The Multidimensional Poverty Index (MPI): Some key terms defined

Alkire-Foster method

This is the method that the MPI follows and that identifies who is poor according to the simultaneous or “joint” deprivations a person experiences, and measures poverty according to its incidence and intensity. The method is flexible and can be used with different dimensions and indicators to create measures specific to different societies and situations.

Censored headcount ratios

The proportion of people who are multidimensionally poor and deprived in each of the indicators.

Censoring

This is the process of removing from consideration deprivations belonging to people who don’t reach the poverty cut-off and focusing instead on those who are multidimensionally poor.

Decomposition

The process of breaking apart the MPI to show the composition of poverty for different groups. Groups might include countries, regions, ethnic groups, urban versus rural location, or other key household characteristics.

Deprivation cut-offs

The minimum levels of satisfaction associated with each indicator of the MPI.

Functionings and basic functionings

“Functionings are defined as “the various things a person may value doing or being” (Sen 1999, p75). In other words, functionings are valuable activities and states that make up people’s well-being—such as being healthy and well-nourished, being safe, being educated, having a good job, and being able to visit loved ones. They are also related to goods and income but describe what a person is able to do or be with these. For example, when people’s basic need for food (a commodity) is met, they enjoy the functioning of being well-nourished.”

“Because functionings are aspects of human fulfilment, some functionings may be very basic (being nourished, literate, clothed) and others might be quite complex (being able to play a virtuoso drum solo).”

1 Alkire, S and Deneulin, S. 2009. p. 31.
Incidence

The proportion of people (within a given population) who experience multiple deprivations. This is known formally as the “multidimensional headcount ratio.” Example: 80 per cent of people are poor.

Intensity

The average proportion of deprivations experienced by poor people (within a given population). Example: the average poor person is deprived in 50 per cent of the (weighted) indicators.

Multiple deprivations

Those who do not reach the deprivation cut-offs in multiple indicators at the same time are said to experience multiple (joint) deprivations.

Poverty cut-off

This is the cut-off or threshold used to identify the multidimensionally poor. It reflects the proportion of weighted indicators a person must be deprived in to be considered poor.

Multidimensional headcount ratio

This is the formal name for the “incidence” of poverty, i.e. the proportion of people (within a given population) who experience multiple deprivations.

Raw headcount ratios

The deprivation rates in each indicator, which includes everyone who is deprived, regardless of whether they are multidimensionally poor or not.