

ASIAN DEVELOPMENT BANK

POVERTY IN PAKISTAN
ISSUES, CAUSES AND INSTITUTIONAL RESPONSES

JULY 2002

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FOREWORD

Poverty reduction has always been an important objective for the ADB and the Bank's Poverty Reduction Strategy, approved in November 1999, articulated poverty reduction as ADB's overarching goal. In 2000, work on the poverty analysis for Pakistan was initiated as part of the process of developing the new Country Strategy and Program. This report describes the trends and key features of poverty in Pakistan, discusses its main causes, outlines existing programs and initiatives to reduce poverty, and gives a set of strategic options for ADB.

A draft of this report was discussed at a high-level forum by representatives of the Government, private sector, civil society, and international development agencies in April 2001. The poverty analysis provides the basis for ADB's Country Strategy and Program for Pakistan for the period 2002 to 2006, approved in May 2002. The key findings of the poverty analysis and the discussions during the high-level forum and subsequent consultations are the basis of a partnership agreement between the Government of Pakistan and ADB. The agreement will formalize a sustainable partnership that sets out a long term-vision and agreed targets and strategies for poverty reduction.

The report benefited from comments from the Government and other stake holders in Pakistan, and various ADB departments. The report was prepared by Safiya Aftab, Naved Hamid and Safdar Parvez. Roshan Ara, G. M. Arif, Muhammad Irfan, A.R. Kemal, Martin Rimmer, and Rehana Siddiqui also made important contributions to the report. M. Ali Shah guided the preparation of the report and advised on important issues. Lynette Mallery provided photographs for the cover page and Shaista Hussain edited the report.

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ABBREVIATIONS

| | |
|--------------|--|
| ADB | Asian Development Bank |
| AKRSP | Aga Khan Rural Support Program |
| CBO | Community-Based Organization |
| CSP | Country Strategy and Program |
| EOBI | Employees Old Age Benefits |
| EPA | Environmental Protection Agency |
| FBS | Federal Bureau of Statistics |
| FY | Fiscal Year (July-June) |
| GDP | Gross Domestic Product |
| GER | Gross Enrollment Rate |
| HDI | Human Development Index |
| HIES | Household Income Expenditure Survey |
| HRCIP | Human Rights Commission of Pakistan |
| IPP | Independent Power Producer |
| IMF | International Monetary Fund |
| IMR | Infant Mortality Rate |
| IPRSP | Interim Poverty Reduction Strategy Paper |
| JICA | Japan International Cooperation Agency |
| KPP | Khushal Pakistan Program |
| MHCHD | Mahbub-ul-Haq Center for Human Development |
| MSU | Multi-donor Support Unit |
| NEQS | National Environmental Quality Standards |
| NGO | nongovernment organization |
| NRSP | National Rural Support Program |
| NWFP | North West Frontier Province |
| OPP | Orangi Pilot Project |
| PIHS | Pakistan Integrated Household Survey |
| PPAF | Pakistan Poverty Alleviation Fund |
| PRSP | Punjab Rural Support Program |
| RSP | Rural Support Program |
| SAP | Social Action Program |
| SAPP | Social Action Program Project |
| SBA | Standby Arrangement |
| SBFC | Small Business Finance Corporation |
| SCOPE | Society for the Conservation and Protection of the Environment |
| SME | Small and Medium Enterprises |
| SPDC | Social Policy Development Center |
| SRSP | Sarhad Rural Support Program |
| TFR | Total Fertility Rate |
| UNDP | United Nations Development Program |
| WHO | World Health Organization |

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