

Priority-Based Multidimensional Poverty

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Paper Abstract: In this paper, we propose a new methodology of multidimensional poverty measurement based on self-stated responses to household spending priorities. This information is first used to know what the relevant deprivations are. Then, the stated top priorities allow us to identify the poor. Finally, for each household, the deprivations are axiomatically aggregated according to relative weights computed from the data on priorities.

This allows us to: (1) eliminate ‘Command’ variables in favour of ‘Intrinsic’ welfare variables; (2) deal with needs heterogeneity, (3) avoids the arbitrariness typically arising in multidimensional poverty indices.

Finally, we propose an empirical application to Seychelles that: (1) elicits what the main deprivation dimensions are, (2) delivers a realistic estimated incidence of poverty, (3) show the targeting consequences of using multidimensional poverty indicators rather than one-dimensional poverty indicators.