



MULTIDIMENSIONAL POVERTY INDEX-2018

Introduction



The Global Multidimensional Poverty Index 2018 was released by the United Nations Development Programme (UNDP) and the OPHI. The Oxford Poverty and Human Development Initiative (OPHI) is an economic research centre within the Oxford Department of International Development at the University of Oxford.

What is Multidimensional Poverty Index?

1 MDP is "an international measure of acute poverty" based on the three key categories — health, education and living standards. It was first published in 2010 as part of the Twentieth Anniversary of the Human Development Report (HDR).

2 The Global Multidimensional Poverty Index 2018 was developed by OPHI with the UNDP with the purpose to build a more realistic, systematic methodological and economic framework for reducing multidimensional poverty, grounded in people's experiences and values. OPHI's work is grounded in Amartya Sen's capability approach, it works by:



Key Highlights of Global MPI 2018

- MPI 2018 covers 105 countries in total i.e.
 - 75% of the world's population, or
 - 5.7 billion people
- 1.34 billion people from 105 countries (total 23.3%) are multidimensionally poor
- more than 1.1 billion people (83%) live in either sub-Saharan Africa or south Asia.
- 2/3 of total people (nearly 892 million) live in middle income countries.
- About 612 million people (46%) live in severe poverty i.e. deprived in at least half of the weighted indicators in health, education, and living standards.
- Sub-Saharan Africa accounts for 56% of world's severely poor.
- MDP is much more intense in rural areas (1.1 billion people) than urban areas (0.2 billion people)
- Half of World's poor are children.

National Highlights

Global MPI in India: 2016 v 2006

1 India's MPI stood at **0.121** in 2016, lower than the global average of **0.159** and the South Asian countries, but higher than BRICS countries (excluding Russia).

2 Poverty rate came down from 55% to 28% in ten years, 271 million people moved out of poverty, a massive gain. (Similar to China a decade earlier)

3 India still has the largest number of poor people (364 million) in the world, followed by Nigeria (97 million), Ethiopia (86 million), Pakistan (85 million), and Bangladesh (67 million).

Rank	Country	MPI
1	Armenia	0.001
25	Brazil	0.016
26	China	0.017
35	South Africa	0.023
53	India	0.121
58	Nepal	0.154
62	Bhutan	0.175
71	Pakistan	0.228
81	Afghanistan	0.273
105	Niger	0.591
	Global average	0.159

Contribution to Global MPI in India State wise

Four poorest states – Bihar, Jharkhand, Uttar Pradesh, and Madhya Pradesh are home to over half of all the MPI poor people in India (196 million).

Jharkhand improved the most; Bihar is still the poorest state with more than half of its population in poverty.

Delhi, Kerala and Goa have the lowest incidence of multidimensional poverty.

District wise

The worst 10 districts were from Madhya Pradesh, Uttar Pradesh and Bihar. Kottayam district, Kerala has the lowest MPI (0), indicating no deprivation.

Community wise

Scheduled Tribes in comparison to others have more MPI, almost double than before. Though, the global MPI has reduced by half mainly due to greater progress among the poorest groups as they have experienced the biggest decadal reduction in MPI.

Indicators Contribution

Poor nutrition is the largest contributor to multidimensional poverty followed by not having a household member with at least six years of education.

Insufficient access to clean water and child mortality contribute least.

Relatively fewer people living in poverty experience deprivations in school attendance – a significant gain

How is MPI calculated?

1 The MPI measures multiple deprivations in the same households in education, health and living standards and 10 indicators, namely nutrition, child mortality, years of schooling, school attendance, sanitation, cooking fuel, drinking water, electricity, housing and assets.

2 A person is identified as Multidimensionally Poor or 'MPI Poor' if deprived in at least one third of the MPI's components.

The MPI Value = The incidence of Poverty x The Average intensity of Poverty
 "Incidence of poverty is the proportion of the population who are deprived in at least one third of the weighted indicators and Average intensity of poverty is the average share of deprivations people experience at the same time".

3 So the MPI value reflects both the share of people in poverty and the degree to which they are deprived. The MPI value ranges from 0 to 1, where 1 indicates the highest deprivation level, while 0 indicates the lowest.

What are the changes in Global MPI-2018?

Nutrition also includes BMI (Body Mass Index) for age, and stunting as well as underweight for children.

Child Mortality now considers whether a child has, sadly, perished in the household in the last five years preceding the interview date.

Six Years of Schooling requires rather than five years of schooling.

Assets now include ownership of computers and animal carts.

A household is deprived in the Housing indicator if the floor/the roof/walls is/are made of natural materials or rudimentary materials.

How is the global MPI 2018 aligned with the Sustainable Development Goals?

MPI 2018 have been revised to better align with the SDGs - Connecting to at least seven SDGs, namely SDGs 1,2,3,4,6,7, and 11, the MPI brings many concerns together into one headline measure. And, since people are MPI poor if they are deprived in one-third of the weighted indicators, the MPI focuses on people who are being left behind in multiple SDGs at the same time.

How MPI is better than Income Poverty?

1 As per World Bank, international poverty line is currently valued at \$1.90 in terms of 2011 purchasing power parity. But income does not always provide a sufficient representation of poverty. E.g. People may be above the poverty line but still deprived of needs such as housing. So, multidimensional approach is better way to measure poverty through access to a number of basic human needs such as housing, healthcare, sanitation and education etc.

2 Income is the means to ends, while the ends themselves are the satisfaction of basic human needs. MPI has a direct focus on the ends.

Limitations of the MPI

The indicators include both outputs (years of schooling) and inputs (cooking fuel); stock and flow indicators. A stock indicator is measured at a particular point in time, while may have accumulated in the past. On the contrary, a flow indicator is measured per unit of time. Surveys do not have flow indicators for all dimensions.

The health data are relatively weak and overlook some groups' deprivations especially for nutrition. E.g. Lack of nutritional information for women in some countries or for men in others.

Indicators' comparability is still imperfect. First in the case of nutrition, the information differs across the surveys used. Second the minimum acceptable standards like living standards on certain indicators may vary greatly according to the culture.

Intra-household inequalities may be severe, but, for the moment, these cannot be reflected in the global MPI, precisely because there is no individual-level information for all the indicators.

The MPI does not measure the depth of poverty (how far away from the deprivation cut-off in each indicator poor people are) and the inequality among the poor.

The estimates presented are based on publicly available data and cover various years between 2005 and 2015, which limits direct cross-country comparability.

Way Forward

The 2018 MPI a powerful tool to better measure progress against Sustainable Development Goal to end poverty in all its forms and for policymakers to design efficient multi-sectoral, pro-poor policies.

