

Effectiveness of Public Interventions for Poverty Reduction

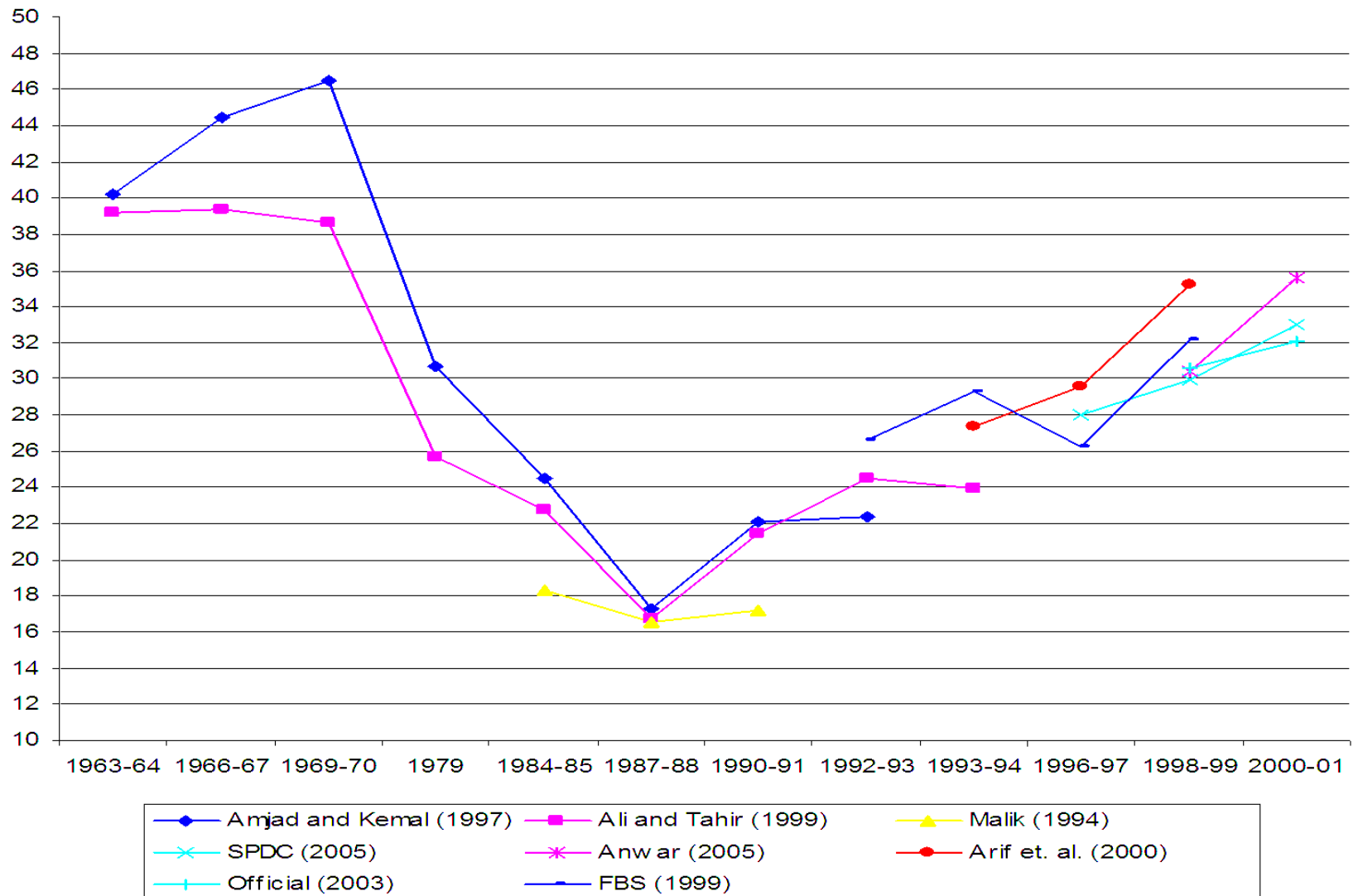
G.M. Arif

Pakistan Institute of Development Economics (PIDE)

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- Poverty trends, dynamics and child malnutrition
- Correlates of poverty
 - Structural forces
- Poverty reduction programs
- Effectiveness of poverty reduction programs
- Barriers to socio-economic development
- Some policy implications

Figure 1: Poverty trends by source



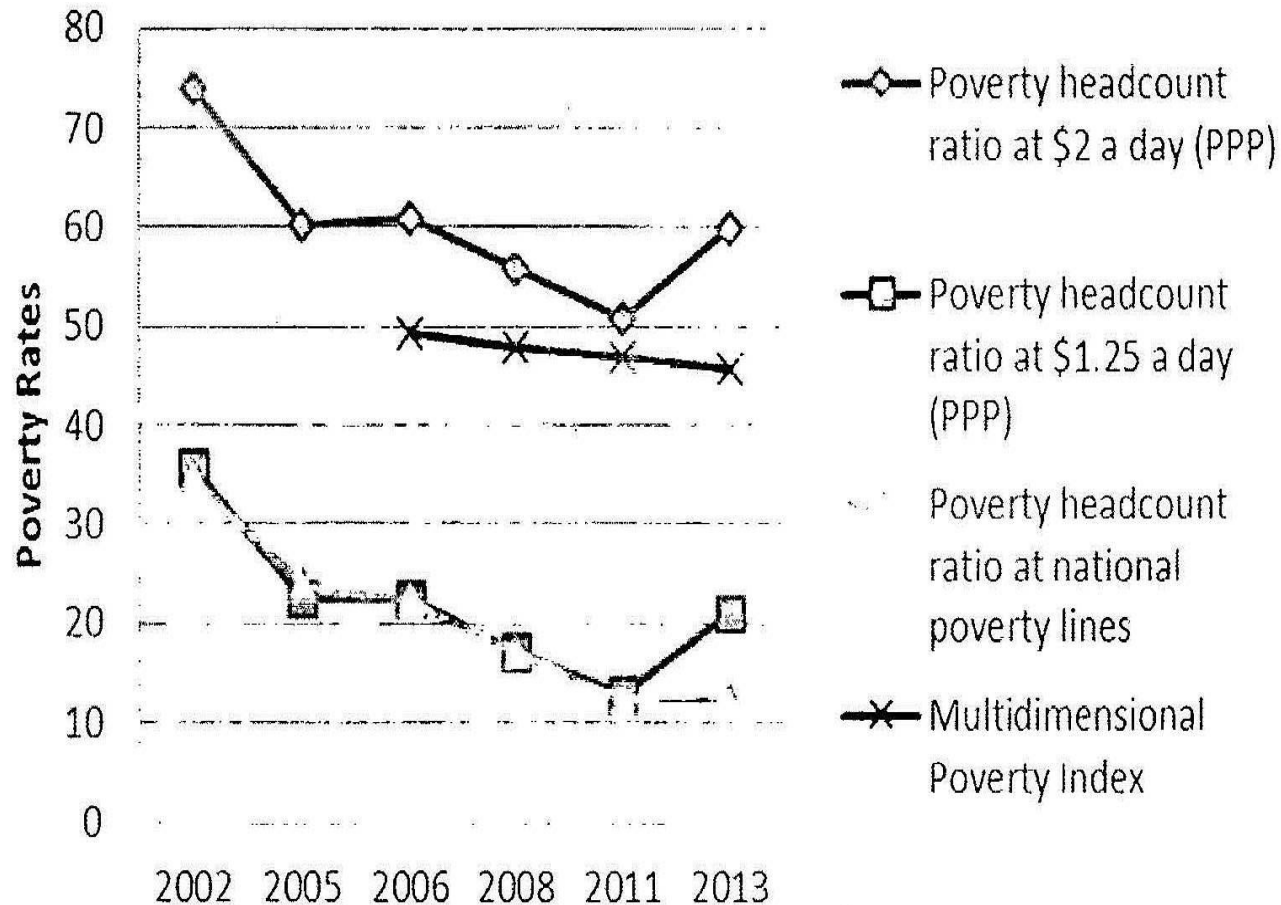
Poverty Dynamics by Region (Rural only) Using Three Waves (2001, 2004 and 2010)

Change in Poverty Status	Total Sample (Sindh and Punjab)	Punjab			Sindh
		Total	Central-North (excluding South)	South	
Spell Approach					
3 Period Poor (Chronic)	4.0	3.7	1.1	6.5	4.3
2 Period Poor	16.6	10.3	6.2	14.7	23.1
1 Period Poor	30.9	24.0	17.4	30.8	38.1
Never Poor	48.5	62.0	75.4	48.1	34.4
All	100.0	100.0	100.0	100.0	100.0

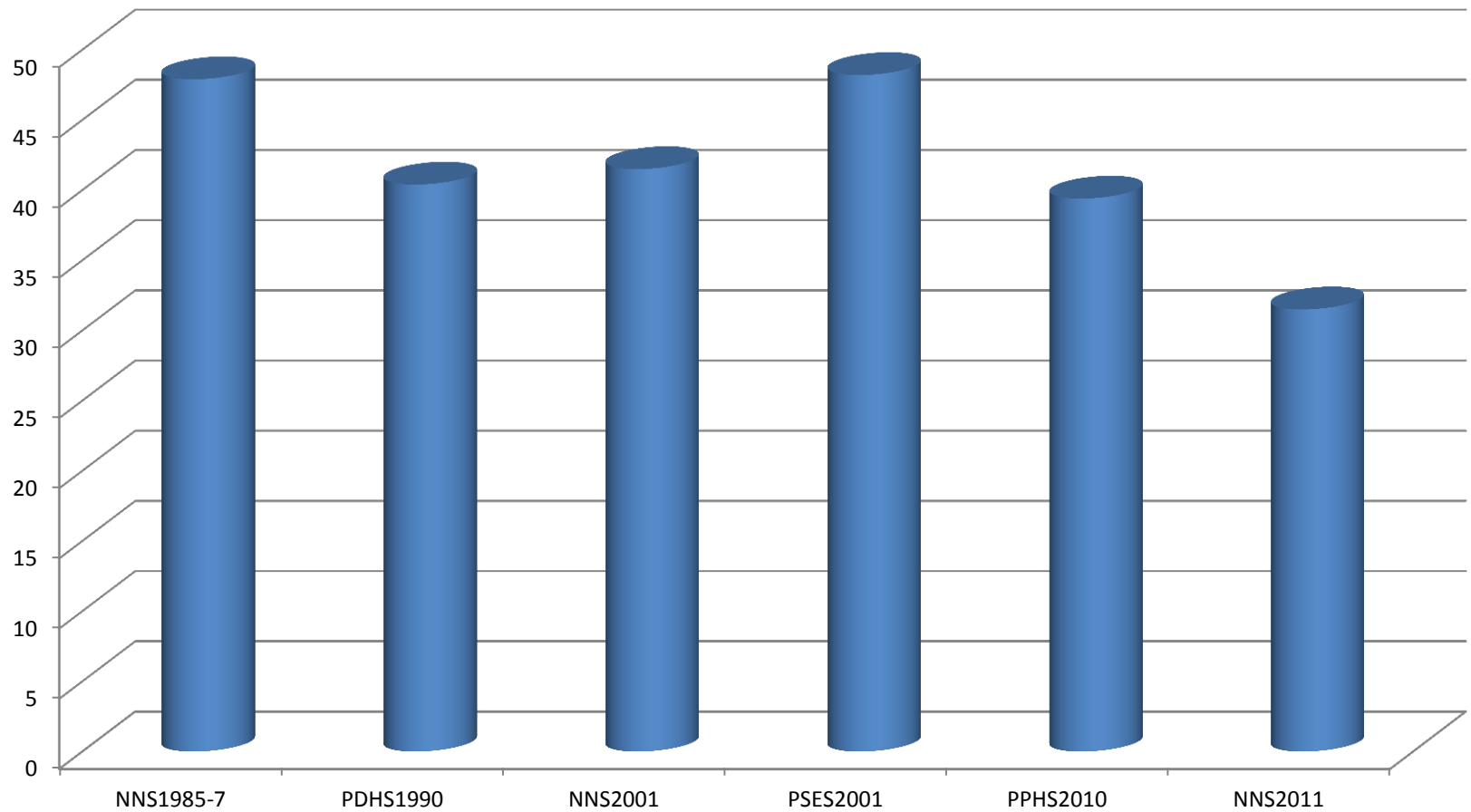
Pakistan: comparison of Poverty Rates based on different metrics....are these data correct, if not why?

International Metrics:
\$1.25 or \$2 a day
Multidimensional Poverty Index

Pakistan's National Metric:
Food Energy Intake/Caloric method



Trends in child malnutrition (underweight)



Effects of socio-economic characteristics on change in poverty status

- Education of the head of household has significant and negative relationship with chronic poverty and even moving into and out of poverty as compared to those who are never-poor
 - education a very strong factor to keep households in the desired status of never-poor
- Dependency ratios have positive association with the chronic poverty as well as falling into poverty.
- Significant role of economic factors, such as ownership of land and livestock, structure of housing units and availability of rooms, on poverty dynamics
 - Positive change in landholding and livestock positively affect the probability of being in non-poor state than being in chronic poverty.
- Effect of regions on poverty movement
 - residence in rural Sindh and South Punjab reduced the livelihood of being in never-poor status.

Correlates of child malnutrition

- The nutritional status of children in Pakistan is predominantly related to their exposure to illness (diarrhea), provision of health care services and environmental factors
- The recent past poverty status or change in poverty status over time as well the perceived food shortage are not significantly associated with child malnutrition

Distribution of landownership in Pakistan

	1972	1980	1990	2000
Gini coefficient	0.66	0.65	0.66	0.66
% of landless households	-	63.0	62.0	63.3
% share of holdings < 5 acres				
a. Households	47.3	Na	54.4	61.2
a. Land	5.4	Na	11.4	14.8
% share of holding 50 + acres				
a. Households	3.3	Na	2.8	2.0
a. Land	22.4	Na	34.0	29.7

Source: World Bank (2007)

Type of tenure by farms size

Size of farm (acres)	Owner operator			Owner-cum-tenant			Tenant		
	1980	1990	2000	1980	1990	2000	1980	1990	2000
< 5	70.7	78.8	83.0	8.9	5.8	4.1	20.4	17.0	12.9
5 to < 12.5	45.1	59.0	70.1	22.0	15.8	12.4	32.9	25.2	17.5
12.5 to < 25	46.0	58.7	67.6	28.0	22.3	18.6	26.0	18.9	13.8
25 to < 50	50.0	62.9	73.2	32.0	23.8	17.9	18.0	13.3	8.9
50 and more	62.7	72.7	78.7	28.4	20.5	15.4	8.9	6.8	5.9
All farm	55.0	68.8	77.6	19.0	12.4	8.4	26.0	18.8	14.0

Source: Malik (2005).

Sources of income by operated landholdings

Size of landholding	Wages and salaries	Transfer income	Crop income	Rental income	Live-stock income	All income	% households
No land	76.3	20.1	1.4	0.7	1.5	100	56.6
Upto 1 acre	45.5	24.1	26.7	1.0	2.7	100	5.1
Upto 5 acres	23.4	10.3	61.2	2.5	2.6	100	18.0
Upto 12.5 acres	9.4	4.3	82.4	1.6	2.2	100	14.0
More than 12.5 acres	4.5	2.1	89.1	3.0	1.3	100	6.3
All households	35.8	11.1	49.5	1.7	1.8	100	100

Percentage of rural households in Pakistan that own shop and/or other businesses

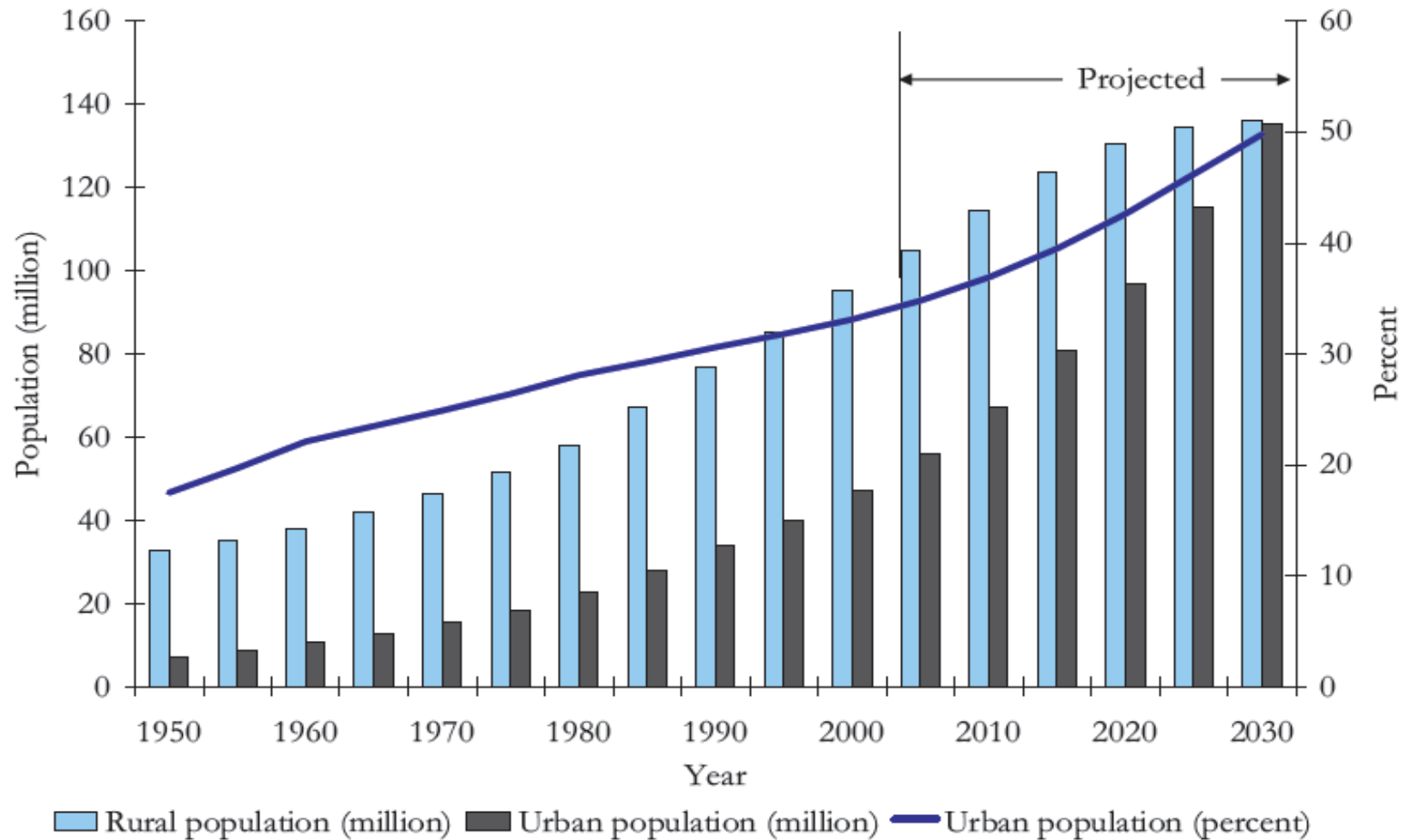
Quintiles	Pakistan	Punjab	Sindh	KP
Poorest quintile	24	28	14	20
2	27	33	18	24
3	29	35	16	30
4	30	35	20	33
5	37	41	24	45
Total	29	34	19	30

Source: World Bank (2007: Table 4.1)

and Above By Major Industry

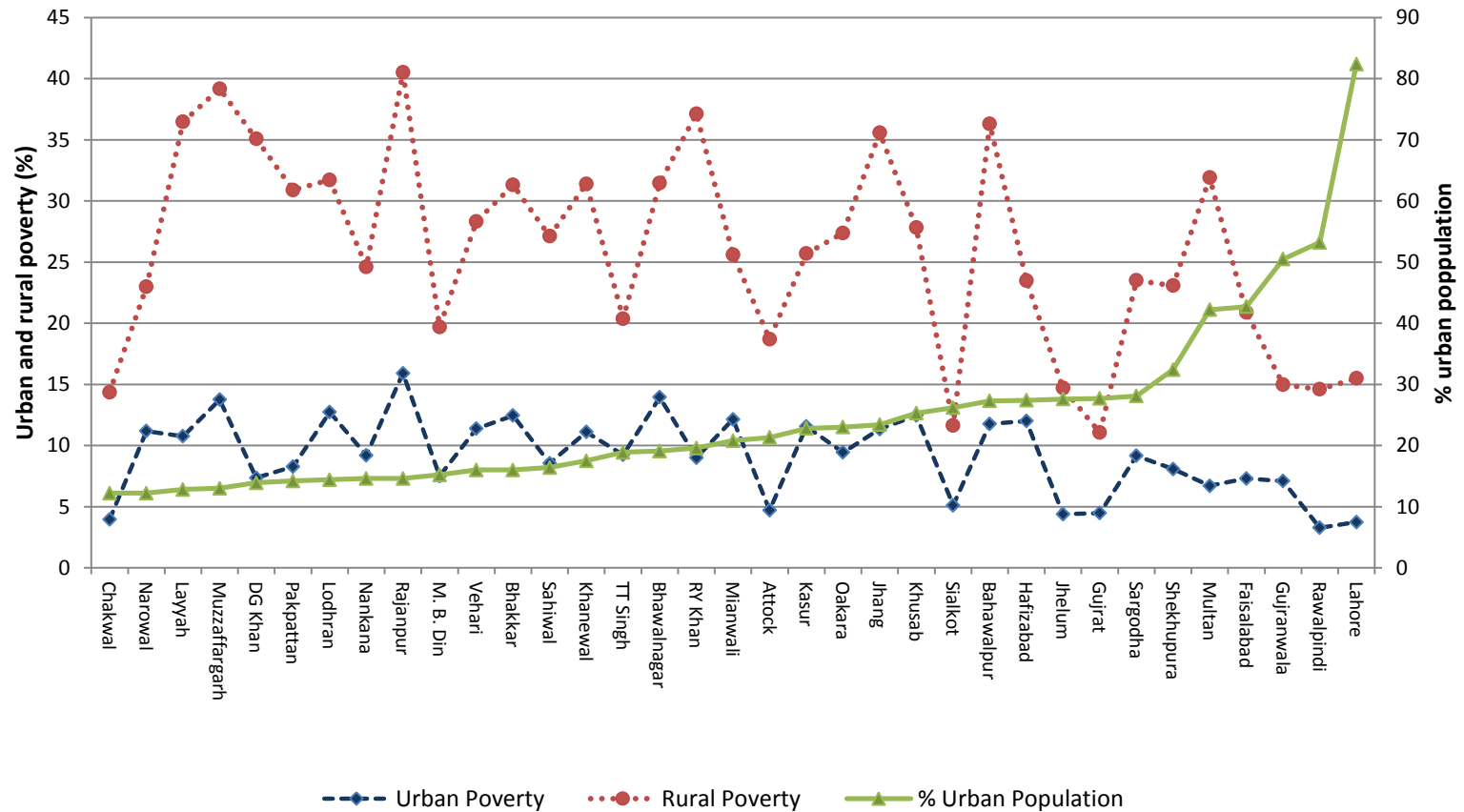
Year/rural-urban		Agriculture and Fishing	Mining and Quarrying	Manufacturing	Electricity, Gas and Water	Construction	Trade, Restaurant and Hotels	Transport,	Financing,	Services	Activities Not Defined
2007-08	Rural	60.94	0.14	8.37	0.42	6.09	9.19	4.42	0.44	9.96	0.03
	Urban	6.21	0.07	23.89	1.36	6.75	27.45	7.92	3.70	22.39	0.26
2001-02	Rural	59.01	0.07	8.68	0.57	6.23	9.20	4.81	0.29	11.13	-
	Urban	5.18	0.06	25.10	1.34	5.66	27.19	8.27	2.19	25.03	-
1990-91	Rural	63.79	0.14	8.08	0.54	6.63	7.77	3.68	0.34	8.97	0.06
	Urban	7.63	0.17	22.35	1.55	6.59	26.57	9.07	2.25	23.75	0.07

Trends in Urban and Rural Population, Pakistan



Source: Roberts and Kanaley (2006)

Poverty and Urban Population in Province Punjab (%)



Source: Azhar (2011)

Poverty Decomposition	Low Growth	High Growth
	[Poverty Increased]	[Poverty Decreased]
	1988v/s 1998	2001 v/s 2005
Change in Poverty Gap due to:		
Growth	71%	-197%
Income Distribution	29%	97%
Change in Poverty Severity due to:		
Growth	63%	-237%
Income Distribution	37%	137%
Assessment of Pro-Poorness of Growth		
Rate of Pro-Poor Growth	Not Pro-Poor	Not Pro-Poor
Poverty Equivalent Growth Rate	Not Pro-Poor	Not Pro-Poor

Land Reforms in Pakistan (000 hectares)

Reforms	Ceiling (acres)		Area resumed	Area disposed of	Balance	Beneficiaries (000)
	Irrigated	Non-irrigated				
1959	500	1000	1022.9 (5.6%)	955.7	62.3	186.6
1972	150	300	481.2 (2.55)	295.9	185.3	71.5
1977	100	200	1578.3 (8%)	1290.1	288.2	272.6

Source: Qureshi (2001). In parentheses are the resumed areas as present of total cultivated area.

Distribution of loans by Agricultural Development Bank of Pakistan, 1982/83.

Ownership Status	Loan Amount (million)	Percent share
Landowners		
Upto 5.0 hectares	463.74	20.1
Over 5.0 to 10.0 hectares	800.48	34.6
Over 10.0 to 20.0 hectares	512.30	22.2
Over 20.0 hectares	342.52	14.8
Landless	191.40	8.3

Source: Khan (2005)

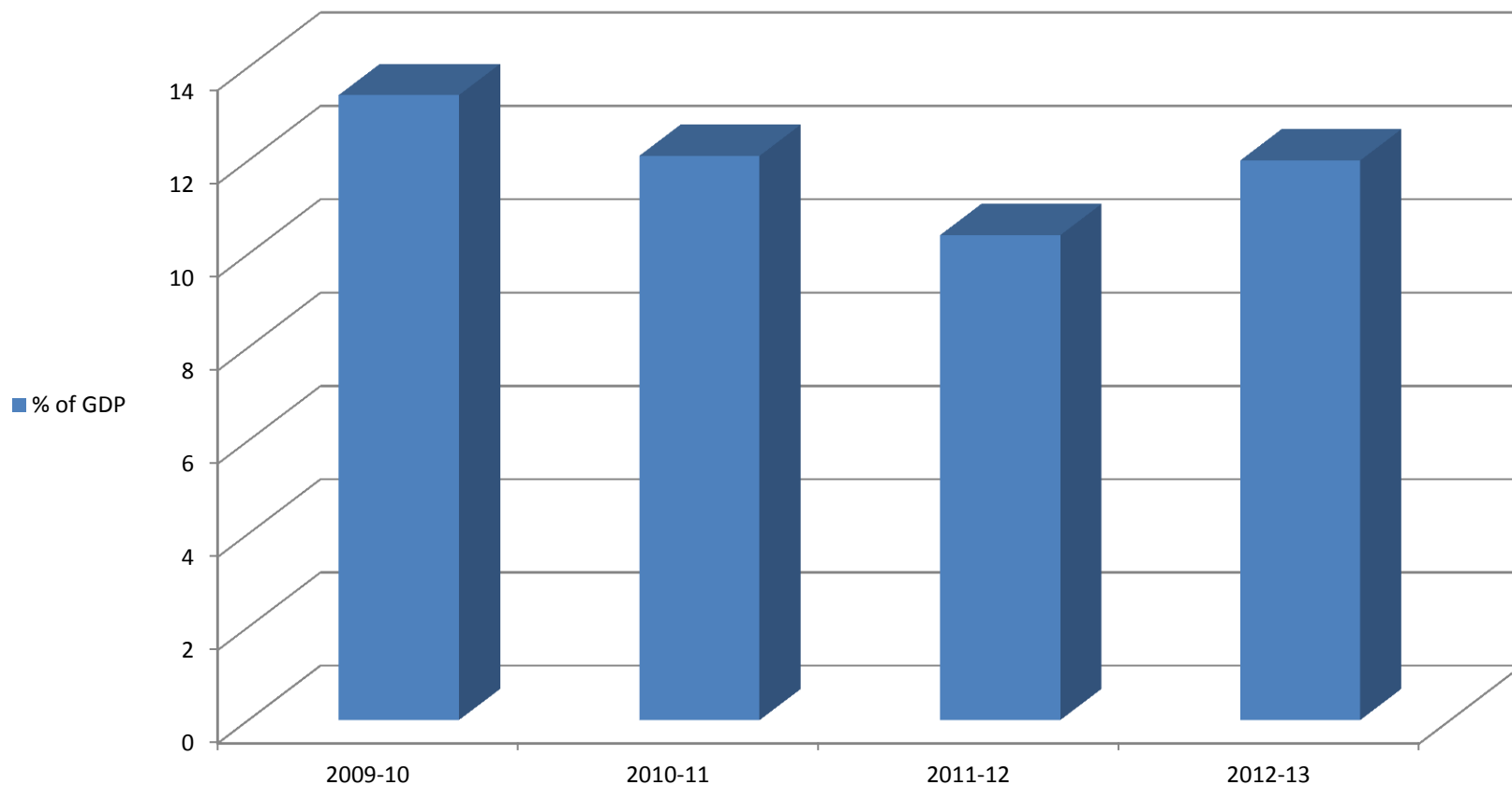
Special Programs for Poverty Reduction and Human Development

Program	Period	Expenditure (Rs billion)
Prime Minister's Five-Point Programme	1985–1990	2.7
People's Programme	1988–1991	12.4
	1994–1997	
Tameer-e-Watan Programme	1991–1993	7.3
	1998–2000	
Social Action Programme	1985–2002	355.6
Khushhal Pakistan Programme	1991–2001	22.7
Total	1985–2002	400.7

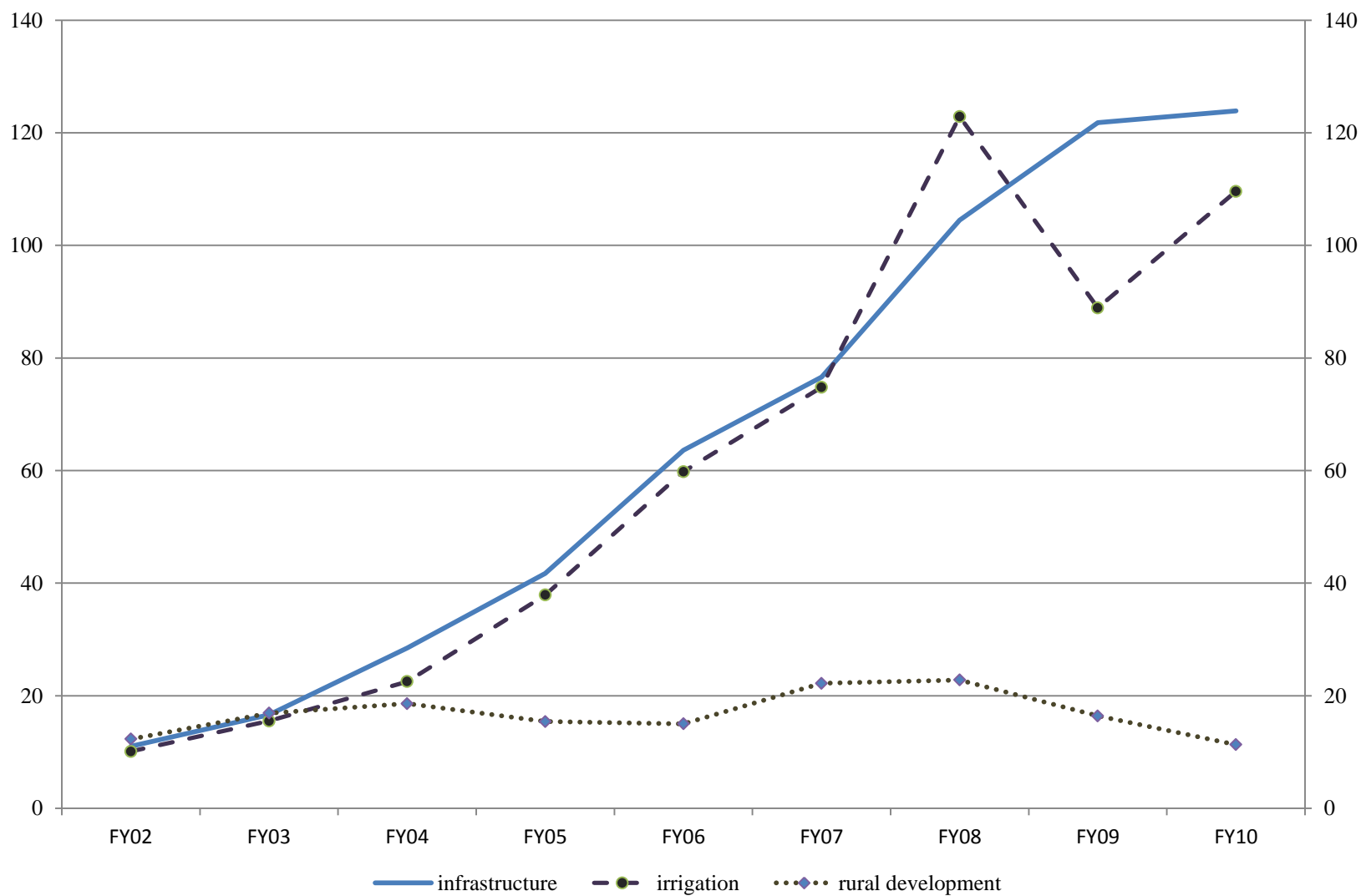
Sources: Khan, M. A. 2003. Public Expenditure, Poverty and Human Development: the Experience of Pakistan. In *Pakistan Human Condition Report 2003*. Islamabad: Centre for Research on Poverty Reduction and Income Distribution, and United Nations Development Programme.

Note: Expenditure values are given at constant 1992/93 prices.

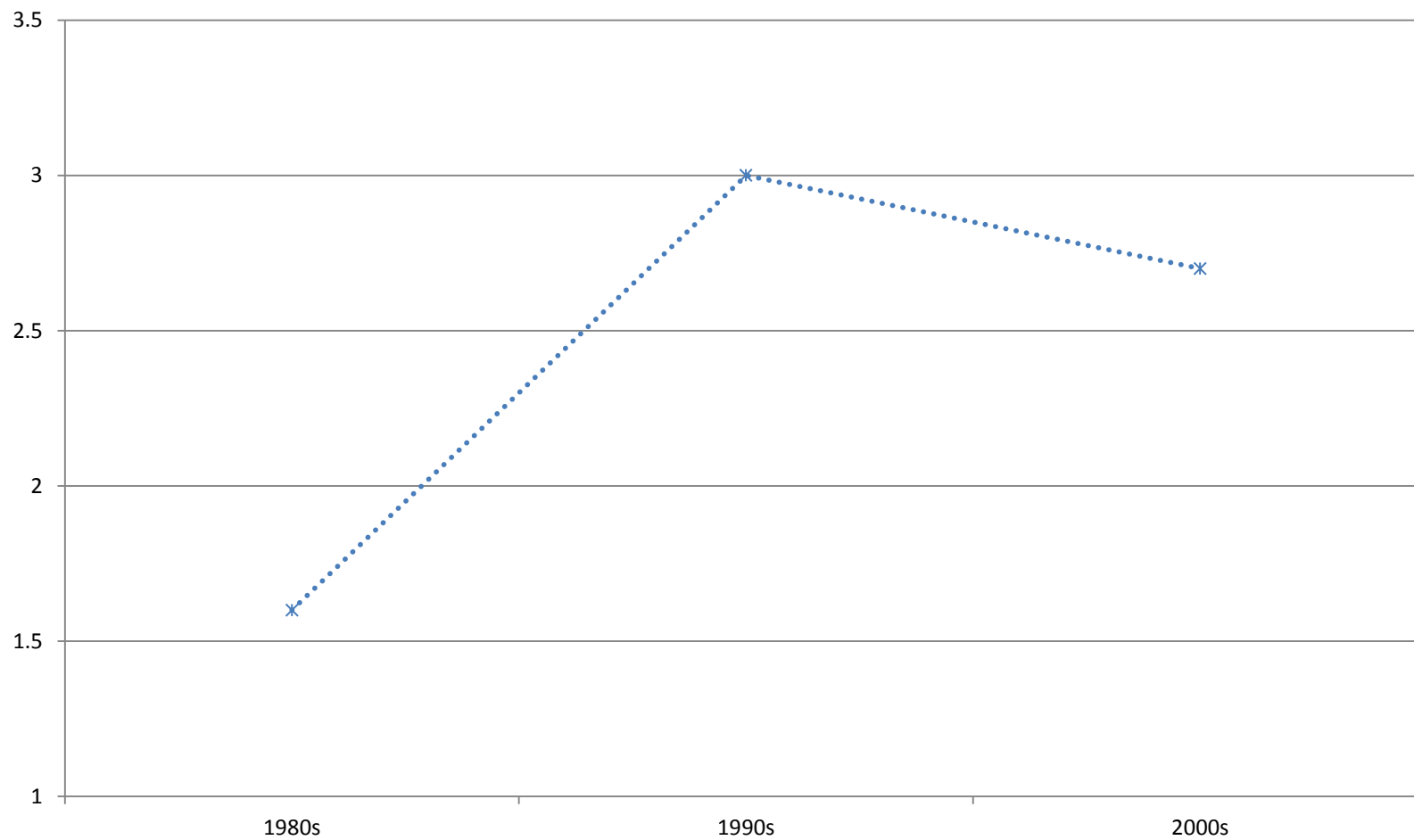
Social and poverty related expenditure as % of GDP (PRSP)



Public investment in Pakistan, 2001-09 (Rs. billion)



Education and Health Expenditure (as % of GNP)



Poverty alleviation programs

Income transfer programs

- BISP
- Zakat
- Bait-ul-Maal
- Other programs (Individual Philanthropy)

Microfinance

Interventions in health sectors

- Child immunization
- Lady health workers'

Benazir Income Support Program

- Since its inception in July 2008 to June 2013, BISP has grown rapidly;
- It is now the largest single poverty alleviation program in Pakistan (income transfer);
- The number of beneficiaries has increased from 1.7 million families in 2008-9 to nearly 5.25 million in current year 2013-14; and
- BISP annual disbursements rose from Rs, 16.0 billion in 2008-9 to Rs. 48.18 billion in the first three quarters of 2013-14.

Fig-2: Yearly Cash Grants

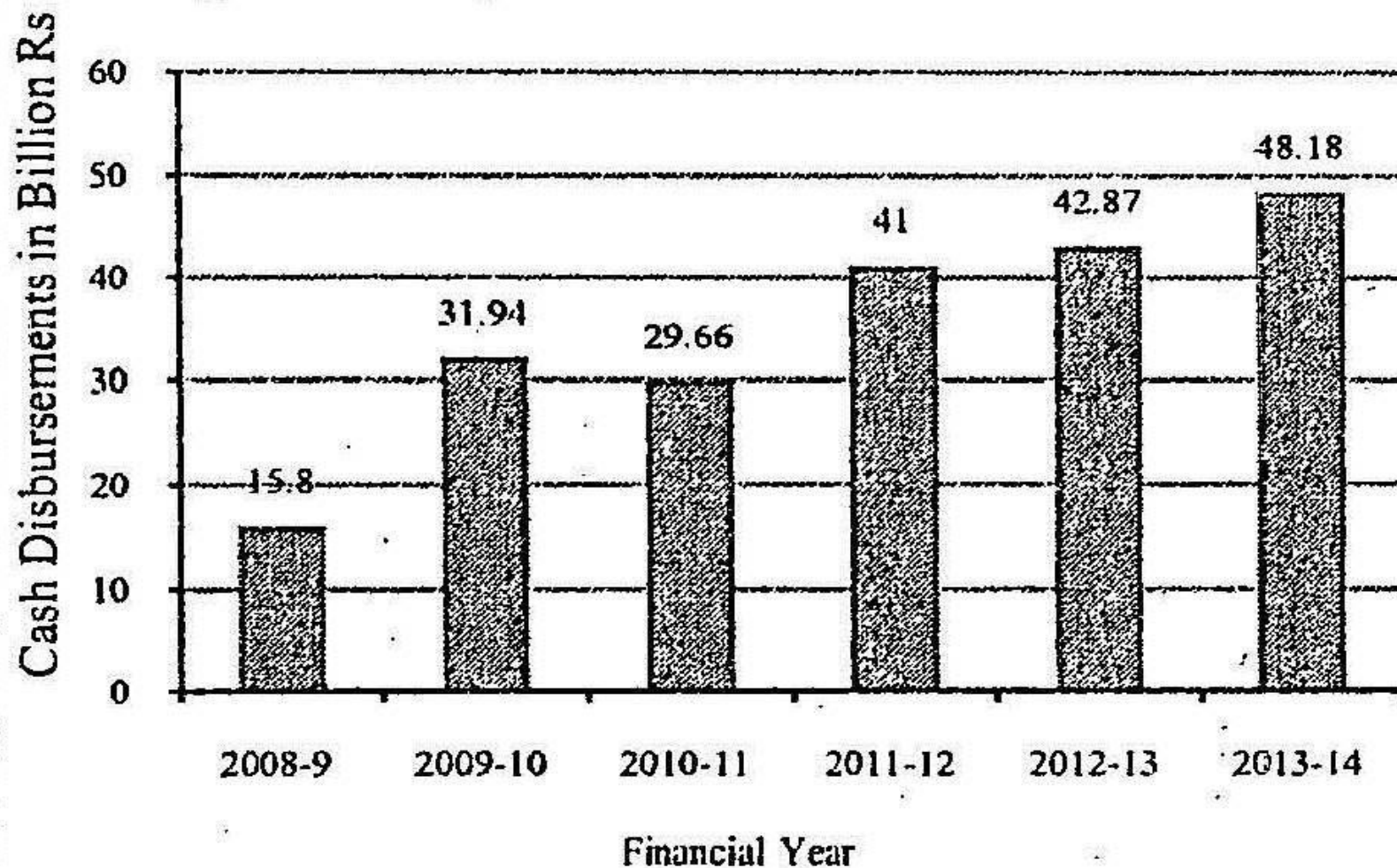
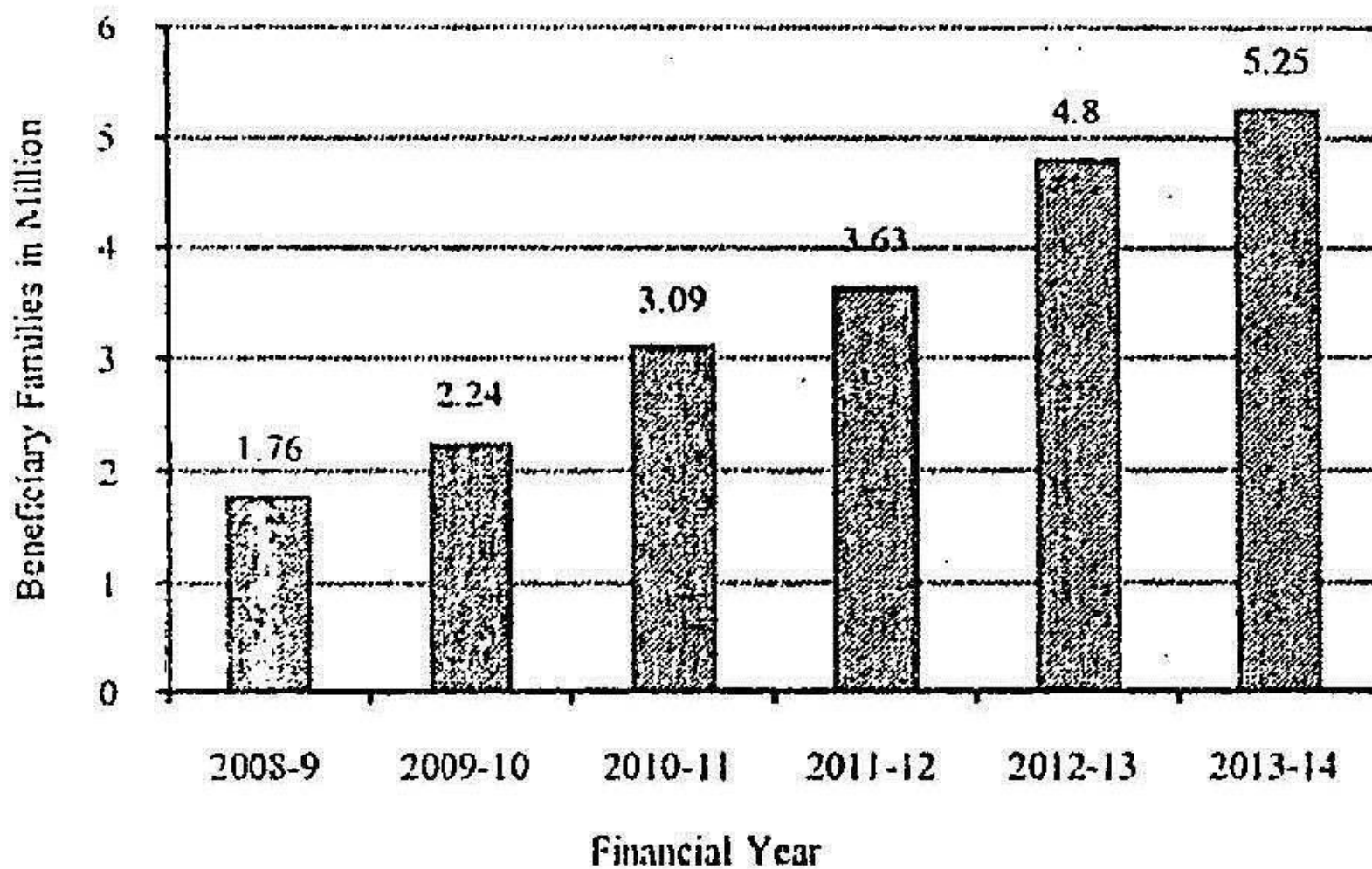
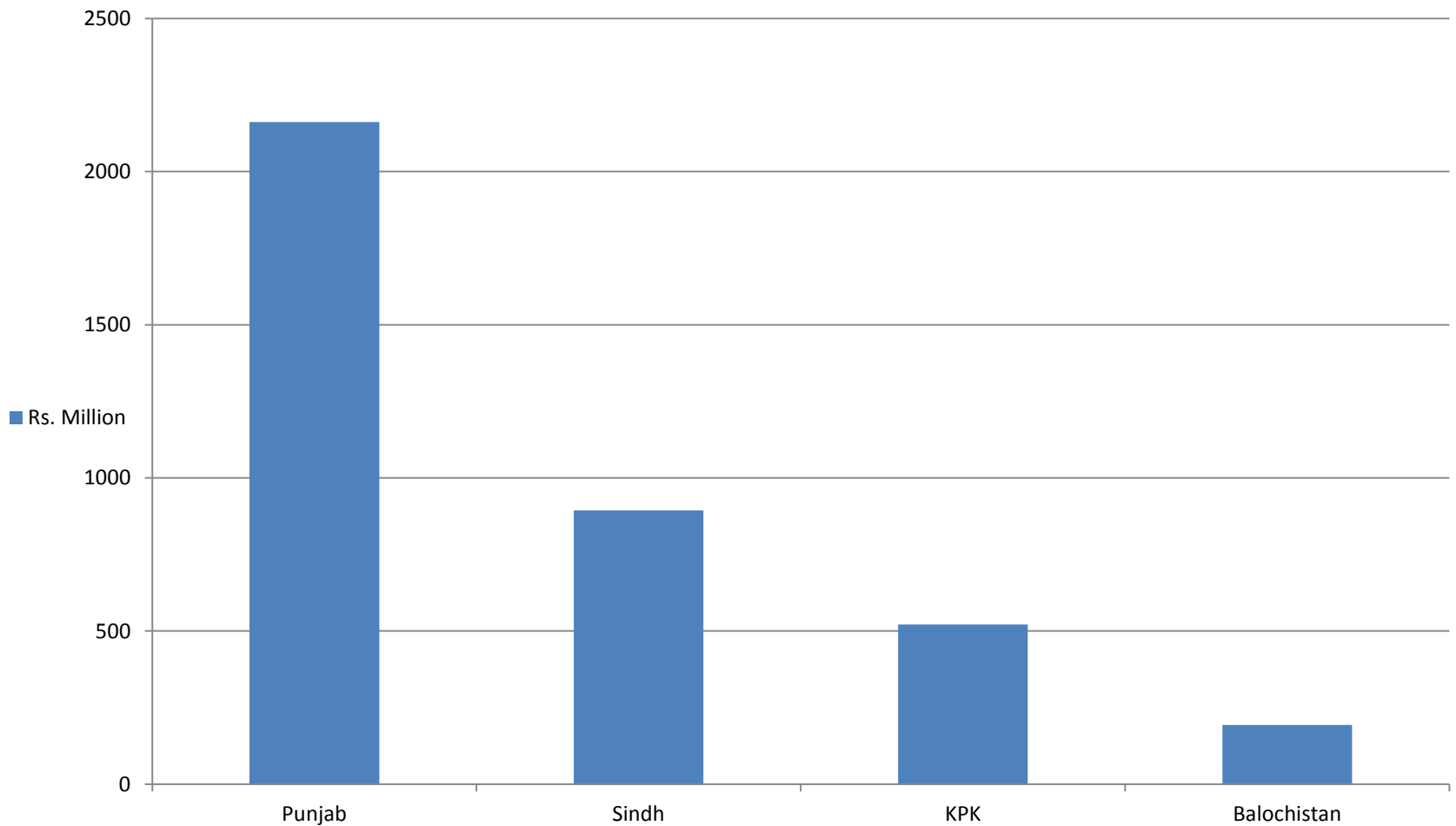


Fig-1 Yearly Number of Beneficiaries



Disbursement of Zakat, 2013-14



Targeting and effectiveness of income transfer programs

- Targeting of both Zakat and BISP programs can be considered satisfactory although leakage and low coverage exist
- Findings (Nayab and Farooq, 2014) show that BISP has been able to provide some relief to the recipient households as far as food and health expenditures are concerned.
- The rationale behind the initiative was to provide assistance to the poorest of the poor households in the face of rising food and fuel prices and not alleviating poverty *per se*.
- In the four years since its inception, the Programme has shown the ability to evolve with time, adjusting to the changing needs and criticism
- However, the ability of the programme to reach the poor is not matched by its capacity to encourage a household's exit from poverty.

Lady health workers' program

- The LHW programme has a significant and positive impact on antenatal care, vaccination (TT) during pregnancy and contraceptive use.
- The impact of the LHW programme on child health has been evaluated by selecting four indicators, which are child immunisation, child illness, and infant and child mortality.
- A significant gain is observed in child vaccination and child illness, However, the LHW programme does not show a significant impact on infant and child mortality.
- The welfare impact of the LHW programme in terms of reduction in poverty is found to be statistically significant.
- The LHW programme is a pro-poor initiative.

No vast improvements in living conditions of the poor

- However, the past poverty alleviation programmes and development efforts in Pakistan have not succeeded in vast improvement in the living conditions of the poor.
- Economic growth in the past has not been matched by development in the social services.
- Improvement in education, health, nutrition, housing, population planning not only improves and increases the human capital (increased benefits to the people) but also helps to improve their share in national income and helps ultimately for achieving better income distribution and reduction in poverty.

Barriers to poverty reduction: persistence of high inequality

- High inequality point towards the inability of poorest of the poor to benefit from the economic growth.
- In the presence of high inequality, growth may take much longer period to trickle down to the poorest of the poor.
- In other words, households around the poverty line seem to be more sensitive to growth in terms of improvement (or deterioration) in their well-being than households at longer distance from the poverty line.

No major improvement in education, skill levels and health indicators

- Education and skill levels are directly related to employment and poverty reduction. The poor usually have low levels of skill and can only find employment in low-paid jobs.
- Most poor households suffer from ill health and are forced to bear the high cost of medical treatment.
- Illness is often a catalyst in pushing households deeper into poverty and, thus, ill health and poverty are linked in a vicious cycle.

Neglected of rural non-agriculture sector

- Inequalities in land ownership and farm assets and the prevailing tenancy arrangements, particularly share cropping, have a strong correlation with rural poverty.
- The majority of the rural poor households (57%) is in the non-farm sector. Thus the agricultural sector or land ownership distribution is only one facet of rural poverty in Pakistan.
- The other, the role of the rural non-agricultural sector, is important in terms of employment and source of income.

Public provision of social services

- Public provision of social services plays important role in the capabilities development. Inequalities in these services can also be a barrier for poverty reduction.
- Some districts have achieved high level of capabilities with very low mortality rate and high literacy rate accompanied by low poverty and large public provision of social services.
- The variation across these districts is due to inequality in the public provision of social services like health services, education, sanitation facilities, and water etc.

Policy Lessons for Pakistan

- *Asset creation*
- *Growth Inclusiveness*
- *Integration of markets-development of non-farm sector/urbanization*
- *Public investment*
- *Reducing regional disparities*
- *Reaping the demographic dividend*