



Dynamic Analysis of Poverty and Vulnerability in Wales: Moving Beyond the "Conventional" Approach

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There is increasing recognition - among academics and practitioners - that poverty is multidimensional and context specific. Considering the various dimensions independently is insufficient. But existing methods for computing Multidimensional Poverty Index (MPI) have several weaknesses that prevent meaningful poverty comparison over time, thereby limiting the ability to assess policy impact.

This research attempts to disentangle the underlying dynamic process by which individuals and households experience poverty in its multiple forms using both quantitative and qualitative approaches. The core element is the construction of a multidimensional poverty indices (MPI), which goes beyond traditional income or consumption metrics. To analyse the determinants of multidimensional poverty the team are using comprehensive individual and household level panel data (BHPS and Understanding Society), covering the last two decades, and state-of-the-art econometric modelling techniques to identify the mechanisms by which households transit into and out of poverty or become trapped in different dimensions of poverty.

Combined with qualitative information, the analysis will help to identify which interventions are the most effective in enabling the poor to exit and stay out of poverty and to investigate how income and other shocks affect multi-perspective poverty prevalence and persistence in Wales.





The specific objectives are as follows:

- To develop a set of multi-dimensional poverty indices (along with traditional income measures) to gain insights into the dynamics of poverty and vulnerability in Wales.
- Based on the above, to examine:
 - The poverty generation and alleviation processes from dynamic and multiple perspectives, and
 - benchmark and monitor poverty in Wales so as to enable policy makers to track policy effectiveness over time, across Welsh society and by area.
- To examine the nature and extent of in-work poverty and poverty in the working-age population in Wales from multidimensional perspectives, and, in the process, to identify the key bottlenecks and constraints in addressing these problems.
- To evaluate and test the effectiveness of existing major anti-poverty policies designed to mitigate in-work poverty and poverty in working age population.
- To provide evidence for policy-makers and practitioners in Wales (and the wider UK) which enables them to develop and design cost effective anti-poverty policy packages.

The team have now completed the first objective and created a multi-dimensional poverty indices. The PPIW worked with the team to hold a number of stakeholder events with Welsh Government and with a team of experts (including Professor David Gordon and Professor Robert Walker) to peer review their work. As a result of these sessions the team have decided to review their indices to ensure it is the most robust it can be and due to the complexities involved in this work have extended the project deadline until the end of 2017.