Multidimensional Poverty in the SDGs

The 19 July 2014 Outcome Document of the Open Working Group (OWG) called for a measure of ‘poverty in all its dimensions’ to be halved – at least. This brief sketches what a Multidimensional Poverty Index (MPI) is and what a new version of it (MPI 2015+) could look like in the Sustainable Development Goals (SDGs).

WHY AN MPI 2015+?
The MPI 2015+, supported by a data revolution, can help to eradicate extreme poverty by complementing income poverty measures and shining a high-resolution lens on poverty, showing who is poor and how they are poor, helping to ensure that the SDGs “leave no one behind”.

A Multidimensional Poverty Index:
• Makes acute poverty visible in multiple dimensions.
• Provides a clear, informative poverty headline.
• Monitors change and reflects effective policy interventions quickly.
• Shows the interconnected deprivations poor people experience.
• Enables policy coordination, not a silo approach.
• Provides incentives to target the poorest by tracking changes in intensity of poverty.
• May be linked to environmental or other variables.
• Displays success in leaving no one behind through direct disaggregation – and celebrates success.
• Compares non-monetary deprivations directly, independent of price or currency.

What is the Global MPI?
• The Global Multidimensional Poverty Index is an index of acute multidimensional poverty.
• Since 2010, the UNDP Human Development Reports have published an MPI using the most recent existing data.
• The 2014 MPI covers 108 countries and 5.4 billion people, disaggregated by 780 subnational regions. On average 30% of people are MPI poor. Changes over time are reported for 2.5 billion people.
• www.ophi.org.uk/multidimensional-poverty-index

Global and National Applications: An SDG-related MPI could be Global or National. A Global MPI 2015+ could be used to track and compare a set of deprivations across countries. It can incentivise change and cross-fertilise good practices.

National multidimensional poverty measures are tailored to the policy, cultural, and environmental context. They galvanise political will, and energise and inform policy at all phases.

The Alkire Foster method that underlies the Global MPI has been used to create official national MPIs, each tailored to reflect national priorities. For example:
• Mexico released an MPI in 2009 which has a legal basis, policy implications, and biannual updates.
• Colombia’s MPI, updated every year, is used to coordinate policy and monitor the national plan.
• The Philippines’ official national MPI is a target related to inclusive growth, updated annually.
• Bhutan’s national MPI informs its allocation across sectors and regions.
• The South African MPI (SAMPI) uses census data for an up-close look at poverty.

These and over 25 additional governments have formed a Multidimensional Poverty Peer Network to support those in the process of exploring or developing national MPIs, as well as to undertake a focused exploration of an MPI 2015+.
MPI Methodology: Rigorous yet Flexible

The Global MPI and National MPIs have different indicators and specifications but share a common underlying structure and methodology, which create policy-relevant properties (Alkire & Foster 2011).

The building blocks of the MPI are direct measures of the overlapping deprivations poor people experience simultaneously. Endah (pictured below) is poor because she is deprived in more than one-third of the weighted indicators – in fact she’s deprived in 73% (illustrated by the shaded boxes of the figure below).

The MPI is calculated by multiplying the incidence of poverty (H) - the percentage of people who are poor - by the intensity of poverty (A) - the extent of simultaneous deprivations poor people experience. MPI = H x A.

Acute and Moderate MPIs: To achieve universal relevance, an MPI for acute poverty needs to be complemented by an MPI for moderate poverty – just as the $1.25/day measure is complemented by $2 and $4 versions. Regions like Latin America and the Caribbean and the Arab states are already developing moderate MPIs that can be used alongside the acute MPI.

REFERENCES


ECLAC (Economic Commission for Latin America and the Caribbean) (2013), Social Panorama of Latin America.


Sustainable Development Solutions Network (July 2014), ‘Indicators and a monitoring framework for Sustainable Development Goals: Launching a data revolution for the SDGs’.

INTERNATIONAL SUPPORT FOR MPI 2015+

The possibility of using an MPI 2015+ to monitor multi-dimensional poverty has been favourably raised and considered by a variety of international actors.

Economic Commission for Latin America (ECLAC): “The Social Panorama … addresses poverty from … a multidimensional perspective. This approach enables detailed analysis not only of the magnitude of poverty, but also of its intensity and its distinctive features in different groups, while also guiding the formulation of poverty reduction policies that dovetail better with comprehensive policies in support of well-being.” Social Panorama of Latin America (2013)

Sustainable Development Solutions Network (SDSN): The SDSN supports the multidimensional concept of extreme poverty. “Multi-dimensional poverty assessments aim to measure the non-income based dimensions of poverty, to provide a more comprehensive assessment of the extent of poverty and deprivation.” Sustainable Development Solutions Network (2014)

Organisation for Economic Cooperation & Development (OECD): “Create a new headline indicator to measure progress towards eradicating all forms of poverty, which could complement the current income-poverty indicator.” Development Co-operation Report 2013: Ending Poverty

Islamic Development Bank: “…views poverty as a multi-dimensional phenomenon, encompassing not only low income and consumption, but also low achievement in fundamental human rights including education, nutrition, primary health, water and sanitation, housing, crisis coping capacity, insecurity, and all other forms of human development.” Fourth Annual Report, 1432H-2011G (2011)