Making an impact? Analysis of Social Protection Programs in Pakistan

Syeda Mahnaz Hassan*

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Abstract

This paper has reviewed the attainments and precincts of social protection programs in Pakistan since their inception and pondered on some of the major challenges that these programs are facing or expected to face in immediate future. The paper also deliberated on the major design and implementation flaws of existing social protection schemes which limit their outreach and do not let the benefits of these programs trickle down to the targeted beneficiaries. It concluded that the social protection programs and schemes in Pakistan are unable to produce anticipated impact on poverty alleviation due to inbuilt structural design blemishes and unequivocal problems in their implementation.

Keywords: social protection programs, outreach, poverty alleviation, Pakistan,

Introduction

Various international organizations like ILO, ADB and World Bank have defined the concept of social protection differently (Jamal, 2010). Most commonly, it shall be envisaged as an extensive conceptual framework that combines informal transfers, social safety nets and social security programs. Social protection programs are designed to guard the susceptible poor and marginalized segments of the society from livelihood problems, to help the extreme poor financially through cash transfers, to improve their social status, to protect their rights and to promote growth in the society. The carefully targeted and effectively managed social protection programs and initiatives can decrease loss of human capital, enhance employment and protect people from falling into vicious circle of poverty in case of facing economic risks (Kabeer& Cook, 2010). Well planned social protection programs constitute social policy of any country and prop up social solidarity.

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II. Literature Review

History of Social Protection in Pakistan

In 1967, the Provincial Employees Social Security Scheme (PSSS) was introduced as first social protection measure in Pakistan. This scheme provided cash allowances and medical services to public sector employees (Jamal, 2010). In early 70s, two other schemes; the Worker’s Children Education Ordinance and the Workers Welfare Fund Scheme were also initiated. A federal scheme, the Employees Old Age Benefits Institution (EOBI) was introduced in 1976 for providing old age benefits, old age grants and survivor's pensions. In 80s, Zakat and Ushr Ordinance was approved and implemented for poor and marginalized segments of the society. In 1992, Bait-ul-Mal was established to provide financial and in-kind support to the deserving poor, especially the minorities, who were not served by Zakat (Sayeed, 2004).

Social Protection, Social Security and Social Safety Nets

The three terms; social protection, social security and social safety nets, are different from one another. Social security means the protection provided by society to its members through various community measures, to counterbalance the significant decrease in income from work, as a result of facing any natural risk or unforeseen problem, like, death of the main bread earner, maternity, old age, sickness, unemployment (Shepherd et al, 2004). Social security systems are usually for people working in formal sector and consist of social assistance and social insurance measures. Hence, it is a component of social protection, whereas, safety nets are generally short-term emergency measures, placed to avert people from falling below a given standard of living (Irfan, 2007). Social protection measures help people in diminishing, averting and managing risks which can affect them badly. Safety nets usually provide support in case of economic crises. The social protection programs, mostly advocated and developed as safety nets, are unable to produce the expected results, because they are usually not positioned in time and do not trickle down to the intended target groups. On the contrary, social protection programs are placed before the occurrence of the crisis. If the existence of safety nets is well known before the crisis, then it can be an integral part of a social protection measures.
Existing Social Protection Programs in Pakistan

All the schemes in Pakistan’s social protection framework have been developed as ad-hoc responses to manage problems which surfaced due to particular circumstances (Poverty Reduction Strategy Paper-II, Government of Pakistan (2009)). Even some of the programs have been developed on the recommendations of the international donor agencies. Pakistan does not have a persuasive social protection framework. Due to non-availability of an eloquent social protection framework, the existing framework comprises overlapping and duplicating programs.

Development Policy Framework (2005-2010) of Pakistan comprised the below given social protection strategy:

Social Protection Strategy is the cornerstone of building a harmonious society.

The goals of the Social Protection Strategy:
- to support chronically poor households and protect them against destitution, food insecurity, exploitation, and social exclusion;
- to protect poor and vulnerable households from the impact of adverse shocks to their consumption and wellbeing that, if not mitigated, would push non-poor households into poverty, and poor households into deeper poverty; and
- to promote investment in human and physical assets, including health, nutrition, and education, by poor households capable of ensuring their resilience in the medium run and of interrupting the intergenerational cycle of poverty

The Core Instruments of the Strategy include:
- expanding the coverage of cash transfers using Conditional Cash Transfers (CCTs) supplemented with unconditional transfers, through the Food Support Program (FSP) and Zakat;
- a new public works program based on low-wage employment;
- child labour programs, and various new pilots such as (i) combination of cash transfers and basic skills development aimed at enabling the poor to qualify for microfinance and (ii) programs for bonded labour; and
- Scaling up school feeding and social care services

Reaching the Poorest, Short-term Measures:
- maintaining the current level of benefits and effecting a transition to better and more comprehensive systems;
- introducing new means of testing and development of databases through some pilots across chosen rural and urban areas;
- scaling up successful pilots across the country following assessment of lessons learnt;
extension of the current level of benefits to the target population of the poorest of the poor;
introduction of pilot CCT programs; and
scaling up successful pilots to the whole target population.

**Speedy implementation Requires:**
Being inter-sectoral and inter-provincial, coordination problems will require high level policy decisions and effective monitoring. Oversight of Cabinet Committee on Social Sectors recommended with Centre of Poverty Reduction/Planning Commission as focal institution and technical secretariat for Social Protection Policy implementation. Cabinet Committee on Social Sectors to meet regularly to monitor social sector policies, programs and projects.

Source: Social Protection Strategy to Reach the Poor and Vulnerable, Planning Commission June 2007

The social protection schemes in Pakistan can be broadly divided into four major categories:
- Social Security/Social Insurance
- Social Assistance
- Labor Market Programs
- Micro-Insurance and Microfinance

**Social Security/Social Insurance**
In Pakistan, all the existing social security schemes are developed for formal sector employees and retirees from public sector. These schemes usually cover contingencies of old age, maternity, work related injury and sickness (UNESCAP, 2008). These schemes include Government servants pension funds, Employees Old Age Benefits Institutions (EOBI), Public Sector Benevolent Funds and Group Insurance, Employees Social Security or Institutions, Provincial Employees Social Security Scheme, Workers Welfare Funds (WWF), Worker’s Children Education Ordinance, Food Support Program and Educational Stipends (Technical). These schemes and programs do not provide any cover, specifically, to the women working in the informal sector of economy.

**Safety Nets/Social Assistance**
The people, who are outside the domain of labour market and are extremely poor and considered marginalized segment of the society, are provided assistance through in-kind or unconditional cash transfers. The Benazir Income Support Program (BISP), Zakat and Pakistan Bait-ul-Mall (PBM) provide unconditional cash transfers or in-kind
assistance to the chronic poor and also provide support for rehabilitation of the destitute people. The objective of all these programs is same but they have different financing mechanisms and funding sources.

**Labor Market Programs**

The Labor Market Program includes Public Works program only. It is also known as the Peoples Works Program and formerly it was called KhushalPakistan Program (KPP) and Tameer-e-Watan Program in different regimes in Pakistan. The program comprises of schemes, like, telephone, electrification, gas, roads, sanitation, education, water supply and health, which have an immediate impact on the standard of living of ordinary people.

**Micro-Insurance and Micro-Finance**

Micro-insurance and micro-finance are included in the category of social protection programs. These community development strategies are also included by ADB (2004), developed to assist society to generate income and to be self-reliant. In Pakistan, the initiatives in this regard are national and provincial rural support programs, Community Development Centers and Pakistan Poverty Alleviation Fund (PPAF). All these organizations and NGOs provide small loans for community development.

**Performance of Existing Social Protection Schemes and Programs**

Different federal ministries, provincial departments and autonomous bodies are responsible for executing the above mentioned social protection programs in Pakistan. However, due to the absence of an eloquent social protection policy framework, all of these programs remain disjointed, reactionary and ad-hoc (Global Network, 2012). The existing social protection schemes have many flaws, pitfalls and deficiencies. Poor outreach and low coverage are the major weakness of all existing social protection programs. According to Bari et al. (2005), less than four percent of the non-agriculture work force actually gets benefitted from schemes. In these circumstances, when these existing provisions do not reach to the intended target groups, the availability and access of these schemes to poor women working in informal sector have a remote possibility; however, they are in most need of this assistance.

Sayeed (2004) indicated corruption in these schemes, like EOBI. Besides this, these institutions are not in a capacity to execute or embark on activities which are not in their domain, like education and
health. Overlapping and duplication of activities is also evident in these institutions. The social security organizations do not have clear division of responsibilities in terms of target groups and kind of programs, which has resulted in proliferation of programs run by each organization (Bari et al., 2005).

In all social safety net schemes like Zakat, BISP and Bait-ul-Mal, lack of targeting is the major problem. These schemes do not have any translucent and reliable method of targeting the deserving people, which excludes women workers from these programs. These schemes do not use any objective targeting tool, such as proxy means testing (Jamal, 2010). According to World Bank report (2007), 37% beneficiaries receiving rehabilitation grants were not poor. The report also provided evidences of embezzlement and nepotism in the Zakat delivery system. The selection of beneficiary’s criteria was not lucid; either bribe was taken from the people or some patrons were involved for influencing to get Zakat.

The bureaucratic and cumbersome delivery mechanisms of social assistance schemes further increase the problem of targeting (Kabeer & Cook, 2010). The requirements to have a national identity card and a bank account are major hindrances. Banks usually do not open these accounts due to small amounts and hasty withdrawals by the account holders. The illiterate and mobility barred women usually do not have identity cards and banks do not open their accounts.

The unconditional cash transfer social assistance schemes have low coverage and insufficient size of grants (ADB, 2004). According to Bari et al (2005), these programs have almost no impact in poverty alleviation from the society. The amount of grant given cannot fulfill the needs of the poor households. The adequacy of payment for a specific family size and delay in release of funds are the other major issues.

The social protection schemes in Pakistan have weak institutional structures, limited funding, ineffective targeting and low coverage. The program coverage of all the social protection schemes is low; therefore, the impact of social protection measures in Pakistan is very limited.

In Pakistan, 18th amendment was introduced in 2010. It also included 06 labour related issues. Still home based workers, self employed, agriculture workers, contributing family workers, piece rate, casual and apprentice remain out of the labour legislation.
In Pakistan, social protection is publicized as a privilege given by political fronts but not as a right of citizens and workers. At the same time, the effectiveness, visibility and accessibility of these programs for the poor is a major question mark. Despite of the fact that these social protection programs are heavily advertised on media for political gains, but their actual outreach is very limited and very few people have been benefitted from these schemes. The women working in informal economy, who are facing intergenerational persistent poverty, invisibility, lack of access to resources, illiteracy and restricted mobility, have no access to the existing social protection programs due to the in-built flaws and deficiencies of these programs and schemes.

Only 0.5% of the total GDP is allocated to these safety net programs and even this allocated amount is not used effectively. The lack of efficiency and low coverage of the prevailing social safety nets make them inappropriate. Only 5% of the formal sector employees are benefitted from the existing programs. The development of beneficiary’s data base to avoid duplication and overlapping is imperative to increase the effectiveness of these programs. High administrative costs of managing these schemes are also a major concern. The involvement of existing safety net organizations in various other activities, like, running training centers and schools, managing hospital, which are not relevant to their core competency also divert their focus from their main objectives. Over and above these deficiencies, lack of monitoring and evaluation has worsened the situation. These organizations do not have any third party validations and evaluations system.

According to Kabeer (2010), the benefits of these schemes do not always reach the actual deserving poor. Zakat is meant for devout Muslims and excludes religious minorities. In these circumstances informal sources are used by the poor for social protection which ultimately results in dependency and exploitation. Socially marginalised groups, like women working in informal economy, may avail nominal protection from their work providers; middlemen, contractors, owners, but then they pay high costs in terms of low wages, exploitation, lack of voice and bargaining power and the possibility of coming out of the poverty trap. These observations are expounded by the respondents in this study. The social protections arrangements assist to change structures of inequality from the society and try to uplift poverty stricken segments of the society, otherwise, dependency relationships persist over generations. Therefore, neither available social protection measures, schemes and programs nor the
informal social arrangements have sufficed to help the poor to come out of their vulnerabilities and vicious circle of poverty (Sayeed, 2004).

The existing social protection provisions are fragmented and emphasize divisions within society instead of diminishing them. They are fragmented between formal and informal workers and urban and rural areas. The social insurance schemes, like pensions, are given to formal public sector employees; on the other hand, cash transfer programs cover the poor and informal workers, usually rural economy.

The existing social protection programs in Pakistan do not cover agriculture workers, the workers of informal economy and temporary or contractual formal sector workers. The agriculture sector and informal economy are the major constituents in terms of labour force in the country’s economy. These workers are excluded from social security net and existing laws relating to protection of workers are also not applicable to them (Nayab&Farooq, 2012).

III. Conclusion

Keeping in view the social development policies followed in the past sixty eight years, since the independence of Pakistan, it is evident that a blatant pro-poor agenda was never implemented, although such objectives were incorporated in former innumerable Five Year Plans and policy documents. There are various factors which have resulted in this tension between deeds and words. Lack of economic resources and underdevelopment to initiate a comprehensive social protection system, a pivotal feature of a welfare state; have constantly been quoted as major impediments by the decision makers. In Pakistan, the policy makers are facing great challenge in creating a more intelligible, cohesive and holistic set of policies which should be aimed at promoting unrelenting poverty reduction. Those policies should not only be restricted to the “safety net” function of providing for retirement or providing cover against any fall due to any risk or negative shocks. Ideally, they should pursue to offer the resources by which the poverty stricken might be able to escape the fate of spending their lives in chronic poverty, by accessing opportunities and accumulating assets. But so far, the existing social protection measures in Pakistan remain spasmodic and quarantined. More efforts should be made to synergize both the funding and administration of targeted programs and in “production functions” of social and human capital, so that, benefits of social protection programs can be exploited effectively.
Regarding social protection programs and schemes, a multi-pronged approach can be more effective in enhancing the socio-economic status of the country’s poor, keeping in view the inter-twined nature of the problems faced by the country. This approach could encompass short term schemes, like cash transfers, in conjunction with proper identification of susceptible poor, an efficient allocation of resources, foolproof and translucent delivery mechanism and warranted access to the poor. The medium to long-run programs shall include sustainable pro-poor employment creating projects. A well-coordinated and appropriately structured social protection framework can certainly support Pakistan in improving the socio-economic indicators of the country. The initiatives, like National Social Protection Strategy, shall be taken by the government of Pakistan for social uplift of its citizens.

References


