



GOVERNMENT OF NEPAL
NATIONAL PLANNING COMMISSION

NEPAL

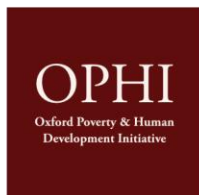
Multidimensional Poverty Index

ANALYSIS TOWARDS ACTION

2021 | KEY FINDINGS



In partnership with



*Empowered lives.
Resilient nations.*



Key Findings

- What is MPI:** A key national monitoring tool, Multi-dimensional Poverty Index (MPI) is a technically rigorous measure of poverty of national and provincial policy priorities towards poverty reduction in Nepal. The Multidimensional Poverty Index examines poverty from more than an income perspective, but also includes indicators from nutrition, child mortality, years of schooling, housing, and assets, which are academically validated, transparent and trusted measure of poverty that can be globally comparable. The concept of MPI has been integrated in Nepal's national development discourse which is also manifested in its development plans. The current 15th Development Plan aims to reduce MPI to 11.5% from 28.6%. Nepal Multidimensional Poverty Index (MPI Report 2021) is the second iteration of MPI Report presented by the National Planning Commission of Nepal.
- Strong progress:** Nepal has made significant progress in reducing MPI. In terms of poverty trends, the incidence of multidimensional poverty nationally fell from 30.1 percent in 2014 to 17.4 percent in 2019. In 2019, the MPI was 0.074. This means that 3.1 million people left poverty in five years. The intensity of multidimensional poverty also significantly decreased from 44.2 percent to 42.5 percent. Across indicators, the highest number of people are deprived in housing materials, clean cooking fuel, years of schooling, assets and nutrition.

Considering the indicator weights, years of schooling and nutritional deprivations contribute most to ongoing multidimensional poverty in Nepal.

- Rural areas poorer than urban:** The report highlights that 28 percent of rural dwellers are MPI poor as compared with 12.3 percent in urban areas. Over half of Nepal's poor population

live in rural areas. Moreover, across provinces, Karnali Province has the highest MPI poor (39.5 percent of people) and followed by 25.3 percent in Sudoorpashchim Province, and 24.2 percent in Province 2. In Gandaki Province 9.6 percent of people are multidimensionally poor, while the lowest level and incidence of poverty are found in Bagmati Province, with an incidence of nearly (7.0 percent) one sixth of the incidence in Karnali Province.

- Children are disproportionality poor:** MPI are disaggregated by two age groups as shown in *Figure 1*: children (0-17), and adult population (18+). In 2014, nearly 36 percent of children were multidimensionally poor. By 2019, 22 percent of all the children remained in poverty which implies a strong and positive reduction of 14 percentage points. However, over one in five children is still poor (2.2 million), and children are still the poorest age group.
- In Nepal, children bear the brunt of poverty disproportionately. They represent nearly 35 percent of the population form 44% of those who are poor. 21.8 percent of all children

FIGURE 1: Poverty Incidence (H) Map by Province, 2019

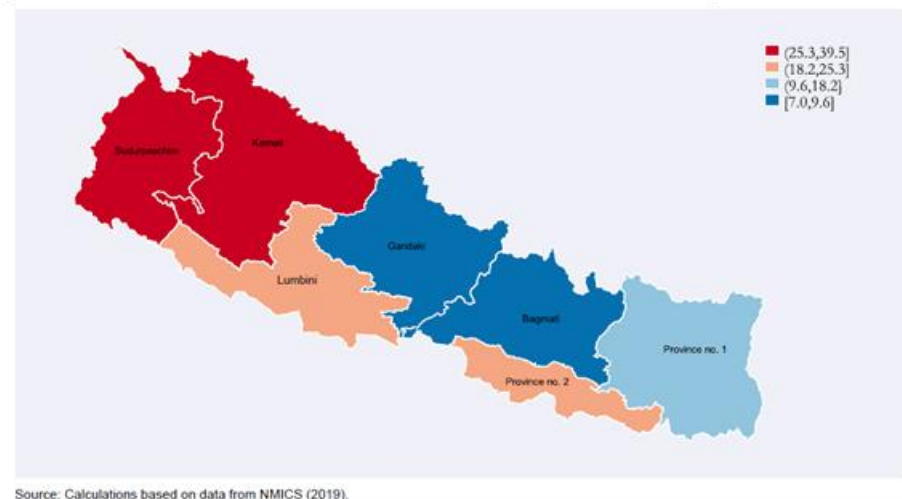
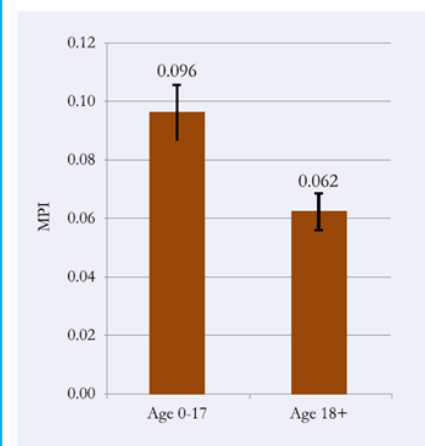


FIGURE 1: MPI by Age, 2019

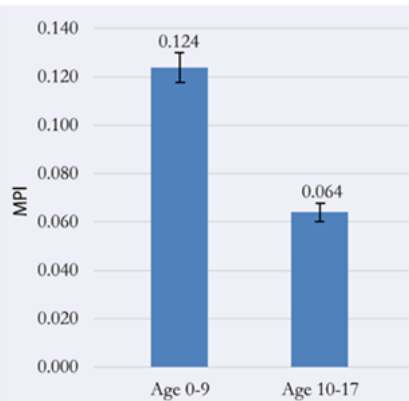


Source: Calculations based on data from NMICS (2019).

living in multidimensional poverty as compared to 15.1 percent of the adult population. This age category further broken down into two categories: early childhood (aged 0-9 years) and adolescence (aged 10-17 years). *Figure 2* shows that of the households living with a child 10 years, the MPI for these households is 0.124 with an incidence of poverty (H) of 27.8 percent, and an intensity (A) of 44.5 percent. By contrast, the MPI for households living with an adolescent is 0.064, with an incidence of poverty of 14.9 percent, and an intensity of 43.0 percent.

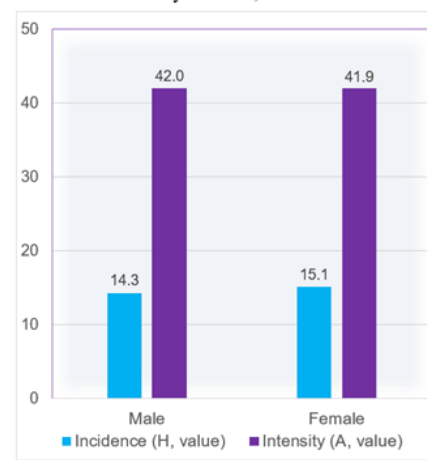
- MPI and gender:** Female constitute 52.7 percent of Nepal's population, while 47.3 percent are Male population. Nepal MPI 2019 by using previous methodology has established that the incidence of multidimensional poverty (H) amongst the male population is 14.3 percent (value, 0.060) and 15.1 percent (0.063) for Female population. This indicates that the average intensity of poverty (A), which reflects that the share of deprivation each poor male person experience on average is estimated at 42.0 percent while of female in 41.9 percent.
- MPI and disability:** Nearly 3.2 percent of the population live in a household where one of its members has a disability (someone who reported very high level of difficulty in at least one domain: visual; hearing, walking, or climbing steps; remembering or concentrating; self-care, or in communication). The MPI for these households is slightly higher than the national average, at 0.083, with an incidence (H) of poverty of 18.3 percent, and an intensity (A) of 45.5 percent. These results however reveal an important pattern which suggest that these households may indeed experience larger levels of deprivations.
- Global comparison:** Nepal's 2019 MPI value of 0.074 is below Bangladesh's 2019 MPI of 0.104, which is also computed from a NMICS survey, and is lower than the MPI values for all South Asian countries except the Maldives. Nepal's MPI matches the MPI of Botswana (2015-16), which is among the least poor countries in Sub-Saharan Africa, and is similar to that of Nicaragua (2011-12) in Latin America, and just a little less poor than Kiribati (2018-19 NMICS) in East Asia and Pacific region.
- MPI and COVID-19 in Nepal:** Though the MPI for Nepal was constructed using 2019 NMICS data that pre-dated the pandemic. However, the report has used the NMICS dataset to probe additional pandemic-related deprivations. The analysis shows the clear-value added of looking at deprivations one by one – where 18 million people have at least one of the vulnerability- to-disease deprivations considered in the report. When considering their overlap between deprivations, two subsets of vulnerable people emerge – i.e., the 4.9 million who are increasingly vulnerable and the 375 thousand who are highly vulnerable. For targeted efforts that seek to prioritize the most vulnerable, considering such overlaps of vulnerability-to-disease indicators is critical.

FIGURE 2: MPI by Children, 2019



Source: Calculations based on data from NMICS (2019).

FIGURE 3: MPI by Gender, 2019



The MPI report 2018 used the Nepal Multiple Indicator Cluster Survey (NMICS) 2014 data and the MPI 2021 used the same source, NMICS 2019 data to update the Report.

Furthermore, Nepal's MPI 2021 report made a minor adjustments in the five indicators to align with Nepal's national policy aspirations and the global MPI and Sustainable Development Goals (SDGs), which allows to compare Nepal's MPI with the level and trends of other countries, that will help to adjust and incentivize Nepal's own progress



GOVERNMENT OF NEPAL

NATIONAL PLANNING COMMISSION

KATHMANDU