Social Exclusion Measures

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Why social Exclusion?

"**Extreme poverty or social exclusion constitute a violation of human dignity and that urgent steps are necessary to achieve better knowledge of extreme poverty and its causes, including those related to the program of development, in order to promote the human rights of the poorest, and to put an end to extreme poverty and social exclusion and promote the enjoyment of the fruits of social progress**" **World bank, 2000**

What we need?

❑ **First: Social inclusion policies**

❑ **Second: To promote social inclusion policies or any intervention, first we need to know the extent of exclusion.**

The challenge?

❑ Difficulties of quantifying social exclusion

❑Measurement problem

The Solution?

☐ This paper suggests three methods

Social Exclusion measures

Preference Based MPI

Single censoring MPI

Happiness index

1. Preferences in multidimensional poverty measure

❖ This paper proposed an observed preference weighting scheme based on four domains: happiness, importance, perceived deprivation and easiness to achieve.

❖ The proposed weighting scheme is sensitive to equity and efficiency.

❖ Used a survey data that was collected from Ethiopia.

❖ The estimated results showed that the MPI measure with preference based weighting approach is higher than the equal weighting approach.

❖ The inclusions of all domains in the preference based weighting scheme have a significant difference on MPI estimates compared to the situation where only one domain used as a weight.

❖ The result from the survey showed that most of the respondents believe that they are less poor than what the objective measure identifies.

❖ The findings from the regression result also confirmed that individual's well-being improves more with people's perceived deprivations than the observed deprivations used as explanatory variables.

❖ Hence, the paper suggests that considering people's perception about dimensional threshold and weights could help to identify the dimensions which improve people's welfare.

2. The Single Censoring Multidimensional Poverty Measure

- The measure has used censoring only at the last stage of the estimation to determine whether a person is poor or not.

- The model gives priority for the achievement of aggregate well-being by avoiding the initial censoring on dimensions.

- The model contributes to the existing literature by adding richer information set in the welfare measurement of individuals.

- Moreover, it also suggests a statistical based poverty cutoff technique based on the deprivation function.

- The measure satisfies most of the multidimensional poverty axioms, including transferability and monotonicity axioms.

- The paper compares the single censoring model with the double censoring model using a data collected from Ethiopia.

- The estimation results revels that, the multidimensional poverty measure under the single censoring model is higher than the double censoring model at all poverty cutoffs.

- Finally, the study recommends count and categorical data formats to have enriched information set of individual well-being.

3. **Happiness as a Measure of Social Exclusion**

- The measure is based on happiness function and individual's self-reported subjective and objective deprivations.
- The proposed method is a three-stage estimation technique, which includes: happiness regression, estimation of happiness score index and calculating social inclusion or exclusion.
- The empirical result with a data collected from Ethiopia confirmed that, there is huge difference in the measurement when we are using subjective and objective individual's deprivation.
- Besides, in the regions with high number of multidimensional poverty, social exclusion is intense and widely spread.
- The estimation could be extended by including all relevant life dimensions to have a full picture of social exclusion.

THANK YOU
Grazie