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UN and Oxford University unveil new index to measure poverty



Cash transfer programme in Malawi changes the lives of families in extreme poverty

14 July 2010 – The United Nations Development Programme ([UNDP](#)) and Oxford University today launched a new index to measure poverty levels which they said give a “multidimensional” picture of people living in hardship, and could help target development resources more effectively.

The new measure, the Multidimensional Poverty Index, or MPI, was developed and applied by the Oxford Poverty and Human Development Initiative (OPHI) with UNDP support, the two institutions said in a joint press release.

It will be featured in the forthcoming 20th anniversary edition of the UNDP Human Development Report, and replaces the Human Poverty Index, which had been included in these reports since 1997.

This year’s Human Development Report will be published in late October, but research findings from the MPI were made available today at a policy forum in London and on line on the websites of [OPHI](#) and the [UNDP Human Development Report](#).

The MPI assesses a range of critical factors or “deprivations” at the household level: from education to health outcomes to assets and services. Taken together, these factors provide a fuller portrait of acute poverty than simple income measures, according to OPHI and UNDP.

The measure reveals the nature and extent of poverty at different levels: from household up to regional, national and international levels. The multidimensional approach to assessing poverty has been adapted for national use in Mexico, and is now being considered by Chile and Colombia.

"The MPI is like a high resolution lens which reveals a vivid spectrum of challenges facing the poorest households," said OPHI Director Sabina Alkire, who created the MPI with James Foster of George Washington University.

The UNDP Human Development Report Office is joining forces with OPHI to promote international discussions on the practical applicability of this multidimensional approach to measuring poverty.

"We are featuring the Multidimensional Poverty Index in the 20th anniversary edition of the Human Development Report this year because we consider it a highly innovative approach to quantifying acute poverty," Jeni Klugman, Director of the UNDP Human Development Report Office and the principal author of this year's report, said.

"The MPI provides a fuller measure of poverty than the traditional dollar-a-day formulas. It is a valuable addition to the family of instruments we use to examine broader aspects of well-being, including UNDP's Human Development Index and other measures of inequality across the population and between genders," she added.

OPHI researchers analysed data from 104 countries with a combined population of 5.2 billion or 78 per cent of the world's total. About 1.7 billion people in the countries covered – a third of their entire population – live in multidimensional poverty, according to the MPI. This exceeds the 1.3 billion people, in those same countries, estimated to live on \$1.25 a day or less, the more commonly accepted measure of "extreme poverty."

The MPI also captures distinct and broader aspects of poverty. For example, in Ethiopia 90 per cent of people are "MPI poor" compared to the 39 per cent who are classified as living in "extreme poverty" under income terms alone.

Conversely, 89 per cent of Tanzanians are extreme income-poor, compared to 65 per cent who are MPI poor. The MPI captures deprivations directly – in health and educational outcomes and key services, such as water, sanitation and electricity. In some countries these resources are provided free or at low cost; in others they are out of reach even for many working people with an income.

Half of the world's poor as measured by the MPI live in South Asia (51 per cent or 844 million people) and one quarter in Africa (28 per cent or 458 million).

Niger has the greatest intensity and incidence of poverty in any country, with 93 per cent of the population classified as poor in MPI terms.

Even in countries with strong economic growth in recent years, the MPI analysis reveals the persistence of acute poverty.

India is a major case in point. There are more MPI poor people in eight Indian states alone (421 million in Bihar, Chhattisgarh, Jharkhand, Madhya Pradesh, Orissa, Rajasthan, Uttar Pradesh, and West Bengal) than in the 26 poorest African countries combined (410 million).

The MPI also reveals great variations within countries: Nairobi has the same level of MPI poverty as the Dominican Republic, whereas Kenya's rural northeast is poorer in MPI terms than Niger.

The recently released 2010 UN Millennium Development Goals Report stressed that the MDGs – the eight poverty eradication and social development targets which countries have committed to try to achieve by 2015 – will be fully realized only by addressing the needs of those most disadvantaged by geography, age, gender or ethnicity, OPHI researchers point out.

"Our measure identifies the most vulnerable households and groups and enables us to understand exactly which deprivations afflict their lives," said Ms. Alkire. "The new measure can help governments and development agencies wishing to target aid more effectively to those specific communities," she added.

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