

Social Protection

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Social Protection

- Social protection consists of a range of programs and policies, such as social insurance and social assistance, supporting vulnerable households in managing hazards and risks threatening their living standards, and facilitating necessary investment in human capital and physical assets that strengthen their resilience

Social protection addresses vulnerability

- Social protection includes a broad range of interventions addressing vulnerability
 - Vulnerability is the probability that individuals or households will be poor in the near future
- Social protection is broader than anti-poverty policy:
 - covers the extreme poor, the moderately poor and the non-poor who are vulnerable
 - addresses vulnerabilities arising from life cycle, employment, health, employment and livelihoods, natural and environmental and policy risks
- Aims to prevent the poor from staying poor and the non-poor from falling into poverty

Why Social Protection

- 25 percent are poor and a larger number is vulnerable
- Vulnerability forces the poor to adopt detrimental coping strategies – e.g. adverse incorporation, child labour, low investment in health care
- Growth has come back and government has more fiscal space
- The model of growth might be leaving some people behind

Why Social Protection

- Some will not be able to climb out of the poverty/vulnerability trap without outside help
- To sustain the growth at high rates we need the full participation of all citizens
- Economic change and reforms can be facilitated by having strong safety ropes
- Basic protections are also promised in the Constitution
- To ensure sustained growth, full participation and decent standards for all we need social protection

Poverty and Vulnerability: The Situation

- One in four Pakistanis lives in poverty
- One in two are vulnerable to fall into poverty in the near future
- Poor have larger households and higher dependency ratios
- Children are the majority of high vulnerability group

Vulnerability in Pakistan

- Low asset base and low investment in human capital are key vulnerabilities
- Lack of assets and entitlements means that vulnerable households have no buffers to protect themselves against shocks and disasters
- Low rates of school enrollment, immunization, pre- and post-natal care, and high rates of child labour are key drivers of poverty, and lead to poverty traps

Existing Programmes

- No overall social protection vision/strategy
- Overall commitments ($\sim 0.5\%$ of GDP) too small
- Ad-hoc programmes with no clear assignment of responsibilities
- Lack of monitoring and evaluation precludes assessment of programme effectiveness

Existing Programmes

- Social insurance provision too small, restricted to too few and accessible to even fewer
- Wheat subsidy, the biggest programme, not targeted on the poor, and largely ineffective
- Social assistance programmes, Zakat and PBM, too small, fragmented and thinly spread and even then have overlap
- Lack effective systems for selecting beneficiaries; lack focus on the causes of poverty; lack internal or external M&E and accountability mechanisms

Key Goals for a SP Strategy

- To protect poor and vulnerable households from the impact of adverse shocks on their consumption capable of pushing non-poor households into poverty, and poor households into deeper poverty
- To support poor households in managing these shocks in ways that do not trap them into poverty (for example through poor nutrition or taking children off school), through reducing their exclusion and strengthening their agency
- To promote key investments in human and physical assets by poor households capable of ensuring their resilience in the medium run and of interrupting the intergenerational cycle of poverty

Developing an integrated SP system

In the long term , the main objective will be to develop an integrated social protection system for Pakistan, requiring a sustained effort to

- Strengthen social assistance, especially focusing on strengthening protection against poverty among large households with children and elderly, and households with limited economic capacity.
- Design and establish a comprehensive health insurance system.
- Re-focus and extend social insurance institutions beyond their limited population coverage (at present less than 4 percent of the population). Focusing social insurance on providing old age, disability, and survivor insurance, on sound actuarial and prudential basis.
- Strengthen labour market regulation focusing on protecting workers rather than jobs.
- Strengthen protection against policy risks through ensuring mechanisms for greater voice and participation by all and especially poor and vulnerable groups.
- Strengthen natural and environmental risk management through nation-wide planning and institutions.

Reaching the Poorest

The basic tools, being used successfully across the developing and the developed world, for reaching the poor are:

- Cash Transfers to bolster the income of poorest households and ensure basic nutrition, and targeted on the poor
 - Conditional Cash Transfers (CCTs), where the ‘condition’ is usually based on objectives that the society finds desirable to achieve. In most countries these are related to schooling, health or nutrition
- Public Works Programmes are a form of a conditional cash transfer where the condition is that labour is provided, and aimed at stabilising household income in conditions where recessions or seasonal production reduces employment opportunities.

Employment Programmes (Public Works)

- Guarantee a minimum number of days of employment...guarantee minimum income supplement, without incentive distortion
- Wages are less than market rates
- In areas with transitory, seasonal or chronic unemployment
- Result is reduction in income variation
- Pakistan does not have experience in employment guarantees...should start with some pilots

Social Insurance

- Agriculture, contract and informal labour are out of the net
- Extending some benefits to contract labour, without distorting the system are simple
- Extending to agriculture sector and informal sector is not going to be easy

Social Insurance

- One option is to offer better services to all through state provided education
- Health insurance for all, whether through private or state provision
- Cash and conditional cash transfers for the poor
- The Conditional cash transfers can be based on participation in the informal labour market, agricultural labor market or on the basis of contract labour employment, and can create entitlements in health and education....and this can be a vehicle for all poor as well

Labour Conditions

- Protect workers not jobs
- Emphasis on training, skills, and education
- Introducing flexibility in working conditions
- And matching flexible laws for extending and guaranteeing coverage