

WEEK 13

Civics and Community Engagement

POVERTY AND SOCIAL COHESION

WHAT IS POVERTY?

- Poverty is “pronounced deprivation in well-being.” The poor are those who do not have enough income or consumption to lift them above an adequate minimum threshold.
- Poverty may also relate to specific types of deprivation. For instance, people could be house-poor, food-poor, or health-poor. These dimensions of poverty can often be measured directly, such as by assessing malnutrition or literacy.
- The broadest approach to well-being (and poverty) focuses on an individual’s ability to function in society. Poor people often lack key capabilities: they may have inadequate income or education, suffer from poor health, feel powerless, or lack political freedoms. (World Bank).

The World Bank has set international extreme poverty line is set at \$2.15 per person per day using 2017 prices. This means that anyone living on less than \$2.15 a day is in extreme poverty. Almost 700 million people globally were living in extreme poverty in 2024.

Around 3.5 billion people (44 percent of the global population) remain poor by a standard that is more relevant for upper-middle-income countries (\$6.85 per day).

To better understand whether the world is on track to end extreme poverty, and how individual countries are faring, we must regularly measure progress. The World Bank works to measure and analyze poverty and share knowledge and methods for measuring poverty more accurately and frequently.

Through this work, we learn which poverty reduction strategies work, and which do not. By measuring poverty, we also help developing countries gauge program effectiveness and guide their development strategies in a rapidly changing economic environment.

Poverty in Pakistan

The poverty rate in the country has reached 39.5 percent, according to Pakistan Institute of Development Economics (PIDE).

It said 70 percent of people in Balochistan, 48 percent in Khyber-Pakhtunkhwa, 45 percent in Sindh, and 30 percent in Punjab are suffering from poverty. Rural areas have recorded higher poverty rates than urban areas across the country, PIDE research report suggests. Poverty rate in rural areas was recorded as high as 51 percent while poverty rate in urban areas was recorded as high as 17 percent, said the Pakistan Institute of Development Economics report. The report further said that 26.5 percent of the population lacks living facilities, 49.4 percent educational facilities, and 24.1 percent people are deprived of health facilities. The highest poverty rate in Pakistan was recorded in Balochistan province, according to the PIDE research report.

Recent PIDE estimates show that 39.5 percent of the population is identified as multidimensional poor. The average intensity of deprivation which reflects the share of deprivation each person experiences on average is 48.3 percent. In other words, each multidimensionally poor person in Pakistan on average is deprived of nearly half of the 15 weighted indicators used for Multidimensional Poverty Index (MPI) calculations. Pakistan's national MPI, which is the product of the percentage of poor people and the average intensity of poverty, stands at 0.191. This indicates that poor people in Pakistan experience 19.1 percent of the deprivations that would be experienced if all people were deprived in all indicators.

Among the four provinces of Pakistan, multidimensional poverty is highest in Balochistan. According to the data 70 percent of the population in Balochistan is identified as multidimensionally poor. This is followed by 48 percent in Khyber Pakhtunkhwa and 45 percent in Sindh. Punjab has the lowest incidence (headcount ratio) of multidimensional poverty in the country. With 30 percent of its population identified as poor, it is the only province that has a lower headcount ratio than the national average of 39.1 percent. Except for Sindh, multidimensional poverty has decreased in the provinces. For instance, in Balochistan the headcount ratio has dropped from 72.4 percent in 2014-15 to 70.5 percent in 2019-20, in KP from 49.1 percent to 48.8 percent while in Punjab the share of multidimensional poor decreased from 31.0 percent to 30.4 percent. In Sindh, however, the headcount ratio increased from 43.1 percent in 2014-15 to 45.2 percent in 2019-20, the PIDE report said.

Social Cohesion

According to World Bank, social cohesion is attracting considerable attention among policy makers across the world. ***A cohesive society can be understood as a society that strives for social inclusion and builds up the necessary social capital to create a common sense of belonging, and as a place where prospects exist for upward social mobility.***

Conceptually, social cohesion impacts on poverty reduction by sustaining long-term growth (growth sustainability) and by ensuring greater equity in the distribution of its benefits (growth

with equity).

Impact of Social Cohesion on Poverty Reduction.

1. Improved Access to Services:

- o The OECD finds that cohesive societies tend to have stronger, more accessible public services, including education, healthcare, and social welfare. These services provide a foundation for economic mobility, allowing people in poverty to access opportunities that help improve their quality of life.
- o For example, when education is widely accessible and supported in cohesive societies, individuals are more likely to gain the skills needed for better jobs, breaking the cycle of poverty for future generations.

2. Inclusive Economic Policies:

- o Social cohesion often fosters trust between citizens and government institutions. This trust encourages policies that aim for fair distribution of resources, like progressive taxation and social protection programs, which support low-income groups.
- o Cohesive societies tend to prioritize income redistribution mechanisms that benefit disadvantaged groups. Such policies reduce income inequality and provide a safety net for those in poverty, helping to reduce poverty rates overall.

3. Enhanced Social Capital and Community Support:

- o Cohesive communities typically have higher levels of social capital—networks of support and cooperation among people. Social capital enables informal assistance, such as financial or emotional support, which can help individuals and families manage economic hardships.
- o People in cohesive societies may also have better job referrals, community-based childcare, and mentorship opportunities, which provide a lift for low-income individuals, increasing their chances of moving out of poverty.

4. Reduced Crime and Greater Safety:

- o The OECD notes that social cohesion reduces crime rates and enhances safety. In socially cohesive societies, lower levels of crime contribute to a stable environment that allows for economic activities and better educational

outcomes, both of which help to alleviate poverty.

- Safety and stability make it easier for businesses to invest and for people to focus on long-term financial goals rather than immediate survival needs.

Impact of Social Non-Cohesion on Poverty

1. Increased Inequality:

- In societies with low social cohesion, inequality tends to be higher because there is less political will for inclusive policies and equitable resource distribution. Social non-cohesion often results in policies that benefit a small elite, leaving large segments of the population with limited economic opportunities.
- This growing inequality can trap people in poverty, as they are unable to access the resources they need to improve their situations, leading to a cycle of persistent poverty.

2. Lack of Trust in Institutions:

- Social non-cohesion erodes trust in institutions. When people feel disconnected or distrustful of their government, they are less likely to support policies aimed at poverty reduction, such as taxes on higher incomes or social welfare programs.
- This lack of trust can lead to social and political instability, which discourages investment and limits economic growth, both of which contribute to higher poverty rates.

3. Weak Community Networks and Isolation:

- Non-cohesive societies often lack strong social networks, which increases isolation among individuals. People in poverty without social support are more vulnerable to crises, such as illness, job loss, or other personal challenges, and are less likely to have resources to fall back on.
- Weak community ties also limit access to informal job opportunities and mentorship, which are often critical for low-income individuals seeking to improve their circumstances.

4. Higher Crime and Social Unrest:

- o Social non-cohesion is associated with higher crime rates and social unrest, which are particularly damaging for low-income communities. High crime levels decrease safety and deter investment, making it harder for people to find stable employment or build businesses.
- o Social unrest can also divert government resources away from social programs toward security measures, reducing the funds available for poverty reduction initiatives and perpetuating poverty.