

Poor, multidimensionally speaking: Evidence from South Africa

Abstract

There is an expanding literature on multidimensional poverty measurement. Even though the theoretical foundations of the field are well-developed, there are only a few empirical papers on developing countries, especially on the comparison of different measures. This paper applies a decomposable multidimensional measure developed by Alkire and Foster (2007) to a cross-sectional dataset on South Africa. This measure allows for decomposition of final outcome into the dimensions used. Furthermore, South Africa provides an interesting case study as the country is renowned for its high income-inequality rate. The contribution of the paper is to draw significant policy implications when a decomposable multidimensional measure is used as opposed to measures that are either multidimensional but not dimensionally decomposable or unidimensional. Specifically, it evaluates the current policy-making mechanism in South Africa at the provincial level and suggests alternative revenue-allocation schemes by using the Alkire-Foster measure.

JEL Classification: I3, I32. O1

Keywords: Multidimensional Poverty Measurement, South Africa, Poverty Comparisons, Basic Needs Approach, Capability Approach, MDGs