

### Poverty in Mozambique: A National Perspective

Presentation for the Swedish International Development Cooperation Agency Event on Multidimensional Poverty Assessments in Mozambique

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# Background



The assessment of poverty in Mozambique is inscribed in the 2010-2014 Poverty Reduction Action Plan (PARP).

This is the medium-term strategy of the Government of Mozambique for putting into operation the Five-Year Government Program (2010–14).

This medium-term instrument is part of the National Planning System (SNP) and is aligned with the vision of Agenda 2025.

## This Talk



This presentation introduces the latest assessment of poverty in Mozambique from a **multidimensional** perspective: Fourth Poverty and Well-being assessment in Mozambique.

In accordance with SDG 1 that aims for the eradication of poverty in all its forms, it includes an evaluation of **monetary** and **non-monetary poverty** for the period 1996 – 2014.



#### Pobreza e bem-estar em Moçambique:

Quarta avaliação nacional Inquérito ao Orçamento Familiar - IOF 2014/15



#### Outline



- I. Measurement
- I.1 Monetary: Uses Basic Needs Approach with poverty lines by province
- I.2 Non-Monetary poverty: Uses a multidimensional lens and applies a Counting Approach (c.f Alkire, Foster 2011)
  Normative considerations: choice of dimensions, indicators, weights
  Example of the AF Counting Approach
- II. Results
- II.1. Monetary incidence: national and provincial
- II.2 Multidimensional poverty incidence, intensity: national provincial

#### Concluding Remarks

#### I. Measurement: Data

The poverty reports use nationally representative household surveys that allow disaggregation by area and by province, referred to as:

Household Survey: Inquérito aos Agregados Familiares (IAF);

Household Budget Survey: Inquérito ao Orçamento Familiar (IOF)

The appraisals of 1996 and 2002 used the IAF96 and IAF02 respectively, while those of 2008 and 2014 used the IOF08, and IOF14, respectively.

The 2014 IOF sampled 11.000 households.

#### I.1 Measurement: Monetary Poverty

Monetary poverty is defined in absolute terms and measured according to the Basic Needs Approach (BNA), that defines the absolute minimum resources necessary for long-term physical well-being, in terms of consumption of food and non-foods items.

The poverty line is then defined as the amount of income required to satisfy those needs.

### I.1 Measurement: Monetary Poverty

The poverty lines in Mozambique for all periods of the analysis reflect:

the cost of buying a consumption basket of food items that provide 2150 calories per person per day;

the cost of buying basic goods and services (non-food related),

To account for inflation the poverty line is deflated (real poverty line).

To account for spatial differences the analysis uses poverty lines by province.

#### I.2 Measurement: Non-Monetary Poverty

The 2015 Sustainable Development Agenda acknowledges poverty as multidimensional.

Target 1.2: by 2030, reduce al least by half the proportion of men, women and children of all ages living in poverty in all its dimensions according to national definitions.

Non-monetary poverty is therefore measured using a multidimensional approach.

It applies the Counting Approach proposed by Alkire and Foster in 2011, to quantify the incidence and intensity of multidimensional poverty.

## I.2 Measurement: AF Counting Approach

The AF method identifies the poor using two forms of cutoff one within a dimension, and one across dimensions.

The dimensional cutoff (denoted by z) is a traditional dimension-specific deprivation cutoff, that identifies a person as **deprived** if she falls below a (dimensional*indicator*) poverty line.

The cross-dimensional cutoff (denoted by *k*) states how widely deprived a person must be in order to be **identified** as **multidimensionally** poor, by *counting* the dimensions in which she is deprived.

# I.2 Measurement: AF Counting Approach

- This method proposes a family of measures that can reflect the incidence, depth and severity of multidimensional poverty, among which the **adjusted headcount ratio** ( $M_0$ ) is the mostly widely used (c.f UNDP 2010-2018; World Bank, 2018).
- $M_0$  is the product of two indices:  $M_0 = H \times A$
- *H* is the multidimensional headcount ratio. This is the percentage of people. It shows the *incidence* of multidimensional poverty.
- *A* is the average proportion of deprivations that the poor experience at the same time (overlap). It shows the *intensity* of people's poverty

#### I.2. Example

	Health	Education	Shelter	Personal security	Deprivation score	Poor (with <i>k</i> = 2)	Censored deprivation score
Household							
1	1	1	1	0	0.75	Yes	075
2	1	1	0	0	050	(Yes)	( 0.50 )
3	0	1	0	0	0.25	NO	
4	0	0	1	0	0.25	No	0
5	1	0	0	0	0.25	No	0

#### Table 2.5 Illustration of Overlapping Poverty Index

Note: 1- below deprivation threshold; 0 - above threshold. Households are assumed to be equal in size. Dimensions each receive a weight of 0.25, so the score for household 1 is 3 times 0.25. On this basis, 2 out of 5 individuals are suffering multiple deprivation (k is 2 or greater), so that the headcount ratio, H, is 40 percent.

Source: Atkinson's Commission Report: Monitoring Global Poverty

H = 40% A = 62.5% (3 indicators)

**Overlapping poverty** 

## II.1 Results Monetary Poverty: Incidence rates (%)



### II.1 Monetary Poverty: Incidence rates by Province (%)

Ároa	1 <sup>a</sup> Aval.	2 <sup>a</sup> Aval.	3 <sup>a</sup> Aval.	4 <sup>a</sup> Aval.
Alea	96/97	02/03	08/09	14/15
Nacional	69,7	52,8	51,7	46,1
Urbano	61,8	48,2	46,8	37,4
Rural	71,8	55 <i>,</i> 0	53 <i>,</i> 8	50,1
Niassa	71,9	48,3	33,0	60,6
Cabo Delgado	59,1	60,3	39,0	44,8
Nampula	69,4	49,1	51,4	57,1
Zambézia	67,6	49,7	67,2	56,5
Tete	81,9	60,5	41,0	31,8
Manica	62,4	44,7	52,8	41,0
Sofala	87,8	41,3	54,4	44,2
Inhambane	83,0	78,1	54,6	48,6
Gaza	64,8	55,4	61,0	51,2
Maputo Província	65 <i>,</i> 6	59,0	55 <i>,</i> 9	18,9
Maputo Cidade	47,1	42,9	29,9	11,6

#### **II.2 Multidimensional Poverty: Normative Considerations**

Dimension	Indicator	Deprived if	Weight	
Education	Primary education	No household member aged 10 years or older has completed primary schooling.	1/6	
Health	Improved Drinking Water	The household does not have access to a clean water source such as piped water (in or outside the household) public tap, borehole or pump, bottled water, or mineral water.	1/6	
	Improved Sanitation	The household does not use some type of flush toilet or latrine, or ventilated improved pit or composting toilet.		
Housing	Standard coat of roof/walls	The household does not have slab of concrete, tile, or plates (or a zinc lusalite)	1/6	
	Electricity	The household has no electricity.	1/6	
Durables	Asset ownership	The household does not own at least three durable goods: radio, TV, telephone, computer, printer, bed, refrigerator, freezer, bicycle or motorbike.	1/6	

### II.2 Multidimensional Poverty: Number of deprivations

_	Percentage of households									
Number	1996 2002		2008	2014						
of deprivations	IAF96	IAF02	IOF08	IOF14						
0	2.0	5.1	8.5	15.9						
1	2.3	4.0	5.3	8.2						
2	3.0	6.1	6.8	8.6						
3	6.9	9.0	10.1	12.5						
4	12.1	16.0	18.6	19.0						
5	27.2	26.5	27.1	21.4						
6	46.5	33.2	23.7	14.4						

#### II.2 Multidimensional Poverty: M0, Incidence, Intensity (k = 60%)

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Area	IAF96	IAF02	IOF08	IOF14	IAF96	IAF02	IOF08	IOF14	IAF96	IAF02	IOF08	IOF14
National	0.77	0.66	0.59	0.45	86%	76%	69%	55%	90%	87%	85%	82%
Urbano	0.40	0.32	0.25	0.14	50%	41%	31%	0 18%	79%	78%	80%	78%
Rural	0.87	0.82	0.73	0.59	95%	92%	86%	o 72%	92%	89%	85%	82%
Norte	0.86	0.77	0.69	0.56	95%	87%	81%	68%	91%	89%	85%	83%
Centro	0.86	0.75	0.68	0.52	93%	84%	80%	64%	92%	89%	85%	82%
Sul	0.53	0.38	0.26	0.14	64%	48%	33%	19%	83%	79%	79%	75%

National: Larger reduction in incidence (30%) than intensity (8%, less than 1 indicator) Area: Larger improvements in Urban, and South

#### II.2 Multidimensional Poverty: Incidence (k =60%)



#### II.2 Multidimensional Poverty: M0, Incidence, Intensity by Province

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Province	IAF96	IAF02	IOF08	IOF14	IAF96	IAF02	IOF08	IOF14	IAF96	IAF02	IOF08	IOF14
Niassa	0.87	0.77	0.63	0.60	95%	» <u>89%</u>	77%	o 73%	92%	87%	82%	82%
Cabo Delgado	0.87	0.80	0.70	0.52	97%	o 90%	83%	64%	90%	89%	84%	82%
Nampula	0.87	0.76	0.71	0.57	95%	85%	82%	68%	92%	89%	87%	84%
Zambézia	0.90	0.84	0.77	0.63	96%	92%	88%	o 75%	94%	91%	87%	84%
Tete	0.87	0.79	0.71	0.55	95%	» <u>89%</u>	85%	67%	92%	89%	83%	82%
Manica	0.79	0.60	0.63	0.39	89%	o 70%	76%	50%	89%	85%	83%	78%
Sofala	0.77	0.61	0.53	0.36	86%	o 71%	62%	46%	89%	86%	85%	78%
Inhambane	0.72	0.67	0.49	0.33	83%	81%	60%	43%	87%	83%	82%	76%
Gaza	0.66	0.41	0.37	0.17	79%	52%	47%	23%	83%	78%	78%	74%
Maputo Pr	0.59	0.27	0.13	0.05	73%	38%	18%	7%	81%	72%	74%	74%
Maputo Cd	0.12	0.09	0.02	0.01	18%	13%	3%	0 1%	69%	69%	69%	67%

H: Greatest reduction in Maputo Cd. Lowest reduction in Niassa and Cabo Delgado A: Remains stable.

## **Concluding Remarks**

The fourth poverty assessment for Mozambique indicates:

- A significant reduction in monetary and multidimensional incidence rates
- A reduction in the intensity of multidimensional poverty, although less pronounced.

Under both lens, urban poverty experienced greater reduction compared to rural poverty, with Maputo Cd exhibiting the largest gains in both multidimensional and monetary poverty. Provinces in the North seem to be less favoured by this reduction.



#### Thanks.