Multidimensional Poverty Indexes:

Sharing Experiences and Launching a Regional Discussion
Outcomes of the Workshop on Multidimensional Poverty Indexes: Good Practices and Lessons Learned from Latin America and Europe

Bogota, Colombia
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1. Introduction

Understanding the main causes, difficulties, and deficiencies households contend with becomes an essential policy development tool for promoting more effective actions to reduce poverty.
Latin America and the Caribbean are faced with high levels of poverty and inequality. Various public policies have been developed and implemented to curtail poverty. In the year 2000, the “social issue” began to emerge in the region and poverty became one of the priorities in the Millennium Development Goals (MDGs). Nevertheless, in order to effectively translate this political weight into successful public policies, the phenomenon must be measured correctly. Understanding the main causes, difficulties, and deficiencies households contend with becomes an essential policy development tool for promoting more effective actions to reduce poverty. It is thus necessary to measure poverty using a reliable indicator and compiling quality data on the variables that determine poverty.

There are different ways to gauge poverty levels in a country. Measuring poverty based on income has been the prevailing approach in the countries of the region. Such method assesses whether a family’s or an individual’s income is at least enough to meet their basic needs. A family is considered poor if its income falls below a previously determined threshold that establishes the minimum income necessary to live with a decent quality of life; this is known as the poverty line.

The real issue lies in how to measure “decent quality of life.” Questions have been raised as to whether it is appropriate to gauge poverty based on income. Is what one can afford the only variable that determines living standards? Is the income variable on its own enough to affirm that a household is poor? Are there other potential variables, besides income, that characterize poor families? All of these questions prompt debate around the traditional method of measuring poverty and provide incentives for new approaches to the classification of households as poor or not poor.

In the Communiqué issued by the Second Meeting of High Authorities on Social Development, the OAS member states reiterated that, “poverty and inequality are multidimensional phenomena that require intersectoral and coordinated interventions in the framework of a national social development strategy.” Moreover, in the Social Charter of the Americas, the member states reaffirm their determination and commitment to “urgently combat the serious problems of poverty, social exclusion, and inequity that affect, in varying degrees, the countries of the Hemisphere; to confront their causes and consequences.”

In the global context, new measurements and indices have appeared for gauging poverty. Some use a broader definition of poverty, while others use a more limited one. Among these new measures is the Inequality-adjusted Human Development Index (IHDI),¹ whose main objective is to reveal losses and gains generated by inequality in areas such as health, education, and income. There is also the Gender Inequality Index (GII),² which points out gender gaps in terms of labor market, reproductive health, and empowerment variables. Lastly, one of the more recent and most innovative measures is the Multidimensional Poverty Index (MPI).³ This Index classifies poverty based on health, education, and other lifestyle variables such as housing conditions. The measure has been used around the world in 104 countries that have the required data available and hence, the respective variables on hand for evaluating each of the dimensions of poverty. The outcomes suggest that one-third of the population fails to meet the minimum requirements in one or more dimensions and is, therefore, considered to be poor in terms of the MPI.

It was a very good space to learn from other’s experiences and to get feedback, posing challenges and tasks for the future in order to improve the MPI that is already being implemented in Colombia.

Representative from the National Planning Department of Colombia.

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1 For further information, see the Human Development Reports on the UNDP’s webpage. The Inequality-adjusted Human Development Index (IHDI). Available at: http://hdr.undp.org/es/estadisticas/ihdi/

2 For further information, see the Human Development Reports on the UNDP’s webpage. The Gender Inequality Index (GII). Available at: http://hdr.undp.org/es/estadisticas/gii/

3 For further information, see the Human Development Reports on the UNDP’s webpage. Multidimensional Poverty Index (MPI). Available at: http://hdr.undp.org/es/estadisticas/mpi/
An effective multidimensional poverty measure must bear in mind a country’s specific circumstances; as a result, the need to personalize the measure has arisen. Every country has its own particular needs and difficulties and, because of this, the index that is most consistent with its reality should be used. To this end, countries have developed their own measures and others are starting the process. Colombia, Uruguay, and Mexico are among the countries in Latin America that are pioneers in creating MPIs.

There is growing interest on the part of several countries in the region in developing multidimensional poverty indexes. As a result, the Organization of American States (OAS), via the Inter-American Social Protection Network (IASPN), was prompted to address the need for ideas and experiences to be shared in order to encourage discussion on the matter. This was the reason for the decision to hold the Workshop on Multidimensional Poverty Indexes: Good Practices and Lessons Learned from Latin America and Europe, which spotlighted some countries’ successful experiences in order to encourage a sharing of ideas and inspire the creation of quality multidimensional poverty indexes.

* During the Santa Marta Workshop on Social Policy and International Cooperation, Colombia and Uruguay presented their MPIs and the Latin American countries in attendance expressed a clear interest in gaining a deeper understanding of these and other experiences in the region.
2. Workshop

Everything was excellent; a particularly valuable aspect was the opportunity to exchange experiences, tips and comments. My most sincere appreciation to the organizers.

Representative from the National Council for Evaluation of Social Development Policy in Mexico.
The Workshop on Multidimensional Poverty Indexes: Good Practices and Lessons Learned from Latin America and Europe came about after several of the region’s countries showed interest in developing this type of index. Such interest became evident during the Workshop on Social Policy and International Cooperation held from October 31 to November 2, 2012 in Santa Marta, Colombia, which focused on sharing experiences on social protection policies. This interactive event, organized by the OAS and the Colombian government, was attended by around 13 Latin American countries that all shared information on social public policy aimed at the poorest and most vulnerable populations in the region. Over the three days, several experiences with successful policies and programs in the different participating countries were shared. One of the matters discussed was the MPI, which was presented by Colombia and Uruguay; the two nations shared their experiences in calculating MPIs, the use thereof, and the methodology employed in their respective countries. These presentations stirred expectations and interest on MPIs among other countries, which expressed a desire to learn more and receive further training on the subject.

Having understood the needs of the Latin American countries, the OAS/IASPN offered to hold a workshop focused on sharing the experiences of those countries in the region that have been pioneers in measuring multidimensional poverty and on providing effective training on the subject. Given the OAS’s attributes as a facilitator, the workshop was offered as a way to communicate knowledge and experiences and create forums for dialogue and interaction among the participating countries. Thus, with the support of the IASPN, an interaction dynamic was achieved that transcended geographic boundaries and encouraged the sharing of ideas; the main objective of such interaction was to spur quality innovation and change in the area of MPIs.

Even with the understanding that designing a MPI is rather complex and requires an in-depth analysis by a team of people, a determination was made that the workshop’s objective would be to help interested countries gain a first-hand look at how the variables had been selected in the case studies chosen – Colombia, Mexico, and Uruguay – so they could subsequently apply such information domestically.
The workshop was held on September 18-19, 2013 in Bogota, Colombia. In collaboration with the Colombian government, ECLAC, and EUROsocial, the OAS/IASPN approximately 45 participants from 13 countries in Latin America, the Caribbean, and Europe were able to come together. The countries in attendance were Costa Rica, Brazil, Bolivia, El Salvador, Ecuador, Belize, Honduras, Peru, Paraguay, the Dominican Republic and Italy, and the case studies presented were Mexico, Colombia, and Uruguay. Each of the countries presented their MPIs, or the progress that had been made and their intentions in connection with creating MPIs.

The workshop included a series of training presentations and discussions that encouraged exchange and learning. Colombia, Uruguay, and Mexico presented their indexes and explained the components and the development process, providing multiple relevant illustrations. For their part, EUROsocial, ECLAC, the Oxford Poverty and Human Development Initiative (OPHI), and UNICEF shared their experiences with the use of the index and answered questions raised by the delegates from the attending countries. The countries discussed a first version of the variables they might include in their respective indexes, explaining their choices and receiving feedback.

The OAS’s financial contribution to the workshop was possible thanks to the support of an IASPN project funded by the US Department of State.
The methodology of exchange put together for this workshop was blended, meaning it combined pre-event virtual information sharing activities with presentations and working sessions during the two days of the workshop in Bogota. The organizers’ intent in using this combined methodology was to use the time and available human and technological resources for this workshop efficiently in such a way that the virtual sessions served to advance the preparation work and research necessary for holding deep and fruitful discussions in Bogota.

The virtual activities held before the workshop were conducted via the IASPN’s Knowledge Portal (www.redproteccionsocial.org). A discussion group exclusively for participants was created on the website; in the group, participants were able to introduce themselves, share their expectations regarding the workshop, share resources (publications, etc.), and receive inputs for the second activity. This second activity consisted of a virtual meeting held in real time—and organized by the IASPN Technical Secretariat— that included as a special guest, Dr. Ximena Peña, Ph.D. in Economics, Georgetown University, and member of the Academic Committee for Measuring Multidimensional Poverty in Colombia, as a workshop facilitator.

During this meeting, a detailed explanation was given of the participants’ workbook, which sought to compile information on databases and the availability of data in the countries of origin regarding different measures of poverty. Participating countries also had the opportunity to ask questions and launch preliminary discussions with their peers and experts from Colombia, Mexico, and Uruguay.

2. Workshop

2.2. Methodology of exchange

IASPN Knowledge Portal
(www.socialprotectionnet.org)

This website is a virtual forum for members of the IASPN community to share ideas and knowledge on social protection via innovative modalities.

IASPN Knowledge Portal
(www.socialprotectionnet.org)
The sessions held on September 18-19 began with both a presentation on the theory and a presentation of the composition of the indexes in the case study countries: Colombia, Uruguay, and Mexico. This portion of the workshop sought to broaden theoretical understanding of the index by revealing the multiple approaches used to define poverty, as well as to provide a complete vision of the concept, bearing in mind that there is not a single composition for the index, which is why each country may adapt the index to its own needs so as to have measures that are accurate and consistent with reality.

Day two of the workshop focused more on interaction and discussion among the participants. This working session aimed to disseminate the progress Latin American countries had made in this area, address the questions and interests of the delegates, and encourage the sharing of ideas and relevant recommendations in light of the particular needs of each country.

During the session, first the variables common to the three indexes presented as case studies—Colombia, Mexico, and Uruguay—were identified. The most was made of the presence of the representatives of the case study countries to discuss the importance of including those common variables in the indexes. The participating countries then had the opportunity to work individually, with the help of the facilitator and the delegates from the case study countries, to determine which variables they would include in their own indexes. The areas where the case study indexes differed were discussed and debate arose among the representatives of the participating countries about, for example, the usefulness of including a poverty-based-on-income measure as an integral part of gauging multidimensional poverty.

The table below shows—in summarized form—the methodological process used throughout the workshop to understand the thread of the interaction among countries.

**Figure 1. Methodological Process**

| Preliminary work | Summary of progress in each country Research on the existence of data and the main causes of poverty Virtual platform: Familiarization with the methodology and pre-workshop exchange |
| Session 1 | Theoretical presentation Conceptual framework and context Case studies |
| Session 2 | Dissemination of progress in each participating country Differences and similarities among indexes Discussion questions for participants |
| Subsequent work | Satisfaction surveys and suggestions Follow-up |
3. Main approaches

The three dimensions taken into account are health, education, and living standards, all weighted equally.
The first part of the session consisted of presentations given by experts representing a variety of organizations such as María Emma Santos of the Oxford Poverty and Human Development Initiative (OPHI). Researchers from this organization have been pioneering research on MPIs by developing the measures and have supported processes to develop MPIs nationally in 104 countries throughout the world. Such indexes are, generally speaking, comparable amongst themselves since they consist of the same variables.

Figure 2 presents the overall measure, its components, and the weighting. The three dimensions taken into account are health, education, and living standards, all weighted equally. The indicators are included within each dimension. In the case of health, for example, two indicators are evaluated: nutrition and infant mortality; both are weighted equally within their dimension. The same is true for the rest of the indicators in each dimension.
Also in attendance were Xavier Mancero, Officer in charge of the Social Statistics Unit at ECLAC and Paolo Raciti, an expert invited by EUROsocial. ECLAC’s presentation highlighted the importance of the very concept of poverty given that this term has undergone an evolution that has transformed the idea of poverty as a function of income into a concept that is broader in scope. Gradually, the concept has begun to be complemented by other areas, economic and social, and quality-of-life-related, that have reinforced this broader definition of poverty. The phenomenon of poverty does not occur at the income level alone, rather it can also be looked at using a more comprehensive rights- or capacity-based approach; the absence of rights or capacities may create poverty inasmuch as access to basic rights is made impossible and citizenship status is denied. With a rights-based approach, each of the segments measured is weighted equally. In the capacities-based approach, poverty is characterized by the absence of abilities: the lack of freedom to perform specific basic operations. Both approaches involve a much broader definition of poverty than the one determined by income alone. They also show the importance of understanding poverty in order to be able to target public policies to those dimensions marked by more deficiencies and to have a more inclusive vision.

Being aware of these approaches and of the importance of evaluating poverty based on the multiple factors that cause it rather than just on a money-based approach, the need for a multidimensional measure becomes clear. This change in vision is what has driven the development of several indices that endeavor to describe poverty, among which the multidimensional poverty index (MPI) stands out. To better illustrate these ideas, Paolo Raciti gave a presentation on how an MPI was applied in an area of Rome using a capacities-based approach. The index sought to apply the poverty measure’s calculations in such a way as to support the development and assessment of public policies in that area. It thus attempted to address poverty-related policy issues—based on the characteristics of households—that serve to fight poverty.

The MPIs of Colombia, Uruguay, and Mexico were presented based on certain guidelines: The background behind their creation, the databases—and availability thereof—from which the data used to calculate the MPI came, the dimensions and indicators of each of the index’s components, the weighting, and the use being made of each measure; this, in order to facilitate an understanding of the cases and providing clearer points of reference and comparison.

The phenomenon of poverty does not occur at the income level alone, rather it can also be looked at using a more comprehensive rights- or capacity-based approach.
Figure 3. Multidimensional Poverty Indexes in Colombia, Mexico, and Uruguay - Dimensions

Figure 4 provides a detailed look at the indicators each country uses to measure their MPI dimensions. We see that even though several of the dimensions are common to the three case studies, there is a series of differences related to the specific indicators and the threshold being used. Sometimes these differences are the result of legal limitations specific to each country, the availability of data, or the significance assigned to certain elements in each one of the countries.

In the case of Colombia, for example, education is measured based on two indicators. The first is educational achievement as it pertains to having at least one individual in a household age 15 or older with fewer than nine years of schooling. The second is illiteracy as it pertains to having at least one individual in a household age 15 or older who cannot read or write. Conversely, in Uruguay education is measured using only one indicator similar to that of educational achievement, though, given its laws, the threshold is different from Colombia’s. Individuals ages 5 or older who do not attend formal schools and meet at least one of the following conditions are considered below the threshold: (i) They were born before 1962 and never completed primary school; or (ii) they were born after 1961 and have not completed basic secondary education. Finally, in Mexico, the indicator is known as “educational lag.” A person is considered to be lagging in education if, in 2008, one of the following conditions was present: (i) s/he was between the ages of 3 and 15, did not have the required basic education, and was not attending a formal school; or (ii) s/he was born before 1982 and had not completed the required education level.

Similar descriptions could be made of the other common dimensions in the MPIs. It is clear that even though the countries wish to measure similar elements, their individual characteristics make it such that the measure is specific to each country. It is necessary, however, to stress that, in their weighting, each of the indexes considers every one of their dimensions to be equally important. In Colombia, for example, there are five dimensions, meaning each dimension has a weight of 0.2. The same holds true for Uruguay’s dimensions. Lastly, in the case of Mexico, each dimension is weighted at 0.16.

We see that even though several of the dimensions are common to the three case studies, there is a series of differences related to the specific indicators and the threshold being used.
Finally, methodological reinforcement was offered by the OPHI and each of the presenting countries to provide a deeper explanation of each of the measures, the reasons they were done as they were, and the arguments behind the development of the index.

Throughout the presentation and work sessions, each country was individually involved in exploring ways to develop its own index; this process was complemented by question and answer sessions at the conclusion of each panel. Besides facilitating understanding and the sharing of knowledge among the delegates, these forums also prompted high-level discussions among them. Specifically, the discussions focused on questions related to the indexes, how credible and consistent they were, the most appropriate way to select the units of analysis for them, etc.

It was noted that the consistency and credibility of an index are based on the data sources. As with any other measure, the better the quality of the data, the more objective the measure is and the more representative of reality its results. This is why it is important to use databases that are large enough to be considered representative since there are enough observations to generalize the calculation at the country level and even disaggregate among some groups or areas of residence. Additionally, as far as credibility is concerned, it is important to have as a foundation, widespread discussion within a country as to what indicators and thresholds really differentiate the poor from the rest of the population. When a well-founded study is used as a base, it is possible to consider the index to be a representation that approaches reality as well as one that is consistent and credible with respect to the dimensions and indicators taken into account.

The discussions also provided a glimpse into another of the main difficulties of the index: the potential to compare the measures both among countries and between periods of time in the same country. For example, as time goes by, thought can be given to adjusting an index’s variables based on the country’s development. At times, the measures stop being representative of the poor population owing to progress in coverage in some indicators and thus, these indicators may be rethought or eliminated from the index’s calculation. For example, if a country manages to ensure access to drinking water for all homes thanks to a new government initiative, this indicator would cease to be representative of poverty and it would no longer be necessary to analyze it. In rethinking the composition of an index, the question remains as to whether it will be comparable over time. This, however, is no different than what happens when measuring poverty based on income where the poverty line is updated based on the value of the family basket of goods at the time. It is therefore necessary, when rethinking an index in time, to bear in mind the trade-off between how essential it may be to update the measure and leaving it untouched for a longer period in order to look at how that particular dimension evolves.

Specifically, the discussions focused on questions related to the indexes, how credible and consistent they were, the most appropriate way to select the units of analysis for them, etc.
It becomes irrelevant to consider illiteracy as part of the index, it will become necessary to eliminate it since it will contribute no significant data for public policy development.

In the three countries analyzed, there are different ways to approach poverty measurement. The participating countries displayed interest in understanding the reasons for such approaches and why they had not chosen other different ones. For example, one of the most important decisions to be made when creating an index is determining what unit will be used to identify poverty. Two options exist: Measure poverty at the level of the individual or measure poverty at the household level. Uruguay and Mexico adopted the former option while Colombia adopted the latter. Since Colombia was the only case presented that evaluates poverty at the household level, questions were being asked about the reasons behind that decision. Colombia believes that by measuring poverty at the level of the household, it can do so bearing in mind the fact that households are whole units in terms of development, making them into complete entities. If anyone within the home is in a situation of vulnerability, it is likely that the entire household would be considered poor. In being able to discern this, it is possible to look at the general situation of a household by considering the family to be a single entity in which all of its members are inter-dependent. Conversely, Mexico and Uruguay evaluate poverty at the level of the individual. The reason these two countries adopted this measure is because the distinct characteristics of each individual may be noted. For example, one person may have studied, have access to healthcare, and have his or her own income. This means that that individual is above the poverty line, without regard to the people with whom he or she lives. Only an individual’s characteristics and not those of the other people in the household determine whether that person is poor or not.

Getting to know and sharing multidimensional measures (indexes) being implemented by different countries, and an academic perspective, given that it is a fairly new topic and is constantly being researched.

Representative from the Social Development Secretariat from Honduras.
3. Main approaches

3.2. Dissemination and discussion of countries’ progress

Given certain guidelines provided by the workshop facilitator, each invited country shared the background and historical profile of how they have been measuring poverty domestically. Available data sources and databases that may serve in the future for obtaining the information necessary for the index were also shown. In addition, an exercise was conducted aimed at probing the potential dimensions and indicators that could comprise the index for each respective country. These synopses served to bring the countries together, understand the general situation in Latin America with regard to measuring poverty, and provide guidance to each of the participants on how to start thinking about developing an index. Figure 5 summarizes the information presented by the countries in attendance.
Figure 5. Status of the MPI in Each Participating Country

El Salvador
El Salvador is working on a new survey to develop an MPI. To date, they have been considering a rights-based approach with 6 dimensions and 6 indicators. The statistics office is taking charge of this effort and they are talks underway about which thresholds to choose. In addition, a 500-person pilot test is being conducted to determine those cutoffs.

Dominican Republic
At present, the government of the Dominican Republic considers the development of an MPI among its priorities. The resources can be obtained from the government, but despite already having an idea of the model they wish to implement, they still lack a suitable database.

Ecuador
In 2008, a census based on unmet basic needs, was done of the poor population. This makes it possible to identify poor people and target social programs. Ecuador has data on education, health, employment, and housing. Each of these dimensions contains various indicators that are consistent with Ecuadorian law.

Perú
Perù has an index with 6 dimensions and 12 indicators. In order to overcome data limitations, they have sought new surveys and data from the Ministry of Health.

Paraguay and Paraguay
They are beginning the process.

Bolivia
Bolivia has made significant progress in reducing poverty. They currently have an index with 9 dimensions and 40 indicators focused primarily on a concept of poverty in the context of “vivir bien” [living well].

Brazil
Brazil has an MPI calculation based on the OPHI’s measure. They also have a human development index.

Costa Rica
Costa Rica has the “El Sano” Target Population Identification System. This tool has the task of computerizing population data so as to detect individuals who might potentially benefit from poverty-eradication programs. In doing this, Costa Rica is hoping to obtain data for developing a multidimensional poverty index and targeting public policies.

*Please note that this information was gathered at the time when the workshop took place in September of 2013.

Multidimensional Poverty Indexes
Figure 6 reveals the dimensions and indicators that are both common to and different in Colombia, Uruguay, and Mexico. Based on this comparison, a discussion began in which the presenting countries shared the reasons they had included each of these dimensions and indicators. These dimensions were discussed and shared in such a way that all of the delegates obtained the criteria necessary to determine whether or not to use them in their countries based on the arguments put forward by the experts.

Interesting discussions unfolded based on several questions that were raised regarding the usefulness of the index, how to improve it, and how to develop it. The importance of having a multidimensional poverty index in addition to other, already existing indexes was questioned. Colombia was put forth as an example of where different public policy programs use different indexes and thresholds to determine participation in the program. Each of these measures uses similar approaches to that of a poverty index. Given that so many surveys are used for different policy targets and the costs these surveys entail, questions were raised about the need for an additional index on top of those that already exist.

### Figure 6. MPI Dimensions and Indicators in Colombia, Uruguay, and Mexico

<table>
<thead>
<tr>
<th>Dimension</th>
<th>Mexico</th>
<th>Colombia</th>
<th>Uruguay</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Education</strong></td>
<td>Educational age: boys are in 2004, and one of the following conditions: 1) between 15 and 19 years of age, 2) completed school, 3) at least the last 5 years of high school.</td>
<td>Educational age: at least one person aged 15 or older to the household has never been enrolled.</td>
<td>Educational age: at least one person aged 15 or older to the household has never been enrolled.</td>
</tr>
<tr>
<td><strong>Health</strong></td>
<td>Access to one or more public health insurance programs, a public social security institution (IFSS), or a private health insurance</td>
<td>Health Insurance: Households without any individual over 3 years of age without health insurance,</td>
<td>Health care services within 24 hours, Households with at least one person aged 15 or older had some medical service in the previous 30 days without visiting a doctor.</td>
</tr>
<tr>
<td><strong>Quality, living spaces, and utilities</strong></td>
<td>Access to at least one public health insurance program, a public social security institution (IFSS), or a private health insurance</td>
<td>Access to a basic water source (adequate water source),</td>
<td>Access to adequate sanitation.</td>
</tr>
<tr>
<td><strong>Social security and work</strong></td>
<td>Direct access, number of family, other family members and voluntary or social programs for older adults.</td>
<td>Long-term unemployment: Households with at least one member of the ERM who has been unemployed for more than 12 months.</td>
<td>Direct and indirect social security coverage: Presence of the household head or member of the family.</td>
</tr>
<tr>
<td><strong>Access for food</strong></td>
<td>A food security scale based on the one proposed by the FAO, UNICEF, and WFP, and modified by the Ministry of Social Development, which is based on the sociocultural, economic, and political context of each country.</td>
<td>Access to a basic water source, (adequate water source),</td>
<td>Access to food, perennial food, and water.</td>
</tr>
<tr>
<td><strong>Conditions for Children and Youth</strong></td>
<td>School attendance: Households with at least one child who does not attend school.</td>
<td>Educational qualifications: Households with at least one child between the ages of 0 and 17 who is attending educational institutions or is being educated at home,</td>
<td>Access to early childhood care services.</td>
</tr>
<tr>
<td><strong>Financial Sufficiency</strong></td>
<td>Income, assessment is made to see if income is enough to afford a basic basket of goods.</td>
<td>Income, assessment is made to see if income is enough to afford a basic basket of goods.</td>
<td>Income based on the family basket of goods.</td>
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</table>
During the discussions, consideration was given to the fact that multidimensional indexes are gaining force globally; their usefulness in understanding the dimensions governments should focus on improving peoples’ living standards was stressed and there is hope the measure can be used to better understand the situation. Mention was also made of the fact that it is important to calculate this index with the attention warranted in order to be able to consider it a tool for targeting and comparison among countries and above all, to be able to look at poverty from a more inclusive angle. In addition, there was discussion about the potential for developing a specific index for certain population groups. This is particularly important for countries with indigenous communities or other population groups with diverse characteristics and needs given that such a situation requires use of a definition of poverty that is inclusive of differences. Based on this, discussion arose about the importance of disaggregating the index by population group and/or creating several indexes for a country’s different cultural and/or ethnic groups. The former is possible when there is a large and representative sample of the groups selected for analysis. The latter is a matter of study specific to each country where the cost of developing an index can be offset by the significance and usefulness thereof. One of the ideas put forth by the participating countries to address this issue was to consider an index that is even broader than the basic MPI proposed by the OPHI in order to capture the different characteristics of each country.

Bolivia proposed the concept of “Vivir Bien” [Living Well] based on which it is possible to analyze different variables that affect quality of life beyond the variables traditionally considered in poverty indexes. As this is an innovative way of approaching the issue, the participation of a country whose contribution goes beyond a poverty index and that is more focused on an even more extensive concept of poverty is being highlighted (see details in Box 1).
For purposes of better illustrating how to implement a measure like the MPI, three Colombian government agencies were invited to share the experiences they have had with using the index to develop different public policies. The Administrative Department of Social Prosperity (DPS) described using the MPI as a tool for geographically targeting various social programs, one being Familias en Acción [Families in Action] (the conditional money transfer program). The National Planning Department (DNP) presented a draft MPI exclusively for ethnic groups. And lastly, a presentation was given by the UNICEF office in Colombia on the use of the MPI in connection with childhood. These are examples of MPIs developed for specific groups and as such they served to deepen the discussions about developing MPIs in the participating countries. Figure 8 provides the conclusions for each of these topics.

<table>
<thead>
<tr>
<th>Use</th>
<th>Description and significance of the use of the MPI in different areas</th>
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<tbody>
<tr>
<td>MPIs as tools to target social programs</td>
<td>“Targeting is a social policy tool that channels the resources and efforts of social programs to the poorest and most vulnerable population in order to reduce the deficiencies they face.” In this regard, the MPI is useful because it:</td>
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<tr>
<td></td>
<td>• Reduces social costs by channeling relevant resources based on the specific deficiencies the population contains with.</td>
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<td></td>
<td>• Optimizes social resources in order to secure outcomes that have a greater impact and are more sustainable.</td>
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<td></td>
<td>• Fosters the coordination of social policy tools via a representative indicator.</td>
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<tr>
<td>MPS exclusively for population groups</td>
<td>Focuses on the development of a MPI for Colombia’s indigenous population. For this, the variables, cutoffs, and additional dimensions for the national MPI should be reviewed bearing in mind the preferences and needs of the indigenous population. This serves to uncover specific characteristics of poverty in different ethnic groups. For example, in Colombia the indigenous population experiences greater deficiencies in all the dimensions of the MPI and has a higher number of simultaneous deficiencies.</td>
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<tr>
<td>Use of the MPI as a targeting tool in the Red Umbrella program</td>
<td>The Red Umbrella program in Colombia is a government strategy for comprehensive interventions in vulnerable households by means of personalized support. What this program does is use the MPIs as a targeting tool for tracking participating families’ progress, since the program is comprehensive and seeks to cover all those aspects related to quality of life, use of the MPI to measure progress is important because it makes it possible to understand the best practices and district impact in each area and to push forward on those dimensions that lag the most in each family.</td>
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<tr>
<td>Multidimensional poverty index for children and youth</td>
<td>Colombia’s MPI for children was presented. This index measures deficiencies that hinder development of children’s and adolescents’ present and future abilities, which is an issue that is currently of interest to the Colombian government. It includes 8 dimensions: Education, nutrition, health, water and sanitation, housing, economic security, safety, free time and recreation, and, finally, information. The index is important in the context of the requirements of the 2010-2014 National Development Plan – Prosperity for All and UNICEF’s Equity Agenda.</td>
</tr>
</tbody>
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Entity responsible

<table>
<thead>
<tr>
<th>Administrative Department of Social Prosperity (DPS)</th>
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<tbody>
<tr>
<td>National Agency for Overcoming Extreme Poverty (ANVSEP)</td>
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Figure 7: Uses of the MPI in Colombia

Figure 8: Conclusions for each of these topics.
4. Conclusions of the workshop

After considering the role an MPI might play in a country, sharing the context of the country in the different dimensions that may comprise peoples’ quality of life is recommended.
Based on the presentations, discussions, and individual efforts, the workshop’s take-aways included some ideas to bear in mind when thinking about developing MPIs in the countries of the region.

It is first essential to have a sense of what poverty measures are available in a country, and then to understand the applications they have, how they are used to target public policies, and the importance they hold. This information makes it possible to assess whether multidimensional poverty measures complement already existing measures, or whether they replace one or more measures already established in the government.

After considering the role an MPI might play in a country, sharing the context of the country in the different dimensions that may comprise peoples’ quality of life is recommended. This participatory process that includes multiple stakeholder institutions should provide a broad vision of each of the relevant issues when it comes to measuring poverty multidimensionally.

Next, it is vital to look at the availability of data, which includes reviewing countries’ surveys and databases, the questions contained in the forms, frequency, and the places surveyed. Based hereon, the most appropriate database to use can be determined. If a database does not exist or there is no database suitable enough, the idea of creating a new one could be considered. This, however, requires a significant investment and hence, the cost-effectiveness should be effectively evaluated. In cases where a database does exist, consideration should be given to what might have to be adjusted to the needs of the measure, such as frequency or additional variables to be collected. In Colombia, for example, surveys are conducted annually, while in Mexico, the possibility arose to collect a larger sample every five years in order to have representativeness at a municipal level every five years.

It is also important to consider the institutions responsible for collecting data and calculating and sharing the index. These institutions should be the ones in charge of thinking about the adjustments needed in the dimensions and indicators. Lastly, consideration should also be given to the dissemination of the data calculated. This, for purposes of using the index efficiently as far as targeting public policy is concerned. Figure 9 shows the steps to be taken into account when thinking about the possibility of developing an MPI.

Figure 8. Important Steps for Developing an MPI

1. **Country context**
   - Analysis of existing poverty measures and use thereof

2. **Availability of data**
   - Existing databases
   - Participatory process to determine poverty dimensions within the context of the country

3. **Institutional Framework**
   - Creation of MPIs and adjustments
   - Characteristics of the MPI
   - Rights- or capacities-based approach
   - Observation unit: individual or household
   - Dissemination of the measure
The analysis of the experiences of Colombia, Mexico, and Uruguay also demonstrated that even when an MPI enables a more comprehensive vision of the poverty phenomenon, some challenges persist after developing and implementing the measure. The comparability of the index is perhaps one of the most pressing difficulties the institutions responsible for monitoring poverty in the above countries have encountered. On the one hand, there is pressure to compare the index with other countries. This is difficult because the variables and data vary according to the country. Additionally, having different dimensions based on the context of each country makes it even more difficult to have a measure that provides relative data between countries. On the other hand, it is difficult to compare the index within the same country over time due to structural adjustments or changes in the make up of the index. Consideration should be given to the pressure that exists between tweaking an MPI’s dimensions or indicators in light of a country’s progress or keeping the index intact and being able to compare over time, but without providing additional data for the dimensions that have already managed to cross over the poverty line.

Another relevant point that came up during the discussion was the politics surrounding choosing variables effectively. Beyond the importance of having a technically consistent MPI in a country, it is also important to take into account potential divergences and conversations within the political process of the design and implementation of these tools. A question was also raised about the relationship between technical consistency in the design of MPIs and the need to make them “digestible” or “common sense” for policymakers, policy implementers, and the public in general.