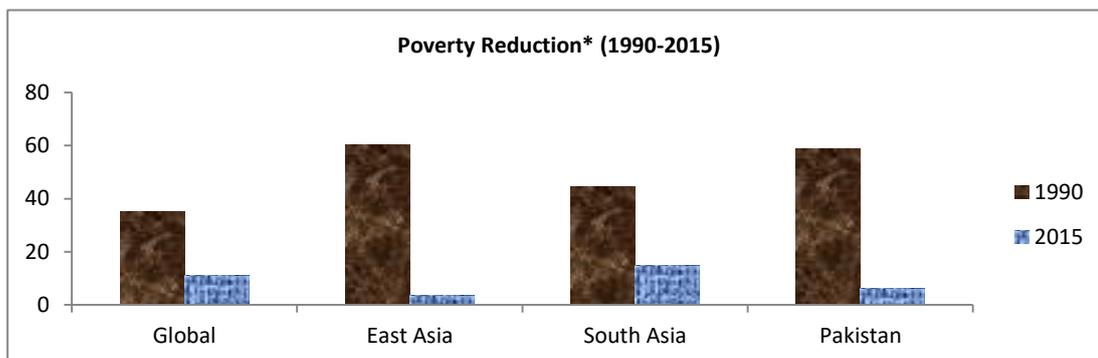


# Chapter 7 | POVERTY ALLEVIATION AND SUSTAINABLE DEVELOPMENT GOALS

The developing world has made remarkable progress in terms of lowering incidence of poverty during the last two decades. This reduction in poverty is primarily driven by increase in disposable income, opportunities created by higher economic growth, globalization, liberalization and emergence of new technologies, and above all better socially responsible policies by the governments. More and more countries have witnessed prosperity and greater integration into the global economy. According to an estimate of the World Bank around 125 thousand people are coming out of poverty on daily basis in the world.

The proportion of the population living below \$1.90-a-day poverty line in East Asia fell from 60 per cent in 1990 to just 3.5 per cent in 2015, whereas in South Asia it reduced from 44.6 per cent to 15.1 per cent in this period. Pakistan was able to reduce poverty incidence from 59 per cent in 1990 to 6 per cent in 2015. China and Indonesia were able to reduce poverty from 67 per cent to 2 per cent and 57 per cent to 9.8 per cent, respectively. This reduction in poverty incidence lifted some 800 million people out of poverty during the last two decades.



Source: World Bank Database (\*Estimates are based on \$1.90-a-day poverty line)

Asia as a continent is leading the endeavour of reducing poverty owing to its phenomenal economic growth during the last two decades or so. Asia has registered the highest average economic growth of 7 per cent per annum over the last two decades. There was a phenomenal rise in productivity as enormous opportunities were created by applying knowledge and new technologies in the region. Behind this aggregated situation are huge inter-country and intra country imbalances and inequities. The brisk pace of development in the region left many people behind and they are not able to keep up with the pace of development. Inequality Adjusted HDI (IHDI) values in table below indicates significant presence of inequality in almost all South Asian countries.

### Poverty & human development profile of South Asian countries

	HDI		Life Expectancy at birth	Expected Years of schooling	Mean Years of Schooling	Inequality Adjusted HDI	MPI Headcount	Poverty with National Poverty line
	Rank	Value	(Years)	(Years)	(Years)	Value	(%)	(%)
Sri Lanka	73	0.766	75	14	10.9	0.678		
Maldives	105	0.701	77	12.7	6.2	0.529	2	15.7
India	131	0.624	68.3	11.7	6.3	0.454	55.3	21.9
Bhutan	132	0.607	69.9	12.5	3.1	0.428	29.4	12
Bangladesh	139	0.579	72	10.2	5.2	0.412	40.7	31.5
Nepal	144	0.558	70	12.2	4.1	0.407	26.6	25.2
Pakistan	<b>147</b>	<b>0.55</b>	<b>66.4</b>	<b>8.1</b>	<b>5.1</b>	<b>0.38</b>	<b>38.8</b>	<b>29.5</b>

Source: Human Development Report 2016

### Poverty and sustainable development goals

The Goal one of Sustainable Development Goals – “No Poverty” calls for an end to poverty in all its manifestations everywhere by 2030. Although, this is in complete consonance with slogan of Pakistan Vision 2025 “No one left behind” but at the same time it poses the challenge of eradicating poverty in all its dimensions and from all parts of Pakistan. Exploring the characteristics of the poverty is key to a better understanding of the circumstances and contexts surrounding poverty. The report on Multidimensional Poverty 2016 and PSLM data provided deep insight on the state of poverty and its dynamics in Pakistan. This poverty profile revealed that, in Pakistan poor are predominantly rural, young, poorly educated, mostly deprived of health facilities, and are living in larger households with more children. These characteristics of poor and poverty help policy makers in formulating purposeful and targeted poverty alleviation programmes.

#### Goal 1: No Poverty – End Poverty in All its Forms Everywhere

- By 2030, eradicate extreme poverty for all people everywhere, currently measured as people living on less than \$1.90 a day
- By 2030, reduce 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
- Implement nationally appropriate social protection systems and measures for all, including floors, and by 2030 achieve substantial coverage of the poor and the vulnerable
- By 2030, ensure that all men and women, in particular the poor and the vulnerable, have equal rights to economic resources, as well as access to basic services, ownership and control over land and other forms of property, inheritance, natural resources, appropriate new technology and financial services, including microfinance
- By 2030, build the resilience of the poor and those in vulnerable situations and reduce their exposure and vulnerability to climate-related extreme events and other economic, social and environmental shocks and disasters
- Ensure significant mobilization of resources from a variety of sources, including through enhanced development cooperation, in order to provide adequate and predictable means for developing countries, in particular least developed countries, to implement programmes and policies to end poverty in all its dimensions
- Create sound policy frameworks at the national, regional and international levels, based on pro-poor and gender-sensitive development strategies, to support accelerated investment in poverty eradication actions

### **Progress on Sustainable Development Goals**

Ministry of Planning, Development and Reform in collaboration with the provincial Planning and Development Departments and UNDP carried out an extensive series of Divisional level workshops to sensitize about the SDGs at the grass root level and also disseminated the findings of MPI report for informed decision making. Keeping in view the gloomy performance in achieving MDGs; more emphasis has been placed on orientation at grass root level, localisation of SDGs, prioritization of SDGs and data gap analysis for proper monitoring and reporting of progress.

Planning Commission in collaboration with UNDP and Pakistan Bureau of Statistics (PBS) has conducted an extensive exercise to review data availability on SDGs from various sources and their timeliness and reliability. Finally, a Technical Committee is formulated to review availability of data to monitor progress on 241 indicators and how they could be aligned with the SDGs framework with improvement in the national statistical system. This Committee is assisted by four sub-committees to club 17 goals in four broad categories.

The initial assessment shows that availability of data needs considerable improvement for SDG 3 (good health and well-being), SDG 12 (responsible consumption and production), SDG 14 (life below water), SDG 15 (life on land) and SDG 16 (peace, justice and strong institutions). The data gaps further widen as the analysis moves from the national to the district level. The findings show that data for most of the indicators for SDGs 9 (industry, innovation and infrastructure), 10 (reduced inequalities), 12 (responsible consumption and production) and 15 (life on land) are not available at district level. District-level data are costlier and require greater effort to collect and analyze because of the larger sample size and disaggregation required.

In order to bridge these data gaps, a coordinated effort is underway in which few indicators will be obtained through existing surveys (like PSLM, HIES etc.) by redesigning their questionnaires and for the remaining indicators new surveys will be designed. Moreover, in order to synchronise the data at sub-national level, the timing and sample frame of Multiple Indicator Cluster Survey (MICS) is being harmonised.

To operationalize SDGs the federal and provincial governments have already committed to set up SDG Support Units, which aim to coordinate activities at both national and provincial levels. These SDG Support Units have been established in Planning Commission and Punjab, while the process of establishing units is underway in other provinces and regional governments. The support units will work to deliver five main outputs: (i) mainstreaming the SDGs in national policies and plans; (ii) data and reporting; (iii) inclusive budgeting processes and tracking expenditure; (iv) monitoring and evaluation of progress against indicators; and (v) innovation.

### **Strategy for Poverty Reduction**

The government recognises social protection/social safety nets as a means to mitigate risks and vulnerabilities and to reduce poverty through transfers and social insurance for risk mitigation regardless of prior or future contribution. The Government's vision for social protection is to develop an integrated and comprehensive social protection platform focused on the needs of the poorest and most vulnerable. The critical areas of investment, reflected in the Vision 2025 document, aim to enhance the effectiveness of social protection instruments through strengthened administration and the expanded scope of the Government's income support programme. In 2016, the Technical Advisory

Committee for Social Protection led by the Planning Commission approved a social protection policy framework that outlines the institutional arrangements and fundamental elements of the national system to provide targeted support to the poor. These include a unified targeting system managed by the federal government, technology-based payment delivery, and a shift from universal subsidies towards targeted subsidy programmes.

### **Benazir Income Support Programme (BISP)**

Benazir Income Support Programme provides a minimum income to the poorest through unconditional cash transfers (UCTs) and supports primary school enrolment and attendance through conditional education cash transfers (CCTs). Since 2013, UCTs have increased by more than 60 per cent and coverage has broadened to 5.36 million beneficiaries while CCTs' coverage increased to 1.3 million children. Impact evaluation analysis indicates that UCTs contribute to reduce poverty among BISP beneficiaries (20 per cent reduction in the proportion of beneficiaries living below the poverty line from 2011 to 2014 in the sample) and strengthen women's empowerment by providing the cash transfer to any ever-married woman in a BISP-eligible household. However, the impact of CCTs on education remains more limited since the size of the transfer is low compared to the cost of schooling.

Benazir Income Support Programme maintains the National Socioeconomic Registry (NSER) -a database containing information on the socioeconomic status of over 27 million households across Pakistan except two agencies of FATA. The registry was created as a result of a Poverty Scorecard Survey (PSC) conducted in the year 2010-11. Now the process of updating NSER has started and pilot phase is going on in four districts (Haripur, Bahawalpur, Nasirabad and Sukkur) with desk approach. NADRA and BISP have by now registered 667,000 households in these four districts and field activities for door to door survey in 12 districts is expected to be completed by May, 2017. NSER will be instrumental for poverty alleviation and targeted interventions.

The system of **Zakat** in Pakistan was introduced through an Ordinance in 1980 and since then Zakat funds are provided either through respective local Zakat Committees or indirectly through institutions i.e. educational, vocational, social institutions, hospitals to the needy, indigent, poor, orphans, widows, handicapped and disabled for their subsistence or rehabilitation. A total amount of Rs7,570.9 million was distributed among beneficiaries in 2016-19.

**Prime Minister's Youth Business Loan Scheme** Under this scheme subsidized business loans up to Rs2 Million at 6 per cent mark-up are offered to unemployed youth, especially educated youth aspire to establish business enterprises. National Bank of Pakistan has deputed sales representatives to proactively reach out to the potential borrowers. Other than NBP, FWBL and Sindh Bank besides 15 commercial banks have also joined as implementation partners. Under this scheme during 2016, 1427 loans amounting Rs 1417 million for new businesses and 21 loans amounting 28 million have been advanced for existing businesses.

**National Vocational and Technical Training Commission (NAVTTTC)** is the national regulatory authority to address the challenges of Technical and Vocational stream in the country. It is responsible for policy making, strategy formulation, regulation and revamping of the TVET system. It is establishing linkages among various stakeholders at national and international level. Prime Minister's Youth Skill Development Programme was launched for

unemployed and less educated youth. National Vocational Technical Training Commission (NAVTTTC) in collaboration with Provincial TEVTAs and other Government/Private Sector Skill Training Institutes has executed Phase-III (Batch-I) of this program, in which 23,671 individuals were equipped with hands-on skills and training during July-December, 2016 in various demand driven trades. This will facilitate demand driven, high quality technical and vocational training.

**Microfinance** refers to provision of financial services to the low-income/unbanked people to empower marginalized section of society. Microcredit institutions through provision of small loans promotes self-employment. In recent years, Pakistan's microfinance sector has witnessed phenomenal growth. The figure below shows persistent rise of the microfinance sector in last five years. Within micro-credit, number of active borrowers stood at 4.6 million at end-December 2016, recording a 22 per cent growth during the year (2016). Meanwhile, Gross Loan Portfolio registered 47 per cent growth to reach at Rs140 billion by end-December 2016 compared to Rs93 billion at the end of 2015.

### Performance of microfinance 2012-16

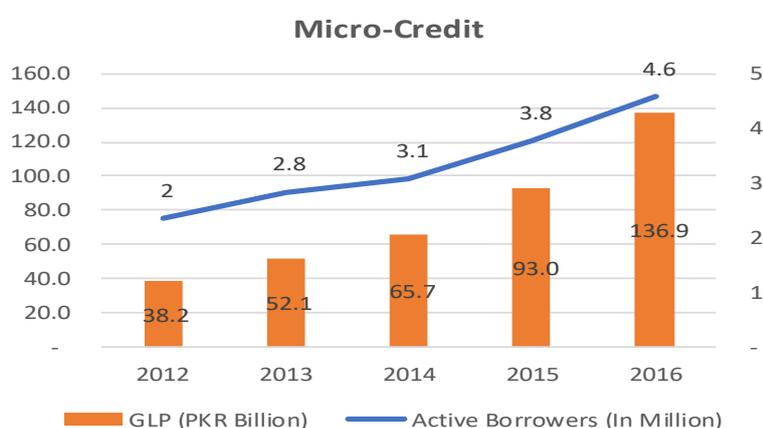
#### Pakistan Poverty Alleviation Fund (PPAF)

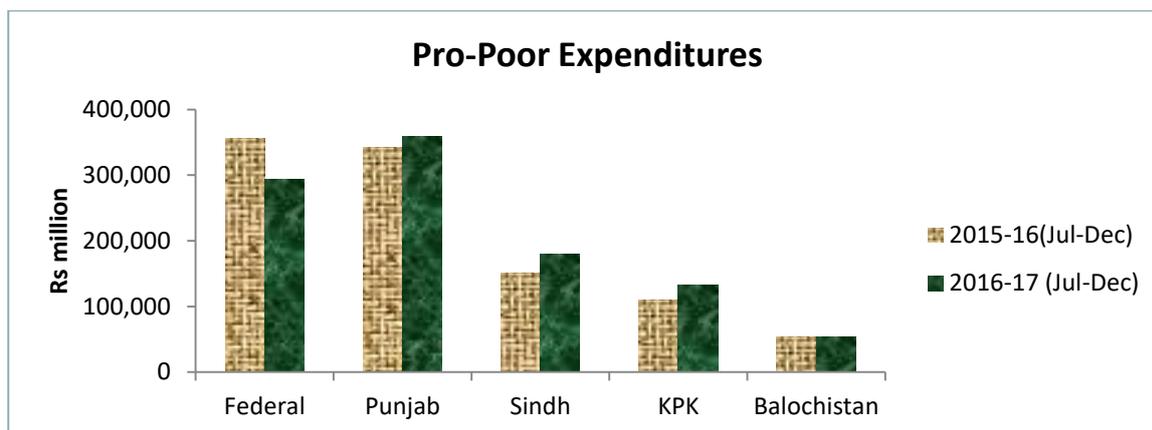
PPAF adopts a poverty graduation approach for the poorest households in over 1,600 union councils out of 6000 in the country. It assists ultra or very poor household (as per poverty scorecard score 0-23) to lift them

out of poverty (attain a score of 35 or above) on a sustainable basis (stay in non-poor condition for over three years). PPAF disbursed Rs9.2 billion during July-March 2016-17 through its partner organizations (POs). During the same period, a total of 646 Community Organizations (COs) were formed and 5,488 community and PO staff members were trained (32 per cent women) under Institutional Development and Social Mobilization component. Similarly, under Livelihood, Employment and Enterprise Development (LEED) component, 6,951 individuals received skills/entrepreneurial trainings (43 per cent women) and 3,212 productive assets were transferred ultra and vulnerable poor (39 per cent women). PPAF extended 246,142 new microcredit loans to the borrowers including 60 per cent women borrowers. Under the Prime Minister Interest Free Loans (PMIFL) scheme PPAF administered 93,427 interest free loans (62 per cent women).

#### Pro-Poor Expenditures

Pakistan monitors pro-poor expenditure since early 2000s in 17 sectors which are impacting the life of the poor. The actual expenditure on pro-poor sectors was recorded at Rs.3084.7 billion in 2015-16. The provisional expenditure for July-December 2016-17 were estimated at Rs.1017.5 billion as compared with Rs.1012.2 billion for the same period of last year. Provincial expenditures have increased, while federal expenditures have decreased during the current year as evident from the figure given below:





**Source:** Ministry of Finance

Planning Commission also tracks 5 out of 17 areas which are directly feeding into areas of MDGs [See Annexure-I]. These expenditures recorded an upward trend during the last few years but could not effectively translated into outcomes of MDGs. The government spent an amount of Rs5.3 trillion during the five year time on these areas.

## Outlook 2017-18

Pakistan could not achieve MDGs therefore it was necessary to develop a shared understanding of lessons learnt from failure so that same may be avoided in realizing SDGs. Pakistan has taken SDGs as highest priority and adopted them as National Development Goals. SDGs are broad based agenda with poverty alleviation as a top priority, so the patronage of 2030 agenda at the highest level has brightened the prospects for accelerated socio-economic development and poverty eradication. Federal and provincial governments are committed to continue their support for poverty alleviation efforts and expansion of social safety net programs in 2017-18 as well in the form of flagship programs like BISP, Prime Minister's Program for Youth, Prime Minister's Health Insurance Schemes etc.

## Annexure –I

## Pro-Poor Expenditures in MDGs areas 2012-2017

(Rs Billion)

Sectors	2011-12	2012-13	2013-14	2014-15	2015-16	2016-17*	Total (2012-16)
<b>Water Supply and Sanitation</b>	<b>36.6</b>	<b>34.1</b>	<b>32</b>	<b>54.1</b>	<b>63.6</b>	<b>22.9</b>	<b>243.3</b>
Punjab	16.3	14	14.5	27.1	36.2	13.5	121.6
Sindh	6.4	4.6	5.3	7.5	8	2.1	34
Khyber Pakhtunkhwa	6.6	7	4.8	10.1	9	3.5	41
Balochistan	6.5	6.6	6.3	8.2	9.2	3.4	40.2
<b>Education</b>	<b>393.5</b>	<b>479.9</b>	<b>537.6</b>	<b>598.3</b>	<b>663.4</b>	<b>310.2</b>	<b>2982.8</b>
Punjab	174.1	196.1	218	227.1	251.5	135.8	1202.5
Sindh	68.6	98.4	105.9	117.1	135	62.9	588
Khyber Pakhtunkhwa	67.7	84.5	89.7	111.7	112.2	54.5	520.3
Balochistan	25.4	29.2	36.9	41.1	45.5	18.1	196.2
<b>Health</b>	<b>134.2</b>	<b>161.2</b>	<b>202</b>	<b>231.2</b>	<b>268.0</b>	<b>111.9</b>	<b>1108.4</b>
Punjab	62.5	74.5	82.9	95.8	123.2	53.8	492.7
Sindh	31.6	43.5	46.6	51.1	61.6	21.4	255.8
Khyber Pakhtunkhwa	20.3	21.4	24.4	30.6	31.5	18.2	146.3
Balochistan	9.5	10.4	13.5	17.5	15.9	6.4	73.2
<b>Population Planning</b>	<b>5.8</b>	<b>7.1</b>	<b>12.6</b>	<b>13.9</b>	<b>10.9</b>	<b>3</b>	<b>53.3</b>
Punjab	2.3	2.5	3.2	4.3	3.9	2	18.2
Sindh	1.6	2.9	4.4	5.6	1.5	-	16
Khyber Pakhtunkhwa	0.9	1	1.1	0.4	1.2	0.5	5.2
Balochistan	1	0.6	3.9	3.6	4.3	0.6	13.9
<b>Social Security &amp; Welfare</b>	<b>68.4</b>	<b>72.9</b>	<b>93.4</b>	<b>229.4</b>	<b>438.4</b>	<b>25.1</b>	<b>927.6</b>
Punjab	1.5	1.7	2.5	2.9	3	2.9	14.4
Sindh	22.3	20.1	18.4	25.0	26.7	21.0	133.5
Khyber Pakhtunkhwa	0.8	1.1	1.2	2.1	1.4	0.5	7.1
Balochistan	1	1.4	0.9	1.4	0.7	0.4	5.8
<b>Total</b>	<b>638.5</b>	<b>755.2</b>	<b>877.6</b>	<b>1126.9</b>	<b>1444.2</b>	<b>473</b>	<b>5315.5</b>

Source: PRSP Secretariat, Ministry of Finance