

Annexure III

Poverty

Over the last decade, Pakistan's poverty headcount has witnessed a persistent decline both at national and regional levels. Percentage of people living below poverty line has declined from 50.4% in 2005-06 to 24.3% in 2015-16. Poverty in both rural and urban areas has also been on the declining trend with poverty headcount of 12.5% in Urban and 30.7% in rural areas in 2015-16. The decline in poverty is more pronounced in urban areas than rural areas.

Targeted poverty reduction programmes like BISP, relative political stability, peace and tranquillity, strong recovery from low GDP growth rate of 1.7% in 2008-09 to 4.5% in 2015-16, continued higher inflows of remittances especially from middle east which are destined to relatively poor families and above all a more inclusive characteristics of economic growth; are some of the important causes that can be attributed to a significant decline in the poverty headcount since 2005-06 [See Table-1].

Table 1: Poverty Incidence

Year	National	Urban	Rural
2005-06	50.4	36.6	57.4
2007-08	44.1	32.7	49.7
2010-11	36.8	26.2	42.1
2011-12	36.3	22.8	43.1
2013-14	29.5	18.2	35.6
2015-16*	24.3	12.5	30.7

Source: Planning Commission; *Committee estimations

Declining trends are shared at national as well as urban and rural areas [See Table 2]. While comparing with 2011-12 largest percentage decline in poverty headcount was observed in year 2013-14 when national poverty headcount was declined by 6.8 percentage points with 6.2 percentage points decline in Urban and 7.5

percentage points in rural areas. Poverty headcount has declined by 5.7 percentage points in urban areas and 4.9 percentage points in rural areas between 2014 and 2016, thereby leading to an overall decline of 5.2 percentage points decline in incidence of national poverty headcount.

Table-2: Change in Poverty Headcount (%age Points)

Year	National	Urban	Rural
2007-08	6.3	3.9	7.7
2010-11	7.3	6.5	7.6
2011-12	0.5	3.4	-1.0
2013-14	6.8	4.6	7.5
2015-16*	5.2	5.7	4.9

Source: Planning Commission; *Committee estimations

The decline in poverty incidence is phenomenal in Pakistan since 2007-08 and normal inter-survey decline is around 7-percentage point with only exception is 2010-11. The inter-survey decline in poverty headcount was insignificant in 2011-12 compared to 2010-11 survey. There can be two possible undertones for this low performance. First, inter-survey period may not be a period sufficient to observe meaningful decline in poverty both at national and regional levels. Two, catastrophic floods of 2010-11 hit a significant blow to rural populace whose income and livelihoods were severely affected by these floods.

Overall, despite floods of 2010 and chronic energy shortages, aggravated security situation and government's limited capacity to mobilize and channelize its own resources exclusively for social welfare and poverty eradication programmes, the declining trend in Poverty headcount in Pakistan is both promising and encouraging. Strong resurgence of economic growth, more provincial autonomy to shape and spearhead their own social welfare and poverty eradication programmes and targeted social safety nets programme of BISP have all been the main drivers of poverty decline in the past.