

Social Safety Nets

Universal access to essential facilities such as education, health, clean drinking water and proper sanitation etc. are the basic necessities in present day life. The government's resolve is to provide basic amenities and create opportunities ensuring macroeconomic stability, improving governance, and protecting vulnerable segments in the society.

Social protection/safety nets provide regular and predictable transfers in cash or in-kind to poor and vulnerable people as a means to reduce poverty, boost inclusive growth, share prosperity, reduce food insecurity and malnutrition, increase demand for education and health services, better management of risks and absorb un-precedented shocks. Social safety nets are not just assistance but these are an important ingredient for building and strengthening social contracts between states and citizens.

The Planning Commission of Pakistan is currently engaged in Social Safety Net Project with the provincial governments for developing provincial social protection policies through providing them technical assistance with the assistance of the World Bank. All the provincial governments have signed MoUs with the Planning Commission for developing provincial social protection policies. A sophisticated process flow has also been agreed with the provincial governments with regard to SP Policy Development. A national framework for social protection will cover all provincial policies to bring all existing social protection programs under one umbrella with a unified and transparent inclusion criteria, better targeting system and efficient monitoring mechanism.

The United Nations Development Programme (UNDP)'s Human Development Report, 2014 ranks Pakistan at 146th out of 187 countries under the Human Development Index (HDI)

based on Health (life expectancy at birth), Education (years of schooling) and Gross National Income (GNI) per capita. Pakistan's HDI value is 0.537 out of 1 as against South Asia's average HDI value of 0.588 and World's average HDI value of 0.702.

Pakistan Vision 2025 is people centric and aimed at reducing poverty and enhancing the people's welfare. Poverty is a multidimensional phenomenon and is described as a lack of income or consumption and access to education, health and other amenities of life. Changes in economic conditions and other shocks increase the vulnerability of households to poverty. Vision 2025 will strengthen the data collection process and to increase the coverage of household data at the district level. This will enable to monitor the poverty and vulnerability of the population in all dimensions. Social protection will be mainstreamed into all government policies to ensure social equity and inclusion. The effectiveness and range of available social protection instruments will be enhanced by following the 'rights-based' approach. Besides targeted schemes, the scope will be extended to employment creation or employment related forms of social protection, such as social assistance, social insurance, social equity, social development and economic empowerment.

Tracking of Pro-Poor Expenditures:

The government is fully committed to follow a sustained poverty reduction strategy and to allocate a minimum of 4.5 percent of GDP to social and poverty related expenditures is clearly reflected in the allocations to the pro-poor sectors shown in Table 15.1. The government prioritized 17 pro-poor sectors through the Medium Term Expenditure Framework (MTEF) in the PRSP-II, which provided a link between the policy priorities and the budget reality.

Expenditure on pro-poor sectors in 2010-11 stood at 13.24 percent of GDP. In 2011-12, these were 11.55 percent of GDP and in 2012-13, 13.10 percent of GDP. These expenditures were well above the requirement under the law. During 2013-14, total expenditures for these

sectors were slightly increased and amounted to Rs 1,934.095 billion, which was 14.16 percent of GDP. During July-December of the current fiscal year 2014-15, Rs. 667.47 billion expenditures have been made in these sectors.

Sectors	2010-11	2011-12	2012-13	2013-14	2014-15*
Roads, Highways & Bridges	99,567	111,883	94,750	96,504	27,724
Environment / Water Supply and Sanitation	28,506	36,570	34,055	32,000	16226
Education	322,811	393,523	479,853	537,598	237,436
Health	106,017	134,182	161,202	201,986	83,038
Population Planning	4,861	5,826	7,142	12,609	3,973
Social Security & Welfare**	56,315	68,437	72,898	93,398	31,087
Natural Calamities & Other Disasters	49,115	77,096	32,699	18,404	21,754
Agriculture	115,511	134,448	148,554	157,894	69,443
Land Reclamation	3,669	4,347	4,805	4,796	2,731
Rural Development	19,109	32,979	31,926	14,727	4,460
Subsidies	497,441	689,221	556,113	502,098	40,350
People's Works Programme-I	5,049	4,296	3,346	-	-
People's Works Programme-II	21,300	33,589	42,486	-	-
Low Cost Housing	373	383	603	676	132
Justice Administration	14,223	17,082	22,512	24,378	11,321
Law and Order	169,791	194,495	220,343	237,027	117,792
Total	1,513,658	1,938,357	1,913,287	1,934,095	667,467
Total as % age of GDP (2005-06 base)	13.24	11.55	13.10	14.16	-

Source: Ministry of Finance

*: July-December

** : Social Security & Welfare includes the expenditure of BISP (22,358 million) and PBM (529 million)

Social Safety Programmes:

Social protection and social safety net programs through Benazir Income Support Program (BISP), Pakistan Bait-ul-Mal (PBM), Zakat, Employees Old Age Benefit Institution (EOBI), Workers Welfare Fund (WWF) and social welfare activities are deep routed in Pakistan's poverty alleviation strategy.

I. Pakistan Poverty Alleviation Fund (PPAF):

Pakistan Poverty Alleviation Fund (PPAF) is established as an apex Governmental Non Profit Organization for community-driven development in the country. PPAF enjoys facilitation and support from the government, World Bank, International Fund for Agricultural Development (IFAD), KFW (Development Bank, of Germany) and corporate donors. Outreach of PPAF now extends throughout

Pakistan and its microcredit, water and infrastructure, drought mitigation, education, health and emergency response interventions have been widely recognized. Independent studies have demonstrated positive outcomes and impact of PPAF interventions on the lives of benefiting communities related to their economic output, household incomes, assets, agricultural productivity and other qualities of life indices. PPAF aims to be the leading catalyst in improving the quality of life, broadening the range of opportunities and socio-economic mainstreaming of the poor and disadvantaged, especially women. The core operating units of the PPAF deliver range development interventions at the grassroots/community level through a network of 129 Partner Organizations across the country.

The overall objective of the PPAF is to improve the quality of life of poor and marginalized people throughout the country. Its specific goals are:

- To eradicate extreme hunger and poverty
- To promote gender equality and empower women
- To achieve universal primary education
- To improve maternal health
- To reduce child mortality
- To establish and strengthen Community and NGO institutions.

Since its inception in April 2000 to March 2015, PPAF has disbursed an amount of approximately Rs. 153 billion to its 129 Partner Organizations in 121 districts across the country. During the same period, 7.8 million individuals have

availed the PPAF financing with 60 percent of the loans to women. 34,000 water and infrastructure projects have been initiated; 2,000 health and education facilities supported; 430,000 credit groups and 126,500 community organizations formed, 666,000 staff and community members trained, 294,000 individuals received skills/entrepreneurial trainings, 75,000 assets transferred to ultra and vulnerable poor households, 26,279 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 29,500 persons with disabilities rehabilitated.

During July 2014 to March 2015, Pakistan Poverty Alleviation Fund (PPAF) has managed to disburse an amount of Rs. 9.8 billion to its partner organizations as shown in Table 15.2

Table 15.2: Disbursement by Operating Units/Special Initiatives

S.No	Components	Amount (Rs. million)
1	BISP's Waseela-e-Haq Program	4.36
2	Prime Minister's Interest Free Loan	799.13
3	Institutional Development and Social Mobilization	186.39
4	Microfinance Portfolio Management	6,692.38
5	Livelihood, Employment and Enterprise Development	1,423.65
6	Disability	49.11
7	Community Physical Infrastructure	293.82
8	Water, Energy and Climate Change	256.53
9	Education, Health and Nutrition	139.02
Total		9,844.40

Source: Pakistan Poverty Alleviation Fund, Islamabad.

During the period July 2014 to March 2015, a total of 1,927 Community Organizations (COs) were formed and 3,710 community and staff member were trained under Institutional Development and Social Mobilization component. Further, 806,597 new microcredit loans were extended to the borrowers of which 73 percent were women borrowers. Under the Livelihood, Employment and Enterprise Development (LEED) program, 51,6n06 individuals received skills/entrepreneurial trainings and 15,695 productive assets were transferred to the ultra and vulnerable poor (of which 43 percent are women). 2,330 new Community Physical Infrastructure (CPI) sub-projects were initiated in different sectors including drinking water, irrigation, drainage and sanitation, roads and bridges, flood protection work and technological innovation

projects e.g. renewable energy sub-projects. Similarly, 291 sub-projects were initiated under the Water, Energy and Climate Change (WECC) components which include Drought Mitigation and preparedness (DMPP), Integrated Water Efficient Irrigation Projects (IWEIP) and Sindh Coastal Area Development (SCAD) projects. Under the health and education components, 16,974 students (37 percent girls) were enrolled and 2,406,569 patients (57 percent female) treated under various ailments during the current financial year.

Overall these projects and interventions benefitted approximately 3.9 million people from across the poorest and most marginalized populations in Pakistan. Our gender disaggregated data shows that of this population, 59 percent were women beneficiaries during the

reporting period. Detail of major achievements by Operating Units of PPAF is shown in Table- 15.3 below:

Table 15.3: Major Achievements by Operating Units of PPAF

S.No	Outreach	Numbers
1	Community organizations formed under social mobilization components	1,927
2	Community and staff trainees (38% women) under institutional development	3,710
3	Livelihood, Employment and Enterprise Development : <ul style="list-style-type: none"> • Individuals received skills/entrepreneurial training • Productive assets transferred to ultra and Vulnerable poor (43% women) 	51,605 15,695
4	Microfinance Portfolio Management - Micro Loans (73% women)	806,597
5	Community Physical Infrastructure – Sub-Projects initiated (51% women)	2,330
6	Water, Energy and Climate Change - Sub-Projects initiated (47% women)	291
7	Education, students enrolled in program schools (37% girls)	16,974
8	Health, program beneficiaries (57% female patients)	2,406,569
9	Disability program, Persons with Disabilities (PWDs) rehabilitated	4,923
10.	Overall program beneficiaries during the reporting period (59% Women)	3,992,543

Source: Pakistan Poverty Alleviation Fund, Islamabad.

II. Benazir Income Support Programme

(BISP): Benazir Income Support Programme (BISP) was launched in July 2008 with objectives to enhance financial capacity of poor people and their dependent family members; formulate and implement comprehensive policies and targeted programmes for the uplift of underprivileged and vulnerable people; reduce poverty and promote equitable distribution of wealth especially for the low income groups, particularly women, through the provision of cash transfers of Rs. 1,000/month to eligible families. Its long term objectives include meeting the targets set by Millennium Development Goals (MDGs) to eradicate extreme and chronic poverty and empowerment of women. Present government has not only continued the programme but has also increased the cash grant to Rs. 1200/ month and then to Rs. 1500/month.

BISP is an independent authority with the President of Pakistan being the Chief Patron and Prime Minister of Pakistan the Executive Patron of the Programme and is managed by a Board consisting of professionals and technocrats of international repute

Since its inception in 2008, BISP has grown rapidly; it is now the largest single cash transfer programme in Pakistan. The number of beneficiaries has increased from 1.7 million in 2008-09 to approximately 5.0 million by the end of current fiscal year 2014-15. BISP's annual disbursement increased from 16 billion in 2008-

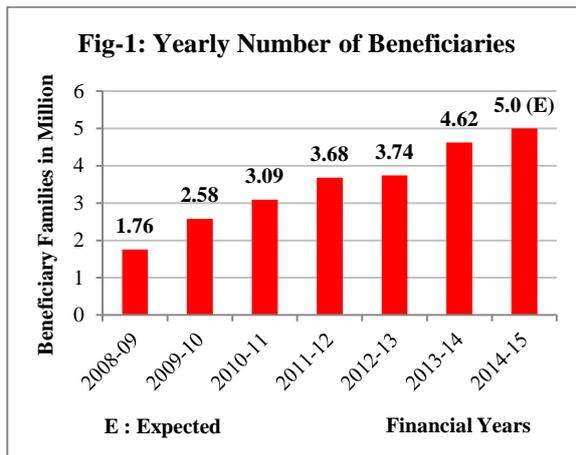
09 to Rs.90 billion (expected) by the end of this financial year, out of a total allocation of Rs.97 Billion.

At the start of the program in July 2008, no reliable data were available for the identification of the underprivileged and vulnerable persons in the country. The task of identification of the potential beneficiaries of BISP was, therefore, entrusted to the parliamentarians in what was the Phase-I of Targeting. Application Forms were distributed among the parliamentarians in equal number (8000 forms to each member of the National Assembly and Senate and 1000 forms to each member of the Provincial Assemblies), irrespective of party affiliation. The forms received were verified through NADRA database and out of 4.2 million received forms 2.2 million families were found eligible for cash transfers.

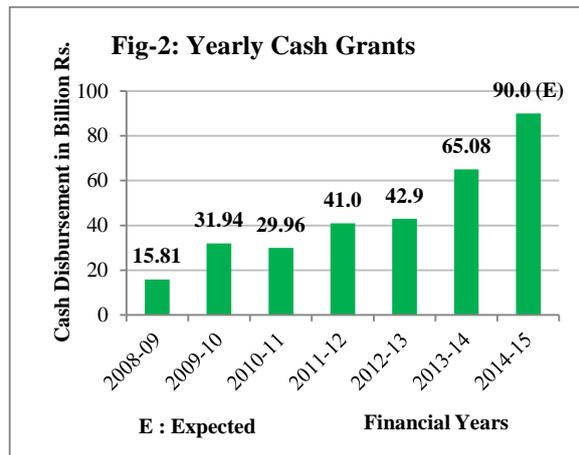
Later, a transition in terms of objective and scientific mode of targeting i.e. Poverty Scorecard (Phase-II) was launched. The nationwide Poverty Scorecard Survey, the first of its kind in South Asia, enables BISP to identify eligible households through the application of a Proxy Means Test (PMT) that determines the welfare status of the household on a scale between 0-100. The survey was started in October 2010 (which was conducted by the independent firms hired through a competitive bidding process) and has been completed across Pakistan except two agencies

of FATA. The survey contained the following features:

- 7.7 million families were identified as living below the cutoff score of 16.17¹
- Creation of a large and reliable national registry of the socioeconomic status of almost 27.36 million households and approximately 155 million individuals across Pakistan.
- It was not a random survey; approximately 90 percent of the households were covered. The gap was due to the fact that the survey was an optional exercise and remaining either refused or did not participate in the survey.



Second transition relates to payment mechanisms. BISP in its initial phase started delivering cash transfers using Pakistan Post due to its outreach, but later, in order to improve the efficiency and transparency of payments to its beneficiaries, BISP started using innovative payment mechanism in the form of Benazir Smart Card and Mobile Phone Banking on a test basis in nine districts across the country. After testing the pilots, BISP has rolled out Benazir Debt Card across Pakistan. Now, around 4.5 million beneficiaries are receiving payments through technology enabled innovative payment mechanisms (Rest are still getting stipend through post office).



Achievements during FY 2014-15

Following are BISP's major achievements in 2014-15:

- ▶ The present government increased BISP budgetary allocation to Rs. 97 billion in 2014-15 from Rs.75 billion in 2013-14.
- ▶ Total expenditure of BISP during the current fiscal year is projected to cross Rs.90 billion.
- ▶ The present government increased the cash benefit for the poorest of the poor up to 25 percent from Rs 1200/- to Rs 1500/- per month
- ▶ The number of BISP beneficiaries is expected to increase from 4.6 million in 2013-14 to 5.0 million by the end of this financial year.
- ▶ BISP is expected to disburse more than Rs. 90 billion during this financial year through technology based payment mechanisms like Smart/Debit card and mobile phone banking to 5.0 million beneficiaries (highest disbursement by BISP during last 6 years)

- ▶ For the purpose of including more poor households in the Programme, a performance management system has been started for the first time in the history of BISP, according to which BISP, based on both indigenous as well as exogenous feedback, has initially developed a '100 Days Action Plan' which will subsequently be translated in to yearly as well as 3-5 Year Plan. Because of this approach, BISP will provide dignity to the beneficiaries receiving cash benefits, empower the women through its various initiatives and give meaning to their lives.
- ▶ Design improvements; particularly in payment mechanism has been made to make it more efficient, transparent and user-friendly. Moreover, hiring of new banks is also under process to make the payment mechanism more efficient and transparent.
- ▶ Waseela-e-Taleem has been rolled out to 32 districts all over Pakistan and 600,000

children have been registered in the programme out of which 350,000 have already been enrolled in schools.

- ▶ BISP is expected to enroll 500,000 children in school during the current financial year under its Waseela e Taleem initiative.
- ▶ The government has increased the monthly stipend under the Waseela-e-Taleem initiative to Rs. 250 per month per child from Rs. 200.
- ▶ So far BISP has achieved all the targets set under IMF's Extended Fund Facility enabling timely disbursement of installments from IMF.
- ▶ BISP has also successfully negotiated the restructuring of Pakistan Social Safety Net Project with the World Bank and DFID to avail US \$110 million during the current financial year.

There is an increasing role of complementary interventions in determining sustainable impact of cash transfer on uptake of education and health services, nutrition outcomes, and for improving livelihoods to increase the chance of graduation from poverty. Global experience suggests that where programmes are combined with complementary, well-sequenced interventions, it has greater potential. The programme has four closely associated and complementary components including Waseela-e-Rozgar (Technical & Vocational Training), Waseela-e-Haq (Micro-finance), Waseela-e-Sehet (Life & Health Insurance) and Waseela-e-Taleem (Primary Education). In the aftermath of 18th Constitutional Amendment, BISP is planning to shift this initiative to concerned provinces. On the direction of the BISP Board, modalities for smooth transition are being chalked out presently.

i). Waseela-e-Taleem: The initiative encourages BISP beneficiary families with children in the age group of 5 to 12 years, to

send their out of school children to schools for primary education, in return for cash transfers. A cash transfer of Rs. 200 per month per child is paid quarterly in return for their compliance with the co-responsibilities of school admissions and minimum of 70 percent quarterly attendance. This initiative has been implemented in 5 districts where payment is being made to more than 52,000 children. BISP has started roll out of this initiative and first phase is being launched in 27 new districts across the country. The initiative aims to enroll approximately 02 million children in primary schools by December 2016.

ii). Waseela-e-Rozgar: The Vocational Training (VT) under Waseela-e-Rozgar was started in February 2012 to one individual per beneficiary family and Rs.6,000/-stipend per beneficiary was also paid. During first year more than 58,000 trainees were covered across the country.

iii). Waseela-e-Haq: Waseela-e-Haq is designed to promote self-employment among women beneficiaries or their nominees to improve their livelihood by providing Rs 300,000 long-term interest free financial assistance based on social capital instead of any physical asset as collateral. So far, 41 draws have been held and installments worth Rs. 2.6 billion have been disbursed to 16,119 beneficiaries while 9,193 beneficiaries started their own businesses.

iv). Waseela-e-Sehet: Waseela-e-Sehat covers health care of the beneficiary families as well as life insurance coverage of one male bread earner of each beneficiary family receiving cash grant. In 2011-12 pilot project of health care was launched in Faisalabad for 43,000 families and extended to around 75,000 beneficiary families in 2014-15. Under Life Insurance, lives of the bread winners of 4.1 million beneficiary families have been insured.

Box-1: Donor's Support to BISP

BISP has received a tremendous support from the World Bank, USAID, ADB and DFID as summarized below:

i. World Bank: The International Development Association (IDA) provided a credit of US\$ 60 million to BISP for the "Pakistan Social Safety Net Technical Assistance Project" for the period August 4, 2009 to June 30, 2016. The TA project has supported the design of the poverty scorecard, survey of all households in Pakistan and associated activities. BISP has received additional financing of US\$ 150 million for the Pakistan Social Safety Net project to launch a Co-responsibility Cash Transfer/CCT (Waseela-e-Taleem) programme for the primary education of the children of BISP beneficiaries.

ii. USAID: BISP was provided a grant of US\$ 160 million by the USAID as budgetary support for payment of

cash benefits to the beneficiaries identified under the new poverty scorecard system. This amount was fully consumed by January, 2012. USAID also commissioned a 3rd party assessment of BISP payment mechanisms. The report shows that 98.7 percent beneficiaries of BISP received their monthly cash transfers.

iii. Asian Development Bank: In June 2009, an amount of US\$150 million was provided by the ADB to the Ministry of Finance under the ADB-funded “Accelerating Economic Transformation Programme” (AETP), specifically for use by BISP to make cash transfers to beneficiaries identified through the new targeting system. BISP has fully disbursed the entire amount to its beneficiaries. ADB has signed a project for another US\$ 430 million for Social Protection Development Project for BISP in November 2013. The project will finance unconditional cash transfer payments to newly enrolled BISP beneficiaries for 5 quarters. Other components of the project include re-designing and roll out of Waseela-e-Rozgar and Waseela-e-Sehat.

iv. Department for International Development (DFID): DFID supported BISP’s initial activities (test phase targeting survey, process evaluation and spot checks, etc.) through the Trust Fund managed by the World Bank. Now DFID has provided a grant of £ 300 million to BISP for the co-responsibility cash transfer (CCT) program for the primary education of the children of BISP beneficiaries.

Source: Benazir Income Support Program (BISP)

BISP’s operational design, separation of function and innovative technology based mechanism has inspired countries like Bangladesh, India, Ghana, Mongolia, Cambodia and Nepal to initiate similar programs to improve the lives of their millions of poor.

Outlook for 2015-16 and Beyond

- a. In line with government’s resolve to run BISP on transparent and efficient lines, the future focus of BISP is being attuned to following aspects:
 - i. Improve grass root social mobilization capacity through partnerships with provincial governments and NGOs
 - ii. Regular revalidation/recertification of beneficiaries to capture the transitional poverty
 - iii. Introduction of Enterprise Resource Planning (ERP) – business management software applications – in order to integrates varied organizational systems and facilitate error-free transactions and reconciliations.
- b. Shifting of all the beneficiaries from traditional to scientific payment mechanisms in the future.
- c. Better integration of various programme components to maximize impact and outreach of the programme for the benefit of the poor.
- d. Progressively move towards further refinement of graduation programs and a dynamic inclusion and exclusion database

to enable the target beneficiaries to escape poverty on sustainable basis and facilitate additional or left out poor families to get enrolled in the programme.

- e. Consolidate its partnership with the provinces to integrate the federal social protection schemes with provincial programs to achieve equity for the poor and vulnerable in provinces with very different capacities and financial resources.
- f. Facilitate government in using BISP Registry for targeted subsidy provision under other sectors and elimination of non-targeted subsidies.
- g. BISP will remain committed towards the achievement of Millennium Development Goals and become a major contributor to:
 - i. Eradication of extreme & chronic poverty (MDG 1)
 - ii. Promotion of universal primary education (MDG 2)
 - iii. Empowerment of women (MDG 3)
 - iv. Reduction in Maternal & Infant Mortality (MDG 4,5,6)

III. Zakat: Zakat as an institution plays an important role in the Islamic economic system. If enforced and implemented honestly it helps a lot in solving a number of economic problems in Pakistan. Zakat ensures social justice by bringing financial balance among various strata of society. It decreases the crime rate and terrorist inclinations among the society members. Thus the whole society strives together and achieves development and prosperity. Equal distribution of wealth curtails the rate of unemployment and reduces chances

of economic recession. Zakat system in Pakistan was introduced through an Ordinance called Zakat and Ushr Ordinance, 1980. Zakat funds are utilized to assist the needy, indigent, poor, orphans, widows, handicapped and disabled. These poor segments of society are provided Zakat funds either directly through respective local Zakat Committees or indirectly through institutions i.e. educational, vocational, social institutions and hospitals, etc.

Table : 15.4 Disbursement of Zakat

S.No	Provinces /Other Areas	Disbursed Amount (Rs. Million)
1	Punjab	2548.91
2	Sindh	1053.60
3	Khyber Pakhtunkhwa	614.12
4	Balochistan	227.08
5	FATA	154.83
6	ICT	117.53
7	Gilgit Baltistan	62.11
Total		4778.18

Source: Ministry of Religious Affairs

As a consequence of 18th Constitutional Amendment, the subject Zakat devolved to the provinces/federal areas. However, in view of Council of Common Interest (CCI) decision 8th November, 2012 and subsequent change in Rules of Business, the federal government (Ministry of Religious Affairs and Inter-faith Harmony) has been assigned the job of collection and disbursement of Zakat at federal level till next NFC under the CCI approved formula. A total amount of Rs. 4778.18 million is distributed in bulk amongst the provinces and other administrative areas for the year 2014-15. The Zakat funds disbursed to the provinces and other Areas during 2014-15 is given in Table 15.4.

IV. Pakistan Bait-ul-Mal: Pakistan Bait-ul-Mal (PBM), an autonomous body set up through 1991 Act. PBM is significantly contributing toward poverty alleviation through its various poorest of the poor focused services and providing assistance to destitute, widow, orphan, invalid, infirm & amp; other needy persons, as per eligibly criteria approved by Bait-ul-Mal Board. The main objectives of the PBM is to provide “Financial assistance to the destitute, widows, orphans, invalids, infirm and other needy persons with emphasis on rehabilitation educational assistance to needy orphan and stipends for the outstanding, non-affording

students for higher professional education, residential accommodation and necessary facilities for the deserving, free medical treatment for indigent sick people, set up free hospitals and rehabilitation centers for the poor financial aid to charitable institutions including educational and vocational setups”. During July 2014 to March 2015, Pakistan Bait-ul-Mal (PBM) has managed to disbursed an amount of Rs. 2.28 billion to its core projects.

Major Projects/Achievements of PBM:

- a. **Individual Financial Assistance (IFA):** Through Individual Financial Assistance (IFA), the poor, widows, destitute women and orphans were supported for medical treatment, education, rehabilitation and general assistance.
- b. **PBM Thalassemia Center:** During last three years, PBM has provided financial assistance to 1500 Thalassemia patients. Keeping in view the importance of Thalassemia centre and to cater the patients in Pakistan especially AJK, Northern Areas and Gilgit-Baltistan, a State of the Art Thalassemia centre has been established in March, 2015 in Islamabad for free of cost treatment by PBM in collaboration with NovaArtis (pvt) Limited.
- c. **Special Friends of PBM:** PBM has envisioned providing wheel chairs to every disabled in the country. A family who has two or more special children will be called as Special Family and will have the right to be benefited trough this news scheme Rs.25,000/- are being given to each family annually. Up till now, more than 66,600 wheel chairs, more than 2026 tricycles, more than 2500 White canes and more than 800 hearing aids have been distributed. 40000 wheel chairs donated by China have also been added in inventory.
- d. **Pakistan Sweet Homes (Orphanage):** Pakistan Bait-ul-Mal has established Orphanages at divisional level. As pilot project, 33 Pakistan Sweet Home (Orphanages) have been established, where 3430 children have been enrolled so far including 100 girls where they are being provided free food, nutrition, medical treatment, lodging & boarding, as well as free education through well reputed educational institutions, 04 new PSHs have been established during last 02 years

- e. **PBM Great Homes (Old Homes):** To provide care, love, hopes, family like atmosphere and security to un-secured, un-cared senior citizens. PBM plans to establish one Great Home at each provincial/regional Head quarters. One pilot Great Home is functional at Lahore for old age citizen for 50 senior citizens. After successful implementation of the pilot phase, this scheme would be replicated for females as well. Great Home would provide basic necessities of life in a dignified manner and in a family like environment i.e. boarding, lodging, food, clothing, medical, recreation etc.

PBM mobilizes funds from the Government of Pakistan (GoP) and distributes them as a cash subsidy to eligible beneficiaries for sending their children to school aged between 5 – 16 year to get primary education. Additional cash incentive is being paid to the eligible beneficiaries @ Rs.3600/- per annum to the families with one child and Rs.7200/- per annum to the families with two or more than two children

Presently, the program is fully active in 10 Districts i.e. Nawabshah, Ghotki, Quetta, Kharan, Lasbela, Swat, Muzaffarabad, Ghanche, Bahawalpur and Khairpur. A new intervention of disbursing (CSP payment subsidy through biometric verification has also been introduced at District Khairpur during the said duration. An amount of Rs.38.06 (million) has been disbursed among 16,805 numbers of beneficiaries in ten CSP Districts during 2014-15.

National Centre(s) for Rehabilitation of Child Labour (NCsRCL): PBM has established National Centres for Rehabilitation of Child Labour countrywide since 1995 for primary education in 5 years as per education department. Children (Male & Female) between the ages 5-6 years are weaned away from hazardous labour and enrolled in these centres. The current strength of NCsRCL is 158. Presently, 17931 students are benefiting from these centres.

Vocational Training Centres (VTCs): Vocational Training Centres have been established throughout the country since 1995. These centers are providing free training to widows, orphan & poor girls in different skills. The current strength of the centers is 157; out of

which 15 centers have been upgraded which have diversified fields including Computer Skills, Office Equipment i.e. Fax, Photocopies, Printers, Interior Decoration, Fishing Tie & Dye ad Glass Painting etc, according to the requirement of area. However, local skills have also been included so that trainees could get more skills. Presently, 8127 trainees are benefiting from these centers.

Civil Society Wing: Pakistan Bait-ul-Mal provides grant-in-aid to registered Non-Government Organization (NGOs) for their projects aimed at institutional rehabilitation of the poor and deserving persons.

V. Employees Old Age Benefits Institution (EOBI): Employees Old-Age Benefits Institution Act 1976 was enforced with effect from April 01, 1976, to achieve the objective of Article 38 (C) of the Constitution, by providing compulsory social insurance. It extends Old-Age Benefits to insured persons or their survivors. Under EOB Scheme, Insured Persons are entitled to avail benefit like, Old-Age Pension (on the event of retirement), Invalidity Pension (In case of permanent disability), Old-Age Grant (an Insured Person attained superannuation age, but does not possess the minimum threshold for pension) Survivor's Pension (in case an Insured Person is expired). EOBI does not receive any financial assistance from the government in carrying out its operations. A contribution equal to 5.0 percent of minimum wages has to be paid by the Employers of all the Industrial and Commercial Organizations where EOB act is applicable. Contribution equal to 1.0 percent of minimum wages by the employees of said Organizations.

Pensions are paid on monthly basis. The minimum pension is Rs. 3,600/- per month which may raise upto Rs. 6,400/- depending upon the period of insurance and wages of the insured person. Old-age grant is paid in lump sum equal to one month's average wages of the insured person for every completed year of insurable employment. During 1st July, 2014 to 31st December, 2014, an amount of Rs. 6,279.40 million has been disbursed for 346,843 beneficiaries. Furthermore, it is planned that 17,687 more beneficiaries will take benefits from the EOBI up to June 2015; an additional amount of Rs. 9,580.6 million is allocated for Old-Age Pension, Survivors Pension, Invalidity

Pension and Old-Age Grants. Details of disbursed benefits during the said period are shown in Table-15.5 below.

Table-15.5: Benefits disbursed during the period from July-December, 2014

Benefits	July-December, 2014	
	Number of Beneficiaries	Amount of benefits Paid (Rs. millions)
Old-Age Pension	215,480	3,893.74
Survivors' Pension	125,368	2,272.84
Invalidity Pension	4,924	85.79
Old-Age Grant	1,071	27.03
Total:	346,843	6,279.40

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

Implementation of measures taken/followed by the EOBI:

- Austerities/economic measures prescribed by the Finance Division during 2014-15 are being followed.
- Virtual One Stop Shop (VOSS); a joint venture of the Securities and Exchange Commission of Pakistan (SECP), Federal Board of Revenue (FBR) and Employees' Old-Age Benefits Institution (EOBI) for on-line registration of limited liability companies in three organizations simultaneously has become operational from 01-01-2015.
- An MOU has been signed by Lahore Chamber of Commerce and Industry, SECP, FBR and EOBI to establish a Physical One Stop Shop for provision of access to individuals without internet access and willing to use VOSS.

VI. Workers Welfare Fund (WWF): Workers Welfare Fund was established under Workers Welfare Fund Ordinance, 1971 for providing low cost housing and other amenities to the industrial labour. Initial contribution of Rs.100 million was made by the government and further resources were to be raised by the private sector.

The main objectives of WWF are;

- a). Financing of projects connected with the establishment of housing estates or construction of houses for the industrial workers.

- b). Other measures for the welfare of workers such as

- Education- free of cost up to secondary level.
- Scholarships- post secondary level.
- Marriage grants.
- Death grants etc.

Function being performed by Workers Welfare Fund:

- To finance the projects connected with the establishment of housing estates for 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.
- To provide free education to worker's children up to higher secondary level in Worker Welfare Model Schools.
- To provide Matric-Tech education in Worker Welfare Model Schools & Vocational Training Institutes for students of 9th & 10th class.
- To award talent scholarship to worker's children for M.Phil/M.S& Ph.D.
- To provide Death Grant @ Rs.500,000/- to the widow/legal heir of the deceased workers as a compensation.
- To provide Marriage Grant @ Rs.100,000/- for the marriage of each daughter of workers.
- To take different measures for the welfare of workers like provision of sewing machines and wheel chairs.
- To bear all educational expenses and award of monthly stipends to worker's children (from Rs.1600 to Rs.3500 p.m) studying at post Matric level.
- To bear all educational expenses of worker's children studying in any public/private school at big cities where WWF schools either do not exist or insufficient to meet the educational needs of local workers children.

- To award cash prizes (from Rs. 40,000 to Rs. 90,000) for position holder children of workers in Matric examinations at the level of Board of Intermediate & Secondary Education and also at the level of Workers Welfare Model Schools.

During July 2014 to March 2015, expenditures amounting to Rs.622.65 million have been made for 16,313 scholarships. Another Rs. 184.44 million has been disbursed as Marriage Grant (@100,000/- from which 2,038 families of the workers have been benefited. WWF has also disbursed Rs.298.50 million for Death Grant (@500,000/-) for 620 cases of mishaps of workers all over the country.

VII. Microfinance Initiatives: Microfinance has been widely recognized as an effective strategy to combat poverty by providing financial services, especially credit to the poor to allow them to become economically active. The credit programs offer a small loan to the beneficiaries for self-employment purposes that can start or enhance their income streams, and eventually making them self-reliant and move out of poverty. Although micro credit has been the main thrust in the past, today microfinance is seen as encompassing a wide range of financial services such as credit, saving and Insurance.

Growth in the microfinance sector over the year can be attributed to a number of factors which include supportive policies of the government, branchless banking initiatives, innovation in

products and greater utilization of credit guarantee schemes are some of the drivers.

The environment for microfinance in Pakistan continues to be as one of the most enabling across the world. The Economic Intelligence Unit (EIU) of the Economist magazine ranked Pakistan's regulatory framework as well as the overall business environment for microfinance amongst the top three in the world for the past few years. Continued efforts are underway to build upon this strong foundation and further strengthen the sector. In addition, the Securities and Exchange Commission of Pakistan (SECP) has shared a draft of regulations with various stakeholders.

The microfinance industry broadly provides services in three categories of micro-credit, micro-savings and micro-insurance. All three outreach indicators have seen a significant increase from 2013 to 2014. Micro-savers witnessed the largest increase by 43 percent, primarily on the back of MFBs which have been successful in mobilizing deposits over the year as part of their deposit led strategy to fund their portfolio. Within micro-credit, the number of average borrowers as on December 2014 was at 3.14 million. Outreach growth rate has stood at 11 percent, similarly, the gross loan portfolio (GLP) increased by 28 percent in the same time period. Micro-insurance grew by 37 percent in the last one year and stood at Rs. 60 billion. Details of the industry are provided in Table-15.6 below:

Table-15.6: Active Borrowers, Active Savers and Active Policy holders by Peer Group

Details	Micro-Credit		Micro-Savings		Micro-Insurance	
	Active Borrowers (Million)	Value (Rs.Million)	Active Savers (Million)	Value (Rs.Million)	Policy Holders (Million)	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).

One of the key highlights of the year on the policy and regulatory side was the approval of micro-insurance regulations by SECP. The Micro-insurance Rules, 2014 put out for public

opinion during June 2013 and was approved by the Policy Board of the SECP in 2014. The drafting of the regulations was preceded by release of a diagnostic study which not only

highlighted the micro-insurance potential in the country but also the need for a sound regulatory framework.

The Microfinance Credit Information Bureau (MF-CIB) which was rolled out by PMN in collaboration with State Bank of Pakistan and Pakistan Poverty Alleviation Fund (PPAF) in 2012, has a vital role ensuring sustainable growth in the sector. The MF-CIB aims to ensure that MFPs are taking conscious decisions as they lend to their clients and develop their credit history. Currently over 51 players including both small and large are reporting data to the bureau.

Government initiatives such as the Interest free loan scheme are being routed through the national apex, PPAF, which has been adopted by more than two dozen Microfinance Providers. The scheme is targeting clients who have not been tapped by conventional microfinance yet and fall below the income segment eligible for micro-credit. This initiative has the potential to reach out to over a million borrowers in the next three years.

Following to the amendments in the prudential regulations by the State Bank of Pakistan, which allowed Microfinance Banks to lend to microenterprises, a number of players are gearing up to tap the lower end of the SME market. A few of players have successfully conducted pilots and are currently in the process of launching financial products for MSMEs.

The microfinance industry continues to generate investor interest, both local and international. This is evident from the series of acquisitions and launch of Greenfield institution during the last few years. Moreover, international lenders have also been actively exploring the market for debt and equity placements. We feel that investors' interest is likely to continue especially by international lenders.

A number of MFPs have linked up with branchless banking systems to collect loan repayments initially with potential to expand into loan disbursements and other financial services. There are further opportunities for MFPs such as facilitating government to person (G2P) payments via branchless banking. In addition, MFPs are ideally positioned to tap small enterprises as they have similar dynamics as with microfinance clientage. Growth and improvements in performance show that the microfinance is now well positioned to become an integral part of the financial industry.

The objective of the microfinance initiative is to provide liquidity to the microfinance providers in response to tighter liquidity conditions and spikes in inflation. It is provided as a package through microfinance banks (MFBs), microfinance institutions (MFIs), Rural Support Programmes (RSPs), and others including Commercial Financial Institutions (CFIs) and Non-Government Organizations (NGOs). Table 15.7 presents the number of Micro-credit beneficiaries with Outstanding Loans Portfolio (OLP) and Disbursements by loan providers.

Table 15.7: Micro credit beneficiaries, outstanding loans portfolio and loan disbursement

MFP	Active Borrowers	Outstanding Loans Portfolio (Rs)	Number of Loans Disbursed	Disbursements (Rs)
Total for Pakistan MF sector (year ended December 31, 2014)	3,142,589	66,760,900,163	1,143,441	34,993,888,979
MFBs				
Apna Microfinance Bank	11,390	795,518,625	11,390	795,518,625
First Microfinance Bank Limited	184,413	5,098,799,592	64,635	2,250,014,170
Khushhali Bank	468,369	12,228,372,271	179,700	5,472,549,296
FINCA Microfinance Bank	75,510	4,002,045,792	25,554	1,875,794,607
NRSP Bank	194,490	5,192,071,346	130,949	3,921,101,915
Pak Oman Microfinance Bank	6,186	218,406,223	2,097	111,860,000
Tameer Bank	226,870	8,981,389,677	82,734	3,989,604,316
Waseela Microfinance Bank	11,402	500,024,306	4,837	216,537,208
Total for MFBS	1,178,630	37,016,627,832	501,896	18,632,980,137

Table 15.7: Micro credit beneficiaries, outstanding loans portfolio and loan disbursement

MFP	Active Borrowers	Outstanding Loans Portfolio (Rs)	Number of Loans Disbursed	Disbursements (Rs)
MFIs				
AKHUWAT	317,020	3,713,325,764	91,801	1,840,975,000
ASA – Pakistan	220,606	3,189,176,176	63,349	1,344,586,000
ASASAH	3,223	16,686,047	2676	16,033,323
Community Support Concern	19,666	374,889,427	4,760	168,190,000
DAMEN	38,060	1,003,148,450	9,668	424,470,000
DEEP	195	495,470	454	1,333,030
Farmer Friend Organization	21,583	291,806,860	5816	154,445,000
Jinnah Welfare Society	35,115	648,378,819	9,980	367,705,000
Kashf Foundation	228,918	3,777,635,006	63,163	1,856,446,000
Micro Options	4,831	86,623,243	1,818	44,973,000
MOJAZ Foundation	12,554	228,195,374	5353	148,357,000
Naymet Trust	1,555	13,800,000	755	13,800,000
Orangi Charitable Trust	49,315	622,316,200	6,045	126,039,000
SAFCO Support Fund	43,094	438,158,026	8,353	149,366,000
SVDP	5,670	130,605,578	1,870	60,745,000
Total for MFIs	1,001,405	14,535,240,440	275,861	6,717,463,353
RSPs				
National Rural Support Programme	544,156	8,853,886,566	207,037	5,296,174,000
Punjab Rural Support Programme	66,905	1,049,413,196	15310	350,095,000
Sindh Rural Support Organization	63,664	1,021,609,501	10,299	224,499,000
Sarhad Rural Support Programme	4,930	30,573,500	1,133	13,215,000
Ghazi Barotha Taraqiati Idara	6,431	68,327,284	1,842	31,796,000
Thardeep Rural Support Programme	104,523	1,251,075,288	30560	610,549,000
Total for RSPs	790,609	12,274,885,335	266,181	6,526,328,000
Others				
AGAHE	6,826	76,742,675	2,164	41,045,000
Badbaan Enterprise Development Forum	1,481	19,401,742	208	4,745,000
BRAC	58,389	1,224,784,128	70,994	2,365,275,000
Mehran Educational Society	1,636	48,512,582	680	19,000,000
Narowal Rural Development Programme	5,250	115,692,495	1,170	40,603,000
Orix Leasing	20,679	326,201,970	5040	139,617,000
Organization for Participatory Development	7,674	97,298,998	1,549	36,640,000
Organization for Social Development Initiatives	202	5,484,586	464	18,584,489
Rural Community Development Society	46,403	741,890,292	11,207	332,680,000
Sungi Development Foundation	11,471	107,569,511	2,943	52,055,000
Shadab Rural Development Organization	2,718	59,192,952	1,218	30,740,000
Shah Sachal Sami Foundation	6,659	95,436,834	1835	34,763,000
SWWS	2,557	15,937,791	31	1,370,000
Total for Others	171,945	2,934,146,556	99,503	3,117,117,489

Source: Pakistan Microfinance Network (PMN)

Conclusion

Government recognizes social protection/safety nets as a means to mitigate and manage risk, vulnerability and to reduce poverty through transfer and social insurance for risk mitigation regardless of prior or future contribution. The

targeted groups for social safety nets include casual and informal workers, low capital self employed, low rank formal sector workers, women and children without family or community support, etc. In the post devolution situation, technical assistance were provided to

provincial governments in preparing social protection policies that have transparent, improved and easily manageable targeting system, sustainable, comprehensive and integrated social protection policies.

A national framework for social protection will encompass all provincial policies and bring up

national features of the national social protection system. It is planned by the government to bring all existing social protection programs under one umbrella with a unified and transparent inclusion criteria, better targeting system and efficient monitoring mechanism.
