



# CENTRE ON INTEGRATED RURAL DEVELOPMENT FOR ASIA AND THE PACIFIC

## RURAL DEVELOPMENT AND POVERTY ALLEVIATION POLICY BRIEF

### PAKISTAN

In Pakistan majority of the poor are living in rural areas and almost 3.1 million labour force is un-employed where 70 per cent of them are the rural poor who are characterised as un-skilled labour. Although substantial experience has been gained in the design and implementation of rural development projects since 1953, but conceptual approaches to rural development are still evolving. The experiences revealed that various rural development projects had limited success in reducing poverty and in promoting broad based and sustainable socio-economic progress in the rural areas.

The Centre on Integrated Rural Development for Asia and the Pacific (CIRDAP) was established in 1979 to assist national action and promote regional cooperation relating to integrated rural development in the region, and to act as a catalyst for related activities among its member countries.

In the Sixteenth Governing Council Meeting in Manila in 2007, there was a discussion on the changing context of rural development (RD) initiatives and the need to review past policies and to identify policy-level issues and concerns. Accordingly, the CIRDAP Governing Council decided to commission a series of country studies for reviewing past policies and identifying policy issues and concerns with which CIRDAP can engage itself further through strengthening several actors at national and regional level for information generation, policy development and regional cooperation. The country studies as suggested should examine the role of the CIRDAP link institutions and also the need and scope for other linkages. Subsequently, each of the member countries nominated a researcher to work on the country studies. The researchers decided that each country would examine the RD initiatives from the point of future opportunities for CIRDAP.

Twelve countries have submitted the reports out of 14 countries. The country reports vary substantially in nature. Southeast Asian countries, especially Malaysia, Thailand and Vietnam, adopted market based reform policies much earlier than the South Asian countries. The focus in Malaysia and Thailand and now across all the Southeast Asian countries, was on the development of infrastructure, encouragement to foreign capital investment in manufacturing, and providing employment in organised enterprises as well as services catering to the market economy, tourism, restaurants and the like. The focus of development in the first four decades after independence in South Asia was quite different. It focused on the preservation of the rural economy, and attempted to increase employment opportunities in rural areas through public expenditure programmes, and essentially tried to maintain the rural character of these economies. The approach to poverty alleviation has thus been very different in the two regions. While South Asia focused on gains in agriculture and rural employment, Southeast Asia turned to commercialisation of agriculture and more market-oriented growth.

CIRDAP has published all the findings in a separate volume for each country. In this brief note, some of the important findings and policy issues for Pakistan are highlighted.

### Major Findings

The rural development initiatives in Pakistan mainly aim at improving livelihoods and providing an arrangement whereby interlinked aspects perform their role in creating enabling environment for mainstreaming rural areas in development and improving the living standard of rural people. It focuses the improvement of economic capabilities of the people which included development of social and economic infrastructure, increasing literacy, improving health condition, creating employment opportunities and skill development.

Pakistan is one of the most populous country of having 153.96 million population as of 2005-06 as against merely 32.5 million in 1947 an addition to about 121 million people at an average growth rate of 2 per cent per annum. Around 66 per cent of them are living in rural areas which account for supplying 31.5 million (67.5%) labour force to the labour market.

Despite the government initiatives and launching of different programmes, the economy of Pakistan experienced fluctuating trends during the period of 1995-2005. The growth performance remained weak, and both exports and imports contracted.

The GDP registered a high growth rate of 5.91 per cent in 1995-96 while in preceding years it kept on declining and reached to lowest ebb in 2000-01 by recording a poor performance of 2.0 per cent growth rate which continued a solid pace of expansion at an average rate of 7.0 per cent per annum during 2000-2005.

Agriculture is the main stay of rural economy which provides livelihood to almost all the rural people directly or indirectly. It is the reason that the major component of government initiatives in the development of economic capabilities in the rural areas remained focused on bringing improvement in agricultural income by increasing agriculture productivity through stabilising the prices of agricultural products, construction of farm to market roads, extension of advanced technology, improving agricultural infrastructure and expansion of microfinance service base to the farmers. The growth in agriculture sector also suffered a set back during 1995-2000 due to continued unfavourable weather condition and pest attack which led to a negative growth of 2.2 per cent in 2000 against positive growth of 6.74 per cent in 1995. The crops sector did not show impressive performance but the livestock remained stable during this period. The role of livestock in the rural economy is very critical which contributes almost 50 per cent to agriculture sector and employs 30-35 million rural population.

Reducing poverty has always been the declared goal of all development plans in Pakistan. There is a general consensus that poverty in Pakistan has increased in the 1990s which is mainly attributed to declining economic growth, persistence of severe macroeconomic imbalances, and reduction in the flow of remittances from overseas Pakistani workers, lack of social safety nets. Some economic reform initiatives, like privatisation of state owned enterprises and subsequent shedding of surplus labour as well as withdrawal/reduction of subsidies, particularly on wheat, may have affected the economic position of low income groups in the transition phase. The poverty significantly increased from 17.3 per cent in 1987-88 to 28.16 per cent in 1993-94 and to 34.4 per cent in the year 2000. In fact the incidence of poverty in rural areas remained higher than the urban areas. The non-farm activities in rural areas have not been given proper attention by the government which has a great potential to absorb the surplus labour. The improvement of human capital is considered to be the aim as well as means to development which needs to improve the social indicators by expansion of medical facilities and infrastructure, educational facilities, improvement in sanitation and safe water supply coverage, improvement in maternal and child health care etc.

### **Policy Priorities**

- The shortage of trained and skilled manpower is a major constraint in the effective implementation of rural development programme;
- Planning and implementation of rural development projects need to be enhanced;
- Rural development programme should cover wide range of topics such as income generation, agribusiness, modern irrigation techniques, rural finance, local economic development, local governance, integrated rural development, sustainable village development, rural connectivity and use of technology in rural areas; and
- Pilot schemes may be helpful in showing the way to major initiatives, the rural poverty alleviation, and income and employment generation in Pakistan. These projects should be normally demand driven and need based which can involve active participation of beneficiaries.