



Multidimensional Poverty in Pakistan

Background

Pakistan has been using consumption based poverty to keep track of poverty dynamics; but, responding to the need of opportunity based poverty measure, the Planning Commission has decided to start using multidimensional poverty to complement income-based measure of poverty. It is a response to having an indicator for inclusive and balanced socioeconomic development and it is a demand arising from Pakistan's commitment to Sustainable Development Goals.

The biggest utility of having multidimensional poverty is its disaggregation according to different vulnerabilities and geographies thus enabling policy makers to develop context specific development plans.

Consumption based poverty

Pakistan has historically used the Food Energy Intake (FEI) method for poverty measurement. Using this methodology and the poverty line of Rs. 2,259.4 per adult per month poverty in Pakistan declined from 29.3% in 1998/99 to 9.3% in 2013/14. The methodology was changed in 2016 to Cost of Basic Needs (CBN) and poverty line was revised to Rs. 3,030.32 per adult per month. According to this new methodology, poverty has dropped from 57.9% to 29.5% between 1998/99 and 2013/14.

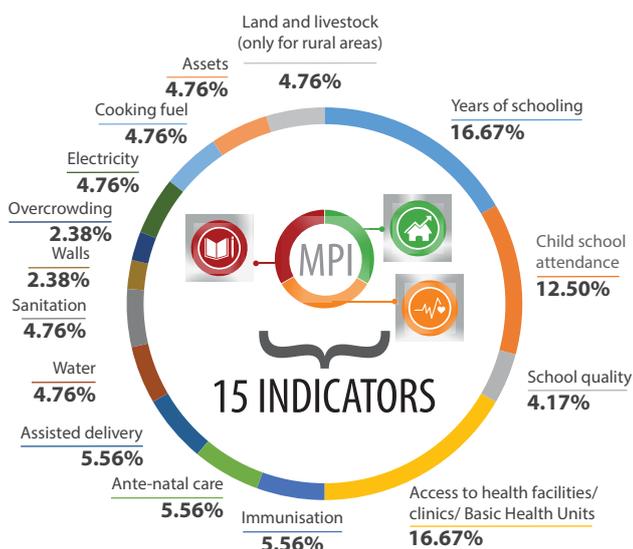
Multidimensional Poverty Index

The Multidimensional Poverty Index (MPI) captures the severe deprivations that each person experiences with respect to education, health and standard of living. MPI is the product of two components:

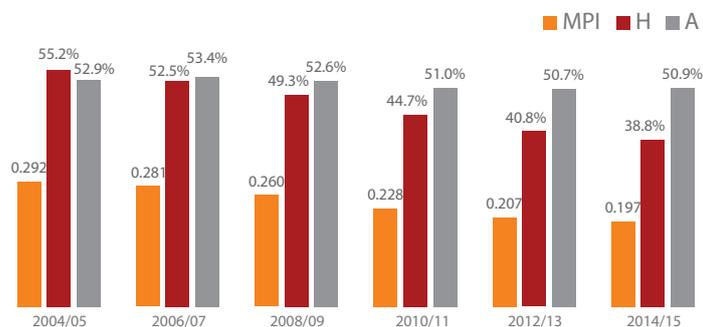
- 1) Incidence of poverty (H): the percentage of people who are identified as multidimensionally poor, or the poverty headcount.
- 2) Intensity of poverty (A): the average percentage of dimensions in which poor people are deprived. In simple terms it means how intense, how bad the multidimensional poverty is, on average, for those who are poor.

What does Pakistan's MPI include?

Pakistan's national MPI constitutes three dimensions; education, health and standard of living and 15 indicators. While each dimension carries an equal weight of 1/3, the weights of component indicators differ.

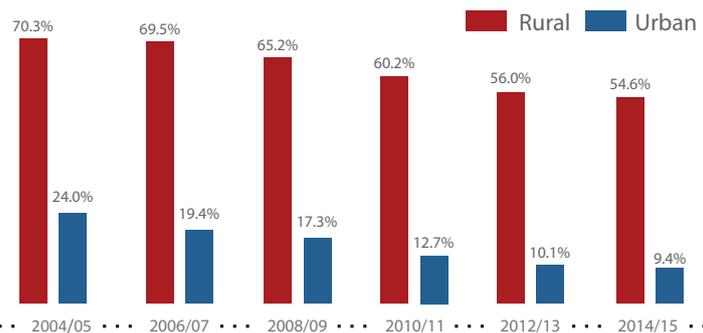


With time, headcount has reduced substantially; intensity only marginally.

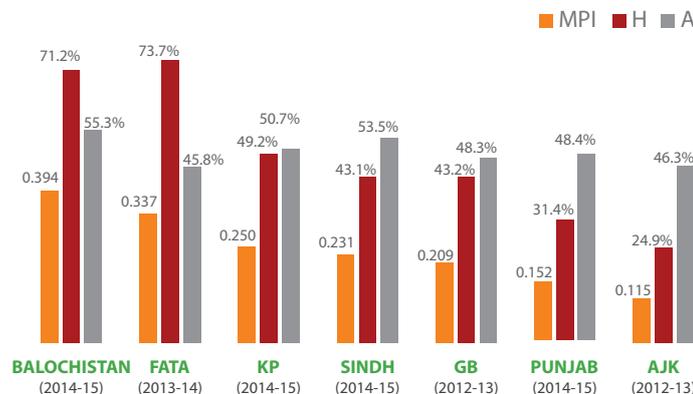


Disparity between rural and urban poverty as increased over the years.

Multidimensional poverty is significantly higher in rural areas than urban centres. The ratio between rural and urban headcount has almost doubled; from three times in 2004/05 to nearly six times in 2014/15.



MPI reveals high regional inequality in Pakistan



What makes up multidimensional poverty?

Deprivation in education is the largest contributor to MPI in Pakistan, followed by deprivation in living standards and health. In terms of indicators, years of schooling, followed by access to health facility and child school attendance are the main contributors to MPI.