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### 01 What are the binding constraints that Pakistan has not succeeded to reduce poverty on consistent basis?

It depends on how you define poverty, and which data you look at, and in which way. There has been a steady decline in the conventional head-count ratio of poverty over the decades. This standard measurement is based on comparing the distribution of consumption expenditure with a rupee poverty line. There are resilient pockets of poverty even by this measure. But there are questions (here and in India – both use broadly similar methods) on the reliability of this approach over time. One important conundrum is the resilience of food insecurity measured both through the consumption expenditure approach, as well as through other, more direct methods. It has been speculated that the increase in consumption expenditure over the decades is, at least in part, due to the commodification of essential basic needs which previously did not require very much out-of-pocket spending: private health, private education, rising transportation costs, utility bills etc. So it is possible that consumption expenditure increases and corresponding declines in poverty head-count ratios are, in part, illusory.

But returning to your question, yes we should be concerned that in key areas of poverty reduction such as food insecurity and hunger we do not really see steady and all-round progress, compared with say, countries like China and Vietnam. Economic growth in Pakistan tends to be focused in a number of sectors where jobs creation is precarious and real wages low. The economy goes through repeat boom-bust cycles in which the financial and real estate sectors play leading roles in attracting and recycling private investment. Sectors that have led to sustained job creation in other countries – such as manufacturing – are not really competitive. For ordinary people the main routes of escape from poverty and hunger are formal sector jobs and employment abroad. There are natural limits on the number of workers who can be absorbed in these sectors.

### 02 What sort of policies the government should adopt to reduce its rural and urban poverty as well as to minimize regional inequalities?

Some of the poorest regions are those which are the most resource-rich, or those which otherwise provide sustenance to the entire economy. They produce oil, gas, minerals, wheat and cotton – and benefit little from consumption of or value addition in these commodities. They have disproportionately fewer people in formal sector jobs, have suffered long lags in educational investment, and face active discrimination in public and private sector job markets. These regions now increasingly supply the precarious low-wage labour in the service sector on which the relatively well-developed urban areas rely.

The government as well as the economic elite of Pakistan cannot decide, or will not decide, what our economy should look like. Or perhaps there is a comfort zone which rewards inertia. Since the early 1990s we have lived a fiction of being a market economy. But hardly anything, except labour, is subject to the cold rigours of the market. Nearly everyone except the rural and urban precariat enjoys some form of rent, and the higher you go up the food chain, the bigger the rent. Nobody

seems bothered that major sectors, even big corporate entities, live off various forms of rent. The idea that the country's resources are somehow 'free goods' – prevails in critical sectors such as gas, minerals, water and land allocations.

I personally do not think that Pakistan should or can be a rigorous market economy. In fact, such a thing is a fiction. But countries do have to decide that they will subject productive sectors to the discipline of the market while protecting those are the more precarious. Through our failure to decide we have, by default, protected everyone but the weakest. So there are pockets of protection and rent which probably account for no more than a third of the population, and the rest fend for themselves at starvation wages, and with little prospect of inter-generational mobility unless someone skips abroad.

### **03 Up to what extent, social protection programs can be used as a tool for poverty alleviation and inclusive growth?**

They can be tools for poverty alleviation only as part of a broader reform of the economy and government expenditures. Short of that these programmes, if well-designed and executed, can offer critical assistance to the most vulnerable, while we wait for the economy to lift people out of poverty. But as part of a broader reform social protection systems can be extremely powerful. They can spearhead the formalization of the economy, regularization of the workforce, provide levers for massive and effective human capital improvements, and create an enduring social contract that binds workers, employers and government to some common economic goals.

### **05 How you review the progress of cash transfer programs in Pakistan as a tool for poverty alleviation? What limitations they have and how they can become more effective?**

The Benazir Income Support Programme (BISP) was a major advance, I have called it a 'paradigm shift'. It increased the scale of the social protection outlay and created credible mechanisms for beneficiary identification and payment disbursement. In terms of institutional change the method of targeting from a universe was adopted in Pakistan for the first time – not rocket science but a major achievement in our system all the same. And making women primary beneficiaries was also a well-tested instrument elsewhere but nothing short of revolutionary in our context. But all this was a decade ago. Since then there has been stagnation. Fiscal outlays have increased that is testament to the quality and credibility of BISP design and execution of the unconditional cash transfer.

Basic maintenance did not take place. The programme was designed for recertifying beneficiaries in 48 months. A decade on we have no clear idea about that exercise, with no accountability of this failure. Instead there is a lot of confusion now about the identity of the programme, its core goals and objectives, and the broader policy objectives it seeks to serve.

### **06 How the role of civil society can be enhanced in pooling the resources for poverty alleviation?**

The key role of civil society is to either support government efforts or to provide rigorous expertise and advocacy. Social protection and poverty reduction are rights and have to be ultimately pegged to the political process. Others can come in service providers, but perhaps more importantly as sources of expertise and advocacy. Private charity should do what it should. It is a private matter.