

Fighting Poverty in Pakistan

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Why we aren't winning this war?

The recently released report on Pakistan by the Department for International Development (DFID), the main aid giving body of the British government, joins a chorus of voices being raised over the government's inability to tackle poverty despite a major recovery in the state of the economy.

The report came some days after Prime Minister Shaukat Aziz made a statement at an economic forum in Jeddah that he expects Pakistan to achieve a growth rate of about eight per cent in the next few years.

Mr Aziz holds the view that a higher growth rate will, in itself, take care of poverty. However, there are many that do not agree with this assertion. One of the strongest critics of the growth removes poverty policy is a Karachi-based think tank, the Social Policy and Development Centre.

Economic growth is only one pillar of the plan to fight poverty. Other areas that need to be tackled are improving governance and devolution, investing in human capital and targeting the poor and the vulnerable.

While the SPDC view has consistently been while accelerated that GDP growth represents the necessary condition for poverty reduction, it cannot be achieved through growth alone. There is an alternative view that poverty reduction is not only a function of increased economic growth but also of diminished inequality.

In the mean time, the level of poverty deteriorated to 34 per cent of the total population at present as against 30.6 per cent in the 1990s. This tells us that the poor in Pakistan are getting even poorer.

There is no doubt that Pakistan has made an economic turnaround. What remains to be seen is whether the government is able to achieve a similar turnaround in the social sector.

According to the United Nations Development Program, Pakistan slipped in the Human Development Index (HDI) from 138 to 144. Of particular concern is the country's high child mortality rate. Overall, the social sector has suffered from years of neglect and under-funding.

International financial institutions have commented that Pakistan falls in that category of countries in which advances are being made in some areas but resources or policy deficiencies are blocking progress towards several key goals.

In its annual report for 2003, the World Bank disclosed that while Pakistan's economy has grown more than other low-income countries, its social sector growth in comparison has lagged.

The report also noted that the educated and well-off urban population in Pakistan lived not so differently from their counterparts in other countries of similar income range but the poor and rural population lags behind when the same comparison is made.

This points to a widening gap between the rich and the poor in the country.

For its part, the Musharraf government has committed a significant part of its foreign assistance to social sector development. In 2004, the government announced that half of the five year \$3 billion assistance plan from the US would be earmarked for social uplift. But how serious is the government about implementing a long term strategy when it does not have a good record of following through such programs.

Pakistan is also one of the few countries in the world where the number of illiterate people continues to increase with each passing year. The number of illiterate persons in Pakistan has risen from 28 million in 1972 to an approximate figure of 46 million at present.

To blame is a steadily increasing school drop out rate. This has risen from 40 per cent in 1996-97 to about 54 per cent in 1999-2000. At present, Pakistan is amongst three countries in Asia that have literacy rates that are under 40 per cent. In the South Asian region, Pakistan is at the bottom of the education ranking of countries, with an adult illiteracy rate of about 56 per cent and the lowest net primary enrolment rate in South Asia at 46 per cent.

Pakistan's failure to realize the importance of human capital formed through education is reflected in the low allocations for education in the five-year plans. In the sixth plan, this allocation stood at less than two per cent. By the seventh plan, this was increased to three per cent. Now, however, in the eighth plan, the allocation has jumped to eight per cent.

The government now plans to open 270,000 literacy centers in the country by 2005 to reverse the dubious distinction the country enjoys with regards to its literacy numbers. Part of the reason for this is pressure from donors to include education as part of the overall agenda. However, for this to work and produce results, the government needs to ensure a consistency in planning and implementation of the program.

Embarking on literacy programs on the insistence of foreign donors is one thing; following these through to ensure that both children and adults not only enroll in these programs but also complete them, is another.

The country may have a huge human resource base but there is a shortage of technically skilled people. In the absence of this labour, it would not be possible for Pakistan to further strengthen its industrial and economic base.

The launch of the second phase of the Pakistan Poverty Alleviation Fund (PPAF) in 2004 came at a time of growing criticism over the manner in which the government has handled the issue of poverty reduction over the past few years.

In its annual report last year, the State Bank had said that the biggest challenge before the country's economic managers is to create as many jobs as possible in the short term. The report warned that given the carry over of the past legacy, current geopolitical and security situation, a non-supportive external economic environment and weak institutional capacity, it would simply be a pipe dream to expect a sharp fall in poverty levels in the short term.

The argument that the SBP gave was that poverty would not be eradicated unless its root causes, such as deprivation of human capital are addressed adequately.

With over 550 million people in South Asia living below the poverty line, it can be assumed that a large percentage of the world's poor people live in the sub-continent.

In September 2003, a Karachi man burnt his four children and then committed suicide. His wife had passed away some time back and in his suicide note, the man wrote that without a job, he could not feed his family and decided to go for this option. Some medical circles alluded to the fact that the man was mentally unstable. It is true that this act can only be committed in a state of extreme desperation or psychological imbalance. This form of protest is on the rise as unemployed, desperate men and women make one last statement against the state of affairs that reduces them and their families to utter destitution.

The rise in the number of suicide cases in Pakistan is an indication of the feeling of utter frustration and despondency affecting a growing number of people and their families.

Statistics compiled on suicides reveal that 153 committed this act in 1996 while in 2002, this figure had risen to over 3,100. According to figures compiled by the World Health Organization, approximately one million people commit suicide annually across the globe. Of these 10 per cent take place in South Asia. In Pakistan, one of the main reasons people choose to take their own lives is economic deprivation.

Unemployment and a rise in inflation as a consequence of which a person simply cannot support himself or his family is a predominant reason for suicide. There are millions of people who live in varying degrees of poverty. Abject poverty can be seen in the rural areas of the country, safely hidden from the powers that be in the major cities of the country.

Ignoring the advice of home grown economists, the Musharraf government accepted the IMF's prescriptions, which squeezed the Pakistani people under harsh conditions, extracted unimaginable sacrifices, ruined the middle class and increased the suicide rate.

Now puncturing the Musharraf progress card, the IMF says poverty is stagnant in Pakistan despite the three "successful" years of PRGF. It tells Pakistan that factors like extraneous political circumstances combined with local growth and continuing drought conditions in several parts of the country were responsible for the no change in the poverty levels.

This prognosis and the IMF's statistical analysis may provide food for thought for the economic wizards of the country but bring no relief to the poor.