

Beyond \$1.90 a day: why the World Bank is rethinking who is poor

- *787m people live on less than \$1.90 a day – while this is unacceptable, that number alone **misses hundreds of millions** who are poor in other ways.*
- *The World Bank agrees to new call from commission led by Oxford's Tony Atkinson to **use broader measures of poverty**.*
- *Its landmark proposal is to **use transparent and collaborative profiles of poverty including** a multidimensional measure to track deprivations in consumption, health, education, work, physical security - or in multiple overlapping deprivations - alongside its international poverty yardstick.*

Oxford University leaders have hailed the World Bank's backing for "multidimensional" poverty measures as a landmark in the global push to eradicate poverty in all its forms by 2030.

The Bank currently defines anyone living on less than \$1.90 a day as poor – yet this measure excludes hundreds of millions of others who live on more than \$1.90 but who nonetheless suffer serious deprivations – lacking access to clean water, say, or to healthcare.

"Multidimensional measures that make visible interconnected aspects of acute poverty will allow the world both to see who else is poor and, crucially, how they are poor, so policy makers can act," said Sabina Alkire, director of the Oxford Poverty and Human Development Initiative (OPHI).

The Bank's decision to broaden the way it measures poverty comes in response to the release of a new report it commissioned, [Monitoring Global Poverty](#) whose lead author is Oxford professor Sir Tony Atkinson. As well as backing multidimensional measures, the Atkinson commission looked more widely at measuring poverty, with other recommendations including setting what it suggests should be called the "international poverty line" in local currencies, not dollars; separating out figures on poverty for women and children; detailing 'total error'; and including relative aspects of poverty. It also calls for improved data gathering on both monetary and non-monetary aspects of poverty.

But it is the acknowledgment that international organisations and policy makers need to look beyond money and include real life deprivations that is a breakthrough for Alkire and the [OPHI](#) research group at Oxford, who have been pioneers of multidimensional measures.

OPHI and the UN Development Programme developed the global Multidimensional Poverty Index (MPI) in 2010 to capture multiple deprivations in

education, health and living standards for use in the UN's Human Development Reports. This method has also been adapted for use in countries including Bhutan, Chile, Colombia, Costa Rica, Ecuador, El Salvador, Honduras, Mexico, Pakistan and South Africa.

The argument for moving beyond a simple, monetary measure to capture a more comprehensive picture of poverty has been gathering support in recent years. The [United Nations Secretary General Report](#) from December 2014 endorsed the idea that poverty measures should reflect the multidimensional nature of poverty, a point echoed in the UN's [My World survey](#) – which surveyed ten million people – and by the groups such as **Strategy for Harmonisation of Statistics in Africa**.

The argument for non-monetary measures has been given further weight by the very first of the UN's Sustainable Development Goals, which commits explicitly to ending poverty “in all its forms everywhere” by 2030 – with the clear implication that policy makers must tackle and track poverty in all its varied aspects.

Paul Romer, the World Bank's chief economist, is clear the Bank has been persuaded by the case for non-monetary measures and aims to use them to complement the monetary ones.

In a [cover note](#) responding to the Atkinson recommendations, written with other senior managers at the bank, Romer said: “We plan to implement this suggestion [for multidimensional measures using the Alkire Foster method] by tracking non-monetary deprivations in three specific domains where relative market prices are typically either unavailable or uninformative as natural aggregators, namely: educational outcomes; access to health care; and access to basic services, such as water, sanitation and electricity.

We are particularly interested in the overlap among these different deprivations, and between them and monetary poverty.”

This dense, visionary and courageous Report will be launched at Oxford University on Friday 4 November by Sir Tony Atkinson in conversation with the World Bank Commissioners, academics, and Oxfam. Co-hosted by the Oxford Poverty & Human Development Initiative and the Oxford Martin School, the afternoon events offer a chance to witness to an historical shift in poverty measurement as it occurs.

[Ends]

For more information, interview requests and quotes, please contact OPHI at carolina.moreno@geh.ox.ac.uk or 44 (0)7425138425.

Note on the multidimensional poverty index

Based on the [Alkire-Foster method](#), the MPI:

- Measures acute or moderate poverty in multiple dimensions
- Provides a clear, informative poverty headline
- Tracks change in poverty and its dimensions
- Enables policy coordination across sectors
- Can be disaggregated by groups and indicators, to show success in leaving no one behind
- May be mapped to environmental conditions
- Compares non-monetary deprivations directly, independent of prices, inflation, or currency

The method has been used to develop an internationally comparative measure, the **global MPI**, as well as to develop **national MPI measures** that reflect each country's local context. The methodology, developed by the Oxford Poverty and Human Development Initiative (OPHI) can be [introduced in 12 steps](#).

The Global MPI was updated in June 2016 and covers 102 countries, which are home to 75 per cent of the world's population, or 5.2 billion people. Of these, 30 per cent, or **1.6 billion people**, have been identified as multidimensionally poor.

A comprehensive look at the Global MPI can be found [here](#).