

# Social Protection: Targeted, Transparent, Empowering

A PBC Position Paper by the Social Protection Panel

2011

## SOCIAL PROTECTION PANEL MEMBERS

### **Mr. Hussain Dawood**

Mr. Hussain Dawood is Chairman of Dawood Hercules Corporation Ltd., Engro Corporation Ltd, Karachi Education Initiative/Karachi School for Business and Leadership, Pakistan Poverty Alleviation Fund, which is, globally, the largest World Bank financed social fund. He is also a Chairman of the International Advisory Council of the Cradle to Cradle Institute in San Francisco. He also serves as a member of the Boards of Pakistan Business Council, Pakistan Centre for Philanthropy and Beaconhouse National University and he is on the Board of Karachi Education Initiative UK, London and Asia House, London. He is a member of the World Economic Forum's Global Agenda Council on Anti-Corruption and is active in its Partnering Against Corruption Initiative (PACI). He is the Honorary Consul of Italy, in Lahore. The Italian Government in recognition of his contribution conferred on him the award '*Ufficiale Ordine al Merito della Repubblica Italiana*'.

Previously he was an Advisor to the Ministry of Commerce, Government of Pakistan, Director of the State Bank of Pakistan, Commonwealth Business Council, London, Member of the Karachi Stock Exchange, Member Board of Governors of the Shaukat Khanum Memorial Cancer Hospital & Research Centre; Member Board of Governors of the GIK Institute of Engineering Sciences & Technology; Director of SOPREST (Society for the Promotion of Engineering Sciences & Technology); Trustee and Honorary Treasurer of the Al-Shifa Trust Eye Hospital; Senator of the University of the Punjab; Director on the Boards of the Hailey College of Commerce; the Centre for Advanced Molecular Biology; the Centre for High Energy Physics; the Pakistan Red Crescent Society, the Technical Education & Vocational Training Authority, Punjab Government.

He is a MBA from the Kellogg School of Management, Northwestern University, USA, and is a graduate in Metallurgy from Sheffield University, UK.

### **Dr. Asad Sayeed**

Dr. Asad Sayeed is a Ph.D in Economics from Cambridge University. His is currently Director at the Collective of Social Science Research, a Karachi based research and consulting organization. He has been the Convener of the Social Protection Sub Committee of the Panel of Economists constituted by the Planning Commission, Government of Pakistan in 2008. He has published widely in local and international journals and is a frequent contributor to the Pakistani and international electronic and print media.

Dr. Sayeed has worked on different facets of social protection, including cash transfers, employment programs, old age benefits, disaster insurance, etc. He has also authored the zero draft of the National Social Protection Policy for the Government of Pakistan in August 2010.

Apart from the Government of Pakistan, Dr. Sayeed has worked on Social Protection with the Institute of Development Studies (IDS), University of Sussex, the World Bank, Asian Development Bank and the International Labour Organization (ILO).

His other areas of research interest include Political Economy of Growth and Structural Change, Industrial Policy in Developing Countries, Labour Market Dynamics in Developing Countries, Health Economics, Macroeconomic Policy and the Political Economy of Corruption.

### **Mr. Haris Gazdar**

I am a Senior Researcher at the Collective for Social Science Research, and work mainly on social policy issues. I have a masters in economics from the LSE, and worked in teaching and research capacities in England before returning to Karachi. I have conducted research on a range of social policy issues including poverty, education, food security, labour, social protection, humanitarian disaster, and public action. My professional activities include consulting as well as academic research. I have worked in an honorary advisory capacity with government (Planning Commission, various Sindh govt bodies), national and international research programmes and political parties.

A recent review paper on social protection in Pakistan which was published as a research report by the Centre for Social Protection, Institute of Development Studies Sussex can be accessed at:

[http://www.researchcollective.org/Documents/Social\\_protection\\_in\\_Pakistan\\_In\\_the\\_Midist\\_of\\_pardigm\\_Shift.pdf](http://www.researchcollective.org/Documents/Social_protection_in_Pakistan_In_the_Midist_of_pardigm_Shift.pdf)

<http://www.ids.ac.uk/download.cfm?objectid=E2238D08-EE28-16B9-095295DDFCE2A26D>

A more detailed professional profile can be accessed at:

[http://www.researchcollective.org/researchers\\_info.php?AUTHOR\\_ID=A\\_001](http://www.researchcollective.org/researchers_info.php?AUTHOR_ID=A_001)

### **Mr. Kamal Hyat**

#### **Education Qualification:**

|  |                          |      |
|--|--------------------------|------|
| A.I.B (Associate Institute of Bankers) | London United Kingdom    | 1976 |
| BA (Economics and Political Sciences)  | University of the Punjab | 1960 |

#### **Work Experience**

1998 – 2010 As Chief Executive/Managing Director, Pakistan Poverty Alleviation Fund (PPAF), established values, operational policies/procedures and effectively implemented World Bank (WB) US\$ 107 million poverty alleviation project (including WB funding of US\$ 90 million). In view of PPAF's excellent performance, the WB approved the follow-on project ahead of scheduled time and this second US\$ 368 million project (including WB funding of US\$ 238 million) has been successfully negotiated and executed with Government of Pakistan and World Bank.

1983 – 1997 Set up a project to introduce the use of educational aids for young children. The pioneering effort was a success and the materials developed are being widely used both by public and private sector organizations.

- 1995 Team leader and consultant to the Aga Khan Rural Support Programme in Gilgit for the purpose of examining the feasibility and rationale of supporting the on-going AKRSP projects with a suitable financial institution.
- 1994 Visited Bangladesh to study the Grameen Bank project and prepared a Report for Replication of the project by the Government of Pakistan.
- 1981 – 1982 Circle Executive, Punjab, with Muslim Commercial Bank, Punjab province.
- 1975 – 1981 Senior Vice President with Muslim Commercial Bank, Lahore region.
- 1962 – 1975 Worked in various positions as covenanted executive with Grindlays Bank, dealing with all aspects of banking operation, and was elevated to the position of Chief of Northern Area Operations in 1974. During this period, was selected to attend a course dealing with Methods and Organization in the United Kingdom.
- 1960 – 1962 Attended a training and orientation course in the United Kingdom for working as a covenanted executive with the Grindlays Bank.

### **Professor Mohammad Waseem**

Professor Mohammad Waseem teaches Political Science in the Department of Social Sciences, Lahore University of Management Sciences (LUMS). He has written on ethnic, Islamic, constitutional, electoral and sectarian politics of Pakistan. His books include: Politics and the State in Pakistan (1989), The 1993 Elections in Pakistan (1994), Strengthening Democracy in Pakistan [jointly with S. J. Burki] (2002) and Democratization in Pakistan (2006). He also edited the book Electoral Reform in Pakistan (2002).

Professor Waseem was Pakistan Chair at St Antony's College Oxford from 1995 to 1999. He was a Ford Foundation fellow in the Brookings Institution in Washington DC in summer 2010. He has been a visiting scholar in Sciences Po Paris and International Programme for Advanced Studies MSH Paris; Fulbright Fellow in New Century Scholars Programme at The Brookings Institution, Washington DC; fellow of the Ford Foundation at Oxford; DAAD fellow at the University of Heidelberg; Fulbright Fellow at Columbia University New York; the Indian Historical Research Council Fellow in New Delhi; the British Council Fellow in London; and the American Political Science Association Fellow in Washington DC.

Professor Waseem has been on the editorial boards of academic journals Ethnicities (Bristol), Contemporary South Asia (Bradford), International Studies (JNU New Delhi) and The Historian (GCU Lahore).

### **Mr. Rashid Bajwa**

Dr. Rashid Bajwa is the CEO of NRSP; Pakistan's largest nonprofit organization. NRSP's mandate is to alleviate poverty by harnessing people's potential and undertake development activities in Pakistan. It has a presence in 54 Districts in all the four Provinces including Azad Jammu and Kashmir through Regional Offices and Field Offices. NRSP is currently working with more than half a million poor households organized into a network of more than 100,000 Community Organizations.

Dr. Bajwa joined NRSP in 1992 and was made its CEO in 1997. Prior to his appointment in NRSP, he served in the Civil services of Pakistan (DMG) from where he has resigned. The key strength of Dr. Bajwa is to understand best practices in participatory development in Pakistan and the region undertaken by his mentor Mr. Shoaib Sultan Khan and then adapt them in a way that these initiatives are sustainable. Policy advocacy and presenting "lessons learnt" to the policy makers is another key responsibility of Dr Bajwa. The conceptualization of the UC Based poverty reduction plan; transformation of NRSP's MF programme into the NRSP Bank; the outsourcing of Primary Health Care facilities in a public-private partnership mode (now scaled up as PPHI); the Rasool Pur Primary Education Model (now part of the PESRP); scaling up of the Micro Health Insurance initiative are some of the activities that were done jointly by Dr. Bajwa and Shoaib sb.

Dr. Bajwa is a medical graduate and has a MD from USA and a Master in Public Health from UK.

### **Ms. Sania Nishtar**

Sania Nishtar is the founder and president of the NGO think tank, Heartfile, which today is the most powerful health policy voice in Pakistan and is recognized as a model for replication in other developing countries. Her areas of interests are health systems, global health, broader issues of governance and public-private relationships.

In Pakistan her pioneering work in the health sector has inspired new initiatives and has shaped policies on health reform and non-communicable diseases. She is also the founder of Pakistan's Health Policy Forum and provides support to many agencies in an advisory role. She additionally sits on many governing boards and is a visiting faculty to many educational institutions. Within Pakistan, she is also a voice to catalyze change at the broader governance level as an op-ed columnist in Pakistan's largest English newspaper.

Internationally, Sania Nishtar's scope of work has several dimensions. She is a member of many Expert Working Groups and Task Forces of the World Health Organization and is currently a member of the board of the International Union for Health Promotion and the Alliance for Health Policy and Systems Research. She is also a member of the World Economic Forum's Global Agenda Council, the Clinton Global Initiative, the Ministerial Leadership Initiative for Global Health and many other international initiatives. She has formerly been on several international Boards, and has chaired several global campaigns and programs. She has also been an advisor to WHO on numerous occasions, has published over 100 journal articles and is the author of 6 books. Her book on Health Reform entitled 'Choked Pipes' will be released by Oxford University Press in February 2010.

She speaks to audiences around the world and has been extensively published in and quoted in the media. Sania Nishtar is the recipient of Pakistan's Sitara-e-Imtiaz (presidential honour), the European Societies Population Science Award, 16 gold medals and many accolades of the International Biographical Centre, Cambridge and the American Biographical Center. Sania Nishtar holds a Fellowship of the Royal College of Physicians and a Ph.D from Kings College, London.

### **Mr. Shahid H. Pracha**

Mr. Shahid H Pracha serves as Chief Executive of the Dawood Foundation, the philanthropic arm of the Dawood Group and as a Director on the Boards of Dawood Hercules Corporation Ltd., Dawood Hercules Fertilizers Ltd., Dawood Lawrencepur Ltd., Central Insurance Company Ltd., Inbox Business Technologies Pvt Ltd. and Tenaga Generasi Ltd. He is also a Director on the Board of Engro Powergen Ltd and Engro Powergen Qadirpur Ltd.

Mr. Pracha is a graduate electrical engineer from the University of Salford, UK and prior to joining the Dawood Group, spent a major part of his career with ICI Plc's Pakistan operations in a variety of senior roles including a period of international secondment with the parent company in the UK. He is also a founding member of the Pakistan Society for Human Resource Managers and previously served as the first CEO of the Karachi Education Initiative, the sponsoring entity of the Karachi School for Business & Leadership.

### **Mr. Shoaib Sultan Khan**

Shoaib Sultan Khan is known for organizing millions of poor people to promote their own development. He initiated the Aga Khan Rural Support Programme (AKRSP) in 1982, pioneered the community-driven Rural Support Programme (RSP) movement in Pakistan and has steered various programmes in Pakistan and India that have formed over 800,000 Community Organizations and Self-Help Groups that represent over 14.4 million families. Mr. Khan is the Director of eight out of ten Rural Support Programmes in Pakistan. In 2009, Mr. Khan was elected Senior Fellow at ASHOKA. In recognition of his work at AKRSP, Mr. Khan was awarded the United Nations environment Programme Global 500 Award in 1989, the Sitara-e-Imtiaz by the President of Pakistan in 1990; the Ramon Magsaysay Award by the President of Philippines in 1992; the World Conservation Medal by the Duke of Edinburgh in 1994; the Rotary International (Pakistan) Man of the Year in 2005; the Sitara-e-Eisaar for earthquake and the Hilal-e-Imtiaz on Pakistan Day in 2006 by the President of Pakistan.

### **Mr. Sono Khangharani**

At the age of 55 years, with twenty-five years' diverse experience of teaching, serving in corporate sector and Rural Development Programmes and well known in the development and NGO sector in Pakistan, he was born to a poor family in the scorching heats of summer in a small village of Thar Desert of Sindh province in Pakistan in March 1956. After acquiring primary education from the village, he got his Secondary Education Certificate in 1974 from central town Mithi, now a district

headquarters. He sought admission in Sindh Agriculture University Tandojam for his degree courses in 1974. Having acquired a degree in Veterinary Sciences, D.V.M. (Doctor of Veterinary Medicine) from Sindh Agriculture University Tandojam, Pakistan 1981, he started his job career teaching the undergraduate students in the same University as Lecturer in 1982. He established his credibility as honest, and hardworking teacher with first three years of his career.

He served in Sindh Agriculture University till 1987 when he moved over to the corporate sector and joined a multinational agro-livestock project in Pakistan funded by Agriculture Development Bank of Pakistan. There he worked as a scientist specializing in the bovine embryo transfer technology. He has in his credit number of successes in the sector of livestock using and introducing the technology at the commercial scale in Pakistan. He stayed there for four years from mid 1987 to the end of 1991. As he was incline to serve to the richer segment of the society, therefore, he decided to move towards more meaning full job where he could serve the poor better.

From 1993 to July 1996 he worked as a professional in the sector of Natural Resource Management (NRM) Sector with National Rural Support Programme (NRSP) in Islamabad. National Rural Support Programme is one of the largest rural development programmes in Pakistan, which is sponsored partially by the Government. As a senior professional member of the team, his was to trained poor community members all over Pakistan for improvement of the productivity of the livestock. He was responsible in policy decision-making regarding the entire Programme activities as well as designing and accomplishing NRM development strategies/policies for community organisations.

On 1st July, 1996 he joined Tharparkar Rural Development Project (a project of Save the Children UK) as Project Director. There he was assigned the responsibility of transforming an internationally managed relief cum development project into a full autonomous local NGO with its own vision, mission, goals, and strategies, developing programme strategies. He, with genuine and continuous support from Save the Children, successfully launched a local NGO, Thardeep Rural Development Programme, in 1998.

Currently, he is working as Chief Executive Officer, Thardeep Rural Development Programme (TRDP) and Sindh Rural Support Organisation (SRSO). He is helping rural development programme (benefiting over 600,000 rural households) through grassroots level institutions financed by national and International Donors. Besides his official obligations, he has been involved in supporting poor students, people with disabilities, people in disasters, and parents of the poor girls in helping them in all social needs.

As a rural development professional he has a long understanding of working in rural and under privileged areas of Punjab, NWFP, Balochistan, and Sindh including "THAR desert". He also has experience of studying the cultural values of different clans and communities of rural Pakistan. He has been involved as a member and Honorary Director on different forums such as Pakistan Micro-finance Network, Rural Support Programme Network, Member on the provisional steering committee on decentralisation and devolution plan, and member on national committee on micro-finance set by State Bank of Pakistan. Besides, he has also received a number of professional training in the recognised universities and training institutes nationally and internationally including the Summer School of Save the Children Kathmandu.

## Introduction

Pakistan is facing a perfect storm where high inflation and a stagnating economy resulting from the war on extremism, high energy and commodity prices and natural disasters like the recent floods have all combined to create serious economic distress for the poor and vulnerable sections of society. While many of the economic ailments are endemic, the impact has been particularly severe and has accentuated the general lack of opportunity and joblessness resulting in food insecurity and a reversal into poverty for many. It is, therefore, imperative that adequate and effective social protection measures are undertaken at the policy and implementation level. Not only does the present crisis in Pakistan merit a well thought out and coherent social protection program because of the current situation but it is also an important instrument in ultimately creating citizenship based entitlements as enshrined in the Constitution (article 38 a –d), providing economic stability to the poor and achieving the goal of national cohesion through distributive equity and broadly improved social indicators.

Social protection can be broadly defined as provisions that “society provides to individuals and households through public and collective measures to guarantee them a minimum standard of living and to protect them against low or declining standards of living arising out of a number of basic risks and needs.” This includes different forms of social assistance as well as social insurance benefits provided by the state. It is also important that social protection is conceptualized as distinct from, yet linked to, other social sectors, such as education, health, provision of clean water, etc. It is worth emphasizing that reduction in poverty and inequality will only occur through adequate emphasis on both social protection as well as other social policy areas in equal measure.

## Background and Issues

In June 2007, the Government of Pakistan adopted a National Social Protection Strategy (henceforth NSPS). The Strategy had three overarching objectives:

- To support chronically poor households
- Protection Against adverse Shocks
- Promote Investment in Human and Physical Assets

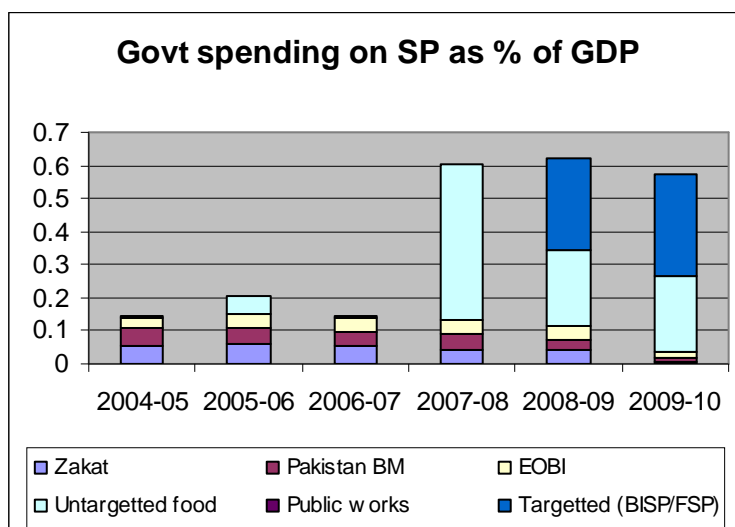
In addition the policy envisaged an increase in social assistance from Rs. 11 Billion in 2007 to Rs. 36 billion in five years.

However, events in 2007-08 altered the projections envisaged in the NSPS a great deal. First, increase in commodity prices internationally and the subsequent economic crisis that it precipitated domestically prompted a response from the newly elected democratic governments. Second, the initial response by the Government of Pakistan to the international commodity price spike of providing blanket subsidies proved to be counterproductive and unsustainable.

After the induction of new governments at the Centre and in the Provinces as a consequence of the 2008 elections, there was an immediate social protection response to the crisis. As shown in Figure 1, there was an appreciable improvement in social protection allocations. As such, allocations for social protection increased at a much faster rate than envisaged in the NSPS.



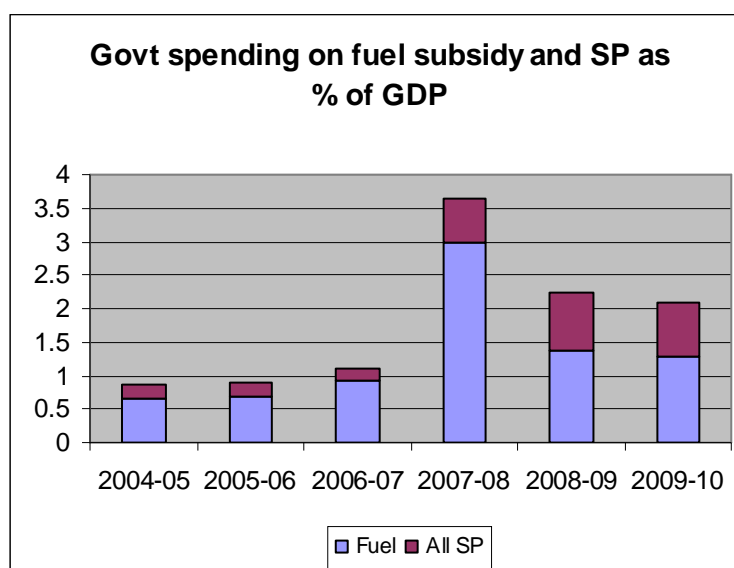
Figure 1



Source: Economic Survey, Government of Pakistan. 2010

It was also acknowledged that social protection has to be targeted to those who truly deserve to be protected. For too long, the government has provided subsidies which are meant for the poor but because of their universal character or because of inappropriate targeting methods, the non-poor have disproportionately benefited. Untargeted subsidies mean that scarce resources go to subsidize the rich as well as the poor. One indication of a shift away from generic to targeted subsidies is demonstrated in Figure 2.<sup>1</sup>

Figure 2



Source: Economic Survey, Government of Pakistan. 2010

<sup>1</sup> Figure 2 is an incomplete picture as it only incorporates subsidy provided on fuel. If subsidies provided on electricity and gas are also included the figure for untargeted subsidies will increase much further.

A large part of this increase occurred because of the initiation of the Benazir Income Support Program (BISP) as a targeted cash transfer for the poorest segments of the population in 2008. While the targeting mechanism for BISP remains weak at present, the commitment to move towards a robust means test in the form of the Poverty Score Card as the basis of targeting is a move in the right direction. Similarly, in the case of Swat IDPs and flood victims, the mechanism of geographical targeting through the NADRA database was adopted. The Sindh Government also initiated an agricultural land distribution scheme for female peasants for which identification of beneficiaries was done on the basis of a poverty scorecard.

The transition to targeted subsidies, however, remains incomplete. Food subsidies – particularly subsidization of wheat flour and sugar – through the utility stores at the Federal level, through Ramzan Packages and the *sasti roti* scheme (which has been recently abolished) at the provincial level have remained generic in character.

For the transition from untargeted to targeted social protection to take its course, it is important that an efficient, coherent and appropriately responsive social protection policy is put in place.

## Recommendations

### 1. Targeting

Spending on social protection is a subsidy. Not only do untargeted subsidies fail to maximize benefits for the poor, they also do not fulfill the goal of improving income distribution. The importance of credible and robust targeting for social protection delivery is, thus, self evident.

For targeting to be effective, it has to fulfill the criteria of transparency and verifiability. For this purpose, it will be important that a system is developed for the identification of the poor that is based on rational criteria. Because of resource constraints, it is important to satisfy those who consider themselves poor (or may even be below the poverty line) as well as the public in general that social protection resources are going to those who most deserve assistance. Targeting based on rational criteria and one which is verifiable, will develop confidence amongst the public at large of the utility of resource allocation for social protection as well as enable the government to rectify inclusion and exclusion errors that inevitably creep up when assistance at a large scale is being disbursed.

Targeting mechanisms should also be dynamic. This will mean that systems should be able to be updated periodically in a transparent and verifiable manner with the objective of excluding those who are no longer eligible for benefits and including those who have become eligible in the intervening period.

Targeting methods used will have to match the instrument chosen and the cohort of beneficiaries it intends to target. These are:

- Targeting the Poor: For this purpose the Poverty Scorecard being administered by BISP is the appropriate instrument. Not only should BISP make a transition of choosing its beneficiaries

through this program in June 2011 (as planned) but all other cash transfer programs and food subsidy schemes should choose beneficiaries based on the poverty scorecard.

- Geographical Targeting: This method chooses a particular region which needs to be targeted for social protection benefits. This is most useful when devising social protection schemes in disaster areas or regions which require special attention. The NADRA data base is the appropriate vehicle through which geographical targeting can be done.
- Self Targeting: Instruments such as an employment program or a nutrition program can be self targeting. By keeping the wage below the going market wage rate, an employment program will target only those who cannot find employment through the market. Similarly nutrition programs can be launched through schools in the poorest areas and formulated to be self targeting to reach children at the most critical development ages.

## **2. Create Public Private Partnerships**

Pakistan can boast of a large and vibrant non-governmental sector that provides for welfare of the population. Some of these schemes have developed impressive levels of outreach across the country, expertise in providing small infrastructure, livelihoods, education & health facilities and most importantly developed management capacity for administering these provisions. The Pakistan Poverty Alleviation Fund (PPAF) provides a good model of how funds can be effectively and transparently administered by setting governance standards for, and building administrative capacity of, its large network of partner organizations spread throughout the country. While it is acknowledged that the non-governmental sector can never reach the scale that the state can, its good work should be built upon by the government through Public Private Partnerships (PPPs). This will also enable the Government to respond much more quickly to the emerging situation.

In some areas, such as the pilot for the Poverty Scorecard and in administering the land distribution scheme in Sindh, there has been fruitful collaboration between the Non-government sector and the state in social protection provisioning, there is further room for PPPs in a number of areas. This will not only enhance cost effectiveness but also enrich state run programs by the accumulated experience and expertise of the non-governmental sector. Moreover, by engaging the non-governmental sector in monitoring and evaluation of state based social protection instruments, their efficiency and transparency can be improved considerably.

## **3. New Social Protection Initiatives**

International commodity price volatility as well as the domestic political-economic situation necessitates other instruments of social protection to be introduced to protect vulnerable citizens. In this regard, there are three areas where specific social protection programs are required:

### *a) Food Subsidy*

Given the volatility in international food prices and the inability of the administration to insulate domestic prices, a targeted food subsidy needs to be introduced soon.

Presently the federal government provides food subsidy through the utility stores network and the Punjab government administered the *sasti roti* scheme from 2008-10. For both programmes, it is impossible to determine the number of beneficiaries and their socio-economic characteristics. The

numbers can be large or small and beneficiaries can be rich or poor for the simple reason that the schemes are by and large untargeted. Without a beneficiary list and a system of verification, the non-poor also become beneficiaries of these schemes. In fact, the more entrepreneurial of them have the incentive to arbitrage the subsidized goods being sold with the higher prices prevailing in the market.

Protecting the poor and the vulnerable will require a targeted food subsidy. Based on a mechanism where the poor are identified – potentially this can be done through the poverty scorecard – they can be provided a basket of subsidized food items. The network of Utility Stores is an existing asset that can be used for this purpose and if necessary it should be extended to areas hitherto uncovered.

#### *b) Employment Program*

In areas affected by the War on Extremism and by the recent floods, livelihood provision needs to be made through an employment scheme. Such a scheme will also facilitate the construction of small infrastructure that has been damaged because of the disasters. An employment program that provides 100 days of employment in a year to unskilled workers should be initiated in a phased manner. In the first phase, the scheme should be introduced in FATA, Balochistan and the flood affected districts across the country.

It is extremely important that the design of the program incorporates three elements. One, the primacy of the program as an employment generation program should be adhered to. As such, public works with a high and pre-determined unskilled-labor to total cost ratio should be chosen. This will necessarily imply that it should be kept outside the mainstream PSDP budgets of the provincial and federal governments. Second, the targeting mechanism for the choice of beneficiaries should be explicit, transparent and verifiable. It should also limit one household member to take up employment at a time in order to maximize benefits. Third, portfolio of projects to be undertaken should be determined bottom up, i.e. at the local level. In order to ensure their technical feasibility, they should be approved by a committee at the district level.

It is also advisable that the government enters into PPPs with NGOs that have outreach and expertise in providing livelihood schemes in the country to make up for its own lack of expertise in administering such works at the local level.

#### *c) Health Insurance*

One of the major triggers into poverty are health shocks for the poor and the vulnerable. Any effective poverty alleviation strategy will require targeted health cover for basic medical cover to the poorest. For this purpose, a health insurance scheme for the poorest population, chosen through the poverty scorecard should be initiated. This is another area where the government should enter into a PPP with a national level NGO – the National Rural Support Program (NRSP) – that has been delivering such an insurance package across several districts in the country.

#### *d) Nutrition Program*

Recent research also suggests that malnutrition, especially amongst children is high in the country. A targeted nutritional program for children is needed to address growth stunting amongst the young

population. Since there are a number of design issues associated with the nutritional program – given its controversial pilot done earlier through the *Tawana Pakistan* Program – that a pilot is done in a few districts where there is greatest threat of malnutrition. Based on the lessons learnt, the pilot should be expanded to other parts of the country.

### **3. Rationalization of Instruments**

While there is an elaborate array of social assistance and social assistance schemes that exist at the governmental level (Annex 1), it is important that duplication and overlap across programs is reduced to improve cost effectiveness of what is already a meager allocation.

The existing Social Protection Instruments are riddled with duplication and overlap. In line with the aim of improving cost effectiveness and targeted interventions, it is necessary that the Federal and Provincial governments lay out a roadmap for rationalization of existing social protection instruments.

### **4. Allocations**

As mentioned earlier, government spending on social protection has increased substantially since 2008. This increase has almost exclusively taken place in the realm of social assistance and within such assistance cash transfers through the BISP have dominated. To provide a more comprehensive cover as enunciated above as well as to compensate for loss of generic subsidies, a progressive increase in allocations for social protection will be required.

In 2009-10, the aggregate spending on non-pension social protection was close to 1% of GDP. This ratio should be progressively enhanced to 3% of GDP by the year 2015. This will be in line with minimum social protection requirements outlined above and will be in the ball park of benefits provided by other similarly placed developing countries in the region and elsewhere.

## Annex 1

### Social Protection Programmes in Pakistan: 2009-10

#### Social Assistance

| Programme   | Government Level                 | Targeting Mechanism |
|---|----------------------------------|---------------------|
| Bacha Khan Poverty Alleviation Programme            | Khyber Pakhtoonkhwa Government   | Targeted            |
| Benazir Income Support Programme (BSIP)             | Federal Government               | Targeted            |
| Microfinance  | RSPs/MFIs                        | Self-targeted       |
| Pakistan Bait-ul-Mal                                | Federal Government               | Targeted            |
| People's Work Programme (I & II)                    | Federal Government               | Self-targeted       |
| Punjab Food Support Programme/<br>Sasti Roti Scheme | Punjab Government                | Targeted            |
| Wheat Subsidy                                       | Federal Government               | Non-targeted        |
| Utility Stores                                      | Federal Government               | Non-targeted        |
| Grant of State Land to Landless Peasants            | Sindh Government                 | Targeted            |
| Low Cost Housing                                    | Federal Government               | N.A.                |
| Minimum Wages                                       | Federal & Provincial Governments | N.A.                |
| National Disaster Management Authority (NDMA)       | Federal & Provincial Governments | Non-targeted        |
| <i>Waseela-e-Haq</i>                                | Federal Government               | Targeted            |
| Zakat   | Federal Government               | Targeted            |

#### Social Insurance

| Programme   | Government Level                 | Targeting Mechanism |
|---|----------------------------------|---------------------|
| Employees Old Age Benefits (EOBI)                 | Federal Government               | Targeted            |
| Provincial Employees Social Security Institutions | Provincial Governments           | Targeted            |
| Social Health Insurance                           | Federal Government               | Targeted            |
| Worker Profit Participation Fund                  | Federal Government               | Targeted            |
| Workers Children's Education Ordinance            | Federal Government               | Self-targeted       |
| Workers Welfare Fund                              | Federal Government               | Targeted            |
| Compensation to the heirs of terror victims       | Federal & Provincial Governments | Targeted            |

Source:

- 1) Pakistan Economic Survey 2009-10, The Tenth Five Year Plan 2010-15, <http://www.bisp.gov.pk/Statistics.aspx>,
- 2) <http://www.pbm.gov.pk/Projects%5COngoing%5CCSP%5Ccsp.html> & various sources