

## Poverty & Food Security

### Domestic Context

#### **Punjab Plans Subsidized Bazaars**

It has been learnt that the Punjab government will set up one model bazaar each offering subsidized commodities in five divisional headquarters of Punjab. These bazaars will be set up in Lahore, Gujranwala, Rawalpindi, Bahawalpur and Sahiwal and Rs50 million to Rs70 million will be spent on the infrastructure of every bazaar. These bazaars will function two days a week. The Punjab government has planned these bazaars to counter price hike. Sahiwal Commissioner Tariq Mehmood told the Sahiwal bazaar would be developed on three acres near the old bus stand. The bazaar will have 150 stalls and the development work will start in a month. The bazaar will be run by a committee of senior citizens.

[Dawn – February 03, 2011]

#### **'Country Fast Heading towards Worst Water Shortage'**

The country is going to face the worst water shortage in the next couple of years due to insufficient water management practices and storage capacity, agriculture and water experts said on February 19.

A report by the Washington DC based Woodrow Wilson Center described Pakistan's water shortage as "deeply troubling." It quotes South Asia scholar Anatol Lieven as saying that water shortages pose the greatest future threat to the viability of Pakistan as a state and a society. Most independent analysts including experts said all Pakistanis agree that Pakistan is facing a severe water shortage and that some form of water management should be implemented soon. According to WAPDA with increased population, Pakistan is fast heading towards a situation of water shortage. Per capita surface water availability was 5260 cubic meters in 1951, when population was 34 million, which has been reduced to 1038 cubic meters in 2010 when the estimated population is 172 million.

Pakistan has to decide now to appoint patriotic and real water management experts to take up its case before International Court of Arbitration (COA) against India over construction of Kishanganga Hydropower project on river Neelum in violation of the 1960 Indus Waters Treaty. Pakistan has the right to oppose the Kishanganga project because its diversion will reduce by 16 percent the power generation capacity of the 969-MW Neelum-Jhelum power project on the same river downstream Muzaffarabad in Azad Kashmir. Patron in Chief Sindh Agriculture Forum, Shakeel Ahmad said due to the poor handling of case with India as well as at COA, Pakistan could not gain points in favour of its case, only because of a team of jurists, not sincere from the start. He said Neelum-Jhelum power project in case of losing the case in COA, will face a loss of energy more than Rs 6 billion every year. He said, "The government should select pure people for pleading its case as the time has come and any delay would help only India," official said.

The COA would soon take up Pakistan's case against India over construction of Kishanganga Hydropower project on river Neelum in violation of the 1960 Indus Waters Treaty. "The Indus Water Treaty with Indians remained just on papers. India had diverted Pakistani water and construction more dams which would further worsen the water situation in Pakistan," Ahmad maintained. Under the treaty, three Western rivers—Chenab, Jehlum and Indus are allocated to Pakistan and India is not allowed to build storages on them. "The conventional engineering view is that a diversion barrage or a run of the river hydro-electric generation project does not create any storage." The Baglihar dam is a run of the river hydro-electric project and it is India's responsibility to establish that it will neither reduce the flow of water in Pakistan nor divert the flow of water in Indian territory.

Overall, about 200 kilometres of riverbed in Azad Kashmir will be affected by the Kishanganga project. The river will turn dry over 40 km — a negation of international environmental laws. Under the law, at least 70 percent of river flows are to be protected in case any project is taken in hand. It is a fact that underground water in Punjab province was going down due to Indian conspiracy through provision of free electricity to Indian Punjab province for tube wells. The farmers were excessively taking water through tube wells, which resulted in a downward trend of water in Pakistan Punjab province. If the process on Indian side continued then the underground water

situation in Pakistan Punjab would further worsen that would badly affected main crops producing province of the country. The underground water level went down from about 70-100 feet to up to 1000 feet and termed it worsen situation. The main crops of the country required 94 million acres feet (MAF) water but usually 76 MAF water available in the country. Bhurban Ramasawamy R Iyer, an Indian water management expert and well-known scholar, has conceded many of Pakistan's concerns on the Baglihar dam in occupied Kashmir are "legitimate and carry weight".

[Daily Times – February 20, 2011]

### **Wheat Price Hike Increases Poverty in Pakistan: WB**

The price of wheat increased in Pakistan by 16 per cent between June and December, leading to an increase of 1.9 percentage points in poverty, according to the Food Price Index released by the World Bank. The Bank said the higher wheat prices carried an impact on consumers far outweighing the beneficial impact on medium and large farmers. Like the food price hike of 2008, the last six months of 2010 witnessed sharp increases in the global prices of wheat, maize, sugar and edible oils, with relatively smaller increase in rice prices, it added.

According to the index, the rise in poverty indicates that the government's pro-poor policies have become less effective because it was pursuing policies of gradually curtailing expenditure on indirect subsidies. The Bank said the inflationary pressures, which eased during the first half of 2009-10, started to resurge in January last year onwards. Rising expenditure trends in law and order, justice administration and natural calamities and disasters during the current fiscal year aligned with the rigid security-related circumstances compelling higher outlays.

While several countries were sharing the adjustment to higher wheat prices, Pakistan is chosen the path to eliminate subsidies completely whether it is food or energy. All is happening to meet the conditions set by international financial institutions like the IMF which were providing loans to Pakistan for economic stabilisation. It said the Punjab government's `Sasti Roti Scheme` was started on a positive note in September 2008, but could not sustain because of financial crisis and allegations of mismanagement. Likewise, the federal government's Benazir Income Support Programme which was aimed at to partially offset the impact of inflation on the purchasing power of the poorer sections of the society did not seem to be successful against the indication of rising poverty, the bank said.

[Dawn – February 18, 2011]

### **54pc Pakistanis Face `Multi-Dimensional Deprivation`: UNDP**

About 54 per cent of Pakistani population is facing a "multi-dimensional deprivation" — lack of basic necessities like education, health and good standard of living — as the country fell two steps down to the 125<sup>th</sup> position on the world index of human development compiled by the United Nations. A report of the United Nations Development Programme (UNDP) released on February 22 said that 54 per cent of the population was facing intense deprivation of basic necessities of life, while another 11.8 per cent was at the risk of "multi-dimensional poverty".

The report said that Pakistan's ranking on the Human Development Index (HDI) dropped from 123<sup>rd</sup> position last year to 125<sup>th</sup> position this year. The report was launched to mark the 20th anniversary of Human Development Report "The Real Wealth of Nations: Pathways to Development" to commemorate the contribution of late Dr Mahbub-ul-Haq to the concept of human development. Out of scores from 1 to 5 for gauging human rights violations, the report said Pakistan ranked 4<sup>th</sup>. In terms of democracy-related scores from 0 to 2, Pakistan stood at 1 number.

The report said that 51.2 per cent population was deprived of education, 29.2 per cent of health and 42.9 per cent of good standard of living. The report said that 10 per cent population had no access to water and 55 per cent was without sanitation. It reported 896 deaths per million due to indoor and outdoor air and water pollution, while 8,953 people per million had been affected by natural disaster.

The "Top 10 Movers" highlighted in the 2010 report — those countries among the 135 that improved most in HDI terms over the past 40 years — were led by Oman, which invested energy earnings over the decades in

education and public health. Other nine top movers are China, Nepal, Indonesia, Saudi Arabia, Laos, Tunisia, South Korea, Algeria and Morocco. Remarkably, China was the only country which made to the “Top 10” list due solely to income performance; the main drivers of HDI achievement were in health and education.

Between 1980 and 2010, the HDI value in Pakistan increased by 58 per cent (average annual increase of about 1.5 per cent). Pakistan is ranked 10 in terms of HDI improvement, which measures progress in comparison to the average progress of countries with a similar initial HDI level.

Similarly, Pakistan’s life expectancy at birth increased by more than nine years, mean years of schooling by about three years and expected years of schooling by almost four years. The country’s Gross National Income (GNI) per capita increased by 92 per cent during the 30-year period. In 1980, Pakistan, India and Bangladesh had close HDI values for countries in South Asia. However, between 1980 and 2010, they experienced different degrees of progress towards increasing their HDIs.

According to the report, Pakistan’s 2010 HDI of 0.490 is below the average for countries in South Asia. It is also below the average for medium human development countries. From South Asia, Pakistan’s 2010 “HDI neighbours” — the countries which are close in HDI rank and population size — are India and Bangladesh, which had HDIs ranked 119 and 129, respectively. The report introduces the MPI, which identifies multiple deprivations in the same households in education, health and standard of living. In Pakistan, 51 per cent population suffers multiple deprivations while an additional 12 per cent is vulnerable to multiple deprivations. The average percentage of deprivation experienced by people in multi-dimensional poverty is 54 per cent. The MPI, which is the share of the population that is multi-dimensionally poor, adjusted by the intensity of the deprivations, is 0.275. Pakistan’s HDI neighbours — India and Bangladesh — have MPIs of 0.296 and 0.291, respectively.

[Dawn – February 23, 2011]

## Global Context

### Higher Food Prices to Stay Globally: Analysts

From McDonald’s burgers in the United States to sugar in Bolivia and chilis in Indonesia, food prices across the globe are soaring. But consumers and governments should brace themselves for even higher prices, experts warn, as demand in populous emerging economies will put pressure on supplies for years to come. A “perfect storm” of bad weather, rapid growth in emerging economies – with people eating more higher-value, resource-intensive food – and low interest rates has sent prices for a broad range of farm and non-farm commodities climbing often at double-digit rates: from wheat to corn, cotton to rubber, and oil to boot. And while it resembles the sharp spike in food and oil prices of 2007-2008, analysts say the current trend is less speculative in nature and not likely to end with a price collapse, as it did two years ago.

In Indonesia, where even the price of chilis has soared, the government suspended import duties on key food items after inflation hit an annual rate of seven per cent in January. In Bolivia, sugar is being rationed despite a 64 per cent price hike. In the United States, much higher meat prices are forcing restaurants from fancy steak houses to McDonald’s to hike their prices, even though the pocketbooks of consumers remain tight. On February 03, the UN Food and Agriculture Organization said food prices have reached their highest level since it began measuring them in 1990, and pointed to the political problems that can spark. FAO chief Jacques Diouf said that not only is there a risk, but there have already been riots in some parts of the world because of rising prices. Gerard Lyons, chief economist for Standard Chartered Bank said that there is little relief in sight, say experts.

The 2008 commodity spike was only a handful of food grains plus oil, and driven in large part by political decisions amounting to hoarding and heavy trader speculation. Analysts say that this year the problem is more fundamental: prices are being driven by growing demand from huge emerging economies like China, India, Russia and Brazil that is unlikely to slacken until prices get much higher. The World Bank’s Delgado said that

supply shocks are exacerbating the price hikes: weather and policy moves that have cut grain supplies from Russia, Argentina and Australia, among others. But the trend is rooted in the fundamentals of soaring demand, say economists. Nariman Behraves, chief economist at IHS Global Insight said that more and more people are moving up the scale of income, so they tend to have higher value food. Lyons said there is not much relief on the horizon because of the time it takes farmers to expand acreage and production. Lyons said that it takes a long time, two to three years, for new supply to come on stream.

[The Express Tribune – February 07, 2011]