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Oxford University and UNDP join forces to launch a better way to measure global poverty

London, 14 July 2010: The Oxford Poverty and Human Development Initiative (OPHI) of Oxford University and the Human Development Report Office of the United Nations Development Programme (UNDP) today launched a new poverty measure that gives a “multidimensional” picture of people living in poverty which its creators say could help target development resources more effectively.

The new measure, the Multidimensional Poverty Index, or MPI, was developed and applied by OPHI with UNDP support, and will be featured in the forthcoming 20th anniversary edition of the UNDP Human Development Report. The MPI supplants the Human Poverty Index, which had been included in the annual *Human Development Reports* since 1997.

The 2010 UNDP Human Development Report will be published in late October, but research findings from the Multidimensional Poverty Index were made available today at a policy forum in London and on line on the websites of OPHI (www.ophi.org.uk) and the UNDP Human Development Report (<http://hdr.undp.org/en/>).

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 level. This new 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 Dr Sabina Alkire, who created the MPI with Professor James Foster of George Washington University and Maria Emma Santos of OPHI.

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,’ Dr 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.’

OPHI researchers analysed data from 104 countries with a combined population of 5.2 billion (78 per cent of the world 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 will be fully achieved 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 Dr. Alkire. 'The new measure can help governments and development agencies wishing to target aid more effectively to those specific communities.'

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MPI Launch Event:

The MPI policy forum will take place at the Commonwealth Club, 25 Northumberland Avenue, London WC2N 5AP on Wednesday 14 July at 10am-11.30am, and will be followed by interview opportunities. To attend the event, please email sarah.valenti@qeh.ox.ac.uk.

For interviews and more information, please contact the University of Oxford Press Office on +44 (0)1865 280534 or press.office@admin.ox.ac.uk. Or contact Dr Sabina Alkire, Director of OPHI, University of Oxford, on mobile: +44 (0)7792 505847

For further information on the UNDP Human Development Report please contact William Orme at 1-212-906-6763 or william.orme@undp.org

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Notes for Editors:

Calculation of poverty using the Multidimensional Poverty Index

A household (and therefore all its members) is defined as 'multidimensionally poor' if it is deprived in some combination of two to six 'indicators' (or more than 30 per cent of the weighted indicators). The number varies because the indicators carry different weights. The MPI of a country or region is the product of the proportion of poor people and the average number of deprivations that poor households face at the same time i.e. the average intensity of their poverty. By directly measuring the different types of poverty in each household, the MPI captures how different groups of people experience concurrent deprivations. (See 'Acute Multidimensional Poverty: A New Index for Developing Countries' by Sabina Alkire and Maria Emma Santos at: <http://www.ophi.org.uk/publications/ophi-working-papers>).

OPHI (Oxford Poverty and Human Development Initiative)

OPHI is a research centre within the Oxford Department of International Development at the University of Oxford. OPHI is led by Sabina Alkire and works to develop and apply new ways to measure and analyse poverty, human development and welfare, drawing on the work of

Nobel Laureate economist Amartya Sen, Sabina Alkire and James Foster developed the multidimensional methodology for measuring poverty. James Foster is Professor of Economics and International Affairs at George Washington University and Research Associate at OPHI.

For more about OPHI, visit www.ophi.org.uk

The UNDP Human Development Report

The Human Development Reports produced since 1990 by the United Nations Development Programme are widely considered the most influential of the many regular reports by multilateral institutions. Unique among UN publications for their tradition of intellectual independence – though sponsored by UNDP, they do not represent its official views or policies – the Human Development Reports are best known for their often controversial analyses of critical issues and the annual Human Development Index, which was created as an alternative to income-based measures of national and individual well-being. The 20th anniversary edition of the Human Development Report will be released in October 2010. The Report examines decades of Human Development data trends, refines the original Human Development Index with new databases and methodologies, and introduces new measures adjusting the Index to reflect internal national inequalities and gender disparities.

The 1997 Human Development Report introduced the Human Poverty Index (HPI), which measured multiple deprivations in key aspects of human development. UNDP researchers concluded that the HPI had limited utility because it aggregated average deprivation levels for each dimension and thus could not be linked to any specific group of people. This led to the HPI's substitution in the 2010 Report by OPHI's new Multidimensional Poverty Index, which uses microeconomic data to reflect the percentage of households that experience overlapping deprivations in three dimensions—education, health and living conditions.

For more about UNDP's Human Development Reports, visit <http://hdr.undp.org>

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