

# SOCIAL PROTECTION

Social protection aims to facilitate marginalized and vulnerable segments of the society through public interventions and collective efforts to improve their standard of living and resilience against risks and vulnerabilities. Social Safety Net (SSN) programmes are non-contributory interventions that target the poor and vulnerable through unconditional and conditional transfers. Since 2020, progress in reducing global poverty has been slow and highly uneven. Nowcasts reveal that poverty reduction resumed in 2021, but only at pre-pandemic rates and not fast enough to recover the ground lost in 2020.

Moreover, the pace of poverty reduction will further stall as the global growth prospects dim because of the Russian – Ukraine conflict and higher food and energy prices that hurt the poor in the short run and may increase the number of poor. Although higher prices may have positive income effects in the long run because many poor households are net producers of food or earn their income in the agriculture sector. By 2030, the poverty rate is expected to be 7 percent, much higher than the target of 3 percent. Reaching the target looks increasingly hard. This is an urgent need to correct course.

### Box-I: Adoption of new Global Poverty Line

Poverty estimates are often updated with new (Purchasing Power Parity (PPP) data to reflect new information on price differences across countries. The international poverty line is a standard that has been used to shape key policy actions on global poverty SDG-1. The International Comparison Program (ICP) released new PPPs based on price data collected in 176 economies in 2017 (World Bank 2020b). Related statistics GDP are similarly updated with new PPPs. When switching to a different base year (in this case, 2017), two revisions are made. First, the consumption aggregate of each household is converted into dollars of the new base year using the new price information. Second, the poverty line used to assess whether a household is poor is also updated to the new base year. The global line has been revised each time the ICP has released a new round of PPPs—from US\$1.00 (1985 PPP) to US\$1.08 (1993 PPP) to US\$1.25 (2005 PPP) to US\$1.90 (2011 PPP) to US\$ 2.15 (2017 PPP).

The increase in the international poverty line from US\$1.90 to US\$2.15 primarily reflects the difference between 2017 and 2011 nominal dollar values. Extreme poverty decreases slightly (by 0.3 percentage point) to 8.4 percent, reducing the global count of the extreme poor by 20 million. The trends in global and regional poverty using the 2017 PPPs are the same as the trends using the 2011 PPPs as shown in table below:

Country Income Group	2011 PPPs			2017 PPPs		
	Median (US\$)	Rounded (US\$)	No. of observations	Median (US\$)	Rounded (US\$)	No. of observations
Low-income	1.91	1.90	33	2.15	2.15	28
Lower-middle-income	3.21	3.20	32	3.63	3.65	54
Upper-middle-income	5.47	5.50	32	6.85	6.85	37
<b>Total</b>			<b>97</b>			<b>119</b>

With the adoption of the 2017 PPPs, the two measures reflecting the poverty definitions in Lower Middle-Income Countries (LMICs) and Upper Middle-Income Countries (UMICs) were revised to US\$3.65 and US\$6.85, respectively. These lines are designed to complement, not replace, the US\$2.15 international poverty line. Such poverty measures are becoming progressively more relevant as a larger share of the global population lives in LMICs and UMICs. The slowdown in poverty reduction observed at the US\$2.15 line has not been observed at higher lines; poverty has continued to decline at a relatively constant rate in recent years. However, the reduction in the poverty rate and number of poor at the US\$6.85 poverty line has been slower than at the US\$3.65 poverty line.

Source: Poverty and Shared Prosperity 2022- World Bank Report

Pakistan falls among those few developing countries whose constitution delineates social security as the civil right of every citizen. As indicated in Article-38 of the constitution of Islamic Republic of Pakistan, it's the responsibility of the state to provide social security. Other basic amenities include housing, clothing, food, medical relief and education irrespective of the caste or race, creed and sex.

Pakistan has remained prone to series of challenges, that is economic crises, political instability, natural calamities (floods, pests' attacks, earthquakes) etc. which exacerbate the vulnerabilities of the poor segments. Furthermore, The process of structural adjustment under the IMF programme to stabilize the economy through steep reductions in fiscal and current account deficits has caused tax hikes (especially on consumption), cut backs in public expenditure (particularly on development and social services) and the phasing out of food subsidies (for example, on wheat). It has led to depreciation in the exchange rate and enhanced tariffs on public utilities such as power and gas. All these adjustments reduce economic opportunities and increase the cost of living which further lower the living standards of poor people.

Due to high vulnerability to climate change, Pakistan has experienced devastating calamity in monsoon 2022 caused by the heavy rainfall and flash flooding that have severely affected one third of the country taken the lives of more than 1,700 people, nearly 8 million people have reportedly been displaced and 33 million people have been affected according to Post-Disaster Needs Assessment Report of the 2022 floods.

The floods of 2022 have caused a significant loss to poverty reduction efforts and would result in increase in poverty and vulnerability of affected population who live below or just around the national poverty line. Preliminary estimates suggest that as a direct consequence of the floods, the national poverty rate may increase by

3.7 to 4.0 percentage points, potentially pushing between 8.4 and 9.1 million more people into poverty. Moreover, the depth and severity of poverty will increase for households that were already poor prior to the floods.

The catastrophic floods of 2022 further intensified the situation led to a huge loss of Rs 3.3 trillion (US\$15.2 billion) and cost of recovery and rehabilitation is estimated at Rs 3.5 trillion (US\$16.3 billion). In response, the government has taken adequate steps to provide health facilities in flood affected communities by providing shelter, safe drinking water, food items as well as health interventions amidst supply chain disruptions. The government provided flood relief assistance of Rs 70 billion to 2.8 million beneficiaries under BISP. The compensated amount of Rs 25,000 has been provided to each flood-affected family to help them recover from their financial losses.

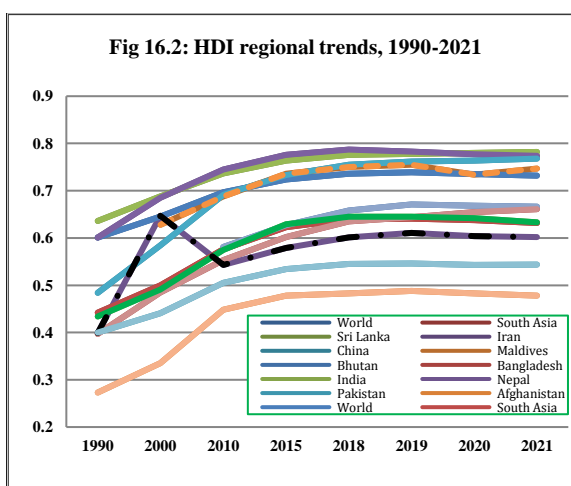
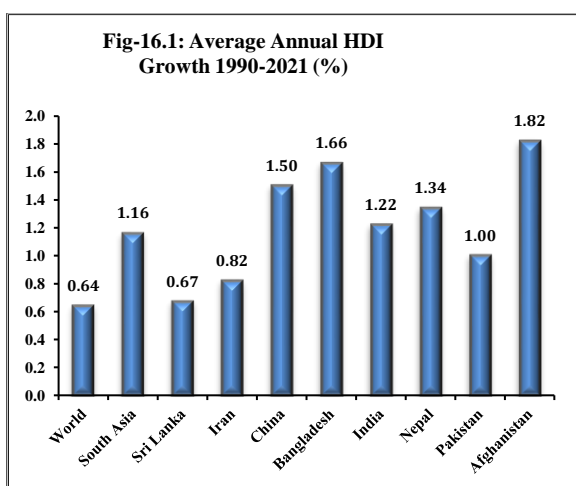
The Human Development Report (HDR) 2022 revealed that Pakistan has dropped seven places in the Human Development Index (HDI), ranking 161 out of 192 countries which put the country in the 'Low Human Development' category. Switzerland is on top, Norway and Iceland rank at second and third positions, respectively, while India has dropped one spot to 132 in the HDI.

According to the report, life expectancy at birth in Pakistan stood at 66.1 years, expected years of schooling are 8.7, while the gross per capita national income is \$4,624. Life expectancy at birth in India is 67.2 years, expected years of schooling are 11.9, while the gross per capita national income is \$6,590. Bangladesh stands at 129 in the index. Life expectancy at birth in Bangladesh is 72.4 years, expected years of schooling are 12.4, while the gross per capita national income is \$5,472 respectively. Around 90 percent of countries have seen "reversals in human development" during the period under review as given in the Table 16.1 below:

**Table-16.1: Human Development Index and its Components**

Country/ Region	HDI Rank	Human Development Index (HDI) Value (2021)	Average Annual HDI Growth (%) [1990-2021]	Life Expectancy at Birth (years)	Expected Years of Schooling (years)	Mean Years of Schooling (years)	Gross National Income (GNI) per capita (2017 PPP \$)	Multidimensional Poverty Index Headcount (%)
				SDG-3	SDG-4.3	SDG-4.4	SDG-8.5	SDG-1.2
<b>World</b>	-	<b>0.732</b>	<b>0.64</b>	<b>71.4</b>	<b>12.8</b>	<b>8.6</b>	<b>16,752</b>	-
<b>South Asia</b>	-	<b>0.632</b>	<b>1.16</b>	<b>67.9</b>	<b>11.6</b>	<b>6.7</b>	<b>6,481</b>	<b>29.0</b>
Sri Lanka	73	0.782	0.67	76.4	14.1	10.8	12,578	2.9
Iran	76	0.774	0.82	73.9	14.6	10.6	13,001	-
China	79	0.768	1.50	78.2	14.2	7.6	17,504	3.9
Maldives	90	0.747	-	79.9	12.6	7.3	15,448	0.8
Bhutan	127	0.666	-	71.8	13.2	5.2	9,438	-
Bangladesh	129	0.661	1.66	72.4	12.4	7.4	5,472	24.6
India	132	0.633	1.22	67.2	11.9	6.7	6,590	27.9
Nepal	143	0.602	1.34	68.4	12.9	5.1	3,877	17.5
<b>Pakistan</b>	<b>161</b>	<b>0.544</b>	<b>1.00</b>	<b>66.1</b>	<b>8.7</b>	<b>4.5</b>	<b>4,624</b>	<b>38.3</b>
Afghanistan	180	0.478	1.82	62.0	10.3	3.0	1,824	55.9

Source: UNDP Human Development Report-2022



### Tracking the Pro-Poor Expenditures

Expenditure on 14 pro-poor sectors is showing increasing trend in absolute terms in pro-poor public expenditure. In 2017-18 it stood at 7.2 percent of GDP, 6.5 percent of GDP in 2018-19, 6.7 percent in 2019-20, 6.4 percent in 2020-21. During 2021-22, total expenditures of these

sectors were increased and reached to Rs 5630.8 billion, which was 6.7 percent of GDP which shows the government’s commitment to follow a sustained poverty reduction strategy. The PRSP expenditures as percentage of GDP varies due to rebasing of National Accounts from 2005-06 to 2015-16 as shown in Table 16.2 below:

**Table-16.2: PRSP Budgetary Expenditures by Sector**

(Rs million)

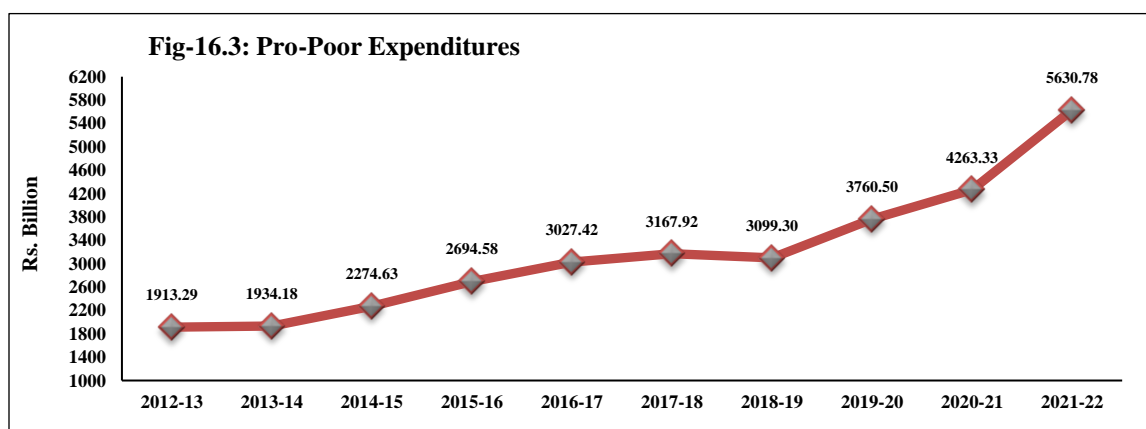
Sectors	2017-18	2018-19	2019-20	2020-21	2021-22*
Roads, Highways & Bridges	452,463	400,623	342,689	327,971	518,928
Environment / Water Supply and Sanitation	77,932	45,186	70,337	64,783	119,017
Education	829,152	868,022	901,013	802,226	1,101,654
Health	416,467	421,778	505,411	586,270	919,418
Population Planning	20,451	14,328	11,381	11,257	17,968

Sectors	2017-18	2018-19	2019-20	2020-21	2021-22*
Social Security & Welfare**	257,534	173,443	280,258	225,278	419,199
Natural Calamities & Other Disasters	19,062	20,933	72,353	89,138	130,043
Agriculture	277,867	256,697	377,093	327,286	388,678
Land Reclamation	2,730	2,538	2,418	3,054	4,666
Rural Development	42,127	11,958	29,738	49,703	68,110
Subsidies	327,767	387,092	635,816	1,184,070	1,252,935
Low Cost Housing	349	704	1,766	2,242	1,780
Justice Administration	53,461	65,937	72,737	79,866	95,207
Law and Order	390,556	430,063	457,487	480,187	593,176
<b>Total</b>	<b>3,167,918</b>	<b>3,099,302</b>	<b>3,760,497</b>	<b>4,263,331</b>	<b>5,630,779</b>
<b>Total as % age of GDP (2015-2016 base)</b>	<b>7.2</b>	<b>6.5</b>	<b>6.7</b>	<b>6.4</b>	<b>6.7</b>

\*: Provisional

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

Source: External Finance Wing, Ministry of Finance



### Social Safety Programmes

Social safety net programmes provide minimal safeguard to the poor and vulnerable group which form an essential element of our poverty reduction strategy. Budgeted social safety net programmes include Benazir Income Support programme (BISP), Pakistan Bait-ul-Mal (PBM) while Zakat, Employees Old-age Benefit Institution (EOBI), Workers Welfare Fund (WWF) and Pakistan Poverty Alleviation Fund (PPAF) is the non-budgetary part of the programme. Microfinance through specialized financial institutions also provides micro finance services to the needy poor.

**I. Benazir Income Support Programme:** BISP, a targeted unconditional cash transfer programme, is being implemented by focusing on poor women with the long-term objectives

include meeting the targets of Sustainable Development Goals (SDGs) to eradicate extreme and chronic poverty and empowerment of women.

BISP has a nationwide presence with Headquarters in the Federal Capital Islamabad and 16 Zonal offices in all provinces. There are 138 District offices and 315 sub-divisional/ Tehsil offices all across the country. BISP has the largest database known as National Socio-Economic Registry (NSER) comprising socio-economic indicators of around 35 million households of the country. BISP is the only autonomous body having budget of Rs 400 billion wherein Internal Audit function is operating as per international internal auditing standards and its activities include risk based audit, agile auditing, concurrent auditing and hence contributing in the effectiveness of

internal controls, risk management practices and governance procedures of BISP. Following are the major Programmes of BISP:

**A. Un-Conditional Cash Transfer (UCT) Programme**

- i. **Benazir Kafaalat:** Benazir Kafaalat is the core Programme of BISP which was initiated in 2008. Beneficiaries are identified/registered through a scientific mode of NSER survey based on Proxy Means Test (PMT) score. At present, PMT cut-off score of 32 is being used as eligibility cut-off to identify vulnerable families. However, PMT cut-off score is relax up to 37 for differently able person in a household. The current number of enrolled/ registered beneficiaries of Kafaalat is around 8.96 million. Target is to enhance the number to 9.0 million by June 2023. During July-March FY2023, Rs 128.90 billion have been disbursed under the UCT Kafaalat Programme.
- ii. **Targeted Petroleum Subsidy:** In order to protect the poor and the vulnerable families from the effects of rising fuel prices, Federal Government in May 2022 decided to disburse an additional cash subsidy of Rs. 2,000/- to existing regular BISP beneficiaries as well as additional beneficiaries by raising the existing PMT score covering third socio-economic status. During July-December FY2023, Rs 16.35 billion have been disbursed to around 8.67 million beneficiaries.
- iii. **Flood Relief Programme:** Recent unprecedented rain across Pakistan has badly affected low lying areas where there was 4 to 5 feet of water covering whole districts and in some areas resulted in loss of lives and property. In this backdrop, the government has announced immediate cash relief @ Rs. 25,000/- per family in flood affected Districts/ Tehsils/ Union Councils notified by NDMA across the country. BISP has approximately disbursed Rs 69 billion during the period July-December FY2023 to 2.76 million beneficiaries.
- iv. **Subsidy for Wheat Seed Rabi (2022-23):** BISP is also implementing Wheat Seed Subsidy programme to eligible farmers in compliance of decisions of ECC held on

25-01-2023. The target of the programme was to reach 185,928 farmers with disbursement amount of Rs.5000/- per acre according to their verified area. Till 31<sup>st</sup> March, 2023 an amount of Rs 2.94 billion has been disbursed to 122,687 farmers out of a targeted 185,928 farmers.

- v. **Transgender Policy:** BISP Board has approved the policy to include transgender persons under UCT. As per approved Policy, transgender persons are required to obtain CNIC from NADRA clearly mentioning transgender as their gender. To become eligible for BISP Programmes, NSER related survey is mandatory at Benazir Registration Centers (BRCs) established in every BISP Tehsil Office. So far, 80 cases of transgender persons have been enrolled as BISP beneficiaries and receiving Kafaalat amount of Rs 7,000/- for the first time.
- vi. **Financial Inclusion and Financial Literacy Programme:** In pursuance of Financial Inclusion Strategy, BISP has designed and launched a pilot project for opening of Savings Accounts (Mobile Wallets) and provision of Financial Literacy to UCT beneficiaries. After evaluating the pilot project, a detailed road-map and action plan will be prepared and Mobile Wallet and Financial Literacy Programme will be launched across the country which will pave the way for formal interaction of UCT beneficiaries with the economy.
- vii. **Hybrid Social Protection Programme:** BISP is also working on Hybrid Social Protection Programme which will blend social assistance with social risk mitigation elements to promote savings that informal sector workers can fall back on in case of shocks, while it also providing a platform through which the government can more rapidly deploy additional support during a crisis. The basic model, drawing from global experiences, will be a contributory savings scheme with matching incentives, with a short to medium term horizon for withdrawals. The Programme is currently in design phase with the technical assistance of World Bank, Asian Development Bank and other stakeholders.

viii. **Indexation of Cash Transfer:** In pursuance to fulfill the requirements under IMF's Extended Fund Facility Program, 2019-20 as well as World Bank's Second Securing Human Investments to Foster Transformation (SHIFT-II) Policy Reform Framework, BISP in coordination with Finance Division and World Bank has developed an institutional mechanism for periodic increase/ update of Cash Transfers. The last increase in the cash assistance under UCT was made @ Rs. 1,750 per quarter w.e.f 1<sup>st</sup> January, 2023. For 3<sup>rd</sup> Quarter, January-March FY2023 Rs. 8500/- was paid and from 4<sup>th</sup> Quarter, April-June FY2023, Rs 9000/- is being paid to eligible beneficiaries.

ix. **Designing of a New Innovative Payments Model:** BISP has initiated the work for designing of a new payment model in consultation with key stakeholders as well as various national and international organizations having experience in designing and executing payment systems especially in the Social Protection Programmes with particular emphasis on G2P payments. The inputs/ recommendations of key stakeholders for developing/ designing of a new payment system would serve BISP beneficiaries most efficiently.

x. **Improved Service Delivery:** BISP at Tehsil level outreach providing assistance and guidance to its beneficiaries on all initiatives of the Programme. It has a dedicated Call Center at BISP HQ, Islamabad, which is the first point of contact for the beneficiaries/general public to seek information related to BISP's initiatives/ schemes, as well as to record and address their complaints through Interactive Voice Response (IVR) system. The call center can be reached at Toll Free number (0800-26477) from 8:00 am to 4:00 pm.

xi. **Payments Related Grievance Redressal System:** BISP has developed an efficient and automated payment grievance redressal system i.e. Payment Complaint Management System (PCMS) which is deployed at all BISP Tehsil/District / Zonal Offices. Through this system, payment related complaints can be launched and

resolved in an automated manner. It is used by the BISP's Tehsil offices to register and resolve complaints of the beneficiaries. PCMS has been refined to process following types of complaints reported during field activities:

- i. Biometric verification related complaints
- ii. Payment related complaints
- iii. Quality of service related complaints

Moreover, the PCMS has also been integrated with Complaint Resolution Mechanisms (CRMs) of BISP partner banks to further enhance the efficiency of CRM in an efficient manner. In addition to the beneficiary complaints, PCMS is equipped to process following types of cases:

- i. Next of Kin
- ii. Transgender applications
- iii. Update of beneficiary's address /contact number
- iv. Search complaint status
- v. View beneficiary's payment history
- vi. User management.

## B. Conditional Cash Transfer (CCT) Programme

a. **Benazir Taleemi Wazaif (Education Programme):** The Government of Pakistan is committed to provide Universal Primary Education as a part of its commitment to the SDGs. Recognizing that, many children of BISP beneficiary households / families are not currently attending school, the government launched a Co-Responsibility Cash Transfer for provision of an additional cash per quarter to BISP beneficiary families in October, 2012 for Primary Education. Since 1st July 2021, scope of work of the Programme has been expanded from Primary to Secondary and Higher Secondary level and is currently operational all over the country. Stipend rates of students are as under:

Level	Per Boy/per quarter (Rs.)	Per Girl /per quarter (Rs.)
Primary	1,500	2,000
Secondary	2,500	3,000
Higher Secondary	3,500	4,000
Bonus on Primary Graduation to Girls	One-time bonus of Rs 3,000 to girls on graduation of Primary Education.	

The overall objective of this initiative is to encourage education through regular cash transfers to invest in human capital development. B-form/ CRC verification through NADRA database is mandatory for the enrollment of child in the Programme. A beneficiary child must attend school / college for at least 70 percent of the school/college effective days within a quarter to receive cash transfers from 2nd quarter and onwards. Eligibility criteria for enrollment of children in Benazir Taleemi Wazaif Program is as under:

- 4-12 years for Primary Education
- 8-18 years for Secondary Education
- 13-22 years for Higher Secondary Education

### **Achievements**

**Enrolment:** So far, 11.8 million children have been enrolled and paid through Benazir Taleemi Wazaif Programme and 3.0 million children have been enrolled during July- March FY2023.

**Disbursement:** So far, Rs 63.3 billion have been disbursed since inception of the Programme out of which Rs 23.4 billion have been disbursed during 1<sup>st</sup> July to 31<sup>st</sup> March, FY2023.

**b. Benazir Nashonuma (Health & Nutrition Programme):** Pakistan's high rates of malnutrition (40.2% stunting, 28.9% underweight, and 17.7% wasting) are indicative of an on-going child nutrition crisis. Such levels of malnutrition ranks Pakistan as the second-highest burdened country in the region. The first 1,000 days of a child's life are a window of opportunity to lay a strong foundation for later achievements. This time frame is a period of enormous changes characterized by a high degree of plasticity in the child's neurological development.

The Programme aims to address stunting among Pregnant and Lactating Women (PLW) and their children of less than 2 years age through the provision of additional cash of Rs 2,000/- per quarter per PLW / boy child and Rs 2,500/- per quarter per girl child of BISP beneficiary families. In return, mothers must commit to attend regular antenatal health checks and awareness sessions during pregnancy, consuming Specialized Nutritious Food (SNF),

and taking their children for immunization and regular health checks.

The primary objectives of the intervention includes:

- To prevent stunting in children under two years of age
- Improved weight gain of pregnant women during pregnancy
- Reduce anemia and micronutrient deficiencies
- Improved awareness of maternal and early child health / nutrition
- Reduced disease burden through improved uptake of available health / nutrition services
- Prevent low birth weight

The Programme is operationalized in 156 districts of the country through 442 Facilitation Centers. During July- March FY2023 Rs 1.26 billion were disbursed to 375,150 beneficiaries as CCT Programme.

### **c. Benazir Undergraduate Scholarship Project:**

The project envisages providing merit and need-based scholarships over 4-5 years of under-graduate education, including tuition fees and stipend to cover living expenses, to the qualified undergraduate students from low-income families to study in HEC recognized 135 public sector Higher Education Institutions (HEIs) of all regions of Pakistan, including Azad Jammu & Kashmir and Gilgit-Baltistan. HEC is the executing agency for the project.

#### **Brief Details of the Project**

- **Duration:** FY 2019-2020 to 2026-2027
- **Total Budget:** Rs 38.015 billion
- **Total Scholarships:** 102,000
- **Expenditure so far:** Rs 29.254 billion
- **Eligibility Criteria:** Family income of Rs 45,000 per month or less of the applicant student
- **Special Considerations:** 50% scholarships are reserved for the females, whereas 2% scholarships are reserved for the students with different abilities;
- **Approved Disciplines:** All disciplines are included except vocational training programs by TEVTAs.
- **Approved Degree Programs:** Any regular 4-5 years undergraduate degree programme (except distant learning programmes)

- **No. of Participating Universities:** 135 Public Sector Universities/ HEIs. (private and distant learning universities are not included)
- **Scholarship Coverage:** Actual tuition fee and living allowance @Rs.40,000 per annum.

Up to the end of FY2022, scholarships were awarded to 92000 students and 6.4 billion were released for the grant of scholarship. During July-March FY2023, funds of Rs 2.241 billion were released to additional 10000 newly enrolled students.

**d. National Socio-Economic Registry (NSER):** BISP has the largest database known as NSER comprising socio-economic indicators

of over 35 million households of the country. This digitized, geo-referenced data-set is serving as a transparent, efficient and effective targeting mechanism for BISP and other government programmes, contributing to the planning of pro-poor development policies. So far 612 Dynamic Registration Centres have been set up across the country by ensuring that every Tehsil has at least a dedicated registration center.

**BISP Financial Progress:**

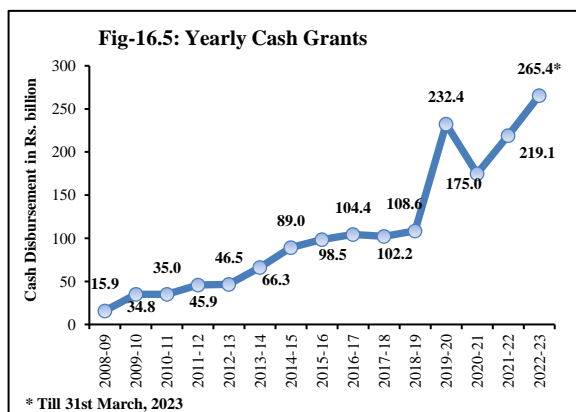
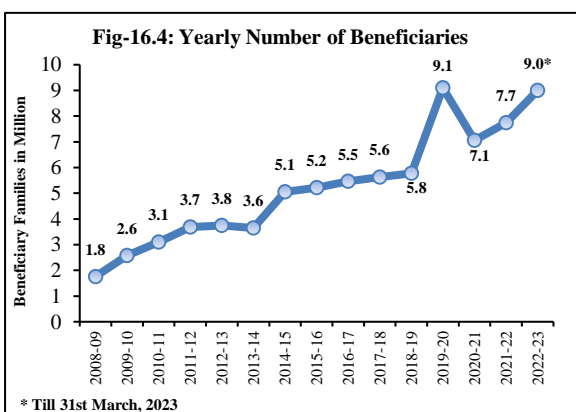
c. Since its inception, BISP has managed to disburse Rs 1,638.90 billion to UCT and CCT grants. Year- wise released and disbursement on CCT and UCT grants are reflected in Table- 16.3 and Fig-16.4 & Fig-16.5:

**Table-16.3: BISP Financial Achievements** (Rs in billion)

Year	Released	Funds Transfer to Cash Grants			Number of Beneficiaries (million)
		Conditional Cash Transfer (CCT)	Unconditional 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	3.64
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	102.20	5.63
2018-19	116.50	4.01	104.60	108.61	5.78
2019-20	243.71	3.70	228.67	232.37	9.10
2020-21	194.29	5.57	169.40	174.97	7.06
2021-22	235.63	25.35	193.74	219.09	7.74
2022-23*	312.39	23.48	241.94	265.42	9.00
<b>Total</b>	<b>1,773.73</b>	<b>86.79</b>	<b>1,552.11</b>	<b>1,638.90</b>	-

\*Till 31<sup>st</sup> March, 2023

Source: Benazir Income Support Programme (BISP)





**II. Pakistan Poverty Alleviation Fund (PPAF):** PPAF is continuing to support communities by providing access to improve infrastructure, energy, health, education, livelihoods, finance, and develop resilience to disasters. It has outreach in 149 districts across all four provinces and regions of the country.

Since its inception in April 2000 till March 2023, PPAF has disbursed approximately Rs 238.47 billion to its Partner Organizations (POs) in 149 districts across the country. A total of 8.4 million microcredit loans have been disbursed with 60 percent loans to women and 80 percent financing extended to rural areas. Following are the key achievements under the PPAF:

- i) 38,900 health, education, water, and infrastructure projects completed;
- ii) 440,000 credit groups and 146,900 community organizations formed;
- iii) 146,900 community organizations have been formed;
- iv) 1,158,000 individuals (49% women) received managerial and livelihood trainings;
- v) 199,500 productive assets transferred to ultra and vulnerable poor households (64% women);
- vi) Over 2,841,000 interest-free loans (55% women) disbursed through Interest-Free

- Loan (IFL) Programme;
- vii) 26,000 individuals including women and youth trained on enterprise development under Waseela-e-Haq National & Waseela-e-Haq Sindh programmes of the BISP facilitated in establishing their successful ventures; and
- viii) 30,800 persons with disabilities rehabilitated.

**Interest-Free Loan (IFL) Programme under PPAF:** Since July 2019, PPAF is implementing the phase-II of the Government of Pakistan’s Interest Free Loan (IFL) Programme to support productive microenterprise activities of the poor, vulnerable and marginalized households in Pakistan. As many as 2.8 million IFLs will be provided (50,000 loans per month) over four years to 1.7 million households for income diversification and business expansion purposes.

During July 2022 to March 2023, a total of 365,408 loans (62% women) amounting to Rs 14.93 billion have been disbursed to borrowers whereas cumulatively July 2019 to March 2023, a total of 2,303,046 loans (52% o women) amounting to Rs 85.16 billion have been disbursed. The programme is being executed through 736 Laon Centers/Branches in about 81 districts by 26 POs across the country as shown in table 16.4 below:

**Table -16.4: Interest Free Loan (IFL) Progress**

Sr. #	Particulars	Progress for July–March FY 2023			Cumulative as of March 2023		
		Men	Women	Total	Men	Women	Total
1	Number of loans disbursed to borrowers	138,692	226,716	365,408	1,108,750	1,194,296	2,303,046
2	Amount disbursed to borrowers (Rs billion)	5.76	9.17	14.93	42.96	42.19	85.16
3	Number of Loan Centers	736					

Source: Pakistan Poverty Alleviation Fund (PPAF), Islamabad

**Emergency Flood Relief Programme 2022 under PPAF:** PPAF has launched an Emergency Flood Relief Programme with an initial allocation of Rs 250 million in 31 affected districts of the country to address the immediate needs of the flood-affected population in the poorest communities, improve their coping

capacities for early recovery and rehabilitation and strengthen their resilience to climate-induced disasters. Province-wise and sector-wise detail of relief operation in 31 flood affected district of the country is given in Table-16.5 below:

**Table 16.5: Province-wise Households benefited from PPAF Emergency Response (July 2022 to March 2023)**

Provinces	Category-wise Beneficiary Households									
	Food Items	Hygiene Kits/MMH Kits	Point of Use Water Suppliers	Medical Camps	Livestock Vaccination	Fodder for Animal	Temporary Shelter Kits	Non-Food Items	Agriculture Inputs (Seeds)	Solar Lights
Balochistan	8,576	6,275	575	7,296	-	-	-	-	8,000	-
Khyber Pakhtunkhwa	6,130	3,180	-	-	-	-	-	-	-	-
Punjab	8,500	8,150	-	-	-	-	3,000	-	-	-
Sindh	11,448	11,524	4,500	29,854	8,086	3,000	500	5,482	-	2,500
<b>Total</b>	<b>34,654</b>	<b>29,129</b>	<b>10,250</b>	<b>37,150</b>	<b>8,086</b>	<b>3,000</b>	<b>3,500</b>	<b>5,482</b>	<b>8,000</b>	<b>2,500</b>

Source: Pakistan Poverty Alleviation Fund (PPAF), Islamabad

**Financial Progress of the PPAF**

During July-March FY2023, PPAF disbursed Rs 1.6 billion to its POs for various programmes

funded by donors and its own resources. The component-wise financial progress update is given in the table-16.6:

**Table-16.6: PPAF Disbursement by Operating Units/Special Initiatives** (Rs million)

Sr #	Programme Components	Amount Disbursed
1	Institutional Development/Social Mobilization (ID/SM)	44.53
2	Livelihood Enhancement and Protection (LEP)	625.83
3	Water and Infrastructure (W&I)	395.56
4	Education, Health and Nutrition (EHN)	48.34
5	Interest Free Loans (IFL)	56.65
6	Flood Emergency Response	368.91
<b>Total</b>		<b>1,539.82</b>

Source: Pakistan Poverty Alleviation Fund, Islamabad.

During the reporting period, a total of 12 community institutions were formed, and 923 community members were trained (34% women) under the Institutional Development and Social Mobilization component. Similarly, under the Livelihood Enhancement and Protection (LEP) component, 6,174 individuals (53% women) received skills and entrepreneurial trainings, and 3,105 productive assets (47% assets to women) were transferred

to ultra and vulnerable poor households. A total of 22 physical infrastructure sub-projects were completed benefitting 45,534 persons (including 48% women). Under the education component, 59 educational facilities were supported, and 9,653 students (47% girls) were enrolled in these facilities. A total of 365,408 (62% women) loans were disbursed through the IFL programme. The highlights of physical progress are given in Table-16.7 below:

**Table-16.7: Physical Progress Update (July-March FY2023)** (Numbers)

Programme Components	Physical Progress
<b>Institutional Development and Social Mobilization:</b>	
▪ Community Institutions Formed	12
▪ Community and PO staff trainees (34% women)	923
<b>Livelihoods Enhancement and Protection</b>	
▪ Individuals received skills/entrepreneurial training (53% women)	6,174
▪ Productive assets transferred to ultra and vulnerable poor (47% women)	3,105
<b>Water and Infrastructure Sub-projects:</b>	
▪ Sub-projects completed	22

<b>Programme Components</b>	<b>Physical Progress</b>
▪ Sub-projects beneficiaries (48% women)	45,534
<b>Education:</b>	
▪ Education facilities supported	59
▪ Students enrolled and scholarship provided (47% girls enrolled)	9,653
<b>Interest Free Loans (IFL) Programme:</b>	
▪ Number of Interest Free Loans (62% women)	365,408

Source: Pakistan Poverty Alleviation Fund, Islamabad.

**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 (MFPs) including Microfinance Banks (regulated by SBP) and Non-Bank Microfinance companies (regulated by SECP).

The vision of PMNs is to extend the frontiers of formal financial services to all, and the mission is to support the financial sector, especially retail financial service providers, to enhance their scale, quality, diversity, and sustainability in order to achieve inclusive financial services.

The microfinance industry broadly provides services in three categories of micro-credit, micro-savings and micro-insurance. As shown in Table 16.8, the sector continued an upward

trend. The micro-credit outreach witnessed a growth of 12 percent in the Micro-Credit with Active Borrowers crossed 9.0 million during FY2022 as compared to 8.1 million over the corresponding period last year. While the Gross Loan Portfolio registered 25 percent growth and reached to Rs 491 billion during the same year. Micro-savings, on the other hand, posted a growth of 19 percent under active savers increased to 94 million and the value of their savings reached to Rs 514.3 billion, an increase of 22 percent over the corresponding year. Micro-insurance also remained positive wherein the number of policyholders increased by 0.4 percent and touched to 8.26 million. Moreover, sum –insured posted a negative growth of 0.7 percent and reduced from RS 319 billion in 2021 to Rs 317 billion in 2022 along with the value of sum insured of Rs 317 billion.

**Table 16.8: Active Borrowers, Active Savers and Active Policyholders**

<b>Details</b>	<b>Micro-Credit</b>		<b>Micro-Savings</b>		<b>Micro-Insurance</b>	
	<b>Active Borrowers</b>	<b>Value (Rs.million)</b>	<b>Active Savers</b>	<b>Value (Rs.million)</b>	<b>Policy Holders</b>	<b>Sum Insured (Rs.million)</b>
2022*	9,092,247	491,262	93,957,497	514,289	8,264,513	316,948
2021*	8,122,085	392,585	78,731,952	422,547	8,228,178	319,255
Increase/decrease (Net)	970,162	98,677	15,225,545	91,742	36,335	(2,307)
Increase/Decrease (%)	12%	25%	19%	22%	0.4%	-0.7%

\*: Calendar Year

Source: Pakistan Microfinance Network (PMN)

The microfinance sector in Pakistan has been dedicated towards improving access to economic opportunities and growth for the marginalized segments of the population. Improving access to financial services is inadequate without considering improvement in social and developmental areas. These areas

have been a priority for MFPs as evidenced by their engagement in a number of social and development initiatives, like increasing access to financial services, development of start-up and existing enterprises, poverty alleviation, employment generation, and promoting gender equality.

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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 NGOs. Table-16.9

presents the number of micro-credit beneficiaries with outstanding loan portfolios and disbursements by loan providers upto December 2022.

**Table 16.9: Micro credit beneficiaries, outstanding loans portfolio and loan disbursement as of Dec. 2022**

MFP	Active Borrowers	Outstanding Loans Portfolio (Rs)	Number of Loans Disbursed	Disbursements (Rs)
<b>Total for Pakistan MF sector</b>	<b>9,092,247</b>	<b>491,262,241,504</b>	<b>6,999,375</b>	<b>167,654,305,624</b>
<b>MFBs</b>				
Advans Pakistan	19,198	3,479,012,781	5,142	1,345,837,975
Apna Microfinance Bank	103,940	12,067,958,053	109,616	15,215,513,383
ASA	605,594	18,024,036,940	174,516	8,932,667,000
FINCA Microfinance Bank	130,940	17,216,393,708	26,388	4,792,450,995
HBL Microfinance Bank Limited	514,442	87,850,557,998	134,112	21,004,005,794
Khushhali Bank	737,541	88,596,115,703	120,733	17,355,104,877
Mobilink Microfinance Bank	2,566,393	50,810,232,624	4,571,530	22,498,365,700
NRSP Bank	258,937	32,435,535,001	56,778	7,905,876,501
Pak Oman Microfinance Bank	61,738	5,493,901,167	12,389	1,310,943,917
Sindh Microfinance Bank	66,133	1,321,059,597	17,019	621,625,000
Telenor Microfinance Bank Limited	488,471	11,593,611,248	892,087	5,364,207,359
U Microfinance Bank	373,855	50,584,779,904	151,304	21,671,442,084
<b>Total for MFBs</b>	<b>5,927,182</b>	<b>379,473,194,726</b>	<b>6,271,614</b>	<b>128,018,040,586</b>
<b>MFIs</b>				
Agaha Pakistan	60,550	1,705,438,349	14,631	776,200,000
Akhuwat Islamic Microfinance	692,635	30,722,971,538	125,925	6,390,149,250
CSC Empowerment & Inclusion Programme	46,054	1,943,664,470	11,691	747,838,749
Damen Support Programme	127,527	4,869,016,247	31,865	2,390,130,000
FFO Support Program	47,622	1,118,924,866	7,630	382,569,000
JWS Pakistan	159,375	4,843,297,591	39,221	2,191,405,000
Kashf Foundation	639,409	22,398,111,099	212,826	11,215,395,000
Mojaz Support Program	42,938	1,074,455,448	3,970	286,225,000
Organization for Poverty Reduction & Charitable Trust	24,802	749,666,295	5,806	335,450,000
OPD Support Program	4,439	81,488,271	948	41,575,000
Rural Community Development Programs	204,184	7,748,309,160	42,747	2,899,185,000
Sayya Microfinance Company	9,437	230,258,155	2,304	100,420,000
Safco Support Foundation	117,309	3,741,190,515	16,172	1,197,685,200
Shah Sachal Sami Foundation	3,985	156,191,669	585	43,370,000
Farmer Development Programme	8,190	161,758,502	2,532	98,055,000
Union Bank	350	56,572,144	350	56,572,144
Villagers Development Organization	1,870	32,382,753	140	7,685,000
<b>Total for MFIs</b>	<b>2,190,676</b>	<b>81,633,697,072</b>	<b>519,343</b>	<b>29,159,909,343</b>
<b>RSPs</b>				
Ghazi Barotha Taraqiati Idara	24,186	451,841,913	4,465	177,695,000
National Rural Support Programe	723,640	21,994,829,622	163,686	8,131,121,502
Punjab Rural Support Programe	91,010	2,465,648,118	18,556	783,951,000
Sindh Rural Support Organization	7,559	202,268,300	2,024	98,445,000
Sarhad Rural Support Programme	81,420	3,531,105,491	10,240	790,368,193
Thardeep Microfinance Foundation	46,008	1,338,313,552	9,447	494,775,000
<b>Total for RSPs</b>	<b>973,823</b>	<b>29,984,006,996</b>	<b>208,418</b>	<b>10,476,355,695</b>
<b>Others</b>				
MCB Islamic Bank	566	171,342,710	-	-
<b>Total for Others</b>	<b>566</b>	<b>171,342,710</b>	<b>0</b>	<b>0</b>

Source: Pakistan Microfinance Network (PMN)

**IV. Zakat:** The system of Zakat ensures proper distribution of wealth and serves as a preventive mechanism against poverty to reduce inequality among communities. Zakat funds are utilized for assistance to the needy, indigent, poor, orphans, widows, handicapped and disabled for their subsistence or rehabilitation. The federal government is responsible for the collection of Zakat and its distribution to the provinces/federal areas in accordance with the Zakat distribution formula approved by the Council of Common Interests (CCI). A total amount of Rs 10,817 million has been distributed during FY2023 as per details given in Table 16.10:

**Table 16.10: Disbursement of Zakat**

Federal Areas/ Provinces	Amount (Rs million)
Punjab	5,782.24
Sindh	738.95
Khyber Pakhtunkhwa	994.94
Balochistan	1,399.35
Gilgit-Baltistan	730.45
ICT	1,171.73
<b>Total</b>	<b>10,817.67</b>

Source: Ministry of Poverty Alleviation and Social Safety

**V. Pakistan Bait-ul-Mal (PBM):** Pakistan Bait-ul-Mal is significantly contributing toward poverty alleviation through its various poorest of the poor focused services. The PBM providing 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 centres for the poor, financial aid to charitable institutions including educational and vocational setups. During FY2023, Rs 6.04 billion has been provided to PBM for its following core projects/schemes:

**a). Individual Financial Assistance (IFA):** Through IFA, poor, windows, destitute and orphans are supported for medical treatment of poor and deserving patients suffering from different catastrophic diseases, education

stipend of brilliant and poor students and general financial assistance of widow and other needy segment of the society. 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 30000/- annually, whereas the family with two special children are being provided financial assistance of Rs 60000/- per annum. An amount of Rs 1.27 billion has been disbursed country wide for the period July to March FY2023.

**b). Schools for Rehabilitation of Child Labour (SRCLs):** PBM has established 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 centers with free provision of uniform, books and stationery. During July-March FY2023 Rs 764.24 million has been disbursed.

**c). Women Empowerment Centres (WEC):** Vocational Training Centres now called WECs have been established throughout the country since 1995. 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 441.18 million has been utilized for the period July to March FY2023.

**d). Pakistan Sweet Homes (PSHs):** PBM has established Sweet Homes (orphanages) 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 education institutes. During July, 2022 to March, 2023 Rs 511.27 million has been spent.

**e). PBM Old Homes (for Shelter Less Senior Citizens):** Old homes are established to enrolled senior citizens (above 60 years of age) where they are being provided free of cost boarding/lodging, messing and medical care. An

amount of Rs 5.48 million has been utilized for the period July to March FY2023.

**f). PBM Shelter Homes:** PBM being an executing agency of Shelter Homes earlier named Panagah(s) incurring all the expenditures by curtailing funds from its ongoing programmes mainly focus on quality service delivery to the shelter-less persons, by taking care of multiple aspects including health care, safe/secure living environment, hygienic food etc. in a respectable manner. An amount of Rs 122.28 million has been utilized during July to March FY2023.

**g). PBM Roti Sab KeLeay:** PBM being an executing agency of Roti Sab KeLeay formally named EKBNS, has procured food vehicles to deliver the foods to the poorest segment of the society. During July, 2022 to March, 2023 Rs 31.95 million has been utilized.

**h). Institutional Rehabilitation for NGOs:** Pakistan Bait ul Mal provides grant-in-aid to registered NGOs having excellent track record aimed at institutional rehabilitation of the poor and deserving persons of the society. An amount of Rs 29.52 million has been disbursed during July to March FY2023.

**VI. Employees Old-Age Benefits Institution (EOBI):** EOBI is playing a vital role in social security by paying pensions and grants to retired

workers and their families. By December 2022, EOBI had 240,424 active old-age pensioners, 161,353 active survivor pensioners and 5,081 active invalidity pensioners which is growing rapidly. On average about 40,000 pensioners are added every year.

Main Features of the EOBI Schemes:

- **Old-age pension** on attaining the age of 60 years in case of male workers and 55 years in case of female and mine workers.
- **Invalidity pension** on sustaining invalidity affecting insured person's earning more than one third of normal.
- **Survivors' pension** to the following in case of death of insured person/pensioner:
  - Surviving spouse 100% pension till life, or
  - Surviving male children till 18 years of age, or
  - Surviving female children till 18 years of age or their marriage, whichever is earlier, or
  - Surviving parents for 5 years, if any insured person/pensioner not survived by spouse or children.
- **Old-Age Grant:** not meeting the benchmark for old-age pension.

The details of disbursed benefits during July-March FY2023 are shown in Table-16.11:

Benefits	Pension Disbursement Type-Wise									Total Disbursement
	July	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	
Old-age Pension	2,214.31	2,235.89	2,246.22	2,292.62	2,349.52	2,326.79	2,323.72	2,292.62	2,324.85	20,606.54
Invalidity Pension	44.67	43.81	44.94	47.04	48.28	48.07	40.79	39.88	40.26	397.74
Survivors' Pension	1,497.03	1,480.44	1,520.05	1,496.96	1,574.58	1,551.41	1,558.57	1,545.79	1,574.65	13,829.48
Old-Age Grant	41.68	40.18	45.08	53.94	55.54	53.12	58.57	38.91	49.33	436.35
<b>Total</b>	<b>3,797.68</b>	<b>3,800.00</b>	<b>3,856.29</b>	<b>3,890.56</b>	<b>4,027.91</b>	<b>3,979.39</b>	<b>4,011.65</b>	<b>3,917.20</b>	<b>3,989.09</b>	<b>35,269.77</b>

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

**VII. Workers Welfare Fund (WWF):** The WWF was established under the Workers Welfare Fund Ordinance, 1971 to take initiatives for the industrial workers by providing service in health, education and low-cost housing sector which includes provision of Marriage Grants, Death Grants, Talent Scholarships, establishment & maintenance of labour Colonies and establishment & operations of Workers

Welfare Schools at various priority locations throughout the country.

The WWF derives its receipts from the following three sources:

- i) An industrial establishment contributes 2% of its assessable income under WWF Ordinance 1971, when it exceeds

Rs 500,000/- in an accounting year.

- ii) The left-over amount under Companies Profit Workers Participation (CPWP) Act, 1968 after distribution amongst workers.
- iii) Income from investments.

During July-March, FY2023, expenditures amounting to Rs 2.94 billion were incurred on 16,231 scholarship cases, while Rs 691.51 million disbursed as marriage grants @ Rs 200,000 per worker benefitting 4,377 workers' families. The WWF has also disbursed Rs 780.96 million as death grant @Rs 600,000 per worker– covering 1,425 cases of mishaps all over the country.

### **Way forward**

Ending poverty in all forms and dimensions by 2030 is the first global agenda of the UN's SDGs. Therefore, the identification of the poor and the evaluation of the extent of poverty have received considerable attention in the design of cost-effective poverty reduction programmes and safety nets. After the 18th Amendment, social security and safety nets are now provincial subjects. Keeping in view, a social protection framework is required to clarify the roles and responsibilities of federal and provincial

governments as well as to tap the private sector.

The social protection programmes needs to be properly monitored and evaluated for assessing their impact on poverty and vulnerability, economic growth, and public welfare. The BISP is expanding its scope and size. Moreover, it is important to phase out universal un-targeted subsidies. So, the released funds could be utilized on expanding the social safety net by bringing the poorest into the safety net. The social protection system of Pakistan having enormous potential to handle poverty and vulnerability issues and is imperative to improve coordination between different agencies.

Government is exploring options to identify and replace high-cost and low-impact investments with investments on social protection. Investments in social protection represent a significant share of public expenditure, and the effectiveness of these investments needs to be improved. Priorities need to be gradually shifted from policies that were designed to support cohesion and social peace, towards measures with higher impacts on the reduction of vulnerabilities and poverty reduction. Another option is to reprioritize spending within the social protection sector.