Edited by Vincenzo Fortunato,
Pedro López-Roldán, Sandra Fachelli

# Public Policies and Social Inequalities in Transformation

## Comparative Insights from Europe and Latin America

INCASI *International Network for Comparative Analysis of Social Inequalities*

Funded by the European Union

STUDI

Politica

FrancoAngeli




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# *Summary*

Tasseva I.V. (2016), “Evaluating the Distributional Effects of Personal Income Taxes and Social Security Contributions in Bulgaria: A Microsimulation Approach”, *International Journal of Microsimulation*, 9(1): 87–119.

# *4. Measuring Poverty Across Contexts: A Comparative Policy Lens*

by *Emmanuelle Barozet*

## 1. Introduction[1]

In this chapter, we assess the conceptual, methodological and empirical contributions of one indicator that generates the most technical and political debate at the international level: the measurement of poverty. Civil society and political groups support this dialogue, which draws on current debates in economics, sociology, and public policy. The comparison between Europe and Latin America in relation to this indicator provides insight into one of the main pillars of social policymaking.

We analyze income poverty and the composite indicator of multidimensional poverty from a comparative perspective. Our goal is to synthetize our knowledge and understanding of poverty, in a period of new international trends in capitalism, social models, and welfare systems. This analysis takes place in context of difficulties in responding to new economic, political, and social challenges, especially after the COVID-19 pandemic, which has caused significant setbacks in this area.

Poverty is a condition in which individuals, families, or communities lack the financial resources – income or monetary poverty – and essential goods

[1] This document is based on the work of the Presidential Commission for the Updating of the Measurement of Poverty in Chile, of which the author was a member (December 2023-July 2025). Also, it was elaborated in the context of the INCASI2 project that has received funding from the European Union's Horizon Europe research and innovation programme under the Marie Sklodowska-Curie grant agreement No 101130456 (https://incasi.uab.es). Views and opinions expressed are however those of the author(s) only and do not necessarily reflect those of the European Union or the European Research Executive Agency. Neither the European Union nor the granting authority can be held responsible for them. Aknowledgement: Projects COES ANID/FONDAP/1523A0005, UCHILE AYV076/24. I would like to thank my colleagues at the Commission for the richness of the discus-sions and the atmosphere of consensus, as well as the members of the Ministry of Social Development, ECLAC and INE who were part of the discussions and technical decisions.

and services – multidimensional poverty – necessary to maintain a minimum standard of living.

From a theoretical perspective, the human rights-based theory and Sen's capabilities approach (Sen, 1976) provide the framework for measuring poverty. The contributions of The Oxford Poverty and Human Development Initiative (OPHI), built on the Alkire-Foster Method, laid the foundations for multidimensional measurement. It complements the use of unidimensional indicators, such as the World Bank's absolute measure – minimum income or expenditure per day – or the Organization for Economic Co-operation and Development (OECD) – half the median household income, which facilitate international comparisons. Multidimensional poverty measures now supplement income-based methods, acknowledging that well-being includes more than financial resources. These different measures enable comparison and harmonizing quantitative data sources, considering that data availability is an important challenge. From the point of view of data production, one of the major debates has to do with the comparability of the data at the regional and at the international level, and its implications for public policy. Using different variables makes it difficult to compare these indicators, raising the question of which dimensions and indicators of deprivation should be strategically included. Usually, three dimensions are central (health, education and living standards), but some countries have included additional factors, to mitigate emerging conditions.

In this context, this chapter aims at synthesizing knowledge and contributing to the international debate through the comparative analysis of poverty as the baseline to elaborate public policies. Without this instrument, and without constant innovation in its use, there are limitations to the possibility of reforming social policies.

This chapter organizes itself as follows. The first part presents the difficulties that poverty reduction has met since COVID-19. The following section examines various poverty lines, their measurement methods, and their limitations, at a global level, in Europe and Latin America, comparatively. Multidimensional poverty is the focus of the third part, along with its dimensions and indicators. We conclude the chapter with the challenges these measures face today.

## 2. A new context for poverty measurement

Although the United Nations (UN) set ambitious goals in 2015 for reducing global poverty by 2030, over the last 10 years, new challenges have diverted us from the promising curve of the 1990s and 2000s.

## *2.1. Poverty and the 2030 Agenda for Sustainable Development Goals*

The eradication of extreme poverty on a global scale is the first target of the 17 Goals of the 2030 Agenda for Sustainable Development implemented in 2015 by the UN, which sets out to reduce by 2030 at least by half the proportion of men, women and children living in poverty in all its dimensions (UNDP-OPHI, 2023). Ten years after the launch of this plan and five years before the 2030 target date, the outlook is not promising. Extreme poverty fell rapidly between 1990 and 2019, but this trend reversed from 2020 onwards, with 692 million people living in extreme poverty in 2024 (World Bank, 2024), roughly the same as before the crisis. In 2025, 1 in 10 people worldwide live in extreme poverty, a situation that has not improved in recent years. Over the same period, multidimensional poverty has increased. The poorest region is sub-Saharan Africa. Without more action, 8.9 percent of people may still face extreme poverty globally by 2030. Only one in five countries will have achieved the goal of halving their poverty rate by that date (UN, 2025a). According to OPHI's multidimensional measurement, in 2023, 1.1 billion people lived in acute multidimensional poverty, almost double the number living in extreme income poverty (UNDP-OPHI, 2023).

## *2.2. The characteristics of the last decade and their impact on poverty*

The years 2020-2030 are likely to be a lost decade, largely due to the effects of the COVID-19 pandemic, the inflationary crisis, changing commodity prices, a widespread increase in the cost of living, economic austerity alongside wealth inequality, declining public trust, organized crime, forced migration, environmental issues, and emerging questions about global technological security (World Economic Forum, 2023). Societies today face a complex phase of overlapping global crisis, termed a polycrisis (Morin *et al*., 1999), that surpasses institutional capacities. Over the last ten years, these crises have intensified, threatening well-being and even survival, causing instability and endangering core societal values. These interconnected risks produce compound effects, amplifying their overall impact. Together, they form a systemic threat that demands urgent and coordinated responses beyond traditional crisis management frameworks (Swilling, 2020), to limit the increase in poverty.

Second, some Western governments have changed their basic assumptions, with doctrines and policies that view the State as problematic and needing

reduction to free the market, especially in the United States and Argentina. Even in countries with reliable poverty statistics, using poverty rates for political ends creates challenges amid criticism of expert knowledge (de Villalobos, 2025). This raises a new question about overcoming poverty when the State is not necessarily providing support and institutional intermediation.

The third question is the dependence on international cooperation funds for poverty measurement, which poses a major challenge in polycrisis. The current decline in multilateralism and international aid reinforces these trends. This is not only because the polycrisis generates higher expenditure and lower income but also because implementing policies to reverse this situation depends on up-to-date and comparable figures. 70 percent of all financial support for data and statistics in 2022 depended on international organizations, including the World Bank (26 percent), the Inter-American Development Bank (10 percent) and governments (United States of America (14 percent). In low-income countries, 90 percent of survey funding depends on external sources (UN, 2025a). For example, the closure of USAID program in February 2025 has had significant consequences for the funding of public statistics.

## 3. Types of poverty lines and their limitations

Historical and economic differences, along with data production, account for the differences in how measurements are established at the global level, in Europe, and in Latin America.

### *3.1. Absolute poverty as a starting point*

Despite these differences, the absolute poverty line estimates the cost of a set of goods considered guaranteeing basic consumption needs. Developing countries typically apply absolute poverty thresholds. According to the World Bank (2024), extreme poverty corresponds to those living on less than US$2.15/day (2017 purchasing power parity or PPP), while poverty uses the US$6.85/day PPP 2017 line. The UN revised poverty thresholds: extreme poverty between US$2.15 and US$3.65 per day (one billion people, 15 percent of the world's population) and poverty between $3.65 and $6.85 per day (about 1.9 billion people, 28.5 percent of the world's population).

To compare countries, the poverty line might be set too high in developed countries and too low in developing countries (OECD, 2013). Therefore, two different lines may be used, depending on the income level of the countries. For example, the World Bank assumes that the US$2.15 line is too low for

middle-income countries. Therefore, the US$3.5 measure is used for middle-income countries and US$6.85 for upper-middle-income countries (UN, 2025b). In June 2025, the World Bank published new estimates based on a review of poverty lines according to countries' income levels: from US$2.15 to US$3.00, from US$3.65 to US$4.20, and from US$6.85 to US$8.30 (World Bank, 2025).

*Tab. 1A - Poverty estimates for reference year 2022, changes between September 2024 and June 2025 vintage by region and poverty lines*

| | | | *$2.15 / $3.00* | | |
|---|---|---|---|---|---|
| *Region* | *Survey Coverage (%)* | *Poverty rate (%)* | | *Number of poor (mil)* | |
| | Jun 2025 | Sep 2024 | Jun 2025 | Sep 2024 | Jun 2025 |
| East Asia & Pacific | 94.4 | 1.0 | 2.5 | 20.3 | 54.0 |
| Europe & Central Asia | 93.4 | 0.5 | 1.1 | 2.4 | 5.3 |
| Latin America & Caribbean | 90.0 | 3.5 | 5.2 | 22.6 | 33.6 |
| Middle East and North Africa | 66.7 | 6,1 | 8.5 | 26.1 | 37.1 |
| Other High Income Countries | 90.8 | 0.6 | 0.7 | 7.1 | 7.8 |
| South Asia | 84.1 | 9.7 | 7.3 | 186.2 | 141.5 |
| Sub-Saharan Africa | 48.8 | 37.0 | 45.5 | 448.0 | 558.8 |
| Western and Central Africa | 41.1 | 27.3 | 33.8 | 134.0 | 167.9 |
| World | 82.5 | 9.0 | 10.5 | 712.8 | 838.0 |

*Source:* World Bank, 2025, p. 3 (*Note: regions lacking sufficient data are highlighted in gray*).

*Tab. 1B - Poverty estimates for reference year 2022, changes between September 2024 and June 2025 vintage by region and poverty lines*

| | *$4.20 (2021PPP)* | | | | *$8.30 (2021PPP)* | | | |
|---|---|---|---|---|---|---|---|---|
| *Region* | *Poverty rate (%)* | | *Number of poor (mil)* | | *Poverty rate (%)* | | *Number of poor (mil)* | |
| | Sep 2024 | Jun 2025 | Sep 2024 | Jun 2025 | Sep 2024 | Jun 2025 | Sep 2024 | Jun 2025 |
| East Asia & Pacific | 5.4 | 6.7 | 115.2 | 143.0 | 27.4 | 31.8 | 584.2 | 679.2 |
| Europe & Central Asia | 1.7 | 2.4 | 8.5 | 12.0 | 8.2 | 12.0 | 40.3 | 59.3 |
| Latin America & Caribbean | 8.9 | 9.4 | 58.2 | 61.1 | 25.2 | 28.6 | 165.0 | 185.2 |
| Middle East and North Africa | 16.2 | 15.0 | 69.4 | 65.4 | 45.5 | 49.8 | 195.1 | 217.8 |
| Other High Income Countries | 0.8 | 0.9 | 9.3 | 9.9 | 1.3 | 1.6 | 14.3 | 18.2 |
| South Asia | 38.8 | 27.7 | 744.5 | 535.7 | 78.8 | 82.1 | 1513.3 | 1585.5 |
| Sub-Saharan Africa | 64.2 | 63.1 | 777.3 | 775.8 | 87.7 | 88.4 | 106.7 | 1086.6 |
| Easter and Southern Africa | 68.4 | 69.5 | 492.8 | 508.3 | 88.5 | 89.9 | 638.1 | 658.0 |
| Western and Central Africa | 58.0 | 53.8 | 284.6 | 267.5 | 86.4 | 86.2 | 423.7 | 428.6 |
| World | 22.4 | 20.1 | 1782.6 | 1603.0 | 44.9 | 48.0 | 3574 | 3832 |

*Source:* World Bank, 2025: 3 (*Note: regions lacking sufficient data are highlighted in gray*).

A key challenge in measuring absolute poverty is the need to update the PPP dollar standard regularly to reflect socio-economic changes. Inflation in recent years has shown how difficult it is to keep up with these updates.

## *3.2. The fundamentals of one-dimensional income measure*

We will now explain the fundamentals of one-dimensional income measurement. Since the late 19th century, one of the first measures used both nationally and internationally has been the income poverty line (Townsend, 1954), as part of the family of absolute measures. It refers to the per-person income required to meet basic needs. A poverty line defines monetary poverty based on household income and size. Identification of extreme poverty is based on the criterion of basic needs satisfaction, defined by caloric intake as the normative criterion for determining the minimum necessary in terms of food and nutrition. This corresponds to Food and Agriculture Organization (FAO) guidelines, which set this caloric standard at 2,000 kilocalories per person per day. The selection of foods constructs the basic food basket to measure poverty. This selection includes the necessary goods to cover the nutritional needs of the population.

The poverty line equals the cost of a basic food basket plus essential non-food expense. To this end, the extreme poverty line is multiplied by a factor (Orshansky coefficient), which corresponds to the quotient between total expenditure and expenditure on food for a reference population. The thresholds for poverty and extreme poverty are revised annually to reflect adjustments in the consumer price index. Total household income includes all cash and non-cash earnings of its members, such as wages, pensions, transfers, asset income, and imputed rent (Comisión Experta, 2025).

The calculation of income poverty lines relies on surveys that measure household expenditure, which are conducted with a periodicity of five to ten years in most Latin American countries, usually employment and household surveys (ECLAC, 2018).

## *3.3. Relative poverty: looking at inequality alongside poverty*

Relative poverty is a standard of living defined as an income distribution (such as the mean, median or some quintiles), typically 50 percent or 60 percent being used as thresholds. It places more emphasis on the distributive aspect than on the level of absolute deprivation in households. Developed countries widely use it, including those in Europe and the OECD, except for the United States and Canada.

This measure is based on the relative position of advantage or disadvantage of individuals and households in relation to other members of society. Indeed, as countries make progress in reducing poverty, the relative aspects of the phenomenon become increasingly important. Being well below

the ‘normal’ standard of the society in which one lives is a source of discrimination, segregation, and lack of opportunities. However, as this measure emphasizes the income gap between social strata, it does not reflect the level of income in the country (Garroway and de Laiglesia, 2012).

### *3.4. Looking from another angle: subjective poverty*

Finally, subjective poverty measures perceptions or feelings about poverty. Although it is subjective, there are standardized ways of asking in surveys about subjective poverty since the 1970s. International comparisons only date back to the 1990s. In that case, people define what makes up a socially acceptable minimum level in each society.

This is a self-assessment where individuals and households consider themselves poor if they believe they cannot meet their basic needs or live with dignity, regardless of actual income or objective criteria (Duvoux and Papuchon, 2019). The answer is an increasing function of actual income and therefore there is a high overlap with the notion of vulnerability (OECD, 2013). Both the European Union (EU) and nations outside its borders have adopted this measure, but Latin America has implemented it less.

## 4. A more multifaceted elaboration: the reasons for extending the measurement to multidimensional poverty

During the 1970s and early 1980s, the proportion of individuals experiencing deprivation in certain socially recognized needs became an important metric for assessing social exclusion. Living standards differ not just by income, but also by household access to essentials like water and electricity. This prompted reflection on how to measure additional dimensions of poverty.

### *4.1. The foundation of multidimensional measurement*

Two families earning US$3 may have quite different qualities of life depending on where they live and what services they have access to. Monetary measures alone cannot reflect overall welfare, so researchers also assess deprivations alongside income poverty. Dividing data by dimension allows anti-poverty policies to be grouped by sector. In all cases, regardless of the dimensions and indicators chosen methodologically, researchers assess when

people reach minimum thresholds of well-being in each of the indicators considered. Then, minimum thresholds are set for each dimension and merged to create a synthetic index.

In the 2000s, Alkire and Foster created an aggregate measure (Multidimensional Poverty Index, MPI). This method describes distinct steps to define the dimensions and then aggregate them in an index. It also measures the intensity of poverty (Alkire and Foster, 2007). Desirable attributes in Alkire and Foster's poverty measurement are: 1) It should be understandable and easy to describe; 2) It should reflect the 'common sense' understanding of poverty 3) It should be fit for the purpose for which it was developed 4) It should be technically sound 5) It should be operationally workable (data requirements) and 6) It should be easily replicable (Alkire *et al*., 2015).

## *4.2. The institutionalization of multidimensional poverty and the question of data*

The World Bank subsequently adopted the Alkire and Foster method to create multidimensional non-monetary poverty indicators. Experts also use it to assess poverty-related policies. In 2017, the World Bank published a global report entitled Global Poverty Monitoring, recommending the use of the Alkire and Foster method to create multidimensional indicators of non-monetary poverty. It emphasized the use of scales adapted to national contexts in each country's poverty reports. In 2018, the global MPI was first used to track progress during the UN Decade for the Eradication of Poverty (2018–2027). Subsequently, in 2019, the same institution published the Global Sustainable Development Report with indexes based on the Alkire and Foster method (both national and global, identifying groups lagging). Finally, in 2024, the World Bank included the global MPI in the World Development Indicators.

*Tab. 2 - Dimensions of well-being and indicators of deprivation*

| *Dimensions* | *Three dimensions (119 economies)* | *Five dimensions (6 countries)* |
|---|---|---|
| Monetary Poverty | Daily consumption or income is less than US$1.90 per person | Daily consumption or income is less than US$1.90 per person |
| Education | At least one school-age child up to the age of grade 8 is not enrolled in school.<br>No adult in the household (age of grade 9 or above) has completed primary education. | At least one school-age child up to the age of grade 8 is not enrolled in school.<br>No adult in the household (age of grade 9 or above) has completed primary education. |

| | | |
|---|---|---|
| Access to basic infrastructure | The household lacks access to limited-standard drinking standard.<br>The household lacks access to limited-standard Sanitation<br>The household has no access to electricity. | The household lacks access to a basic-standard drinking water ("limited-standard" with an added criterion of the source being within a round trip time of 30 minutes).<br>The household lacks access to basic-standard sanitation ("limited-standard" with an added criterion of the facility for the exclusive use of the household).<br>The household has no access to electricity. |
| Health and nutrition | | Any woman age 15–49 with a live birth in the last 36 months did not deliver at a health facility[a]<br>Any child age 12–59 months did not receive DPT3 vaccination[a]<br>Any child age 0–59 months is stunted (HAZ < −2)<br>Any woman age 15–49 is undernourished (BMI < 18.5) |
| Security | | The household has been subject to crime in the previous 12 months or lives in a community in which crime is prevalent.<br>The household has been affected by a natural disaster (including flooding, drought,<br>earthquake) in the previous 12 months. |

*Note: BMI < 18.5 = body mass index below 18.5 (underweight); DPT3 = diphtheria-pertussis-tetanus vaccine; HAZ < −2 = the height-for-a ge Z-score is below −2, that is, more than two standard deviations below the reference population mean. "Limited-standard" drinking water is drinking water that comes from an improved source (for example, piped, borehole, protected dug well, rainwater, or delivered water). "Limited-standard" sanitation means using improved sanitation facilities (for example, flush/pour flush to piped sewer system, septic tank, or a composting latrine).*

*a. If the indicator is not applicable, for example if the household includes no women who gave birth in the previous 36 months, the household is classified as deprived if the relevant deprivation rates in the subregion of residence are sufficiently high. Specifically, the deprivation threshold is set such that the share of individuals in nonapplicable households that are classified as deprived equals the national share of deprived individuals in applicable households who actually experienced a recent birth or have a child under age 6.*

*Source:* World Bank, 2018: 93.

However, getting comparable data for a large group of countries poses several problems. For example, table 2 shows the number of countries for which the World Bank covers comparable multidimensional poverty indicators.

For three dimensions (income, plus two dimensions, education and access to basic services), in 2018, there was evidence for 119 countries. Considering health, nutrition, and security also, the number of countries drops to only six.

## 5. Which dimensions and indicators best assess multidimensional poverty? Different responses depending on the continent

Despite the limitations we have pointed out, various effective multidimensional tools are now used internationally and regionally to help monitor public policies aimed at reducing poverty.

### *5.1. The Global Multidimensional Poverty Index*

One effort in multidimensional measurement is the Global Multidimensional Poverty Index developed by the United Nations Development Program (UNDP) and the OPHI. It measures multidimensional poverty in 110 countries (22 low-income countries, 85 middle-income countries and three high-income countries, representing 92 percent of the population in developing regions). It aims to track changes in development-related areas, acknowledging the interconnection between them. The data covers the years 2,000 to the present.

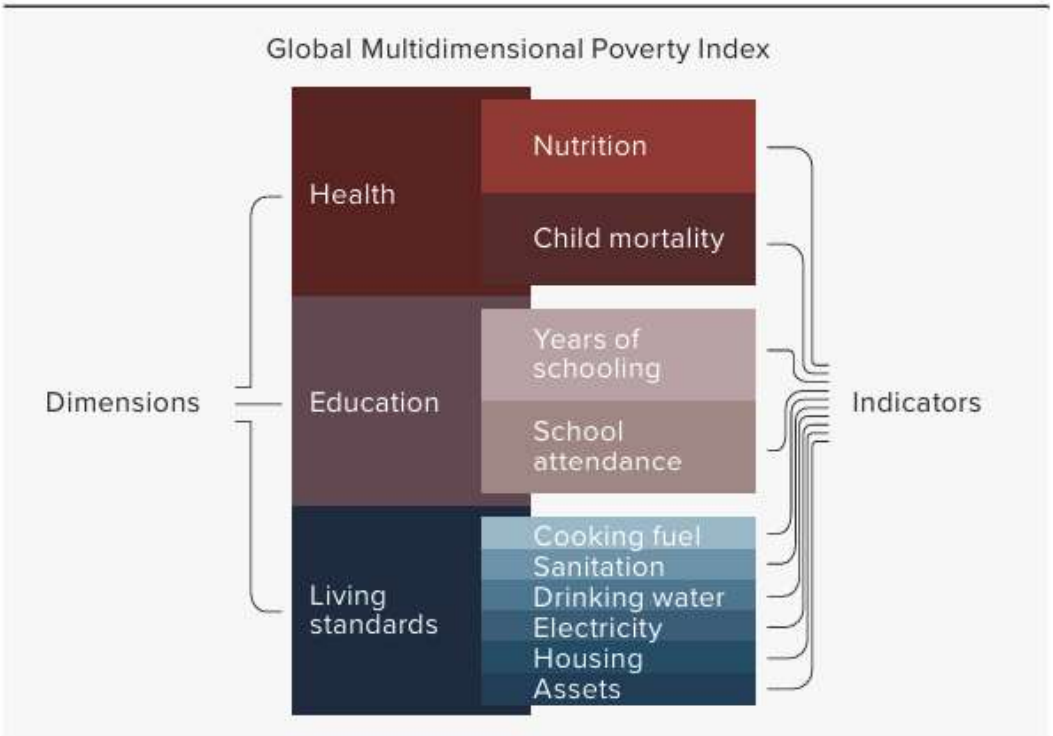


*Fig. 1 - Structure of the global Multidimensional Poverty Index*
*Source:* UNDP-OPHI, 2023: 4.

To measure the multidimensional poverty threshold, researchers generally establish that a person or household is deprived in at least a certain

number of indicators, and this generally occurs in more than one dimension (ECLAC, 2018). In the 110 countries that measure poverty, 1.1 billion of 6.1 billion people are multidimensionally poor. When comparing this indicator with that of monetary poverty, in most countries where the measurement is conducted (UNDP-OPHI, 2023), the global MPI shows that multidimensional poverty is considerably higher than extreme monetary poverty.

### *5.2. The Economic Commission for Latin America (ECLAC)'s index for multidimensional poverty*

For its part, ECLAC has worked on a multidimensional poverty index adapted to the particularities of the region, which is comparable between countries and consistent with its institutional approach (ECLAC/UNICEF, 2010; ECLAC, 2014), with support from the OPHI and the UNDP. It uses the method of unsatisfied basic needs since the 1980s, based on the OPHI model. ECLAC recently defined a multidimensional poverty index with four dimensions, each composed of three indicators.

Although this is a significant step forward, it does not mean that there is a neat comparison between all countries in the region. For example, Mexico and Chile have had a fifth dimension since the 2010s, which includes networks and social cohesion, in recognition of the importance of social inclusion as a form of protection and problem solving in people's lives (Comisión Experta, 2025). Another combination is the Mexican one: it refers to a population suffering deprivation simultaneously in monetary terms and in at least one of six social indicators that reflect fundamental social rights: education, access to health services, access to social security, access to basic residential services, housing conditions and access to food. It is unusual to combine income with other dimensions to get an overall multidimensional poverty index, but this is the approach chosen by Mexico.

| Housing | Health | Education | Work and retirement |
|---|---|---|---|
| • Housing conditions (1/12)<br>• Overcrowding (1/12)<br>• Digital connectivity (1/12) | • Water (1/12)<br>• Sanitation (1/12)<br>• Healthcare insurance (1/12) | • School attendance (1/12)<br>• Learning (1/12)<br>• Illiteracy (1/12) | • Employment (1/12)<br>• Job quality (1/12)<br>• Retirement (1/12) |

*Fig. 2 - Structure of the multidimensional poverty index for Latin America*
*Source:* ECLAC, 2025, p. 79.

### *5.3. The European Severe Material and Social Deprivation rate (SMSD)*

An additional way of measuring poverty in the EU since the 2000s is the definition of who is experiencing Severe Material and Social Deprivation rate (SMSD) and who is At Risk of Poverty or social exclusion rate (AROP). At-risk-of-poverty rate (AROP) corresponds to the "sum of people who are either at risk of poverty – 60 percent of the national median equivalized disposable income after social transfers, or severely materially and socially deprived or living in a household with a very low work intensity". Severe material and social deprivation rate (SMSD) is "the proportion of the population experiencing a lack of at least seven out of thirteen deprivation items (six related to the individual and seven related to the household), necessary to lead an adequate life" (Eurostat, 2024). The new dimensions that we have not seen in other indicators are, on the one hand, those related to leisure and autonomy (ability to afford a week's annual holiday away from home; spend a small amount of money each week on oneself; regularly engage in leisure activities; meet friends or family for a drink or meal at least once a month), and, other dimensions of poverty (ability to keep the house adequately heated; have access to a car or van for personal use; replace worn-out furniture or clothing; have two pairs of shoes that fit properly; ability to afford a meal with meat, chicken, fish or vegetarian equivalent every other day).

SMSD is based on the EU Statistics on Income and Living Conditions (EU-SILC) data, and reflects the number of people who cannot afford a certain good, service or social activities (Eurostat, 2025). Considering leisure makes a difference in terms of standard of living, compared to multidimensional methods in Latin America. In 2023, the average SMSD for the EU reached 6.8 percent of the population, with significant variations between countries, ranging from a minimum of 2 percent for Slovenia to a maximum of 19.8 percent for Romania (Eurostat, 2024).

## 6. Old and new challenges

In recent years, not only because of the changes in context mentioned at the outset, a series of new challenges have also emerged for poverty measurements, both income-based and multidimensional.

### *6.1. More complex adjustments to the basic basket and prices*

The ECLAC method to measure income poverty in Latin America faces growing challenges in determining which households' spending patterns set the poverty line. The reference population should be a group whose consumption habits are adequate to represent a standard of sufficiency, but in higher-income countries this method loses its accuracy. This approach relies on the relationship between poverty and calories, which has diminished. This is noticeable in the latest updates carried out by Mexico, Uruguay and Chile. In addition, several methods exist for estimating price changes (Comisión Experta, 2025). In recent years there has also been increasing availability of administrative data, which could replace survey questions.

### *6.2. How far should we go, including additional dimensions?*

Second, regarding multidimensional poverty, we identified several challenges beyond data availability. Context is increasingly relevant for measuring poverty, but it is difficult to add more dimensions and indicators without compromising the Alkire and Foster method's clarity and transparency. At the same time, the MPI aims to identify new forms of poverty to guide public policy (UNDP-OPHI, 2023).

For this reason, research has considered factors like time poverty – which disproportionately affects women – and energy poverty – which varies across different regions globally (Comisión Experta, 2025). However, their inclusion poses a challenge for public policy in developing further measures to remedy them, in coordination with the others.

### *6.3. On the need to supplement vulnerability measurements*

Third, it is necessary to move globally towards measuring vulnerability, considering that just above the poverty line, whether uni- or multidimensional, there is a large group of people whose situation remains precarious. Indeed, we should understand poverty as a state in which individuals may find themselves at a given point in time. People may be in poverty for a period because of crises they face, when other groups of people remain in poverty for longer periods. In that case, poverty is chronic or persistent. In terms of income, vulnerability is the probability of not reaching the minimum income level in the future. The duration of poverty is one of the important dimensions in this context (Chaudhuri *et al*., 2002). From a life cycle per-

spective, there are times of greater vulnerability, such as childhood, transition from education to work, changes in employment status, divorce and old age (Biehl *et al*., 2024).

One of the major problems is that to gain a thorough understanding of this phenomenon, it is necessary to follow the same people over time, which requires longitudinal data. A longitudinal survey is a type of study conducted over time to observe how certain variables change within the same group of people. This involves tracking the same individuals and surveying them regularly to find out how their living conditions change. It also requires sample retention, which involves greater technical complexity and cost. Few countries can conduct this kind of survey regularly (López-Calva and Ortiz-Juarez, 2014).

## 7. Conclusion

In terms of comparison, measuring monetary poverty is universal, but it does not reflect living conditions, access to public services or income differences within countries. The IPM provides a better picture of living conditions, but it is more complex to calculate and depends more heavily on data availability. Furthermore, the indicator must relate to applicable public policies measurable over time. In summary, we know that every indicator is imperfect (Atkinson, 2019). At this stage, as a single indicator cannot account for the complexity of the phenomenon, we must focus on making it a "useful, reliable and meaningful representation of a social condition or phenomenon" (Domínguez i Amorós, 2025). Indicators are forms of objectification of social phenomena oriented to action.

At the same time, exhaustiveness can be the enemy of effectiveness, since including all the dimensions of the phenomenon can make the indicator illegible or not very applicable over time. Indicators should reveal causes, not symptoms.

Finally, to face this technical and political discussion, it is also worth considering that there is no indicator free of values, since leaving dimensions in or out implies positions that are not only methodological. Any measure regarding poverty implies two last questions. Do we agree on the dimensions and expenses to be prioritized? And what is the plan of action implied by this indicator?

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