GENDER MAINSTREAMING RESEARCH PAPER - 3

Addressing Poverty and Vulnerability

Social Protection in Pakistan

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1. Introduction

The seventeen Sustainable Development Goals (SDGs) provide a framework for ensuring that human beings, the environment, and governance systems are at the centre of development. SDG 1 on Poverty calls upon countries to implement nationally appropriate Social Protection (SP) systems. Target 1.3 recommends that states should "Implement nationally appropriate social protection systems and measures for all, including floors, and by 2030 achieve substantial coverage of the poor and the vulnerable." According to the government, social protection is reflected in four SDGs: SDG 1 (no poverty), SDG 3 (good health), SDG 5 (gender equality), and SDG 10 (reducing inequality). Together these goals provide a decent and stable living standard to the poor and vulnerable, help them cope with risk and provide them opportunities to exit poverty and to mitigate vulnerability.[1] Before the COVID-19 pandemic, there was slow movement towards the achievement of the SDGs but the aftermath of COVID-19 has reversed important gains. SDG Target 1.3 appears particularly over-ambitious in the wake of the triple crisis of food, energy, and finance that has gripped the world after COVID-19's lethal aspects receded. These crises are further aggravated by climate change catastrophes, such as the 2022 floods in Pakistan. Together, these crises constitute significant setbacks for the 2030 targets.

Although SP budgets increased significantly during the COVID-19 pandemic, the proportion of persons covered by at least one SP initiative has only increased from 45 percent to 47 percent. Half the world's population, approximately 4 billion people, still lack access to any form of SP and live in constant uncertainty. As global and country level inequalities deepen, the need to find solutions has become more urgent. According to the World Inequality Report (2022) "...current disparities are extreme. The poorest half of the global population owns just €2,900 (in purchasing power parity) per adult, while the top 10 percent own roughly 190 times as much. Income inequalities are not much better. The richest 10 percent today snap up 52 percent of all income. The poorest half get just 8.5 percent."[2] The report also documents gender inequality by pointing out that, "women's share of total incomes from work (labour income) neared 30% in 1990 and stands at less than 35 percent today. Current gender earnings inequality remains very high: in a gender-equal world, women would earn 50% of all labour income.


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...(The) dynamics have been different across countries, with some recording progress but others seeing reductions in women's share of earnings."[3] The report also addresses environmental concerns: "Our novel data set on carbon emissions inequalities reveals important inequalities in CO2 emissions at the world level: the top 10% of emitters are responsible for close to 50% of all emissions, while the bottom 50% produce 12% of the total." In summary, wealth, income, gender, and ecological inequalities across the globe, different regions, and within countries have increased significantly since the 1990s and have been aggravated during the COVID-19 pandemic.

Social protection is seen as the panacea and accelerator for SDGs, especially with the intensification of poverty. While the concept of poverty has been extensively debated, there is general agreement that poverty is not only a material condition, but also extends to the denial of human capabilities and dignity. Interestingly, poverty issues, especially in the context of developing countries, occupy a central place in development discourse. Poverty figures and trends are also deeply political issues as they reflect the extent of a government's ability to ensure the wellbeing of its citizens. Therefore, how a government institutes measures to ensure that the poor, as well as vulnerable groups, are provided with minimum social protection becomes critical.

The evolution of social policy in Europe in the context of the welfare state is quite different to that of the de-colonised world. For example, Europe is the least unequal region in the world, where 10 percent income share is around 36 percent whereas in the MENA region, it is 56 percent.[4] Developing countries have few resources and are unable to extend adequate social services. The informal sector dominates their economic structure; therefore, large segments of the population remain unpro-

1. https://www.pc.gov.pk/uploads/annualplan/Annual_Plan_2022-23.pdf; page 79, accessed Nov 10, 2022
2. https://www.imf.org/en/Publications/fandd/issues/2022/03/Global-inequalities-Stanley
3. https://wir2022.wid.world/www-site/uploads/2022/01/Summary_WorldInequalityReport2022_English.pdf
4. https://wir2022.wid.world/executive-summary/ accessed 2 November 2022

tected by laws that apply within the formal sector of the economy.

The classic welfare state could not become a reality in the developing world, even though their constitutions ascribed to the ideals of a welfare state. In fact, many economies receive foreign assistance in the form of grants and low interest loans. However, the latter became harder to repay as an increasing population requires additional resources and limited public sector capacities are unable to keep pace. As a result, many countries entered IMF adjustment programmes, that required privatization, deregulation, liberalization, i.e., cutting public sector employment, subsidies, and ensuring higher taxation including indirect taxation. This practically translated into the poor having to carry a disproportionate burden for the shift towards the market. In fact, the introduction of deregulation and liberalisation made countries rich, but made governments poor as their role was restricted to ensuring that the market dominates, as it is considered more efficient than the government. The systematic decline in governments' capacity to protect citizens has raised deep concerns about widespread poverty and vulnerability .

The systematic withering of the welfare state that ensured health, education, and unemployment benefits for all, is a critical factor in the rise of inequality. At present, SP is seen as a panacea for accelerating the SDGs but in view of a global recession, can governments in developing countries develop a blueprint for SP? Given the daunting global trends on inequality and the continuing food and fuel crises leading to global economic recession, how can systematic, positive, and transformative change be achieved?

This paper argues that SP interventions should not only be expanded but also reconsidered in terms of approach by adopting a blend of the two dominant approaches. Pakistan needs to protect a cross section of its citizens who have become vulnerable due to the rising costs of food, medicine, schooling and underemployment as well as lack of universal pensions and social security. This cross-section constitutes a fairly large demographic that includes the poor, children, older persons, single mothers and widows, daily wage workers in the informal sector including agriculture and services sector workers. Select initiatives that can be replicated in Pakistan have been analysed alongside recommendations for implementable measures to widen the social protection net in Pakistan.

Specifically, this paper is divided into five sections. The next section clarifies the wide array of initiatives that constitute SP and the need for pursuing a holistic integrated SP. Section 3 provides a situation analysis of Pakistan covering core issues such as poverty as well as a brief history of institutional development for addressing poverty and vulnerability. Section 4 enumerates the challenges Pakistan faces to provide SP to a large demographic mix. Section 5 discusses international experience while the last section contains recommendations.

2. Social Protection: Definition and Forms

"Social protection" (SP) is generally understood to be a set of public policy actions that address poverty, vulnerability, and exclusion. The term implies help and support to the poor and vulnerable for mitigation of their sufferings through programmes in social assistance and social insurance.

The term SP is often used interchangeably with social security and social safety nets though both are a subset of social protection. There are overlaps among the concepts but with some critical differences: social protection is over-arching as it uses a broader rights-based approach and pertains to a wide range of choices primarily viewed as key investments in human capital, critical for breaking inter-generational poverty.[5] Social security (SS) includes unemployment insurance, retirement income, disability income, access to healthcare, education, and other payments to workers and their dependants. Social safety nets (SSN) are primarily cash transfer programmes aimed at the poor to enable them to manage risk. The main conceptual difference between SP and SS, on the one hand, and SSN, on the other hand, is that the former two are rights-based,[6] while the latter one is philosophically based on instrumentalist reasoning.[7]

Some literature on SP, emanating from the World Bank, the Asian Development Bank, and the IMF implicitly limits SP to SSNs, with a small component focusing on human capital development (education and health). However, the ILO definition requires establishing a social protection floor that every country would abide by. The ILO maintains that this is a floor, not the ceiling; it is meant to provide a higher level of benefits and better protection for all.

SP floors are comprehensive guarantees for health and income support. Specifically, an SP Floor must provide the following four guarantees across the life cycle:

1. 1.Access to essential healthcare for all, including maternity care/benefits.


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2. 2.Income security for children to address nutrition, education, and care.
3. 3.Income security for working age population in case of sickness, unemployment, and maternity stability.
4. 4.Income stability and pensions for all elderly individuals.

Integrated SP is considered a Master Accelerator of the SDGs; therefore, SDG Target 1.3 is considered the core focus. However, many developing countries can ill-afford the vision of a comprehensive SP; they can only allocate and distribute the available resources. Therefore, they rely upon developing lists of those who are deemed to be in absolute poverty, overlooking many other vulnerable individuals. With threats of a global recession, and the recognised need for social protection floors as the best way to address vulnerability, it is important to have institutions and government capacity to be able to move towards SDG Target 1.3.

5. "Social protection includes labor market interventions (labor market regulations, programs and wage setting rules), social insurance programs (such as pensions, unemployment and family benefits, sick pay), social assistance (transfers in cash or kind, subsidies and workfare), and programs to assist especially vulnerable groups (disabled people, orphans and vulnerable children, etc.). The core conjecture is that well-designed and cost-effective Social Protection is crucial for the achievement of all MDGs"; in "The Contribution of Social Protection to the Millennium Development Goals" page 3; World Bank
6. Defined as an intrinsic good, which cannot be violated at the altar of expediency.
7. Defined as the set of means employed to achieve certain ends. In this context, the ends to be achieved are not freedom from deprivation but the pursuit of economic growth and efficiency. For further elaboration on the definition of instrumentalism and rights see Sen (1990).

3. Charity, Rights and Institutions: Overview of SP in Pakistan

This section provides a brief history of social protection programmes in Pakistan, including social assistance (non-contributory) and social security (contributory) benefits. It discusses the emergence of different programmes, including BISP and the Ehsaas Programmes. In addition, the role of Corporate Social Responsibility (CSR) and private philanthropy is also scrutinised to indicate that significant coverage can be and is provided by both the private sector and CSR, with room for further expansion.

There is a two-pronged view of providing welfare services to the vulnerable: the first holds that it can be addressed through private initiatives such as private philanthropy. The second view holds the state is responsible for ensuring people's wellbeing through public financed programmes. Currently, when Pakistan has entered the IMF's 24th Programme, the SSN strategy has clearly emerged as dominant. However, politically, governments are under pressure to provide more than dole-outs and given that their re-election depends upon responding to people's needs, the push to take on responsibility in a holistic manner in tandem with the country's financial capacity is reflected in Pakistan's institutional development and policy over the last 50 years.

During the 1970s, many developing countries incorporated social security for workers in their constitutions. The ILO promoted these programmes globally. Pakistan's Constitution (1973) ensures SP through Article 38, (subsections a-d), that holds the state responsible for the "well-being of people", for "social security by compulsory social insurance", the provision of "basic necessities of life" to the indigent, the disadvantaged, and the socially excluded. These rights are further supplemented by Pakistan's international commitments as Pakistan is a signatory to and has ratified a number of international conventions and agreements.[8]

8. UN Convention on the Rights of Persons with Disabilities (CRPD); UN Convention on the Rights of the Child (UNCRC); ILO Convention concerning Equal Remuneration for Men and Women Workers for Work of Equal Value; Universal Declaration of Human Rights; UN Convention on the Elimination of All Forms of Discrimination Against Women (CEDAW); ILO Convention on the Abolition of Forced Labour; UN International Covenant on Economic, Social and Cultural Rights (ICESCR); ILO Convention on Discrimination in Employment and Occupation; ILO Convention on Minimum Wage; ILO Convention on the Worst Forms of Child Labour

In 1980, General Zia ul Haq's government created the Zakat, Ushr and Auqaf departments, mandating a 2.5 percent deduction upon personal bank accounts and deposits on the first day of Ramzan as a means for poverty relief. The PML-N government created the Pakistan Bait ul Mal (PBM) which covered a variety of initiatives some of which overlapped with zakat e.g., funding for life threatening illnesses, orphanages, funds for wheelchairs for disabled, school stipends etc. The PBM was placed with the Ministry of Social Welfare (upgraded to a Ministry in 1994 though formed as Social Welfare Council and Directorate in 1953), which developed the first National Social Welfare Policy that focused on vulnerable groups.

However, poverty in Pakistan deepened with structural adjustment policies (SAPs), hence, social safety nets were introduced, starting with the multi-donor supported Social Action Programme (ironically SAP also) in 1993. The programme was aimed at improving the country's Human Development Index. The assumption was that the vulnerable would be protected through safety nets, - the only problem was that too many slipped through the nets leading to demands for social protection, a more holistic approach to social policy and rights.

The shortcomings of the PBM, and Social Action Programme (1994), a corollary of the structural adjustment policies, and accompanying economic pressures (also resulting from economic sanctions due to nuclearisation in 1998) forced the government to address poverty more effectively. Inspired by international technocrats from the World Bank, the Pakistan Poverty Alleviation Fund (PPAF) created in 1999 also struggled to fulfil its mandate effectively. Thirty-five percent of the population was living below the poverty line by 2000-01. The Musharraf regime obtained another IMF loan which came with the Pakistan Poverty Reduction Strategy Paper (PRSP) in 2003. The PRSP was expected to increase economic growth and reduce poverty through pro-poor policies and programmes. Many countrywide studies on poverty were undertaken within the donor community. The Musharraf government claimed poverty had decreased to 23 percent in 2005-06 and 19 percent in 2007 but these figures were widely questioned for their veracity by 2007. The Draft Social Protection Strategy was also developed in the light of the PRSP under the auspices of the UNDP-guided 'Center for Poverty Reduction and Income Distribution' (CPRID) housed at the Planning Commission till 2011.

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An elected government coupled with PRSP II in 2007-08, addressed increased levels of poverty by allocating a slightly higher percentage of funds for poverty alleviation (from 0.6 percent of GDP to almost 1 percent of GDP) in the form of SSNs. A new programme, the Benazir Income Support Programme (BISP) was introduced and housed in the Ministry of Social Welfare. Despite initial resistance from the first coordinator of BISP[9], the World Bank pressed the government to create a separate entity. Spending on SSN initiatives increased from approximately PKR 15 billion in 2008 to PKR 45 billion by 2011-12 and PKR 232 billion in 2019-20 under the Ehsaas Programme and PKR 241 billion in 2022 (including 70 billion for flood relief).[10] The formation of BISP and Ehsaas under the aegis of the World Bank has ensured significantly high allocations through targeted income support alongside food subsidies and a focus on women.

While creating new institutions (with encouragement and recommendations from lenders), different governments (federal level) also formed several task forces and commissions to address different aspects of social protection:

- Commission on Social Security 1993
- Task Force on Social Security 1994
- Task Force on Pensions 1996
- Task Force on Labour Welfare Levies 2000
- Donor Assisted Studies and Consultations 2002/03 Onwards
- Social Protection Strategy 2007 (Draft) prepared by CRPRID
- Cabinet Committee for Social Sector Coordination 2007
- Draft Social Protection Framework (2016)
- Ehsaas Strategy 2019 and Ehsaas Post COVID-19 Strategy 2021

9. This was shared by Dr Kaiser Bengali at a workshop on social protection in Karachi, March 2010.
10. Economic Survey, 2022, Chapter on Social Protection, Ministry of Finance, page 282

What are and were the impacts of different institutions and Taskforces? Clearly, the impacts have been extremely limited as increased poverty has outstripped the diminishing ability of an extremely indebted state to provide adequate resources and services. For example, people's contributions to zakat show a falling trend; the government's allocations to Bait ul Mal have become sparse with approximately 9.86 million beneficiaries over six years (2016-22)[11]; social security programmes including old age pensions provide little meaningful coverage: approximately 2 million formal sector workers received assistance through social security in 2021 and the Employees Old-Age Benefit Institution (EOBI) beneficiaries were only 690,306 in 2021-22. BISP/Ehsaas covers nearly 8 million families (48 million persons). In a country where almost 26 percent people live below the poverty line (around 60 million persons), and 40 percent (85 million persons) live in multi-dimensional poverty (which will be discussed in greater detail later in the paper), Pakistan's safety net and social security programmes only reach a fraction of those who by the definitions of the programmes, should be entitled to benefits. While there are also a large number of other initiatives, such as government's subsidised microfinance schemes and the Peoples Works Programmes, again, these have benefited a limited number of the poor- largely because microfinance schemes benefit those who are already above the poverty line, while implementation modalities in Peoples Works Programmes skipped the poorest of the poor. State spending also includes food subsidies that benefit the rich much more than the poor.[12] The conceptual framework for cash transfers, fundamentally instrumentalist, is problematic as it blatantly recognises the difference in eligibility and limitation of the state to cover all those who are poor, vulnerable, and therefore eligible. Importantly, the amount of cash transfers is abysmally low and incapable of helping people emerge out of poverty.[13]

While state spending is limited, it can be supplemented by private philanthropy and CSR. The use of private philanthropy for social spending to help the poor and vulnerable is considered a means for encouraging development. According to the Pakistan Centre for Philanthropy, Pakistan is among the most giving nations: Individual philanthropy totals PKR 240 billion annually. Almost 83 percent Pakistani men and women give charity to poor households they know are poor or require specific assistance such as medical treatment or children's school fee or simply food. Giving is not restricted to income or employment status; even the poor give what they can. On an average Pakistanis give an average PKR 10,000 per year. For a majority (67 percent) the motivation is religion that encourages giving (khairat, sadqa, fitrana) while zakat is a requirement.[14] A 2019 study by Pakistan Centre for Philanthropy (PCP) on giving charity by Pakistanis in the UK shows overall GBP 1.25 billion, out of which GBP 0.7 billion have been given directly to individuals in Pakistan. The main motivation for the giving is religion. Most avoid giving to organisations due to lack of trust.[15]

CSR is considered an important resource as it covers environmental, ethical, economic, and philanthropic concerns. The PCP calculates CSR at PKR 16.45 billion annually, which fades into insignificance compared to individual giving. Around 172,000 companies are registered with the Securities and Exchange Commission of Pakistan (SECP). The process of registration of companies is linked to the Federal Board of Revenue (FBR) which helps in tax/revenue generation for the government.[16] India and Nepal have legislated that their companies will contribute to CSR, Pakistan has not yet pursued this path. According to Pakistan's 12th Five-year Plan (2018 – 2023), "Enhancing Corporate Social Responsibility (CSR) initiatives to reduce poverty in consultation with corporate and private sector, a CSR framework would be compiled in collaboration with all stakeholders to expand outreach

11. https://pbm.gov.pk accessed Nov 4, 2022
12. For example, the government gives a wheat subsidy to farmers whereby the big farmers benefit far more from the wheat support price.
13. For a detailed analysis, see Shireen Gul, A Social Protection Profile of Pakistan, ILO, 2021 https://www.ilo.org/wcmsp5/groups/public/---asia/---ro-bangkok/---ilo-islamabad/documents/publication/wcms_802498.pdf
14. PCP, Pakistan Giving Index 2021, page 5 https://drive.google.com/file/d/1MDyEDr32N2pOBrl0qQf8mmv8-ckiVHk3/view
15. Pakistani Diaspora Philanthropy, page 10, 2019 https://drive.google.com/file/d/1vypEW_JMzxqH-9aYNzerrZKaqUvQ0FX0/view
16. The Daily Times, July 26, 2022. https://dailytimes.com.pk/972450/secp-registered-172206-companies-in-fy22/

of CSR programmes for poverty reduction."[17] The 2022 Doing Good Index shows that the social sector faces serious capacity and funding shortages. The index examines regulations, tax and fiscal policy incentives, ecosystem, and procurement as four measures to assess countries. The index categorises countries into 5 clusters: Not Doing Enough, Doing Okay, Doing Better, Doing Well, and Doing Excellent. Pakistan is in the 'Doing Okay' category meaning it has a long distance to travel towards a robust infrastructure for private social investment. No country is in the Doing Excellent category, but Taiwan and Singapore are in the Doing Well category. Both have enabling regulatory frameworks and provide tax and fiscal policy incentives for philanthropic giving. Singapore offers up to 250 percent charitable tax deductions with no limit on eligible income. Pakistan does provide tax incentives for charitable giving but places restrictions on foreign funding and exhibits decreasing trust in social development organisations. The index also analyses changes in different economies between 2020 and 2022, showing that some countries have continued to do well such as China, Cambodia, Malaysia and Nepal, while others have retained their gains such as India, Indonesia, Japan, Korea, the Philippines, Singapore, Taiwan, and Thailand. The countries who show downward trends are Bangladesh, Pakistan, Sri Lanka, and Vietnam. Pakistan needs to redouble its efforts to direct CSR and private philanthropy towards charitable purposes.[18]


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To conclude, only a small percentage of the poor receive some form of government assistance while a large majority do not even receive the social services that the public sector is mandated to provide through the government's line departments. There are thus anomalies: shrinking public services do not reach the bulk of the population, especially in rural and remote areas, thereby, exacerbating poverty and inequality, while significant amounts given as cash transfers/charity cannot rescue the poor from poverty.

4. The Challenges of Social Protection in Pakistan

This section looks at the priorities for SP in the context of Pakistan, primarily based on poverty reduction and vulnerability. It discusses the pros and cons of targeting in a populous country like Pakistan; and SP costing and institutional reform. In the context of Pakistan, the failure of economic policies to extend the benefits of economic growth to the poor and vulnerable in conjunction with the impacts of terrorism, militancy and recurring natural disasters underscore the need for comprehensive social protection. Pre-existing trends in poverty and vulnerability have exacerbated, making increased investments in SDGs critical for the future. Many economists believe that investments in the productive sector, rather than social sector, result in economic growth, while others believe that increased investment in social protection, especially during times of low economic growth spurs and sustained economic growth. Such debates have barely informed economic and social policy in Pakistan. Social protection is generally understood to be synonymous with social safety nets and as such its connection with sustaining high economic growth rates is barely examined in public forums.

4.1 Poverty and inequality in Pakistan

Pakistan's current challenges in the context of SDG 1 (no poverty), and SDG 10 (reducing inequality) primarily lie in the tightening of fiscal space due to its balance of payment situation and global inflationary pressures as well as

17. Ali M Jadoon, https://dailytimes.com.pk/468803/corporate-giving-as-a-tool-for-social-development/
18. Doing Good Index, 2022, https://drive.google.com/file/d/1ut1sBJzhd5siozdcifyui2zaWJGIDlly/view

long standing issues of wealth redistribution. Relying upon 2018-19 data, the government maintains that 21.9 percent people live below the poverty line.[19] The poverty figures need to be updated, especially after the international poverty line has been revised in September 2022 from $1.90 to **$2.15 per person per day** using 2017 prices.[20] Based on this new measure, the number of people living in extreme poverty in the world will rise. Therefore, countries worldwide will need to recalibrate their poverty data. Meanwhile, after the 'monster floods' of 2022, the Pakistan government's Post Disaster Needs Assessment (PDNA) states that, "Preliminary estimates suggest that, without decisive relief and recovery efforts to help the poor, the national poverty rate may increase by 3.7 to 4.0 percentage points, pushing between 8.4 to 9.1 million people into poverty."[21] As mentioned earlier, the World Bank estimates poverty in Pakistan at 37 percent and UNDP estimates multidimensional poverty at 51.7 percent. Inflation was expected to be 23 percent in FY2023[22] but it has surpassed World Bank's calculations during the first part of the year. This means that (based on conservative data that does not take into account the global impacts of COVID-19, inflationary pressures, and rises in the prices of fuel and food) the total number of poor lies between 58-90 million people or more.

Pakistan's poverty data is based on the Household Income and Expenditure Survey (HIES), which uses consumption of food - 2,350 calories per day per adult (based on 2015-16 prices) and some non-food expenditures necessary to satisfy non-food needs.[23] However, SDG 1 on poverty relies upon the Multidimensional Poverty Index that is based on access to health, education, and living standard; the indicators for each category are taken from the household survey.[24] According to UNDP, "The most recent survey data that were publicly available for Pakistan's MPI estimation refer to 2017/2018. Based on these estimates, 38.3 percent of the population in Pakistan (87,089 [sic] thousand people in 2020) is multidimensionally poor while an additional 12.9 percent is classified as vulnerable to multidimensional poverty (29,353 [sic] thousand people in 2020). The intensity of deprivations in Pakistan, which is the average deprivation score among people living in multidimensional poverty, is 51.7 percent.[25]

Economic disparity in Pakistan has a strong urban-rural as well as geographic bias that adds to disenfranchisement of people on political and economic peripheries. Around 70 percent of bottom 50 percent earners are rural as compared to 53 percent of the top 10 percent. While about 55 percent rural Pakistanis are multidimensionally poor, it is true for only under 10 percent of urban residents. Newly merged districts and Balochistan have the highest incidence of poverty, far higher than the national average of 37 percent.[26]

Increased employment opportunities outside agriculture sector have been the major driver of poverty reduction in Pakistan. Pakistan's poverty rate drastically declined (from 64.3 percent in 2001 to 24.3 percent in 2015) when 'no fewer than 46 million escaped poverty during 2001-15.[27] However, the International Monetary Fund currently projects a sharp rise in poverty of up to 40 percent. The COVID-19 has further increased the incidence of multidimensional poverty among the most vulnerable groups such as women, elderly, and persons with disabilities. If unchecked, the current trajectory will push some 126 million people (57 percent) into multidimensional poverty.[28] Income-based poverty in Pakistan is 24.3 percent, i.e.,

19. https://www.pc.gov.pk/uploads/annualplan/Annual_Plan_2021-22.pdf
20. World Bank, Fact Sheet: An adjustment to global poverty lines, September 2022 https://www.worldbank.org/en/news/factsheet/2022/05/02/fact-sheet-an-adjustment-to-global-poverty-lines#:~:text=That percent27s percent20why percent20in percent20September percent202022,at percent20 percent242.15 percent20using percent202017 percent20prices.
21. https://www.pc.gov.pk/uploads/downloads/PDNA-2022.pdf page 64
22. https://www.worldbank.org/en/news/press-release/2022/10/06/world-bank-pakistan-s-economy-slows-down-while-inflation-rises-amid-catastrophic-floods
23. https://databankfiles.worldbank.org/public/ddpext_download/poverty/987B9C90-CB9F-4D93-AE8C-750588BF00QA/current/Global_POVEQ_PAK.pdf. The World Bank in its report on poverty data and methodology on Pakistan states that, "The CBN poverty line estimated using the HIES 2013–14 is Pak. Rs. 3,030 per adult equivalent (Rs. 3250 expressed in 2015-16 prices). This yields a national headcount rate in 2015-16 of 24.3 and urban and rural rates of 12.5 and 30.7, respectively. More recently, to estimate the impacts of COVID19 on poverty, macro projections of GDP growth have been used, based on the MPO methodology." For more details, see https://databankfiles.worldbank.org/data/download/poverty/33EF03BB-9722-4AE2-ABC7-AA2972D68AFE/Global_POVEQ_PAK.pdf; accessed November 10, 2022
24. https://hdr.undp.org/sites/default/files/Country-Profiles/MPI/PAK.pdf page 1
25. Ibid, page 2
26. Pakistan Common Country Analysis, United Nations Country Team. P 4
27. Leveling the Playing Field, Systematic Country Diagnostic, 2020. World Bank, p 1 and page 3
28. One UN Pakistan Annual Report 2020. (2021) p 5

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one in four Pakistanis lives in poverty.[29]

SDG 10, reducing inequality, is difficult to achieve due to gross income inequality in Pakistan. The poorest 1 percent of Pakistanis hold only 0.15 percent of the national income whereas the richest 1 percent's share in national income exceeded 9 percent in 2018–2019.[30] Wealth inequality is even starker than income inequality. Fewer than half a million of Pakistan's richest households own around 16 percent of the country's residential property.[31] Just 1 percent of the population owns over 20 percent of the farmland.[32] In the past 40 years, without any significant increase in the total farm area in Pakistan, fewer hands have managed to accumulate more farmland.[33]

There are entrenched structural inequalities in the shape of disproportionate land ownership, skewed distribution of wealth and a discriminatory governance model favouring the 1 percent economic elite who maintain firm control over the country's resources.[34] Around 200 families dominate the highest revenue and profit making businesses in Pakistan.[35] In 2017-18, the privileges and subsidies for the private sector amounted to PKR 2.660 trillion, 7 percent of GDP.[36] These included (in descending order) the corporate sector (PKR 724 billion), feudal class (PKR 370B), tax evasion by highly networked urban elite (PKR 168 billion/368 billion overall), large scale traders (PKR 348B), military establishment privileges (PKR 257 billion) and exporters (PKR 248 billion). In contrast, Pakistan spends less than 6 percent of GDP on comprehensive SP; only 20 percent of public expenditure in Pakistan is spent on human development.[37]

4.1.1 Unemployment and low labour productivity

Pakistan has a 71.76 million labour force, ranking it as the 9th largest globally, with a growth rate of 1.94 percent. The Economic Survey of 2020-21 states that unemployment rate is 6.3 percent as opposed to 5.8 percent in 2017-18, skewed in favour of male population (5.9 percent) as opposed to 10 percent for female workers. Although female's labour force participation has in-

29. One UN Pakistan Annual Report 2020. (2021) p 5
30. UNDP. 2020. Pakistan National Human Development Report 2020. (2021). p 13. https://www.pk.undp.org/content/pakistan/en/home/library/human-development-reports/PKNHDR-inequality.html
31. Ibid p. 16
32. Ibid
33. Ibid p 23
34. New Perspectives in Pakistan's Political Economy: State, Class and Social Change (2019), edited by Matthew McCartney and S. Akbar Zaidi p.153
35. UNDP. 2020. Pakistan National Human Development Report 2020, p.156. https://www.pk.undp.org/content/pakistan/en/home/library/human-development-reports/PKNHDR-inequality.html
36. Ibid, p.115
37. Ibid p 113

creased from 13.3 percent in 1992 to 22.55 in 2018, it still remains one of the lowest in South Asia and the world.[38] Female work force is mostly concentrated in informal economy particularly agriculture and home-based work. According to Labour Force Survey (LFS) data, out of the 15.7 million jobs generated outside agriculture sector over the period 2001–17, three out of four jobs were generated in the informal sector.[39]

4.1.2 Government budgets for pro poor spending

The government calculates pro-poor spending very broadly by considering the entire budgets of 14 sectors as being pro-poor. The cumulative budget of these 14 sectors stood at 8.5 percent of GDP in 2016-17 and was reduced to 7.1 percent of GDP in 2018-19. However, it was increased to 7.9 in 2019-2020 and dropped again to 7.7 percent of GDP in 2020-2021 (See Annex 1). Even after factoring in the extra COVID-19 SP spending, the trends are not encouraging.

Importantly, not all pro-poor spending qualifies as social protection. e.g., government spending on agriculture, justice administration, or law and order do not directly address the issues of the poor. Therefore, the relatively high ratio of GDP on pro-poor spending on the one hand and much lower ratio of GDP on social protection are interrelated but distinctly different. The former cannot replace the latter.

4.2 Social protection implementation: Economic and governance challenges

In Pakistan, the largest SP programme, BISP, targets poverty and prioritises women as recipients. However, it was implemented hastily without considering Pakistan's ground realities, leading to neglect of more optimal options. For example, the identification of the poor through elected representatives (MNAs and MPAs) was discarded[40] in favour of the proxy means test (PMT) using the poverty scorecard[41] to verify the poorest of the poor in a 'scientific' manner for cash transfers. It is noteworthy that the poverty scorecard was previously used by the PPAF when it was established through a World Bank loan. For a populous country like Pakistan, house-to-house survey and its regular updating is costly in terms of time and funds. In addition, inclusion and exclusion errors are significant[42] with various evaluations demonstrating that people's perception of BISP/Ehsaas criteria for targeting is widely questioned.[43]


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Similarly, there is a recurring trend where every change of government brings the introduction of a new federally driven programme. The Ehsaas Programme tried to replace BISP which itself was initiated because PBM, Zakat, and the Social Welfare Ministry, functioning alongside provincial initiatives and contributory social assistance programmes for workers, were deemed insufficient and inefficient. The creation of new institutional setups in the presence of old ones is neither optimal use of resources nor an efficient manner of running SP programmes. This defeats any impetus for good governance or efficiency. Thus, the inept institutions continue as white elephants while new ones slowly slide into political illegitimacy and economic oblivion after a change in government.

The international economic recession (2008 and impending 2022) coupled with food and fuel price inflation have affected people across the board, especially the vulnerable. In addition, Pakistan has faced multiple crises due to which its economic growth rates have been impeded. The War on Terror (2001-present) alongside militancy and suicide bombings meant greater investments in security; recurring natural disasters (earthquakes, floods, and

38. Pakistan Common Country Analysis, United Nations Country Team. p 4
39. Levelling the Playing Field, Systematic Country Diagnostic. World Bank, p 3
40. The World Bank provided Pakistan a $ 60 million loan for cash transfers.
41. The poverty scorecard uses a set of indicators with a focus on assets, highly correlated with poverty, to rank the household welfare status. The total score is a proxy of the household social welfare.
42. This was stated in the Project Appraisal Document (PAD), placing inclusion errors at 48 percent but Pakistani policymakers were hasty and desperate to obtain the loan and therefore, overlooked the fine print. When this fact was pointed out, it elicited a negative reaction from both the World Bank and BISP.
43. For details, see Shireen Gul, https://www.ilo.org/wcmsp5/groups/public/---asia/---ro-bangkok/---ilo-islamabad/documents/publication/wcms_802498.pdf pages 32-34

droughts) have kept the pace of economic recovery lacklustre. With each IMF package, poverty targeted SSNs are pursued more forcefully as more subsidies are lifted, adding to poverty.

As discussed earlier, Pakistan has been consistently seeking IMF loans and the conditionalities have required liberalisation of the economy which has meant a withering of the welfare state. In 2022, it escaped default though the economic outlook continues to be sombre, especially after the August 2022 floods. The federal Public Sector Development Programme (PSDP) now includes a column for 'throw forward,' i.e., amounts that have accrued from the past. The cumulative throw forward has increased from PKR 3.1 trillion in 2011-12[44] to PKR 6 trillion in 2021-22.[45] This routinely results in slashing PSDP massively, leaving little space for undertaking new initiatives. This situation severely hampers progress on SDG achievements.

The 18th Constitutional Amendment[46], introduced in April 2010, has resulted in additional challenges for social policy coordination. Fifteen ministries including the major social sector ministries have been devolved to the provinces. Therefore, social policy goes under purview of the provinces; however, the federal government continues to retain the bulk of SSNs under the poverty reduction initiatives. After the National Finance Commission (NFC) Award, the federal government has fewer resources available to it for honouring social sector commitments.[47] Much of the government's social sector investment continues to fall significantly below the minimum percentage of GDP required for the social sector. In the face of this challenge, the diversion of funds to an expensive social safety net programme for inadequate poverty targeting is questionable.


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Ownership issues also play a critical role in the success and sustainability of programmes. Pakistan's flagship social protection programmes have been federally driven. Viewed as politically motivated programmes for votes, cash transfer programmes lack ownership at the provincial level if a different political party rules a province. Provincial government, thus, create and implement their own parallel programmes.[48] This process has led to numerous and duplicate small initiatives that have not utilized public funds efficiently.

Pre-existing poverty, a barely veiled contempt for research and data, limited institutional capacity and growth, an uncertain political landscape, and low economic growth rates result in resource constraints that make funding social protection programmes a significant challenge. In Pakistan, loans not taxpayers, fund social protection programmes rendering them unsustainable. Whether the SSN programmes will be prioritised for loans in the future is not only a political decision but also one of sound design and implementation of the programmes that are accessible as a right to any citizen, and that can demonstrate maximum returns in terms of human security and development. Simple cash transfer programmes will not motivate taxpayers to contribute toward social protection. This is all the more reason to ensure that the design of the social protection programmes attracts taxpayers, especially the middle classes.

44. Pasha et el, Review and Analysis of Pakistan's Public Investment Program, page 5, 2011, available at https://www.theigc.org/wp-content/uploads/2015/02/Pasha-Et-Al-2011-Working-Paper.pdf
45. See PSDP for details—throw forward is now incorporated as a standard feature: https://www.pc.gov.pk/uploads/archives/PSDP_2022-23_Final.pdf and also see the news report on: https://propakistani.pk/2022/05/20/development-spending-throw-forward-soars-to-rs-6-trillion/
46. This amendment abolished the Concurrent Legislative List, consisting of 47 subjects that fell under both the federal and provincial governments' domain; by so doing, provinces acquired complete autonomy over the subjects including social sector policy and implementation.
47. The 7th NFC Award of 2010 gave greater fiscal autonomy to the provinces, increasing their share vis-à-vis the federal government from 48.75 percent to 56 percent in 2010-11 and to 57.5 percent in 2011-12. The breakdown of the 57.7 percent to the provinces is as follows: Punjab receives 51.74 percent, Sindh 24.55 percent, Khyber-Pakhtunkhwa 14.62 percent and Balochistan 9.09 percent. For 2022-23, the federal government is expected to transfer Rs 960 billion to the provinces. https://www.nation.com.pk/06-Nov-2022/all-provincial-govts-post-budget-surplus-of-rs218-billion-in-first-quarter
48. Examples of parallel initiatives at the provincial level that have run alongside the federal BISP/Ehsaas and Pakistan Bait ul Mal and Zakat initiatives: KP introduced Sehat Sahulat Card/health insurance for every KP domiciled person in addition to the Panagah initiative (temporary shelter for the homeless) while its Bacha Khan Poverty Alleviation Programme (2009) has vanished; Sindh has introduced the Mazdoor (worker) Card for informal sector workers; Punjab introduced several initiatives such as Ba-Himmat Buzurg for elderly women, Musawat for transgender and humqadam for persons with disabilities while discontinuing previous initiatives such as the now scrapped sasti roti programme for the poor.

5. Global Models, Practice and Replication

This section situates the issues that Pakistan faces in a global perspective. If there is poverty and inequality in the world, how is it being countered elsewhere? This section examines the implementation of the two dominant approaches to social protection, i.e., the SSN and SP Floor. The first is reflected in antipoverty programmes and the second is reflected in both contributory and non-contributory rights-based programmes such as employment guarantees and universal pensions. It also discusses the pros and cons of targeted approaches, digitalisation and analyses the implementation of rights in the context of employment/labour, climate change, agriculture, and health imperatives.

The main challenge is to address poverty (SDG 1) and inequality (SDG10) simultaneously, which means that alongside obtaining resources, the redistribution of income and wealth need to be fairer among the top and bottom population bands. According to the UNDP Global Multidimensional Poverty Index, 2022, "Even before the COVID-19 pandemic and the current cost-of-living crisis are accounted for, the data shows that 1.2 billion people in 111 developing countries live in acute multidimensional poverty. This is nearly double the number of those who are seen as poor when poverty is defined as living on less than $1.90 per day."[49]

The World Inequality Report (2022) indicates that global inequalities today are similar to the levels at the peak of Western imperialism in the early 20th century, stating that the income share of the poorest half of the population today is "about half of what it was in 1820, before the great divergence between Western countries and their colonies." It also points out that, "inequalities increased significantly within countries. The gap between the average incomes of the top 10% and the bottom 50% of individuals within countries has almost doubled. This sharp rise in within country inequalities has meant that despite economic catch-up and strong growth in the emerging countries, the world remains particularly unequal today." The report identifies Europe as the least unequal region in the world and the Middle East and North Africa as the most unequal region.[50] South Asia is integrated with East Asia and, therefore, does not stand out as much as it otherwise would.

49. https://hdr.undp.org/sites/default/files/Country-Profiles/MPI/PAK.pdf
50. https://wir2022.wid.world/category/chapter-2/

5.1 The main models for SP

With the twin challenges of rising poverty and inequality at the global level, two approaches are seen as the panacea for SDG 1 and 10. The first, espoused by the World Bank and the IMF, focus on antipoverty programmes through digitised and, therefore, efficient targeted cash transfers. The second approach, espoused by the ILO, focuses on lifecycle approach through integrated social protection. The Bank has acknowledged that universal social protection is the best measure for combating poverty and rising income inequality[51] but it contends that countries' ability to provide universal SP should be center-stage.

The World Bank's influence on SP is demonstrated by its SSN portfolio in 71 developing countries around the world. By April 2022, the World Bank's safety net portfolio reached $26.55 billion (including $15.64 billion in International Development Association - IDA). Importantly, the IMF does not favour universal social protection even in principle and prefers targeted SP programmes including those approved since the pandemic began. This was confirmed by a Human Rights Watch (HRW) review[52] when it found that all SP actions and policy advice in the 19 IMF loan programmes approved between March 2020 and December 2021 for targeted programmes. For example, in Seychelles, the World Bank is working in tandem with an IMF loan programme to revise a universal programme for older people and people with disabilities to make it targeted.[53] Furthermore, HRW's analysis of 16 countries[54] including relief specific to the pandemic, found that targeted programmes excluded millions of people who were in need of social security to protect their rights, leaving them without adequate food. Moreover, targeted antipoverty programmes in some cases have worsened deep-seated inequalities in access to social protection. For example, Kenya's cash transfer programme only reached a tiny fraction of the targeted population living in 21 of Kenya's 47 counties. Pakistan's case is not very different as the (inadequate) cash transfers it provides women beneficiaries excludes a large section of the poor due to large inclusion and exclusion errors as well as financial limitations of the country.

Adaptive SP (ASP), promoted by the World Bank, transfers funds to vulnerable populations speedily during climate induced disasters. ASP relies upon pre-existing data, digital cash transfers by scaling up on-going SP programmes whether cash transfers for vulnerable women-headed households, or pension systems or employment guarantees schemes. According to the World Bank, "adaptive social protection systems that can scale up and down quickly in response to shocks, with a mix of programmes for population groups and their needs in order to protect all." It also notes that it is "improving delivery systems by leveraging technology, such as expanding coverage of social registries to better link services to the poor and underserved populations including informal sector workers or refugees." A successful example of ASP is in the Sahel countries such as Senegal, Chad and Mali where the World Bank is managing a multi-donor project, the Sahel Adaptive Social Protection Programme (SASPP), which has helped over 2 million people, happened to be equipped better to tackle climate induced disasters through early warning signs, cope by diversifying livelihood sources and adapting through skills training.[55] The Ehsaas programme was praised for efficiently disbursing large sums during COVID-19 and again during the 2022 floods through the ASP approach yet it was only able to disburse to the people who were already part of the BISP database and within a specific Proxy Means Test (PMT) range, leaving out many equally if not more vulnerable people due to inclusion/exclusion errors and limited funds for distribution. Undoubtedly, digitisation guarantees swift and timely disbursements, but inadequate financial support, both amount and coverage, exposes the unfairness embedded in the system. Thus, the need to protect all those who are vulnerable remains unmet, making the case for implementing universal programmes urgent.

51. https://www.worldbank.org/en/news/press-release/2016/09/21/world-bank-ilo-announce-new-push-for-universal-social-protection
52. https://www.hrw.org/news/2022/04/14/imf/world-bank-targeted-safety-net-programs-fall-short-rights-protection
53. For details see, https://documents1.worldbank.org/curated/en/707851557346920966/pdf/Concept-Stage-Program-Information-Document-PID-Strengthening-Quality-of-the-Social-Protection-System-P168993.pdf; page 8, April 2019
54. HRW analyzed measures in the following countries: Austria, Cambodia, Cameroon, Ghana, Jordan, Kazakhistan, Kenya, Lebanon, Nigeria, Spain, Turkmenistan, Uganda, Ukraine, UK and the USA. See, https://www.hrw.org/news/2022/04/14/imf/world-bank-targeted-safety-net-programs-fall-short-rights-protection accessed Nov 10, 2022
55. https://socialprotection.org/discover/blog/how-adaptive-social-protection-can-play-role-building-more-resilient-communities-far

In contrast to the SSNs and its associated ASP approach, the ILO maintains that social protection can be provided through social insurance, tax-funded social benefits, social assistance services, public works programmes and other schemes guaranteeing basic income security. The ILO has created a social protection dashboard for SDG target 1.3.1: Implement nationally appropriate SP systems and measures for all, including floors and by 2030 achieve substantial coverage of the poor and the vulnerable. To assess the standing of different countries, five major groupings with regard to the proportion of persons covered by social protection floors/systems.[56] Pakistan is placed in the group with less than 20 percent of its population covered by the different categories which together form the SP floor: health, children, maternity, unemployment, work injury, old age, pensions, disability, poverty and vulnerability. Only 9.2 percent of Pakistanis are covered by at least one form of social protection benefit. In South Asia, Pakistan, Nepal (17 percent coverage) and Afghanistan (7.5 percent coverage) belong to this category while India (24.4 coverage), Sri Lanka (36.4 coverage), Maldives (21.1 coverage) and Bangladesh (28.4 coverage) are in the next higher category of 20-40 percent. A country-wise regional comparison highlights the differences in economic growth rates coupled with investments in social sectors, especially health. Both India and Pakistan are categorised as low middle income countries, yet their trajectories are different not only due to a difference between economic growth but also the political choices both countries have made regarding investing in social sector. Kenya (10.1 coverage), Nigeria (11 percent coverage), and Sudan (9.3 coverage) are at similar levels as Pakistan.

5.2 Integrating best practices with the SSN approach

What are the lessons that Pakistan can learn based upon its own experience with different types of programmes and how can it reform its SP Framework to ensure greater if not universal coverage through its programmes? Until Pakistan's economy becomes strong enough to afford universal coverage, it can undertake work in local contexts as catalytic changes in the whole system will require significantly more resources, that are unavailable in Pakistan's current challenging economic and daunting political contexts. This subsection, therefore, looks at entry points to leverage change at the district or provincial level based on best practice demonstrated in different country contexts. However, importing the successful experience of other countries without considering differences in political, economic, and social development cannot bring about the expected results.

5.2.1 The provision of healthcare

Despite Pakistan's low investment in health, the government's response to the COVID-19 crisis when it delivered free vaccines to everyone and provided real time data are recognized as successful initiatives. At the centre of debates on health is the issue of providing universal healthcare versus privatising healthcare as the government can no longer bear the costs of universal free coverage. Pakistan experimented by privatising the basic health units through a World Bank project but the evaluation indicated that the privatisation did not yield better results. A study of shifting healthcare to health insurance schemes for the poor showed different results in Mexico, Vietnam, and China largely due to differences in each country's social development indicators, poverty level, income inequality, and health profile of the population. Mexico appears to have done comparatively better because it started with a better base. Also, the type of diseases covered through health insurance and the amount to be provided are key to the effectiveness of a programme.[57] Targeting recipients on the basis of their poverty score can be counterproductive.

Cuba is among the best examples of providing health coverage to everyone as part of its constitutional responsibility. It considers health as a socially determined process and provides 6 percent of GDP to health as it is considered a fundamental right that the state owes citizens. In 2019, more than half the State's budget was dedicated to education and health. With one of the best ratios of doctors per population in the world, Cuba has no private hospitals.[58] The Cuban model was espoused by welfare-oriented developing countries but it could not be sustained in those countries due to the development models they pursued.

5.2.2 Providing employment guarantees

Based upon the 2005 Indian Mahatma Gandhi National Rural Employment Guarantees Act (MGNREGA), this large-scale programme with a budget of INR 730 million in 2022 is an anti-poverty programme that provides employment opportunities through public works. The Indian experience with the MGNREGA offers lessons on the potential of workfare and job guarantees for the Global South to cushion the distressing economic con-

56. https://www.social-protection.org/gimi/WSPDB.action?id=16
57. https://www.ncbi.nlm.nih.gov/pmc/articles/PMC4140377/
58. https://link.springer.com/article/10.1057/s41271-020-00271-w

sequences of poverty and shocks like the COVID-19 pandemic. The scheme has three key provisions:[59]

- At least 100 days of guaranteed employment: The scheme mandates at least 100 days of guaranteed wage employment in a fiscal year to every rural household whose adult members volunteer to do manual work.

- Unemployment Allowance: Provision of a daily unemployment allowance if an applicant is not provided employment within 15 days of having demanded work.

- Delayed compensation: In case of failure of wage payment within 15 days from work completion, workers are entitled to a per day compensation of 0.05 percent of the wages earned, till the payment of wages.

The programme expanded public works to the poorest regions that are home to large informal and migrant worker communities during COVID-19 underscoring the continued political commitment that is required to enable a well-functioning social protection programme.[60] On an average, the scheme provides 50 million households with 100 days of employment. Scheduled castes and tribes account for 51 percent of the total person-days generated and women for 47 percent, well above the mandatory 33 percent as required by the Act. Broad conceptions of 'public works' that include jobs such as childcare or community awareness-raising, e.g., on child nutrition, or HIV prevention, not only extend the pool of 'employees' (especially to women), but also benefit the community through the services provided to households.[61]

5.2.3 Providing universal old age pensions

According to ILO, a wide range of countries, including lower-middle-income countries, have developed universal pensions as part of national social protection floors. The important role of social protection for older persons is recognised in the Social Protection Floors Recommendation (No. 202), which was adopted in 2012 by the governments, employers, and workers representatives of the ILO's 185 member States, and later was endorsed by the G-20 and the United Nations. The recommendation provides guidance to countries in setting nationally-defined social protection floors which guarantee

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at least a basic level of social security for all.[62] Pensions are critical for guaranteeing the income security of older people, which is and should remain the primary objective of any pension system. Ensuring the adequacy of benefits is especially pertinent for women, people in low-paid jobs and those in precarious forms of employment.

Pension reforms debates are dominated by an emphasis on fiscal sustainability. Many countries around the world are averse to old age pensions as they confront structural barriers linked to low levels of economic growth rates, insufficient fiscal space coupled with high levels of informality, low contributory capacity, and poverty. However, research indicates that over 100 countries have some kind of social pension though the design and coverage vary.[63] Almost half are Low- or Middle-Income Country (LMICs). Nepal, Lesotho, Bolivia, Brazil, and South Africa have set up broad-based and near-universal schemes, social pension schemes; and many countries e.g., Brazil and Vietnam, have significantly reduced old-age poverty rates. Mongolia, for instance, has been able to provide universal old age and disability pensions, as well as universal maternity and child benefits. Extensive evidence is now available on the role and effectiveness of universal or near-universal social pensions in alleviating the poverty and vulnerability of older people and their wider households. The evidence also suggests that these schemes can be implemented even in countries with low administrative capacity, sharp urban/rural divides, and underdeveloped financial systems. Countries such as Mexico, Brazil, Thailand, Costa Rica, and Bolivia demonstrate a variety of sustainable financing methods from

59. https://cprindia.org/wp-content/uploads/2022/06/Mahatma-Gandhi-National-Rural-Employment-Guarantee-Scheme_2022-23.pdf
60. Sudha Narayanan, Christian Oldages, Shree Saha, Does workfare work? India's employment guarantee during Covid-19 in Journal of International Development, Nov 2021 available at: https://onlinelibrary.wiley.com/doi/10.1002/jid.3583
61. https://www.unicef.org/media/112591/file/Social-Protection-Gender-Equality-Outcomes-Across-the-Lifecycle-Full-Report.pdf
62. ILO, "Social protection for older persons: Key policy trends and statistics." Page 1, 2014
63. http://www.pension-watch.net/social-pensions-database/social-pensions-around-the-world (nd, 2015?)

general taxation as well as payroll and consumption taxes, expenditure switching, and taxing natural resources. Experience shows that it is best to fund pensions from domestic revenue rather than borrowing as the pensions are long-term and need to be sustainable.

In donor-funded cash-transfer programmes such as in Zambia and Kenya, it is not yet clear whether there is sufficient political will, and, hence, funding available in the long term, for government to take over these schemes and scale them up to reach national coverage.[64]

6. Recommendations

Globally, social protection programmes are gaining traction as instruments to achieve sustainable development and reduce vulnerabilities faced by households in the context of a complex system of cascading and interacting epidemiological, economic, social, and political shocks. Strengthening responsive social protection systems offers the potential to mitigate short- and long-term impacts of sudden shocks.

6.1 Establishing a national social protection floor (SDG 1.3)

Social protection should constitute a comprehensive set of programmes stemming from rights that the state provides its citizens. As band-aid style SSN measures address the immediate needs of the poorest of the poor, they cannot dent poverty significantly. Politicians support cash transfers to attract voters. Helping the poorest of the poor in conjunction with pressures to win elections entail accommodating competing demands upon social sector budgets that paralyse human development and exacerbate inequality. The social protection floor approach advocates for increased investments in social services and not necessarily through expensive targeted programmes.

Pakistan has in place a fairly robust policy pillar which now needs to bridge the gaps between the SSN and SPF approaches to the advantage of its citizens. Developing a

64. "Financing social pensions in low and middle income countries," Pension Watch, Briefing no 4, HelpAge International, 2011

national social protection floor to ensure a minimum level of decent jobs, as well as the need for education and health are more felt today. SP can be a job accelerator and be more effectively used for skills and taken to scale through synergies across sectors.

6.2 International financing mechanisms for SP

6.2.1 Identifying the volume of financing gaps

To achieve universal SP, the ILO has identified a gap of $1.2 trillion per year across 132 countries. Upper-middle-income countries hae the capacity to increase tax, but 31 countries cannot afford to do so,20 countries are unable to raise even half the amount they need. For instance, low-income countries need to allocate 16 percent of their GDP, while middle-income countries need 3 percent of their GDP for universal SPF by 2030. The ILO calculates that the cost of health, education and SP is roughly the same. While middle-income countries can begin to redirect investment, low-income countries, especially after COVID-19, require international support as well as effective institutions. Major Investment in SP can be seen as a pathway to unlocking poor performance in other sectors such as education, agriculture, and health. This was witnessed during the COVID-19 when social contribution also played a key role in addressing vulnerability.

6.2.2 The need for international solidarity

More Official Development Assistance (ODA) consisting of both technical and financial assistance is needed. According to the WB, Pakistan's SP spending is 0.6 percent of GDP in 2020-21.[65] Pakistan needs to leverage donor funding to pursue universalising SP. In addition, different groups have advocated for reallocation of special drawing rights of IMF from developed countries to developing countries.

6.2.3 A global fund for SP

According to ILO, 4 billion people have no access to any form of SP. The World Bank in collaboration with the ILO, co-chairs the Universal Social Protection 2030, which is a multi-stakeholder initiative to achieve universal SP that can pursue the creation of a global fund for SP. The global community can push for a global fund in line with other funds such as GAVI, of funds for AIDS, Malaria, TB, and education etc. A successful global fund needs to be efficient and effective to deliver SP for those facing risk and vulnerability. Based on principles of mutual respect,

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accountability, and predictability, such a fund can co-invest with developing country governments. The design and management of the fund would be key. The fund can identify priority areas such as climate related or poverty targeting or skill development. There are reservations that a global fund might come with new financing conditionalities, challenges of resource mobilisation or that it may not garner long term commitments and financing over 30 years rather than 5 years. A global fund can help with generating domestic contributions.

6.3 Addressing domestic fiscal gaps

6.3.1 Increase and rationalise resources utilisation

Governments in developing countries do not have a choice but to use resources more efficiently especially as international aid and finance has reduced drastically in 2021-22. A number of options for financing can be explored: the current spending can be utilised more effectively through universal SP schemes that do not involve sizeable overheads or conducting massive surveys as in case of PMT; eliminating duplication and obsolete programmes by undertaking social audits; importantly, a percentage can be set aside for a national social protection fund from revenues generated through natural resources in the provinces.

6.3.2 Balanced budgets

Pakistan's security and development budgets need to be rationalised; it needs to cut non-development and non-combat expenditures. Development spending has been consistently slashed not only due to low economic growth rates and international imperatives but also to divert funds for recurring natural calamities. While the chal-

65. https://www.worldbank.org/en/data/datatopics/aspire/country/pakistan

lenge of poverty is daunting, so is the inability of the federal and provincial public sector development programmes to provide basic social services: education, health, water, and sanitation. Population growth projections indicate that the challenges shall exacerbate. There is an acute need for immediate redressal.

6.3.3 Creating the fiscal space in Pakistan: Analysing subsidies

The conservative estimates of the total benefits and privileges available to different interest groups amounted to PKR 2.66 trillion in 2017-18. This amounted to over 7 percent of GDP that could provide additional investment in SP and, therefore, cover universal SP costs especially for the poor. In addition, subsidies are announced for the sectors, e.g., agriculture or manufacturing that require a clearer pro-poor focus.

6.3.4 Creating fiscal space: The private sector and philanthropy

Pakistan can increase the fiscal space through private investment by implementing reforms in its regulations, tax and fiscal policy arrangements, and procurement policy to encourage giving to charitable organisations. It can begin by legislating that 2 percent CSR be provided every two years and monitor noncompliance. Similarly, if it can create economic incentives for people to invest their private contributions in Pakistan registered charities through tax exemptions; or it can encourage people to donate to Pakistani charities in the U.S. and U.K. where donations are doubled; or it can encourage impact investing and crowd funding methodically.

6.4 Governance and social policy

6.4.1 Addressing data gaps and CSO advocacy

Reliable data is a prerequisite for evidence-based policy. Pakistan has a robust dataset for distributing cash transfers but it does not have similarly reliable data for workers, especially informal sector workers including agricultural sector, or older people. It has the capacity to utilise existing data and can begin to lay the groundwork for obtaining untapped administrative data at the local government level. Furthermore, universities and research institutions can undertake systematic research to show the consequences of underinvesting in SP aimed at effective change in policy and praxis.

Without debate and consultation, the state alone cannot ensure that social protection initiatives are well conceived and implemented. Civil society organisations and activists including journalists, intellectuals, activists, independent subject experts, must play a vigilant role in ensuring responsible decision-making regarding options for formulating and implementing transparent social protection floors as well as conducting advocacy to increase investments for implementing a nationally agreed SP floor.

6.4.2 Step by step: Moving towards universalising SP

Pakistan must look for entry points to synchronise a shift to social protection floor approach as targeted SSNs in low-middle-income countries are inadequate at best for alleviating poverty and inequality. This shift can be adopted over the medium term with political commitment. Pakistan can begin by tinkering with some of the strategies it has already adopted by combining them with other initiatives to move towards universalising SP. Some examples follow:

Example 1: Climate change adaptation and mitigation:

Pakistan has lobbied for climate reparations and a Loss and Damage Fund in the aftermath of the floods 2022 for which there is an increased international support. Such a fund can be used innovatively to push for expansion of SP floors especially because there is consensus that comprehensive SP is a job accelerator and catalyst for just development. Pakistan can prioritise regions that are most vulnerable to climate risks by ensuring that after employing shock responsive adaptive social protection, it continues to invest in the areas through employment guarantee schemes, utilising existing funds in the People's Work Programmes. This will also be beneficial for its Generalised Scheme of Preferences (GSP) Plus status renewal in 2023. Importantly, the areas that are devasted by natural disasters can be rebuilt better in addition to building climate resilient infrastructure. Thus, horizontal and vertical shock responsive adaptive social protection systems can be combined with existing People's Work Programmes for scale up in geographic areas that are at high climate risk. It can be effective for subsistence farmers as they need to survive the devastating impacts of climate change on their livelihoods.

Example 2: Old age pensions:

Old age pensions in countries like South Africa demonstrate that they not only benefit older people but also intra-household allocations as grandchildren and households with younger persons nutrition status improved.[66]

66. https://documents.worldbank.org/en/publication/documents-reports/documentdetail/868421468101338139/public-policy-and-extended-families-evidence-from-pensions-in-south-africa

Pakistan has one of the lowest pension income coverages (2.3 percent) in the world even though only 7 percent population (about 14 million) is above 60 years of age, the statutory pensionable age, and only 4 percent is above 65 years of age. The existing EOBI Programme can be scaled up especially for low wage workers in the informal sector. Furthermore, contributory, and non-contributory initiatives in conjunction with employment guarantee schemes can be easily initiated to ensure that this age group is covered.

6.4.3 Institutional reform

A commitment to institutional reform and institutional strengthening entails restructuring many institutions that duplicate one another's work for greater efficiency and effectiveness. The creation of new institutions as attempts to 'fix' the inadequacies of dysfunctional institutions exacerbate the problems. Government institutions should be strengthened in terms of capacity, and their rules of business should be simplified; instead of creating new institutions, the government needs to harmonise the work of different divisions, ministries and departments.

Annex 1

Table 1: PRSP Budgetary Expenditures by Sectors (Rs. million)

Sectors	2016-17	2017-18	2018-19	2019-20	2020-21*
Roads, Highways & Bridges	526,356	452,463	400,623	342,689	383,961
Environment / Water Supply and Sanitation	72,031	77,932	45,186	70,337	87,149
Education	699,222	829,152	868,022	901,013	988,032
Health	328,962	416,467	421,778	505,411	657,185
Population Planning	20,338	20,451	14,328	11,381	12,761
Social Security & Welfare**	259,455	257,534	173,443	280,258	257,031
Natural Calamities & Other Disasters	27,461	19,062	20,933	72,353	90,683
Agriculture	258,396	277,867	256,697	377,093	328,441
Land Reclamation	2,558	2,730	2,538	2,418	3,054
Rural Development	30,934	42,127	11,958	29,738	49,703
Subsidies	403,139	327,767	387,092	635,816	857,789
Low Cost Housing	422	349	704	1,766	2,242
Justice Administration	41,926	53,461	65,937	72,737	83,397
Law and Order	356,217	390,556	430,063	457,487	480,712
Total	3,027,417	3,167,918	3,099,302	3,760,497	4,282,140
Total as % age of GDP (2015-2016 base)	**8.5**	**8.1**	**7.1**	**7.9**	**7.7**

* Provisional

** Social Security & Welfare includes the expenditure of BISP, SDGs, and PBM.

Source: External Finance Wing, Ministry of Finance-jakarta/documents/publication/wcms_436853.pdf

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