

# Poverty in All its Dimensions according to National Definitions: A briefing on SDG Indicator 1.2.2

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## PURPOSE OF THIS BRIEFING<sup>1</sup>

Agenda 2030 names reducing poverty in all its forms, including extreme (monetary) poverty, as ‘the greatest global challenge’ – an aim that was firmly reaffirmed in 2023.<sup>2</sup> While much attention has been given to monetary poverty trends, this briefing summarises how countries are reporting progress on reducing poverty in all its dimensions according to national definitions (SDG 1.2).

SDG Target 1.2 calls for reducing at least by half the proportion of men, women and children of all ages living in poverty in all its dimensions according to national definitions by 2030. It is measured by two indicators: SDG Indicator 1.2.1 reports national monetary statistics, and SDG Indicator 1.2.2 reports national multidimensional poverty measures. This briefing focuses on SDG Indicator 1.2.2.

## WHY IS IT IMPORTANT TO REPORT SDG INDICATOR 1.2.2?

As Sir Tony Atkinson observed, ‘*Poverty statistics matter because they motivate people to tackle a key challenge. Learning about the extent of poverty is important, but it is the link to action that marks out poverty statistics from many others*’.<sup>3</sup>

Evidence about poverty influences political decision-making. Poverty statistics are ‘performance indicators’ – especially where linked to adopted targets for poverty reduction. National multidimensional poverty measures are thus increasingly assuming a motivational role. But in order to instigate action, poverty statistics must not only be collected, they must also be reported.

National MPIs that are already reported against SDG 1.2.2 reveal many stories of success in the reduction of multidimensional poverty:

- Paraguay and Viet Nam reduced the incidence of National MPI from 41.6%–24.9% and from 18.1%–4.4%, respectively, between 2012 and 2020;
- Bhutan reduced its MPI incidence from 12.4% to 2.1% within a decade between 2012 and 2022;
- South Africa reduced its MPI incidence from 17.9%–7.0% between 2001 and 2016.

It is important to share these stories of success and reveal best practices. Reporting multidimensional poverty statistics as SDG 1.2.2 in the Global SDG Indicators Database is a key part of this process of exchange between policy actors.

1 Citation for all analyses and results presented in this briefing: Alkire, S. and Dirksen, J. (forthcoming). ‘Multidimensional poverty around the world: A comprehensive survey’, Oxford Poverty and Human Development Initiative (OPHI), University of Oxford.

2 Ref 2023 UNGA A/RES/78/1 October 2023 - Seventy-eighth session Agenda Follow-up to the outcome of the Millennium Summit

Resolution adopted by the General Assembly on 29 September 2023 78/1. Political declaration of the high-level political forum on sustainable development convened under the auspices of the General Assembly.

3 Atkinson, A.B. (2019). *Measuring Poverty Around the World*. Princeton and Oxford: Princeton University Press, p. 1.

## WHICH COUNTRIES ARE REPORTING SDG INDICATOR 1.2.2?

- 3.69 billion people live in a country that reports SDG 1.2.2
- 2.97 billion people live in a country which reports a national Multidimensional Poverty Index (MPI)

The number of official national multidimensional measures of poverty has increased sharply in the SDG period. As of July 2024, 84 countries have reported data for SDG 1.2.2 in the Global SDG Indicators Database (see Table

1 below). Of these, 74 countries reported the percentage of the population who are multidimensionally poor (MPI incidence), 10 countries reported the percentage of households who are poor only (five report both), and 14 countries reported data for individual child measures of multidimensional poverty – five of which only report this statistic.<sup>4</sup> The measures can be further broken down by type: 43 countries, home to 2.97 billion people, reported a Multidimensional Poverty Index (MPI). An additional 34 countries reported the At Risk of Poverty and Social Exclusion (AROPE) measure by Eurostat, a measure that

**Table 1. Countries reporting poverty in all its dimensions according to national definitions**

Measure	Arab States	East Asia and Pacific	Europe and Central Asia	Latin America and Caribbean	South Asia	Sub-Saharan Africa
<b>AROPE</b> 544 million*			Albania, Austria, Belgium, Bulgaria, Croatia, Cyprus, Czechia, Denmark, Estonia, Finland, France, Germany, Greece, Hungary, Iceland, Ireland, Italy, Kosovo, Latvia, Lithuania, Luxembourg, Malta, Montenegro, Netherlands, N. Macedonia, Norway, Poland, Romania, Serbia, Slovakia, Slovenia, Spain, Sweden, Turkey			
<b>MPI</b> 2.97 billion*	Lebanon, Morocco, State of Palestine	Malaysia, Philippines, Samoa, Thailand, Viet Nam	Armenia	Belize, Chile, Colombia, Costa Rica, Dominican Republic, Ecuador, El Salvador, Guatemala, Honduras, Mexico, Panama, Paraguay, Saint Lucia, Suriname	Afghanistan, Bhutan, India, Maldives, Nepal, Pakistan, Sri Lanka	Angola, Ghana, Guinea, Guinea-Bissau, Malawi, Mali, Mozambique, Namibia, Nigeria, Rwanda, Seychelles, South Africa, Uganda
<b>MODA</b> 155 million*	Egypt					Lesotho, Sao Tomé and Príncipe, Zambia, Zimbabwe
<b>Other</b> 14 million*		Tonga				Burundi

\* Population estimates, including medium fertility variant projections, are derived from: United Nations, Department of Economic and Social Affairs, Population Division (2022). World Population Prospects 2022, online edition.

**Note:** 43 countries, home to 2.97 billion people, report a national Multidimensional Poverty Index (MPI). An additional 34 countries with 544 million people report the At Risk of Poverty and Social Exclusion (AROPE) measure by Eurostat.

<sup>4</sup> For more information on child MPIs and how they can be linked to national MPIs see Dirksen, J. and Alkire, S. (2021). 'Children and Multidimensional Poverty: Four Measurement Strategies', *Sustainability*, Vol. 13, No. 16: 9108, and also UN STATS (2024). SDG Indicator Metadata: 1.2.2.

identifies a person as poor if they suffer at least one of three deprivations: relative income poverty, quasi-joblessness, and/or severe material deprivation. The five countries that reported exclusively on child multidimensional poverty all used an MPI in its variant as Multiple Overlapping Deprivation Analysis (MODA). Finally, two countries reported a different metric (Burundi and Tonga).<sup>5</sup>

This leaves 114 countries without an official national indicator for SDG 1.2.2.<sup>6</sup> Global MPI estimates could potentially be used or adapted to track and report trends in multidimensional poverty in 72 of these countries where deemed appropriate. Some countries are currently developing national MPIs,<sup>7</sup> or have already launched national MPIs but have not yet reported them in the Global SDG Indicators Database (Madagascar, Mauritania, Sierra Leone, and Timor-Leste, for example).

## WHAT DO COUNTRIES REPORT IN THEIR NATIONAL MPIs?

**MPI or Adjusted headcount ratio:** Countries report usually using the MPI value or adjusted headcount ratio (Alkire and Foster 2011),<sup>8</sup> which combines the incidence of poverty and its intensity, or the average share of weighted deprivations that poor people experience.

**Dimensions:** National MPIs have three to seven dimensions. Precise wordings vary, but all national MPIs include health, education, and a dimension related to material living standards. Other frequently used dimensions consider employment and social protection. Some national MPIs also feature dimensions on livelihood shocks, social inclusion, and the quality of the environment.

**Indicators:** National MPIs have 7 to 24 indicators with an average (weighted by number of countries) of around 14 indicators. While precise definitions vary, nearly all MPIs

include some indicator of school attendance, educational attainment, water and sanitation. Other frequently used indicators are housing materials (roof, floor, walls), electricity, overcrowding, and main source of cooking fuel. In employment dimensions, indicators of unemployment, underemployment, and child labour are the most frequently used indicators. Indicators can be analysed in terms of their prevalence, how they contribute to the overall MPI value, and the way they interlink at the household level to form specific deprivation profiles.

**Disaggregation:**<sup>9</sup> The 43 countries that have reported a national MPI are disaggregated by 7,222 subnational regions. Of these countries, 35 are disaggregated by rural and urban areas. In addition, 28 countries with MPIs disaggregate by age cohorts, or at least by children and by adults. Other MPI disaggregations include sex/gender, usually of the household head (28 countries), household size (17 countries), educational attainment of the household head (14 countries), monetary poverty status (10 countries); employment status or sector (nine countries), wealth quantiles (nine countries), ethnicity or indigenous status (seven countries), and disability status (five countries). With an MPI it is possible not only to see the level of poverty – including the MPI value, and the incidence and intensity of multidimensional poverty for each population subgroup – but also the precise indicator composition. The headcount ratios for the 34 AROPE countries are disaggregated by sex, age, educational attainment, employment or activity status, income quantile, citizenship, country of birth, tenure status, degree of urbanisation, and subnational regions.

**Trends:**<sup>10</sup> What do the trends show? Trends are available for 62 of the 84 countries in the global SDG 1.2.2 databank. Of those 62 countries, between one-half and two-thirds of the countries are not on track to halve the incidence of multidimensional poverty if current trends continue.<sup>11</sup>

5 Burundi has in the meantime also developed a national MPI. However, this is not (yet) reported in the Global SDG Indicators Database.

6 Five of these countries have a child-only measure.

7 Botswana and Uzbekistan, for example, have already published 'Pilot MPI Reports' ahead of later official releases of their national MPIs.

8 Alkire, S. and Foster, J.E. (2011). 'Counting and multidimensional poverty measurement', *Journal of Public Economics*, Vol. 95(7–8), pp. 476–87.

9 The authors wish to thank Azul Fourcade for her support in documenting disaggregations of national MPIs.

10 Since national MPIs apply unique measurement structures, including dimensions, indicators, weights, and cutoffs, results and trends cannot be straightforwardly compared across countries. For such purposes, the global MPI and regional MPIs that have been developed for some world regions can be used.

11 In Alkire and Dirksen (forthcoming, see footnote 1), we extend past national MPI – including some not (yet) reported in the Global SDG Indicators Database – and AROPE trends using both absolute linear, and constant relative/exponential methods, assuming that actual reduction would probably fall within those bounds. By the absolute measure, 33 countries are off track; whereas by constant relative, 41 countries are off track – 30 are off track by both measures.

- The fastest absolute annualised reduction took place in the Maldives, which reduced national MPI incidence from 70.2% in 2009 down to 28.4% in 2016–17.
- The fastest relative annualised reduction took place in Bhutan, which reduced MPI incidence from 12.1% in 2012 to 2.1% in 2022 (average annual reduction of 20%).
- The largest reduction in terms of the number of poor took place in India, where multidimensional poverty fell from a headcount ratio of 24.9% 2015–16 to 15.0% in 2019–21.

### CHALLENGES TO REPORTING SDG 1.2.2 AND SUGGESTED SOLUTIONS

Some countries that have MPIs have not yet reported them against SDG 1.2.2 and others have not updated the database with their most recent data. This may be because the process of reporting SDG 1.2.2 is different from all the other SDG indicators. The countries themselves are custodian agencies.

Another common **challenge** to reporting updated SDG 1.2.2 figures are gaps in household survey data that can be used to construct a meaningful, timely MPI – some important indicators may be missing and/or surveys might be too infrequent.

Possible **short-term solutions** for countries without any indicator reported for SDG 1.2.2. include approving, then reporting the global MPI of the country. Such data are currently available for 72 countries that have not yet reported against SDG 1.2.2. Another option is to report results from a regional MPI, if available.

**Mid- to long-term solutions** for reporting multidimensional poverty include the utilisation of other data sources, such as new household surveys, or Census data. Certain countries can also apply for additional funding made available by the World Bank and other global partners to support the costs of poverty-oriented household surveys. These need to be complemented by ongoing investments into statistical capacity so that skilled statisticians are available to update the poverty statistics from new datasets.

### RECOMMENDATIONS FOR REPORTING TO THE GLOBAL SDG INDICATORS DATABASE

- Report MPI data for SDG 1.2.2.
- Report global MPI data for SDG 1.2.2. if considered appropriate and no national MPI can be created.
- Report every updated MPI available under SDG 1.2.2.
- Report disaggregated MPI data under SDG 1.2.2.
- Consider developing an individual Child MPI linked to the national MPI to report on child poverty under SDG 1.2.2.
- Include MPI data alongside monetary poverty statistics for SDG 1 in every Voluntary National Review (VNR).
- Join the Multidimensional Poverty Peer Network (MPPN), a growing global community of 63 countries and 20 organisations that focuses on multidimensional poverty and regularly exchange experiences and success stories.
- Use multidimensional poverty statistics pro-actively to develop evidence-based poverty reduction strategies that will accelerate progress.

## HOW TO REPORT SDG 1.2.2. IN THE GLOBAL SDG INDICATORS DATABASE

Countries are invited to report results from 2010 to the present for:

1. The percentage of the population who are poor;
2. The percentage of households who are poor;
3. Average proportion of deprivations for people multidimensionally poor (%);
4. Average share of weighted deprivations of total households (%);
5. Sex disaggregation;
6. Rural /Urban disaggregation;
7. Age disaggregation (<18; <16; <15; <10; <6 years of age);
8. Individual child poverty measures.

**Process:** The World Bank requests and reaches out to SDGs Focal Points for the submission or verification of information every year in April. SDG Focal Points can submit the data to the World Bank Country Office, who verifies these data and then shares them with UNICEF and UNDP, who also validate them. When all three supporting agencies have confirmed the data, they are uploaded into the Global SDG Indicators Database, after final approval from the SDG Focal Point. In addition, World Bank teams also directly reach out to SDG Focal Points to approve the inclusion of data provided by NSOs or publicly available online, also verified by UNICEF and UNDP.

**Source:** World Bank (2024). SDG Indicators: Data Collection Information and Focal Points: 1.2.2, and UN STATS (2024). SDG Indicator Metadata: 1.2.2.

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