

PART III THE IMPLEMENTATION MECHANISM FOR THE POVERTY ALLEVIATION

STRATEGY

Introduction

It is clear that the PPCD as a corrective to the development strategies of the past forty years as well as a complementary element in the modernization and industrialization strategy being followed in Pakistan. It cannot be implemented by the bureaucratic machinery as it is, nor simply through local bodies, or any one set of actors.

Past experience points to the need for: (a) a more sophisticated implementation strategy, with a variety of actors playing various roles. (b) new capacity building, (c) several "entry points" to be process of alleviation of mass poverty, both rural and urban. The actor who has to play a role are not just one government agency at one level in the administrative system. The banking system, NGO trade unions, peoples organizations and village level organizations and informal groups of the poor all have a role to play. Existing institutions would have to accept the new strategy and adopt new procedures. *The process of implementation has to start with the people and building of new organizations of the poor.*

The Government Agencies, Banks and NGO's have to provide a sensitive support system. Donor agencies have another level of support to give. The Government Agencies and Banks have to adopt new norms and methodologies, and not merely tinker with their existing procedures. A great deal of reorientation and training of the staff of these institutions would be required to enable them to provide the kind of sensitive support necessary. To the extent that the institutional framework does not exist for a poverty alleviation strategy of this magnitude and complexity, new institutions will need to be created side by side with reorienting of existing ones. In this section, five national level institutions are suggested to catalyze the process in the first instance.

The new Poverty Alleviation strategy requires several 'entry' points to initiate the process. These 'entry' points cannot merely be infrastructure projects or 'delivery' of credit or inputs. This was the typical IRDP approach of the past. A particular entry point will depend on the felt needs of the people and could (litter from location to location. In one case, it could be a health or an education activity, in another it could be an economic or income generating activity. Whatever the 'entry point a process of several economic and social activities must be catalyzed and eventually be able to improve the totality of people's lives. Depending on the creativity of the people, the energy released, the availability of local resources, etc., the process would move slowly or speedily. Thereafter, they can multiply and be sustained with appropriate institutions and organizations, which will evolve overtime.

In order to initiate the implementation strategy seven critical actions are recommended for immediate implementation.

They are:

- (a) A high-Level Inter-Ministerial Steering Committee, with a monitoring and research unit.
- (b) A reorganized and strengthened Ministry of Rural Development.
- (c) Establishment of a National Poverty Alleviation Trust Fund.
- (d) Establishment of a participatory Development Training facility at the Centre for Rural Development, or some other existing establishment.
- (e) Establishment of a “Special Window” in the newly established women’s bank for poor women and reorienting oilier existing banks towards providing poor women with banking services. In addition, the issues of further capacity building for poverty alleviation, rural industries, the special problem area of urban poverty, rural industrialization and small farmer development would need to be studied as a matter of urgency.
- (f) Establishment of Industrial Support Centers for rural industrialization.
- (g) Establishment of Child Protection Centre in each major city.

It is also proposed, that as the process evolves, there would be a media strategy and implementation plan to support the process as it progresses. It must also include the early vitiation of some new experimental programmes, on the lines of the AKRSP, ORANGI Pilot Project and the other South Asian experiments referred to in Section II of this report.

The High-Level Inter-Ministerial Steering Committee, with a Research and Monitoring Unit

Since the focus of the proposed initiative is a national poverty alleviating strategy and not merely another isolated project or sectoral activity it is of critical importance that a idance cluster be located at the highest political level. A mall but efl Inter-Ministerial Steering Committee, with c Prime Minister as Chairperson and a Federal Minister as ice-Chairperson should provide Continuous policy support d keep that process of implementation under review. Such organization will not only sustain the implementation process and give it direction, but also prevent distortions rising through different interpretations of the PPCD.

The Committee should he composed of live federal Ministers and the Chief Ministers of Sour provinces and Azad Jammu and Kashmir, a Development Economist familiar with the PPCD approach, and the Secretary of the Ministry of Local Government and Rural Development should be Co-Secretaries. They should be serviced by a small hut effective staff to undertake the research and monitoring activities in support of the Inter—Ministerial Committee. The Committee should meet every two months to review progress. It should be mobile and periodically some members of the committee should Conduct monitoring activities in different field locations. In its early phase of functioning it should have available to it the services of an

International Advisor who is familiar with innovative participatory poverty alleviating experiments in Pakistan, as well as donor operations which may be relevant to the design, implementation and monitoring of this strategy.

A scientifically designed system of collection, processing and feedback of information, on the whole process of PPCD, is essential so that corrective measures are applied in time. As the data will be enormous and (there will be need for Selectively Disseminated Information (S.D.I), computer technology will be fully employed at the appropriate levels. All the end users will invariably have access to the information thus generated.

2. Reorganization and Strengthening of the Ministry of Local Government and Rural Development in Support of the PPCD)

Analysis of previous governmental attempts at poverty alleviation indicate that they used the age old bureaucratic procedures associated with a top-down approach that attempts to deliver funds to the people rather than mobilizing them and considers the community as target rather than subject of development. In sharp contrast to this approach, Poverty Alleviation through Participatory People Centered Development (PPCD), calls for some basic changes at all levels.

One of the important dimensions of this proposed change is what could be a more meaningful role for the federal level. In the set-up proposed in this study, the Government is not seen as a rigid "delivery" channel, but one of a range of flexible support institutions that initiate and catalyze the process of community involvement in sustainable development aimed at poverty alleviation.

If a number of agencies are to be geared to support the process of PPCD, then the logical question arises, who will coordinate (to facilitate and not to interfere the working of other Government/Private/Autonomous organizations). The Ministry of Local Government and Rural Development which covers activities in both urban and rural areas may be the appropriate existing agency to take up this responsibility. Even the Rules of Business assign the functions of rural development "policy, Guidance, follow-up action, coordination, foreign assistance and evaluation" to the Ministry of Local Government and Rural Development. The Ministry was, therefore, never intended just to plan and execute projects in a few selected sectors; it was rather to promote a variety of activities, all leading to the ultimate goal of uplift of the poor socially and economically.

Briefly then, the functions of the Ministry of Local Government and Rural Development should be:

- i) Promotional Role. Through the PPCD, as outlined earlier.
- ii) Ensure that the Support System in the form of different development agencies is put in place and functioning to help building the intended process of change and capabilities at local and macro national level.

- iii) New capacity building. This function calls for facilitative action in two directions:
 - a. **New Institutions** to be created or existing ones restructured and strengthened within the governments at federal and provincial/local levels to meet the new challenges.
 - b. **Training.** Through a series of training programmes, particularly to prepare a cadre -of professionals. trainers, catalysts and extension workers to stay and work with the community to prepare it for various group activities.
- iv) **Resource Mobilization.** Through a continuous process of survey and research findings, various CSOUFCCS — human, natural, financial and technical both public and private -are to be identified mobilized. Unutilized resources at the local level and potential rural surpluses at the village level should be mobilized in support of the PPCD.
- v) **Policy dialogue.** Numerous issues will arise with the advent of the new strategy, concerning the role of other ministries in PPCD. These are to be continuously reviewed and discussed to arrive at consensus between different concerned agencies. The dialogues are also n for creating an awareness across various government departments of the new focus of the implementation process of the proposed poverty alleviation programme. This function will also cover liaison with donor agencies to avail financial and technical support for the programme.
- vi) **Use of Mass Media.** Mass conscientization and awareness creation, with a great deal of exchange ob information is a key to the success of the whole process.

The purpose of using the mass media is not for propaganda, but to provide public for a for critical evaluation of the process in the field; to create an awareness amongst the people through sensitive use of language/image of the creative elements of the new process underway; and to enable local level organizations of one area, to learn from the experiences of another. To fulfill this function it is important to formulate an Information and Media Strategy

The proposed role and function of the Ministry of Local Government and Rural Development, as briefly out lined above, will necessitate required adjustments, restructuring of its various organs and strengthening their professional capability. This could be the subject of an in-depth study to identify current deficiencies in the system and propose further support.

3. Establishment of a National Poverty Alleviation Trust Fund

With the lessons of experience with innovative approaches to poverty alleviation discussed in Section 2 of this report, it is proposed that an autonomous support institution be created in Pakistan. This inst lint ion may be cal led the National Poverty Alleviation Trust Fund which would undertake the following tasks:

- i. Be a focused channel for Government and donor funding for the PPCD and introduce the necessary financial discipline into the USC of these funds.
- ii. Use these funds to mobilize additional local savings, and public and private sector financial resources for the poverty alleviation process.
- iii. Use these financial resources to help mobilize the other natural resources, tin man resources and avail able local knowledge in a systematic way and in accordance with the participatory development methodology for the poverty alleviation strategy.
- iv. The National Poverty Alleviation Trust Fund would be a kind of catalytic apex financial institution to support innovative approaches to poverty alleviation by a variety of actors (Government agencies, Banks, NGO's trade unions, people organizations. etc.) through a variety of 'entry points' (income generation, health, education, physical infrastructure activities, etc.) The fund is expected to be an autonomous fund for the employment and poverty alleviation projects. The NPAT will have a national character and consist of civil servants, Non-Government Organizations (NGO's), the country's intelligentsia, bankers, private sectors representatives and the poor themselves. The members of the NPAT should be non-political dealing with employment and poverty issues in the highest professional tradition.
- v. Such a fund would also provide technical assistance and management training to the participating organizations. The proposed trust will have 60 members elected from the following 6 groups.
 - i) 'Peoples' or Grassroots organizations
 - ii) NGO's
 - iii) Private sector
 - iv) Financial services sector
 - v) Government sector
 - vi) Academic and other professionals
- vi. The NPAT would support programmes on human resources development, credit and employment generation and other development activities which are implemented both by government and non-government organizations. It will also strengthen the institutions which enable the participation of the poor in the development process; further, it would finance development oriented public works, particularly those with high employment content. The intended objectives of the trust would be:
- vii. To develop and promote income earning opportunities for the poor through productive infrastructure development. Self—employment and micro enterprise development and interest bearing loans to government and non-government agencies, which have programmes for providing, access to resources by the poor.

- viii. To assist the government non-governmental agencies involved in Human Resource Development.
- ix. To facilitate and assist institution building of government and non-government development, particularly as they relate to the activities of the poor.
- x. To arrange for advisory services and technical assistance for developing viable and sustainable credit programs for the poor population to engage in self-sustaining activities.
- xi. To arrange for advisory services and technical assistance for the design and implementation of rural infrastructure development including rehabilitation and maintenance works.
- xii. The fund could be registered under the Companies Act as a Public Limited company.
- xiii. It will be managed by a small Board of Directors. Only persons who have identified and committed themselves to poverty alleviation will be eligible to be appointed as Board Members.

4. Establishment of a Special Window for Poor Women in the Women's Development Bank of Pakistan and other Banks

Pakistan has recently established (the first Women's Bank. The experience is that when these Banks are established, they tend to follow conventional banking practices, expand lending to richer women borrowers who have collateral and who are women entrepreneurs. These Banks unless they are specifically mandated to do so and have the commitment, capacity and trained staff, rarely address the special problem of poor women, who face a double burden of being women and poor. These poor women require an alternative banking system operating with new norms. The task is, however, not to be confined only to the Women's Bank. Similar special windows should be established in other banks who already have their branches extended to far-flung areas.

As the cases described earlier, like the Grameen Bank in Bangladesh, the Working Women's Forum Credit Society in India and the production Credit for Rural Women in Nepal, demonstrate poor women save, borrow and repay and have established (their credit-worthiness with the framework of an alternative banking system operating with new norms.

In the initial stages poor women do not have access to credit from conventional banking sources. The innovative credit facilities required do not operate on the same norms as the banking system, but the repayment rate is at a very high level. A great deal of dialogue, discussion, awareness creation, organization and training precedes the grant of a loan to a poor women's group. The cost of this preparatory work cannot be borne by the small women's NGO's. Some new umbrella mechanisms are clearly required reinforcing the fragile ongoing savings and credit facilities for poor women, which have been started with their own internally generated funds. If savings is

pushed too far among poor women, it can also have (the other adverse effects such as malnutrition in the longer run.

As the Womens Movement gathers momentum in Pakistan and new poor women in development NGO's are established a new energy is being released. These poor women can play an important role in implementing PPCD. If they are to do so several critical questions have to be asked:

- What are the various elements and aspects in the conventional system of credit which were major constraints and which required alternatives for poor women? Based on this, what policy interventions, institutional support, programme and operational system can be developed to minimize the extent of disability poor women suffer in relation to the existing banking system?
- Can these be resolved within existing structures? If so, what is the nature of the
- *Poverty Alleviation in Pakistan* 56
- reconstructions/improvements in conventional systems that need to be effected?
- How can an innovative and alternative system of banking be introduced into the new Women's Development Bank, based on experiments that have developed over the last couple of decades, so that it leads to a multiplier effect and provides qualitative competition and also acts as a pressure point to conventional banking system?
- What are the processes that characterize the evolution of an alternative banking system, which need to be promoted so as to create an environment and framework which will facilitate new and additional development initiatives by poor women?

5. Establishment of a Participatory Development Training Facility at National Centre for Rural Development, Islamabad or other Existing Training Institutes

With the growing recognition that conventional, purely economic growth oriented strategies and the top-down planning and project methodologies that go with it have failed to benefit the majority of people who are poor, attention is being focused in Pakistan on participatory development and social mobilization as an alternative approach to poverty alleviation. Several scattered experiments, referred to in this report are being tried out in Pakistan and lessons on the methodology are being learned. It is essential that these scattered experiments be linked, analyzed and the lessons disseminated quickly. Further, a great deal of systematic reorientation and training needs to be undertaken if the method is to be understood and practiced effectively and also introduced into new development programmes of government, Banks donors or NGO's. Otherwise, in the name of participatory development many mistakes will again be made, alongwith reinventing the wheel.

In the 1950s when the top-down planning methodology and project analysis was first introduced several National Institutes were established to train and spread the approach. Similarly, when the Green Revolution was initiated in the 1960s and 1970s several institutes were established. Following these precedents it is now proposed that a participatory development facility be established in order to have an impact on the thinking and actions of the Government, banks NGO's and other and other donors, who are interested in participatory development as a methodology for poverty. Deviation and to trains catalysts. In the first instance, an valuation of the capability of existing training institutes such as the NCRD, PARD, etc., should be made to enable to decision as to where the Participatory Development training facility should be established.

As a matter of urgency a core Group of 25 Trainers should be identified and put through an intensive six-month training programme, immediately at the AKRSP. This training should not only inculcate the participatory training methodology, but should also involve indepth study of the AKRSP and Orangi Pilot Pr in Pakistan and the Grameen Bank and Small Farmer Development Programme in Nepal. Participatory Training means breaking the barriers between Trainer and Trainee, and it means experimental learning from the ground while undertaking action research as part of the Training. This is not a classroom oriented course. It must also be a continuous process of upgrading the Trainers and Trainees ability.

6. Establishment of Industrial Support Centres

I. The Imperative for Rural Industrialization

- i. The policy imperative of increasing population absorption in the rural sector emanates from Pakistan's urbanization trends on the one hand and the prohibitive cost of employment/basic *See Annexure II for details* services in large cities on the other. Urban population at present trends is expected to double from about 28 million in the last census to 56 million by the end of this century. What makes the problem acute is that in the absence of policy intervention, the POPU lat ion would be concentrated in the large cities where the infrastructure cost is 6 times greater than in rural areas. Our financial to absorb this urban population is indicated by the fact that at current minimum standards, the infrastructure cost of absorbing the expected 56 million urban population by the year 20(X). is three times the total resource available over the period. Consistently by I he year 2000, as much a 60 percent of the urban population would be living in unserviced localities (katchi abadis) compared to 25 percent today.
- ii. The quest ion that now arises is, in which pan of the rural area should government efforts be concentrated, i.e., the crop sector, or the small-scale industries in rural towns? It has been shown that even with 3.7 percent growth of crop production and associated employment over the next 11 years, a maximum population increase of 8.4 million people can be absorbed in the CEO sector at existing minimum income standards and number of dependents

per employed person. Given the fact that we expect a total population increase of 40 million, it is clear that the crop sector cannot be expected to take the brunt of the population increase over the next decade. In short, there is no alternative but to go for a rural industrialization drive.

II. Overcoming the Constraints to Rural Industrialization through Industrial Support Centres

- I. **The Concept:** the concept of the Industrial Support Centres (ISC's) is to provide the institutional basis for overcoming the constraints to rapid rural industrialization. The ISC which would be located in selected growth nodes in each province of Pakistan, would constitute a decentralized system for ensuring continuous easy access of rural based small industrial units to a comprehensive package of support services such as marketing, credit, specialized fabrication facilities, skill training and quality control.
- II. **Institutional Linkage:** the ISC would be linked up with national research centres and donor agencies for drawing upon technical expertise in the service of rapid growth of rural based small industries.
- III. **Financing:** the ISC's could be set up with financial and technical support of the Governments of Netherlands, Switzerland, Sweden and Italy who have some experience in this field and who may be willing to provide funds. However, the ISC's since they would be providing critical services for small scale industries, could quickly become financially self-supporting.
- IV. **Functions of ISC'S:** the ISC's would have the following functions:
 - a) **Marketing:** provision of orders from the Large Scale Manufacturing Sector for components and from farmers for farm implements. These orders would then be sub-contracted to the cluster of Small-Scale Industrial Units that the ISC is supposed to serve.
 - b) **Monitoring and Quality Control:** having the sub-contract, the ISC would then monitor the Small Scale Industrial Units (SSI) and help pinpoint and overcome unit specific bottlenecks to the timely delivery and quality control of the manufactured products.
 - c) **Forging and Heat Treatment Facilities:** the ISC's would establish at their pre plants for forging, heat treatment and surface treatment. The SSI units could come to the ISC to get such fabrication done at an agreed price.
 - d) **Credit:** ISC would provide credit to SSI's for purchase of new equipment and raw materials.
 - e) **Skill Training and Product Development:** the ISC would provide specialized supplementary skill training on its part to workers in the SSI if and when required. At the same time, it could provide advice on special tools and product development where required.

Considerable work has already been done on (lie operational requirements of industrial support centres, which could be an input into the follow-up of the proposal.

7(a) Centre for the Protection of Child Labourers

The existence of child labour is a blot on Society. However, since it is the result of poverty pressure on families, child labour cannot be climiated merely be passing laws against it, but rather by coming to grips with tile process of poverty itself. The preceding policy actions arc aimed at this objective. However, until the overall phenomenon of poverty is alleviated, a specific policy action needs to be taken to address the problems of child labourers in urban areas. Child labourers work longer hours and at lower wage than their adult counterparts, often in hazardous working conditions. It is proposed that Centres for the Protection of Child Labourers should be established in each of (lie cities and towns of Pakistan. The objectives of these centres should be as follows:

- i) Negotiate with employers to allow (heir child labourers to lake off 2 hours from work daily. During this period, the Centre would provide them with special education programmes designed to develop their imagination and understanding of the world they inhabit.
- ii) Provide technical training courses to child labourers, and then negotiate with existing employers to raise their salaries.
- iii) Negotiate with employers to reduce working hours to the legal standard for adult workers. Here the Centres would act as a "Trade Union".
- iv) Provide one free, good quality meal to every child labourer who comes to attend the special education class at the mohalla/locality level.
- v) Get medical examination done for each child labourer on its rostrum, provide medical help where needed, and regularly monitor the health of the child labourers.
- vi) Investigate the nature of the hazards (health and safety) at each place of work of child labourers. Provide technical, financial support to employers to remove the hazards to the health/safely of child labourers.

7(b) Special Action for Child Workers in Hazardous Industries

The data indicates that child workers in the construction and related industries arc lacing at least 16 different hazards to their health and safety with approximately 12 casualties per work place during the last year. Steel Windows manufacture, Tiles and Construction industries are the most dangerous in terms of risk to health and safety of the child workers. Insufficient light at workplace, badly insulated wires, lack of protective devices for workers using dangerous equipment and materials and poor vent ii at ion are amongst the most lethal hazards iii the industries we have surveyed. Clearly, the long-term task can be none other than withdrawing these working children Ironic occupations which are causing repeated injuries, chronic diseases, physical and mental deformities and in some cases even death. However, the experience of Pakistan and other South Asian countries is that mere legislation is not enough to protect these children. (After all there has been a law against employment

of children in precisely such occupations since 1938 and a much more rigorous law since 1991.) Action is simultaneously needed on three fronts:

- i) An administrative mechanism targeted towards the ending of child labour in hazardous occupations over the next five years needs to be urgently put in place. This mechanism can consist of specifying the number of children, location of hazardous work units, the detail of the hazards in each work unit, and the names of the employers in the area under the jurisdiction of each Assistant Commissioner in the country. This data should be available to the Commissioner of each division whose task should be to indicate specific achievement targets for the Assistant Commissioners. (In terms of which their salaries, promotion and benefits should be decided). The achievement targets would consist of the following:
 - a. Closing down by a target (late work units whose location, equipment and production processes are so hazardous as to be beyond redemption. In this case, alternative source of livelihood for the employees would have to be organized with a credit facility to enable establishing alternative enterprises by the employers.
 - b. Replacing child workers with adults in cases where the workplace can be rendered safe without drastic intervention. Alternative livelihood for the children in non-hazardous occupations together with provision of education should be organized.
 - c. To design proposals for reducing or eliminating hazards at the workplace through introduction of protective devices for workers, safety and automatic shutdown devices on machines, improving the ventilation of the workplace, improved lighting of the workplace, and insulation of the wiring system of building and strengthening the building, structure. The technical support and credit required for achieving this objective should also be organized by the Assistant Commissioners with support from relevant governmental agencies.
- ii) Perhaps the most efficacious way of alleviating the condition of child workers in hazardous industries and ultimately withdrawing them from these dangerous occupations, is intervention at the local mohalla level through community organization. Save the Children Organization (SCO's) involving the participation of the local community need to be established by means of trained catalyzers developed by district level support organizations called District Child Support Centres (DCSC's). The community organization would have the task of negotiating with the employers to improve workplace safety to replace children working in hazardous occupations with adults, to provide the children withdrawn from such work with education, alternative skills and part time employment opportunities. The task of the DCSC's would be to provide trained cadres for mobilizing and organizing local communities, provide technical support regarding improvement of workplace safety, organize credit to enable the workplace owners to install new equipment, acquire protective devices, use safer chemicals where substitutes are available and improve the electrical wiring and

building structure. Finally, the DCSC's need to be coordinated by an apex organization such as the Trust for Voluntary Organizations which has recently been established in Islamabad or alternatively a new National Urban Support Programme along the lines of the National Rural Support Programme (NRSI) instituted earlier this year.

A pilot programme For employers in construction and related industries should be initiated in each of the major cities of Pakistan. The purpose of the pilot programme would be to form an employees association for units in the informal sector backed by technical and credit support from the Ministry of Industries. The technical and credit support should be designed to make employers aware of the health and accident risks to the employees, and to develop programmes for achieving work safety at the workplace, to improve technology and replace children with adult workers with special monetary incentives for employers who achieve this objective within a specified time limit.