ABSTRACT

In recent years, Sen's Capability Approach has widely been adopted in measuring poverty, although official poverty figures in most developing countries continue to derive through the monetary approach. Nevertheless, existing analytical methods in measuring poverty multidimensionally continue to suffer due to some limitations. The main objective of this study is two-fold; namely (a) to develop a new method retaining some well-recognized techniques and addressing some of the methodological limitations in existing dominant methods of measuring multidimensional poverty based on Sen's Capability Approach in Sri Lankan context and (b) to employ it for measuring poverty in the context of Uva province in Sri Lanka. An analytical approach is developed for the measurement of multidimensional poverty that combines the different strengths of the Fuzzy Set method (Cerioli and Zani 1990) and the Alkire and Foster (2007) further developed by Alkire, et al. (2015) to address some of their limitations to achieve the above-stated objectives. The approach applies the Fuzzy Set method to the Alkire and Foster (AF) method to fix the discontinuity problem, which arises when the latter is used to identify the deprived individuals using the selected indicators. The resulting augmented version of the AF method synthesizes the two approaches by measuring the intensity of poverty like the Fuzzy Set method while identifying the poor and measuring poverty as does the AF method. This method is named as "Synthesis method" as it synthesizes the above two methods. The empirical assessment is done by applying Synthesis method to primary data, collected from the Uva Province of Sri Lanka, an economically depressed province comprising of people representing various socio-economic, geographical and multi-ethnic backgrounds. This study examines poverty under three main dimensions; material deprivation, deprivation of social dimensions and deprivation of human capital. The results show that on average, 42.3 per cent of people in Uva Province is a propensity to poverty and the incidence of poverty in the multidimensional aspect is 56 per cent and intensity is 48.6 per cent. The adjusted fuzzy headcount index is 27.2 per cent. Interestingly, the highest contribution to overall poverty comes from deprivation of social dimensions. Further, the findings reveal that the core factors of poverty are deprivation in housing, social and nutrition. Plantation sector is more deprived than non-plantation sectors, and poverty is high among agricultural own account workers. The poverty measures introduced by the new method facilitates to observe how many individuals are experiencing multidimensional poverty at the same time and the main
dimensions and indicators of poverty. The application of Synthesis method undoubtedly would encourage the analysis of further research on multidimensional poverty.