Frequently Asked Questions (FAQs) about the Multidimensional Poverty Index (MPI)

What is the Multidimensional Poverty Index?

The Multidimensional Poverty Index (MPI) is a new measure designed to portray the many deprivations faced by the most severely disadvantaged. The MPI reflects both the incidence of multidimensional deprivation, and its intensity—how many deprivations people experience at the same time. It can be used to create a comprehensive picture of people living in poverty, and permits comparisons both across countries, regions and the world and within countries by ethnic group, urban or rural location, as well as other key household and community characteristics. The MPI builds on recent advances in theory and data to present the first global measure of its kind, and offers a valuable complement to income-based poverty measures. The 2011 Human Development Report (HDR) presents estimates for 109 countries with a combined population of 5.5 billion (79% of the world total). About 1.7 billion people in the countries covered—a third of their entire population—lived in multidimensional poverty between 2000 and 2010.

What does the MPI measure?

As the 2011 *Human Development Report* states, the MPI identifies overlapping deprivations at the household level across the same three dimensions as the Human Development Index (living standards, health, and education) and shows the average number of poor people and deprivations with which poor households contend. For details see Alkire and Santos 2010.

Why is the MPI better than the Human Poverty Index (HPI, which was previously used in the Human Development Reports?

The MPI replaced the HPI, which had been published since 1997. Pioneering in its day, the HPI used country averages to reflect aggregate deprivations in health, education, and standard of living. It could not identify specific individuals, households or larger groups of people as jointly deprived. The MPI addresses this shortcoming by capturing how many people experience overlapping deprivations (incidence) and how many deprivations they face on average (intensity). The MPI can be broken down by indicator to show how the composition of multidimensional poverty changes for different regions, ethnic groups and so on—with useful implications for policy.

What makes a household "multidimensionally" poor?

One deprivation alone may not represent poverty. The MPI requires a household to be deprived in multiple indicators at the same time. A person is multidimensionally poor if the weighted indicators in which he or she is deprived add up to at least 33%.

Why is income not included?

We could not include income due to data constraints. Income poverty data come from different surveys, and these surveys often do not have information on health and nutrition. For most countries we are not able to identify whether the same people are income poor and also deprived in all the MPI indicators so could not include income.

Why is empowerment not included?

We could not include empowerment due to data constraints. The Demographic and Health Surveys (DHS surveys) collect data on women's' empowerment for some countries, but not every DHS survey includes empowerment, and the other surveys do not have these data. Data on men's empowerment or political freedom are missing.

What data are used in the MPI?

The MPI relies on three main databases that are publicly available and comparable for most developing countries: the Demographic and Health Survey (DHS), the Multiple Indicators Cluster Survey (MICS), and the World Health Survey (WHS). Sources of data for the MPI in 2011.

Why are 2011 MPI estimates only available for 109 countries?

We could not include other countries due to data constraints. Comparable data on each of the indicators were not available for other developing nations.

Why does national data for the MPI date from so many different years? Isn't it unfair to compare countries if the statistics in one case are five years older than in another?

The MPI relies on the most recent and reliable data available since 2000. However surveys are taken in different years and some countries do not have recent data. Eighty-two countries' data comes from 2005 or later; 21 countries are from 2003 or 2004, and six countries from 2000-2002. The difference in dates limits direct cross country comparisons, as circumstances may have improved, or deteriorated, in the intervening years.

Why are there such wide discrepancies between MPI poverty estimates and $1.25 per day poverty estimates in so many countries?

The MPI complements income poverty measures. It measures various deprivations directly. In practice, although there is a clear overall relationship between MPI and $1.25 per day poverty, the estimates do differ for many countries. This is a topic for further research, but some possibilities can include public services, as well as different abilities to convert income into outcomes such as good nutrition.

Why are MPI estimates higher than national poverty estimates in some countries?

The MPI, like the $1.25 per day line, is a globally comparable measure of poverty. It measures acute multidimensional poverty, and only includes indicators that are available for many countries. National poverty measures are typically monetary measures, and thus capture something different. The fact that there are differences does not mean that the national poverty number, or the MPI headcount is wrong—these simply measure different conceptions of poverty. At the same time, just as national poverty measures, in contrast, are designed to reflect the domestic situation more accurately and often differ in very useful ways from the $1.25 measure, some countries may wish to build a national multidimensional poverty index that is tailored to their context, to complement this international MPI.

Is the MPI intended to replace the standard $1.25 per day measure of poverty used for the MDGs and other international purposes?

No. The MPI is intended to complement monetary measures of poverty, including $1.25 per day estimates. The relationship between these measures, as well as their policy implications and methodological improvement, are priorities for further research.

What are the policy implications of the MPI?

The MPI methodology shows aspects in which the poor are deprived and help to reveal the interconnections among those deprivations. This enables policymakers to target resources and design policies more effectively. This is especially useful where the MPI reveals areas or groups characterized by severe deprivation. Examples where this has been done in practice include Mexico's poverty-reduction program, as described in the 2011 *Human Development Report*.

The MPI is said measure "acute" poverty. Does this differ from "extreme" poverty?

The MPI reflects the severe deprivations that people face at the same time. Because it was designed to compare across developing nations, it is most relevant to lesser developed countries. We have described the MPI as a measure of "acute" poverty to avoid confusion with the World Bank's measure of "extreme" poverty that captures those living on less than $1.25 a day.

How do I interpret the various values presented with the MPI results?

The MPI constitutes a family or set of poverty measures. These measures can be unpacked to show the composition of poverty both across countries, regions and the world and within countries by ethnic group, urban/rural location, as well as other key household and community characteristics. This is why OPHI describes the MPI as a high resolution lens on poverty: it can be used as an analytical tool to identify the most prevailing deprivations. The MPI measures are explained below:

Incidence of poverty: the proportion of people who are poor according to the MPI (those who are deprived in at least 33.3% of the weighted indicators).

Average intensity of poverty: the average number of deprivations people experience at the same time.

MPI value: The MPI value summarizes information on multiple deprivations into a single number. It is calculated by multiplying the incidence of poverty by the average intensity of poverty.

How does the MPI relate to the Millennium Development Goals (MDGs)?

The MPI indicators are drawn from the MDGs as far as the available internationally comparable data allow. The 10 indicators of the MPI are identical, or relate, to MDG indicators: nutrition (MDG 1), child mortality (MDG 4), access to drinking water (MDG 7), access to sanitation facility (MDG 7) and use of an improved source of cooking fuel (MDG 9). The overall MPI can be broken down into its constituent parts, revealing the overlapping needs of families and communities across a range of indicators which so often have been presented in isolation. This helps policymakers to see where challenges lie and what needs to be addressed.

What are the main limitations of the MPI?

The MPI has some drawbacks, due mainly to data constraints. First, the indicators include both outputs (such as years of schooling) and inputs (such as cooking fuel) as well as one stock indicator (child mortality, which could reflect a death that was recent or long ago), because data are not available for all dimensions. Second, the health data are relatively weak and overlook some groups' deprivations especially for nutrition, though the patterns that emerge are plausible and familiar. Third, in some cases careful judgments were needed to address missing data. But to be considered multidimensionally poor, households must be deprived in at least six standard of living indicators or in three standard of living indicators and one health or education indicator.

This requirement makes the MPI less sensitive to minor inaccuracies. Fourth, intra-household inequalities may be severe, but these could not be reflected. Fifth, while the MPI goes well beyond a headcount to include the intensity of poverty experienced, it does not measure inequality among the poor, although decompositions by group can be used to reveal group-based inequalities. Finally, the estimates presented here are based on publicly available data and cover various years between 2000 and 2010, which limits direct cross-country comparability.

How is the MPI approach useful at the country level?

The multidimensional poverty approach can be adapted using indicators and weights that make sense at the country level to create tailored national poverty measures. The MPI can be useful as a guide to helping governments tailor a poverty measure that reflects multiple local indicators and data. In 2009 Mexico, became the first country to adopt a multidimensional poverty measure reflecting multiple deprivations on the household level.

Can the indicators be adapted at the country level?

Yes. The global MPI estimates are constrained by need for comparability. National teams should use the indicators and weights that make sense. At the country level, however, the multidimensional poverty approach to assessing deprivations at the household level can be tailored using country-specific data and indicators to provide a richer picture of poverty at the country level.

Can the MPI be adopted for national poverty eradication programs?

Yes. The MPI methodology can and should be modified to generate national Multidimensional Poverty Measures that reflect local cultural, economic, climatic and other factors. The international MPI was devised as an analytical tool to compare acute poverty across nations.

How does the MPI respond to changes over time?

We estimated the MPI over time and conducted trend analysis for a handful of countries for which suitable data are available for. For details see page 51 of Alkire and Santos 2010, ad page 51 of the 2011 Report.

How does the MPI respond to the effects of shocks?

The effects of shocks are difficult to capture in any poverty measure. Because the standard survey data used to estimate the global measure are collected infrequently, the ability to detect changes is limited by the available data fed. The MPI will reflect the impacts of shocks as far as these cause children to leave primary education or to become malnourished, for example. If more frequent data are available at the country or local level, this can be used to seek to capture the effects of larger scale economic and other shocks.

Will the MPI be a permanent feature of UNDP's annual HDRs?

The MPI is one of three new experimental series introduced in 2010, alongside the Inequality-adjusted Human Development Index and the Gender Inequality Index. It will be revised and improved in light of feedback and data availability. Each annual report is expected to update estimates as data allows.