

Social Protection

Social protection schemes by the government help in mitigating vulnerability, reducing poverty, and providing affordable healthcare and insurance to low-income families. Constitution of Pakistan's Article 38 (d) obligates the state "to provide basic necessities of life such as food, clothing, housing, education and medical relief to the needy irrespective of sex, caste, creed or race".

The present government's vision for social protection is to develop an integrated and comprehensive social protection platform focused on the needs of the poorest and most vulnerable. Social Safety Nets (SSNs) are the core components of social protection which have emerged as an important policy option for reducing poverty. According to the World Bank Report on "The State of Social Safety Nets 2018", more than 77 percent countries have opted Unconditional Cash Transfer (UCT) programs while 42 percent have implemented Conditional Cash Transfer (CCT) programs.

To achieve "No Poverty" by 2030 is a part of a comprehensive SDG Agenda-1 that calls to end (extreme) poverty in all its manifestations by ensuring social protection for the poor and vulnerable, increase access to basic services, and support people from economic, social, and environmental shocks. According to national definitions, reduce at least by half the proportion of men, women and children from poverty in all dimensions by 2030.

Over the last decades, Pakistan's poverty headcount has witnessed a persistent decline both at national and regional levels as well as in urban and rural areas. In Pakistan, Cost of Basic Needs (CBN) approach is being used as the official measure of poverty. According to this approach, percentage of people living below poverty line has declined from 50.4 percent in 2005-06 to 24.3 percent in 2015-16 on the basis of well targeted poverty reduction programs.

The present government has taken protecting the poor and marginalised society from economic, social and environment shocks as the priority agenda by expanding the coverage of social safety net programs beyond their traditional areas, streamlining the conditional cash transfers and establishing appropriate graduation programs. Various steps taken in this sector include:

- ▶ Creation of a Poverty Alleviation Coordination Council to synergize the efforts of various organizations working for poverty alleviation in public and private sector, eliminate duplication and overlap, developing a framework to improve effectiveness and implementing plans for capacity building and performance enhancement of such organizations
- ▶ Establishment of Poverty Alleviation and Social Safety Division
- ▶ Opening the doors of socio-economic uplift through CPEC – signing MoU with China to learn from their experience in poverty reduction
- ▶ Re-prioritizing PSDP allocations to focus more on pro-poor projects and the projects for less developed areas
- ▶ Scaling up activities of BISP and Pakistan Poverty Alleviation Fund (PPAF), re-organizing Pakistan Bait ul Mal, to focus on poverty alleviation and asset transfer to the rural poor to graduate them out of poverty

Pakistan Economic Survey 2018-19

- ▶ Approval of provision of \$82.6 million funds (IFAD funded) as grant to PPAF for disbursement to 320,000 beneficiaries of BISP to help them graduate out of poverty
- ▶ Micro-credits for low cost housing to provide shelter to the homeless and providing free of cost shelters for the poorest homeless
- ▶ Employment creation through housing construction and increased access to microfinance under Prime Minister's Naya Pakistan Housing Scheme
- ▶ Expanding coverage of Prime Minister's Health Insurance scheme through Sehat Insaf Card scheme to provide free medical treatment to approximately 80 million people.

12th Five year Plan 2018-2023- Road Map

The (draft) 12th Five Year Development Plan (2018-23) also envisages a new direction towards a conducive macroeconomic environment with efficient financial markets, pro-poor taxation system, better governance and effective accountability that will provide resources and enabling conditions for poverty reduction strategy to bear fruits in the long run. The other three pillars of the Poverty Reduction Strategy are i) human resource development, ii) employment generation, and iii) integrated social protection system with appropriate safety nets for the poorest. The government has laid down the following important Targets/Milestones for the plan period:

- ▶ Approval of the national framework for developing social protection policies to guide provinces in policy formulation
- ▶ Reducing Cost of Basic Needs (CBN) based poverty from 24.3 percent in FY 2016 to 19.0 percent by 2023 while reducing multidimensional poverty headcount from 38.8 percent in FY 2015 to 30.0 percent during the plan period
- ▶ Alignment of provincial social protection policies according to the provision in the national framework for developing social protection policies
- ▶ Creation of database for vulnerable groups to ensure better targeting of poor
- ▶ 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 of CSR programs for poverty reduction

The United Nations Development Program (UNDP)'s Human Development Report, 2018 ranks Pakistan at 150th out of 189 countries under the Human Development Index (HDI) based on Health (life expectancy at birth), Education (Expected years of schooling) and Gross National Income (GNI) per capita. Pakistan's HDI value is 0.562 out of 1 as against South Asia's average HDI value of 0.638 and World's average HDI value of 0.728. Overall, Pakistan has shown some progress in Human Development like other countries. However, this progress is very low when compared to other countries in South Asia.

Country/ Region	HDI Rank	Human Development Index (HDI) Value	Life Expectancy at Birth	Expected Years of Schooling	Gross National Income (GNI) per capita (2011 PPP \$)
			SDG 3	SDG 4.3	SDG 8.5
World	-	0.728	72.2	12.7	15,295
South Asia	-	0.638	69.3	11.9	6,473
Srilanka	76	0.770	75.5	13.9	11,326
China	86	0.752	76.4	13.8	15,270
India	130	0.640	68.8	12.3	6,353
Bangladesh	136	0.608	72.8	11.4	3,677
Pakistan	150	0.562	66.6	8.6	5,311

Source: UNDP Human Development Indices and Indicators-2018

Box-I: Launching of Ehsaas Program

Prime Minister has launched a comprehensive Poverty Alleviation Program “Ehsaas” on 27th March, 2019 with its 4 focus areas and 155 policy actions to reduce inequality, invest in people and uplift lagging districts. Under this program, the government would allocate an additional amount of Rs.80 billion in the country’s social protection spending in the forthcoming budget 2019-20 that would be raised to Rs.120 billion in 2021.

The program is for the extreme poor, orphans, widows, homeless, disabled, jobless, poor farmers, labourers, sick and undernourished; students from low-income backgrounds and for poor women and elderly citizens. This plan is also about lifting lagging areas where poverty is higher.

Four pillars include: addressing elite capture and making the government system work to create equality; safety nets for disadvantaged segments of the population; jobs and livelihoods; and human capital development.

The Prime Minister has also announced the establishment of a new Ministry of Social Protection/Poverty Alleviation to address the current fragmentation. Benazir Income Support Program, Pakistan Bait-ul-Mal, Zakat, Pakistan Poverty Alleviation Fund, Trust for Voluntary Organizations, the SUN Network, Centre for Social Entrepreneurship, Secretariats of the Poverty Alleviation Coordination Council and the Labor Expert Group would work under this ministry by developing a one-window operation for social protection of the poor and to facilitate citizens. A new constitutional amendment to move Article 38 (d) from the “Principles of Policy” section into the “Fundamental Rights” section will be made for provision of food, clothing, housing, education and medical relief for the citizens, who could not earn livelihood due to infirmity, sickness or unemployment, a state responsibility and it would be a first step towards the creation of a welfare state.

Tracking the Pro-Poor Expenditures

The government scrutinizes pro-poor expenditure in different sectors through the Medium Term Expenditure Framework (MTEF) under PRSP-II program. Expenditure on these pro-poor sectors is showing increasing trend in absolute terms as well as percent of GDP. In 2013-14 it stood at 7.7 percent of GDP, 8.3 percent of GDP in 2014-15, 9.3 percent in 2015-16, 9.5 percent in 2016-17, while slightly dropped to 9.2 percent of GDP in 2017-18 but in absolute terms increased to Rs 3,167.92 billion as shown in Table 15.1 below:

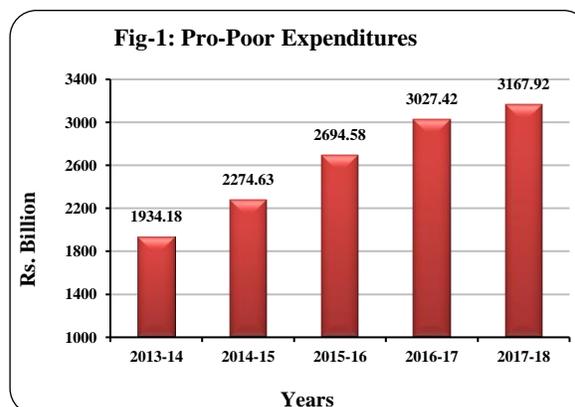


Table 15.1: PRSP Budgetary Expenditures by Sector (Rs million)

Sectors	2013-14	2014-15	2015-16	2016-17	2017-18
Roads, Highways & Bridges	96,504	190,984	397,506	526,356	452,463
Environment / Water Supply and Sanitation	32,000	54,093	63,554	72,031	77,932
Education	537,598	599,047	663,356	699,222	829,152
Health	201,986	231,172	267,953	328,962	416,467
Population Planning	12,609	13,943	10,894	20,338	20,451
Social Security & Welfare**	93,481	155,725	173,532	259,455	257,534
Natural Calamities & Other Disasters	18,404	40,525	59,204	27,461	19,062
Agriculture	157,894	199,903	239,019	258,396	277,867
Land Reclamation	4,796	5,184	4,601	2,558	2,730
Rural Development	14,727	29,122	37,419	30,934	42,127
Subsidies	502,098	459,325	437,087	403,139	327,767
Low Cost Housing	676	581	460	422	349
Justice Administration	24,378	26,041	33,255	41,926	53,461
Law and Order	237,027	268,983	306,738	356,217	390,556
Total	1,934,178	2,274,628	2,694,578	3,027,417	3,167,918
Total as% age of GDP (2005-06 base)	7.7	8.3	9.3	9.5	9.2

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

Source: Ministry of Finance, External Finance Policy Wing

Social Safety Programs

Recognizing the need to protect the poor and the vulnerable, the government is carrying out several social safety net programs. The following social safety nets are the major initiatives to reinforce the government’s efforts to reduce the adverse effects of poverty on the poor:

I. Benazir Income Support Program (BISP): BISP is a federal unconditional cash transfer Social Safety Net initiative of Government of Pakistan. Its long term objectives include meeting the targets set by Sustainable Development Goals (SDGs) to eradicate extreme & chronic poverty and empowerment of women through establishment of comprehensive social protection. BISP has a nationwide presence with headquarter in federal capital and 6 regional offices at provincial capitals, AJ&K and Gilgit-Baltistan. There are 6 regional, 34 divisional and 385 tehsil offices all across the country.

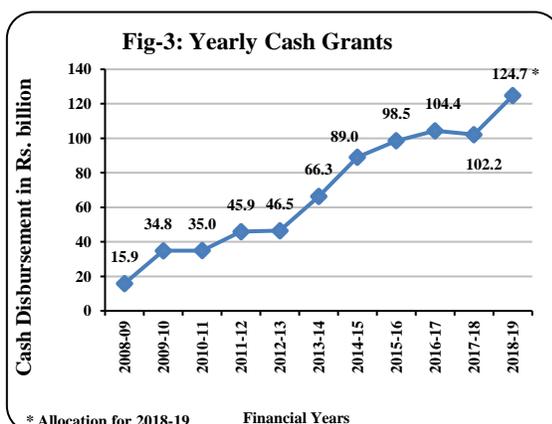
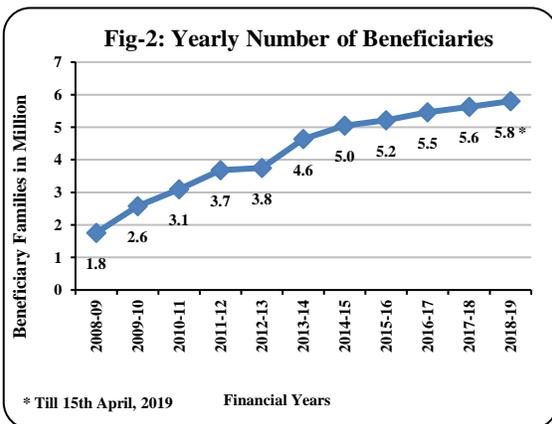
BISP’s targeting performance falls in top five social safety net programs in the world. The quarterly cash grant has gradually been enhanced by the successive governments which currently stand at Rs. 5000/- per quarter per eligible beneficiary. The number of beneficiaries now stands at 5.8 million. Since inception, BISP has disbursed Rs 691.5 billion as cash transfers. BISP is following the path of automation and 98.5 percent of beneficiaries are being paid through technology based payment mechanisms. BISP financial achievements up to 15th April, 2019 are shown in the Table 15.2 below:

Table-15.2: BISP Financial Achievements Rs billion

Financial Year	Released	Funds Transfer to Cash Grants			Number of Beneficiaries
		Conditional Cash Transfer (CCT)	Un-conditional Cash Transfer (UCT)	Total (UCT+CCT)	
2008-09	15.32	0.04	15.81	15.85	1.76
2009-10	39.94	2.89	31.94	34.83	2.58
2010-11	34.42	5.30	29.66	34.96	3.10
2011-12	49.53	4.28	41.60	45.88	3.68
2012-13	50.10	3.17	43.30	46.47	3.75
2013-14	69.62	1.20	65.11	66.31	4.64
2014-15	91.78	0.45	88.59	89.04	5.05
2015-16	102.00	1.88	96.65	98.53	5.21
2016-17	111.50	2.27	102.10	104.37	5.46
2017-18	107.00	3.20	99.00	102.2	5.63
2018-19*	91.52	1.02	52.00	53.02	5.78
Total	762.73	25.7	665.76	691.46	-

*Till 15th April, 2019

Source: Benazir Income Support Program (BISP)



Conditional Cash Transfer (Waseela-e-Taleem): The program was started in October, 2012 to create access for beneficiaries to social and productive services being provided by organizations in both private and public sectors. The program encourages beneficiary families with children in age group of 4-12 years to send their out of school children to schools for primary education (and in school children to continue their education) in return for cash transfer with long-term prospects of human capital formation. The CCT involves a cash transfer of Rs. 250 per month paid quarterly (Rs.750 per child) for children of each beneficiary family in age bracket of 4-12 years in return for their compliance with co-responsibilities of school admissions and a minimum of 70 percent quarterly attendance. As of April 2019, 3.1 million children have been enrolled and Rs. 9.8 billion has been disbursed for the said program.

BISP Graduation Program: BISP developed a model namely BISP Graduation Model (BGM) to provide a low-cost, high impact and sustainable solution for their possible exit from the poverty trap, sensitive to the local context. The Graduation Program will enable beneficiaries to earn income, through self-employment, wage employment and Public Works Programs. BISP Graduation Model (BGM) is based on the premise that it would enable cash grants recipients to eventually transform into income earning individuals through self-employment and/or wage employment with skills development and hand holding. BGM combines elements of three distinct approaches, social protection, livelihoods development and financial inclusion to move households out of extreme poverty and into sustainable livelihoods.

Business Incubation for Self Employment (BISE) Model: The key features of the BISE component of Graduation are as follows:

- ▶ Profiling targeted households on their potential for self-employment, Agreement by the BISP beneficiary that UCT will continue for only 1-2 years to provide protection against risks, giving specific technical skill trainings and business development support to selected program beneficiaries, Transfer of assets to start economic activities, providing income generating grants (working capital) to help the poor set up their business and if the beneficiary fails to graduate, he/she will be re-entered in BISP UCT system after the expiry of the graduation agreement/contract, for implementing BISE component, 5 districts (Bahawalpur, Charsadda, Jacobabad, Nasirabad and Ketch) have been selected.

Direct Cash Model: Direct Cash (DC) with business coaching for start-up businesses is based on premise that poor people can make economical rational investment decisions if they are provided some help for business development. Beneficiaries interested in this program will be asked to trade monthly Un-conditional Cash Transfer (UCT) payments they are entitled to in exchange for receiving a one-time lump-sum payment. The activities for implementing this PILOT program by visiting approximately 30,000 beneficiaries in Faisalabad and Chakwal pilot districts. Key features include beneficiary selection will be selected by balloting.

- ▶ From amongst the participating beneficiaries, approximately half will receive a graduation offer; this will mainly depend on the readiness of the business
- ▶ One Third of the participants (1000) will be asked for business plan and will be monitored. One third will only be provided cash with no requirements, for the research exercise
- ▶ The costs for DC program will be financed from the remaining funds of the ADB project in support of BISP, which are about US\$ 5.0 million
- ▶ After the completion of the designated suspension time (3-4 years), and in case the business is not successful due to external risks (e.g. natural disasters or major unforeseen urgent family expenses for health), or other relevant changing conditions outside the business, the beneficiaries will be eligible for re-entry into BISP by undergoing a new survey similar to the National Socio-Economic Registry (NSER) that can be completed at the Tehsil Office. If they are found to be

under Proxy Means Test (PMT) cut-off as assessed by the survey, which may be subjected to an independent check to be determined later, they will be eligible to re-enroll into BISP

- ▶ For implementing the DC component, Faisalabad and Chakwal from Punjab and Laki Marwat from Khyber Pakhtunkhwa have been selected
- ▶ Impact Assessment of the DC model will be done by a team from Harvard, LSE and MIT which has agreed to do it on a separately financed basis (not paid by BISP)
- ▶ The evaluations results of the pilots will be used to scale up the programs gradually and implement additional graduation programs as proposed under the Business Graduation Framework (BGF). Scaling up and broadening will however, depend on possible funding options. BISP intends to develop into a comprehensive federal agency for livelihood promotion and social protection for the poor, the preparation for scaling-up can start as soon as possible.

BISP's Engagement with Development Partners

i). The World Bank: The International Development Association (IDA) provided a credit of \$ 60 million to BISP for “Pakistan Social Safety Net TA Project” which was successfully concluded on 30th June 2017. The TA project supported the design of poverty scorecard and first ever comprehensive survey of the poor households. BISP received additional financing of \$ 150 million for Pakistan Social Safety Net (PSSN) Project to launch a Co-responsibility Cash Transfer (CCT) program for primary education of children of BISP beneficiaries. The project is aimed to increase coverage of beneficiary families through delivery of cash grants and also co-responsibility Cash Transfers (CCT) attached with Disbursement Linked Indicators (DLIs) for primary education. BISP has successfully achieved in all 19 Disbursement Linked Indicators (DLIs) under World Bank PSSN project.

A new project titled “Pakistan National Social Protection Program (NSPP)” was launched on 28th April 2017 with a total amount of US\$ 100 million and it will end on June 30, 2021. The main objective of this project is to strengthen BISP service delivery for helping the poor to enhance their human capital and access to complementary services. The funds under this project are released after fulfillment of benchmarks/targets under a Disbursement Linked Indicators (DLIs) regime. BISP has received an amount of \$ 63 million till 30th June, 2018.

ii). Department for International Development (DFID): DFID is supporting BISP to expand its cash transfers to eligible beneficiaries. Under Pakistan National Cash Transfer Program (PNCTP), DFID is providing up to GBP 300.3 million over a period of eight years from 2012 to 2020. Up to £279 million was results-based “non-budget support financial aid” to support expansion and systems strengthening of UCT and CCT programs. Overall performance rating of program was marked as “A”. Most of the milestones have either been met or exceeded expectations. Up to £21.3 million comprised of Technical Assistance (TA) intended to strengthen BISP systems and support dialogue on poverty reduction and policy reforms to enhance social protection for poor and vulnerable.

DFID grant was made through a total of 18 DLIs, all of which have met the timelines agreed with the donor. The timely achievement of DLIs reflects the synergy between BISP and its development partners. DFID agreed with BISP on a new framework of 11 DLIs amounting to GBP £98.4 million to be achieved by March 2021. These DLIs pertain to usage of new NSER data for UCT disbursements, building and availability of dashboard for stakeholders to access NSER data, implementation of Biometric Verification System (BVS), capacity building of Tehsil offices, expansion of conditional Cash Transfer for primary education and increasing the number of BISP Beneficiaries Committee (BBCs) in Union Councils.

iii). Asian Development Bank (ADB): BISP and ADB signed a new soft loan project of \$430 million titled “Social Protection Development Project” in November 2013 till end June 2020. The

project aimed to finance un-conditional cash transfer payments to newly enrolled beneficiaries for 10 quarters. Key Project deliverables include Cash transfer program expanded coverage for new beneficiaries, Health insurance program refined and rolled out Graduation, Skills development strengthened Program, Financial management and control system and policy research.

Key Achievements of BISP

- ▶ BISP received consistent political patronage from the successive governments due to its neutral/apolitical data. Starting from an allocation of Rs. 72 billion, BISP today is at Rs.124 billion budget cross-cutting Program
- ▶ Successive governments remained receptive to the role BISP played in denting intergenerational poverty in Pakistan. The quarterly cash grant was gradually enhanced by successive governments which today stand at Rs. 5000/- per quarter
- ▶ BISP is following the path of automation and 98.5 percent of beneficiaries are being paid through the Biometric Verification System (BVS)
- ▶ BISP Endowment Fund (BEF) has been approved by BISP Board in its 29th meeting held on 29th January 2018. The core objective of BEF will be to cover BISP's operational cost in periods of budgetary constraints besides financing of additional pro-poor schemes/initiatives as approved by Fund's Board and financing on of any other activity decided by BISP Board
- ▶ A Center of Excellence is being established at BISP to commemorate 10 year of the existence of BISP. The Center will be the Think Tank for carrying out research to learn global best practices serving as knowledge sharing platform; conduct research, scholarship programs and internships etc. preliminary work in collaboration with PIDE/HEC
- ▶ BISP has signed a Memorandum of understanding (MOU) titled "1000 days of Partnership against Malnutrition" with the United Nations World Food Program (WFP).

Future Plans of BISP

a). Expanding Un-conditional Cash Transfer: BISP is extending financial assistance of Rs. 5000/- (US\$45) quarterly to 5.8 million families. BISP is covering around 16 percent of population and could not extend support to remaining poor due to limited fiscal resources. Keeping in view, the present government's manifesto of expanding coverage of income support to 8 million families, fiscal space will have to be created. Unification of fragmented safety nets at the federal level and elimination of all non-targeted subsidies will result in substantial savings to the federal kitty where overlapping will be rectified. Digital mapping of the recipients under different programs will also end duplications – a beneficiary receiving cash and other CCT benefits from three programs at the same time needs to be weaned off the UCT.

b). Expanding Conditional Cash Transfer (Waseela-e-Taleem): BISP is currently implementing Conditional Cash Transfer Program linking with education in 50 districts. Top up of Rs. 750/- per quarter is distributed to beneficiary children enrolled in primary education on 70 percent attendance compliance. Expansion could not take place in all the districts due to financial constraints. BISP has so far disbursed Rs. 8.2 billion in CCT intervention amongst 2.7 million children of beneficiary families. BISP is optimistic to expand the CCT on education intervention in all districts of the country to cover all out of school children of BISP beneficiary families which is planning in next 3-5 years. There are 9 million children of BISP beneficiary families falling in primary school age as per BISP data. In order to enroll all 9 million children, BISP requires Rs. 34 billion annually. The stipend of Rs. 750/- per quarter is not substantial incentive to retain children in school as poorest of the poor usually engage their children in child labour.

II. Pakistan Poverty Alleviation Fund (PPAF): PPAF is the leading institution focused on eliminating poverty in Pakistan. PPAF facilitates public-private partnerships that have a mutual goal

to achieve social and economic change by addressing the multi-dimensional issues of poverty.

Since its inception in April 2000 to March 2019, PPAF has disbursed an amount of approximately Rs. 222.037 billion to its Partner Organizations (POs) in 137 districts across the country. During the same period, 8.4 million microcredit loans have been disbursed with 60 percent loans to women and 80 percent financing extended to rural areas. Over 38,200 health, education, water and infrastructure projects have been completed; 440,000 credit groups and 133,000 community organizations formed, 430,500 individuals received skills / entrepreneurial trainings, 112,900 productive assets transferred to ultra and vulnerable poor households (46 percent women), over 500,800 interest free loans (67 percent women beneficiaries) disbursed through interest Free Loan (IFL) scheme, 26,000 individuals including women and youth trained on enterprise development under Waseela-e-Haq National & Waseela-e-Haq Sindh program of BISP and facilitated in establishing their successful ventures and 30,800 persons with disabilities rehabilitated.

During July 2018 to March, 2019, PPAF has disbursed Rs 756 million to its partner organizations (POs) under PPAF core interventions administered under various PPAF supported programs as shown in the Table-15.3 below:

		Rs million
S. No.	Program Components	Financial Progress
1.	Institutional Development and Social Mobilization (ID/SM)	245
2.	Livelihood Enhancement and Protection (LEP)	153
3.	Water and Infrastructure (W&I)	186
4.	Education, Health and Nutrition (EHN)	123
5.	Interest Free Loan (IFL)	49
Total		756

During the same period, a total of 808 Community Organizations (COs) were formed and 3,591 community and PO staff members were trained (55 percent women) under Institutional Development and Social Mobilization component. Similarly, under Livelihood Enhancement and Protection (LEP) component, 2,310 individuals received skills/entrepreneurial trainings (40 percent women) and 556 productive assets were transferred to ultra and vulnerable poor (39 percent women). 169 water and infrastructure sub-projects were completed and benefitted 100,790 persons (54 percent women). Under health and education component, 6 educational facilities were supported during the reporting period 475 students (36 percent girls) were enrolled and 221,655 patients (57 percent women and girls) were treated under various ailments. 59,438 interest free loans (69 percent women) were disbursed through IFL scheme.

Overall, these projects and interventions benefitted around 388,310 poor and marginalized population including 58 percent women beneficiaries during the reporting period. Major achievements of PPAF are presented in Table-15.4 below:

Program Components	Numbers
Physical Progress	
Institutional Development and Social Mobilization:	
• Community organizations formed	808
• Community and PO staff trainees (55 percent women)	3,591
Livelihood, Employment and Enterprise Development:	
• Individuals received skills/entrepreneurial training (40 percent women)	2,310
• Productive assets transferred to ultra and vulnerable poor (39 percent women)	556
Water and Infrastructure Sub-projects:	
• Sub-projects completed	169

Table-15.4: Major Achievements by Operating Units of PPAF		Numbers
Program Components		Physical Progress
• Sub-projects beneficiaries (55 percent women)		100,790
Education:		
• Educational facilities supported		6
• New students enrolled in program schools (36 percent girls)		475
Health		
• Health facilities supported		-
• Patients treated under program health facilities (57 percent women & girls)		221,655
Interest Free Loans Scheme- Number of loans (69 percent Women)		59,438

Source: Pakistan Poverty Alleviation Fund, Islamabad.

Key Initiatives during FY 2018-19:

In addition to the above achievements, following key initiatives also were undertaken by the organization during the same period.

- ▶ The National Poverty Graduation Program (NPGP) a six year program started in 2017 amounting US \$ 150 million duly approved by the IFAD Executive Board and PPAF to assist the ultra-poor and very poor in graduating out of poverty on a sustainable basis while simultaneously improving their overall food security, nutritional status and resilience to climate change. The program has been built on three main activities; asset transfers, interest free loans and social mobilization. With a nation-wide spread across all four provinces and three regions, the program will be implemented in 375 union councils of 22 of the poorest districts of Pakistan, and directly impact 313,511 household with 156,240 asset transfers and 157,271 households with access to finance.
- ▶ A three member European Union’s identification & Formulation Mission of Balochistan Water Program visited PPAF to have consultation regarding its upcoming project focusing revival of Balochistan Water Resources. The mission took keen interest in PPAF’s water footprint and overall experience of working in Balochistan.
- ▶ PPAF in partnership with National Incubation Center (NIC) Karachi has launched innovating for Poverty Alleviation 2018, through which collaboration avenues will be explored between PPAF and Start-ups incubated at NIC Karachi to alleviate poverty through its vast network and community to reach out to underprivileged areas for building social solutions.
- ▶ An MoU has been signed between PPAF and Lasbela University of Agriculture, Water & Marine Sciences (LUAWMS) for collaborating on PPAF’s upcoming Balochistan water engagement 2019. They will collaborate in conducting research, conferences and workshops on the issue of water challenges in Balochistan and formulation of national and regional policies and poverty reduction programs.

III. Microfinance Initiatives: The Pakistan Microfinance Network (PMN) is the national association for retail players in the microfinance industry with a membership of 46 Microfinance Providers including Microfinance Banks (regulated by SBP) and Non-Bank Microfinance companies (regulated by SECP). PMN works in three principal areas:

- i) **Serve as an Information Hub for the industry:** Over the years, PMN has established itself as a knowledge centre for the sector and has emerged as the first stop for information, data and analysis on microfinance and now increasingly on inclusive finance in Pakistan. Activities within this area include:
 - ▶ Research and Publications

- ▶ Holding events and round-table discussions
 - ▶ Data mining and business analytics
 - ▶ Promoting benchmarks and international best practices on financial and social performance;
- ii). **Promote an Enabling Environment:** As an industry body, PMN strives to work with different stakeholders to create and promote a healthy and vibrant environment for microfinance in Pakistan, through:-
- ▶ accelerating the industry's development through focused leadership and collective action
 - ▶ Interaction with policy maker and regulators such as Securities and Exchange Commission of Pakistan (SECP) and State Bank of Pakistan (SBP)
 - ▶ Creating linkages with both bilateral and multi-lateral donors
 - ▶ Representing the sector at domestic and international forums
 - ▶ Building strategic partnerships with local and international stakeholders
 - ▶ Liaison with private and public-sector outfits to leverage expertise for various industry support infrastructure such as the Credit Bureau, Digitization of Microfinance, Consumer Protection Code & Grievance Redressal System
 - ▶ Building sector image and tackling negative perceptions through a professionally managed Communications and Public Relations strategy
 - ▶ Focusing on reducing barriers to investment to improve capital allocation by convening impact investors to facilitate knowledge exchange and highlighting innovative investment approaches.
- iii). **Capacity Building:** PMN continues to play an active and significant role in creating training, exposure and human resource development opportunities for the sector through:
- ▶ International and local trainings, and exposure visits
 - ▶ Building linkages with academic institutions.

The microfinance industry broadly provides services in three categories of micro-credit, micro-savings and micro-insurance. As shown in Table 15.5, the sector continued to exhibit upward trend. The micro-credit outreach witnessed 20 percent growth during 2018, while Gross Loan Portfolio registered a 36 percent growth during the same year. Micro-savings, on the other hand, posted a growth under active savers by 14 percent and value of savings by 28 percent, which is attributable to increase in m-wallet accounts and taping higher ticket size. Moreover, micro-insurance also remained positive wherein policy holders increased by 16 percent, whereas sum insured posted a hefty growth of 25 percent. This segment is primarily dominated by credit life and health insurance.

Table 15.5: Active Borrowers, Active Savers and Active Policy holders

Details	Micro-Credit		Micro-Savings		Micro-Insurance	
	Active Borrowers	Value (Rs million)	Active Savers	Value (Rs million)	Policy Holders	Sum Insured (Rs million)
2018*	6,936,554	274,707	35,293,602	239,963	8,456,430	248,783
2017*	5,800,457	202,699	30,984,717	186,941	7,313,029	198,680
Increase/decrease (Net)	1,136,097	72,008	4,308,885	53,022	1,143,401	50,103
Increase/Decrease (%)	20%	36%	14%	28%	16%	25%

*: Calendar Year

Source: Pakistan Microfinance Network (PMN)

Branchless Banking

Pakistan is one of the fastest developing markets for branchless banking in the world. Under SBPs encouraging policies and vigorous initiatives being undertaken by players in the market, the numbers indicate that the masses are becoming more aware of opening accounts via biometric verification

systems placed at various agents and mobile locations. With NADRA is actively pursuing cost reduction techniques, Banks have also been persuaded to perform customer verifications when opening new customer accounts. The trend in the growth of branchless banking has been witnessing a fortifying growth in BB accounts. The number of Social Welfare Disbursements (BISP, EOBI Pensioners, IDP Payments, WFP etc.) during the year under review accounted for over 25 million transactions with an accumulated value of Rs. 132.8 billion.

Digital Credit

With the launch of the National Financial Inclusion Strategy (NFIS) and the Pakistan Financial Inclusion and Infrastructure Project, the aim of the regulators is to promote financial inclusion by increasing access to digital payments among businesses and households, as well as advancing access to credit for micro, small and medium-sized enterprises. It can also be witnessed that most of these digital offerings involve strategic partnerships between Mobile Network Operators and Microfinance Banks/financial institutions along-with new alliances that include third-party FinTechs which are also beginning to emerge. Examples include: Tez Financial Services – a mobile application that provides instant access to financial services by linking a client’s mobile wallet with the app, and Credit-Fix also a mobile app that draws on alternative credit data to assess creditworthiness of unbanked consumers. These strategic partnerships between FinTechs and financial institutions are mutually beneficial as they thrive to scale up business and reach a wider customer base by offering scaled and innovative solutions that are analytics driven. Not only does this improve the efficiency of the product, but also leads to enhanced mitigation of risks.

The objective of the microfinance initiative is to provide liquidity to the microfinance providers in response to tighter liquidity conditions. It is provided as a package through microfinance banks (MFBs), microfinance institutions (MFIs), Rural Support Programs (RSPs), and others including Commercial Financial Institutions (CFIs) and Non-Government Organizations (NGOs). Table-15.6 presents the number of Micro-Credit beneficiaries with outstanding loan portfolio and disbursements by loan providers’ upto December 2018.

Table 15.6: Micro credit beneficiaries, outstanding loans portfolio and loan disbursement as of Dec 2018

MFP	Active Borrowers	Outstanding Loans Portfolio (Rs)	Number of Loans Disbursed	Disbursements (Rs)
Total for Pakistan MF sector	6,936,554	274,706,547,185	2,270,527	125,270,910,542
MFBs				
Apna Microfinance Bank	98,508	10,088,648,035	101,734	12,476,219,060
Advans Pakistan	11,018	998,490,211	3,630	525,269,607
FINCA Microfinance Bank	235,632	20,868,934,992	82,223	9,032,220,884
First Microfinance Bank Limited	423,590	23,404,998,737	142,148	9,141,403,794
Khushhali Bank	784,327	43,449,706,356	304,408	18,859,820,657
Mobilink Microfinance Bank	157,262	12,813,704,871	54,042	4,517,201,190
NRSP Bank	399,358	23,777,632,753	190,794	12,894,187,008
Pak Oman Microfinance Bank	40,133	1,247,170,855	11,042	582,081,000
Sindh Microfinance Bank	37,254	589,829,795	12,197	120,388,000
Telenor Microfinance Bank Limited	691,982	34,080,861,048	235,767	10,230,359,020
U Microfinance Bank	287,320	17,225,243,659	108,802	7,148,243,030
Total for MFBS	3,166,384	188,545,221,312	1,246,787	85,527,393,250
MFIs				
AKHUWAT	998,142	16,812,463,472	201,997	6,569,306,900
ASA – Pakistan	419,212	937,099,3207	130,659	495,899,0000
Community Support Concern	36,972	1,271,945,139	12,433	636,032,000
DAMEN	107,299	3,417,449,857	29,228	1,516,470,000
Farmer Friend Organization	26,829	623,577,260	7,070	302,730,000
Kashf Foundation	471,001	12,787,784,540	136,885	6,243,843,000
MOJAZ Foundation	27,676	757,834,260	11,021	454,375,000

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Table 15.6: Micro credit beneficiaries, outstanding loans portfolio and loan disbursement as of Dec 2018

MFP	Active Borrowers	Outstanding Loans Portfolio (Rs)	Number of Loans Disbursed	Disbursements (Rs)
Micro Options	4,142	80,598,942	1,643	40,180,000
Orangi Charitable Trust	23,311	418,074,802	6,139	192,840,000
SAFCO Support Fund	92,064	1,948,632,138	25,289	973,675,000
Soon Valley Development Program	10,042	305,869,591	2,805	135,905,000
Total for MFIs	2,216,690	47,795,223,208	565,169	22,024,346,900
RSPs				
National Rural Support Program	839,796	21,133,612,312	262,466	10,793,250,155
Ghazi Barota Tariqati Idara	16,827	329,220,347	5,195	161,415,000
Punjab Rural Support Program	81,238	1,705,249,450	23,610	653,043,000
Sindh Rural Support Organization	5,428	41,066,900	1,441	20,716,000
Sarhad Rural Support Program	5,428	41,066,900	1,441	20,716,000
Thardeep Rural Support Program	161,708	3,377,088,476	43,878	1,370,714,000
Total for RSPs	1,110,425	26,627,304,385	338,031	13,019,854,155
Others				
AGAHE	21,613	391,726,421	6,166	196,645,680
BRAC	75,358	2,029,595,647	24,722	1,055,956,000
JWS Pakistan	87,840	2,132,075,897	23,002	1,080,150,000
Orix Leasing	22,828	522,765,729	4,173	194,058,000
Organization for Participatory Development	4,102	86,313,334	1,174	41,665,000
Rural Community Development Program	124,254	4,261,830,160	32,198	1,929,247,392
Shadab Rural Development Organization	2,465	82,354,750	0	0
Shah Sachal Sami Foundation	6,743	144,789,426	1,487	54,734,000
Support With Working Solutions	2,045	13,658,216	0	0
Villagers Development Organization	2,050	26,960,343	235	9,306,000
Total for Others	349,298	9,692,069,923	93,157	4,561,762,072

Source: Pakistan Microfinance Network (PMN)

IV. Zakat: Zakat plays an important role in poverty alleviation. Apart from support to the poor and needy, it helps in re-distribution of wealth which curtails unemployment and reduces chances of economic recession. Zakat funds are utilized for assistance to the needy, indigent, poor, orphans, widows, handicapped and disabled for their subsistence or rehabilitation. These poor segments of society are provided Zakat funds either directly through respective local Zakat Committee or indirectly through institutions i.e. educational, vocational, social institutions and hospitals, etc.

The subject of Zakat stood devolved to the provinces and federal areas. Ministry of Religious Affairs & Inter-Faith Harmony has been assigned the task of collection and disbursement of Zakat funds to the Provinces/Federal Areas till next NFC Award under the CCI approved formula. A total amount of Rs 7377.678 million was collected during FY 2017-18 and distributed in bulk amongst the Provinces/Federal Areas. During FY2018-19, Zakat funds disbursed to the provinces and federal areas during 2018-19 are given in Table 15.7:

Table 15.7: Disbursement of Zakat

Federal Provinces	Areas/ % Share	Allocated Budget 2018-19
Federal Areas	7% of total Zakat Collection has been distributed amongst federal Areas	
ICT	35.14% of 7%	181.476
Gilgit Baltistan	18.57 % of 7%	95.902
FATA	46.29 % of 7%	239.059
	Total Federal	516.437
Provincial	Share of provinces after deduction of above federal payment is as per their share	
Punjab	57.36 % of 93 %	3935.608
Sindh	23.71 % of 93 %	1626.800
Khyber Pakhtunkhwa	13.82% of 93 %	948.224
Balochistan	5.11 % of 93 %	350.609
	Total Provincial	6861.241
	G. Total	7377.678

Source: Ministry of Religious Affairs and Inter-Faith Harmony

V. Pakistan Bait-ul-Mal (PBM): PBM is significantly contributing toward poverty alleviation through its various projects and schemes by providing assistance to destitute, widows, orphans, invalid, infirm and other needy persons irrespective of their gender, cast, creed and religion through its establishment at the district level. During July to March FY2019, PBM has disbursed an amount of Rs 2.562 billion through its following core projects / schemes:

a) Individual Financial Assistance (IFA): Through IFA, poor, widows, destitute women and orphans are supported for medical treatment, education and general assistance. PBM has envisioned providing wheel chairs to every disabled person in the country. A family having two or more special (disabled) children has been declared “special family” and is benefited with Rs.25,000/- annually, whereas the family with one special child is being provided financial assistance of Rs.10,000/- per annum. An amount of Rs 1,794 million has been disbursed during the period from July, 2018 to March, 2019 as given below:

S. #	Category	Amount Disbursed during July to March FY 2019 Rs million
1	IFA-Medical	1,705.287
2	IFA-Education	60.155
3	IFA-General / Special Friends	28.419
Total		1,793.861

b) Child Support Program (CSP): This is a conditional cash transfer program, in which cash incentive is provided to the parents for sending their children to schools. Rs 300 per month per family with one school going child and Rs 600 per month to the families with two or more school going children in (13) districts is disbursed. An amount of Rs 48 million has been paid so far during the period from July, 2018 to March, 2019 under this initiative.

c) Institutional Rehabilitation for NGOs: PBM provides grant-in-aid to registered non-governmental organizations (NGOs) having excellent track record aimed at institutional rehabilitation of the poor and deserving persons of the society. An amount of Rs 7 million has been disbursed during the period from July, 2018 to March, 2019.

d) School for Rehabilitation of Child Labour (SRCLs): PBM has established 159 National Centres for Rehabilitation of Child Labour countrywide since 1995 for primary (non-formal) education. Children (male & female) between the ages of 5-6 years are weaned away from hazardous labour and enrolled in these centres with free provision of uniform, books and stationery. An amount of Rs 266 million is utilized during the period from July, 2018 to March, 2019 under this initiative.

e) Women Empowerment Centres (WEC): Vocational Training Centres now called Women Empowerment Centres have been established throughout the country since 1995. 154 WECs are providing free training to widows, orphans and poor girls in different skills i.e. cutting, sewing, knitting, computers and embroidery along with other trades. The trainees are being provided with free training material. An amount of Rs 258 million is utilized from July, 2018 to March, 2019.

f) Pakistan Sweet Homes (Orphanage): 39 Pakistan Sweet Homes (orphanages) have been established for the orphan children where they are being provided free food, nutrition, medical treatment, boarding and lodging, as well as free education through well reputed educational institutes. An amount of Rs189 million has been spent for welfare of orphans during the period July, 2018 to March, 2019.

g) Pakistan Great Homes (Old Homes): Presently 01 Pakistan Great Home, in Lahore has been established on pilot basis. Thereafter, this initiative would be scaled-up to provincial headquarters level and at divisional/district level in phased manner. The enrolled seniors (above 60 years of age) are being provided free of cost boarding/lodging, messing and medical care of excellent standard at district level throughout the country.

VI. Employees Old Age Benefits Institution (EOBI): Employees Old Age Benefits Institution (EOBI) provides monetary benefits to old age workers through various programs such as Old Age Pension, Invalidity Pension, Survivors pension and Old Age Grants.

The EOBI Pensions (old-age, invalidity and survivors pensions) are paid on monthly basis. No pension is paid lesser than Rs 6,500/- per month being the current rate of minimum pension and maximum upto Rs 13,356/-. However, the insured persons retiring from the employers having the definite retirement age less than 60 years (55 years for female) are provided reduced pension. Pension of such insured persons is reduced by one-half percent for each month short of 60 years (55 years for female). Old-age grant is paid in lump sum equal to insured person's having less than fifteen years' insurable employment but attain the age of 60/55 years.

The EOBI benefits although not much handsome but it is sustainable source of income for the insured persons and their survivors who are generally live below the poverty line. In this way, the EOBI benefits are proved effective tools to prevent the insured persons and their survivors from falling into poverty and enabling them to escape from the poverty trap to some extent. The details of disbursed benefits during July 2018 to March 2019 are shown in Table-15.8.

Table-15.8: Achievements of EOBI

Benefits	July 2018- March 2019	
	Number of beneficiaries	Amount of Benefits to be paid Rs millions
Old-age Pension	245,870	14,241.98
Invalidity Pension	5,486	307.02
Survivors' Pension	146,050	8,484.52
Old-Age Grant	4,534	262.75
Total	401,940	23,296.27

Source: Employees' Old Age Benefits Institution (EOBI), Karachi

VII. Workers Welfare Fund (WWF): WWF is providing various services in the areas of housing, health and education to the industrial workers and financial assistance is also being extended in the form of death grant, marriage grant and scholarships. The main objective of WWF is to finance the following:

- i) Finance the projects for the establishment of housing estates for the industrial workers which include the following:
 - a) Construction of houses, flats and development of plots
 - b) Establishment of health facilities like hospitals, wards and dispensaries
 - c) Establishment of education facilities like schools, colleges, technical institutes and industrial homes
- ii) Establishment of new higher secondary schools in all major industrial cities where either such facilities do not exist or these facilities are not sufficient to meet the existing demand of local workers
- iii) Provide death grant @Rs 500,000/- to the widow/legal heir of the deceased workers as compensation
- iv) Provide marriage grant @ Rs 100,000/- for the marriage of daughters of workers

During July-March, FY2019 expenditures amounted Rs 468.273 million have been incurred on 3,992 scholarship cases while Rs 1,985.38 million has been disbursed as Marriage Grant (@100,000/- which benefitted 19,854 workers' families. WWF has also disbursed Rs 1,597.55 million as Death Grant (@500,000/-) to 3,195 cases of mishaps of workers all over the country.

Conclusion

The comprehensive social protection framework is aimed at overcoming the challenges of poverty, health, stunted growth, education and would enable the youth to realize their potential and extricate themselves out of the generational poverty traps. SDGs have been widely regarded as the best vehicle to address poverty alleviation in Pakistan. CPEC will provide an opportunity for provision of affordable energy to all and upgrade connectivity around the country which will create more opportunities for all. The government is planning to establish enough social protection for all marginalized and vulnerable segments of the society. In this regard, effective monitoring mechanism for SDGs that will ensure the higher returns of investment along with greater contribution to SDGs targets.

Punjab government has decided to establish shelter-homes in all districts of the province for the homeless people. In this regard, shelter-homes will be constructed in all districts in phases so that the homeless people may not have to sleep under the open sky in harsh conditions. The state is fulfilling its responsibility in providing shelter and food to the needy people that were earlier forced to sleep on roads. The government is taking all necessary steps to support this poor destitute class and the establishment of a welfare project like the Panah Gah is an important step in this regard.