



POVERTY & FOOD SECURITY

Supplement – July 2011

POVERTY & FOOD SECURITY

Rising Poverty

Poverty Up By 12.7 Percent in 3 Years

The Economic Survey 2010-11 reveals that increase in poverty is directly related to the level of food inflation and factoring food inflation of last five years in accordance with given formula reveals that 41.2 percent or 74.16 million Pakistanis are living below poverty line. The economic survey refers to a study by Asian Development Bank that estimates the impact of food inflation on populations in different countries. For Pakistan, ADB calculated that in case of 10 percent food inflation, 2.2 percent of the population enters poverty. In case of 20 percent food inflation, the number of people falling in poverty track is 4.5 percent. At 30 percent food inflation, an estimated 6.7 percent population enters poverty trap. According to official statistics of the government, food inflation in 2008-09 was 26.6 percent. According the estimates of ADB quoted in the Economic Survey 2010-11, poverty should have increased by around 6 percent in 2008-09 (5.985 percent to be exact). The food inflation in 2009-10 was 12 percent as stated in latest economic survey. Accordingly additional 2.64 percent of the population entered poverty circle that year. This year food inflation officially has been 18.4 percent which means another addition of 4.14 percent population that lives below poverty line. This means that 12.75 percent of the population of Pakistan has entered poverty circle in three years rule of this government.

The high impact of food inflation in Pakistan is also supported by the price trend of essential food commodities between January 08 (just prior to general election) and May 19, 2011. Wheat flour rates increased during this period by 46 percent from Rs. 19.41 to Rs. 28.31 per kg. Beef rates jumped by 85 percent from Rs. 122.33 to Rs. 226.22 per kg. Prices of mutton registered a rise of 88 percent from Rs. 233.79 to Rs. 440.06. The rates of chicken meat increased from Rs. 74.74 to Rs. 125.12 per kg depicting an increase of 67 percent. Fresh milk was available at Rs. 29.63 in January 08 but its price increased by 86.5 percent to Rs. 55.27 by May 19, 2011. According to the latest economic survey, rates of cooking oil increase during this period by 64.5 percent, rice by 57 percent, sugar by 152 percent and Mash pulse by 122 percent. The Survey in its chapter on poverty though conceded that the social and economic exclusion has resulted in multiple deprivations for more than 50 percent of Pakistan's population.

[The News - June 06, 2011]

Price Hikes Altering Food Patterns in Pakistan: Oxfam

Forty-four per cent of the 16,000 Pakistanis questioned as part of a survey for Oxfam's GROW campaign said that their diet had changed because of rising food prices while 32 per cent cited health reasons as the cause behind the dietary choices they make. Our diets are changing fast and for too many people, it is a change for the worse. A huge number of people, especially the poorest, are cutting back on the quantity or quality of food they eat because of rising food prices. In Pakistan, there has been a consistent rise in the prices of food and beverages. In June, the government's Federal Bureau of Statistics (FBS) reported that food and beverage prices in May had increased by 15.8 per cent against the same period last year while prices of perishable food items increased by 17.8 per cent. According to the survey, 57 per cent of Pakistanis are not eating the same food that they did two years ago when the food crisis began. But what is even more alarming is that 45 per cent of Pakistanis that Oxfam spoke to said they always had enough food to eat on a daily basis. By far, cost was the biggest worry with over half (51 per cent) of respondents in Pakistan, citing it as one of their top concerns. Twenty-eight per cent of people surveyed in Pakistan said they were concerned about the availability of food whilst 19 per cent of people said that healthiness or nutritional value of food they eat is also a key

concern. When asked about the most important factor affecting food supply of food, 28 per cent of respondents in Pakistan highlighted weather patterns and catastrophic events, 26 per cent agreed that government policies in Pakistan and elsewhere were factors and 23 per cent cited the rising price of oil and other transport costs. The supply of food must be improved in Pakistan. The government needs to undertake substantial agriculture reform and provide stronger land rights for landless poor farmers, provide the required fertilizers; seed and storage facilities needed so poor farmers can grow food and bring rising food prices under control. Oxfam's international GROW campaign and Pakistan's newly-established Dharti campaign are collaborating to ensure that everyone around the world always has enough to eat. The surveys for this report were carried out by international research consultancy GlobeScan.

[The Express Tribune - June 18, 2011]

42 Percent Population Earns Only \$400 Per Capita

Against national per capita income of \$1254, the poor who account for 42 percent of the total population earn only \$400 per capita; they have literacy rate of 29.7 percent, against national average of 69.6 percent; their household size is 9.75, against national average of 6.5. A recent poor-specific research reveals that national statistics do not reveal the real plight of the poor as their status on all social and economic indicators is almost half the national average. The study is documented in a book, Poor Economics, consisting of research on the resources available in various countries about the people, living in rural and urban areas, who earn one dollar per day. The statistics give an insight into the economy of the poor. The poor earning \$1 (both urban and rural) a day spend 67 of their income on food in rural region and 64 percent in urban area. The national average of the amount of income spend on food is 40.3 percent. Although over 85 percent of the rural population has access to electricity but only 54.1 percent of the poor in rural areas have access to electricity. Only 9.9 percent of the people earning \$1 a day have access to tap water in rural and 47.8 percent in urban areas against national average of 88 percent. Latrine facilities are available to 40 percent of the rural population in Pakistan but the rural poor have only 37.7 percent access to this facility. In urban areas, 90 percent of residents enjoy latrine facility but only 82.3 percent urban poor have the facility. The average immunization of children against measles is 85 percent while only 40.8 percent of rural poor children and 53.5 percent of urban poor children are immunized against measles.

The national average immunization of children against polio is over 85 percent but only 31.2 percent rural children and 37.9 percent of urban poor get polio immunization. The national infant mortality rate in Pakistan is 6.3 percent while infant mortality rate of rural poor children is 9.8 percent and urban poor children is 7.8 percent. The death of children before the age of 5 years is 8.9 percent on the national level. The death rate of rural poor children under five-year age is 11.5 percent, but among the urban poor children under five-year ago is 9.8 percent. Four percent of the pregnancies fail among rural poor and 3.3 percent among urban poor. The rural poor spend 3.4 percent on health and urban poor 3.8 percent. The rural poor spend 2.40 percent of their income on education while urban poor spend 3.70 percent of their income under this head. As far as loans are concerned, 92.5 percent of the rural poor and 95 percent of urban poor have at least one loan. Only 08 percent of rural poor and 0.5 percent of urban poor borrow from money lenders. At least 15.5 percent of the rural poor and 7.5 percent of urban poor borrow from the shopkeepers. Fellow villagers lend credit to 12.1 percent of rural poor and 4.7 percent of urban poor. Relatives provide loans to 38.8 percent of the rural poor and 42.9 percent of urban poor. Poor also borrow from friends with 28 percent rural poor and 25.3 percent urban getting loans from friends. Bicycle is possessed by 26.4 percent of rural poor and 40.2 percent of rural poor that shelters them from high transportation cost.

[The News - June 23, 2011]

Emerging Water Crisis

Pakistan Fast Becoming Water Scarce Country: IRSA Chief

Pakistan is fast becoming a water scarce country as the per capita water availability has decreased to 500 percent since the Independence, said Indus Regulation System Authority (IRSA) Chairman Rao Irshad Ali Khan. Addressing a conference on policy aspects for water irrigation, he said that per capita water availability was 5,600 cubic meters in 1951, which had now decreased to 1,000 cubic meters and it would be 800 cubic meters in 2025. He stressed the need to increase the storage capacity by constructing reservoirs and to adopt water conservation measures such as lining and rehabilitation of barrages. He said that proposed dams on the Indus included Bhasha Diamer Dam with storage capacity of 6.4 MAF, Akhori Dam with storage capacity of 6 MAF, Kalabagh Dam with storage capacity of 6.1 MAF and Skardu Dam. Speaking on the occasion, Agriculture Planning Commission Adviser Dr Muhammad Jameel Khan said that the irrigation water productivity for cereal crops was 0.13 kg/m³ in Pakistan, 0.39 kg/m³ in India and 0.82 kg/m³ in China. Susumu from Japan, who is also the chief adviser for strengthening irrigated agriculture through participatory irrigation management in the Punjab, said that the land improvement district was the most popular irrigation management body in Japan. The University of Agriculture Faisalabad VC and others also spoke on the occasion.

[The News - June 21, 2011]

Water Crisis: From Food Bowl to Dust Bowl

The dialogue session “Pakistan-From Food Bowl to Dust Bowl” was organized by School of Civil & Environmental Engineering in collaboration with UNESCO at National University of Sciences and Technology (NUST). The policy briefing was a follow-up of the three-day international workshop on “Education for Managing Hydrological Extremes and Related Geo-hazards”. NUST Rector Engineer Muhammad Asghar said that it is essential to raise awareness among media and policymakers regarding two silent tsunamis of water and food shortage that can potentially harm the future of the country. He asserted the dialogue would serve as a stepping stone in devising water management techniques. Dr. Shahbaz Khan, Chief of Section on Sustainable Water Resources Development and Management, UNESCO, France, presented a comprehensive comparative analysis of Pakistan’s water problems. He pinpointed the four fundamental water-related challenges facing the country including its geo-political vulnerability to rapid population increase and climate change. He laid emphasis on efficient water management through technological advancement in this vital sector. We are not prepared technologically and that makes us more susceptible to water crisis in comparison with other countries. Knowledge investment can lead to better water future. UNESCO Pakistan while addressing the gathering stressed the need for taking urgent steps with regard to natural disaster management in Pakistan. Though natural disasters are beyond human control, the risk factor can be reduced by means of utilizing the immense potential of science and technology.

[The Express Tribune - June 22, 2011]

Inflation & Food Security

Food Security: ‘Economy Hinges On Development of Agriculture, Livestock’

There is a dire need to go beyond research and experiments because development of agriculture and livestock sectors could make the country economically well-off. While urging agricultural scientists to take practical steps to bring about prosperity and economic betterment in the country through agriculture development, the Khyber-Pakhtunkhwa (K-P) Minister for Livestock and Cooperatives Hidayatullah Khan said that 75 per cent of the population in Pakistan is dependent on agriculture, meaning that the sector needs to be developed further to tackle upcoming food insecurity challenges, which could expose the country to a crisis. About K-P, the minister said the province was endowed with natural resources, water, agricultural land, and hardworking farmers. He emphasized the need for farmers and scientists to work together. Research and experiments can only prove helpful once they are put into practice. Experts must take a step forward if they want to change the destiny of the country and help make it self-sustaining. The need the use of spurious medicines on cattle should be checked. Provincial government is eying “proper attention” to agriculture and livestock and had allocated Rs. 645 million for livestock and Rs. 455 million for the agriculture sector in the 2011-12 budgets. The government had also taken an initiative to train women in livestock-related fields to ease growing female unemployment.

[The Express Tribune - July 11, 2011]

Food Insecurity May Lead To Civil Unrest

Persistent food insecurity and militancy may cause civil unrest in the country and serve as a potential threat to the overall peace of the society. This was discussed at a session with selected parliamentarians who discussed “relationship between food insecurity, poverty, extremism and conflict”. SDPI Executive Director Dr. Abid Qayum Suleri said the country is facing policy led insecurities in Pakistan, and explained that there are four dimensions to food insecurity being individual, national, regional, and global security and they are all interlinked so steps need to be taken to curb it on an individual level so to prevent it from reaching higher levels. Policy led vulnerabilities reduce resilience and Pakistan need to invest in individual security to build individual resilience, a must for all levels of securities. Dr. Suleri quoted recently published “Food Insecurity Report: Pakistan by SDPI, which comes up with substantial evidence that inter and intra provincial disparities exist in terms of food security. Fata has the highest percentage of food insecure population (67.7 per cent) followed by Balochistan (61.2 per cent), and Khyber Pakhtunkhwa (56.2 per cent). The lowest percentage of food insecure population (23.6 percent) is in Islamabad. Pakistan is facing a governance crisis rather than food crisis. Clear vision, efficient policies and better management at government level can address the everlasting food scarcity in Balochistan. There is lack of capacity in terms of food storage, thus creating a constant uncertainty regarding availability of wheat stock.

Ban of wheat as unconstitutional and demanded its immediate lifting to gratify the needs of people starving in far flung corners of the country. To introduce innovative techniques is needed so as to feed over 180 million population of Pakistan. Iran had been supplying food to Balochistan for a long time, especially in Makran region. There is a need to improve food insecurity in Balochistan and to devise policies to support livestock in Balochistan and Khyber-Pakhtunkhwa. Earlier there was diversity of food consumption with heterogeneous intake in different provinces like rice was used as a staple food in Sindh, corn in KPK, and barley in Balochistan. But with heavy subsidization of wheat, it has become the staple food. Pakistan exports around 1.5 million ton surplus wheat every year and this surplus amount needs proper storage capacity. Large amount of wheat and other food stock is wasted due to inappropriate

storage. Food insecurity can be controlled by improving stock storage; enhancing yield, better distribution and providing vulnerability cover to the poor communities.

[Dawn – July 13, 2011]

Daily Commodities: Food Prices Increase By Up To 30% before Ramazan

As Ramazan approaches, prices of essential commodities have increased by up to 30% in Rawalpindi markets, with further increase in prices expected in the coming weeks. Shopkeepers said that all national and multi-national companies selling essential food commodities such as sugar, spices, tomatoes, chicken, white chickpea (dal safed chana), brown chickpea (dal lal chana), flour, potato, red chilli and gram flour have increased prices of these items by 15 to 30%. In the open market, the per kilogram price of brown chickpea increased from Rs. 70 to Rs. 80, white chickpea from Rs. 130 to Rs. 150, mash pulse (dal mash) from Rs. 150 to Rs. 160, green gram (dal moong) from Rs. 155 to Rs. 165, red lentil (dal masoor) from Rs. 115 to Rs. 120, and brown black-eyed pea price increased from Rs. 95 to Rs. 120; sugar is being sold at Rs. 76 per kg. The government could face shortage of wheat, brown chickpea, gram flour (besan) and sugar due to delay in import of the items and insufficient wheat production this year. Production of chickpea crop was 40% less than last year and to meet the shortage the government imported substandard chickpea from Australia, packaged as “Chana for animals”, some shopkeepers alleged. The imported chickpea is being used for making gram flour (besan/chane ka atta). Wholesalers Association Rawalpindi President Haji Salehleen and Secretary Ghulam Qadir said that the government is busy in its politics and has made no arrangement for Ramazan. They said that the local government has failed to control prices of daily food items, despite several announcements in this regard.

[The Express Tribune - July 14, 2011]

CPI Inflation Likely to Stand at Around 12% in FY12

Fiscal year 2011-12 will be another year of double digit inflation on the back of higher commodity prices, particularly international crude oil and food products, analysts said.

The country is likely to witness its 5th consecutive double digit inflation year, as the higher crude oil and food products prices contribute approximately 50 percent to Consumer Price Index (CPI). These have also been the major culprits behind the recent inflationary pressure. Food inflation stood at an average 14.6 percent in last four year, while oil related inflation stood at an average 13.7 percent in the same period.

In last 4 years average yearly inflation stood at 14.6 percent as against an average GDP growth rate of a mere 2.9 percent. “The overall CPI has risen by 76 percent in last four years thereby eroding the purchasing power of the masses as the overall economy has not performed in line with mounting prices”, Nauman Khan, an analyst said. He said that the structural weakness arising from energy shortage, along with hike in the international commodity prices (particularly oil) stand out as the major reason behind Pakistan’s high inflationary period.

In addition, upward adjustment in the electricity tariffs, rupee devaluation against the greenback (average annual 4 year devaluation of 9.3 percent) and access government borrowing from the SBP (which stood at Rs 2.999 trillion at the end of FY11) also lend their hand in creating inflationary pressures. The impact of commodity price hike would be further augmented by structural weakness arising from power/energy shortage and weakness in the

supply chain. In addition to commodity price hike, fiscal indiscipline poses another major threat to the inflation number. Escalating fiscal deficit from the envisioned target of 4.0 percent of GDP (Rs 950 billion) would render into access government borrowing from the banking channels as external inflows has been affected due to uncertain security situation in the country. This in turn could render into re-emergence of monetary overhang and thus, fuel inflationary pressure going forward. Analysts further expect average FY12 inflation to clock at 12 percent, which is also the projection of the government. After Ramadan year-on-year (YoY) CPI may touch 11 percent due to high base affect. However with full year inflation likely to remain in double digit once again, Pakistan will see for the first time fifth -consecutive years of double digit inflation.

Inflation is one of the key indicators of a country that provides an important insight on the state of the economy and policies that govern it. A stable inflation not only provides impetus for economic growth, but also uplifts vulnerable strata's of the society. In this regard, Pakistan in recent years has been in grip of high inflation, which amongst other things has adversely affected the economic health of the country.

[Daily Times - July 22, 2011]

This document was created with Win2PDF available at <http://www.win2pdf.com>.
The unregistered version of Win2PDF is for evaluation or non-commercial use only.
This page will not be added after purchasing Win2PDF.