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**REPORT OF THE WORKING GROUP ON
POVERTY REDUCTION STRATEGY AND
HUMAN RESOURCE DEVELOPMENT**

By

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DEDICATION

This Report is dedicated to the memory of Mohtarma, Shaheed Benazir Bhutto who sacrificed her life in the pursuit of her dream of democracy for the people of Pakistan and their liberation from widespread poverty, illiteracy and disease.

Akmal Hussain



“In despair and despondence we may seem,
yet we too had dreamt your dream”.

Lines from the Poem titled:
Tribute to Mohtarma Benazir Bhutto by
Sardar Aseff Ahmed Ali

PREFACE

This Report postulates that sustaining political democracy in Pakistan requires an economic democracy which provides an economic stake in citizenship to all the citizens of Pakistan rather than a small elite. In the pursuit of this objective the Report provides a new policy framework wherein opportunities are provided to broad sections of the people, for access over productive assets, education, training and health facilities, so that the people can become both the subjects as well as the objects of a more equitable growth process. The Report proposes specific time bound policies, programmes and institutional structures to achieve such an economic democracy: As the people, rather than merely the elite, undertake investment and high wage employment, a higher and more sustained economic growth can be achieved *through* equity.

TABLE OF CONTENTS

SECTION #	TITLE OF SECTION	PAGE #
-	ACKNOWLEDGEMENTS	5
	INTRODUCTION: ECONOMIC DEMOCRACY AND INCLUSIVE GROWTH	6
I	THE INSTITUTIONAL STRUCTURE OF ENDEMIC POVERTY	9
	I.1 THE POVERTY PROCESS	9
	I.2 POVERTY, POWER AND ASYMMETRIC MARKETS	9
II	A THREE YEAR STRATEGY OF INCLUSIVE GROWTH	12
	II.1 POLICY DESIGN ELEMENTS FOR INCLUSIVE GROWTH	12
III	INSTITUTIONAL FRAMEWORK FOR A SMALL AND MEDIUM FARMER AGRICULTURE GROWTH STRATEGY	14
	III.1 LAND TO THE TILLER FOR SUSTAINABLE GROWTH WITH EQUITY	14
	III.2 LAND FOR THE LANDLESS	16
	III.3 STATE LAND FOR THE LANDLESS	16
	III.4 ENABLING TENANT HOUSEHOLDS TO BUY LAND	19
IV	INSTITUTIONAL INITIATIVES FOR INCLUSIVE GROWTH THROUGH CORPORATE ENTERPRISES OWNED BY THE POOR	21
	IV.1 MILK PRODUCTION POTENTIAL OF POOR PEASANTS	21
	IV.2 MARINE FISHERIES POTENTIAL AND CONSTRAINTS	21
	IV.3 PROPOSED INSTITUTIONAL STRUCTURE FOR MILK AND MILK PRODUCTS AND SMALL FARM DEVELOPMENT (SFDC)	22

IV.4	THE CONCRETE ELEMENTS OF THE SMALL FARMER DEVELOPMENT CORPORATION (SFDC)	23
V	INSTITUTIONAL FRAMEWORK FOR FASTER GROWTH OF SMALL SCALE INDUSTRIAL ENTERPRISES (SSEs)	27
V.1	CONSTRAINTS TO THE RAPID GROWTH OF SSES	28
V.2	OVERCOMING THE CONSTRAINTS TO THE GROWTH OF SSES	28
V.3	INDUSTRIAL CLUSTERS AND LOCATIONS OF COMMON FACILITIES CENTRES	30
V.4	SPECIFIC TECHNICAL FACILITIES FOR CFCS	31
VI	INCLUSIVE GROWTH THROUGH PARTICIPATORY DEVELOPMENT	36
VI.1	THE METHODOLOGY OF PARTICIPATORY DEVELOPMENT	36
VI.2	EMPOWERMENT AND AUTONOMOUS ORGANIZATIONS OF THE POOR	38
VI.3	INSTITUTIONAL FORMS OF DEVELOPMENT NGOs	40
VI.4	TAKING SMALL NGOs TO SCALE: SOME NECESSARY CONDITIONS FOR SUCCESS	42
VII	INCLUSIVE GROWTH THROUGH REGIONALLY BALANCED GROWTH	49
VII.1	THE MECHANISM AND NATURE OF REGIONAL ECONOMIC DISPARITY IN PAKISTAN	50
VII.2	LEVELS OF ECONOMIC DEVELOPMENT BY REGION	54
VII.3	CHANGE IN SPATIAL CONCENTRATION OF INDUSTRY	57
VII.4	INCIDENCE AND INTENSITY OF POVERTY: THE REGIONAL DIMENSION	62
VII.5	TOWARDS AN ALTERNATIVE PLANNING PERSPECTIVE FOR REGIONAL GROWTH	64

VIII	HUMAN RESOURCE DEVELOPMENT FOR POVERTY REDUCTION AND INCLUSIVE GROWTH	66
	VIII.1 HEALTH AND POVERTY	66
	VIII.2 EDUCATION	88
	VIII.3 VOCATIONAL TRAINING	91
IX	REDUCING THE GENDER GAP IN HRD	93
	IX.1. INTRODUCTION	93
	IX.2. PRSP: AN OVERVIEW AND BRIEF REVIEW	95
	IX.3 BARRIERS FACED BY WOMEN: A SITUATION ANALYSIS	108
	IX.4 CONCLUSIONS AND RECOMMENDATIONS	115
X	THE DEMOGRAPHIC TRANSITION AND HRD	124
	X.1 THE DEMOGRAPHIC TRANSITION	124
	X.2 ENSURING FERTILITY DECLINE IN PAKISTAN	125
	X.3 DEMOGRAPHIC TRANSITION: A PERSPECTIVE ON EDUCATIONAL ATTAINMENT EFFECTS IN PAKISTAN	128
	X.4 UNIVERSAL PRIMARY EDUCATION	128
	X.5 SECONDARY EDUCATION	129
	X.6 ABSORPTION OF GROWING LABOUR FORCE IN PAKISTAN	130
	X.7 LABOUR FORCE PROJECTIONS	131
	X.8 RURAL-URBAN DIMENSIONS OF THE LABOUR FORCE	131
	X.9 PROJECTED YOUTH (15-24) LABOUR FORCE	132
	X.10 YOUTH UNEMPLOYMENT	132
XI	FOOD SECURITY, HEALTH AND SOCIAL PROTECTION	134
	XI.1 INTRODUCTION	134
	XI.2 THE NATURE AND MAGNITUDE OF FOOD INSECURITY IN PAKISTAN	135
	XI.3 AN ASSESSMENT OF EXISTING SOCIAL PROTECTION POLICIES AND A POLICY FRAMEWORK FOR IMPROVING THE COVERAGE, QUALITY AND TARGETING OF SOCIAL PROTECTION	138

	XI.4	WHAT MAKES A HEALTH CENTRE SUCCESSFUL? THE CASE OF THE TEHSIL HEAD QUARTER HOSPITAL, MURIDKE	140
XII		VULNERABILITY AND SOCIAL PROTECTION	144
	XII.1	DEFINING VULNERABILITY AND SOCIAL PROTECTION	144
	XII.2.	VULNERABILITY, SOCIAL RELATIONS AND POWER STRUCTURES	144
	XII.3	SOME SOURCES OF VULNERABILITY	145
	XII.4	REDUCING VULNERABILITY THROUGH INCLUSIVE GROWTH	146
	XII.5	PROPOSED AREAS OF INTERVENTION FOR SOCIAL PROTECTION	147
XIII		A NOTE ON DATA PROBLEMS AND THE UNRELIABILITY OF POVERTY ESTIMATES DURING THE MUSHARRAF PERIOD	149
XIV		POLICY CONCLUSIONS	155
	-	REFERENCES	168

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Tenth Five Year Plan (2010-15)
Government of Pakistan,
Islamabad

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INTRODUCTION: ECONOMIC DEMOCRACY AND INCLUSIVE GROWTH

Pakistan is engaged in a battle for survival against the Taliban-Al Qaeda combine, it is clear that an important element in the war effort, is to provide a stake in citizenship to the large proportion of the population that is suffering from poverty, unemployment and the deprivation of basic services. Economic growth in the past 60 years has failed to overcome the poverty problem. This is because of an institutional structure within which economic growth has been neither sustainable nor equitable.

Persistent mass poverty in Pakistan is due to the inability to sustain high GDP growth rates on the one hand and on the other, an elite based institutional structure which systematically excludes a large proportion of the population from the growth process. If growth is to be sustained and poverty is to be overcome quickly, a shift in the paradigm for understanding both the determinants of growth as well as the nature of poverty is required.

Overcoming poverty and achieving sustained growth, will involve developing an institutional structure such that the majority of the people become active subjects in the growth process rather than merely the recipients of an uncertain trickle down effect. In such a people centered economic process, equity would become both the means as well as the end of sustained growth¹. Thus economic growth for the people,

¹ This approach was developed in the forthcoming book: Akmal Hussain, Poverty, Power and Economic Growth, South Asia Centre for Policy Studies, Kathmandu, 2008. (Mimeo).

by the people would enable a transition to economic democracy which could sustain political democracy². (P. Wignaraja, S. Sirivardana and A. Hussain, 2009).

Recent applied research on Pakistan (A. Hussain 2008) in the perspective of the New Institutional Economics shows that both endemic poverty as well as the stop-go pattern of economic growth is located in the limited access nature of its social order³. Limited access social orders are characterized by rent creation, privileged access over economic and political power for the elite, and the exclusion of a large proportion of citizens from equal access over markets, resources and governance. Such limited access social orders as North, et.al have argued “preclude thriving markets and long term economic development”⁴. By contrast open access social orders provide equality of economic opportunity on the basis of systematic competition, innovation, merit and mobility. Consequently, the institutional framework of open access social orders constitutes the basis of efficient markets and sustained economic growth.

If Pakistan is to embark on a path of sustained growth it would be necessary to establish an institutional structure for inclusive growth. The institutional structure of inclusive growth would enable all of the citizens of Pakistan rather than only a small elite to participate as subjects of economic growth as well as the recipients of its fruits.

In this Report we will in section-I, discuss the institutional structure of endemic poverty to analyze the asymmetric nature of markets in Pakistan. In sections-II, III, IV V, VI and VII, we will specify five main dimensions of a strategy of inclusive growth. These dimensions of inclusive growth will include: (a) A small and medium farmer agriculture growth strategy. (b) Inclusive growth through corporate enterprises owned by the poor and managed by professionals. (c) Inclusive growth through small scale industrial enterprises. (d) Inclusive growth through Participatory Development. (e) Inclusive growth through regional equity. In section-VIII, we will indicate in the

² For a discussion on Economic Democracy and case studies of action, See: Ponna Wignaraja, Susil Sirivardana, Akmal Hussain (eds), Economic Democracy through Pro Poor Growth, SAGE Publications, Delhi, 2009.

³ Akmal Hussain, Power Dynamic, Institutional Instability and Economic Growth: The Case of Pakistan, The Asia Foundation, Islamabad, April 2008.

⁴ Douglass C. North, John Joseph Wallis, Barry R. Weingast, A Conceptual Framework for Interpreting Recorded Human History, National Bureau of Economic Research, Working Paper Series, Cambridge (Mimeo), 2006.

context of health and education the role of Human Resource Development in inclusive growth and identify policies to improve these services. We will also indicate in this section, the skill training programme formulated by the Planning Commission as part of an imaginative initiative conceived by the Deputy Chairman of the Planning Commission. In section-IX, we will present proposals for reducing the gender gap in the context of poverty reduction. In section X, we will discuss the policy imperatives of Human Resource Development in the context of the demographic transition. In section-XI, we will discuss issues and policies related with food security, health and social protection, and in section XII the policies and issues related with vulnerability and social protection are presented. In section XIII we present a brief review of the problems of credibility of data and the estimation methodology used for poverty estimates during the Musharraf period. Section XIV gives a summary of some of the main policy proposals contained in the Report.

I. THE INSTITUTIONAL STRUCTURE OF ENDEMIC POVERTY⁵

I.1 THE POVERTY PROCESS

The poor in Pakistan cannot be simply seen as individuals with certain adverse ‘resource endowments’, making choices in free markets. Poverty occurs when the individual in a fragmented community is locked into a nexus of power which deprives the poor of their actual and potential income. The poor face markets, state institutions and local power structures, which discriminate against access of the poor over productive assets, financial resources, public services and governance decisions which affect their immediate existence.

In this context some of the questions that arise are: How do distorted markets for inputs and outputs of goods and services result in the loss of the actual or potential income of the poor? If this is indeed the case then what is the magnitude of the income loss?; how do power structures adversely affect tenancy contracts of the poor peasants?; how do local structures of power with respect to landlords, local administrative officials, and institutions for the provision of health, credit and dispute resolution, deprive the poor of their income, assets and the fruits of their labour?

These questions were examined in the Pakistan NHDR on the basis of new survey data to develop for the first time an understanding of the dynamics and concrete nature of poverty, rather than merely its magnitude⁶.

I.2 POVERTY, POWER AND ASYMMETRIC MARKETS

Various forms of dependencies of the peasant on the local power structures and the distortions in the input and output markets functioning against the poor, constitute the elements of the process of poverty generation amongst the peasantry.

A substantial proportion of the potential as well as actual income of the poor peasantry is lost to the increasingly adverse tenancy arrangements and the obligation

⁵ This section is based on Akmal Hussain: Poverty, Power and Economic Growth, Pakistan Country Study for the SACEPS Poverty Project, 30th September 2008.

⁶ See, Akmal Hussain, with inputs from A.R. Kemal, Agha Imran Hamid, Imran Ali and Khawar Mumtaz: Pakistan UNDP-National Human Development Report 2003, Oxford University Press, Karachi, 2003. Chapter 3.

to sell labour at less than market wage rates or without any wages at all, to the landlords. This is because of the social and economic leverage that the landlords exercise over the poor peasants. For example, the NHDR data shows that 50.8 percent of the extremely poor peasants have taken a loan from the landlord and of these peasants 57.4 percent worked for the landlord without wages and 14 percent worked for the landlord at a daily wage rate of only Rs.28, compared to the typical market daily wage rate of about Rs.150.

At the same time there is unequal access over both the input and the output markets. For example, the NHDR data shows that the poor peasants have to pay a higher price on their inputs and get a lower price on their outputs compared to the large farmers. As a consequence the poor are losing 20.5 percent of their income in the major crops alone due to asymmetric markets.

In the small farm households the most significant constraint to increasing income is lack of ownership rights and the income losses associated with land use within the structure of dependence. The evidence shows that the contribution of tenants to input costs in the case of tractor rental, labour, seeds and fertilizers has increased during the period 1990-91 to 2000-01. For example, in the case of wheat the contribution of tenants in the provision of tractors increased from 63 percent to 74 percent, labour from 47 percent to 60 percent, seeds from 51 percent to 67 percent and fertilizers from 47 percent to 57 percent over the period, 1990-91 to 2000-01⁷. The poor owner farmers and owner cum tenant farmers in the small size category instead of buying additional land have been forced to sell their land over the period 1991-2000-01. As many as 76.5 percent of the extremely poor farmers and 38.9 percent of the poor farmers sold their land for urgent consumption needs, marriage expenditures and health expenditures⁸. As a consequence the productive assets of the poor peasants have been further depleted, thereby adversely impacting their future streams of income and reducing the probability of getting out of poverty.

Amongst the non rural farm households the principal constraint to poverty alleviation is the limited possibility of remunerative jobs and the low ability to initiate self employment projects. In the urban areas the employment status, informalization of the

⁷ See, Akmal Hussain, *Poverty, Power and Economic Growth*, op.cit., page-9, table 6.

⁸ Ibid. page-9.

work force and the low level of productivity of micro enterprises constrain income levels and give rise to poverty⁹.

⁹ For evidence and detailed analysis of this phenomenon, see, Akmal Hussain, with inputs from A.R. Kemal, Agha Imran Hamid, Imran Ali and Khawar Mumtaz: Pakistan UNDP-National Human Development Report 2003, Oxford University Press, Karachi, 2003.

II. A THREE YEAR STRATEGY OF INCLUSIVE GROWTH

A new approach to inclusive growth could be adopted by establishing an institutional framework for the provision of productive assets to the poor as well as the capacity to utilize these assets efficiently. In this way the poor by engaging in the process of investment, innovation and productivity increase could become the active subjects of economic growth rather than being merely recipients of a “trickle down” effect: Thus a sustained high growth could be achieved *through* equity. Inclusive growth so defined can become both the means and the end of GDP growth¹⁰.

The elements of the inclusive growth strategy specified in this section can produce measurable results if the strategy is operationalized within clearly specified timelines, and a close monitoring mechanism for policy implementation to prevent implementation delays. The management structure within which the implementation is to occur should conduct a critical path analysis that identifies and prepares counter measures for delays in critical actions that could compromise the time scale of the overall strategy implementation.

II.1 POLICY DESIGN ELEMENTS FOR INCLUSIVE GROWTH¹¹

The institutional framework of such an inclusive growth could have four broad dimensions:

- (1) A small and medium farmer strategy for accelerated agriculture growth through the provision of land ownership rights to the landless and institutional arrangements for yield increases.
- (2) An institutional framework for providing productive assets to the poor through equity stakes in large corporations owned by the poor and managed by professionals.

¹⁰ This approach has been developed by Akmal Hussain in his paper: An Institutional Framework for Inclusive Growth, 1 April, 2009, chapter contributed to the State of the Economy, 2nd Annual Report, Institute of Public Policy, Beaconhouse National University, Lahore, 2009.

¹¹ Ibid. page-4.

- (3) Accelerated growth of small and medium scale industrial enterprises through an institutional framework for increasing the production and export of high value added products in the light engineering and automotive sectors.
- (4) A process of localized capital accumulation through Participatory Development.

In the ensuing sections, we will present the institutional framework and policy design which can achieve these strategic objectives. In so doing, Pakistan can embark on a path of development that has been called *economic democracy*¹². It is a path of development which enables all the people, rather than only the elite to participate in the process of income generation, investment and innovation within competitive markets. Such a path of development would achieve sustained growth with equity.

¹² The term economic democracy has been developed in the book: Ponna Wignaraja, Susil Sirivardana and Akmal Hussain: *Economic Democracy through Pro Poor Growth*, SAGE Press, 2009.

III. INSTITUTIONAL FRAMEWORK FOR A SMALL AND MEDIUM FARMER AGRICULTURE GROWTH STRATEGY¹³

Pakistan's fragile democracy is threatened by an economic crisis combined with growing poverty that fuels terrorist organizations. An important factor in the economic crisis is the food deficit and the underlying stagnation in yields per acre of major crops. (In the year 2007-08, crop sector growth was negative). It can be argued that if the yield potential of the medium and small size farm sector is achieved, food shortages can be converted into food surpluses. Such a shift can enable Pakistan to convert its weakness into its strength: The current crippling economic burden of food imports can be converted into a strength through food exports. To bring about this transformation a new policy framework is required to shift from the earlier elite farmer strategy to a new small farmer growth strategy.

The rural poor once liberated from the shackles of feudal power and provided with ownership rights can become a major driving force in accelerating agriculture growth and in achieving both political and economic democracy in Pakistan. In this section we will first briefly argue the case for land reform in Pakistan today as a means of achieving democracy at the political level and equitable growth at the economic level. We will then discuss the policy option available to the government of transferring state owned land to the landless peasantry together with an institutional framework for providing sustainable livelihoods to about 58 percent of the existing tenant households.

III.1 LAND TO THE TILLER FOR SUSTAINABLE GROWTH WITH EQUITY

At an economic level the existence of a powerful landed elite is indicated by the fact that according to the Agriculture Census of 2000, as much as 30 percent of total farm area is owned by land owners with ownership holdings above 50 acres, and yet they

¹³ This section is drawn from Akmal Hussain: Poverty, Power and Economic Growth, Pakistan Country Study for the SACEPS Poverty Project, 30th September 2008. chapter 4, pages 129 to 137.

constitute only 2 percent of the total number of land owners¹⁴. Elements of this landed elite dominate the major political parties, local governments, institutions and markets for credit and agriculture input distribution.

When the 'Green Revolution' technology became available in the late 1960s it was possible to substantially accelerate agriculture growth through an elite farmer strategy which concentrated the new inputs on large farms. Now the crucial determinant in yield differences became not the labour input per acre in which small family farms had been at an advantage in earlier decades, but the application of the seed-water-fertilizer package to which the large landlords with their greater financial power had superior access. Thus the 'Green Revolution' had made it possible to accelerate agriculture growth without having to bring about any real change in the rural power structure. Today, after almost four decades of the elite farmer strategy, the imperative of agrarian reform is re-emerging, albeit in a more complex form than before. As the large farms approach the maximum yield per acre with the available technology, further growth in agricultural output increasingly depends on raising the yield per acre of small farms and reversing the trend of land degradation brought about by improper agricultural practices.

The small and medium farm sector whose yield potential remains to be fully utilized, constitutes a substantial part of the agrarian economy. Farms below 25 acres constitute about 94 percent of the total number of farms and about 60 percent of the total farm area. From the viewpoint of raising the yield per acre of small and medium farms (i.e. farms of less than 25 acres) the critical consideration is that 15.7 percent of the total farm area in the less than 25 acre farm category is operated by landless tenants. Another 13.07 percent of the farm acreage in less than 25 acre farms is operated by owner cum tenant farmers. Since tenants lose half of any increase in output to the landlord, they lack the incentive to invest in technology which could raise yields per acre. Because of their weak financial and social position they also lack

¹⁴ These Agriculture Census figures of the share of large land owners are highly under estimated because the Agriculture Census does not take account of the fact that a large number of individual ownership holdings may be nominally under the names of individual family members or even servants (to avoid the legal ceiling on individual ownership holding) but are actually owned by the head of the family. According to an earlier estimate of the share of land owning families as much as 30 percent of total farm area was owned by land owners in the over 150 acres category who constituted less than 0.1 percent of the total number of land owners. (See, Akmal Hussain, Pakistan: Land Reforms Reconsidered, chapter in Hamza Alavi and John Harriss (eds), *Sociology of "Developing Societies" South Asia*, Macmillan, London, 1989.

the ability to make such investments. Their ability to invest is further eroded by a nexus of social and economic dependence on the landlord which deprives the tenant of much of his investible surplus.

This problem is further exacerbated by the absence of an efficient land market where productive land can move to the more efficient operator. Flexible and secure tenancy contracts, and a competitive land market which can allow efficient operation of farm land, can only emerge if the extra economic power currently enjoyed by the feudal elite is constrained. Thus the objective of raising yields in the small farm sector is inseparable from removing the constraints to growth arising out of the institutional structure of tenancy. A policy initiative that enables the tenant to acquire land is therefore an essential first step in providing the small farmers with both the incentive and the ability to raise their yields/acre.

III.2 LAND FOR THE LANDLESS

A policy of enabling tenant farm households to acquire ownership rights together with access to the markets for inputs could play a vital role in making the small farm sector the leading edge of a faster and more equitable agriculture growth. Such a policy could have two main elements: (a) Transferring the existing 2.6 million acres of state owned land to landless peasants together with an institutional framework for providing them with access over high quality seeds, fertilizers, water and extension services. (b) Institutional changes to open up the land market together with the provision of credit to tenant farm households for enabling them to purchase land. Let us briefly discuss each of these policies in turn.

III.3 STATE LAND FOR THE LANDLESS

An initial step in providing productive assets to the rural poor could be to allot the available 2.6 million acres of State owned land to the landless. This cannot be seen as a substitute for a land reform programme of 'land to the tiller'. According to the Census of Agriculture 2000, there are about 4.97 million acres of private farm area under pure tenant cultivation in farms below 25 acres. Transfer of ownership rights to tenants, of State land amounting to 2.6 million acres (assuming that all of it is cultivable) could make a significant contribution to the reduction of rural poverty. For example if the 2.6 million acres of state owned land were to be transferred to landless

farm households in holdings of 5 acres each, then as many as 520,000 tenant farmers would become owner operators. This means that out of the total number of tenant farmers (about 897,000) in the less than 25 acre category, as many as about 58% would become owner operators.

However, it is important to recognize that providing ownership of land to the landless is a necessary but not a sufficient condition for alleviating their poverty. Enabling the landless to make the transferred land cultivable, to actually settle on the new land and to achieve a sustainable increase in their income, productivity and savings are equally important factors in making the scheme successful.

The achievement of sustainable livelihoods for the landless rural poor through the provision of state owned land would involve the following steps to be undertaken by relevant departments of provincial governments in partnership with NGOs, private sector and international donor agencies¹⁵:

1. Undertake a diagnostic survey of the areas in which the beneficiaries and the lands to be transferred to them are located. The objectives of these diagnostic surveys would be:
 - (a) To evaluate the cultivable status of the land and the potential uses for which the land could be utilized.
 - (b) Identification of the main physical constraints to utilizing the land for the purpose of achieving a sustainable livelihood for the poor. (Examples of such constraints are: saline soils, poor quality of ground water, poor management of torrent water or an absolute non availability of water).
 - (c) Identification of physical infrastructure interventions that could be made through participatory development projects involving partnership between government departments, NGOs and organizations of the landless poor in the concerned areas (examples of such interventions could be, minor land forming and land reclamation schemes, provision

¹⁵ This sub-section is based on a policy note contributed by the author to the Ministry of Local Government and Rural Development: Akmal Hussain, Overcoming Poverty Through Providing Land to the Landless, Note submitted to the Ministry of Local Government and Rural Development (Mimeo), April 30, 2001.

of tube wells where possible, check dams, water lifting devices and water harvesting schemes).

- (d) Identification of micro enterprise projects which individual households or groups of households of the poor could undertake in order to achieve a diversified economic base for their livelihoods. For the identification of such micro enterprise schemes the survey would involve consultations with organizations of the poor and with individual poor households from amongst the potential beneficiaries.
 - (e) Estimates of credit needs of those poor households who are targeted as beneficiaries of the newly allotted lands.
 - (f) Socio economic profiles of the landless poor in the specific areas where they are expected to acquire the land under the scheme. This profile would identify the mechanisms through which poverty of the concerned households is reproduced, their current major sources of income, debt and actual or potential skills.
2. The provincial governments would facilitate the local governments in the specific areas where the relevant state lands are located to initiate a process of social mobilization of the landless poor. This mobilization would be essential to enabling the landless poor households to begin using the newly acquired land in a productive way and to position themselves for acquiring skill training, credit and technical support from both government departments and NGOs.

This social mobilization could be conducted by local governments through partnership with community based organizations at the local level, NGOs at the district and provincial levels and with support from apex organizations such as the Pakistan Poverty Alleviation Fund and also from donor agencies.

3. Training of social mobilisers/catalysts could be undertaken by specialized NGOs such as the South Asia Partnership, NRSP, PRSP and SAPNA (South Asian Perspective for new Alternatives).
4. After specific local level infrastructure projects for improving the productivity of state allotted lands have been identified, the provincial governments in

collaboration with Pakistan Agricultural Research Council could mobilize the technical expertise for implementing the projects through organizations of the poor. The financial resources necessary for these infrastructure projects could be mobilized from Asian Development Bank, World Bank, Small Business Finance Corporation, The Khushhali Bank, Pakistan Poverty Alleviation Fund.

5. The provision of technical training and credit for micro enterprise projects could be undertaken by networking the following organizations: (a) PPAF and Khushhali Bank for credit. (b) For organizing technical training and technical support for micro enterprise projects of the poor the following organizations could be networked: NGO Federation (BINGOF), Punjab NGO Coordination Council, Sarhad NGO Ittehad , Sind NGO Federation, the Pakistan NGO Forum and SUNGI.

The scheme of providing state lands to the landless poor can lead to a sustainable increase in incomes of the beneficiaries if the provision of state land is combined with the following elements: (1) social organization of the poor, (2) development of local infrastructure for increasing land productivity, (3) development of micro enterprise projects of the poor and (4) provision of training, technical support and micro credit to the poor in order to develop a diversified economic base for overcoming their poverty. If such a scheme for participatory development of poor landless households could be undertaken then the government could set a new example not only for Pakistan but for developing countries as a whole, that could demonstrate how the landless poor can be enabled to overcome their poverty.

III.4 ENABLING TENANT HOUSEHOLDS TO BUY LAND

While the transfer of state owned land (2.6 million acres) could provide land to 58 percent of the existing tenant farmers, the remaining 42 percent could be enabled to buy land through credit and institutional changes in the land market. Thus *all* the existing tenant households could become owner operators who could play a strategic role in generating a faster and more equitable agriculture growth.

Out of a total of 897,000 pure tenant farmers, 377,000 households could be enabled to acquire ownership rights over 5 acre farms through purchase of land. This would create the institutional basis of providing both the incentive and the ability to tenant

farmers to increase yields per acre. This objective could be achieved through four sets of policy actions:

- (a) Through a consortium of government, donors and commercial banks a credit fund for providing land to the landless amounting to about Rs.332 billion (USD 4.24 billion) could be created. The purpose would be to: (a) provide targeted credit to enable about 377,000 tenant farm households to purchase 5 acres per household of cultivable land with a total cost of approximately Rs.283 billion (USD 3.62 billion), (b) allocate Rs.50 billion (USD 0.64 billion) for follow up extension services to enable efficient cultivation of purchase land.
- (b) Update, systematize and computerize the land revenue records. The objective would be to establish clear ownership rights of existing owners/claimants such that owned land could become legally transferable without the market transactions being subject to crippling litigation.
- (c) Facilitate the formation of small farmer associations at the union council and tehsil levels with a view to providing small farmers with the leverage to get equitable access over the markets for seed, fertilizer, tube well water and pesticides. At the moment markets for these inputs are asymmetric with respect to the large and small farmers respectively. Local power structures mediate local markets so that the small farmers get poorer quality of seeds, fertilizer and pesticides, and have to pay relatively high prices for these inputs compared to the large farmers.

Strengthen extension service organizations of the Ministry of Rural Development at the union council and tehsil levels and re-orient their operations to provide high quality support to small farmers for: (i) soil testing to enable the farmer to determine the precise composition of the chemical fertilizers that is congruent with the nutrient requirements of the soil, (ii) improved on farm water management to increase water use efficiency, (iii) improved agricultural practices based on new scientific knowledge to reduce salinity and improve the organic profile of the top soil.

IV. INSTITUTIONAL INITIATIVES FOR INCLUSIVE GROWTH THROUGH CORPORATE ENTERPRISES OWNED BY THE POOR

There are three sectors which have considerable potential for stimulating GDP growth, poverty reduction and increasing Pakistan's foreign exchange earnings: (i) Milk and dairy products, (ii) Livestock and the production of meat and meat products, (iii) Marine fisheries. In this section we will briefly discuss the institutional form that can be deployed in the case of milk and dairy products on the basis of public private partnership to establish corporate enterprises with equity stakes for the poor. Similar institutional structures can be established for livestock and production of meat, and for marine fisheries.

IV.1 MILK PRODUCTION POTENTIAL OF POOR PEASANTS¹⁶

With over 177 billion rupees worth of milk being produced annually in Pakistan, milk is Pakistan's largest product in the agriculture sector. Unlike agriculture crops the production of milk can be accelerated sharply within a couple of years. Currently Pakistan's milch cattle yield per animal is one fifth the European average. Demonstrable experience in the field has shown that the milk yield per animal in Pakistan can be doubled within two years through scientific feeding, breeding and marketing. What is required is an institutional framework for training the farmers in scientific feeding and breeding, and for establishing the logistics to collect milk from the farm door by means of refrigerated transport, domestic marketing as well as arrangements for refrigerated storage at airports and subsequent airfreight to export markets. Such an initiative could have a significant impact not only on the incomes of poor peasants but also on exports and overall GDP growth.

IV.2 MARINE FISHERIES POTENTIAL AND CONSTRAINTS¹⁷

Marine Fisheries, also provide a significant potential for improving foreign exchange earnings although not as large as the potential for milk. Here again, what is required is improved institutional support and better management rather than huge investments

¹⁶ This section is taken from: Akmal Hussain, A Policy for Pro Poor Growth, paper in Towards Pro Poor Growth Policies in Pakistan, Proceedings of the Pro-Poor Growth Policies Symposium, 17th March 2003, UNDP-PIDE, Islamabad. page 72.

¹⁷ This section is taken from, Akmal Hussain: A Policy for Pro Poor Growth, op.cit.

by the Government. The expansion in the export of marine fisheries is constrained because the storage facilities for transportation do not match the international quality standards. Currently alternate layers of fish and hard sharp edged ice are placed in containers on the boats. Under the weight of upper layers of fish and the sharp edged ice, fish at the lower layers are crushed, and the resultant bleeding causes putrefaction. To avoid this, it is necessary to provide shelves for layered storage of fish in boats, topped by dry ice, with fiberglass covers to maintain the European Union standards of minus 7°C temperature during transportation. An export potential of 300 million dollars exists over the next three years if such improved management of the marine fisheries industry could be achieved.

IV.3 PROPOSED INSTITUTIONAL STRUCTURE FOR MILK AND MILK PRODUCTS AND SMALL FARM DEVELOPMENT (SFDC)¹⁸

It is proposed that the Pakistan Poverty Alleviation Fund (PPAF), its NGO partner organizations at the district level and provincial Dairy Development Boards be brought together into a consortium to establish a Small Farmer Development Corporation. (SFDC) The institutional framework for the SFDC could be as follows:

1. This corporation should be a public limited company, run by a professional management with poor peasants as its shareholders.
2. International donors, and the government of Pakistan can contribute to establishing a special fund within the PPAF which can be used to give either grants or loans to poor peasants to enable them to buy the equity in the SFDC and also to acquire additional milch animals.
3. The objective of the corporation should be to generate profits through establishing milk collection centers in each Union Council to collect milk, from its shareholders, arrange refrigerated transport, establish milk pasteurizing and packaging facilities at the provincial level, and a marketing and export infrastructure.

¹⁸ This section is drawn from: Akmal Hussain: Poverty, Power and Growth, SACEPS Pakistan Study, mimeo, publication forthcoming, 2009.

4. The SFDC should also establish an infrastructure at the village level for directly collecting milk from poor peasant milk producer shareholders, testing the milk and immediate payment to the milk producers.
5. A computerized data base platform should be established at the Union Council level to keep a record of the profile of each milk producer with respect to the following data: percentage of milk that passes the quality test; payments for milk supplied; extension services provided; increases in yields per milch animal; changes in the stock of milch animal, initial level of and changes in household income resulting from increased milk sales.
6. The profits of the corporation should be used partly for re-investment and growth and partly for disbursing dividends to the poor peasant shareholders.
7. The PPAF should develop new partner organizations at the Union Council, Tehsil and District levels which would be exclusively devoted to forming special purpose community organizations (COs) of poor peasants. The objective of the COs would be to enable its members to increase production and sale of milk, access credit for increasing the stock of milk animals at the household level and undertake scientific feeding and breeding of milch animals for increasing milk yields.
8. The PPAF could also be tasked to provide credit to the milk producer shareholders of SFDC, arrange for extension services to the community organizations of milk producers for testing and inoculating animals against disease, scientific feeding and breeding practices.

IV.4 THE CONCRETE ELEMENTS OF THE SMALL FARMER DEVELOPMENT CORPORATION (SFDC)¹⁹

The institutional framework for a small farmer led agriculture growth strategy could be to establish a Small Farmer Development Corporation (SFDC) in which farmers operating below 25 acres of land could have the opportunity of becoming shareholders. The following types of farmers could be eligible to become shareholders of such a corporation:

¹⁹ This section is taken from, Akmal Hussain: Pakistan: Poverty, Power and Economic Growth, South Asia Centre for Policy Studies, 2009 (Forthcoming).

- a) All those who will receive state owned land or have in the past received state owned land.
- b) All owner farmers, owner-cum-tenant farmers and pure tenant farmers operating less than 25 acres of land could also be offered equity stakes in the SFDC.

IV.4.1 How to float the SFDC

One way of floating the SFDC is for the PPAF to sponsor the establishment of the SFDC while ensuring that the ownership and control of the corporation lies with the small farmer shareholders.

IV.4.2 How to Provide Equity to Small Farmers

- The PPAF out of its own resources or by accessing donor funds, provide to the recipients of the 2.6 million acres state owned land, a loan of Rs.65 billion to the 520,000 small farmers recipients of 5 acre packages of land. Each such small farmer would get Rs.125,000 as a loan to be invested in the SFDC.
- This loan should be deposited in the corporation as equity of Rs.25000 per acre of owned land by the recipients of State land, i.e. Rs.125,000 per five acre package.
- Small farmers who are not recipients of state land should also be enabled to become shareholders in the SFDC.

IV.4.3 The Organizational Functions of the SFDC

The equity could be leveraged to acquire loans from the domestic commercial banking sector as well as from the World Bank and ADB to be used for:

- (a) Land Development of the land operated by the shareholders.
- (b) Provision of extension services to the shareholder farmers for:
 - (i) Improving the quality of top soils.
 - (ii) Efficient on-farm water management through laser based land leveling for accurate gradient, improved water channels and where required, drip irrigation.

- (iii) Shifting to high value added crops through innovative techniques such as tunnel farming and also dairy farming and livestock development.
- (c) Provision of loans to farmers for purchase of inputs, and investments in improving the on-farm water management.
- (d) Recent research has shown that rural markets for agriculture outputs and inputs in Pakistan are asymmetric with respect to the large and small farmers²⁰. The SFDC could serve to provide more equitable market access to small farmers by facilitating purchase of high quality inputs and arranging marketing of agriculture products.
- (e) Investment on behalf of small farmers in agro processing industrial units such as grain milling, cotton gins and oil presses. These investments could be under written by organizations such as PPAF, Khushali Bank, Small Business Finance Corporation as well as aid donors²¹.

IV.4.4 Broad Basing Equity to include all Small Farmers

Those small farmers who are not recipients of State owned land and wish to become shareholders in the SFDC can be provided loans of upto Rs.25000 per owned acre which would be automatically deposited in the corporation as their equity. The loans would be paid back from the dividend earnings of the equity under the loan agreement.

IV.4.5 The Structure and Functions of the Small Farmer Development Corporation

The company should have five divisions with branches in each district where shareholders reside. These divisions would be:

- Land Development and Irrigation.
- Provision of Access over input and output markets
- Extension services.
- Dairy farming and livestock development
- Finance Division to manage loans given to equity holders and also to provide new loans.

²⁰ Akmal Hussain, Poverty, Power and Economic Growth, Pakistan Country Study for the SACEPS Poverty Project, 2008. (Forthcoming)

²¹ We are grateful to Professor Rehman Sobhan, President of Grameen Bank and Chairman, Centre for Policy Dialogue, Dhaka for this suggestion.

IV.4.6 The Management System of the Small Farmer Development Corporation: The Management Structure.

The Management Structure of the SFDC would have the following specific features:

1. Each district level branch of the SFDC should be run by full time professional managers.
2. Each of these branches should have Management Oversight Boards in which Union Council level organizations of shareholders in the particular district are represented.
3. The Management Oversight Board should meet once a quarter.
4. District level organizations of shareholders should be represented in the Board of Directors of the SFDC.
5. The district level organizations of shareholders should be represented on the National Management Oversight Board of the corporation at the head office of the corporation.

IV.4.7 The Management System of the SFDC: MIS

1. The corporation should have Management Information Systems run by professional managers in each district level branch of the company.
2. The district level MIS should be integrated with the national level MIS to provide weekly performance reports for each operation of each Division.

IV.4.8 The Management System of the SFDC: Financial Control

1. Financial Control Systems should be established at the district level and MIS reports provided to the head office at the national level on a weekly basis.
2. The Financial Control Systems at the district level should be run by young chartered accountants.

The Financial Control Systems at the head office should be run by Senior Chartered Accountants with a small team of financial experts operating a fully computerized accounting system that is linked up with district level financial control systems.

V. **INSTITUTIONAL FRAMEWORK FOR FASTER GROWTH OF SMALL SCALE INDUSTRIAL ENTERPRISES (SSEs)**²².

Since small scale industries have higher employment elasticities, smaller Incremental Capital Output Ratios (ICORs), and shorter gestation periods. Therefore an increased share of investment in this sector could enable both a higher GDP growth for given levels of investment as well as higher employment generation for given levels of growth. At the same time if the institutional conditions could be created for enabling small scale industries to move into high value added components for both import substitution in the domestic market and for exports, Pakistan's balance of payments pressures could be eased. The key strategic issue in accelerating the growth of SSEs is to enable them to shift to the high value added, high growth end of the product market. These SSE's. include high value added units in light engineering, automotive parts, moulds, dyes, machine tools and electronics and computer software.

Training of a large number of software experts with requisite support in credit and marketing could quickly induce a significant increase in software exports from Pakistan. Pakistan could build a pool of software experts for a large increase in export earnings. This would of course require a proactive government to establish joint ventures between large software companies such as Microsoft and Pakistan's private sector institutions such as LUMS and INFORMATICS. The Ministry of Science and Technology is already moving rapidly in facilitating the growth of information technology in Pakistan. In this sub-section however we will focus on small scale manufacturing enterprises.

A large number of small scale enterprises (SSEs) in the Punjab and the North Western Frontier Province (NWFP) have a considerable potential for growth and high value added production such as components for engineering goods or components of high quality farm implements for the large scale manufacturing sector.²³ Yet they are in many cases producing low value added items like steel shutters or car exhaust pipes resulting in low profitability, low savings and slow growth.

²² This section has been drawn from Akmal Hussain: Poverty, Power and Economic Growth, Pakistan Country Study for the SACEPS Poverty Project, 30th September 2008. pages 115 to 119.

²³ Akmal Hussain: Labour Absorption in Pakistan's Rural Sector, Final Report, ILO/ARTEP (Mimeo), 20th September 1989, Pages 21 to 23.

- (i) Inability of small units to get vending contracts for the manufacture of components from the large-scale manufacturing sector (LSM).

V.1 CONSTRAINTS TO THE RAPID GROWTH OF SSES

Small scale enterprises in small towns of Pakistan face the following major constraints:

- (ii) Due to lack of expertise in production management and the frequent inability to achieve quality control it becomes difficult to meet tight delivery schedules.
- (iii) Lack of specific skills like advanced mill work, metal fabrication, precision welding, all of which are needed for producing quality products with low tolerances and precise dimensional control. In other cases accounting and management skills may be inadequate.
- (iv) Difficulty faced by small units in getting good quality raw materials, which often can only be ordered in bulk (for which the small entrepreneurs do not have the working capital), and from distant large cities.
- (v) Lack of specialized equipment.
- (vi) Absence of fabrication facilities such as forging, heat treatment and surface treatment which are required for manufacture of high value added products, but are too expensive for any one small unit to set up.
- (vii) Lack of capital for investment and absence of credit facilities.

V.2 OVERCOMING THE CONSTRAINTS TO THE GROWTH OF SSES

Overcoming the aforementioned constraints would involve providing institutional support in terms of credit, quality control management, skill training and marketing. This could be done by facilitating the establishment of Common Facilities Centers (CFCs) located in the specified growth nodes in selected towns where the entrepreneurial and technical potential as well as markets already exist. Such support institutions (CFCs) while being facilitated by the government and autonomous

organizations such as SMEDA can and should be in the private sector and market driven.

The concept of the Common Facilities Centers is based on the fact that small scale industrialists in Pakistan have already demonstrated a high degree of entrepreneurship, innovation and efficient utilization of capital. The CFCs would provide an opportunity for rapid growth to SSEs through local participation in extension services, prototype development, and diffusion of improved technologies, equipment, and management procedures. The CFCs would constitute a decentralized system which ensures continuous easy access to a comprehensive package of support services such as credit, skill training, managerial advice and technical assistance. The CFCs could also be linked up with national research centres, and donor, agencies for drawing upon technical expertise and financial resources of these agencies in the service of small scale industries (SSI).

The Common Facilities Centres could have the following functional dimensions:

(i) **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 SSI units that the CFC is supposed to serve. The individual order would be sub-contracted to the SSI on the basis of the skills and potential strengths of the unit concerned.

(ii) **Monitoring and Quality Control**

Having given the sub-contract, the ISC would then monitor the units closely and help pinpoint and overcome unit specific bottlenecks to ensure timely delivery and quality control of the manufactured products. These bottlenecks may be specialized skills, equipment, good quality raw material or credit.

(iii) **Skill Training and Product Development.**

Skill training for technicians could be provided by the new good quality vocational training institutes (VTIs) established by the Vocational Training Council of Punjab. Similar VTIs could be established in other provinces. The CFC would provide specialized supplementary skill training on its premises to

workers in the satellite SSI units when required. At the same time, it would provide advice on jigs, fixtures, special tools and product development where required.

(iv) **Forging and Heat Treatment Facilities**

The CFCs would establish at their premises plants for forging, heat treatment and surface treatment. The SSI units could come to the CFC to get such fabrication done on the products they are manufacturing on sub-contract, and pay a mutually agreed price for this job to the CFC.

(v) **Credit**

The ISC would provide credit to the SSE's for purchase of new equipment and raw materials. In cases where raw materials are available in bulk supply, the ISC could buy it from the source, stock it on its premises and sell at a reasonable price to units as and when they need them.

V.3 **INDUSTRIAL CLUSTERS AND LOCATIONS OF COMMON FACILITIES CENTRES²⁴**

The potential growth nodes for accelerating the growth of small and medium scale industries and the locations where the new Common Facilities Centers (CFCs) could be established through a public-private partnership are as follows:

PUNJAB

- (1) Lahore-Chunian Axis. Centre: Bhai Pheru.
- (2) Lahore-Sheikhupura Axis. Centre: Sheikhupura
- (3) Gujranwala-Sialkot Axis. Centre: Sialkot.
- (4) Rawalpindi-Mianwali Axis. Centre: Mianwali.
- (5) Bahawalpur-Bahawalnagar Axis. Centre: Bahawalnagar.

NWFP

- (1) Haripur-Abbotabad Axis and Haripur-Havelian Axis. Centre: Haripur.
- (2) Islamabad-Nowshera-Peshawar Axis. Centre: Peshawar.
- (3) Peshawar-Kohat Axis. Centre: Kohat.

BALUCHISTAN

- (1) Lesbela-Quetta Axis. Centre: Lesbela.
- (2) Lesbela-Mekran Axis. Centre: Mekran.

²⁴ This sub-section is drawn from Akmal Hussain, Poverty Alleviation in Pakistan, Vanguard Books, Lahore, 1994.

SIND

- (1) Hyderabad-Nawabshah Axis. Centre: Nawabshah.
- (2) Nawabshah-Sanghar Axis. Centre: Sanghar.
- (3) Nawabshah-Larkana Axis. Centre: Larkana.
- (4) Larkana-Sukkur Axis. Centre: Sukkur.

V.4 SPECIFIC TECHNICAL FACILITIES FOR CFCS²⁵

The specific facilities that could be available at CFCs to fulfill their technology diffusion/fabrication functions are:

1. Materials testing laboratory.
2. Foundry.
3. Surface Treatment Plant:
 - (a) Hot Dip Galvanizing Unit.
 - (b) Paint Spray Installation.
4. Welding Workshop.
5. Sheet Metal Unit:
 - (a) This metal sheet and pipe bending unit.
 - (b) Thick metal sheet unit.
6. Heat Treatment Unit.
7. Tool and Die-making Shop.
8. Automotive Workshop/Garage.
9. Design and Information Centre.

PRODUCT GROUPS

The product groups for which above facilities could provide support to SSEs are:

i) Agriculture

The CFCs could provide manufacturing support and marketing for SSEs in the following products:

- a) Tools for manual work such as Hoes, Shovels, Rakes.
- b) Animal traction equipment.

In spite of rapid tractorization in Pakistan there remains a high demand for ox-drawn implements. The main technology here is the assembly of section irons and plates.

²⁵ This sub-section is drawn from Akmal Hussain, Poverty Alleviation in Pakistan, Vanguard Books, Lahore, 1994.

Forging is essential in this field but there is also need for cast iron. The production of this equipment may consist of:

- Ploughs: (Forging and structural steel work).
- Rotary-blade harrows (Forging, casting and structural steel work).
- Bearings and other parts for animal drawn carts.

ii) **Power Traction**

Popular tractor drawn equipment contains cast as well as forged and machined parts. Welding is often necessary. Items to be produced may include:

- Spare parts for power cultivators (mainly forging);
- Ground graders (mainly plate assembly);
- Rollers (mainly plate assembly);
- Seeders, harrows and cultivators (Plate stamping, casting and structural steel work);
- Components for sprayers (aluminium casting).

iii) **Irrigation**

This equipment includes valves and pumps for industrial and household use.

More complex technologies are involved in producing irrigation equipment. Among the technologies are the casting of non-ferrous metals and production of special cast iron. Typical products are:

- Components for centrifugal pumps (all ICS workshop technologies are involved);
- Connections and bends (mainly aluminum technologies);
- Components for hand pumps (casting, machining and welding);
- Components for sprayers (casting and machining);
- Panels for water reservoirs and roof tanks (welding and sheet metal technologies).

iv) **Off-Road Transportation**

Off-road transportation includes rail transportation. Products are:

- Parts for railway cars and rail transport (forging, castings, plate);
- Bushings and covers (nodular cast iron);
- Traction components (forged or shaped metalwork);
- Brake components (cast iron);
- Hooks, turnbuckles, clamps and other fastenings (mainly forged).

v) **Vehicle Components Industry**

Vehicle components include spare parts for motorcars, trucks, buses, tractors and industrial conveying and hoisting equipment. Particular vehicle components subject to frequent breakdown, such as pulley systems, fans and traction hooks, should be considered. The following are representative items:

- Brake discs and drums (pig iron);
- Oil-tight covers, oil pumps, pistons (aluminum alloys);
- Fans (aluminum alloy and stamped plate);
- Lights and tool kits (aluminum alloy and stamped plate);
- Trolley roofing (stamped plate and structural steel work);
- Hubs for tractor and trolley wheels (cast iron);

vi) **Metalworking**

The metalworking industries require metal containers, conveyors, gears, pulleys, electric motors castings, and supplies for trucks and cars. Typical products are:

- Plate bins (shaped plates);
- Components for rolling conveyors (plate or cast-iron castings);
- Pulleys and gears (iron castings and forging);
- Equipment for ingots moulds (iron castings);
- Blacksmith or smelter equipment (uses all ISC technologies);
- Miscellaneous tools (mostly forged).

vii) **Food and Related Industry**

The food processing industry in NWFP is still in its infant stage. However, the scope for the production of canned fruit, fruit juices and vegetables is quite favourable. The set-up of such industries require an approach on a case-to-case basis. Among the products are:

- Containers for food liquids (normally stainless-steel stamped parts);
- Stainless steel vats, tables, containers for food-processing plants;
- Wire products (baskets, shelves, dish drainers);
- Metal hanging panels;
- Cookers, water heaters, solar heaters;
- Components for seed-oil presses;

viii) **Construction**

Building yard machines are generally imported in whole or in part from abroad. Domestic production of simple castings may partly replace imports. The following are construction products:

- Building yard equipment (mostly forging);
- Scaffolding material (mostly forging);
- Mason tools (mostly forging);
- Components for building yard machines;
- Implements for rolling shutters or window screening (shaped plate, welding);
- Components for door framing and windows (cast or stamped plate);
- Drain covers, grates, road drain wells (cast iron);
- Piping elbows and unions for drains (cast iron);
- Components for valves, gate valves, unions, for portable or street and road signs, road fencing;
- Hinges and locks.

ix) **Household Appliances**

Household appliance products for the model workshops are:

- Bath tubs, showers and sanitary equipment (mostly cast iron);
- Taps (non-ferrous casting);
- Miscellaneous household fixtures and equipment (cast iron and aluminum castings and shaped sheets);
- Brassware for fittings, stop cocks, water taps.

x) **Power and Telephone Line Fittings**

Considering the ambitious plans in Pakistan for the increase in installed power capacity and electrification of rural areas, items in this category should be subject to market surveys and, if feasible, then produced. Possible ISC workshop items are:

- Connection, support and mooring clamps for power lines (cast iron and aluminum castings);
- Accessories for overhead line supports (aluminum castings and forging);
- Cable connection boxes (cast iron and aluminum castings);
- Waterproof feeder boxes (cast iron and aluminum castings).

xi) **Valves for Industrial Use**

Valves for industrial use include products that are almost exclusively nodular cast iron. Components include those of gate valves and fittings for gas and oil pipelines. Also included are components of small rotary compressors and radial fans, which mostly use shaped-plate castings. Cast-iron pipes, centrifugally or statically cast, must also be considered.

VI. INCLUSIVE GROWTH THROUGH PARTICIPATORY DEVELOPMENT²⁶

Establishing the institutional basis for enabling the poor to increase their incomes, savings and investment, would not only constitute a direct attack on poverty but would also contribute to a faster and more equitable economic growth process. In this section we will begin by specifying the Participatory Development paradigm which has been formulated and put into practice successfully in a number of South Asian countries (including Pakistan) by a group of action researchers from South Asia led by Dr. Ponna Wignaraja²⁷. We examine the issue of empowerment of the poor. In this context we will explore the institutional imperatives of making the newly emerging local government structures more effective in achieving the empowerment of poor, particularly poor women.

VI.1 THE METHODOLOGY OF PARTICIPATORY DEVELOPMENT²⁸

Participatory Development in its broadest sense is a process which involves the participation of the poor at the village/mohalla levels to build their human, natural and economic resource base for breaking out of the poverty nexus²⁹. It specifically aims

²⁶ This section is drawn from Akmal Hussain, Pakistan: Poverty, Power and Economic Growth, South Asia Center for Policy Studies, 30th September 2008. pages 119 to 125.

²⁷ See, for example:

- (i) Ponna Wignaraja, Akmal Hussain, Harsh Sethi and Ganeshan Wignaraja: Participatory Development, Learning from South Asia, United Nations Press, Tokyo and Oxford University Press, Karachi, 1991.
- (ii) Ponna Wignaraja and Susil Sirivardana, Pro-Poor Growth and Governance in South Asia: Decentralization and Participatory Development, SAGE Publications, New Delhi and London 2004.
- (iii) Ponna Wignaraja, Susil Sirivardana, Akmal Hussain (eds), Economic Democracy through Pro Poor Growth, SAGE Publications, Delhi, 2009.
- (iv) Akmal Hussain, Poverty Alleviation in Pakistan, Vanguard Books, 1994.
- (v) Akmal Hussain, Punjab Rural Support Programme (PRSP), The First Four Months, Report to the Board of Directors of PRSP, 1998.

²⁸ Akmal Hussain, Poverty Alleviation in Pakistan, Vanguard Books, 1994, page-26 to 28.

²⁹ For a case study of a Participatory Development initiative in 9 districts of the Punjab based on field experience, see: Akmal Hussain, The Punjab Rural Support Programme, The First Four

at achieving a localized capital accumulation process based on the progressive development of group identity, skill development, and local resource generation³⁰.

At this level of generalization the concept has three key elements:

- (a) **Process:** It is a process whose moving force is the growth of *consciousness*, of *group identity* and the realization in practice of the creative potential of the poor.
- (b) **Empowerment:** The process of reconstructing a group identity, of raising consciousness, of acquiring new skills and upgrading, their knowledge base, progressively imparts to the poor a new power over the economic and social forces that fashion their daily lives.

It is through this ‘power’ that the poor shift out of the perception of being passive ‘victims’ of the process that reproduces their poverty. They become the vital subjects in initiating interventions that progressively improve their economic and social condition, and overcome poverty.

- (c) **Participation:** The acquisition of the power to break the vicious circle of poverty is based on *participation* within an organization in a *series* of projects. This participation is not through ‘representatives’ who act on their behalf but rather, the actual, involvement of each member of the organization in project identification, formulation, implementation and evaluation. It is in open meetings of ordinary members at the village/mohalla level organization that decisions are collectively taken, and work responsibilities assigned on issues such as income generation projects, savings funds, conservation practices in land use, infrastructure construction and asset creation.

VI.1.1 The Dynamics Of Participatory Development

The process of Participatory Development proceeds through a dynamic interaction between the achievement of specific objectives for improving the resource position of the local community and the sense of community identity. Collective actions for

Months, Report of the Honorary CEO to the Board of Directors (1998). Also see: Akmal Hussain, Participatory Development Praxis in Pakistan’s Punjab: A Case Study, chapter in, Ponna Wignaraja, Susil Sirivardana, Akmal Hussain (eds), Economic Democracy through Pro Poor Growth, SAGE Publications, Delhi, 2009.

³⁰ Akmal Hussain, Poverty Alleviation in Pakistan, op.cit.

specific objectives such as a small irrigation project, fertilizer manufacture through organic waste, clean drinking water provision, or production activities such as fruit processing, can be an entry point for a localized capital accumulation process, leading to group savings schemes, reinvestment and asset creation. The dynamics of Participatory Development are based on the possibility that with the achievement of such specific objectives for an improved resource position, the community would acquire greater self confidence and strengthen its group identity.

VI.2 EMPOWERMENT AND AUTONOMOUS ORGANIZATIONS OF THE POOR

(i) **The Meaning of Empowerment:** Since the term empowerment has been loosely used in much of the literature on development it may be helpful to specify its meaning in the context of this section. Empowerment means enabling the poor to build their human capabilities and economic resource base for breaking out of the poverty nexus. It is a process of reconstructing a group identity, of raising consciousness, of acquiring new skills and of achieving better access over markets and institutions for a sustainable increase in incomes. Such a process progressively imparts to the poor a new *power* over the economic and social forces that fashion their daily lives. It is through this power that the poor shift out of the perception of being passive victims of the process that perpetuates their poverty. Thus they become active subjects in initiating interventions that progressively improve their economic and social condition to overcome poverty³¹.

(ii) **Empowering the Poor:** The economic strategy requires a national campaign to empower the poor at the level of village/mohallah, Union Council, Tehsil and District. The idea is to facilitate the growth of autonomous community organizations of the poor at the village/mohallah level to be able to break out of the poverty. Through these COs the poor can identify income generating projects, initially at the household level, acquire skill training from a variety of sources such as government line departments, autonomous institutions, private sector firms, NGOs. and donors; and access credit for micro enterprise projects through apex organizations such as the PPAF, Khushali Bank, Small Business Finance

³¹ For a case study based on implementing the Participatory Development approach in nine districts of the Punjab province, see, Akmal Hussain, Honourary Chief Executive Officer, Punjab Rural Support Programme (PRSP), The First Four Months Report to the Board of Directors, PRSP, 1998.

Corporation (SBFC), and commercial banks. Special organizational arrangements would need to be made in these apex institutions to take credit to poor women and women's COs, since poor women have even lesser access over institutional credit compared to poor men.

It is important that such village level community based organisations (CBOs) be autonomous and be permitted to form cluster apex organisations with other CBOs. Autonomous CBOs by means of social mobilisation, skill training, increased productivity, increased income, savings and investment would begin a process of localised capital accumulation. Such a process, which we have called Participatory Development³² would be integrally linked with the emergence of a new consciousness of empowerment. The poor can begin to take autonomous initiatives to improve their material conditions of life. They would thus break out of the poverty nexus and shift from being victims to active subjects of social and economic change. Such a process of village level increases in productivity, incomes and savings would not only constitute a direct attack on the poverty problem but would also contribute to a faster and more equitable macro economic growth³³.

Such autonomous organizations of the poor could not only become a framework for grassroots economic growth, but would also constitute countervailing power to that of the power structures of local elites. At the same time, these autonomous organizations of the poor would enable the individual poor household to get better access over input and output markets.

Facilitating the emergence of autonomous organizations of the poor particularly organizations of poor women, could enable the newly established local government institutions to function in a more equitable and effective manner. The equity would be with respect to class as well as gender. This would require establishing institutionalized links between autonomous organizations of the poor

³² The concept of Participatory Development is formulated in: Akmal Hussain: Pakistan, A Strategy for Poverty Alleviation, Vanguard, Lahore, 1994, Pages 26 to 29.

Also see: P. Wignaraja, A. Hussain, H. Sethi & G. Wignaraja: Participatory Development: Learning from South Asia, O.U.P, 1991.

³³ For a more detailed discussion of this issue, See: Akmal Hussain: Poverty, Growth and Governance, Chapter in, V.A. Pai Panandiker (ed.): Problems of Governance in South Asia, Centre for Policy Research, New Delhi, 2000.

and local government bodies at the Village, Union Council, Tehsil and District levels. *These institutional links between organizations of the poor and elected local bodies would enable more participatory and equitable processes of project identification, design and implementation for local level development.*

VI.3 INSTITUTIONAL FORMS OF DEVELOPMENT NGOS

Over the last three decades the tightening financial constraints on the government³⁴ and growing awareness of the limitations of top-down development programmes to alleviate poverty,³⁵ have created the space for non-governmental organizations and an alternative approach to development action, that a group of South Asian scholars and practitioners have called Participatory Development.³⁶ During this period a variety of NGOs have established support programmes aimed at developing community organizations at the village level, institution building, providing training and accessing credit and technical support.

Compared with the other South Asian countries the development NGO sector in Pakistan has been slow to mature. Until well into the 1980s the bulk of NGOs in Pakistan were small charitable or social welfare oriented bodies. Of these, a distinct segment were rural cooperatives, registered under the Cooperative Act. These would have merited attention in as much as the Cooperatives Act is one of the possible, indeed one of the logical means of constitution of a non-profit NGO. There are historical reasons however, why cooperatives in the form in which they have existed in Pakistan with Government support, are distrusted by the bulk of the rural

³⁴ The government's annual development programme as a percentage of GDP has declined from seven percent in the 1970s to 2.5 percent this year.

³⁵ For a discussion on the limitations of top-down development programmes see: Akmal Hussain, *Poverty Alleviation in Pakistan*, op. cit., pages 23 –26.

³⁶ The theory and practice of Participatory Development was developed by a group of South Asian scholars including Dr. Ponna Wignaraja (Sri Lanka), Dr. Akmal Hussain (Pakistan), Mr. Susil Sirivardana, Mr. Harsh Sethi (India), Dr. Maqsood Ali (Bangladesh). Their published work articulating the Methodology of Participatory Development and documenting their praxis includes the following:

- (i) Ponna Wignaraja, Akmal Hussain, Harsh Sethi and Ganeshan Wignaraja: *Participatory Development, Learning from South Asia*, United Nations Press, Tokyo and Oxford University Press, Karachi, 1991.
- (ii) Akmal Hussain, *Poverty Alleviation in Pakistan*, Vanguard Books, 1994.
- (iii) Ponna Wignaraja, Susil Sirivardana, Akmal Hussain (eds), *Economic Democracy through Pro Poor Growth*, SAGE Publications, Delhi, 2009.

population. Apart from the tendency of rural cooperatives to be dominated by rural elites which manipulated their policies and monopolized their resources and benefits, there has been generalized outright fraud in the cooperative sector.³⁷ This has led development professionals to explore other possible means of NGO formation, such as a charitable trust (the form chosen by NGOs such as Orangi Pilot Project)³⁸ and non-profit private limited companies (which is the form chosen by RSPs) or a society under the Societies Act, (the form chosen by PIEDAR).³⁹

Development NGOs exist in a variety of sizes and forms, from large centralized bodies spanning a number of districts and provinces, such as the Rural Support Programs (RSPs) to smaller organizations operating in a number of regions within the same province (such as SUNGI). Finally there are CBOs which operate on a very local scale either at the village level or a cluster village level.

³⁷ The Cooperatives scandal in Pakistan, which wiped out the savings of tens of thousands of small investors, came to a head in 1993. There were two main types of scams: Financing cooperatives that swindled small private investors through "pyramid" schemes that collapsed or by outright theft, and agricultural societies that have embezzled public money, provided through laxly administered loans at heavily subsidized rates using grossly overvalued assets as collateral. In general the majority of both types of offenders have escaped legal sanction.

³⁸ The Orangi Charitable Trust (OCT) which is the micro-credit agency for the Orangi Pilot Project (OPP) group has found the Trust format particularly useful because "OCT could take greater risks and bear losses of defaults and bad debts because it was neither the custodian of depositors (it did not accept any deposits), nor profit maker for shareholders (it had no shareholders and gave no dividends)." (from Micro Enterprise Credit, Dr. A.H. Khan, OCT, Karachi 1996).

³⁹ There are five ways in which a development NGO can register itself as a legal entity:

- i) a voluntary social welfare agency under the Voluntary Social Welfare Agencies Registration and Control Ordinance;
- ii) a society under the Societies Registration Act, 1860; this is the route taken by most of the NGOs since the provisions of the Act provide legal cover without the more stringent requirements of the Companies Ordinance;
- iii) A co-operative society under the Co-operative Societies Act, 1925;
- iv) a public and charitable trust; while restrictive for multi-sectoral development NGOs, this suits certain specialised organisations such as the Aga Khan Foundation, the Orangi Charitable Trust and the Trust for Voluntary Organisations;³⁹
- v) a non-profit company, as provided for by Section 42 of the Companies Ordinance of 1984; this allows flexibility of operation, but imposes strict legal requirements that mandate financial and managerial discipline including regular reporting requirements. This is the route chosen by the RSPs.

Development NGOs range from multi-functional ones that support a wide range of activities in fields such as income generation, natural resource management and the social sector, (e.g. PIEDAR, SUNGI and RSPs) to a particular limited set of operations such as KASHF (which is essentially a micro-credit support NGO), or which target a particular disadvantaged group such as women through innovative and multi sectoral interventions (e.g. Shirkatgah, Aurat Foundation).

VI.4 TAKING SMALL NGOs TO SCALE: SOME NECESSARY CONDITIONS FOR SUCCESS⁴⁰

Some large NGOs such as AKRSP, PRSP and PPAF have achieved impressive results. At the same time, in the case of other large government created NGOs such as the NRSP, questions continue to remain with respect to five issues: (i) Lack of financial self sufficiency and continuing dependence on government/donor support. (ii) The problem of cost effectiveness. (iii) The problem of accuracy in targeting the poor population. (iv) The problem of speed and scale of coverage of the poor population. (iv) Lack of autonomy of village level community organizations within the centralized command structure of the NRSP⁴¹.

The success and limitations of existing large government supported RSPs notwithstanding, an approach of letting “a hundred flowers bloom”, may enable greater innovation, rapid growth and success of the endeavour of development through NGOs.

In this section we will examine some of the necessary conditions for taking the wide range of existing small NGOs to scale.

Of the large number of multi-sectoral NGOs with small beginnings, using the Participatory Development methodology, at least three can be said to have grown to a significant size and achieved national prominence. These are SUNGI, PRSP and BANH BELI. Three questions arise in the context of their success: (a) What are

⁴⁰ See, Akmal Hussain, Employment Generation , Poverty Alleviation and Growth in Pakistan’s Rural Sector: Policies for Institutional Change, Report prepared for the ILO, Country Employment Policy Review (CEPR), Pakistan, March 1999. pages 65 to 73.

⁴¹ (i) For a more detailed discussion of these issues, see, Akmal Hussain, et.al. UNDP-Pakistan National Human Development Report 2003, Oxford University Press, Karachi 2003. chapter 4.

(ii) See, Akmal Hussain, Employment Generation , Poverty Alleviation and Growth in Pakistan’s Rural Sector: Policies for Institutional Change, Report prepared for the ILO, Country Employment Policy Review (CEPR), Pakistan, March 1999. pages 60 to 65.

the common factors in their success? (b) At this stage of their growth, what are the constraints they face to further up-scaling and/or rapid replication? (c) What are the elements of an enabling environment at the national level which could let a “hundred flowers bloom”, in the sense of nurturing the rapid growth/replication of development NGOs, enable mutually catalyzing interaction and yet maintain the unique character of each of them?

VI.4.1 Success Criteria

Apart from the efficacy of the Participatory Development methodology adopted by the above mentioned NGOs, perhaps the single most important factor in their success is the quality of leadership. Specifically, it is the ability to relate with humility and love with the poor. It is to build a team which while being internally coordinated, at the same time, enables each member to become a centre of thought and action. The successful NGO leader creates the team synergy to develop innovative responses to each new problem on the ground. Yet, he/she ensures that each action by the team contributes to reinforcing the process of the poor taking charge of their own development. The effective leader focuses the team to experience the potential of the poor and to grasp the specific dynamics of how they can organize, take responsibilities and initiate change. Thus the challenge for the NGO leadership is to so relate with the poor and the team, that every act, every word, every moment of silence, contributes to fertilizing the other, rather than establishing control: Liberating rather than inducing dependency.

The second factor in the success of small NGOs is the identification, training and fostering of village level activists who gradually begin to manage existing COs, thereby, enabling NGO staff to give more time to develop new COs. This process of devolution of management responsibility from NGO staff to village level activists is a crucial factor in the enlargement of NGO coverage in a situation where funds are limited and rapid expansion of staff financially infeasible. The converse of this dynamic is that if too much money becomes available too early, it undermines discipline, initiative and energy of the NGO.

The third factor in the success of small NGOs which have reached significant scale is the development of second level management and the ability of top level leadership to devolve responsibility, acknowledge their achievements and to learn from them just as

much as it is necessary for the leadership to learn from the poor. An inner wakefulness that comes from transcending the ego is necessary to be always open to learning from the poor, and from each member of one's team. It is this openness to learning from others that constitutes the basis of the organization's dynamism, its innovation and its sense of being a community.

The fourth factor in the success of small NGOs in reaching significant scale is the development of credible accounting procedures, and a regular monitoring and evaluation exercise on the basis of which donor funding can be sought when it is required. In each case the successful NGO, apart from devising efficacious modes of reflection and action with the village communities, also develops formalized recording and reporting systems

VI.4.2 Key Features in the Transition from Medium-sized to Large-sized NGOs

Those NGOs which started small and through certain specific features (discussed above) have reached a medium-size are now faced with the challenge of up-scaling to a much larger size. Typically, the successful NGOs started work in one hamlet a decade ago, are now working in scores of villages and in three or four districts. The question is what are the key changes within the organization which could enable them to reach a large size. In this context, seven key changes may be required:

- i) The single leader at the top (variously called Chairman, President or Chief Executive Officer) would need to build a team of at least three or four leaders who can work independently at the top level. This is necessary in a situation where programme operations become so geographically diversified that overall programme management would need to get regionally decentralized, such that each regional programme would be operating in three or more districts. At the moment, each of the heads of the three successful NGOs mentioned above are taking all strategic decisions and many tactical ones and have a hands on presence in each area of operation. In addition, they are also devoting part of their time to doing consultancy work or other private business to supplement their meagre salary from NGO funds. Consequently, the leadership is so over-stretched, that it is difficult for them to consider making a quantum leap of up-scaling. Yet, they have acquired the consciousness of

relating with the poor necessary to train and develop a larger top level leadership.

- ii) For a major up-scaling of successful medium-sized NGOs, it would be necessary to receive grant funding for institutional strengthening and growth. The Pakistan Poverty Alleviation Fund (PPAF) could provide such funding after careful evaluation of the concerned NGOs and assessment of their expansion plans.
- iii) As the organizational structure of the NGO changes from a centralized to a geographically decentralized one, the methodology of work would also have to change to enable introduction of procedures for monitoring and strategic planning. As full autonomy is granted to regional programme heads, each of them would be expected to report and evaluate on programme performance within an agreed format and in consultation with community organizations and the regional programme team. This evaluation could be done on a monthly basis and could feed into the process of developing regional programme plans on a quarterly and annual basis. These regional programme plans prepared initially at regional programme offices, would include issues such as the number and locations of new COs to be formed and the deepening of existing COs. It would also include facilitating the preparation of participatory village development programmes for infrastructure, social sector services, and off-farm enterprises, as and when such services are identified by COs. The deepening of existing COs in the regional programme plans would include devolution of organizational responsibilities to village activists for managing village level or village cluster level apex organizations of the poor. Such devolution of responsibility would, on the one hand, enable self-managed community organizations to develop, and on the other hand, enable the NGO to keep its overheads low as it enlarges its coverage. The regional planning exercise could be conducted at the regional office on a quarterly basis. However, this process could also involve annual plenary planning sessions at Head Office where village activists, key members of regional teams and Head Office personnel in planning, monitoring and human resource development, would interact with each other.

- iv) One of the necessary conditions for successful NGOs that up-scaled to medium-sized level, was the development of a nascent middle level management in their team, although still tightly supervised by the top leadership. As such NGOs up-scale to large size and achieve geographic diversification, such middle level management would have to be brought to maturity, allowed greater autonomy and considerably increased in number. Such middle level management would play a key role in coordinating social mobilization, training of village level activists, and accessing technical support and credit. The middle management cadre by virtue of its proximity to the field would also be important in collecting data necessary for monitoring, evaluation and planning.
- v) The challenge to NGO up-scaling is that unlike the NRSP, they must keep overheads costs to a minimum level. In order to achieve this, it is necessary for the NGO to be able to withdraw from those villages where COs have achieved adequate maturity and have developed the capacity to form apex support organizations of their own. The critical factor for enabling NGOs to devolve organizational responsibilities to apex organizations of COs, is the development of a cadre of village activists with training in the following fields: (a) community management skills, (b) ability to interact with donor organizations and government line departments, (c) expertise in a range of basic skills such as, livestock management, agriculture, soils, irrigation, natural resource management and micro-enterprise development. Such a cadre could constitute a core management team in an independent apex support organization.
- vi) As the NGO up-scales to a large size it would generate a variety of training needs for CO members at the village level, as well as career development and professional training needs of NGO personnel. Consequently, a human resource development programme within the NGO may be necessary to identify the human resource and career development needs specific to the internal dynamics of the NGO's work. The human resource development section within the NGO would need to be a lean unit which should network with diverse specialized institutions to access the required training services.

- vii) As the NGO reaches a large scale, there would be a quantum leap in the range and complexity of financial flows within the NGO programmes and also between the NGO and macro level institutions (such as PPAF, commercial banks, donor agencies and government departments). It would, therefore, be essential for the NGO to have a high quality professional finance and accounts division, with the ability to develop and operate MIS, finance, accounting and statistical software packages. Members of this division, while having the best available skills as chartered accountants and finance managers would need to be sensitized to the methodology of Participatory Development and their work integrated with field operations. It would be necessary to develop accounting procedures that while meeting the auditing requirements at the most rigorous level, would also have the innovativeness and flexibility to cater to the unique nature of development NGOs credit operations.

The following matrix shows the key features of NGOs at each stage of their growth from small to large size. The features specified at the small size and transitional stages, actually prevail in successful NGO that have grown to a significant size. The features in the third stage (large size), however, are indicative in nature, for large NGOs to be sustainable, cost-effective and genuinely participatory.

NGO GROWTH AND CHANGING PROFILE OF KEY FEATURES

Sr. No.	Key Features	Small NGO (Prevalent Features)	Transition to Upscaling (Prevalent Features)	Large NGO (Indicative Features)
1.	Leadership	Single, dedicated leader usually without formal management training.	Emergence of one or more field officers as Regional programme Heads. Hiring of specialists at senior management level.	Hiring and training of professional and dedicated leaders for regional programs. Elevation of talented middle management field officers to top leadership positions.
2.	Management Systems	Absence of formalized procedures, multi-function role of staff members, intense synergy and team work. An openness to learning from the poor and from each other.	Institutional regulations and job specifications emerge; yet, emphasis on participatory decision making; collective reflection in regular staff meetings.	Formalized management systems, functional division of roles, systematic, periodic collective reflection to ensure participatory decision making and planning. Inhouse research capacity and link up with specialized research institutions.
4.	Accounting and Finance Systems	Rudimentary, operated by non-specialists. Maximum emphasis on keeping costs at lowest level.	Hiring of professional accountants emergence of financial analysis, computerized accounts and formal auditing.	Hiring of top level finance manager with professional finance and accounting team, sensitized to participatory development approach, development of customized software for MIS and credit operations.
5.	Devolution of Responsibility to Independent Apex Support Organizations of VOs	Social mobilization and support functions performed only by NGO staff.	Emergence of cadre of village activists, who share support role; emergence of independent multifunction support organizations at village level.	Large experienced cadre of village activists, matured multifunction VOs; emergence of independent apex multifunction support organizations at village cluster or tehsil level. They enable redeployment of NGO field staff and hence NGO overheads kept low.
6.	Relationship with Funding Agencies	Funding usually from single foreign donor, covering function specific operational costs hence occasional donations from friends of leader.	Funding from multiple donor sources for both operations and institutional capacity building. Application to PPAF for institution building grant and credit line.	Establishment of an endowment fund, project specific and region specific funding from multiple donor sources, link up with banks and PPAF for financing credit operations.
7.	Relationship with Government	Government departments usually hostile, avoiding pressure from lower echelon government officials a significant preoccupation.	Nascent links with government line departments to access technical support for VOs, good working relationship with district officials and selected provincial secretaries. Interference by vested interests amongst senior government officials and politicians a major hazard particularly due to fragility of NGO at this stage.	Systematic working relationship with government Line departments at the provincial, district, and tehsil level. Systematic working relationship with specialized institutions for technical support and training in government, autonomous and private sectors. Unwarranted government interference through senior officials and politicians could be a significant hazard.

VII. INCLUSIVE GROWTH THROUGH REGIONALLY BALANCED GROWTH⁴²

In Pakistan, historically, regional economic disparity has been an important political issue. During the 1960's the economic disparity between East and West Pakistan fuelled the movement for provincial autonomy in East Pakistan and subsequently the movement for national independence in what became Bangladesh in 1971. During the late 1970's and 1980's the issue of regional disparity between the provinces of post 1971 Pakistan has become a significant political issue. It may be time now to begin a serious analysis to enable effective policy formulation for overcoming the problem. In an earlier study A. Hussain formulated a framework for achieving a regionally balanced economic growth⁴³. This section is based on that study.

It is important to note that not only does the overall growth rate of provincial income vary between provinces but recent research suggests that there is also considerable inter-provincial variation in the level of poverty and changes over time. What is interesting is that the pattern of variation in the inter-provincial *economic growth* rates may not be congruent with the pattern of variation in the inter-provincial *poverty* levels. Therefore, the emotional charge of regional identities mobilized on the basis of differing regional economic growth rates could be mitigated by the fact that a province like the Sindh for example, with a relatively high provincial growth rate also has a relatively high level of poverty measured in terms of the percentage of population below specified calorific norms.

In this section we will briefly present some of the available evidence on regional economic disparities with respect to economic growth rates as well as the levels of poverty, in an attempt to begin formulating a policy framework within which more regionally equitable economic growth can be achieved in an era where rapid moves

⁴² This section is drawn from: Akmal Hussain, Regional Economic Disparity in Pakistan and A Framework for Regional Policy, paper presented at the Wilton Park Conference, Wiston House, Sussex, England, 8-12 March 1993.

⁴³ Akmal Hussain, Ibid.

towards economic liberalization are being accompanied by growing assertion of regional identities within a state structure that is evolving a democratic polity.

VII.1 THE MECHANISM AND NATURE OF REGIONAL ECONOMIC DISPARITY IN PAKISTAN

The early studies on regional disparities focused on economic inequality between East-West Pakistan. The first major study on regional disparity within (West) Pakistan was conducted by Hamid and Hussain in which they estimated district-level value added in large scale manufacturing and agriculture, and also district level economic and social infrastructure, for the period 1959-60 to 1969-70.⁴⁴ (See Tables 1 to 4). The study showed that not only inter-provincial inequality increased over time, but also the degree of inequality between the rich and poor districts *within* provinces accentuated. What was interesting was that the regional disparity was positively correlated with the level of growth, i.e., the rank ordering of intra-provincial inequality was congruent with the rank ordering of provincial growth rates. The study indicated that when growth occurs within the framework of the market mechanism there is a cumulative tendency for the relatively developed regions to grow faster than the relatively less developed regions. The developed regions enjoy internal and external economies, and lower costs of production relative to other regions which make the initiating region cumulatively more advantageous for further investment. The specific factors underlying cumulative divergence in the attractiveness of regions for further investment and hence increased disparity in regional growth rates are: Concentration of communications, banking facilities, public utilities, technical know-how, trained manpower, and maintenance facilities. Conversely, as growth is concentrated in the developed region, it pulls capital and skilled labour from the backward region, thereby adversely affecting the age composition, skill and capital endowment of the backward areas.

⁴⁴

Naved Hamid and Akmal Hussain: Regional Inequalities and Capitalist Development, The Case of Pakistan. Pakistan Economic And Social Review, Special Issue, Winter 1976.

TABLE 1
PER CAPITA INCOME BY PROVINCES AT CONSTANT 1959-60 FACTORY COST

	1959-60		1964-65		1969-70	
	Rupees	Index	Rupees	Index	Rupees	Index
West Pakistan	358.69	100	436.47	100	513.63	100
N.W.F.P.	186.57	52	222.83	51	254.20	49
Sind	506.23	141	641.66	147	758.40	148
Baluchistan	293.29	82	330.65	76	354.48	69
Punjab	365.25	102	434.51	100	509.08	99

Source: Naved Hamid and Akmal Hussain: Regional Inequalities and Capitalist Development: Pakistan Economic and Social Review, Special Issue, 1976.

TABLE 2**PROVINCIAL CONTRIBUTION TO VALUE ADDED IN LARGE-SCALE
MANUFACTURING INDUSTRY (AT CONSTANT 1959-60 FACTOR COST)**

	1959-60		1964-65		1969-70	
	Rupees Million	Index (%)	Rupees Million	Index (%)	Rupees Million	Index (%)
N.W.F.P.	64.9	5.6	148.9	5.9	278.9	6.9
Punjab	532	45.9	1082.4	42.9	1730	42.8
Sind	556.3	48	1286.7	51	2021	50
Baluchistan	5.9	0.5	5	0.2	16.2	0.4
West Pakistan	1159	100	2523	100	4042	100

SOURCE: Naved Hamid and Akmal Hussain: Regional Inequalities and Capitalist Development: Pakistan Economic and Social Review, Special Issue, 1976.

TABLE 3
INDUSTRIAL CONCENTRATION - KARACHI GROSS VALUE ADDED IN
LARGE-SCALE MANUFACTURING

RUPEES IN MILLION (AT CURRENT PRICES)

	1954	1959-60	1964-65	1969-70
Karachi	211	448	1133	1820
West Pakistan	548	1159	2581	4811
Karachi as Percentage of West Pakistan	38.55	38.7	42.9	37.9

Source: Naved Hamid and Akmal Hussain: Regional Inequalities and Capitalist Development: Pakistan Economic and Social Review, Special Issue, 1976.

TABLE 4
PERCENTAGE SHARE OF LARGE SCALE MANUFACTURING

	1959-60	1969-70
Karachi	38.7	37.9
First Five Districts (Excluding Karachi)	34.7	29.7
Second Five Districts	10.5	15.1
Third five Districts	6.0	6.9
Remaining Thirty Districts	10.1	10.4
West Pakistan	100	100

Source: Naved Hamid and Akmal Hussain: Regional Inequalities and Capitalist Development: Pakistan Economic and Social Review, Special Issue, 197

VII.2 LEVELS OF ECONOMIC DEVELOPMENT BY REGION

The following table 5 shows the comparative rankings of districts on the basis of each of the four major studies on regional development in Pakistan. It is seen that all four studies report similar results with respect to infrastructure endowment of districts. Both the top ranking and the bottom ranking districts are consistent for all four studies, except for variations that are explicable on the basis of development diffusion. (For example, Sheikhpura has substantially improved its development ranking over time as the result of substantial increase in infrastructure facilities).

TABLE 5
COMPARATIVE RANKING OF DISTRICTS

DISTRICTS	HELBOCK NAQVI INFRASTRU C-TURE OF SOCIAL DEVELOP- MENT 1960	HAMID AND HUSSAIN AND ATTA INFRASTRU C-TURE AND PRODUCTIO N INDICES LATE 1960	PASHA AND HUSSAIN INFRASTRUC -TURE AND SOCIAL DEVELOPME NT 1970's	QUTUB PRODUCTIO N PER CAPITA 1980's	INFRA- STRUCTU RE
KARACHI	1	1	1	1	1
LAHORE	2	2	2	28	4
PESHAWAR	3	13	5	28	5
RAWALPINDI/ISLAMABAD	4	3	3	14	2
QUETTA	5	30	4	36	3
HYDERABAD	6	15	6	6	7
FAISALABAD	7	4	7	11	10
MULTAN	8	5	9	9	11
JHELM	9	7	16	10	9
SANGHAR	10	15	18	4	32
BANNU	11	36	29	35	18
RAHIM YAR KHAN	12	10	15	2	27
GUJRAT	13	8	23	26	19
GUJRANWALA	14	9	8	12	15
MARDAN	15	14	13	8	26
SARGODHA	16	16	20	21	14
SAHIWAL	17	6	14	18	21
BAHAWALNAGAR	18	17	28	17	30
SUKKUR	19	18	21	16	8
BAHAWALPUR	20	19	17	22	28
SHEIKHUPURA	21	12	12	3	6
NAWABSHAH	22	24	22	7	29
MIANWALI	23	20	34	15	25
JACOBABAD	24	37	37	24	38
DERA GHAZI KHAN	25	21	35	34	35
SIALKOT	26	11	10	32	12
CAMPBELLPUR (ATTOCK)	27	22	33	30	13
KHANPUR	28	23	26	13	33
KOHAT	29	35	32	31	22

DISTRICTS	HELBOCK NAQVI INFRASTRU C-TURE OF SOCIAL DEVELOP- MENT	HAMID AND HUSSAIN AND ATTA INFRASTRU C-TURE AND PRODUCTIO N INDICES	PASHA AND HUSSAIN INFRASTRUC -TURE AND SOCIAL DEVELOPME NT	QUTUB PRODUCTIO N PER CAPITA	INFRA- STRUCTU RE
	1960	LATE 1960	1970's	1980's	
DADU	30	31	25	5	24
MUZAFFARGARH	31	25	31	25	31
LARKANA	32	27	27	29	20
JHANG	33	26	24	19	23
THARPARKAR	34	37	19	20	40
DERA ISMAIL KHAN	35	33	11	37	16
HAZARA	36	34	36	38	17
THATTA	37	32	30	27	39
CHAGAI	38	38	40	44	34
KHARAN	39	46	44	46	45
SIBI	40	42	41	33	37
ZHOB	41	41	38	43	36
KALAT	42	44	43	39	42
LORALAI	43	43	39	40	41
MEKLAN	44	45	42	45	44
KACHI	45	39	46	42	43
LASBELA	46	60	45	41	46

Sources:

EPRU: Study on industrialization potential of Selected backward districts.

A. Qutub, A.I.Hamid, A.Hussain.

Ayub Qutub⁴⁵ studied the relationship between production per capita and infrastructure intensity. A logistic curve relationship emerges between infrastructure (independent variable) and productivity per capita (dependent variable). According to Qutub, for very backward districts initially marginal improvements in infrastructure do not induce a significant increase in production per capita. Once the basic infrastructure has been

⁴⁵ Ayub Qutub: Spatial Impact of Macro Economic and Sectoral Policies. NHS Policy Study. Government of Pakistan, Environment and Urban Affairs Diviion (n.d.).

created (at a level of half the national average) a sharp increase in production per capita takes place. However, beyond a maximum limit (1.7 times the national average), the kinds of infrastructure traditionally provided in Pakistan do not seem to substantially stimulate industrial or agricultural production.

VII.3 CHANGE IN SPATIAL CONCENTRATION OF INDUSTRY

The following table 6 presents an interesting differentiation of economic regions on the basis of industrial growth over time.

The evidence shows that in 1959-60, as much as 39 percent of the value added in industry is accounted for by Karachi. This is followed by Lahore and Faisalabad. These three districts together accounted for 60 percent of the value added in industry. The rest of the industry was fairly evenly distributed across the local core and the inner periphery. Over time the local cores, inner periphery and outer periphery all gained at the expense of the national core, although at the end of the period, Karachi still accounted for 35 percent of value added in industry, and the Central Punjab districts constituted 19 percent.

In Central Punjab the most rapidly industrializing district is Sheikhpura, in northern Punjab it is Jhelum, and in Sind the most dynamic district in terms of industrial growth is Dadu.

TABLE 6
VALUE ADDED IN LARGE-SCALE MANUFACTURING
BY ECONOMIC REGIONS

(PERCENTAGE SHARE OF ALL PAKISTAN)

I NATIONAL CORES

A – KARACHI

	1959-60	1969-70	1976-77
(1) Karachi	38.7	37.9	35.03
	38.7	37.9	35.03

B – CENTRAL PUNJAB

	1959-60	1969-70	1976-77
(1) Faisalabad	11.0	7.2	6.32
(2) Gujranwala	2.5	1.1	1.09
(3) Sheikhpura	0.7	3.8	5.61
(4) Lahore + Kasur	11.9	6.4	5.47
(5) Sahiwal	1.9	1.5	0.87
	28.0	20.0	19.36
Total National Cores –I	66.7	57.9	54.4

II LOCAL CORES

A – GREATER FEDERAL CAPITAL AREA

	1959-60	1969-70	1976-77
(1) Rawalpindi	4.0	5.6	8.39
(2) Islamabad	-	-	-
	4.0	5.6	8.39

B – PESHAWAR VALLEY

(1) Peshawar	3.6	3.4	2.98
(2) Mardan	1.3	1.3	2.60
	4.9	4.7	5.58

C – MULTAN

(1) Multan + Vehari	2.5	4.7	3.2
	2.5	4.7	3.2
Total Local Cores -II	11.4	15.0	17.2

III INNER PERIPHERY

A – PUNJAB

	1959-60	1969-70	1976-77
(1) Gujrat	0.6	1.0	0.97
(2) Sargodha	0.7	1.3	1.68
(3) Jhang	0.1	-	0.75
(4) Sialkot	0.8	0.6	0.56
(5) Muzaffargarh	0.5	0.6	1.11
(6) Rahimyar Khan	2.9	2.2	2.57
(7) Attock	0.4	0.7	0.90
(8) Jhelum	2.6	3.7	3.29
	8.6	10.1	11.83

B – SIND

(1) Dadu	0.1	0.6	3.04
(2) Hyderabad + Badin	5.3	5.8	3.07
	5.4	6.4	6.11

C – N.W.F.P.

NIL

D – BALUCHISTAN

NIL

Total Inner Periphery –III	14.0	16.5	17.9
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IV OUTER PERIPHERY I**A – PUNJAB**

	1959-60	1969-70	1976-77
(1) D.G. Khan	-	-	0.09
(2) Bahawalpur	0.1	0.9	0.24
(3) Bahawalnagar	0.1	0.5	-
(4) Mianwali	2.0	1.8	1.35
	2.2	3.2	1.68

B – SIND

(1) Khairpur	1.4	1.3	0.04
(2) Jacobabad	-	0.1	-
(3) Sukkur+Shikarpur	0.7	2.0	1.91
(4) Nawabshah	0.5	0.6	1.00
(5) Larkana	0.1	0.1	2.47
(6) Sanghar	0.5	0.3	-
(7) Tharparkar	0.8	0.8	0.50
(8) Thatha	0.6	0.4	0.28
	4.6	5.6	6.20

C – BALUCHISTAN

(1) Quetta	0.4	0.3	N. A.
(2) Lasbela	0.5	0.4	N. A.
	0.9	0.7	0.35

D – N.W.F.P.

	1959-60	1969-70	1976-77
(1) D. I. Khan	-	0.1	-
(2) Hazara	0.6	1.2	0.90
(3) Kohat	-	0.5	0.70
(4) Bannu	0.1	0.5	0.63
	0.7	2.3	2.23
Total Outer Periphery -I	8.4	11.8	10.5

V OUTER PERIPHERY II**A – PUNJAB**

NIL

B – SIND

NIL

C – BALUCHISTAN

	1959-60	1969-70	1976-77
(1) Zhob	-	-	-
(2) Sibi + Nasirabad + Kohlu	0.1	0.1	-
(3) Chagia	-	-	-
(4) Loralia	-	-	-
(5) Kalat + Khuzdar	-	-	-

(6)	Kharan	-	-	-
(7)	Mekran	-	-	-
		0.1	0.1	0

D – N.W.F.P.

(1)	Sawat	-	-	-
(2)	Dir + Chitra	-	-	-
		0	0	0

E – AZAD KASHMIR + NORTHERN AREA

NIL

Total Outer Periphery -II	0.1	0.1	0.1
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SOURCE: Ayub Qutub: Spatial Impact of Macroeconomic and Sectoral Policies, National Human Settlements Policy Study Government Policy Study Government of Pakistan. Environment and Urban Affairs Division, PEPAC REPORT

VII.4 INCIDENCE AND INTENSITY OF POVERTY: THE REGIONAL DIMENSION

The following table 7 shows the incidence of poverty by province and by rural and urban areas respectively, for the year 2000-01⁴⁶. The available evidence shows that the highest incidence of poverty is in the frontier province at 42.3, followed by Sindh at 37.5, Balochistan at 37.2 and Punjab at 30.7

⁴⁶ Although PSLM data at the all Pakistan and provincial level for the year 2004-05 is available, it has not been used in this Report because of its unreliability and serious inconsistencies in the data set. See section XIII for a note on problems in this data set.

TABLE 7
INCIDENCE OF POVERTY BY PROVINCE
(2000-01)

Province	Overall	Urban	Rural
Punjab	30.7	23	33.8
Sindh	37.5	20.7	48.3
NWFP	42.3	30	44.4
Balochistan	37.2	27.4	39.3
All Pakistan	34.5	22.7	39.3

Source: World Bank 2006.

In terms of urban and rural poverty, the table shows that the highest incidence of urban poverty is in the NWFP at 30 percent while the lowest incidence of urban poverty is in Sindh at 20.7 percent. Conversely the highest level of rural poverty is in Sindh at 48.3 percent followed by NWFP at 44.4 percent, Balochistan at 39.3 percent and Punjab at 33.8 percent.

In an earlier study Ercelawn estimated the intensity of poverty by province. If we define the intensity of poverty as the percentage of households unable to acquire more than 75 percent of the calorific norm, then Ercelawn's estimates show that for the rural areas the intensity of poverty is highest in Baluchistan and lowest in Sind. The percentage of households unable to reach 75 percent of the calorific norm in rural Pakistan are 19 percent in Baluchistan, 10 percent in Punjab, 12 percent in NWFP and 6 percent in Sind. For urban areas the figures are 13 percent in Punjab, 9 percent in Baluchistan, 7 percent in NWFP and 4 percent in Sind.⁴⁷

⁴⁷ Qutub, A. I. Hamid, A. Hussain: Study on Industrialization Potential of Selected Districts. Report submitted to NDFC by EPRU

VII.5 TOWARDS AN ALTERNATIVE PLANNING PERSPECTIVE FOR REGIONAL GROWTH

The achievement of regionally equitable growth means changing the conception of Pakistan's economic planning within the framework of the market mechanism. At the moment economic planning essentially involves allocating government resources amongst various "sectors" of the economy such as agriculture, industry, energy irrigation, etc. The current planning exercise involves achieving consistency between sectoral growth targets and external and internal financial resources. Space is assumed out of the planning exercise except for Special Development Programmes, which consider investment in backward areas as marginal to the overall plan. Regionally equitable development requires placing the regional dimension into the heart of the planning exercise. Each investment package must be evaluated in terms of its impact on regional growth, before designing fiscal/monetary policy incentives and institutional support.

Pakistan's experience has shown that the development of backward regions cannot be stimulated simply by giving tax incentives to entrepreneurs for investment in backward areas. The attractiveness of infrastructure and markets in the developed regions far outweighs the attractiveness of tax incentives for the entrepreneur. In rare cases where the entrepreneur does invest in the area designated "backward", (e.g., Hub Chowki) he indulges in "border hopping", i.e., he locates the unit just across the boarder between the developed and backward regions. The industrial unit draws its inputs and sells its outputs in the developed region, and therefore generates secondary multiplier effects in the developed rather than the backward region. If investment is to go deep into the backward regions to generate self sustained growth, the development of infrastructure in these regions is essential.

The question then arises, where in the vast "backward" region to set up the infrastructure and how much? A regional planning exercise would involve mapping the economic and social infrastructure, geographic location of markets by size and source of raw materials. On the basis of such a "map", potential growth NODES could be specified in the

backward region. These would be locations which on the basis of some existing infrastructure, closeness to a local market, or raw material deposit, qualify for supplementary infrastructural investment by the government. The first step towards specifying such growth nodes has already been taken with our study on Industrialization potential of Selected Districts.⁷ The study by A. Qutub, A.I. Hamid and A. Hussain has proposed growth nodes in the following districts: Khairpur, Nawabshah and Sanghar in Sind; D. G. Khan, Muzaffargarh and Bhakkar in the Punjab. A similar exercise could be conducted for all the backward regions of the country. The nodes could be specified in such a way that as growth begins to occur, they begin to interact in terms of factor markets, thereby generating self-sustained growth diffusion in the backward areas.

Just as in the designing of fiscal/monetary policy incentives the regional dimension needs to be taken into account in the same way in the design of poverty alleviation measures by the government and NGOs differences in the level of poverty and the dynamics of poverty creation as between provinces should perhaps be an essential consideration.

VIII. HUMAN RESOURCE DEVELOPMENT FOR POVERTY REDUCTION AND INCLUSIVE GROWTH

Given the age structure of Pakistan's population, the youth would be both the main beneficiaries as well as the means of economic growth in future (70 percent of the population is below the age of 29). Therefore the provision of high quality health, education and vocational training constitutes a strategic element in the strategy of poverty reduction through inclusive growth. In this section we will present a framework for taking time bound initiatives to achieve measurable results over the next three years in the fields of health, education, and vocational training.

VIII.1 HEALTH AND POVERTY

Research by A. Hussain et.al. based on a survey in 10 districts covering all four provinces of Pakistan, established for the first time, that as much as 60 percent of the sample population of the poor were ill, and that on average the poor were ill for almost 90 days in the year. Thus illness has adverse consequences for productivity and hence GDP growth. This research also showed that illness was an important trigger that pushed the marginal strata of the population into poverty and those already poor into deeper poverty⁴⁸.

One of the key findings of the Pakistan Participatory Poverty Assessment Report was that the single asset that the poor own is their capacity for labour and that the most significant factor at the root of their vulnerability was illness. The health sector goals in Pakistan have been aligned with the MDGs (3 and 4). Health problems needing attention are identified as inadequate sanitation, unsafe water, poverty, and low literacy rates; communicable diseases (TB, hepatitis, etc.) and HIV-AIDS. Malnutrition is a health problem for women and children in particular. Despite being a low prevalence area for HIV/AIDS, Pakistan is tagged as a high-risk country due to existence of significant risky behaviors in the vulnerable population sub-groups making the condition ripe for an HIV/AIDS epidemic. The country is considered as the 6th largest burden for

⁴⁸ Akmal Hussain with inputs from A.R. Kemal, Imran Ali, Khawar Mumtaz and A.I. Hamid: Pakistan National Human Development Report, UNDP, Oxford University Press, Karachi, 2003.

Tuberculosis in the world and 500,000 new malaria cases occur annually with growing threat of *Plasmodium Falciparum*.⁴⁹

High levels of unemployment and concomitant social disparity combine with environmental health hazards to disproportionately affect the daily lives of the poor. There is water scarcity and disease proliferation. WHO has identified poverty as “the single biggest threat to health.” Like the poor in many countries those in Pakistan too remain deprived of nutrition and fall victim to the vicious cycle of poverty and ill health.

The problem of inadequate coverage and quality of health care in Pakistan is due to insufficient public sector expenditure allocation on the one hand and even greater inadequacy in translating financial allocations into concrete outcomes. Although the total public sector expenditure on health has increased from 22 billion in 1999 to 40 billion in 2006, yet as a percentage of GDP, health expenditure has actually declined from 0.58 percent in 1999-2000 to 0.51 percent in 2005-06. An unacceptably large proportion of public sector health facilities constructed with these funds suffer from a severe shortage of competent medical staff, inadequate diagnostic facilities, lack of medicines, poor administration, lack of hospital waste disposal facilities and dangerously unhygienic conditions under which patients are treated.

Pakistan’s health service delivery consists of curative and rehabilitative services which are provided at basic health units at one end, to tehsil hospitals at the intermediate level and district and metropolitan hospitals at the upper end. Preventive and promotive services are provided through various national programs on the one hand and community health workers and outreach activities on the other.

A number of new programmes have been initiated in the health sector particularly for improved health care for women. There is evidence of some success, but both the coverage and quality of health care is still grossly inadequate.

⁴⁹

Progress on Agenda for Health Sector Reforms, March 2004. *Ministry of Health Government of Pakistan*

The Lady Health Workers programme, has been successful in immunisation efforts, identifying TB and distributing contraceptives. BHUs and RHCs are being increased and a few new models of effective health delivery have been tried out successfully (Falah, Paiman, with UNICEF support, mobile medical vans, etc.), Food Support Programme, National School Nutrition Programme, Micro Nutrient Deficiency Control Programme, etc.). However allocations remain limited and spread of programmes is regionally uneven.

The overall population growth rate among the poorest quantile is high in Pakistan although Naseer and Cheema point to the equally rapid population growth among landholding and landless social groups. From the women's perspective reproductive and sexual health is a major concern with wider consequences on contraception, desired family size, and overall population growth rate of the country. While the latest PDHS 2008 informs us that there has been a decline in maternal mortality rate in Pakistan from 350-450/100,000 live births to 276/100,000 live births it is still a very high rate compared with the countries of the region. The prevailing infant mortality rate of 73/1000 and under 5 mortality at 90/1000 in Pakistan, is the highest in the region. The 32% unmet need for contraception (the Contraceptive Prevalence Rate is at 29.1%) indicates that services are not matching the population's needs. An important area that does not find place at the policy level is that of safe abortion care (the national abortion rate is of 29 women per 1000). Majority have opted for unsafe abortion for achieving the desired family size and about a quarter of the women end up with complications needing hospitalisation. Another approximately 6 % end up dying (PDHS 2008).

A recent Shirkat Gah study⁵⁰ of two locations in rural Sindh and Punjab found that there was a universal dissatisfaction regarding the availability of the RH services at village and/or community level, especially with the BHU, used only by the poor and indigent because of poor quality of services. The complaints ranged from limited hours of service (till 2 pm), poor state of equipment, under-staffing/absenteeism, poor supply and quality of medicines, to careless staff attitude and undue charging of fee. The emerging trend is

⁵⁰ Hilda Saeed, Rahal Saeed, Saman Yazdani, *ICPD+15 Pakistan Country Study*.

for utilisation of private sector services except by the poorest. The growing preference for institutional delivery is also not visible among the poorest as it is unaffordable.

The responsibility of the government therefore is to provide health cover for the poorest. This could be done through the following initiatives:

VIII.1.1 **Initiatives for improving the coverage and quality of BHUs and RHCs.**

These could consist of the following institutional changes:

- a) *Special Medical Cadre for Basic Health Care.* Create an adequately incentivised special cadre of doctors and basic health workers for BHUs and RHCs. The provision of medical degrees such as MBBS should be made conditional on the candidate spending six months in a BHU/RHC.
- b) *Medicines Stocks According to WHO Standards.* BHUs/RHCs should be provided with an adequate stock of medicines with the type of medicines being specified according to WHO standard for such facilities.
- c) *Referral Centres.* BHUs and RHCs should apart from giving primary health care, act as referral centres for tehsil and district hospitals. The BHUs and RHCs should be institutionally linked with tehsil and district level hospitals with tehsil level hospital staff performing periodic supervision and evaluation of the work of the BHUs/RHCs in the hinterland of each tehsil hospital.
- d) *Integrating BHUs/RHCs with Community Organizations.* Community organizations for Participatory Development at the union council level should be formed (see section VI). An important function of these community organizations should be to ensure that the BHUs/RHCs in their area are functioning upto the stipulated standard. The community organizations can access support and expertise when required from tehsil and district level hospital staff.
- e) *Specialist Weekly Health Service Camps* The Union Council community organizations should arrange Health Service Camps for providing high

quality medical consultation, diagnosis and medication for members of the community, by arranging for the best medical specialists in the fields of gastroenterology, gynecology, family planning service, orthopedics and general medicine. These doctors can be accessed from district or metropolitan hospitals and consultation facilities set up in tents. Medical specialists in these fields could be asked to give two days a month on a rotating basis as voluntary work for the poor. They can be awarded special certificates of appreciation by the Community Organizations, the Pakistan Medical Council and the Chief Minister of the Province.

VIII.1.2 **Family Planning Initiative**

VIII.1.2.1 *Fertility: Meeting Unmet Need:* Women in Pakistan have great and increasing demand for family planning, which we are failing to meet. Demand for family planning in Pakistan is very high; 52 percent of Pakistani women (age 15-49) want no more children, and an additional 20 percent want to space their next birth. Using these figures, a total of 70 percent of women have a demand for contraception. Meeting this demand can have the immediate effect reducing Pakistan's TFR to 3 births per woman thereby putting us on the trajectory for reaching replacement fertility in the near future. In order to do so immediate action must be taken to remove the obstacles (mentioned above) to contraceptive use persistently showing up in the data and directly being reported by women themselves.

VIII.1.2.2 *Policy Recommendations.* Following are the critical policy and programmatic recommendations that need to be implemented urgently in order to make the moderate fertility scenario a realistic goal.

- (i) While 70 percent of women have a demand for family planning, only 30 percent are currently practicing family planning. Targeting the remaining 40 percent of women could increase contraceptive use substantially without having to invest in creating further demand. It is critical to especially address the needs of these women who want services but are unable to access them due to lack of service providers, difficult access, poor services, social barriers and poverty.

- (ii) The average distance to a reproductive health facility in rural areas is almost 4 times the distance in urban areas, making access to services for rural women without transportation or funds extremely difficult. Significant stratification exists within urban areas, for instance service delivery outlets/clinics in ‘major’ urban (big cities) areas greatly outrank outlets/clinics in ‘other’ urban areas (smaller towns, city slums) both in number and quality of services available. Access to services in rural areas, small cities and urban slums needs to be increased in a cost effective manner through improvement of the referral system by strengthening linkages between outreach/community workers and clinics providing modern methods and by ensuring that existing health sector clinics and private clinics provide family planning services.
- (iii) While fertility levels in urban areas remain well below those in rural areas, urban areas have experienced hardly any reduction in fertility and a stagnant contraceptive prevalence rate in the last six to seven years. More than 60 percent of urban women have tried contraception only 40 percent currently use a method, indicating high dropout and discontinuation rates. Reflective of this, fear of side effects and health concerns are the most common reasons cited by urban women for not intending to use contraception. Better provider-client interaction on the various methods available, how to use them, and their side effects, will greatly reduce the health concerns that discourage women from using contraceptive methods. Improving quality of services also includes making a wider range of modern methods available so as to suit more women’s needs and requirements.
- (iv) Husbands can play a more supportive role in terms of seeking methods of family planning and dealing with fears and side effects, if they themselves are better informed. Until recently there have been few efforts to address men either through advocacy, information or services. Men have to be sought out through especially designed interventions that are geared towards encouraging spousal communication on fertility issues. Most importantly, family planning needs to be

advocated as a family matter rather than just a woman's issue. This will help tackle one of the major obstacles leading to unmet need for family planning.

VIII.1.3 District Hospitals and South Asian Cooperation: The South Asia Health Foundation⁵¹

(1) **Aim:** To make the benefit of regional cooperation in South Asia palpable to its people through a contribution to their health care.

(2) **The Logic: Health, Poverty and Development in South Asia:** In South Asia as much as 43 percent of the population lives in absolute poverty⁵². The majority of the poor suffer from diseases requiring urgent medical care but are unable to afford it. The high costs of medical care for those on the poverty line that somehow manage to access it, push them further into debt. Others, who cannot access health care, suffer an income loss due to reduced productivity or loss of livelihood resulting from illness. Indeed illness in South Asia is a major factor that pushes people into poverty, and those already poor into deeper poverty⁵³. Therefore provision of preventive and curative health facilities would be a strategic intervention for poverty reduction, human development and economic growth in the region. A network of health facilities in each of the countries of South Asia that is conceived in this paper has an added cross border dimension in view of the epidemic threat associated with diseases such as HIV, Avian Flu and Swine Flu.

(3) **Objectives:** The basic objective of the South Asia Health Foundation (SAHF) would be to establish high quality model hospitals, together with satellite health clinics and outreach programmes for preventive health care in selected backward districts of each of the countries of South Asia. While this health facility network would be based on *general* hospitals, they would also include ancillary facilities for the diagnosis, initial

⁵¹ Akmal Hussain, South Asia Health Foundation, Concept Note, South Asia Centre for Policy Studies, Kathmandu, presented at the Wilton Park Conference, Sussex, England, 11-12 October 2004. Revised version contributed to the SAARC Summit Dhaka, 2005.

⁵² Mahbub ul Haq, Human Development in South Asia, 1997, Oxford University Press, Karachi, 1997.

⁵³ Akmal Hussain, Pakistan National Human Development Report 2003, UNDP, Oxford University Press, Karachi, 2003.

treatment and stabilization of patients with symptoms of such epidemic diseases as HIV and Avian Flu. The SAHF through its hospitals could also develop a programme for training of community health workers for early detection, awareness and referral of HIV and Avian Flu in the communities falling within the scope of the hospital and satellite clinic network. The specific objectives would be as follows:

- (i) *SAHF District Hospitals*: To start with, SAHF would establish 25 general hospitals located in the relatively low income regions (districts) and distributed across each of the countries of South Asia, according to an agreed criterion⁵⁴. Each hospital in terms of the professional standard of medical care and the quality of humanity with which it is given, would set standards for others in the private/public sector to follow. The doctors, nurses, medical technicians and some of the administrative staff of the SAHF hospitals in a particular country could be drawn from other South Asian countries to signify the commitment of the South Asian community, to the people of each country in the region. The healing and humanity in these hospitals would stand as a living symbol of both the promise and fulfillment of South Asian cooperation.
- (ii) *SAHF Community Based Preventive Health Care*: Each SAHF district hospital would initiate community-based campaigns for preventive health care. They would also design and disseminate information packages on disease control during periods of epidemics, and also vital information regarding hygiene and health measures at the household level.
- (iii) *Combating Cross Border Epidemics*. Each SAHF district hospital would have basic facilities for diagnosis, initial treatment and stabilization of patients suffering from diseases such as HIV and Avian Flu. The district hospital would also undertake programmes of training community health workers in spreading

⁵⁴ This could be either in terms of the proportion a particular country has of the total poor population of South Asia, or the prevalence of disease as a percentage of the national population, or in terms of a broad inter country balance in the distribution of the hospitals, or a combination of the above.

awareness and early detection of these diseases amongst the vulnerable sections of the communities covered by the hospital and clinic network.

(iv) *SAHF Network of Basic Health Units*: Each hospital would have a network of 10 Basic Health Units (BHUs) to give maximum coverage of population and convenience of access over a modest sized but flexible health care system. The basic health units in the hinterland of the SAHF district hospital would provide initial assessment of the nature of the disease and filter out patients who have minor illnesses treatable at the BHU level, while referring those with more serious medical problems for treatment at the SAHF district hospital. The BHUs staff would include specially trained health provider for early detection of epidemic diseases such as HIV and Avian Flu for subsequent referral to the district hospital for initial treatment and stabilization.

The BHUs would also act as conduits for SAHF district hospital initiatives in community action and information dissemination for preventive health care.

The BHUs inspite of the limited scope of their medical service would, like the SAHF hospitals, set new standards of professionalism and humanity in their medical care.

(v) *SAHF Mother and Child Health Clinics*: Each hospital would also have a network of 10 Mother and Child Health Clinics in its hinterland region. These clinics would provide reproductive health care, pre natal and post natal care to mothers and basic pediatric services to infants.

(vi) *SAHF Franchise System of Health Facilities*: In order to widen the coverage and improve the quality of medical care in the district, the high quality standards set by the SAHF could be used as a basis for a franchise system for others in the private sector who may wish to set up district hospitals, basic health units or mother and child health clinics of their own but with SAHF standards.

(4) **Sahf Hospital Profile:** The SAHF district hospital is conceived as a general hospital of modest scale, providing high quality but essential medical services which are in high demand at the district level. These include general medicine focused on water borne diseases, gynecology, pediatrics, orthopedics, and general surgery.

- (i) *Size:* Each hospital would have: (a) a total of 180 to 200 beds; (b) 10 private rooms, (c) a specially insulated quarantine wing for the diagnosis, initial treatment and stabilization of patients suspected to be suffering from epidemic diseases such as HIV and Avian Flu, (d) an outpatient wing, and (e) an emergency ward. The covered area of the hospital would be approximately 90,000 sq.ft. with ancillary housing facilities for nursing and in-house essential medical staff.
- (ii) *Facilities:* The hospital would be fully air-conditioned with high quality but modest scale of services. It would have diagnostic facilities in the fields of X-ray, Ultrasound and a Pathology Laboratory. It would have two operation theatres, and 180 to 200 beds in 17 wards classified into medical and surgical wards respectively. There would be 12 private rooms and an outpatient wing staffed with 6 to 8 doctors and an emergency ward for round the clock emergency services. The hospital would also have a specially insulated quarantine wing for the diagnosis and initial treatment of patients suspected to be suffering from epidemic diseases such as HIV, Avian Flu and Swine Flu. The hospital would also have a planning and training unit for community health workers together with a facility for designing, implementing and monitoring community health programmes.
- (iii) *Costs:* The capital cost of civil works plus equipment would be approximately US \$ 13 million⁵⁵. For 25 hospitals in various South Asian countries the capital cost would be approximately US \$ 325 million. The land may be donated by the government of the country in which the hospital is located. The capital costs of

⁵⁵ The author is grateful to architect, Mr. Parvez Qureshi of Unicon Consulting Services (Private) Limited, for providing the cost estimate.

BHUs with facilities for early detection of epidemics and mother and child health clinics for the project as a whole may be another US \$ 20 million. The total capital cost for the South Asia Health Foundation would thus be approximately US \$ 345 million.

(5) **Financing:** The capital costs could be financed from a combination of the following sources: (a) Government contributions from SAARC countries, (b) Investment/contributions by the private sector, (c) Chambers of Commerce in South Asian countries, (d) Multi lateral donors such as the ADB, UNDP, the World Bank, the European Union, (e) Bilateral donations from advanced industrial countries.

Medical fees with a cross subsidization approach whereby the costs of poor patients are subsidized by the relatively high fees paid by richer patients should finance the running costs. A special endowment fund may be created from private donations to provide free medical care to a limited number of extremely poor patients.

VIII.1.4 Environmental Factors in Widespread Disease

- **The Problem**

(a) *The Problem of Hazardous Raw Food.* One of the most important factors in the widespread prevalence of disease in Pakistan is the lack of an institutional mechanism for ensuring minimum health standards in the supply of raw food items and supply of cooked food in restaurants, tea shops and road side *dhabas*. Examples of polluted raw food are as follows:

- Chicken breeding farms in most cases use the following feed materials which are significant health hazards for the humans who consume the chicken meat: (i) Fish meal which consists of toxic and putrefied waste material from fish cleaning units. (ii) Blood meal which consists of coagulated animal blood. (iii) The chicks during breeding are fed with antibiotics to reduce the death rate. Traces of antibiotics remain in the chickens and when consumed by human beings, reduce their resistance to antibiotics when these are prescribed.

- Mutton from abattoirs in large cities is known to contain a wide range of microbes which are resistant to even high cooking temperatures
- Vegetables in many cases are sprayed with pesticides that are hazardous for human health, quite apart from the fact that in some cases where sewerage water is used to irrigate the crops, the tissues of the vegetables contain high levels of toxic materials.

(b) *The Problem of the Supply of Unhygienic Cooked Food:* The food supplied by mobile hawkers, *dhabas* and road side tea shops in most cases is cooked in extremely unhygienic and a major cause of disease. Many restaurants also do not conform to minimum standards of hygiene in the process of food preparation and storage, resulting in a significant health hazards to those who ingest such food.

(c) *The Problem of Unsafe Drinking Water:* The majority of Pakistan's rural population that does not have access to piped drinking water is vulnerable to disease through drinking polluted water. Even those in the urban areas who have access to piped drinking water are vulnerable to disease, due to lack of health safety standards in the storage and transportation of municipal water supply. This is why 85 percent of diseases in Pakistan are water borne and 65 percent of the poor population is suffering from illness.

(d) *The Problem of Poor Sanitation and Lack of Waste Disposal Facilities:* The majority of Pakistan's population does not have adequate sanitation facilities. This combined with the lack of both urban and rural waste disposal facilities creates for most citizens an environment that is a significant hazard for health. The problem of waste disposal is particularly acute in hospitals which in most cases have neither standardized procedures for waste disposal nor incinerators.

(e) *The Problem of Spurious Medicines:* There appears to be a widespread illegal practice for the supply of spurious medicines in Pakistan. They are either sub-standard counterfeits of well known brands or are supplied under different substitute brands that are also sub-standard. The scale of this problem has not yet

been quantified. Nevertheless the supply of spurious medicines is a significant factor in the assistance of disease amongst the poor population and the high medical cost that comes from protracted illness.

- ***The Solution***

(a) *Constitute a National Food and Drug Administration (NFDA)* that establishes and maintains safety standards in the supply of raw food, cooked food and the provision of medicines. The NFDA should work in partnership with community organizations, at the village mohalla level and each tier of local government to ensure conformity of health safety standards once they have been specified. The functions of the NFDA could be as follows:

(i) Specify health safety standards and procedures in the storage and supply of both raw food items and cooked food supplied in each category of outlet.

(ii) All food outlets whether supplying raw food or cooked food should be certified after establishing food safety procedures in each establishment.

(iii) Weekly conformity checks of all food outlets should be conducted by the NFDA staff in collaboration with citizens' organizations and local governments.

(iv) All pharmacies, clinics and hospitals supplying medicines should be certified upon establishing standards for safe drug supply. Periodic checks of medicines in stock should be conducted to ensure that spurious medicines are not being supplied to the public.

(v) Specify waste disposal procedures for hospitals and clinics. No clinic or hospital should be allowed to function unless it has been certified by the NFDA that it has established the stipulated waste disposal procedures and has the necessary incinerators. Periodic checks of all hospitals and clinics should be

conducted in collaboration with citizens' organizations and the Pakistan Medical Council.

- (b) *Establish A Provincial Level Waste Disposal Authority in Each Province:* This should be done by local governments, and citizens' organizations in collaboration with private sector waste disposal companies (such as Waste Busters Limited). Waste treatment plants need to be established for each locality so that the waste is not only disposed off safely but is also converted into socially useful products such as fertilizers.
- (c) *National Campaign for Safe Drinking Water and Sanitation for all Citizens:* Initiate a national campaign for the provision of safe drinking water and sanitation facilities for all the citizens of Pakistan within the five year plan period. This campaign should be initiated by a national commission headed by the Prime Minister with all four Chief Ministers as members, together with representatives from concerned citizens, experts and donor agencies. The implementation of the campaign should involve coordination with the health department of each province, and private sector companies that specialize in the provision of sanitation and safe drinking water. The provision of sanitation and safe drinking water to all can be funded by the following: (i) Multilateral donor agencies, (ii) Bilateral donor agencies, (iii) The Federal and Provincial Governments, (iv) Chamber of Commerce, (v) Private Sector Philanthropic Organizations.

VIII.1.5 Institutional Failure in the Delivery of Health And Education Services⁵⁶

Health is a provincial subject and the responsibility of the province. However, after devolution, the provincial government's involvement in primary level health care financing has become virtually non-existent. The provincial government is primarily involved with maintaining hospitals that have more than 50 beds, teaching hospitals and picking up salary expenses for the handful of personnel at or above grade 17.

⁵⁶ The Chairman gratefully acknowledges the contribution of this sub-section by Dr. Asad Sayeed.

After devolution, the control of provincial government on basic health care and education has virtually ceased to exist. Fiscal transfers from the provincial to local governments are in lump sum. It is up to the district government to not only allocate resources across sectors but also in terms of the recurring and development budgets. Thus we are faced with the institutional paradox that while health and education are provincial subjects they have little control over basic provision apart from providing salaries of grade 17 and above officers.

At the district level then, the district assembly and the Nazim decide on sectoral allocations. Subsequently it is the Executive Development Officer (EDO) of health and education respectively who decides on the development and recurring budgets. The EDO health is the office in charge and has almost complete control over the district health budget. On the recurring side, the EDO is in charge of disbursement of salaries, miscellaneous expenses, and procurement of other non-salary items.

The perversity of the institutional structure of devolution is such that in principle all reform for these basic services must now originate from the district. The district in turn is headed by an indirectly elected Nazim whose electoral prospects are by definition not determined by their record on service delivery

As an illustration, the health budget of a number of districts has remained the same over the years. Growth in current expenditure largely reflects the rate of inflation and incorporates increase in salaries. The share of salaries in the recurring budget is as high as 86% of the recurring budget. Since qualitative improvements generally take place in the non-salary budget even if there is an incentive at the level of the EDO to affect improvements they are constrained by the budgets. Increase in the share of the budget only takes place when new schemes are completed and their recurring expenditures are added to it, and since the district government has little or no incentive to launch new schemes, and the provincial government has little or no control to ensure they launch such schemes, there is no real development.

To improve health delivery at the basic level, The People's Primary Health Care Initiative (PPHI) was initiated by the previous government all over the country. PPHI is an arrangement between a quasi-government service provider and district governments. The agreement signed between district governments and PPHI entails that all BHU and dispensaries will be handed over to PPHI. The PPHI system works such that it attempts to deal with the problem of staff absenteeism by creating BHU clusters, which are served by one doctor and, depending on the number of BHUs in each cluster, the sanctioned salary for the doctor at each facility is provided to the one who is serving the cluster. Once more, just like in the case of the EDO health, the provincial government has no control over the PPHI program, only being involved to the extent that it gives the PPHI a one-off grant for repair and renovation. The funding for the PPHI program also comes from the federal government meaning, that the provincial government does not even have complete control over funding.

The PPHI program is responsible for all salary and non-salary expenditure on facilities, and has the flexibility of altering line items according to priorities that it sets for itself. The PPHI system, given this flexibility, tends to run in a very ad-hoc manner. Moreover, the single doctor serving a cluster of BHUs does not necessarily solve the absentee issue, as it means that a doctor is only available at each BHU for two days in a week, and there is no doctor available at that BHU for the remaining five days of the week. Finally, given that the provincial government has no control over the PPHI system, and there is no system of monitoring the performance of PPHI by any outside party, there is no way to really assess the success of the initiative, and no incentive to necessarily improve performance.

The lack of control and monitoring from above is the result of the weakening of the provincial government under the devolution plan, and has therefore reduced the incentive to establish and maintain an adequately functioning health sector.

VIII.2 EDUCATION

VIII.2.1 The Challenge and Promise of Education

(i) *Education, Democracy and Terrorism.* A major national effort to increase the coverage and quality of education in Pakistan is as essential to the building of democracy as it is to the war against terrorism. Both the authoritarian State and the leader of the terrorist group rely on the tyranny of the glamorous phrase. Both prosper on the basis of citizens with narrowed minds and the inability to subject emotional slogans to logical scrutiny. Democracy by contrast is predicated on educated citizens who are able to ascertain the grounds of the political proposition offered to them and thereby form an independent opinion. The origins of the link between education and democracy can be traced to ancient Greece where Socrates trained his students to analyze the various ideological beliefs of the State, so as to identify the grounds on which they were based. The ruling elite of the time felt so threatened that they gave him the option of either death or silence. By choosing to drink the potion of hemlock, Socrates won the right of independent inquiry and thereby laid the basis of education for a democratic State.

(ii) *The Problem of Poor Quality and Inadequate Coverage of School Education.* If education is the first building block of democracy, Pakistan has a long way to go. Even after more than 50 years of independence, the literacy rate is about 65% which is significantly below even South Asian standards. It should be a cause for concern that in spite of the multi billion dollars Social Action Program (SAP), the gross primary enrolment rate during the decade of the 1990s had in fact declined from 73% in 1991 to 71% in 1999. What is worse is that the low gross enrolment rate is accompanied by a high drop out rate (15% for the 10 to 18 years age group), thereby exacerbating the problem of education coverage. In recent years the net enrollment rate for primary schools has increased from 42 percent in 2001-02 to 52 percent in 2005-06, but it is still significantly below the standards of other South Asian countries. The gender gap also continues to remain high with the literacy rate being 65 percent for males and only 42 percent for females.

Evidence shows that nearly 50 percent of children between the ages of 5-9 and even higher proportions of children aged 10-14 are currently out of school. These numbers become more alarming when the situation is assessed in terms of achieving the MDG goal of 100% primary level enrolment by 2015. Approximately 16 million children are likely to remain out of school even under accelerated enrolment scenario by 2015, and this number is expected to increase to more than 28 million by 2030 if the MDG target is not achieved and rise in enrolments follows the current trend.

Apart from the poor coverage of education there is a serious problem with the quality of education imparted to students, not only with respect to curricula but also the quality of instruction. A study by the World Bank on the Punjab province illustrates the problem of low educational attainment even within the existing low standards. For example in 1999 only 41% of public school students in the Punjab who took the matriculation examination obtained a passing grade. In view of the fact that only 16% of the age group 15-19 years reached grade 10 at school, such a low pass percentage is disturbing. Even more disturbing is the fact that for those students who pass the matriculation exam, what they imbibe can only be called education by a considerable stretch of the imagination: The text books in most cases induce a narrowing of the mind and the rote method of learning restricts the natural spirit of inquiry of the students. The students who undergo this devastating process, in most cases would find it difficult to use their intellect and imagination to comprehend the world, let alone function creatively in it.

(iii) *The Problem of Dismal Standards of most University Education.* Given the narrow base of high school coverage, and poor quality of school and intermediate level education, it is not surprising that an overwhelming proportion of students who enter University in Pakistan are not equipped to even begin higher studies in any field. This is quite apart from the fact that, barring a few notable exceptions most universities in Pakistan do not have the standard of staff and facilities required to impart university level education. Therefore university students in most cases undergo two to four years of somnambulation, during which they face no intellectual challenge, remain oblivious to the debate and research in their respective subjects, and are either unable or afraid to pose new questions.

‘University education’ in Pakistan typically means memorizing selected sections of a textbook for reproduction in answer to a set of predictable examination questions. The students who graduate from such a process are manifestly not trained to independently analyze a given theoretical construct and apply it to new problems. The University should be a place where the faculty creates new knowledge and students are trained for independent research. In this sense there are precious few universities in Pakistan that qualify for this title. Therefore most students are sadly deprived of the excitement of posing a question, the pleasure of pursuing it and the joy of discovery.

Given the plight of education, it is not surprising that there is such a dearth of competent professionals in every field who can even implement, let alone formulate policies to overcome the multifaceted crisis that Pakistan faces. The majority of citizens who vote and make political choices have not had the benefit of any education at all.

VIII.2.2 The Task Ahead

The task of building a modern democracy and developing a humane society will have to start with rapidly improving the coverage and quality of education at all levels. In financial terms it means that the government must spend at least one billion US dollars a year on building schools, training teachers, giving them decent salaries, and enabling at least a few universities to produce graduates at an international standard. In management terms it means building an organizational structure for translating this higher financial allocation for education into measurable results.

It is essential to explore avenues and opportunities to address the needs of children who have missed schooling and devise action-oriented programs for youth as part of a social protection strategy, focusing on adult literacy, skill development, vocational training and employment schemes for all those out of school children who will be part of the working age population by 2015.

The objectives to be achieved through a major new initiative for education could be identified as follows:

- (i) Achieving a hundred percent literacy rate over the next 10 years. This would mean not only achieving full coverage of school age children but also adult literacy programs.
- (ii) Raise matriculation standards to the equivalent O' Levels in the U.K. At the same time career guidance facilities should be provided to the students at the matric level so that they can decide at this stage, whether they have the aptitude to pursue a university degree or go into vocational training after the intermediate level examination.
- (iii) Restructuring intermediate level education to create the basis for a dramatic increase in the number of skilled personnel and a sharp reduction in the intake of students at the university level. This would be necessary to improve the teacher-student ratio at the university and also to enable those who are not inclined for university education to become employable through vocational training. In this context the initiative for vocational training designed by Mr. Sardar Aseff Ahmed Ali (Planning Commission), called: Human Development for the 21st Century could play an important role in developing a skilled labour force.

The academic skills imparted at the intermediate level should be carefully designed to enable the students to achieve fluency in reading and writing in the English language, and to develop the ability for critical analysis. This should be in addition to fluency in Urdu as well as a regional language. Students who complete intermediate level education and do not join university should be enabled to acquire technical training in one of a variety of vocational institutes.

- (iv) Develop a network of selected public sector and private sector universities to create a knowledge base of teaching and research at international standards. This would require providing adequate funds to hire teaching staff at internationally competitive salaries and research facilities to selected departments relevant to national development, in the interlinked

network of selected public and private sector universities. The objectives of this University Networked Knowledge base (UNEK) would be as follows:

- a) Raise the quality of graduates from this University Network to international standards, to create a pool of high quality minds in key fields of national endeavour. This pool of high quality graduates could become the cutting edge of knowledge intensive economic growth and the development of an enlightened and humane society that can contribute to civilization.
- b) Create the basis for high quality research in priority areas of social and natural sciences, history, literature and the arts.
- c) Institutionally link up research in the UNEK with private sector industry, commerce and government policy making. This would provide a systematic research input into development of industrial products and processes, industrial organization, management systems and public policy.

Perhaps the most important dimension of overcoming the crisis of education is to build a new culture of enlightenment. A culture in which the fear to ask questions is replaced by the courage to know. Education instead of being a deadening experience of rote learning, must become the adventure that Wittgenstein referred to when he remarked: “When you pose a question who knows where it will lead.”

VIII.2.3 Objectives

- i) Improve access to education through public, private and voluntary organizations.
- ii) Improve the quality of primary education in both formal and informal sectors by making a radical departure from the out-dated approach of rote learning which alienates the child from her natural creative ability and the

world around her. This must be replaced with a new approach which places an emphasis on developing the ability of the child to think for herself, to pose new questions and to enjoy the adventure of discovering new answers. Through such an approach the Pakistani child would be prepared to contribute to the 21st century world.

- iii) Essential to improving the quality of primary education is to achieve:
 - (a) Development of teaching ability in terms of the new approach that emphasizes understanding rather than memorizing.
 - (b) Review of curricula to bring them in line with international standards. Equally important distortions and outright falsification of history as well as aspects of ideological indoctrination should be removed from the curricula.

VIII.2.4 Policy Measures

- (i) Devolve administrative and financial powers to the District Education Authority (DEA), Union Councils and School Management Committees in order to achieve universal primary education and to establish and maintain high standards of teaching.
- (ii) Ensure involvement of distinguished educationists, private sector, NGOs which focus on education and professionals in DEAs.
- (iii) Raise the recruitment standards of primary education teachers to the graduate level.
- (iv) Train a large cadre of trainers who are adept in modern teaching methods. Members of such a cadre can spread out to various primary schools and become catalysts of change in teaching methods to bring them in line with international standards.
- (v) Revision of curricula at all levels to enable students to enter the 21st century with thinking minds and modern skills.

- (vi) To encourage recruitment of talented teachers their salaries must be increased.
- (vii) Hiring and firing of teachers should be done by School Management Committees. However their operation should be evaluated by the DEA for efficiency and transparency.
- (viii) The maintenance and repairs of schools should be undertaken by establishing a School Development Fund in each school. This fund could be built by contributions from parents, private sector, donors and government.
- (ix) A tax rebate should be offered to the private sector for capital investment in education.
- (x) Two Model Schools should be established in each district. These Model Schools would establish an international standard of teaching and school administration. They would be expected to act as a role model for other schools in the district and become resource base for providing guidance and training to other schools in the district. These model schools could be financed by international donor agencies, the private sector, philanthropists and specialist large NGOs.
- (xi) An autonomous body should be established, such as the Pakistan Education Council, to regulate private sector education with a view to maintaining minimum quality standards, facilities to students and safety of buildings. It would also become a national resource centre for information the latest techniques in teaching and educational management which individual schools can access if and when required. This body would network with institutions worldwide to keep track of best practice methods of teaching and educational administration. Such an autonomous body should have amongst its working members representatives of leading private sector schools, distinguished educationists with a national standing, representatives from commerce and industry who are committed to education and representatives of NGOs devoted to the cause of education.

VIII.2.5 Doubling Primary School Enrollment

- i) Achieving the target of universal primary education is the first step in a win-win policy for preparing students for further education. More than 50 percent of young boys and girls either remain out of school or leave school before completing primary and middle levels and the majority of out-of-school children are from rural areas (2005-06). To reach universal primary education by 2015, approximately 7.5 million boys and 8.9 million girls aged 5-9 years need to be brought into school, including those who have already missed schooling since 2005-06. Girls schooling will require a much greater stimulus with the challenge of mobility and the lack of female teachers compounding this effort for girls. *Therefore, primary-level enrollment must be doubled, especially for rural females, to achieve education for all and gender equality objectives by 2015.*
- ii) It is important to improve educational quality in terms of curriculum, teaching methods and schooling facilities as well as increasing the number of schools and teachers, especially all girl schools in rural areas, with specific targets of districts and places where facilities are known to be inadequate.

Secondary school enrollments will also need to rise dramatically in order to meet the need for jobs in skilled occupation in nonagricultural sectors. Immediate action is required to increase the number of high quality, affordable, and accessible all-girl rural schools to turn things around.

VIII.2.6 Actualizing the Full Potential of the Demographic Dividend

There is a need for greater realization among policy makers, researchers, and civil society about the potential of the on-going demographic transition by providing youth the skill-development opportunities and then absorbing them productively in the labour market, well before the period when old-age dependency threatens this potential. Based on the issues highlighted in this brief, the suggested recommendations that emerge are as follows:

- i) The unemployment challenge by 2030 will be greater. *Unemployment needs to be reduced to less than 4 percent; otherwise, the expected growth in both the workingage population and the labor force will result in an additional 2 to 3 million unemployed. The key message here is that with a fast growing labour force, current levels of unemployment are just not acceptable.*
- ii) Agriculture still accounts for the largest, around 45 percent, source of employment. With the increasing rate of urbanization and the vulnerability of agricultural employment, *creating and strengthening employment opportunities in the manufacturing and services sectors is of critical importance to facilitate the structural transition from agricultural to non-agricultural employment.*
- iii) The benefits of demographic transition largely depend on the absorption of working-age population, particularly female, in the labour market. However, the gap between the projected female working age population and the projected labor force is likely to increase sharply over time, from 50 million in 2010 to 62 million in 2030. *The most important policy lever would be to increase opportunities for women in the labour market which would ensure the reduction in this gap.*
- iv) The total labor force is projected to be around 120 million by 2030. A labor force of more than 50 million is currently absorbed, but the challenge lies in creating employment opportunities for the additional labor force. The Economic Survey lists the likely fields/areas to generate jobs in the future include telecom, auto industries, agriculture and the hospitality sector. Considering the urban and rural population will soon be equally divided, *policy makers should move toward increasing levels of off farm employment 32 (especially for women) to match rising educational profiles of the youth labour force in the future.*
- v) 42 percent of Pakistan's youth labor force is currently working as unpaid family helpers and women comprise two thirds of this percentage. Furthermore, female youth labor's share in paid employment has declined considerably over the years and this needs to be increased dramatically. *Pakistan needs to improve and*

develop employment opportunities for women. Self-employment opportunities need to be created by investing in entrepreneurial workshops, vocational and skill trainings.

VIII.3 VOCATIONAL TRAINING

It is noteworthy that 91.6 percent of Pakistan's labour force is unskilled. Even those who are classified as skilled have relatively low skill levels by international standards. Most of the "skilled labour force" has been trained on the job in a haphazard and informal fashion. If Pakistan is to sustain a high GDP growth within a diversified economy in the future the rapid development of skills in a wide variety of fields is urgently required. Achieving this objective is also necessary to generate high wage employment, reduce poverty and enable inclusive growth. Mr. Sardar Aseff Ahmed Ali⁵⁷, Deputy Chairman of the Planning Commission has prepared an imaginative and comprehensive programme to develop a broad base of a skilled work force to achieve high wage employment, productivity and sustained growth. In this sub-section we will summarize the skill training programme of the Planning Commission.

The Planning Commission's Programme for Vocational Training. ("Human Development for the 21st Century"). The objective of the programme is to enable increased productivity and diversification in the national economy through the provision of high quality skills in various fields. This is expected to underpin the ongoing initiatives of the government to develop physical infrastructure such as electricity generation and distribution, development of ports, railways and road networks. In the medium term this programme is expected to provide the skill base for a diversified, skill intensive high GDP growth trajectory. The programme is also designed to reap the demographic dividend, as 60 million additional people enter the productive age group over the next two decades. Sardar Aseff Ahmed Ali's human development initiative consists of the following broad elements:

⁵⁷ Sardar Aseff Ahmed Ali, Deputy Chairman, Planning Commission, Human Development for the 21st Century, Planning Commission, Government of Pakistan, Islamabad, March, 2009.

- Establish a chain of national training centres in each district to provide employable skills to the unemployed and under employed youth.
- Raise the number of students enrolled in vocational training institutes from 0.3 million persons at present to 3 million by 2020.
- Provide training initially in 4 to 6 trades at each national training centre taking account of the strengths and aspirations of the local community.
- Establish special schools for training the trainers in each province in collaboration with colleges and universities.
- Offer special short term courses to the existing labour force to up-grade their skills and give them access over productive employment.
- Upgrade all existing technical and vocational institutions progressively. Equip every centre with high quality language labs where English will be the medium of instructions. Other languages will be offered progressively in coordination with approved educational institutions.
- Facilitate linkages with industry and employers to enable graduates from the skill training centres to acquire employment in industry.
- Benchmark the training offered against internationally certifiable skill levels, so that graduates from the skill training centres can be accepted by employers internationally.
- Establish Approved National Bodies (ANBs) with accreditation to international Certification Bodies.
- The training courses will stress practical work and analytical skills. A modern syllabus and course material will be developed for each programme.
- The students will also be given personality grooming sessions to develop their sensibility and inter-personal skills.

IX. REDUCING THE GENDER GAP IN HRD⁵⁸

IX.1. INTRODUCTION

Recent studies have revealed that investments in women in the form of opportunities for education, access to resources and share in decision-making bear positive results not only in terms of their quality of life but also strengthened economies. These studies show that female labour force participation can have a positive correlation with growth rates, and more women in government can impact on “improving health, education, infrastructure and poverty” and are less likely to waste resources.⁵⁹ In recognition of the links between poverty reduction and gender equality the Millennium Summit Declaration 2000 endorsed the promotion of gender equality and empowerment of women as a priority area. The Millennium Development Goals that flowed from the Summit Declaration set time bound and quantifiable targets for eradicating poverty and provide a common framework of measuring progress towards achieving them.

The MDGs, however, have been criticized for their vertical approach and for a) ignoring the critical role of socio-political context at the roots of poverty; b) lacking in focus on economic, political and social reforms; c) failing to go beyond delivery systems; and d) not addressing social exclusion and gender bias that stand in the way of equitable access and utilization of services and opportunities.

In Pakistan, while some improvements have been recorded in the life of women (increase in female school enrollment and labour force participation rates, declining fertility rates, among others) gender disparities are widespread across the country between rural and urban areas, regional, and inter and intra-provincial levels. The negative sex ratio of 100 women to 108 men and a high maternal mortality ratio are reminders of the adverse position of women in the country. The latest UN Human Development Report (2005) indicates that the overall Pakistan HDI value is 0.528 (ranking 135 out of 177 countries),

⁵⁸ The Chairman of the Working Group, Dr. Akmal Hussain, is grateful to Mrs. Khawar Mumtaz for contributing this section.

⁵⁹ See article in *Economist*, April 12th, 2006. p. 16. Also Zarrin T. Caldwell, “Closing Gender Gaps: Why It Matters”, Feb 24, 2006. <http://us.oneworld.net/article/view/127480/1/>

which means that almost half of Pakistan's population does not meet the standards of human development, and its GDI ranking (107 out of 140 countries) lower than the HDI, reflects the inequalities that persist between men and women.⁶⁰ Social structures and the resultant barriers (cultural and economic) have been increasingly identified as key elements in holding women back.⁶¹

Pakistan's lower levels of human development compared to others with similar levels of per capita GNP has resulted in a "social gap." The problem of the "social gap" is not primarily of resource availability. It has a financial dimension: in the country's fiscal policy and patterns of public expenditure, for instance 3.3% more of Pakistan's GDP is spent on defense than other countries at the same income level, while there is under-spending in the social sectors. Other factors contributing to the gap are poor implementation of programmes; lack of permanence in the governance system whereby public officials fail to respond to social needs; and the fragmented social structure along lines of class, caste, kinship, ethnic, religious and other divides. For achieving higher levels of human development, problems of social expenditure deficit and governance need attention, as also those of social exclusions, economic and gender inequalities, and ethnic and sectarian polarization. Obviously the poor and vulnerable, especially women within these categories require greater focus.⁶²

Policy makers in Pakistan in recent years have taken a closer look at the gender aspect of poverty reduction. Government of Pakistan's (GOP) full Poverty Reduction Strategy Paper (PRSP), *Accelerating Economic Growth and Reducing Poverty: the Road Ahead* was launched in December 2003 with the objective of reducing poverty in the country. It recognizes that poverty is not limited to income poverty alone and that it has both social and gender dimensions. PRSP states that "poverty reduction efforts must address the

⁶⁰ *MTDF*. p.161 The Gender Empowerment Measure (GEM) ranking at 71 out of 80 countries (UNHDR 2005) is however better than other South Asian countries because of the reservation of women's seats in representative bodies from local government to parliament.

⁶¹ See for instance *Pakistan Participatory Poverty Assessment* Reports. GOP, 2003; and the Gender Chapter of *MTDF*, etc., etc.

⁶² Naila Kabir, et al, "Transformative Social Protection in Pakistan." Report for DFID. 2006

gender dimension in order to deal with poverty meaningfully” and that “removal of the social and economic constraints that have hampered their access to and use of resources” is imperative (PRSP, 2003: p.93). However, despite statements of good intent the approach of the PRSP, not unlike the MDGs, is also vertical, unable to fully take into account the requisite horizontal synergies.

This section aims to address the issue of gendered poverty, attempts to:

- **Review PRSP critically** for any anomalies/gaps in the document that may be corrected in PRSP 2; for progress in achieving its goals with reference to key gender indicators, programmes and institutional frameworks; and to identify critical issues that need to be addressed for achieving the goals in PRSP 2.
- **Provide a situation analysis** from the perspective of the barriers that obstruct women’s full participation in poverty reduction activities;
- **Make recommendations** for key strategies that GOP needs to prioritise under PRSP 2 to reduce the gender gap and poverty;

The focus of this section is primarily with engendering PRSP 2 and only secondarily on other social sectors. It does not provide a critique of economic policies but looks, wherever possible at the impact of policy on the vulnerable and poor.

IX.2. PRSP: AN OVERVIEW AND BRIEF REVIEW

The PRSP incorporates the Millennium Development Goals (to be achieved by 2015) in its targets, and the Mid Term Development Framework 2005-2010 provides broad strategic directions for operationalising the PRSP and MDG targets. It emphasizes the integration of women across all sectors, promoting gender responsive budgeting approach in each line ministry and department, and making gender concerns a part of the macro economic framework.

The agency responsible for monitoring progress towards achieving MDGs is the Centre for Research on Poverty Reduction and Income Distribution (CRPRID) in the Planning Commission, whereas the tracking of PRSP progress is undertaken by the PRSP Secretariat in the Finance Division. In order to streamline monitoring and reporting,

PRSP targets have been aligned with those of MTFD (2009-10) and MDG (2015) targets. However, this alignment still has some gaps as pointed out in the study appraising population policy as part of the Gender Responsive Budgeting Initiative in Punjab.⁶³ The paper shows that physical targets are inconsistent in terms of service delivery targets between Mid Term Budget Framework (MTBF), MTFD and PC-1 and that “these figures are also all different from the targets given in the Economic Survey, 2004-05” pointing to the need for consistency across various documents.

Table 1: PRSP Alignment with Millennium Development Goals

Goals and Indicators	1990-91	2000-01	2005-06	2011	2015
1. Eradicate Poverty and Hunger					
• Overall Poverty level (% of Population)	26.1	32.10	29	22	16
• Poverty Gap Ratio		4.53	6.84		
2. Achieve Universal Primary Education					
• Literacy Rate of 15-24 years old (%)	49	58	59.5	78	86
• Gross Enrolment ⁶⁴	73	87	104	104	100
3. Promote Gender Equality and Empower Women					
• Ratio of literate females to males of 15-24 years (%)	0.61	0.65	0.65		0.93
• Proportion of Seats held by women in the Parliament: National Assembly (%)	0.9	21			
Senate (%)	1.0	17			
Local Councils (%)		33			
4. Reduce Child Mortality					
• Infant Mortality Rate	120	77	63	50	40
• Proportion of fully immunized children 12-23 months	25%	53%	82%	90%	>90%
Under five mortality rate	140	105	80	65	52
5. Improve Maternal Health					
• Maternal Mortality Rate/100,000	550	450	350	180	140
• Total Fertility Rate	5.4%	4.1%	4.0%	2.5%	2.1%

⁶³ A.R. Ruknuddin and Inam-ul-Haq, “Gender Aware Policy Appraisal for Population Sector”. December 2005

Goals and Indicators	1990-91	2000-01	2005-06	2011	2015
LHW Coverage of target population	n/a	45%	77%	90%	100%
6. Combat HIV/AIDS, Malaria and other Diseases					
Incidence of TB/100,000	n/a	177	133		45
7. Ensure Environment Sustainability					
• Sustainable access to safe water	82%	86%	90%		93%
• Population with access to sanitation		28%	51%	55%	

Source: *Accelerating Economic Growth and Reducing Poverty: The Road Ahead. PRSP 2003.* p. 92

A combination of data sources (PIHS, HIES, PLSMS, LFS, NEMIS, HMIS, and reports of concerned ministries and the Planning Commission) are used for monitoring progress, underscoring the significance of strong data and the need to analyse gaps in it.

The four pillars of PRSP are:

- Accelerating economic growth while maintaining macroeconomic stability with a special focus on the rural economy;
- Improving governance and consolidating devolution for delivering better development results and ensuring economic and social justice;
- Investing in human capital with effective delivery of basic social services;
- Targeting the poor and the vulnerable into the mainstream of development.

There are complementarities between these different pillars reflecting the interconnections between economic, the political and the social spheres in society. However social concerns are not mainstreamed in all pillars of the strategy. The strategy focuses on “building up human capabilities to empower individuals to face equal opportunities” without taking into consideration the role of existing power structures in giving rise to poverty and social exclusion and their capacity to block interventions that promote the interests of the poor, particularly women. This non-inclusion may itself be a hurdle in achieving PRSP targets.

Examining each pillar from the gender lens reveals that women’s needs are directly addressed only through pillar three (education, special education and health) and partially

pillar four (microfinance and social safety nets). Gender equality is said to be a cross cutting theme (along with employment and environment), but the Gender Equality Matrix is not mainstreamed into the monitoring targets of every pillar, and neither does it match with PRSP's Gender Indicators. There are overlaps between the two sets of gender indicators that suggest the need for streamlining and amalgamating the gender indicators⁶⁵.

The Gender Indicators included in the PRSP are micro-credit, *zakat* funds, number of women in civil service, male-female literacy ratio, women's share in wage employment in the non-agriculture sector, and proportion of women's seats in Parliament and as stated above do not include all those in the Gender Equality Matrix of Chapter Six. GEM, reportedly have not been monitored in the ongoing PRSP implementation, perhaps because of their separate listing.

The GEM indicators have some problems also despite the positive step of including a range of economic indicators. The latter are rendered weak by not providing male comparators in many of the indicators such as, "the rate of economically active women;" or "proportion of women working outside agriculture;" the "female unemployment rate;" etc. Similarly the indicator, "poverty head count by gender" fails to take into account the fact that the poverty headcount is based on household per capita income and does not reflect intra-household inequalities. It also misses out the proportion of male and female working as unpaid family workers among others. It would be advisable to develop one set of Gender Indicators that may be applied to all PRSP targets. (See Annex for GEM and Gender Indicators of PRSP)

IX.2.1 Meeting PRSP Goals

PRSP Progress Report 2004-05 and the subsequent reports for the first and second quarter of 2006 indicate that Pakistan's economy has maintained the momentum of a high growth rate (8.4% in 2004-05 and expected between 6.5-7 % in 2005-06) while income inequalities have persisted. There has been an increase in PRSP expenditure in 2005

⁶⁵ Budlender, Debbie, "Poverty Reduction Strategy Paper: Monitoring indicators for gender". (Mimeo. 2005)

(21% over that of 2004) though short of pro-poor expenditure targets. Education received the largest proportion of the PRSP budgets in 2005 whereas population planning, social security & welfare, rural development, food subsidies and food support programme, Tawana Pakistan and low cost housing witnessed a decline in expenditures. An important area of pro-poor expenditure that needs to be noted is that of governance (law and order and Access to Justice Programme). The amount of cash transfers through micro-credit, EOBI and Pakistan Bait-ul-Mal increased by 38% between 2004 and 2005. *Zakat* coverage however is insufficient given that one-third of the population is poor and 12 % absolute poor. Furthermore *zakat* does not always reach those who are most in need.

Micro-credit to women formed 36% of PPAF's disbursement, and 22.5% of the borrowers of the Khushali Bank were women. Evidence in Pakistan so far is that micro-credit often does not reach the poorest.⁶⁶ This therefore needs to be further investigated as also an analysis of the impact of micro-credit on women's empowerment.⁶⁷ So far no formal data or studies exist to provide evidence of micro credit influencing poverty.

Both the manufacturing and the agriculture sectors registered growth in 2004-05. In agriculture the production of the two major cash crops cotton and sugar is expected to be lower than the target, due to poor weather, with implications for female employment as they engage intensively in both cotton and wheat harvesting. Inflation that crossed the 10% mark in 2005 has reportedly declined in the first two quarters of 2006 but the impact of lowered inflation is not felt by the poor according to press reports and economic analysts.⁶⁸

From the gender perspective PRSP goal of eliminating the gender gap in enrollment has not been met. The sector revealed an overall increase in Gross Enrollment Rates at the primary school level from 72% in 2001-02 to 86% in 2004-05 with female GER going up from 61% in 2001-02 to 82 % in 2004-05. The progress in Sindh and Balochistan (where

⁶⁶ Akmal Hussain *et al*, *UNHDR-Pakistan*. UNDP. Islamabad. 2003; *PPPA reports*.

⁶⁷ For a detailed discussion on this with reference to recent studies see, Khawar Mumtaz, *Gender and Poverty in Pakistan*. ADB, Islamabad. 2005

⁶⁸ Akmal Hussain, *The News*. 1 May 2006

the gender gap has increased by 2%) has been uneven and slow. Overall progress notwithstanding, gender disparity in education has not been eliminated neither in GER nor NER. Even in urban areas the gender disparity in GER remained constant (7%) between 2001-02 and 2004-05. At the matric level the gender gap is wider. Similarly the gap between male and female literacy persists (male 65%; female 40%) and overall PRSP literacy target of 58% for 2004-05 has not been achieved. This disparity points a) to social/cultural factors that impede women's access to schools as also, b) to the differential between male and female schools on the supply side.

In the health sector the immunization of children is according to the PRSP targets and while there is a rural-urban differential there is none by gender. Pre and post natal care, an important indicator of maternal mortality witnessed an increase with 50 % married women reporting at least one pre-natal consultation during the last three years in 2004-05 (up from 35 % in 2001-02). The increase is both in rural and urban areas but low in Balochistan (highest in Punjab). The post-natal consultation rate remains low at 23 %. Quality and accessibility of services (only 36 % of the population was satisfied with BHUs)⁶⁹, knowledge of the significance of pre- and post-natal consultation are probably factors that keep the rates low.

PRSP's two indicators for the labour market are the "total employed labour force" and "unemployment." Female labour force participation rate increased from 14.4 % in 2001-02 to 15.9 % in 2003-04 and unemployment registered a decline in rural and urban areas in the same period as opposed to that of male's.⁷⁰ The PRSP report sees this as being due to greater job opportunities for women and availability of micro-finance facilities. However, absence of requisite data prevents an assessment of the impact of women's lower unemployment and higher labour force participation rates in terms of reducing social constraints, improved nutritional status, control over earnings, or say in decision making. The 5 % quota for women in public sector jobs remains unfulfilled.

⁶⁹ PRSP Progress Report. 2nd Quarter 2006

⁷⁰ Most recent figures, however, indicate that the growth rate for female unemployment is rising in rural areas while that of males has declined (LFS 2005-06 first quarter)

IX.2.2 Women's Empowerment Programmes under PRSP:

In its Chapter Six the PRSP document spells out the initiatives for Gender Equality and Empowerment of Women (in addition to literacy and maternal health). The PRSP reiterates GOP's commitment made at the Beijing Conference⁷¹ to mainstream gender as a policy. It also recognises the shift from the earlier social welfare approaches and the need to empower women for equitable access through removing social and economic constraints.⁷² The PRSP mentions several initiatives for women that include programmes leading to women's empowerment. (See Box 1)

Box 1. Initiatives for Women's Empowerment in PRSP

- Training to enhance women's political participation and leadership skills at the local government and provincial levels being executed through National Programme for Women's Political Participation
- Provision of legal aid, medical and rehabilitation facilities; operationalised through the National Programme for Family Protection
- Restructuring of national machinery dealing with gender issues and engendering planning and budgetary processes through GRAP.
- Development of gender management information system in the areas of health, education, violence against women and poverty; through the Gender Management Information System.
- Tawana Pakistan for increasing primary school enrollment and nutrition of girls in rural areas;
- Gender responsive budgeting, a planning and resource allocation tool, on a pilot basis towards a longer term measure; through GRBI
- Easily accessible micro-credit for women through Pakistan Poverty Alleviation Fund (PPAF), Rural Support Programmes (PRSPs), First Women Bank, Khushali Bank and Agricultural Development Bank (ADB) with priority to female headed households, women "bread earners" and women with disability;
- Promotion of livestock and agriculture production;
- Opportunities for employment; skill development; promotion of female labour based industries; and filling of the 5% quota in government jobs

⁷¹ Poverty, education and training, health, violence, armed conflict, economy, power and decision making, institutional mechanisms, human rights, media, environment, girl child and girls and women with disabilities.

⁷² *Accelerating Economic Growth and Reducing Poverty: The Road Ahead, Poverty Reduction Strategy Paper*. GOP.2003. p. 93

The initiatives are being operationalised through vertical donor supported programmes some of which are carrying over from earlier initiatives, some are operational, others are in process. An important step towards mainstreaming gender in programmes is that these are not confined to the Women's ministry (and departments) but involve others including the finance and planning ministries and departments. Thus the Finance Ministry, the Planning and Development Department, Ministry of Local Government, Economic Affairs Division, Ministry of Women Development and the Federal Bureau of Statistics are now more actively engaged in the implementation process. Equally, the approach of building upon capacities of different departments from the top (federal) to the local, and including civil society organizations is potentially an important strategy for successful interventions. That this is not always a smooth process needs also to be recognized.

The programmes have their respective monitoring mechanisms and are not included in the PRSP progress reports. Some of the significant programmes include:

IX.2.2.1 *The Gender Support Programme*. A 5-year UNDP supported programme ratified in 2003 with a budget of US\$17 million, it has three pillars: Enhancing Political Participation; Promoting Economic Opportunities; and Facilitating Institutional Reform. It addresses the NPA areas of concern on Women and Poverty, Violence Against Women, Women and Economy, Women in Power and Decision making and the Institutional mechanisms for the advancement of women. Its approach is of establishing horizontal linkages “between governance, poverty reduction, gender equality and their influences on policy dialogue and debate”. *Women's Political School* project; *Institutional Strengthening of the NCSW*; *Gender Justice through Musalihat Anjuman*; are among programmes under the GSP but the ones specifically related to PRSP are:

- *Gender Responsive Budgeting Initiative*, a US\$ 1.004 million, two and a half years pilot programme of the Ministry of Finance being carried out at Federal, Provincial (Punjab) and District (Rajanpur and Gujrat) levels with the ministries of Health, Education and Population Welfare because of the relative size of these sectors in the government budget and in view of their enormous potential to contribute to poverty reduction and gender equity. GRBI aims to build capacity in

GOP and civil society for the analysis of federal, provincial, and district government budgets from a gender lens to determine resource allocations for addressing gender inequality and their impact on different gender groups. GRB activities in pilot sectors are expected to lead eventually to the establishment of institutional mechanisms for GRB which in turn, would both facilitate improvements in women's status and at the same time improve allocation efficiency and contribute to national, social and economic development of the country.

Awareness raising workshops for different categories of stake holders, trainings for government officials, NGOs and research institutions have been organized and a training manual developed. Very importantly, studies were commissioned for Gender Aware Policy Appraisal for Education, Health and Population to undertake sector specific situation analysis and identify gaps in the policies from a gender perspective.⁷³ These reports are expected to lead to an understanding of women's needs and contributions and help relevant departments in making informed decisions.

The initiative has already taken the first steps in institutionalising gender-responsive budgeting. At the provincial level, the "call circular" for Punjab province for 2006-07 requires that spending agencies disaggregate their expenditure on staff. Further changes are planned for the call circulars at both federal and provincial level for the 2007-08 budgets. These will require, for example, that the mission and objectives specify gender commitments clearly, that input, output and outcome indicators are disaggregated where relevant, and that indicators on gender issues such as violence against women and maternal mortality are included.

⁷³ The education assessment revealed that education budgets are not designed on the basis of gender needs. Majority of the funds are allocated for running the existing system, and since there are more boys' schools they receive more funds under the recurrent budget. Similarly, making allocations on the basis of current gender enrolment means the maintenance of the status quo. Mujahid-Mukhtar, Eshya. pp. 4-5

A time use survey is now planned with the Federal Bureau of Statistics to capture women's unpaid care work and reveal its implications at the macroeconomic level. The Gender Aware Beneficiary Assessment Survey is also planned in Rajanpur and Gujrat districts to collect and analyse opinions of men and women about public service delivery and the extent to which their needs and priorities are met. An important element in the execution of the project is the synergy created between different stakeholders within the administrative system/tiers and outside.

- *Gender Mainstreaming Project*, approved in December 2005 is to be executed with the Planning & Development Division across all provinces with the objective of institutionalizing gender concerns in the planning, monitoring and evaluation of development programmes. Steps for operationalising the project have been initiated.
- *Women's Access to Capital and Technology*. This project is being undertaken with two private sector organisations (Orix Leasing Pakistan and Micro Finance Bank) to reach out to at least 3000 women in the first year.

IX.2.2.2. *National Gender Reform Action Programme (GRAP)* A 4-year ADB funded women targeted programme of the MOWD, at the federal, provincial and district levels for restructuring and aligning policies, structures, processes, programmes and projects to implement its national and international commitments on gender equality. It is aimed at introducing reforms to engender the national machinery and planning and budgetary processes. Specifically it entails institutional reforms; increase in women's employment in the public sector by reserving 10% quota for women in Central Superior Services; and to improve women's political participation through wide ranging reforms in election procedures, representation in parliamentary committees, abolishing of parallel legal systems and review of discriminatory laws. The programme is in early stages of implementation and has the potential of far reaching impact.

IX.2.2.3 *The Tawana Programme*: The programme, begun in 2002 offered freshly cooked mid-day meals to girls aged 5-12 to improve their nutritional health and increase their attendance at school. Introduced as a pilot in 29 districts across Pakistan, it involved

over 4000 girls primary schools. Preliminary reports show that it increased the nutritional status of girls in the Tawana schools by 40% whereas nationally nutrition figures for children have remained stagnant for the past 25 years. Not only school enrollment went up but teacher attendance showed an appreciable increase. More positively, it encouraged the most marginal communities and castes in villages to send children to school, acting as a potential equaliser in a stratified and fragmented social structure.⁷⁴

Probably the programme's most significant impact was on women's mobilization and empowerment generated especially by their involvement in the feeding programme through membership of the School Tawana Committees (4000 STCs). The collective ownership of the programme was reflected in the school infrastructure (school walls, latrines, white wash) built by STCs from their meager monthly budget of Rs.1000. There were various instances of collective agency when women mobilized and demonstrated outside the district council office to get funds released for example in Lodhran, or women who felt motivated to contest local bodies elections including 77 in remote areas of NWFP. As a spin off were the over 600 trained female field workers and 4000 female community organisers. The programme however was suspended because of what appears to be the lack of coordination and resistance at the administrative level. Thus not unsurprisingly, the expenditure on Tawana programme declined by 86.8 % according to the PRSP Progress Report 2005.

IX.2.2.4 *The Lady Health Workers Programme*: This started in 1994 for creating awareness of mother-child welfare practices and supplementing the immunization coverage and outreach programmes is seen as one of the more successful programmes in the health sector. Its spatial coverage has expanded (47% in the past five years according to the PRSP progress report of 2005) though remains unevenly spread with Balochistan most deprived in this aspect (PSLM 2004-05). The PRSP progress report points out that effectiveness of the coverage is not monitored and that there is a gap between coverage through the programme and its effectiveness indicating gaps in implementation.⁷⁵ The World Bank's Country Gender Assessment 2005 draws attention to the lack of synergy

⁷⁴For evidence from the field, see Naila Kabir, *et al*, *Transformative Social Protection*. 2006

⁷⁵ *PRSP Progress Report 2005*. pp37-38

between the LHW programme and available government health services reflecting the absence perhaps of a proactive approach that could link awareness with services and also identify facilities that are required in their implementation areas.

IX.2.3 Data Needs for PRSP

In order to move towards achieving PRSP/MTDF and MDG targets national, provincial and district level data is a prerequisite both for planning and for monitoring of indicators that are developed for each policy, programme, and project. Ideally *sex disaggregated* as well as *gender sensitive* data is needed. The former to monitor a situation with respect to individuals (males and females), and the latter that combines sex disaggregated data and data on issues important from the gender perspective (maternal mortality, for instance).⁷⁶ Debbie Budlender in her paper further distinguishes between *administrative* data, generated by government in the course of its work which would be ideal for monitoring outputs, and *censuses* and *survey* data for assessing outcomes.

IX.2.3.1 The main data source for PRSP is the *Pakistan Social and Living Standards Measurement Survey (PSLMS)* which has replaced the earlier HIES. PSLMS includes a broad range of questions that can generate data for PRSP outcome indicators, as well as capture satisfaction with services. One weakness of the survey is of not sampling slum areas, thus by extension excluding the perspective of a sizable number of poor, including women in these areas, from policies.⁷⁷

IX.2.3.2 *National Education Management Information System (NEMIS)* is administrative data supplied by provinces. Its main shortcomings are of collecting data only from government schools leaving out private and religious schools, as well as special schools; lack of comparability because of differences in definitions across provinces; and weak quality control. While it covers substantial information it does not record separate male-female breakdown of enrolments for male, female and mixed schools which would be important for the policy of mixed schooling for primary schools.

⁷⁶ This section draws heavily from Debbie Budlender's paper, *Data Requirements for Gender Responsive Budgeting in Pakistan*. Finance Division. 2006. (Mimeo)

⁷⁷ Ibid.

IX.2.3.3 *Health Management Information System (HMIS)*, this goes back to 1990s under which data is regularly collected on wide ranging aspects of health. Sex-disaggregated information provided by it is somewhat limited, for instance it does not provide information by sex on specific diseases e.g. number of TB deaths or, or child vaccination by sex which is problematic for output indicators. Quality is an issue here too, as is delay in dissemination and limits in coverage (excludes health facilities of semi-government institutions, and the private sector). On non-reproductive health aged five years and above HMIS and various survey sources are weak. The system is being revamped and will be piloted in one district in each province before country wide implementation.

IX.2.3.4 *Management Information System of Population Welfare (MISPW)* is reportedly a rich source of output indicators on the basis of its information for district, provincial and national level by service outlets. The registration system for vital statistics for births and deaths usually a primary source of information for population related issues remains weak in Pakistan. The *Pakistan Demographic Survey* was instituted to address this weakness.

IX.2.3.5 *The Labour Force Survey* produced by the Federal Bureau of Statistics provides sex disaggregated data on labour force participation in the formal and informal sectors. It does not succeed in giving a full picture of females who are not economically active due to enumeration lacuna. Its sample size too is not adequate for capturing district level information.

IX.2.3.6 *Data gaps*: There are serious data gaps despite all of the above from the point of view of women's empowerment and autonomy. For example the absence of data on intra-household distribution of resources, on decisions regarding expenditure and time spent on various activities. Similarly information on women's income inequalities, wealth-sharing within households, and benefits accruing to women from various government policies is missing. Credible source for measuring maternal mortality, reduction of which is a major PRSP and MDG goal is not in place yet. All current estimates are based on mathematical modeling. The National Institute of Population Studies (NIPS) is planning to mount a survey in 2006 to fill this gap. Every two to three years NIPS produces data focusing on

reproductive health and population welfare. Since the surveys are supported by different donors they are not exactly similar with emphasis changing according to the interest of the donor every two to three years limiting their comparability.

IX.3 BARRIERS FACED BY WOMEN: A SITUATION ANALYSIS

The principle barrier in the way of gender equality is the societal perception of women as lower status dependents, reinforced both by customary practices and the laws of the land. Other obstacles include invisibility of women's work and inadequate recognition of their contribution. In addition women lack information about opportunities, assets and services, do not own or control resources; are restricted in mobility, are not equipped with marketable skills and have no voice. Violence and fear of violence are also realities that constrain women. At the same time there is a shortage of services and opportunities available to them. This section focuses on how these barriers constrain women's participation in key social sectors.

IX.3.1 Education

One reason for the lower primary enrolment rate for girls in Pakistan is identified as fewer schools for girls than boys.⁷⁸ In 2004, out of the total number of primary schools in Pakistan 47.9% were found to be for boys, 28.3% for girls and 23.8% were mixed.⁷⁹ This shortage of female schools is compounded by what may be termed socio-cultural reasons as revealed by PIHS 2001-02. It reported that the two most significant reasons for never attending school for girls were: "parents didn't allow" (equally in urban and rural areas) and "too far" especially in rural areas (See Table 2 below). In other words more than one-third girls never attended school for reasons other than cost which probably applied to both boys and girls due to the poverty status of households. The lower enrollment for girls at the middle school (62% for boys, 38% for girls) and the further dramatic drop at the high school level to 10 % (it is low for boys too at 18%) is reflective of social constraints and safety concerns that militate against females. (PSLMS 2004-05).

⁷⁸ Mujahid-Mukhtar, Eshiya. "Gender-Aware Policy Appraisal: Education in Pakistan". Paper prepared for the UNDP Gender Responsive Budget Initiative Project. Islamabad. n.d.

⁷⁹ *Ibid.* pp.11-12.

Table 2: Reason for never attending school (10-18 years) Overall Pakistan

Reasons	Percentage of cases where reason was cited – 2001-02 PIHS					
	Boys			Girls		
	Urban	Rural	Overall	Urban	Rural	Overall
Parents didn't allow	1	3	3	36	36	36
Too expensive	53	36	40	33	25	26
Too far	2	10	8	3	15	14
Education not useful	1	1	1	1	1	1
Had to help at work	5	5	5	1	2	2
Had to help at home	1	2	2	3	5	5
Child not willing	22	30	29	11	6	7
Other	15	12	13	12	10	10

Source: PIHS 2001-02

IX.3.2 Health

The negative sex ratio, high maternal mortality ratio, female mortality ratio of 1 to 4 year olds (which is 66 % higher for girls than boys) is not only indicative of poverty but also of quality and coverage of services (BHU, the first call for women in rural areas was found satisfactory by only 36% of the population) and the status of women. Women lack information and knowledge about health issues, about services for different ailments and needs, and autonomy to take timely decisions about accessing health facilities. As stated earlier in this paper, the incidence of pre-natal care is particularly low in rural areas (only 26%) and post-natal care even lower for both rural and urban areas. Gender based inequities translate into poorer nutritional and health status of female children who enter child bearing age with a health deficit that gets depleted due to frequent childbearing and inadequate care.

Various health statistics reveal that 12% of Pakistan's burden of disease is due to reproductive health problems and 6% to nutritional deficiencies. Pregnant women receive 87 % of the recommended calories and lactating women, 74%. Emergency Obstetric care, considered imperative for averting maternal deaths, is largely not available and skilled

birth attendants are available for about 20% of deliveries. Unregulated use of drugs and malpractices by unqualified service providers compound the problems of poor women.⁸⁰

IX.3.3 Women's Economic Participation

Major barriers pertaining to women's economic participation just as for other deprivations have their roots in women's disadvantaged position and social exclusion that contribute to the invisibility of their work. The *National Policy for Development and Empowerment of Women, 2002*, calls for the recognition of women's "real economic contribution and productivity in both the formal and informal sectors ... in national economic indicators." (Article 5.4).

IX.3.3.1 *Invisibility* is due to women's role being seen as primarily one of household/care economy. Their reproductive work includes cooking, care for children and elderly, fetching water, gathering fuel and fodder, and maintaining and repairing their homes. As part of their subsistence production activities they look after livestock and poultry, store and process grain for household use, or grow vegetables. They also work as unpaid family labourers in brick kilns and mines, a range of collectively carried out agricultural activities, and in home based manufacturing. A large number is also employed in the service sector mainly as domestic help.

Women's informal work is increasingly acknowledged and counted. Not unsurprisingly, their presence in the informal sector is higher than the formal sector as it does not, or only minimally, disturb existing gender norms. Rural non-agricultural workers make up 70 % of the informal workforce while in urban areas they are 61.6% (*LFS 2003-04*). Women in this sector are usually atomized as home based piece-rate workers in both urban and rural areas. Having no or scant knowledge of production processes women are vulnerable and dependent on those supplying them with work, often middlemen, or men in their own households. Women's informal sector work is closely associated with poverty, for instance in Pakistan 60% of home-based workers belong to households that are below the

⁸⁰ *PPPA Reports.*

poverty line.⁸¹ The *Pakistan Participatory Poverty Assessment* (PPPA) found that women's informal work was one of the most used risk mitigating strategies of poor households.⁸² However the level of female earnings remains low and usually supplements the income of the household. Only 7% women in a recent survey of the phenomenon reported their work as the main source of income for the household.⁸³ As men out-migrate in search of work often menial labour, the burden of livelihood security and care increases for women.

Women thus suffer under a *triple burden*: of productive work, reproductive work and meeting social demands in the community (deaths, marriages and births). The low levels of remuneration that women receive from informal labour do not contribute to their empowerment; in fact this kind of work often results in additional burden and oppression for them. Up until 2002 when the then new Labour Policy was put in place there was no official policy to regulate the informal sector. Under the policy for the first time Home Based Women Workers were recognized and labour welfare coverage was extended to them.⁸⁴ How many actually benefited is not known.

The most recent Labour Protection Policy, 2005 has provisions for the informal economy. Implementation of policies however remains limited and information about their provisions not widely known. Pakistan has signed and ratified ILO conventions 100 (for equal remuneration) and 111 (discrimination at work), while it is not a signatory of the ILO Convention No. 177 that accords recognition to home based workers. Ratification of this convention would go a long way to ensure minimum standards of work and remuneration for them. Policies, laws and implementation mechanisms are required to make the two former conventions effective as that would have far reaching implications for women's empowerment and poverty reduction.

⁸¹ NCSW, *The Status of Home-Based Women Workers in Informal Sector*. Draft Report of Policy Research. 2004. p.27

⁸² *PPPA National Report*.

⁸³ NCSW Draft Report, *Op cit*. p.46

⁸⁴ NCSW, Draft Report. *Ibid*. p. 60

IX.3.3.2 *Formal sector employment*: employment generation is one of the key strategies for poverty reduction and women's formal employment needs to be reviewed in that context. While the labour market in Pakistan is highly segmented on a gender basis with women's autonomous economic activity being an exception rather than the rule, it is equally true that adequate employment generation to induct the majority if not all the unemployed has not been achieved so far. Unemployment in the country while showing a declining trend (LFS 2005-06) among below matric-educated persons is stagnant for matriculates and increasing for those with higher levels of education.

The current female labour force participation rate is a low 15.9% out of the total LFPR of 43.7% (*LFS 2003-04*) with the rural rate at 19.5% and urban at 9.4%. Distance to the work place is a major constraint to women's participation in formal sector work. Women employed, largely in the textile sector, find their wages lower than those of males in comparable work in both rural and urban areas. Often there is occupational segregation whereby women do one kind of work and men another (e.g. women stitching, men cutting). Women very seldom find themselves in supervisory positions whether in low skill jobs, like packaging, or skilled precision ones like in the electronics industry. Similarly, the introduction of contract labour in manufacturing units deprives them of health and other benefits and precludes their participation in organized collective bargaining activities. In any case few women workers participate in trade union activities, partially due to not having a say in decision making or exercising autonomy, and often due to fear of physical insecurity and sexual harassment.

It is indeed paradoxical that despite factors (relative increases in the levels of education, later age of marriage at 22.7 years, and a decline in fertility) that are expected to correlate positively with female participation in the formal labour force, women's LFPR in Pakistan remains exceptionally low. The basic lack of access to education, health, information and skill development contribute to this state of affairs. Women are not usually aware of skill training opportunities, and available training may not necessarily be linked with the labour market, moreover their knowledge of protective legislation is very inadequate.

IX.3.4 Decision Making

Women, generally speaking in Pakistan, neither have a say in decision-making at the household and community level, nor on personal issues like marriage and divorce due to gender inequality. The participation of women who are socially disadvantaged in public activities and in representative bodies is even more difficult.

While political spaces for women have opened up with the Local Government Ordinance 2000 elite capture of these is also evident. A recent study in 7 villages across Pakistan reveals that the proportion of women voters was half that of men.⁸⁵ It identifies social structural constraints (physical and social mobility) as factors curtailing women's participation in politics. In two sites the distance to the polling booth was cited by women as the reason for not voting. The study also underscores the role of social structures whereby poorer households are less likely to vote than those belonging to the dominant caste/*biraderi* groups and women within them even less. Literacy was found to be positively correlated to women's voting with literate women more likely to vote but still 20% less than illiterate men. Under these circumstances chances of the voices of the poor to be heard, including those of women, in planning and development seem remote without further affirmative action.

A companion study on livelihoods in the same sites found that in the village where women owned land there was a correlation between land ownership and demographic ratio and voting patterns. In the village in Chakwal district where male out migration is high about 4% women were landowners the male-female ratio was 104 women to 100 men (this needs further investigation as out migration may be a contributing factor for the better sex ratio). Elsewhere the ratio was worse for women. Here women were also more mobile.⁸⁶

⁸⁵ Cheema, Ali. Draft paper for ADB. 2005.

⁸⁶ Gazdar, Haris, Draft paper for ADB. 2005.

IX.3.5 Control Over Assets and Resources

While the positive impact of women's access and control of assets is increasingly becoming evident, as mentioned in the above section, it still is defined by the overall ownership and accessibility of resources of the poor. Land ownership, for instance, is highly unequal in Pakistan (less than half of rural households own any agricultural land). Women are either kept out of inheriting property on the basis of customary practice in almost all provinces of Pakistan or feel compelled to forfeit their right in favour of their brothers or sons. High levels of poverty among the landless as well as the sharecroppers combined with existing socio-cultural realities doubly preclude opportunities of control and access over productive resources by poor women. In addition violence and fear of violence is an ever present threat that lurks in the background for most women.⁸⁷

Zakat and *Bait-ul-mal* are two potentially facilitative official mechanisms of cash transfers to poor or disadvantaged women. Another is micro credit, provided both by government supported institutions and by NGOs.⁸⁸ Neither manages to reach those in greatest need. Possession of identity cards is closely linked to the accessibility of financial resources, whether *zakat*, bank loans or micro-credit. All official schemes require National Identity Cards but a large number of poor women particularly in rural areas do not own them. Requirements of birth certificates and *nikah namas* (marriage contracts) to get new computerised NICs was found to pose a major obstacle as registration of births is not widely practiced.⁸⁹ Older women do not possess wedding registration certificates and get excluded from the schemes. The 1998 census figures show that more females in rural areas had not obtained identity cards compared with rural men, the figures for urban areas were better for both men and women but an overall

⁸⁷ The PPPA Reports.

⁸⁸ NGOs provided 1% of micro credit in urban areas and 0.8% in rural (NHDR/PIDE survey 2003); and less than 5% according to Heather Montgomery, *Meeting the Double Bottom Line – The Impact of Khushali Bank's Microfinance Programme in Pakistan*. (mimeo). ADB 2005.

⁸⁹ Naila Kabir *et al*, *Transformative Social Protection in Pakistan*. 2006

gender gap of 21% remained. The existence of the gap is corroborated by the more recent study mentioned above.⁹⁰

Table 3. National ID Cards Obtained and Not obtained by sex and areas

% of Pop	Both sexes		Male		Female	
	Obtained	Not Obtained	Obtained	Not Obtained	Obtained	Not Obtained
All areas	64.30	35.69	74.41	25.59	53.41	46.59
Rural	60.07	39.93	70.89	29.11	48.91	51.09
Urban	72.23	27.77	80.60	19.40	62.41	37.58

Source: The Population Census 1998.

IX.4 CONCLUSIONS AND RECOMMENDATIONS

IX.4.1 Conclusions

The above review highlights a number of concerns that need to be addressed in PRSP 2. The review of PRSP achievements shows that Pakistan's economy maintained the momentum of a high growth rate in 2005, PRSP expenditure increased with education receiving the largest proportion of the budget, micro-credit to women formed 36 % of PPAF disbursement, and 22.5% of that of Khushali Bank. However the success in achieving PRSP goals was mixed: e.g. the goal of eliminating the gender gap in enrolment was not met, nor the overall PRSP literacy target of 58% for the period achieved. The gap between male and female literacy persists. While half of married women reported at least one pre-natal consultation less than a quarter reported going for post natal consultation. Only 36 % of the population was satisfied with BHUs. The current female labour force participation rate is low with a concentration in both rural and urban informal sector where they are invisible, low paid and suffer from the triple burden of work. Women's 5% quota in public sector employment remains underutilised.

The principle barriers in the way of gender equality are perception of women as lower status dependents, invisibility and non recognition of their work, lack of information

⁹⁰ Cheema, Ali. *Op cit.*

about opportunities, assets and services, absence of control over resources; restricted mobility, non-marketable skills, no voice, violence and fear of violence combined with a shortage of services and opportunities available to them.

A number of programmes and interventions are planned and at different stages of operationalisation and execution. Significant among these are projects under UNDP-supported Gender Support Programme, ADB-supported GRAP, Lady Health Workers Programme, among several others. GRBI, which is moving on schedule, has the potential of far reaching impact. Tawana Programme that had a significant impact on women's mobilization and empowerment stands suspended for what appears to be the lack of coordination and resistance at the administrative levels. The LHW Programme has expanded but coverage is not monitored for effectiveness and is not adequately proactive. While data to monitor PRSP has been developed gaps in gender disaggregated and gender sensitive data remain.

There is enough evidence to show that women's agency is a critical element towards achieving a fundamental change in their situation as well as their full potential towards meeting people's well being. The essential ingredients for catalysing women's agency are: i) information and awareness about entitlements and rights; ii) access to resources, skills, decision making, and justice; iii) capacity to influence policy, programmes and service provision. Not only is a gender balance required but equally importantly institutions and attitudes, ideas and symbols all need to change.

A multi-pronged strategy is needed to remove social barriers and ensure rights, enhance capabilities and create opportunities for a change in the status of women and their mainstreaming in the development process. It should be noted that the content and substance of programmatic interventions, efficient implementation and administrative mechanisms and adequate budgets alone are not sufficient for the transformation we are aiming for. Larger issues of equitable distribution of resources and assets, access to justice, and equality before the law require equal if not greater attention.

The particularly disadvantaged position of women in Pakistan demands specific actions in the shape of policies, legislation and programmes to help them overcome social

barriers. Efforts to address *strategic needs* are needed for long term transformation of women's situation while the more immediate and medium term *practical needs* fall within the purview of PRSP-2. Thus **Strategic, Process** and **Programmatic Initiatives** are required and are reflected in the recommendations below.

IX.4.2 Recommendations

IX.4.2.1 *Strategic Initiatives*: Initiatives under this are likely to have long term impact and produce outcome level results.

- *Strengthen PRSP-2* by expanding its conceptual base through the *recognition and incorporation* of the role of existing power structures in giving rise to poverty and social exclusion that have the capacity to block interventions for promoting the interests of women (and the poor).
- *Extend gender equity concerns to other sectors* as gender balance is particularly required in economic, legal and governance sectors and can contribute to women's inclusion and development of agency. Therefore *amalgamate* PRSP Gender Indicators and those of the Gender Equality Matrix and *mainstream* the revised indicators across all sectors into the monitoring targets of all PRSP and MDG indicators (Table 4).
- *Double social sector budgetary allocations*: for education, population, health, nutrition and protection with a special focus on the needs of women belonging to the marginalised and socially excluded groups (minorities, *kammis*, brick kiln workers, landless, *Kutaney*, etc.),⁹¹ in order to reduce gender disparities and address women's special needs (like in health).
- *Create women owned/accessed assets* and resources through joint deeds in the name of male and female heads of household in official land-to-the-landless

⁹¹ The caste by which gypsies are referred to in South Punjab.

distribution schemes included in MTFD⁹² and provision of jointly owned homestead land to the landless.

- *Remove discriminatory legislation* from the statute book and introduce new protective legislation like the Domestic Violence bill.

Table 4. PROPOSED GENDER EQUALITY INDICATORS—PRSP 2

Key Instruments	Indicators	Baseline 2000-01	Frequency
Sustainable Socioeconomic and Political Empowerment of Women			
Gender Sensitive Macro Economic Policy Reforms	<ul style="list-style-type: none"> • Poverty head count by gender* 		3 years
Improving Economic efficiency of women	<ul style="list-style-type: none"> • Rate of economically active women % • Share of women in wage employment in the non-agriculture sector urban/rural • Share of employed women working in the formal sector % • Proportion of male/female employed as unpaid family workers urban/rural 	13.7% u-8%; r-17% --- 17.3 % ---	Bi-Annually
	<ul style="list-style-type: none"> • Land ownership by sex • % of micro credit to women and average size • % of <i>zakat</i> funds to women 	---- 49.0 40.4	Occasional Annual
Improving Women's Participation in leadership and decision making	Proportion of women holding positions of : <ul style="list-style-type: none"> • Ministers • Civil Service by grade • Professionals & Technical posts Judiciary Proportion of seats held by women in: <ul style="list-style-type: none"> • Senate 		3 years Post General Elections

⁹² The recent earthquake has demonstrated the negative effect of male ownership alone. Deaths of males have deprived females of their rightful share and security.

Key Instruments	Indicators	Baseline 2000-01	Frequency
Providing better social services to women	<ul style="list-style-type: none"> National Assembly Provincial Assemblies Local government 		
	<p><i>Education</i></p> <p>Literacy rate by gender of 15-24 years</p> <ul style="list-style-type: none"> Male Female <p>Ratio of girls to boys enrolled in:</p> <ul style="list-style-type: none"> Primary Middle <p>Drop out rate by gender from</p> <ul style="list-style-type: none"> Primary <ul style="list-style-type: none"> Male Female 	<p>63%</p> <p>38%</p> <p>0.72 0.68</p> <p>30%</p> <p>38%</p>	<p>PSLMS</p> <p>PSLMS/ NEMIS</p> <p>PSLMS/NEMIS</p>
	<p>Health</p> <ul style="list-style-type: none"> Prevalence of Anemia among women Urban (NHSP-199-94) Rural (NHSP-199-94) Life expectancy of women and men at birth % Births attended by skilled health personnel urban/rural Maternal mortality (Deaths per 100,000 live births) urban/rural Access to EmOc services% urban/rural <p>Water</p> <ul style="list-style-type: none"> % of households at more than 1 km from safe water point <p>Population</p> <ul style="list-style-type: none"> Total fertility rate Rate of population growth by sex Contraceptive prevalence rate by age cohorts male/female 	<p>4.31</p> <p>2.21</p> <p>35</p>	<p>PSLMS/HMIS</p> <p>PSLMS</p> <p>MISPW</p> <p>Census NIPS</p>

*Based on per capita income of the household it will not reflect intra-household inequalities

IX.4.2.2 *Process Initiatives*: Initiatives here will have medium term and short term implications at the level of outputs.

- *Develop synergies in PRSP initiatives horizontally and vertically* through:

Strong coordination between “gender mainstreaming” programmes (like GRBI) and “women targeted” ones (like GRAP), for greater impact and avoidance of duplication and unnecessary administrative overlaps.

Improve coordination and synergies between departments at federal, provincial and district levels and creation of ownership among different stakeholders (government, civil society and beneficiaries) through involvement in planning, setting priorities and implementation of programmes.

Establish horizontal links between gender programmes in different sectors for incremental impact like between LHWs and health facilities in their area of work.

- *Remove bottlenecks in programme implementation* by

Introducing systems for smooth transfer of funds to fully utilise allocated budgets,

Ensuring gender sensitivity among all tiers of public service personnel as envisaged under the *Gender Mainstreaming Project*.

- *Strengthen data sources* through:

Building capacity of provincial bureaus of statistics to generate disaggregated district level data (rural-urban; male-female) as well as gender sensitive data for effective monitoring of PRSP indicators in all sectors (school enrolment, TB, malaria, females not economically active). Simultaneously build capacity of line ministries to collect, analyse and make available sex disaggregated statistics to HMIS and NEMIS.

Expanding existing data sources to cover the gaps in information by including the excluded e.g. slum settlements in PSLMS, private and religious schools in NEMIS, private health sector services and health of persons in different life cycle stages in HMIS.

Create new gender disaggregated data on: intra-household distribution of food and resources, household level decisions regarding expenditure, women’s time use by activities and income inequalities, and proportion by gender of those working as unpaid family workers.

Expedite the survey to measure maternal and infant mortality.

Where surveys are not possible commission research to provide insights e.g. transformative aspects of women's political participation; the incidence of female headed households and their problems; intra-household division of labour, resources and decision making, the correlation between ownership of assets and women's empowerment, and the impact of micro credit on women's autonomy and empowerment.

- *Mainstream GRBI.* Given that GRB can contribute directly in the core PRSP areas (governance, developing human capital and supporting poor and vulnerable) by helping to identify the needs of poor men and women and analysing the impact of government programmes and budget on the poor (by sex and age) it is recommended that GRBI be mainstreamed to all sectors and in all provinces. Gender-aware policy appraisals have demonstrated the value of such exercises in revealing the gender blind nature of budgets.
- *Consider instituting Tawana or similar programmes* that can create the social capital leading to women's empowerment and agency through participation in programme implementation.

IX.4.2.3 *Programmatic Initiatives:* The key intervention areas where investments have proven to have results and also fall within the framework of PRSP-2 core areas are: *education, access to health information and health services, appropriate skill development, gainful employment and share in decision-making.* Programmes in these areas respond to women's practical needs and are the inputs that can lead to the realisation of the short term output results.

- *Education:*

Female education is already high on PRSP agenda, the next phase needs to ensure that the obstacles in the way of women are removed by increasing the number of accessible girls/mixed primary schools with teachers and basic amenities like water, toilets and boundary walls.

Make arrangements for safe passage for girl students in middle and secondary schools that are at a distance from their homes.

- *Health:*

Improve the quality of *primary health centres* so that women are not faced with travelling long distances from home, and establish *accessible EmOc facilities* to prevent maternal deaths.

Devise a simple mechanism for *free health services* for poor women as a social protection measure. One proposal is for *health insurance* and *fee exemptions* through a simplified system of provision of cards to *Zakat* and *Bait-ul-Maal* recipients which would entitle them to full health care coverage at government health facilities.⁹³

- *Employment*: Given that employment opportunities outside the home particularly in the public sector legitimize women's work (LHW, LHV, school teachers and others) and reduce women's triple burden. Towards this end:

Facilitate women's economic participation through policies that ensure the expansion of sectors and occupations which employ women.

Make *equal opportunity mandatory* for all employing units.

Assist women to move out of the traditional sectors and occupations by creating skill development opportunities and raising skill levels to new current and future job markets.

Reduce women's triple burden by provision of employment opportunities outside the home particularly in the public sector as that legitimizes women's work (LHW, LHV, school teachers and others).

Provision of micro finance that links financial services with skill development, broad-based management and marketing training, finance and resource management training, and facilitation of linkages with markets. *Simplify procedures for getting ID cards* with verification for residence etc. through the Union Council.

Enhance *the quota* for women's public sector employment (at least 33%) and enforce its implementation to ensure both decent jobs and wages to women, and women friendly service delivery and decision making. GRAP already has a provision for 10% seats for women in superior civil service, at the other end of the scale filling of posts such as LHW would enable government employment to cover a broad spectrum of women.

Develop a comprehensive *Women Employment Strategy* for PRSP 2 to incorporate all the recommendations related to employment.

Implement the Labour Laws Amendment Act 2005 and Labour Protection Policy 2005 for workers' rights and *protection of informal sector workers* especially those working in brick kilns, quarries and construction sites. Create institutional mechanisms to *implement ILO conventions 100 and 111* to eliminate discrimination in wages and at work, and *sign ILO convention 177* for the protection of home based workers. Put in systems

⁹³ Kabir et al. *Op cit.*

for interaction between Women Development and Labour Departments for strict compliance in delivery of benefits to women workers (maternity, washrooms, protection from health hazards, and safe working conditions).

- *Decision making:*

Develop women's decision making by *mandatory membership* of decision making bodies: local government committees and sub-committees, trade unions, wage boards, village/community level institutions under government development programmes/projects e.g. school committees that function in many rural areas,⁹⁴ water users associations, CCBs, etc.

Put in mechanisms to make *access to basic justice* possible and provide protection from any form of violence and sexual harassment; (shelters, legal aid, grievance committees in work places, etc.)

Initiate campaigns near election times for the *mobilization* of women to participate fully in electoral politics, and public activities.

Train women councillors for fulfilling their role effectively as envisaged in the Political School project.

Institute *awareness programmes* for men and women in communities re women's rights, for timely health care, nutrition and emergency care and to promote gender sensitive roles of men within the family to legitimise change among men's attitudes on a wide range of gender issues like violence and women's right to work, etc.

⁹⁴

Cheema, *opcit.*

X THE DEMOGRAPHIC TRANSITION AND HRD⁹⁵

X.1 THE DEMOGRAPHIC TRANSITION

The demographic transition is the phenomenon of transition from a rough equilibrium of high fertility and high mortality, through a period of rapid growth when declining mortality coexists with continuing high fertility, to an ultimate equilibrium of low fertility and low mortality. Several potential scenarios determine the total size and age structure of the population in the process of completing the transition. These features are mostly determined by the size of the population at the time of the onset of the transition (around 1990 in the case of Pakistan), the speed of the transition, and thereafter the period of time it takes to achieve the full transition to replacement fertility.

The period between the onset and close of the fertility transition requires urgent attention from the development community, because it is of central importance to the achievement or failure of many of Pakistan's development policies and goals. One outcome of the demographic transition, directly linked to development outcomes, is the "demographic dividend" or "demographic bonus". This occurs in the last stages of the demographic transition, a situation that Pakistan has just entered, when fertility is in the process of falling towards its final replacement level and favourable age structures offer some economic benefits.

A close look at the change in age structure shows that the proportion of the working-age population (15-64) increased from 54 percent in 1998 to 57 percent in 2005. The proportion of the dependent persons aged 0-14 decreased from 42 percent in 1998 to 39 percent in 2005. Another way of looking at the same changes in age structure is to examine dependency ratios, i.e., the ratio of persons under 15 and over 64 to persons between 15 and 64. The dependency ratio has already decreased from 0.86 to 0.75 in the fifteen years since fertility began to decline in 1990. The ratio will continue to decline for several more years to beyond 2030, mainly because of the reductions in the proportions

⁹⁵ The Chairman is grateful to Dr. G.M. Arif for contributing this section.

of the population at the young ages of 0-14, and a continuing increase in the working age population.

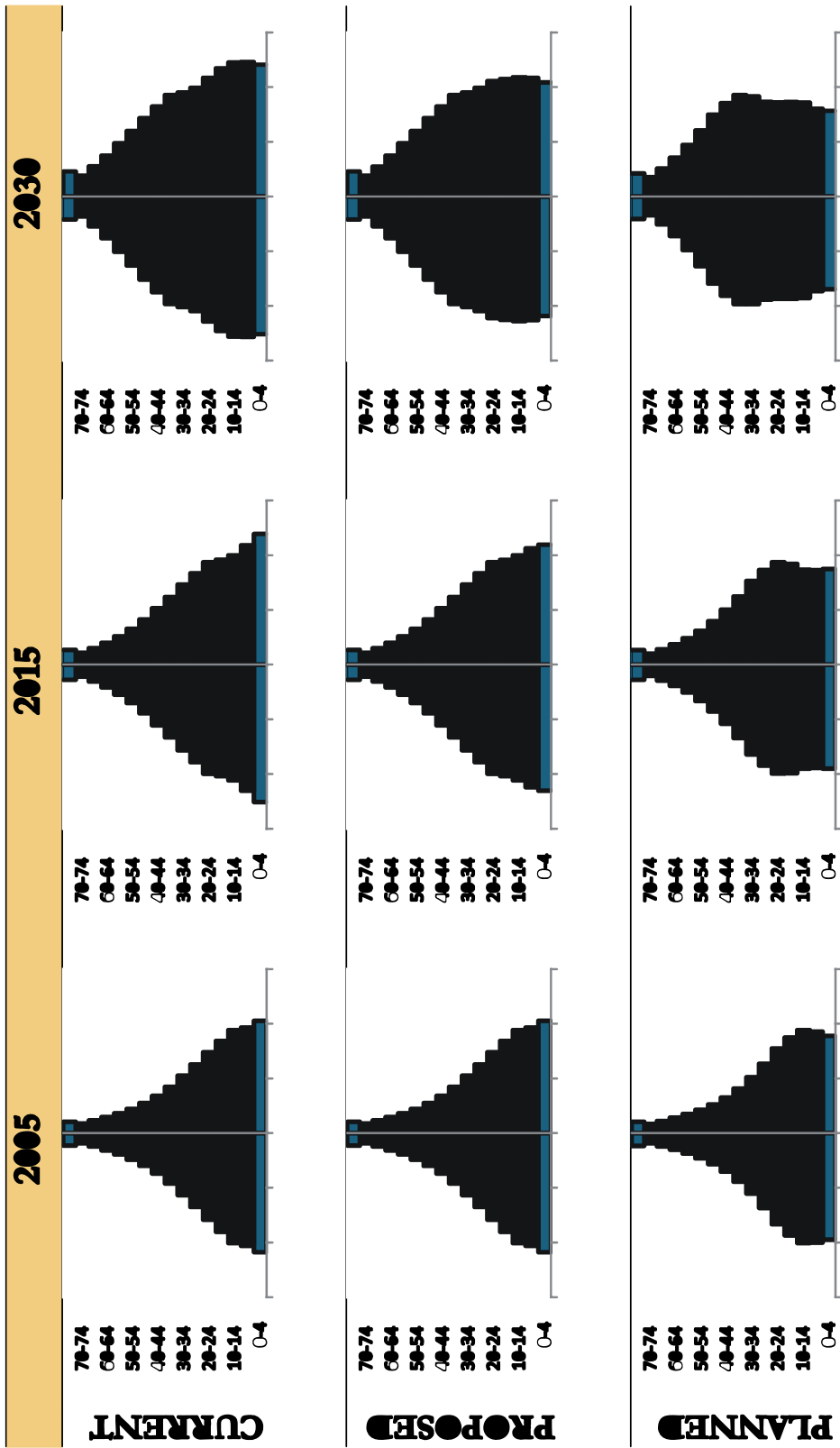
Declining dependency ratios are particularly important at the household level. A change in the balance of age structures at the household influences the number of children of school going age in households of school going age, the young persons available for work, the number of dependents, etc. These changes in household composition have direct implications for household income generation, household work and above all for consumption and savings behaviour.

The changes in age structure are seen pictorially in the broadening of the age pyramid of Pakistan between 2009 and 2030 (see figure below). The age sex pyramids presented below show graphically the impact that different speeds of the fertility decline can have on age sex composition. While age structures look relatively similar in 2005 for the scenarios I and II, by 2030 the age pyramid is quite radically different in the two scenarios. We also present the planned scenario where the age pyramid would be even more different. However, this is now an improbable scenario.

X.2 ENSURING FERTILITY DECLINE IN PAKISTAN

While reaping the benefits of the demographic dividend is dependent on many factors including education, employment, and sound policies, continued fertility decline is the foremost condition that needs to be met. The current phase in Pakistan's fertility transition offers an incredible opportunity to lift the economy out of poverty and onto sharper productivity and greater economic growth. However, the bonus will not occur automatically, Pakistan needs to ensure that fertility continues to decline towards replacement level in order to increase the window for the demographic dividend with further reduction in the dependency ratio as well as to meet its 2020 population goal. If fertility continues to decline at the rate it has for the last decade, by 2015 Total Fertility Rate (TFR) would only have fallen to 3.4, 3.1 by 2020, 2.6 by 2030, and would not reach replacement level till after 2035. Sharper fertility decline is necessary for an increase in the working age group substantial enough to put Pakistan on the sharp economic growth

trajectory. Such an accelerated decline is possible to achieve if all efforts are made to eliminate unwanted fertility over the coming years, thereby bringing TFR to 3 births per woman by 2015 and then declining further onwards.



At the start of the 1990s, urban-rural differentials in the total fertility rate (TFR) were relatively low (0.7) as fertility rates across Pakistan were high. During the 1990s, there was a sharp decline in overall fertility, but the decline was faster in urban areas than the gradual rural decline. Therefore, by 2001 the urban-rural difference had increased to 1.7, with a TFR of 5.4 in rural areas and 3.7 in urban areas. According to the latest figures, fertility has fallen to 3.3 children in urban areas and 4.5 children in rural areas. The absolute differential between the two is now 1.2 births, implying that since the turn of the century the decline in the rural fertility rate is catching up with the urban rate.

While fertility differentials across provinces are not that significant, differentials between women with no education and with higher education remain high, with a difference of 2 births. Moreover, fertility rates have a negative correlation with wealth: the richest households have a TFR of 3 children, while for the poorest it is almost double that at around 6 children.

Unwanted fertility is another concept that captures the gap between women's fertility preferences and practices. It measures a woman's *actual* fertility in excess of *desired* fertility as measured by her ideal number of children. While the total fertility rate in Pakistan is around four births per woman, wanted fertility is around three, indicating that on average women in Pakistan have one birth.

X.3 DEMOGRAPHIC TRANSITION: A PERSPECTIVE ON EDUCATIONAL ATTAINMENT EFFECTS IN PAKISTAN

How changing demographics can contribute to improved primary and secondary educational attainment of youth, allowing the country to benefit from the demographic dividend and achieve universal primary-level school enrollment by 2015, a target of the Millennium Development Goals (MDGs).

X.4 UNIVERSAL PRIMARY EDUCATION

Only 56 and 48 percent of boys and girls, aged 5-9 respectively, are reported to be attending primary schools in 2005-06, up from 46 and 38 percent in 2001. In terms of

absolute numbers, of the total 10.3 million boys, about 5.7million were enrolled leaving 4.5 million ‘out of school’ in the year 2005. Correspondingly, of the 9.6 million girls, about 4.6 million were enrolled with nearly 5 million remaining ‘out of school’. Education simulations results show that under the current trend scenario of a gradual and steady improvement in enrollment, 11.3 million boys and 10.8 million girls aged 5-9 years will attend schools in 2030, implying that it may take more than two decades to reach universal primary education with a backlog of approximately 28 million boys and girls who could never attend school during the period. If the target of 100 percent primary enrollment is achieved by 2015, the population-education gap (out of school children) will be approximately 16 million boys and girls. Thus enrollments need to be doubled in the next six years to get all 5-9 years old in school by 2015. This is an ambitious and improbable target and unlikely to happen given the current large gender and urban-rural gap in enrollment.

A significant proportion of the overall population of young people entering the labour force will have no education and skills and therefore be at a huge disadvantage in terms of employment opportunities. This situation calls for focused efforts to be made to remove the constraining factors contributing to keep children out of school that include high dropout rate, poor quality of education, and high poverty levels. Keeping in view the large gender gap in enrolment, it seems crucial to expand primary school networks, especially in rural areas to absorb more than 16 million children, both 7.5 million boys and 9.0 million girls by the year 2015. This situation demands substantial increment in budgetary allocations for primary level education, given the fact that education sector is under-resourced in Pakistan receiving a little under 3 percent of GDP in 2006-07 (Mahbub ul Haq Development Centre, 2007).

X.5 SECONDARY EDUCATION

The transition from primary to secondary-level education¹⁴ is critical for preparing young people for technical, vocational and higher education. Secondary-level education has

¹⁴ Secondary school (completing middle and matric level) age is 10-14 years; however, 20-25 percent of these children are still in primary grades, especially from poor and rural households, because they may start late or repeat grades.

been neglected in Pakistan: problems in quality, relevance, access, dropouts, and high opportunity cost persist, especially for rural girls. Trends show that only about 30 percent of males and 21 percent of females aged 10-14 attend middle and matric levels (2005-06).

Education simulations show that if the population aged 10-14 years attaining secondary education increases from 30 to 80 percent for males and 21 to 70 percent for females during 2005 to 2030¹⁵, the population-education gap will be as large as 28.2 million for males and 33 million for females. Under the current trend scenario of a slower increase in enrollment rates from 30 to 55 percent for males and from 21 to 45 percent for females, this gap will be larger with 37 million males and 41 million females during the period under study. A rapid increase in the pace of enrollment is needed for 10-14 years old to catch up.

Young people who have already missed school or are unlikely to complete secondary education would be unable to contribute towards economic development. Limited availability of public schools and teachers at the secondary level contribute to low enrollment rates and high dropout rates. It is also a challenge that a majority of young students receive a general education, in which the subject matter is not in line with labor market requirements. Addressing these problems requires several actions that raise the demand for secondary education (middle and matric) while improving quality – in curriculum, teaching methods and facilities. Fast action to increase the number of high-quality, affordable, and accessible all-girl rural schools is required to bring this turn around.

X.6 ABSORPTION OF GROWING LABOUR FORCE IN PAKISTAN

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¹⁵ These assumptions are based on the premise that secondary level enrollment rate will increase annually by 2 percentage points for males and females under high enrolment scenario, and will increase by 1 percentage point under the low enrolment scenar⁹⁶ This section has been contributed by Khawar Mumtaz.

A successful transition from education to work for young people can accelerate economic growth. Economic activities resulting from this growth can create greater opportunities for youth to increase their income and for their households to escape poverty. However, taking benefit of these opportunities depends on the existence of corresponding opportunities and the capabilities possessed by 'young workers'. The greater the degree of correspondence between the two factors, the more extensive the processes of economic expansion and the faster the rate of poverty reduction.

X.7 LABOUR FORCE PROJECTIONS

According to the Labour Force Survey 2005-06, the total civilian labour force was approximately 51 million. It is projected to increase to 120 million by 2030. It is female participation in the labour market that will critically affect the size of the overall labour force in the future. Male labour force increases gradually to around 82 million in 2030; as noted earlier, the increase in the projected male labour force is primarily attributed to a rise in the size of the working age population due to population growth. The projected female labour force will be around 38 million by 2030. The share of females in the total labor force will increase from less than one-quarter in 2005-06 to around 32 percent by 2030.

X.8 RURAL-URBAN DIMENSIONS OF THE LABOUR FORCE

At present, about 70 percent of the workforce is employed in rural areas, which constitutes 68 percent of the total population, suggesting a relatively higher contribution of rural areas in absorbing the labor force. Due to changes in the agrarian structure, rural employment in general, and agriculture in particular, rural shares are likely to decline. It has therefore been projected that by 2030 more than half of Pakistan's population will be urban. It is therefore realistic to assume that the absorption of the growing labor force will largely take place in urban areas, but without undermining the importance of both the agriculture and non-agriculture sectors of rural areas in employment creation. This is an important consideration when looking at the future absorption of both female and male workers. Sustainability in economic growth and reduction in poverty can come through

better educational attainment and skill development of the young working age population and their absorption in the labour market.

X.9 PROJECTED YOUTH (15-24) LABOUR FORCE

‘Young workers’ (15-24) are new entrants in the labour market. To reap the demographic dividend, they need to be absorbed in productive jobs. A major rise in the number of ‘young workers’ (both male and female), is projected during the 2010-2030 period, increasing from 17 million in 2010 to more than 21 million in 2030. By 2030 the share of females in the total youth labour force is expected to be around 26 per cent; more than 5 million ‘young women’ are likely to be economically active. Assuming that the ‘young workers’ (male and female) are new entrants in the labour market, Pakistan has to be able to provide them productive jobs to reap the demographic dividend. (See sections II, III, IV, V, VI, VIII.3 and IX for policy proposals for this purpose).

Tapping the young female labour force will be a critical policy lever as there are numerous benefits associated with it such as contributing to household income and welfare. Greater employment opportunities for women are also critical for achieving the MDGs - eliminating gender inequality and empowering women.

Pakistan will need to immediately act upon ensuring employment for both male and female young workers. If ‘young workers’ are not targeted now to improve their education and skill levels to adjust them productively in the labour market, Pakistan may miss the one major opportunity emerging from the on-going demographic transition.

X.10 YOUTH UNEMPLOYMENT

Youth unemployment in Pakistan is below the global average. In 1990-91, 11.6 percent of the labor force aged 15-19 was unemployed, increasing gradually to 16.2 percent in 2001-02. Declining trends were witnessed after that date. Unemployment among those

aged 15-19 years was almost double the overall unemployment rate in the 1990s. For those aged 20-24, unemployment increased from 9 to 11.6 percent from 1990 to 2000, with steady declines from 2001-06.

Trends in age-specific unemployment rates differ considerably for males and females in the labor force. Male unemployment increased considerably from 1990 to 2004 for all age groups from 10 to 34 years, whereas female unemployment declined for all age groups. Although unemployment among females has historically been higher than among males, the gender gap has narrowed considerably over time.

There are indications of worsening labor market conditions for those aged 25-34 years; about one-third of them in the urban unemployed labor force were previously employed for some time, mostly in manufacturing, construction and trade sectors. Data show that many unemployed persons with some work experience could not make the transition to permanent employment and were forced to settle for temporary employment. Experience in more fragile segments of the labor market did not translate into more secure employment.

In 2005-06, the unemployed labour force in young ages (15-24 years) was 1.2 million, which was 0.4 million lower than the stock in 2001-02. If the current level of unemployment prevails in the country for the next 20 years, the stock of youth unemployed in 2030 will be around 6 million, which is substantial. More jobs are urgently required to absorb the labour force. Managing an army of more than 6 million unemployed will be daunting. It can upset the whole benefits associated with the ongoing demographic transition, not to mention the unleashing of huge social problems resulting from a large number of unemployed youth. (see section VIII.3 for policies proposals for this purpose).

XI FOOD SECURITY, HEALTH AND SOCIAL PROTECTION⁹⁶

XI.1 INTRODUCTION

Pakistan's population of nearly 160 million is projected to increase to 190.7 million in 2015. Approximately 37.2 million of its people are below 15 years of age (and 70% below 29 years). Most importantly, 36.1% of this population lies below the line of poverty with 17 % is surviving on \$1 each a day and another 73 % on \$2 per day. Moreover the poorest 20% survive on 9.3% of the national income, while the richest 20% have access to 40.3%; and poverty in Pakistan is largely rural and has a female face (52% of Pakistani women suffer from poverty of opportunities against 37% men and former's economic activity rate is lower at 14% than the latter's). As men out-migrate in search of work often menial labour, the burden of livelihood security and care increases for women.

The global financial crisis and its fall out across the world have impacted on Pakistan too. With all its negative implications many see in the crisis the opportunity to look at development differently.⁹⁷ The GoP's Approach Paper for the Tenth Five Year Plan recognizes the need for "a fundamental change in the development paradigm" whereby "ordinary people, especially those in less developed provinces and regions, must be at the centre of the development process and have ownership in the economic development of the country." Likewise the Chairman of the Working Group on Poverty Reduction Strategy and HRD in the first meeting of the Working Group emphasized the need for a shift in perspective and for designing an "inclusive growth process within a new development paradigm."

⁹⁶ This section has been contributed by Khawar Mumtaz.

⁹⁷ See for instance: Jonathan Glennie, "Openness, Democracy and Humility: The principles of a new era in development," *Development* (2009) 52(3), p 363. Shoba Raghuram, "Pro-Poor Development in Crisis: Combating economic recession and market fundamentalism", *Development* (2009) 52(3), p.349-355. David Korten, *Agenda for a New Economy From Phantom Wealth to Real Wealth*. 2009

This section addressing Food Security, Health and Social Protection seeks to examine the issues and recommend actions using this approach particularly from the perspective of poor women. The section is divided into the following seven sections:

- The nature and magnitude of food insecurity in Pakistan.
- A policy framework for increased production of food crops, improved storage and distribution.
- An institutional framework for improved access for the food insecure strata of the population in the urban and rural areas.
- Health, poverty and economic growth.
- The provision of public goods: Analytical framework and policy guidelines.
- An assessment of existing social protection policies and a policy framework for improving the coverage, quality and targeting of social protection.

XI.2 THE NATURE AND MAGNITUDE OF FOOD INSECURITY IN PAKISTAN

Food insecurity cannot be seen in isolation intersecting as it does with poverty, environment and the economy. The *Economic Survey of Pakistan 2008-09* reports a sharp increase in poverty --- an estimated 7 million households amounting to 45 million people --- (*Economic Survey 2008-09*; p.196); the Task Force on Food Security estimates (as quoted in *ES*) that the poverty head count reached 36.1 percent in 2008-09 which in other word means that 62 million people fell below the poverty line. For achieving higher levels of human development, allocations for social expenditure and governance need attention, and issues of social exclusion, economic and gender inequalities, and ethnic and sectarian polarization have to be addressed.⁹⁸

The following factors have combined with high food prices to increase food inflation from 23 percent in 2005-06 to 28 percent in 2008-09:

⁹⁸ See Khawar Mumtaz, *Reducing the Gender Gap/Engendering PRSP 2*. Paper for INGAD. 2006

- The downturn in the economy, due to internal and external factors, has resulted in the decline in real wages of people (45 percent of the population experiencing the decrease), high inflation of 22.3% (July-April 2008-09) and unprecedented food inflation measuring 26.6% in the first ten months of 2008-09⁹⁹.
- “Hidden hunger” (term coined by WHO), as a consequence of new agricultural technology that uses excessive amounts of chemicals and petroleum in the production and distribution of food and results in the reduction of vitamin, protein and micronutrient content of food crops (not always directly observed or verifiable).¹⁰⁰
- Rapid urbanization at the cost of productive farmland;¹⁰¹ insecurity of shelter whether in rural areas (landless and those without homesteads) or urban (slums, *kutchi abadis*).
- Degradation of land and soils -- 40% of irrigated cropland suffers from water logging and about 100,000 acres of productive land is damaged by salinity every year adding to the pressure of rural-urban migration.
- Social exclusion based on skewed land ownership with 86.6 percent of farm households (6.6 million) owning less than 50 percent of land and water resources and 14 percent of farmers with ownership of over 50 percent of the resources (*Approach Paper* for the 10th Five Year Plan p.24). Women’s share of land ownership is a mere 2% thus institutional support in the form of extension programmes or credit that usually by-passes the poor ignores them altogether.
- Increasing landlessness together with incidence of bonded labour (1.6 million according to ILO estimates)¹⁰² in rural areas.
- Employment whereby 40 percent of the rural labour force is in non-farm employment (self employed: 26 percent; on wages:13 percent) and women’s labour remains largely invisible; urban labour force, particularly female labour force is being pushed into the un recognized non formal sector.
- Inability to afford proper silos (key to preservation and fair prices) and reliance on primitive storage methods results in the loss of 30-40% perishables at post-harvest stage.
- Government policy of promoting exportable crops and supporting the big farmer rather than the small farmer (less than 5 acres) undermines the latter’s potential to

⁹⁹ *Economic Survey of Pakistan 2008-09*.

¹⁰⁰ Najma Sadeque, see citation below

¹⁰¹ Najma Sadeque, presentation *Crisis of Food Insecurity in Pakistan*. National Consultation Beijing + 15. Sept 2009. Lahore. Also highlighted by Farooq Naseer and Ali Cheema’s in their recent study of Sargodha District.

¹⁰² See Naseer and Cheema for more on this

achieve food security through sustainable agriculture practices. Thus more land is devoted to cash crops and domestic food needs are pushed to the backburner.¹⁰³

The fall-out for the poorest households' income is therefore dire as food expenditures take up 70 percent of their income leaving little for meeting health needs or education expenditures, in particular those of girl children (*Economic Survey*, p.197). The *Approach Paper* underscores the "Institutional Structure of Endemic Poverty" (p.30). Other studies also point to the cycle of food insecurity, ill health, and the inability to educate children or upgrade their skills resulting in low level employability preventing the poorest from getting out of poverty.

A recent study of Sargodha District by Farooq Naseer and Ali Cheema provides empirical evidence of how hierarchical social structures historically embedded in the landownership patterns since the time of the British colonialists have made poverty endemic for the non-proprietary social groups and those with landholding of less than 10 acres and that rural economic change is worsening the historical inequality inherent in access to land.¹⁰⁴ In the case of Sargodha District landlessness due to fragmentation of land through inheritance and high population growth (higher among the poor) the landless are pushed to low skill, off farm jobs, have to buy their food from the market with cash and are unable to invest in education. As a result "three generations of families remaining trapped in the pool of unskilled labour." Education is empirically identified by Naseer and Cheema as a principle driver of change for getting people out of poverty. They also point to, on the one hand, the huge young population that may not be in a position to avail of schooling opportunities due to poverty, and on the other hand the sizable population of 18-40 year olds who are beyond the school going age and if not catered for will have missed the opportunity to exit poverty.¹⁰⁵

¹⁰³ Najma Sadeque

¹⁰⁴ Farooq Naseer, Ali Cheema, LUMS-IDS Sargodha project. Unpublished. Akmal Hussain et al, *UNHDR-Pakistan*, 2003 as also the GOP's PPPA, 2003 pointed to the structural roots of poverty whereby assets and concomitant power are concentrated in dominant social groups and at the same time others are bound in their deprivation..

¹⁰⁵ Naseer and Cheema's study of Sargodha District should be seen as a warning about other similar districts. The authors trace back the unequal situation of current entitlements (wheat and homestead land) to the nature of land distribution carried out by the Colonial government which has remained unchanged and has multiplied and institutionalized inequities.

Women's perspective: As stated above women's share of landownership is only 2 percent, and as they are mostly involved as *pickers* in cash crop farming and not as *growers* they are not recognized as farmers but as seasonal agricultural workers. Their work in managing livestock and livestock products, potable water and water needed for domestic use is ignored. The agricultural census does not give women the status of full time agricultural workers nor does it include their off farm work in its data. Given that a) the position and status of women in Pakistan is below that of men in comparable social grouping/class as is obvious from the social indicators, and that b) they nevertheless bear the principle responsibility for household food needs; it is indeed remiss that no serious attempt at recognizing women's contribution to the rural economy or reaching them as potential role players in food security has been made thus far (barring the recent land distribution to women in Sindh).

XI.3 AN ASSESSMENT OF EXISTING SOCIAL PROTECTION POLICIES AND A POLICY FRAMEWORK FOR IMPROVING THE COVERAGE, QUALITY AND TARGETING OF SOCIAL PROTECTION

In Pakistan social protection available to the poor is informal in nature largely from the family, or kin and *biraderi* according to the study carried out in 2006, and that these linkages are stronger in rural rather than in urban locations.¹⁰⁶ Defining social protection as a mechanism that “allow[s] poor and vulnerable groups to shift from low-risk, low-return activities to higher-risk, higher-return ones, confident in the knowledge that if the risks materialised, they will not face an irreversible decline in their living standards,”¹⁰⁷ the study proposed simplification of the system of social security, “guaranteed and predictable” social transfers especially to women, and a “unified system of social security which does not discriminate but responds to perceived need.”

Formal social protection in the country is provided by the state in the form of cash transfers, public works programs, food subsidies, microfinance provision and social funds. Some of these measures are related to the formal sector of the economy and

¹⁰⁶ Naila Kabir, Khawar Mumtaz, Asad Sayeed, *Transformative Social Protection in Pakistan*. 2006

¹⁰⁷ The study also explores whether “equity issues” should be treated as explicit policy objectives and concludes that principles of equity and justice must be purposively built into the design of programmes and their implementation.

therefore exclude the most of the poor whereas *Zakat and Bait-ul-Maal* have been the two principle redistributive mechanisms of the *Government*. Schemes under Bait-ul-mal are Individual Financial Assistance (IFA), Child Support Programme (CSP), Food Support Programme (FSP), Civil Society Wing (CSW), National Centres for Rehabilitation of Child Labour (NCsRCL), Vocational Training Centres (VTCs) and Jinnah Burn and Reconstructive Centre Lahore (*Economic Survey of Pakistan 2008-09*, p 205). The Punjab Government has a targeted subsidy for urban and rural poor in the form of Punjab Food Support Programme, the Sasti Roti scheme for the urban poor and a tractor Subsidy Scheme as measures to alleviate poverty and address food insecurity.

Other schemes include the Peoples Work Programme and various microfinance and micro-credit schemes (Pakistan Poverty Alleviation Fund perhaps the largest micro-financing institution in the country; the First Women's Bank, the Agriculture Development Bank, Khushali Bank and Kashf; Rural Support Programmes, etc.). However, most schemes fall far short of addressing current levels of poverty besides suffering from weaknesses in delivery. One major obstacle in women's inability to access schemes has been their not having identity cards.

The Government's new (launched 2008) social safety net initiative is the Benazir Income Support Programme intending to reach out to 3.4 million families in 2008-09. It entails cash transfers to women in vulnerable families identified on the basis of preset criteria (scorecard), and selected through a separate whetting system. The programme envisions backing by skill training of a family member coupled with rehabilitation grants to create a sustainable basis of income. BISP is also envisaged as the platform for "complementary" programmes like health insurance for the poorest and vulnerable. For women a Community Investment Fund is planned and for the poor local level public works programmes. An immediate positive spin off of the programme already visible is the spurt in making women's NICs. As the other components of the programme are being planned with substantial funding allocated for the initiative it would be worthwhile to undertake an independent assessment of the Community Citizens Boards that were formed under the Local Government Ordinance of 2000. Anecdotal evidence shows that

in some areas the CCBs were working well and provided the space for local level development initiatives by men and women.

Given that families are internally highly unequal on the basis of gender with women rendered more vulnerable and dependent it is important to reach out to them going beyond the gatekeepers. Hence cash transfers that reach them directly, or assets that are owned by them, can have the impact of raising their position within the household and beyond. Property rights create a sense of social identity and in the case of women a sense of citizenship (denied to them as evident from their not having NICs). The BISP and Sindh Government's scheme of agricultural land transfer to women if administered on merit and without use of influence and patronage can potentially go a long way in mobilising women productively, ensuring food security and progressing towards equity. The Government should also consider allotting homestead land to women heads of household where it is not in a position to give agricultural land.

Finally, as the Kabir et al's study argues, "that failures of efficiency and cost-effectiveness cannot be separated from questions of social inequity. The idea promoted by mainstream approaches to social protection that equity will emerge as a positive externality of well-designed and implemented schemes has little resonance for this context". The study called for "a unified and non-discriminatory system of social transfers... case of simplifying the grounds for eligibility and the procedures for application. An important step towards this goal would be to have a clear and well-communicated definition of eligibility and a clear delineation of the universe of eligible beneficiaries." An important entry point is the National Identity Card system another is "the local government system" which could be "made the true (or alternative) repository of family records."

XI.4 WHAT MAKES A HEALTH CENTRE SUCCESSFUL? THE CASE OF THE TEHSIL HEAD QUARTER HOSPITAL, MURIDKE

Introduction

Shirkat Gah, Women's Resource Centre, Pakistan, investigated (with its partner, Umeed

Trust), a successful model of Health Service Delivery especially of Reproductive Health services, in the Punjab. This was the Tehsil Head Quarter Hospital, Muridkay Tehsil, District Sheikhpura. This particular hospital has more than doubled the utilization of its RH services by ensuring quality care for 24 hours. The THQ hospital is located in the Muridkay city, about 70 kms. from Lahore. It caters to 700-800 (compared to 300 in other THQ hospitals) out door patients.

The people interviewed were the Medical Superintendent, gynecologist and doctor and its catchment area is Muridkay city and about 100 surrounding villages. Table 1 reveals the increased utilization in the last five years.

Table 1: Utilizations of THQ Hospital Muridkay 2004-2008

Year	Outdoor patient	Indoor admission	Deliveries		D&C	Maternal Death
			Normal	C-section		
2004	5099	139	104	0	15	0
2005	7341	282	144	7	38	0
2006	9818	722	374	78	75	1
2007	11022	857	489	86	46	0
2008	13660	1336	706	155	67	0

Findings: Utilization is good because of the following points:

1. Service delivery is trustworthy:
 - a. Normal Delivery and C-section are free of charge (and also rape cases) for 24 hours. However, Family Planning is limited.
 - b. Quality Pharmaceutical/ medicines are provided free of cost.
 - c. Staff has a very good attitude, very cooperative
 - d. The 24 hour emergency service is available with a fully trained doctor on duty.
 - e. Tests only have a nominal charge.
 - f. Anesthetist is on call from the LWH, Lahore.
 - g. Generator is available.

- h. Regular record maintenance
 - i. Provide out reach, once a week, to the related RHC (Narang Mandi) and pick up cases for booking and take them to the THQ
 - j. Also visit BHU in the area to conduct antenatal and ultrasound (portable) and provide food and free medicine (under this project)
2. Trustworthy Referral -Tertiary care hospital support is constant: support is from the Lady Willingdon Hospital (LWH), Lahore;
- a. What is very important is that 4 post-graduate students (regularly rotated) of the Lady Willingdon Hospital (LWH) are posted and provide 24 cover to the gynecological ward and they are supervised by the THQ gynecologist, who is on call even at night.
 - b. The THQ is linked up with the Dept. of Health for Continuous Medical Education (CME) of all staff
3. Human resources: Well trained and available :
- a. Medical doctor who are specialists are posted here; FMO is an MCPS, the Surgeon has done FCPS
 - b. Para Medical staff undergoes CME e.g. nurses have been trained in anesthesia and Dispenser has been trained in TB Dots.
 - c. A skill development of the staff is regular e.g. lectures are given to the trainee midwives.
 - d. Remuneration is adequate; Rs. 30- 50000/ month.
 - e. The residence provided is adequate and secure, air conditioned watchman ayah etc.
4. Monitoring is regular by the local Health committee and DCO Sheikhpura visit occasionally.

Outcome/Results:

- Private practice is reduced
- One maternal death in the hospital in the last 5 years
- Gynecological section due to the link with that the hospital is doing the best due to linking up with a tertiary teaching hospital.

Some Challenges:

- The Dai (TBA) need to be included in the RH loop so that the Dai-spoilt-cases, are reduced and better system of referral is established. Suggestions is for registration dais after training
- Certain specialties not available
- Too much rotation of staff, at times, prevents develop of trust by patients
- More beds are required and more delivery tables

XII. VULNERABILITY AND SOCIAL PROTECTION

XII.1 DEFINING VULNERABILITY AND SOCIAL PROTECTION

Economic stresses and shocks to individual households and communities can occur with varying degrees of severity, due to events such as, illness, death of a bread winner, harvest failure, floods, terrorist attacks, forced migration due to war or earthquakes. Vulnerability has been defined as the varying degrees of incapacity to cope with such events¹⁰⁸. (Sabates-Wheeler and Haddad, 2005). In this context social protection aims to reduce or overcome vulnerability through crisis management efforts by public, private, voluntary organizations and informal community networks¹⁰⁹. (Barrientos et.al. 2004).

XII.2. VULNERABILITY, SOCIAL RELATIONS AND POWER STRUCTURES

Earlier approaches to vulnerability and social protection focused essentially on relief and rehabilitation. In a recent paper (Naila Kabeer, Khawar Mumtaz, Asad Sayeed, 2009)¹¹⁰ a new approach to social protection has been articulated that goes beyond relief and rehabilitation measures. It involves safety nets to manage crises faced by communities, and equally important, measures for the protection of assets and livelihoods of the poor together with initiatives for pulling out of poverty. In their paper the authors on the basis of field work in Sindh and Punjab argue that access to valued resources within society is provided to some extent by the prevailing social relations. Consequently, the livelihoods of some groups to society are subject to a “multiplicity” of hazards and “hence far more precarious than others”. (Naila Kabeer, Khawar Mumtaz, Asad Sayeed). This approach locates vulnerability not simply in exogenous episodes but in the structure of society

¹⁰⁸ Sabates-Wheeler R. and L. Haddad (2005), ‘Conceptualising actions to address risk and vulnerability in DAC Task Team Member documents: differences and commonalities’ IDS, Sussex. Cited in Naila Kabeer, Khawar Mumtaz, Asad Sayeed: Citizenship and Social Protection: Towards a Transformative Agenda, (Mimeo), 2009.

¹⁰⁹ Barrientos, A. and A Shepherd (2003), Chronic poverty and social protection paper presented at the CRPC Conference on Chronic Poverty, IDPM, Manchester, April. Cited in Naila Kabeer, Khawar Mumtaz, Asad Sayeed: Citizenship and Social Protection: Towards a Transformative Agenda, (Mimeo), 2009.

¹¹⁰ Naila Kabeer, Khawar Mumtaz, Asad Sayeed: Citizenship and Social Protection: Towards a Transformative Agenda, (Mimeo), 2009.

itself. This understanding of vulnerability implies what the authors call a “transformative approach” to social protection whereby public action is required to address the power structure in society within which longer term vulnerabilities are embedded. This supports the earlier work by A. Hussain on poverty where he locates endemic poverty in power structures. Hussain’s research shows that these power structures mediate markets to make them asymmetric with respect to the rich and the poor. He also shows that the institutional arrangements associated with these power structures systematically exclude the poor from access over productive resources, public services and a voice in governance decisions that affect their immediate existence¹¹¹.

XII.3 SOME SOURCES OF VULNERABILITY

It has been argued that some of the sources of vulnerability lie in the hierarchical structures of power within communities, and extended family or kinship groups.

Vulnerability is also located in the marginalized identities of the broader social structure, whether of caste, ethnicity, religion or language¹¹². Haris Gazdar has argued that inequalities are also embedded within the feudal, tribal and ethnic stratification of society, so that property rights partly reflect the place in the social hierarchy. (Gazdar 2004). In this context, A. Hussain has shown that the social dependence of the tenant on the landlord and debt bondage results in the tenant working on the landlord’s owner cultivated part of the farmland for a wage rate substantially below the market rate or without any remuneration at all. Hussain provides evidence to show that 39 percent of poor tenants and 57 percent of extremely poor tenants work on the landlord’s farm without any remuneration. Of those tenants who work for a wage for the landlord, 24

¹¹¹ Akmal Hussain, A Policy for Pro Poor Growth, paper in Towards Pro Poor Growth Policies in Pakistan, Proceedings of the Pro-Poor Growth Policies Symposium, March 17, 2003, UNDP-PIDE, Islamabad.

This argument has been further elaborated in his forthcoming book titled: Pakistan: Poverty, Power and Economic Growth, South Asia Centre for Policy Studies, Kathmandu, 2009.

¹¹² Naila Kabeer, Khawar Mumtaz, Asad Sayeed: Citizenship and Social Protection: Towards a Transformative Agenda, (Mimeo), 2009.

percent of the poor tenants and 14 percent of the extremely poor tenants work on the landlord's farm for less than 44 rupees per day¹¹³.

Even when rural-urban migration takes place the migrants, they frequently pursue caste based occupations and are confined to low income work at the margins of society. Many of these migrants get bound into a patron-client power relations that provide them with security of tenure to their homes and access over resources and government officials. In return they provide a range of different services to their patrons, including electoral support¹¹⁴.

An important and increasingly widespread form of vulnerability is environmental degradation associated with a declining rain fall, salinity over grazing of range land, loss of humus on the top soil and water logging in the cultivated areas. Such environmental degradation tends to increase the vulnerability of the poor and push marginalized communities into distress. At the same time the observed increase in the frequency of droughts and associated increase in the fluctuations of agriculture output has become a significant factor in pushing marginal farmers into poverty¹¹⁵. (A. Hussain, 1999). Recent survey has shown that over 63 percent of the villages in the sample experienced at least one severe drought in the last five year. The World Bank found that rural communities regard agro climatic shocks as the most important adverse events¹¹⁶.

XII.4 REDUCING VULNERABILITY THROUGH INCLUSIVE GROWTH

The preceding discussion shows that the most important structural factor in persistent vulnerability of the deprived sections of society is located in an institutional structure that systematically excludes them from participating as equal citizens in the process of

¹¹³ Akmal Hussain, Pakistan: Poverty, Power and Economic Growth, South Asia Centre for Policy Studies, Kathmandu, 2009.

¹¹⁴ Ibid. Page 32.

¹¹⁵ Akmal Hussain, Employment Generation, Poverty Alleviation and Growth in Pakistan's Rural Sector: Policies for Institutional Change, ILO, Geneva (Mimeo), 1999.

¹¹⁶ Naila Kabeer, Khawar Mumtaz, Asad Sayeed: Citizenship and Social Protection: Towards a Transformative Agenda, (Mimeo), 2009. page 34.

growth. Therefore critical to addressing vulnerability is to change the present rent based, patron-client institutional structure to an economic democracy that can sustain political democracy and make freedom meaningful to the economically deprived majority of the people. This requires institutional change in the structure of the economy for inclusive growth. In such a growth process the excluded sections of society would be provided access over productive assets, health, education and skill training. This will enable the people rather than merely a small elite to become *subjects* as well as the objects of economic growth: As a broad base of society overcomes its economic vulnerability and engages in investment and skilled work, there would be increased competition, efficiency, innovation and sustained high growth. The outline of such an inclusive growth process has been specified in section II of this Report.

XII.5 PROPOSED AREAS OF INTERVENTION FOR SOCIAL PROTECTION

Recent research has identified the following areas of intervention to promote a ‘citizen centered’ social protection strategy that could underpin our proposed strategy of inclusive economic growth:

1. Simplifying and achieving full coverage of the existing social security system so as to make social transfers to the poor both guaranteed and predictable¹¹⁷
2. Creating new and strengthening existing institutional structures for the provision of micro finance to ensure that it reaches the poor and socially excluded with adequate coverage of the target population.
3. Health insurance to provide access to the poor and vulnerable to preventive and curative health care.
4. Improved access and coverage over high quality education and training for the poor and the vulnerable sections of society.

¹¹⁷ Naila Kabeer, Khawar Mumtaz, Asad Sayeed: Citizenship and Social Protection: Towards a Transformative Agenda, (Mimeo), 2009. pages 57 to 66.

5. Institutional change to provide security of access to homestead land in rural areas and security of tenant in urban areas.
6. Area development schemes to provide sustainable livelihoods, health, education and transportation infrastructure in those backward areas which have a high poverty concentration. This needs to be done on the basis of a geographical poverty mapping of the country.
7. Building women's agencies and opportunities and providing them with security against violence.

XIII. A NOTE ON DATA PROBLEMS AND THE UNRELIABILITY OF POVERTY ESTIMATES DURING THE MUSHARRAF PERIOD

XIII.1 THE OFFICIAL POVERTY ESTIMATES: THE PROBLEM OF DATA CREDIBILITY

XIII.1.1 The Methodology Questioned

There are significant problems in the methodologies used by the government in estimating changes in the incidence of poverty over the period 2000-1 to 2004-05, which tend to show a large poverty decline. For example, the deflator used to convert current prices into constant prices is based on an artificially low inflation rate based on consumer prices in a few cities rather than the higher inflation rate available at the time based on a more representative set of prices covering both urban and rural areas. This selective use of a low inflation rate becomes a device to exaggerate the magnitude of the poverty reduction over the period. At the same time the fact that the year 2000-01 was an exceptionally bad harvest year while the year 2004-05 was a good harvest year would further tend to exaggerate the poverty decline.

XIII.1.2 The Data Questioned

The real problem however lies not just in the estimation method but more seriously in the credibility of the data set itself, which suffers from serious internal inconsistencies as well as inconsistencies with respect to the sources of growth during the period, based on national income data.

- ***The Internal Consistencies***

1. Poverty estimates over the period 2000-01 and 2004-05 show an overall decline in the incidence of poverty from 34.5 percent to 22.7 percent. This 11.8 percentage point reduction would suggest that almost one third of the poverty problem in Pakistan was eliminated within a period of only four years. If accepted at face value this would probably be the largest poverty reduction over a four year period in the history of the

developing world and would out match by far, the poverty reduction performance of socialist, centrally planned economies like the Soviet Union and China.

2. Pakistan's official poverty reduction figures over the period 2000-01 to 2004-05 become even more incredible when the data is disaggregated to the provincial level and provincial level poverty incidence is estimated. These provincial poverty figures of the official data set show that poverty in rural Sind declined from 48.3 percent in 2000-01 to 28.9 percent over the period, that is a 20 percentage point poverty reduction. This would mean that in rural Sind, as much as 60 percent of the poverty problem was eliminated within the four year period.

If these poverty reduction figures were accepted, then the government in 2004-05 could have hoped to eliminate poverty in Pakistan in the next 8 years following the same growth strategy, and to eliminate rural poverty in Sind completely in the next four years.

- ***Inconsistencies with National Income Data***

Haris Gazdar, Asad Sayeed and Akmal Hussain investigated the sources of growth during the period 2000-01 to 2004-05 on the basis of national income data¹¹⁸. The results showed that 80 percent of the growth during the period was contributed by the services sector consisting predominantly of banking and telecommunications and to some extent trade and transport. In the case of the large scale manufacturing the predominant driver of growth in this sector was automobiles and consumer electronics.

This sources of growth analysis shows that GDP growth during the period was driven essentially by banking, telecommunications, and consumer durables. These sectors neither produce goods for the poor nor employ them. Therefore the structure of the growth process during the period was such that it would not be expected to have a substantial positive impact on poverty. Indeed given the sharp increase in interpersonal income inequality during the period the trickle down effect of growth would tend to dry up. In view of this the official poverty data set which yields a poverty reduction

¹¹⁸ See, Akmal Hussain, Power Dynamic, Institutional Instability and Economic Growth: The Case of Pakistan, The Asia Foundation, Islamabad, April 2008. Chapter 3.

magnitude unmatched in the history of developing countries, is inconsistent with the national income data which suggests a minimal, if any, poverty reduction.

Poverty Incidence during the Musharraf Period as a Whole. In view of the questionable data set, and the official estimates based on it, the best that can be done in estimating poverty reduction during the Musharraf regime is to compare the 2000-01 incidence of poverty figure of 34.5 percent with the figure of about 36 percent in the year 2007-08 which the GOP is now using. This suggests that for the period 2000-01 to 2007-08 the incidence of poverty increased slightly. Even though there are problems of comparability in the two figures due to differences of methodology, nevertheless this appears to be a more plausible conclusion than that of an incredible poverty reduction magnitude in the year 2000-01 to 2004-05, proffered by the Musharraf Government. Moreover due to a seventy percent increase in food price index in 2007-08, together with a sharp increase in gas and electricity prices and a sharp depreciation in the exchange rate which pushed up rupee costs of imported industrial and agricultural inputs, the higher poverty incidence figure appears to be plausible.

XIII.2 A Brief Background of Different Data Sets Over Time

The official poverty line, as adopted by the Planning Commission, has used the threshold level of 2350 calories per adult per day, derived from the household-level consumption expenditure data. Both food and non-food expenditures are used first to determine the poverty line and then to identify the population living below this line. As noted earlier, the official poverty line was first drawn by the CPRSD from the 1998-99 Pakistan Integrated Household Survey (PIHS) micro-data. For the later periods (2000-01, 2004-05, 2005-06), it was adjusted by the consumer price index (CPI).

For a consistent poverty series, the consumption module of a household survey needs to be fixed, with no major change in data collection methodology. It is worth noting here that historically the Household Integrated Economic Survey (HIES) has been the main source of data used in estimating consumption (or income) poverty in Pakistan. The PIHS was started independently of the HIES in 1990/91, as a separate monitoring mechanism for donor-aided programs including SAP. A series of four rounds of the PIHS was

launched by the FBS in the mid-1990s, with financial assistance from the UK Department for International Development (DFID). These rounds were carried out in 1995/96, 1996/97, 1998/99, and 2001/02. The HIES was combined with the last two rounds of the PIHS (1998/99 and 2000/01). More recently, a new series of Pakistan Socio-economic Living Standard Measurement (PSLM) survey has replaced the PIHS/HIES series since 2004-05. The PSLM has also retained the HIES consumption module. The dichotomy between the earlier HIES data sets and the new PIHS data set has been pointed out by Tahir (2003):

“An important development in the interregnum was the combining of the HIES and the PIHS... Started in 1991, the PIHS was the result of donors' preference to have their own monitoring mechanisms for aided programmes rather than strengthening the nationally owned databases. Instead of investing in HIES to improve its coverage and quality, a stand-alone project was set up for carrying out the PIHS with express objective of monitoring the Social Action Programme (SAP). Both HIES and PIHS used the sampling frame of Population Census 1981, but there were key differences in questionnaires, sample size and methodology. As a matter of fact, the new series of PIHS conducted for 1995-96 and 1996-97 threw out detailed information on income and expenditure. The dichotomy of the PIHS data and the traditionally collected and owned official data persisted throughout the SAPI-I and II periods.”

A common observation about large surveys in general and the HIES, PIHS and PSLM is that the income accruing to the highest income group is seriously understated. The poorest households are also inadequately represented. Since the sample is drawn from settled households, the homeless or nomadic are systematically excluded even though they are among the poorest (Gazdar 2000). Moreover, nonresponse is generally concentrated in the highest and the lowest income groups. This issue of the representation of high-income groups surfaces more seriously in the 2000/01 PIHS/HIES, where low- or middle-income group primary sampling units (PSUs) were enumerated against high-income PSUs. The FBS report blamed its field supervisors for this negligence. However, this was a rather poor defense. While estimating poverty for the 2000/01 period, about 700 households were thrown away in the “cleaning process”, without giving any justification. Equally inexplicable was the strange government operation of revising upwards the 2000-01 poverty estimate retroactively in the year 2005/06, by including the same 700 households in the 2000-01 data set. This up-ward revision of the older 2000-01

data of course had the consequence of producing a large poverty reduction in the period 2000-01 to 2005-06.

In response to the criticism of the 2000-01 PIHS/HIES data set, the FBS instituted a Post Enumeration Survey (PES) in 2003, covering 5% of the original sample. The PES found the quality of enumeration, supervision and monitoring to be poor. Yet, this 5% sample was used, quite illegitimately, to estimate poverty for the PES year, and then it was compared with the estimate based on the 2000-01 PIHS. Poverty estimates based on this 5% sample were reported in the *Pakistan Economic Survey*. Hussain (2004) challenged the government's claim of a remarkable poverty reduction over the three year period on the basis of a small sample of 700 households covered during the PES and comparing it with the previous large sample surveys:

“The claim of poverty reduction is being made on the basis of a small sample survey of only about 5000 households, selected without regard to provincial coverage and conducted for only one quarter, April to June (in 2003), when earnings from wheat harvesting enable a larger consumption expenditure by the poor. The results of this small sample survey are being compared to sample results in the base year drawn from the standard and periodic Pakistan Integrated Household Survey (PIHS). This has a much larger sample (14,000 households) with representation from each province, and averages out the seasonal variations in household expenditure by covering four quarters (one year). Given the quite different design of the sample surveys in the year 2000 and the year 2004 respectively, the results are technically incomparable. It would be like comparing apples with oranges. The specific differences in design of the two surveys indicated above, are such that a reduction in poverty would tend to arise from the differences in sample design rather than a change in the real magnitude of poverty”¹¹⁹.

In the context of data issues, as discussed earlier in this section, the 11 percentage point reduction in the incidence of poverty is dubious both from the point of view of the different methodologies of the data sets as well as the veracity of the data itself. The validation of the poverty estimates by the World Bank is limited in nature. In fact it was an assessment of the application of the official methodology for estimating the incidence of poverty on the basis of the given data. The questionable nature of the two data sets

¹¹⁹ Akmal Hussain, Questioning the Poverty Figure, The Daily Times, Lahore, 14 June 2004.

being compared is an issue that was outside the scope of the validation made by the World Bank. Therefore, the World Bank in its validation procedure did not ascertain the veracity of the data set: nor indeed did it consider the fact that the unprecedented poverty reduction is inconsistent with national income data which shows that growth during this period was anti poor rather than pro poor (See previous sub-section XIII.1).

XIV. POLICY CONCLUSIONS

1. *A New Policy Paradigm.* Overcoming poverty and achieving sustained growth, will involve developing an institutional structure such that the majority of the people become active subjects in the growth process rather than merely the recipients of an uncertain trickle down effect. In such a people centered economic process, equity would become both the means as well as the end of sustained growth. Thus economic growth for the people, by the people would enable a transition to economic democracy which could sustain political democracy¹²⁰.

2. *Inclusive Growth through the Provision of Productive Assets to the Poor.* A new approach to inclusive growth could be adopted by establishing an institutional framework for the provision of productive assets to the poor as well as the capacity to utilize these assets efficiently. In this way the poor by engaging in the process of investment, innovation and productivity increase could become the active subjects of economic growth rather than being merely recipients of a “trickle down” effect: Thus a sustained high growth could be achieved *through* equity. Inclusive growth so defined can become both the means and the end of GDP growth¹²¹.

3. *Policy Design Elements for Inclusive Growth.* The institutional framework of such an inclusive growth could have four broad dimensions¹²²:

(a) A small and medium farmer strategy for accelerated agriculture growth through the provision of land ownership rights to the landless and institutional arrangements for yield increases.

¹²⁰ This approach was developed in: Akmal Hussain, Poverty, Power and Economic Growth, South Asia Centre for Policy Studies, (Forthcoming).

¹²¹ This paragraph is drawn from Akmal Hussain, An Institutional Framework for Inclusive Growth, 1 April, 2009, chapter contributed to the State of the Economy, 2nd Annual Report, Institute of Public Policy, Beaconhouse National University, Lahore, 2009.

¹²² Ibid. page-4.

- (b) An institutional framework for providing productive assets to the poor through equity stakes in large corporations owned by the poor and managed by professionals.
- (c) Accelerated growth of small and medium scale industrial enterprises through an institutional framework for increasing the production and export of high value added products in the light engineering and automotive sectors.
- (d) A process of localized capital accumulation through Participatory Development.

4. *Policies to Give Access over ownership of Land to the Tiller.* A policy of enabling tenant farm households to acquire ownership rights together with access to the markets for inputs could play a vital role in making the small farm sector the leading edge of a faster and more equitable agriculture growth. Such a policy could have two main elements: (a) Transferring the existing 2.6 million acres of state owned land to landless peasants together with an institutional framework for providing them with access over high quality seeds, fertilizers, water and extension services. (b) Institutional changes to open up the land market together with the provision of credit to tenant farm households for enabling them to purchase land.

5. *Increasing Productivity of Small Farms by Establishing a Small Farmer Development Corporation (SFDC).* The institutional framework for a small farmer led agriculture growth strategy could be to establish a Small Farmer Development Corporation (SFDC) in which farmers operating below 25 acres of land could have the opportunity of becoming shareholders. The following types of farmers could be eligible to become shareholders of such a corporation:

- a) All those who will receive state owned land or have in the past received state owned land.
- b) All owner farmers, owner-cum-tenant farmers and pure tenant farmers operating less than 25 acres of land could also be offered equity stakes in the SFDC.

6. *The Organizational Functions of the SFDC:*

- a) Land Development of the land operated by the shareholders.
- b) Provision of extension services to the shareholder farmers for:
 - (i) Improving the quality of top soils.
 - (ii) Efficient on-farm water management through laser based land leveling for accurate gradient, improved water channels and where required, drip irrigation.
 - (iii) Shifting to high value added crops through innovative techniques such as tunnel farming and also dairy farming and livestock development.
- c) Provision of loans to farmers for purchase of inputs, and investments in improving the on-farm water management.
- d) Recent research has shown that rural markets for agriculture outputs and inputs in Pakistan are asymmetric with respect to the large and small farmers¹²³. The SFDC could serve to provide more equitable market access to small farmers by facilitating purchase of high quality inputs and arranging marketing of agriculture products.
- e) Investment on behalf of small farmers in agro processing industrial units such as grain milling, cotton gins and oil presses. These investments could be under written by organizations such as PPAF, Khushali Bank, Small Business Finance Corporation as well as aid donors¹²⁴.

7. *Common Facilities Centres for Small Scale Industries through Public-Private Partnership.* Overcoming the constraints to the growth of small scale industries in Pakistan would involve providing institutional support in terms of credit, quality control management, skill training and marketing. This could be done by facilitating the establishment of Common Facilities Centers (CFCs) located in the specified growth nodes in selected towns where the entrepreneurial and technical potential as well as markets already exist. Such support institutions (CFCs) while being facilitated by the

¹²³ Akmal Hussain, Poverty, Power and Economic Growth, Pakistan Country Study for the SACEPS Poverty Project, 2008. (Forthcoming)

¹²⁴ We are grateful to Professor Rehman Sobhan, President of Grameen Bank and Chairman, Centre for Policy Dialogue, Dhaka for this suggestion.

government and autonomous organizations such as SMEDA can and should be in the private sector and market driven.

The concept of the Common Facilities Centers is based on the fact that small scale industrialists in Pakistan have already demonstrated a high degree of entrepreneurship, innovation and efficient utilization of capital. The CFCs would provide an opportunity for rapid growth to SSEs through local participation in extension services, prototype development, and diffusion of improved technologies, equipment, and management procedures. The CFCs would constitute a decentralized system which ensures continuous easy access to a comprehensive package of support services such as credit, skill training, managerial advice and technical assistance. The CFCs could also be linked up with national research centres, and donor, agencies for drawing upon technical expertise and financial resources of these agencies in the service of small scale industries (SSI).

8. *Empowering the Poor through Participatory Development.* Establishing the institutional basis for enabling the poor to increase their incomes, savings and investment, would not only constitute a direct attack on poverty but would also contribute to a faster and more equitable economic growth process.

Participatory Development in its broadest sense is a process which involves the participation of the poor at the village/mohalla levels to build their human, natural and economic resource base for breaking out of the poverty nexus¹²⁵. It specifically aims at achieving a localized capital accumulation process based on the progressive development of group identity, skill development, and local resource generation¹²⁶.

9. *Achieving Regionally Balanced Economic Growth.* The achievement of regionally equitable growth means changing the conception of Pakistan's economic planning within

¹²⁵ For a case study of a Participatory Development initiative in 9 districts of the Punjab based on field experience, see: Akmal Hussain, *The Punjab Rural Support Programme, The First Four Months, Report of the Honorary CEO to the Board of Directors* (1998). Also see: Akmal Hussain, *Participatory Development Praxis in Pakistan's Punjab: A Case Study*, chapter in, Ponna Wignaraja, Susil Sirivardana, Akmal Hussain (eds), *Economic Democracy through Pro Poor Growth*, SAGE Publications, Delhi, 2009.

¹²⁶ Akmal Hussain, *Poverty Alleviation in Pakistan*, op.cit.

the framework of the market mechanism. At the moment economic planning essentially involves allocating government resources amongst various "sectors" of the economy such as agriculture, industry, energy irrigation, etc. The current planning exercise involves achieving consistency between sectoral growth targets and external and internal financial resources. Space is assumed out of the planning exercise except for Special Development Programmes, which consider investment in backward areas as marginal to the overall plan. Regionally equitable development requires placing the regional dimension into the heart of the planning exercise. Each investment package must be evaluated in terms of its impact on regional growth, before designing fiscal/monetary policy incentives and institutional support.

The question then arises, where in the vast "backward" region to set up the infrastructure and how much? A regional planning exercise would involve mapping the economic and social infrastructure, geographic location of markets by size and source of raw materials. On the basis of such a "map", potential growth NODES could be specified in the backward region. These would be locations which on the basis of some existing infrastructure, closeness to a local market, or raw material deposit, qualify for supplementary infrastructural investment by the government.

Just as in the designing of fiscal/monetary policy incentives the regional dimension needs to be taken into account in the same way in the design of poverty alleviation measures by the government and NGOs differences in the level of poverty and the dynamics of poverty creation as between provinces should perhaps be an essential consideration.

10. *HRD through Initiatives for Improving the coverage and quality of health services:*

- a) Special Medical Cadre for Basic Health Care.
- b) Medicines Stocks According to WHO Standards.
- c) Referral Centres.
- d) Integrating BHUs/RHCs with Community Organizations.
- e) Specialist Weekly Health Service Camps.

11. *Family Planning Initiatives: Meeting Unmet Need.* Women in Pakistan have great and increasing demand for family planning, which we are failing to meet. Demand for family planning in Pakistan is very high; 52 percent of Pakistani women (age 15-49) want no more children, and an additional 20 percent want to space their next birth. Using these figures, a total of 70 percent of women have a demand for contraception. Meeting this demand can have the immediate effect reducing Pakistan's TFR to 3 births per woman thereby putting us on the trajectory for reaching replacement fertility in the near future. In order to do so immediate action must be taken to remove the obstacles (mentioned above) to contraceptive use persistently showing up in the data and directly being reported by women themselves.

12. *District Hospitals: The South Asia Health Foundation.* The basic objective of the South Asia Health Foundation (SAHF) would be to establish high quality model hospitals, together with satellite health clinics and outreach programmes for preventive health care in selected backward districts of each of the countries of South Asia. While this health facility network would be based on *general* hospitals, they would also include ancillary facilities for the diagnosis, initial treatment and stabilization of patients with symptoms of such epidemic diseases as HIV and Avian Flu. The SAHF through its hospitals could also develop a programme for training of community health workers for early detection, awareness and referral of HIV and Avian Flu in the communities falling within the scope of the hospital and satellite clinic network.

13. *Initiatives for Dealing with Preventive Health Care:*

a) Constitute a National Food and Drug Administration (NFDA) that establishes and maintains safety standards in the supply of raw food, cooked food and the provision of medicines. The NFDA should work in partnership with community organizations, at the village mohalla level and each tier of local government to ensure conformity of health safety standards once they have been specified.

b) Establish A Provincial Level Waste Disposal Authority in Each Province:
This should be done by local governments, and citizens' organizations in

collaboration with private sector waste disposal companies (such as Waste Busters Limited). Waste treatment plants need to be established for each locality so that the waste is not only disposed off safely but is also converted into socially useful products such as fertilizers.

- c) National Campaign for Safe Drinking Water and Sanitation for all Citizens: Initiate a national campaign for the provision of safe drinking water and sanitation facilities for all the citizens of Pakistan within the five year plan period. This campaign should be initiated by a national commission headed by the Prime Minister with all four Chief Ministers as members, together with representatives from concerned citizens, experts and donor agencies. The implementation of the campaign should involve coordination with the health department of each province, and private sector companies that specialize in the provision of sanitation and safe drinking water. The provision of sanitation and safe drinking water to all can be funded by the following: (i) Multilateral donor agencies, (ii) Bilateral donor agencies, (iii) The Federal and Provincial Governments, (iv) Chamber of Commerce, (v) Private Sector Philanthropic Organizations.

14. *HRD through Education: Initiatives for Improving Quality and Coverage.* The objectives to be achieved through a major new initiative for education could be identified as follows:

- (i) Achieving a hundred percent literacy rate over the next 10 years. This would mean not only achieving full coverage of school age children but also adult literacy programs.
- (ii) Raise matriculation standards to the equivalent O' Levels in the U.K. At the same time career guidance facilities should be provided to the students at the matric level so that they can decide at this stage, whether they have the aptitude to pursue a university degree or go into vocational training after the intermediate level examination.

- (iii) Restructuring intermediate level education to create the basis for a dramatic increase in the number of skilled personnel and a sharp reduction in the intake of students at the university level. This would be necessary to improve the teacher-student ratio at the university and also to enable those who are not inclined for university education to become employable through vocational training. In this context the initiative for vocational training designed by Mr. Sardar Aseff Ahmed Ali (Planning Commission), called: Human Development for the 21st Century could play an important role in developing a skilled labour force.
- (iv) The academic skills imparted at the intermediate level should be carefully designed to enable the students to achieve fluency in reading and writing in the English language, and to develop the ability for critical analysis. This should be in addition to fluency in Urdu as well as a regional language. Students who complete intermediate level education and do not join university should be enabled to acquire technical training in one of a variety of vocational institutes.
- (v) Develop a network of selected public sector and private sector universities to create a knowledge base of teaching and research at international standards. This would require providing adequate funds to hire teaching staff at internationally competitive salaries and research facilities to selected departments relevant to national development, in the interlinked network of selected public and private sector universities. The objectives of this University Networked Knowledge base (UNEK) would be as follows:
 - a) Raise the quality of graduates from this University Network to international standards, to create a pool of high quality minds in key fields of national endeavour. This pool of high quality graduates could become the cutting edge of knowledge intensive economic growth and the development of an enlightened and humane society that can contribute to civilization.

- b) Create the basis for high quality research in priority areas of social and natural sciences, history, literature and the arts.
- c) Institutionally link up research in the UNEK with private sector industry, commerce and government policy making. This would provide a systematic research input into development of industrial products and processes, industrial organization, management systems and public policy.

15. *Specific Policy Measures for Improving Education.*

- (i) Devolve administrative and financial powers to the District Education Authority (DEA), Union Councils and School Management Committees in order to achieve universal primary education and to establish and maintain high standards of teaching.
- (ii) Ensure involvement of distinguished educationists, private sector, NGOs which focus on education and professionals in DEAs.
- (iii) Raise the recruitment standards of primary education teachers to the graduate level.
- (iv) Train a large cadre of trainers who are adept in modern teaching methods. Members of such a cadre can spread out to various primary schools and become catalysts of change in teaching methods to bring them in line with international standards.
- (v) Revision of curricula at all levels to enable students to enter the 21st century with thinking minds and modern skills.
- (vi) To encourage recruitment of talented teachers their salaries must be increased.

- (vii) Hiring and firing of teachers should be done by School Management Committees. However their operation should be evaluated by the DEA for efficiency and transparency.
- (viii) The maintenance and repairs of schools should be undertaken by establishing a School Development Fund in each school. This fund could be built by contributions from parents, private sector, donors and government.
- (ix) A tax rebate should be offered to the private sector for capital investment in education.
- (x) Two Model Schools should be established in each district. These Model Schools would establish an international standard of teaching and school administration. They would be expected to act as a role model for other schools in the district and become resource base for providing guidance and training to other schools in the district. These model schools could be financed by international donor agencies, the private sector, philanthropists and specialist large NGOs.
- (xi) An autonomous body should be established, such as the Pakistan Education Council, to regulate private sector education with a view to maintaining minimum quality standards, facilities to students and safety of buildings. It would also become a national resource centre for information the latest techniques in teaching and educational management which individual schools can access if and when required. This body would network with institutions worldwide to keep track of best practice methods of teaching and educational administration. Such an autonomous body should have amongst its working members representatives of leading private sector schools, distinguished educationists with a national standing, representatives from commerce and industry who are committed to education and representatives of NGOs devoted to the cause of education.

16. *HRD through Vocational Training: The Sardar Aseff Ahmed Ali, Human Development Initiative.* The objective of the programme is to enable increased productivity and diversification in the national economy through the provision of high quality skills in various fields. This is expected to underpin the ongoing initiatives of the government to develop physical infrastructure such as electricity generation and distribution, development of ports, railways and road networks. In the medium term this programme is expected to provide the skill base for a diversified, skill intensive high GDP growth trajectory. The programme is also designed to reap the demographic dividend, as 60 million additional people enter the productive age group over the next two decades. Sardar Aseff Ahmed Ali's human development initiative consists of the following broad elements:

- Establish a chain of national training centres in each district to provide employable skills to the unemployed and under employed youth.
- Raise the number of students enrolled in vocational training institutes from 0.3 million persons at present to 3 million by 2020.
- Provide training initially in 4 to 6 trades at each national training centre taking account of the strengths and aspirations of the local community.
- Establish special schools for training the trainers in each province in collaboration with colleges and universities.
- Offer special short term courses to the existing labour force to up-grade their skills and give them access over productive employment.
- Upgrade all existing technical and vocational institutions progressively. Equip every centre with high quality language labs where English will be the medium of instructions. Other languages will be offered progressively in coordination with approved educational institutions.
- Facilitate linkages with industry and employers to enable graduates from the skill training centres to acquire employment in industry.

- Benchmark the training offered against internationally certifiable skill levels, so that graduates from the skill training centres can be accepted by employers internationally.
- Establish Approved National Bodies (ANBs) with accreditation to international Certification Bodies.
- The training courses will stress practical work and analytical skills. A modern syllabus and course material will be developed for each programme.

The students will also be given personality grooming sessions to develop their sensibility and inter-personal skills.

17. *Strategic Initiatives for Reducing the Gender Gap.* Initiatives under this are likely to have long term impact and produce outcome level results:

- *Strengthen PRSP-2* by expanding its conceptual base through the *recognition and incorporation* of the role of existing power structures in giving rise to poverty and social exclusion that have the capacity to block interventions for promoting the interests of women (and the poor).
- *Extend gender equity concerns to other sectors* as gender balance is particularly required in economic, legal and governance sectors and can contribute to women's inclusion and development of agency. Therefore *amalgamate* PRSP Gender Indicators and those of the Gender Equality Matrix and *mainstream* the revised indicators across all sectors into the monitoring targets of all PRSP and MDG indicators (Table 4).
- *Double social sector budgetary allocations:* for education, population, health, nutrition and protection with a special focus on the needs of women belonging to the marginalised and socially excluded groups (minorities, *kammis*, brick kiln

workers, landless, *Kutaney*, etc.),¹²⁷ in order to reduce gender disparities and address women's special needs (like in health).

- *Create women owned/accessed assets* and resources through joint deeds in the name of male and female heads of household in official land-to-the-landless distribution schemes included in MTFD¹²⁸ and provision of jointly owned homestead land to the landless.
- *Remove discriminatory legislation* from the statute book and introduce new protective legislation like the Domestic Violence bill.

NOTE

Since much of this Report is based on ongoing research work or work in the process of publication of the author/s, therefore for copy right reasons, this Report may not be published without the citations and references given in the Report.

¹²⁷ The caste by which gypsies are referred to in South Punjab.

¹²⁸ The recent earthquake has demonstrated the negative effect of male ownership alone. Deaths of males have deprived females of their rightful share and security.

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