

# Poverty Perspectives



Issue II – October 2013

This is the second in a series of monthly Poverty Briefs by PPAF that pulls together current data and evidence on poverty and related issues from across the country to provide a snapshot of current thinking on poverty. For your views, suggestions and comments please email us at [mer@ppaf.org.pk](mailto:mer@ppaf.org.pk). We will be happy to publish comments in following issues.

## Spatial Poverty

The concept of spatial poverty refers to the existence of clustered poverty in certain regions or areas because of unfavorable conditions such as lack of infrastructure, unfavorable geography, climate or soil not being conducive for agriculture and political/social marginalization etc.

It is noted that around 1.8 billion people around the world reside in areas, which can be termed “low potential” and “less favored”, and about a billion reside in slums in developing countries<sup>1</sup>. The spatial dimension of poverty has therefore, become a topic of academic interest around the world, especially in the last decade or so. Spatial Poverty traps emerge in areas where “geographic capital (physical, natural, social, political and human capital of an area) is low and poverty is high, partly as a result of geographic disadvantage.”<sup>2</sup>

Pakistan suffers from a number of dynamics that have resulted in increasing spatial poverty, with high levels of poverty differentials across the country. Studies have revealed an unequal inter-provincial, intra-provincial, and rural-urban distribution of poverty in Pakistan, with a strong geographic clustering of poverty within each province. There is also a strong gender dimension linked to this differential, and this will be discussed in detail in later issues.

## Inter-Provincial disparity In Poverty

Pronounced spatial inequality in poverty exists across the provinces in Pakistan. Figure 1 shows both the levels of poverty across provinces and the difference in rural and urban areas within provinces.

When comparing levels of poverty across provinces, Balochistan is the poorest, almost three times poorer than Punjab. KPK and Sindh are roughly at equal levels, falling between Sindh and Balochistan<sup>3</sup>.

<sup>1</sup> World Bank (2008) Reshaping Economic Geography – 2009 World Development Report. Washington, DC: World Bank.

<sup>2</sup> Higgins, K., Bird, K. and Harris, D. (2010) Policy responses to spatial poverty traps. ODI/CPRC Working Paper Series (ODI WP328, CPRC WP168). London: ODI and Manchester: CPRC, University of Manchester

<sup>3</sup> Arif Naveed and Nazim Ali, *Clustered Deprivation: District Profile of Poverty in Pakistan*, 2012, p 28

## Inter-Provincial disparity In Poverty (contd...)

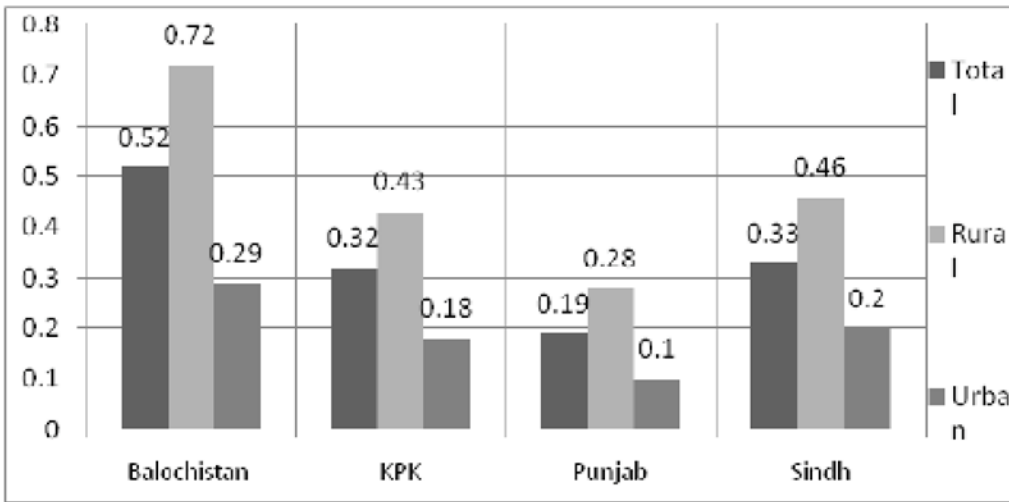


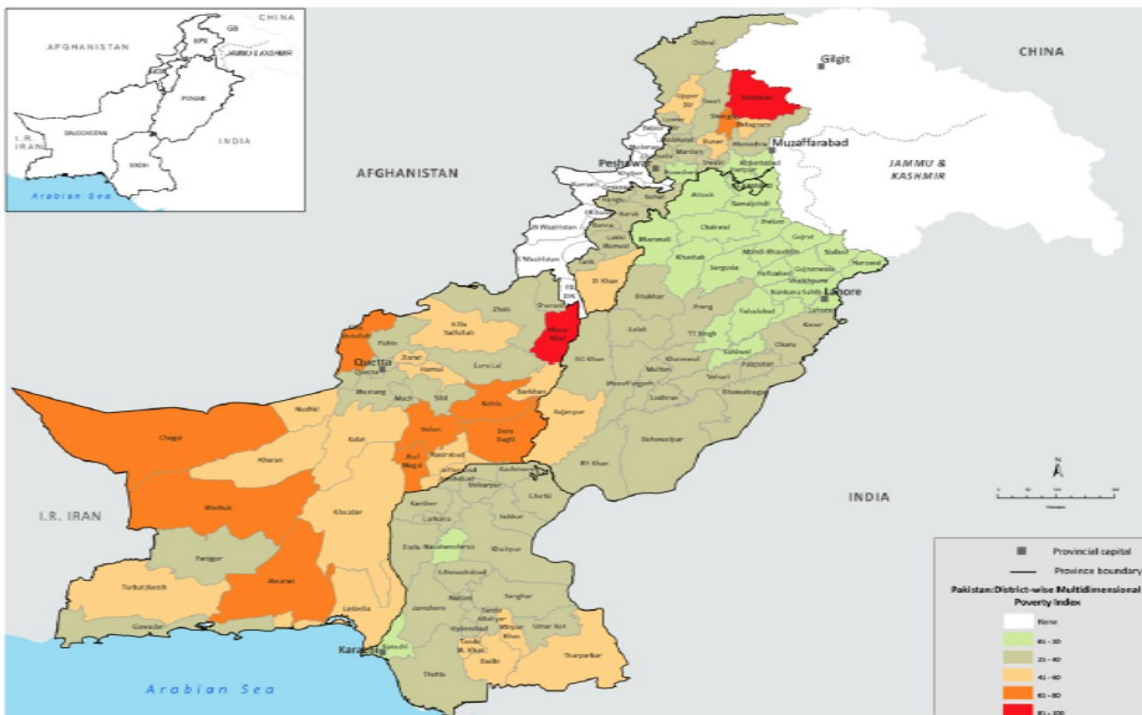
Figure 1: Poverty across provinces and rural-urban population

Source: SDPI

As apparent in Figure 1, a majority in Balochistan (52 percent) live under conditions of poverty. This is markedly high compared to a much lower level of 19 percent in Punjab, 32 percent in KPK and 33 percent in Sindh. A visible disparity in the poverty level can be seen in rural and urban areas within the provinces with approximately 72% of the population in Balochistan’s rural areas living in poverty.

## Intra-Provincial

Some very sharp intra-provincial differences in poverty levels have been noted in Pakistan.



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This gives a picture of both inter and intra-provincial spread of poverty. Highest levels of poverty are visibly clustered in several districts of Balochistan and some in KPK. Punjab appears as the province least plagued by poverty as none of the districts appear in the 20 highest scoring MPI districts.

## Rural Urban Poverty Divide

There exist stark disparities in the level of poverty between the rural and urban areas of Pakistan. It is estimated that around 46 percent of rural households fall below the poverty line compared to only 18 percent urban households. Furthermore, a rural urban divide in poverty levels is significant within provinces as well.

Group	Percent
Total	33
Urban	18
Rural	46

Table 1: Headcount ratio at the national level

Source: SDPI

According to SDPI's Clustered Deprivation, a multidimensional approach was used for poverty, taking into account the incidence as well as the intensity of poverty and encompasses dimensions related to education, health, living conditions and wealth. The results show that the rural areas of Pakistan are almost three times poorer than the country's urban areas.

## Reasons for Spatial disparity in Poverty Levels in

It is evident that spatial disparities in poverty levels in Pakistan exist and these are inter-provincial, intra-provincial and rural-urban in nature. It appears that the development process over time has been inequitable leading to clustered prosperity and deprivation. There are several reasons for the prevalence of this pattern.

Firstly, the conditions (form of soil, water and favorable climate) for agricultural productivity are not uniform across Pakistan. This creates disparities in economic activity as agriculture provides livelihood to a majority of the population in Pakistan.

Furthermore, agro-based industries depend on agriculture for inputs. The need for forward-backward linkages entails that such industries are concentrated in and around areas with high agricultural productivity leading to affluence in the areas where they present and relative poverty where they are not.

Mega-cities which attract high levels of foreign and local investment and services and manufacturing also create areas of higher economic activity and prosperity. Such mega urban centers become a reason for clustered poverty. Regions with large cities like Karachi, Lahore and Faisalabad etc. tend to have lower poverty levels.

Furthermore, the allocation of public resources and concentration of development projects may also provide a reason for clustered poverty. Development planning in Pakistan has historically been done at the federal level and regional concerns have been overlooked at times. This provides a reason for poverty in these regions.

The quality of governance; management of public finance, public service delivery is also a factor, which can lead to poverty in certain regions. Poor quality of governance can contribute to persisting poverty in certain regions.

Population density could also be a factor as the provision of public services is cost effective in areas with high population density. Regions with low population density appear to have high density.

Trends in migration in different regions also appears to be a factor contributing to poverty levels. The areas where people have migrated to other countries or regions for employment seem to be less poor; this could be because of the remittances accruing to migrating workers.

Similarly, areas prone to natural disasters also happen to be poorer. The frequency and scale of natural disasters can therefore be considered a factor creating vulnerable areas which remain poor.

Finally, social and cultural factors cannot be ignored when studying the trends in spatial poverty levels. Cultural norms and constraints in different areas can lead to varying incentive structures, higher cost of transactions and differing ability to engage in economic activity. This is specifically relevant to Pakistani women, who face a multitude of barriers and limited options. Again differentials do exist between rural and urban areas. These constraints then lead to clustered poverty in regions where the environment is not conducive or very favorable for engaging in economic activity.

## Reader's Comments

*The leaflet is very useful. The debate on measuring poverty is taking momentum as UN is looking at MDGs goals and post-MDGs scenario in upcoming GB meeting. It is indeed a privilege for all who work with PPAF that Government of Pakistan has mentioned only two institutions as flagship programs for poverty reduction in Pakistan; PPAF and BISP in its report on progress on MDGs submitted to UN. (Dawn September 18).*

*Amartiya Sen's new book "Uncertain Glory" has some very relevant indicator on state of poverty in terms of "Head Count ratio" "HDI-index" "deprivation-index". Though the book deals largely with India, however very updates indicators are also given in tabular form on Pakistan while making comparison of different South Asian countries. He presents concept of measuring poverty beyond the conventional zone of "income basket" or "consumption basket". It is more than inclusive growth, involving the development of human capabilities and "expanding reach of benefits in equitable way to the people". It would be great if this concept and indicators can be included in your next issue.*

- Dr. Allah Nawaz Samoo

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