



Socio-Economic Development in Pakistan's Rural Areas through CPEC

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Abstract:

China Pakistan Economic Corridor (CPEC) has been a central topic of discussion in Pakistan's political discourse for over a decade now. It has been termed as a regional game changer. This research article aims at analyzing the causes of socio-economic development in Pakistan's rural regions because of the CPEC. It evaluates the role of CPEC in the rural development and poverty reduction and explores how there existed or has been an enhancement of the quality of living standards in the areas that are affected by the CPEC projects. The results depicted improvement in infrastructure, agricultural productivity, employment, and basic services. However, difficulties that are still present include the impacts on environment and the question of government control. In the final section of the article, measures that the policymakers should take to ensure that the CPEC benefits flow to the rural area have been outlined. This study employed mixed method to review and analyze data. Inductive and deductive reasoning was used to develop and substantiate the arguments.

Keywords: Pakistan, CPEC, economy, socio-economic development, rural areas, poverty reduction

INTRODUCTION

The China-Pakistan Economic Corridor (CPEC) is a flagship project under China's Belt and Road Initiative (BRI), aiming to enhance regional connectivity and economic integration, thereby fostering a new process of regional development. CPEC consists of a network of roads, railways, and energy projects designed to link the Gwadar Port in Pakistan to China's Xinjiang region. This initiative is expected to transform Pakistan's economic landscape, particularly focusing on its rural areas, where a significant portion of the population resides and poverty levels are high. This

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research aims to assess the impact of CPEC on rural development and poverty alleviation in Pakistan, examining changes in living standards in regions influenced by CPEC projects from 2013 to 2023. It revolves around the central question: how did CPEC affect the socio-economic dynamics of the rural areas in Pakistan? The paper has been divided into six broader sections excluding introduction and the conclusion.

LITERATURE REVIEW

The available literature on the socio-economic effects of the CPEC refers to its possible role as a transformative driver of the Pakistani economy; especially in the countryside. Many papers have discussed how infrastructure investment under CPEC can improve access and linkages; improve farm production; and increase employment generation; particularly in the less developed regions. For instance, Khan (2019) discusses on influences of the CPEC projects, especially in Gwadar city to transform the livelihood of people through infrastructure development. In the same way, Ahmed and Mustafa, (2018) point out that the CPEC development activities also have the potential of enhancing the welfare of the rural economy through the opening up of market accessibility, transport facilities, and the availability of basic needs for enhancement of the integrated economy among the rural dwellers. Building on this, however, Javaid (2016) and Irshad, Qi and Xin (2015) argue that CPEC is very instrumental in upgrading the bulk of the infrastructure in Pakistan with special emphasis on roads, energy establishments, and communication networks for improving the rural living standards. It is further believed that improvements in these areas would bring the desired agricultural food supply chain advancements, lower transport costs and accessibility of the domestic and global markets for the stated advantages in rural development.

Further, Ali, Mi, & Shah (2017) have highlighted that energy segments of the CPEC are vital addition that will help Pakistan in order to cope up with the energy crises which has been a big hurdle in preventing rural industrialization and mechanization of agriculture. Effective provision of reliable energy is expected to enhance productivity in industries within rural areas hence improving the economy. Naseem, Naazer and Ashraf (2022) analyzed the CPEC projects planned and executed in Hazara division of Khyber Pakhtunkhwa and their potential contribution to the socio-economic development of the region. The study found that various projects such as Havelian Dry Port, Hazara Motorway and Suki Kinari Hydropower Project would significantly contribute to the socio-economic development of the area, provide employment and help reduce poverty.

Baloch, Ali, and Kalim (2020) agree with the development of infrastructure and energy projects but they argue that the human aspects of CPEC should not be ignored. They assert that apart from infrastructure projects, key social sectors such as education, vocational training, and healthcare should also be given focus, if the potential of CPEC for changing the dynamics of socio-economic development in rural areas of Pakistan has to be realized. In addition, Hussain, Chaudhry, and Sadiq (2017) bring out hope for job creation in the rural areas through Special Economic Zones (SEZs) under CPEC. These SEZs that are established along the value chains of the CPEC are projected to attract both foreign and domestic investments and in the process employing people from the local communities. Nevertheless, these works tend to focus on those few regions like Gwadar or the Northern corridor and there is little work done that provides an encompassing look at the processes of rural development and poverty reduction in the larger Pakistan rural canvas.

Some authors like Saeed (2019) and Zaman, Shah, and Shabir (2020) wrote about the scope of poverty reduction and improved quality of life of villages through CPEC, but there was no exhaustive review that deals with all the facets of the CPEC's effects on the rural areas of Pakistan. Such research as Abbas and Kamal (2021) showed that it is necessary to make communities and countries focus not only on economic development but social factors such as health, education, and gender that are important for sustainable rural development.

In order to fill the aforementioned gaps in the existing literature, this study is designed to present a detailed picture of the socioeconomic impacts of CPEC on the rural area of Pakistan. Due to studying many regions and sectors, this study provides a better insight on how CPEC affects the rural development, employment, poverty reduction and overall welfare of communities in Pakistan. Two case studies: Gwadar and Tharpaker, are included to substantiate the arguments made in this article.

METHODOLOGY

This research employs a mixed-methods approach, combining quantitative data analysis with qualitative case studies. Data was collected through a review of the available surveys, interviews with local residents, and secondary sources such as government reports and academic studies. Quantitative data includes economic indicators like income levels, employment rates, and poverty rates, while qualitative data encompasses personal testimonials and community case studies. Thematic analysis was used to assess the impact of CPEC on rural development and poverty alleviation.

IMPACT OF CPEC ON RURAL DEVELOPMENT

The role of the China Pakistan Economic Corridor (CPEC) is pivotal in recent socio-economic development of the rural areas of Pakistan especially in the context of Mega Infrastructure Development and agricultural innovation. Several scholars have also admitted that the CPEC projects have the capacity to decrease the regional inequalities and promote rural uplift by increasing connectivity, agricultural yield and employment prospects (Javaid & Rashid, 2018, Zaman et al., 2020). Others include the roads, bridges and energy structure infrastructure that has increased access to productivity promoting economic activities, as well as, lowering transport costs (Miah, 2019). On the same note, the rural people received the improved access to the basic services such as health care needs and education, which contributed to the development and improvement in the standards of life (Shah et al., 2021). Following sections discuss the major effects of CPEC on rural sector concerning physical infrastructure, agricultural sector, employment generation, poverty reduction and availability of services etc.

Infrastructure Development

One of the most important benefits of CPEC in rural areas has been the enhancement of infrastructure for the economic development of the rural areas. Accessibility has been promoted through better roads and highways and bridges that connect the rural areas with the urban areas, hence improving on movement of goods and people. For instance, Irshad, Qi and Xin (2015) argued that with the enhanced infrastructure, transport costs and time are brought down and therefore giving a fillip to trade and agriculture in rural areas. For instance, the Havelian-Thakot section of

the Karakoram Highway has enhanced communication both in the regional and northern Pakistani provinces transport of commercial goods, breaking tourism barriers, as well as, accessing social amenities (Ahmed & Mustafa 2018). Likewise, it has improved access to central part of Pakistan, allowing rural farmers in the province of Punjab to market their outputs more efficiently by transporting it faster (Ali, Mi, & Shah, 2017). The improvements in the transportation networks that lead to the decrease in cost of transport and enhanced market access have boosted the rural economies (Shah et al., 2021).

In line with Abbas & Kamal (2021), it is revealed that improved infrastructure has caused the rural folk to gain more improvement in health sector facilities, education, and employment prospects. CPEC's much-touted infrastructure projects are not merely structures but significant for developing Pakistan's social capital and for bridging gap between the developed urban Pakistan and the backward rural areas of the country.

Agricultural Development

Another positive effect of CPEC especially on the rural areas of Pakistan is that it has fostered improvement in irrigation technologies and agricultural marketing. Baloch, Ali and Kalim (2020) affirm that these investments have enhanced agricultural efficiency in providing a more assured water supply and improved yields that compel rural farmers to pursue better practices in farming. Some of the projects like Kachhi Canal in Balochistan province have brought land which was previously barren under irrigation and such changes have positively impacted the rural agriculture via CPEC (Saeed, 2019).

Furthermore, there is improved transportation of agricultural produce to markets, thus reducing on the instance of loss after the harvest and increased revenue for farmers (Hussain, Chaudhry, & Sadiq, 2017). According to Khan (2019), it was found out that level of living has improved significantly not only in terms of income but overall quality of life has improved as well. Enhanced market opportunities enabled the producers in the rural areas to obtain better prices for their products hence enhancing economic growth of such areas (Zaman et al., 2020). Similarly, Javaid (2016) suggests that CPEC has also offered indirect benefits by contributing towards food security and introducing the rural agricultural business. They also help long-term poverty eradications and social stability in the rural areas of Pakistan (Ali et al., 2017).

Employment Opportunities

The construction work included in the CPEC infrastructure and energy sector has provided a great number of job opportunities to the rural areas. Different scholars have explained how CPEC has positively impacted on employment, especially from constructions, transport and other connected industries, thus creating job opportunities to the locals (Ahmed & Mustafa, 2018; Shah et al., 2021). As stated by Khan (2019), such employment opportunities have raised incomes due to employment mainly to the areas that had few or no employment opportunities. For instance, the development of the Gwadar port and the physical facilities that are related to it have created thousands of jobs in different sectors; this implies that there is economic growth in providing employment opportunities to people living in these areas hence pulling down the unemployment rates proposed by Hussain et al. (2017). The Tharparkar region of Pakistan is also benefiting from the CPEC

projects involving mining and construction of coal power plants that also provides employment to the people regarding economic and social uplift.

However, Javaid and Rashid (2018) establish that in addition to reducing joblessness, CPEC projects have contributed towards skills development and boosting of human capital of the rural employees. The implementation of training schemes with the local workers has fostered development of human capital that is vital for the long-term growth of the region's economy. Such changes are significant to promote enhanced economic parity in the areas with the potential of being left behind such as rural zones (Shah et al., 2021).

Eradicating Poverty through CPEC

The impact of CPEC has beneficially affected poverty, whereby generating employment opportunities coupled with increase in availability of services and enhancement of agricultural productivity in the rural sector (Zaman et al., 2020). In the study conducted by Abbas & Kamal (2021), they have found that due to CPEC there is an overall development of infrastructure and economic activities and positively impacted on the general lives of rural population in regard to health facilities, education and clean drinking water facilities.

Research of authors Shah et al., (2021) shows the positive impact of CPEC projects specifically in Gwadar and Tharparkar explaining that the locals have benefited from employment opportunities and improvement in their standard of living. Gwadar for example, owes to better infrastructure/facilities and employment opportunities which has lowered poverty levels and made its local economy more active (Khan, 2019). In Tharparkar such projects of CPEC also helped to reduce poverty level by providing sustainable employment and enhancing the production yield in agricultural fields (Saeed, 2019).

Increased Access to Service

Despite the aforementioned facts, CPEC has improved infrastructure to access other basic amenities in rural zones; like health, education and sanitation. According to Ali et al. (2017), investment in CPEC projects such as the construction of health facilities and schools have in a way contributed to a positive change in health and educational standards respectively in the affected areas. For example, the new healthcare centers in Gwadar have decreased mortality and overall enhanced the health of the people, while the enhancement of the education facilities has enhanced enrollments and educational indicators (Shah et al., 2021).

Similarly, the execution of Water & Sanitation services in the rural areas like Tharparkar has contributed so much to have better health standard by minimizing the Water Born diseases (Saeed, 2019). These changes are indicative of the effects of the CPEC on the rural communities whereby the access to the services helps to generate sustainable socioeconomic improvement.

CASE STUDIES

To substantiate the key arguments of this paper, two case studies have been discussed in the following section. Quantitative analysis of these cases draws an overwhelming picture of how CPEC is contributing to the rural development in Pakistan. The data in these case studies is based on the reports published by Economic Survey of Pakistan and the field visits of the local communities.

Gwadar

How the CPEC has changed the facets of Gwadar is commendable especially the part of infrastructure like Gwadar port. According to the data available on the year 2020, around 75000 direct employment opportunities and around 200,000 indirect employment opportunities were available in CPEC related projects in Gwadar and in other parts of Pakistan. However, there is a concern for skill gap, where in the first phase of construction of Gwadar Free Zone about 75 percent of work force was Chinese. The Chinese managers at Gwadar argue that this difference in the equation of workers between Pakistani and Chinese workers is due to the lack of skill set required for the execution of these projects in Pakistan.

The survey conducted in the year 2020, with 1100 skilled laborers working at the initial phase of Gwadar, were exclusively Pakistani, however only 250 exist now (by 2024). The balance 850 vacancies were occupied by foreign workers. On the other hand, the fishing community of Gwadar felt the adverse impact of the development in terms of displacement and a declined income because it limited their access to their historical fishing areas.

Table 1: Available Job Data in Gwadar

Economic Indicator	Data
Direct Jobs Created (Gwadar)	1100 (75% foreign workers)
Employment in Fishing Sector	Declining due to displacement

Tharparkar

An area that has been affected by the demand of the coal mines and power plants is Tharparkar, where woman employment has been enhanced. A report reveals that 30% of the employees of Thar coal projects are women some of whom are driving trucks which perhaps has brought a dramatic social change in a patriarchal province. Also, these projects have created more than 2,000 job opportunities, thus decreasing unemployment rates within the regions while also providing steady income.

On the issue of gender there is a possibility of employment of women; it is also termed as being unique in employment of women. For instance, Lata Mai, who serves as a truck driver in a Thar coal project at Tharparkar stated: "It made me believe in miracles."

Table 2: Women's Workforce in Tharparkar

Employment Indicator	Data
Total Jobs Created (Tharparkar)	2000
Women Employed in Coal Sector	30% of the total workers

CHALLENGES AND LIMITATIONS

However, it is also pertinent to note that there are issues that need to be overcome in case of sustainable development of CPEC projects in Gwadar and Tharparkar regions.

Environmental Concerns

Some of the effects of infrastructure projects are; deforestation, soil erosion and water pollution have been observed to occur in the affected areas. For instance, the water contamination in constructions zones has influenced clean drinking water supply to the local communities.

Displacement of Communities

Some local people have been affected by large scale infrastructures developments especially in Gwadar regarding the payment to the displaced people and their rehabilitation.

Governance Issues

Issues such as bureaucratic red-tapism and the failure to coordinate stakeholders have been major demerits contributing to the failure to efficiently implement CPEC projects. Improvement of governance structures is therefore important with a view to enhancing the positive impacts of CPEC on the improvement of the rural sector.

DISCUSSION

CPEC can serve as a game changer in case of rural development in Pakistan. The overall socio-economic transformation of Gwadar and Tharparkar evident from infrastructure development, employment generation and availability of services is in concordance with the socio-economic transformation observed in other zones involved in BRI (Zhang & Malik, 2020). Several comparisons have also highlighted that areas participating in BRI initiatives have also experienced improved connection, investment rank, and industrialization; this makes CPECs model for developing rural areas in Pakistan as well as other emerging markets.

Key Findings and Comparisons

Consequently, from the research analysis into the effects of CPEC, it is evident that most of the positive changes on the rural areas stem from growth in infrastructure, agricultural inputs, employment opportunities, and social services. Such outcomes affirm researches from other BRI countries inclusive of Ethiopia and Laos, which have incorporated infrastructural development and better market accessibility to increased economic activities and poverty reduction (Shabir & Ali, 2021). For example, in Northern Pakistan, BRI-funded road construction has boosted roads access in the rural areas hence boosting agricultural yield, better access to health and education facilities (Beresford, 2019). Likewise, through investment in roads, energy and markets CPEC has positively impacted Pakistan rural economy by increasing employment ratio and income level. However, it also revealed that some positive implications of CPEC are not natural, homogeneous, although, several enhancements for the accomplishment of sustainable and satisfactory development related to some key issues need to be discussed and overcome. Policy recommendations will be discussed in this discussion section that relates to the study's findings while focusing on governance, the environment, and development inclusion objectives.

Policy Implications

Based on the positive impact of CPEC on the rural development several important policy implications from this study can be derived. The government and policy makers must therefore plan and counter these challenges so as to fully harness the long term potential of CPEC for the most marginalized regions in the country; the rural regions.

Strengthening Governance and Coordination

With regards to four major BRI governance challenges seen in many countries, one of the critical issues emerged in this study is governance issue. There are legal issues of corporate governance

that govern large scale structural projects such as CPEC. Several studies have reported that delays, bureaucratic distortions, and poor coordination on the side of the stakeholders have impacted project timeliness and performance in several CPEC areas (Ahmed & Mustafa, 2018) To resolve these problems, there is a need to harmonized governance systems that facilitate the interaction between the federal government, provincial and the local authorities, private actors and the international community.

There was a proposal of enhancing digitization of governance through the creation of digital governance platforms to aid in provision of transparency and ability to monitor the progress of the project. They could also improve on decision-making processes as the tasks cannot be allowed to prolong leading to delays and added expenses.

Vietnam for instance, has adopted industrial digital governance tools for its BRI related projects and has recorded the ministry's reduction in bureaucratic inefficiencies (Xue & Li, 2020). Introduction of similar practices in Pakistan also holds the potential to improve the effectiveness of CPEC projects.

Promoting Environmental Sustainability

The analysis conducted in the study reveals that though CPEC has brought changes in the rural economy of the country it has also been seen to have negative impacts on the environment, such as deforestation, soil erosion and water pollution as identified in Gwadar and Tharparkar regions. Lack of viable and long-term sustainable environmental policies, therefore poses a danger to not just the rural inhabitants' livelihoods but also unintended harm to the environment emanating from those large-scale infrastructure projects.

There is the need to address issues of sustainability in infrastructure projects through development of proper EIAs, reforestation measures and control of pollution in continuing and future CPEC projects. Bountiful incentives could also reduce environmental impact of energy projects – such as solar and wind - another aspect of utilizing infrastructure projects in reducing Tharparkar's dependence on coal. China's Belt and Road Green Development Coalition has already initiated involving such measures in other BRI areas and encouraging sustainable development and infrastructure that does not harm the environment (Baloch, 2020). It may be important for Pakistan to adopt environmental practices that can help it conserve its natural resources as well as brand its infrastructure projects as environment friendly BRI projects.

Guaranteeing an inclusive development process

The present research also reveals that employment effect due to CPEC projects, or investment has not been fairly distributed. As for the positive impact, most people have experienced employment and improvement in the standards of facilities, while the negative impacts have affected only a few who have been displaced from their homes and other properties (Hussain, 2017).

In this regard, the government should ensure that the vulnerable groups such as women, indigenous people and the displaced people, should be engaged in all the activities under the CPEC project. This means that compensations and support provided through social safety nets and resettlement programs for displaced persons should be provided sufficiently. For instance, implementing and designing vocational training geared towards the employment of women and

youths could help the later to access better employment opportunities getting rid of the high unemployment rates among youths in the rural areas, and closing the employment gaps between the genders. Moreover, the policies should be inclusive to provide equal access to development benefits for such deprived regions such as Tharparkar which are most affected by poverty (Zaman, 2020).

The Public-Private Partnership could also be used to deliver vocational training so that the local workforce that is to be provided by CPEC projects is skilled and ready for the task. Sri Lanka, for example, has also enjoyed success in employing PPP models in preparing workers or employees in industries that have a direct link with BRI, especially in job training and support (Beresford, 2019).

CONCLUSION

This study, through a thorough review of literature and engaging qualitative and quantitative analysis of the data explored the impact of CPEC in the rural areas of Pakistan. The field visits helped in understanding the ground realities in a better way. This study attempted to find out the reality that exists in the grey areas between the two extreme positions about the role of CPEC as a game changer for the Pakistan. The optimists exaggerate its benefits whereas the pessimists underestimate its potential for bringing about a positive change in the economic sphere of the indigenous citizens.

The study is informative in terms of understanding the socio economic effect of CPEC in the development of the rural areas of Pakistan and stresses on the significance of tailor-made policy measures for their continuance, as well as, for the enlargement of these important social dividends. Some of the major challenge areas include the need to embrace good governance, environmental concerns, as well as, addressing the issue of inclusion in development in that the magnitude of development should not only benefit the other side but also all the other sectors of the society.

For future policy makings and development plans, sustainability needs to be considered more through economic, social and environmental aspects. Therefore, the alternatives and experiences of CPEC in different sectors can enlighten Pakistan to adopt better models in planning and implementing the rural development strategies fit in the Pakistani framework of development that supports primarily national development policy and contributes to the overall integration and improvement of the region. Only after incorporating international and globally accepted sustainable development standards in addition to addressing the grievances of the indigenous ethno-lingual and professional groups, this project could succeed and bring about substantial change in the living standards of rural population in Pakistan.

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