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Report of Policy Lab on
Poverty Alleviation in Pakistan: A Multi-Pronged Approach

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بسم الله الرحمن الرحيم

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The journal's focus on original research papers, reflective studies, and analyses related to international relations, Pakistan affairs, and faith & society reflects a commitment to addressing critical issues and proposing viable solutions to these issues. By bringing together researchers, experts, and policy practitioners, the journal provides a platform for a diverse range of perspectives and experiences, allowing for a more comprehensive and nuanced understanding of complex issues.

The focus on public policy further underscores the journal's commitment to making a tangible impact on national and international issues. By providing a space for research and analysis, the journal helps to inform policymakers and practitioners, who can then use this information to develop more effective policies and programs. Additionally, the focus on viable solutions emphasizes the importance of actionable recommendations that can be implemented in the real world.

Overall, the journal's focus on research, analysis, and practical solutions reflects a commitment to advancing knowledge and making a positive impact in the fields of international relations, Pakistan affairs, and faith & society. By providing a platform for diverse perspectives and experiences, the journal contributes to a more comprehensive understanding of complex issues and the development of effective policies and programs.

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Khyber Journal of Public Policy

Volume: 1 Summer, 2022 Issue:2 (Special)

Poverty Alleviation in Pakistan: A Multi-Pronged Approach (This special issue consists of the proceedings of a Public Seminar held 27th July - 02 August, 2022, on " Poverty Alleviation in Pakistan: A Multi-Pronged Approach " conducted at the conclusion of the Public Policy Simulation Exercise during the 34th Mid Career Management Course.)

Contents

Message of the Capt. (Retd) Usman Gul,

Director General National Institute of Management, Peshawar on the eve of Special Issue of the Khyber Journal of Public Policy:

It is my privilege to present this edition of the Khyber Journal of Public Policy, centered on the theme "Poverty Alleviation in Pakistan: A Multi-Pronged Approach." Poverty remains a deeply rooted and multifaceted challenge in Pakistan, disproportionately affecting rural and marginalized communities. Despite various efforts, the persistence of poverty underscores the need for more integrated, innovative, and inclusive strategies.

This edition features a diverse range of scholarly articles and research contributions that critically examine the roles of public institutions, civil society organizations, international development agencies, and community-based initiatives. It emphasizes the importance of collaboration, synergy, and data-driven policymaking to ensure that poverty alleviation programs are both effective and sustainable.

In particular, the journal explores the structural and institutional gaps that hinder coordinated action, and it presents practical recommendations for aligning policy interventions with the needs and priorities of vulnerable populations. It also draws attention to successful models from within Pakistan and abroad that can be adapted to our local context.

At NIPA Peshawar, we remain committed to fostering policy dialogue and research that inform effective governance. I commend the editorial team and contributors for their valuable work and hope this volume serves as a useful resource for policymakers, practitioners, and scholars.

Capt. (Retd) Usman Gul,
Director General
National Institute of
Management, Peshawar

Preface

of the Special Issue of Khyber Journal of Public Policy

The Khyber Journal of Public Policy proudly presents this special edition focusing on "Poverty Alleviation in Pakistan: A Multi-Pronged Approach". This volume reflects the collective intellectual contributions of a series of dedicated task forces established to explore and recommend comprehensive strategies for tackling poverty—arguably one of the most pressing public policy challenges facing Pakistan today.

Recognizing the multifaceted nature of poverty, the National Institute of Public Administration, Peshawar—under the National School of Public Policy—commissioned multiple task forces to undertake research, analysis, and policy evaluation across diverse thematic areas. These included social safety nets, skill development, microfinance, the application of Information and Communication Technology (ICT), the role of Civil Society Organizations (CSOs), agriculture, ease of doing business, and good governance.

Each task force examined poverty alleviation through its specialized lens. The Task Force on Social Safety Nets evaluated the impact of targeted public welfare programs and their effectiveness in providing immediate relief to vulnerable populations. The Task Force on Skill Development emphasized the importance of vocational training and employment generation for sustainable poverty reduction. Similarly, the Task Force on Microfinance analyzed how access to small-scale credit could empower low-income households and support entrepreneurship.

In parallel, the Task Force on ICT examined how digital inclusion and e-governance can bridge service delivery gaps and create new economic opportunities. The Task Force on CSOs explored ways to synergize efforts of civil society and government, highlighting the importance of partnerships in achieving shared development goals. The Task Force on Agriculture focused on revitalizing this crucial sector, noting its direct connection to rural livelihoods and food security.

The Task Force on Ease of Doing Business underscored the importance of regulatory reforms and an enabling environment for small and medium enterprises (SMEs) to flourish—critical drivers of job creation and income growth. Finally, the Task Force on Good Governance addressed institutional reform, transparency, and accountability as necessary foundations for effective poverty alleviation.

This issue aims to provide evidence-based insights, practical recommendations, and policy frameworks to guide national discourse and inform future strategies. It is our hope that this compilation will serve as a valuable resource for policymakers, public administrators, development practitioners, and scholars alike.

We extend our gratitude to the members of each task force for their rigorous work and commitment, and to all contributors who have made this publication possible.

Dr. Muqeem ul Islam
PhD (Public Policy & Governance)
Editor,
Khyber Journal of Public Policy

Poverty Alleviation Through Social Safety Network

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Abstract:

Social Safety Nets (SSNs) play a vital role in poverty reduction and risk mitigation, particularly in developing countries impacted by structural reforms. These targeted transfer programs—ranging from cash to in-kind aid—are designed to protect vulnerable populations, enhance income distribution, and promote social well-being. While social protection is a broader right, SSNs are specific mechanisms to achieve equity and economic stability. Globally, programs like Brazil's Bolsa Familia and South Africa's Child Support Grant demonstrate varying degrees of success depending on targeting, coverage, and implementation. In Pakistan, current efforts are focused on unconditional cash transfers under the Ehsaas program, but lack sufficient integration of conditional models that promote skill development and sustainable livelihoods. Aligning with SDG Goal 1, the country must enhance monitoring, digitalization, and policy frameworks to improve outcomes. Strategic shifts toward the Poverty Graduation Model and expanding social protection to informal sectors can ensure long-term poverty alleviation.

Key words:

Social Safety Nets, Poverty Reduction, Conditional Transfers, Ehsaas Program, Sustainable Development

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Introduction

Social Safety Nets (SSNs) are "transfer programs designed to play both a redistributive role in poverty reduction and are regarded as a form of insurance against the risk of vulnerability or marginalization" (Cheta, 2000). Developing countries introduced SSNs to mitigate the social impact of structural adjustment measures on specific low-income groups.

Direct transfers, either by the government or private entities, are the simplest and most direct ways to assist needy communities. These transfers can be categorized as either unconditional or conditional and may include food, cash, water, electricity, health incentives, or accommodation assistance programs.

It is worth noting that although *social protection* and *social safety nets* are often used interchangeably, they are conceptually distinct:

- **Social protection** can be considered a civil right of every individual.
- **SSNs** are the mechanisms employed to achieve that right—i.e., reduction in poverty and inequality, promotion of employment, and improvement in socio-economic well-being (Bari et al., 2005).

In developing countries, growing attention is being paid to the importance of income distribution in reducing poverty (Bruno et al., 1998). Collier and Dollar (1999) argued that aid can play a vital role in poverty alleviation if it is supported by a well-established and guided policy environment. SSNs are now widely recognized as key components of poverty reduction strategies. These programs offer hope to many communities suffering from malnutrition, persistent poverty, and disease.

Safety nets have the following three basic features:

a. Preventing the poor and vulnerable from further decline.
b. Assisting the poor in adapting to market-based transformations.
c. Enabling the poor to manage risks.

History of Social Safety Nets (SSNs)

Concern for the poor appears to be as old as human society itself. Many traditional societies—such as those in sub-Saharan Africa, South Asia, and Latin America—have faced hunger and poverty for decades. Historically, this concern was reflected in various forms of government and private aid. Transfers of resources from the rich to the poor were often based on reciprocal relationships or cultural and religious obligations.

For example, well before the time of Christ, Amos advocated for the wealthy to support the poor. In Europe, the Church established poorhouses and hospitals. In Islam, it is obligatory for the wealthy to pay **Zakat** and **Ushr** to the poor, in addition to voluntary charity (*Sadaqa*) (Raimi et al., 2014). These efforts represent one of the earliest state-led systems of welfare, including the institutionalized collection of *Zakat/Ushr*, the establishment of *Bait-ul-Mal*, and formal distribution processes for the poor.

Current Global Situation of SSNs

Currently, both developed and developing countries implement conditional and unconditional SSNs. With more than 70 million beneficiaries, Brazil's **Bolsa Familia** is the largest conditional cash transfer (CCT) program in the world. In India, the **School Feeding Programme** and the **Mahatma Gandhi National Rural Employment Guarantee Scheme** are among the largest of their kind. South Africa's **Child Support Grant** is the largest safety net program in Africa, followed by Ethiopia's **Productive Safety Nets Programme**.

Coverage varies widely—from less than 1% of the population in some countries to over 40% in countries like Malaysia, Moldova, Turkey, and El Salvador. Across the developing world, SSNs have seen more success in Latin America (e.g., Brazil, Mexico, Argentina) than in Africa and South Asia. According to the World Bank, the success of SSNs depends heavily on their design and implementation—especially targeting, coverage, enrollment, and execution.

SSNs and Poverty Alleviation

According to the World Bank, an estimated 36% of the very poor have escaped extreme poverty due to SSNs. This provides strong evidence that safety net programs—including cash and in-kind transfers, social pensions, public works, and school feeding programs—are making a significant impact globally. Despite this, about one in five of the world's poor in low-income countries still lack access to SSNs. On average, developing and transition countries allocate 1.5% of their GDP to these programs.

Evidence shows that cash transfers not only help invest in human capital but also provide a steady income source, thus improving the living standards of the poor. Today, around 2.5 billion people are covered by SSNs, including 650 million of the world's poorest—accounting for about 56% of this group.

Pakistan is striving to meet the Sustainable Development Goals (SDGs), particularly Goal 1: "No Poverty," amidst challenges such as quality education, gender equality, health, sanitation, job creation, and skills development. The Planning Commission of Pakistan estimates poverty using the Cost of Basic Needs (CBN) approach, which sets the poverty line at Rs 3,757.85 per adult equivalent per month. Based on this, 21.9% of the population was below the poverty line in FY 2019, with rural poverty at 28.2% and urban poverty at 11%.

Social Safety Programs in Pakistan

Budgetary Programs

Benazir Income Support Program (BISP)
BISP, a targeted unconditional cash transfer program, was implemented with a focus on poor women. Its immediate objective was consumption smoothing and achieving the Sustainable Development Goals (SDGs), particularly the eradication of extreme and chronic poverty, and the empowerment of women.

Unconditional Cash Transfer (UCT) Program

a) Expansion of Ehsaas Kafaalat Program: BISP is currently disbursing payments to around 5.7 million regular beneficiaries under its Ehsaas Kafaalat Program. During FY2022, the number of regular beneficiaries was increased to 8.0 million. Kafaalat is an unconditional cash transfer program that includes cash stipends of Rs. 2,000 monthly.

b) Ehsaas Cash Assistance Programme Phase-II: Considering the increased economic hardships due to the third wave of COVID-19, the second phase of the Ehsaas Emergency Cash Program was launched in June 2021. As of 30-03-2022, an amount of Rs. 30.18 billion was disbursed to 2.50 million additional beneficiaries at Rs. 12,000 per beneficiary, to married women of eligible families with valid CNICs.

Conditional Cash Transfer (CCT) Program

i. **Conditional Cash Transfer – Education:** The overall objective of this program is to promote education among BISP beneficiary families through regular cash transfers, thereby investing in human capital development. A minimum school/college attendance of 70% is mandatory within the first quarter for a child to receive a cash transfer from the second quarter onwards. So far, 6.52 million children have been enrolled, and Rs. 25 billion has been disbursed through the Ehsaas Taleemi Wazaif Program since inception. During FY2022, 3.22 million children were enrolled and Rs. 5.0 billion was disbursed.

ii. **Ehsaas Undergraduate Scholarship Project (EUSP):** Launched in 2019, this four-year program aims to provide higher education opportunities to 200,000 students (50% girls) from underprivileged backgrounds, with family incomes of Rs. 45,000 per month or less. The program, worth Rs. 24 billion, provides merit- and need-based scholarships, including tuition fees and living stipends, for undergraduate education in 135 HEC-recognized public sector institutions. During FY2020 and FY2021, Rs. 13.2 billion was disbursed against 138,133 scholarships. For FY2022, Rs. 9.5 billion was allocated.

iii. **Health & Nutrition:** In August 2020, BISP designed a CCT intervention to increase the uptake of health and nutrition services by its beneficiaries. The program's primary objectives include preventing stunted growth in children under two, improving weight gain in pregnant women, reducing anemia and micronutrient deficiencies, and preventing low birth weight. The total budget of this three-year program is approximately Rs. 8.52 billion. Since its inception, 99,190 beneficiaries have been enrolled, and Rs. 310.81 million was disbursed by March FY2022.

BISP – Institutional and Legal Analysis

Legal Framework: The program was established under the Benazir Income Support Programme Act 2010. Section 3 of the Act provides for the establishment of BISP, while Section 4 outlines its objectives:
a) Enhance the financial capacity of poor people, b) Formulate and implement policies for the upliftment of underprivileged and vulnerable people, c) Reduce poverty and promote equitable wealth distribution for low-income groups.

a) Governance: The President and Prime Minister of Pakistan are designated as Chief Patron and Executive Patron of the Council (Section 8). The program is governed by a Board of Members (not fewer than 9 and not more than 11), headed by a Chairperson. Management is led by the Secretary BISP, who is responsible for operations.

b) Fund: Section 13 provides for the establishment of a fund, sourced from the federal government, grants from local/domestic/international bodies, aid, and donations. The Secretary BISP is designated as the Principal Accounting Officer (PAO) of the program.

c) Regulations: The BISP Financial Regulations 2017 govern the financial management of the program. The budget is financed by the federal government, as well as national and international donors. d. Policies: The Board has promulgated a Conflict of Interest Policy and a Whistle-Blowing Policy for the smooth functioning of the organization.

Fault Lines in Legal Mechanism

1. The eligibility criteria for deserving persons are not clearly defined in the Act. Section 11 gives the Board the authority to set the criteria, but no specific framework is provided.
2. Administration of BISP is now under the PASS Division after amendments in the Rules of Business. However, the BISP Act is silent about the role of the PASS Division, which may cause legal complications in operational activities.

Institutional Management

The program is administered by the Poverty Alleviation and Social Safety Division under the Rules of Business. The Secretary BISP supervises program management and acts as the Principal Accounting Officer. BISP operates nationwide through a network of 385 tehsil offices, 33 divisional offices, six regional offices, and its headquarters in Islamabad. This structure supports implementation at national, provincial, divisional, and local levels.

The regional offices in provinces are headed by Director Generals, and those in Azad Jammu and Kashmir and Gilgit-Baltistan by Regional Directors. All report to the Secretary BISP.

Critical Analysis of Institutional Mechanism

1. There is no monitoring mechanism to ensure proper utilization of funds.
2. Programs primarily focus on social safety, with little emphasis on sustainable poverty alleviation.
3. No system is in place to prevent duplication of support across different SSNs.
4. The financial support provided is insufficient to lift families above the poverty line.
5. The Unconditional Cash Transfer component of BISP – Ehsaas Kafaalat may promote dependency (dependency syndrome).

SWOT Analysis

Strengths	**Weakness**
• Legal instruments present • Country wide outreach • International recognition • Central registry • Political will	• Transparency issues at implementation level • Subsistence support • Weak monitoring mechanism • Static data
Opportunities	**Threats**
• Focus on sustainable programs • Skill development of youth • Foreign funding	• Fiscal constraints • Political instability • Population explosion

Pakistan Bait-ul-Mal (PBM)

PBM was established to assist destitute and needy widows, orphans, and persons with disabilities, enabling them to live dignified lives in society. During FY2022, Rs. 6.505 billion was allocated to PBM for the following core projects:

i. **Individual Financial Assistance (IFA):** Through IFA, the poor, widows, orphans, and destitute individuals are supported with medical treatment, education, and general assistance. PBM also envisions providing wheelchairs to all disabled persons. From July to March FY2022, Rs. 1.5 billion was disbursed.

ii. **Schools for Rehabilitation of Child Labour (SRCLs):** Since 1995, PBM has established National Centers for Rehabilitation of Child Labour across the country, offering non-formal primary education. Children aged 5–6 years are withdrawn from hazardous labor and enrolled in these centers with free uniforms, books, and stationery. Rs. 524.080 million was utilized during July–March FY2022.

iii. **Women Empowerment Centers (WEC):** These vocational training centers, now called Women Empowerment Centers, have been operational since 1995. They provide free training in various skills to widows, orphans, and poor girls. Rs. 335.797 million was utilized during July–March FY2022.

iv. **Darul Ehsaas (Orphanages):** PBM has established orphanages called Dar-ul-Ehsaas, where orphaned children receive free food, nutrition, medical treatment, lodging, and education. Rs. 441.649 million was spent up to March FY2022.

v. **Ehsaas Kada (for shelter-less senior citizens):** Currently, two centers have been established, with plans for further expansion. Enrolled senior citizens (above 60 years) are provided with free boarding, lodging, meals, and medical care. Rs. 7.100 million was utilized during July–March FY2022.

vi. **Ehsaas Panahgahs:** PBM has established Panahgahs under the Ehsaas Program to provide shelter and quality services to the homeless. As of March FY2022, 39 Panahgahs are functional, and Rs. 183.015 million has been utilized.

vii. **Ehsaas Koi Bhooka Na Soye (EKBNS):** PBM has procured food delivery vehicles to distribute meals donated by donors. As of March FY2022, 40 food vehicles are operational and Rs. 161.088 million has been utilized.

viii. **Institutional Rehabilitation for NGOs:** PBM provides grants-in-aid to registered NGOs with strong track records, aimed at institutional rehabilitation of poor and deserving individuals. Rs. 22.174 million was disbursed up to March 2022.

Institutional and Legal Framework

The Federal Government forms a Board of Management for Bait-ul-Mal administration. It includes a Chairperson, Managing Director, six non-official representatives from each province, one representative from Islamabad, Northern Areas, and AJK, and three official members from the Ministry of Finance, Ministry of Religious Affairs, and NADRA. At least one non-official member must be a woman. Each district in Pakistan has an Assistant Director, and there are seven regional offices including Gilgit-Baltistan.

Issues and Challenges:

1. Delays in the transfer of funds to beneficiaries' accounts due to the lengthy fund allocation process.
2. Employees are not performing at optimal levels.
3. The procedure is non-scientific and entirely based on a manual system.
4. Application scrutiny is based on human judgment and discretion.
5. Duplication in certain programs cannot be ruled out.
6. The amount spent on the administrative machinery is half of the allocated budget.

SWOT Analysis

Strengths	**Weakness**
• Legal instruments present • Well defined policies • Established facilities	• Delayed processes • Transparency • Red-Tapism • Human judgment & discretion • Chances of duplication • Lack of awareness
Opportunities	**Threats**
• Optimum utilization of established facilities • Complete integration with the Ehsas	• Fiscal constraints • Economic instability • Population explosion

Recommendations:

1. The application process and cash transfers should be digitalized through apps.
2. The data of PBM should be synchronized with that of BISP to eliminate duplication at all levels.
3. The scrutiny of applications should not be done subjectively; instead, a scientific method of scrutiny using advanced technology should be employed.

Non-Budgetary Programs

Zakat & Ushr Department:

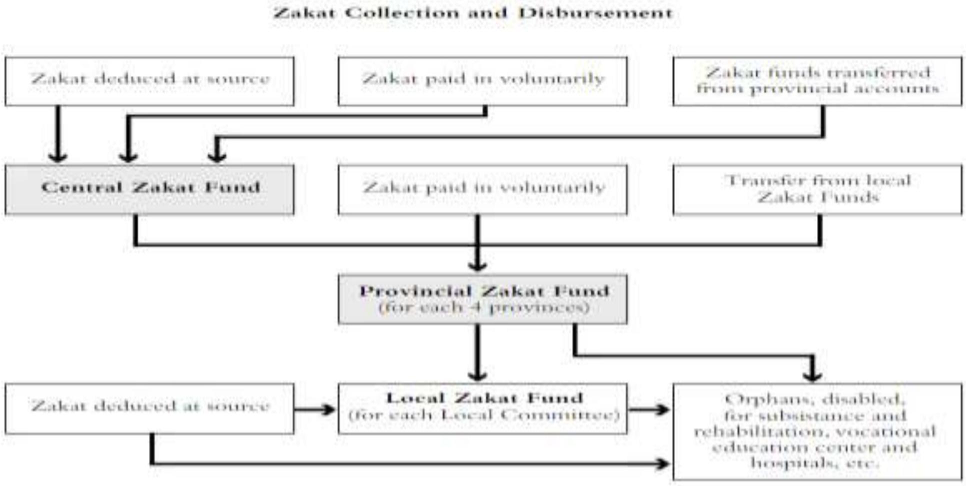
The federal government is responsible for the collection of Zakat and its distribution to the provinces/federal areas in accordance with the Zakat distribution formula approved by the Council of Common Interests (CCI). A total amount of Rs 6,190.37 million was distributed during FY2022.

Institutional & Legal Framework

Zakat was first officially introduced in Pakistan through a presidential ordinance on 24th June 1979. The ordinance established a five-tier Zakat organization:

1. **Central Zakat Council** at the national level.
2. **Provincial Zakat Council** in each province.
3. **District Zakat Committee** in each district.
4. **Sub-District (Tehsil/Taluqa) Zakat Committee**, consisting of a chairman along with six other members, all on a voluntary basis.

5. **Local Zakat Committee.**



Issues and Challenges

Going through the procedure of Zakat disbursement in the country, and particularly in Khyber Pakhtunkhwa (KP), the following challenges come to the forefront:

1. **Assessment and collection of Ushr** are dependent on revenue officials.
2. The appointments at all levels of the committees are mostly political.
3. Discretion and control of the committee in the selection of **mustahqeen** (eligible beneficiaries).
4. The disbursement process involves meager amounts through **cross cheques**.
5. The procedure for receiving allowances is quite difficult.
6. Educational stipends are being granted by both the local Zakat committee and the educational head of the institution.

SWOT Analysis

Strengths	**Weakness**
Legal instruments present Management Information System Ideological foundation At source funding/ non budgetary	• Delayed processes • Transparency • Red-Tapism • Human judgment & discretion • Chances of duplication
Opportunities	**Threats**
• Broadening Ushr base through GIS • Religious obligation	• Political interference • Individual zakat payment • Credibility of the process • Uncertain funds

Recommendations

1. **Data authenticity:** Zakat *mustahqeen* data should be synchronized with BISP and NADRA for accuracy and to avoid duplication.
2. **Outreach to the people:** Application forms for all services should be made available at the concerned offices as well as on the official website, so that the maximum number of people are aware of the procedure.
3. **Policy of political patronization:** In the absence of effective provincial oversight, the system must be institutionalized, with the Zakat Department taking full responsibility and scrutinizing all cases through the district-level tier, which currently plays a minimal role.
4. **Transparency in collection of Ushr:** Landholders should deposit Ushr directly into designated accounts and provide receipts to ensure proper fund tracking and prevent misuse.
5. **Meager amount of stipends:** Stipends should be adjusted in proportion to current market prices. Zakat funds often remain unutilized, preventing timely disbursement to beneficiaries.
6. **Lengthy procedure:** The current procedure for obtaining Zakat is too time-consuming; for example, beneficiaries often have to visit the District Zakat Office multiple times before receiving their stipend. The process should be digitized and facilitated through accessible apps such as Easypaisa.

Workers Welfare Fund (WWF)

The WWF was established under the Workers Welfare Fund Ordinance, 1971, to take initiatives for industrial workers by providing services in the health, education, and low-cost housing sectors. The main objectives of WWF are as follows: i. Financing projects related to the establishment of housing estates or construction of houses for industrial workers. ii. Undertaking other measures for the welfare of workers.

WWF derives its income from the following three sources: i. Contributions from industrial establishments amounting to 2% of their assessable income under the WWF Ordinance, 1971, when it exceeds Rs. 500,000 in an accounting year. ii. The leftover amount under the Companies Profit Workers Participation (CPWP) Act, 1968, after distribution among workers. iii. Income from investments.

From 1999 till March 2022, expenditures amounting to Rs. 1.43 billion were incurred on 15,004 scholarship cases, while Rs. 244.07 million was disbursed as marriage grants at the rate of Rs. 200,000 per worker, benefiting 1,819 workers' families. The WWF has also disbursed Rs. 420.4 million as death grants at the rate of Rs. 600,000 per worker, covering 804 cases of mishaps across the country.

Issues and Challenges in the Operation of WWF:

- Lack of access to and uncertainty regarding education grants.
- Excessive documentation requirements to claim entitlements.
- Delays in fee disbursement.
- Slow progress of new housing schemes with compromised quality.
- Irregular maintenance of labour colony houses.
- Sanitation and sewerage issues in labour colonies, creating health and environmental hazards.
- Discriminatory practices and rent-seeking in health service provision.
- Non-functional Management Information System (MIS) and siloed operations.
- Absence of systematic and regular registration of industrial establishments.
- Non-existence of a comprehensive workers’ database. xi. Complications in payment mechanisms, including direct bank reimbursements.
- Recovery rules have not been formulated.

Recommendations:

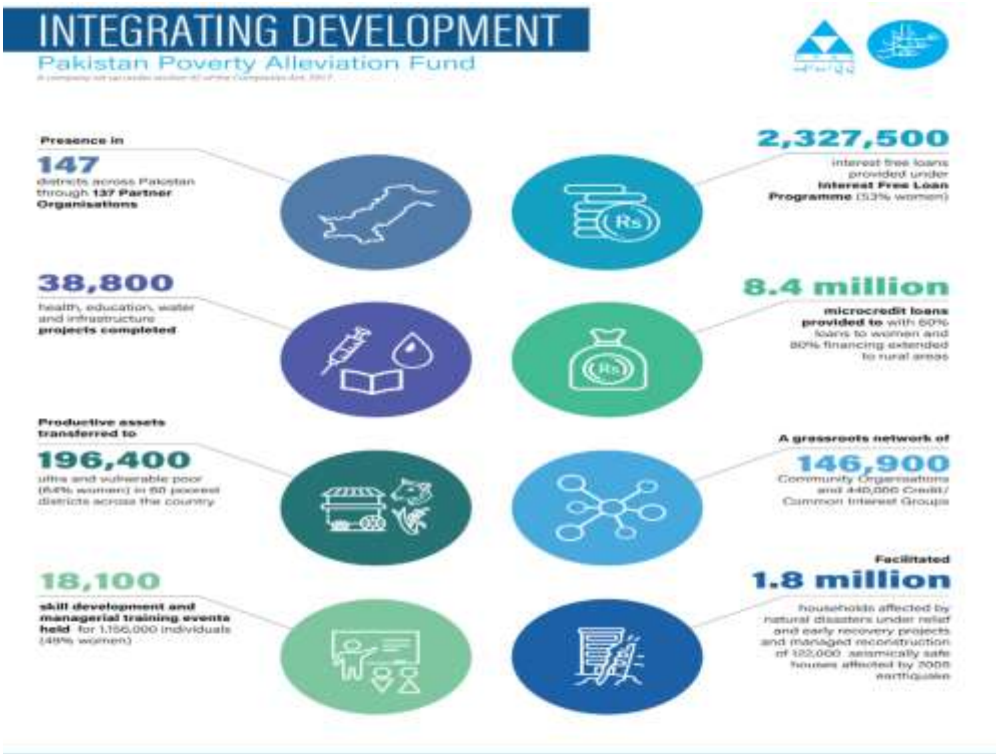
i. Investment in education grants should be scaled up, given their far-reaching impact on economic growth.
ii. The Finance Division should refrain from diverting WWF savings towards budgetary financing.
iii. Strong synergies should be established with other on-ground social safety nets to improve efficiency, particularly with programs such as the Benazir Income Support Program (BISP), Zero-Hunger Program, and provincial cash transfer programs.
iv. The Finance Division should not divert WWF savings towards budgetary financing.

SWOT Analysis

Strengths • Legal instruments present • MIS • Focused on industrial worker • Sustainability	**Weakness** • Delayed processes • Low registration of employees • Chances of duplication
Opportunities • Broadening of revenue base • Registration	**Threats** • Informal economy • Credibility of the process • Uncertain funds

Pakistan Poverty Alleviation Fund (PPAF)

Pakistan Poverty Alleviation Fund (PPAF) is the lead apex institution for community-driven development in the country. PPAF was registered in February 1997 under Section 42 of the Companies Ordinance, 1984 (now the Companies Act, 2017) as a not-for-profit company. PPAF's mission is to transform the lives of the poor to create a more equitable and prosperous Pakistan. It has outreach in 147 districts across all four provinces and regions of the country. It serves the poorest and most marginalized rural households and communities by providing them with an array of financial and non-financial services.



A brief snap shot of its achievements

Corporate Governance

The Company operates under the framework enshrined in the Companies Act, 2017, whereby:

- Overall superintendence rests with the Board of Directors.
- The management team, headed by the CEO, is responsible for day-to-day operations and implementation of policies.

Besides the statutory audit by a chartered accountant firm, PPAF is also audited by the Auditor General of Pakistan.

Board of Directors

The Board exercises the powers conferred upon it by the Companies Act, 2017 and the Memorandum and Articles of Association of the Company. The present Board comprises 10 directors, out of which 9 are non-executive directors, while the CEO is the only executive director. The CEO manages the Company and is responsible for all its operations. The CEO reports to the Board regarding the Company's performance.

Major Projects Completed

- Programme for Poverty Reduction
- Building Resilience to Disasters & Climate Change
- Development of Hydropower and Renewable Project
- Revitalising Youth Enterprise
- Developing Sustainable Livelihoods in the Dairy Value Chain
- Tabeer-o-Tameer Fund

Current Initiatives

National Poverty Graduation Programme (2017–2023)

The National Poverty Graduation Programme (NPGP) is a flagship initiative conceptualised by the Pakistan Poverty Alleviation Fund (PPAF), supported by the International Fund for Agricultural Development (IFAD) and the Government of Pakistan. The programme is designed to catalyse change at the grassroots level to pull people out of poverty through social mobilization, livelihood development, and financial inclusion. It seeks to reduce dependence on social protection, helping families incrementally move from consumption support to asset transfers, to interest-free loans, and then to microfinance. From the inception of the programme in July 2019 till December 2021, over 76,000 livelihood assets were transferred, and over 1,200 skills training sessions for livelihoods were provided to improve the lives of ultra-poor families in 23 districts across Pakistan.

Interest-Free Loan Programme (2019–2023)

The Interest-Free Loan Programme is one of the major components of the National Poverty Graduation Initiative, financed by the Government of Pakistan. The programme, which aligns with PPAF's overall approach for poverty graduation, provides interest-free loans to the target population through loan centers.

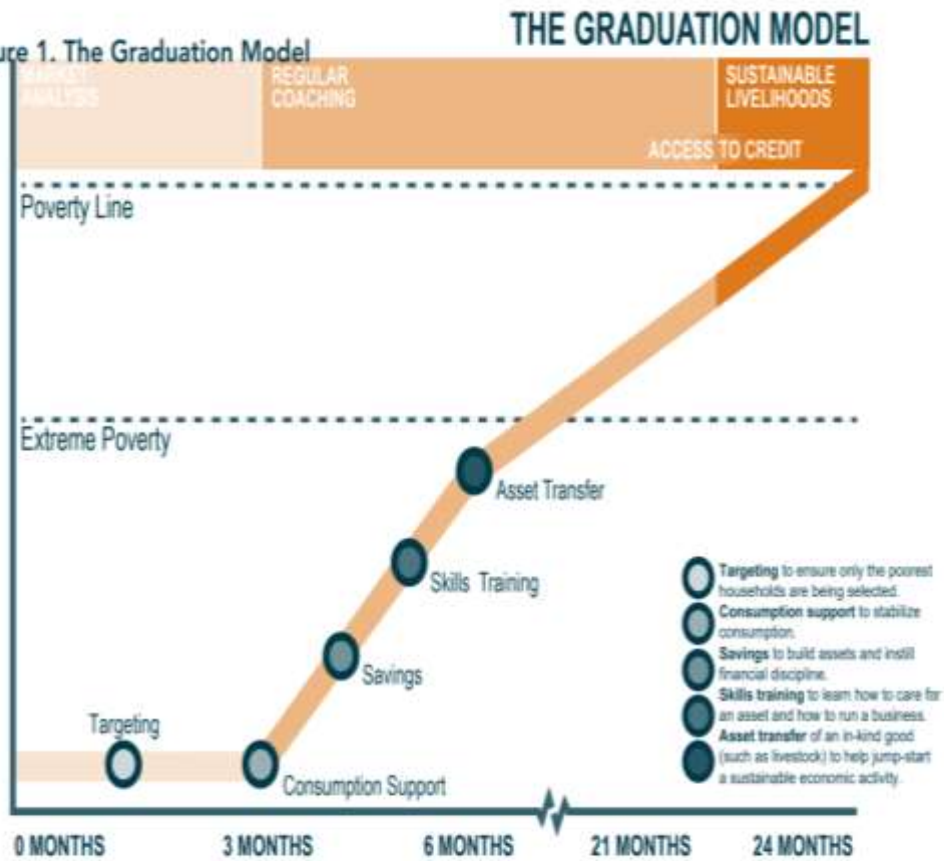
The programme is being implemented in more than 100 districts in provinces/regions including Punjab, Sindh, Balochistan, and Khyber Pakhtunkhwa, as well as three regions: Islamabad Capital Territory, Gilgit-Baltistan, and Azad Jammu & Kashmir.

The components of the Graduation Model are illustrated below:

The graduation program is a household-level intervention that focuses primarily on individually targeted participants. However, factors beyond the program's reach greatly influence its outcomes:

a. Constraining household characteristics
b. Absence of markets
c. Limited health infrastructure
d. Lack of physical infrastructure

Figure 1. The Graduation Model



SWOT Analysis

Strengths	Weakness
• Legal instruments present • Corporate governance • Partner organizations • Foreign funding • Graduation model • Time bound	• Less coverage • Paucity of funds • Lack of awareness
Opportunities	**Threats**
• Increasing number of partners • Poverty alleviation	• Constraining household characteristics • Absence of markets • Limited health infrastructure • Lack of physical infrastructure

Employees' Old-Age Benefits Institution (EOBI)

The Employees' Old-Age Benefits Institution (EOBI) was established in July 1976 under an Act of Parliament, in compliance with Article 38-C of the Constitution of the Islamic Republic of Pakistan. Since July 1, 2008, any industry or commercial establishment employing 10 or more workers, or even fewer if they voluntarily opt into the scheme, is required to contribute. Employers must pay a contribution equal to 5% of the minimum wage, while employees contribute 1% of the minimum wage.

Types of Benefits/Pensions:

- Old-Age Pension
- Survivor's Pension
- Invalidity Pension
- Old-Age Grants

Pension Formula:

(Average Minimum Monthly Wages × Number of Years of Insurable Employment/50)

Pension Rates:

- Minimum: Rs. 8,500
- Maximum: As per the formula

In Pakistan, the proportion of elderly people is relatively small—only about 7%. According to projections from the National Institute of Policy Survey (1998–2035), around 13 to 14 million people in Pakistan are aged 60 and above. However, only 2.75 million, or roughly one-quarter of this age group, receive old-age pensions.

EOBI primarily covers the formal sector, which accounts for around 20% (14 million people) of the total workforce of 65.1 million (Labour Force Survey 2017–18). The remaining 80% are part of the informal sector. According to the ILO, there are fewer than 2 million registered workers in Pakistan.

EOBI coverage is uneven: 42% in Sindh, 43% in Punjab, 8% in Khyber Pakhtunkhwa, and 7% in Balochistan. There is no active EOBI scheme in Azad Jammu and Kashmir (AJK) or Gilgit-Baltistan, and no current data are available for these regions. This raises concerns about whether workers from these areas are eligible for benefits under the national social protection system.

As per the latest figures from EOBI's official website, there are 690,306 beneficiaries, comprising:

- 447,079 pensioners
- 231,497 survivors of deceased pensioners
- 11,730 disabled individuals

This total accounts for just 4.3% of the country's elderly population, indicating that EOBI benefits only a small fraction of older people. As a result, many elderly men and women live in poverty due to the lack of pension coverage. With the aging population increasing, addressing old-age poverty is a pressing issue that requires immediate action.

Strengths	**Weakness**
• Legal instruments present • Sustainability • Non Budgetary • Financial independence	• Minimum coverage • Lengthy procedures • Obsolete IT system • Duplication due to non-integration • Meager amounts
Opportunities	**Threats**
• Huge contribution potential	• Fiscal constraints • Informal economy • Political instability • Energy crisis

Sehat Sahulat Programme

Nearly half of the world's population is unable to access basic health facilities due to the high cost of health services. More than 930 million people spend over 10% of their household income on healthcare, and over 100 million people are pushed into extreme poverty each year due to necessary medical expenses. To make healthcare universally accessible, a systematic approach, skilled workforce, and robust policy framework are essential.

Universal Health Coverage (UHC), an initiative by the World Health Organization (WHO), aims to ensure the right to health by providing essential services to everyone, including disease prevention, treatment, rehabilitation, and palliative care. In alignment with WHO recommendations, Pakistan introduced UHC through the **Sehat Sahulat Programme (SSP)** in Khyber Pakhtunkhwa (KP) in 2015. Under this initiative, 'Sehat Insaf Cards' were distributed in three phases to extend coverage throughout all 36 districts of KP, aiming to benefit over 35.35 million residents.

Under this program, residents are eligible for medical treatment worth up to Rs. 1 million per family per year at over 400 public and private hospitals—representing about 25% of all health facilities in the province.

The **State Life Insurance Corporation (SLIC)** administers the SSP, which is fully subsidized by the government. The government pays a fixed premium per eligible family, and SLIC manages the inpatient healthcare expenditure. At the end of a three-year contract, 90% of any unspent net premium is refunded to the government.

Current Status

Due to the success of UHC in KP, the program expanded to Punjab, Pakistan's most populous province. On 9 December 2020, the Government of Punjab allocated Rs. 65 billion to implement SSP in all 36 districts. Punjab, which has a mixed economy with both agricultural and industrial contributions, has a population density twice the national average and includes major cities like Lahore, Faisalabad, Rawalpindi, Multan, and Gujranwala.

On 28 December 2020, the Prime Minister of Pakistan also announced the extension of SSP to Azad Jammu and Kashmir (AJK), with over a million families expected to benefit from treatment services at more than 350 eligible hospitals nationwide. As of 8 March 2022, over 27 million families across different provinces had registered with the program.

In Sindh, the SSP rollout began in eight districts—mainly rural—benefiting over half a million families. However, full provincial rollout was still pending. In Balochistan, the program was launched in six districts, initially covering over 100,000 families. Due to funding withdrawals by Sindh and Balochistan, further expansion stalled, though both provinces expressed willingness to rejoin the national program to help meet WHO UHC milestones by 2023.

Given that many low- and middle-income families in Pakistan cannot afford emergency healthcare, expanding coverage beyond those below the poverty line is essential for achieving true Universal Health Coverage. The long-term success of the program will depend on sustained commitment from both government and private stakeholders.

Strengths	**Weakness**
• Access to quality healthcare facilities • Rs. 1 Mn per family • Rs. 5 Mn for costly treatment • Poverty alleviation	• Treating deserving and non-deserving equally • Limited physicians in Pvt sector • Weak monitoring • Longer patients wait times • Financial management
Opportunities	**Threats**
• Inclusion of more hospitals • Segregation and slabs for deserving and non-deserving	• Fiscal constraints • Sustainability • Dependency on private sector • Political will

Fault Lines

1. The extremely high cost of the scheme and current fiscal constraints make its future continuity uncertain.
2. Although the program began with great enthusiasm, delays in reimbursements have caused reluctance among private hospitals.
3. Private hospitals are offering services only in limited areas.
4. Reports of compromised transparency have emerged.

Recommendations

1. Monitor incidence rates and other key variables (e.g., family size) frequently to provide early warning signals for potential deficits.
2. A third-party annual report should be compiled, evaluating experiences against premiums received. It should include KPIs such as loss ratios, rejection ratios, and expense analysis.
3. From a cost control and anti-leakage perspective, the third party should:
   i. Ensure benefit limits are clearly defined, consistently applied, and communicated.
   ii. Monitor providers and consider introducing alternative payment models instead of fee-for-service reimbursements.
   iii. Benchmark hospital and provider claims to identify outliers and potential fraud.
4. A clear threshold must be set to determine eligibility for Sehat Sahulat Cards.
5. The Sehat Card should be accessible to all deserving individuals.
6. Non-deserving individuals should be able to access the scheme by paying the insurance premium.

Ehsaas Policy Framework

Introduction

Ehsaas is a multi-sectoral, multi-stakeholder initiative of the Government of Pakistan, representing the country's most ambitious pro-poor program ever launched. The term "Ehsaas" signifies compassion and reflects the Government's commitment to addressing poverty and inequality through an integrated policy framework.

Objectives
i. Address elite capture and ensure equality of opportunity through systemic reform
ii. Provide effective and comprehensive safety nets for the marginalized and vulnerable
iii. Create sustainable livelihoods and employment for the poor
iv. Invest in human capital formation through health, education, and nutrition
v. Uplift districts lagging behind in multidimensional poverty

Launched on **27 March 2019**, Ehsaas encompasses **268 policies and programs**, coordinated across **30 federal and federating entities**, with the involvement of non-governmental stakeholders.

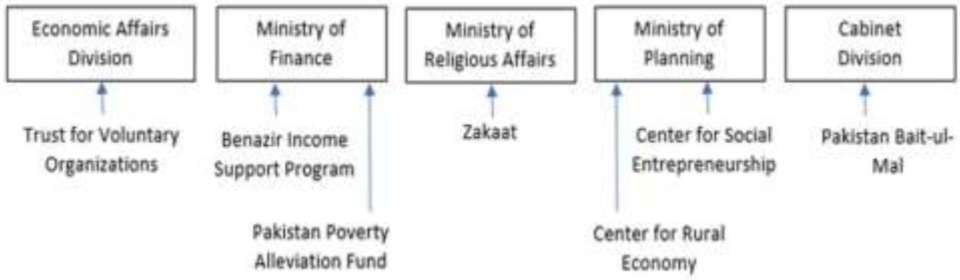
Target Groups

Ehsaas targets the extreme poor, orphans, widows, homeless individuals, persons with disabilities, unemployed youth, poor farmers, daily-wage laborers, the medically impoverished, undernourished children, students from low-income families, poor women, and elderly citizens. It is also designed to respond to economic shocks and support lagging regions with high poverty levels.

Structure of the Ehsaas Policy Framework

Component	**Details**
Institutional Arrangement	All Ehsaas agencies were consolidated under the newly created **Poverty Alleviation and Social Safety Division (PASSD)**, informally called the "Ehsaas Ministry", in April 2019.
Financial Resources	Dedicated budget allocations are made in the Federal Budget to expand safety nets.
Data Infrastructure	A new **National Socio-Economic Registry** is under development, with big data analytics used to enhance targeting efficiency.
Governance and Integrity	A **Governance and Integrity Policy** has been introduced to minimize abuse, rent-seeking, and inefficiency. The **Ehsaas Governance Observatory** monitors implementation.

Figure 5. Institutional landscape before creation of the Social Protection and Poverty Alleviation Division



After the creation of the Social Protection and Poverty Alleviation Division

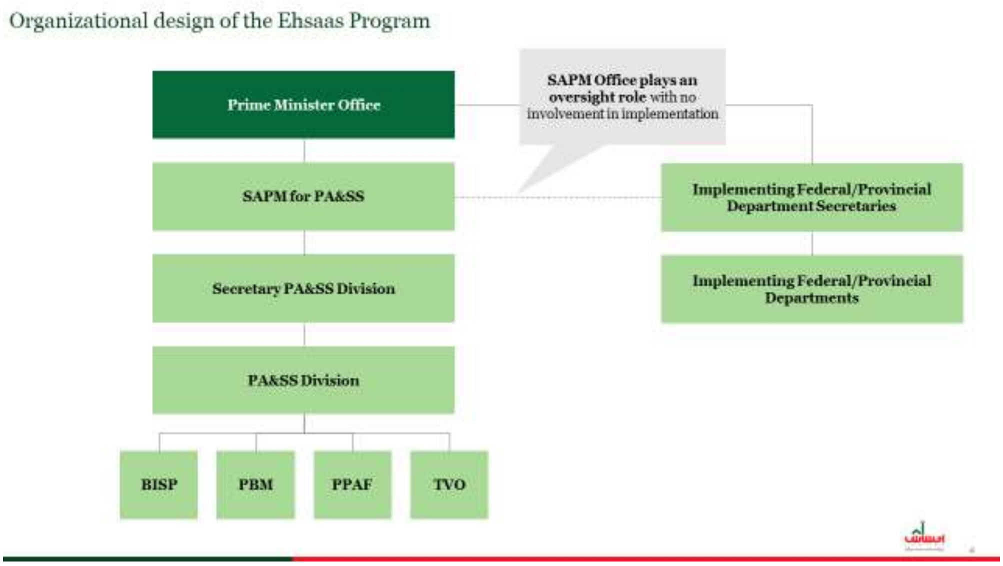
Governance, Integrity, Transparency, and Accountability (GITA)

Governance reforms under Ehsaas are crucial due to historical issues of leakage, poor targeting, politicization, and corruption. All federal social protection institutions are now overseen by PASSD. The Ehsaas Strategy embeds governance and transparency standards across all partner organizations.

Legal Strength and Foundation

Ehsaas is governed by **Prime Ministerial Directives** and supported through the **Poverty Alleviation Coordination Council (PACC)** established in February 2019. It lacks a legislative framework (unlike BISP), raising concerns about its long-term legal standing. Nonetheless, it functions within the **Rules of Business 1973** and aligns with **Articles 9 and 38** of the Constitution, promoting welfare and equitable resource distribution.

Organizational Structure



Key Programs Under Ehsaas

i. Ehsaas Kafaalat Program
ii. Ehsaas Cash Assistance Programme
iii. Ehsaas Undergraduate Scholarship Programme
iv. Ehsaas Panahgah (Shelters)
v. Ehsaas Taleemi Wazaif (Education Stipends)
vi. Dar-ul-Ehsaas (Orphanages)
vii. Ehsaas Kada (for homeless senior citizens)
viii. Ehsaas Koi Bhooka Na Soye (No One Sleeps Hungry)

The programs aim to enhance the social safety net, focusing on human development and poverty alleviation through a **four-pillar strategy**.

Critical Analysis of Ehsaas Programme

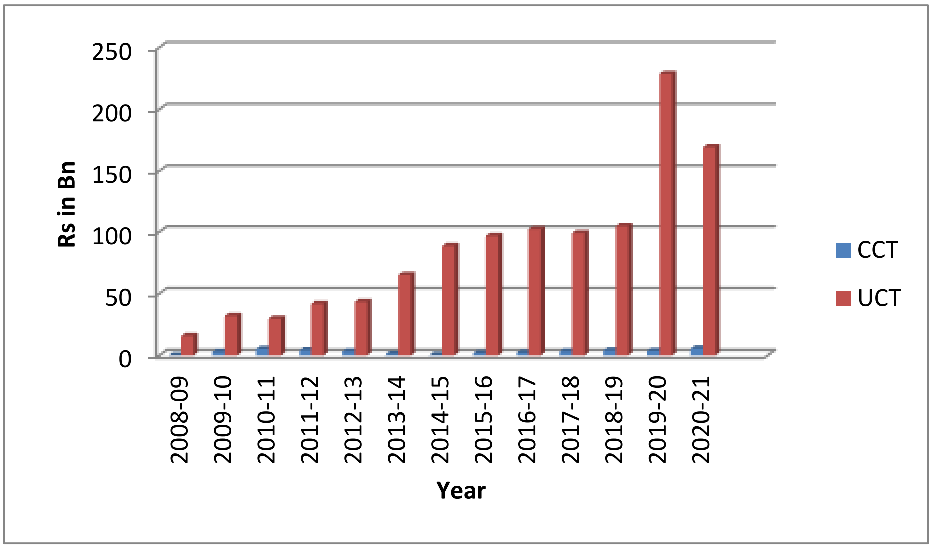
i. Ehsaas lacks a **legal statute** to ensure sustainability beyond political tenure.
ii. **Limited implementation** has occurred across its 135 outlined policy actions.
iii. **Many existing programs**, such as BISP, PBM, and PPAF, were repackaged under Ehsaas rather than introducing novel approaches.
iv. Most interventions focus on **subsistence-level support** via cash transfers, rather than systemic change aligned with its foundational pillars.
v. he **National Poverty Graduation Programme** by PPAF—central to sustainable poverty alleviation—had already been piloted in 2008.
vi. A major achievement of Ehsaas is the **integration of fragmented programs**, breaking the previous siloed approach.
vii. Ehsaas policies are **ambitious**, requiring long-term political commitment and systemic reforms; thus, it is premature to fully assess their impact.

Impact Analysis of Ehsaas Programme

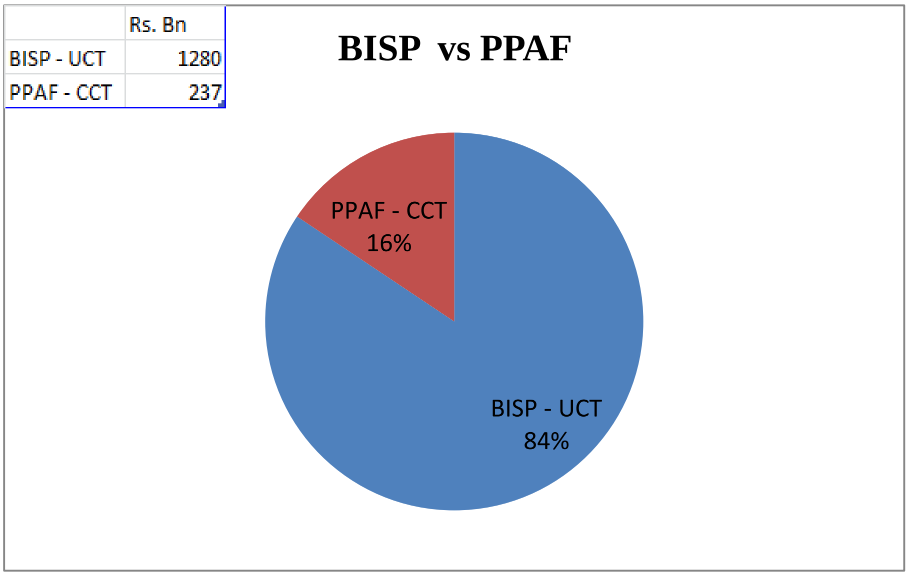
While Ehsaas was launched in 2019, the COVID-19 pandemic disrupted its early trajectory. Nonetheless, most constituent programs predated Ehsaas, so their historical performance offers insights.

1. **Disbursement Comparison – BISP (Conditional vs Unconditional Transfers)**
   Analysis of BISP data shows significantly **greater allocations to Unconditional Cash Transfers (UCTs)** compared to Conditional Cash Transfers (CCTs), raising questions about developmental impact.

Fig-1: BISP Disbursement of Conditional and Unconditional Programme



i. In addition to analyzing both **Unconditional Cash Transfers (UCT)** and **Conditional Cash Transfers (CCT)** within the BISP framework, a comparative assessment has also been carried out between **BISP** and **PPAF**. BISP primarily operates as a UCT-based scheme, while PPAF focuses largely on CCT-based programs.



ii. As illustrated in the accompanying pie chart, the distribution of funding is **heavily skewed toward unconditional transfers**, highlighting a systemic preference for short-term relief rather than long-term developmental impact. It is also noteworthy that while **BISP was launched in 2008**, the **PPAF was established in 1997** and became fully operational by 2000, indicating that structured poverty graduation programs predate Ehsaas.

iii. A **critical limitation** of social protection schemes in Pakistan is their **low coverage**, both in terms of the **number of beneficiaries** and the **value of support** provided. For instance, in 2018, **BISP covered only 7.2%** of the population, while **31% of Pakistanis lived below the poverty line**. Furthermore, the **monthly cash transfer of Rs. 2,000** under BISP is insufficient to meet basic living needs and cannot be considered meaningful or adequate social protection by international standards.

iv. Pakistan **lacks an unemployment benefits system**, and existing social protection programs cover only **formal sector workers**, leaving out approximately **71.7%** of the national workforce employed in the **informal economy**. This massive exclusion undermines the objective of universal social security and poses a structural barrier to inclusive economic growth.

v. Perhaps the most compelling evidence of the **ineffectiveness** of Pakistan's social protection schemes lies in its **socioeconomic indicators**, which continue to reflect **high poverty, poor human development outcomes, and inequality**. Despite considerable public spending, there has been **little measurable progress** in reducing poverty at a structural level, pointing to a critical need for **comprehensive reform** and a shift toward **integrated, impact-oriented social protection strategies**.

Comparative Analysis of Social Protection Schemes of Pakistan with India, China & Bangladesh: Lessons Learned

Poverty Alleviation in Bangladesh:

Bangladesh has had a remarkable journey of poverty alleviation, contributed to by many programs, sustainable economic growth, and a flourishing education and health sector. According to the World Bank report:

i. Bangladesh has made remarkable progress in reducing poverty, supported by sustained economic growth. Based on the international poverty line of $1.90 per person per day, poverty declined from 44.2 percent in 1991 to 13.8 percent in 2016/17.
ii. GDP growth in Bangladesh was 6.94% in 2021. Rapid growth enabled Bangladesh to reach lower-middle-income country status in 2015.
iii. In 2018, Bangladesh met the eligibility criteria for graduation from the United Nations' Least Developed Countries (LDC) list and is on track to graduate in 2024.
iv. With nearly 6.4 million girls in secondary school in 2015, Bangladesh is among the few countries to achieve gender parity in school enrollment, with more girls than boys in secondary schools, including 55 percent of poor girls supported by various stipend programs.

Organizations to Reduce Poverty in Bangladesh:

a. Government Initiatives

Unconditional Cash Transfers:

i. Old Age Allowance
ii. Allowances for the Widow, Destitute and Deserted Women
iii. Allowances for the Financially Insolvent Disabled
iv. Public Works
v. Employment Generation Program for the Poorest
vi. Food for Work/Work for Money and Test Relief
vii. Humanitarian Relief
viii. Vulnerable Group Feeding

Conditional Cash Transfers:

i. Child Benefit Scheme
ii. Income Support Program for the Poorest (Jawtno)

Non-Governmental Organizations

i. **Bangladesh Rural Advancement Committee (BRAC):** As of December 2016, the national aid organization BRAC had reached over 90,000 families in Bangladesh suffering from extreme poverty. BRAC was founded in 1972 in Bangladesh with the goal of discovering the causes of extreme poverty and ways to relieve its people. The main aim of the organization was to empower the impoverished, especially women, through interventions described as a "poverty graduation" plan. The steps of the plan are as follows: target a group, transfer assets, provide weekly stipends, encourage members to begin a savings account, provide specialized training, introduce healthcare, and integrate the group into society. The poverty graduation plan takes around two years to complete. What's unique about this program is that it provides people with the tools to make this lifestyle sustainable so they will not fall back into poverty (if the tools remain available). To date, more than 95 percent of the participants have reached graduation. BRAC's Ultra-Poor Graduation model has benefitted more than 10 million people. BRAC's one-room school model has brought education to 14 million children, the majority of whom are girls. BRAC Bank's bKash, the first mobile financial service provider, transacts almost $2 billion every day.

   a. Grameen Trust bet on mobile phones in Bangladesh in the mid-90s, transforming the rural economy by creating Grameen Phone, Bangladesh's most popular mobile phone company.
   b. Both Grameen and BRAC have microfinance entities that provide financial services to almost 15 million clients at one of the lowest interest rates for microfinance institutions globally.

ii. **The Grameen Danone Foundation:** This foundation was established in 2007. It operates under a social business model. The main priority of the organization is to provide nutritious products to extremely poor areas at an affordable rate, while also providing jobs to local producers and poor individuals looking to support themselves.

Indian Social Safety Net:

India's social safety net is one of the largest in the world, with 460 schemes across the federation and states, covering 526 million people. These programs mainly deal with education, nutrition and health, livelihood, and direct cash transfers. Out of these programs, the following are India's main success stories in social safety nets:

S#	Name of the Scheme/Programme	Year of Formation	Government Ministry	Objectives
1.	Pradhan Mantri Gramin Awaas Yojana	1985	Ministry of Rural Development	To create housing units for all, including 13 lakh housing units in rural areas. To provide loans at subsidized rates and augment wage employment opportunities.
2.	Mahatma Gandhi National Rural Employment Guarantee Act (MGNREGA)	2005	Ministry of Rural Development	Provides 100 days of assured employment annually to every rural household. One-third of jobs reserved for women. Includes unemployment allowance if employment is not provided within 15 days.
3.	National Rural Livelihood Mission	2011	Ministry of Rural Development	Aims to diversify rural employment with regular income via village-level Self Help Groups.
4.	National Urban Livelihood Mission	2013	Ministry of Housing and Urban Affairs	Organizes urban poor in Self Help Groups, provides skills training and access to credit for self-employment.
5.	Public Distribution System	1997	Ministry of Rural Development	Distributes essential food commodities at highly subsidized rates to those below the poverty line.

Issues in Indian Social Safety Nets

i. The programs are fragmented and duplicated, with no overall synergy.
ii. The monitoring system is present but also fragmented.
iii. Coverage remains a concern, with many poor still outside the net.
iv. Transparency issues exist at the implementation level.
v. The focus is on sustainable poverty alleviation programs such as education, health, and rural livelihoods.
vi. Many schemes are riddled with inefficiencies.
vii. Rural employment programs, training schemes, and pensions are poorly funded. Inflation and rising costs make benefits less effective.
viii. Schemes are not effectively promoted among the general population.
ix. Issues like gender inequality, corruption, and low wages persist.
x. Despite many policies and schemes, India still has a long way to go in raising living standards.

Social Protection in China:

China is the world's most populous country, featuring a rapidly aging population and a large rural migrant workforce. As of November 2019, China's population was 1.394 billion, and by mid-2020, it was estimated at 1.439 billion, about 18.47% of the global population. In 2017, 17.3% of citizens were over 60, totaling over 241 million. The population aged 65+ is expected to reach 487 million (35%) by 2050. In 2019, there were 291 million rural domestic migrant workers—an increase of 61 million in 10 years.

With these dynamics, establishing an effective social protection system is essential. China's system began with relief for disaster victims and unemployed workers, marked by the Labor Insurance establishment in 1951. Over 70 years, the system evolved from fragmented to coherent, urban to national, and single-project to comprehensive.

China's multi-layered social protection system is based on social insurance, preferential treatment, social relief, and welfare. It includes basic pensions, medical care, and minimum living guarantees, supplemented by charity and commercial insurance.

Key Features:

i. The government builds the system based on the rule of law through legislative frameworks.
ii. The system adapts to economic development and regional disparities.
iii. China employs pilot programs before national rollouts.
iv. It emphasizes people-oriented and grassroots livelihood approaches.

v. There is coordination between regular governance and emergency response.
vi. China seeks to raise income and reduce expenditure with a mix of allowances and developmental protection.

The overarching goal is to ensure: education for children, training for students, income from work, healthcare for the sick, support for the elderly, and aid for vulnerable groups.

China's digital government transformation has boosted the efficiency and equity of social protection. Big data and software are now used for integrated information management, covering both basic and supplementary social protection data.

Lessons Learned:

i. Conditional transfers using a poverty graduation model are more effective for sustainable poverty alleviation.
ii. Unconditional cash transfers can create a dependency syndrome.
iii. Social protection must be backed by a legislative framework.
iv. Before launching any nationwide scheme, pilot testing at the local level is essential to reduce opportunity costs.
v. Economic development and social protection are positively correlated; higher economic development enhances social protection.
vi. Subsistence-level protection is often the starting point for social protection in any country.
vii. Social protection alone cannot alleviate poverty—it must be supported by allied economic sectors.
viii. A centrally integrated data system (MIS) is a prerequisite for effective social protection programs.

Conclusion

The social protection mix in Pakistan is heavily tilted towards unconditional cash transfers aimed at subsistence support, which typically represents the initial stage of a poverty alleviation strategy. The element of conditional cash transfers based on the Poverty Graduation Model—focusing on skill development and asset transfers—is drastically lacking. As such, there is little probability that the current social protection mix can alleviate poverty on a sustainable basis. However, the integration of all social protection programs under the umbrella of *Ehsaas* provides an opportunity to correct this imbalance and address poverty sustainably. Nonetheless, ensuring monitoring and transparency from top to bottom in all programs is key to accurate targeting and achieving the intended benefits.

Recommendations Based on the Pareto Principle (80–20%)

Short Term:

i. The *Ehsaas* program should be granted legislative cover to ensure its legitimacy and sustainability.
ii. Digitization and integration of databases across all social protection institutions are necessary to avoid duplication and ensure transparency.
iii. The issue of EOBI and WWF being federal or provincial subjects should be resolved through the Council of Common Interests (CCI).

Medium Term:

i. Requisite amendments to the Constitution should be made to include Article 38 under the chapter on fundamental rights.
ii. Periodic third-party evaluations should be conducted to ensure transparency and assess the impact of interventions.

Long Term:

i. Unconditional cash transfers should be limited to emergency situations such as natural disasters, or to individuals who are elderly or disabled and unable to earn a livelihood.
ii. The amount provided through unconditional cash transfers should be increased to at least the minimum wage level. viii. A major portion of the social protection fund should be allocated to programs based on the Poverty Graduation Model, which includes skill development and asset transfers.
iii. The coverage of EOBI and WWF should be expanded by targeting workers in the informal economy.

Fig: Logical Framework Matrix

Inputs	Activities	Outputs	Outcome	Impact
PASSD to propose a legal cover for Ehsaas Program	• Drafting of legislation. • Coordination and consensus among stakeholders.	Act of parliament	Programme given legal cover.	Legitimacy and permanency
PASSD to table the proposal as agenda item for CCI	Development of consensus of all stake holders through the forum of CCI.	Central database	Integrated data.	Transparency and accuracy.
PAASD to hire firm through open competitive bidding.	Evaluation/ Survey Conducted	Evaluation report	Refined processes and accuracy of data.	Effectiveness of the interventions through enhanced transparency.
Gradual change in policy for unconditional cash transfers	Consensus building. Defining time lines and indicators	New Policy Document	Increase in conditional cash transfers	Sustainable poverty alleviation
Gradual change in policy to enhance benefits	Consensus building. Defining time lines and indicators	New Policy Document	Decent living standards	Sustainable poverty alleviation
Gradual change in policy for poverty graduation model	Consensus building. Defining time lines and indicators	New Policy Document	Skilled work force and entrepreneurship	Sustainable poverty alleviation
Issue to be tabled as agenda item at CCI - case of EOBI and WWF	Development of consensus of all stake holders through the forum of CCI.	Federal or Provincial	Clarity of the policy and Increased efficiency	Sustainable poverty alleviation.

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Poverty Alleviation through Skill development

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Abstract:

Poverty in Pakistan is a multifaceted issue rooted in systemic socioeconomic challenges, including limited access to income-generating skills. Technical and Vocational Education and Training (TVET) offers a pragmatic solution by equipping youth with competencies to become self-reliant and entrepreneurial. This paper examines the inadequacy of conventional academic education in addressing unemployment and proposes a robust, skill-based educational approach. Drawing from successful international models such as Norway, Finland, and Switzerland, the study emphasizes reforming Pakistan's TVET system through public-private partnerships, updated curricula, and industry alignment. It outlines short-, medium-, and long-term policy interventions aimed at strengthening TVET quality, relevance, and societal perception. Empowering youth through market-driven vocational training can significantly contribute to poverty alleviation, economic development, and social inclusion in Pakistan.

Key words: *Technical and Vocational Education (TVET), Poverty Alleviation, Youth Empowerment, Skills Development, Economic Growth*

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Introduction

Poverty is a pronounced deprivation in well-being and comprises many dimensions, including low income and the inability to acquire the basic goods and services necessary for survival. Skill training in TVET leads to the acquisition of competencies to generate wealth through applicable education, which empowers graduates of the education system with skills and competencies to become self-employed. TVET is a key solution to poverty eradication, job creation, and economic expansion. Conventional academic education in Pakistan seems to have failed to meet the needs of the rapidly growing population. The objective of TVET should emphasize the role of the government and corporate bodies in reducing poverty by empowering youth with entrepreneurial skills and knowledge through Technical and Vocational Education, thereby fostering creativity and contributing to the social and economic development of the nation.

The education system of Pakistan is a legacy of the system introduced by the British during their colonial rule. In the current situation, technical and vocational education must be given great importance for youth, as it will help them become confident and independent. They must channel their energy into this specific aspect of education. Shah et al. (2010) describe that by acquiring knowledge and skills, technical education and vocational training can help youth generate profits and contribute to the economic growth and social progress of the country. High-performing economies such as Norway, Finland, and Switzerland have transformed their societies by focusing on TVET. These countries lead the world in terms of technological advancement and workforce development. Pakistan should take lessons from these economies.

In Pakistan, 60 percent of the population consists of youth, and this percentage is increasing every year. The job market is struggling, as there are not enough jobs available in either the public or private sector to match the academic qualifications of young people. It is, therefore, the responsibility of the youth to acquire skills to earn a decent livelihood. Parents, teachers, and employers should support them in this regard. Textbook learning and classroom lectures are important for academic success; however, one must also develop practical skills to gain a competitive advantage when seeking employment or starting a business.

Problem Statement

Labor productivity levels in Pakistan lag behind regional countries, and the poor state of human capital is considered a major binding constraint to achieving the country's export-driven growth and industrialization objectives. Pakistan is one of the worst performers in terms of technical and vocational education. There is a need for an effective development and implementation strategy for TVET to harness the potential of Pakistani youth. The issues and challenges associated with skill development in Pakistan require in-depth study to identify the fault lines in the system so that an appropriate future course of action may be suggested for policymakers.

Scope of the Study

This study intends to explore the skills situation in the country in the context of both local and foreign market demand while focusing on the situational analysis of the TVET institutional framework. The current federal "Skills for All" strategy (2019) will be critically examined, keeping in view the on-ground performance of TVET institutes in the four provinces. The skill development programs of India, Bangladesh, and Malaysia will also be examined for lessons to be learned. Furthermore, best practices such as the German model of technical education will also be studied.

Methodology

To conduct this study, a situational analysis for identifying institutional gaps was carried out using qualitative tools such as PESTLE, SWOT, and logical framework models. A comparative analysis of the provincial skill development frameworks has been conducted. Additionally, the skill development frameworks of other countries such as India, Bangladesh, and Malaysia have been studied. Furthermore, case studies of the German dual education model and the Kamyab Jawan Programme have been carried out.

Poverty Alleviation through Skill Development

According to WB report (2021), the prevalence of poverty in Pakistan is 39% of the population. An obvious benefit of skills development is that a skilled person is more employable than an unskilled individual. A person with marketable skills has more opportunities and is more likely to find employment. Employability is a major factor if we are to see long-term poverty eradication. Another benefit is that skilled people have better options to start their own businesses. Skilled entrepreneurs are a major factor in addressing poverty in any country.

Policy Analysis:

National Skill Strategy 2009

Pakistan's first skills sector specific policy, the National Skills Strategy (NSS), was developed in 2009. The policy proposed a paradigm shift from curricula-based education to competency-based training (CBT). It also envisioned a shift from supply-led training to demand-driven skills development by promoting the role of industry in both the design and the delivery of TVET. Key reforms proposed by the NSS include the overhaul of the apprenticeship system, encouraging entrepreneurship, integrating informal economy workers into the formal sector, establishing a National Vocational Qualifications Framework (NVQF) and registering and accrediting TVET institutes. The provinces of Punjab and Sindh developed their respective skills strategies in 2015.

National "Skills for All" Strategy 2019

Technical and Vocational Education and Training (TVET) offers the shortest and swiftest path to productive youth engagement. Unfortunately, TVET sector in Pakistan suffers from chronic systemic ailments including limited training capacity, outdated workshops and laboratories, obsolete training equipment, archaic teaching methods and antiquated curricula and, therefore, is grossly incapacitated to meet the skill training needs of domestic and international markets, in terms of both quantity and quality. The sector has never been accorded due priority in Pakistan and therefore has attracted inadequate investment from both the public and private sectors. In order to reverse the past neglect eight key areas were identified where immediate interventions are required.

i. Improving Governance to remove fragmentation/duplications leading to systemic wastages;

ii. Exploring Multi-Source Funding to pursue a broad-based reform agenda;

iii. Capacity Enhancement to create more and more training opportunities;

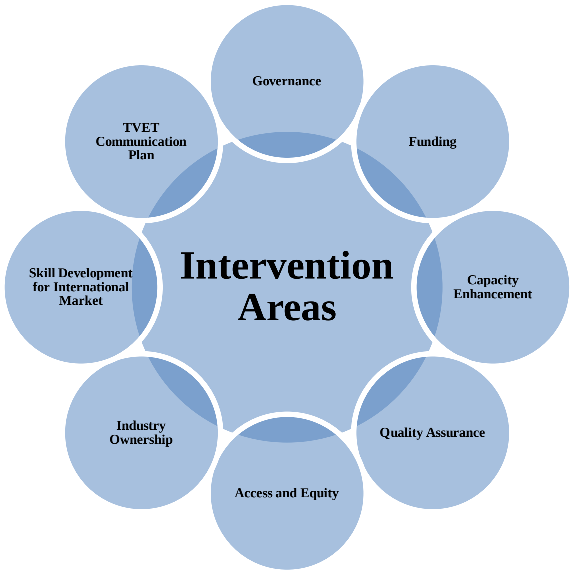
iv. Quality Assurance to bring quality of skills at par with national-international requirements;

v. Access and equity for providing equal opportunities to such marginalized segments of society as females, orphans, special people, youth from less developed areas etc.

vi. Industry ownership to enhance both relevance of training and youth employability;

vii. Skill development for international market for increasing foreign remittances; and

viii. TVET communication plan to increase image of skill sector.

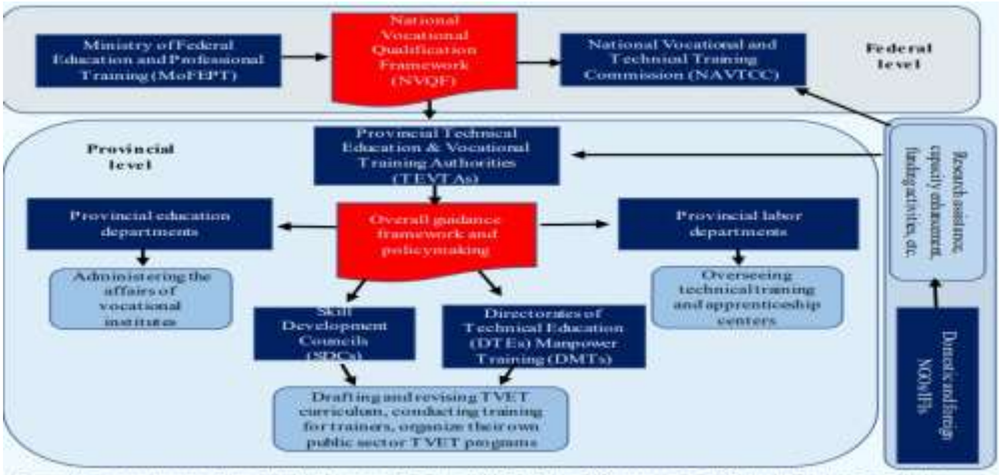


Institutional Analysis:

TVET Institutes in Pakistan:

At the federal level, the NAVTTC is responsible for regulating, facilitating and providing policy direction for skills development in the country, setting up national occupational skills standards, developing curricula, administering the NVQF, undertaking labor market information analysis, training of trainers and public–private partnerships and determining institutional standards for TVET providers. At the provincial level, Technical Education and Vocational Training Authorities (TEVTAs) have been set up in all four provinces. Established as autonomous entities, TEVTAs are governed by independent Boards, whose members represent both the public and private sector. TEVTAs operate and manage vocational and technical training institutes in their respective provinces. They are also engaged in developing training content and curricula as well as updating the existing provision offered in their institutes. In addition to TEVTAs, each province has its own set of Qualifications Awarding Bodies (QABs) for technical education and vocational training.

Courses for vocational trades are assessed and certified by Trade Testing Boards (TTBs), while certification for technical education diploma courses is carried out by the Board of Technical Education (BTE) in each province. TTBs operate under their respective TEVTA while BTEs are autonomous bodies operating independently of TEVTAs.



Source: Comparative Analysis of TVET Sector in Pakistan (2017), National Vocational & Technical Training Commission

Shortage of TVET Institutes in Pakistan:

In Pakistan, there are a total of 3,740 Technical Education and Vocational Training (TVET) institutes in both the public and private sectors. However, this is grossly inadequate to effectively respond to the needs of both youth and industry (M/o FE&PT, 2018). The report observes that if more than 6 million youth were to be provided with skills training based on the present methodology, it would require at least 45,000 additional training institutes.

Competency-Based Training & Assessment (CBT&A)

Competency-Based Training & Assessment (CBT&A) represents a shift from the traditional supply-led system to a demand-oriented approach. This demand-driven system ensures systematic and institutional engagement of industry in the overall TVET system through various platforms. In Pakistan, there is increasing awareness within the industry that a shortage of skilled and qualified workers is a significant factor limiting productivity and industrial growth. However, aside from the ongoing piloting of CBT through the recently introduced National Vocational Qualifications Framework (NVQF) and industry-led initiatives, training delivery remains predominantly supply-driven, with negligible involvement from the formal private sector.

KP TEVTA has adopted the CBT&A model in 61 vocational institutes out of a total of 106 TVET institutes in KP. These institutes have begun offering training in 34 demand-driven trades under CBT&A. So far, 18,196 students have been enrolled in the CBT&A program.

Overlapping of Functions

When examining the challenges at the point of TVET delivery, it becomes apparent that there is some overlap in roles between NAVTTC at the federal level and the TEVTAs at the provincial level, following the reorganization of responsibilities after devolution. This duplication appears to result from institutions at both the federal and provincial levels not having fully transitioned to the new institutional arrangements. Overlaps exist both at the strategic level—policy formulation—and the operational level—implementation of TVET services. These interdependencies are often unclear, and the complementarity of roles between the two levels is not currently being fully utilized. While past reform efforts have addressed this issue as part of improving governance, there is still a clear need to develop synergies among the various TVET institutions.

Role of the Private Sector

The private sector makes a sizable contribution to TVET provision in the country. According to the National Skills Information System (NSIS) maintained by NAVTTC, out of the total 3,740 institutes providing TVET services, 2,113 are operated by the private sector. In addition to service provision, the private sector has recently been engaged in a strategic role by establishing three Sector Skills Councils—in hospitality, renewable energy, and construction—as mechanisms to ensure greater private sector involvement in the design and implementation of publicly funded training. This aims to improve both the quality and scale of training provision.

Recently, NAVTTC and the Federation of Pakistan Chambers of Commerce and Industry (FPCCI) launched the National Skills Forum (NSF) as a platform to promote strategic partnerships between industry and public-sector organizations delivering technical education and vocational training. This is intended to balance inputs from both the private and public sectors.

Women Industrial Training Centers (ITCs) in KP

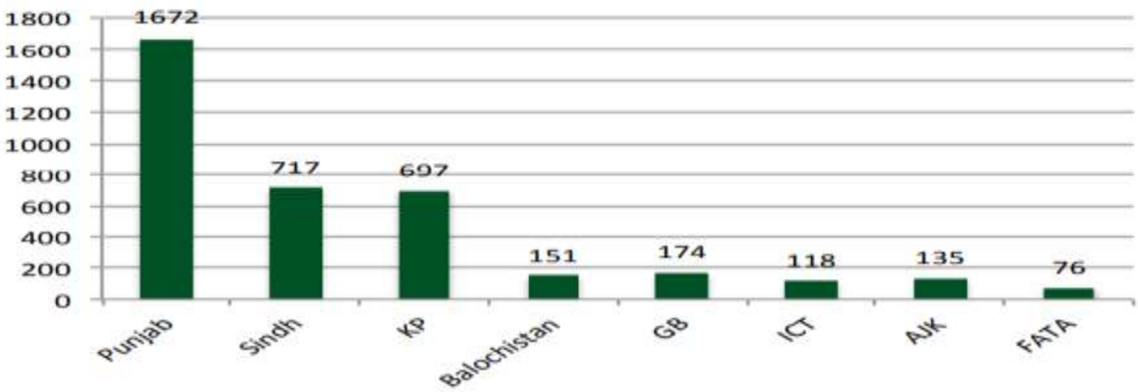
A study of the Directorate of Social Welfare, Special Education, and Women Empowerment Department, Government of KP, shows that there are 117 Industrial Training Centers established in 25 districts of KP, which are providing training in nine basic skills such as beautification, tailoring, embroidery, etc.

Over the past three years, more than 16,291 women have received skill development training. However, these skills are primarily intended for home and family use and are rarely marketable. Furthermore, the women are often trained using substandard tools and equipment, and in many cases, the provision of basic infrastructure is also compromised.

Comparative Analysis of TVET in Four Provinces:

The details of province wise and gender-wise institutes are given below:

Public				Private				Total			
Male	Female	Co-ed	Total	Male	Female	Co-ed	Total	Male	Female	Co-ed	Total
902	570	52	1,524	1,030	553	530	2,113	2,035	1,123	582	3,740

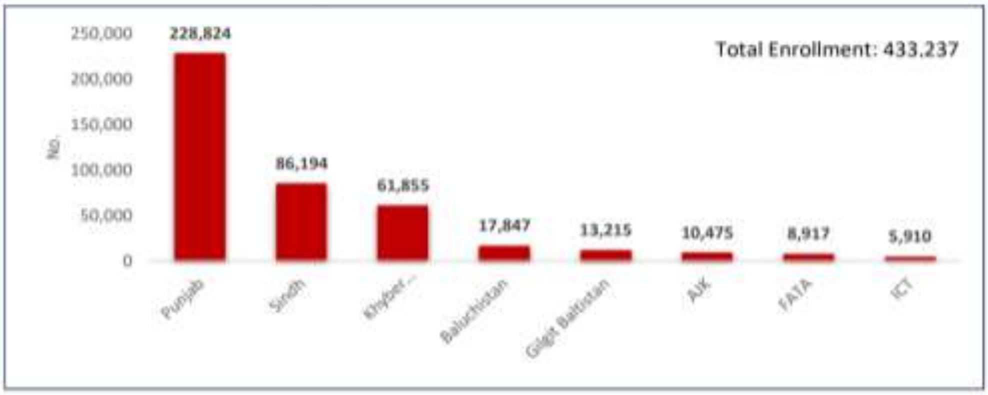


Teachers in TVET Sector

Total number of TVET teachers in both the technical and vocational streams is 18,207 according to NAVTTC survey 2018. However, around 200,000 more TVET teachers are to be inducted into the system to meet the requirement of students and industry. The province-wise breakup is shown in the following graph:

Enrollment in TVET Institutes

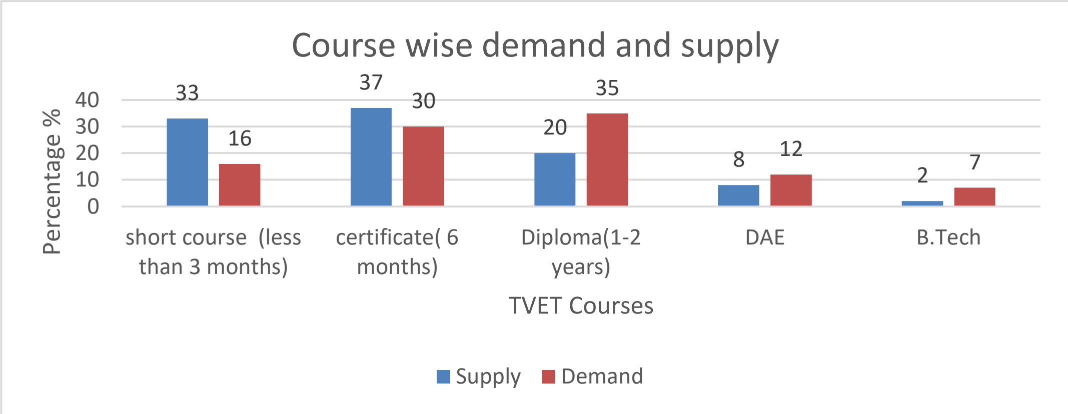
The total enrollment in TVET institutes is around 433,237, out of which 285,426 are male and 147,811 are females. Punjab dominates with an enrollment of 53%, followed by Sindh with 19.8%, Khyber Pakhtunkhwa with 14.3% and Baluchistan with 4.11%.



Province/Region	Male	Female
Punjab	152,708	76,116
Sindh	67,035	19,159
Khyber Pakhtunkhwa	36,938	24,917
Baluchistan	10,759	7,088
Gilgit Baltistan	4,049	9,166
AJK	6,334	4,141
FATA	4,267	4,650
ICT	3,336	2,574
Total Enrollment	285,426	147,811

Courses wise Demand and supply in The Market:

The data obtained from NAVTTC shows that people are more interested in short courses and certificates whereas the demand in the market is of Diploma holders, DAE and B.Tech.



Source: National Skills Information System, NVTEC

Trained Individuals Supplied by Technical Institutions to the Labour Market:

Technical institutions include colleges of technology, polytechnic, and mono-technic institutions, where the Diploma of Associate Engineer (DAE) is awarded by the respective Board of Technical Education (BTE). The total annual output of technical institutions across various disciplines is approximately 81,834, with public institutions accounting for 89% of this figure.

In Punjab, the most popular trade is Electrical Technology, representing around 20% of the total skilled workforce supplied to the labour market. The second most popular trades are Mechanical and Civil Technology, each comprising 19%, while Chemical Technology ranks third with 8% of the total DAE supply. The share of private technical institutions is approximately 18%, and the gender ratio is 1:20 (1 female to 20 males). Among female students, the most popular technologies are Computer, Food Processing, and Fashion Designing.

In Sindh, the total annual supply of technically trained individuals is around 25,998 (32% of the national total). The most popular trade is Civil Technology, comprising about 27%, followed by Electrical Technology (22%) and Mechanical Technology (18%).

The gender ratio in the skilled workforce supply is 1:16 (1 female to 16 males), and the contribution of public sector institutions is approximately 9%.

In Khyber Pakhtunkhwa, the total annual supply of technically trained individuals is around 18,486 (23% of the national total), with public technical institutions contributing about 86%. The gender ratio in the supply of skilled labour in technical trades is 1:33 (1 female to 33 males). The most popular trade is Civil Technology (35%), followed by Electrical Technology (29%), and Mechanical Technology (12%).

In Balochistan, the lowest enrollment in technical institutions is observed, with the province contributing only 0.2% of the total 81,834 graduates in various technologies, despite accounting for 3.8% of the national population aged 15–29. The most popular trade is Electronics (31%), followed by Electrical Technology (26%), and Computer & Information Technology as the third most popular.

Skill Development Programs in India, Bangladesh & Malaysia

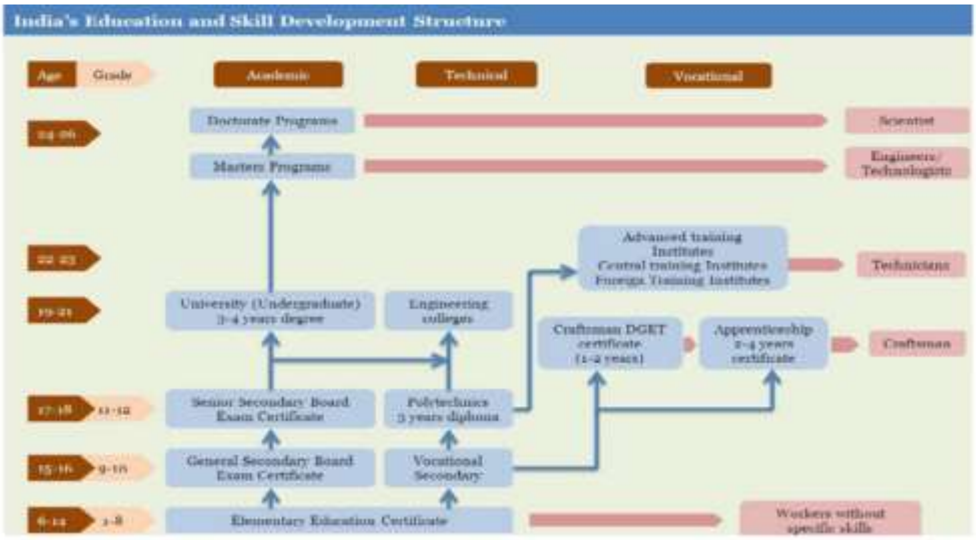
Indian Skill Development Program:

The Indian economy grew at an impressive rate of 7.6 percent during the January–March quarter of 2022–23, making it one of the fastest-growing economies. India’s demographic profile is enabling the country to aim for accelerated economic growth. While most economies around the world are aging rapidly, India will be an exception, expected to dominate the global workforce by becoming the largest provider of skilled labor.

In this context, skill development emerges as one of the most critical aspects of India’s economic policies. The Prime Minister of India, Shri Narendra Modi, recognized the need to focus on skill development due to evolving labor market dynamics. As a result, a new Ministry of Skill Development and Entrepreneurship was established. This ministry works in close collaboration with other ministries to address the huge demand for a skilled workforce.

The National Policy on Skill Development was framed in 2009 with the aim of strengthening the country’s skill development initiatives. It is a Public-Private Partnership model operating under the Ministry of Skill Development and Entrepreneurship. The policy was established to promote skill development by creating large, high-quality vocational institutions with appropriate training infrastructure. Although India has a large number of aspirants, it lacks the infrastructure required to meet the demand for vocational education and training. Therefore, the government has encouraged more such partnerships to ensure the success of the vocational training model.

Skill development in India is categorized into two main areas: Skill Education and Skill-Based Vocational Training.



Looking at the labor market dynamics, the government has started initiatives to fight the major difficulty. In fact, the Government has given utmost priority to skill development and it will continue to be a vital matter for the next 10 years. There will be a considerable growth in the Infrastructure sector followed by the Auto & Auto Components.

Skill Development Program in Bangladesh:

The TVET Reform in Bangladesh has five key target areas which together ensure a TVET system being well-coordinated, flexible, responsive and able to meet industry needs. These are policy, relevance, strengthening, linkages and access. Many of the rapidly developing countries and recently developed countries of Asia like Bangladesh made TVET a central focus of their education systems as a way of preparing for rapid industrialization. In Bangladesh, formal TVET education is the integral part of secondary education, and evidence suggests that some TVET resources are underutilized because of low demand from students. A unified and simplified system of TVET management and provision; promotional efforts to students and their families; and, perhaps most importantly, a continuous system of communication, coordination, and cooperation with private industry help make TVET an important element of development.

There are linkages between employers and most institutions that provide TVET. This has led to the desired responsiveness of TVET provision to job market demands—with systematic feedback concerning industry requirements. The national skill development policy of Bangladesh is illustrated as under:

In Bangladesh, through the adoption of NSDA Act 2018 and NSDA Rules 2020, NSDA has got the mandate for skills development in the country by way of coordination, quality assurance, and assessment and certification

Malaysian Skills Development Model

Many organizational structures support skills development and employment in Malaysia. First, the Ministry of Education provides formal education for youth at the primary, secondary, and tertiary levels, including VET provision. In addition, the Ministry of Human Resources, the Ministry of Entrepreneur Development, and the Ministry of Youth and Sports, along with a range of public and private organizations, deliver skills training for youth, the unemployed, and those already in the workforce. In the Southeast Asian sub-region, Malaysia was a pioneer with its Occupational Skills Standard Act introduced in 1993, followed by the National Skills Development Act in 2006. As a result of this legislation, there are now over 1,000 accredited public and private training centers in the country (Leong, 2017).

Under the Ministry of Human Resources, there are 14 industrial training institutes that provide pre-employment training, focusing on upskilling existing employees—especially those working in the manufacturing and construction sectors. There are several long-term study programs through which graduates can obtain a Level 1 or Level 2 Malaysian Skills Certificate. Advanced-level qualifications can be obtained at one of the four Advanced Technology Centers.

The effectiveness of these programs is evident from the fact that 80% of graduate's secure employment within six months of completing their programs. Higher-level technical training is provided at the National Polytechnics and Community Colleges.

Comparison of Pakistan with India, Bangladesh and Malaysia:

Sr No.	Country	Total Population	Workforce Abroad	Remittances
1.	Pakistan	225	11.6	31,000
2.	India	1393	32	85,000
3.	Bangladesh	168	10	24,700
4.	Malaysia	33.9	NA	NA

Source: World Bank Employment2population/remittances (Figures in millions)

German Dual Education System

Human capital plays a vital role in the pursuit of sustainable economic growth. Alongside education, skill-building of the workforce is also essential for economic development. This is evident from the case of the German vocational training system, which, with its combination of classroom and workplace learning, theory and practice, and education and employment, is recognized worldwide as a fundamental and highly effective model for vocational training.

The German dual system offers an excellent approach to skill development, covering initial vocational education and training, advanced vocational education and training, employability, occupational competency, and identity. Due to this dual system, Germany enjoys low youth unemployment and a highly skilled workforce.

In Germany, there are currently around 350 officially recognized occupational standards. These standards are a central element of the German vocational training system. Although they are incorporated into state law, trade and industry also play a decisive role in their formulation.

Therefore, the dual system is firmly established within the German education system. After finishing school, more than half of young people in Germany begin vocational education and training by starting an “apprenticeship,” i.e., training within the dual system.

The system is described as “dual” because training is conducted at two venues: the company and the vocational school. Extra-company training, which may take place in VET institutions outside both the vocational school and company-based TVET, is another possible learning venue. Access to vocational education is not formally linked to any particular school-leaving qualification—the fundamental principle is that training is open to everyone.

The main characteristic of the dual system is the cooperation between small and medium enterprises, on one hand, and publicly funded vocational schools, on the other. This cooperation is regulated by law. The primary benefit for trainees is receiving market-relevant training that improves their chances in the labor market while simultaneously enhancing social skills and personal development. The state also benefits from the dual system by reducing the burden on public budgets through enterprise participation and by maintaining an up-to-date workforce.

Trainees in the dual system typically spend part of each week at a vocational school and the other part at a company, or they may alternate longer periods at each venue. Dual training usually lasts between two and three-and-a-half years.

Businesses that participate in the dual training scheme view vocational training as the best form of personnel recruitment. Companies that provide training not only save on recruitment costs but also reduce the risk of hiring unsuitable employees. Investment in first-class training is a key success factor in an increasingly competitive world. The main benefit for apprentices is that they receive market-relevant training that enhances their prospects in a labor market that is constantly evolving and upgrading skills in response to the latest innovations of the digital age.

There is growing global awareness that high-quality, work-based vocational education and training are essential for competitiveness and social inclusion. Austria, Switzerland, Luxembourg, and Denmark have already adopted this dual education system. Demand from other countries for cooperation with Germany in this area remains high (BMBF, 2022).

In contrast to the German dual system, Pakistan is ranked 92 out of 133 countries in the university-industry linkages index—much lower than China and India, which are ranked 23 and 46, respectively. Due to the weak university-industry-professional nexus in Pakistan, our youth are not acquiring the skills sought by employers. This skill mismatch is a fundamental reason why our enterprises and universities fail to compete effectively in global markets.

Kamyab Jawan Initiative

In light of rapidly changing global socio-economic and political dynamics, it is critically important to engage and invest in the national youth to educate and empower them. The country required a comprehensive framework at a strategic level for the meaningful and sustainable development of youth. If the young generation is properly engaged, developed, and empowered, it can serve as a change agent and catalyst for the attainment of the Sustainable Development Goals (SDGs) in Pakistan.

Therefore, an implementation strategy for the National Youth Development Framework (NYDF) was formulated and formally launched with the initiation of the Prime Minister's Kamyab Jawan Programme in October 2019. Under this youth development program, six schemes were designed, including the "Youth Entrepreneurship Scheme" and "Skills for All." The primary objective of the program is to bridge the gap between education and labor market realities, strengthen technical and vocational education, and develop employability skills.

Strategy for Placement of TVET-Trained Individuals in the GCC Job Market

The Gulf Cooperation Council (GCC) is a political and economic alliance of six affluent Arab countries on the Arabian Peninsula: Bahrain, Kuwait, Oman, Qatar, Saudi Arabia, and the United Arab Emirates. During the 1970s, these Middle Eastern countries launched massive development projects that attracted foreign manpower due to labor shortages.

It is estimated that 9 million Pakistanis are working abroad, with more than half employed in the six GCC countries. The migration of Pakistani workers is heavily concentrated in the GCC region (96 percent), with Saudi Arabia and the United Arab Emirates hosting the majority. As a result, more than half of Pakistan's remittances are received from GCC countries.

In the GCC, India, Bangladesh, and the Philippines are major contributors of skilled manpower. These countries have established organized systems for training emigrants in technical and vocational fields. The estimated proportion of the labor force in the GCC is as follows:

Expats in GCC (% of workforce)	**India**	**Bangladesh**	**Pakistan**	**Egypt**	**Philippines**
Bahrain	5%	3%	3%	1%	3%
Kuwait	11%	6%	4%	24%	11%
Oman	9%	19%	7%	1%	2%
Qatar	7%	5%	3%	8%	12%
KSA	32%	46%	46%	47%	40%
UAE	35%	21%	37%	19%	31%

Source: (Florian T. Malit, 2017)

The situation mentioned calls for preparing specialized and skilled manpower to gain share in dynamic job market of GCC. Therefore, technical and vocational education imparting bodies should revive course modules to meet the projected demand in GCC job market.

Gap Analysis of the Local Job Market

Pakistan has a large labor force, ranked among the top 10 largest in the world, and it continues to grow day by day. On the other hand, employers frequently report that they are unable to find workers with the appropriate skills required for their industries. This clearly indicates a mismatch between the demand and supply of skills. Skill development can play a major role in poverty alleviation when it is carefully planned and implemented in the context of available and emerging employment and income-generation opportunities.

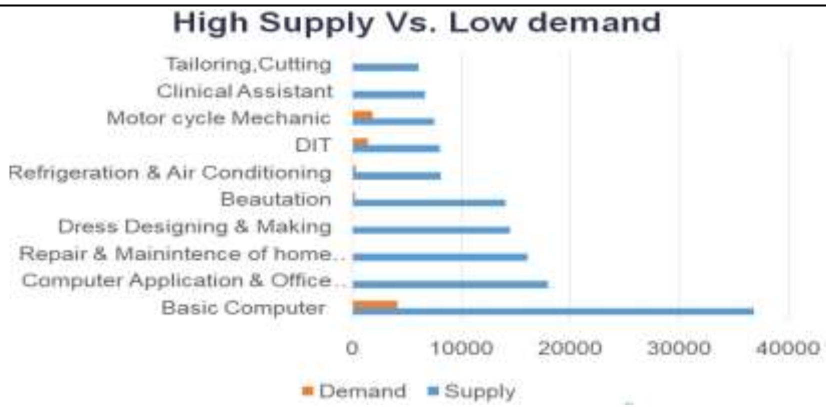
The current provision of TVET is highly supply-driven, with most training programs designed without any market research. This is further compounded by a lack of reliable data and a shortage of administrative capacity for skills analysis and forecasting of market needs among most TVET service providers. The absence of localized market research continues to create skills mismatches, resulting in poor employment outcomes.

The prevailing situation in Pakistan's skills development sector reflects a disproportionately large gap between supply and demand within the TVET system—both in terms of the size of the youth population and the skilled workforce requirements of industry.

This gap is expected to widen further with increasing demand from CPEC projects unless urgent efforts are made to bridge it. There is little alignment between the needs of local industry and the training provided by vocational institutes. Rather than aligning training with local economic needs, institutes tend to offer what they have traditionally taught or what has been mandated through centralized decision-making. As a result, trainees emerge from the system inadequately skilled and with limited employment opportunities.

Thus, there exists a significant gap between the demand and supply of skilled labor in the services, construction, and manufacturing sectors—both within Pakistan and abroad.

Although the government has in the past attempted to liaise with employers in the development of skill standards and endorsement of curricula, but this engagement was not wide enough to be truly meaningful.



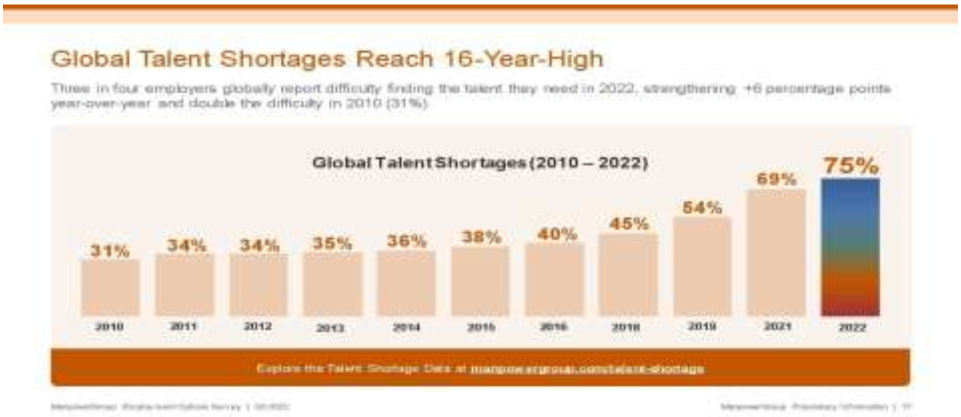
Gap Analysis of the Overseas Job Market

It has been estimated that 41% of all work activities in Kuwait are susceptible to automation, as are 46% in Bahrain and Saudi Arabia, 47% in the UAE, 49% in Egypt, 50% in Morocco and Turkey, and 52% in Qatar. In addition, whether jobs are declining, stable, or growing, they are undergoing major changes in their skills profiles. The World Economic Forum's *Future of Jobs* analysis found that, in the future, 21% of core skills in the GCC and 41% of those in Turkey will differ from the skills required in 2015. At the same time, across the globe, there is substantial potential for creating high value-adding formal sector jobs across various sectors, skill levels, and work formats.

The reliance on foreign workers by the group of high-income, resource-rich Gulf countries—including Saudi Arabia, the UAE, Kuwait, and Qatar—has historical roots dating back to early fossil fuel discoveries. These discoveries led to an influx of physical and service workers as well as highly skilled technical and managerial talent. Pakistani migrant workers are currently employed in more than 50 destination countries, with GCC countries being the most common choice. During the period from 2008 to 2016, approximately 97% of Pakistani migrant workers went to a GCC country. In recent years, Malaysia has also emerged as a significant destination, with 20,577 workers there in 2014 and 20,216 in 2015. The top five destination countries since at least 2008 have been Saudi Arabia, the United Arab Emirates, Oman, Bahrain, and Qatar.

It is pertinent to mention that, due to the ongoing transformation toward a digital and automated world, overseas job market dynamics have changed. There is now a growing demand for skilled manpower equipped with modern technologies, particularly in information technology. Multinational companies across the world are striving to employ experienced and competent workers, who are considered valuable assets.

The *Employment Outlook Survey* surveyed more than 40,000 employees worldwide. It identified the most in-demand jobs, while also revealing the highest level of global talent shortages in 16 years. Employers reported difficulty in filling open roles, with the most significant impacts observed in Taiwan, Portugal, Singapore, China, Hong Kong, and India (ManpowerGroup, 2022).



PESTLE Analysis

Political	i. Low Government Priority ii. Incoherent approach by Federal & Provincial Governments
Economic	i. Economic growth ii. Unemployment iii. Low per capita income iv. Low Remittance from Overseas
Social	i. Vocational training is considered as inferior in society ii. Low women participation iii. Crimes in society iv. Trend towards general education
Technological	i. Rapid change in technology ii. Obsolete equipment at TVET institutes iii. Limited industry ownership
Legal	i. Ambiguity in roles between Federal & Provincial Governments after 18th Amendment ii. No legislation for regulating private TVET institutes
Environmental	Modern skills in Agriculture

SWOT Analysis

Strengths	**Weaknesses**
i. "Skills for All" Initiative ii. Competency Based Training iii. Network of TVET Institutes	i. Lack of Govt Interest ii. Overlapping of Functions between Fed & Provincial Govts iii. Outdated Workshops iv. Obsolete Equipment v. Archaic Teaching Methods vi. Antiquated & Incoherent Curricula vii. Focus on Traditional Education viii. Perception of Lower Social Status ix. Limited Ownership/Participation of Industry x. Lack of Demand Oriented Technologies
Opportunities	**Threats**
i. 65% Young Population ii. Local Job Creation iii. SME Start-up Culture iv. Demand in International Job Market v. FX Remittances	i. Better TVET in Competitive Countries ii. Rapid Technology Growth iii. Effect of Political Instability on Policies iv. Low Budget Allocation for TVET v. Low Female Participation

Issues and Challenges

Deficient Brand Equity

The general public's perception of vocational education is a recurring problem for TVET and skill development in Pakistan. TVET has weak brand equity compared to general education and has historically been considered a fallback option for students who leave the academic system, despite the growing demand for more and better skills training. This perception has hindered the growth of skills training as a respectable alternative to conventional academic pathways. Since the 1980s, TVET has functioned as an independent program, disconnected from the country's general education system, and lacks a clearly defined transition point.

Overlaps in Institutional Framework

Institutions at the federal and provincial levels have not fully adapted to the new institutional arrangements, which has led to overlaps in functions. Similarities exist at both the strategic level of policy formulation and the operational level of TVET service implementation.

The complementarity of roles between the two levels remains underutilized, and these interdependencies are often unclear. Although previous reform efforts have addressed this issue in the context of governance improvement, there is still a clear need to develop synergies among the various TVET institutions.

Participation of the Private Sector

The inclusion of the private sector in TEVTA governance structures is an indicator of collaboration, but this inclusion varies across provinces, and the private sector is underrepresented on each Board. Institutional connections—such as with Chambers of Commerce and Industry or the Employers' Federation of Pakistan (EFP)—are either nonexistent or at best sporadic.

These connections are vital for job placement, apprenticeship programs, and the adoption of a dual training system. Furthermore, engagement with the private sector at the local level, particularly in training delivery, remains minimal. To ensure that TVET provision aligns with market demand, local business involvement is essential, as market relevance is highly contextualized and localized. Currently, private sector participation at the institute level is in decline. Although in theory the private sector is included in local management structures such as Institute Management Committees, in most cases these structures are not fully functional. The decision-making process remains centralized, and local structures have little to no autonomy.

Limited Approach to TVET

While there is growing recognition of the need to enhance youth employability through the teaching of a broader skill set—including both technical and transferable core skills—the TVET sector still lacks a coherent and systematic approach to address this need. There is no consistent definition or consensus on which core skills are crucial for a successful transition to employment. These skills are not outlined or addressed by any national standards or qualifications.

In the absence of a widely accepted core skills framework, the process of integrating such skills into the training curriculum remains unstructured and fragmented.

Inadequate Market Research

TVET is still largely supply-driven, with most training programs designed without any form of market analysis. The lack of administrative expertise in skills analysis and labor market forecasting among most TVET providers exacerbates the lack of reliable data.

This, coupled with limited localized market research, continues to result in skill mismatches and poor employment outcomes.

Focus on Wages and Paid Employment

Most existing TVET programs are geared toward preparing students for paid employment, often focusing on jobs in large enterprises that offer little in terms of entrepreneurship development. When entrepreneurship education is included, it tends to be basic, emphasizing knowledge acquisition rather than cultivating the attitudes and skills essential for business success.

Conclusion

The quality of TVET provision is also variable across the country. TVET sector institutes in both the public and private sectors (with a few exceptions in the private sector) are characterized by outdated curricula, a mismatch between the skills taught and those demanded by industry, inadequate quality assurance mechanisms, substandard physical and learning resources, and low levels of private sector participation—which is crucial to bridging the skills–market gap. Technical and vocational training primarily takes place in time-constrained, theory-based, teacher-led classroom environments, isolated from industry applications. Attachments and links to industry are fragile, poorly planned, and inadequately supervised. The low quality of training provision results in poor employment outcomes and becomes a disincentive, diminishing the demand for TVET, particularly from young men and women aspiring to enter the labor market.

Moreover, TVET in the country suffers from a lack of "brand" equity when compared to general education and has traditionally been seen as a backup option for students who drop out of the academic system. This perception, combined with the poor employment outcomes of TVET graduates, discourages young people from choosing vocational education and training as their preferred academic route.

There is growing recognition at the strategic policy level that strengthening the TVET system will require a shift away from conventional approaches to TVET delivery. The recent adoption of the Competency-Based Training (CBT) approach is a major milestone in quality improvement, particularly in terms of aligning training content more closely with market needs. In recent years, the NAVTTC has taken the lead in designing CBT curricula to develop standards of occupational competency for various trades with the active participation of leading industry practitioners.

Recommendations:

Given the above detailed analysis, we propose several policy interventions. For clarity, the recommendations are grouped into short-term, medium-term, and long-term actions as outlined below:

Short Term:

i. The federal government should focus exclusively on National Skills Development, management of the National Skills Fund, and testing and certification of skills.

ii. Available resources should be optimally utilized by both federal and provincial governments to enhance the capacity of TVETs, such as running double shifts in TVET institutes. Private sector involvement should be increased through apprenticeship programs. Universities should be engaged for high-tech skill training. Apprenticeship laws should be implemented, and online learning systems should be launched.

iii. A communication strategy should be devised to launch a targeted campaign to create public awareness about the existence and benefits of TVET education.

Medium Term:

i. The capacity of the TVET sector to provide market demand-based training should be enhanced through public-private partnerships and industry involvement, so that requirements for CPEC and the Industry 4.0 revolution can be met. Vocational workshops may be established in Madaris, following the models of Malaysia and Indonesia.

ii. Model TVET institutes should be established by both the federal government (NAVTTC) and provincial governments (TEVTAs) to implement international best practices. Additionally, TVET curricula should be incorporated into the Pakistan National Curriculum (PNC).

iii. Exploring broader financial space for TVET funding is the need of the hour. Various options should be considered, such as government funding, engagement with INGOs and NGOs, industry partnerships, paid technical training, and the diversion of funds from welfare/charitable/poverty programs like BISP and the Bait-ul-Mal.

iv. Women's participation in TVET should be enhanced by developing special programs to promote and train women in entrepreneurial courses. Courses aimed at uplifting rural economies should be designed, focusing on modern agriculture and livestock techniques.

v. All TEVTAs should work in close coordination with industry and Chambers of Commerce and Industry (CCI) to identify and deliver market-oriented skills.

Long Term:

i. The overlap of TVET functions between the federal and provincial governments should be negotiated and resolved through the Council of Common Interests (CCI).

ii. Research should be conducted to identify the existing and future skilled workforce requirements in both local and overseas markets, especially in GCC countries.

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Poverty Alleviation Through Microfinance

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Abstract:

Poverty is a multidimensional issue that encompasses economic, social, and political deprivation, making it difficult to define in absolute terms. In Pakistan, where over 21.9% of the population lives below the poverty line, microfinance has emerged as a viable tool for poverty alleviation. By offering small-scale financial services to underserved communities, particularly women, microfinance empowers individuals to generate income and improve their standard of living. However, Pakistan's microfinance sector faces several structural and operational challenges, such as high interest rates, lack of awareness, religious sensitivities, and inconsistent government policies. Despite its growth, microfinance in Pakistan lags behind neighboring countries like Bangladesh. For microfinance to effectively reduce poverty, policy reforms, digitization, public-private partnerships, and community-based models are essential. This paper explores the impact, challenges, and future prospects of microfinance as a sustainable poverty alleviation strategy in Pakistan.

Key words:

Poverty Alleviation, Microfinance, Poverty Alleviation, Financial Inclusion, Pakistan, Socioeconomic Development

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Introduction

Poverty cannot be defined in absolute terms. It is a complex and multidimensional phenomenon that encompasses the social, economic, and political deprivation of people. However, it may be defined comprehensively as the inability to obtain a minimal standard of living. Poverty is a global menace, and Pakistan is no exception, with 21.9% of the population living below the poverty line (Pakistan's poverty rate to ease in FY22: World Bank, 2021). As the problem is global and both developed and developing nations are affected, every nation has made poverty alleviation a major goal in their development plans. In developing countries, different poverty alleviation programs have been directed at increasing the income-generating potential of poor people. This is where the role of microcredit becomes significant in addressing poverty. Poor people often lack the necessary resources, which prevents them from raising their standard of living. The role of microfinance thus becomes essential for the upliftment of the poor and destitute and serves as an effective means of poverty alleviation (Miled & Rejeb, 2015).

Microfinance, on one hand, gives people the chance to earn a livelihood, and on the other, helps them live with self-esteem. It also reduces the financial exploitation of poor people. These microcredit/microfinance programs are gaining importance as effective tools for social mobilization and income-generating activities (Khan et al., 2019).

Definitions

Microfinance	Microfinance, also called microcredit, is a type of banking service provided to unemployed or low-income individuals or groups who otherwise would have no other access to financial services (Investopedia)
Poor Persons	"poor persons" means persons who have meager means of subsistence and whose total income 3 during a year is less than such minimum limit as the State Bank may, from time to time, prescribed. (Pakistan, 2001)
Microcredit	Microcredit is a common form of microfinance that involves an extremely small loan given to an individual to help them become self- employed or grow a small business. These borrowers tend to be low- income individuals, especially from less developed countries (LDCs). Microcredit is also known as "micro lending" or "microloan." (Investopedia)

Microfinance Institution	"Microfinance institution" means an institution, which extends micro credit and allied services to the poor through sources other than public savings and deposits (Pakistan, 2001)
Microfinance Bank	"Microfinance bank" means an institution licensed by State Bank under this Ordinance to establish and operate as microfinance bank (Pakistan, 2001)

Historical Background of Microfinance

The concept of microfinance has been present in rural and urban areas in the form of unsupervised cooperatives for quite some time. However, microcredit as a revolutionary social phenomenon was initiated by the Grameen Bank during the 1970s (Mia et al., 2019).

Since then, the progress of microfinance around the world, especially in Asia, has been inspired by the success story of the Grameen Bank. Established by Dr. Muhammad Yunus to cater to the needs of the poor and underprivileged segments of society on an experimental basis, Grameen Bank facilitated access to credit for the poor—especially women—with the aim of eradicating poverty and unemployment, the primary concerns of any developing country. It not only provided funds to people generally considered financially unstable, but also proved that these people are creditworthy, with a proven track record of loan recovery rates above 90% (Murshid, 2018).

Pakistan, though a late starter in this industry, has also made considerable developments in microfinance. Although Non-Governmental Organizations (NGOs) and Rural Support Programs (RSPs) have been providing microcredit in the country since the 1980s, the coverage and scope of their operations have generally been limited. Currently, six Microfinance Banks (MFBs) are operating in the country. Besides MFBs, there are 14 other microfinance institutions (MFIs), including RSPs, NGOs, and Commercial Financial Institutions (CFIs) (Ashfaq, 2021).

Role of PPAF and PMIC in Pakistan

Established in 2000 by the Government of Pakistan as an autonomous not-for-profit organization, PPAF enjoyed facilitation and support from the Government of Pakistan, the World Bank, the International Fund for Agricultural Development (IFAD), KfW, and other statutory and corporate donors. PPAF has been the largest source of wholesale funds for community-driven development in the country.

Its core operating units deliver a range of development interventions at the grassroots/community level through a network of more than 100 partner organizations across the country (Ashfaq, 2021). In 2015, a new subsidiary of PPAF was planned to attract funding from international development partners in the microfinance sector.

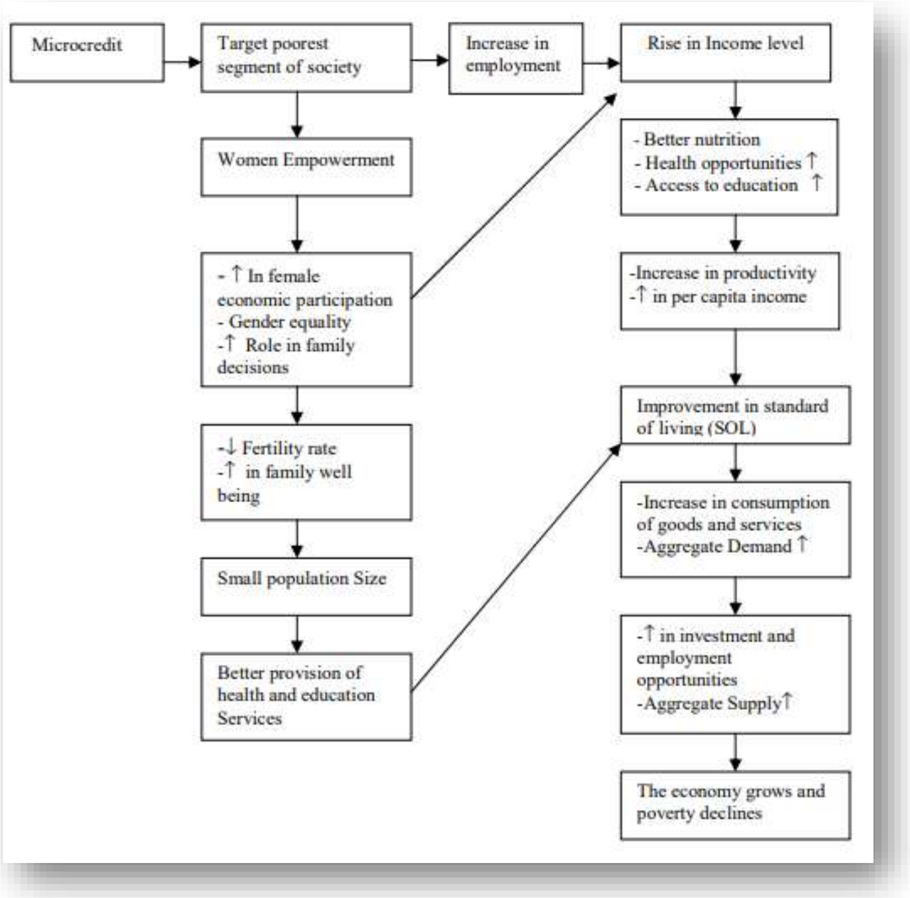
Established in 2016, PMIC is a vital player in the financial services ecosystem of Pakistan. Its formation marked a key milestone of the National Financial Inclusion Strategy, with various development partners joining hands to establish a company that could actively contribute to a robust financial system, leading to the provision of financial services at the bottom of the pyramid. With a focus on improving employment and livelihood opportunities for marginalized segments in the country—especially women and youth—PMIC has introduced need-based products to help them graduate out of abject poverty. With outreach across the country through partner MFPs, PMIC has already impacted the lives of 769,521 clients. It actively contributes to the formation of policies and strategies to enhance financial inclusion in the country while playing an active policy advocacy role (Basharat, 2021).

Pakistan and Poverty

In Pakistan, poverty is on the rise. The country is committed to alleviating poverty in line with the SDGs' Goal 1: "No Poverty," in all its forms everywhere by 2030 (Nation, 2022). The Planning Commission's poverty estimation is based on the Cost of Basic Needs (CBN) approach, which estimates the poverty line at Rs. 3,757.85 per adult equivalent per month (Division, 2021–2022a).

According to the Economic Survey of Pakistan 2021–2022, the percentage of people living below the poverty line has now reached 21.9% (Division, 2021–2022b). In recent years, the COVID-19 pandemic has increased poverty due to job losses and a slowdown in the economy. The Ukraine war has further aggravated the situation through rising oil prices and consequent inflation (Bodnár & Schuler, 2022). The government has introduced social safety net programs like the Ehsaas Program to support the consumption needs of the ultra-poor masses (Javed et al., 2021). However, for sustainable poverty alleviation, microfinance initiatives need to be expanded in the country.

Transmission Mechanism of Microcredit to Poverty Alleviation



Problem Statement

Microfinance is considered an important tool for reducing poverty. In Pakistan also, microfinancing initiatives have been introduced both in the public and private spheres. However, the success of these initiatives on poverty alleviation seems to be limited compared to neighboring countries like Bangladesh. The need is to assess the dimensions of microfinance initiatives in order to determine its fault lines and suggest ways for creating greater impact on poverty alleviation in Pakistan

Scope of Study

- To carry out Situational analysis of Public and Private sector micro-credit facilities in Pakistan
- To carry out Impact analysis of microcredit initiatives both in public and private sector for poverty alleviation in Pakistan
- To carry out Comparative analysis of the microcredit initiative in Pakistan with those of Bangladesh and India and their impact on poverty alleviation in these countries.
- To carry out Gap analysis in the policies initiated by the government to optimally utilize microcredit facilities for poverty alleviation in Pakistan
- To propose recommendations to mitigate the issues and challenges
- Data pertaining Indian microfinance initiatives over the years could not be retrieved because of the accessibility constraints.

Research Methodology

Quantitative and qualitative methods of research have been adopted. Primary data was collected through spot interviews with the concerned stakeholders which included the CEO of SRSP, Mr. Masood-ul-Mulk and his team. The Manager of FINCA, Bank Peshawar, Mr. Asad Qazi was also interviewed to sort out the issues of private sector microfinance institutions. A meeting through Zoom link was conducted with the CEO of PMIC, Mr. Yasir Ashfaque, who briefed the team over the legal and institutional frameworks of microfinance institutions in Pakistan. He has enlightened the team on the issues faced by the microfinance sector of Pakistan regarding funding. The interviews with the beneficiaries of SRSP and feedback regarding their businesses that were initiated with the support of the microfinance, were acquired. The secondary sources of data were retrieved from Economic Survey of Pakistan, World Bank website, Bangladesh websites, Research Reports, Books and Policy Briefs.

Most importantly, the lectures held at National Institute of Management Peshawar were really resourceful and helped in understanding the issues of economy of Pakistan and poverty alleviation. Analytical tools used to analyze the various situations and conditions are as follow;

- Situational Analysis
- Impact Analysis
- Gap Analysis
- Comparative Analysis
- SWOT Analysis

Formal and Informal Sectors of Microfinance

Microfinance Institutions Microfinance Ordinance (2001) defines a Microfinance Institution (MFI) as a company that accepts deposits from the public for the purpose of providing microfinance services. MFIs in Pakistan include Microfinance Banks (MFBs) regulated by the State Bank of Pakistan, in addition to some NGOs, RSPs and CFIs.

Non-government Organizations (NGOs): These include NGOs operating as microfinance institutions as well as those running microfinance operations as part of their multi-dimensional development program. Specifically, Kashf, Sind Agricultural and Forestry Workers.

Coordination Organization (SAFWCO), Akhuwat, Orangi Pilot Project (OPP), and Asasah are operating as MFIs.

Rural Support Programs (RSPs): These programs are running microfinance operations as part of their multi-dimensional rural development program. At present four RS. Ps are in operation, which include National Rural Support Program (NRSP), Punjab Rural Support Program (PRSP), Sarhad Rural Support Program (SRSP) and Thardeep Rural Development Program (TRDP).

Commercial Financial Institutions (CFIs): These are financial institutions in the mainstream financial sector, providing microfinance services as a separate function within the broader organizational context. Two such CFIs are Orix Leasing and The Bank of Khyber.

Legal & Regulatory Framework

Microfinance Institution Finance Ordinance 2001

The Ordinance was promulgated for the establishment, business and operations of microfinance institutions in Pakistan. The objective of the law was to promote the establishment of microfinance institutions for providing organizational, financial and infrastructural support to poor persons, particularly poor women, for mitigating poverty and promoting social welfare and economic justice through community building and social mobilization. It is essential to regulate microfinance institutions to protect the depositors, customers and to safeguard these institutions against political and other outside interference.

In Pakistan, MFBs are licensed as banks under the Microfinance Institutions Ordinance, 2001. The other two categories are primarily non-profit organizations registered under one of four separate legislative frameworks, Societies Registration Act, 1860, The Voluntary Social Welfare Agencies Ordinance, 1961, The Trust Act, 1882, and the Companies' Ordinance, 1984.1 Thus, at least five types of legislative frameworks are of relevance to the microfinance industry of Pakistan (Basharat, 2021)

Types of Microfinance Institutions in Pakistan

Microfinance Banks (MFBS)	**Non-Banking Microfinance Institutions (NBMFIs)**
Deposit taking and regulated by State Bank of Pakistan (SBP) as per Microfinance Ordinance 2001	Licensed and regulated by SECP as per NBFC & NE Regulations 2008 among others. Includes Rural Support Programs.
Have a maximum loan of PKR 3 million and operate nationwide	Not authorized to take deposits
Require a minimum paid up capital of PKR 1,000 million if licensed to operate nationwide.	Mostly focused on rural markets, predominantly female clientele and dependent on development lenders
	Minimum equity requirement of PKR 50 million and maximum loan of PKR 1.5 million. **(Ashfaq, 2021)**

Micro credit beneficiaries, outstanding loans portfolio and loan disbursements as of 1st January, 2020. (Division, 2019-2020)

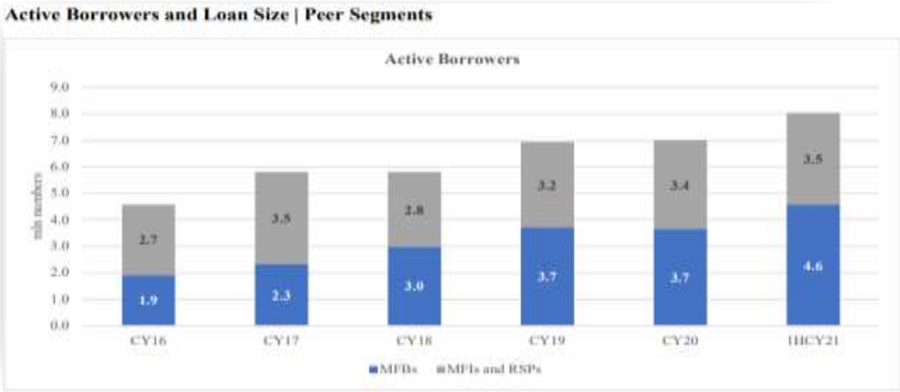
MFP		**Active Borrowers.**	**Outstanding Loans Portfolios**	**No. of Loans Disbursed**
Total for Pakistan MF Sector		**7,249,943**	**305,753,451,928**	**2,624,190**
Microfinance Banks				
Apna Microfinance Bank		93,298	9,071,890,041	106,152
Advans Pakistan		11,400	1,269,590,951	2,862
FINCA Microfinance Bank		238,337	22,480,015,951	71,870
FiRs. t Microfinance Bank Limited		485,505	31,065,369,541	142,109

Khushhali Bank	871,228	53,607,461,191	317,402
Mobilink Microfinance Bank	182,483	15,818,782,057	44,414
NRS. P Bank	351,846	27,768,760,755	153,225
Pak Oman Microfinance Bank	59,688	1,978,364,613	15,780
Sindh Microfinance Bank	50,601	845,955,165	12,626
Telenor Microfinance Bank Limited	896,694	27,695,262,338	701,334
U Microfinance Bank	314,064	21,882,306,555	101,379
Total for MFBS	**3,555,144**	**213,483,759,157**	**1,669,153**
Microfinance Financial Institutions (MFIs)			
AKHUWAT	865,548	16,895,424,704	201,730
ASA-Pakistan	439,129	9,739,158,278	116,179
Community Support Concern	38,921	1,465,686,661	11,402
DAMEN	116,703	3,365,313,952	28,911
Farmer Friend Organization	33,030	908,679,915	0
Kashf Foundation	515,886	14,892,386,052	144,753
MOJAZ Foundation	30,911	864,172,711	9,116
Micro Options	1,344	35,618,068	160
Naymet Trust	0	0	0
Orangi Charitable Trust	21,941	417,878,867	4,533
SAFCO Support Fund	99,635	2,350,990,519	21,647
Soon Valley Development Program	12,175	348,795,711	3,306
Total MFIs	**2,175,223**	**51,284,105,438**	**541,737**
Rural Support Programs			
National Rural Support Program	843,151	22,963,788,579	246,220
Ghazi Barota TariqiatiIdara	27,055	455,839,567	7,433
Punjab Rural Support Program	75,293	1,596,516,848	18,963
Sindh Rural Support Organization	89,716	1,880,824,503	22,289
Sarhad Rural Support Program	6,765	69,204,400	2,111
Thardeep Rural Support Program	164,303	4,017,195,649	32,770
Total for RS. Ps	**1,206,283**	**30,983,369,546**	**329,786**

Others			
AGAHE	30,368	672,024,681	11,088
JWS Pakistan	87,377	2,412,362,220	25,527
Orix Leasing	16,265	381,139,074	2,625
Organization for Participatory Development	4,552	95,285,417	1,053
Rural Community Development Program	151,893	5,687,722,670	37,941
Shah Sachal Sami Foundation	5,932	190,511,687	1,335
Villagers. Development Organization	2,022	28,873,331	208
Total for others	**298,409**	**9,467,919,080**	**79,777**
			(Division, 2019-2020)

Situational Analysis

Microfinance Banks are regulated by the State Bank of Pakistan (SBP). Pakistan is one of very few countries which has a separate legal and regulatory framework for microfinance banks (MFBs). This framework provides an enabling environment for the provision for microfinance services to deserving segments of the country. SBP has taken various steps for the promotion and growth of this sector. Prudential regulations for MFBs are amended and upgraded from time to time in line with the market dynamics. For MFIs registered under the SECP, which is main regulator while in the provinces Social welfare department under the societies Act, NGOs are registered. The ratio of financing by the MFBs and MFIs are below (Ashfaq, 2021).

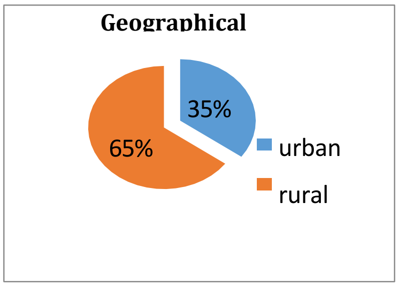


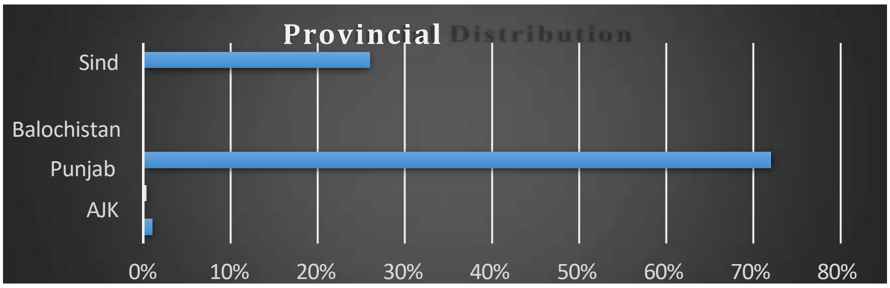
Size of Finance and No. of Borrowers in 2021

In Pakistan, microfinance initiatives started in the 1970s. Over the years, these initiatives have increased in size and scope owing to the demand for financial assistance and loans from the lower strata of the population. At year-end 2021, the sector's Gross Loan Portfolio (GLP) was Rs. 393 billion, which increased by 21% from the year-end 2020 GLP of Rs. 324 billion. This was lower than the average year-on-year increase of 30% in GLP over the previous five years (2015–2020). Active borrowers at end-2021 stood at 8.1 million, compared to 7 million in 2020, showing a 15% increase. This reflected the recovery of the overall microfinance sector as COVID-19-related lockdowns and restrictions were eased. For year-end 2021, the approximate total number of female active borrowers in the sector was 3,573,717, compared to approximately 3,502,943 at year-end 2020 (Ashfaq, 2021).

Geographical coverage

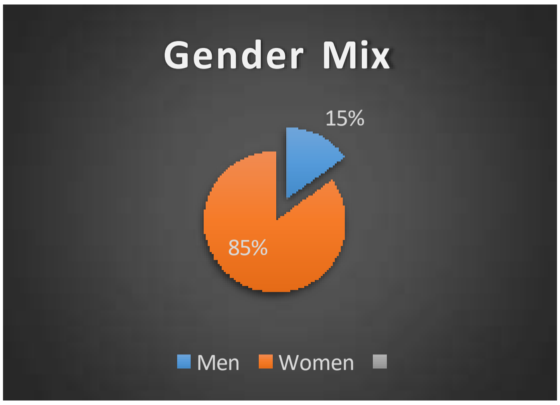
In Pakistan microfinance programs are mainly implemented in districts with low income levels and poverty. The primary focus in the rural areas and the province of Punjab. Distribution of microfinance portfolio dominates across Punjab (73%) and Sindh (25%). High poverty rates and low development indicators. show a need of appropriate interventions in Balochistan and KPK. (Basharat, 2021)





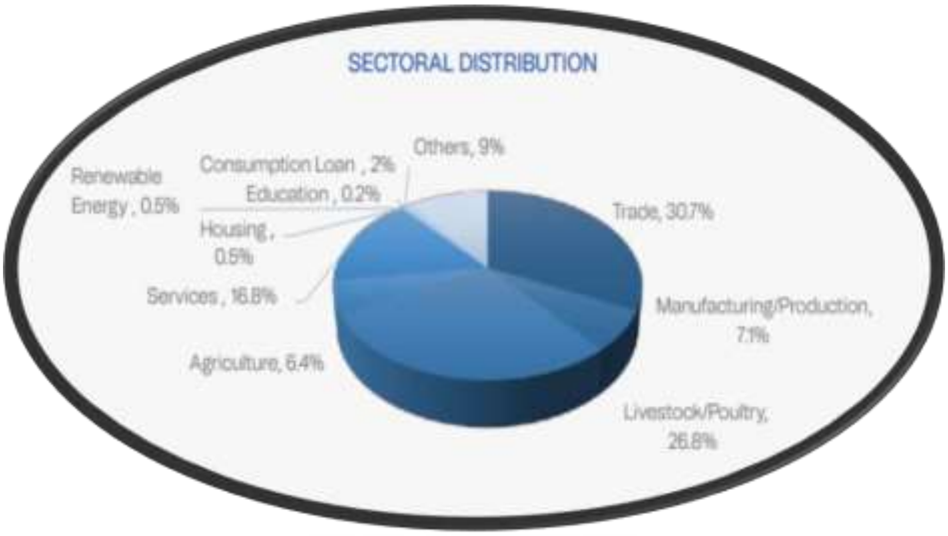
Gender Allocation

Women empowerment has remained one of the fundamental aims of microfinance initiatives, with the objective of improving the socioeconomic status of women. A potentially significant reduction in gender inequality can be brought about by increasing access to microfinance services for women. As of December 2021, women clients in microfinance exceeded 85% (Basharat, 2021).



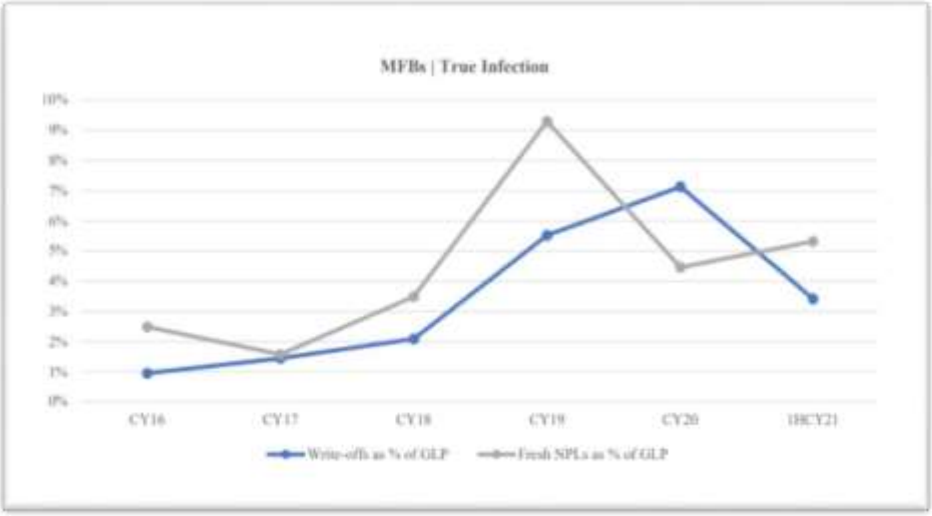
Sectoral Distribution

Microfinance loans have a reasonably wide range of sectoral distribution and selection. However, agriculture, enterprise, and livestock remain some of the major areas of lending. Moreover, due to the increase in MFI activities, inroads into a few other sectors—such as renewable energy and education—have also been targeted for loans (Ashfaq, 2021).



Microfinance Loans Performance Evaluation – Current Analysis

The average Non-Performing Loans (NPL) of MFIs and RSPs from CY16 to CY19 remained range-bound between 1% and 1.5%, reflecting good credit controls. Net NPL coverage was recorded at 86% as of end-June 2021. Overall, NPLs are expected to remain on the higher side compared to pre-CY19 levels.



Impact Analysis

Despite its rapid expansion, the effectiveness of microfinance in achieving its potential has always been called into question. The scarcity of reliable data on the impact of direct access to financial services on the income, expenditure, or wealth of poor households hinders attempts to draw clear conclusions on the matter. One reason is that access to financial services can have multiple and cross-cutting effects on poverty, making it difficult to establish direct causal relationships. The impact of anti-poverty measures is often not immediately apparent, sometimes necessitating intergenerational studies to assess their effects on households. However, the scarcity of data or the difficulty of conducting comparative studies on the impact of microfinance in alleviating poverty should not be an excuse to neglect the evaluation of specific microfinance programs. Assessing the social impact of microfinance is vital in determining whether established programs achieve the desired outcomes. Thus, for the various stakeholders in the microfinance industry, impact assessment has become a necessity.

For microfinance institutions, social impact assessments enable them to extract strategic management information that can help improve financial performance.

Concrete and available information about the impact of microfinance—and specifically the services provided by Akhuwat—on household income and risk management enables clients to make informed decisions about the range of credit they need. In Pakistan, microfinance initiatives began in the 1970s. One of the earliest viable initiatives was the Orangi Pilot Project, launched by the renowned social scientist Dr. Akhtar Hameed Khan. The project was established as a research institution to analyze the problems faced by the Orangi settlement in Karachi (Barmazel, 2017). Subsequently, a self-help program was designed to transform the sanitation and housing conditions of the Orangi shanty settlement over the next twenty years. The resultant improvements in communal services through this self-help model have been widely praised.

Currently, microfinancing organizations operate in both the public and private sectors. In the private sector, the Akhuwat Foundation is well known for its role in poverty reduction. The Akhuwat Foundation was established in 2001 (Rehman et al., 2020), and its performance has been considered quite satisfactory as an effective model. It now has more than 800 branches across Pakistan. More than 5.1 million beneficiaries have received support from Akhuwat's microfinance services, with an estimated Rs. 155 billion disbursed to date (Foundation, 2022). An impact analysis of the Akhuwat Foundation has been conducted, with the results of 24 variables measured before and after receiving Akhuwat loans presented below:

S. N	*INDICATOR*	*BEFORE AKHUWAT (%age)*	*AFTER AKHUWAT (%age)*
1	Girls not attending school	***74.1***	***34.7***
2	Girls attending Government School	***24.9***	***46.1***
3	Head of family income: (RS. .75000 – RS. .30000) (RS. .6000 - RS. .20000)	***44.7 --***	***-- 86.5***
4	Total family income: (RS. .10000 – RS. .31000) (RS. .10000 – RS. .35000)	***58.3***	***95.28***
5	Eating meat (Once a week)	***32.9***	***49.3***
6	Eating Fruit (Twice a week)	***2.3***	***8.4***
7	No Servants to help	***91.3***	***73.8***

8	Falling sick (Rarely)	***1***	***2.3***
9	Falling sick (Once a month)	***37.6***	***12.1***
10	Medical Treatment (Dispensary)	***70.8***	***48.7***
	(Government Hospital)	***28.5***	***50.7***
12	Visits of Relatives (Never)	***93.0***	***69.8***
13	Behavior of Relatives (Show hatred)	***63.8***	***3.7***
	(Positive behavior)	***12.1***	***37.6***
14	Relatives and Friends, Lends you money (Yes)	***30.5***	***74.5***
15	Lent Money to your friends and relatives (No)	***81.9***	***67.5***
16	Family and friends' invitation on functions (Sometimes)	***66.4***	***44.6***
17	Family and friends involve you in solving issues (No)	***16.1***	***2.4***
18	Involvement of women in your family decisions (No)	***9.1***	***3.0***
19	Members of welfare society (Yes)	***26.9***	***87.2***
20	Daily Travel (By Walk)	***43.6***	***25.5***
21	Personal vehicle (No)	***54.0***	***26.2***
	(Motor Bike)	***24.2***	***39.9***
22	Own House (Rent)	***5.7***	***6.7***
23	Physical condition of house (Fair)	***8.1***	***46.6***
24	Entertainment (Hoteling, film, park annually)	***6.4***	***18.5***

Comparative Analysis

Grameen Bank of Bangladesh

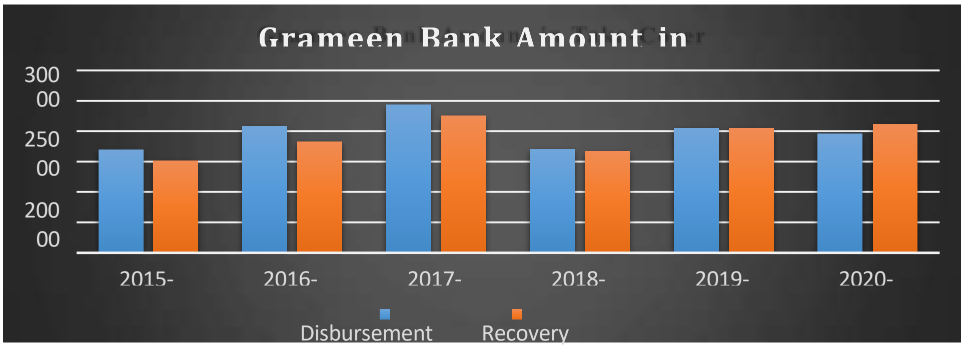
The modern history of microfinance began with the formation of the Grameen Bank in Bangladesh. It originated from an experimental credit program developed by students at Chittagong University in 1976, under the guidance of Dr. Muhammad Yunus. This initiative later evolved into the Grameen Bank in 1983 and now serves millions of poor borrowers.

In Bangladesh, this success inspired the development of other major microfinance organizations such as BRAC, ASA, and Proshika—collectively known as the "big four" (Frings et al., 2020).
By the mid-1990s, the emphasis in microfinance had shifted toward institutional sustainability and diversification. In the new millennium, MFIs such as ASA, BRAC, PKSF, and Grameen experienced phenomenal growth. In Bangladesh, microfinance providers are mainly non-governmental organizations, non-banking financial institutions, and specialized microfinance banks.

Akhuwat Foundation Pakistan

The Akhuwat Foundation began in 2001 by offering its first few interest-free loans to the poor, aiming to help them earn a living in a dignified manner. Akhuwat is a nonprofit organization based in Pakistan that works toward creating a poverty-free society. It was founded by Dr. Muhammad Amjad Saqib, who serves as the Executive Director of the organization.

The Akhuwat head office is located in Lahore, and the foundation operates over 800 branches across 400 union councils in Pakistan. Akhuwat is also registered as a legal entity in the USA, UK, Canada, and Sweden. Additionally, it has initiated engagements with organizations in Nigeria, Uganda, and Afghanistan for global replication and expansion (Foundation, 2022).
The performance of the Grameen Bank over the years is shown below, with reference to loan disbursement and recovery.



(Finance, 2022)

Microfinance Situation in India

The total size of the MFI industry as of 30th September 2021 was ₹2,26,123 crore. Banks, Small Finance Banks (SFBs), and NBFC-MFIs contributed more than 90% of the outstanding portfolio and 95% of the disbursed amount. The microfinance industry witnessed a growth of 2% from June 2021 to September 2021. NBFC-MFIs recorded the highest year-on-year growth of 14% from September 2020 to September 2021. The number of loans disbursed grew by 94% from 2020 to 2021, and the disbursement amount grew by 96% during the same period. The highest number of loans were disbursed in the ₹30,000–₹40,000 range.

Due to the COVID-19 pandemic, the microfinance industry saw a decline in year-on-year growth. The sector experienced a slowdown following the nationwide lockdown that began in March 2020. Loan sourcing contracted by 28% in terms of volume and 24% in terms of value during the October 2019 to September 2020 period, compared to October 2018 to September 2019.

However, the microfinance industry has returned to an expansion phase, growing by 35% in volume and 37% in value during the period from October 2020 to September 2021 (EQUIFAX, 2022).

Microfinance Industry Snapshot upto 30th September 2021

Snapshot as on 30th September 2021	Banks	SFBs	NBFC-MFIs	NBFC	Not for Profit MFIs	Total Industry
Unique Live Borrowers ('000)	24,779	12,280	23,348	6,538	785	67,730
Active Loans ('000)	36,981	15,411	36,059	7,161	1,030	96,642
Disbursed Amount (`crore)	27,439	12,037	23,838	2,866	501	66,681

The book size of the MFI industry as of 30th September 2021 was ₹ 2,26,123 crore. Banks, Small Finance Banks (SFBs), and NBFC-MFIs contributed more than 90% of the outstanding portfolio and 95% of the disbursed amount (EQUIFAX, 2022).

Comparison

Credit Delivery System of Grameen Bank

The basic philosophy of this model is that a group is more responsible and is always in a better position to repay loans. The dynamics within a group bind its members, making each individual accountable for any loan extended to another member. Group lending also requires one member to repay first before money is lent to any other member of the group, ensuring that every member is highly motivated to ensure the repayment to the MFI. This collective responsibility acts as a security for loan repayment. In some cases, the money is lent to groups for their collective benefit, but in most cases, it is individual lending. A group is generally formed based on their location, i.e., people living in the same area who know each other well (Bank, 2022).

Credit Delivery System of Akhuwat

Akhuwat follows a model where interest is eliminated by providing Qarz-e-Hasna, i.e., interest-free loans. The factors that have made it possible for this institution to provide loans at zero cost reveal that Akhuwat operates with no borrowing, and its total funds base consists of donations from local philanthropists and contributions from the government at no cost. Akhuwat operates from religious centers—mosques, churches, and temples—and serves all communities, irrespective of caste, color, faith, or nationality. The offices of Akhuwat also have minimal infrastructure and employees (Rehman et al., 2020).

Types of Credits by Akhuwat

i) Qarz-e-Hasna, Akhuwat Islamic Microfinance (AIM), Akhuwat Education Services (AES), Akhuwat Clothes Bank (ACB), Akhuwat Khwajasira Support Program (AKSP), and Akhuwat Health Services (AHS). The underlying goal of all these programs is to provide financial access and support to the poor (Foundation, 2022).

Types of Credit by Grameen Bank

Grameen Bank provides loans for the Village Phone program, enabling women entrepreneurs to start businesses offering wireless payphone services in rural areas. Traditional group-based lending was modified and specifically targeted towards beggars in Bangladesh. This program focuses on distributing small loans to beggars.

Grameen has also provided housing loans totaling $190 million to build over 560,000 homes, with near-perfect repayment rates. By 1989, the average housing loan had grown to $300 (Barua, D. C., 12 November 2006).

Regulatory Framework of Bangladesh

The Microcredit Regulatory Authority (MRA) was established in 2006. Its primary responsibility is to ensure the transparency and accountability of microfinance institutions in the country. The MRA also regulates the microfinance institutions operating in Bangladesh (Finance, 2022).

Regulatory Framework of Pakistan

In Pakistan, Microfinance Banks (MFBs) are licensed as banks under the Microfinance Institutions Ordinance, 2001. The other two categories of microfinance institutions are primarily non-profit organizations registered under one of four separate legislative frameworks: the Societies Registration Act, 1860; The Voluntary Social Welfare Agencies Ordinance, 1961; The Trust Act, 1882; and the Companies' Ordinance, 1984. Thus, at least five types of legislative frameworks are relevant to the microfinance industry in Pakistan (Ashfaq, 2021).

Operation al Model of Grameen Bank

The Grameen Bank is based on the voluntary formation of small groups of five people, who provide mutual, morally binding group guarantees in place of the collateral required by conventional banks. The assumption is that if individual borrowers are given access to credit, they will be able to identify and engage in viable income-generating activities, such as simple processing (e.g., paddy husking, lime-making), manufacturing (e.g., pottery, weaving, garment sewing), storage, marketing, and transport services. Women were initially given equal access to these schemes and proved to be not only reliable borrowers but also astute entrepreneurs. As a result, they have raised their status, reduced their dependency on their husbands, and improved both their homes and the nutritional standards of their children. Today, over 90 percent of borrowers are women. Intensive discipline, supervision, and servicing characterize the operations of the Grameen Bank, which are carried out by "bicycle bankers" in branch units with considerable delegated authority. The rigorous selection of borrowers and their projects by these bank workers, the powerful peer pressure exerted on these individuals by the groups, and the repayment scheme based on 50 weekly installments, all contribute to the operational viability of this rural banking system designed for the poor. Savings have also been encouraged. Under the scheme, 5 percent of loans are credited to a group fund, and Tk 5 is deposited into the fund every week (Bank, 2022).

Operational Model of Akhuwat

Program Introduction

Individual loans are marketed through awareness campaigns in poor localities, marketplaces, and through previous borrowers. An introduction to the program is also given in nearby mosques or churches when people have gathered there for prayers.

Individual Selection

The loan process begins with the submission of applications by individuals interested in receiving financial assistance. The eligibility of each applicant is then evaluated by the unit manager.

Preparation of Business Plans

The business plan is prepared, and the viability of the business idea is evaluated to determine the applicant's ability to repay the loan.

Credit Appraisal

After the initial appraisal by the Unit Manager, the application is forwarded to the Branch Manager, who assesses the technical aspects of the appraisal. The case is then referred to the Loan Approval Committee. If the committee approves the case, loan disbursement is carried out.

Guarantor of Loan

Every borrower provides two guarantors who vouch for his/her credentials and accept responsibility for monitoring the borrower. One of the two guarantors may be from the same family.

Credit Disbursement/Capacity Building

Disbursement takes place 2-3 times a month, with 100-150 loans disbursed at each event, usually held at the branch office, mosque, or church. Every borrower must be accompanied by one of the guarantors. Akhuwat staff and community members may also be present.

Recovery/Follow-Up

Once a loan is disbursed, the Unit Manager monitors the client with regular visits to their residence and place of work. Loan repayment must be submitted at the branch by the 7th of each month. If payment is not made by the 10th, the Unit Manager visits the client to remind them, and if repayment is still not made, the guarantors are contacted and asked to make the payment.

Funding Source of Grameen Bank

The funding sources of Grameen Bank have evolved over time. In the early years, the bulk of the funding came from donor agencies. By the mid-1990s, most of the funding was provided by the Bank of Bangladesh. More recently, Grameen Bank has started selling bonds as a source of funding. The bonds are subsidized through guarantees provided by the government of Bangladesh.

Funding Source of Akhuwat

The following are Akhuwat's main sources of funding

Donations
Initially, Akhuwat relied mainly on funds provided by its board of directors, local philanthropists, and individual donors. In addition, Zakat donations became one of the important sources of funding for Akhuwat. In 2008, Akhuwat started the Member Donor Program (MDP) to encourage borrowers to become supporters of fundraising efforts.

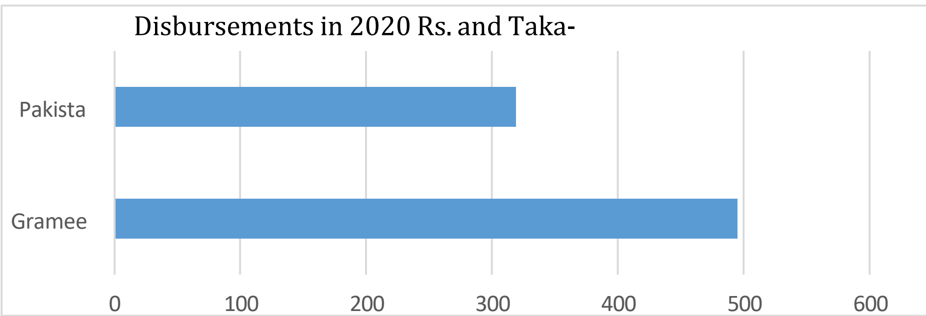
Membership Fee and Application/Processing Fee
When it first started, Akhuwat charged a Rs. 400 membership fee for each loan. This fee was later increased to Rs. 3,000 but was subsequently eliminated. Now, there is a flat fee of Rs. 100-200 per loan application.

Insurance Contributions
Akhuwat also provides an option for its borrowers to purchase credit insurance. Borrowers pay an insurance fee of 1% of the principal amount. However, loans equal to or less than Rs. 5,000 are not eligible for insurance payments.

Partnerships with Local and Foreign Governments and International Organizations
Starting in 2009, Akhuwat diversified its sources of funding by establishing partnerships with local and foreign governments, as well as international organizations. With the help of funding from these organizations, Akhuwat has purchased office equipment to support its operations. Additionally, some funds were provided by the Punjab Small Industries Corporation to offer interest-free loans to small entrepreneurs in Punjab (Foundation, 2022).

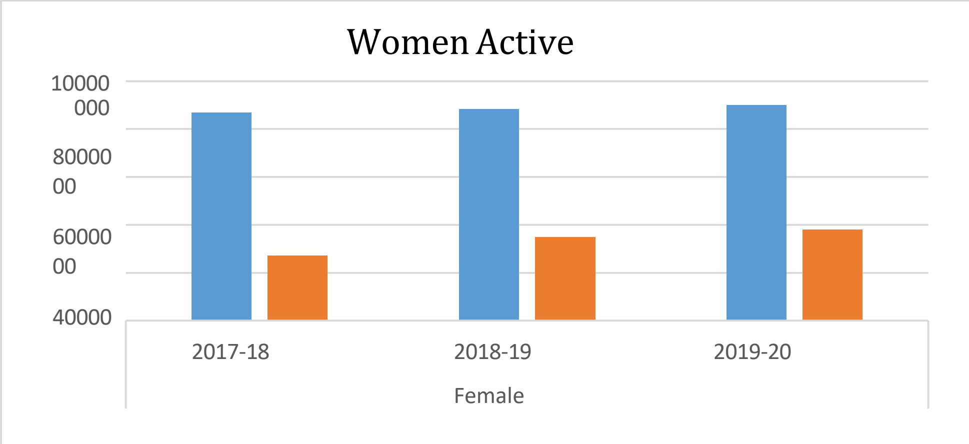
Empirical Comparative Analysis of Pakistan's total Microfinance Sector and Grameen Bank of Bangladesh

Amount Disbursed in 2020

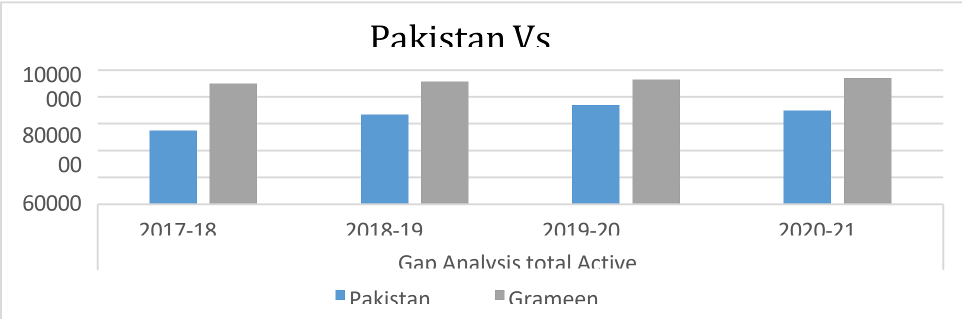


(Finance, 2022)
(Division, 2019-2020)

Women Active Borrowers



Male and Female Active Borrowers



SWOT Analysis of Akhuwat and Grameen

Strengths	Opportunities		Weaknesses	Threats
Registered with Government Rapid growing with loan recovery rate of over 90% No discrimination on basis of gender, age, religion and ethnicity Interest free to borrowers Change in borrower to contributor	Community is recognizing the importance of microfinance industry in Pakistan, as No of Borrower are on the rise. Effective tool for reducing poverty Improving the living standards and growth of economy	**Akhuwat Foundation**	Minimal administrative cost of the loan, insufficient to meet administrative expenses To check and track individual borrower incur cost	International price hike, inflation Lack of Non availability of international institutions for management training and skill development Paucity of available donor funds
Strengths	**Opportunities**		**Weaknesses**	**Threats**
Acceptable lending services for needy people Always focus on area which is un exploited Creation of loyal customer to banks	Microfinance attracts variety of investors Established tool for poverty reduction Affordable method for poor community	**Grameen Bank**	Pressure on the family to repay loan International and national Economic meltdown	Slow growth of GDP in high inflation rate impact on organizational performance Lack of availability of credit and donor funds

Poverty Alleviation through Microcredit

Success stories of various Countries

Microcredit has helped reduce poverty by providing the poor with credit facilities to start small businesses. It not only supports the economic condition of poor people but also has a positive impact on their social lives through a better standard of living, greater access to education and health facilities, and empowerment to participate in societal decision-making.

When discussing the role of microfinance or microcredit in poverty reduction, two key questions arise. First, does microcredit increase the earning capacity of poor families enough to lift them out of the poverty trap? Second, is poverty alleviation through microcredit sustainable, or is it merely a temporary phenomenon? While the majority of studies address the first question, there remains a need to explore the second in order to assess the long-term sustainability of microcredit's impact on poverty eradication. Some findings from studies analyzing the impact of microcredit programs on poverty alleviation are presented below:

A World Bank study found that the percentage of Grameen Bank borrowers in Bangladesh living in extreme poverty was reduced by 70 percent within 4.2 years of joining. The study also revealed that profits from Grameen-financed businesses increased borrowers' consumption by 18 percent per year. Another study showed that more than 91 percent of borrowers reported a positive impact of Grameen on their living standards (State Bank Report).

Research conducted by the Consultative Group for the Poor in Indonesia found that microcredit borrowers increased their incomes by 12.9 percent, compared to just 3.0 percent for non-clients. Another study of Bank Rakyat Indonesia borrowers on the island of Lombok reported that clients' incomes increased by an average of 112 percent. Consequently, 90 percent of those households moved out of poverty.

In another study conducted by Freedom from Hunger, clients in Ghana were found to have increased their incomes by US $36 per annum compared to US $18 per annum for non-clients. Beneficiaries of microcredit were not only able to increase their earnings but also to diversify their income sources.

An evaluation study of the Center for Agriculture and Rural Development (CARD) in the Philippines suggested that it successfully reached very low-income households, generated self-employment, and significantly increased their income. At the time of joining, 100 percent of CARD members belonged to the bottom 50 percent of the population living below the poverty line. According to CARD's impact study, 50 percent of its borrowers had already crossed the poverty line.

A study of the Society for Helping Awakening Rural Poor through Education (SHARE) in India reported that 85 percent of its clients came from the bottom 20 percent of individuals living below the poverty line. An impact study on women who had borrowed from SHARE showed very positive results in terms of increased income, improved nutrition, higher spending on non-food basic needs, greater employment, enhanced savings, better housing, and women's empowerment. The study indicated that about 50 percent of borrowers rose above the poverty line (Pakistan, 2005).

Gap Analysis

A gap analysis is a process that compares actual performance or results with what is expected or desired. The method provides a way to identify missing strategies, practices, technologies, or skills, and then recommends steps that will help an organization meet its goals.

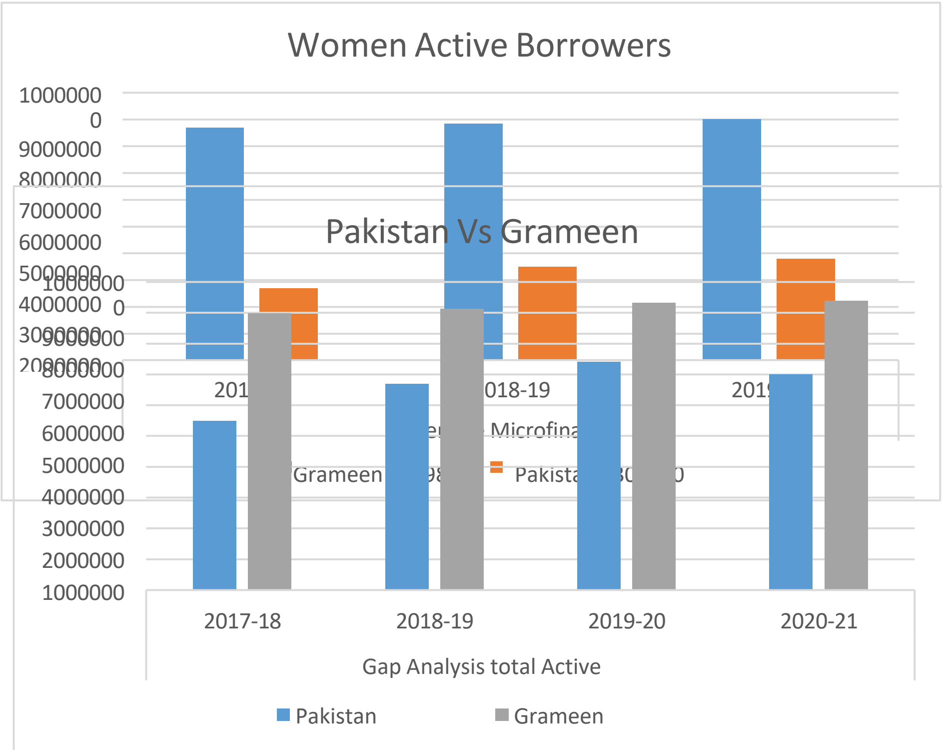
Performance of Microfinance Initiatives in Pakistan

Indicators	Current 2020	Desired Grameen Bank	Gap
Disbursement	319 billion	495 billion	176 billion
Active borrowers	7.0 million	9.4 million	2.4 million
Active women borrowers	3.4 million	9.1million	5.7 million
No of employees	44,573	18096	-26477
No of branches	3,722	2568	-1154

The table above shows five main performance indicators of the microfinance sector. In this comparison, we have used data from Pakistan (2020) in the "current scenario" column and data from Grameen Bank, Bangladesh, in the "desired scenario" column.

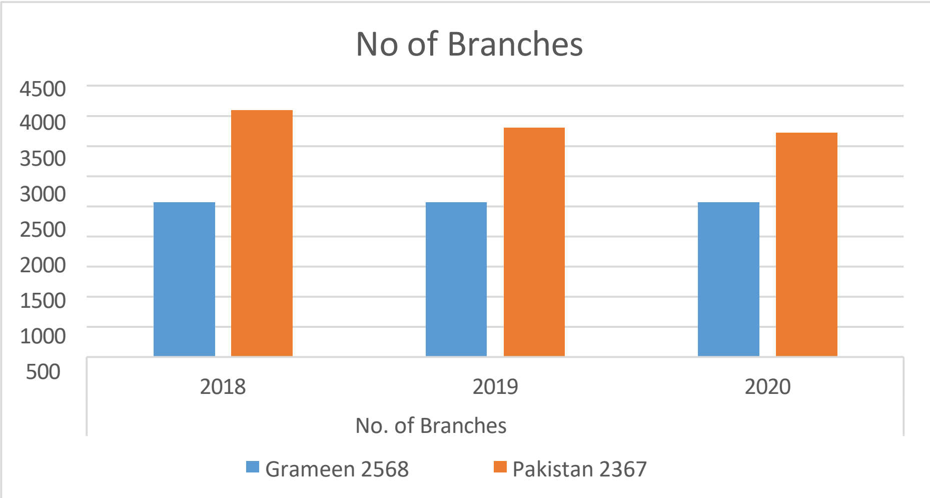
While data from any other country could have been used as a benchmark, Grameen Bank was chosen because it represents the best international practice in a neighboring country with a similar political history, population diversity, climate, and resource constraints. Therefore, using Grameen Bank as a benchmark seems more realistic, as both countries operate on relatively similar playing fields.

The graph shows total disbursements of Pakistan are less than Grameen Bank only. Grameen Bank is just a small component of whole industry of microfinance of Bangladesh, (Finance, 2022).

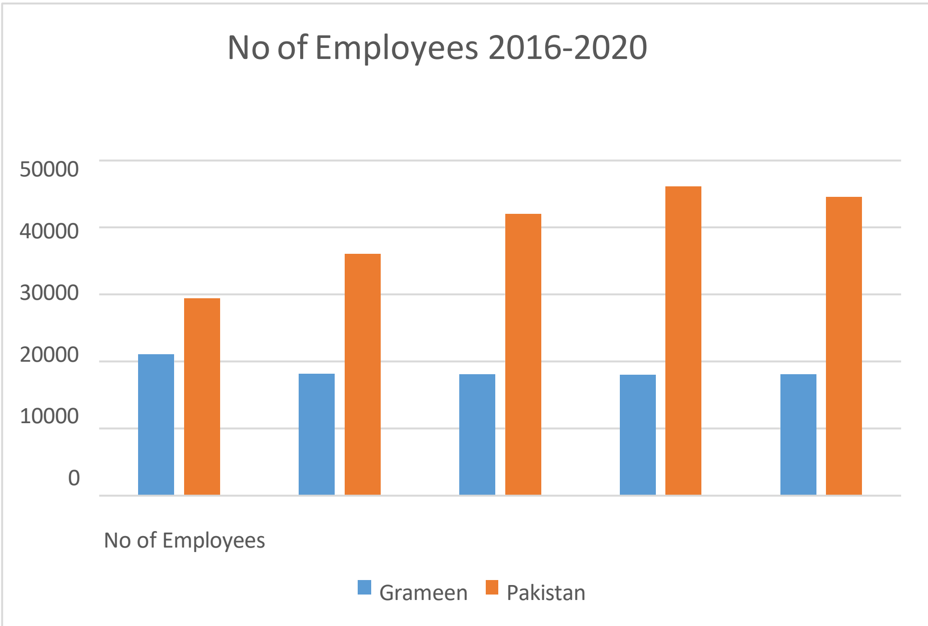


The graph shows total No. of Women and their participation in the microfinance, (Ashfaq, 2021).

Total No of active borrowers who have and are availing the facility of microfinance.



The graph shows that Grameen having the larger portfolio of active borrowers and amount disbursed over Pakistan with efficient management.



Efficient management by Grameen Bank as compare to the Pakistan.

How to bridge the gap?

Indicators	Current 2020	Desired Grameen Bank	Gap	Proposed Interventions
Disbursement	319 billion	495 billion	176 billion	International cooperation in funding
Active borrowers	7.0 million	9.4 million	2.4 million	Execution Model needs reforms
Active women borrowers	3.4 million	9.1million	5.7 million	Financial inclusion, awareness about MFIs and training in e-commerce
No of employees	44,573	18096	-26477	ainings
No of branches	3,722	2568	-1154	Better planning to utilize the already available resources- Grameen Model to be replicated

Issues and Challenges

Run-of-the-Mill Schemes

A microfinance system must be based on a survey of the social background rather than on a pre-established banking technique, to ascertain the specific problems of a community or area and how to meet their needs. We need to adopt a progressive attitude, as development is a long-term process that depends on the aspirations and commitment of the economic operators of a particular area and community. In Pakistan, this approach is not implemented, and no study or survey is conducted before setting up a microfinance system. Hence, generic and ineffective schemes are formulated and established.

High Interest Rates of MFBs in Pakistan

In MFBs, the rate of interest on credit ranges between 18–30%. Considering the poverty situation and the slow growth of businesses, this interest rate is excessively high.

Interest-Based Loan Model

In Pakistan, commercial banks do not offer interest-free loans. Due to religious beliefs, many people avoid interest-based loan systems, which leads to limited encouragement for the microfinance schemes offered by the private sector.

Human Connection is Missing
To ensure that the credit system truly serves the poor, credit officers should visit villages and get to know the borrowers. A result-oriented MFI needs to prioritize actions that target the most impoverished people who lack access to credit. First, train the community—then lend money. Unfortunately, Pakistan lacks such systems in most areas.

Microfinance Model is Not Income-Generation Friendly
Credit should be restricted to income-generating production operations, freely selected by the borrower, to ensure they can repay the loan. However, the current microfinance model does not always support this principle.

Group of Borrowers' Model Not in Vogue
Group-based lending can instill a sense of collective responsibility and ownership. However, this model is not widely adopted in Pakistan, which increases the borrower's vulnerability and risk.

Human Resource Development Not Focused
Investing in human resources—by training borrowers—can instill real development values rooted in creativity, understanding, and respect for the rural environment. In Pakistan, there is minimal focus on human resource development.

Cultural Constraints in Inclusion of Women
If we financially empower women—who make up over 52% of the population—our per capita income could increase manifold. But due to cultural constraints, women are often excluded from participating in the financial cycle in Pakistan.

Collateral-Based Loans
Nearly 50% of all microfinance loans in Pakistan are disbursed by MFBs on a collateral and interest basis, as commercial banks primarily aim for profit. This discourages many potential borrowers.

No Governmental Incentives for International Cooperation Partners
Pakistan lacks a strategy to attract international microfinance partners, unlike Bangladesh. Grameen's success story has drawn numerous international projects and partners.

Lack of Awareness
There is a severe lack of awareness about microfinance institutions and their services in Pakistan. People in remote areas are largely unaware of the availability of microfinance and the procedures to access it.

Inconsistency of Microfinance Schemes

The government introduces microfinance schemes like *Kamyab Jawan* and *Kamyab Pakistan*, but these are often abruptly discontinued due to a lack of funds or changes in political leadership. These schemes could yield positive results in poverty alleviation if implemented consistently and in true spirit.

SWOT Analysis of Pakistan Microfinance Sector

<table>
<tr><th>Strengths</th><th>Opportuniti s</th><th></th><th>Weaknesses</th><th>Threats</th></tr>
<tr><td>Huge potential market of borrowers
Hardworking people</td><td>Local industrialists and rich expatriates may be attracted for investing in micro finance</td><td></td><td>Choice of microfinance model
Skill training not focused</td><td rowspan="4">Paucity of international funding
Fear of Economic meltdown due to foreign debts

Sustainability issues
Crypto currency and Tiktok inspiration for youth as easy income.

Chinese products' invasion in the market may cause uncertainty in the small entrepreneurs for.
Repayment of loans.</td></tr>
<tr><td>Favorable geographical and climate conditions for agriculture, business and livestock</td><td>International cooperation partners may be convinced for microfinance projects' investment</td><td>Pakistan Microfinance Sector</td><td>Cultural constraints for women inclusion in the financial cycle
Lack of digitalization in rural areas</td></tr>
<tr><td></td><td>Community, now recognizing the importance of microfinance</td><td></td><td>No vocational training based on the needs of each unique community</td></tr>
<tr><td></td><td></td><td></td><td>Ecommerce, not popular in rural areas</td></tr>
</table>

Conclusion

The majority of developing nations are burdened by poverty, which serves as a major obstacle to their progress. A key factor contributing to widespread poverty in regions like Pakistan is the significant disparity in income distribution. This is where microfinance plays a vital role, as its primary objective is to ensure the financial inclusion of the most impoverished and marginalized segments of society—particularly women. While the growth trajectory of the Pakistani microfinance industry has been noteworthy, a comparison with the success of microfinance in neighboring countries like Bangladesh reveals that Pakistan's microfinance institutions still have a long way to go.

Microfinance institutions not only lag in terms of structural and operational approaches, but also in their overall financial processes. High interest rates compared to mainstream banks, a lack of awareness about microfinance facilities, aversion to interest-based loans due to religious beliefs, the challenge of selecting the appropriate model, cultural constraints that prevent women from accessing microfinance facilities, inconsistent government policies, and a strict regulatory framework for the registration of new microfinance banks and institutions are some of the challenges that need to be addressed in order to make a meaningful impact on the economic wellbeing of society. Therefore, it is fair to conclude that microfinance must play a pivotal role in alleviating poverty and improving the economic status of underprivileged people in our society.

Recommendations

SHORT-TERM:

Regulations and Procedures

Regulations and procedures should be simple and clear to encourage the entry of new institutions into the market, providing small loans to the poor. This will ensure that the informal sector of microfinance is brought into a regulated framework.

Terms and Conditions of the Loan

In the case of Microfinance Banks (MFBs) and Rural Support Programs (RSPs), the interest rate on credit ranges from 18-30%. Considering the poverty situation and slow business growth, this interest rate is quite high. Depending on the size of the loan, the rate could be set at KIBOR plus 5%.

MEDIUM-TERM:

Condition of Owning Any Asset

Nearly 50% of all microfinance loans are disbursed by MFBs. However, the requirement to own a small business, tangible assets, and provide more than one personal guarantor (with at least one being a government employee) are quite stringent. Instead, only one guarantor from the community may be sufficient, and the requirement for owning tangible assets should be relaxed.

Increase in Awareness

Awareness of potential borrowers should be increased through various channels such as banners, signboards, radio, community seminars, and religious sermons in mosques, especially for Qarz-e-Hasana programs.

Cultural Issues

Local individuals, preferably elders, could be trained and hired for microcredit operations. The concept of empowering local elders should be implemented in villages.

Digitization of Services

A gradual approach should be adopted for the use of technology and the digitization of microcredit services. As Grameen Bank demonstrated, mobile phones can facilitate digital inclusion.

LONG-TERM:

Creating Value Chains

A value chain may be created starting from targeting the potential community, disbursing loans, providing training in craftsmanship, developing products, and purchasing products from beneficiaries to maximize their profits, as done in the case of Grameen.

Government as Facilitator for Bringing Investments

The government may connect local and international donors with MFBs and MFIs, instead of directly allocating funds. The government should act only as a guarantor and regulator.

Reduction of Operational Costs

The operating costs of MFIs could be reduced by developing a community-based model in which local community councils raise awareness, identify, select, and monitor grants and loan repayments. This would eventually lead to lower interest rates.

Innovative Products

Innovative products, such as a division of labor-based approach, may also be introduced. For example, instead of offering loans to individuals for livestock, some could focus on growing fodder, others could engage in cattle breeding, and another group could handle milk and dairy production.

Graduation of Beneficiaries

A sequential approach may be adopted: initially, unconditional grants may be given to the ultra-poor, followed by asset transfers, then interest-free loans, and finally, microcredit for establishing businesses.

Consistency of Policies

The government should ensure not to introduce multiple parallel programs or frequently alter the terms and conditions of existing programs. This would allow the program cycle to mature.

Government Programs through Public-Private Partnership (PPP)

The government may enter into partnerships with implementation partners like MFBs and MFIs through the PPP model. The government plays a crucial role in attracting both local and international partners to contribute significant funds to microfinance with no collateral and minimal interest.

LOGFRAME

GOVERNMENT PROGRAMS THROUGH PPP

Input	Activities	Output	Outcomes	Impact
Allocation of Funds	Selection of MFIs Preparation of TORs	Signing of MOU Greater funds with the selected MFIs Expansion of MFIs network	Savings of projects costs Efficient implementation Closer interaction with Private sector	Growth of MFIs Contribution to economic activity

CONSISTENCY OF SCHEMES

Input	Activities	Output	Outcomes	Impact
Sustainable Microfinance Scheme	Time Frame Inclusive team	Timely achievement of targets, Optimization of resources	SHORT TERM: Trust development of the beneficiaries /community MEDIUM TERM: Community uplift	Designing Result- oriented Schemes Formulation of effective policies
Minimum skill based	Identification of targeted beneficiaries	Effective use of microfinance With greater results	Community encouraged to improve skill sets	Development of skilled work-force
Stakeholders: government, local elders, community	Formation of Joint Coordination Council	Transparent and Merit-based selection of beneficiaries	Community cohesion and awareness	Feeling of good-will and inclusiveness

POVERTY GRADUATION OF BENEFICIARIES

Input	Activities	Output	Outcomes	Impact
Robust data of Poverty bands	Categorization of beneficiaries as per poverty bands	Designing of Scheme for microfinance program	Sequential growth of beneficiary's in different bands	Graduation in poverty bands and development of small enterprises

CREATING VALUE CHAIN

Input	Activities	Output	Outcomes	Impact
• Organizing retailers for Purchase of beneficia y's products	• Identify market for the products • Selection of suitable retailers	• Sale of items • Greater customer base for the products	• Improved profit margin for the retailer • Rise in demand for the products among the retailers	• Greater economic activity • Tax base expansion
• Provision of microfinan ce to the Beneficiaries	• Prioritizing beneficiaries with good craftsmanshi p	• Growth in production • Enhanceme nt of skills	• Motivation to improve skills • Better inco me	• Community uplift

GOVERNMENT AS FACILITATOR

Input	Activities	Output	Outcomes	Impact
• Establishm ent of Joint Forum for donors	• Presentation to the donors to provide microfinance programs update • Sovereign guarantee	• Channelizing of funds • Modern techniques of microfinance operations	• Better sustainabil ity of programs • Systems improvem ent	• Growth of microfina nce sector • Coverag e of potential microfina nce borrower s

INCREASE IN AWARENESS

Input	Activities	Output	Outcomes	Impact
• Development of content in Urdu and local languages • Selection of communication channel • Mobilizatio n communit y	• Banner, pamphlets, stream rs • FM radio; door to door; placement of broachers in community centers like mosque and major village shops	• Information about the scheme • Reliance on the formal sector • Increased number of beneficiaries • Operational activities of	• Access to microfina nce • Sensitiza tion and mobiliza tion of commu nities	• Greater understandin g of microfinance schemes • Facilitating informed decision and optimum selection of microcredit
	• Seminars for the community • Liaison with local • counsellors	MFIs and MFBs		

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Poverty Alleviation Through Information and Communication Technology

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Abstract:

The Information and Communication Technology (ICT) sector plays a pivotal role in driving socio-economic development in Pakistan, aligning with the goals of Vision 2025 and the Digital Pakistan Policy 2018. ICT encompasses a broad range of technologies that facilitate information dissemination, critical to economic competitiveness and poverty alleviation. Pakistan's ICT industry has shown remarkable growth, with exports surpassing US $3.5 billion in recent years. However, challenges such as policy fragmentation, digital skill gaps, high service costs, and limited inclusion of marginalized groups persist. Strategic reforms—ranging from digital connectivity expansion, skills development, public-private partnerships, and tax rationalization—are recommended to harness ICT's full potential. By addressing systemic barriers and fostering inclusive growth, ICT can serve as a transformative tool for poverty reduction, innovation, and global market integration, especially for Pakistan's predominantly young population.

Key words: *CT Development, Digital Inclusion, Poverty Alleviation, Pakistan Vision 2025, ICT Policy Reform*

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Introduction

Information and Communication Technology (ICT) commonly refers to newer technologies such as computers, the internet, and phones. It is also believed to incorporate media such as radio, television, and libraries due to their role in the transmission of information. The Information Society represents an era in which productivity and competitiveness for firms, regions, and countries depend more than ever on information. The creation, processing, and dissemination of information are the most significant economic activities in today's global economy. In his works of 1969, Peter Drucker identified knowledge as the foundation of the modern economy and noted a shift from a goods-based economy to a knowledge-based one. ICTs have been the leading enabler of this transformation.
In accordance with Pakistan Vision 2025 and the Digital Policy of Pakistan 2018, the ICT industry is targeted to reach a size of $20 billion by 2025. Pakistan's ICT sector is one of the fastest-growing sectors of the economy. According to the State Bank of Pakistan, during the fiscal year 2020–21, Pakistan's IT exports increased by 47.4% and crossed the US $2 billion milestone for the first time in the country's history, compared to US $1.44 billion in the fiscal year 2019–20. IT exports further grew from US $2.1 billion to approximately US $3.5 billion in the last fiscal year. The IT industry in Pakistan is burgeoning, and the government is taking proactive steps for its continued growth. These steps include increasing the number of IT graduates from 25,000 to 50,000, establishing software technology parks in large and second-tier cities, improving access to capital for IT companies, reducing tax disputes, enhancing financial structures, and facilitating the listing of IT firms on the stock exchange.

Statement of the Problem

Pakistan introduced its first 'Digital Pakistan Policy' in 2018, aimed at bolstering the IT industry by building a digital ecosystem. Further advancing this agenda, the 'Digital Pakistan Vision' was launched in December 2019 to enhance connectivity, improve digital infrastructure, increase investment in digital skills, and promote innovation and technical entrepreneurship. However, ICT is still in a developmental phase in Pakistan. Total revenue from the sector remains at only US $3.5 billion—much lower than anticipated and below the industry's potential. As the World Bank and the UN aim to end extreme poverty by 2030 and boost shared prosperity, critical questions arise:

Can ICT contribute meaningfully to these goals? Where is the supporting evidence? How can we systematically address challenges and opportunities? What is needed to realize ICT's full potential? Given Pakistan's high poverty index, a comprehensive analysis of the ICT sector's performance is essential to evaluate policy gaps and recommend optimal strategies based on regional best practices.

Scope

This study aims to analyze the Information and Communication Technology policy framework in Pakistan and evaluate its impact on poverty alleviation. The study will also examine international best practices and devise a strategy to tap into the vast potential of ICT for the socio-economic upliftment of underprivileged populations in Pakistan.

Literature Review

Pakistan has developed modern information systems that support both domestic and global integration by enhancing capabilities in high-speed internet access, software development, application creation, and the digitization of the economy. A modern IT infrastructure is a cornerstone of economic development, as it improves information access, connectivity, and entrepreneurial efficiency and growth.
The World Bank (WB) has estimated that poverty in Pakistan increased from 4.4% to 5.4%, with over 2 million people falling below the poverty line. The poverty rate stood at 39.3% in 2020–21, projected to remain at 39.2% in 2021–22 and possibly decline to 37.9% by 2022–23. Additionally, 40% of households faced moderate to severe food insecurity.
Pakistan's economy has grown slowly over the past two decades. Annual per capita growth has averaged only 2%, which is less than half the South Asian average, due in part to inconsistent macroeconomic policies and underutilization of investment and exports to drive growth. Although output growth is expected to recover gradually, sectors employing the poorest, such as agriculture, are likely to remain weak, meaning poverty may stay high. The future is digital. ICT can become a powerful tool for poverty alleviation and help society transition to sustainable consumption patterns. To realize this potential, the government and its development partners—including aid agencies, local businesses, and civil society—must make ICT a key part of broader, smarter strategies to eradicate poverty and promote equitable and sustainable development. Pakistan has outlined comprehensive policy frameworks, such as the Digital Pakistan Policy 2018, Digital Pakistan Vision 2019, and National Science, Technology, and Innovation Policy 2021 (Awan, Shafique, Ahmad, & Bashir, 2022).

While these documents provide a clear roadmap, like many policy initiatives, they suffer from poor implementation due to various challenges discussed in this paper.

Research Methodology

For this study, qualitative research methods have been adopted, relying mainly on secondary data. The research team visited the Khyber Pakhtunkhwa Information Technology Board (KP ITB) and interviewed Dr. Ali Muhammad (Managing Director) and Mr. Shakir Ullah Khan (Director of Operations). Visits were also made to the National Incubation Centre, KP, where Mr. Asim Ishaq Khan (Project Director) was interviewed. Additional interviews were conducted with Ms. Tania Aidrus, former head of the PM's Digital Pakistan Initiative, and Mr. Mir Anwar, Director General (Technical) at BISP, Islamabad. Secondary data were collected from online books, journals, reports, and other internet sources. Analyses—including SWOT, situational, legal, institutional, impact, and gap analysis—of ICT policy formulation and implementation were carried out. Recommendations have been framed based on a Logical Framework provided at the end of the report.

Organization of the Report

This study is divided into five sections. The introduction is followed by the statement of the problem, scope of the study, and literature review.

- **Section I** explains the linkage between ICT and poverty alleviation and conducts a situational analysis of government policy initiatives for economic digitization.
- **Section II** analyzes the institutional and legal aspects of job and economic digitization by public and private sectors and compares ICT initiatives across the four provinces.
- **Section III** presents a gap and impact analysis of policy initiatives hindering ICT sector growth.
- **Section IV** outlines regional and international best practices and lessons learned.
- **Section V** proposes practical recommendations for poverty alleviation and economic revitalization through technological interventions.

Linkage between ICT and Poverty Alleviation and Situation Analysis

The World Bank defines extreme poverty as living on less than US $1.90 per day and estimates that 9.2% of the world's population lives in poverty. In contrast, the United Nations defines poverty as the denial of choices and opportunities, a lack of basic capacity to participate effectively in society—not having enough to feed and clothe a family, no access to schools or clinics, no land to grow food or a job to earn a living, and no access to credit.

In Pakistan, the Planning Commission estimates poverty based on the Cost of Basic Needs (CBN) approach, setting the poverty line at Rs. 3,757.85 per adult equivalent per month. According to this methodology, 21.9% of the population lived below the poverty line in FY2019, compared to 24.3% in FY2016, based on the latest Household Integrated Economic Survey 2018–19. Poverty has declined in both rural and urban areas, with a poverty headcount of 11.0% in urban areas and 28.2% in rural areas (Pakistan Economic Survey, 2021–22).

The World Summit on the Information Society (WSIS), held in Geneva (2003) and Tunis (2005), along with the Copenhagen Declaration and the Tunis Commitment, recognized ICTs as key tools in eradicating poverty and unemployment. They emphasized the importance of building a people-centered, inclusive, and development-oriented Information Society—where everyone can create, access, utilize, and share information and knowledge—empowering individuals, communities, and nations to reach their full potential, promote sustainable development, and improve quality of life (UNDESA).

ICT components—including radio, television, telephone, computers, mobile phones, and the internet—play a vital role in poverty eradication. Cost savings and speed are among the primary benefits of ICTs. For instance, sending 10,000 pages of text from Mozambique to the U.S. via email yields 83% annual savings compared to using fax (Kenny, 2002).

While studying the linkage between ICTs and poverty alleviation, the main propositions are that "information leads to resources; information leads to opportunities that generate resources; access to information leads to access to resources; and access to information leads to access to opportunities that generate resources. In an Information Society, the information-poor have also become the resource-poor." (Flor, 2001)

The "technological paradigm" of poverty is most relevant to this study. It states that the primary cause of poverty is the lack of technological know-how in the developing world. Its premise is based on the observation that Western nations are wealthy because they employ modern technology in agriculture, industry, transportation, telecommunications, and health. It also argues that the developing world can solve many of its problems by adopting new technologies.

ICT can be applied to various sectors of poverty alleviation. Satellites and drones can provide essential agronomic information to farmers, improving yields and boosting incomes. Mobile supply chain platforms can help companies conduct business with thousands of farmers across wide areas while providing them with agronomic advice and other information that can improve crop quality. Many applications also provide market pricing information, helping farmers sell their crops at higher prices, thereby improving their incomes and livelihoods. Entrepreneurs in remote and hard-to-reach locations can use e-learning platforms to access training and business advisory services. Smart contracts based on blockchain/Distributed Ledger Technology (DLT) can be useful tools in developing countries, serving as immutable, distributed (no single point of failure) digital ledgers for transactions and contract information. Mobile banking offers the poor access to financial services without transaction costs and without needing a traditional, physical bank.

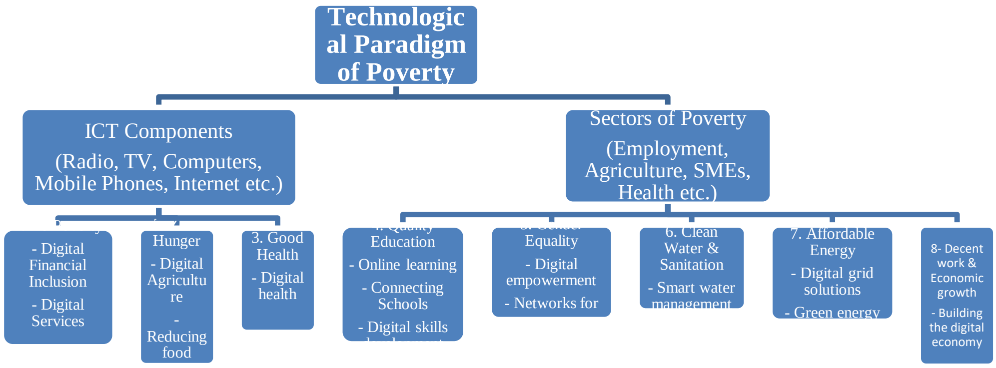
Cell phones provide access to medical information otherwise unavailable to impoverished populations. A recent Ghanaian project, for instance, targets pregnant women who lack access to information on healthy fetal development. Mothers receive weekly, automated messages on inexpensive mobile phones, designed to counter superstition and pregnancy-related myths (Balgobin & Dubus, 2022).

Many children, especially disadvantaged girls in rural areas, have limited access to education. Furthermore, the schools available often struggle with poor-quality teachers and limited resources. However, new technology—such as solar-powered computers and projectors—allows students to participate in real-time, interactive lessons with quality educators. Ghana recently launched its first interactive distance learning project, Making Ghanaian Girls Great!, with support from the British Department for International Development, as reported by Ghana Web. This program uses new technologies to provide educational access that was previously impossible.

Natural disasters such as tsunamis and earthquakes disproportionately affect the rural poor, who are often unaware of imminent danger. Mobile phones can be used to alert them of impending disasters, giving them time to reach safety. Bangladesh, one of the country's most at risk for natural disasters, has implemented a mobile alert system to save lives.

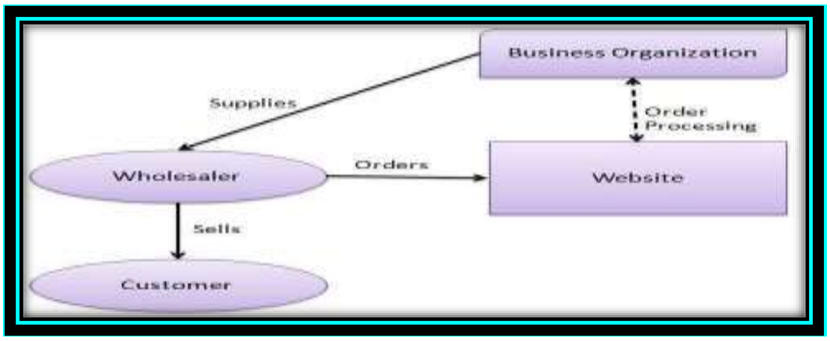
Access to energy enables people to work their way out of poverty, pursue education, and improve their health. New technologies such as solar and hydro power can provide energy access without the need for costly power plants. Even simple innovations—like fireless cookers that use stored heat—can save poor households both time and money.

The first use of ICT for rural development was the World Bank's Communication Technology for Rural Education (CTRE) Project, which began in 1975. It utilized a network of community radio stations based in state colleges and universities in the Philippines to support rural education (Lechman & Popowska, 2022). For governments, the most important application of ICTs in poverty alleviation is data. Poverty data can be collected, processed, and analyzed using various ICT tools. The most effective linkage between ICTs and poverty is Poverty Mapping, which utilizes GIS to geographically identify impoverished areas, enabling policymakers and decision-makers to direct spending more effectively.

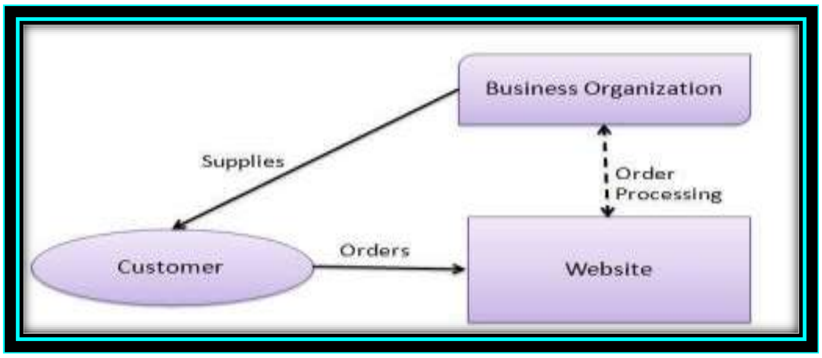


E-commerce business models can generally be categorized into the following categories:

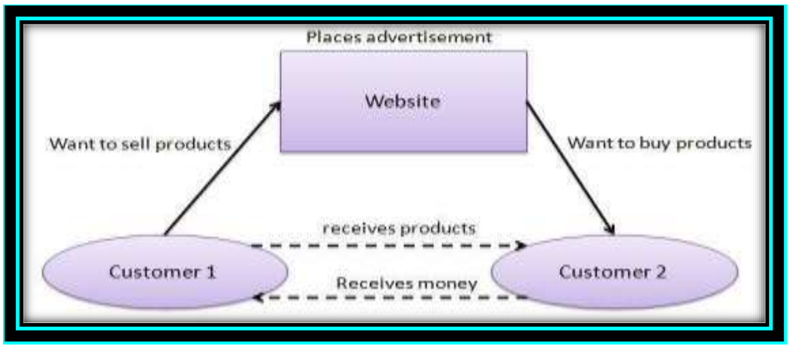
i. **Business - to - Business (B2B)**



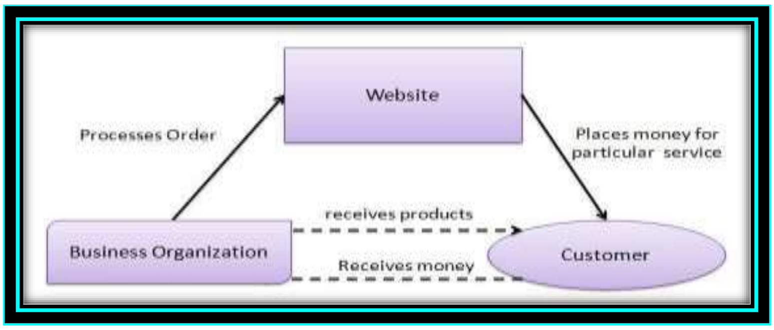
ii. **Business - to - Consumer (B2C)**



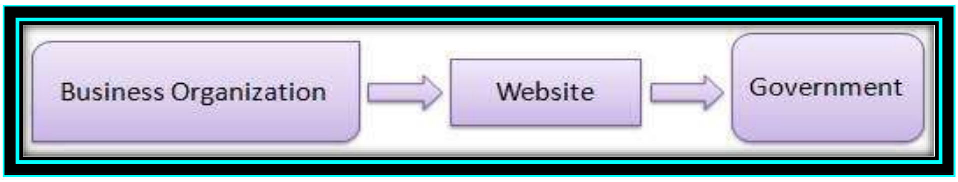
iii. **Consumer - to - Consumer (C2C)**



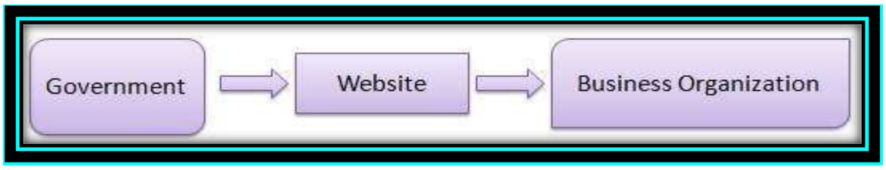
iv. Consumer - to - Business (C2B)



v. Business - to - Government (B2G)



vi. Government - to - Business (G2B)



vii. Government - to - Citizen (G2C)

Situation analysis of the policy initiatives of the government for ICT interventions and digitization of economy of Pakistan.

As per the Rules of Business, 1973 of the Government of Pakistan, Ministry of Information Technology is mandated to initiate policies and develop plans for the IT & Telecom sector (IT & T, 2022). The Ministry of IT & Telecom is implementing various policies and laws to develop ICT sector as follows: -

1. Pakistan Cloud First Policy, 2022
2. Policy Directive for Renewal of PMCL Cellular Mobile License, 2022
3. Policy Directive for the Auction of next Generation Mobile Services (NGMS) Spectrum in Azad Jammu & Kashmir And Gilgit Baltistan for improvement of Mobile Broadband Services, 2021
4. Policy Directive for the Auction of Next Generation Mobile Services (NGMS) Spectrum in Pakistan for Improvement of Mobile Broadband Services, 2021
5. National Cyber Security Policy, 2021
6. Public & Private Right of Way Policy Directive, 2020
7. Rolling Spectrum Strategy 2020-2023
8. Digital Pakistan Policy , 2018
9. Telecommunications Policy, 2015
10. NTC Service Regulations, 2015
11. Policy Directives Regarding "Spectrum Auction for Next Generation Mobile Services in Pakistan" (including 3G and advanced Generations), 2013
12. Pakistan IT Policy & Action Plan, 2000
13. Mobile Cellular Policy-2004 (Revised-2013)
14. Broadband Policy, 2013
15. De-Regulation Policy for Telecom Sector-2003(Revised-2013)
16. Amended USF Rules, 2013 (June 2007)
17. ICTRDF – SRO, 2013
18. Telecom Reorganization Act, 2012
19. USF Policy, 2012
20. Telecom Deregulation Policy, Broadband Policy, Cellular Policy, 2012
21. NICT R&D Fund policy, 2012
22. R&D Fund SRO, 2012

A SWOT analysis of the above policy interventions is provided below for situation analysis.

STRENGTHS	**WEAKNESSES**
1. Political will & intention 2. All policies aimed at developing ICTs 3. Responsive to needs and requirements 4. Application linkages with other sectors 5. Step towards integrated economy 6.	1. Slow implementation 2. Focus on telecommunication mostly 3. Lack of required infrastructure 4. Accessibility issues 5. Lack of IT skills 6. Women & disabled person targeted initiatives are very few
OPPORTUNITIES	**THREATS**
1. Possible applications on many sectors **2.** Generation of revenues **3.** Employment generation 4. Skill development 5. Transparency and good governance 6. Enabling environment for women & differently abled 7. Harmonization & National development 8. Access to international digital markets	1. Political instability 2. Lack of resources to implement policies 3. Cyber Crimes/security 4. Technological gap between Pakistan and developed countries 5. International Sanctions & Embargoes

The SWOT analysis of the above policy interventions reveals that there is a strong political will for developing the ICT sector and interventions are responsive to the swift change of technology. Policies also address the cross-sectoral linkages to effectively deliver outcomes. Significant opportunities are observed including employment, revenue generation, skills development, transparency, good governance, inclusion of the women and differently abled persons; and most importantly the possibility to integrate federating units.

However, weaknesses are evident in the policy interventions including slow implementation, lack of infrastructure, non-accessibility of the poor, gaps in IT skills and that these policies mostly cater for telecommunication sector. The biggest threat for these policy interventions is political instability that hinders continued implementation after regime change. Hacking and cyber security threats are common occurrences while the huge technological gap between developed countries that are leading the information revolution poses a threat of quantum leap as compared to developing countries in terms of ICT benefits.

The following table provides a situation analysis of the Digital Pakistan Policy, 2018 initiatives, the goals to be achieved and the outcomes.

Policy initiative	**Goals**	**Responsible Ministry**	**Situation Analysis**
Infrastructure Development	Software Technology Parks National Incubation Centers IT Incubators Tele centers Wireless Broadband	Ministry of IT & Telecom	- 84% mobile penetration - 44% internet usage - Fixed Broadband penetration at 1% - Mobile Broadband penetration at 43% -Lowest mobile service rates - High broadband rates - 112th in speed of connectivity (145 Countries) - 14 software technology parks
Human Resource Development Entrepreneurship, R&I, Freelancing	Structured Gap Analysis Program Digital Skills Trainings -	Ministry of Federal Education & Professional Training	- World Economic Forum's Global Competitiveness Index (GCI) for 2019 ranks Pakistan 132 of 140 economies in terms of skills - 8 % population uses computers - under-35s generated 77% of the revenue in 2019
E-Governance	Integration of Databases e-Procurement e- Government G-Cloud	Ministry of Interior (NADRA) Ministry of Planning, Development and Reform Ministry of IT & Telecom	153rd in the UN e-Government Development Index, 2nd last in the South Asian Region - Strong Database System = NADRA - Weak linkage of Provinces with central database
E-Agriculture	Agriculture Information Portal Geographical Information System (GIS)	Ministry of National Food Security & Research	- GIS solutions for Agriculture by SUPARCO - Precision agri-solutions by startups (drone usage, smart tube wells) - Training of farmers

Policy initiative	**Goals**	**Responsible Ministry**	**Situation Analysis**
	IT Trainings for farm extension workers ICT Capacity Building of Agriculture institutions and farmers		
E-Justice	Automation of Courts Provision of online forms Online dispute resolution	Ministry of Law & Justice	- E-Court system at Superior judiciary level -
E-Energy	Smart Meters Smart Grids	Ministry of Water and Power	- Smart meters by DISCOs
E-Commerce	E-Payment Gateway E-Commerce E-Commerce Policy/framework IT enablement of logistics operator	State Bank of Pakistan Ministry of IT & Telecom Ministry of Commerce	- Digital payments only account for 0.2% of Pakistan's ~100 billion transactions. - Less than 5 % Merchant acceptance of electronic payments - absence of other digital financial products such as insurance, savings, investments and credit. - lack of a Unified Payments Interface (UPI) - lack of sufficient data protection and authentication mechanisms
Software Exports	Venture Capital Funds Accelerators International Events & Marketing campaigns Incentive Programs Placement of Business	Ministry of IT & Telecom - Ministry of Finance, Revenue, Economic Affairs, Statistics and Privatization - Ministry of IT & Telecom	- More than 7,000 IT companies are contributing about USD 2.6 billion to the economy - USD 1.44 billion in FY20 - E-commerce in Pakistan is also rapidly expanding and is now a PKR 230 billion market annually

Policy initiative	Goals	Responsible Ministry	Situation Analysis
	Development experts Training Tax Treatment of software Industry		
Cloud computing & big Data	Database Integration Cloud based citizen services Capacity building in big data	Ministry of Interior (NADRA) Ministry of IT & Telecom	- Central Database = NADRA - No linkage with other registries - Security concerns for database misuse
ICT for Women & GIRLS	Training, Capacity building Application Development	Ministry of IT & Telecom	- Gender and cultural norms limit uptake of digital payments - 77.5 % IDs for females - evidence of greater adoption of national IDs by women after G2P social safety net payments - 1020 women funded by Ignite
ICT Education	ICT Curriculum Early childhood coding programs E-Portals	Higher Education Commission (HEC) Network Accessibility Ministry of Federal Education & Professional Training	-44 % of government high schools and 38 % of private high schools have computer labs in rural areas (with internet connectivity at 33 percent and 35 percent respectively), while in urban areas, the proportion is 85 percent and 80 percent respectively. -IT curriculum at elementary & high school level.

Legal Analysis

The digitization initiatives in Pakistan encompass numerous ICT interventions. The ICT Development Index (IDI) is an index published by the United Nations International Telecommunication Union, based on internationally agreed-upon information and communication technology (ICT) indicators. This makes it a valuable tool for benchmarking the most important indicators for measuring the information society. The IDI is a standard tool that governments, operators, development agencies, researchers, and others can use to measure the digital divide and compare ICT performance within and across countries.

The ICT Development Index is based on 11 ICT indicators, grouped into three clusters: access, use, and skills. Pakistan's last ICTD ranking in 2017 was 148 out of 159 (World Bank, 2022).

Constitutional Provision Regarding Poverty

Article 38 (a & b) of the Constitution of Pakistan states that the State shall promote the social and economic well-being of the people to reduce disparity in income and earnings among individuals, including persons in various classes of the service of Pakistan.

Pakistan Telecommunication (Reorganization) Act 1996

The Telecommunication (Reorganization) Act was promulgated in 1996 with the purpose of reorganizing the IT sector in Pakistan. Under the Telecom Reorganization Act 1996, the Pakistan Telecommunication Authority (PTA) was established in January 1997 to regulate the establishment, operation, maintenance, and provision of telecom services in Pakistan.Policy Vision The Government of Pakistan (GOP) strives to improve the quality of life and economic well-being of its citizens by ensuring the availability of accessible, affordable, reliable, universal, and high-quality ICT services. The GOP strongly believes in the mass adoption of emerging digital technologies and innovative applications to enable cross-sectoral socio-economic development and transformation of economic activities, governance models, social interaction, and the achievement of sustainable development goals.

Institutional Analysis

In order to promote sustainable development in all spheres of life, information and communication technology is being utilized for poverty eradication on a war footing through the implementation of the Digital Pakistan Policy 2018 across various federal and provincial ministries and departments. Given the involvement of a broad spectrum of agencies, it is appropriate to align them with their specific roles and responsibilities. These responsibilities and assignments are being proposed as part of this policy for clarity and effective implementation.

Policy Initiatives	Key Areas	Lead Ministry Federal/ Provinces	Facilitating/ Executions Ministries/ Department/Bodies
Legislation	➢ Intellectual Property Rights - ➢ E-Commerce Policy/framework ➢ Data Protection & Privacy (Ministry of Information Technology, 2018)	➢ Ministry of Commerce, IT, - Law & Justice	Provincial Law Departments
Infrastructure (Software &Hardware) Development	✓ Infrastructure Development ✓ Software Technology Parks - Ministry of IT & Telecom ✓ National Incubation Centers ✓ IT Incubators ✓ Tele centers ✓ Wireless Broadband	Ministry of IT & Telecom	Provincial IT Boards and IT Departments.
Human Resource Development Entrepreneurship, R&D, Freelancing	➢ Digital Skill Trainings ➢ ICT for Girls Program ➢ Internship ➢ IT Incubators ➢ Seed Funding and Startups ➢ Awareness Program	Ministry of IT & Telecom & Education and Training	Pakistan Poverty Alleviation Division and Provincial Education & Industries, IT Boards and IT Departments.
E-Agriculture	➢ Agriculture Information Portal ➢ Geographical Information System ➢ IT Training for farm extension workers ➢ CT Capacity Building of Agriculture institutions and farmers	Ministry of National Food Security &Research	Ministry of IT &Telecom & Provincial Agriculture Departments
Branchless Banking and Microfinance Banking	➢ Structured transformation of the credit and savings for rural populations ➢ provide financial services to poor and marginalized clients including small and landless farmers ➢ establish Service Centers providing credit facilities exclusively to women. ➢ Though the savings, loans and other banking facilities available to all small entrepreneurs	• State bank of Pakistan • Ministry of Interior • Ministry of IT • Pakistan Software Export Board	Telecom & Provincial IT Boards and Home Departments

Policy Initiatives	**Key Areas**	**Lead Ministry Federal/ Provinces**	**Facilitating/ Executions Ministries/ Department/Bodies**
Poverty Alleviation	➢ Ehsaas Program	• PPAS Division	• Federal/Finance, Interior/NADRA IT & Telecom Education Commerce/TEVTA, Health • Provincial Home Education, Agriculture, Auqaf, Finance, Industries and Commerce Health

The National Information Technology Board

In Pakistan, the public departments and the Ministries needs dedicated consultancy and technical guidance to productively fulfill their primary purposes. It is not in the interest of the government to have ineffective public organizations. On 11th August 2014, Pakistan Computer Bureau (PCB) and Electronic Government Directorate (EGD) were merged to form the National Information Technology Board (NITB) established by the Ministry of Information Technology and Telecommunication (MoIT). The NITB aims to address the operational challenges with regard to information technology of all government departments and Ministries. NITB specializes in key automation, design, development, and implementation of robust IT technologies to promote the e-governance culture in all public departments and holistically develop plans, technologies, and infrastructures to boost the performance of the public sector (IT & Telecom, 2022).

Policy Objectives

To become a strategic enabler for an accelerated digitization ecosystem that expands the knowledge-based economy and spurs socio-economic growth.

A key goal of the Digital Pakistan Policy is to create a digital ecosystem with the infrastructure and institutional frameworks necessary for the rapid delivery of innovative digital services, applications, and content. This policy represents a shift away from a piecemeal approach toward a holistic technology strategy clearly focused on ICT as a broad enabler of every sector of socio-economic development.

Sectoral Digitalization: Promote the use of technology in education, health, agriculture, and other key socio-economic sectors. Encourage the use of ICT in public schools and ensure they are online and making a meaningful impact on the current education ecosystem in a phased manner.

E/M-Commerce: Enhance the current market size of e/m-commerce. According to some estimates, the market has enormous growth potential due to the exponential increase in broadband subscribers—from 3.7 million in 2013 to over 44.3 million in 2017, and continuing to grow. With these trends projected to persist, overseas investments in e-commerce are expected to rise. Promote e-commerce by providing an enabling environment where Payment Service Providers (PSPs) and Payment Service Operators (PSOs) can operate, establish effective platforms, and elevate e-commerce activities in Pakistan to the next level.

Youth, Women, and Girls Empowerment Using IT: Youth and women represent roughly 60% and 49% of the population, respectively. Ensuring that women and girls have equal access to ICTs will help reduce inequalities and support gender inclusion.

Major Policy Interventions

The National Information Technology Board (NITB) facilitates federal ministries in the successful implementation of e-governance programs aimed at improving information and service delivery, efficiency, and transparency. E-governance is the integration of Information and Communication Technology (ICT) into government systems to make processes more efficient, accessible, and convenient. Pakistan is gradually moving toward the implementation of e-governance to increase the reach and quality of public information and services, using ICT in a simple, economical, and cost-effective manner.

Comparative Analysis of the ICT Initiative in Four Provinces of Pakistan

SECTOR	PUNJAB	SINDH	KHYBER PAKHTUNKHWA	BALOCHISTAN
Policy framework	Punjab IT Policy 2018	Sindh Cloud Policy	KP Digital Policy	-Balochistan Digital Policy 2021 -The digital government of Balochistan Policy 2008
Institutional Set up	Science and Technology & IT Department PITB	Science and Technology & IT Department SITB	Science and Technology & IT Department KPITB	Science and Technology & IT Department BITB
ICT Intervention in Public Sector	-Adoption of Digital Policy -Digitization of various Government Departments -Establishment of IT Parks -Establishment of 16 incubation centers	-Adoption of Digital Policy -Digitization of various Government Departments -Establishment of IT Parks -Establishment of 61 incubation centers	Adoption of Digital Policy -Digitization of various Government Departments -Establishment of IT Parks -Establishment of 22 incubation centers	Adoption of Digital Policy -Digitization of various Government Departments -Establishment of IT Parks *(in pipeline)* -Establishment of 14 incubation centers
ICT Intervention in Private Sector	250 startups	160 startups	198 startups	20 startups
Revenue generated from startups	Rs.0.486 bn	Rs.0.86 1bn.	Rs.0.345bn.	Rs.0.077bn.
Job generated	1,349	91,180	1,769	456
Training imparted	777,867	276,355	105,074	12,683
Investment in incubation centers	Rs.3.103bn.	Rs.3.063bn.	Rs.0.522bn.	Rs.0.058bn.

Impact Analysis

This section provides an impact analysis of the government's policy initiatives for the digitization of the economy and the use of ICT for business purposes in the context of poverty alleviation in Pakistan.

Incentives for Industry Growth

The Ministry of Information Technology and Telecommunication (MoITT) supports all credible private sector initiatives aimed at bolstering the local IT industry and attracting foreign investment. The government recognizes its important role in providing a conducive environment for the IT industry through infrastructure development and human resource enhancement. Government incentives for the IT industry include:

a.100% tax credit on export income from IT and IT-enabled services until 30th June 2025.
b. **100% tax credit** on profits and gains derived by IT start-ups for the tax year in which a start-up is certified by the Pakistan Software Export Board (PSEB), and for the subsequent two years.
c. **100% equity ownership** allowed to foreign investors, **100% repatriation** of capital and dividends permitted, and a **tax holiday** for venture capital funds until 2024.
d. **Growth-Driven Financial Incentive** on IT & ITeS export remittances: The primary objective of this scheme is to encourage IT & ITeS export remittances through formal banking channels and improve the reporting of export remittance receipts using the correct IT & ITeS purpose codes assigned by the State Bank of Pakistan. The government allocated Rs. 4 billion to PSEB for the first-ever financial incentive program on IT & ITeS export remittances, disbursed based on export receipts in FY202.

Financial Impact Analysis

- IT exports reached $1.948 billion with a growth rate of 29.26% compared to $1.5 billion in the previous year (2020–21).
- EXIM Bank of Korea invested $158 million in infrastructure development.
- $930 million in FDI and local investment.
- Ignite has established 930 start-ups across 5 National Incubation Centers (NICs).

- User base grew by $194 million, representing an increase of 3.64%.
- The IT sector contributed approximately Rs. 163 billion in taxes to the government.

Ehsaas Program

ICT is playing a significant role in poverty alleviation through data management. A prime example is the **Ehsaas Program**, a social safety initiative for the underprivileged. Approximately **17.3 million beneficiaries** are receiving about **Rs. 210 billion** via biometric verification using the NADRA platform. A mobile application is used for registration and to inform targeted individuals about payment collection.

Other programs operating under the umbrella of the Ehsaas Program and utilizing ICT platforms include:

- Ehsaas Kafalat
- Ehsaas Tahaffuz
- Ehsaas Nashonuma
- Ehsaas Waseela-e-Taleem
- Undergraduate Scholarship Program
- Women Empowerment Initiatives
- Ehsaas Interest-Free Loans
- Ehsaas Amdan
- Individual Financial Health Support

Private Sector Intervention

Startup	**Amount (USD)**	**Vertical**	**NIC**
Digikhata	$2,000,000	Fintech	NIC Islamabad
Walee	$2,700,000	Marketing	Ignite Funded Project
Ailaaj	$1,600,000	Health tech	NIC Islamabad
Integry	$3,000,000	Middleware	NIC Islamabad
Total	**$9,300,000**		

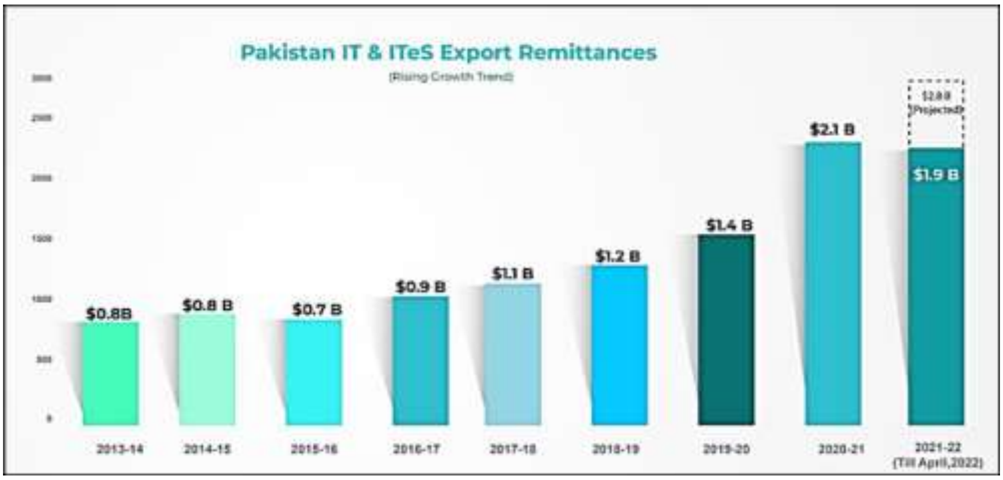
Source: Economic Survey Pakistan 2021-22

Startup	Amount	Investment	Jobs created
Darewro	Rs.72.78 Mill	Rs.66.6 Mill	292
Tutor Gateway	Rs.1.34 Mill	Rs.50.6 Mill	154
Bera	Rs.30.3 Mill	Rs.11.0 Mill	55

Source: Progress report NIC Peshawar 2021-22

IT Exports & Earnings

According to the SBP data, IT exports during July-March FY2022 surged to US $1.948 billion at a growth rate of 29.26 percent in comparison to US $1.5 billion in the same period last year. These include telecommunication, computer and information services.



Source: Economic Survey Pakistan 2021-22

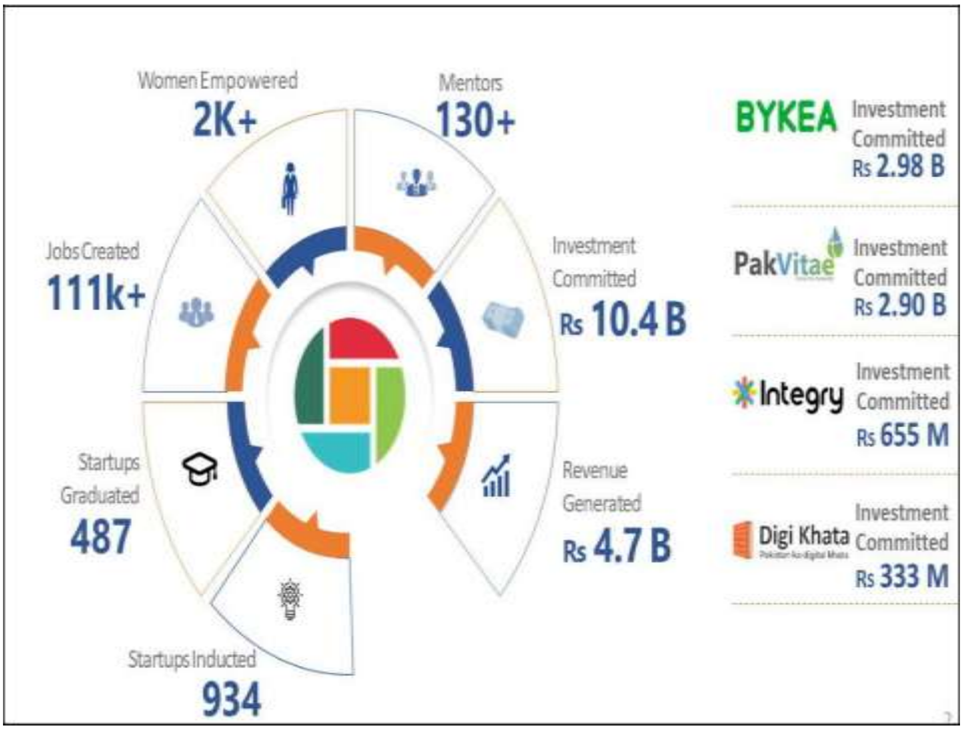
Governance Impact Analysis

National Incubation Centers

Recognizing the critical role played by startups in economic growth, job creation, financial inclusion, reducing the income divide, and building a knowledge economy, ignite under the auspices of MoITT, launched a program to build a network of National Incubation Centers (NIC). IGNITE has successfully established 5 National Incubation Centers (NIC) in federal capital and all provincial capitals of the Country. From July-December FY2022, more than 930 startups have been inducted in five NICs. RFPs of the two new NICs in Faisalabad and Hyderabad have been published and these NICs will be operational by the end of FY2022.

Overall Achievement

Overall achievements on NICs can be seen in the following figure: -



E-Office

An indigenous E-Government ERP/GRP has been developed and is being implemented in all 40 federal ministries/divisions along with 140 subordinate departments. E-Office is a complete back-office automation suite.
i) Up to 25% savings on POL
ii) Up to 70% savings on annual stationery costs (approx. Rs. 600 million)
iii) 100% transparent, accountable system with an executive dashboard for decision-making
iv) 80% time savings in process time
v) Increased government efficiency

National Job Portal

Developed by NITB, the National Job Portal provides a centralized platform for job seekers to find opportunities with Government of Pakistan ministries and their attached departments.
i) Single window for all government jobs
ii) 0.33 million registered users
iii) Rs. 8 million in savings

Kamyab Jawan Programme

A youth-centric platform ensuring a smooth online process from loan application submission to disbursement under the Prime Minister's Kamyab Jawan Program.
i) Rs. 46.9 billion allocated
ii) Rs. 39.4 billion in loans distributed to create entrepreneurs
iii) 5,426 jobs created

Broadband Subscribers and Penetration

Broadband subscribers (mobile and fixed) reached 114.3 million at the end of February 2022, compared to 102.7 million in June 2021, indicating an average addition of over 1.45 million subscriptions per month during July–February FY2022. Greater coverage and reduced tariffs are expected to further accelerate broadband adoption. Total broadband penetration (fixed and mobile) in Pakistan stood at 52.0% in February 2022.

E-Governance

Various digital grievance redressal portals exist at both national and provincial levels, helping citizens report issues related to government services.

Examples include:
a. PMDU – at the national level
b. PMRU – at the provincial level in Punjab & Khyber Pakhtunkhwa
c. Complaint portals of various departments/organizations (e.g., NADRA, DISCOs, etc.)

Citizens, including those from low-income groups, use these digital platforms to resolve grievances related to Ehsaas/BISP stipends, price control, over-billing, healthcare, education, and other poverty-linked issues (Ahmad, Khan, & ul Haq, 2022).

Gap Analysis

This section identifies gaps in institutions and policies aimed at using ICT effectively for poverty alleviation in Pakistan.

Issues Related to the Financial Perspective

i. Regulatory policies by the State Bank of Pakistan and other regulators are not conducive to attracting FDI. These constraints inhibit entry, utilization, and exit of funds for foreign investors in startups/VC firms in Pakistan.
ii. Foreign Exchange Manual clauses restrict Pakistani tax residents from acquiring shares in foreign companies without SBP consent.
iii. Commercial banks lack understanding of the startup investment ecosystem, creating a communication barrier between SBP and investors/startups.
iv. Excessive regulatory requirements are causing local companies to register abroad.
v. Regulations prevent locally registered funds from partnering with international funds.
vi. A central database for startups and investors is needed to facilitate visibility and collaboration.

Gap Analysis in Information and Communication Technologies

1. Lack of trained human resources with marketable skills and innovative capacity
2. Universities producing low-value graduates (only 10–15% of universities produce quality graduates)
3. Lack of specialized training and quality vocational institutes compliant with regional/international standards
4. Inadequate access to computing and internet facilities in schools
5. Weak industry-research-academia linkages, leading to an absent research ecosystem

6. Underutilization of the National ICT R&D Fund and Universal Services Fund (USF)
7. Low IT export volumes
8. Small, dispersed software companies with limited overseas presence
9. Lack of institutional mentorship for entrepreneurs, limited IT incubators and structured guidance
10. Limited access to venture capital, angel funding, and crowdfunding
11. E-government still in early stages, with minimal emphasis on e-services
12. Weak e-governance institutions needing restructuring
13. No incentives to retain IT professionals in the public sector
14. Financial constraints delaying basic IT infrastructure projects
15. Low priority for public sector e-services due to poor back-office automation
16. Absence of a legal framework for sustaining long-term e-governance
17. Lack of procurement standards for hardware/software in the public sector
18. Minimal use of IT in domestic trade and commerce
19. No national e-payment gateways for open e-trading
20. No PKI available for mass-level e-trading activity
21. Cyber laws not aligned with international standards, hindering e-commerce adoption
22. Limited local/regional language applications and content, affecting understanding and productivity
23. Negligible local computer hardware industry; unfeasible hardware manufacturing environment
24. Women and differently-abled persons are being overlooked

Regional and International Best Practices

ICT employment refers to individuals working in the Information and Communication Technology (ICT) sector. This is measured as a percentage of total business sector employment. ICTs are generating new job opportunities and helping address global unemployment.

For example, mobile app developers can access over 500 million Apple app store users. Online employment marketplaces help approximately 12 million people globally find work, connecting them with employers. Platforms like Babajob (India), Duma and M-Kazi (Kenya), and Souktel (Middle East and North Africa) use mobile and internet-based tools to serve low-income communities (Asongu & Odhiambo, 2022).

ICTs are also facilitating new, flexible forms of employment and remote work. ICT helps create two primary job categories:
I. ICT core jobs – e.g., online contracting and micro-work platforms
II. ICT-enabled jobs – broader sectors enhanced through digital tools

Conclusion

1. ICT applications have a direct linkage with poverty alleviation.
2. Adopting the technological paradigm of poverty, ICT is the only solution for the socio-economic uplift of the poor.
3. A comprehensive policy based on financial inclusion adaptation is required.
4. The dichotomy in policy formulation and implementation between the federal and provincial governments needs to be addressed.
5. 65% of Pakistan's population is below 30 years of age, but a very low percentage is equipped with digital skills that could be used for poverty alleviation.
6. Broadband infrastructure in underprivileged areas is a key requirement for bringing the poor closer to opportunities for uplifting their lives.
7. The involvement of universities with public and private ICT institutes for R&D is essential to develop skills that meet technological advancements.
8. There are cultural and social limitations on women's participation in economic activities, and they have limited access to ICT technologies.
9. There is no mechanism to mainstream differently-abled individuals, and therefore they are unable to make positive contributions.
10. Subsidies spent on unconditional financial help through Ehsaas/BISP create dependency on state resources that could otherwise be utilized for skill development leading to employment.
11. The traditional education system lacks the quality of innovative thinking, which inhibits our youth from effectively competing in the international technology market.
12. Access to ICT enables poor people to make informed decisions that are beneficial for themselves and for society.
13. The cost of ICT services is high in comparison with regional countries.
14. The application of ICT to enhance agricultural productivity, which is our major economic source, is still in the planning and implementation phases.
15. Pakistani youth are involved in local business models through startups due to the non-availability of international platform recognition.
16. Various institutions are working in their own domains, resulting in non-utilization of central data for the redressal of grievances of the needy.

17. There are very few PPP model projects in the ICT sector with specific applications for poverty alleviation.

Recommendations

Short Term

1. Revised targets for digital connectivity, duly distributed among federal and provincial governments, need to be defined.
2. Regulations for broadband cost reduction should be based on cost-benefit analysis.
3. Enhanced coordination among different government departments to identify opportunities to boost competitive pressure in the market.
4. Consolidate government systems into a common shared infrastructure through NADRA.
5. Integrate the NADRA database with other digital services after fulfilling legal requirements.
6. Enhance private sector involvement in investment in e-solutions for startups through NICs.
7. Increase basic digital skills training programs for illiterate or untrained populations through NITB and provincial IT Boards.
8. Select educated individuals from the Ehsaas database and provide them with ICT training to help them earn an independent livelihood.

Medium Term

1. Align the local regulatory regime with international best practices. Regulatory burdens should be relaxed and simplified—for instance, avoiding redundant verification, notarization, and paperwork.
2. Make market intelligence on sectoral growth indicators (e.g., education, health, fashion, retail, e-commerce, etc.) readily available for startups. The SBP, finance ministry, telecom companies, and other relevant data-driven organizations can support this.
3. SBP and FBR should contribute to the SECP Startup Portal to facilitate startups and investors on all matters relating to the startup ecosystem and regulations.
4. Promote the use of Urdu and other local languages by encouraging the availability of IT content and applications in Urdu, preferably with a voice interface, to increase technology adoption among the poor.
5. Enhance the quality of IT-related human resources by introducing both domestic and international certifications such as PMP, OCP, MCP, etc.

Long Term

1. Rationalize taxation on telecommunication services, devices, and startups.
2. Develop stronger collaboration and coordination between federal and provincial governments.
3. Adopt an open data initiative.
4. Expand national financial literacy programs, focusing on women and social minorities.
5. Accelerate the digitization of government payments.
6. Enable better access for startups to private sector finance, including the development of a digital credit scoring registry and improved access to VC funding.
7. Increase the use of technology in education.
8. Define a comprehensive mechanism for the identification of critical infrastructure.
9. Enhance the supply of cybersecurity skills through formal and informal education channels.

Logical Framework Matrix for Poverty Alleviation Through ICT

INPUTS	ACTIVITIES	OUTPUTS	OUTCOMES	IMPACT
Govt. Policies & Interventions	Coordination b/w Federal and Provincial Govts.	Integrated digital systems	Cohesive databank with access by all stakeholders	
Political Support	Legislation of related laws	Acts, Rules & Regulations	Uniformity in application of ICT	
	Office Automation solutions	Paperless E-Govt. system	E-Governance	**POVERTY ALLEVIATION**
	PPP Collaborations	Projects with ICT application	Increased Access, Quality, and Affordable Digital Connectivity	
	Seminars, Workshops, Campaigns on Print & Electronic media	Increased awareness	Knowledge to avail opportunities	

HR, Financial & Technical Components

INPUTS	ACTIVITIES	OUTPUTS	OUTCOMES	IMPACT
Human Resource	**Planning & Development**	**Digitally skilled workforce**	**Increased availability of Digitally Competent Workforce and Digitally Literate Citizens**	
	Training & Mentorship	**Availability of indigenous ICT professionals**	**Reduced reliance on foreign experts & cost savings**	
Financial Resources	**Identification of targeted ICT sectors**	**Digital infrastructure development**	**Increased Access, Quality, and Affordable Digital Connectivity**	
	Budgetary allocations (Foreign + Local)	**Availability of financial resources**	**Efficient Project & financial Management Increased Access and Usage of Financial Services**	**POVERTY ALLEVIATION**
Technical support from National & International partners	**Need assessment in targeted areas**	**Availability of Technologically advanced assets**	**Increased Number of Digital Solutions Firms and Firms using Digital Technologies or Digital Business Models**	
	Collaborative projects			

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Synergizing The Potential Of Civil Society Organizations (Csos) For Poverty Alleviation In Pakistan

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Abstract:

In the aftermath of the 2022 floods, the Health Department adopted a three-pronged strategy to address the crisis: restoring health facilities, coordinating with partners for a collective response, and monitoring disease outbreaks. As a signatory to the International Health Regulations (IHR) 2005, a collective response to outbreaks was necessary, leading to collaboration with organizations like WHO, UNICEF, and ICRC. Health facility clusters were established, and the government's strategy focused on Prevention, Detection, and Response. The department set up Provincial Disease Surveillance and Response Units (PDSRUs) and District Disease Surveillance and Response Units (DDSRUs) under the supervision of the DGHS and Deputy Commissioner. These units aimed to provide rapid action in case of outbreaks. This paper evaluates the operational gaps in health department responses, including monitoring, damage assessment, and surveillance of diseases. It critically examines leadership tenures and response effectiveness, offering conclusions and recommendations for improving health department operations.

Key words:

Flood response, Disease surveillance, Health facilities restoration, Provincial Disease Surveillance Units, Outbreak management

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Introduction

Poverty is a very complex global phenomenon. The World Bank defines poverty as:

"The inability to attain a minimal standard of living. It is hunger. It is lack of shelter. It is being sick and not being able to see a doctor. It is not having access to school and not knowing how to read. It is not having a job, it is fear for the future, living one day at a time. It is losing a child to illness brought about by unclean water. It is powerlessness, lack of representation, and freedom." (World Bank, 2022)

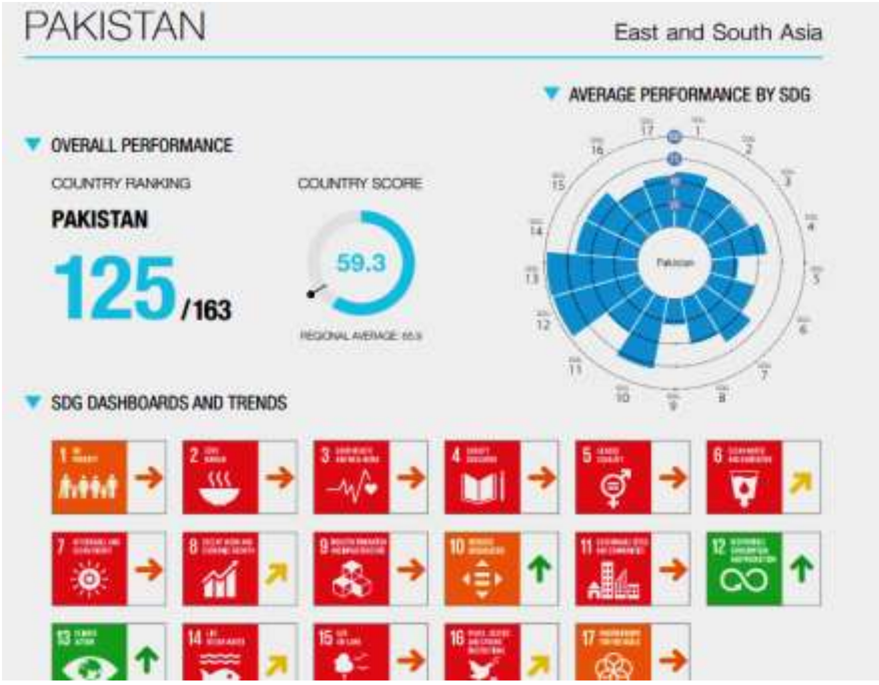
The World Bank (WB) estimated that poverty in Pakistan increased from 4.4 percent to 5.4 percent in 2020, as over two million people fell below the poverty line. In September 2021, the government stated that 22 percent of its population lives below the national poverty line. Using the lower-middle-income poverty rate, the WB estimated that the poverty ratio in Pakistan stood at 39.3 percent in 2020–21 and 39.2 percent in 2021–22. (www.business-standard.com, 2021)

In Pakistan, the work of civil society organizations in poverty reduction initiatives is paramount. In addition to an organized network of Rural Support Programs (RSPs), Pakistan is among the few countries where citizens contribute significantly to philanthropic and charitable activities, helping the poor. The socio-religious context is also a major contributing factor to philanthropy and charity. These substantial supply factors have motivated CSOs to develop. The government has meager financial resources, and budgetary constraints are major fault lines in the fiscal policy that have limited resource allocation for poverty alleviation initiatives.

Experts contend that "CSOs are composed of voluntary and non-profitable associations and organizations of citizens, formed by mutual resolve, with the aim of achieving some civil goals." (Michael Meyer, 2013)

There are an estimated 45,000 active nonprofit organizations (NPOs) in Pakistan, with more than six million members in their social mobilization networks and a quarter million staff members. Nevertheless, despite massive philanthropic efforts, the poverty indices show a rather stagnant position of poverty and disenfranchised populations over the past many years. (Ministry of Finance, 2022)

The stagnancy is demonstrated by no change in the statuses of SDG 1(No Poverty) and SDG 2 (Zero Hunger) in Financial Year 2021. Pakistan faces a unique paradox, where despite commitment of Government towards SDGs and massive philanthropic drives by CSOs, the same is not reflected as material change in poverty status. (Ministry of Planning ,Development and Special Initiatives, 2021)



(Ministry of Planning ,Development and Special Initiatives, 2021)

The national poverty scenario calls for a committed effort for synergizing poverty alleviation interventions by CSOs. Synergy as defined by Cambridge Dictionary is:

“the combined power of a group of things when they are working together that is greater than the total power achieved by each working separately:”

Synergization can be manifested in the form of synchronization, coordination and collaboration not only among the CSOs but also among the government structures, CSOs, donor agencies and the people.

Problem Statement

Poverty in Pakistan has almost reached endemic proportions in all its forms. It is much more acute and severe in rural areas, where around 63 percent of the total population is concentrated. Due to serious resource constraints, government structures cannot solely take effective remedial measures, and their performance largely remains quite deficient in reducing poverty. The domestic economy also has very limited capacity to ameliorate poverty by engendering economic growth. To fill this gap, a substantial number of CSOs are working in Pakistan for poverty alleviation.

Such CSOs can be grouped under many different categories, including organized rural support programs, charitable entities, faith-based NPOs, and NGOs set up by government support or GoNGOs.

The evident challenge of resource constraints in poverty alleviation, both in the public and private sectors, can be effectively tackled by joint resource mobilization through synergizing the potential of CSOs working for poverty alleviation. The strategically important agenda of synergizing the CSOs can be implemented by a variety of modes and means, including practices that promote inter-organizational coordination, collaboration, and cooperation. However, the different categories of CSOs working for poverty alleviation in Pakistan are quite diversified in terms of their orientation, focus, and modes of action. Such diversity becomes a great challenge when it comes to synergizing their potential, as it is evidently difficult to align diversified entities to work in unison. Although there is a lot of international literature available on the subject of synergizing CSOs, there are not many empirical studies that recommend specific and viable modes and means for synergizing CSOs for poverty alleviation in the peculiar Pakistani context. Hence, there is an evident need for greater research to identify precise and practical solutions for resolving the issue of synergizing the diverse CSOs working for poverty alleviation in Pakistan to ensure the most efficient results.

Scope of the Study

The study explores the issue of synergizing the potential of CSOs for poverty alleviation in Pakistan by focusing on the following main areas:

- The role of Civil Society Organizations (CSOs) and donor agencies in poverty alleviation in Pakistan.
- The role of local NGOs like SRSP, Alkhidmat Foundation, and Akhuwat Foundation alongside INGOs in poverty alleviation in Pakistan.

- The impact of interventions by CSOs and Public-Private Partnerships (PPP) in mitigating poverty in Pakistan.

- Review of the government structures responsible for the management of CSOs for poverty alleviation and public welfare in Pakistan.

- Identifying gaps in the policies and structures of the government to optimally tap the potential of CSOs for poverty alleviation in Pakistan.

The limitations of the study include the inability of the researchers, due to time and resource constraints, to physically inspect the projects being implemented by different CSOs for poverty alleviation and conduct on-spot interviews with public beneficiaries in the target communities in different parts of Pakistan, especially the far-flung rural areas.

Research Methods

The topic of this research purely relates to socio-economic spheres; therefore, both qualitative and quantitative methods, with a deductive approach involving interpretive research, have been used.

For data collection, secondary data has been gathered from available literature. Some primary qualitative data has been obtained from interviews with key informants, including upper and middle management of NRSP, Pakistan Center for Philanthropy, SRSP, Alkhidmat, and Akhuwat Foundation.

For analysis of the collected data, the following seven types of analyses were conducted:

1. Situation analysis
2. Comparative analysis
3. Impact analysis
4. Institutional analysis
5. Gap analysis
6. SWOT analysis
7. EETH analysis

Situational Analysis

The situational analysis of the role of CSOs and donor agencies in poverty alleviation in Pakistan has been conducted with reference to their role in synergizing activities targeted at the amelioration of poor rural communities, where the bulk of poverty is concentrated.

Situation Analysis of RSPs

In terms of synergized poverty alleviation, the Rural Support Programs Network (RSPN) is by far the most organized RSP network in Pakistan. RSPN consists of the following RSPs that follow a common outlook on rural development:

- Aga Khan Rural Support Programme (AKRSP)
- National Rural Support Programme (NRSP)
- Sarhad Rural Support Programme (SRSP)
- Ghazi Barotha Taraqiati Idara (GBTI)
- Thardeep Rural Development Programme (TRDP)
- Punjab Rural Support Programme (PRSP)
- Balochistan Rural Support Programme (BRSP)
- Sindh's Graduates Association (SGA)
- Sindh Rural Support Organization (SRSO)
- Institute of Rural Management (IRM)
- Azad Jammu and Kashmir Rural Support Programme (AJKRSP)
- Foundation for Integrated Development Action (FIDA)

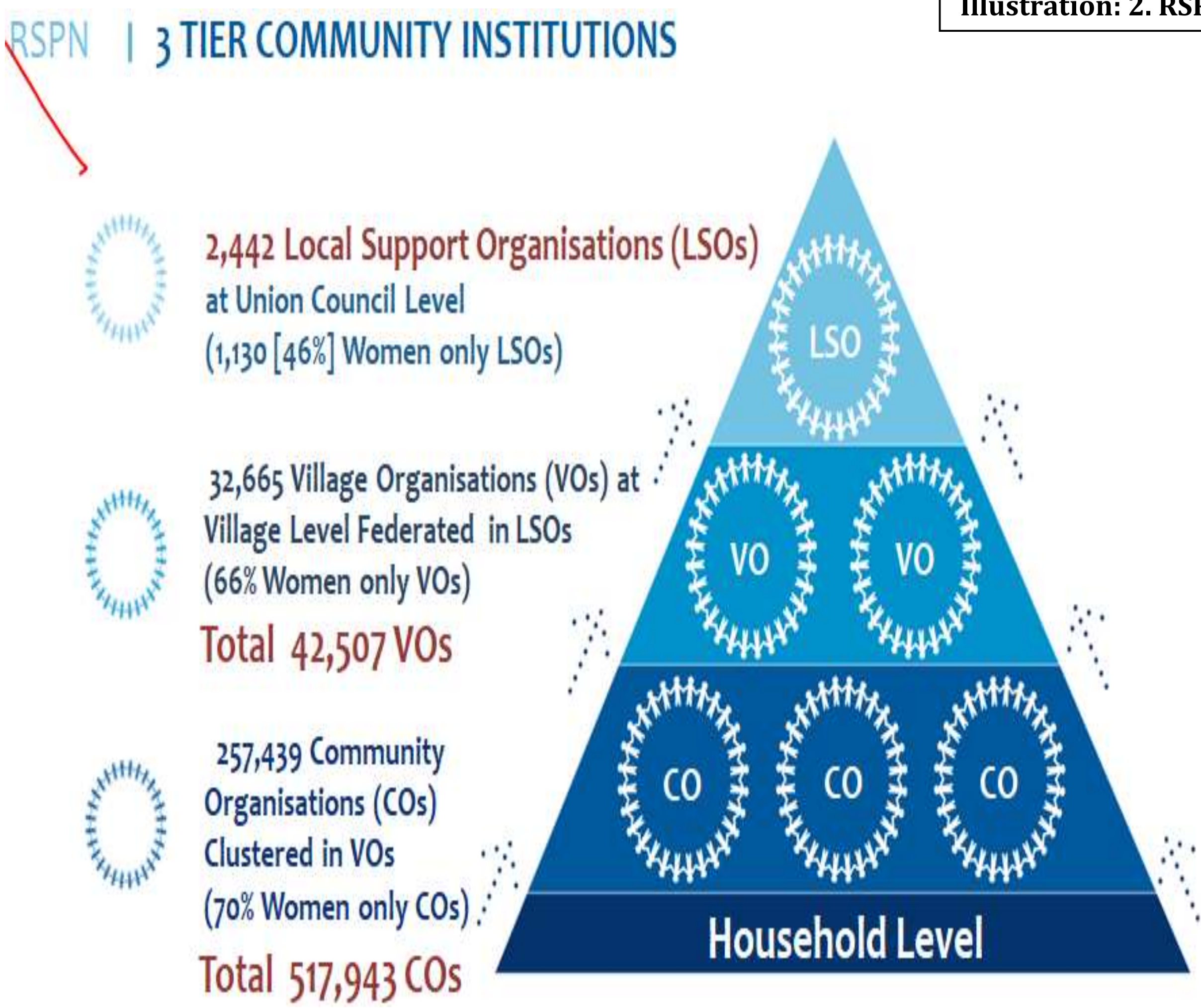
RSPN's main focus is to facilitate, strengthen, and support its member RSPs to foster sustainable institutions of the people. Its mandate is centered on ensuring that all RSPs follow the core social mobilization approach, and on improving coordination and communication between the RSPN network and key development partners—especially the government, donor organizations, and civil society.

The situation analysis of RSPN has been carried out with reference to the following seven vital factors relating to the network of community organizations (COs) established under RSPN, as community-based organizations (CBOs) are the greatest contributors towards synergizing pro-poor programs: (Pakistan Center for Philanthropy, 2022)

- Total number
- Area-wise coverage
- Population coverage
- Household coverage
- Membership
- Gender parity
- Tier-wise breakup

The results of the situation analysis reveal that the RSPN network now covers 4,693 union councils in 149 districts of Pakistan, including the Newly Merged Districts (former Federally Administered Tribal Areas, FATA). The total number of community organizations set-up under the RSPN network amounts to 517,943 with a membership of 8,846,984 community members. These COs cover a population of 54 million and benefit around 8,541,638(8.5 households. In terms of their tier-wise breakup, the COs under the umbrella of RSPN comprise 32,665 Village Organizations (VOs) (66% women), 2442 Local Support Organizations (LSOs) with membership of 1,130 (46% women). (Pakistan Center of Philanthropy , 2022)

Illustration: 2. RSPN



Situation Analysis of Donor Agencies

The situational analysis of the role of donor agencies in poverty alleviation in Pakistan has been carried out with reference to the ecosystem of synergy among donor agencies, CSOs, and government entities. The factors used for this analysis include the involvement of international donors, as well as the number and cost of donor-funded programs that conform to the SDGs 2030 under the UN Sustainable Development Framework, which relates to synergizing poverty alleviation initiatives.

The Government of Pakistan signed the UN Sustainable Development Framework (UNSDF). This framework is a medium-term strategic planning document with planned results focusing on ten key outcomes, which were identified through extensive consultation with multiple stakeholders and aligned with Pakistan's development priorities.

The situational analysis reveals that 26 donor-funded projects amounting approximately to 12 billion USD, being implemented across Pakistan, conform to SDG 17 (Partnership for the Goals), SDG 1 (No Poverty), and SDG 2 (Zero Hunger). Moreover, the donors involved include six major ones, i.e., the World Bank, International Fund for Agricultural Development, Japan International Cooperation Agency (JICA), United States Agency for International Development (USAID), Asian Development Bank (ADB), United Nations High Commissioner for Refugees (UNHCR), and KfW Development Bank.

The projects also contribute towards synergizing CSO-led poverty alleviation by supporting the development of policies for sustainable infrastructure provision through Public-Private Partnerships (PPPs). The projects are aligned with the Midterm Review of Strategy 2020, in which PPPs are a key driver of change. (UNDP, 2021)

Comparative Analysis

The analytical framework used for comparative analysis of the role of local NGOs like SRSP, Alkhidmat, and Akhuwat Foundation, and INGOs working for poverty alleviation in Pakistan involves the consideration of the following four factors:

- Organizational orientation
- Community mobilization
- Outlook towards microfinance
- Donor preference

The comparative analysis reveals that in terms of organizational orientation, SRSP is a formally recognized rural support program, Alkhidmat is a charity-based foundation, Akhuwat specializes in micro-financing, while INGOs such as OXFAM focus on social uplift in terms of internationally recognized principles such as gender parity, human rights, and social justice by supporting local development partners. (Alkhidmat, 2021)

In terms of community mobilization, SRSP operates through a province-wise network of Community Organizations, Alkhidmat employs its volunteer base, Akhuwat makes use of existing religious places such as mosques and churches for community engagement, while INGOs like GIZ support the implementation of their poverty alleviation programs by involving local community organizations on a self-help basis. (Alkhidmat, 2021)

Apropos the outlook towards microfinance, SRSP offers interest-based micro-loans (up to 30% markup in some cases), Alkhidmat and Akhuwat provide interest-free loans on the Islamic principle of *Qarz-e-Hasna*, while INGOs charge rent on loans disbursed through their local development partners such as NRSP, which operates a licensed microfinance bank. (Akhuwat, 2022)

In connection with donor preferences, Western international donors such as DFID and USAID have strong preferences for partnering with local RSPs such as SRSP and INGOs such as CARE International, while Alkhidmat and Akhuwat are more aligned with faith-based humanitarian donors such as Muslim Hands UK. (Akhuwat, 2022)

The comparative analysis also reveals that though the RSPs, charity-based NPOs, and pro-poor micro-credit organizations might differ in terms of organizational orientation, community mobilization, outlook towards microfinance, and donor preference, they are strikingly similar in their focus on important development sectors such as microfinance, health, and education, and in their adoption of the self-help model for community-driven development. For instance, Akhuwat has disbursed 4.5 million interest-free loans amounting to PKR 128 billion (USD 798 million) to over 3 million families.

It also supports a network of over 300 schools and has provided financial support to over 34,000 small businesses through its Corona Support Fund. (Akhuwat, 2022) Similarly, Alkhidmat disbursed interest-free loans amounting to Rs. 54 million to 1,453 beneficiaries in 2021 and provided academic support worth Rs. 99 million to 8,402 beneficiaries. Alkhidmat is operating a significant country-wide network of 95 health facilities, including in rural areas. (Alkhidmat, 2021)

However, due to the lack of operational linkages and the absence of any specialized unit in the Ministry of Poverty Alleviation to check duplication of poverty-related projects, overlap and duplication in similar programs being implemented by the different categories of CSOs is inevitable. The nascent database, by the name of District Development Portal under the Data 4 Pakistan initiative by the Ministry of Poverty Alleviation, only provides development profiles of the districts in Pakistan but does not map the new and ongoing projects being undertaken by different CSOs for poverty alleviation in the districts. Thus, it cannot account for operational overlap and duplication. Developing an effective mechanism for detecting duplication in poverty alleviation programs is indeed crucial, as operational duplication is directly opposed to synergy.

Impact Analysis

For the purpose of impact analysis of CSOs and PPPs in mitigating poverty in Pakistan, the impact of projects implemented under the RSPN was compared with projects executed in the PPP mode under the Pakistan Poverty Alleviation Fund (PPAF). The PPAF was set up in April 2000, under the overall control of the Ministry of Poverty Alleviation. The comparative impact analysis was based on the following three broad areas of intervention due to their strong connection with synergizing poverty alleviation:

- Capacity building
- Community infrastructure
- Micro-credit

The analytical comparison reveals that in the area of capacity building, projects implemented under RSPN have contributed towards the capacity building of 7.5 million poor people, of which 59% are women, while projects under PPAF benefited 1,156,000 individuals, including 49% women.

Similarly, 173,687 community physical infrastructure schemes were executed under the RSPN umbrella, while 38,800 infrastructure projects were completed as a result of PPAF projects.

Finally, 14.3 million micro-credit loans were distributed, including 60% to women, while 8.4 million loans were provided under PPAF projects, including 64% to women.

The analysis of the impact of the poverty alleviation programs implemented under the RSPN and PPAF's PPP-based interventions strongly hints at a developmental paradox in the poverty alleviation sector. On one hand, the impact of the programs in the three core areas of intervention—capacity building, community infrastructure, and micro-credit—seems quite satisfactory, if not impressive. There is also an upward trend in terms of expanding coverage of poor communities in far-flung rural areas. However, the dismally declining national poverty indicators reported by internationally recognized bodies such as the UN and the World Bank present quite a contrasting situation. For instance, as per UNDP figures, Pakistan has a dismal score of 50% in terms of achieving targets relating to SDG 8, i.e., "Decent Work and Economic Growth," against the regional average of 65.9%. A similarly poor national performance is reflected in the score of 50% with regard to SDG 6, i.e., "Clean Water and Sanitation," against the regional average of 65.9%. Likewise, Pakistan significantly lagged behind in terms of per capita income in the year 2020, which was only USD 4,770, compared to Bangladesh's per capita income of USD 5,310. (Ministry of Planning, Development and Special Initiatives, 2021)

This developmental paradox in the poverty alleviation sector—which is worrying and perplexing at the same time—needs to be investigated through objective evaluation of the poverty alleviation programs by the CSOs. However, there is only one institution in Pakistan involved in performance-based auditing of CSOs: The Pakistan Center for Philanthropy (PCP). PCP's audit regime is focused on verifying that the tax exemptions claimed by the CSOs are justified through their performance. The Federal Board of Revenue provides the legally allowed tax exemptions to the CSOs based on the audit-based certification by the PCP. The PCP has serious capacity issues, which hampers its nationwide coverage.

Institutional Analysis

For the purpose of institutional analysis of the government structures responsible for the management of CSOs for poverty alleviation and public welfare in Pakistan, the role of the respective institutions was analyzed with regard to the following four vital functions:

- Registration and licensing
- Signage of Memorandum of Understanding (MoU)
- Issuance of No Objection Certificates (NOC)
- Synergizing CSOs working for poverty alleviation

Each of the above-mentioned functional assignments is discussed in detail with regard to the responsible government institutions, the modes and means adopted by them, and their legal framework.

Registration and Licensing

As per the different nature of CSOs involved in poverty alleviation, a number of governmental institutions have been tasked with the responsibility of their registration and licensing. Registration of CSOs by the Securities and Exchange Commission of Pakistan (SECP) is carried out under Section 42 of the Companies Act 2017. The SECP has trans-provincial jurisdiction for the registration of CSOs in all of Pakistan under the said law. (Democracy Reporting International, October 2021)

The Khyber Pakhtunkhwa Charity Commission, Sindh Charity Commission, Punjab Charity Commission, and the Balochistan Charities Registration and Regulation Authority are mandated with the registration of charity-based CSOs under the Khyber Pakhtunkhwa Charities Act 2019, Sindh Charities Registration and Regulation Act, the Punjab Charities Act, and the Balochistan Charities (Registration, Regulation and Facilitation) Act, 2019 (BCRA 2019), respectively. (Democracy Reporting International, October 2021). Though all four provincial government entities claim that these commissions are essential for making effective provisions for the registration, regulation, and administration of charities, fundraising, and collection of charitable funds, it is important to highlight that none of these entities act as a primary registration body. All the charity commissions require that a CSO be registered under another law before it can be registered with them. However, registration with the commission is mandatory in all three provinces.

The respective provincial Industries/Labor departments and the Balochistan Charities Registration and Regulation Authority are empowered to register CSOs under the Trust Act 2020 and the Societies Registration Act 1860 (SRA 1860). (Democracy Reporting International, October 2021). In addition, the Provincial Social Welfare Department and the respective provincial Industries/Labour departments, along with the Balochistan Charities Registration and Regulation Authority, also register CSOs under the Voluntary Social Welfare Agencies (Registration and Control Ordinance) 1961 (VSWA Ordinance 1961). (Democracy Reporting International, October 2021)

Signage of Memorandum of Understanding (MoU)

CSOs, including both INGOs and local NGOs receiving funds from abroad, are required to sign an MoU with the Economic Affairs Division (EAD), subject to the grant of an NOC by the Ministry of Interior. (Democracy Reporting International, October 2021)

Issuance of No Objection Certificates (NOC)

Under the Policy for Regulation of International Non-Governmental Organizations in Pakistan (2015), applications of both INGOs and local NGOs receiving foreign funding, initially submitted to EAD, are subsequently referred to the Ministry of Interior for issuance of NOC to commence operations. The Ministry of Interior refers the applications to as many as 14 federal and provincial departments for verification. The decision about the issuance of the NOC is made after this cumbersome verification process. (Democracy Reporting International, October 2021)

Synergizing CSOs Working for Poverty Alleviation

Although there is no specific governmental policy for synergizing CSOs in Pakistan, the Pakistan Poverty Alleviation Fund (PPAF), established in April 2000 under the overall control of the Ministry of Poverty Alleviation, has the strategic role of synergizing the potential of CSOs in the poverty alleviation sector through Public-Private Partnerships by focusing on building and supporting value-based institutions, using community-based development approaches, and engaging local actors to provide key goods and services. PPAF has been spearheading the promotion of synergy in poverty alleviation by aligning resource mobilization, and strengthening organizational effectiveness and partnerships. PPAF is currently collaborating with 137 partner organizations in 147 districts across Pakistan. (https://www.ppaf.org.pk/, 2022)

The institutional analysis clearly highlights the fact that the problems of multiplicity of governmental organizations tasked with the management of CSOs, cumbersome procedures for fulfilling legal obligations prescribed for CSOs, and the lack of dedicated entities focusing on synchronizing poverty-related interventions by CSOs have a cumulative adverse effect on synergizing their potential. Simplified procedures and uniform focus are essential for promoting synergy, while complex practices and diversified focus hamper it to a great extent.

Gap Analysis

Under the analysis for identifying gaps in the policies and structure of the government to optimally tap the potential of CSOs for poverty alleviation in Pakistan, the major lacunae in the Pakistani context were highlighted with reference to international best practices.

As clarified in the situational analysis, the lack of operational linkages between RSPs, charity-based, philanthropic, and faith-based organizations is quite apparent, which is indeed a significant hurdle in creating synergy among CSOs working for poverty alleviation. Interviews conducted with the middle management of the RSPN, Alkhidmat, and Akhuwat Foundation revealed that there is hardly any collaborative engagement or even information sharing among them in the context of joint resource mobilization for poverty alleviation, though all three networks focus on rural areas through similar kinds of interventions aimed at capacity building and strengthening targeted poor communities.

Contrarily, in the Philippines, the local wisdom of the concept of *pakikipagkapwa* (holistic interaction with others) has been utilized to create a synergized poverty reduction paradigm which connects NGOs, INGOs, faith-based entities including Catholic, Methodist, and Protestant missionaries, humanitarian organizations, philanthropic NPOs, pro-poor micro-credit organizations, and community-based self-help groups. The implementation of the *pakikipagkapwa* principle is indeed greatly conducive to engendering synergy among multiple stakeholders from diverse backgrounds involved in poverty alleviation. (Baiocchi, 2002)

In the context of synergizing poverty alleviation programs being implemented by CSOs, the involvement of the target poor communities is inevitable, as they are indeed the greatest force multipliers in the fight against poverty. Public involvement is essential in the domain of resource allocation for poverty reduction projects so that their budget allocation reflects the priorities of the respective poor communities. However, budgeting techniques that are based on consultations and feedback from the targeted poor communities are still quite restricted in their use and application by CSOs and government structures in Pakistan. Conversely, due to state–civil society reforms in Brazil for synergizing civil society, an elaborate system of Citizen Participatory Budgeting termed Orçamento Participativo has been institutionalized quite successfully in the major Brazilian city of Porto Alegre, where municipal programs for poverty alleviation by CSOs incorporate organized consultation with target poor communities to align budget allocation with public expectations and priorities. (Asian Development Bank, February 2013)

SWOT Analysis

Strengths	Weaknesses
• Established cross-functional synergizing platform for rural support programs i.e. RSPN • Nation-wide Outreach network of Community Based Organizations. • Extensive experience of working with International and local Donors	• Limited scope of collaboration. • Activities' impact not reflected in national poverty indicators. • Non-alignment with Government Poverty Alleviation Policy
Opportunities	**Threats**
• Scope for tapping community driven development • Donors' support and trust leading to greater chances for funding • Supportive external and international thematic policies and Law.	• Overlapping poverty alleviation programs • Public misconceptions about CSOs. • Cumbersome NOC issuance for INGOs

SWOT Analysis of Government's Poverty Alleviation Structures

Strengths	Weaknesses
Dedicated body for aligning resources i.e. PPAF Existing framework (GoNGOs) for Public Private Partnerships. Leverage over the CSOs as Registration Authority	Inconsistency of Policy. Multiple Forums for CSOs' registration. Absence of Binding Framework for CSOs' synergy.
Opportunities	**Threats**
Achieving meaningful public support through demand driven poverty alleviation initiatives. Social empowerment through transparent participatory governance. Gaining increased international support by effectively pursing CDD.	Conflicting policies and objectives viz a viz Development Partners. Political instability leading to compromised decision making. Negative propaganda against collaboration with CSOs.

EETH Analysis

Enhancement of strengths	**Eliminating weaknesses**
Inclusion of Charity based, and philanthropic CSOs in rural support programs network. (RSPN)	Expanding collaboration to both policy and operational spheres.
xtending coverage to neglected areas especially NMDs	Strategic and tactical realignment through objective impact assessment
nternational advocacy for greater donor support.	Synchronization of policy with government priorities
Taking Advantage of Opportunities	**Hedging Against Threats**
Gaining public goodwill.	Ensuring GIS based non-duplication
Cementing partnership with donors.	Targeted public awareness campaign for vulnerable populations
Availing Optimal benefit of tax exemptions	Diplomatic engagement for Simplifying NOC issuance by respective governments of INGOs.

EETH Analysis of Government's Poverty Alleviation Structures

Enhancement of Strengths	**Eliminating Weaknesses**
Strengthening PPP based poverty reduction interventions	Political will for Sustained policy direction
Improving cost efficiency through performance based audit	Legislative policy for one window registration
Coupling registration with synergy.	Cluster based synergizing
Taking Advantage of Opportunities	Hedging against Threats
Achieving much needed public ownership for successful execution.	Policy Synchronization with International SDGs
Creating public stakes in state run poverty related programs.	Building national consensus for poverty alleviation to thwart policy variation
Translating international support into Enhanced poverty based Donor funding.	Involving public opinion leaders to dispel negative perceptions

Conclusion

1. The non-inclusion of charity-based, philanthropic, and faith-based CSOs in the support network for RSPs inhibits the synergizing of rural-based poverty alleviation interventions by the different categories of CSOs.
2. The multiplicity of government structures for the management of CSOs is not conducive to a holistic understanding of the modes and means required for effective synchronization of poverty-based programs being implemented by the CSOs.
3. The discrepancy between the data regarding positive outcomes by RSPs as well as PPPs and the poor national poverty indicators hinders the objective evaluation of poverty alleviation programs and synchronized goal-setting by the government and the CSOs.
4. The overlap in the poverty alleviation interventions by different categories of CSOs leads to functional duplication, which is strongly opposed to operational synergy.
5. Owing to the lack of public ownership and support, poverty alleviation programs in the PPP mode, being jointly implemented by the government and the CSOs, are not demand-driven.

Recommendations

The following practical recommendations are made to address the negative implications of the issues and challenges highlighted in the conclusions:

Short Term

3. Immediate capacity building of the Pakistan Center for Philanthropy should be carried out by setting up its sub-offices in all provinces to ensure objective evaluation of the poverty alleviation programs implemented by the RSPs as well as through PPPs for uniform target setting.
4. A sub-portal may be added to the existing District Development Portal under the Data 4 Pakistan initiative by the Ministry of Poverty Alleviation, which not only provides the details of all new and ongoing projects for poverty alleviation by CSOs but also offers intelligent duplication identification features to detect any operational duplication.

Medium Term

5. A "Synergy for Poverty Unit" (SoPU) should be set up as a one-stop shop solution under the auspices of the Ministry of Poverty Alleviation to facilitate CSOs focusing on poverty alleviation, both in fulfilling the prescribed legal obligations and in creating linkages with potential partner organizations for synergizing poverty-related interventions.

Long Term

6. Government structures and CSO networks for synergizing CSOs working on poverty alleviation in rural areas should jointly work to create linkages among RSPs, charity-based, philanthropic, and faith-based organizations by replicating the "pakikipagkapwa" model in the Philippines.
7. Citizen Participatory Budgeting practices, inspired by the Brazilian "Orçamento Participativo" model, should be made an integral part of all PPP-based poverty alleviation programs, so that budget allocations for selected interventions align with the public expectations of the targeted communities.

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Role of Agriculture sector in Alleviation of Poverty in Pakistan

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Abstract:

Agriculture remains a cornerstone of Pakistan's economy, offering immense potential for poverty alleviation if managed effectively. This study explores the dynamic relationship between agricultural development and poverty reduction in Pakistan, highlighting how innovations in farming techniques, improved irrigation systems, and enhanced infrastructure can significantly boost rural productivity and income. Despite its agricultural base, Pakistan continues to struggle with widespread poverty due to structural challenges, poor policy execution, and underutilization of youth and women in the sector. The study analyzes the "vicious circle of poverty" and identifies agriculture as a key driver to break this cycle through employment generation, income redistribution, and food security. It emphasizes the importance of institutional reforms, investment in research and development, and targeted support mechanisms like microcredit and price policies. Empirical findings underscore that agricultural growth leads to measurable reductions in poverty, particularly when complemented by social inclusion and infrastructure development. The paper offers policy recommendations across short-, mid-, and long-term horizons for sustainable impact.

Key words:

Agriculture, Poverty Alleviation, Rural Development, Economic Growth, Pakistan

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Introduction

Agriculture is one of the oldest traits of human civilization. Being an agrarian society, agriculture is the backbone of Pakistan's economy. Rapid urbanization and exponential population growth in recent years have resulted in a massive demand for agricultural products. The government is focusing on increasing rural growers' yields through infrastructural development, employing innovative techniques, modernizing the irrigation system, supplying certified seed varieties, and establishing modern supply chains, with the ultimate goal of alleviating poverty among the masses.
Advancement in the agriculture sector over time has increased output relatively; however, demand has risen exponentially.

Statement of the Problem

Agriculture in Pakistan, if properly managed, has the potential to significantly reduce poverty. Progress in the agriculture sector over time has contributed to poverty reduction, employment generation, and minimizing the inequality gap. Nonetheless, although Pakistan has made important strides in promoting agriculture and has achieved some success in reducing poverty, the challenges faced by this sector have become increasingly complex. The potential of agriculture to shape the future of poverty alleviation, as well as the challenges hindering this goal, needs to be critically examined.

Scope

This study has been conducted to examine and analyze the effect of the agriculture sector on poverty reduction. It will investigate the significance of agricultural growth in major and minor crops, livestock, and its contribution to poverty alleviation in Pakistan. It will further critically analyze agricultural policies and the role of institutions in combating poverty.

Poverty

Poverty is not simply the lack of money, but the inability to meet basic needs such as food, clothing, and shelter. The World Bank defines poverty as hunger and lack of shelter (www.gnb.ca/con). Traditionally, poverty refers to the lack of resources to provide life's necessities—food, clean water, shelter, and clothing. In today's world, it also includes access to healthcare, education, and even transportation (www.worldvision.ca).

In Pakistan, poverty is defined as "a state or condition in which a person or community lacks the financial resources and essentials to enjoy a minimum standard of life and well-being that is considered acceptable in society" (www.finance.gov.pk). The minimum wage in Pakistan is Rs. 25,000 per month (Pakistan Government, Finance Division, 2022).

"Poverty" in Pakistan

Pakistan's economy fluctuates daily, and the nation's progress remains slow. The causes of poverty in Pakistan are numerous, inhibiting economic growth and development, and trapping the poor in a vicious circle of poverty. The three major contributing factors to poverty in Pakistan are unchecked population growth, a large uneducated and poorly skilled population, and imbalanced taxation. Other factors include worsening law and order, social injustice, and ineffective government interventions.

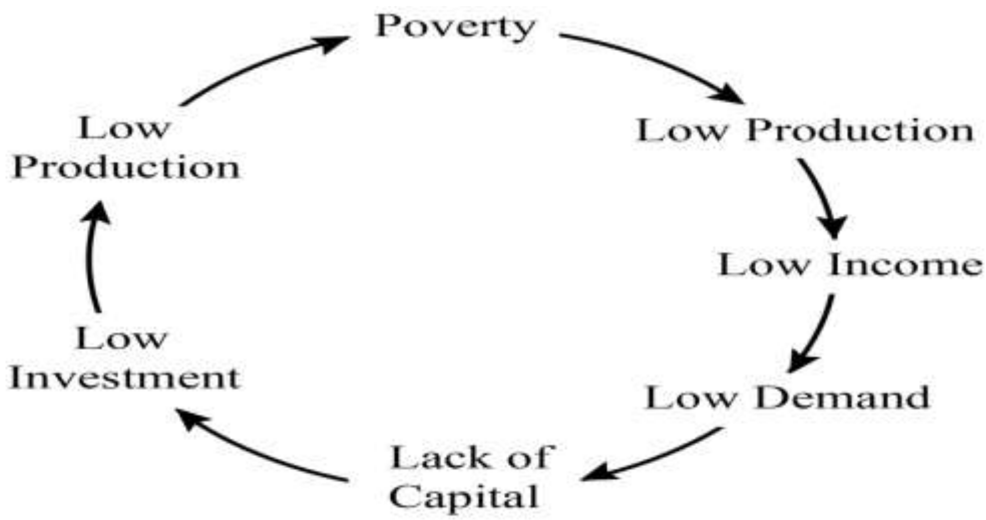
Vicious Circle of Poverty

Less developed countries suffer from poverty due to local issues and hurdles. These obstacles are interconnected in such a way that they form a strong vicious circle, resulting in a persistently low level of development.

A country remains poor because it lacks the capacity to save, which leads to low levels of investment and a deficiency of capital. Low productivity results in low income, reinforcing the cycle of poverty.

The vicious circle of poverty explains that an economy cannot escape poverty without the injection of external resources. These resources boost investment, increase income, and eventually reduce poverty.

Pakistan has taken on heavy borrowings but has failed to invest effectively in agriculture, manufacturing, and research and development. This failure has further entrenched the country in the vicious circle of poverty, and its economy continues to suffer (Byjus, 2022).



Role of Poverty Alleviation in Economic Development

According to Maslow’s hierarchy of needs, poverty can be defined as the deprivation of the most basic needs: food, shelter, and clothing. The World Bank broadens the definition to include deprivation of healthcare, education, and employment, leading to an insecure future. Poverty is an undesirable state, and its reversal involves fulfilling basic needs, ensuring access to health and education, providing employment opportunities, and ensuring a secure and facilitated life.

Based on the lower-middle-income poverty rate, 39.2% of Pakistan's population lives below the poverty line. Research shows that four out of ten Pakistanis suffer from multidimensional poverty, with uneven distribution across the country’s regions.

In Pakistan, poverty alleviation can spur economic development. This could lead to free education and healthcare, job creation, investment opportunities, entrepreneurial skill development, and the use of modern agricultural technologies such as solar tube wells, efficient irrigation techniques, hybrid and genetically modified seeds, climate-resilient varieties, and a shift from supply-driven to demand-driven marketing. These changes can broaden the agricultural base and reduce poverty.

Economic and social inequalities have a strong negative impact on economic growth, contributing to over 25% poverty. Eliminating these inequalities requires urgent corrective action to revive the economy and reduce poverty, which continues to plague Pakistan’s development. Research has found that inflation, economic growth, investment, and trade openness are closely linked to poverty in Pakistan. Poverty alleviation could boost investments and foster economic development. Furthermore, research suggests that an increase of PKR 1,000 in per capita income can lift 1.6% of people out of poverty (Hayat U, 2019).

Agriculture

Role of Agriculture in the Development of Pakistan

Agriculture plays a vital role in uplifting Pakistan's economy and eradicating poverty. A significant portion of the labor force is engaged in the agriculture sector. It serves as the main source of food and supplies a substantial amount of raw materials to various industries. Agriculture also contributes heavily to the GDP. The percentage of cultivated land across provinces is: Punjab 77%, Khyber Pakhtunkhwa 14%, Sindh 5%, and Balochistan 4% (Finance, 2022). According to the Asian Development Bank's 2017 report, rising temperatures could reduce Pakistan's agricultural productivity by 7–10% by 2040. The following points highlight agriculture's role in economic development and poverty alleviation in Pakistan.

Irrigation as a Contributing Factor in the Agriculture Sector

Pakistan is blessed with abundant water resources. The Indus River and its tributaries irrigate 48 million acres through one of the world's largest contiguous irrigation systems—the Indus Basin Irrigation System—with an average annual water withdrawal of 101 MAF. Additionally, around 50 MAF of groundwater is extracted via 1.2 million tube wells. Water is essential to meet the food needs of Pakistan's growing population. However, rising population, reservoir sedimentation, reduced river flows, and climate change are placing immense stress on these water resources, gradually leading to water scarcity (Finance, 2022).

Major Source of Employment

The agriculture sector employs a large share of the country's labor force. It contributes approximately 45–48% to national employment. About 37.4% of the labor force is directly involved in agriculture, and over 65% of the rural population depends on it indirectly. Agriculture plays a significant role in reducing unemployment and alleviating poverty (Finance, 2022).

Contribution to GDP

Agriculture significantly contributes to Pakistan's GDP—currently at 22%. At the time of independence, it was the largest GDP contributor, although the service sector has since surpassed it. Today, agriculture remains the third-largest contributor. Livestock and fisheries are vital subsectors, offering employment and contributing substantially to exports. Livestock alone accounts for 61.89% of the agricultural sector and 14.04% of GDP. Pakistan ranks 5th among Muslim countries and 12th globally in farm output, and it is the world's 5th-largest milk producer, reinforcing the sector's foundational role in the national economy (Agriculture).

Foreign Exchange Earner

Agriculture is a major source of foreign exchange earnings. Key exports include cotton, rice, fruits, textiles, dairy products, and livestock. Collectively, the agriculture sector accounts for about 65% of the country's total export earnings.

Reduction in Poverty

Agriculture significantly contributes to rural development and poverty reduction. About 21% of Pakistan's population lives below the poverty line. The sector can reduce poverty while also stimulating non-farming employment and facilitating access to essential services such as sanitation, clean drinking water, electricity, healthcare, and education (Hayat U, 2019).

Food Security

With a population growth rate of 2%, Pakistan requires a robust agricultural sector to prevent food insecurity. Agriculture bears the responsibility of feeding the population, creating jobs, generating revenue, and alleviating poverty. Article 38 of the Constitution of Pakistan mandates the state to provide food to its citizens, which depends heavily on agricultural performance.

Increasing Tax Revenue

Higher tax revenue from agriculture, especially the non-farming subsector, enables greater public investment in development. Effective taxation within agriculture boosts GDP and facilitates job creation, further contributing to poverty alleviation and economic growth.

Major Crops

Key major crops include wheat, rice, cotton, sugarcane, and maize.

Associated Crops

Associated crops include fruits, vegetables, groundnut, rapeseed, sesame, safflower, sunflower, banana, soybean, millet, and gram.

Dairy and Livestock

The dairy and livestock sector contributes 49% of value addition within agriculture and 11.4% to Pakistan's GDP—surpassing the entire crop sector's contribution of 10.9% (Finance, 2022).

Fisheries and Poultry

Fisheries contribute 0.4% to the national GDP and form an important subsector within agriculture.

Global and Regional Rankings of Pakistan in Agriculture

Field	**World Ranking**
Seed Cotton (4,494,645 tons)	5
Rice (11,115,428 tons)	9
Onion (2,079,593 tons)	6
Mangoes, Teens, Guavas (2,270,229 tons)	5
Wheat (24,348,983 tons)	8
Dates (483,071 tons)	6
Sugarcane (66,888,011 tons)	5
Chickpea (446,584 tons)	5
Pulses (110,680 tons)	11
Okra (124,779 tons)	6
Goats (76,143,000 heads)	4
Buffaloes (40,002,000 heads)	2
Asses (5,417,000 heads)	3
Chicken (1,321,000 heads)	5
Camels (1,090,000 heads)	9
Meat (Buffalo – 1,085,000 tons)	2
Milk (Goat – 940,000 tons)	4
Meat (Goat – 491,000 tons)	3

Policies Governing Agriculture in Pakistan

Agriculture Transformation Plan (2020)

The Agriculture Transformation Plan (ATP) was developed after analyzing the value chains of 33 agricultural commodity clusters across the country. The main objective of the ATP is to transform agriculture from a supply-driven sector into a demand-oriented one that can compete both nationally and internationally. This is to be achieved through vertical integration rather than the horizontal expansion of value chain activities. The strategy aims to synergistically link different stakeholders along the value chains of these commodity clusters (Pakistan Government, Ministry of Planning, Development and Special Initiatives, 2022).

The ATP focuses on:

- Improving farm productivity
- Enhancing post-harvest management
- Strengthening value chain management
- Promoting the processing of agricultural commodities

National Food Security Policy (2018)

Article 38 of the Constitution of Pakistan mandates the State to provide basic necessities of life, including food, clothing, housing, education, and medical relief. The National Food Security (NFS) Policy aims to ensure a modern and efficient food production and distribution system that supports food security and nutrition through availability, access, utilization, and stability. It prioritizes poverty alleviation and the eradication of hunger and malnutrition.

Despite various initiatives, agricultural growth has not significantly benefitted Pakistan’s rural poor. Previous policies focused primarily on major crops like wheat, rice, and sugarcane. Contributing factors to underperformance include:

- Slow technological innovation
- Inefficient and untimely input supply
- Inadequate extension services and technology transfer
- Limited infrastructure investment
- Market and trade restrictions
- Pest and livestock disease challenges
- Shortages of feed and fodder
- Lack of agricultural credit and tailored loan products

According to a report by Concern Worldwide and Welthungerhilfe, "As the year 2030 draws closer, achievement of the world's commitment to Zero Hunger is tragically distant." Furthermore, the Global Report on Food Crises (2021) predicts an increase in the severity and frequency of food crises. The World Food Programme reports that 41 million people are currently on the verge of famine.

Federal Price Support Policy

The price support policy aims to provide subsidies or regulate prices for agricultural commodities. It ensures that farmers receive fair compensation for their produce and are protected from market exploitation. The federal government enforces this policy through PASSCO and the Trading Corporation of Pakistan (TCP).

Pakistan Agricultural Storage and Services Corporation Limited (PASSCO)

Established in 1973 and operational since 1974, PASSCO is a public limited company with an authorized capital of Rs. 100 million and paid-up capital of Rs. 30 million. Of this, 75% was contributed by five nationalized commercial banks and ADBP (now ZTBL), while 25% was subscribed by the Federal Government. The Board of Directors, led by the Secretary of the Ministry of National Food Security & Research (Chairman), governs the corporation.

Major Functions:

- Maintain food security by conserving strategic food reserves
- Achieve self-sustainability through agro-business at national and international levels
- Ensure efficiency, accountability, and minimal loss or waste
- Implement support price mechanisms to stabilize markets and support farmers
- Meet targets set by the government's food policies
- Upgrade infrastructure and skills as needed
- Promote transparency, effective communication, and employee engagement

Trading Corporation of Pakistan (TCP)

Founded in July 1967 and registered under the Companies Act, TCP was Pakistan's first state trading initiative. It operates under the Ministry of Commerce and aims to:

- Achieve economies of scale via bulk transactions
- Prevent over/under-invoicing and safeguard foreign exchange
- Stabilize markets by counteracting speculative price hikes

- Ensure essential commodities are available to the public at affordable prices
- Provide fair prices to growers

Vision:
To serve the nation as a responsive, modern corporate entity attuned to national needs and global trade dynamics.

Mission:
To develop professional corporate structures, emphasize human resource development, adopt IT-based operations, ensure transparency, and maintain efficient resource usage.

Mandate:
Initially established to export agricultural goods and import essentials, TCP's revised roles (since 1995) include:

- Imports and exports
- Countertrade
- Procurement of lint cotton
- Inspection of brown rice exports to Europe
- Urea imports

Animal Quarantine Department (AQD)

AQD is an attached department of the Ministry of National Food Security and Research. It is responsible for quarantine, inspection, and certification of animals and animal products. AQD works with other agencies to protect livestock and wildlife from exotic diseases through regulation of imports, exports, and quarantine operations (Research, 2022).

Subsidiary and Supporting Institutions

Pakistan Agricultural Research Council (PARC)

PARC is the apex agricultural research body at the national level, functioning in partnership with the Ministry of National Food Security and Research. Its objective is to strengthen agricultural research systems at both federal and provincial levels (Pakistan Government, 2022).

Department of Plant Protection

Operating under the Plant Quarantine Act (1976), Agriculture Pesticide Rules (1967), and Agriculture Pesticide Ordinance (1971), the Department ensures plant protection and pesticide regulation across the country. Other supporting institutions working under or in collaboration with the Ministry of National Food Security & Research (MONFS&R) include:

- Fisheries Development Board
- Livestock Development Board
- Pakistan Oilseed Development Board

Analysis

Potential of the Agriculture Sector & Its Contribution to Poverty Alleviation

A 1% growth in the agriculture sector results in a 0.021% reduction in the poverty rate (Hayat U, 2019). Sustainable growth in agriculture is crucial for food security, rural development, and poverty alleviation. Furthermore, agriculture provides raw materials for industry, creating strong linkages with overall economic development. It contributes 22.7% to Pakistan's GDP and employs around 37.4% of the labor force (Economic Survey of Pakistan, 2022).

Improved agricultural production systems increase farm income, reduce consumer prices, enhance the diversity of food supplies, and generate exportable surpluses — all of which contribute to poverty reduction. In the post-COVID-19 era, the steep rise in commodity prices has underscored the sector's importance, particularly for countries that are net importers of food.

In 2021–22, the agriculture sector recorded a growth of 4.40%, surpassing the target of 3.5%. This growth was driven by high yields, attractive output prices, supportive government policies, and better availability of certified seeds, pesticides, and agricultural credit.

The crops sector outperformed expectations with a growth of 6.58% in 2021–22, compared to 5.96% the previous year. At the sub-sector level:

- Important crops grew by 7.24% (vs. 5.83% last year),
- Other crops by 5.44% (vs. 8.27%),
- Cotton ginning by 9.19% (vs. -13.08%).

Growth in the production of important crops was as follows:

- Cotton: +17.9%
- Rice: +10.7%
- Sugarcane: +9.4%
- Maize: +19.0%

Cotton production increased from 7.1 million bales to 8.3 million bales; rice from 8.4 to 9.3 million tonnes; sugarcane from 81.0 to 88.7 million tonnes; maize from 8.9 to 10.6 million tonnes. Wheat production, however, declined from 27.5 to 26.4 million tonnes.

Other crops, which account for 13.86% of agriculture value addition and 3.14% of GDP, grew by 5.44%, driven by increases in:

- Pulses: 29.82%
- Oilseeds: 24.75%
- Vegetables: 11.52%
- Fruits: 1.53%
- Fodders: 0.36%

Livestock, which accounts for 61.89% of agriculture and 14.04% of GDP, grew by 3.26% in 2021–22 (vs. 2.38% last year).

Fishing, with a 1.39% share in agricultural value and 0.32% of GDP, grew by 0.35% (vs. 0.73%).

Forestry, with a 2.14% share in agriculture and 0.49% of GDP, grew by 6.13% (vs. -0.45%).

Agricultural Growth (Base Year = 2015–16)

Sector	**2016–17**	**2017–18**	**2018–19**	**2019–20**	**2020–21**	**2021–22 (P)**
Agriculture	2.22%	3.88%	0.94%	3.91%	3.48%	4.40%
1. Crops (i+ii+iii)	1.37%	4.61%	-4.38%	6.32%	5.96%	6.58%
i) Important Crops	2.68%	4.27%	-8.59%	5.24%	5.83%	7.24%
ii) Other Crops	-1.24%	4.65%	3.62%	9.21%	8.27%	5.44%
iii) Cotton Ginning	5.24%	8.27%	-11.23%	-4.06%	-13.08%	9.19%
2. Livestock	2.89%	3.59%	3.65%	2.80%	2.38%	3.26%
3. Forestry	-2.92%	2.24%	7.22%	3.36%	-0.45%	6.13%
4. Fishing	1.22%	1.57%	0.78%	0.63%	0.73%	0.35%

Source: Pakistan Bureau of Statistics

Wheat

Wheat is Pakistan's staple crop and vital to national food security. It is cultivated on over 22 million acres and contributes 7.8% to agricultural value addition and 1.8% to GDP. Achieving self-sufficiency in wheat has consistently been a government priority.

Year	Area (000 Hectares)	% Change	Production (000 Tonnes)	% Change	Yield (Kg/Hec.)	% Change
2017–18	8,797	—	25,076	—	2,851	—
2018–19	8,678	-1.4%	24,349	-2.9%	2,806	-1.6%
2019–20	8,805	1.5%	25,248	3.7%	2,868	2.2%
2020–21	9,168	4.1%	27,464	8.8%	2,996	4.5%
2021–22 (P)	8,976	-2.1%	26,394	-3.9%	2,940	-1.9%

Cotton

Pakistan is the 5th largest cotton producer globally. Cotton and textile exports constitute around 60% of total exports. Cotton contributes 0.6% to GDP and 2.4% to agricultural value. However, over the past decade, cotton area has declined due to competition from other crops such as sugarcane and maize.

Year	Area (000 Hectares)	% Change	Production (000 Bales)	% Change	Yield (Kg/Hec.)	% Change
2017–18	2,700	—	11,946	—	753	—
2018–19	2,373	-12.1%	9,861	-17.5%	707	-6.1%
2019–20	2,517	6.1%	9,148	-7.2%	618	-12.6%
2020–21	2,079	-17.4%	7,064	-22.8%	578	-6.5%
2021–22 (P)	1,937	-6.8%	8,329	17.9%	731	26.5%

Sugarcane

Sugarcane holds great significance for sugar-related industries and is the second-largest agro-based industry after textiles. Its production contributes 3.7% to agricultural value addition and 0.8% to GDP. During 2021–22, sugarcane was cultivated on 1,260 thousand hectares, marking an 8.2% increase compared to the previous year's sown area of 1,165 thousand hectares. A bumper crop was recorded at 88.651 million tonnes, reflecting a 9.4% increase over the previous year's production of 81.009 million tonnes. This significant yield has contributed to employment generation and poverty reduction (Finance, 2022).

Table 2.5: Area, Production and Yield of Sugarcane

Year	Area		Production		Yield	
	(000 Hectare)	% Change	(000 Tonnes)	% Change	(Kgs/Hec.)	% Change
2017-18	1,342	-	83,333	-	62,096	-
2018-19	1,102	-17.9	67,174	-19.4	60,956	-1.8
2019-20	1,040	-5.6	66,380	-1.2	63,841	4.7
2020-21	1,165	12.0	81,009	22.0	69,534	8.9
2021-22(P)	1,260	8.2	88,651	9.4	70,341	1.2

P: Provisional
Source: Pakistan Bureau of Statistics

Rice

Rice is an important cash crop and, after wheat, the second major staple food item consumed in the country. It contributes 2.4% to value added in agriculture and 0.5% to GDP. During 2021–22, rice was cultivated on 3,537 thousand hectares, reflecting a 6.1% increase compared to 3,335 thousand hectares in the previous year. The record-high output stood at 9.323 million tonnes in 2021–22, which was 10.7% higher than the previous year's production of 8.420 million tonnes (Finance, 2022).

Year	Area (000 Hectares)	% Change	Production (000 Tonnes)	% Change	Yield (Kg/Hec.)	% Change
2017–18	2,901	—	7,450	—	2,568	—
2018–19	2,810	-3.1%	7,202	-3.3%	2,563	-0.2%
2019–20	3,034	8.0%	7,414	2.9%	2,444	-4.6%
2020–21	3,335	9.9%	8,420	13.6%	2,525	3.3%
2021–22 (P)	3,537	6.1%	9,323	10.7%	2,635	4.4%

Irrigation

During the monsoon season (July–September) 2021, rainfall was recorded at 125.0 mm, showing a decline of 11.3% compared to the normal average of 140.9 mm. In the post-monsoon season (October–December) 2021, rainfall stood at 23.5 mm against the normal average of 26.4 mm, reflecting a decrease of 11.2%. During the winter season (January–March) 2022, rainfall was 72.7 mm against the normal average of 74.3 mm, indicating a 2.2% decline (Finance, 2022). The rainfall recorded during the reference period is as follows:

Pakistan's Rainfall Recorded During 2021–22 (in Millimetres)

Season	**Normal****	**Actual**	**Shortage/Excess (mm)**	**% Shortage/Excess**
Monsoon (Jul–Sep) 2021	140.9	125.0	-15.9	-11.3%
Post-Monsoon (Oct–Dec) 2021	26.4	23.5	-2.9	-11.2%
Winter (Jan–Mar) 2022	74.3	72.7	-1.6	-2.2%

Source: Pakistan Meteorological Department
*: Area-weighted
**: Long period average (1961–2010)

Canal head withdrawals decreased by 0.05% during the Kharif season (April–September) 2021, reaching 65.08 MAF compared to 65.11 MAF in the same season of the previous year. During the Rabi season (October–March) 2021–22, withdrawals declined by 12% to 27.42 MAF from 31.21 MAF recorded the previous year (Finance, 2022). Province-wise details are as follows:

Canal Head Withdrawals (Below Rim Stations) (Million Acre Feet)

Province	**Kharif 2020**	**Kharif 2021**	**% Change (Kharif)**	**Rabi 2020–21**	**Rabi 2021–22**	**% Change (Rabi)**
Punjab	33.44	33.13	-1%	17.42	14.65	-16%
Sindh	28.80	28.96	1%	12.01	11.08	-8%
Balochistan	2.02	1.94	-4%	1.22	1.00	-18%
Khyber Pakhtunkhwa	0.85	1.05	23%	0.57	0.70	23%
Total	**65.11**	**65.08**	**-0.05%**	**31.21**	**27.42**	**-12%**

Source: Indus River System Authority

During FY2022, an amount of Rs. 90.312 billion (10% of the total PSDP) was allocated for 91 water sector development projects and studies, including:

- Mohmand Dam: Rs. 15 billion
- Diamer Basha Dam: Rs. 8 billion
- Diamer Basha Land Acquisition: Rs. 7 billion
- Kachhi Canal: Rs. 12 billion

Of the allocated amount, Rs. 57.544 billion was released by 31st March 2022, with actual utilization reported at Rs. 47.618 billion (Finance, 2022).

SWOT Analysis of the Agriculture Sector

Strengths	**Weaknesses**
- Availability of human resources	- Lack of a rural development strategy
- Increased crop productivity	- Unskilled labor
- Improved export capabilities	- Fragmented agricultural land
- Reduction of food gaps in some crops	- Migration of youth from rural areas
- Reformation of tenant–owner relationships	- Water resource issues due to mismanagement and poor storage infrastructure
- Abundant ground and freshwater resources	- High poverty and illiteracy
- Existence of legislation and regulations	- Lack of coordination among ARD stakeholders
- Participation of various entities in Agricultural Research & Development	
Opportunities	**Threats**
- Introduction of technology, including solarization	- Climate change leading to water scarcity
- Efficient water usage through drip irrigation (can save 50–60% water)	- Unsustainable extensive farming practices
- Improved rural facilities to retain youth	- Salinity and waterlogging
- Favorable terrain for oilseed cultivation	- Rapid urbanization
- Monsoon rains and four distinct seasons	- High global prices of hybrid seeds, fertilizers, and pesticides
- Fertile land	- Proliferation of unregulated residential colonies

EETH Analysis

Enhancement of Strengths	**Elimination of Weaknesses**	**Take Advantage of Opportunities**	**Hedges Against Threats**
- Impart skills to human resources - Promote PPPs for R&D - Modernize food processing - Implement land reforms - Improve access to high-yield varieties - Develop rural infrastructure - Enforce support price policy	- Remove hurdles in microcredit for farmers - Provide rural facilities - Establish agricultural colleges - Promote drip and drone irrigation - Expand microfinancing	- Solarize tube wells - Provide soft loans for drip irrigation - Utilize natural and human resources optimally	- Introduce climate-resilient crop varieties - Build large dams - Address salinity and waterlogging - Encourage vertical construction - Promote local R&D for agri-inputs

Non-Farming

Livestock and Poultry

Livestock

Livestock contributed approximately 61.9 percent to agriculture value added and 14.0 percent to the national GDP during 2021–22. Animal husbandry is the most significant economic activity for the rural population of Pakistan. More than 8 million rural families are engaged in livestock production, deriving around 35–40 percent of their income from this sector. The gross value addition of livestock increased from Rs. 5,269 billion in 2020–21 to Rs. 5,441 billion in 2021–22, showing an increase of 3.26 percent (base year 2015–16).

The government has renewed its focus on this sector for economic growth, food security, and poverty alleviation. The overall livestock development strategy aims to **foster** private sector-led development**, with the** public sector providing an enabling environment through policy interventions**.**

To address investment-related issues in the value-added livestock export sector, the government is considering developing this sector through the establishment of export meat processing zones, disease-free zones (for Foot and Mouth Disease [FMD], Peste des Petits Ruminants [PPR], and Highly Pathogenic Avian Influenza [HPAI]), facilitating the setup of modern slaughterhouses based on industry requirements, and offering various schemes through financial sector support.

The current government's focus includes breed improvement for enhanced productivity, establishment of nucleus herds, and identification of breeds that are well-adapted to various agro-ecological zones of Pakistan (Finance, 2022).

Estimated Livestock Population (Million Nos.)			
Species	**2019-20[1]**	**2020-21[1]**	**2021-22[1]**
Cattle	49.6	51.5	53.4
Buffalo	41.2	42.4	43.7
Sheep	31.2	31.6	31.9
Goat	78.2	80.3	82.5
Camels	1.1	1.1	1.1
Horses	0.4	0.4	0.4
Asses	5.5	5.6	5.7
Mules	0.2	0.2	0.2

Estimated figure based on inter census growth rate of Livestock ensus 1996 & 2006

Source: Ministry of National Food Security & Research

The position of milk and meat production for the last three years is:

Table 2.22: Estimated Milk and Meat Production			(000Tonnes)
Species	**2019-20[1]**	**2020-21[1]**	**2021-22[1]**
Milk (Gross Production)	**61,690**	**63,684**	**65,745**
Cow	22,508	23,357	24,238
Buffalo	37,256	38,363	39,503

Table 2.22: Estimated Milk and Meat Production			(000Tonnes)
Species	**2019-20[1]**	**2020-21[1]**	**2021-22[1]**
Sheep[2]	41	41	42
Goat	965	991	1,018
Camel[2]	920	932	944
Milk (Human Consumption)[3]	**49,737**	**51,340**	**52,996**
Cow	18,007	18,686	19,390
Buffalo	29,805	30,691	31,603
Sheep	41	41	42
Goat	965	991	1,018
Camel	920	932	944
Meat[4]	**4,708**	**4,955**	**5,219**
Beef	2,303	2,380	2,461
Mutton	748	765	782

Poultry meat	1,657	1,809	1,977

1: The figures for milk and meat production for the indicated years are calculated by applying milk production parameters to the projected population of respective years based on the inter census growth rate of Livestock Census 1996 & 2006.
2: The figures for the milk production for the indicated years are calculated after adding the production of milk from camel and sheep to the figures reported in the Livestock Census 2006.
3: Milk for human consumption is derived by subtracting 20 percent wastage (15 percent faulty transportation and lack of chilling facilities and 5 percent in suckling calf nourishment) of the gross milk production of cows and buffalo.
4: The figures for meat production are of red meat and do not include the edible offal's.

Source: Ministry of National Food Security & Research

The estimated production of other livestock products for the last three years is given below:

Table 2.23: Estimated Livestock Products Production:

Products	Units	2019-20[1]	2020-21[1]	2021-22[1]
Eggs	Million Nos.	20,133	21,285	22,512
Hides	**000 Nos.**	**18,139**	**18,751**	**19,384**
Cattle	000 Nos.	9,405	9,759	10,127
Buffalo	000 Nos.	8,622	8,878	9,142
Camels	000 Nos.	112	114	115
Skins	**000 Nos.**	**59,460**	**60,837**	**62,250**
Sheep Skin	000 Nos.	11,807	11,947	12,088
Goat Skin	000 Nos.	30,129	30,946	31,784
Fancy Skin	000 Nos.	17,524	17,945	18,377
Lamb Skin	000 Nos.	3,507	3,548	3,590
Kid Skin	000 Nos.	14,017	14,397	14,787
Wool	000 Tones	47.3	47.9	48.4
Hair	000 Tones	29.4	30.2	31.0
Edible Offal's	000 Tones	440	452	465
Blood	000 Tones	73.1	75.0	77.0
Casings	000 Nos.	60,069	61,461	62,888
Guts	000 Nos.	19,280	19,929	20,599
Horns & Hooves	000 Tones	64.3	66.2	68.2
Bones	000 Tones	961.0	990.3	1,020.7
Fats	000 Tones	304.5	313.6	322.9
Dung	000 Tones	1,362	1,405	1,448
Urine	000 Tones	413	425	437
Head & Trotters	000 Tones	274.6	282.4	290.4
Ducks, Drakes & Ducklings	Million Nos.	0.38	0.37	0.35

1. The figures for livestock product for the indicated years were calculated by applying production parameters to the projected population of respective years.

Source: Ministry of National Food Security &Research.

Poultry

The poultry sector is one of the most important segments of livestock, providing employment to more than 1.5 million people across the country. With an investment of over Rs. 750 billion, this industry has been growing at an impressive rate of approximately 7.5 percent per annum over the past decade. This growth has enabled Pakistan to rank 11th among the largest poultry producers in the world, with ample potential for further development.

Through farmer-friendly policies and interventions, the government has been encouraging both rural and commercial poultry production (Finance, 2022). The estimated production of commercial and rural poultry products for the last three years is given below:

Estimated Domestic /Rural & Commercial Poultry				
Type	**Units**	**2019-20[1]**	**2020-21[1]**	**2021-22[1]**
Domestic Poultry	**Million Nos.**	**89.84**	**91.22**	**92.62**
Cocks	Million Nos.	12.51	12.85	13.20
Hens	Million Nos.	43.93	44.72	45.52
Chicken	Million Nos.	33.40	33.65	33.90
Eggs[2]	Million Nos.	4,393	4,472	4,552
Meat	000 Tonnes	124.72	127.22	129.76
Duck, Drake & Duckling	**Million Nos.**	**0.38**	**0.37**	**0.35**
Eggs[2]	Million Nos.	17.18	16.47	15.78
Meat	000 Tonnes	0.52	0.50	0.48
Commercial Poultry	**Million Nos.**	**1,353.24**	**1,486.09**	**1,632.06**
Layers	Million Nos.	59.82	64.01	68.49
Broilers	Million Nos.	1,279.76	1,407.73	1,548.51
Breeding Stock	Million Nos.	13.66	14.34	15.06
Day Old Chicks	Million Nos.	1,336.71	1,470.38	1,617.41
Eggs[2]	Million Nos.	15,723	16,797	17,944
Meat	000 Tonnes	1,531.60	1,681.64	1,846.48
Total Poultry				
Day Old Chicks	Million Nos.	1,370	1,504	1,651
Poultry Birds	Million Nos.	1,443	1,578	1,725
Eggs	Million Nos.	20,133	21,285	22,512
Poultry Meat	000 Tonnes	1,657	1,809	1,977

1. The figures for the indicated years are statistically calculated using the base year 2005–06.
2. The figures for Eggs (Farming) and Eggs (Desi) are calculated using poultry parameters for egg production. Source: Ministry of National Food Security & Research

SWOT Analysis of the Livestock Sector

Strengths	Weaknesses	Opportunities	Threats
• Strong financial base • Demand-oriented sector • Sound public-private partnership • Supportive of local culture • Easy management	• Weak health support system • Adulteration issues • Lack of modern processing plants • Poor hygienic conditions in slaughterhouses • High costs of hatcheries and feed	• Rising demand in the domestic market • Growth in the halal food international market • Expansion of animal husbandry in international markets	• Disease outbreaks • International market competition • - Economic recession

EETH Analysis

Enhancement of Strengths	Elimination of weaknesses	Take Advantage of Opportunities	Hedges against-Threats
-Insurance policies for livestock -R & D in Public private Partnership -Credit for SME	- Standardized Health Support System through PPP -Monitoring Adulteration& Hygienic conditions through Authorities -Modernizing Processing plants	-Increase production to meet rising demand -Improve quality to capture halal food International Market	- Veterinary Centers for Diseases -Improve quality to compete in International Market

Legal & Institutional Analysis

Institutions Related to the Agriculture Sector

The following institutions have long governed the development, research, and regulation of the agriculture sector in Pakistan:

Pakistan Agricultural Storage and Services Corporation Limited (PASSCO)

Established in 1973 and commencing operations in May 1974, PASSCO was registered as a public limited company with an authorized capital of Rs. 100 million and a paid-up capital of Rs. 30 million. Seventy-five percent of the paid-up capital was contributed by five nationalized commercial banks and ADBP (now ZTBL), while the remaining 25% was subscribed by the Federal Government. (Pakistan Government, PASSCO, 2022)

Trading Corporation of Pakistan (TCP)

TCP intervenes in the market to prevent shortages of essential commodities and to ensure their availability to the public at affordable prices. Its price support initiatives are designed to ensure that growers receive fair compensation for their agricultural products.

Animal Quarantine Department (AQD)

An attached department of the Ministry of National Food Security and Research, AQD is responsible for animal quarantine, inspection, and certification services in Pakistan. It serves as the lead agency in collaborating with other institutions to protect wildlife and the livestock industry from the introduction and spread of exotic diseases by regulating the import, export, and quarantine of animals and animal products.

SWOT Analysis

Deptt	Strengths	Weaknesses	Opportunities	Threats
PASSCO	- Adequately funded -Technically sound HR -Reliability as public entity -Storage Infrastructure -Minimum support price	-Only one commodity -Poor distribution of "Bar Dana" -lack of coordination with provincial authorities -orthodox storage techniques and data collection/forecast	-Focus is being shifted to "demand driven" - Technical knowledge of International best practices for supply chain management	-Smuggling Climate change -Natural Disasters
TCP	-Legal Entity for price stability of essential commodities -Ingress in market	- Faulty data collection -Mismanagement/inefficiency in coordination and inspections	-Global price variation of Agri products -Consistency in Agriculture sector's growth	-Rival's productivity -Poor quality assurances by others countries
AQD	-legal entity -Inspection facilities for livestock and poultry -Infrastructure for diagnosis of diseases in animals	-lack of implementation of its policies -lack of best practices in meet processing	-Halal international food Market - Animal husbandry in international market	-Rival's productivity and quality - Animal diseases

Gap Analysis in Policies, Institutions, Management, and Agricultural Practices in the Agriculture Sector of Pakistan

According to the **Agriculture Transformation Plan 2020**, the agriculture sector is expected to transition from a **supply-driven** to a **demand-driven** model through value chains of agricultural commodity clusters distributed across the country. The plan encompasses clusters where these commodities are produced, marketed, processed, and traded.

Actual Scenario of the Agriculture Sector (kg/ha):

Province	P/yield of Wheat	P/ yield of Rice	P/yield of maize	A/yield of wheat	A/ yield of Rice	A/yield of Maize	Yield gap of wheat	Yield gap of rice	Yield gap of maize
Punjab	6825	9443	8245	2825	1967	6132	4000	7476	2113
Sindh	6851	11113	6865	3322	3574	973	3529	7539	5892
KP	6548	8512	7500	1814	2377	1863	4734	6135	5637
Baluchistan	6500	8000	6125	2276	3276	1069	4224	4724	5056
Pakistan	6681	9267	7184	2780	2483	4425	3901	6784	2759

(Source: Crop Yield Gap Analysis Pakistan, 2020. ZTBL)

The table clearly shows the actual performance of the agriculture sector against its total potential. It helps identify existing gaps and provides viable solutions to improve agricultural value and its role in poverty reduction. The following areas highlight how the targeted results can be achieved through the analysis of yield gaps and potential:

Improving Efficiency

The analysis of gaps and potential has been carried out in the following areas:

- **Farm productivity**: Enhance per-hectare yields by promoting group farming and clustering among small landholders.
- **Water management**: Improve water efficiency through modern technologies such as solar-powered tube wells and drip irrigation.
- **Post-harvest management**: Reduce losses through improved pesticide use and adoption of genetically modified seeds.
- **Climate compatibility**: Align harvesting practices with climate variations and local terrain conditions.
- **Microfinancing**: Provide financing through Microfinance Institutions (MFIs) with easy repayment terms.
- **Market mechanisms**: Protect farmers' earnings by establishing structured market systems and reducing reliance on intermediaries.

Expansion

- **Timely microfinancing**: Offer loans through MFIs under favorable conditions to encourage cultivation of new crops.
- **Demand-driven approach**: Base crop expansion on market demand and potential new markets.
- **Crop variety**: Promote the cultivation of crops like olives and pulses to reduce the burden on foreign exchange.
- **Tax incentives**: Provide tax exemptions and subsidies for introducing new crop varieties.
- **Infrastructure development**: Enhance storage facilities and market accessibility.

Diversification

- **Value addition**: Convert lower-value goods (e.g., wheat, barley, fruits) into higher-value products (e.g., bakery items, noodles, dry fruits) in line with international standards and market demand.
- **Support for processing units**: Offer subsidies for small-scale processing units and promote cottage industries in rural areas.
- **Value chain management**: Improve the quality of agricultural produce to meet both domestic and international market requirements.

Analysis of the Yield Gap per Hectare in Pakistan

In Pakistan, the agriculture sector suffers from underutilization of its resource potential, resulting in low per-hectare yields. Climate significantly affects agricultural outcomes, which in turn influence commodity prices, national output, economic growth, and poverty alleviation (Khan et al., 2020). The table below illustrates the provincial and national potential yields, actual yields, and yield gaps for major food crops.

Province	Potential Yield of Wheat	Potential Yield of Rice	Potential Yield of Maize	Actual Yield of Wheat	Actual Yield of Rice	Actual Yield of Maize	Yield Gap in Wheat	Yield Gap in Rice	Yield Gap in Maize
Punjab	6,825	9,443	8,245	2,825	1,967	6,132	4,000	7,476	2,113
Sindh	6,851	11,113	6,865	3,322	3,574	973	3,529	7,539	5,892
Khyber Pakhtunkhwa (KP)	6,548	8,512	7,500	1,814	2,377	1,863	4,734	6,135	5,637
Balochistan	6,500	8,000	6,125	2,276	3,276	1,069	4,224	4,724	5,056
Pakistan	6,681	9,267	7,184	2,780	2,483	4,425	3,901	6,784	2,759

(Source: Crop Yield Gap Analysis Pakistan, 2020. ZTBL)

Pakistan's food supply and prices remain highly dependent on good yields rather than any institutionalized process of technical change. As a result, the country is vulnerable to sharp recessions (Gizewski and Homer-Dixon, 1996).

There is considerable scope for another 'Green Revolution' across various crops. Although the low yields in Pakistan's crop sector compared to world averages raise concerns, they also indicate opportunities for improvement through addressing yield gaps. Bridging these gaps could generate employment and significantly contribute to poverty reduction.

Analysis of Food Security in Pakistan

Food insecurity is about more than just the physical scarcity of food in markets; it also reflects the inability to afford food, especially nutritious and wholesome options. In the 2021 Global Hunger Index (GHI), Pakistan ranked 92nd out of 116 countries, with a hunger level classified as "serious" and a score of 24.7. Regionally, Pakistan fared better than India (ranked 101) but lagged behind Bangladesh (76) and Sri Lanka (65) (Finance, 2022).

Pakistan's economic and financial policies have widened social and economic disparities, increasing the number of food-insecure people. Over the last three years, persistent double-digit food price inflation, coupled with declining incomes, has worsened food insecurity. The World Food Programme (WFP) estimates that approximately 43% of Pakistanis are food insecure, with 18% suffering from acute food insecurity.

According to the WFP, affordability is the greatest barrier to achieving a nutritious diet. The majority of Pakistanis cannot afford nutritionally adequate food. Therefore, merely increasing food availability is not enough. Ensuring access to healthy and safe meals is equally—if not more—important for achieving universal food security and addressing widespread stunting and wasting among children.

To prevent future food crises, the government must focus on:

- Improving the value chain of fruits and vegetables
- Enhancing storage capacity
- Promoting crop diversification
- Strengthening water management
- Adopting climate-smart agriculture

Additionally, prioritizing value addition in agriculture and maintaining subsidies on essential crops are crucial for food security.

SWOT Analysis of Food Security

Strengths	**Weaknesses**	**Opportunities**	**Threats**
- Legal framework (Article 38) - National-level direction and coordination - Synergies among provinces - Strong agricultural base	- Overlapping policies and efforts - Political differences between federal and provincial governments - Implementation gaps - Limited microcredit availability - Inadequate extension services and technology transfer - Trade and marketing restrictions - Unskilled labor	- Favorable seasons for diversification - Availability of genetically modified seeds - Rising international demand	- Climate change - Natural disasters - Water mismanagement - Lack of land reforms

EETH Analysis

Enhancement of Strengths	Elimination of Weaknesses	Take Advantage of Opportunities	Hedges Against Threats
- Synchronize policies among all stakeholders - Public-private partnerships (PPP) to enhance R&D - Modernize the agriculture base - Effectively implement support price policy	- Eliminate overlapping policies - Minimize political differences between federal and provincial governments - Bridge gaps through: • Large-scale microcredit schemes • Adequate extension services and tech transfer • Improved marketing and trade • Training institutions for skilled labor	- Solar-powered tube wells - Soft loans for drip irrigation - Optimal use of natural and human resources	- Introduce climate-resilient crop varieties - Strengthen coordination for freshwater management - Immediate land reforms with stakeholder consultation - Proactive disaster preparedness

Analysis of Food Prices in Pakistan Amid the Russia-Ukraine War

Pakistan imports a significant amount of wheat, pulses, and oilseeds from Russia and Ukraine. In the last financial year, these two countries accounted for:

- 77.3% of total wheat imports
- 19.3% of pulses imports
- 10.4% of oilseed imports

Although Pakistan is not heavily reliant on Russia or Ukraine for fertilizers and fossil fuels, the country is still affected by rising international prices for both.

Due to high fertilizer prices and drought in some regions, Pakistan missed its wheat production target of 28.9 million metric tons (MMT) in 2021–22. As a result, Pakistan will likely need to import around 3.0 MMT of wheat in the near future. Wheat prices were already at historically high levels, and the ongoing conflict has pushed them even higher. Domestic production costs have also surged due to increased fertilizer and energy prices, leading to further price hikes in the local market.

Cooking oil and ghee—staples in Pakistani households—have also been impacted. Pakistan's food import bill is approximately US$4 billion, of which US$2.7 billion (67%) is spent on edible oil. The country's annual edible oil requirement is around 4.1 MMT, but local production meets only 11% of this demand.

Since the start of the Russia-Ukraine conflict:

- Cooking oil prices in Pakistan have increased by 14.2%
- Vegetable ghee prices have risen by 15.8% in just six weeks

This trend is expected to continue due to a global supply shortage. Persistently rising prices will likely push more people below the poverty line. *Source: Food and Agriculture Organization of the United Nations, Pakistan*

Comparative Analysis of Agriculture Sector Performance: Institutions, Policies, Management, and Productivity

After a detailed analysis of federal and provincial agricultural policies, it has been observed that the Agriculture Transformation Policy 2020 has successfully addressed the core issues of Pakistan's agriculture sector and provided a comprehensive roadmap for reform.

The policy proposed transitioning the sector from a supply-driven to a demand-driven model. Given that agriculture is predominantly based in rural areas, its development is directly linked to poverty alleviation. In line with this policy, the provinces have replicated and adapted their strategies based on the framework of the Agriculture Transformation Plan 2020. As a result, the sector has shown significant improvement and has outperformed, surpassing the targets set since 2020 (Economic Survey of Pakistan, 2022).

However, the main objective of transforming agriculture from a supply-driven to a demand-driven system remains unfulfilled. This is primarily due to a lack of coordination among the federal and provincial governments, relevant institutions, and key market stakeholders.

Secondly, the technological interventions envisioned in the policy have not been implemented. Public-private partnerships in areas such as research and development, seed certification, infrastructure development, market access, and especially cluster/grouping-based agriculture have not materialized.

Thirdly, institutions have largely failed to eliminate bureaucratic red tape, nepotism, inefficiency, and the misutilization of resources—further hindering progress in the sector.

Comparative Analysis of Agriculture Sector *of Pakistan with India, Bangladesh, China, New Zealand, US, Australia, Ukraine*

(Yield Kg/hectare)

Crop	**Pak**	**India**	**China**	**Bangla**	**New Zealand**	**US**	**Aus**	**Ukraine**
Wheat	2,940	3,500	6,081	3,029	9,197	8,692	2,036	4,852
Rice	2,635	2,700	5,918	4,618	nil	7,616	10,000	3,171
Maize	6,436	6,105	7,065	7300	11689	11,000	7,000	7,000
Sugarcane	70,341	82,000	80,000	40360	nil	70,000	70,000	3,710

Economic survey of Pakistan 2021-22)

(India Annual yield Statist Research Department, FY 2021)
https://www.ceicdata.com › China ›. yield-per-hectare

Indicators	**Pak**	**India**	**China**	**Bangla**	**New Zealand**	**US**	**AUS**	**Ukraine**
Population	220 m	1.38 b	1.402b	165m	5.08m	340m	25.6 m	44m
GDP contr.	22.4%	19.9%	16.47%	11.63 %	5.65%	5%	3%	9.27%
Poverty rate*	35%	13.7%	1.70%	37.44 %	**0**	**1%**	**0**	**0.1%**
Labor eng. in Agri.%	37.4%	45.6%	24.73%	37.75 %	5.55%	10.3 %	2.5%	14.1%
Per capita Income	1,798 U$	1,947 U$	9,020U$	2,227 U$	48,802U $	62,200U$	57,300US	1800U$

(www.worldbank.org/en/home)
(www.worldpopulationreview.com)
*Income less than 3.02 U$ per day.

Conclusion

Pakistan is a populous country, and poverty continues to rise. The economy is heavily dependent on agriculture, which significantly contributes to the national GDP. Although Pakistan has an agricultural base and a large youth population—many of whom are directly or indirectly linked to the agriculture sector—young people appear reluctant to pursue careers in agriculture. To address this, the government launched the comprehensive Agriculture Transformation Plan 2020, aimed at realigning the direction of the sector. However, this plan has produced limited results in terms of youth and women engagement, though it has had some positive impact on poverty alleviation.

A 1% growth in the agriculture sector results in a 0.021% reduction in poverty levels, indicating that agricultural growth plays a crucial role in poverty reduction in Pakistan. Associated sectors such as cash crops, livestock, fisheries, and forestry also contribute to poverty alleviation by generating employment, increasing output, and narrowing the income inequality gap.

The impact of agricultural growth on poverty reduction depends on both its direct and indirect effects and its overall contribution to the economy. If properly managed, agriculture has the potential to significantly reduce poverty. Over time, advancements in the sector have helped alleviate poverty, generate employment, and reduce inequality. Empirical evidence suggests that improvements in agriculture have increased the income of marginalized communities, enabling farmers to lead more prosperous lives.

In developed countries, the input-output ratio in agriculture is significantly higher than in developing countries like Pakistan. A strong agricultural economy can foster social progress by enhancing productivity, employment, and income in rural areas. Modernized farming techniques and standardized food processing can meet the staple food demands of both developed and developing countries. Efficient market operations, backed by public support and customer-focused regulations, are essential. Developing a value chain mechanism is key to generating revenue and alleviating poverty.

Recommendations

Short-Term

- **Climate Adaptation**: Pakistan, being a semi-arid country, is vulnerable to climate change. The government should promote genetically modified seeds compatible with local climates via the Federal Seed Certification & Registration Department through public-private partnerships. Solarization, drip irrigation, and laser leveling should be financed by ZTBL and other microfinance institutions (MFIs). Provincial governments should invest in small rainwater reservoirs at the village level to store monsoon water for wheat cultivation.
- **Farmer Grouping**: Small landowners should be grouped to form larger farms where sowing, irrigation, and harvesting can be carried out simultaneously using mechanized techniques. This would facilitate investment and increase productivity.
- **Support Price Policy**: PASSCO should engage in public-private partnerships (PPP) and consider outsourcing its procurement and storage functions. It could focus on regulating and monitoring crop markets. Support prices should be cost- and market-oriented, and PASSCO's mandate should expand to include more major crops. TCP should be tasked with exploring global markets.
- **Protecting Agricultural Land**: Housing societies must not be allowed to expand onto agricultural land. Vertical construction should be encouraged. Relevant laws, including the Societies Act, must be strictly enforced.
- **Microcredit Access**: Government oversight is needed to ensure MFIs provide timely, collateral-free loans to small farmers. Further support should be extended to strengthen these institutions.

Mid-Term

- **Pest and Disease Resilience**: To ensure sustainable growth, pesticide standards must be enforced nationwide. The Department of Plant Protection should lead efforts to maintain uninterrupted pesticide supply in collaboration with private stakeholders, improving productivity and rural income.
- **Women Empowerment**: Women’s role in agriculture should be prioritized. Currently underutilized, rural women can significantly contribute to economic and social development. Providing small loans and targeted programs can improve income, education, health, and mobility, driving societal change and reducing poverty.

Long-Term

- **Research and Development**: PARC, NARC, and universities should receive adequate funding through local and international sponsorship. Successful innovations should be patented in the sponsor's name to encourage research, establish strong farmer-industry links, and boost profitability.
- **Infrastructure Development**: The demand for high-value perishable products (e.g., fruits, vegetables, dairy, meat) is rising. To capitalize on this, major investments in stable electricity (e.g., solar energy), transport networks, and supply chains are required.
- **Urbanization Management**: To counter unplanned urban migration, rural areas should receive major policy reforms and investment. Enhanced healthcare, education, sanitation, and public service infrastructure would help retain the rural population and encourage agricultural development and poverty reduction.

Logical Framework Matrix for Poverty Alleviation Through – Institutions

INPUTS	OUTPUTS	OUTCOMES	IMPACT
Govt. Policies & Interventions	- Effective implementation of policies and interventions - Optimal utilization of fertile land -Better Water management -Fertilizers & Pesticides -Public Private Partnership	-Increased water availability - Wealth generation -Employment generation	- Food Security -Economic Boost - Increase Foreign Reserve -Poverty Alleviation -High Living Standard -Reduce Urbanization
Human Resource	-Increase knowledge base -Availability of Trained & Efficient HR	-Increase productivity -Meeting Standards	
Financial Resources	-Easy Access to Micro Finance	-Increased agriculture land & productivity -More choices for Farmer to opt	

Logical Framework Matrix for Poverty Alleviation Through Agriculture-Farming

<table>
<tr><th>Inputs</th><th>Activities</th><th>Outputs</th><th>Outcomes</th><th>Impact</th></tr>
<tr><td>-Fertile land

-Water resources

-Seeds

-Fertilizers & Pesticides</td><td>-Laser levelling of land
-Seed selection & sowing timings
-Water management
-Utilization of fertilizers & pesticides
-Harvesting</td><td rowspan="4">YEILD</td><td rowspan="4">-Increased productivity

-Wealth generation

- Employment generation</td><td rowspan="4">-Food Security

-Poverty Alleviation

-High living Standard

-Increase Foreign Reserve

-Reduce Unplanned Urbanization

-Economic Boost

-Increase in Aggregate demand

-Better Economic Outlook</td></tr>
<tr><td>Human Resource</td><td>-Provide services for production</td></tr>
<tr><td>-Machinery & Equipment

-Tube well</td><td>-Enhance the efficiency of production process
-Technical interventions
-R & D</td></tr>
<tr><td>Govt. and Private institutions

-Producer

-Market Stake holders</td><td>-Decisive role starting from production till final disposal
-Public Private Partnership
-Seed Certification
-Training</td></tr>
</table>

Logical Framework Matrix for Poverty Alleviation Through Agriculture-Non-Farming

<table>
<tr><th>Inputs</th><th>Activities</th><th>Outputs</th><th>Outcomes</th><th>Impact</th></tr>
<tr><td>-Suitable land & environment
-Breeding
-Feed
-Vaccination</td><td>-Efficient utilization of resources</td><td rowspan="4">Production</td><td rowspan="4">-Increased productivity

-Wealth generation

-Employment generation</td><td rowspan="4">- Food Security

-Poverty Alleviation

-High living Standard

-Increase Foreign Reserve

-Reduce Unplanned Urbanization

-Economic Boost

-Increase in Aggregate demand

-Better Economic Outlook</td></tr>
<tr><td>Human Resource
-Skilled labors
-Vets</td><td>-Services in maintenance and production</td></tr>
<tr><td>-Machinery & Equipment</td><td>-Feeding and water equipment
-H-type multi-tier layer coop
-Infrared bulbs and heaters
-Gas brooder
-Incubator
-Milking machine
-Calf puller
-Calf feeding bottle</td></tr>
<tr><td>Govt. and Private institutions
-Entrepreneur
- Public Private Partnership
-Market Stake holders</td><td>-Decision Maker
-Formulation and execution of plan
-Training to labor

-Arrangement and efficient utilization of resources

-Use of marketing tools</td></tr>
</table>

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Ease of Doing Business Initiative as Tool to Poverty Alleviation in Pakistan

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Abstract:

The World Bank Group's Doing Business project provides a global benchmark for the ease of conducting business by evaluating regulatory environments across 190 economies. Pakistan has undertaken nearly 300 reforms since 2016 to improve its investment climate, leading to a significant improvement of 39 positions in the Ease of Doing Business (EoDB) rankings, reaching 108th place in 2020. These reforms focus on simplifying procedures for starting businesses, enhancing transparency, and reducing the time and cost of business operations, particularly for SMEs and LLCs. Pakistan was recognized as the top reformer in South Asia and the sixth globally. However, while EoDB reforms aim to foster economic growth and reduce poverty, the study reveals only marginal impact on poverty alleviation, indicating that EoDB indicators do not capture broader socio-economic variables like political stability, corruption, and macroeconomic health. For sustainable growth, a holistic policy approach is needed beyond the Doing Business framework.

Key words:

Ease of Doing Business, Pakistan, Business Reforms, Investment Climate, Poverty Alleviation

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Introduction

The World Bank Group's *Doing Business* project provides a measure of the "Ease of Doing Business" through a set of objective indicators that focus on the impacts of laws, regulations, and their enforcement across 190 economies. The *Ease of Doing Business* index, published by the World Bank, is an aggregate figure that includes various parameters defining how conducive a country's regulatory environment is to business operations. Pakistan has consistently made efforts to improve the business environment. Since 2016, nearly 300 reforms have been implemented to enhance the investment climate. As a result, Pakistan improved 39 positions in the EoDB ranking over the past two years, reaching 108th place in 2020. The country was recognized as the top reformer in South Asia and the sixth globally (World Bank, 2020).

Main Objectives:

i. Improving the efficiency and effectiveness of business procedures and enhancing the transparency of business processes, with a special focus on Limited Liability Companies (LLCs) and Small and Medium Enterprises (SMEs).
ii. Reducing the time involved in starting a business.
iii. Increasing revenue collection and boosting investor confidence.
iv. Raising awareness about automation in customs procedures.
v. Strengthening land clearance facilities through an electronic data interchange system.
vi. Enhancing predictability and consistency in business-related policies.
vii. Encouraging out-of-court dispute settlements and strengthening the legal infrastructure for contract enforcement.

Pakistan's Doing Business Reforms Journey:

Pakistan is committed to improving the business environment and has undertaken numerous reforms. In 2014, the Board of Investment (BOI) developed and began implementing the first-ever comprehensive plan to enhance the business climate. The focus was on simplifying procedures and reducing the time and cost associated with key business indicators. The following highlights Pakistan's journey in the EoDB initiative:

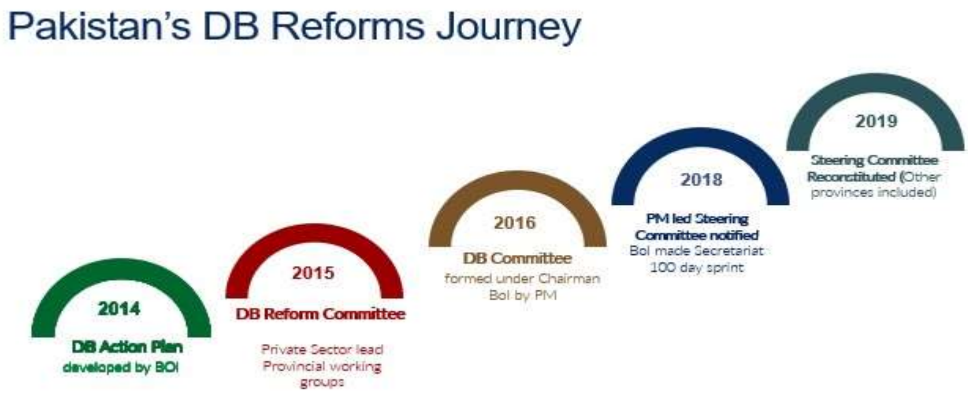


Table 4.1.1. Pakistan's Doing Business Reforms Journey *(Ease of Doing Business, 2020)*

Source: Ease of doing business, 2020

The purpose of the EoDB Index is to provide an overall measure of a country's "business friendliness" for entrepreneurs and SMEs. The 10 key indicators of EoDB are as follows:

Source: Ease of doing business, 2020

1. **Starting a Business:**
   Measures the time, cost, and steps required to start a company, including legal procedures.
2. **Dealing with Construction Permits:**
   Assesses the bureaucratic procedures needed to obtain a construction permit, measured by time, cost, quality of regulation, and steps involved.
3. **Getting Electricity:**
   Evaluates the procedures, time, and cost to obtain an electricity connection for a warehouse, along with supply reliability and tariff transparency.
4. **Registering Property:**
   Measures the time, cost, and steps required to transfer property, as well as the quality of land administration.
5. **Getting Credit:**
   Examines legal rights of borrowers and lenders and the availability of credit information.
6. **Protecting Minority Investors:**
   Assesses the protection of shareholders against misuse of corporate assets and the strength of shareholder rights.

7. **Paying Taxes:**
   Measures the time, cost, and number of tax payments required for a business.
8. **Trading Across Borders:**
   Evaluates the time and cost for border and documentary compliance for imports and exports.
9. **Enforcing Contracts:**
   Measures the time and cost to resolve a commercial dispute through the courts and the quality of judicial processes.
10. **Resolving Insolvency:**
    Assesses the recovery rate and legal framework involved in insolvency proceedings.
11. **Labor Market Regulation:**
    Although detailed data on labor regulation is available on the *Doing Business* website, it is not included in the EoDB index (Naqvi, 2022).

Problem Statement

Business and industry play a vital role in the development and economic growth of a country. There is a direct link between a favorable business environment and the growth of these sectors. The Government of Pakistan is committed to implementing business reforms and has adopted an Ease of Doing Business (EoDB) plan based on ten indicators to foster industrial and economic growth with the ultimate aim of poverty alleviation. However, various challenges continue to prevent Pakistan from achieving a higher ranking in the global EoDB index. Therefore, it is necessary to examine Pakistan's EoDB landscape, assess its effectiveness as a tool for poverty alleviation, identify key deficiencies, and propose actionable recommendations and remedial measures.

Scope

This study aims to analyze the EoDB policy framework in Pakistan and evaluate the performance of the federal government and the four provinces over the past three years. It will assess the utility of EoDB as a poverty alleviation tool by examining relevant economic and governance factors. The study will also review international best practices, identify key deficiencies in Pakistan's approach, and offer recommendations to improve the country's EoDB ranking among the 190 countries assessed globally.

Literature Review

Previous research on the ease of doing business in Pakistan indicates that the country's export performance has declined due to several factors, including an inefficient and unfriendly socio-economic environment, high business costs, elevated electricity tariffs, and complex regulatory procedures. The studies suggest that exports can only grow if transparent and investor-friendly policies are adopted. A report titled "Doing Business in Pakistan – Reform to Rise Through" highlights how countries like China, Bangladesh, and India have improved their business environments through reform, resulting in higher EoDB rankings compared to Pakistan. Thus, it is imperative for Pakistan to take concrete steps to create a more conducive business climate.

The World Bank Group's Doing Business project measures business-friendliness across 190 countries through ten objective indicators, focusing on the impact of laws, regulations, and their enforcement. Pakistan's Board of Investment, along with provincial agencies, is working to implement these indicators per World Bank guidelines. Research papers and journals emphasize that countries with better EoDB rankings—such as Singapore, China, Nepal, and India—have more effectively complied with the indicators, creating environments more conducive to business and investment. Consequently, these nations experience stronger industrial growth and better outcomes in poverty reduction.

Research Methodology

The study employs a mixed-methods approach, including:

i. Brainstorming
ii. Group discussions
iii. Documentary/literature review
iv. Secondary data collection
v. Analytical techniques:
    i. Situational Analysis
    ii. Institutional Analysis
    iii. Comparative Analysis
    iv. Gap Analysis
vi. Consideration of time, resource, and data constraints
vii. SWOT, PESTLE, and EETH analyses of the business environment in relation to EoDB

Situational Analysis

Economic and Policy Context

Economic performance in Pakistan remained robust, with GDP growth in FY 2018 at 5.8 percent—its highest level in 11 years. However, the fiscal deficit has continued to expand, as revenue growth is weak and there are substantial increases in recurrent spending. This, coupled with a large current account deficit, has accentuated the country's fiscal vulnerabilities. Pakistan's relatively poor export performance over the past decade reflects the declining competitiveness of its economy. Integration into the global economy provides opportunities for Pakistani firms to increase productivity—the fundamental driver of growth. Two areas stand out as negatively affecting the economy's competitiveness (Ozgen, 2021):

(i) Anti-export macroeconomic and trade policies; and

(ii) A poor investment climate

The Government of Pakistan recognizes the role of the private sector and the need to improve the business regulatory environment. Improving the investment climate has been on the policy agenda. Pakistan is already implementing a series of reforms to address the adverse business environment at both the federal and provincial levels. It will be essential to maintain and increase these efforts, bearing in mind that results may materialize only with a time lag. Since 2016, around 300 reforms have been implemented to improve the investment climate in the country. A pictorial representation of the same is depicted below:

Source: Ease of Doing Business, 2020

The following six major reforms in Pakistan have been recognized by *Doing Business, 2020*:

- A company can now be registered in one day with SECP & FBR. Data is transferred to Labour Dept., PESSI, SESSI, and EOBI in real time. Only the SECP portal is used. End-to-end integration of nine departments has been achieved.
- Getting construction permits now takes 108 days in Lahore and 134 days in Karachi, compared to 266 and 261 days originally.
- Commercial property can now be registered in 22 days in Lahore and 149 days in Karachi, instead of 25 and 208 days previously.
- A commercial electricity connection can now be obtained in 73 days in Lahore and 134 days in Karachi, compared to 117 and 185 days in the previous report. Online portals of LESCO and K-Electric have been launched. Tariff changes are announced in advance.
- Online payment of taxes has been introduced. The number of payments is now measured at 34, down from 47, and the time required to pay taxes has reduced substantially. Tax rates for small companies were reduced from 25% to 24%.
- WEBOC customs software has reduced the time to export for border compliance from 75 hours to 58 hours and the time for imports for documentary compliance from 143 hours to 96 hours.

Ease of Doing Business Report 2021

In the *Doing Business* report 2021, more reform actions and 30 data challenges were submitted to the World Bank, and it is expected that Pakistan will register further improvement this year. To enable businesses to register easily and speedily, the main responsible agency is SECP.

However, other federal agencies are also involved as per their specific roles, e.g., FBR and EOBI. The SECP, as the key regulator in the country, steers the reforms under this indicator. The following section includes the ongoing reforms that SECP is undertaking, as well as planned actions in the near future (short- to medium-term), while also highlighting reforms undertaken by some provinces to ease start-up procedures within their jurisdiction (www.invest.gov.pk, 2022).

Ongoing Reforms

i. Enhancing the utilization of the newly introduced integrated registration system—Virtual One-Stop Shop (VOSS)—which integrates registration procedures under the purview of SECP, FBR, and EOBI.

ii. The VOSS portal is now publicly available through SECP's website. Other reform actions planned over the short to medium term by federal agencies include:

   a. Finalizing the Company Law Review exercise to introduce amendments regarding exemptions/relaxations for small-sized companies.

   b. Introducing a Limited Liability Partnership business vehicle to attract SMEs.

   c. Rationalizing the fee structure through amendments to the Sixth Schedule of the Companies Ordinance, 1984.

   d. Enabling online submission of applications for obtaining digital signatures from NIFT.

   e. Merging the process of applying for National Tax Number and Sales Tax Number with FBR.

Reforms Made by Punjab for EoDB

i. Establishment of commercial courts in Punjab to reduce the median time for dispute resolution.

ii. Automation of the registration process with district Labour Departments.

iii. Reduction in registration time through automation of the Lahore Development Authority (LDA) construction permits process.

iv. Streamlined complaint management and dispute resolution mechanisms.

v. Integrated public facilitation counters to streamline processes. Officials from the Environment Protection Agency (EPA), Traffic Engineering and Transport Planning Agency (TEPA), and Water and Sanitation Agency (WASA) will be deputed at one-window operations.

Reforms Made by Khyber Pakhtunkhwa for EoDB

In Khyber Pakhtunkhwa, through the development of SEZs and SIEs and promotion of pillar industries such as Mines & Minerals, Tourism, Energy & Power, and Agriculture, the Government of KP (GoKP) initiated EoDB using its own resources. KP-BOIT was designated the focal point to facilitate investors by providing all pre-project requirements and formalities, including land procurement, pre-feasibility, insurance, banking, legal assistance, etc., thereby offering a one-window operation that had previously remained rhetorical. The reforms undertaken include: (www.pakistandoingbusiness.com, 2022)

i. Online registration and payment of sales tax on services by KPRA.

ii. Launching of the Online Building Plan Approval system.

iii. Online registration of firms by the Directorate of Industries.

iv. 24 service delivery centers operational in 18 districts for ford and mutation services.

v. No new taxes and no increase in taxation rates in the 2021–22 provincial budget.

vi. Professional tax collected by Excise & Taxation remained zero for 2021–22.

vii. 35% rebate in Urban Immovable Property Tax.

viii. Sales tax on services in 10 pro-poor sectors remained at 1%, down from a maximum of 10%.

ix. Tax rate on clubs reduced from 15% to 8%.

x. Land Registration Tax reduced from 6% to 2%.

xi. Capital Value Tax abolished.

xii. 120 small trades/businesses exempted from Trade License Fees and inspections by TMAs.

xiii. Exemption from Local Council Tax on the transfer of immovable property.

xiv. Reduction of Sales Tax on services for 25 categories.

xv. IT-related services, including online marketplaces (e-commerce), retained at 2%.

xvi. Continued reduced rate (lowest across the country) of 2% by KPRA on the construction sector.

xvii. Quarterly filing coupled with mobile apps introduced for the majority of taxes.

xviii. Agriculture land tax remained zero to focus efforts on digitizing land data and providing relief to farmers.

xix. Agriculture income tax minimum threshold raised from 400k to 600k.

xx. Motor vehicle registration reduced to Rs. 1 for all vehicles up to 2500CC.

xxi. Tax rate for restaurants reduced from 8% to 5% when using POS systems.

xxii. Elimination of Entertainment Tax and Bed Tax for hotels.

xxiii. Free re-registration of vehicles.

xxiv. Exemption from registration fees on deeds and mutations.

xxv. Guidelines issued by the Mineral Development Department for determining fair surface rent.

Reforms Made by Sindh for EoDB

- More than 15 interventions/reforms made to improve the regulatory environment.
- Nine Government of Sindh departments activated (SBCA, KWSB, SEPA, BOR, Energy, SESSI, Industries, Excise & Taxation, and Labour).
- Comprehensive awareness campaign on mainstream and social media.
- Wide-ranging and swift reforms.
- In dealing with construction permits:
    - Procedures reduced from 15 to 7.
    - Time to grant construction permits reduced from 60 to 30 days.
    - Time for completion certificates reduced from 45 to 30 days.
    - Sindh Building Control Authority exempted three No Objection Certificates (NOCs).

Reforms Made by Balochistan for EoDB

After the success of the Business Registration Portal in Punjab and Sindh, PITB is extending the single registration platform to improve ease of doing business for citizens in Balochistan. As per the MOU, PITB will provide ICT support and the following services under the Balochistan Business Registration Portal:

i. Partnership firm registration with the Industries & Commerce Department.

ii. Registration with the Labour & Manpower Department.

iii. Registration with Balochistan Employees Social Security Institute (BESSI).

iv. Enrollment for Professional Tax with the Excise, Taxation & Anti-Narcotics Department.

v. Elimination of multiple inspections by Building Control Authorities for low-risk (Category-1) buildings.

vi. Notification of procedures for online licensing of tourism businesses.

vii. Extension of license validity for auto workshops to three years.

viii. Increase in the validity period of fisheries licenses to three years.

ix. Enable simultaneous registration of firms with FBR and relevant provincial departments.

x. Specify timeframes for processing NOCs/permits for low-risk buildings, allowing applicants to begin construction if objections are not raised within the set timeline.

xi. Eliminate regulations classifying small establishments as factories.

xii. Prescribe timeframes for partnership registration in relevant regulations.

xiii. Eliminate mandatory registration with the Social Security Department for small businesses (less than 10 employees).

xiv. Control unauthorized inspections and establish a feedback system for businesses.

xv. Reduce excessive and arbitrary surcharges on overdue contributions/payments across the country.

Institutional Analysis

The Government's reforms and initiatives are implemented by both federal and provincial departments and organizations. The *Regulatory Guillotine* has been a highly successful initiative of the government, under which around 300 reforms have been implemented so far. A total of 67 departments have been involved in the reform process at both federal and provincial levels, highlighting the broad scope of this activity. Many of the reforms are cross-cutting and are carried out by multiple departments, benefiting all sectors of the economy. The implementation of some sector-specific reforms has particularly benefited 21 sub-sectors, especially SMEs in industries such as food processing, IT, pharmaceuticals, surgical goods, construction, tourism, cutlery, etc. A brief overview of progress regarding EoDB is provided below:

Progress Made-Jurisdiction Wise

Jurisdiction	Taken up	Implemented	Under Implementation
Federal	59	38 (64%)	21
Punjab	23	18 (78%)	5
Sindh	26	14 (53%)	12
KPK	27	21 (77%)	6
Balochistan	32	21 (55%)	11
Total	**167**	**112 (67%)**	**55 (33%)**

Source: Khyber Pakhtunkhwa BoIT

Generally, the following Federal and Provincial Government departments are involved in EoDB

Stakeholders

Provincial Government

- Industries, Commerce & Investment Department – Lead Agency
- Labour & Human Resource Department
- Punjab Employees Social Security Institution
- Excise & Taxation Department
- Punjab Revenue Authority

Federal Government

- Securities and Exchange Commission of Pakistan (SECP)
- Federal Board of Revenue (FBR)
- Employees' Old-Age Benefits Institution (EOBI)
- National Database and Registration Authority (NADRA)

Beneficiaries

- Business Entities
- Tax/Business Consultants
- Chambers of Commerce

Although the ministries, departments, and organizations are striving to comply with the EoDB indicators, there are delays in the implementation of some indicators/areas. A brief pictorial description is provided below: **(Source: KP-BOIT)**

Delayed Implementation-Federal

#	Ministry and Department	Reforms
1.	Ministry of National Health /DRAP	08
2.	State Bank of Pakistan (SBP)	07
3.	Federal Board of Revenue – Inland Revenue	04
4.	Ministry of Science and Technology/PSQCA	01
5.	Ministry of Overseas Pakistanis/EOBI	01
6.	Ministry of Planning/ Pakistan Bureau of Statistics	01
7.	Ministry of Information and Broadcasting/PEMRA	01
8.	Capital Development Authority (CDA)	01
9.	Ministry of Foreign Affairs	01

Delayed Implementation-Provincial

Province	Number of reforms
Punjab	5
Sindh	12
KPK	6
Balochistan	11

The acceptance of the EoDB culture, internal resistance to change, capacity limitations, lack of trained human resources, and meagre resources for transformation are key hurdles faced by organizations. A well-defined framework supported by laws, rules, and regulations—along with the resolution of existing issues—will enable organizations to fully implement the EoDB indicators. Furthermore, the indicators should be more realistic and adaptable to reflect the diverse factors and conditions present in different countries.

Analytical Tools

SWOT analysis is a framework used to identify and analyze an organization's strengths, weaknesses, opportunities, and threats. It is a strategic tool that examines both internal and external factors impacting organizational performance.

STRENGTH	WEAKNESS
• Simplification and reduction of procedural steps • Ease of access due to one-window operations • Saving of time and money • Potential to attract foreign and local investment • Supportive for job creation • Supportive for poverty alleviation • Adaptable and acceptable in Pakistan • Suitable for utilizing the country's energy potential • Suitable for leveraging the country's geo-strategic location • A promising gateway	• Dependent on factors like corruption, political and economic instability, and the country's security situation • Capacity and management issues • Time required for implementation of supportive policies, legal and procedural amendments • Affected by inflation in the country • Politico-economic fault lines • Delayed dispute resolution mechanism • Lack of research and development (R&D) • High corruption index • Power shortages and high tariff rates
OPPORTUNITY	**THREATS**
• Better EoDB index for foreign investment • Scope for technological advancement and growth • Availability of manpower • CPEC projects • Special Economic Zones • Untapped and underutilized natural resources • Underdeveloped economy	• Enduring geopolitical tensions • Low foreign reserves • International market competitors • Financial Action Task Force (FATF) compliance pressures

EETH analysis is a tool used to optimize benefits and reduce the threats and weaknesses of an organization. In this context, EETH analysis is applied to the Ease of Doing Business model in Pakistan to ascertain maximum output and provide recommendations.

ENHANCING STRENGTH	ELIMINITION WEAKNESS
• Implementation and updating simplification of procedures • Extension of one window facility at district level or other provincial organizations. • Promotion of potential projects at local and international level (Expos) • Enhance HR capacity through trainings • Enhance adoptability /implementation in all departments • Develop infrastructure for exploration of Natural Resources • Optimum advantages from Geo- Political Position of Country (India, Afghanistan, China and Iran)	• Increase transparency through automation and accountability. • Improve political and economic stability through good governance • Monitoring of implementation of policies. Remove loopholes in process of Dispute resolution mechanism • Implementation of R & D Practices Reduction in tariff rates by alternative resources like solar and hydel energy.
TAKING OPPORTUNITY	**HEDGING THREATS**
• Further advancement in EoDB Index for Foreign Investment by filling gaps in system • Infrastructure to absorb & Flourish Technological advancement & Growth • Execution of CPEC projects and achievement of its goals	• Expanding economic prosperity and opportunities through cordial relation with neighboring countries. • Improve Foreign Reserves by reducing balance of payment and tax reforms • Enhance quality and productivity to become market competitor • Joint efforts for implementation of FATF points and effective foreign policy

PESTLE analysis is one of the tools used to understand how external forces impact businesses. This technique is employed to analyze or scan a business firm influenced by macro-environmental factors. Fundamentally, PESTLE analysis is considered a strategic tool for assessing political stability, economic conditions, social and technological developments, legal frameworks, and environmental prospects. It is undeniable that in today's world, the internationalization of economies has gained substantial attention (Pinho et al., 2018). Therefore, it is indispensable for industries in Pakistan to develop and adopt international standards to address emerging economic challenges and gain a competitive edge in the global market. Pakistan can create a window of opportunity by establishing joint ventures with international enterprises.

PESTLE Factor	Details
P	• Political instability • Internal political disputes • Vulnerable law & order situation • Bad governance in tax system
E	• Low level of foreign investment • Economic uncertainty • Inefficient monetary & fiscal policy • Trade restrictions
S	• Famine of effective business network • Low standard of literacy & education • Conflicts & scarcity of cohesiveness
T	• Technological constraints & lack of innovation • Outdated technological infrastructure • Lack of R&D practices • Need for technological acquisition & dissemination
L	• Legal & regulatory framework for investment • Dispute resolution mechanism • Securing property rights • Implementation of existing laws
E	• Supporting infrastructure for compliance with environmental obligations • Delay in NOC requirement for low-risk category premises

Regional Best Practices & Lessons Learnt

Regional Best Practices

For regional best practices, we have examples from China, India, Bangladesh, Sri Lanka, Nepal, and Singapore. Bangladesh has been excluded due to its low ranking in the EoDB index, and Sri Lanka has also been excluded despite a higher ranking than Pakistan, due to its economic collapse and default.

Singapore, with its consistent 2nd position in the EoDB index, has been included as a benchmark. Thus, China, Nepal, India, and Singapore are discussed in detail. The overall regional rankings are as follows (Ahmed, 2022):

Singapore

With favorable taxation policies and a strategic position within Southeast Asia, Singapore offers foreign investors exceptional access to the Asian market. Businesses operating in Singapore benefit from over 80 double taxation avoidance agreements, significant tax deductions, and numerous free trade agreements with neighboring countries. (Ahmed, 2022)

In addition to its political and economic stability, Singapore is a leading financial center in the ASEAN region. The city-state aligns closely with international business and trade standards such as those from the WTO and OECD.

However, the COVID-19 pandemic posed a significant challenge, causing a 5.8% economic contraction in 2020—its worst recession since independence. In response, the government injected over S$109 billion (US$80 billion) into the economy, offering both fiscal and non-fiscal support. A rebound of 3–5% was expected in 2022, although uneven across sectors, particularly tourism and aviation.

Despite these challenges, Singapore remains attractive to foreign investors due to the strength of its manufacturing, wholesale trade, information and communications, and finance sectors. It continues to offer advantages for companies establishing holding companies, branch offices, or regional headquarters.

India

India ranked 63rd among 190 countries in the World Bank's *Doing Business 2020* report. Since launching an ambitious regulatory reform program in 2014, India has risen 79 positions, from 142nd to 63rd, marking it as one of the top 10 improvers for the third consecutive time.

Over 25,000 compliances have been reduced to enhance the ease of doing business. Major achievements include:

- **Construction Permits**: Ranking improved from 184 (2014) to 27 (2019), mainly due to fewer procedures and faster timelines.
- **Getting Electricity**: Improved from 137 (2014) to 22 (2019); now takes 53 days and four procedures.
- **Other Indicators**: India ranks 13th in protecting minority investors and 25th in getting credit.

China

China ranked among the world's top 10 most improved economies for ease of doing business for the second consecutive year, due to a strong reform agenda (World Bank *Doing Business 2020*). It carried out a record eight reforms in one year and ranked 31st globally with a score of 77.9/100.

Key reforms included:

1. Integrating issuance of company seals into a one-stop registration process.
2. Simplifying building permit requirements for low-risk projects.
3. Streamlining electrical connections and tariff transparency.
4. Strengthening investor protection and corporate governance.
5. Implementing preferential tax rates for SMEs and enhancing e-filing.
6. Upgrading port infrastructure and customs processes.
7. Improving contract enforcement mechanisms.
8. Facilitating insolvency proceedings and creditor participation.

Despite these reforms, China still lags in paying taxes (rank 105), getting credit (80), and trading across borders (56). Compliance costs and time remain higher than in high-income OECD countries.

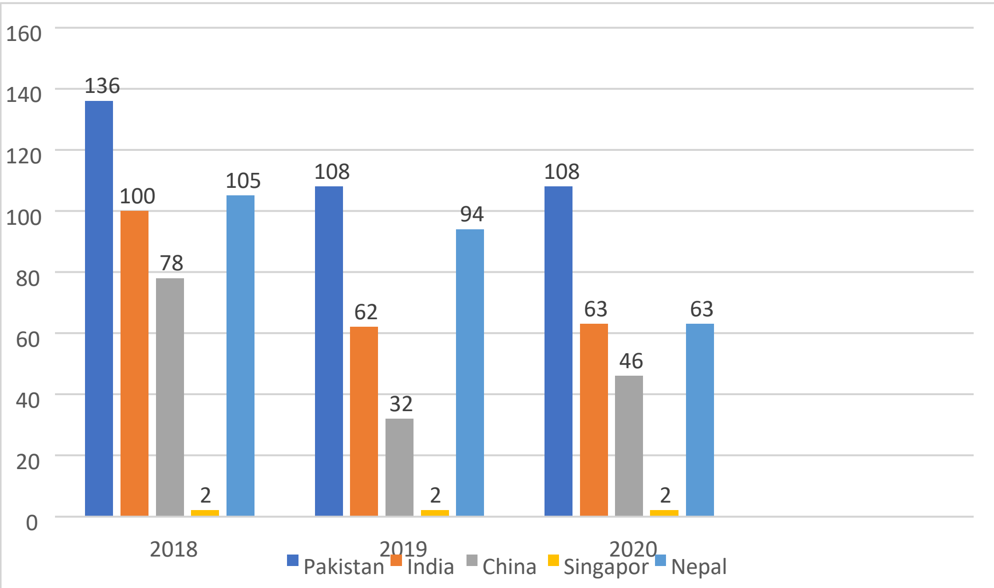
Nepal

Nepal achieved an all-time high rank of 94 out of 190 economies in the Doing Business Report 2020, with a score of 63.2 across various parameters. In the previous year, Nepal was ranked 110th, with a total score of 59.7. This significant improvement is primarily attributed to better access to credit information and enhanced ease in cross-border trade. However, despite progress in creating a more business-friendly environment, the process of starting a business has become more difficult, and the cost of property registration has increased (Karanja, 2021).

Economies that rank higher (typically between 1 and 20) generally have simpler and more business-friendly regulations for starting new enterprises. Among the 10 indicators used by the World Bank to assess the ease of doing business, Nepal improved in five, declined in three, and remained unchanged in the remaining two compared to the previous year.

Nepal performed best in access to credit information, ranking 37th out of 190 economies. This was achieved by expanding the scope and functionality of the Credit Information Bureau (CIB), which now oversees the credit functions of 116 banks, financial institutions, and borrowers. Easier access to accurate and reliable credit data has reduced borrowing costs and enabled lenders to make more informed credit decisions.

Similarly, Nepal scored well in cross-border trade, ranking 60th. Other improved indicators include dealing with construction permits, protecting minority investors, and resolving insolvency.



Lessons Learnt

Singapore's consistent position as 2nd in the World Bank Ease of Doing Business (EoDB) Index provides several valuable insights and best practices. The key lessons are:

1. **Establishment of a feasible business ecosystem** through a highly productive and supportive regulatory environment.
2. **Efficient company incorporation**, with procedures completed within **24 hours**.
3. **Favorable tax system and competitive tax rates**.
4. **One-stop center for intellectual property management**, supported by a robust IP protection framework.
5. **Recognition for low levels of corruption** and **high government efficiency**.
6. **Open trade policy** with minimal restrictions for traders.
7. **Simple and transparent tariff structure**.
8. **Exceptional border administration** and facilitation of international trade.
9. **High-quality transport infrastructure**, enabling efficient logistics.
10. **Superior customs services**, reducing time and cost for cross-border trade.
11. **Strong free-market fundamentals** within a corruption-free environment.
12. **Highest public trust in politicians**, reflecting stable governance.
13. **Minimal regulatory burden** on businesses.
14. **Maximum transparency in government policymaking**, fostering investor confidence.

Comparative Analysis: Singapore vs. Pakistan

I. Productivity Gap

Singapore has 24 times higher average productivity per worker than Pakistan. This gap is due to Pakistan's low per capita income, savings, investment, capital formation, and economic growth.

II. Sectoral Differences

i. **Pakistan**: Dominated by agriculture and feudal structures. Agriculture contributes ~25% to GDP; industry and services make up the rest.

ii. **Singapore**: Agriculture has negligible contribution. Industry contributes ~35% and services ~65% to GDP.

III. Human Development

- **Singapore**: Ranked 25th in the Human Development Index.

- **Pakistan**: Ranked 138th. The 113-rank gap reflects disparities in health, education, and income.

IV. Technological Advancement

Singapore's growth over the past 30 years is technology-driven. Pakistan lacks a solid technological base and remains underdeveloped in this domain.

- **Technology in Exports**:
  - Singapore: 66% (highest globally).
  - Pakistan: 0%.

Without investing in technology, Pakistan will struggle to achieve sustained, self-reliant growth.

The comparison of Pakistan and Singapore has been made as under:

Factor	Pakistan	Singapore
Area	796096 Sq Km	622 square km
Population	220 million	4 Million
GDP	$65 billion	$100 billion
Exports	$9 billion	$140 billion
employed labour force	38.3 million	2.5 million
Average productivities of labour	$1700	$ 40,000
industry sector	contributes one fourth	35 per cent of GDP
Services sector	one half	65 per cent of GDP
Industrial sector	without a "modern industrial sector"	"modern industrial sector"
Agriculture sector	one-fourth to the GDP	no share in the national output
Human Development Index (HDI)	138	25
average annual growth rate in GDP ten-year period of 1990-2000	3.7 per cent	7.8 per cent
Life expectancy	63	78
mortality rate per 1000 births	126	4
literacy rate	45 percent	45 percent
Technology	under-development	phenomenal growth
Corruption Perception index	140	4

Comparative Analysis of Pakistan with India and Bangladesh

In the World Bank's Ease of Doing Business (EoDB) Report 2020, Pakistan ranked 108th, while India stood at the 63rd position. As of 2020, India's GDP stood at $2,709 billion, approximately ten times larger than Pakistan's GDP of $263 billion. India's economically largest state, Maharashtra, alone has a GDP of $398 billion, which surpasses that of Pakistan.

After jumping 23 places to reach the 77th position in the previous Doing Business Report, India aimed for a top-50 ranking in the next report. To achieve this, India implemented at least 35 reforms within 12 months that significantly reduced costs, time, documentation, and procedures required to conduct business. (Desk, 2022)

Key reforms by India:

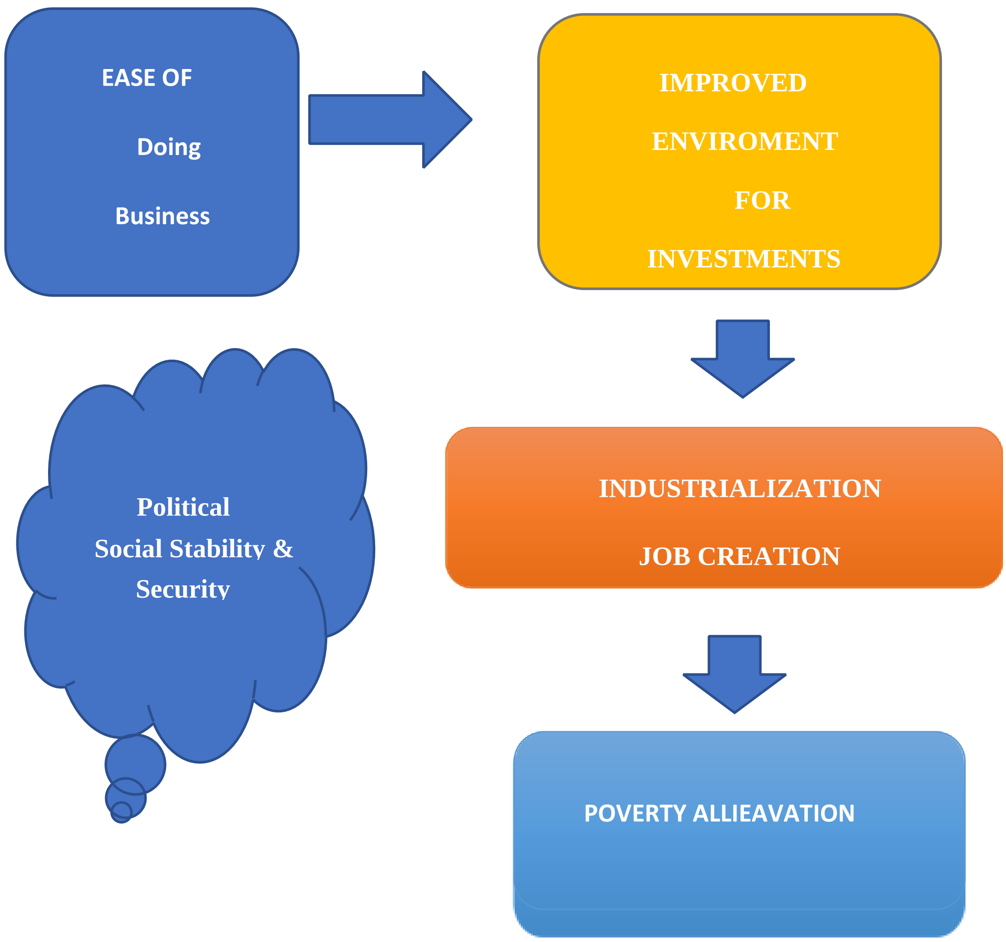
- Simplified procedure for filing Goods and Services Tax (GST) returns.
- Elimination of incorporation fees for small businesses.
- Improved recovery rate under the Insolvency and Bankruptcy Code 2016.
- Introduction of a color-coded dashboard to track customs clearance in real-time.
- In Construction Permits, India moved up 132 places in four years, ranking 52nd in 2018.
- In Getting Electricity, India rose to 24th place — up from 137th in 2014. vii. In Trading Across Borders, India climbed to 80th place, from 126th in 2014.
- In Paying Taxes, the GST filing process was simplified, making it faster.
- In Starting a Business, the Ministry of Corporate Affairs eliminated the incorporation fee for companies with an authorized capital of up to Rs. 15 lakh.
- The Department of Revenue removed the requirement for a bank account for GST registration, eliminating two procedural steps.
- In Construction Permits, warehousing costs were reduced in Delhi and Mumbai.

Issues & Challenges for Pakistan

1. Absence of a comprehensive legal framework for EoDB.
2. High cost of doing business hampers effective EoDB implementation.
3. Shortage and high costs of utilities (electricity and gas) disrupt economic activity.
4. Delayed dispute resolution mechanisms negatively impact the EoDB index.
5. Bureaucratic red tape disrupts business and industrial operations.
6. Political instability leads to poor implementation of EoDB reforms.
7. Widespread economic instability in the country.
8. The law and order situation adversely affects economic growth.
9. Lack of urban-rural synergy in infrastructure and investment development.
10. Terrorism threats, especially against foreign and Chinese projects, deter FDI.
11. Limited access to finance continues to be a challenge in EoDB reforms.
12. Need for expansion of the Raast Modernization Financing Scheme and Working Capital Financing Scheme for SMEs and LME sectors.
13. Lack of structured R&D practices in organizations.
14. Insufficient support for women entrepreneurship in the EoDB framework.
15. Frequent bureaucratic transfers/postings create inconsistency in policy implementation.
16. Adverse geo-political conditions (Afghan issue, Ukraine war, strained US relations, India's hostility) impact the economy.
17. Pakistan faces strong international market competition.
18. International pressures from bodies like the Financial Action Task Force (FATF) and the IMF Program add to economic challenges.

Impact of Ease of Doing Business on Poverty Alleviation

EASE OF DOING BUSINESS FLOW DIAGRAM



Ease of Doing Business initiative is adopted by the governments on the World Bank's recommendation to create a business-friendly environment and attract foreign direct and domestic investments. As a result, business and industrial activities increase, and the economy grows. Previous studies reveal that there is a link between Ease of Doing Business (EoDB) and foreign direct investment (FDI) and domestic investment, which in turn increases the opportunities for business and industrialization. Countries with advanced industrialization and a greater contribution of industry to GDP have strong economic indicators, such as better foreign reserves, GDP growth rate, GDP/GNP size, and per capita income. The studies also indicate that when these indicators are high, the poverty level is low.

When we take the case of Pakistan, we see that the EoDB index has improved from 147 to 108. Steps have been taken to simplify procedures, bring automation, establish one-window operations, and comply with other indicators for a business- and industry-friendly environment. During this period, industrial business activities have increased. A total of 22 Special Economic Zones (SEZs) have been approved. The industrial growth rate remained 3.6% in 2021, according to the Finance Division. In Khyber Pakhtunkhwa, five SEZs have been established in the last two years, around 160 sick units have been made functional, and 260 startups have been initiated so far. Moreover, the federal and provincial governments arranged the Dubai Expo in 2022 to showcase the potential investment sectors of Pakistan. In this expo, the Government of Khyber Pakhtunkhwa (GoKP) attracted 49 MoUs worth $8B.

Poverty is about not having enough money to meet basic needs, including food, clothing, and shelter. However, poverty is more than just not having enough money. Poverty has many faces, changing from place to place and across time, and has been described in many ways. The World Bank describes poverty as follows:

"Poverty is hunger. Poverty is lack of shelter. Poverty is being sick and not being able to see a doctor. Poverty is not having access to school and not knowing how to read. Poverty is not having a job, is fear for the future, living one day at a time."

To analyze the impact of EoDB as a tool for poverty alleviation, eight indicators showing the status of the economy over the last seven years have been selected in the case of Pakistan. A graphical presentation is as follows:

Source: Economic Survey of Pakistan 2021-22

Limitations

Some caveats regarding the rankings and key information presented must be considered:

- **Doing Business** did not measure all aspects of the business environment that matter to firms or investors, such as macroeconomic conditions, the level of employment, corruption, stability, or poverty in every country.
- **Doing Business** did not consider the strengths and weaknesses of the global financial system or the financial systems of every country. It also doesn't consider the state of the finances of each country's government.
- **Doing Business** does not cover all the regulations or regulatory requirements. Other types of regulation, such as financial market, environmental, or intellectual property regulations relevant to the private sector, are not considered.
- The **Doing Business** report was not intended as a complete assessment of competitiveness or the business environment of a country and should be considered as a proxy for the regulatory framework faced by the private sector in a country.
- The resource constraints in developing countries are not included in the EoDB index.
- Business and industrial activities demand continuity; however, this has not been counted in the report.
- There are also capacity issues within departments and business/industrial units that are not included in the index.

Many important policy areas are not covered by **Doing Business**. Even within the areas it measures, the scope is narrow. **Doing Business** does not measure the full range of factors, policies, and institutions that affect the quality of an economy’s business environment or its national competitiveness. It does not, for example, capture aspects of macroeconomic stability, development of the financial system, market size, the incidence of bribery and corruption, or the quality of the labor force.

Conclusion

The World Bank Group's Doing Business project devised a set of 10 objective indicators for the "Ease of Doing Business," which focus on the impacts of laws, regulations, and their enforcement across 190 economies. Pakistan has made remarkable and continued efforts to improve the business environment in the country by implementing almost 300 reforms since 2016, improving its EoDB ranking by 39 positions in 2020, reaching the 108th position. This effort has significantly contributed to improving the investment climate in the country. Pakistan was recognized as the top reformer in South Asia and the sixth reformer globally.

Ease of doing business facilitates both domestic and foreign investment, ultimately increasing industrial and business activities. The primary aim is to create a business-friendly environment and, as a result, strengthen the economy by improving key indicators such as foreign reserves, GDP growth rate, GDP/GNP size, and per capita income. As a result of improved economic indicators, the poverty level tends to decrease.

In the case of Pakistan, this analysis was based on eight indicators over the last seven years, which revealed fluctuations between the position in the EoDB index and the indicators affecting poverty alleviation levels. The effect on poverty alleviation in the country has been relatively small. However, the studies also reveal that many important policy areas are not covered by the EoDB, as its scope is narrow. It does not measure the full range of factors and policies, such as macroeconomic stability, development of the financial system, market size, the incidence of bribery and corruption, the quality of the labor force, political and economic instability, and others.

Through a comparative analysis with other countries like Nepal, Singapore, India, and China, a common factor or lesson learned for Pakistan is the need for a strong and stable political setup. Continuity of policies is crucial, as it will ultimately result in industrialization, leading to the goal of poverty alleviation. The issues and challenges have been identified based on various analysis techniques and tools, and, at the end, recommendations for policy interventions and remedial measures have been provided.

Recommendations

Short Term	Medium Term	Long Term
1. Targeted subsidies should be provided by the Federal and Provincial Governments to SMEs and industrial units. 2. A robust automation, timeline, monitoring, and accountability system may be implemented by the relevant departments. 3. Access to finance in the EoDB initiative by the SBP should be addressed. 4. The extension of limits and sectors in loan schemes, like Khyber Pakhtunkhwa Raast schemes, may be enhanced by the Industries Departments and BOK, etc.	1. A legal framework for EoDB should be framed by the Federal and Provincial Governments. 2. Judicial reforms related to EoDB and the ADR mechanism should be established.	1. A broad consensus-based policy should be formed to address other important factors like political and economic stability, as well as effective energy, foreign, and security policies. 2. Rural/urban synergy regarding infrastructure and investment should be maintained. 3. The gap between theory and policy implementation should be addressed through good governance and an accountability framework. 4. More coordination is needed among government units, especially within each provincial level. 5. Introduction of a market-based economy model, following India's approach.

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Poverty Alleviation Through Good Governance

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Abstract:

Good governance plays a pivotal role in eradicating poverty, particularly in countries like Pakistan where poverty remains widespread despite numerous state-sponsored programs. This study explores the multifaceted relationship between governance structures and poverty alleviation, emphasizing transparency, accountability, and stakeholder coordination. It critically examines Pakistan's governance indicators and identifies sectoral weaknesses in judicial systems, law enforcement, water and sanitation, education, health, transport, and housing. Based on secondary data, expert interviews, and brainstorming sessions, the research outlines practical short- and long-term recommendations grounded in modern technological integration and institutional reforms. The study concludes that unless governance becomes inclusive, data-driven, and technologically empowered, po verty eradication will remain elusive. Recommendations advocate for evidence-based policymaking, cross-sectoral collaboration, and stronger regulatory frameworks. A governance culture rooted in accountability and innovation is essential for Pakistan to move toward sustainable development and socioeconomic equity.

Key words:

Good governance, Poverty alleviation, Accountability, Technology integration, Pakistan development

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Problem Statement

It is universally accepted that good governance is vital for human development and poverty eradication, as it refers to a system involving a well-functioning governmental structure that adheres to the standards of transparency, participation, ownership, and accountability. Poverty alleviation has been a state agenda in Pakistan since its independence in 1947, but the overall trajectory of state-sponsored programs has been sporadic and poorly executed. Hence, the problem of poverty still persists, as Pakistan is ranked as the 51st poorest country in the world. Governance needs to be modeled in a way that utilizes modern technologies and fosters coordination among stakeholders to develop a national anti-poverty program that is inclusive of both federal and provincial governments, efficient and far-reaching, and based on digital tools to ensure greater efficiency, transparency, and accountability.

Scope

The study focuses on defining good governance by identifying various universally accepted indexes. It centers on Pakistan and the persistent poverty problem, which hinders national progress due to erratic governance. Following a regional overview, the study identifies six sectors of governance that directly impact poverty elimination. It concludes with recommendations based on a SWOT analysis, emphasizing that through good governance—incorporating both state and non-state actors and leveraging modern technologies and ICT—Pakistan can better target populations trapped in poverty.

Research Methodology

The study is based on secondary sources, with extensive consultation of available materials on poverty reduction and good governance practices. Brainstorming sessions were held to align the group and build consensus on the study's direction. Telephonic interviews with relevant officeholders were conducted to gain expert insights and understand the current state of affairs. The group is especially thankful to Mr. Fakhre Alam (Secretary, Poverty Alleviation), Mr. Zahidullah (AIG, CPO Peshawar), Mr. Iqbal (Ex-SSP Operations Lahore), and Advocate Abbass Khan Sangeen (Member, Peshawar High Court Bar Association) for their invaluable insights and generous provision of relevant data.

Overview of Governance

Defining Good Governance

The World Bank first proposed the definition of governance nearly two decades ago as:

"Governance is the manner in which power is exercised in the management of a country's economic and social resources for development." Governance is characterized by activities supported by shared goals among various stakeholders within an economy. In this age of global change, national governments are struggling to cope with both centralizing and decentralizing forces. Thus, institutions—both public and private—must collaborate toward shared objectives to make governance more efficient and responsive. Governance systems include not only government institutions but also non-government agencies.

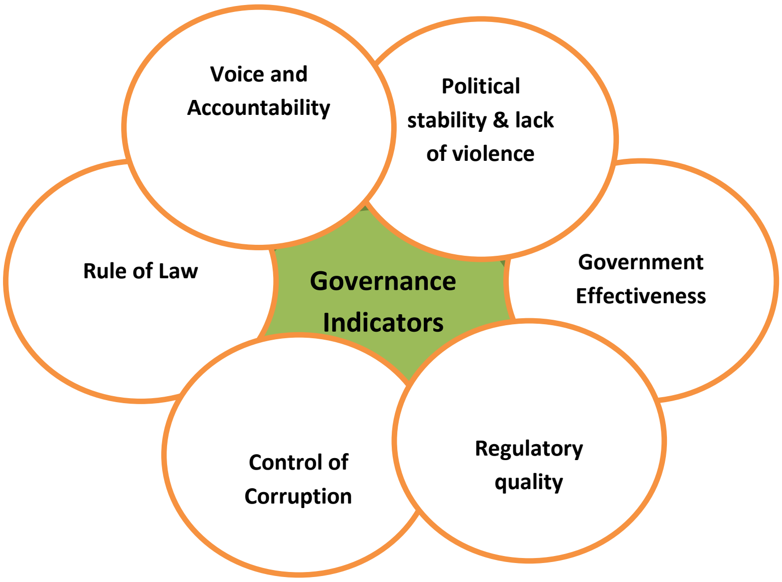
A governance model comprises policies, systems, structures, and strategic and operational frameworks. It defines how authority and responsibility are interconnected and ensures effective decision-making while assigning accountability to boards or managers.

The Role of Good Governance in Poverty Alleviation

Poverty remains a primary concern for governments worldwide, including Pakistan. Ongoing research emphasizes the importance of applying effective policies to alleviate poverty and uplift the general population. The role of good governance in poverty alleviation is critical, as it entails the optimal allocation and management of resources for the public good. This results in improved living standards and reduced poverty. Good governance must be guided by principles such as human rights, democratic values, transparency, participation, decentralized power sharing, the rule of law, and accountability.

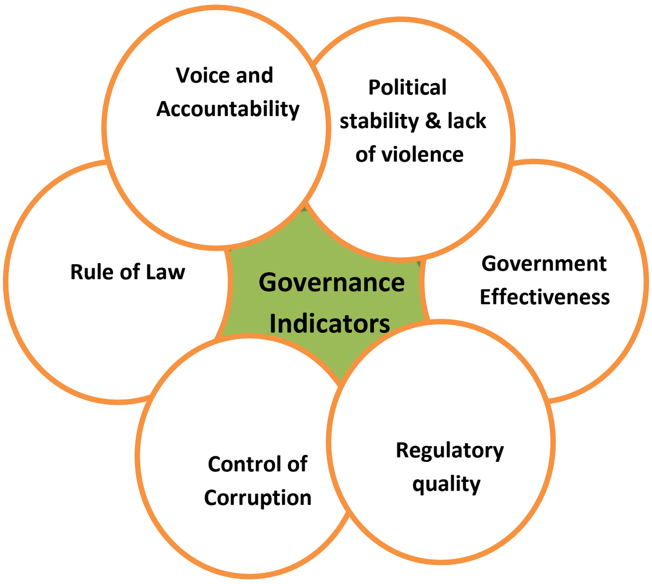
Governance Indicators

There are six governance indicators.



State Structure in Pakistan and Key Stakeholders

Good governance encompasses all three major organs of the State, as outlined in the constitutional framework of Pakistan.



Constitutional Framework

Article 38 of the Constitution of Pakistan states: *"The state shall provide basic necessities of life such as food, clothing, housing, education, and medical relief, for all such citizens, irrespective of sex, creed, caste, or race, as are permanently or temporarily unable to earn their livelihood."*

This implies the existence of a social contract between the state and its citizens, binding the state to perform its duties through good governance.

Regulatory Framework

At both federal and provincial levels, regulatory authorities exist to oversee government functions, including project and contract management. These are the legal mechanisms that ensure the rule of law is upheld in both letter and spirit.

Institutional Setup

Federal and provincial ministries, divisions, departments, and organizations are tasked with implementing government policies. These structured bodies deliver essential services to the public.

Public Expenditure and Financing

A structured system of public budgeting and financing supports the execution of government policies and initiatives. These expenditures maintain state functions and serve the public interest.

Transparency and Accountability

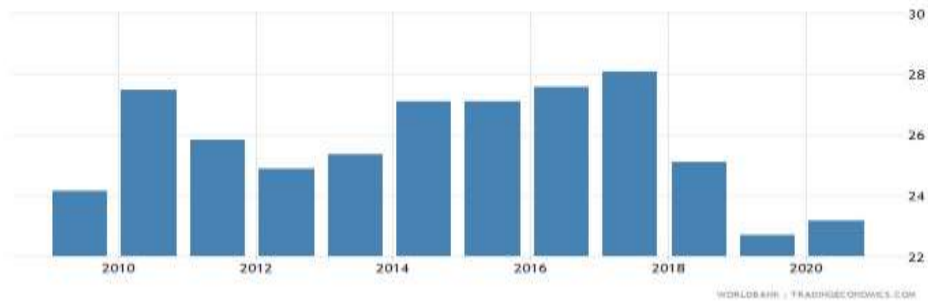
Public accountability institutions and mechanisms exist to ensure transparency through internal and external controls. These help prevent corruption and promote effective delivery of services, both physically and financially.

Major Stakeholders Analysis	Focus of analysis is on social sector in the context of governance

Pakistan's Performance on Governance Indicators

(i) Voice and Accountability

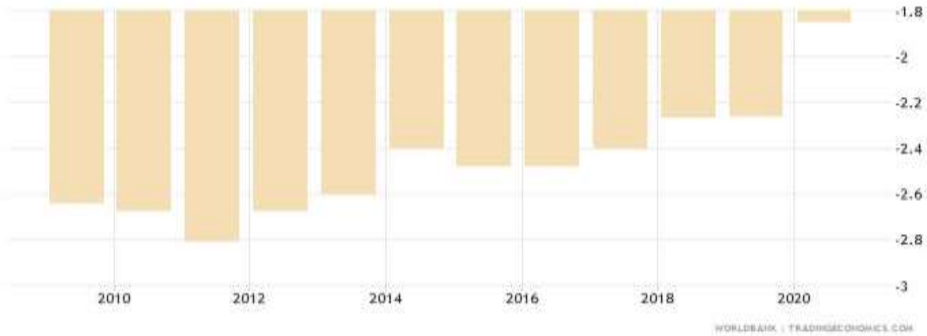
This indicator captures perceptions of the extent to which a country's citizens are able to participate in selecting their government, as well as the presence of freedom of expression, freedom of association, and a free media. For the Voice and Accountability indicator, Pakistan's Percentile Rank was reported at 23.19% in 2020 (World Bank).



(ii) Political Stability and Absence of Violence

For the Political Stability and Absence of Violence/Terrorism indicator, Pakistan's estimate was reported at -1.8534 in 2020 (World Bank).

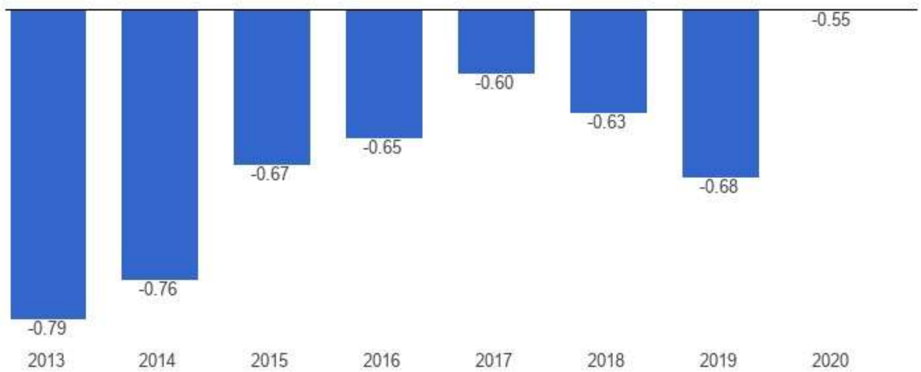
The estimate represents the country's score on an aggregate indicator measured in units of a standard normal distribution, ranging



approximately from -2.5 to 2.5.

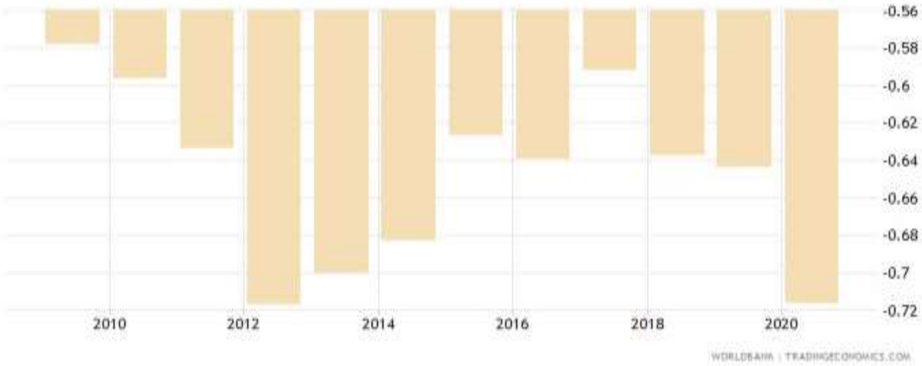
(iii) Government Effectiveness

The Government Effectiveness index captures perceptions of the quality of public services, the quality and independence of the civil service, the quality of policy formulation and implementation, and the credibility of the government's commitment to these policies. The average score for Pakistan during the assessed period was -0.61, with a minimum of -0.82 in 2011 and a maximum of -0.38 in 2006. The latest score in 2020 was -0.55. In comparison, the global average in 2020 (based on 192 countries) was -0.03.



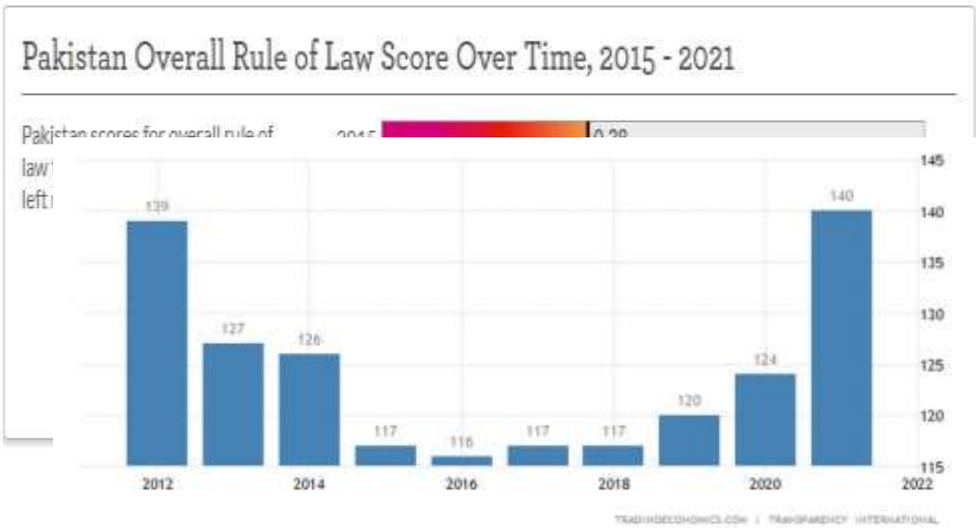
(iv) Regulatory Quality

Regulatory Quality measures perceptions of the government's ability to formulate and implement sound policies and regulations that support private sector development. In 2020, Pakistan's estimate for this indicator was reported at -0.71667.



(v) Rule of Law

The government's role is crucial in maintaining peace and security. Expenditures on law and order contribute to reducing crime and ensuring the enforcement of environmental, safety, consumer protection, and financial regulatory laws. These efforts can boost economic activity and support poverty reduction. Therefore, government spending on law and order is expected to have a direct relationship with poverty alleviation.



(vi) Control of Corruption: According to the 2021 Corruption Perceptions Index reported by Transparency International, Pakistan was ranked 140th out of 180 countries, indicating a high level of perceived corruption.

SWOT Analysis of Pakistan from Governance Perspective

STRENGTHS	WEAKNESSES
• Well-defined institutional framework • Established legal system • Young population • Democratic system • Diverse culture • Abundant natural resources	• Inconsistent policies • Poor implementation of rules and regulations • Corruption • Weak accountability mechanisms • Political instability • Lack of leadership commitment • Shortage of skilled labor
OPPORTUNITIES	**THREATS**
• China-Pakistan Economic Corridor (CPEC) • Tourism potential • Youth engagement in the IT industry • Independent media	• Population explosion • Regional instability • Law and order issues • Influence of IMF programs • Shifts in international dynamics

EETH ANALYSIS of Pakistan from Governance Perspective

ENHANCEMENT	ELIMINATION
• Enhance the institutional framework with modern information technologies • Bridge gaps in the legal framework • Make the young population more productive by imparting technical and IT skills • Make the democratic system more participatory • Exploit abundant natural resources for development	• Eliminate inconsistency in policies • Implement rules and regulations in true letter and spirit • Enforce zero tolerance for corrupt practices • Strengthen accountability mechanisms • Ensure committed and dedicated leadership as a key driver of development • Improve labor skills

TAKE ADVANTAGE	HEDGE THE THREATS
• Leverage CPEC as a game changer for economic development • Declare tourism as a key economic pillar through strong policy interventions • Promote youth engagement in the IT industry through entrepreneurship, start-ups, and IT parks • Recognize independent and unbiased media as a key player in ensuring transparent governance	• Curb population explosion through involvement of religious leaders • Address regional instability through vibrant and proactive diplomacy • Improve law and order through societal awareness and strict law enforcement • Pursue self-reliance instead of dependency on IMF programs

Comparative Analysis with Global/Regional Countries

A regional comparison from Pakistan's perspective reveals the stark reality that Pakistan is not performing well in key governance and development indicators. Secondary data spanning the period from 1980 to 2018, used to compare Pakistan with other countries in the region through comparative analysis methods, reflects that national efforts over the years have not been very effective.

In terms of average GDP growth, Pakistan ranks below China, India, and Malaysia. Furthermore, regarding the Rule of Law, Pakistan performs poorly, ranking just above Iran. Similarly, in the area of Control of Corruption, Pakistan only surpasses Iran and ranks below the rest of the countries. The only indicator where Pakistan shows a relatively better performance is the Freedom Rating, in which it ranks third among seven countries.

Dr. Mahbub ul Haq of Pakistan introduced the Human Development Index (HDI) as a measure of a country's success in combating poverty. Globally, HDI is now a standard measure of poverty, which is understood not only as low income but also as lack of access to resources, limited opportunities for political participation, and high vulnerability to risk and shocks (Planning Commission of Pakistan, 2005). Except for Sri Lanka, the South Asian region is categorized under the "Lower HDI" category by the United Nations Development Programme (UNDP). Poverty is a shared challenge for all countries in the region and, more broadly, for all developing (Third World) countries.

Governance Rankings – 2021

S.No	Country	Score
1	Pakistan	48.4
2	India	120
3	Bangladesh	57.1
4	Iran	54.2
5	China	45
6	Malaysia	51
7	Nepal	58

The country rankings based on the Governance Index show that Pakistan's score is 48.4, compared to India's 120, Bangladesh's 57.1, Iran's 54.2, China's 45, Malaysia's 51, and Nepal's 58. The score serves as a measure of the effectiveness of a country's regulatory framework and infrastructure in enabling its natural, social, and intellectual capital to flourish—contributing to poverty elimination and sustainable economic development.

Pakistan's governance score clearly indicates the need for improvement. The country must adopt stronger regulatory frameworks that focus on uplifting the general population and accelerating poverty reduction.

Critical Analysis of Federal and Provincial Policies

Regulatory Framework

The Electricity Supply Chain (ESC) comprises three primary functions: generation, transmission, and distribution. Due to the high interdependency among these segments, inefficiency in one area affects the entire value chain. The National Electric Power Regulatory Authority (NEPRA) determines how much a power producer can spend—down to the rupee. Analysis of costs approved by NEPRA in comparison with Independent Power Producers' (IPPs) financial statements reveals that many are profiting in multiple questionable ways. Misrepresentation of fuel costs and inventory shortfalls are considered the "dirty little secrets" of many IPPs, which reportedly cost consumers 34.2 billion rupees.

Additionally, the regulator allows a dollarized return on equity (ROE) of 27.2%, which is widely considered excessively high. Instead of allocating indigenous gas to newer, more efficient plants, the government in 2015 signed a contract to import Regasified Liquefied Natural Gas (RLNG) from Qatar—an agreement that had already lost commercial appeal before the ink had dried.

Due to outdated power installations, the government lost an average of 79 billion rupees at the Distribution Companies (DISCOs) level in power transmission between 2014 and 2019—yet another glaring example of poor governance.

Rule of Law

The Sugar Mafia Scandal, where the so-called 'sugar mafia' earned Rs. 110 billion in a single year through speculative pricing, stands as a prominent example of bad governance in Pakistan's recent history.

Corruption and Accountability

There has been a noticeable increase in corruption-related cases registered by the Federal Investigation Agency (FIA) and the National Accountability Bureau (NAB) in 2020 compared to 2019, as shown in the table below:

Crime Statistics of FIA and NAB – Anti-Corruption Enquiries/Cases (2019–2020)

Agency	Enquiries Registered		Converted into Cases	
	2019	2020	2019	2020
NAB	649	1326	246	288
FIA	2320	1932	867	1137

Transparency

The Auditor General of Pakistan revealed Rs. 4.722 billion in irregularities, wastage, unauthorized payments, misappropriation, and fictitious expenditures in the Bus Rapid Transit (BRT) project. This amount includes recoveries amounting to Rs. 1,478.026 million, as highlighted by the auditors.

Federal and Provincial Initiatives for Poverty Alleviation

Despite increased government spending on pro-poor sectors from 2016–17 to 2020–21, persistent governance issues have hindered development and economic growth, ultimately failing to alleviate poverty effectively.

Table-15.3: PRSP Budgetary Expenditures by Sector (Rs million)

Sectors	2016-17	2017-18	2018-19	2019-20	2020-21*
Roads, Highways & Bridges	526,356	452,463	400,623	342,689	383,961
Environment / Water Supply and Sanitation	72,031	77,932	45,186	70,337	87,149
Education	699,222	829,152	868,022	901,013	988,032
Health	328,962	416,467	421,778	505,411	657,185
Population Planning	20,338	20,451	14,328	11,381	12,761
Social Security & Welfare**	259,455	257,534	173,443	280,258	257,031
Natural Calamities & Other Disasters	27,461	19,062	20,933	72,353	90,683
Agriculture	258,396	277,867	256,697	377,093	328,441
Land Reclamation	2,558	2,730	2,538	2,418	3,054
Rural Development	30,934	42,127	11,958	29,738	49,703
Subsidies	403,139	327,767	387,092	635,816	857,789
Low Cost Housing	422	349	704	1,766	2,242
Justice Administration	41,926	53,461	65,937	72,737	83,397
Law and Order	356,217	390,556	430,063	457,487	480,712
Total	3,027,417	3,167,918	3,099,302	3,760,497	4,282,140
Total as % age of GDP (2015-2016 base)	**8.5**	**8.1**	**7.1**	**7.9**	**7.7**

*: Provisional,
**: Social Security & Welfare includes the expenditure of BISP, SDGs, and PBM.

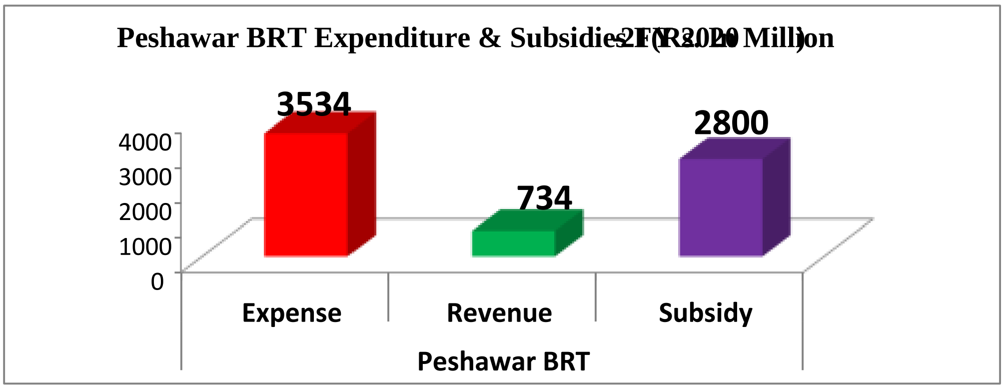
Source: External Finance Wing, Ministry of Finance

Public Transport

The link between poverty and transport has gained increasing attention. Multilateral agencies now emphasize incorporating poverty-focused components into transport project designs. A common strategy involves making public transport more affordable for low-income households, typically through some form of subsidy.

a) Peshawar BRT

The Government of Khyber Pakhtunkhwa provided a subsidy of Rs. 2.8 billion during FY 2020–21. Meanwhile, revenue stood at only Rs. 734 million, despite travel restrictions due to COVID-19.

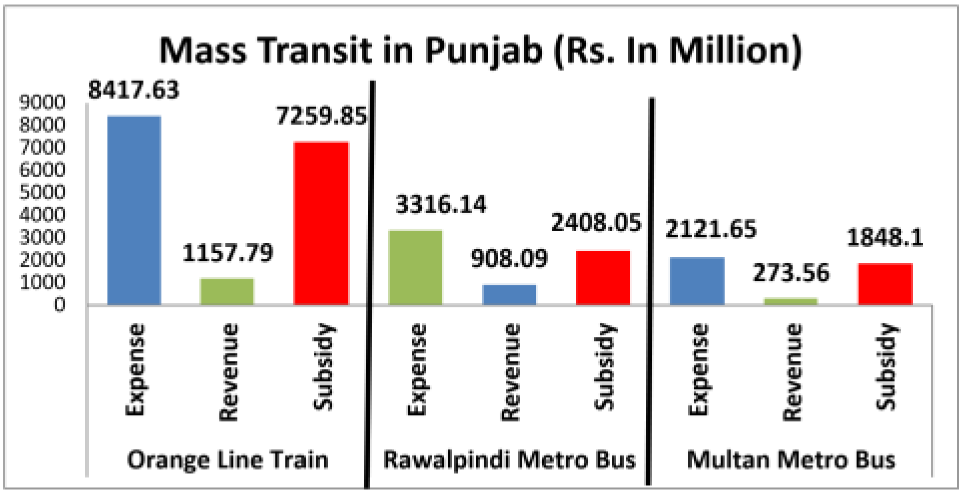


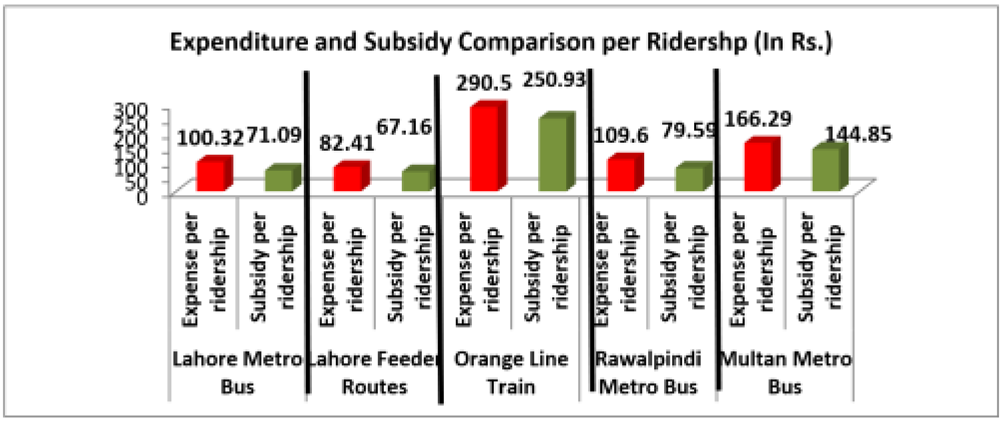
b) Public Transport by the Government of Punjab

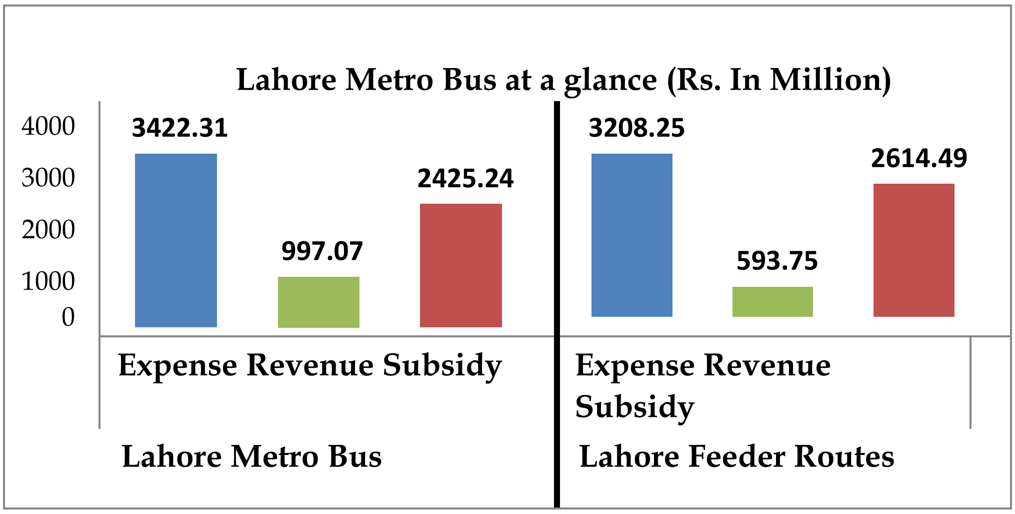
The Government of Punjab subsidized approximately Rs. 18 billion during FY 2021–22 to operate the mass transit systems in Lahore, Multan, and Rawalpindi-Islamabad. However, southern Punjab and other districts have largely been neglected in terms of access to efficient public transport services.

DETAIL OF REVENUE, EXPENSES, SUBSIDY AND RIDERSHIP OF PMA FOR F.Y 2021-22 (Operational Projects)

Summary	Rs. In Million
Revenue	4,141.40
Expense	22,114.25
Subsidy	17,972.86
Ridership	158.81
Expense Per Rider (Rs.)	139.25
Subsidy Per Rider (Rs.)	113.17


Mass Transit in Punjab (Rs. In Million)
9000
8000
7000
6000
5000
4000
3000
2000
1000
0
8417.63
1157.79
7259.85
3316.14
908.09
2408.05
2121.65
273.56
1848.1
Expense
Revenue
Subsidy
Expense
Revenue
Subsidy
Expense
Revenue
Subsidy
Orange Line Train
Rawalpindi Metro Bus
Multan Metro Bus


Expenditure and Subsidy Comparison per Ridershp (In Rs.)
300
250
200
150
100
50
0
100.32
71.09
82.41
67.16
290.5
250.93
109.6
79.59
166.29
144.85
Expense per ridership
Subsidy per ridership
Expense per ridership
Subsidy per ridership
Expense per ridership
Subsidy per ridership
Expense per ridership
Subsidy per ridership
Expense per ridership
Subsidy per ridership
Lahore Metro Bus
Lahore Feeder Routes
Orange Line Train
Rawalpindi Metro Bus
Multan Metro Bus


Lahore Metro Bus at a glance (Rs. In Million)
4000
3000
2000
1000
0
3422.31
997.07
2425.24
3208.25
593.75
2614.49
Expense Revenue Subsidy
Expense Revenue Subsidy
Lahore Metro Bus
Lahore Feeder Routes

SWOT ANALYSIS of Public Transport in Pakistan

STRENGTHS	WEAKNESS
Public Transport Via Road • Developed road infrastructure • Huge allocation of developmental funds • Door to Door Service provision • Extensive network • Accessibility to industries **Public Transport Via Railway** • Well-connected network from Karachi to up country. • Alternate mode of transportation • Bulk transportation • Eco-friendly • Cheap transportation	**Public Transport Via Road** • Costly mode of transportation • Informal Industry • Poor ranking index • Lack of data and information • Outmoded and ill equipped • Fragmented sector • Long travel time and Congestions • Weak implementation of axle load regime **Public Transport Via Railway** • Organizational issues • Non competitive • Lack of modern technology • Outdated infrastructure • Policies and funding issues • Safer way of transportation
OPPORTUNITIES	**THREATS**
Public Transport Via Road • 6% of total national employment • Employment generation through CPEC • Widening of Industrialization • Investment Opportunities • Regional connectivity **Public Transport Via Railway** • Employment generation through CPEC • Upgradation of ML-I&2&3 • Infrastructural development by establishing state of the art dryports • Connection with regional countries	**Public Transport Via Road** • Regional and International hindrances on trade • Capacity issues • Congestion on sea ports • Poor logistic performance index (122/160) • Supply chain cost to economy **Public Transport Via Railway** • Competition from roads • Human resource & financial issues • Freight transportation by China operators under CPEC. • Concept of welfare organization instead of commercial

Cheap Housing

Pakistan is facing an unprecedented urban housing crisis. Low-rise, low-income urban settlements are rapidly and informally transforming into high-rise, high-density informal settlements, accompanied by physical, social, and environmental problems due to unplanned densification.

The current housing policy, officially in use since 2001, addressed a number of key issues. It prioritized the identification of land for housing by provincial and local authorities and sought to remove bottlenecks in the land acquisition process. The policy emphasized resource mobilization and encouraged financial institutions to provide mortgage loans for housing at market rates. Additionally, it proposed a housing refinance facility at the State Bank of Pakistan for long-term funding from multilateral agencies such as the World Bank, Asian Development Bank (ADB), and Japan International Cooperation Agency (JICA). It also offered incentives to the construction sector to build housing for low- and lower-middle-income groups and proposed regularization of *katchi abadis* and slums through resettlement plans, stressing that no eviction should occur unless residents are relocated.

Despite making mortgage loans more available, the poor remain largely excluded. This is because loans are often only available for land purchases and come with high interest rates. Furthermore, housing loans typically require collateral or formal employment—neither of which most poor citizens possess, as 72% of jobs in Pakistan are in the informal sector.

SWOT Analysis of the Housing Sector in Pakistan

Strengths	**Weaknesses**
- Abundant land - Availability of labor - Indigenous resource availability - Government-supported housing societies	- Proliferation of illegal housing societies - Horizontal expansion without regulation - Lack of proper town planning - Weak enforcement of building bylaws
Opportunities	**Threats**
- Growth across multiple sectors - Creation of numerous job opportunities - Attractive investment prospects - Potential for Public-Private Partnerships (PPP)	- Rapid urbanization - Population explosion

At the provincial level, the situation is also concerning. In **Khyber Pakhtunkhwa**, the Jalozai Housing Scheme was launched in 2016–17. However, despite interest from the province’s lower-income citizens, progress has stalled.

In **Punjab**, the housing gap—estimated at 2.3 million units in 2017—is projected to skyrocket to 11.3 million units by 2047. In the 2022–23 budget, the Government of Punjab allocated Rs. 13.9 billion for 107 ongoing and 6 new housing schemes. The disproportionately low funding and slow progress suggest that housing is not a priority, especially given the vast need.

Water and Sanitation

The **2020 national water quality monitoring program** was implemented in 29 cities across the four provinces, Azad Jammu & Kashmir (AJK), and Gilgit-Baltistan. When compared with the **National Standards for Drinking Water Quality**, the data revealed that out of 435 water sources, only 168 (39%) were safe for drinking, while 267 (61%) were deemed unsafe.

Chemical contamination across the country includes:

- Turbidity (9%)
- Iron (14%)
- Hardness (10%)
- Chloride (8%)
- Total Dissolved Solids (TDS) (14%)
- Fluoride (4%)
- Nitrates (4%)
- Arsenic (5%)
- pH imbalance (1%)

Provincial insights:

- In **Balochistan**, safe water supply improved from 19% in 2015 to 41% in 2020.
- **Punjab** showed improvement from 35% in 2015 to 49% in 2020.
- In **Sindh**, water quality declined from 19% safe in 2015 to 15% in 2020.
- **Khyber Pakhtunkhwa** ranked highest in safe water supply at 57%, although this was down from 59% in 2015. The main issue in KP is an excessive level of iron, which can be addressed by replacing rusted pipes and components.

Waterborne diseases place a heavy burden on the health sector. Providing clean and safe drinking water is a fundamental government responsibility, which is currently not being fulfilled. Only about **20%** of Pakistan's population has access to safe drinking water. The remaining **80%** are forced to consume unsafe water due to the lack of accessible clean sources. As a result, many fall ill from polluted water.

Approximately **53,000 children under the age of five** die each year from diarrhea caused by poor water and sanitation. An estimated **70% of households** still consume bacterially contaminated water.

SWOT Analysis of Water Supply, Water & Sanitation

Strength	**Weakness**
Water Supply • Sufficient rainfall • Natural water reservoirs • Biggest Canal Network **Water &Sanitation** • Institutions available • Funds availability	**Water Supply** • Poor water management • No purification system • No use of modern technology • Less Access to safe drinking water • Contaminated water **Water & Sanitation** • Outdated sanitation infrastructure • Mal-administration • Corruption • Unskilled labors • Lack of technology
Opportunities	**Threat**
Water Supply • Use of modern technology • Tapping flood water • Research & Development • Employment & Power generation **Water & Sanitation** • Community based sanitation system • Technology innovation • Eco-friendly	**Water Supply** • Water borne diseases • Natural calamity / catastrophe • Low productivity **Water & Sanitation** • Floods which destroy sanitation system • Lack of community ownership • Plastic bags causes blockage

The newly established Water and Sanitation Services Companies at the divisional level are not functioning effectively due to mismanagement and political interference. This situation is also prevalent in other provinces of Pakistan.

Health:

The healthcare delivery system in Pakistan consists of both public and private sectors. The public sector attempts to provide healthcare through a three-tiered system and a variety of public health interventions.

- **Primary care** includes Basic Health Units (BHUs) and Rural Health Centers (RHCs), which form the foundation of the primary healthcare model.
- **Secondary care** comprises first- and second-level referral facilities that provide acute, ambulatory, and inpatient care through Tehsil Headquarter Hospitals (THQs) and District Headquarter Hospitals (DHQs).
- **Tertiary care** includes teaching hospitals offering advanced treatment and specialized services.

Public health infrastructure and workforce have grown steadily. The national healthcare system currently includes:

- 1,201 hospitals
- 5,518 Basic Health Units (BHUs)
- 683 Rural Health Centers (RHCs)
- 5,802 dispensaries
- 731 Maternity & Child Health Centers
- 347 TB centers
- An estimated 123,394 hospital beds available across these facilities.

In addition, over 95,000 Lady Health Workers are delivering primary healthcare services to communities. However, the health outcomes for the poor have not improved to the desired level.

Khyber Pakhtunkhwa (KP) has launched the Sehat Card Program, a micro-health insurance initiative covering all citizens of the province. The program is implemented through an insurance company selected via national competitive bidding. It provides free inpatient healthcare services to over 7.2 million families, with no out-of-pocket expenses, up to Rs. 1 million per family per year. The annual cost of the program is around Rs. 18 billion.

Although this initiative reduces the financial burden of healthcare, it cannot be considered a primary tool for poverty alleviation, as it covers the entire population rather than targeting those most in need based on income level.

SWOT Analysis of the Health Sector

Strengths	Weaknesses
• Availability of human resources • Established physical infrastructure • Functional healthcare system • Professional and skilled doctors	• Lack of quality paramedics • Low budget allocation for health • Basic facilities missing in many hospitals • Resistance to adopting modern medical pedagogy • Irrational doctor-to-patient ratio • Poor hospital administration • Lack of monitoring and evaluation • High treatment costs and prevalence of counterfeit medicines
Opportunities	**Threats**
• Expansion of telemedicine services • Donor funding opportunities • Public-private partnerships (PPP) • International collaboration in healthcare • Employment generation in the health sector	• Spread of epidemics, endemics, and pandemics • Rapid population growth • Chronically ill individuals becoming a burden on the economy • Unhygienic living conditions contributing to disease spread

Education

The national educational scenario of Pakistan is quite dismal. Pakistan ranks 154th among 189 countries on the Human Development Index (UNDP, 2020). The primary completion rate has stagnated at 67% over the past five years, from 2015 to 2020. Similarly, the gender gap of nine percent between the primary completion rates of males and females has also persisted during this period. The lower secondary completion rate has marginally increased from 50% to 59% during 2015-2020. The national literacy rate has remained stagnant at 60% for the last five years, which is alarming and worrying. However, more girls have been enrolled in schools, and gender parity has improved in net enrollment at the primary, middle, and matric levels from 2015 to 2019. Despite this, significant deficiencies and disparities persist in the provision of basic services to schools across the country.

Pakistan is ranked among the top three countries in the world with the highest number of out-of-school children. This group consists of children aged 5-16 years who have never attended school, as well as those who have attended but dropped out. At the national level, 32% of children fall into this category.

The connection between education and poverty is direct, and this issue is closely linked to national development.

Table 10.5: Expenditure on Education (Rs million)

Years		Current Expenditure	Development Expenditure	Total Expenditure	As percent of GDP
2019-20	Federal	83,266	31,300	114,566	1.90
	Punjab	337,562	35,378	372,940	
	Sindh	165,028	5,427	170,455	
	Khyber Pakhtunkhwa	162,778	18,523	181,301	
	Balochistan	53,640	8,111	61,751	
	Pakistan	**802,274**	**98,739**	**901,013**	
2020-21 (P)	Federal	90,974	34,305	125,279	1.77
	Punjab	352,278	32,964	385,242	
	Sindh	183,718	11,310	195,028	
	Khyber Pakhtunkhwa	188,246	28,377	216,623	
	Balochistan	55,924	9,936	65,860	
	Pakistan	**871,140**	**116,892**	**988,032**	

P: Provisional

SWOT Analysis of the Education Sector

Strengths	Weaknesses
• Sufficient human resources • Physical infrastructure exists • Education system in place • Rules and regulations available • Affordable education system	• Lack of quality education • Traditional curriculum • Insufficient budget allocation • Stagnant literacy • Basic facilities are missing in schools and colleges • Old-fashioned teaching methods • Resistance to adopting modern pedagogy • Large batch sizes • Lack of monitoring and evaluation • Poor examination system
Opportunities	**Threats**
• Use of IT • Online mode of education • Public-private partnerships • Donor funding opportunities • International collaboration	• Low HDI ranking • Low productivity • Limited trade opportunities • High number of out-of-school children • Population explosion

Judiciary

Like other institutions in the country, the judiciary is performing below its optimal level, and Pakistan ranks 130th out of 139 countries in terms of its judicial system. "Justice delayed is justice denied" accurately describes the situation.

A person may file a petition in civil courts, only for the decision to be handed down to their grandchild after two or three decades. As a result, the general public has little trust in the judicial system and often resorts to other means of resolving property and business conflicts, which further exacerbates law and order issues in the country. If the judicial system were functioning properly, the law and order situation would not be as dire. Several factors, including high costs and rampant corruption, contribute to these inefficiencies.

SWOT Analysis of the Judicial System of Pakistan

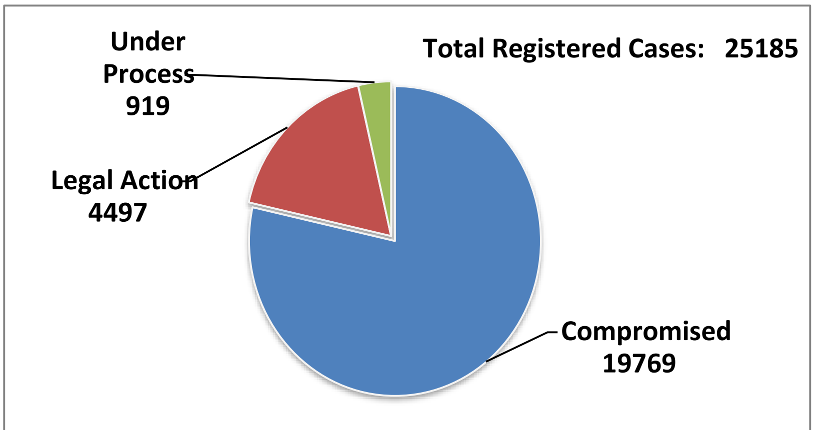
Strengths	**Weaknesses**
- Extended presence across the country - Different layers of judiciary - Established laws and regular legislation - Online tracking mechanism	- Costly justice - Illiterate population - Low-qualified lawyers - Corruption - Overburdened courts
Opportunities	**Threats**
- Speedy justice - Decreased load on the budget - Potential for good business opportunities - Foreign direct investment (FDI) - Remittances	- Out-of-court settlements - Jirga/Panchayat and military courts - Armed private militias - Talibanization

Police

The police department of Pakistan, responsible for maintaining law and order, faces challenges similar to other departments. The police operate under difficult circumstances and with limited resources. Performance and satisfaction levels are not up to international standards. People in Pakistan are often reluctant to approach the police station for grievances, opting instead for out-of-court settlements or alternative methods of resolving issues related to life and property.

When a person does go to the police station, they may encounter extortion, and the cost of investigation is borne by the complainant. If the police do not perform their duties effectively, it directly impacts the crime rate and the law and order situation.

The Khyber Pakhtunkhwa Police Department has initiated the development of Dispute Resolution Committees (DRCs) at each police station. These committees have proven effective in resolving disputes related to property and social matters, saving the public money on litigation. Approximately 80% of registered cases have been resolved through these DRCs, and this model may be replicated in other provinces.



Progress report of DRCs in last 3 years in KP

SWOT Analysis of Pakistan Police

Strengths	Weaknesses
- Organized force - Institutionalized force - Presence across the country - Adequate laws available - Local police in all provinces	- Low salaries - Lack of training - Outdated tactics - Lack of modern techniques - Corruption - Lack of funds
Opportunities	**Threats**
- Use of modern tools and technology - Operating with limited resources efficiently - Building trust with the public - Restoration of public trust	- Other law enforcement agencies (LEAs) taking over - Terrorists finding safe havens - People looking toward alternative protectors

Impact of Good Governance on Poverty Alleviation

Between 2001 and 2015, the government made significant investments in social assistance programs, leading to a substantial reduction in poverty. The poverty headcount dropped from 73.5% to 35.5% during this period (measured at the lower-middle-class poverty line of $3.20 PPP 2011 per capita per day). This decline was largely driven by the expansion of off-farm economic opportunities and the increase in migration and remittances. However, by 2018, the poverty rate was at 34.4%, as the country faced a macroeconomic crisis, which slowed the pace of poverty reduction.

From 2019 onward, the COVID-19 pandemic and related social distancing measures had a severe impact on household incomes. In the second half of 2020, half of the working population faced job or income losses. The most vulnerable segments of the labor force, particularly informal and low-skilled workers, were hit hardest, with employment in elementary occupations contracting sharply. During this time, the Poverty Alleviation & Social Safety Division implemented the Ehsaas Emergency Cash Program, providing temporary social transfers to 15 million families.

In further examination, it becomes clear that the persistent poverty faced by Pakistan is deeply rooted in circumstances that undermine productivity, resilience, and inclusion. Poor households are more likely to live in inadequate conditions, with larger families, lower educational levels, and weaker connections to formal labor markets. These households are also more dependent on income sources that are susceptible to natural disasters and economic fluctuations. Monetary poverty often correlates with poor human development outcomes, including high stunting rates. The Education Sector reported that 18.8 million children were out of school in 2018, most of them girls.

The COVID-19 pandemic has likely exacerbated these challenges, and the long-term impacts will be felt for years to come. Improved governance practices are essential to alleviate poverty and improve the overall well-being of the population. Only through effective governance can the cycle of poverty be broken, leading to sustainable development and enhanced living standards for all.

POVERTY	Number of Poor (million)	Rate (%)	Period
National Poverty Line	46.5	21.9	2018
International Poverty Line 74.2 in Pakistan rupee (2018) or US$1.90 (2011 PPP) per day per capita	7.6	3.6	2018
Lower Middle Income Class Poverty Line 124.9 in Pakistan rupee (2018) or US$3.20 (2011 PPP) per day per capita	73.1	34.4	2018
Upper Middle Income Class Poverty Line 214.7 in Pakistan rupee (2018) or US$5.50 (2011 PPP) per day per capita	164.7	77.6	2018
Multidimensional Poverty Measure		N/A	N/A

KEY INDICATORS

Distribution among groups: 2018	International Poverty Line(%)		Relative group (%)	
	Non-Poor	Poor	Bottom 40	Top 60
Urban population	99	1	23	77
Rural population	95	5	50	50
Males	96	4	40	60
Females	96	4	40	60
0 to 14 years old	95	5	49	51
15 to 64 years old	97	3	34	66
65 and older	97	3	33	67
Without education (16+)	96	4	48	52
Primary education (16+)	98	2	34	66
Secondary education (16+)	99	1	23	77
Tertiary/post-secondary education (16+)	100	0	9	91

Source: World Bank using HIES/SARMD/GMD

Notes: N/A missing value. N/A* value removed due to less than 30 observations

Multidimensional Poverty Measures: 2018	(% of population)
Monetary poverty (Consumption)	
Daily consumption less than US$1.90 per person	3.6
Education	
At least one school-aged child is not enrolled in school	28.8
No adult has completed primary education	21.1
Access to basic infrastructure	
No access to limited-standard drinking water	6.5
No access to limited-standard sanitation	24.8
No access to electricity	9.3

Source: World Bank using HIES/SARMD/GMD

Issues and Challenges

1. The state is confronted with an energy crisis, food shortages, and unemployment. The condition has been further destabilized by deteriorating almost all areas of the state, including education, health, and industry.
2. Political instability/uncertainty has hit the economy with the devaluation of currency, which results in declining investment opportunities and creates stress on fiscal policies. This further disrupts economic growth and development.
3. There is inconsistency in policies and projects in Pakistan, which leads to poor governance, and ultimately, the poorer strata of society are more affected.
4. Corrupt practices, delays in justice delivery, and skewed distribution of resources have also halted the development of the backward areas of the country.
5. The malfunction of the governance structure in Pakistan has also wreaked havoc on the economic system of the country.
6. Subsidies in all sectors of the economy have benefitted the wealthier segment of society because the subsidy provision is not targeted to the marginalized segments of society.

7. The practices of contract and project management are not transparent. Therefore, the expected outcomes could not be achieved, and as a result, efforts to reduce poverty have failed.
8. Inefficient human resources in all organs of the state have hampered the progress and achievement of all poverty-driven initiatives.
9. Modern tools of management and governance are missing to a great extent, and this has accelerated the economic downfall in the country.
10. Political interference and inefficiency in accountability institutions have badly affected the accountability and transparency processes.

Conclusion

For governments, fighting poverty is a legal, moral, political, and technical challenge. It is also a systemic challenge because poverty is both multidimensional and intergenerational. It is not only categorized by a lack of income but also by poor access to quality education, poor access to health, malnutrition, limited access to sanitation, hazardous living environments, and poor quality of work. Solving one of these is not enough; a holistic approach is needed. Poverty is often intergenerational; it persists from one generation to the next because of self-reinforcing mechanisms, which often stem from systemic practices that perpetuate poverty. Historically, governments have been creators of poverty due to elite capture, which first manifests in the form of bureaucracy acting as a barrier to entry and disallowing a level playing field. Secondly, the wealthy, who can influence laws, regulations, rules, and policies, benefit at the expense of others. Perks and privileges are granted to a select few at the cost of the rest.

Hence, it is imperative for governments to intervene through anti-poverty programs. It is a globally accepted fact that "inclusive economic institutions" have led countries worldwide toward development, as these combine both the forces of the state and the free market. The good governance of the state ensures incentives for people to invest and brings innovation through the social contract. Furthermore, it has been found that if the state is able to fulfill all six governance indicators, there must be development and progress. In the case of Pakistan, unfortunately, all six indicators of governance have not been met by the state, and as a result, Pakistan is facing poverty, unemployment, low quality of life, and economic crises.

This dismal picture of governance in Pakistan calls for remedial measures to improve the situation through revision of policies, accountability mechanisms, transparency, and rule of law. Pakistan's poverty challenge is one of the hardest in the global context, and despite its long history of state-sponsored anti-poverty programs, Pakistan ranks as the 51st poorest country in the world. It is also the 5th most populous, with its population continuing to grow at an alarming rate of 2%. Pakistan's wealth is incredibly concentrated among a few families, leaving 35% of Pakistanis below the poverty line. As Pakistan's wealthiest citizens pay little tax, Pakistan's poor citizens end up paying more taxes in their place.

The situation in Pakistan clearly reflects the lack of good governance in the form of ill-coordinated drives, implementation issues, and a lack of proper monitoring and evaluation mechanisms. Due to bad governance, many of the poverty eradication programs are fragmented, duplicative, and often poorly targeted.

Recommendations

Pakistan needs to develop a governance culture that is reinforced by an evidence-based decision-making system that steadily and continuously evolves the implementation of poverty elimination programs over time. Only a governance system with effective evaluation and monitoring mechanisms, along with a scientific approach to data and project management, can deliver in Pakistan's fight against poverty. The use of modern technologies to ensure effective use of databases and IT-based digital interfaces, along with strong audit and board mechanisms, will lead to the development of an integrated anti-poverty regime that is inclusive of both federal and provincial poverty alleviation programs, offering a whole-of-government response to this national problem. However, the greatest hurdle in this direction would be the just allocation of resources. In this connection, the following recommendations are made to strengthen the institutions that deliver good governance in the fight against poverty:

Sector-wise Recommendations

Short Term

Judicial System

1. The backlog of all pending cases should be cleared on a war-footing. The judiciary should work on a two-shift basis, and the summer vacations of the judiciary should be immediately abolished.
2. Specific timelines should be set for deciding cases, and extensions should be granted only in special circumstances. The normal timeframe should be six months' maximum for every court up to the Supreme Court to ensure speedy justice.
3. The Access to Information Act and Whistle Blowers Act should be implemented in the true sense.

Law Enforcement/Policing System

1. A feedback mechanism should be established for the public who visit police stations. Telecom companies should sign an MoU with the police. Each individual who visits a police station should receive a text message from the police headquarters for a satisfaction response.
2. The DRC model of KP police should be implemented in all provinces, including ICT, to provide immediate relief to citizens.

Water and Sanitation

1. A public awareness campaign should be launched to educate people about water consumption and changed lifestyles, using print and electronic media.

2. Wastewater recycling through the installation of new technologies should be done by the concerned departments.
3. Irrigation and agricultural practices should be improved by adopting modern technology and techniques.

Education

1. Evening shifts may be started in every school to rationalize large batch sizes.
2. The time during summer vacations may be used for orientation on skills and innovative ideas for secondary classes.
3. The services of internees may be used to narrow the gap in the teacher-pupil ratio.
4. Short courses on modern teaching methods should be offered to teachers.
5. Regulatory authorities should monitor the cost of private schools on a quarterly basis and ensure compliance with government policies and guidelines.
6. The monitoring mechanism mentioned in the National Document should be fully implemented. Extensive data should be collected through various tools, and quality test items should be developed for effective monitoring and corrective measures.

Transport Sector

1. The "National Transport Policy 2018" should be implemented in letter and spirit, with all stakeholders (e.g., road and railways) involved. Workshops and seminars may be arranged to develop consensus and understanding of the national transport system.
2. Local businessmen should be encouraged to invest in fleet improvement, as it is essential for a smooth and swift supply chain infrastructure.

Housing

1. Building codes should be implemented in metropolitan cities, towns, and even villages.
2. Regulatory authorities should monitor private housing societies.
3. Public-private partnerships should be encouraged. For this purpose, the government should take immediate steps to arrange a seminar and initiate consultation processes.

Health

1. Basic care units should be manned by qualified doctors.
2. The pay structure in basic care units should be improved to attract qualified doctors.

Long Term

Judicial System

1. An online complaint mechanism should be established and should be free, just like PMDU. This could also be replicated into a feedback mechanism via SMS.

2. To enhance transparency, E-Procurement, E-Governance, and E-commerce systems should be adopted at the earliest.

Law Enforcement/Policing System

1. The police should have a friendly face in society. People should be encouraged to have access to the police. For this purpose, police should be trained to have a courteous attitude toward the public.
2. Sufficient funds should be provided to the police for investigations, and these funds can be generated by dedicating a portion of the reward money spent each year.

Water and Sanitation

1. New water conservation technologies and techniques should be adopted by Water and Sanitation departments.
2. Water should be appropriately priced by installing meters, and proper laws should be enacted.
3. Water catchment in monsoons should be improved by constructing small dams in the first phase.

Education

1. More schools should be added to the system to reduce large batch sizes in government schools, which affect the quality of education.
2. The curriculum for government schools should be revised to meet the changing needs of society by adding new concepts and content. It should be developed around children's needs and requirements.
3. Teachers should be given rigorous training in modern methods of teaching along with modern teaching aids.
4. More trained teachers should be hired to rationalize the pupil-to-teacher ratio in public schools.
5. Regulatory authorities should devise a comprehensive plan to monitor the cost of private schools regularly. A database of private schools on different indicators should be developed for analysis and evidence-based decisions.

Transport Sector

1. Focus on developing research and institutional capacity building.
2. Focus on developing indigenous transport policies with the help of foreign assistance.
3. National transportation resources should be fully utilized to materialize the government's vision for economic growth, poverty reduction, and regional integration. This requires substantial investment and infrastructure development for both roads and railways (e.g., modern truck terminals, training centers).
4. The quality, travel time, and reliability of transport infrastructure are critical for maintaining growth and competitiveness. The government of Pakistan should focus on the supply chain issue, which can be achieved through railways.

5. A strong logistics industry is essential for swift movement by removing supply chain inefficiencies and introducing modern trucks and trailers.
6. Railways need modernization through investments in infrastructure, development of its goods fleet, and reorganization.

Housing

1. Proper planning for the exact requirement of residential units for the country and their future projections needs to be developed by concerned departments.
2. Research into innovative building materials should be promoted by engaging academia.
3. Financial arrangements for the housing sector should be made by the government to provide shelter to those in need.

Health

1. District health quarter hospitals should be given autonomy in terms of budget allocation.
2. The private practice of specialist doctors should be regulated by the government.
3. The monitoring mechanism should be strengthened to ensure the availability of health facilities and medical staff/doctors in primary, secondary, and tertiary hospitals.

LOG FRAME MATRIX OF GOOD GOVERNANCE IN POVERTY ALLEVIATION

Inputs	Processes	Outputs	Outcomes	Impacts
-Government initiatives for poverty reduction - Laws, policies, and regulations - Institutions (judiciary, police, health, etc.) - Local and foreign funds for poverty reduction programmes	- Institutional procedures for execution and implementation - Accountability processes and mechanisms - Steps for effective service delivery	- Primary, secondary, and tertiary healthcare provision - Development of sanitation infrastructure (Water & Sanitation) - Development of mass transit systems (Transport) - Provision of education (primary to tertiary) - Affordable housing - Speedy and affordable justice - Safety and security of life and property	- Healthy population - Elimination of waterborne and communicable diseases - Easy and affordable commutation - Educated population - Shelter for the masses - Peace and prosperity	- Positive GDP contribution by healthy people - Reduced import bill on oil - Reduced environmental pollution - Eased traffic congestion - Improved living standards - National development - Mental satisfaction - Sense of security