

SOCIAL PROTECTION

The social protection system refers to designing and implementing targeted social and economic policies aimed at reducing poverty and income inequality by providing relief to the most vulnerable and marginalized sections of the society. Social protection aims to enhance the capacity of poor and vulnerable people to manage economic and social risks, such as unemployment, exclusion, sickness, disability, and old age.

According to World Bank's recent estimates, 10 percent of the world's population or 734 million people lived on less than \$1.90 a day. In the wake of COVID-19, World Bank estimates that 40 million to 60 million additional people will fall into extreme poverty (under \$1.90/day) in 2020, compared to 2019, depending on assumptions on the magnitude of the economic shocks. Under the pandemic, the global situation of poverty may become worse due to job loss, rising prices, disruptions in supply chains, loss of remittances, education, and health services, etc.

In Pakistan, owing to the government's welfare orientation and commitment towards the achievement of Sustainable Development Goals (SDGs), social protection has gained high priority, and the government is determined to prepare and implement all-inclusive social protection policies that have transparent and manageable targeting system. In the post-devolution scenario, both federal and provincial governments are jointly working towards the achievement of optimal social protection and minimum social exclusion.

Pakistan's multi-sectoral poverty reduction strategy encompasses targeted interventions, such as the Benazir Income Support Programme (BISP), alongside private philanthropy and improved access to microfinance. Key social safety initiatives include Pakistan Bait-ul-Mal, Zakat, and Ushr programmes, Employees Old-Age Benefits Institution (EOBI), the Worker's Welfare Funds (WWF) and provincial Employees' Social Security Institutions.

Pakistan is committed to poverty alleviation in line with the SDGs target Goal-1 "No Poverty" in all its manifestations everywhere by 2030. According to the Planning Commission, the poverty headcount ratio was 24.3 percent by estimating the poverty line for this period as Rs 3,250.28 per adult equivalent per month, which represented around 50 million people living below the national poverty line in 2015-16. The national poverty headcount ratio at \$1.90 a day (2011 purchasing power parity, % of the population) showing a declining trend from 6.1 percent in 2013-14 to 3.9 percent in 2015-16. The COVID-19 is

expected to have a negative impact on the Pakistan's economy, and the number of people living below the poverty line may rise from the existing figure of 50 to 60 million.

The present government has taken following initiatives to reduce poverty, provide income security, and to increase the population's access to social protection:

- Creation of a dedicated **Poverty Alleviation & Social Safety Division** to synergize the efforts of various organizations working for poverty alleviation and social protection in public and private sectors;
- Launch of **Ehsaas Programme** which, *inter alia*, includes inflation-adjusted BISP / *Ehsaas Kafaalat* cash transfers, asset ownership programme for graduation out of poverty, access to finance for the youth, graduate and undergraduate scholarships for the poor and needy students;
- Introduction of a **Relief Package of Rs 144 billion**, in the backdrop of COVID-19, to provide immediate cash relief of Rs 12,000 per household for four months to almost 12 million poor families under Ehsaas Programme;
- **Re-orienting PSDP** to include pro-poor and less-developed areas focused on projects;
- Expanding coverage of Prime Minister's Health Insurance scheme by launching the first phase of the countrywide **Sehat-Insaf Card Scheme** to provide free medical treatment to approximately 80 million people;
- Finalization of the **National Nutrition Programme** in order to upscale nutrition and ensure food security;
- Launch of **Ehsaas-Saylani Langar Scheme**, with an aim to reduce hunger and provide hygienic food to the poor, under the government's *Ehsaas* Programme;
- Construction of '**Panagahs**' in major cities to provide shelter to the homeless;
- **Extension of Conditional Cash Transfer (CCT) Programme (*Waseela-e-Taleem*)** to another 50 districts during 2020 which involves a cash transfer of Rs 750 and Rs 1000 per quarter to boys and girls respectively;
- Capitalizing on **Tele-health and Tele-education Facilities** to expand health and education coverage. The government has already launched these initiatives at the pilot stage, which will be further scaled up at the national level.

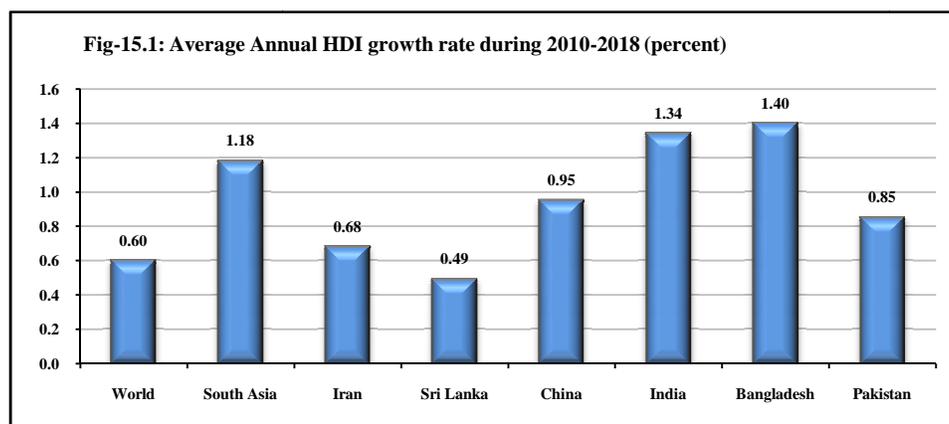
To accelerate the efforts to alleviate poverty, the present government has focused on Human Development on its three basic dimensions; a long and healthy life, access to knowledge, and a decent standard of living. According to UNDP Human Development Report 2019, Pakistan's ranking in the global Human Development Index (HDI) slightly declined to 152 in 2018 from 150 in 2017, out of 189 countries based on Health (life expectancy at birth), Education (Expected years of schooling) and Gross National Income (GNI) per capita. Pakistan's HDI value is 0.560 out of 1 as against South Asia's average HDI value of 0.642 and the world's average HDI value of 0.731. Overall, Pakistan has shown some progress in

human development indicators over the previous years. However, this progress is very less when compared to other countries in South Asia as given in the Table 15.1 below:

Table-15.1: Human Development Index and its Components

Country/ Region	HDI Rank	Human Development Index (HDI) Value (2018)	Average Annual HDI Growth (%) [2010-2018]	Life Expectancy at Birth	Expected Years of Schooling	Mean Years of Schooling	Gross National Income (GNI) per capita (2011 PPP \$)	Multidimensional Poverty Index
				SDG-3	SDG-4.3	SDG-4.6	SDG-8.5	Headcount (%)
World	-	0.731	0.60	72.6	12.7	8.4	15,745	23.1
South Asia	-	0.642	1.18	69.7	11.8	6.5	6,794	31.0
Iran	65	0.797	0.68	76.5	14.7	10.0	18,166	-
Sri Lanka	71	0.780	0.49	76.8	14.0	11.1	11,611	-
China	85	0.758	0.95	76.7	13.9	7.9	16,127	4.5
India	129	0.647	1.34	69.4	12.3	6.5	6,829	27.9
Bangladesh	135	0.614	1.40	72.3	11.2	6.1	4,057	41.7
Pakistan	152	0.560	0.85	67.1	8.5	5.2	5,190	38.3

Source: UNDP Human Development Report-2019



Box-1: Regional Poverty Comparison

According to the World Bank's latest Poverty Head Count data, if income per adult in Pakistan is taken as \$ 1.90 per day, then 3.9 percent of the population falls below the poverty line as per 2015 population estimates. But if the poverty line is raised to \$ 3.20 per day in line with international standards for middle-income countries, then 34.7 percent of the population falls below the poverty line, and if the poverty line is raised to \$ 5.50 per day, then 75.4 percent of the population falls below the poverty line. The position of poverty in Pakistan is better than India and Bangladesh, but Sri Lanka, China, and Iran are in a better position than Pakistan.

Countries	Population below National Poverty lines (%)	Population below \$ 1.90 a day (%)	Population below \$ 3.20 a day (%)	Population below \$ 5.50 a day (%)
Pakistan (2015)	24.3*	3.9	34.7	75.4
China (2016)	1.7**	0.5	5.4	23.9
Bangladesh (2016)	24.3	14.8	52.9	84.5
India (2011)	21.9	21.2	60.4	86.8
Sri Lanka (2016)	4.1	0.8	10.1	40.4
Iran (2017)	-	0.3	2.3	10.9

*: For FY2016, **: For FY2018

Source: The World Bank, World Development Indicators, 2020

In Pakistan, Planning Commission employs Cost of Basic Needs approach (CBN) for poverty estimation, which was estimated to be Rs 3250.3 per adult per month. According to this methodology, 24.3 percent of the population is below the poverty line. However, Poverty headcount will rise depending upon the aggregate consumption of households in the post-COVID-19 scenarios estimated by the Sub-committee on National Coordination Committee (NCC) on COVID-19 on Economic Analysis headed by Planning Commission.

Scenario-I	Scenario-II
If household's consumption goes down by 5 percent, poverty headcount will rise from existing 24.3 percent to 29 percent, and that will lead to around 10 million people falling below the poverty line.	If a household's consumption goes down by 10 percent, poverty headcount could rise from 24.3 percent to 33.5 percent

During pandemic and post-crisis periods, short-term income losses will be offset by an unprecedented rise in social safety nets. The government has extended outreach of its cash transfers to 12 million households from the existing 5 million. It means the government has extended its support to 78 million people, which is more than 32 percent of the population. This will be the largest cash transfer in this region in terms of coverage. The lockdowns, though partial, have repercussions on employment and, it is expected that due to partial lockdown, 12.6 million workers may lose their jobs.

Tracking the Pro-Poor Expenditures

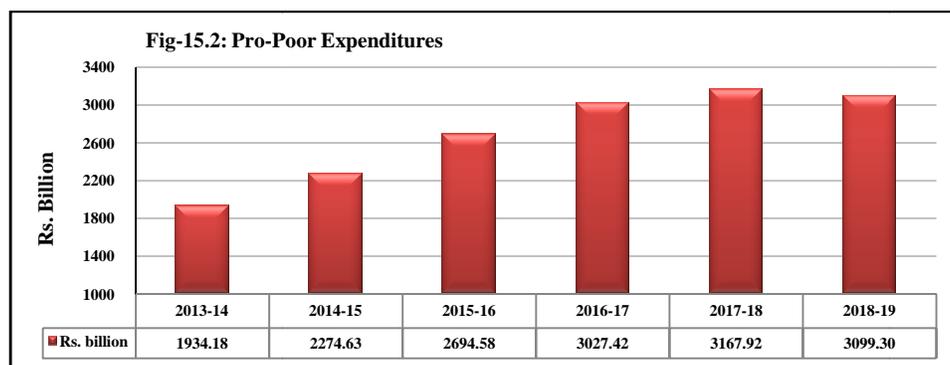
Expenditure on pro-poor sectors in 2016-17 stood at 9.5 percent of GDP, 9.2 percent of GDP in 2017-18, while slightly dropped to 8.0 percent of GDP in 2018-19 as shown in Table 15.2 below:

Sectors	2014-15	2015-16	2016-17	2017-18	2018-19*
Roads, Highways & Bridges	190,984	397,506	526,356	452,463	400,623
Environment / Water Supply and Sanitation	54,093	63,554	72,031	77,932	45,186
Education	599,047	663,356	699,222	829,152	868,022
Health	231,172	267,953	328,962	416,467	421,778
Population Planning	13,943	10,894	20,338	20,451	14,328
Social Security & Welfare**	155,725	173,532	259,455	257,534	173,443
Natural Calamities & Other Disasters	40,525	59,204	27,461	19,062	20,933
Agriculture	199,903	239,019	258,396	277,867	256,697
Land Reclamation	5,184	4,601	2,558	2,730	2,538
Rural Development	29,122	37,419	30,934	42,127	11,958
Subsidies	459,325	437,087	403,139	327,767	387,092
Low Cost Housing	581	460	422	349	704
Justice Administration	26,041	33,255	41,926	53,461	65,937
Law and Order	268,983	306,738	356,217	390,556	430,063
Total	2,274,628	2,694,578	3,027,417	3,167,918	3,099,302
Total as% age of GDP (2005-06 base)	8.3	9.3	9.5	9.2	8.0

*: Provisional

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

Source: External Finance Policy Wing, Ministry of Finance



Social Safety Programmes

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

I. Benazir Income Support Programme (BISP): The BISP is a federal unconditional cash transfer programme for the poorest segments of the society. Due to its importance for the current government, the budgetary allocation has been increased from Rs 102 billion in FY2016 to Rs 180 billion in FY2020. The number of beneficiaries now stands at 4.5 million families. The BISP is following the path of automation, and almost 100 percent of beneficiaries are being paid through a biometric-based payment solution developed by the BISP. The new payment solution has been designed in line with the Prime Minister's vision of financial inclusion of poor women through one woman-one account as envisaged under the government's flagship Ehsaas Programme. It will enhance choices for the beneficiaries under Kafalat to collect cash grants through biometric verification at branchless banking retailers, an enhanced network of biometric enabled ATMs, campsites in remote areas, and biometric-enabled bank branches.

Unconditional Cash Transfer (UCT) Programme

The UCT Programme has been improved and strengthened as the Kafalat Programme, through which monthly cash stipend of Rs 2,000 will be given to at least 7.0 million most deserving and poorest women all over the country. At first, 4.2 million women of the BISP beneficiaries have been included in the Kafalat programme, and further, approximately 3.0 million deserving women will be added this year, and the total number of beneficiaries is expected to reach up to 7.0 million under this programme by the end of 2020. The programme will be launched in 3 phases, and in each district, a 5-stage process will take place through which deserving people will be able to seek government's support by registering themselves at desks or through a website.

Box-II: EHSAAAS Emergency Cash Programme for Vulnerable/ Affected Families due to COVID-19 Pandemic

The government has launched "Ehsaas Emergency Cash Programme," the biggest cash distribution programme in the history of Pakistan, with a total allocation of Rs 144 billion to provide immediate cash relief of Rs 12,000 to 12 million families of daily wage earners, whose livelihood has been severely affected by the pandemic. Emergency intervention is targeting the following categories of families:

- i. Special cash assistance of Rs 1,000 per month for four months to the currently enrolled 4.5 million Kafalat

beneficiary families, in addition to the regular cash transfer of Rs 2,000 per month;

- ii. Emergency cash assistance of Rs 3,000 per month per family for four months to an additional 4 million families to be identified from the databases of NSER 2010-11 and 2019-20;
- iii. Emergency cash assistance of Rs 3,000 per month per family for four months to 3.5 million more families to be identified through provincial governments/district administration.

The above three types of assistance are being provided for a period of four months (March-June, 2020). Families falling within Category (i) above are regular beneficiaries of the Ehsaas Kafalat Programme. The families within Category (ii) are being identified from the BISP database by using a higher eligibility/PMT threshold within the national poverty line. Families in Category (iii) will be identified by the Provincial Governments through their district administrations. Province/Region wise share of the families referred at (ii) & (iii) is based on population share of the Province/Region.

The number of families in categories (ii) and (iii) may be adjusted to remain within a total of 7.5 million. One benefit per family will be provided. For the additional 7.5 million families, first preference would be given to every married man with valid CNIC. If no such male is available, then ever married woman of the same family with valid CNIC will be a recipient of the emergency cash assistance.

In order to implement the decision of the Federal Government and to address the challenges stated above, the following strategies have been designed and are being implemented:

- a) In respect of families falling in Category- (iii), the NADRA has developed a web-based portal/application accessible to the office of each Deputy Commissioner except Province of Punjab, where only the Provincial Focal Person received access to the Portal. They have been issued a user name and passwords to login.
- b) After due diligence i.e., confirming the need, data of each potential beneficiary will be uploaded on the application by designated users.
- c) Thereafter, data analytics/cleansing and verifications will be applied by NADRA, and consolidated data will be forwarded to BISP-MIS by NADRA.
- d) The BISP will share the data with Partner Banks for disbursement to the eligible beneficiaries, using a biometric verification system (BVS).
- e) Besides expanding the current cash points, the disbursement of cash to the beneficiaries is being made through multiple campsites established by the concerned district administration.
- f) Protocols for management of the aforementioned cash disbursement campsites, along with safety and hygiene measures by the district administration, have been shared with Provincial/Regional Governments.
- g) An SMS service was also launched whereby citizens can send their CNIC and get a response about their eligibility status for cash assistance as well as register themselves for emergency cash relief.

Disbursements have been started in all three Categories. As of 03-06-2020, Rs 117.5 billion have been disbursed to 9.7 million beneficiaries.

BISP Financial Progress:

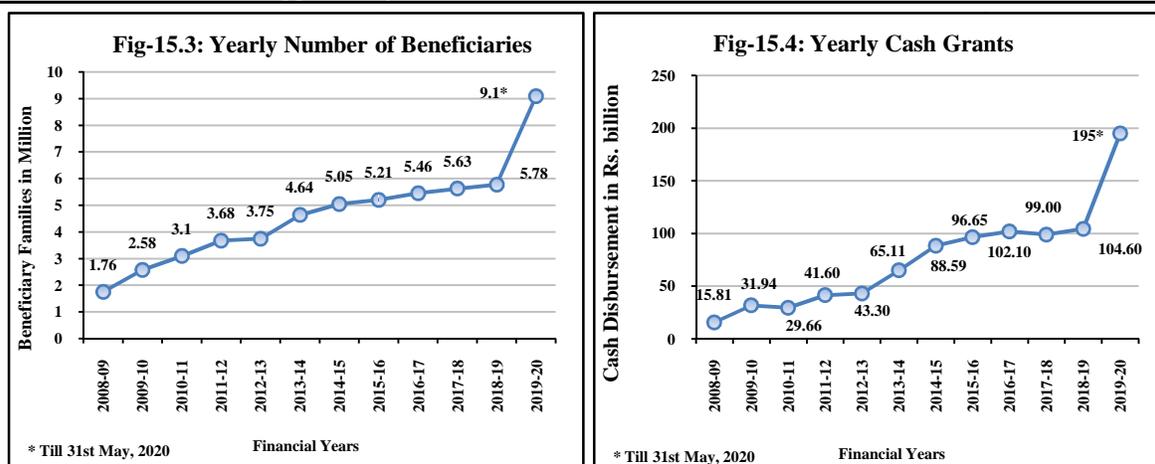
BISP's targeting performance falls in the top five social safety nets in the world. Since its inception, BISP has managed to disburse an amount of Rs 944.74 billion to UCT and conditional cash grants. The conditional cash transfer (CCT) grants include the ongoing Waseela-e-Taleem (WeT) programme and discontinued Waseela-e-Sehat, Waseela-e-Haq, and Waseela-e-Rozgar programmes. The information on CCT and UCT grants are reflected in table 15.3 and figures Fig-15.3 and Fig-15.4 below:

Table-15.3: BISP Financial Achievements (Rs in billion)

Financial 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	4.64
2014-15	91.78	0.45	88.59	89.04	5.05
2015-16	102.00	1.88	96.65	98.53	5.21
2016-17	111.50	2.27	102.10	104.37	5.46
2017-18	107.00	3.20	99.00	102.20	5.63
2018-19	116.50	4.01	104.60	108.60	5.78
2019-20*	214.10	2.70	195.00	197.70	9.10
Total	1,001.81	31.39	913.36	944.74	-

*Till 31st May, 2020

Source: Benazir Income Support Programme (BISP)



CCT (Waseela-e-Taleem):BISP is currently implementing the CCT programme linked with primary education in 50 districts of the country. BISP has plans to further expand the programme coverage in additional 50 districts of the county in 2020. The overall objective of this programme is to incentivize primary education through regular cash transfers and to encourage investment in human capital development.

Under this programme, top-up of Rs 750/- per quarter is distributed to the beneficiary children enrolled in primary education conditional upon 70 percent attendance compliance. To promote girls' enrollment and to eliminate gender gap, cash grant for girls has been revised upwards to Rs 1,000/- per quarter from FY2020. BISP has so far disbursed Rs 12 billion in CCT intervention to 3.1 million children of the beneficiary families. BISP is optimistic about expanding the CCT on education intervention in all districts of the country to cover all the out of school children of BISP beneficiary families in the next 3-5 years.

CCT (Health and Nutrition): BISP has designed a CCT intervention to accelerate the take up of health and nutrition services amongst its beneficiaries. The programme will be piloted in 9 districts of the country to test the feasibility of implementation design in the first phase. One district each will be selected from four provinces, and one district each will be selected from AJK erstwhile FATA, and three districts will be selected from GB. The programme will cover around 122,000 beneficiaries over a period of three years.

The targeted population of the programme would be pregnant and lactating mothers along with their children of less than 23 months age, from amongst the BISP beneficiaries. Along with the BISP's regular cash transfers, the mothers will be paid Rs 1,500 for baby boy and Rs 2,000 for baby girl as an incentive, if she successfully meets all the conditions. The facilitation centers will be established at existing district and tehsil headquarters hospitals. In this regard, the BISP is in the process of signing the MoUs with provincial health departments.

BISP's Engagement with Development Partners

i) World Bank: BISP has successfully concluded a \$60 million "Pakistan Social Safety Net Technical Assistance Project (PSSN)" provided by the International Development Association (IDA). The TA project supported the design of poverty scorecard and first-ever comprehensive survey of the poor households. The BISP received additional financing of \$150 million for the project to launch a Co-responsibility Cash Transfer programme for the primary education of children of the BISP beneficiaries. The project is aimed at increasing the coverage of beneficiary families through the delivery of cash grants and also co-responsibility cash attached to Disbursement Linked Indicators (DLIs) for primary education. BISP has successfully achieved all 19 DLIs under the World Bank's PSSN project.

A new project titled "Pakistan National Social Protection Programme (NSPP)" was launched on 28th April 2017, having a total amount of US\$ 100 million, and it will end on June 30 2021. The main objective of this project is to strengthen BISP's service delivery, to enhance the human capital of the poor and increase their access to complementary services. The funds under this project are released after fulfillment of benchmarks/targets under the DLI regime. BISP had received an amount of \$ 43 million as of December 2019.

ii) Department for International Development (DFID): The DFID is supporting BISP to expand its cash transfers to eligible beneficiaries. Under Pakistan National Cash Transfer Programme (PNCTP), the DFID provided up to £ 300.3 million over a period of eight years from 2012 to 2020, which has been further extended till March 2021. Almost £279 million was on account of results-based "non-budget support financial aid "to support expansion and systems strengthening of UCT and the CCT programmes. The overall performance rating of the programme was marked as "A". Most of the milestones have either been met or exceeded expectations. Moreover, almost £21.3 million worth technical assistance was aimed at strengthening the BISP systems and supporting dialogue on poverty reduction and policy reforms to enhance social protection.

The DFID grant was made available through a total of 18 DLIs, all of which have been met within the agreed timelines. The timely achievement of DLIs reflects the synergy between the BISP and its development partners. DFID also agreed with the BISP on a new

framework of 11 DLIs, amounting to £98.4 million to be achieved by March 2021. These DLIs relate to usage of new NSER data for UCT disbursements, ensuring the availability of dashboard for stakeholders to access the NSER data, implementation of Biometric Verification System (BVS), capacity building of tehsil offices, expansion of CCTs for primary education and increasing the number of BISP Beneficiaries Committees (BBCs) in the union councils.

iii) Asian Development Bank (ADB): The BISP and ADB had signed a project titled "Social Protection Development Project (SPDP)" amounting to \$ 395 million (approx.) for concessional lending from the ADB's Ordinary Capital Resource (OCR) in November 2013 till end June 2020, which became effective as on 24th June 2014. The SPDP helped to strengthen, inter-alia, financial management, and internal controls of the programme resulting in improved efficiency of the expenditures. The financing of the cash transfer component (UCT), which was 84 percent of the loan portfolio, has been utilized efficiently. ADB supported the enrolment and financing of about 16 percent of the total eligible beneficiaries receiving quarterly cash grants. In order to implement the pilot graduation programme, the closing date of the ongoing project has been extended upto 30th June 2022.

As the existing project comes to an end in 2022, the need was felt by the government to have fiscal space to continue disbursing the UCT stipend to eligible beneficiaries in the wake of hike in fuel and food expenditure, to strengthen financial management and control systems and to establish a hub for policy research to support evidence-based policymaking. Additional financing will set the direction for the next phase of ADB engagement. Additional financing loan of \$ 200.00 million has been signed on 11th October, 2019. The loan is effective since 28th November, 2019. It will gradually be internalized during a period of 3 years and will eventually be funded by the GOP. A Policy Research Unit being set up under the additional financing will be supported under the project for 3 years and will eventually be funded and sustained by the Government of Pakistan.

Moreover, ADB approved a \$500 million policy-based loan in 2019 to support the Government to address structural issues obstructing Pakistan's export competitiveness and bring livelihood opportunities to the people of Pakistan for poverty reduction. Similarly, ADB has also approved a \$300 million emergency assistance loan to strengthen Pakistan's public health response to COVID-19 pandemic and help meet the basic needs of most vulnerable and poor segments of society.

Future Goals of the BISP

- A new social protection programme, namely "Tahafuz" will be executed through the BISP. Tahafaz is aimed at protecting vulnerable people against shocks and natural calamities. This will involve one-time financial assistance to protect against catastrophic events. Through Tahafaz, financial assistance is to be provided to poor widows, who do not have any earning child. Legal aid will also be provided to poor women through Tahafaz.
- Expanding CCTs for primary education to all districts by 2022 in a phased manner from the existing coverage of 50 districts.
- The CCT Programme for Nutrition and Immunization to be piloted in 9 districts in 2020 and to be evaluated for expansion.

II. Pakistan Poverty Alleviation Fund (PPAF): PPAF is a flagship poverty reduction strategy of the country. The funding provided to PPAF is dedicated to micro credit, enterprise development, community-based infrastructure and energy projects, livelihood enhancement and protection, social mobilization, and capacity building institutional assistance for the partner organizations of the PPAF.

Since its inception in April 2000 till March 2020, PPAF has disbursed an amount of approximately Rs 224.64 billion to its Partner Organizations (POs) in 144 districts across the country. A total of 8.4 million microcredit loans have been disbursed, with 60 percent of the loans to women and 80 percent financing extended to the rural areas.

Following are the key achievements under the PPAF:

- i) 38,300 health, education, water, and infrastructure projects completed;
- ii) 440,000 credit groups and 134,500 community organizations formed;
- iii) 1,141,500 individuals received managerial training events;
- iv) 124,700 productive assets transferred to ultra and vulnerable poor households (49 percent women);
- v) Over 1,168,000 interest-free loans (55 percent women beneficiaries) disbursed through Interest-Free Loan (IFL) Programme;
- vi) 26,000 individuals including women and youth trained;
- vii) Enterprise development under Waseela-e-Haq National & Waseela-e-Haq Sindh programme of the BISP facilitated in establishing their successful ventures;
- viii) 30,800 persons with disabilities rehabilitated.

The PPAF under Ehsaas Programme

The present government has launched the National Poverty Graduation Initiative (NPGI) under the flagship Poverty Alleviation Programme 'Ehsaas' organized by the PPAF. This programme is aimed at providing relief to the ultra and vulnerable poor segments of society through interest-free loans, vocational and skills training, and asset transfer. Key components of the initiative include (i) Asset Transfers, (ii) Vocational and Skills Training, and (iii) Interest-Free Loans (IFL).

Under the NPGI, following two major programmes are being implemented by the PPAF:

A. National Poverty Graduation Programme (NPGP): This programme is a GoP and IFAD funded initiative worth USD 150 million (GoP USD 50 Million and IFAD USD 100 Million) to be implemented over a period of six years in 375 union councils of 23 districts across the country in order to assist the ultra-poor in graduating out of poverty on a sustainable basis. The programme aims at transferring livelihood assets and training to 176,877 ultra-poor and vulnerable households.

The programme is at an initial stage of implementation. So far, the PPAF has signed agreements with 5 POs to implement the programme in 338 union councils to transfer tangible assets to 147,489 households and intangible assets (technical and vocational

training) to 16,388 households in 20 districts of Punjab, Sindh and Khyber Pakhtunkhwa Provinces. However, the programme has made substantial progress in these three provinces till March 2020 and has transferred 9,704 tangible assets to the identified households as per set criteria. The categories of these assets include livestock, enterprises, transportation and construction material, etc.

B. Interest-Free Loan (IFL) Programme: The IFL is one of the major components of the initiative being implemented by the PPAF through its 24 POs. The range of interest-free loans is Rs 20,000 – Rs 75,000. As many as 3.8 million interest-free loans will be provided (80,000 loans a month) for the next 4 years to 2.28 million households.

Under the initiative, a total of 636,292 loans (46 percent loans to women) have been disbursed to the borrowers, while cumulative disbursement under Ehsaas has reached to Rs 21,196.62 million. Overall, 1,100 loan centers/branches have been established in about 100 districts by 24 implementing partners across the country. Against the target of 80,000 IFL per month, the PPAF has achieved more than 100 percent targets within the last 6 months. The detail of physical progress of IFL programme during July-March, FY2020 is given below:

S.No.	Particulars	Cumulative (July-March FY2020)		
		Men	Women	Total
1	Number of Loans Disbursed to borrowers	343,397	292,895	636,292
2	Amount disbursed to borrowers (Rs million)	12,103.17	9,039.45	21,196.62
3	Number of Loan Centres	1,100		

Financial Progress of the PPAF

During July-March, FY2020, the PPAF managed to disburse an amount of Rs 2,469 million to its POs under its core interventions administered under various PPAF supported programmes as shown in table-15.4 below:

Sr. #	Programmes Components	Amount Disbursed
1	Institutional Development/Social Mobilization (ID/SM)	75
2	Livelihood Enhancement and Protection (LEP)	2,043
3	Water and Infrastructure (W & I)	285
4	Education, Health and Nutrition (EHN)	66
Total		2,469

Source: Pakistan Poverty Alleviation Fund, Islamabad.

During the same period, a total of 3,636 community institutions were formed, and 1,317 community and PO staff members were trained (48 percent women) under Institutional Development and Social Mobilization component. Similarly, under Livelihood Enhancement and Protection (LEP) component, 4,027 individuals received skills/entrepreneurial training (57 percent women) and 10,615 productive assets were transferred to ultra, and vulnerable poor (92 percent women), 74 Water and Infrastructure sub-projects were completed benefitting 41,240 persons (50 percent women). Under the health and education component, 9 educational facilities were supported during the reporting period, and 1,607 new students (44 percent girls) were enrolled, and 198,597 consultation

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visits by patients (60 percent women and girls) were treated under various ailments. 636,292 IFLs (46 percent women) were disbursed through the IFL scheme.

Overall, these projects and interventions benefitted around 893,695 poor and marginalized populations which also includes 50 percent women beneficiaries during the reporting period. Major achievements of the PPAF are presented in the table below:

Programme Components	Physical Progress
Institutional Development and Social Mobilization	
▪ Community Institutions Formed	3,636
▪ Community and PO staff trainees (48% women)	1,317
Livelihoods Enhancement and Protection	
▪ Individuals received skills/entrepreneurial training (57% women)	4,027
▪ Productive assets transferred to ultra and vulnerable poor (92% women)	10,615
Water and Infrastructure Sub-projects	
▪ Sub-project completed	74
▪ Sub-projects beneficiaries (50% women)	41,240
Education	
▪ Educational facilities supported	9
▪ New students enrolled in programme schools (44% girls)	1,607
Health	
▪ Consultation visits by patients treated under programme health facilities (46% women & girls)	198,597
Interest-Free Loans Scheme	
▪ Number of Interest-Free Loans (46% women)	636,292

Source: Pakistan Poverty Alleviation Fund, Islamabad.

Other Key Initiatives during FY2020

In addition to the above, following that key achievements were made by the organization during the reporting period:

- National Disaster Risk Management Fund (NDRMF) has awarded PPAF a programme for building resilience to disaster and climate change. The total outlay of the project is around Rs 825 million, in which 70 percent share is a grant from the NDRMF (Rs 575.112 million), while PPAF's share of 30 percent is Rs 248.71 million. This project will increase the institutional and physical capacity of local communities to reduce the socioeconomic and fiscal impacts of natural hazards and climate change. This programme will be implemented in 16 Union Councils of 8 districts, including Nasirabad, Swabi, Shangla, Multan, Jamshoro, Naushero Feorze, Skardu, and Dadu. The project is designed to benefit around 400,000 people.
- The PPAF, in collaboration with Agha Khan Rural Support Programme and German Development Bank (KfW), successfully installed 306 kW hydropower plant in Gazen, Chitral providing renewable energy to hundreds of households. The hydropower plant installed will benefit 335 households and impact five villages, namely Gazen, Dubargar, Unawich, Skermud, and Kurkun. This plant is one of the PPAF's four hydropower stations recently commissioned for communities in remote areas of Khyber Pakhtunkhwa.
- The KfW Development Bank and the PPAF signed an agreement involving a grant facility of euro 1.0 million. Being a project executing agency, the PPAF will utilize this

amount to ensure long term sustainability of Solar Mini-Grid Lighting Systems (SLS) and mini/micro hydropower projects (MHPs) completed under the development of hydropower and renewable energy (HRE) project phase-1 through the PPAF POs. In this respect, a comprehensive operation and maintenance mechanism will be put in place, keeping in view the high nature of these projects.

- The PPAF held 3rd International Conference on research and learning 'Beyond Action, towards Transformation' focused on developing further dimensions in knowledge and assessed how the PPAF's interventions for the poor have led to transforming lives and communities.
- To promote community-based tourism, PPAF has provided IFLs to its communities in Sharda in Neelum Valley of Azad Jammu and Kashmir for up-gradation of rooms of local houses to accommodate tourists visiting the area. The initiative titled "Neelum Valley Project" has been implemented through PPAF's POs, namely, Akhuwat and Himalayan Wildlife Foundation. Initially, 17 rooms have been opened for the guests, and all rooms are named after local flora and fauna and provide a scenic and uninterrupted view of the gorgeous mountains, pristine forests, and the beautiful Neelum River.
- UNHCR, the UN Refugee Agency, and PPF launched a livelihood project aimed at providing sustainable livelihood opportunities for both Afghan Refugee and Pakistani Communities in the area of agriculture and entrepreneurship, various packages, including livestock, as well as access to financial services. This project is estimated to be Rs 320 million and in addition to the 3,000 Pakistani households benefitting from PPAF's regular livelihood programme. This new project will help further 3,000 households. It will be mainly implemented in Mansehra and Peshawar (Khyber Pakhtunkhwa Province) and Chagi (Balochistan).

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

The microfinance industry broadly provides services in three categories of micro-credit, micro-savings, and micro-insurance. As shown in Table 15.6, the sector continued to exhibit an upward trend. The micro-credit outreach witnessed 5 percent growth during 2019, while the gross loan portfolio registered 11 percent growth during the same year. Micro-savings, on the other hand, posted a growth under active savers by 35 percent and the value of savings by 12 percent. The number of policyholders grew to 8.5 million by the end of the year while the value of sum insured increased by over 7 percent and reached to Rs 266.75 billion. This segment is primarily dominated by credit life and health insurance.

Table 15.6: Active Borrowers, Active Savers, and Active Policyholders

Details	Micro-Credit		Micro-Savings		Micro-Insurance	
	Active Borrowers	Value (Rs million)	Active Savers	Value (Rs million)	Policy Holders	Sum Insured (Rs million)
2019*	7,249,943	305,753	47,642,271	267,591	8,479,576	266,748
2018*	6,936,554	274,707	35,293,602	239,963	8,456,430	248,783
Increase/Decrease (Net)	313,389	31,046	12,348,669	27,628	23,146	17,965
Increase/Decrease (%)	5%	11%	35%	12%	0%	7%

*: Calendar Year

Source: Pakistan Microfinance Network (PMN)

Pakistan Economic Survey 2019-20

The objective of the microfinance initiative is to provide liquidity to the microfinance providers in response to tighter liquidity conditions. It is provided as a package through microfinance banks (MFBs), microfinance institutions (MFIs), Rural Support 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 loan portfolios and disbursements by loan providers upto December 2019.

Table 15.7: Micro credit beneficiaries, outstanding loans portfolio and loan disbursement as of Dec 2019

MFP	Active Borrowers	Outstanding Loans Portfolio(Rs)	Number of Loans Disbursed	Disbursements (Rs)
Total for Pakistan MF Sector	7,249,943	305,753,451,928	2,624,190	123,934,909,582
MFBs				
Apna Microfinance Bank	93,298	9,071,890,041	106,152	12,161,062,703
Advans Pakistan	11,400	1,269,590,951	2,862	526,098,882
FINCA Microfinance Bank	238,337	22,480,015,951	71,870	8,320,201,016
First Microfinance Bank Limited	485,505	31,065,369,541	142,109	10,501,395,548
Khushhali Bank	871,228	53,607,461,191	317,402	21,543,026,504
Mobilink Microfinance Bank	182,483	15,818,782,057	44,414	4,424,002,039
NRSP Bank	351,846	27,768,760,755	153,225	12,997,772,021
Pak Oman Microfinance Bank	59,688	1,978,364,613	15,780	820,790,000
Sindh Microfinance Bank	50,601	845,955,165	12,626	369,383,000
Telenor Microfinance Bank Limited	896,694	27,695,262,338	701,334	4,446,002,306
U Microfinance Bank	314,064	21,882,306,555	101,379	7,949,786,979
Total for MFBs	3,555,144	213,483,759,157	1,669,153	84,059,520,997
MFIs				
AKHUWAT	865,548	16,895,424,704	201,730	7,181,930,700
ASA-Pakistan	439,129	9,739,158,278	116,179	4,485,054,000
Community Support Concern	38,921	1,465,686,661	11,402	682,277,571
DAMEN	116,703	3,365,313,952	28,911	28,911
Farmer Friend Organization	33,030	908,679,915	0	163,441,250
Kashf Foundation	515,886	14,892,386,052	144,753	7,080,792,000
MOJAZ Foundation	30,911	864,172,711	9,116	394,345,000
Micro Options	1,344	35,618,068	160	6,136,000
Naymet Trust	0	0	0	0
Orangi Charitable Trust	21,941	417,878,867	4,533	154,566,000
SAFCO Support Fund	99,635	2,350,990,519	21,647	1,057,850,000
Soon Valley Development Programme	12,175	348,795,711	3,306	142,304,850
Total for MFIs	2,175,223	51,284,105,438	541,737	21,348,726,282
RSPs				
National Rural Support Programme	843,151	22,963,788,579	246,220	10,999,444,735
Ghazi Barota Tariqati Idara	27,055	455,839,567	7,433	216,950,000
Punjab Rural Support Programme	75,293	1,596,516,848	18,963	536,955,000
Sindh Rural Support Organization	89,716	1,880,824,503	22,289	728,915,000
Sarhad Rural Support Programme	6,765	69,204,400	2,111	37,191,000
Thardeep Rural Support Programme	164,303	4,017,195,649	32,770	1,402,100,008
Total for RSPs	1,206,283	30,983,369,546	329,786	13,921,555,743
Others				
AGAHE	30,368	672,024,681	11,088	424,769,900
JWS Pakistan	87,377	2,412,362,220	25,527	1,332,095,000
Orix Leasing	16,265	381,139,074	2,625	131,218,000
Organization for Participatory Development	4,552	95,285,417	1,053	41,025,000
Rural Community Development Programme	151,893	5,687,722,670	37,941	2,382,606,660
Shah Sachal Sami Foundation	5,932	190,511,687	1,335	64,345,000
Villagers Development Organization	2,022	28,873,331	208	9,075,000
Total for Others	298,409	9,467,919,080	79,777	4,385,134,560

Source: Pakistan Microfinance Network (PMN)

IV. Zakat: The subject of Zakat was devolved to the provinces and federal areas following the 18th Constitutional amendment. 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 9,256.66 million was collected during FY2019 and distributed during FY2020 as per details given in Table 15.8:

Table 15.8: Disbursement of Zakat		(Rs million)
Federal Areas/ Provinces	% Share	Allocated/Released Budget 2019-20
Federal Areas	7% of total Zakat Collection is distributed amongst federal Areas	
ICT	35.14% of 7%	227.70
Gilgit-Baltistan	18.57 % of 7%	120.33
FATA	46.29 % of 7%	299.94
	Total Federal	647.97
Provincial	Share of provinces after deduction of above federal payments	
Punjab	57.36 % of 93 %	4,937.94
Sindh	23.71 % of 93 %	2,041.12
Khyber Pakhtunkhwa	13.82% of 93 %	1,189.72
Balochistan	5.11 % of 93 %	439.90
	Total Provincial	8,608.69
	G. Total	9,256.66

Source: Poverty Alleviation and Social Safety Division

V. Pakistan Bait-ul-Mal (PBM): The PBM is significantly contributing towards poverty alleviation by providing assistance to destitute, widows, orphans, invalid, infirm, and other needy persons irrespective of their gender, caste, creed, and religion through its establishment at the district level. From July to March FY2020, the PBM has disbursed an amount of Rs 2.705 billion through its following core projects/schemes.

a) Individual Financial Assistance (IFA): Through the IFA, poor, widows, destitute women and orphans are supported for medical treatment, education, and general assistance. The PBM has envisioned providing wheelchairs to every disabled person in the country. A family having two or more special (disabled) children has been declared "special family" and is benefited with Rs 25,000/- annually, whereas the family with one special child is being provided financial assistance of Rs 10,000/- per annum. From July to March FY2020, an amount of Rs 1,387 million has been disbursed.

b) Child Support Programme (CSP): This is a CCT programme¹, in which cash incentive is provided to the parents for sending their children to schools. Rs 300 per month per family with one school going child and Rs 600 per month to the families with two or more school-going children are disbursed. An amount of Rs 35 million has been paid so far during the period from July 2019 to March 2020 under this initiative.

c) Institutional Rehabilitation for NGOs: The PBM provides grant-in-aid to registered NGOs having a good track record aimed at institutional rehabilitation of the poor and deserving persons of the society. During the period from July 2019 to March 2020, Rs 24 million has been disbursed.

¹ Pakistan Bait-ul- Mal is executing this programme having no linkages with Waseela-e-Taleem or Education

d) Schools for Rehabilitation of Child Labour (SRCLs): The PBM has established 159 SRCLs countrywide since 1995 for primary (non-formal) education. Children (male and female) between the ages of 5-6 years are weaned away from hazardous labour and enrolled in these centres with free provision of uniforms, books, and stationery. An amount of Rs 421 million has been utilized during the period from July 2019 to March 2020 under this initiative.

e) Women Empowerment Centres (WEC): Vocational Training Centres, now called Women Empowerment Centres, have been established throughout the country since 1995. 154 WECs are providing free training to widows, orphans, and poor girls to acquire 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 354 million has been utilized from July 2019 to March 2020.

f) Dar-ul Ehsaas/Pakistan Sweet Homes: 35 Pakistan Sweet Homes (orphanages) are established for the orphan children where they are being provided free food, nutrition, medical treatment, boarding, and lodging, as well as free education through well-reputed educational institutes. During July 2019 to March 2020, Rs 484 million has been spent for the welfare of the orphans.

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

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

The EOBI disbursements, although not very handsome, are a sustainable source of income for the insured persons and their survivors who are generally below the poverty line. In this way, the EOBI benefits have proved effective in preventing the insured persons and their survivors from falling into poverty and enabled them to escape from the poverty trap to some extent.

The institution places its surplus funds, after meeting the current obligations, such as pension payments, capital, and management expenses, in secure, safe and high yielding securities. The details of disbursed benefits during July-March FY2020 are shown in Table-15.9.

Table-15.9: Achievements of EOBI

Benefits	July- March FY 2020	
	Number of beneficiaries	Amount of Benefits to be paid (Rs millions)
Old-age Pension	255,252	270.44
Invalidity Pension	5,544	348.83
Survivors' Pension	158,142	16,445.97
Old-Age Grant	4,636	10,205.94
Total	423,574	27,271.19

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

VII. Workers Welfare Fund (WWF): The WWF was established under the Workers Welfare Fund Ordinance, 1971, for providing low-cost housing and other amenities to the industrial labour. During July-March, FY2020 expenditures amounting to Rs 2,426.31 million have been incurred on 35,594 scholarship cases, while Rs 432.27 million have been disbursed as marriage grants at Rs 100,000 per worker– benefitting 4,323 workers' families. The WWF has also disbursed Rs 476.00 million as death grant at Rs 500,000 per worker– covering 952 cases of mishaps all over the country.

Way forward

Slow growth, macroeconomic imbalances, escalating global trade tensions, high level of income inequality, climate change, and increasing fragility and conflict pose obstacles to further poverty reduction programmes. Due to the socioeconomic impact of COVID-19, it is expected that more people will fall below the poverty line.

The government has launched a comprehensive and integrated Ehsaas programme that intends to bring together various existing social safety nets programmes under one umbrella with the aim to reduce poverty, vulnerability, malnutrition, and deprivation so that the fundamental rights of all citizens can be ensured. Cash transfers are effective in helping the vulnerable to take charge of their lives and empower them to make financial decisions. However, additional programmes like conditional cash transfers and other social protection measures to target for universal coverage could be developed, using the strengthened policy research capacity of BISP.

Having an updated and dynamic socioeconomic registry with updated data and enabling regular entry and exits owing to changing the poverty status of the household is a priority of the federal government. The BISP is aiming to complete the data collection and develop an updated dynamic system by the end of 2020. This will enable BISP to become a federal social safety net that is responsive to shocks (natural disasters, pandemics, or related economic shocks) and able to respond to changing patterns of poverty. More engagement and improved coordination with the provincial government's social safety interventions will ensure a coordinated national response to address issues of poverty and deprivation across the country.

The government with limited financial resources is making the best efforts to fulfill its priority towards social sector development projects and to make progress towards the achievement of SDGs. Sensitization at the provincial and district level are keys to ensuring effective adoption and localization of the SDGs. The SDGs, being an ambitious agenda, requires strong and persistent advocacy for maximum awareness and overall commitment. In this connection, active involvement of academia, civil society organizations, youth, parliamentarians, and media is required from province to district levels to help localize SDGs and accelerate progress towards Global Agenda 2030.
