

SOCIAL SAFETY NETS
IN
PAKISTAN

By

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SEQUENCE OF PRESENTATION

- Vision
- Goal
- Objectives
- Existing Safety Nets
- Funding and coverage
- Challenges
- Recommendations
- Conclusion

VISION

Ensuring sustenance of marginalized and vulnerable segment of society for poverty alleviation and social justice.

MILLENNIUM DEVELOPMENT GOAL

- Eradicate poverty and hunger

OBJECTIVES

Safety valve for critically poor by:

- Economic shock therapy.
- Risk management.
- Economic empowerment.
- Ensuring sustenance.

EXISTING SAFETY NETS

- **Cash transfers**
 - Zakat (guzara)
 - Pakistan Bait-ul-Mal (FSP)
 - Conditional cash transfers (incentive payments for the poor to make use of health and education).
- **Old-age income security**
 - Pension for Govt. employees.
 - Employees old age benefit institutions.
- **Other Employment-based Programmes**
 - Workers Welfare Fund.
 - Programmes through various foundations.
- **Micro credit and NGO Programmes**
 - Pakistan Poverty Alleviation Fund.
 - Khushhali Bank
 - Rural Support Programmes etc
- **Public works Programmes.**
- **Food based Programmes**
 - Mid-day school meals
- **Wheat Subsidy.**
- **Social security programmes.**

FUNDING AND COVERAGE

(select programmes)

Beneficiaries and spending (F.Y 2003-04)

	Budget / spending (Rs. In Billion)	Number of Beneficiaries	Responsibility
Wheat subsidy	13.3	(untargeted)	Provincial Government
<u>Bait-ul-Mal</u>			
▪ Food Support Programme	3.5	1,250,000	MoSW
▪ Training / other	0.43	694,000	MoSW
▪ Tawana (mid-day meals)	0.70	530,000	MoSW
Zakat	5.86	1,733,000 (total; of which 900,000 receive cash transfers under guzara allowance)	MoRA
EOBI	1.739	850,000	MoL

FUNDING AND COVERAGE

- Spending on social safety nets is
 - 1.87% of federal government budget
 - 0.5% of GDP (for the Programmes mentioned)
 - Comparable least developed countries, developing countries & developed countries spend substantially more (e.g. 2.5% of GDP in India).
 - 2,170,000 Pakistanis receive (small) cash transfers (PBM & Zakat)*
 - There are appr. 50 million poor individuals, or 7.35 million households
- *Only institutions providing cash transfers are Zakat and Bait-ul-Mal.

CHALLENGES

- **Under-funding of safety net Programmes, resulting in:**
 - **Large gaps—(Zakat & Bait-ul-Mal covers only 30% poor)**
 - **Small and insufficient size of benefits**
- **Delivery mechanisms**
- **Ensuring transparency**
- **Selection of poor & needy**
- **Social mapping**
- **Reliable data**
- **Orchestrating micro credit, NGOs, philanthropic and public sector programmes**
- **Lack of labour intensive public works**
- **Lack of coordination between agencies at Federal, Provincial, District and at Tehsil level**
- **No social security to workers of informal sector**
- **Wheat subsidy not targeted**

RECOMMENDATIONS

Recommendations

Comprehensive social protection strategy

Safety net programmes be placed under one umbrella

Social mapping of the whole population

Need to increase spending on programmes targeted to the poor (from 0.5% of GDP)

Integrated approach at District level for social protection

Effective implementation infrastructure at District level with community participation

Improve administration, IT, M&E, and delivery mechanism of existing programmes

Responsibility

M/o Planning & Development

Cabinet Division

NADRA & Population Census Organization

Finance Division

Proposed Apex body at Federal level

Local Government

MoSW & SE & MoRA

RECOMMENDATIONS

Recommendations

Introduce new labour intensive public works that rely on self-targeting

Consider ways to target the wheat subsidy to the poor

Micro credit and NGO sector expansion

Ensuring health coverage of all.

Education for all.

Expand coverage and scope of cash based social safety nets:

to cover all extremely and chronically poor households (12%) with a small cash transfer

incentive payments for increase in school enrolment and health facilities for the poor

Responsibility

M/o Planning & Development

Provincial Government

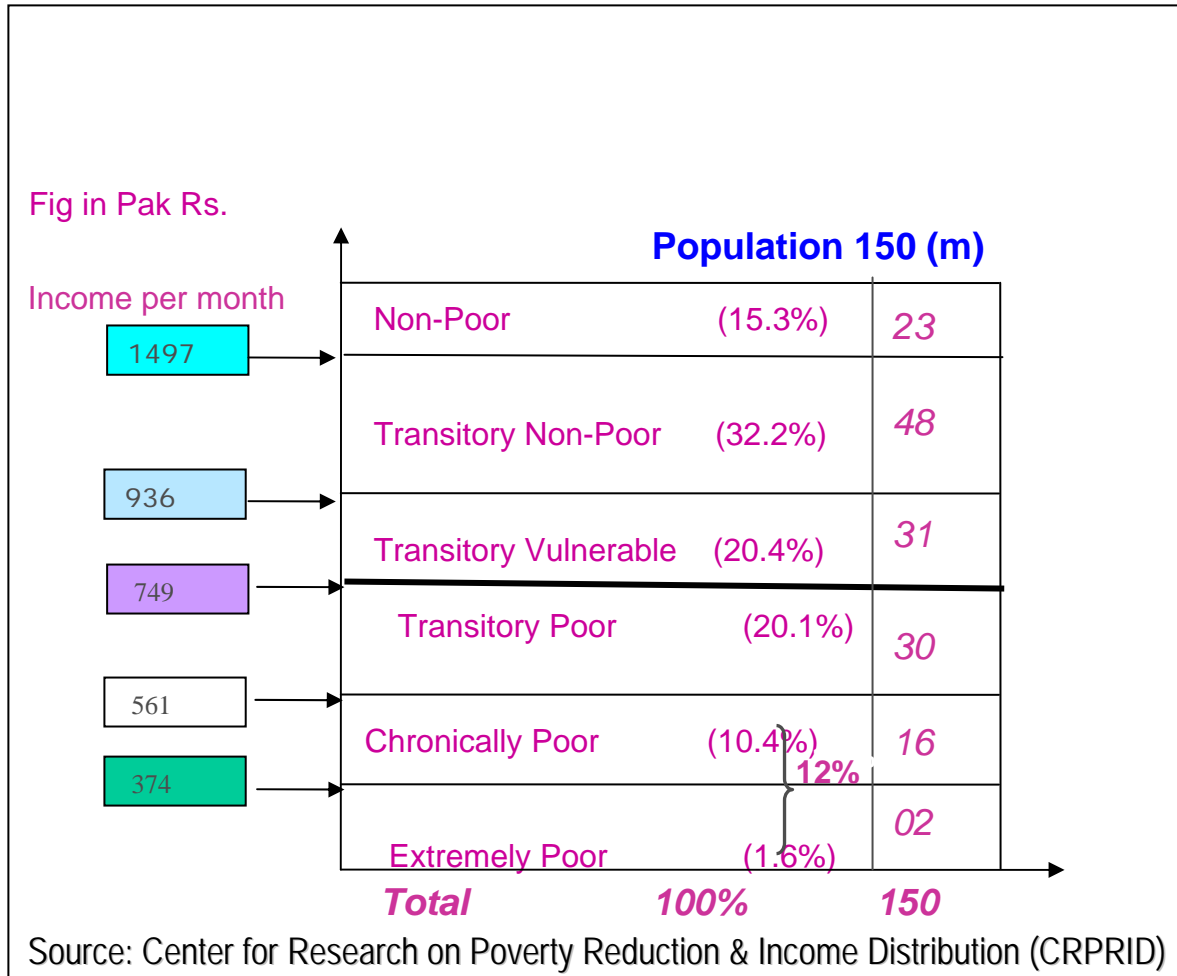
Fin Div & MoSW

M/o Health

M/o Education

MoSW & SE & MoRA

POPULATION QUARTILES / POVERTY BAND



TARGET GROUP

Poverty bands	Lower limit of transitory poor household income	Average income per household	Shortfall per household	No. of Households (m)	Amount required per month (m)	Amount required per annum (m)
	[*] (561x 6.8 ^{**})	[*] +(374 x 6.8)/2)	[*]	[*] 50 / 6.8 x 1.6%)		
Extremely Poor	3815	1272	2543	0.35	890	10,680
		(374 x 6.8) + (561 x 6.8) / 2		(150 / 6.8 x 10.4%)		
Chronically Poor	3815	3179	636	2.30	1,463	17,556
				2.65	2,353	28,236
		Total				

*Source: Center for Research on Poverty Reduction & Income Distribution (CRPRID)

**Average family size (6.8) as reported by Pakistan Census 1998

BUDGET REQUIREMENT FROM GoP & DONORS

	Budget (Rs. in billion)
<ul style="list-style-type: none"> ■ Monthly income equal to the lower limit of transitory poor (Rs 3815 p.m) may be ensured to extremely & chronically poor through Zakat & Bait-ul-Mal. 	
<ul style="list-style-type: none"> ■ Cash transfer equal to deficiency of chronically poor (Rs 636 p.m) may be paid to both bands through: <ul style="list-style-type: none"> ➤ Enhancement of annual cash subsidy of FSP from Rs 2400 to 7600 to 1.75(m) households. 13.2 ➤ Enhancement Guzara Allowance by Zakat & Ushr from Rs 6,000 to 7600 p.a to 0.9(m) households. 6.8 	
<ul style="list-style-type: none"> ■ Remaining deficiency of extremely poor (Rs 2543-636=Rs 1907 i.e. Rs 8(b) required for: <ul style="list-style-type: none"> ➤ Rehabilitation of 0.35(m) extremely poor households @ Rs 20,000 p.a. 7.0 ➤ Capacity building of human resource in social sector. 1.0 	
Total	28.0

CONCLUSION

- Too little coverage-More funding by Govt. & Donors
- Linkage of economic growth with PRSP.
- Investment in social protection to:
 - compliment economic growth
 - reduce poverty
- Transparency & efficiency.
- More initiatives.
- Social protection strategy.

THANKS