

Pro-Poor Growth Policies in a Multidimensional Framework: Experiences from India

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Over the years, the pro-poor growth literature produced several policies that might be considered growth promoting and poverty reducing. Some of them are still controversial, while others gradually gained broad acceptance. However, almost all empirical findings are based on the aspect of income poverty alone. This one-dimensional approach to poverty measurement was increasingly criticised over the years, due to its shortcomings in reflecting the multidimensional character of poverty. However, until today, little effort has been made to combine multidimensional poverty measurement and pro-poor growth analysis – though empirical evidence underlines the relevance of such an approach. Several studies provided evidence for the fact that one- and multidimensional poverty measurement approaches may diverge greatly in identifying the poorest sections of a population. This has, of course, important consequences for the targeting of policies, including pro-poor growth policies. Furthermore, the exclusive focus on merely one poverty aspect might distort the contribution of different policies to poverty reduction. Thus, it is well conceivable that by accounting for the multidimensional character of poverty the evaluation of the impact and thus importance of different pro-poor growth policies is changed. This paper is one of the first within the pro-poor growth research strand to analyse this issue. In order to do so, the study draws on the results of the well-known and thorough (one-dimensional) Pro-Poor Growth analysis for sixteen Indian states that has been conducted in 2005 by Besley, Burgess and Esteve-Volart as part of the major research project “Operationalising Pro-Poor Growth”. This paper updates their findings, now covering the time period from 1983 to 2008, and then replicates the whole analysis in a multidimensional framework. The multidimensional poverty index utilised for the analysis is new; developed by the author with the unique feature that it is additive and therefore decomposable not only across population sub-groups, but also across dimensions, while at the same time allowing for a certain degree of association sensitivity between poverty dimensions. In addition, it can be decomposed according to the three ‘I’s’ of poverty and thus reveal whether the changes in poverty over time are a result of changes in poverty incidence, poverty intensity or inequality or a combination of the three. The index’s specific characteristics in combination with the comparison with the one-dimensional results yield important insight for the evaluation of pro-poor growth policies.