

**REPORT SUMMARY**

August 2018

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# Geography of Poverty in Pakistan: 2008–09 to 2012–13

The effectiveness of country-wide programmes aimed at poverty reduction depends on a broad understanding of the distribution of, and trends over time in, poverty across national geography. Keeping in view these programme needs, the Pakistan Poverty Alleviation Fund supported the *Geography of Poverty in Pakistan: distribution, trends and explanations – 2008-09 to 2012-13* conducted by Arif Naveed, Geof Wood and Muhammad Usman Ghaus. By using Pakistan Social and Living Standards Measurement (PSLM) survey, the report analyzes data on 27 indicators pertaining to four dimensions of wellbeing, i.e. education, health, living conditions, and assets ownership. The report provides the analysis of various measures of multidimensional poverty at the national, provincial and district levels using the Alkire and Foster approach. The key findings of the report are summarized here.

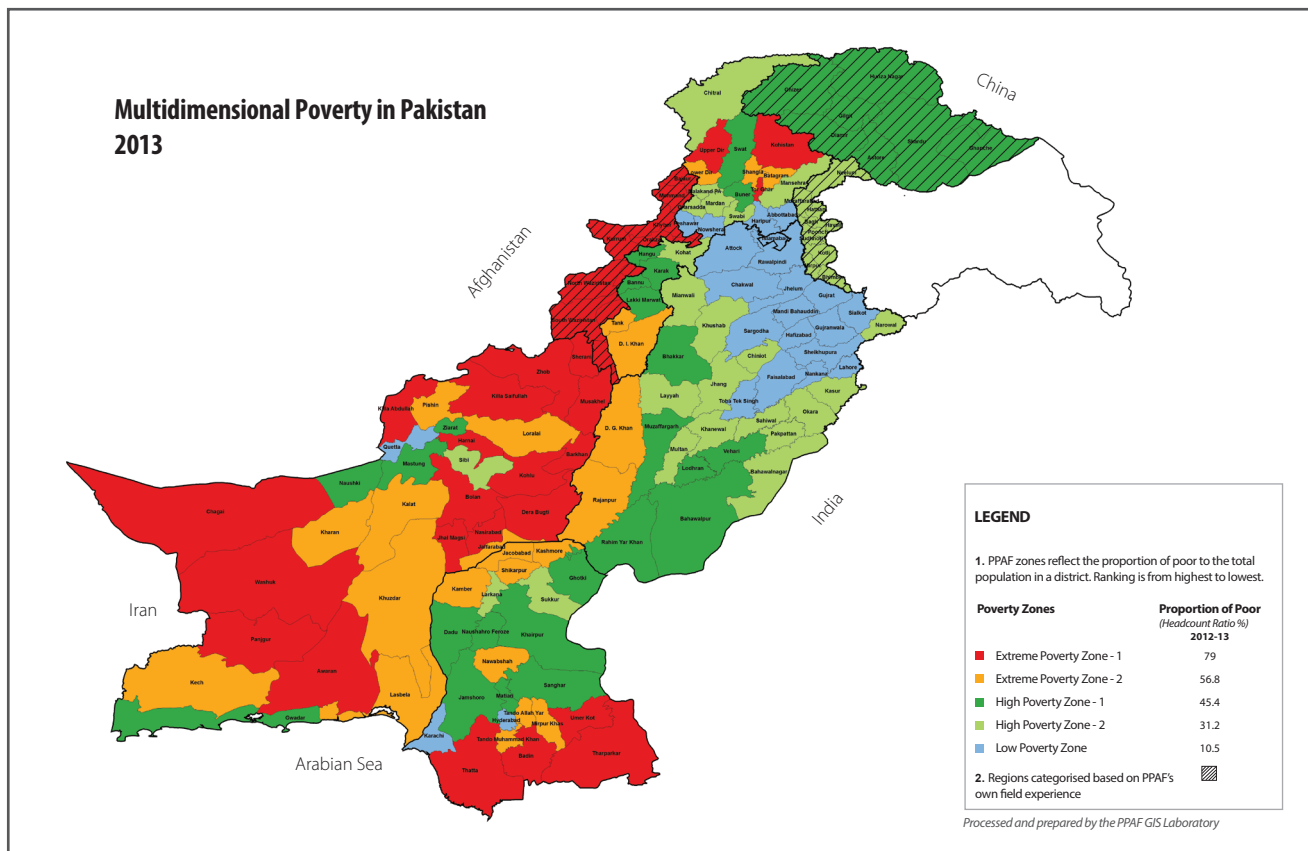
Over the five years, poverty headcount ratio fell by 5.6 percentage points at national level; from 36.9 per cent in 2008-09 to 31.3 per cent in 2012-13. There are tremendous rural-urban disparities in the incidence of poverty. In 2012-13, the rural headcount ratio was 42.3 per cent compared to the urban headcount ratio of 9.1 per cent. In absolute terms, there has been higher reduction in rural than urban headcount ratio over the five years.

There are stark inter-provincial differences in the incidence of poverty that persist over time. The highest poverty is found in Balochistan followed by KP and Sindh, whereas the lowest poverty is found in Punjab. In 2012-13, 62.6 per cent population of Balochistan, 39.3 per cent of KP, 37.5 per cent of Sindh, and 24.3 per cent of Punjab was multidimensional poor. The highest rural-urban disparity is seen in Sindh which is increasing over time.

While only 5.07 per cent of Pakistan's population lives in Balochistan, 10.2 per cent of country's poor lived in Balochistan in 2012-13. In the same year, 17.8 per cent of Pakistan's poor lived in KP and 28.0 per cent in Sindh. With 57.42 per cent population of Pakistan living in Punjab, its contribution to total poverty was 44.5 per cent in 2012-13.

Over the five years, the highest reduction in headcount ratio of 9.2 percentage points occurred in KP followed by 7.7 percentage points in Balochistan and 5.8 percentage points in Punjab. The lowest reduction in headcount ratio of 1.9 percentage points occurred in Sindh. Rural poverty in Sindh is particularly persistent over time.

The district level analysis of headcount ratio demonstrates tremendous diversity in the incidence of multidimensional poverty within each province. Districts like Kohlu and Kohistan had almost the entire population living below the poverty line in 2012-13. Headcount ratio in the bottom quintile of districts ranged from 96.4 to 72.6 per cent in 2012-13. The geographic concentration of poverty is evident from the fact that out of 56 districts in the bottom two quintiles, 23 are from Balochistan, 11 from Sindh, eight from KP, and two from Punjab. Districts which are largely rural and have low population are the ones with the highest headcount ratio. While the 4<sup>th</sup> and the 5<sup>th</sup> quintiles of districts on the headcount ratio have very high incidence of poverty, they are less populated and hence their contribution to overall poverty is low. The quintile of districts that make the highest contribution to the headcount ratio is also identified. These 23 districts, with nearly 30 per cent population of the country, had 44.7 per cent of Pakistan's total poor population in Pakistan. 11 districts of three Divisions of South Punjab (*Bahawalpur, DG Khan and Multan*) had one-quarter of Pakistan's poor in 2012-13. Most of the districts with the highest contribution to poverty are in South Punjab and Sindh. The least poor districts of Pakistan are mainly clustered in the north of Punjab up to Federal Capital, the adjacent districts of KP, and the major urban centers in all provinces.



Map: Poverty zoning based on district level headcount ratio 2012-13

As shown in the map, the report classifies the districts into five zones (quintiles) based on poverty headcount ratios. In 2012-13, at the aggregate level, Extreme Poverty Zone – 1 had 79.0 per cent population living below poverty, 56.8 per cent in Extreme Poverty Zone – 2; 45.4 per cent in High Poverty Zone – 1, 31.2 per cent in High Poverty Zone – 2, and only 10.5 per cent in the Low Poverty Zone.

This report also identifies some of the factors that potentially explain the tremendous diversity and extremity of poverty across the country. The most important of these factors include: population density; improved governance and public service delivery; industrial agglomeration; natural resource endowment; national and international migration; gender relations; and, natural disasters. The report thus made several policy recommendations. It particularly highlighted that:

- There is a tremendous need to invest in education and healthcare provision. These are particularly low in the poorest districts.
- Regional differences in the incidence of poverty within each province calls for devolving public authority from provinces to the Local Governments, accompanied with an equitable allocation of resources from the Federal and Provincial Governments, alongside strengthening the institutions of public service delivery, while taking poverty levels of the districts into account.
- There is a need to prioritize districts with the highest headcount ratios, as well as the ones that host the largest population of poor, not only in the poverty reduction programmes but also in the overall economic development plans.
- The existing social protection and poverty reduction programmes need to be reexamined for their capacity to engage with diversity in poverty and the variable conditions, resources, opportunities and challenges surrounding the lives of the poor across the districts of Pakistan.
- Recurring natural disasters in the poorest districts require long term development of appropriate infrastructure that can enhance the resilience of the districts prone to natural disasters including floods, landslides, droughts and earthquakes.
- There is also a need to rethink the ownership of and control over natural resources given high poverty in resource-rich districts. Local communities and the districts have the first right over their natural resources.
- Large-scale development projects such as China-Pakistan Economic Corridor linking Chinese markets with the Gwadar seaport in Balochistan offer a significant opportunity to improve the infrastructure and economic activities in many of the poorest districts. Whether it can be an equalizing force in the country depends on the distribution of economic opportunities, keeping the geography of poverty into account. Poverty mapping in this report warns against the concentration of opportunities for economic and social development within a handful of districts.