

CHAPTER 7

POVERTY ALLEVIATION AND MILLENNIUM DEVELOPMENT GOALS

The incidence of poverty and its subsequent impact on social and economic dynamics of a country gives poverty eradication and social protection a central role in development policy. Owing to chronic poverty and vulnerability, the government has always been vigilant about impact of public policy on income distribution and effectiveness of social safety nets. The poverty reduction strategy has to incorporate elements of pro-poor economic growth, even distribution of economic opportunities, and decent living conditions, besides ensuring macroeconomic stability, provision of good governance and adequate social protection framework.

Official poverty estimation since 2008 remained controversial and various efforts to refine official methodology and build consensus until now remained inconclusive. Expert group was formed to probe into causes of decline in head count poverty. Group has been deliberating on possible reasons of poverty decline.

The Vision 2025 strategises inclusive growth by substantially reducing the incidence of poverty and improving income distribution mechanism. Vision 2025 presents a comprehensive approach to address human and social development gaps with an emphasis on developing human and social capital to take full advantage of Pakistan's youth bulge.

Pakistan has missed most of the MDG targets because of insufficient resources, policy inconsistency, political instability, natural calamities, intensification of war on terror and slower economic growth. MDGs end in 2015 and process of transition from MDGs to SDGs is underway. Transition from MDGs to SDGs will entail substantial deliberation between provincial and federal government to decide on goals and targets and also to design new institutional configuration for reporting and monitoring SDGs.

Performance review 2014-15

According to official poverty estimation methodology, Poverty declined from 34.4 per cent in 2000-01 to 22.3 per cent in 2005-06. The socio-economic condition of the country was badly affected by intensification of war on terror, massive and frequent natural calamities, external shocks, commodity price escalation, slower economic growth and intense power outages.

The official poverty estimates since 2007-08 remained under scepticism and the government tried to get it vetted from independent experts engaged in the field of poverty. A Committee was constituted in the aftermath of poverty estimation of 2010-11 to review the official methodology. The deliberations of the Committee after various rounds remained inconclusive. The official methodology was last updated in 1999 and since then Pakistan has witnessed a

socio-economic transformation which definitely warrants a detailed review of various aspects of estimation methodology.

Extensive consultations on Multidimensional Poverty Indices (MPI) were held during the year with all federating units. It could be used as tracking human development indicators in the country but its usage as poverty measure will not serve the purpose of tracking impact of income and consumption shocks on the general well being. Household income and expenditure remained the best way of poverty estimation in countries like Pakistan. Planning Commission is in the process of having truly representative poverty estimation by weeding out discrepancies in the official methodology.

The economy remained on deceleration path since 2006 and the adjustment programme started in 2008. This has badly impacted the poor and vulnerable segments of society. To protect the vulnerable and the poorest of the poor a comprehensive social protection framework was needed. An ambitious social safety net programme was designed and started implementation since 2009 with the name of Benazir Income Support programme (BISP).

Benazir Income Support Programme

The Programme aimed to contribute to the redistributive goals of the federal government. It recognized that regular and predictable cash assistance for the poorest households would provide a reliable source of supplementary income, and it aimed to build the foundation for moving from the essential basic safety net to coherent social protection services that can help them to graduate out of poverty.

The BISP annual disbursements rose from Rs16 billion in 2008-09 to Rs63 billion 2014-15 (July-December) and the disbursement is expected to around Rs. 90 billion by the end of financial year, out of a total allocation of Rs97 billion, while the number of beneficiaries has increased from 1.7 million families in 2008-09 to nearly 4.8 million at the end of second quarter of 2014-15 and increased to five million by the end of this financial year.

Social protection initiatives are working historically in the country are Zakat, EOBI, Bait ul Mal and Worker Welfare fund. A total amount of Rs4,778.2 million was distributed during 2014-15 among Zakat beneficiaries, while during 2014-15, the EOBI disbursed Rs15 billion to some 359,130 beneficiaries.

The Pakistan Bait-ul-Mal (PBM) is providing assistance to destitute, widows, orphans, invalid, infirm and other needy persons through its on-going core projects/schemes. The amount allocated to PBM is spent on the poor through various schemes includes: Individual Financial Assistance (IFA), Child Support Programme (CSP), Pakistan Sweet Homes (PSH), and Pakistan Great Home.

The Workers Welfare Fund is financing the projects of houses for industrial workers, education of workers children, health, technical education and other welfare measures like, marriage grant (Rs1,00,000 per daughter per worker), death grant (Rs5,00,000) and post secondary scholarship for students. During 2014-15, the WWF has provided financing for scholarships to 19,589 children of workers besides provision of education to 76,000 children of industrial workers. Other welfare measures for workers are also undertaken.

Microfinance and business development

The microfinance industry broadly provides services in three categories of micro-credit, micro-savings and micro-insurance. Within micro-credit, the number of average borrowers reached 3.1 million by December 2014 and outreach growth stood at 11 per cent as against 28 per cent growth in 2013. Micro-savings grew by 25 per cent in the 2014 and stood at Rs43 billion. The Economist Intelligence Unit's (EIU) of the Economist magazine ranked Pakistan's regulatory framework as well as the overall business environment for microfinance amongst top three in the world for the past few years.

Expenditures on pro-poor sectors

Pro-poor expenditures cover 17 related heads. Based on historical trend, it is expected that poverty-related expenditures will reach Rs2,416 billion in 2014-15 from Rs1,911 billion in 2012-13. The pro-poor budgetary expenditures during 2013-14 were Rs2,139 billion.

The government has allocated Rs100 billion (20 per cent of the PSDP) in the Annual Budget 2014-15 for the social sector programmes. In addition, the government has launched Pakistan MDGs and Community Development Programme with allocation of Rs12.5 billion for accelerating the pace of MDGs at the grassroots level.

Progress of the MDGs

The government has taken numerous steps that will have far reaching impact on the lives of the people by transforming the social, political, and economic landscape of Pakistan. Despite the adverse circumstances and problems, the Government of Pakistan is fully committed towards the achievement of the MDGs. On the goal 1 of reducing poverty, Pakistan appears to be on target. However, this achievement is based on methodology adopted in 2001. Academia and poverty experts are sceptical about this decline it is also inconsistent with overall socioeconomic conditions. As a result government has established an expert group to revisit the methodology and find reasons of decline. Conclusive evidence will be available after technical committee of experts finishes its work on reviewing official methodology.

The target is to achieve universal net primary enrolment as a basis to improve overall education and literacy levels. In 1990-91 the NER was 46 per cent which rose up to 57 per cent in 2012-13.

Estimates for 2012-13 show that the under-five mortality rate has declined to 89 from 117 (per thousand live births) in 1990-91, while the infant mortality rate has declined from 102 deaths (per one thousand live births) in 1990-91 to 74 by 2012-13.

The proportion of fully immunised children (against six preventable diseases) under two years of age improved from 75 per cent to 82 per cent between 1990-91 and 2012-13, whereas the proportion of children under one year of age immunized against measles also improved to 81 per cent during the same period.

The Maternal Mortality Rate (MMR) declined to 276 (deaths per 100,000 live births) in 2010-11 from 533 (deaths per 100,000 live births) in 1990-91. However, achieving the MDG target of 140 (deaths per 100,000 live births) require immense resources and efforts. The share of deliveries attended by skilled personnel has gone up to 52 per cent in 2012-13 from 18 per cent in 1990-91.

During 1990-91 and 2012-13, the Contraceptive Prevalence Rate (CPR) among married women improved from 12 per cent to 35 per cent. A decrease in the TFR over the period 1990-91 to 2012-13 is from 5.4 to 3.8 per cent. Despite remarkable improvement in antenatal care between 1990-91 and 2011-12 from 16 per cent to 68 per cent, the number of mothers having at least one antenatal visit to the doctor.

The MDG 6 focuses on combating HIV/AIDS, malaria and other diseases. The HIV prevalence amongst the vulnerable groups shows increasing trend from 10.8 per cent in 2005-06 to 37.4 per cent in 2010-11. Tuberculosis is another major health problem in Pakistan with a considerable large proportion of TB cases in the age group 15-49 years. The percentage of TB cases detected and cured has increased from 79 per cent in 2001-02 to 91 per cent in 2010-11.

Gender inequalities in terms of women's political participation and share in the national decision making process has greatly improved over the years in Pakistan, as their representation rose from 0.9 (National Assembly) and one per cent (Senate) in 1990-91 to above 22 per cent and 17 per cent in 2012-13 in both the National Assembly and Senate, respectively.

Since 1990-91 the land area under forest cover has improved from 4.8 per cent (of the total area of Pakistan) to 5.2 per cent in 2011-12. Pakistan aims to increase the forest cover area up to six per cent by 2015 which requires dedicated efforts and matching investment to achieve this goal. In order to provide access to improved drinking water to 93 per cent of population by 2015, the government launched Clean Drinking Water for All strategy. The drinking water coverage, according to the latest available estimates, increased from 53 per cent in 1990-91 to 87 per cent in 2012-13. The proportion of sanitation has been targeted to rise from 30 per cent in 1990-91 to 90 per cent by 2015. In 2012-13, the ratio is 71 per cent.

Pakistan's persistent large current account deficit (almost five per cent of GDP) for an extended period of one decade; rising real cost of borrowing; stagnant exports and a declining flow of foreign exchange have been responsible for a rapid accumulation of external debt in the 1990s. The debt service as a percentage of exports of goods and services decreased from 14.4 per cent in 1990-91 to 12.2 per cent in 2009-10. Pakistan's exports to the European Union can surge by \$1 billion in value due to the GSP Plus status. Granting of the Status to Pakistan will be quite instrumental in enabling Pakistan to achieving its long-term goals of stabilizing economy, accelerating growth and eradicating poverty.

Outlook 2015-16

The Vision 2025 seeks a just and equitable society in Pakistan where vulnerable and marginalized segments of the society would be mainstreamed. Vulnerable segments will be protected and encouraged by revamping and expanding the social protection system and social safety nets. The BISP is the flagship programme of social safety net and during the period of the IMF-extended financing facility, the allocations are reverently followed. The coverage is gradually extended to almost 4.8 million household which means almost 18 per cent population is protected under social safety net coverage.

A holistic approach to tackle the poverty will be followed and higher economic growth will create more opportunities for poor. The growth is made inclusive as the poor will be able to participate in the economic growth process, providing them with the access to essential services such as education, health, clean drinking water and proper sanitation etc.

The process of transition from the MDGs to the SDGs is underway. Sustainable Development Goals (SDGs) are based on three pillars, social, economic, and environment. The proposed SDGs have 17 goals, 169 targets and roughly 600 indicators. Government of Pakistan has launched the Vision 2025 as long-term development strategy aligning its seven pillars with the proposed SDGs.

The government recognises social protection and safety nets as a means to mitigate and manage risk, vulnerability and to reduce poverty through transfers and social insurance for risk mitigation regardless of prior or future contribution. A national framework for social protection is being prepared to encompass all provincial policies and bring up national features of the national social protection system. It is planned to bring all existing social protection programmes under one umbrella with a unified and transparent inclusion criteria, better targeting system and efficient monitoring mechanism. Poverty reduction strategy encompasses a plan of action to align economic policy making to national framework of social protection.

MDGs Acceleration Framework

The government has taken number of steps including strengthen existing programmes for achieving the MDGs beyond 2015. These include:

- Comprehensive action plan for each province to implement the MAF commitments
- Pakistan MDGs and Community Development Programme has been launched all over the country by involving communities at the grassroots level with an allocation of Rs20 billion for the fiscal year 2015-16 for eradicating extreme poverty and accelerating the pace of MDGs at the grassroots level
- Enhancing capacity of the people through human resource development that involve better education, health, population welfare, skill development services, improved access to clean water and sanitation, and gender mainstreaming initiatives
- Provision of productive assets inclusive of micro finance at individual level
- Moving towards a comprehensive social safety net to protect the vulnerable and those suffering from natural or manmade disasters
- Reforming and strengthening institutions for better delivery of public services to people
- Improving access and quality of education services
- Improving Human Development Indicators (HDIs) in the country
- Enrolment campaign on World Literacy Day
- Basic Education Community School Project
- Youth Laptop Scheme
- Improving access and quality of health services
- National Maternal Neonatal and Child Health programme (MNCH)
- National programme for family Planning & Primary Health Care
- EPI and Control of Diarrheal Disease
- Enhanced HIV/AIDS Control programme
- Roll Back Malaria programme
- National TB Control programme

- Providing improved population welfare facilities
- Infrastructure development
- To help augment physical assets of the poor, Pakistan Poverty Alleviation Fund is also providing access to microfinance in different parts of the country.