

Social Protection Schemes in Pakistan: assessment of existing programs

Prof. Yu ShuHong

Wuhan University, Wuhan, China

PhD (C.) Malik Zia-ud-din

Wuhan University, Wuhan China

LLM Khalid Mahmood Ranjha

Wuhan University, Wuhan, China

Abstract

Social protection is regarded as a basic human right guaranteed in several International Covenants and Treaties. The Constitution of Pakistan exclusively stipulates the provision of social security for all citizens of the country. The aim of the study is to explore and evaluate the social protection schemes with regards to its coverage, scope and outreach. The country has number of social security schemes that are being carried out by provincial and federal governments for the welfare of workers like old age benefits, disablement, health and medical facilities. However, these schemes have failed to extend their benefits to home based, part-time, temporary or contract and agricultural workers. This paper attempts to highlight the shortcomings of existing social protection programs that are obstructing their benefit distribution and limiting their outreach. It underlines the challenges faced by the implementing agencies. This paper also suggests some improvements in the structural design of social security mechanism with special focus on the scope, coverage, outreach and effective delivery mechanism. Since, the proper allocation of resources and effective implementation of these schemes can ensure the assistance and welfare of the targeted population.

Keywords: *social protection schemes, welfare, social security, assessment, Pakistan.*

Introduction

It is evident from the literature review that the term social protection is interchangeable with social security. The term was first coined by the United Nations (UN). Generally, Social protection can be described as a provision 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.*” (Pakistan Business Council, 2011). The concept of social security is enshrined in Article 22¹ of the Universal Declaration of Human Rights which specifies that every member of society is entitled to have social security (United Nations, 1948). Social protection schemes provide basic level of assistance to those whose earning capacity is interrupted due to “contingencies” such as

¹ Universal Declaration of Human Rights § 22 states that “Everyone through national effort and international co-operation and in accordance with the organization and resources of each State, of the economic, social and cultural rights indispensable for his dignity and the free development of his personality”.

sickness, work injury, disablement and old age. Beside the feature of sustenance to the beneficiaries, the social protection schemes play a significant role in balancing the essentials of demand and services and therefore overall employment level in national economy. Effective social protection policies and initiatives increase employment opportunities, shorten the loss of human capital, and protect people from falling into poverty consequent to financial or economic crises (Khan, A. 2013). Simultaneously, successful protective measures shape a significant component of social policy and encourage societal cohesion (Kabeer & Sarah, 2010).

The aim of this study is to identify the modalities of a complete social protection scheme for the employed labor and poor population in Pakistan. Particularly, the primary objectives of this descriptive study are to:

- Assess the number of poor population and their socio-economic conditions;
- Assess and evaluate the existing policies and programs of social protection including social assistance and social security schemes and their outreach;
- Suggestions about policy changes to increase the outreach of existing schemes for the destitute and vulnerable groups.

This paper consists of five parts. Part 1 provides an introduction of the social security and social protection with regards to United Nation (UN) and Universal Declaration of Human Rights (UDHR) definition. Part 2 contemplates the term Social Protection, Social Security and Safety Nets in relation to International Labor Organization (ILO) standards; it further discusses the concept and practice of social protection in Pakistan as well as an analysis of available social protection schemes in the country. Part 3 assesses the existing schemes; its scope and coverage in the country. Part 4 derives some suggestions and policy recommendations and part 5 draws some inferences from the study.

Definition of Social Protection, Social Security and Safety Nets

Before going into detail of social protection standard definition, it is significant to distinguish terms, safety nets, social protection and social security which are distinct from each other in their role, scope and coverage. The term social security implies the provisions of protection provided to members of society through various assistance schemes to balance decrease in earnings from work, as a result of natural calamities and unidentifiable problems such as death of the bread winner, old age, sickness, partial disablement and maternity (Shepherd A., Marcus, R., & Barrientos, A. 2004). The provisions of social security are usually for workers who are employed in formal sector and have social assistance, social insurance and health insurance measures. Therefore, social security is a component of social protection schemes. On the other hand, safety nets are mostly short-term and ad-hoc emergency schemes such as food support, employment Program, cash transfer, social welfare and care services to avoid people to fall below the poverty line (Irfan, M. 2007 & Nasim, A. 2014). Social Protection schemes are designed to decrease the intensity of risks during economic crises which can affect the people severely.

The contemporary definition of social security is based on the Social Security (Minimum standards) Convention 1952 No 102 of International Labor Organization

(ILO) which specifies the three fundamental components of security that a state is required to provide and address as a matter of policy for its citizens (ILO, 2000);

1. *“To offset contingencies arising out of income deprivations, either completes cessation of income earning opportunities or reduction in incomes. The first category would include contingencies such as unemployment, invalidity, old age and the death of a breadwinner. The latter will include categories such as sickness, maternity (or paternity), employment injury, etc.*

2. *Provision of health care;*

3. *Benefits for families with children; these will include provision for education as well as child support or other child related benefits”.*

The main concept of social security encompasses three significant characteristics such as livelihood protection, health related provisions and benefits for family with children. Most importantly, it is solely the state's responsibility to extend and monitor these assistance measures for its citizens through statutory schemes or programs. The statutory schemes or programs are mostly tax-financed by the employers as well as employees in many countries, and the benefits are granted in case of any emergency. This social security concept is not complete without addressing the fundamental structural features and recurrent dynamics in developing countries. In the wake of these structural features the underdeveloped countries are experiencing two most influential concerns such as pre-dominance of unorganized informal sector and existence of widely distributed poverty (Sayeed, A. 2004). The formal sector employees fall within the purview of these statutory provisions and exclude the informal or unorganized sector, because usually it is dealt through registered public and private establishments.

Similarly, the World Bank (WB) has also focused to support the social protection programs since 2000. The WB strategy is mainly based on the concept of Social Risk Management which is contributed by Holzmann and Jørgensen in 2000 (Holzmann R. and Jørgensen S. 2000). Mostly social protection programs are designed as safety nets (ad-hoc or short time interventions), and are ineffective to increase the expected outcome, since these programs are not initiated in time and do not have trickledown effect to the targeted populace. On the other hand, the safety nets designed before the occurrence of any calamity has positive impact during any crisis, it can be further adopted as an essential part of social protection policy.

Conceptual understanding of Social Protection in Pakistan

Pakistan is one of the few developing countries that stipulate social security as an explicit fundamental right in their constitution. Article 38 (a) (d) & (e) of the Constitution of Pakistan, 1973 states (GoP 1973):

“The State shall provide for all persons employed in the service of Pakistan or otherwise, social security by compulsory social insurance or other means; provide basic necessities of life such as food, clothing, housing, education and medical relief, for all such citizens, irrespective of sex, creed, caste, or race, as are permanently or temporarily unable to earn their livelihood on account of infirmity, sickness or unemployment; reduce disparity in the income and earnings of individuals.”

Historically, the social protection programs in Pakistan have been considered as an ad-hoc or interim interventions to the circumstances rather than a part of social protection policy framework or were advocated by the international donor agencies (Jamal, H. 2010 & Pakistan Economic Survey. 2009). Apparently, the commitment made in the Constitution remained largely unfulfilled for its citizens. It has two reasons; first, it requires huge resources to achieve such challenging commitment which is a problem in underdeveloped countries including Pakistan. Secondly, in the countries where constitutional violations are considered a norm, although, the constitution promises rights and privileges to its citizens (Sayeed, A. 2004). The social protection has been restricted for the public and formal nonagricultural sector in the country. However, the social protection schemes for private sector were introduced in 1970s during populist reforms at that time. Many of the schemes are functional to date along with new schemes but the ambition to increase the coverage of such schemes for larger section of workforce in informal economy has been ignored. (See Annex - A)

Existing Social Protection Programs in Pakistan

The National Social Protection Strategy (NSPS) of Pakistan specifies the social protection as *"...a set of policies and program interventions that address poverty and vulnerability by contributing to raising the incomes of poor households, controlling the variance of income of all households, and ensuring equitable access to basic services. Social safety nets, social insurance (including pensions), community programs (social funds), and labor market interventions form part of social protection"* (Finance Division, GoP. 2007). The strategy was adopted by the Government of Pakistan in 2007 with three overarching objectives:

1. To patronage chronically destitute households;
2. To provide protection against inauspicious shocks;
3. To encourage investment in human and physical capitals.

The Constitution of Pakistan protects the fundamental right of Social Protection of its citizens. Several social security and social assistance programs are being carried out in order to fulfill the commitment of this constitutional provision and are playing a key role in country's poverty alleviation strategy.

Social Security

Most of the social security schemes are designed for the employed labor force and the retirees of the formal employment sector. The existing schemes mainly provide benefits in case of emergency, for instance illness, invalidity, old age, maternity, and injury at workplace. A concise introduction of these programs is given below.

i) Government Servant Pension Fund: The scheme was started in 1954. It covers the government servants from all government departments who complete their service at least 25 years or reach the age of 60 years. It covers two important aspects of benefits such as Pension and Provident fund (The Pension Act. 1871. 1947). The old age pension is provided by the government funds whereas the provident

fund is deducted at source on monthly basis from the salary of the employees. The scheme was initiated for the workers of government departments under the colonial inherited act named '*The Pension Act*' 1871.

ii) Provincial Employees Social Security Scheme: The Provincial Employees Social Security Scheme for the workers from formal private employment sector was introduced in March 1967 under "*Employees Social Security Ordinance, 1965*". Initially, the scheme exclusively covered the textile industry workers with the main objective to provide protection against illness, work related injuries, maternity, invalidity and death. However, the scheme was expanded for workers from different commercial and industrial establishments and later on in 1970 the scheme was further expanded on provincial basis and termed as "*Employees Social Security Institutions (ESSI)*". ESSIs are managed by the provinces and are providing health services and temporary cash benefits. The health facilities are provided to the workers at different levels from first aid to hospitals where the workers can receive free treatment and free medicines under these schemes. Cash benefits are also rendered in some circumstances e.g. sickness benefit, maternity benefit, *iddat* benefit (for widows), injury benefit, disablement gratuity, disablement pension, death grants and rehabilitation benefit etc under this scheme (Employees Social Security Ordinance. 1965).

iii) Public Sector Benevolent Funds and Group Insurance: This scheme was purely initiated for the employees working in public sector in 1969 under the "*Federal Employees Benevolent Fund and Group Insurance Act, 1969*". The scheme is providing benefits under nine different schemes for the employees of Federal government and their children. The schemes cover monthly benevolent grant (Death during services/ invalid retirement), Sum Assured (paid to the family of employee in case of his death during service), marriage grant, burial charges, farewell grant, lump sum grant (in case of 80% disability declared by the medical board), education stipend (for two children of the employee from Metric to PhD), reimbursement of semester/ annual fee and cash awards for employees children on Essay writing competition. The scheme is financed by the contribution of federal government employees (Federal Employees Benevolent Fund and Group Insurance Act. 1969. 2010).

iv) Workers Welfare Funds (WWF): The WWF was founded in 1971 for the workers from those industrial establishments which are registered with the Fund through the promulgation of "*The Workers Welfare Fund Ordinance, 1971*". The private sector industrial establishments are required to deposit two percent of computable income exceeding hundred thousand rupees in one fiscal year. The fund obligates the establishments to deposit a contribution equivalent to 5 percent of the profit of company to Workers Participation Fund after distribution of workers share under the "*The Companies Profits (Workers Participation) Act, 1968*". The Act is applicable to those establishments which have a minimum number of 50 or more workers, or have capital of Rs. 2 million or fixed assets amounting to Rs. 4 Million or more. The fund can be spent for numerous purposes such as building of houses for workers, medical facilities, tricycle for disable workers, grant of fund for marriage of daughters, grant

to the families of deceased workers and grant of fund for income generating activities (The Workers Welfare Fund Ordinance. 1971. 2008).

v) Workers Children Education Ordinance: The ordinance was promulgated in 1972 to provide education for the workers children from all registered establishments employing 10 or more workers. Workers Welfare Fund has given the financial support for the construction of schools which are then controlled by the provincial administrative boards. The funding comes from an Education Cess, a tax given by the employers amounting to Rs. 100 (One hundred) per worker per annum (The Workers Children Education Ordinance. 1972. 2012). It is pertinent to mention here that Government of the Punjab Province has abolished this Cess.

vi) Employees Old Age Benefits Institutions (EOBI): The scheme was introduced for the benefit of workers from formal employment sector employing 10 or more workers under "*Employees Old Age Benefits Act, 1976*". This scheme is mainly providing old age pension, invalidity pension and death grant. The act is based on 7 % accumulative contributions by the employers (6%) and (1%) from employees salary respectively. The scheme provides old age benefits to the registered employees. EOBI is an autonomous institution and functioning under the Ministry of Labor, Manpower and Overseas Pakistanis. The institute is administered by a Board of Trustees which is comprised of 19 representatives from government, labor unions, and employers.

Social Assistance Schemes

The aim of Social Assistance Schemes is to provide assistance through cash or in-kind. These schemes target, particularly, those who do not fall in the domain of labor market and are believed to be poor. There are several schemes and institutions that are providing cash or in kind assistance in Pakistan, however, *Zakat*² and *Pakistan Bait-ul-Mall*³ (PBM) are the two most significant public institutions which are providing support in cash or kind to the destitute and help in rehabilitation of needy wretched individuals. A recent initiative of cash grant to poor and needy is Benazir Income Support Program (BISP) with similar objective to provide unconditional cash grant to the poorest household female heads. However, their financing mechanism and target groups are different from preceding schemes. These programs are discussed below.

i) Zakat: The department of *Zakat* is well established and committed for the transfer of cash to the poor in Pakistan. The program is exclusively based on individual's contribution and administered by the Government of Pakistan since 1980 under "*Zakat and Ushr Ordinance, 1980*". The government has established Provincial

² Zakat is an obligatory tax deducted annually under Islamic law on certain kinds of property and used for charitable and religious purposes.

³ Pakistan Bait-ul-Mal (PBM) is an autonomous body which was established through Pakistan Bait-ul-Mal Act in 1991. The objective of PBM is to contribute toward poverty alleviation through various poorest focused services and providing financial assistance to the destitute, widow, orphan, invalid; other needy persons, as per eligibility criteria approved by Bait-ul-Mal Board. The mission of PBM is to provide social protection to marginalized strata of the society.

Zakat Councils, district and tehsile councils, and Local Zakat Committees (LZC's). The LZC's are the lowest level of Zakat committees; the committees are also responsible to decide eligibility of the receiver. The Zakat budget is distributed in two different ways e.g. 25 percent is distributed through other institutions and 75 percent Zakat is distributed through LZC's (Jamal, H. 2010). This financial assistance is disbursed under different programs such as; financial assistance (*Guzara Allowance*), educational scholarships, healthcare assistance, support to leprosy patients, Eid Grants and marriage assistance etc.

The 18th constitutional amendment devolved the subject of Zakat to the provinces and federal areas. However, the Council of Common Interest (CCI)⁴ was assigned the duty of collection and distribution of Zakat between federal and provincial level through Federal Ministry of Religious Affairs and Inter-faith Harmony till the next award of National Finance Commission (NFC) under the approved CCI formula.⁵ The ministry distributed Rs. 4778.18 million among the federally administered areas and provinces during the year 2014-2015 (Pakistan Economic Survey. 2015). The detail of disbursed fund is given in the following table.

Sr. No	Provinces/ Other areas	Disbursement Amount (Rs. Millions)
	Punjab	2548.91
	Sindh	1053.60
	Khyber Pakhtunkhwa	614.12
	Balochistan	227.08
	Federally Administered Tribal Areas (FATA)	154.83
	Islamabad Capital Territory (ICT)	117.53
	Gilgit Baltistan	62.11
Total		4778.18

Source: Pakistan Economic Survey (2014-2015)

ii) Paksitan Bait-ul-Mall (PBM) is an autonomous body which was constituted in 1992 under the "*Pakistan Bait-ul-Mall Act, 1991*". The main objective of PBM is to provide financial assistance to those people who are either not eligible or have been excluded from the domain of *Zakat*. The Program is providing assistance to

⁴ Council of Common Interest (CCI) was constituted under Article 153 of the Constitution of Pakistan. The purpose of CCI is to resolve disputes between Federation and Provinces over sharing of power.

⁵ The National Finance Commission (NFC) Award is a planned economic Program enacted since 1951. The Program is established under section 160 of the constitution to take control and observe the financial imbalances and management of resources equally amongst provinces to meet their expenditures.

minorities and certain sects of Muslims. The funds are mainly provided by the Federal Government to continue its services. It also receives funds from different public and private authorities such as Provincial Governments, Central Zakat Fund, National and International Organizations, NGO's and voluntary private contributions (Pakistan Bait-ul-Mal Act. 1991). The program distributes finances among the needy under different categories which includes Food Support programs (FSP), Financial Assistance to individuals, Support for Children through National Center for Rehabilitation of Child Labor and Institutional Rehabilitation (Grant to Non-Governmental Organizations) (Barrientos, A. 2006). PBM also provide funds to support orphans, vocational training, educational scholarships and outreach program for deprived parents. Dowry (*Jahez*)⁶ package is also given to orphan girls as well as supply of wheel chairs, hearing aids and artificial limbs to needy persons are part of PBM support activities.

iii) The Benazir Income Support Program (BISP) was launched in October 2008 as a major component of National Social Protection Strategy (NSPS) (The Benazir Income Support Act. 2010). The objective of the program is to offer monthly cash transfer to the poorest female heads of families and the establishment of safety net programs, supported by transparent and effective targeting and delivery mechanisms. The main focus of the scheme is to mitigate the negative impacts of economic and food crises and inflation on poor particularly women with cash assistance amounting to Rs. 1000 whose monthly income is less than Rs. 6000 (Jamal, H. 2010 & Pakistan Economic Survey. 2009). The long term objectives of this Program is eliminating extreme poverty and empower women to achieve universal primary education goal in pursuance of achieving Millenium Development Goals (MDGs).

The program is considered to be a platform to provide financial assistance to the vulnerable population recognized on the basis of poverty scorecard and is also considered to be an exit strategy (Pakistan Economic Survey. 2008-2009). The exit strategy comprises of providing training to one of the vulnerable family members to maintain its livelihood. The Pakistan Economic Survey (2008-2009) reported that BISP shall serve other social assistance programs such as conditional cash transfer and health insurances. The main target of BISP was to bring 5.5 million families under this program by the end of 2012-2013 (Planning Commission. 2014). Thus, the expected target was set to cover 90 percent of the poorest, which are 20 percent of the total population, under social safety net in 2012-2013 (Ibid). The program is spending under four different components which include *Waseela-e-Rozgar* (Technical & Vocational Training), *Waseela-e-Haq* (Microfinance), *Waseela-e-Sehet* (Life and Health Insurance) and *Waseela-e-Taleem* (Primary Education) (BISP. 2017). In order to achieve the target, the budgetary allocation was increased from Rs. 75 billion in 2013-2014 to Rs. 97 billion during 2014-2015. Similarly, the program expects to increase its coverage from 4.6 million beneficiaries to 5 million during the financial year 2014-2015 (Pakistan Economic Survey. 2015). BISP has further increased its budget allocation to the tune of Rs. 115 billion in 2016-17 with its coverage extended to 5.3 million families (BISP. 2017).

⁶ Dowry or "Jahez" is a kind of Money or property given by bride's parents to her husband at marriage. It is also considered as a gift to the groom by her parents

iv) Public Works Program

Public Works Programs are also considered to be a prominent intervention in the field of social protection by the government. There is a vast range of diverse programs under different names such as *Khushhal Paksitan Program (KPP)* and *Tameer-e-Watan Program* were initiated during last military government of General Pervez Musharraf and democratic government of Pakistan Muslim League (N). The Program includes different varieties of interventions for ordinary people such as electrification, roads, natural gas, health, education, water and sanitation, telephone and transport.

The Poverty Reduction Strategy Paper (PRSP)–II considers People’s Rozgar Program (Officially known as *President’s Rozgar Scheme*) as a mainstream intervention of social protection programs. The program facilitates the unemployed persons with access to credit on low interest rates to establish a small business. Similarly, the National Bank of Pakistan (NBP) has started a scheme under which it is offering funding for Community Transport, Shopkeeper Financing, Community Utility Stores, Public Call Office/ Tele-Centers, Finance for Commercial Vehicles and Primary Healthcare Equipment for Primary Healthcare Centers to Medical Graduates (NBP. 2017). The Bank offers financing ranging from PKR 200,000 to 700,000 for five years period.

v) Microfinance Institutions (MFI’s)

Microfinance Institutions (MFI’s) are regarded as social safety net programs. Microfinance and Micro insurance are very important interventions which can be placed in the social protection category (Ziauddin, M. 2012). The Planning Commission of Pakistan distinguishes the different programs and their targeted population and categorizes them as poor and non-poor in the Annual Plan (2012-2013). The categories started from the lowest; (1) extremely poor, (2) ultra poor, (3) poor, (4) vulnerable, (5) quasi non-poor, and (6) non-poor (Planning Commission. 2013). The intervention programs target the categories 1 and 2 as safety net programs, however, the microcredit programs are designed to target the category 3 and 4. Generally, the microfinance programs target the categories 2-5 to execute its services and increase outreach. The primary objective of this Program is to provide social protection to ultra poor to help them in alleviation of poverty through microfinance services such as microcredit, micro insurance and micro savings (Nasim, A. 2014). Therefore, Government of Pakistan has viewed it as significant intervention for the vulnerable and deprived population as additional employment opportunity in the Poverty Reduction Strategy Paper-II (PRSP-II).

Currently, the country has eight fully specialized microfinance banks which are providing microfinance services specifically for microenterprises, agriculture inputs and livestock (Pakistan Economic Survey. 2015). Many Non-Governmental Organizations (NGO’s) are also providing microfinance to marginalized communities of the country. The Pakistan Microfinance Network (PMN)⁷ has started its operations in 1997 under a network of organizations involved in microfinance with dedication

⁷ Pakistan Microfinance Network (PMN) was established in 1997 with the aim to support financial sector to strengthen its quality, sustainable transparent diversity to achieve overall financial services. The network was constituted and registered under Section 42 of Companies Ordinance, 1984 with Securities and Exchange Commission of Pakistan (SECP).

and increasing the outreach and sustainability of microfinance. The aim of PMN is to build and assess performance, strengthen the capacity of small microfinance institutions through contemporary training and financial transparency. Government of Pakistan has patronized microfinance services through different institutions; 1) The National and Provincial Support Programs; 2) Pakistan Poverty Alleviation Fund (PPAF) and Microfinance Banks (PMN. 2016). The microfinance institutions have witnessed significant increase in number of active borrowers, savors and policy holders and a tremendous increase in investment during the year 2014-2015. The following table shows the current status of active borrowers, savers and active policy holders under different MFI schemes.

Detail	Micro-credit		Micro-Savings		Micro-Insurance	
	Active Borrowers (Millions)	Value (Rs. Millions)	Active Savers (Million)	Value (Rs. Millions)	Policy Holders (Millions)	Sum insured (Rs. Millions)
2014-15 (Jan-Dec)	3.14	66,791	8,520,718	43,497	3,754,074	60,418
2013-14 (Jan - Dec)	2.83	52,092	5,977,426	34,784	3,264,832	44,182
Increase/decrease(Net)	0.31	14,699	2,543,292	8,713	489,242	16,236
Increase/decrease (%)	10.9%	28.2%	42.5%	25.0%	15.0%	36.7%

Source: *Pakistan Microfinance Network (PMN)*

Assessment of Existing Social Protection Programs in Pakistan

Federal ministries, provincial departments and various autonomous and semi autonomous bodies are responsible to execute the aforesaid social protection programs and instruments (Sayeed, A. 2004). Nevertheless, these programs and interventions remain temporary, meaningless, flawed and unfruitful in the absence of a clearly integrated and articulated social protection policy in a broad social spectrum. Furthermore, flaws, gaps, overlapping and imperfection policies will also be critically discussed and analyzed. The proceeding section of the paper demonstrates the existing social protection programs in the country. However, this section will discuss the demography of the country such as total population, total number of labor force, available employment, coverage and availability, outreach, share of total GDP for social protection programs for workers and people of the country.

Population dynamics and trends have a greater role in the development and strategic decision making of any country. The size of population and formation has unavoidable impact on the economy of a country and its capability to give right to have social protection, access to housing, food, sanitation, water, health care, education and energy. It is therefore, imperative to discuss the population dynamics

before conducting demographic analysis because the real picture of demography will provide a clear understanding of the coverage of social protection programs. In order to understand the phenomenon total population, urban and rural population share and total labor force of the country has been discussed in the following table:

Total Population (Million)	191.71
Urban Population (Million)	75.19
Rural Population (Million)	116.52
Total Labor Force (Million)	61.04
Employed Labor Force (Million)	57.42
Unemployed Labor Force (Million)	3.62

Source: *Economic Survey of Pakistan, 2014-2015*

Pakistan is one of the most populated countries in the world with an estimated population of 191.71 million (Pakistan Economic Survey. 2015). The estimated labor force of the country is around 61.04 million; 57.42 million are employed and 3.62 million are unemployed; the unemployment rate is 5.9 percent (Labor Force Survey. 2015). The indicators illustrate the total population with urban and rural distribution and total labor force along with employed and unemployed labor force of the country. The high participation of labor force has been witnessed in developing countries. Most of the developing countries show lower unemployment patterns in combination with high labour participation rates resulting in huge number of labour force engaged in vulnerable employment and majority of them are living in working poverty. The poverty rate in Pakistan is higher than other counties in the region with an estimated 39 percent (UNDP. 2016). The incidence of poverty and unemployment is higher in rural areas particularly in agricultural sector as compared to urban areas.

The participation of labor force is gradually increasing; on the contrary, the increasing unemployment trend is alarming, therefore, new employment opportunities should also be created for the labor force. The population and labor force of the country consists of about 63 percent youth below the age of 30 years (Planning Commission. 2015). The demographic statistics show that the employment opportunities for youth are a crucial issue. The following table contains gender wise unemployment rates in urban and rural areas of Pakistan.

Area/Gender	Total	Male	Female
All Pakistan	5.9	5.0	9.0
Rural	5.0	4.3	6.7
Urban	8.0	6.2	20.4

Source: *Pakistan Labor Force Survey (2014-2015)*

Table 4 lays down the situation of unemployment rate gender wise and areas wise in the country. The data reveals that unemployment rate in rural areas is highly concentrated in women workforce. The women living in rural areas have less opportunities and skills to come out of this highly discouraged environment.

Asian Development Bank recently published a report on "*Social Protection Index: Assessing Results for Asia and Pacific*" which reveals that total spending of Pakistan on Social Protection is less than 3 percent of its GDP for its poor population (ADB. 2013). The country's score of Social Protection Index (SPI) is 0.047, which is lower than South Asian countries average (SPI) score i.e., 0.061 (Ibid). The reason of low spending is lack of cognizance about the availability and existence of such social protection programs in the country. Furthermore, the complex procedure to qualify for social assistance makes it more difficult for the destitute people to access health, education and unemployment related benefits particularly the workers and women employed in informal sector.

Although, the Government of Pakistan is spending a huge amount on social security programs but the distribution mechanism is not well structured and exhaustive therefore, it does not have trickledown effect because most of the programs and policies lack pro-poor approach. Additionally, these programs also ignore the poor belonging to the informal sector.. These programs are rather fragmented, insufficient and not well designed and targeted. The allocated funds are very limited for labor market programs such as funds for unskilled labor except Punjab Province. Since the province has established Punjab Skills Development Fund with the collaboration of Department for International Development, UK in 2010. The company was constituted under '*Companies Ordinance 1984*' by the Government of Punjab.

The country has bulk of labor force which is considered to be one of the biggest in the region. Most of the people are residing in rural areas who are employed in agriculture sector. Majority of these social security programs exclude informal economy and agricultural labor force, which constitutes around 70 % of total labor force of the country, from its scope and merely covers formal sector employees (ILO. 2017). On the contrary, these programs are not sufficiently covering the formal sector employees due to its design failure because the funding responsibility has been entirely put on the employers (Sayeed, A. 2004). Generally, the funding of these programs is solely employers based and many cases have been witnessed in which public sector industrial units have defaulted in paying their contribution. It is suggested that employees should also contribute for these programs for their very benefits. Apart from the high administrative cost of several social security programs, some impediments have been observed in the design feature of these programs. For example, it lacks the provisions for the protection or transfer of pension rights in case of termination from employment (Jamal, H. 2010). This situation has been particularly faced during the privatization process of industrial establishments. These social security programs have failed to cover all labor force with respect to social security and social welfare. The said programs are benefiting only 4 percent of the non-agriculture labor force (Bari et al, 2005). In addition, two third employees working in medium and large scale manufacturing and commercial establishments are unprotected contract labor force (Syeda, M. H. 2015).

Furthermore, the empirical study witnessed the multiplication of several activities by different institutions providing social security benefits for example health facility is provided both by Workers Welfare Funds (WWF) and Employees Social Security Institutions (ESSI). These similar programs are managed by different departments without clear demarcation and division of responsibilities. The development of similar programs run by different organizations is resulting in loss of focus and financial resources which is the biggest constraint in extension of such benefits to maximum people. This overlapping policy implies that the subsidization of such welfare activities has no positive impact on the household's lives as it was envisioned. There are many reasons of unfruitfulness of these social security programs; one of them is corruption and embezzlement especially the one observed in EOBI ("EOBI Recovers" 2004). Some other important issues have also been pointed out in different programs for instance, many organizations or institutions have insufficient capability to efficiently carry out social protection activities and functions. Moreover, these programs lack proper targeting; particularly, *Zakat* and *Bait-ul-Mall* distribution schemes have not been able to come up with a transparent and accountable targeting method. In reality, the main objective of these programs is to target the needy and deserving but these programs never used targeting tools such as *Proxy Means Testing*. The World Bank reported in 2007 that "around 27 percent of *Guzara Allowance* (monthly cash allowance) beneficiaries and 37 percent of those receiving rehabilitation grants are not poor, accounting for 32 and 45 percent of the resources distributed under each modality" (WB. 2007). The report also witnessed that evidences of both corruption and favouritism have been found in *Zakat* distribution system. The selection criterion of beneficiaries is not transparent and mostly the *Zakat* amount is distributed to influential persons or who offer bribe. In the absence of institutionalised and documented distribution mechanism of *Zakat* funds, most often, the selection of beneficiaries depend on the relationship with local authorities and politicians (Sayeed, A. 2004). The Local *Zakat* Councils mostly depend on individuals known to them, who are renowned and influential members of the community. Generally, most of these beneficiaries are known to the committee members. Likewise, *Bait-ul-Mall* has also no particular distribution criterion especially for food support Program. Both social assistance (*Zakat* and *Bait-ul-Mall*) programs have severe problems in their outreach and targeting the deserved persons (ADB. 2004).

BISP is considered to be the main player in social safety net programs in the country. The Program has introduced multiple schemes (Conditional and Unconditional Cash Transfers) to assist poor and vulnerable through a huge amount of budgetary allocation. But these schemes are criticised to be biased that the forms and funds are distributed on political basis to gather votes. The Program can face many challenges in future in case of change in government because the Program is receiving high level of investment which can create hurdle in its continuity. It has been witnessed in many wide range cash transfer programs such as *Progres*a in Mexico; the incoming governments can restrain the budgetary allocation by proposing new programs with different designs. Although, the BISP Act was unanimously passed by the parliament, the continuation of this Program can be suspended by some political stakeholders

as evidenced in several federal and provincial programs which imply the lack of political consensus.

Similarly, microfinance or microcredit has been criticized frequently because of its investment and income generating nature and micro-crediting programs does not ensure access to microcredit and insurance against natural calamity and adverse shocks to the affectees and vulnerable clients (Barrientos, A. 2006). Furthermore, microfinance services do not qualify as social safety nets because MFI's are not offering microcredit on discounted interest rates and it also explicitly or implicitly lacks subsidy factor.

On the other hand, the bureaucratic hurdles and unnecessary favouritism is hampering these social assistance programs in targeting the needy population (Kabeer, N. & Sarah, C. 2010). Mishandling and mismanagement of cash distribution is generally affecting the efficiency of these assistance programs (WB. 2007). People are required to have valid identity card and bank account to be able to receive this benefit which is one of the main reasons in delaying of distribution of these funds. However, these problems can be addressed, but it appears to be a barrier for some people especially women in receiving this cash assistance. In addition, the current programs have had a minimal impact on decreasing poverty of households who are living below the poverty line (Bari et al, 2005). Similarly, the Food Support Program (FSP) and *Guzara Allowance* schemes have not been adequately addressing the requirements of the destitute households (ADB. 2004).

There is a dire need to develop a methodology to evaluate the social protection instruments in terms of their score. The social protection programs should be appraised on performance base criteria such as; extent of programs, degree of access to such programs, targeting efficiently, allocation of funds for the benefits, sufficient support, equal distribution of transfer, self financing and self progressive programs and their positive impact on development (Pasha et al. 2000). The aforesaid criteria has been applied in seven different social protection programs such as, *Zakat*, *Bait-ul-Mall*, *Ushr*, Wheat Subsidy, Employees Old Age Benefits Institutions (EOBI), House Financing and Microfinance Schemes. Consequently, these schemes seem to have weak institutional framework, the funding for these programs is limited, the targeting and outreach is inefficient. Therefore, the impact of these social protection programs is very limited and unproductive in relation to poverty reduction (Ibid).

The historic 18th amendment was introduced in 2010 by the parliament of Pakistan. It devolved 47 subjects of Concurrent Legislative List (CLL)⁸ including Labor to the provinces (Shaukat, Z. 2011). The amendment is considered to be the historic political development which brings decentralization of power to the provinces for the improvement of common people's life. However, many labor categories remain out of the labor legislation such as, home based workers, women workers, agricultural workers, piece rate workers, family workers, part time, contract and internees. In addition, the current programs ignore the informal sector women labor force, where

⁸ The Constitution of Pakistan is comprised of two lists; the Federal Legislative List (FLL) and the Concurrent Legislative List (CLL). Federal Government is only responsible for the legislation of items listed on the first list. The items listed in the second list authorize both Federal Government and Provincial Governments to govern. However, the functions which are not mentioned in any list will have "residuary powers" allowed to the provinces.

poverty is persistent since generations. Women working in informal and agriculture sectors are considered to be the most socially marginalised strata with nominal social protection from their employers, middlemen, contractors and owners though they pay high opportunity cost in terms of low wages and lack of bargaining power. The Social Protection programs are required to change the structure of inequality and alleviate poverty from the society; otherwise, the dependency will remain unchanged for future generations. The available programs and measures from formal as well as informal sectors have been unable to help poor to come out of the vulnerabilities and vicious circle of poverty (Syeda, M. H. 2015).

The benefit of such assistance schemes does not cover all the deserving poor. Since *Zakat* is only dedicated for the devoted Muslims and excludes other religious minorities (Chaudhry, S. 2014). Therefore, the poor from minorities use informal source for the social protection which increase their chances of dependency and exploitation (Kabeer, N. 2010). These social protection programs are divided in different segments within the society instead of elimination of poverty. These segments are fragmented in formal and informal workers from urban and rural areas. The social insurance schemes and pensions cover the informal sector employees, contrarily; cash transfer schemes are designed and extended to poor and informal workers usually from rural economy. But these programs do not cover agriculture workers, informal sector employees, short-term or contract employees from formal sector. Despite the fact, that the agriculture sector is the biggest sector providing employment to a huge number of labor force in the country. The labor force from this sector is excluded from all social security benefits and existing laws do not cover this sector (Durr-e-Nayab & Shujaat, F. 2014).

Suggestions and the Way Forward

The above discussion on social security net recognizes some impediments in different categories such as policy design, delivery mechanism, coverage and adequacy of financing. Therefore, some suggestions are given below for the Government of Pakistan to formulate and implement the social protection programs intensively so that they can be made more effective and better results can be ensured.

- A center of excellence should be built within tertiary institutions to research on the policies and capacity of social protection schemes.
- The extent of implementation of current policies and national plans on social protection should be assessed and reviewed and in the case of non-compliance, appropriate and credible actions should be taken for their proper implementation.
- Formation and implementation of social protection schemes on geographical basis instead of establishment based approach.
- Initiatives should be taken to expand the scope of social security and medical services to prevent illness and promote health.
- Civil societies should work together with the Government to create awareness among the people about the available social protection schemes.
- A comprehensive coordination mechanism should be developed between social security hospitals and private/ public hospitals to refer patients in case no

treatment facility is available in social security hospitals.

- Medical facilities should also be provided to the retired registered workers of social security programs.
- The Government should establish an exhaustive monitoring and evaluation procedure.
- The lacunas in the “*Social Security Ordinance 1965*” should be removed or amended which are causing difficulties in its implantation:-

The issues related to social security are; i) the employed workers are mostly bypassed from the benefit of these programs; ii) several provincial and federal departments are intervening without necessary cooperation and coordination; iii) the terminated employees from the EOBI have no clear provision for the transfer of their benefits; iv) a comprehensive universal pension system for workers is neglected.

- A comprehensive rationalization of the operations is required to consolidate all social protection programs with increased outreach and include informal sector workers especially agriculture sector workers, part time and seasonal workers.
- An evaluation mechanism should also be developed by the social protection programmes to avoid duplication of such schemes and for their accountability.
- Beneficiaries should be selected by using *Proxy Mean Test* for the social protection schemes.
- Eligibility criteria should be improved and a mechanism should be developed to collect data of beneficiaries and their expenditures to access the impact of this intervention.
- The government should increase the overall spending on social protection schemes and particularly increase its benefit for the disabled and old aged people.
- The Government should ensure the continuity of budget for these social protection schemes and revisit the monitoring and evaluation mechanism to ensure its transparency.

Conclusions

South Asian region is home to the largest population in the world without an efficient social protection available against social risks and vulnerability. Pakistan is also one of the countries in the region who is facing a daunting challenge to provide social benefits to its workers engaged in formal and informal sector. Since the independence, many social protection programs and development policies have been formulated but none of the governments has successfully implemented an effective pro-poor policy as promised in the Constitution of Pakistan. There are numerous elements which have resulted in huge variation between the promises made by the governments and literal situation. Less economic resources and underdeveloped status is one of the reasons which impede the governments to introduce a comprehensive social protection system. Although, several social protection programs were started for many years but most of them have failed to achieve their objectives due to their limited coverage and fragmented, duplicative and ceremonial nature. The country's spending is outrageously far less on social protection programs as compared to other countries in the region. Asian Development Bank (ADB) reported that the coverage

and target to the extreme poor is exceptionally low (Baulch, B. Weber, A. Wood, J. 2008). The coverage of *Zakat* and *Bait-ul-Mal* is less than 35 percent in households living under the poverty line. However, the pension schemes only cover employees from the formal sector which is less than 3 percent of total employed labor force (Kohler, G. Cali, M. Stirbu, M. 2009). BISP is recognized as the main player in social protection programs around the country. Although, the Program has introduced multiple schemes (Conditional and Unconditional Cash Transfers) covering many aspects for the poor and vulnerable. But these schemes are criticised and considered to be biased due to the distribution of funds on political basis to increase voter's base. The Program can be suspended in future because it was started on political basis and its continuity can be jeopardized by deferment of funds. Similarly, the microfinance and microcredit sector has enlarged tremendously but their status as being a key player of social safety net remains sceptical due to collateral based credit on high interest rates.

Particularly, these schemes have failed to extend their benefits to informal labor force which is more than 70% of total labor force of the country. Keeping in view the incidence of poverty in the country and dependence of the majority of labor force on informal activities, there is an obvious need to develop an efficient mechanism to address their needs and help them in reducing their distress and risks. Although, many social protection schemes have recognized the workers working in informal economy who are most likely to have high frequency of risks, the existing social protection programs often exclude the major part of labor force from informal sector while only focusing on formal sector employees. The excluded labor force consists of poor women, old aged, disabled and agricultural workers.

Moreover, most of the social protection programs shows gender and rural-urban bias. The effectiveness of these programs can be significantly enhanced by establishing a strong coordination between implementing agencies and programs. Since, many targeting flaws and pilferage of funds have been witnessed and some particular geographic areas are consistently covered while others have not benefited from these programs. Therefore, all existing social protection programs should be streamlined and must develop synergy amongst them for an effective outcome. This would help to counter the beneficiaries who are receiving multiple payments from different programs. Thus, a centralized system with rigorous application of the eligibility of beneficiaries should be developed to avoid the duplication of payments. In addition, a comprehensive monitoring and evaluation system should be adopted to ensure the effectiveness and credibility of these programs. The country should bridge the huge gap of social protection by introducing a combined social security system that addresses and extends its services at an adequate level of protection for all groups of the society. Therefore, it is imperative to stress the need of developing a national system of social protection which is essential for the socio-economic development and the achievement of social justice.

The 18th constitutional amendment brought tremendous confusion on the role and responsibilities between provincial and federal governments with respect to social protection. Therefore, the parliament should develop a clear framework for the social protection that distinctly describes the domain to be kept with the federal government and what should be devolved to the provinces, and rights and responsibilities of the provinces on this important issue.

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Annex A Social Protection Programs in Pakistan

S.No	Program	Financing	Type of Benefit	Target Group	Geographical Coverage	Managed By
	Benazir Income Support Program (BISP) Government	Public Funds	Cash as Income Support	Married females belonging to ultra poor households	Nationwide	Federal Government
	Microfinance	Donor Funded	Cash as loan for establishing business	Provide financial services, credit to the poor for self employment and move them out of poverty	Nationwide	RSPs/MFIs
	Pakistan Bait-ul-Mal	Public Funds	Cash as income support grant for daughters' weddings, food supplement in education	Disabled persons, invalids, widows, orphans and household living below the poverty line	Nationwide	Federal Government
	People's Works Program	Public Funds	Cash for Work	Provision of electricity, gas, farm to market roads, good, water supply and other facilities to the rural poor	Nationwide	Federal Government
	People's Rozgar Scheme	Commercial Bank Financed	Financing for Selected businesses*	Unemployed educated persons	Nationwide	National Bank of Pakistan
	Subsidy on Wheat, Sugar & Fertilizer	Public Funds	In kind as social welfare	Poor people of the country	Nationwide	Federal Government

	Utility Stores	Public Funds	In kind as social welfare	Poor people of the country	Nationwide	Federal Government
	Zakat & Ushr	Special levy on bank balances & agricultural output	Cash	“Deserving/ Needy” among Muslims	Nationwide	Government and Zakat & Ushr Committees
	Child Labor and Children in Bondage	Public Funds	Protection survival development and rehabilitation services	Working children facing abuse and exploitation	Nationwide	Federal & Provincial Government, Fata, GB
	Employees Old-Age Benefit Scheme	Contributory (Employers)	Cash	Formal Sector Employees	Nationwide	Federal Government
	Social Health Insurance	Contributory (individuals)	Cash	General Population	Nationwide	Federal Government
	Workers Welfare	Contributory (Employers)	Fund Housing, schools, health facilities	Formal Sector employees	Nationwide	Federal Government
<p>*: Community Transport, Community Utility Sores, Community Mobile Utility Stores and PCO/Tele-Centers with a maximum of Rs 200,000/- three new products including Commercial Vehicle, Shopkeepers and Primary Healthcare Equipments to Medical Graduates, Science Graduates and B-Pharmacy qualified individuals. The maximum limit ranges from Rs 500,000/- to Rs 700,000/-</p>						

Source: *Pakistan Economic Survey (2011-2012)*