POVERTY MESUREMENT IN UGANDA
A case for the Multidimensional Poverty Index (MPI)

By

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Overview

- Welfare measurement in Uganda
- What Multi Dimensional poverty Index (MPI) is about
- Purpose of the MPI
- MPI development process in Uganda
- Dimensions of MPI Uganda
- MPI versus Income poverty Measure

Overview of poverty measurement in Uganda

- Poverty measurement dates as far back as 1997 under the Poverty Eradication Action Plan (PEAP)

- The main measure of welfare is income poverty and this has been done over the years using data from National Household Surveys.

Household expenditure includes :

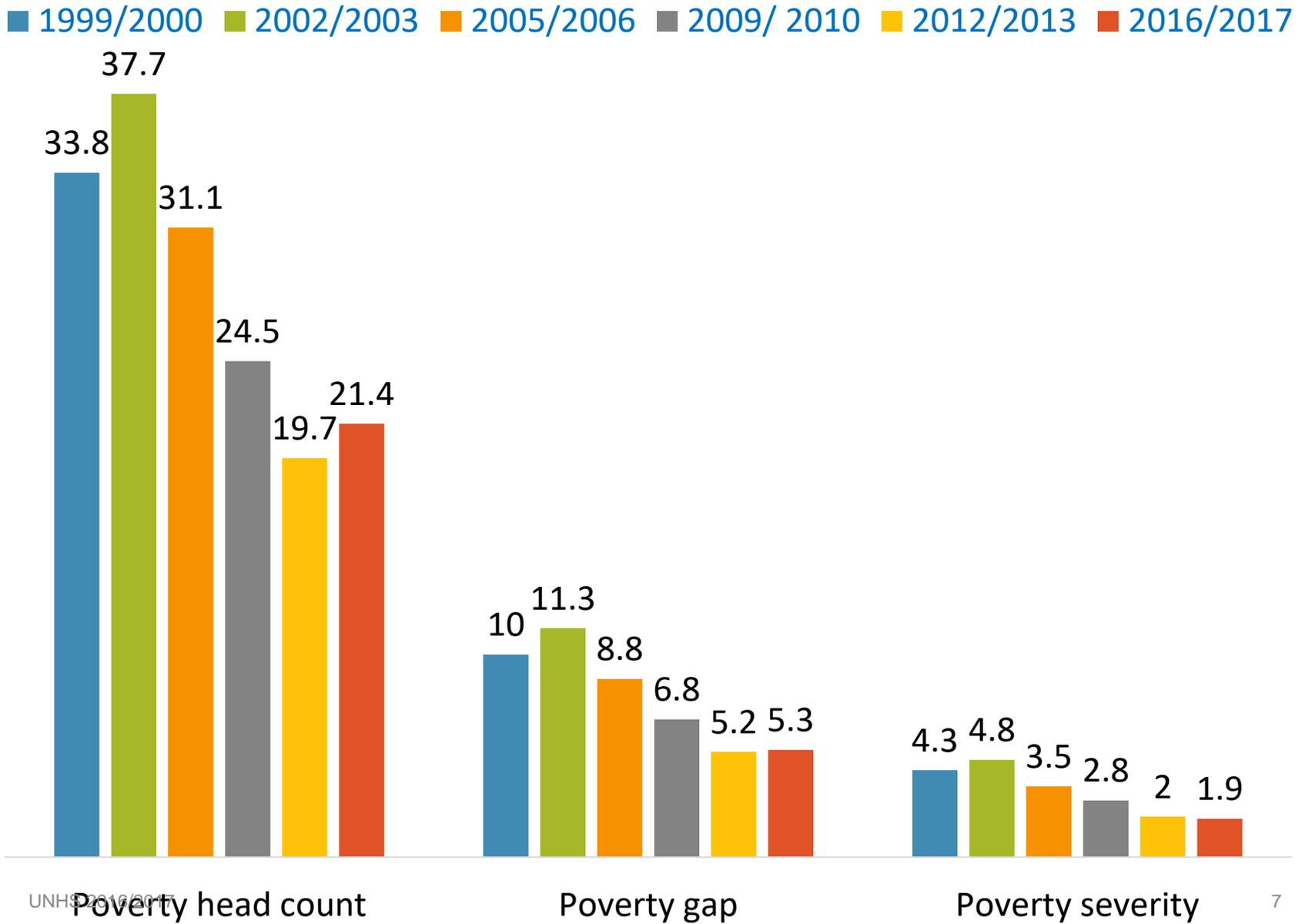| Item Group	Reference period
Food and Beverage	7 days
Frequently consumed non-food items • **Charcoal** • **Paraffin or kerosene** • **Air time for mobile phones** • **Newspapers and Magazines etc.**	7days
Non-Durable Goods and Frequently Purchased Services • **Rent of rented house/Fuel/power** • **Non-durable and Personal Goods** • **Transport and communication** • **Health and Medical Care** • **Other services**	30 days
Semi-Durable Goods and Durable Goods and Service • **Clothing and Footwear** • **Furniture, Carpet, Furnishing etc.** • **Household Appliances and Equipment** • **Glass/ Table were, Utensils, etc.** • **Education** • **Insurance Premiums (heading)**	365 days
Non-consumption Expenditure	365 days

Adjustments

- A hedonic regression was used to impute rent for households with missing information on rent.

- The national composite Consumer Price Index (CPI) for deflating expenditure i.e.
  - Food CPI – Expenditure on food
  - Non-food CPI – Expenditure on non-food items.

- A food index derived from household consumption from purchases is used to account for differences in food prices across region (by rural/urban divide). This allows for adjustment expenditure on food from own-production.
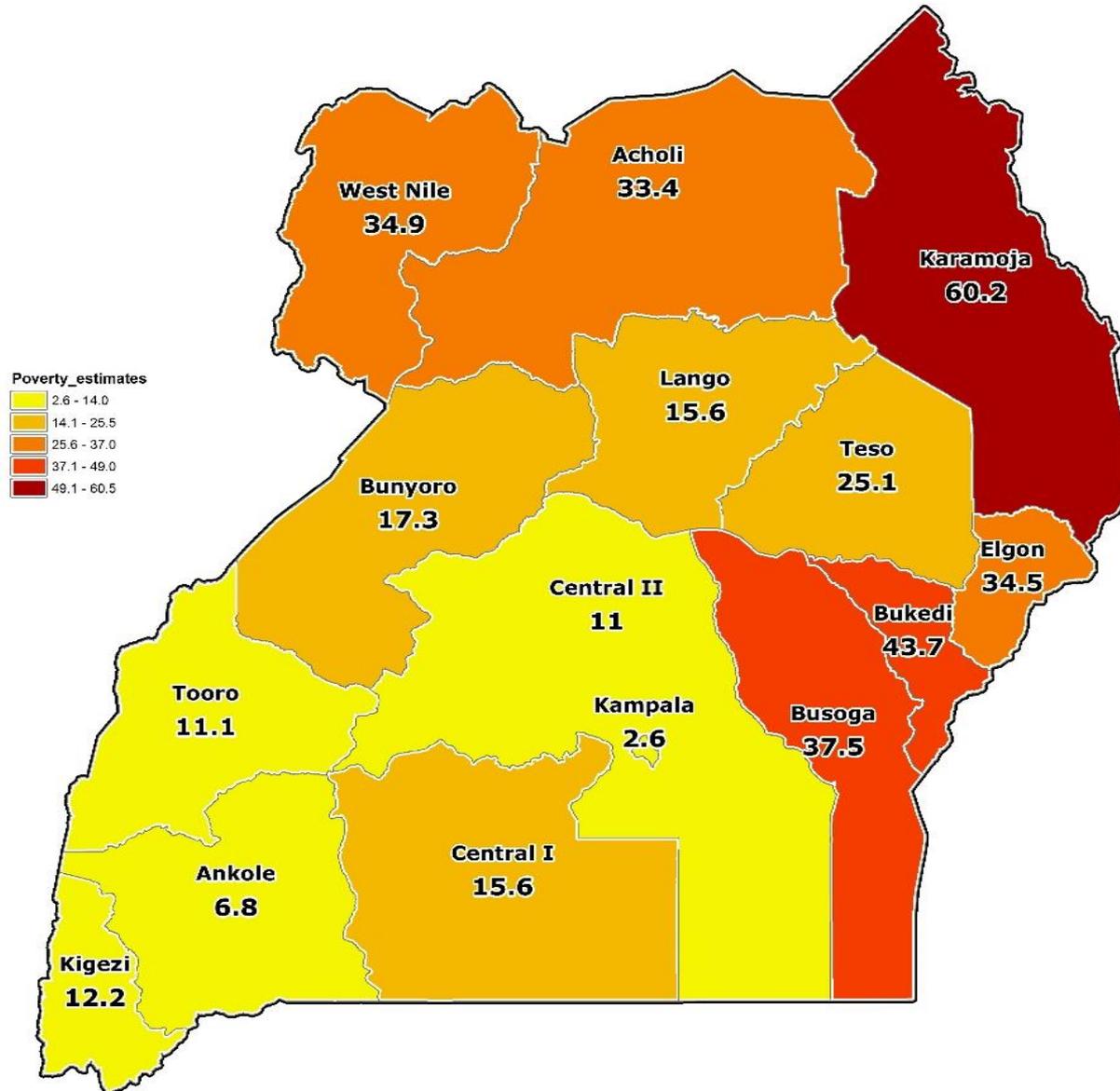
Introduction (contd.)

- All expenditures are converted to 30 days
- Consumption aggregate (welfare measure) used in poverty analysis captures ONLY consumption expenditures
  - Household consumption expenditure used as a proxy for household income
  - Welfare proxy – consumption expenditure per adult equivalent; and official absolute poverty line derived by Appleton
  - Both welfare measure and poverty line expressed in 2009/2010 prices

Poor persons (%), 1999-2017

Legend: ■ 1999/2000 ■ 2002/2003 ■ 2005/2006 ■ 2009/ 2010 ■ 2012/2013 ■ 2016/2017

Poverty head count: 33.8, 37.7, 31.1, 24.5, 19.7, 21.4

Poverty gap: 10, 11.3, 8.8, 6.8, 5.2, 5.3

Poverty severity: 4.3, 4.8, 3.5, 2.8, 2, 1.9

Poverty Estimates by Sub-regions

What is MPI

- Proposals to measure welfare beyond income have been made over time mainly due to the believe that poverty is multifaceted and hence more methods are needed to estimate it

- A measure designed to capture acute deprivations that people face at the same time.

- The MPI reflects both the incidence of multidimensional deprivation (the number of people that suffer deprivations in multiple aspects of life at the same time within a given population), and its intensity (how many deprivations they experience at the same time on average).

- It can be used to create a comprehensive picture of people living in poverty, and permits comparisons both across countries, and within countries and districts as well as by urban/rural location.

Background ctd

Purpose of the MPI

- Compare regions in terms of MPI, thereby allowing the Government and other stakeholders to focus services and policies accordingly

- Measure the progress achieved over the years, and

- Complement the income poverty measure. i.e

▪ Addressing poverty in all its forms requires multi-pronged and coordinated approach

MPI Development Process in Uganda

- Multi-sectoral team established – UBOS leads the core team while Ministry of finance leads the steering committee

- Two rounds of training were provided to members of the government team to build their capacity by OXFORD/OPHI

- Consultations to get feedback on the proposed dimensions and indicators were done at sectoral as well as regional level.

MPI Development Process...Cont'd

- The existing data sources were assessed on the basis of having all the agreed dimensions.
  - The Demographic and Health Surveys 2016
  - The Uganda National Household Survey 2016/17
  - The Uganda National Panel Survey 2015/16
- Choosing the unit of analysis
  - Household level
- Choosing the dimensions and indicators
- The computation of the MPI Uganda was done using the Uganda National Household Survey 2016/17 data.

MPI Deprivation for dimensions

Dimensions	Indicators	Deprivation cutoff	weights
Education 1/4	Years of schooling	Deprived if no household member above 14 years of age has completed 6 years of schooling	**1/8**
	School age child attendance	Deprived if any school-aged child is not attending school (between 6 and 18 years of age)	**1/8**

MPI Deprivation for dimensions ctd

Dimensions	Indicators	Deprivation cutoff	weights
Health 1/4	Access to Health Services	**Deprived if at least one household member was sick in the 30 days preceding the survey and did not seek for care due to a range of reasons**	**1/12**
	Improved water	**Deprived if the household has no access to an improved source of water according to MDG standards Does this take into consideration the time to water?**	**1/12**
	Improved toilet facility	**Deprived if the household does not use improved toilet facility and the toilet facility is not shared**	**1/12**

MPI Deprivation for dimensions ctd

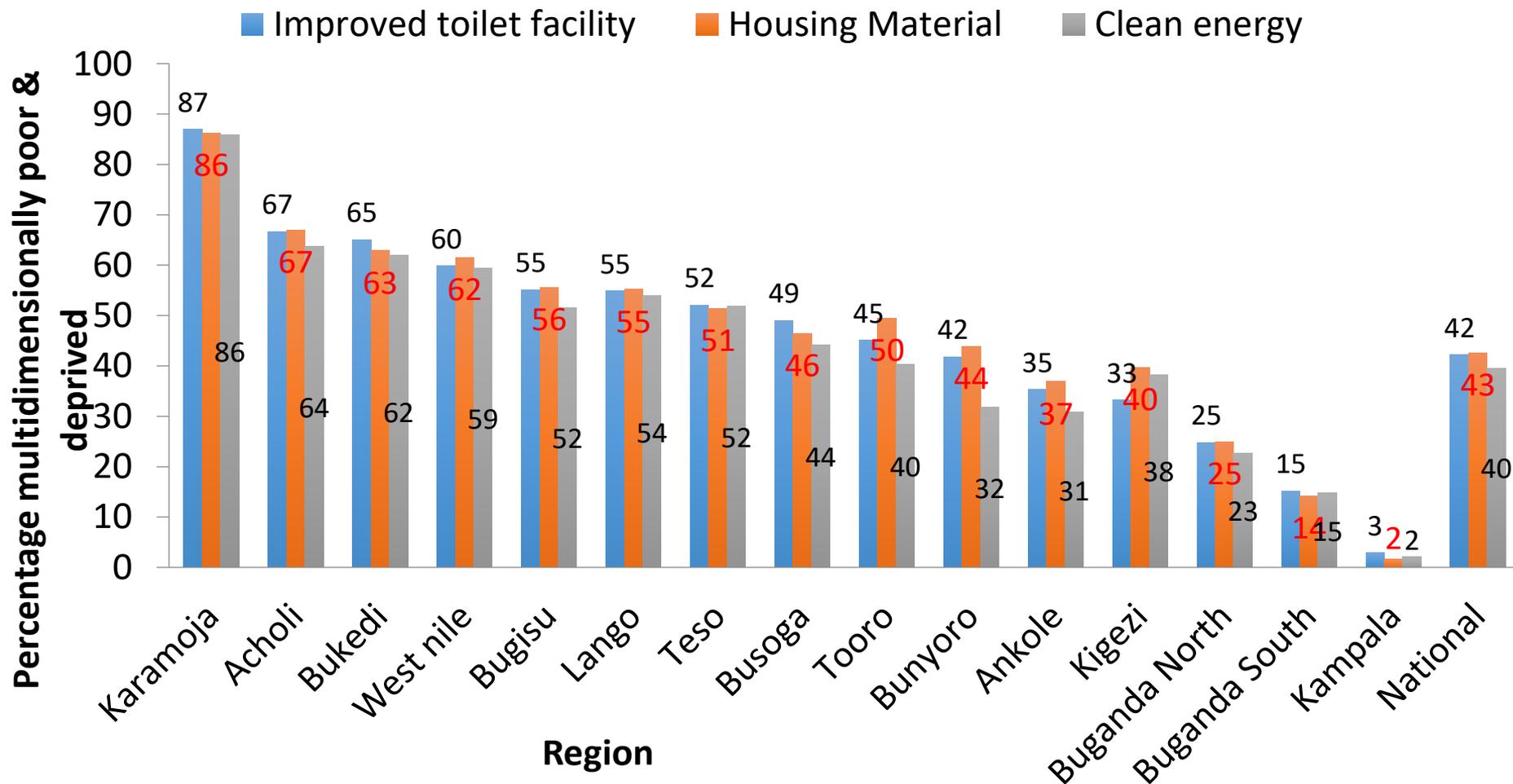| Dimensions	Indicators	Deprivation cutoff	weights
Living standards 1/4	Over crowding	**Deprived if the household is overcrowded (3 or more people per room)**	**1/16**
	Electricity	**Deprived if the household has no access to clean energy sources such as electricity, solar, generator, thermal etc.**	**1/16**
	Housing Material	**Deprived if the household has unimproved walls or roof or floor**	**1/16**
	Asset ownership	**Deprived if the household does not have at least one communication or transport asset (bicycle motorcycle motorboat radio phone TV) and has no car In the text says two**	**1/16**

MPI Deprivation for dimensions **ctd**

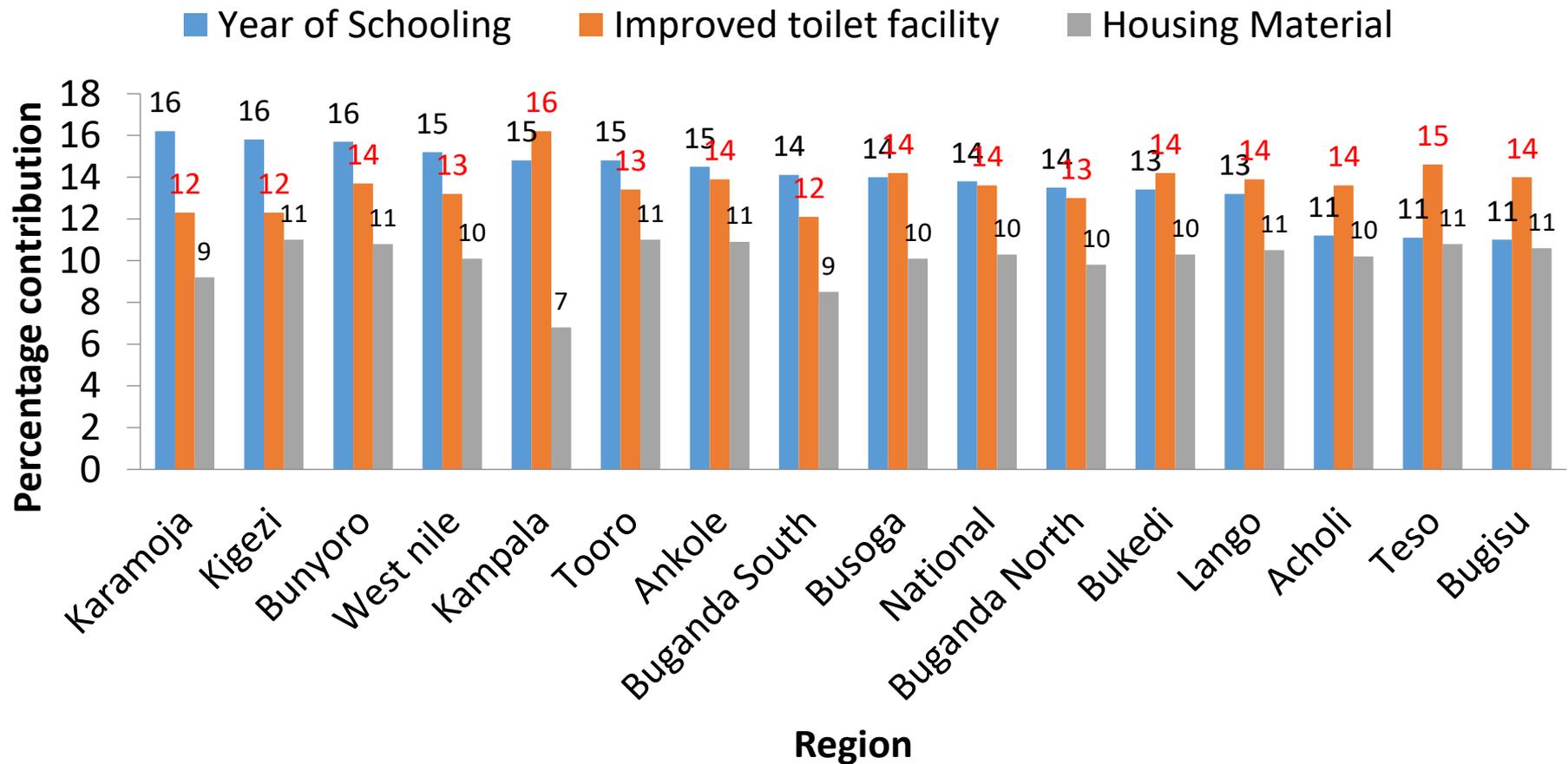| Dimensions	Indicators	Deprivation cutoff	weights
Employment & financial inclusion 1/4	Child labour	**Deprived if any household member 5 to 17 years is engaged in work**	**1/12**
	Subsistence farmer only or casual labour in agriculture	**A household is deprived if the head is subsistence farmer only or casual labourer in agriculture**	**1/12**
	Financial services	**Deprived if no member of the household (16 years and above) has/uses financial products or does not use mobile money**	**1/12**

Poverty and deprivation cut-offs

(a) A dimension-specific poverty cutoff (deprivation cutoff) – where a person is considered deprived in each indicator if their achievement falls below the cutoff;

(b) A cross-indicator cut-off (or poverty cut-off) - where the minimum number of deprivations necessary across indicators is set to determine whether a person is considered to be poor

(c) The poverty cutoff – the share of dimensions in which a person must be deprived in order to be considered multidimensionality poor - was set at 40%
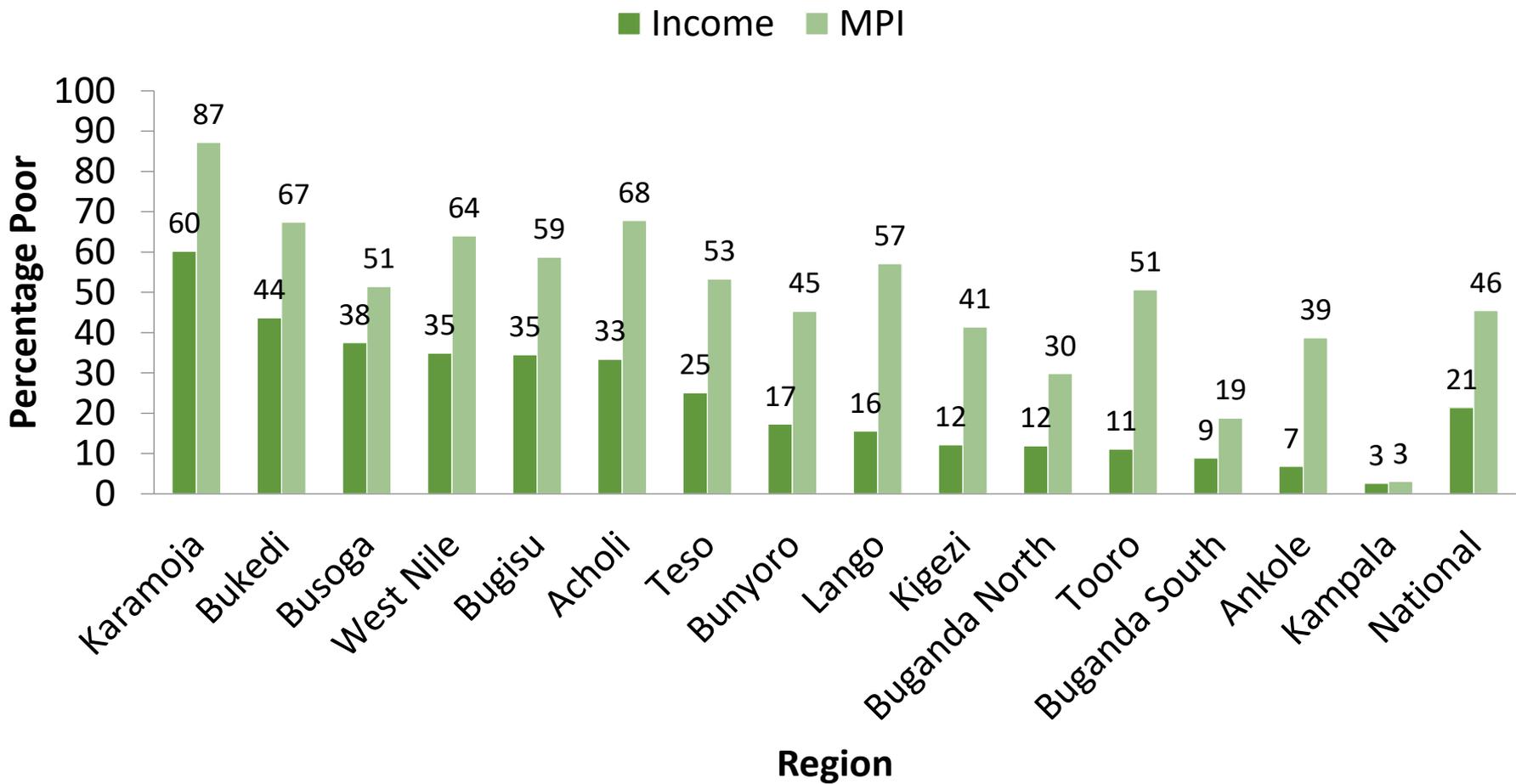
Results

Percentage of people who are multidimensionally poor and deprived in some selected indicators

Percentage contributions of Indicators to the MPI

Income and Multidimensional poverty compared

MPI versus Income poverty measure

- The MPI **is not** meant to replace income poverty but complement it.

END

THANK YOU