highest MPI values were Killa Abdullah, Harnai, Barkhan, Kohistan and Ziarat. Most of these districts also have the highest incidence and intensity of poverty. The six districts with the lowest MPI values were Islamabad, Lahore, Karachi, Rawalpindi, Jhelum and Attock. These districts also have the lowest poverty headcounts in the country.<sup>83</sup> These district level findings have been used extensively by policymakers, analysts and experts, and the international development community in the design and targeting of pro-poor policies and programmes. Some notable examples include:

1. The Shahid Javed Burki Institute of Public Policy in 2018 analysed how the China-Pakistan Economic Corridor (CPEC) can be leveraged to reduce multidimensional poverty in some of the most deprived districts of Pakistan. It assessed the potential in the districts that lie on the western, central and eastern routes of the CPEC (see Annex Table 2). It argued for mainstreaming targeted poverty reduction programmes in the CPEC, especially on the western route, where in most districts, more than 70 percent of the population suffers from multidimensional poverty.<sup>84</sup>
2. The Asian Development Bank's project, "Scoping Potential Economic Corridors in Pakistan," supports regional connectivity and trade through investment in transport and public-private partnerships along specific economic corridors. Its strategy for prioritizing economic corridors is targeted to connecting districts with high multidimensional poverty to hubs of economic development with a well-developed infrastructure.<sup>85</sup>
3. As subnational governments embark upon localizing the SDGs, they are using the MPI as one of the criteria to identify districts that need immediate attention. SDG plans are being prepared for districts lagging behind on the MPI in order to accelerate development progress. In Punjab, district development plans have been

prepared for Rajanpur and Bhakkar, both lower-ranking districts on the MPI. Similarly, in Baluchistan, the Planning and Development Department has identified Killa Abdulla and Naushki, two districts that score poorly on the MPI, to prepare district localization plans.

## Monitoring and evaluation

Since Pakistan's Vision 2025 recognizes poverty as both multidimensional and multifaceted,<sup>86</sup> effective implementation will thus require regular monitoring of multidimensional poverty, including through using the MPI to track progress over time.

The Pakistan MPI report provided estimates of the MPI as well as its two components at the national, regional and district levels for different years, including 2004-2005, 2006-2007, 2008-2009, 2010-2011, 2012-2013 and 2014-2015. It tracked progress in recent years over earlier periods, in particular over 2004-2005, finding that most districts have made significant progress in reducing poverty headcounts. In absolute terms, districts like Larkana, Attock, Malakand, T.T. Singh and Hyderabad have made the most progress in poverty reduction, with declines of more than 32 percentage points from 2004-2005 to 2014-2015.<sup>87</sup>

The Government of Pakistan is using the MPI for monitoring SDG target 1.2. The recently approved National Framework for the Sustainable Development Goals adopts the 2014-2015 MPI estimate as the base value for SDG indicator 1.2.2,<sup>88</sup> and the Government plans to compute the MPI every other year to track multidimensional poverty. The next round of MPI measurement is scheduled for 2020.

## Setting goals and targets, and defining policies in national and subnational plans and frameworks

At the federal level, the national SDG framework includes the reduction of multidimensional poverty by half as a priority target. The framework was reviewed and approved by the National Economic Council, which is chaired by the Prime Minister. It sets the target for reducing multidimensional poverty from the current rate of 38.8 percent of the population to 19 percent by 2030.<sup>89</sup> The provincial governments have increasingly used the MPI in their design of policy frameworks and poverty reduction programmes, as detailed above.

Realizing the need for devolving social protection policies for education and health, a national framework

has been devised for localizing the SDGs at the district level to improve public service delivery, and provide an opportunity to local governments to ensure inclusivity and sustainability. This is part of Pakistan's aspirations to achieve the SDGs and join the ranks of upper middle-income countries by 2030.<sup>90</sup>

## Conclusion

The Government of Pakistan has a plan for regularly measuring and using the MPI as a tool for planning, resource allocation, and monitoring and evaluation, with the next round of measurement planned for 2020. With rapid urbanization, the Government also intends to devise an urban MPI, since the 2014-2015 calculation seemed to be underestimated in urban areas. It has also been developing a plan for using the MPI to identify and target poor districts.

# Multidimensional Poverty Measurement and Uses in Viet Nam



## Evolution of the multidimensional poverty approach in Viet Nam

Viet Nam has a long tradition of measuring income poverty.<sup>91</sup> Technical support from UNDP and OPHI from 2013 to 2015 through policy advocacy, dialogue, exposure to international experiences and training in tailoring measurement to the Vietnamese context led to a decision by the Prime Minister to adopt the multidimensional poverty approach.<sup>92</sup> In November 2015, a multidimensional poverty line for 2016 to 2020 was released to monitor poverty. Multidimensional poverty measurements are now used to monitor and implement policies, identify poor households, and define related Government actions and/or budget allocations.<sup>93</sup> A Poverty Census has been conducted and a poverty threshold used to identify poor households. In 2016, the Ministry of Labour, War Invalids and Social Affairs announced the first annual list of poor and near-poor households based on the Poverty Census.<sup>94</sup> In June 2017, it again updated and announced the revised

list excluding those households no longer in poverty.<sup>95</sup> The review is done annually in the process of updating the list of poor households and offering State support. Currently, the Government has initiated the revision of dimensions and indicators for the multidimensional poverty measure for the next five-year cycle (2021-2025) to fit with the changing country situation.

Several drivers have increased Government interest in multidimensional poverty measurement. First, considerable progress on income poverty reduction, especially in urban areas, has been achieved since the days of *Doi Moi*,<sup>96</sup> opening scope for attention to deprivation in other dimensions. Moreover, the character of urban poverty is different from rural poverty, being less defined by deficiency in livelihoods than deficiencies in human capabilities.<sup>97</sup> Second, there was little correspondence between income and non-income or multidimensional poverty, implying the need for distinguishing the two.<sup>98</sup> Thirdly, with the opening of its economy since 1990, Viet Nam has experienced a rise in inequality. The Government has realized the need to address this through enhancing human capabilities.

The objectives of the Government’s multidimensional poverty approach are to:<sup>99</sup>

- Measure and monitor changes in poverty and improvement in people’s access to basic social services;
- Identify, categorize and prioritize beneficiaries for Government support; and
- Provide inputs for policy formulation in order to reduce deprivations in basic social services.<sup>100</sup>

In recent years, the Government has also shown interest in multidimensional child poverty. Since 2017, with the support of UNICEF, the MPI for child poverty has been developed alongside the national multidimensional poverty approach. UNICEF argues that measuring multidimensional child poverty is relevant to all households irrespective of economic status because poor children can be found in non-poor households.

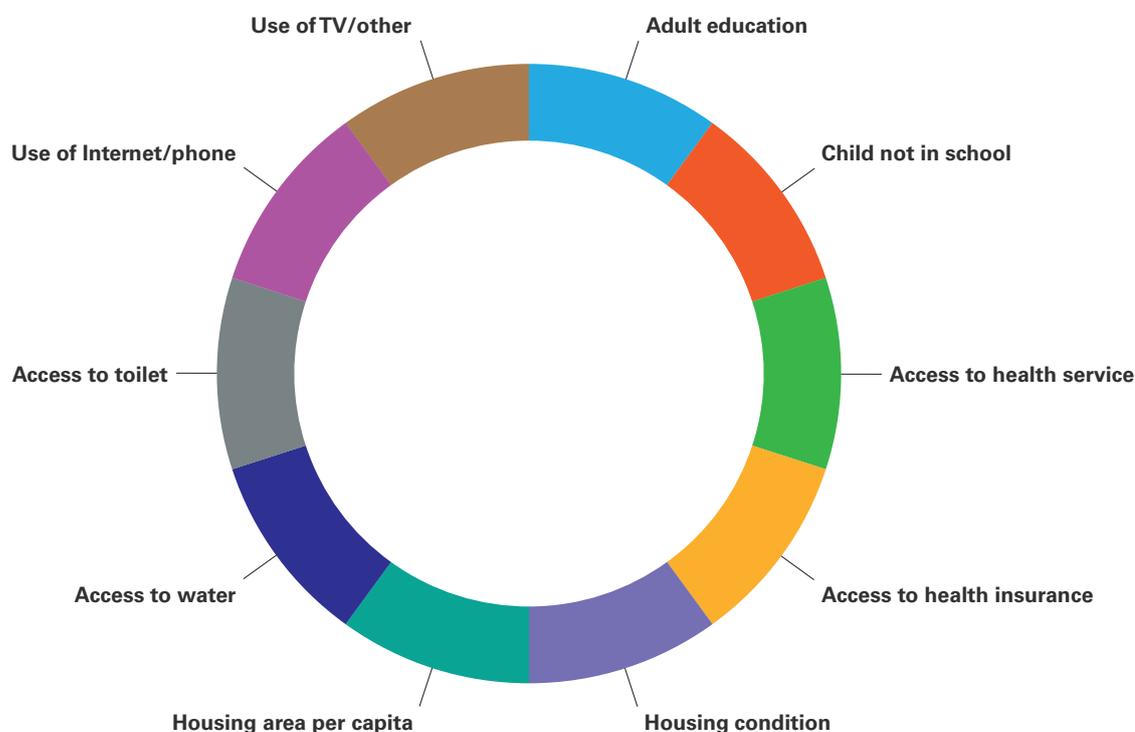
## Measurement of multidimensional poverty

With a view to ensuring a minimum level of basic social services, the Government of Viet Nam has identified five dimensions of multidimensional poverty: education, health, housing, clean water and sanitation, and access to information (Figure 2).<sup>101</sup> Each dimension has two indicators and is weighted equally. The poverty cut-off point is deprivation in three or more indicators (Table 10).

Identification of dimensions and indicators was done through discussions with ministries and sectoral institutions as well as national and international experts. The following considerations were used for selecting dimensions and indicators:

- Focus on outcome and priority rather than means;
- Political consensus;
- Availability of data; and
- Amount of funding to support people identified as poor.

Figure 2: How Viet Nam’s MPI is defined



Source: Pham Minh Thu and Lo Thi Duc 2018a.

Table 10: How Viet Nam measures multidimensional poverty

Dimension	Indicator	Deprivation cut-off	Weight (%)
1. Education	1.1. Education level of adults	Household with at least one member aged 15 to 30 years who did not graduate from secondary school and is currently not attending school.	10
	1.2. Schooling status of children	Household with at least one member aged 5 to 14 years who is currently not attending school.	10
2. Health	2.1. Access to health services	Household with a sick person unable to go for medical examination and treatment (sickness is defined as a serious illness/injury so that one must be in one place and has a caregiver at bed, or must quit job/school and is unable to take part in normal activities).	10
	2.2. Health insurance	Household with at least one member aged 6 years or more who does not currently have health insurance.	10
3. Housing	3.1 Housing condition	Household is living in a house that is temporary.	10
	3.2 Housing area per capita	Housing area per capita is less than 8 square metres.	10
4. Clean water and sanitation	4.1 Domestic water source	Household does not have access to hygienic water.	10
	4.2 Type of toilet	Household is not using a hygienic toilet.	10
5. Access to information	5.1 Use of telecommunication services	No member of household using telephone or Internet.	10
	5.2 Assets for accessing information	Household does not have assets such as a TV, radio or computer, and is unable to access the loudspeaker system of the commune/village.	10

Source: Pham Minh Thu and Lo Thi Duc 2018a.

The cut-offs for multidimensional poverty at the aggregate and indicator levels are different from those of the global MPI. At the aggregate level, the multidimensional poverty line is set at 30 percent of deprivations out of a total of 10 weighted indicators. Since all indicators have equal weight, a household is identified as being in multidimensional poverty if it is deprived in at least 3 out of 10 indicators. Such a household is considered lacking in access to basic social services, thus requiring Government support.

Income poverty is not appropriate for explaining existing deficiencies in most urban areas, especially in Ho Chi Minh City, where income poverty is at 0.1 percent compared to the national poverty rate of 11.1 percent. Following the Prime Minister's decision to endorse multidimensional poverty measurement, Ho Chi Minh City's People's Committee announced its own multidimensional poverty line in December 2015.<sup>102</sup> It became the first city in Viet Nam to apply multidimensional poverty tools in identifying and targeting poor people for social protection measures. The city's Multidimensional Poverty Reduction Hub, established in July 2017, facilitates the application of the approach for formulating poverty reduction policies, and identifying poor and near-poor households for Government support.<sup>103</sup>

Ho Chi Minh City's MPI has five dimensions: education and training, health care, employment and social insurance, living condition and access to information

(Annex 4). The following 11 indicators with a total score of 100 are used: educational level of adults (10 points), schooling status of children (10 points), vocational skills (10 points), access to health services (10 points), health insurance (10 points), employment (10 points), social insurance (10 points), housing (10 points), domestic water source (10 points), telecommunication use (5 points) and assets for accessing information (5 points).<sup>104</sup>

The Ho Chi Minh City approach is largely consistent with the national one. The main difference is clubbing housing and hygienic water (which are two dimensions in the national calculation) under the living condition dimension, and adding a new dimension, employment and social insurance. The city has Viet Nam's most vibrant labour market, making it relevant to include indicators on employment and the protection of workers' rights.

Ho Chi Minh City has provided lessons for nationally scaling up the multidimensional poverty approach. The implementation process faces many difficulties that need support from the central level—namely, the Ministry of Labour, War Invalids and Social Affairs in providing incentive mechanisms. These include institutional and financial as well as technical support. There should be some support to the city to mobilize external resources to sustain implementation,<sup>105</sup> but in the long run, the multidimensional poverty approach should be an integral part of city planning. The following sections focus on national experiences rather than those of the city.

## Appropriateness of the dimensions and indicators of the national multidimensional poverty measure

Meetings and consultations with the Government and non-governmental stakeholders during the field mission revealed that current multidimensional poverty measurement has some limitations as it does not fully reflect the provision of some basic needs such as preschool education, childcare and protection, child nutrition, etc. Moreover, there are some indicators measured at the household level, such as access to or deprivation of Internet use; therefore, deprivation status is regarded as the same for each household member. Some indicators do not reflect the nature of the deprivation, or the level and quality of services.<sup>106</sup> Some indicators, like for child nutrition, are not used because of the lack of data or higher cost for data collection. For example, the General Statistical Office has found it expensive to measure child malnutrition so decided to apply some proxy indicators. Since MICS and DHS surveys have not been conducted in Viet Nam in recent years, the only source of data for national multidimensional measurement is the Viet Nam Household Living Standards Survey (VHLSS), which does not have an anthropometry module.

As the country develops, new issues and priorities emerge, and some multidimensional poverty indicators may not be relevant in the future. These include, for instance, indicators on the use of mobile phones or access to communication. But some other indicators may become more relevant, such as the impacts of climate change, the environment and pollution, traffic accidents, personal safety, or malnutrition in some areas as well as obesity in other areas. In recent years, Viet Nam has faced growing inequality along with urban challenges such as waste and garbage, air pollution, food safety and traffic accidents.<sup>107</sup> Various stakeholders (see Annex 5) consulted during UNDP's Viet Nam mission have suggested considering the following dimensions and indicators in the next cycle of multidimensional poverty measurement, starting in 2021.

### Voice and participation

Empowerment and inclusion are embedded in the 2030 Agenda and the SDGs. They are necessary for addressing multiple forms of poverty and inequality. As in several other countries, some groups of people in Viet Nam, including ethnic minorities and those living in isolated areas, have more limited voice and participation and receive few benefits from the country's higher economic growth. Some ethnic minorities, mainly in the North and

Central regions, cannot speak Vietnamese and do not benefit from Government services such as for education.

A large number of international NGOs have been working in Viet Nam. Some are engaged in the empowerment of ethnic communities. But they cover only a small part of the population, suggesting the need for Government interventions on a large scale, building on successful experiences. The Government has implemented Programme 135 (P135) for 1,350 of the poorest communes, most of which are located in areas with ethnic minorities. Under the programme, each commune receives about \$100,000 to spend on infrastructure that local people want.<sup>108</sup> A need remains, however, for empowering ethnic minorities so they can benefit from such provisions.

### Decent work and income generation

Only about 26.7 percent of Viet Nam's working-age people have formal employment<sup>109</sup> with better social security. The rest of the jobs are in the low-paid, informal sector where most of the workers are working poor and lack social security. In view of this, some indicators related to the informality of work or working condition or earnings from jobs can be included as indicators. Data for these indicators are not available from the VHLSS, however.

### Social insurance

In order to supplement the income criterion, a suggestion was made to use social insurance, apart from jobs, to help identify poor people who lack income. Social insurance has already been used by Ho Chi Minh City, which can therefore provide lessons in the design of the next round of national measurement. It was also suggested that if there are social insurance-related indicators, then job-related indicators may not be absolutely necessary.

### Environmental indicators

Growing environmental degradation, air pollution, traffic accidents, water/ocean pollution, crime rates and food safety were issues flagged for future measurement. Some examples of indicators include the number of people suffering from diseases related to environment pollution, the number of lives lost due to natural disasters, the amount of losses in assets due to natural disasters and the number of people killed/injured in traffic accidents, among others.

But the data for all of these indicators may not be available from a household survey, as the Alkire-Foster method requires. For example, only a few people killed by traffic accidents or from natural disasters, or people suffering from environmental pollution-related diseases might be

identified by sample household surveys conducted over a short period of time. Adequate data for such indicators can come from administrative sources, however, which cover entire households or populations. For example, the number of people killed/injured is recorded in traffic police reports, information on air quality is measured by checkpoints in cities, and the number of deaths from poor quality air, water or food can be obtained from hospital records. Using these indicators requires integrating administrative data with household samples, but that does not seem to be feasible under the Alkire-Foster methodology.

## Uses of the multidimensional poverty measures

The main organizations involved in national multidimensional poverty measurement and application are the National Assembly Committee for Social Affairs, and the Ministry of Labour, War Invalids and Social Affairs and its two offices (Table 11).

In Viet Nam, the multidimensional poverty approach has been used for several purposes, including targeting and resource allocation. These uses are detailed below.

### Targeting of households and members for Government support

Of all the uses of the MPI, targeting has been the most important in Viet Nam. Those who are identified as poor receive the following forms of Government support:

- Free health-care services for those who have a health insurance card;

- Exemption of tuition fees mainly in primary and secondary schooling;
- Production/income generation or livelihood support;
- Credit priority for housing, clean water, hygienic toilets, economic activities;
- Monthly cash transfer for using electricity;
- Cash transfer for the New Lunar Year holiday; and
- Enhanced information accessibility by public media, and infrastructure improvement.

Support to the poor is given at the individual and household levels. For example, health insurance, educational support including training, and capacity development incentives are given to individual household members, whereas some other supports like the provision of electricity or credit are given at the household level.

Providing social protection at the individual level requires data collection on each member of households identified as deprived. Viet Nam has adopted this approach using various data collection methods.

### Sources of data for measurement of multidimensional poverty

*Viet Nam Household Living Standard Survey for 2016-2020*

The VHLSS designed for the period from 2016 to 2020 is a sample survey included in the annual National Statistical Survey Programme of the General Statistics Office. There are 63 provinces and 11,130 communes in Viet Nam. The VHLSS provides provincial level estimates. The survey collects information annually through direct interviews

Table 11: Major Government actors involved in national multidimensional poverty measurement and application

Government organization	Tasks and responsibilities
<b>National Assembly Committee for Social Affairs</b>	Provides direction, and necessary requirements on measurement and targets and oversees the Government's implementation of the two national targeted programmes on sustainable poverty reduction and new rural development from 2016 to 2020.
<b>Ministry of Labour, War Invalids and Social Affairs: Poverty Reduction Coordination Office</b>	The office is responsible for drafting all policies/regulations relating to multidimensional poverty for the ministry, and guiding and consolidating data from all provinces during the identification of poor households as eligible beneficiaries of poverty reduction policies and programmes (this is done every five years, with annual reviews). The office has three functions: targeting, designing policy formulation and monitoring
<b>Ministry of Labour, War Invalids and Social Affairs: Institute of Labor Science and Social Affairs</b>	The institute is in charge of scientific research for the ministry, including the proposal for applying multidimensional poverty in Viet Nam.
<b>General Statistics Office</b>	The office is in charge of the VHLSS done every two years, which collects data for monitoring multidimensional poverty at the national level.

Source: UNDP field mission.

with about 47,000 households. In addition to information on living standards, it provides information for analysing inequality, deprivation of access to basic social services, and multidimensional poverty in provinces/cities, regions, and urban and rural areas.<sup>110</sup> Household survey data can be used only for monitoring but not for targeting at the individual household level.

The VHLSS is the most important survey as it is regularly conducted and funded from the Government budget. It has to fulfil various needs, including the provision of consumer price index weights and poverty measurement. It is the only source of data for multidimensional and income/consumption poverty measurement at national level. While it is conducted annually, the scale varies. In odd years, multidimensional poverty data are collected, whereas in even years, consumption and income data are gathered. Moreover, additional questions are added to derive data for consumption weights at five-year intervals.

### *Poverty Census*

The Poverty Census is the main source of data to identify people in multidimensional poverty in Viet Nam. It was first performed in 2015 by the Ministry of Labour, War Invalids and Social Affairs, which identified and prepared a list of poor and near-poor households using 10 indicators. The list is updated annually from the local level using registers, survey questionnaires and community monitoring. It covers only those households identified as poor and near-poor in the 2015 census or in subsequent surveys.

## Process for identifying poor households under the Poverty Census

The process of identifying poor households is based on a combination of methods including rapid review, self-registration, self-declaration/interview (using a questionnaire), and verification/evaluation with community members. Steps include:

**Step 1:** Prepare a list of households to survey: The social workers/civil groups make a list of households.

**Step 2:** Collect information from the survey: Households in the survey list are guided to self-declare their poverty status in a designated form/questionnaire. Collaborators check and correct errors.

**Step 3:** Synthesize information: Poverty reduction teams working at the commune level input information into software. The software automatically classifies households into groups of poor, near-poor and non-poor.

**Step 4:** Hold a community meeting: The lists of poor and near-poor households with deprivation indicators are extracted from the software and shared in a community meeting for verification.

Four forms are used in identifying the poor and non-poor, as follows:

- i. Form A is used for screening roughly 30 percent of households identified as poor in Viet Nam, or about 7.5 million out of 25 million total households. The ceiling is guided by the availability of the Government budget.
- ii. Form B1 uses 14 proxy indicators for identifying income poverty.
- iii. Form B2 uses 10 national indicators to identify multidimensional poverty.
- iv. Form C collects specific information on individual household members to decide the type of support required.<sup>111</sup>

Screening is done at community/village level meetings, with the participation of the village head (meeting chairperson), representatives from the local party cell and mass organizations, Government staff concerned with multidimensional poverty reduction and representatives of households living in the community/commune. The meeting agrees on the screening results, with the minutes, signed by the chairperson, secretary and household representatives, sent to the commune's People's Committee for consolidation.<sup>112</sup>

The process of identifying poor households is considered transparent and democratic. The application of software in synthesizing results is an important advantage as it minimizes subjective errors. Using two norms—income deprivation and deprivation in basic social services—three groups of poor households are identified in the following order of priority:

**Group 1** includes households that are income poor and multidimensionally poor.

**Group 2** includes households that are income poor but are not multidimensionally poor.

**Group 3a** includes households that are near-income poor but are not multidimensionally poor.

**Group 3b** includes households that are not income poor or near-income poor but are multidimensionally poor.

There are two types of income poor—one lying below the “lower poverty line,” called income poor, and the other above the “lower income poverty line” but below the “upper poverty line or minimum living standard line,” called near-income poor. The near-income poverty line/minimum living standard line is higher than the income-

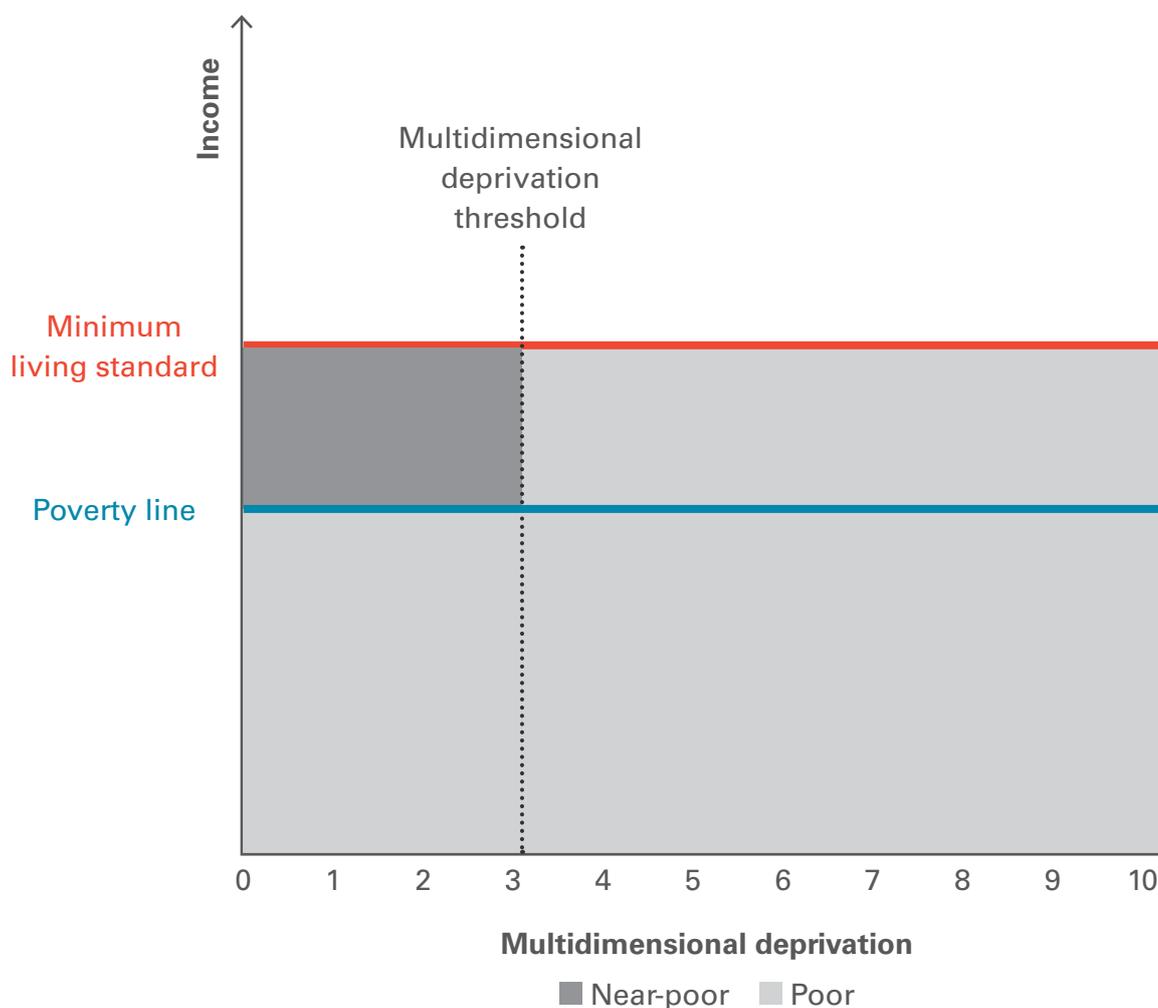
based poverty line (Figure 3). Unlike the case of income poverty, the multidimensional poverty has only one poverty line or aggregate cutoff. The multidimensional poor are those that are deprived in at least 33 percent of the (weighted) indicators.

The Poverty Census in 2015 surveyed all 25 million households of Viet Nam. In successive years, tracking was done only for about 7.5 million households annually, to monitor their status, and to either move them up to the non-poor group or retain them in the list of the poor. Although the tracking is based on the self-reporting of households, and some households may self-declare poor in order to continue getting Government support, there is not much error of inclusion given the process of community verification as well as verification by the commune leader. To further avoid errors of inclusion, there is a plan to implement conditional support in the future.

## Setting multidimensional poverty as a goal and target of national plans

Multidimensional poverty was not fully incorporated in the current socioeconomic development plan (2016-2020) because the approach was approved only towards the end of 2015, giving little time to incorporate it into the development plan. However, the multidimensional poverty approach is used in the Government's National Action Plan on the SDGs. It has two poverty targets. Target 1.1 states: By 2020, eliminate extreme poverty for all citizens everywhere, using the poverty line with per capita income below \$1.25 per day (PPP in 2005 constant prices). Target 1.1 also stipulates: By 2030, reduce multidimensional poverty at least by half, using the national multidimensional poverty criteria. These targets are set considering international SDG targets 1.1

Figure 3: Identification of the poor and near-poor in Viet Nam



Source: Government of Viet Nam, Ministry of Labour, War Invalids and Social Affairs 2018.

and 1.2.<sup>113</sup> Following Decision Number 622 of the Prime Minister, each ministry in Viet Nam has been setting specific sectoral targets and developing a road map for achieving poverty targets including on multidimensional poverty. Targets are set for different points of time, including 2020, 2025 and 2030.<sup>114</sup>

The Government also aims to develop a database system for monitoring multidimensional poverty, taking into account performance by gender, age group and geographical location. It plans to increase efforts to oversee and monitor the implementation of participatory poverty reduction policies.<sup>115</sup>

## Guiding sectoral resource allocation and coordination

The total Government budget allocated for social protection guides the multidimensional poverty line and cut-off rather than the other way round. The cut-off and indicators are decided based on national needs and priorities, however. The Government starts with a low poverty line, and can increase the poverty cut-off once the budget increases.

Generally, the poverty cut-off is decided using the Ministry of Labour, War Invalids and Social Affairs' budget estimates for the coming year and applying data from past years. There is some scenario analysis of various poverty cut-offs, and a specific cut-off is selected in line with the number of poor households that can be served by the budget. Once the cut-offs and the number of poor are decided, the Poverty Census is conducted. The number of poor households identified from the census can be different from previous estimates, and thus the actual budgets for poverty reduction policies and programmes may vary from the estimated ones.

The three most critical indicators for multidimensional poverty in Viet Nam are the education of adults, health insurance and sanitation, implying that these are indicators in which households are mostly deprived. These are also the indicators to which most resources are allocated, meaning the budget allocation is decided by deprivation in a particular sector. Housing construction is expensive in urban areas and requires a significant amount of government budget, therefore, a new house is not provided to deprived people in urban areas.

## Coordination among ministries

Multidimensional poverty measurement and application have given a clear motivation to Government sectoral ministries for education, health and others to come

together to discuss planning and budgeting to reduce multidimensional poverty at the local level. As the budget allocation depends on the number of people who are deprived of a particular type of service such as education or health, the estimates provided by the data collected from the Poverty Census serve as a basis for discussion among sectoral ministries.

## Conclusion

Unlike many other countries of Asia and the Pacific region, Viet Nam has been most successful in using the multidimensional poverty approach for targeting, policy development and development monitoring. The Government has extended the approach to identify the poor at the commune level.

This will be a sustainable approach in Viet Nam as the Government has designated a national household survey to provide regular data for monitoring at an aggregated level, and has instituted the Poverty Census for identifying poor households or beneficiaries for support. It has also set clear roles and responsibilities for Government agencies in measurement at the national level. In addition, the Government has a long-term vision. It has recently started to revise the multidimensional poverty measure by changing some indicators<sup>116</sup> to keep up with the changing country situation.

# Promoting the Use of the Multidimensional Poverty Approach: Issues and Recommendations



## Summary

The measurement and use of multidimensional poverty has grown over the years. The approach has been used for formulating and targeting programmes identifying people who are deprived in multiple ways. Target 1.2 of the SDGs buttresses the use of the MPI for monitoring and evaluation, including of the effectiveness of programmes over time.

At a programmatic level, the MPI can be applied for addressing poverty and inequality, and helping to fulfil the pledge to leave no one behind. Inequality is a grave concern as it is rising over time. One of the reasons for the increase is due to growing inequality in non-income dimensions such as education and health, as well as horizontal inequality. Improving the social dimensions of the MPI can therefore help address inequality.

The MPI can provide insights into how to address inequality at least in two ways. First, there is a positive relationship between the MPI and inequality, implying that a rapid decrease in MPI can help reduce inequality. A

rapid decrease in multidimensional poverty can also help accelerate the reduction of inequality. This can be done through looking into dimensions and indicators in which multidimensionally poor households are intensely poor, and designing policies and programmes to address the gaps.

Secondly, an analysis of the distribution of poor populations by different cut-offs or intensities can provide insights. For example, two districts of a country can have similar MPI values with similar headcounts and intensity, but inequality can vary due to poverty distribution.<sup>117</sup> The MPI allows the Government to focus more on the most deprived areas or groups.

The MPI and its indicator composition can be used to guide decisions on public expenditures and the national budget, and help address poverty and inequality. It can assist in coordinating multisectoral policies as it consists of various sectoral dimension and indicators whose values can be computed independently using the Alkire-Foster method.

The Alkire-Foster method is flexible in producing national, regional and international measures of poverty. It allows the incorporation of dimensions and indicators tailored to specific contexts. This method therefore can be applied to identify which areas or population groups—such as youth or older populations, or women and children—are the poorest and the most vulnerable. The MPI can be used, for example, by the youth and disaster teams of the UNDP Bangkok Regional Hub to define programme interventions. It can assist the local governance and urban teams in improving service delivery to address non-income deprivations at local or city levels.

The UNDP Bangkok Regional Hub has made some efforts to use the MPI at the subnational level to help inform the prioritization of local development interventions, investments and the localization of the SDGs. In this process, UNDP has developed and piloted the local governance diagnostic tool for subnational or local governments to compare, layer and visualize three sets of local development data: (i) local socioeconomic indicators, (ii) public expenditures and (iii) local governance indicators. The tool incorporates the MPI to reflect socioeconomic aspects, and has provided relevant disaggregated data to discuss and refine local level policies and investments. It is a qualitative tool, however, that uses perception surveys, and was designed as an advocacy instrument to map issues and facilitate consultations with stakeholders. This limits its application in assessing project implementation over time.

Latin American countries started using the MPI long ago, with countries such as Colombia, Mexico and Panama in a much advanced stage of application. Most countries in Asia and the Pacific have started computing national MPIs, but policy use is still limited, including in countries pioneering the use of the MPI such as Bhutan, Pakistan and Viet Nam. This underscores the need for promoting the MPI as a planning tool, including through mutual sharing and learning among countries.

There are some constraints on the measurement and use of the MPI. These include lack of adequate quality data or regular availability of data, and strong reliance on household surveys. Moreover, the Alkire-Foster method requires using data from only one survey for all indicators to compute the MPI. The MPI has not yet been accepted as part of official statistics in some countries. Such issues that constrain wider application require solutions. Some recommendations to ease constraints are as follows.

## Recommendations

### Muster support for making the multidimensional poverty approach part of official statistics

A majority of countries in Asia have measured the MPI, but some of them have not accepted it within official statistics. There is a clear rationale for accepting it in official statistics, as it can be used as a measure for tracking SDG target 1.2. In addition, its measurement complements assessments of income poverty and helps achieve the SDG on eradicating all forms of poverty.

A key early step to make the MPI part of official statistics is to decide on its purpose, such as using it for the design of policies or programmes, and/or monitoring and evaluation.<sup>118</sup> Once the purpose is clear, it is necessary to secure political buy-in and technical/financial support from various stakeholders. The MPI's multidimensional nature requires engaging with a wide variety of actors and sectors, and seeking support from them, including opposition political parties, academia, civil society, the private sector and people in poverty, who can strengthen the credibility of the measure and the impact that it has.

The process of gaining support from these various stakeholders can be one of the most challenging and time-consuming parts of the process. It is important to involve high-level Government authorities such as the President, the Vice President or the Prime Minister as well as Cabinet ministers, and to get support from stakeholders inside and outside the government.

Engaging with different actors and communicating the right information requires a targeted and comprehensive communications strategy that builds support across sectors and actors. Such a strategy is necessary throughout the life cycle of planning, starting from the use of the MPI in planning and programming to effective implementation with enhanced monitoring and evaluation.

### Regularly conduct an integrated household survey funded from the government budget

Various data-related issues constrain the computation of the MPI. First, data are not regularly available. Sources of data for MPI measurement are national household surveys like the DHS, MICS and some others. Generally, the DHS and MICS are supported by development partners in the least developed countries,

yet assistance is decreasing during the phasing out of donor engagement. But least developed countries or those graduating from this status typically do not plan in advance to sustain these surveys, which results in a break in data collection. Another reason for the irregular availability of data is that surveys are conducted at intervals of four to five years. This poses difficulties in the regular tracking of the MPI and other indicators. A third issue is the Alkire-Foster method's requirement that all data come from the same survey. Pakistan, for example, is not able to combine anthropometry data from the MICS with other data from the PSLM. Since the sample design and objectives of different surveys vary, pooling data may not be a valid option for the Alkire-Foster method.

It is therefore recommended that countries design an integrated household survey to provide regular data for MPI measurement. This process could entail the following steps: (i) map out national surveys, outlining their objectives, and the SDGs or national plan indicators that they can track; (ii) streamline various surveys, and prepare a household survey system with an action plan, including the sequencing of surveys; (iii) initiate efforts for data harmonization and integration, including the development of a common sampling design, to the extent possible; (iv) designate one survey, such as the integrated household survey in Pakistan and Viet Nam, to provide regular data for MPI measurement and tracking; and (v) instead of relying on standalone individual surveys, conduct a multipurpose household survey with complementary modules. The survey should be financially sustainable and supported from the Government budget.

## Revise and/or update household questionnaire modules as per national priorities and requirements

Generally, the specification of MPI indicators is driven by data available from the DHS, MICS or other national household surveys. The MPI could therefore miss important issues, such as child malnutrition in Pakistan. The PSLM should have added an anthropometry module despite the higher cost of collecting anthropometric data.

In general, regular survey updates need to take into account emerging needs and priorities, although frequent revision of MPI indicators and household surveys is not desirable as this will make it difficult to track SDG target 1.2. In view of this, it is suggested that indicators included in the baseline should be selected with due consideration.

Moreover, selecting a modest set of indicators supports better planning and limits costs, apart from other issues. The number of indicators used ranges from 10 in Nepal to

as high as 18 in Afghanistan. Inclusion of a larger number of indicators, especially in a country like Afghanistan, requires a major feat to collect information at regular intervals.

## Increase the sample size to provide a higher level of disaggregation

The use of the MPI also depends on the level of measurement disaggregation. Generally, national household surveys are designed to provide estimates for urban and rural divides, or for the first tier of subnational administrative units such as provinces in some countries. However, it is advised to increase the sample size to extend beyond and provide estimates up to the second tier of administrative units, such as districts in the case of Pakistan. Such a practice could help expand the use of the MPI from tracking multidimensional poverty to targeting and budget allocation at the subnational level.

## Enhance the availability of disaggregated data through integrating data sources

Beyond the current purpose of national household surveys to provide estimates for urban and rural areas, or subnational administrative units such as states and provinces, surveys should also be designed to focus on population groups. Poverty correlates not just with geography but also with social and economic features such as the eight attributes stipulated in the 2030 Agenda, including gender, age, disability, caste and ethnicity, among others.

However, providing disaggregated data by all eight attributes requires a much larger sample size, which becomes costly and can hamper data quality with an increase in non-sampling error. Therefore, increasing the sample size of the national household survey cannot serve as an ultimate solution. In view of this, it is suggested to:

- Focus on attributes that are the root of other attributes, and
- Integrate different data sources through tools like small area estimation to provide estimates at a lower level of geographical areas or groups.

Two or more sources of data can be integrated. For example, labour force surveys and household income and expenditure surveys can be combined to provide a disaggregated estimate of an attribute. Similarly, a household survey can be combined with a census to

provide a disaggregated estimate based on the small area estimation method. Whether such data integration can be of help for MPI measurement, however, requires further investigation, given the Alkire-Foster requirement that all variables or attributes should come from same set of households. A unique identifier for each household and member could help in tracking households that are common across surveys in order to pool data on them.

## Conduct a census in poverty hotspots using MPI indicators for identifying the poor and vulnerable at the household level

National household surveys provide data only for a sample of households. Their purpose is to provide estimates of some attributes, such as poverty rates, for a particular group or area. Such estimates can be used for targeting only at the level of a geographical area or population group, but not at the household or individual level. This practice is not effective for implementing targeted social policies or social protection programmes, which require identification of poor households and individuals. Yet conducting a survey covering all households costs more, takes longer and can affect overall quality.

To address these issues calls for following a three-step approach so that it is not necessary to conduct a national census survey enumerating each household throughout the country every year. First, poor districts or regions can be identified based on MPI estimates from the national household survey. In the second step, data integration based on a method like small area estimation can provide estimates at the subdistrict or block levels. Once a particular area or block is identified, then as a third step a census survey can be conducted to collect data on multidimensional poverty variables. The identification of the poor using census data calls for community verification, such as by presenting the list of poor in communities as is done in Viet Nam.

In the absence of household data on outcome level indicators, poor households are typically identified via proxy indicators such as occupation or asset ownership. For instance, in the 2002 Below Poverty Line Census conducted in India, poor households were identified using a scoring method based on 13 proxy indicators. Due to the imprecise nature of proxy indicators, and compounded by unreliable survey methods, the entire approach was haphazard. As a result, the list of eligible households was fraught with exclusion and inclusion errors.<sup>119</sup> Indicators used must be good proxies and measured with high-quality data.

## Use the MPI for local level programming

Use of the multidimensional poverty approach allows flexibility in the prioritization of policies and programmes in different localities. Patterns of deprivation may vary among provinces, cities, districts, and communes/wards. For example, although deprivation in safe water is significant for Ho Chi Minh City as a whole, this was not an issue for District 11. But within District 11, the situation differs across wards. Therefore, there is no “one policy fit for all”. The overall policy framework can provide guidelines, but flexibility should be encouraged in identifying priorities, allocating resources and developing specific actions/policies for each locality.<sup>120</sup> The MPI is fit for this purpose given its flexibility. It could also help address both spatial and horizontal inequality through the design of specific interventions.

## Conclusion

Poverty is multidimensional. A multipronged and integrated approach to addressing it is imperative to achieve SDG 1 on eradicating poverty in all forms everywhere. Apart from UNDP, the World Bank and UNICEF are partner agencies to support governments in measuring national multidimensional poverty.

UNDP together with OPHI launched the MPI in 2010. In view of growing recognition of the MPI's importance, the two organizations have drafted a national MPI handbook that details measurement and how to mobilize support for the MPI. This report complements the handbook by taking stock of MPI measurement and uses in countries in Asia and the Pacific. While the Pacific is lagging behind due to data deficiencies, a majority of countries of Asia have already measured multidimensional poverty, though several countries have not accepted the MPI in official statistics. Further progress requires an effective communication and motivation strategy by UNDP and other development partners.

A first step is to create a need for the MPI measure as part of achieving SDG 1, together with generating awareness about MPI uses at different phases of planning. Currently, MPI measurement serves only the purpose of monitoring the SDGs at the national level in most countries. To make it a planning and targeting tool, countries need to extend its measurement and use at the local level.

Unlike many other countries of Asia and the Pacific, Viet Nam has successfully applied the multidimensional poverty approach in targeting, policy development and

poverty monitoring. Bhutan and Pakistan are moving in that direction. The Government of Viet Nam has extended the approach to identify people in poverty at the commune level. Lessons learned from all three countries need to be shared with other countries as part of broadening usage of the MPI.

Eradicating poverty in all forms everywhere requires innovation in data collection so that data are regularly available at a disaggregated level. The current reliance on household surveys will not be sufficient. Strengthening administrative records seems to be one viable option. Big data can be an alternative for middle-income countries to find hotspots where additional tools can refine the identification of people in poverty. Data harmonization and integration methods and tools to provide disaggregated estimates are also needed.

Multidimensional poverty measurement can be a sustainable approach when a government owns it as in Pakistan and Viet Nam. In Viet Nam, the Government has designated a national household survey to provide regular data. It has also set clear roles and responsibilities for Government agencies around measurement at the national level. At the local level, the Government has linked measurement with the provision of social protection.

Pakistan is also moving along this path. It has designated the PSLM for providing regular data for national MPI measurement, and has been expanding the use of the MPI for targeting and resource allocation. It is only through developing such systems and plans that multidimensional poverty measurement can be used and sustained.

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# Annexure

## Annex 1: Pakistan national multidimensional poverty: dimensions, indicators, cut-offs and weights

Dimensions	Indicator	Household	Weight
Education	Years of schooling	Deprived if no man OR no woman in the household above 10 years of age has completed 5 years of schooling	1/6
	Child school attendance	Deprived if any school-aged child is not attending school (between 6 and 11 years of age)	1/8
	School quality	Deprived if any child is not going to school because of quality issues (not enough teachers, schools are far away, too costly, no male/female teacher, substandard schools), or is attending school but remains dissatisfied with service	1/24
Health	Access to health facilities/clinics/Basic Health Units (BHU)	Deprived if health facilities are not used at all, or are only used once in a while, because of access constraints (too far away, too costly, unsuitable, lack of tools/ staff, not enough facilities)	1/6
	Immunization	Deprived if any child under the age of 5 is not fully immunised according to the vaccinations calendar (households with no children under 5 are considered nondeprived)	1/18
	Antenatal care	Deprived if any woman in the household who has given birth in the last 3 years did not receive ante-natal check-ups (households with no woman who has given birth are considered non-deprived)	1/18
	Assisted delivery	Deprived if any woman in the household has given birth in the last 3 years attended by untrained personnel (family member, friend, traditional birth attendant, etc.) or in an inappropriate facility (home, other) (households with no woman who has given birth are considered non-deprived)	1/18
Living Standard	Water	Deprived if the household has no access to an improved source of water according to MDG standards, considering distance (less than a 30 minutes return trip): tap water, hand pump, motor pump, protected well, mineral water	1/21
	Sanitation	Deprived if the household has no access to adequate sanitation according to MDG standards: flush system (sewerage, septic tank and drain), privy seat	1/21
	Walls	Deprived if the household has unimproved walls (mud, uncooked/mud bricks, wood/ bamboo, other)	1/42
	Overcrowding	Deprived if the household is overcrowded (4 or more people per room)	1/42
	Electricity	Deprived if the household has no access to electricity	1/21
	Cooking Fuel	Deprived if the household uses solid cooking fuels for cooking (wood, dung cakes, crop residue, coal/charcoal, other)	1/21
	Assets	Deprived if the household does not have more than two small assets (radio, TV, iron, fan, sewing machine, video cassette player, chair, watch, air cooler, bicycle) OR no large asset (refrigerator, air conditioner, tractor, computer, motorcycle), AND has no car.	1/21
	Land and livestock (only for rural areas)	Deprived if the household is deprived in land AND deprived in livestock, i.e.: a) Deprived in land: the household has less than 2.25 acres of non-irrigated land AND less than 1.125 acres of irrigated land b) Deprived in livestock: the household has less than 2 cattle, fewer than 3 sheep/goats, fewer than 5 chickens AND no animal for transportation (urban households are considered non-deprived)	1/21

Source: Government of Pakistan n.d.

## Annex 2: Incidence of multidimensional poverty on CPEC routes

Route 1 (Western)				Route 2 (Central)				Route 3 (Eastern)			
Province/ districts	Poverty incidence	Population (000)	Poor pop (000)	Province/ districts	Poverty incidence	Population (000)	Poor pop (000)	Province/ districts	Poverty incidence	Population (000)	Poor pop (000)
<b>Poverty Incidence 70% and above</b>											
<b>Baluchistan</b>				<b>Khyber Pakhtunkhwa</b>				<b>Sindh</b>			
Kaila Saifullah	79%	343	272	Tank	74%	392	289	Kashmore	75%	1089	815
Sherani	91%	153	139	<b>Total</b>	<b>74%</b>	<b>392</b>	<b>289</b>	Tando Muhammad Khan	82%	677	555
Zhob	83%	311	257	<b>Sindh</b>				<b>Total</b>	<b>78.4%</b>	<b>1766</b>	<b>1385</b>
Ziarat	90%	160	145	Kashmore	75%	1089	815				
Harnai	94%	97	91	Jacobabad	71%	1006	717				
Pishin	82%	736	605	<b>Total</b>	<b>73%</b>	<b>2095</b>	<b>1531</b>				
Killa Abdullah	97%	758	734								
Kharan	78%	156	122								
<b>Total</b>	<b>87%</b>	<b>2714</b>	<b>2357</b>								
<b>Khyber Pakhtunkhwa</b>											
Kohistan	96%	785	752								
Batagram	75%	477	358								
Buner	72%	897	642								
Toe Ghar	92%	171	158								
Tank	74%	392	289								
Shangla	76%	758	579								
<b>Total</b>	<b>81%</b>	<b>3480</b>	<b>2811</b>								
<b>Poverty Incidence 60–69.9%</b>											
<b>Baluchistan</b>				<b>Khyber Pakhtunkhwa</b>				<b>Sindh</b>			
Musa Khel	67%	167	112	Lakki Marwat	63%	876	549	Ghotki	67%	1646	1100
Mastung	62%	266	165	<b>Total</b>	<b>63%</b>	<b>876</b>	<b>549</b>	Tando Allahyar	67%	837	563
Gawadar	61%	264	160	<b>Sindh</b>				Mirpur Khas	72%	1506	1084
<b>Total</b>	<b>65%</b>	<b>1094</b>	<b>706</b>	Shikarpur	60%	1231	740	<b>Total</b>	<b>67%</b>	<b>4758</b>	<b>3191</b>
<b>Khyber Pakhtunkhwa</b>				Qamber Shahdakot	67%	1341	903				
Deara Ismail Khan	71%	2019	1436	<b>Total</b>	<b>63.5%</b>	<b>1286</b>	<b>823</b>				
<b>Total</b>	<b>71%</b>	<b>2019</b>	<b>1436</b>	<b>Punjab</b>							
				Muzaffargarh	65%	4322	2801				
				Dera Ghazi Khan	64%	2872	1830				
				Rajanpur	64%	1996	1285				
				<b>Total</b>	<b>64%</b>	<b>9190</b>	<b>5909</b>				
<b>Poverty Incidence 50–59.9%</b>											
<b>Baluchistan</b>				<b>Khyber Pakhtunkhwa</b>				<b>Sindh</b>			
Kallat	57%	412	235	Karak	60%	706	426	Khairpur	52	2404	
Khuzdar	58%	802	461	Bannu	59%	1168	684	<b>Total</b>	<b>52</b>	<b>2404</b>	<b>1241</b>
Sibbi	58%	136	78	Hangu	56%	519	290	<b>Punjab</b>			
<b>Total</b>	<b>57%</b>	<b>1350</b>	<b>775</b>	<b>Total</b>	<b>58%</b>	<b>2393</b>	<b>1393</b>	Bhawalpur	53%	3668	1944
<b>Punjab</b>								Rahimyar Khan	57%	4814	2734
Bakkar	52%	1651						<b>Total</b>	<b>55%</b>	<b>8482</b>	<b>4657</b>
<b>Total</b>	<b>52%</b>	<b>1651</b>	<b>853</b>								

Source: The Shahid Javed Institute 2018.

## Annex 3: List of officials consulted in Pakistan

### National Planning Commission and Ministry of Planning, Development and Reform, Pakistan

Hon'ble Dr. Asma Hyder, Member, Social Sector, Planning Commission, Government of Pakistan, Islamabad.

Mr. Shahid Naeem, Chief Sustainable Development Goals, Ministry of Planning, Development and Reform, Government of Pakistan, Islamabad.

Ms. Nigar Anjum, Assistant Chief, Sustainable Development Goals, Ministry of Planning, Development and Reform, Government of Pakistan, Islamabad.

Mr. Saleh Muhammad, Assistant Chief, Sustainable Development Goals, Ministry of Planning, Development and Reform, Government of Pakistan, Islamabad.

Mr. M. Ali Kemal, Economic Policy Advisor, Federal SDG Support Unit, Ministry of Planning, Development and Reform, Pakistan Secretariat, Islamabad.

Mr. Nadeem Ahmed, Social Policy Advisor, Federal SDG Support Unit, Ministry of Planning, Development and Reform, Pakistan Secretariat, Islamabad.

Syedah Mohsina Atiq, Research Analyst, Federal SDG unit, Ministry of Planning, Development and Reform, Government of Pakistan, Islamabad.

### Pakistan Bureau of Statistics

Mr. Ayazuddin, Deputy Director General, Pakistan Bureau of Statistics, Islamabad

Ms. Rabia Awan, Director, Pakistan Bureau of Statistics, Islamabad.

### Benazir Income Support Programme & Pakistan Institute of Development Economics

Dr. Shujaat Farooq, Additional Director General, Benazir Income Support Programme, Islamabad

Dr. Rizwan UI Haq, Assistant Professor, Pakistan Institute of Development Economics, Islamabad

### World Bank

Ms. Silvia Redaelli, Senior Economist, the World Bank, Islamabad.

### UNICEF

Mr. Luis Gorjan, Chief Social Policy, UNICEF.

Ms. Mussarat, Yaussuf, Research and Evaluation Specialist Social Policy, Evaluation and Research Section, UNICEF.

Ms. Sadaf Zulfiqar, Education Specialist, UNICEF

Ms. Fayyaz Karim, Project Officer, Monitoring Evaluation and Research, UNICEF

### UNDP

Mr. Shakeel Ahmad, Assistant Country Director, Development Policy Unit, UNDP

Mr. Umer Malik, Policy Analyst, Development Policy Unit, UNDP

## Annex 4: Dimensions and indicators for multidimensional poverty measurement in Ho Chi Minh City

Dimension	Indicator	Deprivation threshold	Deprivation score
<b>1. Education and training</b>	1.1. Educational level of adults	Household with at least one member of 15–30 years, who did not graduate from secondary school and/or is not currently attending.	10
	1.2. Schooling status of children	Household with at least 1 child in school age (5-14 years old) not attending school	10
	1.3 Vocational level	Household with at least 1 member of 18-35 years is currently not attending and has no certificate equivalent to elementary-level vocational training or certificate of completion of a vocational training course.	10
<b>2. Health care</b>	2.1. Access to health care	Household with a sick person but is unable to go for medical examination/treatment (sickness is defined as serious illness/injury so that one must be in one place and has a caregiver at bed or must quit job/school and unable to take part in normal activities)	10
	2.2. Health insurance	Household with at least 1 member 6 and above does not currently have health insurance	10
<b>3. Employment and social insurance</b>	3.1 Employment	Household with at least 1 member of working age who is capable of working and looking for a job but has not been employed and no income for 6+ months	10
	3.2 Social insurance	Household with at least 1 member of working age who is working but does not have social insurance (compulsory and voluntary)	10
<b>4. Living condition</b>	4.1 Housing	Household is living in a house: 1. which is temporary house or lack permanent structure, or 2. average household area/capita is less than 6m <sup>2</sup> in urban districts and 10m <sup>2</sup> in suburban districts.	10
	4.2 Domestic water source	Household does not have access to tap water in urban districts and to hygienic water in suburban districts	10
<b>5. Access to information</b>	5.1 Telecommunication use	Household has no member using mobile or internet	5
	5.2 Assets for accessing information	Household has no asset including: TV, radio, computer.	5

Source: Pham Minh Thu and Lo Thi Duc 2018a.

## Annex 5: Multidimensional poverty mission in Viet Nam

6 to 12 January 2019

Agenda and list of officials consulted during the mission

Date/time	Activity details	Venue	Purpose
<b>Sunday 6<sup>th</sup> January evening – arrived in Hanoi</b>			
<b>Monday 7<sup>th</sup> January</b>			
<b>9:00 – 10:30</b>	<b>Meeting with UNDP: Participants</b> <ol style="list-style-type: none"> <li>Mr. Nguyen Tien Phong, Assistant Country Director, UNDP, VN</li> <li>Ms. Nguyen Ngoc Han, Programme Officer, UNDP VN</li> <li>Mr. Bishwa Nath Tiwari, Programme Specialist, UNDP BRH</li> <li>Mr. Doan Huu Minh, National consultant cum Interpreter</li> </ol>	Learning Center, Ground Floor, UN House, 304 Kim Ma St., Hanoi	To seek advice and discussion on the mission details.
<b>10:30 – 12:00</b>	<b>Meeting with UNICEF: Participants</b> <ol style="list-style-type: none"> <li>Ms. Nguyen Thi Van Anh, Programme Analyst, UNICEF</li> <li>Mr. Bishwa Nath Tiwari, UNDP BRH</li> <li>Mr. Doan Huu Minh, National consultant cum Interpreter</li> </ol>	Learning Center, Ground Floor, UN House, 304 Kim Ma St., Hanoi	To gather the perspectives of UN on the use of MDP as well as UNICEF work on child poverty.
<b>14:00 – 15:00</b>	<b>Meeting with National Assembly: Participants</b> <ol style="list-style-type: none"> <li>Mr. Pham Trong Cuong, Deputy Director of the Department for Social Affairs, Office of the National Assembly (NA)</li> <li>Mr. Le Van Hanh, Officer of Department for Social Affairs, Office of NA</li> <li>Ms. Ngo Quynh Hoa, Officer of Department for Social Affairs, Office of the National Assembly</li> <li>Ms. Nguyen Ngoc Han, UNDP VN PO</li> <li>Mr. Bishwa Nath Tiwari, UNDP BRH</li> <li>Mr. Doan Huu Minh, National consultant cum Interpreter</li> </ol>	22 Hung Vuong Street, Hanoi	Understanding the National Assembly's (NA) direction, requirements on MDP measurement and targets, prospects of the Government's implementation of two National Targeted Programs (NTPs) on Sustainable Poverty Reduction (SPR) and New Rural Development (NRD) during 2016-2020. Future reform measures.
<b>15:45 – 17:00</b>	<b>Meeting with General Statistics Office:</b> <ol style="list-style-type: none"> <li>Mr. Nguyen The Quan, Deputy Director, Department of Social and Environmental Statistics, General Statistics Office</li> <li>Mr. Pham Duc Duong, Specialized officer of Department of Social and Environmental Statistics, General Statistics Office</li> <li>Mr. Bishwa Nath Tiwari, UNDP BRH</li> <li>Mr. Doan Huu Minh, National consultant cum Interpreter</li> </ol>	54 Nguyen Chi Thanh Street, Hanoi	Understand the MDP dimension and indicators (included in the national survey) and how frequently data are collected (General Statistics Office in charge of the Viet Nam Household Living Standards Survey, done every 2 years), which collect data for monitoring multi-dimensional poverty in VN).

6 to 12 January 2019

## Agenda and list of officials consulted during the mission

Date/time	Activity details	Venue	Purpose
<b>Tuesday 8<sup>th</sup> January</b>			
<b>8:30 – 11:00</b>	<b>Meeting with PRCO, MOLISA: Participants</b> <ol style="list-style-type: none"> <li>Mr. Ngo Truong Thi, Director General, Poverty Reduction Coordination Office (PRCO), Ministry of Labour, Invalids and Social Affairs (MOLISA);</li> <li>Mr. Tran Cong Doan, Specialized officer of Poverty Reduction Coordination Office (PRCO), Ministry of Labour, Invalids and Social Affairs (MOLISA);</li> <li>Mr. Hoang Trong Nghia, Specialized officer of Poverty Reduction Coordination Office (PRCO), Ministry of Labour, Invalids and Social Affairs (MOLISA);</li> <li>Mr. Bishwa Nath Tiwari, UNDP BRH;</li> <li>Mr. Doan Huu Minh, National consultant cum Interpreter.</li> </ol>	Lane 7, Ton That Thuyet Street, Hanoi	Look into the process of the identification of poor, near poor. (PRCO is responsible for drafting all policies/regulations relating to MDP for MOLISA; and guiding and consolidating data from all provinces during the identification process of poor households that are eligible beneficiaries of government's programs and policies on poverty reduction. This is done every 5 years, with annual review).
<b>14:00 – 16:00</b>	<b>Meeting with ILSSA, MOLISA: Participants</b> <ol style="list-style-type: none"> <li>Mr. Luu Quang Tuan, Vice Director General</li> <li>Ms. Pham Minh Thu, Head of Planning and International Cooperation Division</li> <li>Ms. Pham Bao Ha, Researcher of Institute of Labor Science and Social Affairs (ILSSA), MOLISA</li> <li>Mr. Bishwa Nath Tiwari, UNDP BRH</li> <li>Mr. Doan Huu Minh, National consultant cum Interpreter</li> </ol>	Room 307, F Building, 2 Dinh Le Street, Hanoi	Understand the use and applications of the MDP and future direction, and cooperation with UNDP and other in designing and implementation of the MDP projects. (ILSSA in charge of scientific research for MOLISA, including the proposal for application of MDP in Viet Nam).
<b>Wednesday 9<sup>th</sup> January</b>			
<b>9:00 – 11:00</b>	<b>Meeting with MDRI: Participants</b> <ol style="list-style-type: none"> <li>Mr. Phung Duc Tung, President, Mekong Development Research Institute (MDRI)</li> <li>Mr. Bishwa Nath Tiwari, UNDP BRH</li> <li>Mr. Doan Huu Minh, National consultant cum Interpreter</li> </ol>	Floor 8, Machinco Building, 444 Hoang Hoa Tham Street, Hanoi,	Mekong Development Research Institute (MDRI) is a private research institution which is involved in a number of researches in poverty reduction, ethnic minority development, rural development etc.
<b>11:30 – 12:30</b>	<b>Meeting with UNDP CO: Participants</b> <ol style="list-style-type: none"> <li>Ms. Akiko Fujii, DRR, UNDP, Viet Nam</li> <li>Mr. Cengiz Cihan, Senior Economist, UNDP Viet Nam</li> </ol>		
<b>14:00 – 16:30</b>	<b>Planning for provincial meeting: Participants</b> <ol style="list-style-type: none"> <li>Mr. Bishwa Nath Tiwari, UNDP BRH</li> <li>Mr. Doan Huu Minh, National consultant cum Interpreter</li> </ol>		Internal discussions

Date/Time	Activity Details	Venue	Purpose
<b>Thursday 10<sup>th</sup> January</b>			
<b>7:00 – 12:00</b>	Travel Hanoi – Thanh Hoa		(170km from Hanoi)
<b>14:00 – 17:00</b>	<p><b>Meeting with Representatives from 5 relevant Departments (10 Vietnamese MDP indicators) and provincial statistic office: Participants</b></p> <ol style="list-style-type: none"> <li>1. Mr. Le Minh Hanh, Vice Director General of Department of Labour, Invalids and Social Affairs, Thanh Hoa province (DOLISA)</li> <li>2. Mr. Nguyen Van Hung, Deputy Head of Social Assistance Division, Thanh Hoa DOLISA</li> <li>3. Ms. Le Thi Huyen, Specialized officer of Social Assistance Division, Thanh Hoa DOLISA</li> <li>4. Mr. Pham Ngoc Thom, Vice Director General, Department of Health, Thanh Hoa province</li> <li>5. Ms. Luong Thi Hien, Representative from Department of Information and Communication, Thanh Hoa province</li> <li>6. Mr. Nguyen Manh Hiep, Vice Director General, Statistics Department of Thanh Hoa province</li> <li>7. Mr. Le Van Hung, Vice Director General of Department of Ethnic Minorities, Thanh Hoa province</li> <li>8. Mr. Le Dang Ninh, Head of Division, Department of Ethnic Minorities, Thanh Hoa province</li> <li>9. Mr. Nguyen Ngoc Dung, Department of Education and Training, Thanh Hoa province</li> <li>10. Mr. Tran Thanh Binh, Department of Construction, Thanh Hoa province</li> <li>11. Ms. Nguyen Thi Dat, Department of Social Insurance, Thanh Hoa province</li> <li>12. Mr. Bishwa Nath Tiwari, UNDP BRH</li> <li>13. Mr. Doan Huu Minh, National consultant cum Interpreter.</li> </ol>		Explore how MDP data is collected at provincial level and how poverty reduction programs and policies are implemented at local level.
	Stay overnight in Thanh Hoa city, Thanh Hoa province		
<b>Friday 11<sup>th</sup> January</b>			
<b>7:00 – 12:00</b>	Travel Thanh Hoa – Ha Noi		170 km
<b>14:00 – 16:00</b>	<p>Debriefing with UNDP CO: Participants</p> <ol style="list-style-type: none"> <li>1. Mr. Nguyen Tien Phong, ACD</li> <li>2. Ms. Nguyen Ngoc Han, UNDP VN PO</li> <li>3. Mr. Bishwa Nath Tiwari, UNDP BRH</li> <li>4. Mr. Doan Huu Minh, National consultant cum Interpreter.</li> </ol>	Learning Center, ground floor, UN House, 304 Kim Ma Street, Hanoi	
<b>Saturday 12<sup>th</sup> January</b>			
<b>Morning</b>	Return to Bangkok		



# Endnotes

- 1 Sen 1992.
- 2 The minimum level of income is called a poverty line. The earlier poverty line for extreme poverty was PPP \$1.05. This later increased to \$1.25 and is now \$1.90 a day. Thus, a person is extremely poor if she/he lacks an income or consumption of PPP \$1.90 daily. The World Bank has also devised two other international poverty lines, \$3.20 and \$5.50 a day, which are applicable for lower and upper middle-income countries where achieving the same set of capabilities requires higher income.
- 3 The MDGs consisted of seven national goals, of which income poverty was the first goal, and others were related to food security, education, women's and children's health, non-communicable diseases, natural resources, water and sanitation, and human settlements such as slums.
- 4 Unemployment, health, education, security and social connectedness are also important dimensions of well-being. They affect the capabilities of people, which depend on the extent of their opportunities and freedom to choose among these. For details see Stiglitz, Sen and Fitoussi 2009.
- 5 The Alkire-Foster method is a technique for measuring multidimensional poverty. It was developed by Sabina Alkire and James Foster. Building on the Foster-Greer-Thorbecke poverty measures, it involves counting the different types of deprivation that individuals experience at the same time, such as a lack of education or employment, or poor health or living standards. These deprivation profiles are analysed to identify who is poor, and then used to construct a multidimensional index of poverty.
- 6 The MPI was later measured by national governments with their own sets of indicators. In order to distinguish between the two, hereafter, references are to global and national MPIs.
- 7 OPHI. <https://ophi.org.uk/voluntary-national-reviews/>.
- 8 Exposure to poverty and vulnerability also depends on identity, social and economic status, gender, ethnicity and the area where s/he lives. For some people, these deprivations intersect and compound each other.
- 9 World Bank 2017.
- 10 UNDP and OPHI 2019a.
- 11 UNDP and OPHI 2019a.
- 12 Wang et al. 2016.
- 13 PovcalNet. Last accessed 8 June 2019. <http://iresearch.worldbank.org/PovcalNet/povDuplicateWB.aspx>
- 14 Roser and Ortiz-Ospina 2017, World Bank Povcal.
- 15 The handbook is available at <https://www.undp.org/content/undp/en/home/librarypage/poverty-reduction/how-to-build-a-national-multidimensional-poverty-index.html>.
- 16 Following the initial Atkinson and Bourguignon (1982) paper and the later contributions of Tsui (2002), Bourguignon and Chakravarty (2003) and Alkire and Foster (2007, 2011a), the work on multidimensional poverty has been growing rapidly. For detail, see Datt 2018.
- 17 Datt 2018.
- 18 Further detailed steps are given in UNDP and OPHI 2019a.
- 19 UNDP 2018.
- 20 National MPIs are like national income and consumption poverty measures. They reflect national priorities and are constructed using national datasets. But they cannot be used for intercountry comparison. Regional and global MPIs are like global income poverty measure such as PPP \$1.90 a day, and can be used for international comparison.
- 21 As they differ in terms of definition, the computed value of the global MPI of a country is not compared with the value of its national MPI.
- 22 While UNDP used stunting (height for age), OPHI preferred using "general malnutrition" (weight for age) as a measure of child nutrition.
- 23 For the 2018 global MPI, 5 of the 10 indicators were revised jointly by OPHI and UNDP to align the MPI with the 2030 Agenda. This is in response to the Agenda's call for a better measure of progress towards SDG 1 on ending poverty in all its forms, and to help achieve the principle of leaving no one behind. Many countries have also computed a national MPI by adapting the global MPI. The global MPI is computed for 100+ countries because of the lack of necessary data in all countries.
- 24 Oxford Department of External Development, OPHI and UNDP 2019.
- 25 MPPN, [https://www.mppn.org/paises\\_participantes/colombia/](https://www.mppn.org/paises_participantes/colombia/).
- 26 The nine countries are: Afghanistan, Bangladesh, Bhutan, India, Islamic Republic of Iran, Maldives, Nepal, Pakistan, and Sri Lanka.
- 27 Royal Government of Bhutan, National Statistical Bureau 2012.
- 28 Mahoozi 2015.
- 29 Government of the Philippines 2018.
- 30 MPPN, <https://www.mppn.org>.
- 31 Bader et al. 2016, p. 3.
- 32 Prakarsa 2016.
- 33 Hanandita and Tampubolon 2016.
- 34 MPPN, <https://www.mppn.org/unsc2018/>.
- 35 MPPN, [https://www.mppn.org/paises\\_participantes/china/](https://www.mppn.org/paises_participantes/china/).
- 36 <https://sdd.spc.int/en/stats-by-topic/collections/26-demographic-and-health-surveys-dhs>.

- 37 Statistical agencies in the Pacific seem to be going a different route in terms of estimating multidimensional poverty. They often take a “consensual approach” with two stages. The first is a survey to establish a general consensus on what the minimum requirements are to “not be poor.” Secondly, they use survey data (generally an additional module to the household survey or DHS) to estimate what share of the population is above the “not poor” threshold on the different dimensions. A few Pacific countries have started to calculate multidimensional poverty this way, and it seems to be emerging as the region’s preferred measure. The idea is that the resulting estimate of poverty would then have legitimacy.
- 38 UNDP and OPHI 2019a.
- 39 Ibid.
- 40 KUENSEL 2017.
- 41 Ordinario 2019.
- 42 OPHI presentation.
- 43 OPHI presentation.
- 44 Alkire n.d., “Use of the Multidimensional Poverty Index in Public Policy.” A PowerPoint presentation.
- 45 OPHI News, [https://www.mppn.org/paises\\_participantes/philippines/](https://www.mppn.org/paises_participantes/philippines/).
- 46 MPPN, [https://www.mppn.org/paises\\_participantes/nepal/](https://www.mppn.org/paises_participantes/nepal/).
- 47 United Nations 2017.
- 48 Chatterjee et al. 2014.
- 49 OPHI 2015f.
- 50 MPPN 2019a, Government of Malaysia 2018.
- 51 UNDP and OPHI 2019a.
- 52 OPHI presentation 2018.
- 53 OPHI 2015.
- 54 Government of Pakistan 2018c.
- 55 MPPN, Targeting and Evaluation. <https://mppn.org/applications/targeting-monitoring-and-evaluation/>
- 56 Government of Nepal and OPHI 2018.
- 57 MPPN 2018b.
- 58 MPPN 2018a.
- 59 OPHI presentation.
- 60 UNDP and OPHI 2019a.
- 61 UNDP and OPHI 2019a. MPPN country profile.
- 62 In 2017, Panama became the first country in Latin America and the Caribbean to develop the MPI for children and adolescents. This made it possible to capture hardships suffered by children and adolescents that vary from those suffered by adults, so as to guide and monitor policies. The uses and importance of the MPI is growing in countries across the world as articulated in MPPN 2018b.
- 63 Balisacan n.d.
- 64 PIHS is the predecessor of the Pakistan Social and Living Standards Measurement (PSLM) survey.
- 65 Government of Pakistan n.d.
- 66 Government of Pakistan 2018a. The strong resurgence of economic growth, more provincial autonomy to shape and spearhead social welfare and poverty eradication programmes, and targeted social safety net programmes of the BISP have all been the main drivers of poverty decline in the past.
- 67 It seems that there is inherent thinking among some academics that the poverty indicators should be representative at least at the provincial level. Yet the selection of MPI indicators also needs to be decided by data availability.
- 68 Although the PSLM, which is the source of data for the national MPI measurement, has employment-related data, it is not adequate compared to that generated from labour force surveys. Therefore, it has not been used for the national MPI measurement. The Alkire-Foster requirement that all data should be used from the same survey does not allow use of employment data from the labour force survey.
- 69 On the question of leaving no one behind, the Pakistan Bureau of Statistics mentioned that homeless people are not included in the household (sample) survey because the questionnaire is administered in households. However, they are included in the Census. Fewer than 1 percent of people are homeless in Pakistan. As for refugees, they are not a major issue in Pakistan.
- 70 Government of Pakistan 2014.
- 71 Government of Pakistan 2018a.
- 72 Hasan 2018.
- 73 Government of Pakistan 2018c, Chapter 2.
- 74 Ibid.
- 75 UNDP Pakistan internal note, “Use of Multidimensional Poverty Index for Programme and Policy Design in Pakistan.”
- 76 Ibid.
- 77 Ibid.
- 78 Government of Pakistan 2018a.
- 79 In addition, there is an interaction dimension.
- 80 BISP Targeting Process, <http://bisp.gov.pk/cash-grant/#objective946d-4435>.
- 81 Government of Pakistan 2018a.
- 82 Based on an unpublished document of UNDP Pakistan.
- 83 UNDP Pakistan 2016.
- 84 UNDP Pakistan internal note, “Use of Multidimensional Poverty Index for Programme and Policy Design in Pakistan.”
- 85 Ibid.
- 86 Government of Pakistan 2018a.
- 87 Government of Pakistan n.d.
- 88 Government of Pakistan 2018b.
- 89 Government of Pakistan 2018b, p. 8.
- 90 Government of Pakistan 2018a.
- 91 UNICEF introduced the concept of multidimensional child poverty in 2006, but the Government has raised some concerns and questions about this. Now with the approval of the multidimensional poverty approach, the Government is considering multidimensional child poverty as a relevant issue.
- 92 Prime Minister’s Decision No. 1614 on 15 September 2015.
- 93 Prime Minister’s Decision No. 59 on 19 November 2015.
- 94 Government of Viet Nam, MOLISA, Decision No. 1095 on 22 August 2016.
- 95 Government of Viet Nam, MOLISA, Decision No. 945 on 22 June 2017.

- 96 *Doi Moi* (renovation) is mainly an economic reform launched in 1986 intended to facilitate the transition from a centralized economy to a socialist-oriented market economy. Over the three decades since the launch of *Doi Moi* reforms, Viet Nam has enjoyed significant economic growth due to sustained market-based reforms, a gradual lifting of barriers and integration in the global economy.
- 97 Chaterjee et al 2016.
- 98 For example, in Ho Chi Minh City, only 0.56 percent of households were both income and multidimensionally poor; up to 10.79 percent of households were multidimensionally poor but not income poor. On the other hand, 1.57 percent of households were income poor but not multidimensionally poor. See Lê Thanh Sang et al. 2016.
- 99 The Government of Viet Nam uses multidimensional poverty approach rather than the MPI as advanced by OPHI and UNDP. This is in order to extend beyond the concept of an index to an approach that can be used for policy formulation/programming, identifying target households as well as monitoring.
- 100 Government of Viet Nam, MOLISA 2018.
- 101 As set out in the Resolution No.15-NQ/TW on social policies for 2012-2020.
- 102 Ho Chi Minh City People's Committee Decision No. 58 on 31 Dec 2015.
- 103 Pham Minh Thu and Lo Thi Duc 2018a, 2018b.
- 104 Pham Minh Thu and Lo Thi Duc 2018a.
- 105 Ibid.
- 106 Ibid.
- 107 It is estimated that every day 20 to 25 people die in traffic accidents.
- 108 Viet Nam country mission
- 109 ILOSTAT <https://ilostat.ilo.org/>
- 110 Pham Minh Thu and Lo Thi Duc 2018b.
- 111 Viet Nam country mission
- 112 Generally, there are about 10 villages in each commune.
- 113 Government of Viet Nam 2018.
- 114 Viet Nam Mission.
- 115 Government of the Socialist Republic of Viet Nam 2018.
- 116 An income indicator may be replaced by an expenditure or employment indicator, social insurance indicator, etc. in future.
- 117 Alkire and Seth 2004.
- 118 There are four pivotal requirements to guarantee the sustainability and effectiveness of the national MPI as a policy tool. These are policy buy-in, technical rigour, a strong communications strategy and credibility.
- 119 Dreeze 2017.
- 120 Lê Thanh Sang et al. 2016.





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