Multidimensional Poverty Index 2023

Unstacking global poverty:
data for high impact action

Briefing note for countries on the 2023 Multidimensional Poverty Index

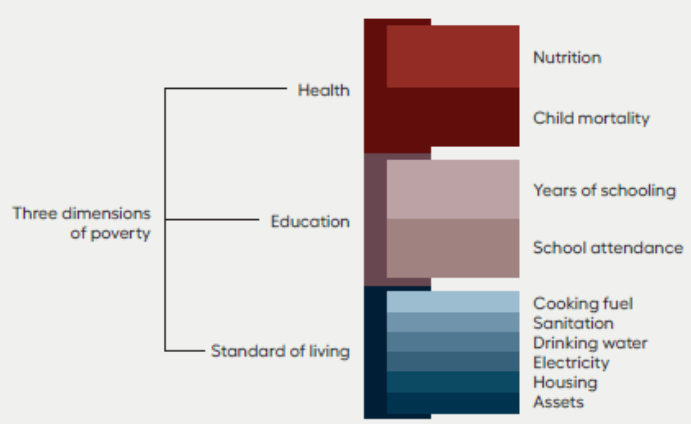
Nicaragua

What is the global Multidimensional Poverty Index?

Sustainable Development Goal 1 aims to end poverty in all its forms everywhere. The global Multidimensional Poverty Index (MPI) measures acute multidimensional poverty across more than 100 developing countries. It does so by measuring each person's overlapping deprivations across 10 indicators in three equally weighted dimensions: health, education and standard of living (see figure). The health and education dimensions are based on two indicators each, while standard of living is based on six indicators.

All the indicators needed to construct the MPI for a country are taken from the same household survey. Each indicator is equally weighted within its dimension, so the health and education indicators are weighted 1/6 each, and the standard of living indicators are weighted 1/18 each. The MPI is the product of the headcount or incidence of multidimensional poverty (proportion of people who are multidimensionally poor) and the intensity of multidimensional poverty (average share of weighted deprivations, or average deprivation score,[1] among multidimensionally poor people) and is therefore sensitive to changes in both components. A deprivation score of 1/3 (one-third of the weighted indicators) is used to distinguish between the multidimensionally poor and nonpoor. If the deprivation score is 1/3 or greater, the household (and everyone in it) is classified as multidimensionally poor. Individuals with a deprivation score greater than or equal to 1/5 but less than 1/3 are classified as vulnerable to multidimensional poverty. Finally, individuals with a deprivation score greater than or equal to 1/2 live in severe multidimensional poverty. The MPI ranges from 0 to 1, and higher values imply higher multidimensional poverty. The MPI complements the international $2.15 a day poverty rate by identifying who is multidimensionally poor and also shows the composition of multidimensional poverty.

Structure of the global Multidimensional Poverty Index



Source: HDRO and OPHI.

[1] The deprivation score of a multidimensionally poor person is the sum of the weights associated with each indicator in which the person is deprived.

Multidimensional Poverty Index for Nicaragua

The 2010 Human Development Report introduced the MPI and since 2018 the Human Development Report Office (HDRO) and the Oxford Poverty and Human Development Initiative jointly produce and publish the MPI estimates. The latest release from July 2023 covers 110 developing countries (countries that lack survey data that allow for the calculation of the MPI are not included): 'Unstacking global poverty: data for high impact action'. The full table with MPI estimates is available at https://hdr.undp.org/content/2023-global-multidimensional-poverty-index-mpi. Definitions of deprivations in each indicator, as well as the full methodology are given in the MPI *Technical note*. Continuing with the practice from the previous years, HDRO is making public the statistical programs used in the calculation of the 2023 MPI in Stata format for a large selection of countries (see https://hdr.undp.org/mpi-statistical-programmes). Finally, a set of MPI frequently asked questions is available at https://hdr.undp.org/mpi-2023-faqs.

The most recent survey data that were publicly available for Nicaragua's MPI estimation refer to 2011/2012. Based on these estimates, 16.5 percent of the population in Nicaragua (1,128 thousand people in 2021) is multidimensionally poor while an additional 13.4 percent is classified as vulnerable to multidimensional poverty (915 thousand people in 2021). The intensity of deprivations in Nicaragua, which is the average deprivation score among people living in multidimensional poverty, is 45.3 percent. The MPI value, which is the share of the population that is multidimensionally poor adjusted by the intensity of the deprivations, is 0.074. In comparison, Honduras and El Salvador have MPI values of 0.051 and 0.032, respectively.

Table A compares multidimensional poverty with monetary poverty measured by the percentage of the population living below 2017 PPP US$2.15 per day. It shows that monetary poverty only tells part of the story. The headcount or incidence of multidimensional poverty is 12.6 percentage points higher than the incidence of monetary poverty. This implies that individuals living above the monetary poverty line may still suffer deprivations in health, education and/or standard of living. Table A also shows the percentage of Nicaragua's population that lives in severe multidimensional poverty. The contributions of deprivations in each dimension to overall poverty complete a comprehensive picture of people living in multidimensional poverty. Figures for Honduras and El Salvador are also shown in the table for comparison.

Table A: The most recent MPI for Nicaragua relative to selected countries and region

	Survey year	MPI value	Head-count (%)	Intensity of deprivations (%)	Population share (%)			Contribution of deprivation in dimension to overall multidimensional poverty (%)		
					Vulnera-ble to multidim ensional poverty	In severe multidim ensional poverty	Below income poverty line	Health	Education	Standard of living
Nicaragua	2011/2012	0.074	16.5	45.3	13.4	5.6	3.9	11.5	36.2	52.3
Honduras	2019	0.051	12.0	42.7	14.8	3.0	12.7	18.8	39.2	42.0
El Salvador	2014	0.032	7.9	41.3	9.9	1.7	3.6	15.5	43.4	41.1
Latin America and the Caribbean	-	0.024	5.6	43.1	6.5	1.5	4.9	33.5	27.6	38.9