

# BASELINE STUDY ON EU GSP+ IMPACT ON POVERTY

## GARMENT SECTOR KARACHI, PAKISTAN

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## ABSTRACT

This study is meant to serve as a baseline for future comparison on the European Union Generalised Scheme of Preferences “plus” impact analysis on poverty reduction by using the methodology of the Progress out of Poverty for the Garment sector in Karachi. A survey of the garment workers was conducted. The results of the survey show that only 5% of the garment workers are likely to be below the national poverty line and only 3% are likely to be below the USD 1.25/day/person poverty line. The result further indicates that the poverty likelihood for female garment worker is higher than for the male garment workers.

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## ABBREVIATIONS

EBA	Everything but Arms Initiatives
EC-PREP	European Community Poverty Reduction Effectiveness Program
EU	European Union
GSP	Generalised Scheme of Preferences
GSP+	Generalized Scheme of Preferences plus
LDCs	Least developed countries
PPI	Progress out of Poverty Index
PPP	Purchasing power parity
PSLM	Pakistan Social and Living Standards Measurement Survey
SPDC	Social Policy and Development Centre
TDAP	Trade Development Authority of Pakistan

## EXECUTIVE SUMMARY

The European Union (EU) has granted to Pakistan access to the EU market under the Generalised Scheme of Preferences plus (GSP+) for ten years. This is an advanced unilateral trade preference compared to the classic GSP which is given to low income developing countries who meet certain criteria of the EU, relating to good governance, labour and human rights, environment protection, narcotics and corruption. One of the main objectives of this trade preference is the alleviation of poverty of the beneficiary countries.

The EU had previously conducted a study to analyse the impact of GSP+ preference on poverty alleviation in Latin American countries. The International Trade Centre has commissioned this study for impact analysis of the EU GSP+ on poverty in garment sector. For this purpose, the Karachi's garment factories have been selected. A survey was conducted and 265 garment workers were interviewed.

This study followed the Progress out of Poverty Index (PPI) methodology. This methodology is based on ten basic questions which are asked from the member of a household and its total score (PPI score) is matched with the poverty likelihood table, which is designed separately for each Country. The PPI in fact estimates the poverty likelihood of a household unit.

The results of the survey revealed that the average PPI score of the households of the garment workers is 62. The PPI look-up table estimated that the poverty likelihood of this score for 125% national poverty line is 16.1% and 64.1% under 200% of national poverty line, while for poverty line of USD2.5/day/person the likelihood is 55%. Therefore the chances or likelihood of a household, whose members are working in garment industry of Karachi, to be below the poverty line is very significant.

## INTRODUCTION

Pakistan has emerged as a strategically important country of the region, especially after 2001 when US-led allied forces invaded Afghanistan to combat terrorism. After that most of the allied forces had converted their loan into grants. But Pakistan always asked for greater market access instead of more grant and aids. The following table is showing Pakistan's external debt and export.

**Table 1: Pakistan's external debt stock and exports**

Table 1: Pakistan's External Debt Stock and Exports Value in USD billion		
Years	External debt	Exports
2011	66.75	24.81
2012	69.43	23.62
2013	62.40	24.46
2014	62.79	25.11
2015	65.42	23.67

Above table shows that Pakistan's external debt liabilities are almost 170% higher than its total export earnings, which show Pakistan's weak position on external payment situation.

Reduction of poverty always has been the main agenda of Developing countries and only rapid economic growth can help them to achieve this goal. The sustainable growth and expansion of production of goods and services can only be done through international economic integration. More production of goods and services can be absorbed in international markets. This is the reason why trade leads to economic growth and consequently reduces the poverty. However, in reality it is not so simple as shown in economic theory; in practice there are a number of measures which help developing country come out of poverty.

Developed countries give unilateral preferential market access to the developing countries, particularly to the Low Income Developing and Least Developed Countries through various programs which are largely known as the GSP. EU has taken a lead on all such GSP schemes and is providing duty-free and quota-free market access to all Least Developed Countries (LDCs) under the Everything But Arms (EBA) program and preferential market access to Low Income Developing Countries, complying with the good EU set good governance conditions, under the GSP+ which duty free market access is granted to almost every item. These preferential schemes show EU's special trade strategy towards developing countries. The aim of the schemes is not only to reduce poverty but to promote good governance and to achieve sustainable development in these countries.

Pakistan was granted GSP+ market access since January 2014 and it will continue for ten years. Before this new GSP+ period, the EU had launched formal public consultation.<sup>1</sup> This process had provided the opportunity to thoroughly review the objectives and meeting the shortcomings of the GSP Scheme. Another extensive work was done by the European Community Poverty Reduction Effectiveness Program (EC-PREP) in 2004.<sup>2</sup> The objective of the project was to analyse the impact of GSP scheme on poverty in Latin America.

The objective of this study is also to establish the benchmark to analyse the Impact of GSP+ on poverty in the Karachi's garment sector. Hence, the study is sector and area specific and focuses only on of the poverty level of the population working in the garment factories in the Karachi region. For this purpose, the PPI methodology was used. A survey has been conducted to gather primary data through interviews of workers of all major industrial zones of Karachi of the garment factories which are exporting to the EU.

<sup>1</sup> European Center of Policy Development Management (ECPD), Briefing Note No. 24, April 2011

<sup>2</sup> European Union Trade Policy and the Poor towards improving the Poverty Impact of the GSP in Latin America, Author: Christian Freres and Andrew Mold, WP02/04.

Export data shows that Cotton Trousers - both for men and women - are the top two single readymade woven garment commodities, with a share of over 17% of Pakistan total export to the EU. This is the main reason for selecting the readymade garments industry for this study.

## LITERATURE REVIEW

The GSP+ complements the ancient economic theories of free trade which says that free trade regime would increase the production as well as consumption through specialization in producing particular commodities.

However these theories assume free trade regime among the trading nations. In fact there is no perfect free trade regime exist in the world. Joseph Stieglitz argued that developed nations were not opening their markets for developing countries but propagating and insisting on free trade regime in developing countries. Their view is that a developing nation needs high economic growth to become a developed nation, and for this free trade regime was necessary. On the other hand, since developed nations had already achieved a high level of development, they did not need to adopt the policy of free trade.

It is a fact that there is no full free market access available in any part of the world. However, developed economies are giving duty-free quota-free market access under various unilateral trade preferences, such as the EBA, and GSP and GSP+ for a wide range of commodities. As stated earlier, economists' theories support free market regimes all over the world, hence the theory of absolute advantage or comparative advantage would give the desired results. The GSP can be considered as the closest example of free market access without reciprocity.

Poverty alleviation is one of the major objectives of the GSP. However, there is no popular study or research work which captures the impact of any trade preference, such as GSP, on poverty in the beneficiary countries, except, a study conducted by the European Community in 2004. The objective of the study was to assess the impact of the GSP on poverty alleviation in Latin America.

The said study has accepted this fact that most of the research work analyses the impact of trade liberalization on poverty reduction. Such type of study is also conducted for Pakistan, which supported the hypothesis that trade liberalization has reduced the poverty in Pakistan.<sup>3</sup> The paper published in Lahore Journal of Economics, which covers the data for the period 1973-2003, concluded that trade liberalization has reduced poverty level in the long-run; while in the short-run financial liberalization has lowered poverty.

There is a very comprehensive study conducted by the Social Policy and Development Centre in 2006. The complete study was an Annual Report of the Organization which has special features of trade liberalization in Pakistan and its impact on poverty and other social sectors.

The empirical results - drawn out from both partial and general equilibrium models - showed no significant adverse impact of trade liberalization on poverty and income inequality. The study posited three main outcomes:

- Concluded that the trade liberalization reduces poverty through growth and productivity enhancement;
- Proposed that the potential gain from trade liberalization can only be achieved when it is accompanied with pro-poor government policies; and
- Estimated that if import tariff is reduced by a specific rate, the appropriate increase in development expenditures and good governance would reduce poverty.

The net result of the research implies that trade liberalization alone, without direct intervention from the government, cannot reduce poverty.

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<sup>3</sup> Najid Ahmad and Muhammad Luqman (2012), "The Impact of Trade Liberalization, Population growth and income inequality on Poverty: A Case Study of Pakistan", published in "Research Journal of Economics, Business and ITC Volume-5, 2012  
Muhammad Shahbaz and Qazi Masood (2007), "An empirical investigation of the relationship between Trade Liberalization and Poverty: A case for Pakistan", published in Lahore Journal of Economics, Summer 2007

The study conducted by the EU on the impact of the GSP in Latin America<sup>4</sup> focused on Costa Rica and Bolivia as case studies for poverty alleviation. Both countries had different experience for the benefits of GSP program.

Bolivia GSP only seemed to work when certain necessary conditions existed; otherwise it is better not expect any benefit from GSP. The case of Costa Rica was similar. The rigid application of the then GSP criteria was not anticipated to achieve the poverty reduction objective. This implies that reduction of poverty is very much dependent upon the local socio-economic conditions. Therefore, the impact of GSP may vary from country to country. The study also revealed the fact that information for analysing the effect of this trade policy instrument was very limited and incomplete.

However, the study concluded that the then GSP had very limited impact on the lives of the poor of Latin America, particularly in rural areas. On the basis of this outcome the study gave several recommendations to upcoming GSP.

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<sup>4</sup> A policy paper prepared by the Association de Investigation y Especializacion sobre Temas Iberoamericanos (AIETII) with the support of the European Community Poverty Reduction Effectiveness Programme (EC-PREP)

## DATA AND METHODOLOGY

Readymade garments are the major product group exported from Pakistan to the EU. This product exports to the EU is increasing. According to the data, during first half of the 2015, EU imports of readymade garments from Pakistan increased by 5%, while in 2014 its export increased by 15%. This is product constitutes over 20% of EU's total imports from Pakistan.

This study has selected Karachi's garments sector for poverty analysis. The study uses the PPI methodology to estimate poverty among the garment workers. The PPI is a poverty measurement tool.

The tool uses 10 basic questions on the household characteristics and assets owned. Each question is given a score to compute the poverty likelihood – to establish the likelihood of a household living below the poverty line.

A special training was necessary to follow this methodology and undertaking its analysis. The PPI expert explained that Pakistan PPI has a country specific poverty scorecard, which was used to estimate the likelihood a household had to be below a given poverty line in order to monitor the poverty rates at a point in time. Pakistan's PPI was constructed in 2009 using the Pakistan Social and Living Standards Measurement Survey (PSLM) conducted by the Pakistan Bureau of Statistics. Each of the 10 indicators has a separate score and the total scores would range from 0 to 100. The lowest numbers indicating high probability of a household being below the poverty line and numbers close to 100 would be those household least likely to be below the poverty line.

The PPI questionnaire is available both in English and in Urdu (local language) on the PPI website.<sup>5</sup> The surveyors used both type of questionnaires, as per their convenience.

### ***Methodology of survey***

A survey was conducted for workers of the garment sectors, who were working in the main production section of the garment factory. The survey was conducted mostly at the homes of the garments workers so that unbiased data could be recorded. The guidelines of the PPI were strictly followed to conduct the survey. A list of issues faced during the survey is attached in an annex.

Particular care was given so that the survey would uniformly cover all the major industrial estates of Karachi. We then divided the Karachi City in two different zones. This was due to the fact that the survey was conducted at home or outside the industrial area, so that the interviewee would feel free to answer the questions. This was one of the basic requirements of the PPI survey. The major industrial estates in Karachi which were divided into two zones to conduct the surveys are:

#### **Zone 1**

1. Korangi Industrial Area
2. Landhi Industrial Area/Export Processing Zone
3. Malir Industrial Area.

#### **Zone 2**

1. Sindh Industrial & Trading Estate (SITE)
2. North Karachi & FB Area Industrial Area
3. FB Area Industrial Estate

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<sup>5</sup> <http://www.progressoutofpoverty.org/country/pakistan>

Karachi is the biggest city of Pakistan and these zones are on the two extreme sides of the city. Workers usually work in those areas, which are closer to their living habitat. This was the reason why the survey was divided into two different zones.

According to a SPDC research report of,<sup>6</sup> Karachi is the city of Pakistan where incidence of poverty is the least among all cities of Pakistan. Population below national poverty line in urban areas of Karachi was estimated at 8% only.

It is necessary to proceed to the analysis of the poverty situation among the households of Karachi within which there is any member working in garment factory and which is located in the industrial areas of the city. There are large numbers of small factories which are in the city's slum areas and are un-organized and/or unregistered. These were not selected as they were not in export business; furthermore, they could not meet the social compliance requirement of the European importers, and therefore are not exporting to the EU and as such do not benefit from the GSP+.

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<sup>6</sup> SPDC Research Report No. 70, "Income Poverty at District Level: An application of Small Area Estimation Technique" conducted by Mr. Haroon Jamal in 2007.

## POVERTY MEASUREMENT

To better understand the results of the survey, it is necessary to first look at the concept of measurement of poverty. The results are analysed in connection with the following poverty lines:

1. National Poverty Line
2. USD 1.25 per day per person
3. USD 2.50 per day per person
4. USD 3.75 per day per person
5. USAID extreme poverty line

Only the national poverty line and USAID extreme poverty line need to be explained as the other are self-explanatory. The national poverty line is measured by each country on its own. Most developing countries, including Pakistan, define this poverty level in terms of food inadequacy which is measured by “calories intake”. The Government of Pakistan has set a level of 2350 calories per adult equivalent per day as poverty line. This assumes that the households earning incomes equivalent to the poverty line have sufficient food and non-food requirements. According to a study,<sup>7</sup> USAID extreme poverty line for Sindh is set below USD 1.25/day/person. However, the national poverty line was a little higher than the USD 1.25 poverty line.

The World Bank has changed the absolute poverty line in October 2015. This has now been increased from USD 1.25/day/person to USD 1.9/day/person. However, the PPI scorecard was constructed in 2009 based on the data of PSLM 2005-06. PPI expert has notified that the PPI scorecard and look-up table would be changed accordingly when the new PSLM is issued. However, it was suggested that the economic situation of Karachi does not countenance USD 1.25 or national poverty line to consider for poverty estimation. The study therefore uses the USD 2.5 poverty line for poverty estimation of the garment workers of Karachi.

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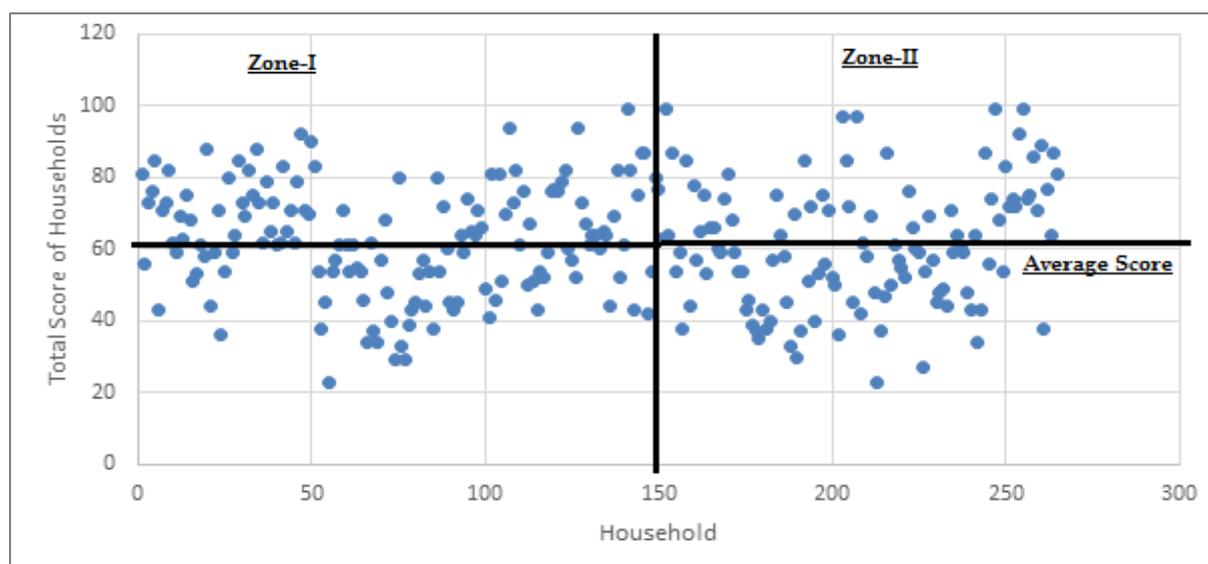
<sup>7</sup> Microfinance Organizations Network of Pakistan (MON-PAK) Poverty Measurement Report, by PPI expert Mr. Awais Butt, October 2010

## RESULT OF THE SURVEY

The interview was conducted with 265 garment workers. From Zone-I 149 workers were interviewed, while from Zone-II, 116 were interviewed. Among the 265 garment workers interviewed, 203 were male and 62 female. The low level of female respondents is discussed in the annex of the document “Issues in Collection of Data”.

The following figure shows scores of all the 265 households working in the garment industry of Karachi.

**Figure 1: Survey report for PPI scorecard for the garment workers in Karachi**



An important point to highlight is that the PPI score ranges between 0-100, where low score reflects the high likelihood of a household to be below poverty line, while high score reflect the high likelihood of the household to be above the poverty line.

Table 2 shows the data of all 265 household PPI Score. The average score of the data is 62.

**Table 2: Poverty likelihood for PPI score 62**

Poverty line	Likelihood for below poverty line	Likelihood for above the poverty line
National	5.1%	94.9%
USAID extreme	0.9%	99.1%
USD 1.25/day/person	1.3%	98.7%
USD 2.50/day/person	54.8%	45.2%
USD 3.75/day/person	83.9%	16.1%

The above overall results show, that as per the PPI methodology the likelihood of a household to be below the poverty line is significantly lower for national, USAID extreme and USD 1.25 poverty lines, while for the poverty line of USD 2.5 the likelihood is extraordinarily different.

**Table 3: Group data of each household PPI score**

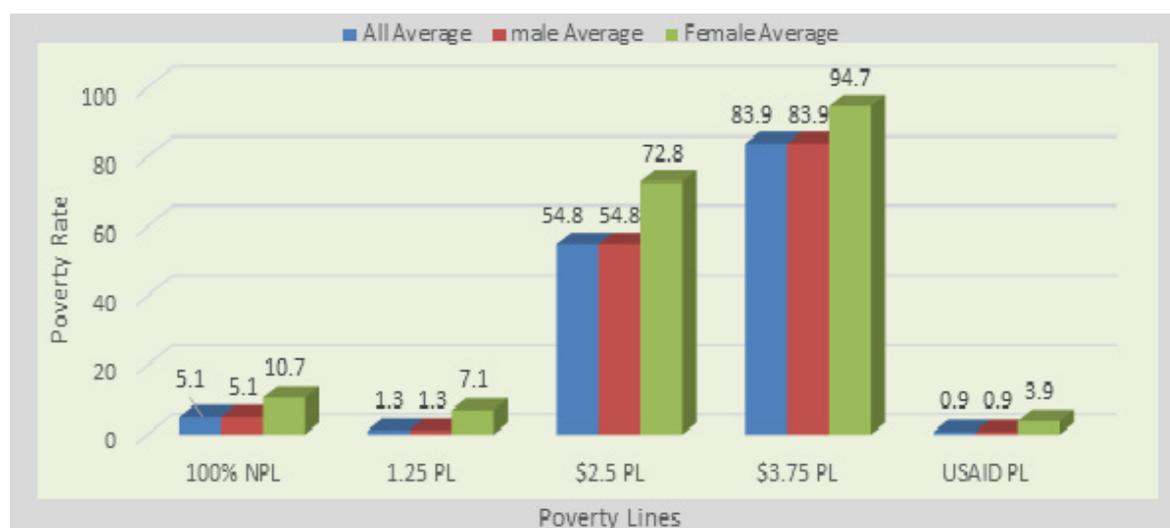
Table-3: Group data of Each Household PPI Score	
Scores	Number of Household
0-22	0

23-30	6
31-40	22
41-50	37
51-61	69
62	6
63-70	36
71-80	49
81-90	30
90-99	10

**Table 4: Group data of each household PPI score**

Table-4: PPI Score at Poverty Level at different Poverty Lines												
	Average PPI Score	Number of respondents	Poverty Likelihood									
			Below Poverty (Poverty Lines)					Below Poverty Line (number of persons)				
			100% NPL	1.25 PL	USD2.5 PL	USD3.75 PL	USAID PL	100% NPL	1.25 PL	USD2.5 PL	USD3.75 PL	USAID PL
All average	62.0	265	5.1	1.3	54.8	83.9	0.9	14	3	145	222	2
Male average	64.4	203	5.1	1.3	54.8	83.9	0.9	10	3	111	170	2
Female average	54.4	62	10.7	7.1	72.8	94.7	3.9	7	4	45	59	2

**Figure 2: PPI base poverty rates of garments workers in Karachi**



Both table 4 and figure 2 show that 55% of the garment workers are likely to be below the poverty line; therefore, out of 265 households of garment workers 145 were likely to be below poverty line of USD 2.5/day/person. For the male garment workers the poverty likelihood is the same as the overall average; however, for female garment workers household this likelihood was approximately 73%, which is 33% higher than the household of male garment workers.

The results further show that the poverty likelihood is lower for poverty lines of USD 1.25/day/person than for the national poverty line. For the poverty line of USD 1.25, the poverty likelihood is only 5% while for the USD 3.75 poverty line the likelihood reached 84%. The trend of higher likelihood for female workers was the same at all poverty lines.

Question No. 4 of the PPI survey gives some more information about the garment workers. The question is asking whether the household members are skilled or unskilled and provides for three possible options:

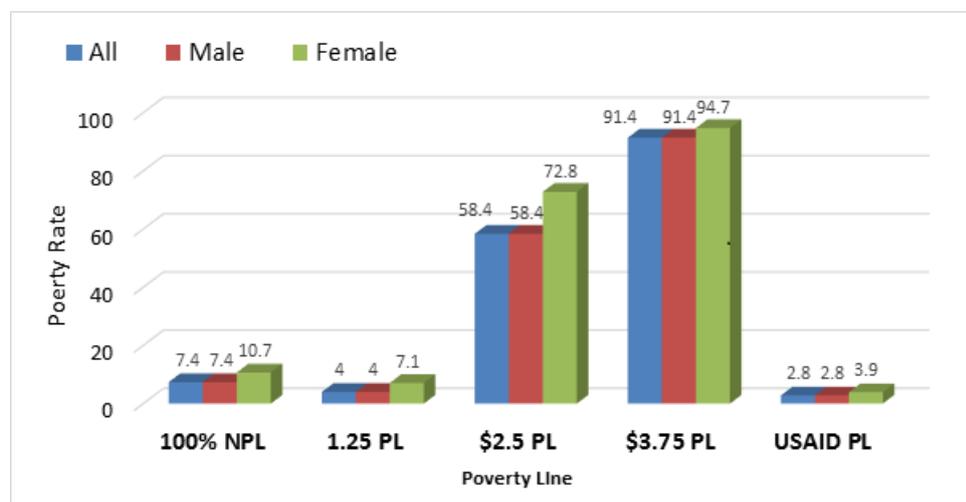
- option – 1 “two or more are unskilled”,
- option – 2 “one is unskilled”,
- option – 3 “no unskilled.”

Further analysis provides for the results of table 5.

**Table 5: PPI base poverty rates of unskilled garments workers in Karachi**

Table-5: PPI base poverty rates of un-skilled Garments Workers						
	PPI Score	100% NPL	1.25 PL	USD2.5 PL	USD3.75 PL	USAID PL
All	57.7	7.4	4.0	58.4	91.4	2.8
Male	59.4	7.4	4.0	58.4	91.4	2.8
Female	50.1	10.7	7.1	72.8	94.7	3.9

**Figure 3: PPI base poverty rates of unskilled garments workers in Karachi**



Both table 5 and figure 3 show the PPI average score of unskilled garment workers in Karachi. Only these data which reply to question 4 was “two or more unskilled” was used. According to the results, poverty likelihood among unskilled female garment workers was higher than for the male unskilled workers. Under the USD 2.5 poverty line the poverty likelihood for female is 73%, while for male unskilled worker there is 59% likelihood to be below the poverty line.

Table 6 below shows that the poverty likelihood of skilled garment workers is the same for both male and female. Under the USD 2.5 poverty line the likelihood is 48%.

**Table 6: PPI base poverty rates of skilled garments workers**

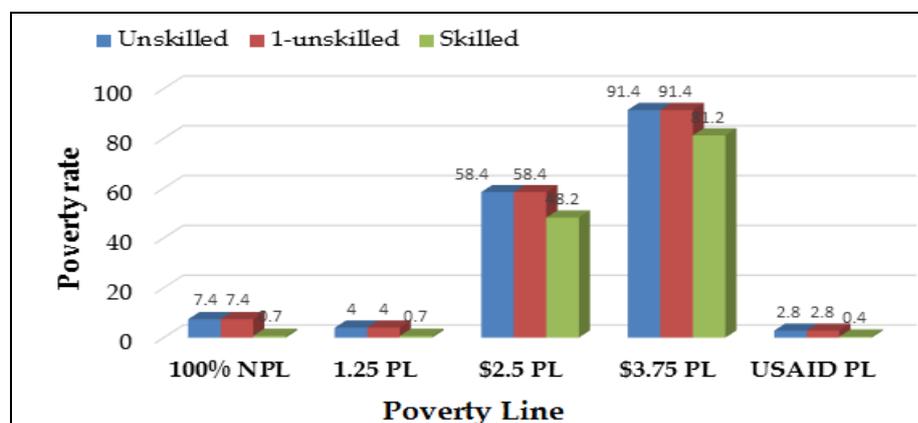
	PPI Score	100% NPL	1.25 PL	USD2.5 PL	USD3.75 PL	USAID PL
All	69.0	0.7	0.7	48.2	81.2	0.4
Male	69.4	0.7	0.7	48.2	81.2	0.4
Female	66.0	0.7	0.7	48.2	81.2	0.4

Table 7 below is showing a comparison of poverty likelihood of skilled and unskilled garment workers.

**Table 7: PPI base poverty rates of skilled and unskilled garments workers**

	PPI score	100% NPL	USD1.25 PL	USD2.5 PL	USD3.75 PL	USAID PL
2/more unskilled	57.7	7.4	4.0	58.4	91.4	2.8
1 unskilled	57.3	7.4	4.0	58.4	91.4	2.8
Skilled	69.0	0.7	0.7	48.2	81.2	0.4

**Figure 4: PPI base poverty rates of skilled and unskilled garments workers**



The tables 6 and 7 and figure 4 show that PPI score for skilled workers were higher; therefore, poverty likelihood was lower for skilled workers. Poverty likelihood for skilled workers under poverty line of USD 2.5 line is 48%, which in case of unskilled labour is 58%. This implies that skilled workers have lesser likelihood of poverty.

One important finding is that female workers compared with male workers have higher poverty likelihood. This is seen in the overall average and in unskilled workers, however for skilled workers the likelihood is same for both male and female workers.

## CONCLUSION

This study sets the benchmark for an impact analysis of the GSP+ on poverty in the garment sector of Karachi. For this purpose the PPI methodology was adopted and 265 garment workers were interviewed.

The PPI has developed a questionnaire for Pakistan, which were filled up during the survey and PPI scores were calculated. These scores were matched with the poverty likelihood table to check the poverty likelihood of the persons. On the basis of PPI scores and look-up table, the following is concluded:

1. The average PPI score of the entire sample is 62, which indicates that poverty likelihood for the poverty line of USD 2.5 (at PPI of 2005) per day per person is 55%. It implies that 55% of the garment workers in Karachi are likely to be below poverty line. It further estimated that 145 household out of 265 may be living below national poverty line.
2. Comparatively, poverty likelihood of the household, having female garment workers, is more than the household having male garment workers. However, for skilled workers the likelihood is same for male and female workers. Furthermore, poverty likelihood for skilled workers was comparatively lower than unskilled workers.

## ANNEX 1: ISSUES RELATING TO COLLECTION OF DATA

Karachi is a very sensitive city both politically and socially. For conducting any survey this sensitivity is always kept in view.

To preserve the objectivity, the survey was conducted outside the factory area, when feasible at home. Therefore, the survey was conducted at home and sometimes at bus stops and tea stall of industrial area. Particular care was given to contact a person who was working in a “garment factory” at main manufacturing department and the company should be exporting to European countries. For this purpose, it was necessary to rely on the responses of the workers and randomly check from the Trade Development Authority (TDAP) whether the factory was indeed exporting to the EU market. TDAP issues Certificate of Origin for GSP+ and can confirm whether a particular company was engaged in export business with a European country under the GSP+.

A main issue was the reluctance of people to answer to the survey. First, the persons wanted to know whether the survey was conducted by a government agency or by a private agency. Due to some political problems, people did not want to answer because of the fear that their information would be used for some other unwanted activities. Second, the persons wanted to see the behaviour of their other colleagues and follow the same pattern. For instance, if any person refused to give his/her mobile number, others would also do the same. There are several cases when a worker was not even willing to give the name of his employer.

A particular problem was faced when interviewing female workers. Females in the Pakistani society do not mix with male co-workers and are reluctant to talk to any unknown person. Not only females are themselves reluctant to talk, but the males tend to create problems if they notice any woman co-worker talking to an unknown person, like the surveyors. If a woman is ready to respond at all, she would never agree giving her contact details.

Keeping the above problems in view, we took assistance from female students, who conducted the survey at the workers’ homes. However, it was not possible to carry interviews of female workers who were using the pick-and-drop facility at the factory and at home, which is parked inside the factory area, which carries them to their home.

Due to above problems, we were successful in conducting interviews with only 62 female workers, representing only 31% of the total male respondents.

## ANNEX 2: PPI LOOK-UP TABLE FOR PAKISTAN

This PPI was updated in September, 2009. For up-to-date PPIs and other information on the Progress out of Poverty Index™ for Pakistan and other countries go to [www.progressoutofpoverty.org](http://www.progressoutofpoverty.org)

PPI score	100% National Poverty Line		50% National Poverty Line		75% National Poverty Line	
	Total Below the 100% National Poverty Line	Total Above the 100% National Poverty Line	Total Below the 50% National Poverty Line	Total Above the 50% National Poverty Line	Total Below the 75% National Poverty Line	Total Above the 75% National Poverty Line
0-4	95.4%	4.6%	0.0%	100.0%	73.8%	26.2%
5-9	95.1%	4.9%	2.4%	97.6%	71.2%	28.8%
10-14	84.1%	15.9%	9.9%	90.1%	39.7%	60.3%
15-19	68.0%	32.0%	5.8%	94.2%	38.9%	61.1%
20-24	57.6%	42.4%	2.6%	97.4%	18.9%	81.1%
25-29	47.1%	52.9%	1.0%	99.0%	12.7%	87.3%
30-34	39.5%	60.5%	0.4%	99.6%	8.7%	91.3%
35-39	29.8%	70.2%	0.1%	99.9%	5.8%	94.2%
40-44	17.4%	82.6%	0.0%	100.0%	2.6%	97.4%
45-49	16.9%	83.1%	0.9%	99.1%	4.6%	95.4%
50-54	10.7%	89.3%	0.0%	100.0%	1.2%	98.8%
55-59	7.4%	92.6%	0.2%	99.8%	0.3%	99.7%
60-64	5.1%	94.9%	0.0%	100.0%	0.3%	99.7%
65-69	0.7%	99.3%	0.0%	100.0%	0.0%	100.0%
70-74	0.4%	99.6%	0.0%	100.0%	0.4%	99.6%
75-79	1.1%	98.9%	0.0%	100.0%	0.0%	100.0%
80-84	0.0%	100.0%	0.0%	100.0%	0.0%	100.0%
85-89	0.0%	100.0%	0.0%	100.0%	0.0%	100.0%
90-94	0.0%	100.0%	0.0%	100.0%	0.0%	100.0%
95-100	0.0%	100.0%	0.0%	100.0%	0.0%	100.0%

Source: Microfinance Risk Management, L.L.C. based on 2005/06 PSLM

PPI score	125% National Poverty Line		200% National Poverty Line		USAID "Extreme" Poverty Line	
	Total Below the 125% National Poverty Line	Total Above the 125% National Poverty Line	Total Below the 200% National Poverty Line	Total Above the 200% National Poverty Line	Total Below the USAID "Extreme" Poverty Line	Total Above the USAID "Extreme" Poverty Line
0-4	95.4%	4.6%	100.0%	0.0%	72.9%	27.1%
5-9	97.9%	2.1%	100.0%	0.0%	68.4%	31.6%
10-14	94.5%	5.5%	100.0%	0.0%	54.5%	45.5%
15-19	91.3%	8.7%	99.6%	0.4%	43.1%	56.9%
20-24	75.5%	24.5%	99.2%	0.8%	36.1%	63.9%
25-29	78.0%	22.0%	97.3%	2.7%	25.0%	75.0%
30-34	67.0%	33.0%	97.3%	2.7%	16.2%	83.8%
35-39	55.8%	44.2%	91.4%	8.6%	12.9%	87.1%
40-44	42.6%	57.4%	90.1%	9.9%	7.0%	93.0%
45-49	38.4%	61.6%	87.0%	13.0%	8.0%	92.0%
50-54	29.9%	70.1%	79.3%	20.7%	3.9%	96.1%
55-59	18.9%	81.1%	66.4%	33.6%	2.8%	97.2%
60-64	16.1%	83.9%	64.1%	35.9%	0.9%	99.1%
65-69	7.9%	92.1%	57.2%	42.8%	0.4%	99.6%
70-74	4.8%	95.2%	31.7%	68.3%	0.0%	100.0%
75-79	3.2%	96.8%	31.5%	68.5%	0.0%	100.0%
80-84	2.5%	97.5%	15.6%	84.4%	0.0%	100.0%
85-89	0.0%	100.0%	20.9%	79.1%	0.0%	100.0%
90-94	0.9%	99.1%	14.4%	85.6%	0.0%	100.0%
95-100	0.0%	100.0%	3.5%	96.5%	0.0%	100.0%

Source: Microfinance Risk Management, L.L.C. based on 2005/06 PSLM

BASELINE STUDY FOR A EU GSP+ IMPACT ON POVERTY - GARMENT SECTOR KARACHI, PAKISTAN

PPI score	\$1.25/Day/2005 PPP Poverty Line		\$2.50/Day/2005 PPP Poverty Line		\$3.75/Day/2005 PPP Poverty Line	
	Total Below the \$1.25/Day/2005 PPP Poverty Line	Total Above the \$1.25/Day/2005 PPP Poverty Line	Total Below the \$2.50/Day/2005 PPP Poverty Line	Total Above the \$2.50/Day/2005 PPP Poverty Line	Total Below the \$3.75/Day/2005 PPP Poverty Line	Total Above the \$3.75/Day/2005 PPP Poverty Line
0-4	95.4%	4.6%	100.0%	0.0%	100.0%	0.0%
5-9	95.0%	5.0%	100.0%	0.0%	100.0%	0.0%
10-14	79.1%	20.9%	100.0%	0.0%	100.0%	0.0%
15-19	67.5%	32.5%	99.2%	0.8%	99.6%	0.4%
20-24	56.8%	43.2%	98.7%	1.3%	99.4%	0.6%
25-29	47.5%	52.5%	96.0%	4.0%	100.0%	0.0%
30-34	36.4%	63.6%	96.1%	3.9%	99.8%	0.2%
35-39	27.2%	72.8%	91.4%	8.6%	98.5%	1.5%
40-44	14.2%	85.8%	88.6%	11.4%	98.8%	1.2%
45-49	12.0%	88.0%	84.6%	15.4%	97.0%	3.0%
50-54	7.1%	92.9%	72.8%	27.2%	94.7%	5.3%
55-59	4.0%	96.0%	58.4%	41.6%	91.4%	8.6%
60-64	1.3%	98.7%	54.8%	45.2%	83.9%	16.1%
65-69	0.7%	99.3%	48.2%	51.8%	81.2%	18.8%
70-74	0.4%	99.6%	26.8%	73.2%	67.1%	32.9%
75-79	0.8%	99.2%	26.0%	74.0%	51.6%	48.4%
80-84	0.0%	100.0%	11.7%	88.3%	45.9%	54.1%
85-89	0.0%	100.0%	16.1%	83.9%	50.8%	49.2%
90-94	0.0%	100.0%	3.1%	96.9%	23.6%	76.4%
95-100	0.0%	100.0%	3.5%	96.5%	27.7%	72.3%

Source: Microfinance Risk Management, L.L.C. based on 2005/06 PSLM



The International Trade Centre implemented the Trade Policy Capacity Building Component of the European Union funded TRTA II programme. It is aimed at the Ministry of Commerce and Government of Pakistan in developing a coherent trade policy and attendant regulations for export competitiveness. Specifically, it will aim to reinforce the skills of government officers working in trade related ministries and implementing agencies on issues related to trade policy, commercial diplomacy and regulatory reform. The main way in which to achieve this through the institutional capacity building of key local training institutes, which is intended to have an immediate effect on the capacity of government officers working on trade policy issues.

In addition, Component 1 promotes comprehensive, regular and well informed public-private dialogue among the government, private sector and civil society for trade policy development, monitoring and evaluation. To promote local ownership and legitimacy of the dialogue, a steering committee comprising equal representation of the public and private sectors has been established with the formal approval of the Ministry of Commerce of Pakistan. Its mandate is to oversee the planning, implementation and monitoring of public-private dialogue on key issues. To better inform the public-private dialogue process, research studies are commissioned and internationally peer reviewed before dissemination to stakeholders. After extension of the TRTA II programme, Component 1 was assigned the additional responsibility of building the institutional capacity of the Competition Commission of Pakistan (CCP).

The targeted interventions of Component 1 to achieve these goals constitute the following:

**Result for Component 1: Coherent trade policy and regulatory reform for export competitiveness**

1. The Pakistan Institute for Trade and Development (PITAD) institutional capacity is strengthened.
2. PITAD's and other research institutes' expertise on trade policy strengthened.
3. Government officers' capacity on specific trade policy and international trade negotiations strengthened.
4. Research studies contributing to the development of a national export strategy conducted.
5. Public-private dialogue for a coherent national export strategy is fostered.
6. Institutional Capacity of CCP is strengthened.



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For further information about the ITC implemented Component 1 and the TRTA-II programme visit: <http://trtapakistan.org>