

ILLUME

Q U A R T E R L Y



From knowing to understanding **POVERTY**

Alleviating Poverty thru Public Private Partnerships

Women and Poverty: The other Half

MICROFINANCE: Is it really making a difference?

Rays of Hope

APR - JUN 2004



Editor's Note

Poverty abounds in this world of plenty. Everyday necessities of life which we too often take for granted are out of reach for most people. To realize just how lucky many of us are, we don't have to travel long distances or take the pain of going through tons of literature on poverty. Images of abject poverty and deprivation chase us every where; domestic helpers in our homes, hordes of beggars and vendors on traffic signals, children with sullen faces and tattered clothes working in garages, workshops and roadside kiosks and patients of all ages languishing inside and outside government hospitals and dispensaries and so on. These images constantly torment the sensitive heart and very often make us feel helpless in the face of this gigantic problem.

Globally, for almost 842 million people living in extreme poverty, securing three square meals in a day is life's biggest battle, rarely won of course. Out of these 842 million poor of the world, 75 percent poor people live in Asia and about 50 million in Pakistan alone. Poverty is many things to many people, and is more than the lack of basic requirements of food, clean water and shelter. Poverty denies people access to medical care, education, employment, participation in societal life and above all hope for better future. Poverty also goes hand in hand with oppression and lack of freedom.

This issue of ILLUME Quarterly has been devoted to explore the dimensions and causes of poverty in Pakistan. We tried to highlight several manifestations of poverty through the articles by eminent development writers.

I take this opportunity to welcome the newly appointed members of ILLUME Editorial Board. I sincerely hope that their insightful guidance will profoundly help us improve the quality and relevance of this magazine for its readers. I would also like to thank my colleagues and content contributors because without their help and support, bringing out this edition of Illume would not have been possible.

Finally, let me remind you like always that your feedback is something which we really look forward to, so please do write to us!

Happy reading!

Syeda Mujeeba Batool

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“Let us not be satisfied with just giving money. Money is not enough, money can be got, but they need your hearts to love them. So, spread your love everywhere you go.”

Mother Teresa

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Mismeasurement of Poverty

I know it when I see it

Ask any development practitioner the *raison d'être* of her project, and, in nine out of ten cases, hear the mantra of poverty alleviation. If you probe further and try to learn more about the poor, you will, however, find divergent definitions and indicators of poverty. Is this merely a definitional issue, or yet another “essentially contested” concept in social science? Regardless of the nature of this ambiguity, it manifests in policy making in a big way. Since the meaning and measure of poverty dictates the design of anti-poverty interventions, programmes, projects and strategies, we have anti-poverty programmes of all kinds. Granted that poverty is multifaceted and its causes are too complicated to deal with, yet there is an urgent need to reach at a common and shared understanding of the term. Such “reductionist” approach is inevitable for translating the academic debate on poverty into action.

To understand the scope of the definition issue, one may refer to the empirical work that shows that in Peru and India nearly half the population identified as being poor according to one methodology, was declared not poor by another, and conversely. Different studies carried out in Pakistan, for the same period of time, arrive at conflicting trends in poverty: one study shows that poverty has actually gone down during 1987-91, and the other concludes that it has increased during 1984-91.

Before we move further, a working definition of poverty is called for. While there are many definitions of poverty some more sensible than others as a point of departure, poverty is defined as “insufficient income to meet basic needs.” Here the definition of 'needs' is open to interpretation. Traditionally, the monetary requirement for a nutritionally adequate diet is used as *the need*. For example, the official poverty line for Pakistan is estimated at 2,350 calories per adult equivalent per day, which is, in monetary terms, equal to Rs 670 per capita per month (financial year 1998-99). In several similar approaches to measure income-poverty, a basket of basic needs is used that includes food, shelter, clothing, health, education, etc. One of the issues with such monetary approach is that it disregards social resources available to a household. Another issue is that value judgment is an inbuilt feature of this approach. For example, in selection of, and in assigning values to, the components of basic needs basket. It has also been argued by post-modernists that it would be unfair to label poor and deprived for people who “do not participate overwhelmingly in the market economy, and do not consume commodities provided for and distributed through the market.”

It was in 1980s that the concept of well being started gaining currency in the development sector to measure poverty. Pioneering work by Amartya Sen, who emphasized that development should be seen as the expansion of human capabilities, instead of a mere growth in income, was later embraced by UNDP in its Human Poverty Index (1997)



Nussbaum's List of Features essential to full human life

- ☐ Life: normal length of life
- ☐ Health: Good health adequate nutrition and shelter
- ☐ Bodily integrity: movement; choice and reproduction
- ☐ Senses: Imagination and thought, informed by education
- ☐ Emotions: attachments
- ☐ Practical Reason: critical reflection and planning life
- ☐ Affiliation: social interaction; protection against discrimination
- ☐ Other species: respect for and living with other species
- ☐ Play
- ☐ Control over one's environment, politically (choice) and materially (property)

Source: Laderchi, Saith and Stewart 2003

Terms used to describe poverty:

- ☐ Income or consumption poverty
- ☐ Human (under)development
- ☐ Social exclusion
- ☐ Ill-being
- ☐ (Lack of) capability and functioning
- ☐ Vulnerability
- ☐ Livelihood unsustainability
- ☐ Lack of basic needs

By: Azhar Saeed

Alleviating Poverty *thru* Public Private Partnerships

Poverty the impeding disaster

Combating poverty is being increasingly recognized as the single most pressing challenge of the world, which calls for an all out global effort. According to Max-Neef, the noted Chilean Economist, “. In the last three decades while we have witnessed growth in productivity never experienced before in the history of humanity, we have also seen a growth in poverty and the destruction of the environment never seen by any civilization before”. Running parallel to the apparently unending process of accumulation of wealth in the developed countries, there appears to be an unending process of pauperization of the people of Africa and South Asia. While increased poverty in the vast majority of the world's population might not be the result of deliberate 'western' policies to make the poor poorer, it is an inevitable consequence of the capitalist mode of production, which accepts uneven distribution of wealth as unavoidable.

Poverty is multifaceted and is caused by a variety of economic, physical and social deprivations. Nobel laureate, Amartya Sen takes a "capability" approach to poverty and analyzes it as capability deprivation, disaggregated into three types of deprivations. Social Capability Deprivation - deprivation to access to the basis of household production, such as information, knowledge and skills, participation in organizations, and sources of finance, Political Capability Deprivation - deprivation of an individual's access to political decision-making, not only the capability to vote, voice aspirations, and take collective action and Psychological capability deprivation - deprivation of an individual's sense of his own potential, in the social and political spheres, rendering him incapable of critical thought because he has been indoctrinated by 'false consciousness'. Space for critical thought has been destroyed, so no alternative thoughts arise.

However, while economists and social scientists are exploring and analyzing a broad range of issues for understanding and defining 'poverty' more comprehensively, the income dimension of poverty is arguably still the most visible one. Here, a poverty stricken person is one who earns less than one US dollar a day. Using this definition, nearly 1.2 billion out of a total population of 6.0 billion in this world are living in abject poverty. In Pakistan alone there are about 35 million extremely poor people out of a total population of about 140 million. By this count, about 25% of the country's population is extremely poor as compared to the global average of 20%. Moreover, about 50 million Pakistanis live on less than Rupees 3000/- or less than 50 dollars per month. That is more than double the population of Switzerland, Denmark, Sweden, Finland and Austria combined living on one and a half dollars a day.

What is worse is that this number is increasing. A large number of multilateral and bilateral agencies have been providing generous funds to developing countries to combat the curse of poverty but unfortunately the results are hardly impressive. As the spread of poverty is accentuating unabated, it is becoming increasingly clear that traditional methods to handle the problem have failed; probably because the traditional approaches have been attacking the manifestations of poverty rather than its causes.

Azhar Saeed did his B.SC Engineering from UET and MBA from LUMS. He worked in both public and private sectors for a number of years before finally settling in the development sector in 1997. Since then, he has been extensively engaged in teaching and training in the areas of NGO governance, human resource management and organizational development. Azhar has facilitated strategic planning for many significant NGOs in Pakistan and has designed and conducted a number of training programs for board members, chief executives and senior managers of NGOs. He is a fellow of the BoardSource, USA, and also on the governing Boards of a few NGOs. He is currently based in Islamabad and working for the Human Resource Development Network as Coordinator.

What needs to be done?

So, if one had to start afresh, what could be the entry point for breaking the vicious cycle of poverty; education, health, political empowerment or employment creation? One can make a pretty strong case for each one of these areas and undoubtedly investment in any one will contribute towards alleviation of poverty in its own way. However some are likely to yield results in relatively short term than others and in order to alleviate poverty on a sustainable basis, one will have to work simultaneously on short term and long term measures.

However, the alarming rate of increase in both the depth as well as the breadth of poverty can lead to a full scale social disorder and societal collapse and therefore calls for interventions, which could arrest the rising trend in poverty rather quickly. Employment generation interventions is one such area of promise. The moment an unemployed person is provided with a job with reasonable wages, at least his income poverty comes to an end and this is likely to put him on the path to alleviation of other - more complex - forms of poverty.

Significance and promise of Public Private Partnerships (PPPs)

Employment generation needs investment; investment in physical infrastructure, in labor-intensive economic activity, in improving governance to create an attractive environment for global capital, in research for technological advancement and most importantly investment in building the human capital.

But building the human capital is more than merely helping people acquire marketable skills and competencies. It is about creating an environment in which people develop and realize their full potential and expand the choices available to them. It aims at building capabilities, ensuring health and longevity, acquisition of knowledge and access to the resources needed for a decent standard of living. More importantly, it is concerned both with developing human capabilities as well as their productive use. Human Development Report 2002 points out that on a per capita basis, the countries in North have nine times the number of scientists and technical personnel, five times the tertiary enrolment ratio and 24 times more investment in technological research compared to South. The same report also argues that South Asia as a region produces very few people with technical skills to efficiently produce goods and services of higher quality acceptable in the global market.

Clearly, we face a sobering challenge. But who is 'we' here? The 'prince', the 'merchant' or the 'citizen'? Whose challenge is it precisely to put the wicked poltergeist of poverty back into the bottle? Emerging development discourse in Pakistan and across the world seems unanimous on the answer: all three the government, the private for profit and nonprofit sectors - working together in complimentary roles, popularly known as Public Private Partnerships.

The PPP Challenge and the way forward

While it is now difficult to find any development related document - from Poverty Reduction Strategy Paper of Pakistan (PRSP) to the work plans of most civil society organizations - without PPP mantra, even a rough stocktaking of the situation on ground would reveal that PPP has just started gaining currency in Pakistan. Not only the examples of successful tripartite partnerships are few, even the PPP concept is not fully developed.

Based on the previous experiences of Government contracting out delivery of social services like education and health to NGOs on a very limited scale, PPP is mostly understood as partnership between civil society organizations and the Government for improving delivery of social services at the grassroots level. The private for profit sector, the third and probably the most resourceful partner in the PPP triangle, which is assuming an increasingly important role in other developed as well as developing countries, is usually missing from the PPP scene in Pakistan.

Therefore there is an urgent need to help major stakeholders explore the range of PPP models, share best PPP practices from around the world and develop innovative tripartite partnerships between government, CSOs and the private for profit organizations and individual philanthropists to bring about a development revolution.

Women and Poverty

The other half

There have been countless studies, reports and books that have illustrated the plight of women in Pakistan today. Activists have also repeatedly highlighted the woes of women in Pakistan for decades now. Ministries, task forces, commissions galore, but we still continue to hear stories like the Meerwala gang rape and the Mianwali barter, those being lucky enough to get public attention. But yet, women in Pakistan continue to be a faceless and voiceless minority.

Conversely, On the other hand, poverty in Pakistan is also on the rise. Figures indicate that more than a third of the country's population lives below the poverty line. Fifty-five million people do not have access to safe drinking water or primary healthcare facilities, two out of every three adults is unable to read or write and a hundred million (almost two-third of the population) do not have access to proper sanitation facilities. The UNDP ranks Pakistan 144th out of 175 countries on its Human Development Index.

Despite the global community's wholehearted plunge into the twenty-first century, socioeconomic indicators point to a regressing Pakistan seems to be regressing further backwards. Where in most cultures, the role of a mother, wife, sister and a daughter is one to be respected and revered, she is neglected and de-prioritized in Pakistan. Poverty is not the only negative impacting women today. Off-shoots of poverty, such as a lack of awareness, increasing household size, isolation from or over-exposure to the modern world, all severely hamper the way women ought to be seen in a developing society.

Women, who comprise almost half of the population of Pakistan, are extremely vulnerable, specially in the rural areas. Pakistani women like in many other developing nations, lag behind their male counterpart men because of archaic social, cultural and traditional norms. A low literacy rate, high birth rate, poor health, low life expectancy coupled with non-recognition of their work within the family unit and outside it, - all indicators of high poverty levels are some of the common characteristics which illustrating the neglect of the women in Pakistan, despite their vital contribution to the country's economy.

A case in point is the role of women in the agricultural sector, which constitutes the bulk of Pakistan's economy. Female labor participation continues to lag behind men in this sector.

Labour market conditions, too, are usually unfavourable for the female labour force in many developing countries. High paying professions are usually not accessible to women, least of all in rural areas. Thus they are mostly absorbed in traditional sectors like agriculture and low- paid occupations pertaining to petty services. Their contribution towards economic development is also not duly acknowledged. Moreover, accurate data pertaining to their economic contribution is also not available in many developing countries



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There have, however, been some very positive initiatives that have tried to both bridge the gender gap and provide women with economic empowerment. Most notably, credit-related activities have seen a high success rate among women. Organizations such as the Kashf Foundation have demonstrated that women are able to both earn and manage money. The provision of credit facilities to women and the spirit of self-entrepreneurship, is one that is possibly the most beneficial in the long term in lifting women above the poverty line.

Education is another area where the gender disparity is more than obvious. It is unanimously accepted that low levels of education lead to high levels of poverty. Although one can argue that high levels of education can still lead to high levels of poverty because of high unemployment rates in a sagging economy, the fact does arise that enrollment rates for boys far outweigh those of girls. Here again, understanding how communities function is vital in repairing the broken link between gender and poverty. In many cases, parents are willing to send their daughters to school, but social conditions such as lack of proper transport facilities or even proper schools, stop them from doing so. In such cases, the obvious choice for parents, is to send their sons to school, who are not only seen as future income earners, but also as having the ability to withstand the harsh conditions that our current state school system offers.

Similar cases can be demonstrated in the health and sanitation sectors, which make it apparent how

neglected women are, leading to higher aggregated levels of poverty, as their increasing numbers only add to the figures. These are issues that the government, NGO and private sectors all need to address while designing and implementing their programmes for gender and poverty alleviation. It is not possible to come to a solution to the issue while looking at it in isolation. Women not only need to be recognized as individuals in themselves, but they also need to be recognized as an equal part of the economy and society from which we wish to 'eradicate' poverty.



By: Anees Jillani
& Sarwat Shah

Lengthening Shadows:

Poverty affected children

Poverty is a complex phenomenon in the true sense of the word. Starting right-up from its definition to its programmes and strategies to alleviate it, there is not one standard against which we can measure it or agree upon. However, one thing remains the same no matter in which corner of the world: its impact.

Women and the children are the worst victims of poverty. Poverty stricken children are denied their fundamental rights to education, health, protection and overall development since the time of their birth. They are born malnourished, they do not have access to primary health facilities, and many of them die before completing their fifth birthday. When these children grow a little older, they are forced to work tirelessly at a stretch for ten hours in the most appalling of conditions simply to supplement the family's meager income. Parents willingly send-off their children with relatives and acquaintances with the hope that they will witness better-off days only to discover that their children have trafficked to different countries to be used as camel jockeys and for purposes of prostitution. In every sense of the word, children are the worst sufferers who have been bearing the bunt of poverty because they were born into a poor family. But the fundamental question remains unanswered whether children are obligated to deliver in terms of helping out families to divorce themselves from poverty?

Economic growth is an important indicator to measure the extent and prevalence of poverty. If there is no economic growth and the doors of economic opportunities are shut upon the poor, then poverty is bound to persist. But what is more important is how well the additional income generated by growth is distributed within the country. According to the World Development Report, 2001-2002, for a given rate of growth, the extent of poverty reduction depends on how the distribution of income changes with the growth and on initial inequalities in income, assets, and access to opportunities that allow poor people to share in growth.



Curtsey: SPARC

In other words, increase in the economic growth of a country, alone is not the elixir and panacea to guarantee and ensure that poverty estimate will improve.

The income accrued must be trickle down evenly to all segments of the society. The poor, especially women and children, are always worst hit by such unskewed distribution.

Like other developing countries, Pakistan also faces the dilemma of unequal distribution of income generated by economic growth, which benefits just a small fraction of the society. According to the report on Human Development in South Asia, there are less than one third of Pakistan's population who are income poor while nearly one half suffer from serious deprivation of basic necessities like access to primary healthcare and safe drinking water.

It is not easy to assess the extent of poverty in the country as there is no agreed upon official method to gauge those who live under the poverty line. Economic experts have constantly been applying diverse methods to calculate the number of poor in the country.

There, however, generally appears to be a consensus that thirty percent of the Pakistanis live below the poverty line. In other words 42 million people in this country are earning less than Rs. 1800 a month. It is not surprising in such a situation that more than 600,000 children die annually in Pakistan before reaching the age of five; it means 68 children under five are dying every hour of the day. Majority of the nation as a result of constant hunger suffers from malnutrition; millions are underweight and face wasting and stunting. However, poverty is a much broader concept than not having been able to consume a minimum amount of calories. The inability to live a healthy life free from common diseases and to participate usefully in activities that come with education also indicate poverty.

The Universal Declaration of Human Rights (1948), the cornerstone of international human rights law and the first international recognition that rights and fundamental freedoms are applicable to every person in every corner of the world, followed by a series of human rights conventions, have emphasized the right to development as human right. This right recognizes that the poor need sustained assistance in order to create the conditions necessary for universal enjoyment of human rights. Thus lack of sustained assistance perpetuates poverty and undermines the extension of rights to the individual.

Poverty subverts the potential of any human to fully develop himself or herself. The shortfall hits hardest on the most vulnerable members of the family, particularly females and children. Poor families like poor countries struggle with the way those limited resources are allocated. Financial realities determine whose human rights are most vigorously defended and thus resources tend to go to the men.

It is important to understand that poverty is not about income alone but it is multidimensional. Poverty envelops every feature of a person's existence: malnutrition, lack of clean water, ability to learn, and life expectancy. Just to give one example taken from Unicef's State of the World's Children 2001, a girl born to poverty is most likely to marry early and have a child while still in adolescent. Malnourished girl becomes a malnourished mother, who will give birth to an under weight baby. Like their parents poor children are likely to transmit poverty to next generation.

What has our ruling class done to improve the situation? Almost every Government comes with one plan after another to alleviate poverty but the results are all to see. But the fact is that the emphasis has mostly remained on cosmetic gestures that remain meaningless where in a country more than ten million are unemployed at any point of time; and a greater number remains underemployed. The pity is not that there is so much misery all around us but that it does not have to be there, Pakistan has potential and the resources to turn things around but it repeatedly fails.



A consistent and coherent approach to tackle poverty and other related issues in this country is needed but its somehow nowhere in sight. To take just one example, one of the first steps to handle poverty and its related afflictions is to concentrate on education. Our literacy rate remains one of the lowest in the world and almost half of that of India despite the huge differences in the two countries population. Public expenditure remains dismal. Pakistan now remains one of those few states in the world where the number of illiterates instead of decreasing is actually increasing; from 36 million in 1961, it has gone up to 47 Million in 1998. We are still discussing the basics like as to whether the medium of instruction should be Urdu or English. We have not been able to agree even on a uniform system of education.

The way we treat our women is partly responsible for our plight. Employment status of females remains sorrowful while the share of females in the employers category remains at only 0.3% it goes without saying that the majority of the women folk are working as unpaid family helpers.

Today' s poor children are all too often tomorrow's poor parents. While some do manage to escape poverty, for most, being born poor being staying poor and their children are also likely to remain poor. Poverty thus leaves a longer-term legacy. Adults who experienced poverty in childhood are more likely to be unemployed, in low pay jobs, more likely to get in trouble with law and are at greater risk of drug abuse. This is disastrous both for the poor and for Pakistan as a country. It means that the health, the well being, the productivity and the future a huge chunk of population compromised.

There is obviously no magic wand for ending poverty. However, the least that any government can do is to attempt to reduce the inequalities and injustices from the society. It should at least try to remove the disadvantages inherent in areas such as health, education and sanitation. It is about the time that our ruling class learns that rhetoric will not get it anywhere: if any thing, it will simply make the people of Pakistan more cynic. What this country needs is a sound vision and direction that can get its people out of the present mess.

More important, is the need of the country to have an explicit anti poverty plan so that resources are reserved and allocated properly. The international institutions can play their role in supporting such plans. It is about time that the government makes poverty a matter of priority and work with more zeal and commitment in partnership with international actors and the civil society in order to save the country and our children from the lengthening shadows of poverty.



By: Aly Ercelan
PILER

The Burden of Poverty

Women as unfree labor in Pakistan

Labour becomes unfree when forced to provide services for nominal or nil compensation (or uncertain future compensation that remains very much at the employer's discretion, traditions notwithstanding) -- through explicit or implicit threats of physical or *economic violence* such as deprivation of job, land or housing.

Such indentured services can be unrelated to the production process. Typically, families of sharecroppers and permanent labour are required to provide domestic services to landlords in return for meals and the like, or sometimes as implicit rent for housing. Made by family, society and state to feel more insecure than men, unfree labour affects women more intensively e.g. through type, duration and timing of required services. Another source of inequity arises when men are spared additional tasks in order to intensify their labour in production. In more special situations, but not as rare as they should be, sexual services are demanded of women as privileges in themselves, or as the price for escaping labour services.

But forced labour also arises when labour is intensified on sharecropped land and the burden of this intensification falls largely or wholly on the sharecropper family. Implicit is the assumption that fairness requires at least equal shares in all costs. Since specific tasks are the responsibility of the sharecropper, the implicit costs of using family labour are the burden solely of the sharecropper. However, this is not reflected in output receipts, specially when gross output does not increase in proportion to labour input. Particularly stark is the inequity resulting from forced labour for long-term improvements on the farm that may or may not be available to the same sharecropper in the future. Again, the situation of women may be more inequitable through type, duration and timing of their contributions (even ignoring the implications of double burdens for women).



