38. Analysis to understand the multidimensional nature of poverty at Sida

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Fighting poverty requires a better understanding of all its dimensions

Achieving the overall objective of Swedish development co-operation, "to create preconditions for better living conditions for people living in poverty and under oppression", requires understanding of who is living in poverty, how that poverty is experienced and the underlying direct and indirect causes. The 2030 Agenda pledges to "leave no one behind" and recognises that poverty is multidimensional. However, Sida lacked a framework and practical tool for better targeting the poor, better understanding what main constraints they face, and better directing policies and projects at all levels.

Developing a framework for multidimensional poverty analysis

Sida has developed a framework for multidimensional poverty analysis (MDPA).[1] The framework has been used mainly to analyse country-specific constraints to reducing poverty, but has also been used to assess links between the causes of poverty for a country portfolio or a global programme. Analysis is based on three entry points: **Who** is poor? **How** does poverty manifest itself? And **why**?

Sida defines poverty in four dimensions (**how**), as illustrated in Figure 38.1:

1. **Resources** (income and non-income, material and non-material, for example income, physical assets, health, education).

2. **Opportunities and choice** (possibilities for developing and/or using resources to move out of poverty, for example access to markets, access to education, access to employment).

3. **Power and voice** (ability to articulate concerns, needs and rights in an informed way, and to take part in decision making affecting those concerns, for example absence of discrimination based on gender, age, caste, class, religion, ethnicity or sexual identity).

4. **Human security** (absence of violence, domestic or national, and insecurity that would prevent people from moving out of poverty).

Multiple causes interact to keep people in poverty or push those who have escaped poverty back into it. There are no one-dimensional policy solutions. Apart from the dimensions of poverty that reinforce each other, the outer circle of the framework covers the main elements that help explain country-specific opportunities and constraints to inclusive, sustainable development and poverty reduction (**why**). The **economic and social contexts**, the **political and institutional contexts**, the **peace and conflict contexts**

and the **environmental contexts** are interlinked and affect the different dimensions of poverty.

The framework puts the poor at the centre of the analysis (**who**). The **who** and **how** are assessed from the perspective of the people living in poverty. The key to MDPA is characterising the different groups of poor, where they live, their income-generating activities, gender and skills. MDPA assesses constraints in the development context for the country in general but in particular for specific groups of poor people. This approach does not imply exclusively focusing on the direct, local causes of poverty but also considering indirect constraints, or constraints at the national or global level, in terms of how they affect the ability of people to move out of and stay out of poverty.

Focus on participation in defining the concept, analysis by the country team and support from management

Keys to the success of the MDPA framework and associated Poverty Toolbox[2] as practical ways to put poverty in focus are:

1. **Broad agreement on the MDPA concept**. The MDPA was developed in a very participatory way, which led to broad ownership and a willingness to use and improve the framework and toolbox. The Poverty Toolbox is still evolving. A number of pilots ensure the tool is feasible and relevant in practice. Most importantly, interdisciplinary discussions have become much more productive and provide clarity on the common goal.

2. **Analysis should preferably be done by the country team.** Where time and resources are lacking, one of the main benefits of the MDPA is that it stimulates discussions within teams (when possible together with other organisations) that encourage understanding of all the dimensions of poverty and allow trade-offs and joint prioritising. Flexibility - in the depth of analysis, the areas covered and the format of deliverables - has been key to success.

3. **Support from management.** Throughout the process of developing MDPA, support from higher management has been crucial. Formal guidance and instruction have been incorporated gradually in country strategy processes, along with clear goals for annual work plans. Where country teams have been fully supported by the leadership there is a clear difference in the quality and usefulness of the results of MDPA.

What next?

MDPA differs from other multidimensional poverty approaches as it takes country analytics as its starting point. Other approaches start by measuring multidimensional poverty (often creating indices), including sub-dimensions of resources, such as education, health and physical assets. The comprehensive country analytics (or diagnostics) approach means that - depending on the context - there will be areas with limited or no data or knowledge. Rather than ignoring these areas, the need for better knowledge becomes part of the conclusions. Hence, multidimensional poverty country analytics and multidimensional poverty indices complement and feed off each other.

Throughout the development and roll out of the MDPA, there has been dialogue with other partners, such as the Organisation for Economic Co-operation and Development (OECD), Oxford Poverty & Human Development Initiative (OPHI), the World Bank

Group, UK Department for International Development (DFID), United Nations Development Programme (UNDP), International Labour Organization (ILO) and the European Bank for Reconstruction and Development (EBRD). This dialogue has been crucial to the development of the concept, framework and toolbox. Going forward, such partnerships, and the discussions they involve, will be crucial for the impact of MDPA.

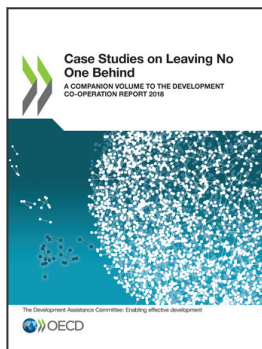**Figure 38.1. The Sida Multidimensional Poverty Analysis model**

Notes

[1] A short video is available here:
https://www.youtube.com/watch?v=ARsYRIXWb0U&feature=youtu.be.

[2] Poverty Toolbox: https://www.sida.se/English/partners/resources-for-all-partners/methodological-materials/poverty-toolbox/.

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