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Session 3: Interlinkages between poverty, inequality, vulnerability and social inclusion

Measuring Multidimensional Poverty - a way forward

Prepared by the Oxford Poverty and Human Development Initiative (OPHI)[1]

Abstract

The global Multidimensional Poverty Index or MPI is an internationally comparable poverty measure developed in 2010 by the Alkire and Santos (2010) at the Oxford Poverty and Human Development Initiative (OPHI), in collaboration with the United Nations Development Programme (UNDP). It is reported annually in UNDP's flagship *Human Development Report*. The MPI is based on three dimensions: health, education and living standards, consisting of ten indicators. The computation of MPI covers more than 100 countries, homing almost 78 percent of the world population. The MPI is an adaptation of the Adjusted Headcount Ratio proposed by Alkire and Foster (2011) and can be expressed as a product of two intuitive elements: the percentage of people who are multidimnesionally poor (the *incidence – H*) and the average intensity of deprivations among the poor (the *intensity – A*). An individual is identified as multidimensionally poor if the person is deprived in one-third of the weighted indicators. Findings from the 2013 MPI results indicate that globally1.6 billion people are living in multidimensional poverty. Of these, 51 percent live in the South Asian region and 72 percent live in middle income countries. Furthermore, there are large discrepancies between percentage of the population who are MPI poor and the percentage of population who are income poor by the frequently used $1.25/day measure. In other words, people who are multidimensionally poor are not necessarily income poor and vice-versa. These findings are one reason why a new global network of policymakers – the Multidimensional Poverty Peer Network, comprising Ministers and senior officials from over 25 countries and institutions – is calling for the United Nations to adopt a new multidimensional poverty index (MPI) 2015+ to track progress toward the new development goals adopted after 2015. This would complement a monetary measure of poverty such as $1.25/day.

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