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ACRONYMS

ADB	Asian Development Bank
BISP	Benazir Income Support Program
BMR	Balancing Modernization and Replacement
CCT	Conditional Cash Transfers
EOBI	Employees Old Age Benefits Institution
EIF	Electronic Import Form
ESSI	Employees Social Security Institutions
GSP	Generalised Scheme of Preferences
HIES	Household Integrated Economic Survey
ILO	International Labour Organization
IRO	International Refugee Organization
KP	Khyber Pakhtunkhwa
LFS	Labour Force Survey
MICS	Multiple Indicator Cluster Surveys
MPI	Multi-dimensional Poverty Index
MoNHSR&C	Ministry of Health Services, Regulations and Coordination
NAP	National Action Plan
NDMA	National Disaster Management Authority
PRESS	Provincial Employees Social Security Schemes
PBM	Pakistan Bait-ul-Maal
PSDP	Public Sector Development Programme
PSLM	Pakistan Social and Living Measurements
SBP	State Bank of Pakistan
SDG	Sustainable Development Goals
SPI	Social Protection Index
SPRC	Social Protection Resource Centre
SRM	Social Risk Management
TERF	Temporary Economic Refinance Facility
USA	United States of America
UNDHR	United Nations Declaration of Human Rights
USD	United States Dollar
WB	World Bank
WWF	Workers Welfare Fund

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EXECUTIVE SUMMARY

The idea of social protection has been discussed in policy circles in Pakistan, especially due to the COVID-19 pandemic. The optimal provision of social protection, whether in terms of cash transfers or social insurance, has remained critical question among the policy makers. Social Protection Resource Centre (SPRC), being a premier think tank on social protection in Pakistan, felt the need to assess the state of social protection both at national and sub national level. The rationale of this report is to quantitatively create fresh knowledge on the subject matter, which may help to understand the existing scenario of social protection in Pakistan. This report is divided into four sections. First section provides theoretical framework of social protection in terms of definition, origin and approaches so far developed by researchers and institutions. This background is crucial for the upcoming sections where this report analyses various variables and components of social protection.

Second section of this report i.e., social protection scenario in Pakistan, provides detail analysis of state of institutional arrangement, social assistance, social insurance and labour market policies in Pakistan. It outlines the existing institutions in the country who are responsible for the provision of social protection. This section provides detail of those segments of the society who needs social assistance such as poor, child labour, nutrition, older people and person with disability. Moreover, it provides the details of employed and unemployed labour force of Pakistan, who needs social insurance. It discusses the issue of informal labour in the economy and provides the review of labour market polices and trade unions in the country.

Third section measures the need of social protection in Pakistan and ranks districts according to their social protection need. SPRC created district level Social Protection Index (SPI) using the indicators of social assistance, social insurance and social security. A total of 20 variables have been used to construct district level need based Social Protection Index. The results show that social protection need is higher in districts such as Tharparkar, Kohistan and Rajanpur.

The fourth section provides detail of global pandemic COVID-19 in terms of social protection i.e., global response and interventions by Pakistan to cope with the impact of pandemic. This section takes a policy stance by providing the optimal social protection response to the Pandemics.



SECTION-1



THEORETICAL FRAMEWORK FOR SOCIAL PROTECTION

The idea of social protection has (re)emerged due to COVID-19 pandemic and has gained the prominent space for policy making across the globe. A little focus has been devoted to social protection previously, apart from the consistent efforts of International Labour Organization (ILO). Particularly, the developing countries were not able to fully understand and utilise the social protection instruments. The provision of social protection is imperative for sustainable development, however the magnitude, in terms of protection against destitution and hunger, unemployment, old age vulnerabilities, sickness, infirmity and severe disabilities. Though social protection does not possess a single consensual definition, but based on the similar ideas, the international and regional organizations consider ‘Social Protection’ as a set of policy interventions to alleviate extreme poverty and deprivation, inequalities, social and economic risks and vulnerability, to guard the society against economic and environmental shocks¹. In addition, social protection is considered as an achievement because it is also directly aligned with the Sustainable Development Goals (SDGs) as SDG 1 (No Poverty), SDG 2 (Zero Hunger), SDG 8 (Decent Work & Economic Growth), SDG 10 (Reduced Inequalities) & SDG 12 (Responsible Consumption & Production) and indirectly linked with the rest of the SDGs 2030 Agenda². Hence, it plays an important role for the human survival ensuring all with basic social and economic security and facilitating people enough so that they can advance normally in the changing economic dynamics.

1.1. DEFINING SOCIAL PROTECTION

There are ongoing debates since 1990s to theorise social protection and to determine the constitution of social protection interventions as there is some overlapping with human capital, food security etc. interventions. Moreover, while there is wide agreement on the desirability of social protection provision in general, there is a significant variation on what this means in practice in low and middle-income countries – in terms of ‘for whom it should be provided, and how and in what form’³. There is a need to have a clear definition of social protection system for the understanding of policy relevance and clarity of the stakeholders in the context of decision-making. In order to reach on a common concept of social protection, first we need to review the idea of social protection followed by the international organizations. Box 1.1 presents the definitions of social protection by the World Bank (WB), Asian Development Bank (ADB), and International Labour Organization (ILO).

Box 1.1: Definitions of Social Protection

“Social protection and labour systems, policies, and programs help individuals and societies manage risk and volatility and protect them from poverty and destitution - through instruments that improve resilience, equity, and opportunity.”

(World Bank, WB)

“Social protection is defined as the set of policies and programs designed to reduce poverty and vulnerability by promoting efficient labour markets, diminishing people’s exposure to risks, and enhancing their capacity to protect themselves against hazards and interruption/loss of income.”

(Asian Development Bank, ADB)

“Social protection is the set of public measures that a society provides for its members to protect them against economic and social distress caused by the absence or a substantial reduction of income from work as a result of various contingencies (sickness, maternity, employment injury, unemployment, invalidity, old age or death of the breadwinner), the provision of health care and the provision of benefits for families with children.”

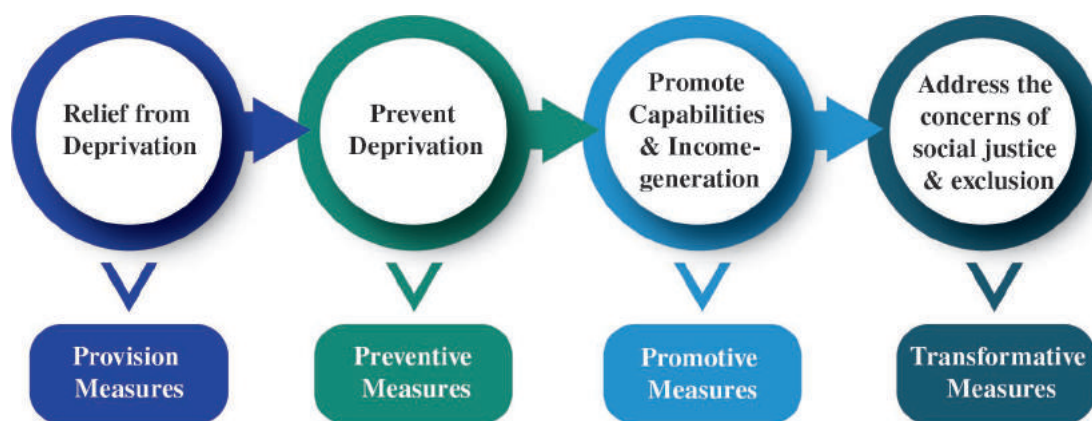
(International Labour Organization, ILO)

It is evident that the focus of social protection in these definitions is inclined towards risk management or mitigation. Collectively, it stressed over the protection of vulnerable segments against crisis or economic shocks and missed the element of sustainable solution in terms of social protection for all. However, when this concept is analysed with respect to middle and low-income regions, then there are a few challenges with these definitions and their functioning related to targeting, coverage, economy-backing mandate, incentives and sustainability. These definitions are more focused on providing economic protection than social protection to the concerned beneficiaries. However, such social protection systems provide effective outcomes but only for the short-term. For long-term, social protection system needs to be transformative in a way that it should provide the incentives for the society to develop altogether gradually, to alleviate poverty and to provide for a sustainable ways of livelihoods for the vulnerable groups of the society. Such viewpoint had summed up social protection as a public response to the livelihood shocks and function as a ‘safety net’ for the vulnerable groups⁴.

Other researchers have tried to define the social protection by adding an additional dimension. For example, the idea of ‘*Transformative Social Protection*’, proposed by Stephen Devereux and Rachel Sabates-Wheeler, is based on the key component of ‘trickle-down effect’ for the marginalised groups. “*Transformative Social protection describes all initiatives that transfer income or assets to the poor, protects the vulnerable against livelihood risks, and enhances the social status and rights of the marginalised; with the overall objectives of extending the benefits of economic growth and reducing the economic or social vulnerability of poor, vulnerable and marginalised people*”⁵.

In the perspective of transformative social protection, the term vulnerability is also redefined by keeping in view the economic, social, cultural and political risks for an individual to be called as vulnerable instead of just economic or social risks. In addition, vulnerability is of two types; micro-vulnerability and macro-vulnerability., both of these forms are interlinked with each other without any exception. Moreover, the extent of vulnerability is measured by the scope of need that whether the need is chronic, severe or mild⁶. Considering these aspects, the transformative social protection is based on four key interventions: provision, prevention, promotion and transformation. The scope of these interventions are shown in the Figure 1.1;

Figure 1.1: Interventions for Transformative Social Protection



Source: Devereux, S.(2007). *Social protection for transformation*.

These measures not only provide short-term solutions but also prepare the society for long-term, and the impact that these measures would have is explained as follows;

1) Provision Measures: All of the safety net, social assistance and social transfers programmes are included in the provision measures, which mainly provide temporary relief to the deprived groups. It is targeted narrowly with a conventional approach of providing with basic needs to the most vulnerable groups.

2)Preventive Measures: These measures focus on alleviating the poverty and inequality through the prevention of deprivation by formal and informal mechanisms of social insurance programmes.

3)Promotive Measures: Generally, in the conventional approach towards social protection system, promotive measures are missing. These measures take the idea of transformative social protection with an element of enhancing the capabilities and potential through livelihood protection such as microfinancing, stabilising the sources of income-generation and provision of basic economic infrastructure to the society.

4)Transformative Measures: Last but not the least, transformative measures deal with the sustainable solutions including the insurance of social justice through rule of law, good governance and provision of fundamental human rights to the society.

Hence, these measures will change the direction of social protection from being reactive to proactive and will prepare the states at macro and micro level for any kind of external shocks prior to the actual challenge. In order to implement this strategy, the framework of transformative social protection system will take the form as shown in the Table 1.1

Table 1.1: Framework of Transformative Social Protection

VULNERABILITY CATEGORIES	EXAMPLES OF AFFECTED GROUPS	CATEGORY OF INTERVENTIONS	TYPES OF PROGRAMMES
CHRONICALLY POOR	Severely Disabled	Social Assistance	Disability Benefit
	Terminally Ill		Single-parent allowances
	Ethnic Minorities		Social pensions
	Urban Unemployed		Food aid
	Pastoralists		Food for work
	Subsistence Smallholders	Social Insurance	Formalized pensions
	Cash Crop Farmers		Unemployment benefits
	Internally Displaced Persons		Health Insurance
ECONOMICALLY AT RISK	Orphans		Maternity Benefits
	Informal Sector Workers		Burial Societies
	Widows	Transformative action	Changes to regulatory framework to protect vulnerable groups
	The Elderly		Operationalizing economic social & cultural rights
SOCIALLY VULNERABLE	Ethnic Minorities	Social Services	Sensitization campaigns
	Abducted Children		Community based care
	People living with Chronic Diseases		Orphanages
	Victims of Domestic Abuse		Refugee/IDP Camps
			Creches/pre-schools

Source: Devereux, S., Lwanga Ntale, C. and Sabates-Wheeler, R., 2002, 'Phase I report: vulnerability assessment and review of initiatives', *Social Protection in Uganda: Study to Inform the Development of a Framework for Social Protection in the Context of the Poverty Eradication Action Plan*, Kampala: Ministry of Gender, Labour and Social Development

1.2. ORIGIN OF SOCIAL PROTECTION

Social protection has gained a dynamic shift in two major forms as social safety nets and social assistance programmes. However, the first example of social protection provided as public funds to support poor children and for provision of free grain to the poor by the state can be traced back to Roman Period by the then Emperor of Rome, Trajan (98-117 CE). Later on, with the advent of democratic nation states in the late 19th and early 20th century, the concept of social protection program gained significant importance by the major economic powers of the world including the Great Britain, Germany and United States of America (USA) in order to protect the working class from any economic breakdown⁷. However, in the late 19th century, Germany became the first nation in the world to establish an old age social insurance program, which was designed by the German Chancellor Otto von Bismarck in 1883. He introduced statutory health insurance in Germany with the goal to encounter the socialism and social unrest. Moreover, in 1942, William Henry Beveridge presented another model of social protection to the British Parliament, which included social insurance in the forms of health services, the accident insurance, family assistance, and focused on maintaining high and stable employment and protecting the unemployed in the country. Both models were different in their social protection financing; the former was contributory, while the latter was a non-contributory tax-financed system. The Bismarck system focused to assure the living standard, whereas the aim of the Beveridge system was to secure the subsistence level⁸.

Furthermore, Beveridge model was more prominent in the northern European countries, while Bismarck model was dominant in the middle-income countries. With the passage of time, the increased life expectancies and reduced fertility rate has increased the dependency ratio globally (increasing the proportion of older population) and resulting in to demand of provision of social protection. In this perspective, the Bismarck system supported the social insurance contribution to those who are not contributing in the economy, while, the Beveridge model went under pressure to finance social protection in terms of provision of health services due to increased expenditure and burden on the tax revenue⁹.

For the first time, the Universal Declaration of Human Rights (UNDHR) in 1948 stated the social protection as a human right. It stated in the Article 22 and 25 that, “*Everyone, as a member of society, has the right to social security*” (Article 22).... “(1) *Everyone has the right to a standard of living adequate for the health and well-being of himself and of his family, including food, clothing, housing and medical care and necessary social services, and the right to security in the event of unemployment, sickness, disability, widowhood, old age or other lack of livelihood in circumstances beyond his control. (2) Motherhood and childhood are entitled to special care and assistance. All children, whether born in or out of wedlock, shall enjoy the same social protection...* (Article 25)”

Bismarck Social Insurance Model (1883):

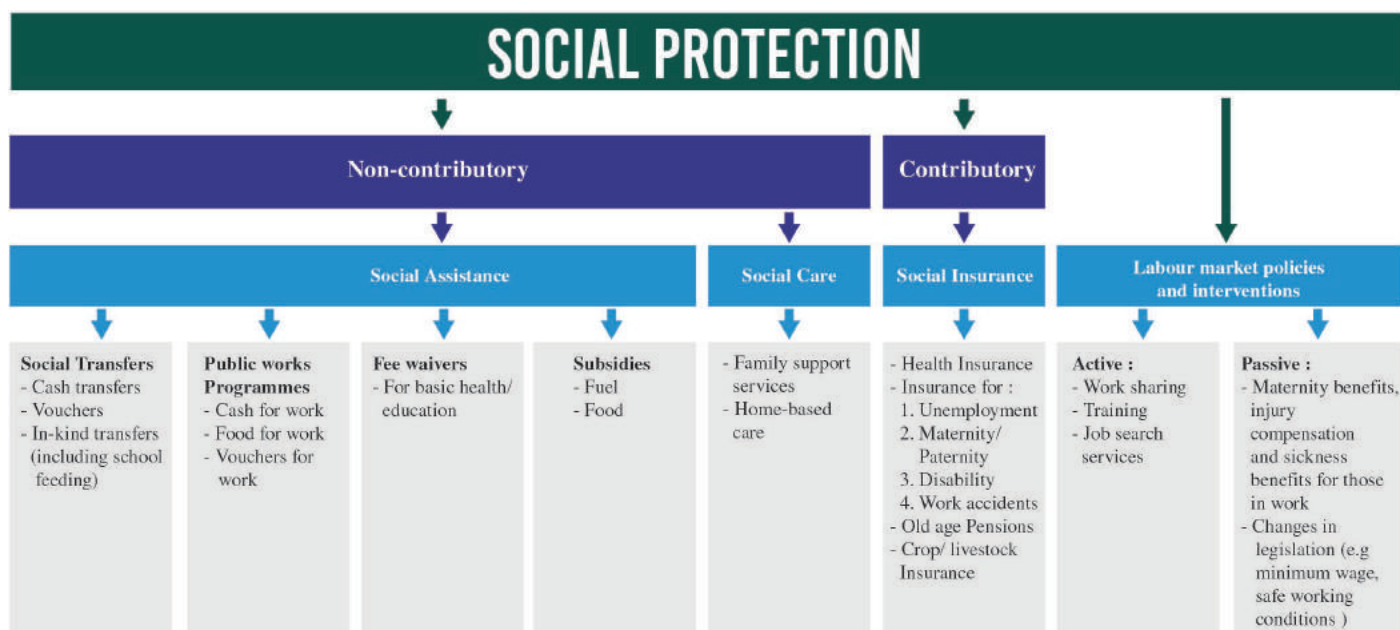
- Target only the insured persons (employees)
- Financing with the contribution of employees and employers
- Contributions based on wages and salaries

Beveridge Social Insurance Model (1942):

- Target the entire population
- Financed from the State-budget
- Relief or Lump-sum contributions

1.3. APPROACHES OF SOCIAL PROTECTION

Based on different definitions of social protection, the components of social protection in general are formalized and implemented as shown in the Figure 1.2.

Figure 1.2: Components of Social Protection

Source: IDS, 2019; Carter, B., Roelen, K., Enfield S. and Avis, W. (2019). Social Protection Topic Guide. Revised Edition. K4D Emerging Issues Report. Brighton, UK: Institute of Development Studies <https://gsdrc.org/topicguides/social-protection/types-of-social-protection/>

However, if we consider the approaches of social protection systems, then there are three major templates of components of social protection as followed by Asian Development Bank (ADB), the World Bank (WB) and the International Labour Organization (ILO).

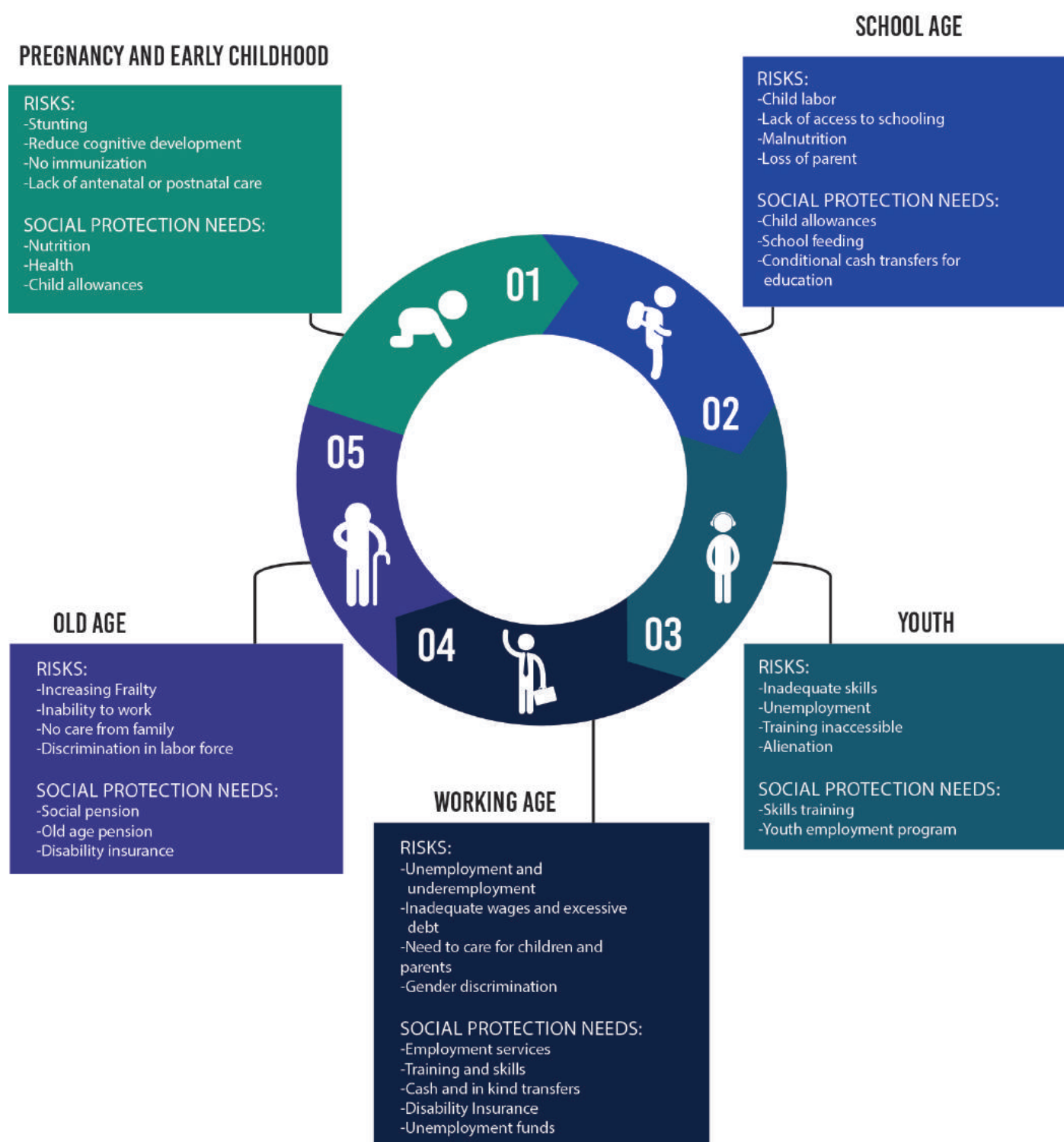
1.3.1. TARGETED CLIENTELE-INTENDED SOCIAL PROTECTION

ADB follows the targeted clientele based interventions for provision of social protection, which mainly includes labour market policies and programmes, social insurance programmes, social assistance and welfare service programmes, micro and area-based schemes and child protection schemes¹⁰.

1.3.2. A LIFE CYCLE CONTINUUM INVESTMENT BASED SOCIAL PROTECTION

ILO follows the life-cycle based interventions approach for the provision of social protection throughout the life cycles, life phases, and life paths considering the risks, certainties, and vulnerabilities. The focus of social protection strategies and policies are divided in to three phases including before working years, during working years, and after working years¹¹.

However, later on, various researchers and social protection sector experts have used this approach for the needed policy interventions. The lifecycle approach depicts that at different stages of life; individuals face different type of risks and vulnerabilities and require different type of social protection on each stage of life. Therefore, to address these vulnerabilities and risks, the social protection programmes can be designed accordingly. The life cycle approach defines that individual faces risks at each stage of life remain unchanged. The individual's risks of lifecycle can be protected through the social protection instruments and it can also makes the individuals current livelihood less prone to vulnerability. The provision of social protection also impacts other family members positively. For example, a pension holder person can increase expenditure on their children¹². The Figure 1.3 depicts the risks and social protection needs at each stage of life.

Figure 1.3: Risks in Life-Cycle Approach

Source: S. Kidd and C. de Paz. 2014. *Report on Visit to Viet Nam to Support the Development of the Master Plan for Social Assistance Reform*. New York United Nations Development Programme, Sindh Social Protection policy note (2019)

1.3.3. SOCIAL RISK MANAGEMENT APPROACH

The World Bank proposed strategies and arrangements for the provision of social protection based on the Social Risk Management (SRM) model, which focuses on the interventions for risk reduction, risk mitigation and risk coping in three aspects, informal, market-based and public¹³.

Table 1.2: Overview of Major Three Approaches of Social Protection

TARGETED CLIENTELE- INTENDED SOCIAL PROTECTION	A LIFE CYCLE CONTINUUM INVESTMENT BASED SOCIAL PROTECTION	SOCIAL RISK MANAGEMENT APPROACH
Labour Markets	First Phase Before Working Years (Investing On Sustainable Personal & Social Potential, Chances & Opportunities, Including Active Disability When Possible)	Risk Reduction
Labour Market Assessments		Informal
Active Labour Markets Programs		Market Based
Passive Labour Markets Programs		Public
Safeguards		
Social Insurance	Second Phase During Working Years (Investing In Maintaining & Enhancing Sustainable Personal And Social Potential, Chances & Opportunities, Including Active Disability When Possible)	Risk Mitigation
Unemployment Insurance		Portfolio
Work Injury Insurance		Insurance
Disability And Invalidity Insurance		Informal
Sickness And Health Insurance		Market Based
Maternity Insurance		Public
Old-Age Insurance		
Life And Survivors Insurance		
Social Assistance	Third Phase After Working Years (Investing In Contributing To Active Ageing, Maintaining Of Independence, Maintaining & Enhancing Participation In Society & Disability Prevention)	Risk Coping
Welfare And Social Services Cash Or In-Kind Transfers		Informal
Temporary Subsidies		Market Based
Safeguards		Public
Protecting The Informal Sector		
Micro And Area-Based Schemes Micro insurance		
Agricultural Insurance Social Funds		
Disaster Preparedness & Management		
Child Protection		
Early Child Development School Feeding Programs, Scholarships, Or School Fee Waivers		
Waiving Of Fees		
Street children		
Child Rights Advocacy/ Awareness Programs		
Youth Programs		

The above-mentioned definitions and approaches of social protection suggest a pattern to evaluate social protection provision in different countries. We may analyze the status of social protection, need and coverage in the following three ways:

- i. Components based Assessment of Social Protection**, which includes measuring the social protection in terms of social assistance, social insurance and social security (labour market policies).
- ii. Life cycle based Assessment of Social Protection**, which includes measuring the social protection for infants/children, social protection for working age population and social protection for older people.
- iii. Sector wise Assessment of Social Protection**, which includes measuring social protection in terms of provision to address sickness, unemployment, poverty, disability and old age infirmities.

SECTION-2



SOCIAL PROTECTION SCENARIO IN PAKISTAN



2.1 INSTITUTIONAL REVIEW

Before debating on the social protection scenario in Pakistan, first let us look at the examples of the countries that have successfully established universal social protection systems. It is observed that these countries often rely on a combination of contributory and non-contributory schemes. Welfare system of Germany is based on two main pillars; one is social security and other one is social assistance. The pillar of social security covers five areas i.e., health, pensions, unemployment, long-term care insurance and occupational accident insurance. The 81% of total welfare expenditure is being spent on social security and remaining 19% of total welfare expenditure goes to social assistance. The social security system in Germany is financed through the contribution of citizens while, the social assistance is financed through the contribution of general taxes¹⁴. Furthermore, in Latin America, during the 1990s, the existing reforms of the social insurance were largely based on the pension reforms established in Chile in 1981. The Latin America designed these insurance reforms to expand coverage to more people and to reduce fiscal deficits, whereas, in many cases, they increased subsidies to insurance schemes and failed to control poverty and inequality. In 2000s, the governments in Latin American countries have prioritized social assistance programmes. These programmes are tax-funded and transfer income directly to the targeted poor population¹⁵.

Later on, the focus was shifted to new forms of social assistance in the Latin America because with the unconditional cash transfer, the poverty persists and it transfers from generation to generation. On the other hand, the conditional cash transfer helps to reduce poverty and improve living standards of the people. This new form of social protection has the capacity to reach large number of population and it is more effective to achieve short-term objectives. However, the changes in the social protection system require social contract and political settlement along with the development model¹⁶. The People's Republic of China's social protection model traced back to 1951 i.e., two year after the creation of the separate state. Later on, in 1980s the reforms in the welfare system were started¹⁷. The major focus of the reforms was to establish old-age pension, unemployment benefits, medical care insurance and compensation benefits. In the mid-90s, the social insurance system was spread rapidly throughout the country. After the social insurance programmes the social assistance programme was created for those people, who were not covered by social insurance programmes. This was the last resort of help for people in need. Furthermore, the social assistance programmes only covered the poorest segment of the population.

Hence, in the light of these examples, it can be seen that there has been a gradual shift from social security to social assistance programmes all over the world, in the last few decades. This change of social protection regime proved that even though social security had a strong base but the demand of the time and huge gap of coverage turned its direction towards the social assistance regime.

2.1.1. EVOLUTION OF SOCIAL PROTECTION INSTITUTIONS

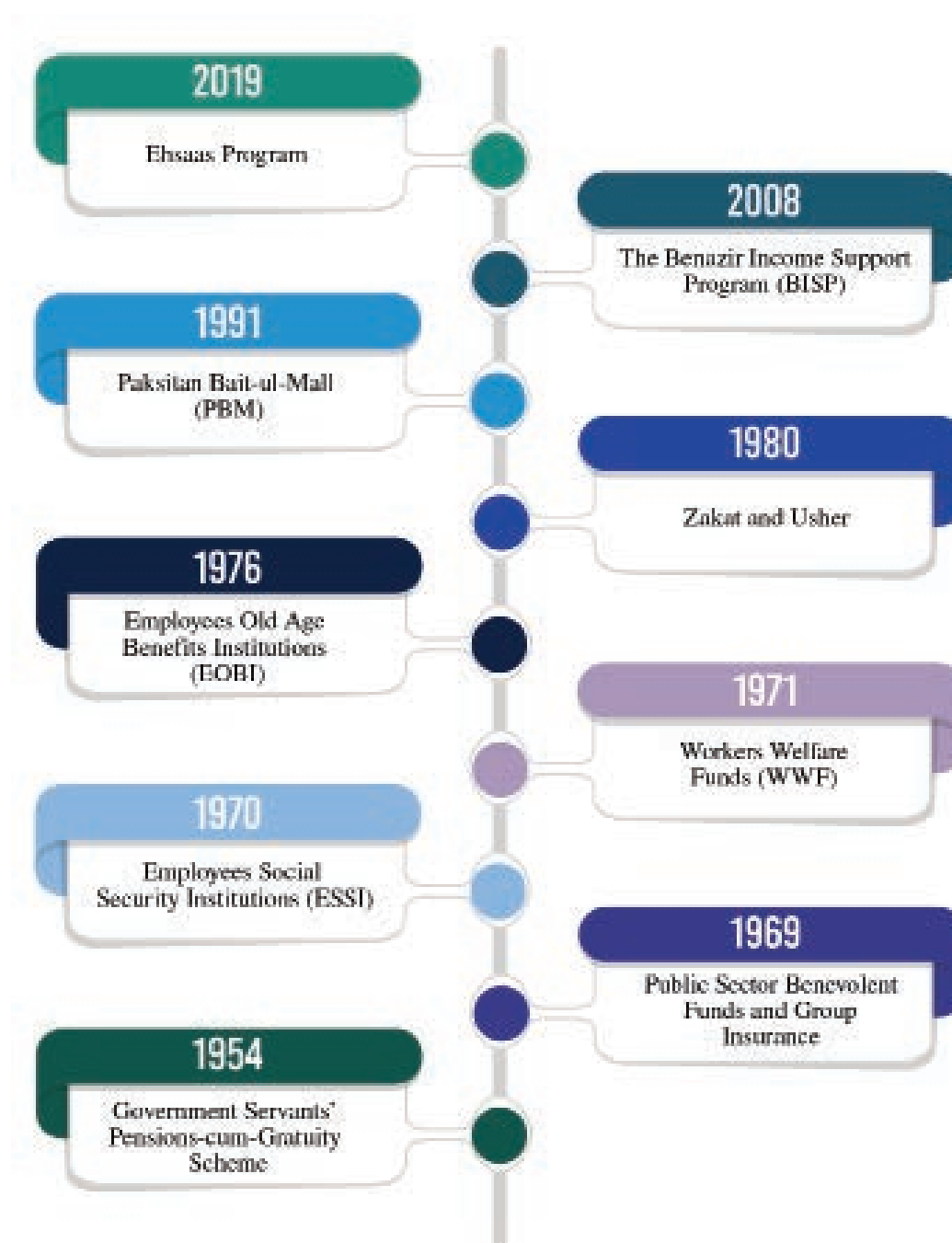
Initially, in the first 20 years of existence, the Government of Pakistan did not prioritize social protection given the socio-economic conditions of the economy. The food-rationing scheme, which existed before the independence, was continued. In 1950s, the Government formally initiated pension system with the name of the Government Servant's Pension-cum-Gratuity Scheme. In order to respond to emerging issue of income inequality in Pakistan, the government introduced Provincial Employees Social Security Scheme (PESSS) in 1967. This was the first social protection initiative in Pakistan. The function of this scheme was to provide the cash allowances and medical services to the public sector employees. After the establishment of PESSS in 1969, the Public Sector Benevolent Funds and Group Insurance were formulated. In 1971, the Workers Welfare Fund (WWF) was established for the provision of low cost housing, medical facilities and some other grants to the industrial workers. A federal level scheme was introduced in 1976 for the old age benefits, grants and survivors pensions named as, Employees Old Age Benefits Institutions (EOBI).

Later on, the domain of social protection shifted from social insurance to social assistance and in 1980, the *Zakat* and *Ushr* scheme was introduced. This scheme provided assistance to the poor and marginalized segment of the society.

Another social assistance scheme, the Pakistan *Bait-ul-Mal* was established in 1991. The mandate of this scheme was similar to the *Zakat* and *Ushr* scheme but the provision of financial and in-kind support is not limited to only religious deserving poor. It provides social assistance to minorities, which were not served by *Zakat*. Later, the government of Pakistan launched social safety net in 2008 at federal level, known as Benazir Income Support Programme (BISP). It provides unconditional cash transfers to the poorest segment of the society.

In 2019, first time in the history of Pakistan, the biggest programme with the name of *Ehsaas* has launched. It is about the creation of welfare state through the focusing on the support of economic empowerment of women, role of human capital development formation for poverty eradication, economic growth and sustainable development, promotion of financial inclusion and access to digital services and overcoming financial barriers to access health and post-secondary education. This programme has initiated for the extreme poor, orphans, widows, homeless, the disabled, poor farmers, labourers, sick and undernourished, students belong to low-income families and elderly citizens. Currently it embodies 134 policies, which will expand further.

Figure 2.1: Social Protection Institutions in Pakistan



The same programme of *Ehsaas* has launched and some are in progress. The few programme of *Ehsaas* are *Ehsaas Kafaalat* Programme, *Ehsaas* Emergency Cash, *Ehsaas* National Socio-Economic Registry, PM's COVID-19 Fund Portal, *Ehsaas* Rashan Portal, *Ehsaas Nashonuma*, Undergraduate student scholarships, Education CCT, Commercialization policy for specialized nutrition food, Orphanages policy and reform, Support to the marginalized, Schools for the marginalized, Women's centers, *Ehsaas Amdan*, *Tahafuz and Ehsaas Langar* etc.

Another stream of changing social protection regime has emerged in the constitutional and policy framework of Pakistan due to 18th Constitutional Amendment. The devolution of powers (labour welfare, industrial relation, insurance etc.) from federation to the provinces has divided the scope of social protection. The issue of the status of WWF is still in courts for final decision. Nonetheless, the provincial departments, federal ministries, and different autonomous bodies are responsible for implementing the social protection programmes and institutions, but these programmes and initiatives remain disjointed and isolated due to the absence of targeted social protection policy framework¹⁸.

Hence, from the above overview, it is evident that the Social Protection System in Pakistan has changed its regime from social security to social assistance programmes. This change of regime has significantly created a gap of coverage due to neglect of social security. Moreover, there is minimal role of provincial ESSIs in the post 18th Amendment creating a confusion among the roles of ESSIs and their jurisdiction.

2.1.2. SOCIAL PROTECTION INSTITUTIONS AT SUB-NATIONAL LEVEL

The federal and provincial governments have their own social protection institutions and programmes. The Table 2.1 provides list of social protection institutions, which are working at the federal and provincial level¹⁹.

Table 2.1 Social Protection Institutions at Federal and Provincial Level

FEDERAL LEVEL	PROVINCIAL LEVEL			
	Punjab	Sindh	KPK	Balochistan
Workers Welfare Fund	Zakat and Ushr Department	Zakat and Ushr Department	Zakat and Ushr Department	Zakat and Ushr Department
Employees Old age benefit institution	Social Welfare Department	Social Welfare Department	Social Welfare Department	Baluchistan Education Endowment Fund
Pakistan Bait-ul-Mal	Workers Welfare Board	Workers Welfare Board	Elementary and Secondary Education Department	Workers' Welfare Board
The Benazir income support program	Punjab Social Protection Authority (PSPA)	Sindh Employees Social Security Institution (SESSI)	Khyber Pakhtunkhwa Employees Social Security Institution	Balochistan Employees Social Security Institution (BESSI)
<i>Ehsaas</i>	Punjab Employees' Social Security Institution (PESSI)	School Education Department	Health Department	Finance Department
	School Education Department	Finance Department	Finance Department	

2.2 SOCIAL ASSISTANCE IN PAKISTAN

2.2.1. DEFINING SOCIAL ASSISTANCE

Social assistance is defined as support provided by the state or by others that help the poor against economic shocks. It aims at helping them cope better, reduce the impact and prevent the occurrence of sudden economic shocks. Social assistance can be in the form of in-kind or in-cash transfers by the government²⁰. The evolution of social protection regimes as discussed above highlights how, over the time, its focus has changed from social security to social assistance²¹. Currently, social assistance forms a prominent part of the social protection

regimes especially in middle-income countries. One example is the Indian economy, where the social protection system relies heavily on social assistance. Similar is the case for Pakistan, two prominent social assistance programmes here are Pakistan *Bait-ul-Mal* (PBM) and Benazir Income Support Programme (BISP). Social assistance includes:

- 1) Unconditional & Conditional Cash Transfers: Unconditional cash transfers are targeted for poverty-stricken households and include emergency cash transfers such as the *Ehsaas* Emergency Cash Transfer 2020.
- 2) Food and in-kind transfers
- 3) Scholarships and other social assistance services

2.2.2. SUSTAINABLE DEVELOPMENT GOALS (SDGS) RELEVANT TO SOCIAL ASSISTANCE

The first Sustainable Development Goal is to eradicate poverty from the world. 734 million people in the world were extremely poor; this implies 10% of global population were living on less than \$1.90 a day. With half of the poor population being children, poverty is concentrated in developing and fragile economies²². Figure 2.2 highlights all the SDGs that are either directly or indirectly aiming to ensure provision of social assistance in the world.

Box 2.1: SDGs relevant to Social Assistance

Goal	Goal 1: End poverty in all its forms everywhere
Target	<p>1.1. By 2030, eradicate extreme poverty for all people everywhere, currently measured as people living on less than \$1.25 a day</p> <p>1.2. By 2030, reduce at least by half the proportion of men, women and children of all ages living in poverty in all its dimensions according to national definitions</p> <p>1.3. Implement nationally appropriate social protection systems and measures for all, including floors, and by 2030 achieve substantial coverage of the poor and the vulnerable</p>
Goal	Goal 2: Zero Hunger
Target	<p>2.1. By 2030, end hunger and ensure access by all people, in particular the poor and people in vulnerable situations, including infants, to safe, nutritious and sufficient food all year round.</p> <p>2.2. By 2030, end all forms of malnutrition, including achieving, by 2025, the internationally agreed targets on stunting and wasting in children under 5 years of age, and address the nutritional needs of adolescent girls, pregnant and lactating women and older persons.</p>
Goal	Goal 3: Ensure healthy lives and promote well-being for all at all ages
Target	<p>3.1. By 2030, reduce the global maternal mortality ratio to less than 70 per 100,000 live births</p> <p>3.2. By 2030, end preventable deaths of new-borns and children under 5 years of age, with all countries aiming to reduce neonatal mortality to at least as low as 12 per 1,000 live births and under-5 mortality to at least as low as 25 per 1,000 live births</p> <p>3.3. By 2030, end the epidemics of AIDS, tuberculosis, malaria and neglected tropical diseases and combat hepatitis, water-borne diseases and other communicable diseases</p> <p>3.4. By 2030, reduce by one third premature mortality from noncommunicable diseases through prevention and treatment and promote mental health and well-being</p>
Goal	Goal 10: Reduce inequality within and among countries
Target	10.4. Adopt policies, especially fiscal, wage and social protection policies, and progressively achieve greater equality
Goal	Goal 11: Make cities inclusive, safe, resilient and sustainable
Target	11.1. By 2030, ensure access for all to adequate, safe and affordable housing and basic services and upgrade slums
Goal	Goal 15: Sustainably manage forests, combat desertification, halt and reverse land degradation, halt biodiversity loss
Target	15.3. By 2030, combat desertification, restore degraded land and soil, including land affected by desertification, drought and floods, and strive to achieve a land degradation-neutral world

Source: <https://sdgs.un.org/goals>

2.2.3. EXISTING STATE OF SOCIAL ASSISTANCE

POVERTY

Social Assistance aims to help the ones in dire need, by uplifting their economic status. Pakistan, being a developed country, has an alarming poverty statistics. This section aims to identify the poverty-stricken, hence in-need of social assistance segments of Pakistan's economy. In Sindh, the percentage of population in the poorest and the second poorest quintile is the highest among all four provinces i.e., 63%, with 33% households in the poorest quintile and 30% in the second poorest quintile. Balochistan has the highest Multidimensional Poverty Index (MPI) (0.39), incidence (71%) and intensity of poverty (55%), while Punjab has the lowest MPI (0.15, incidence (31%) and intensity of poverty (48%). Table 2.2 shows the comparison of poverty indices between provinces in Pakistan..

Table 2.2: Poverty Profile of Pakistan

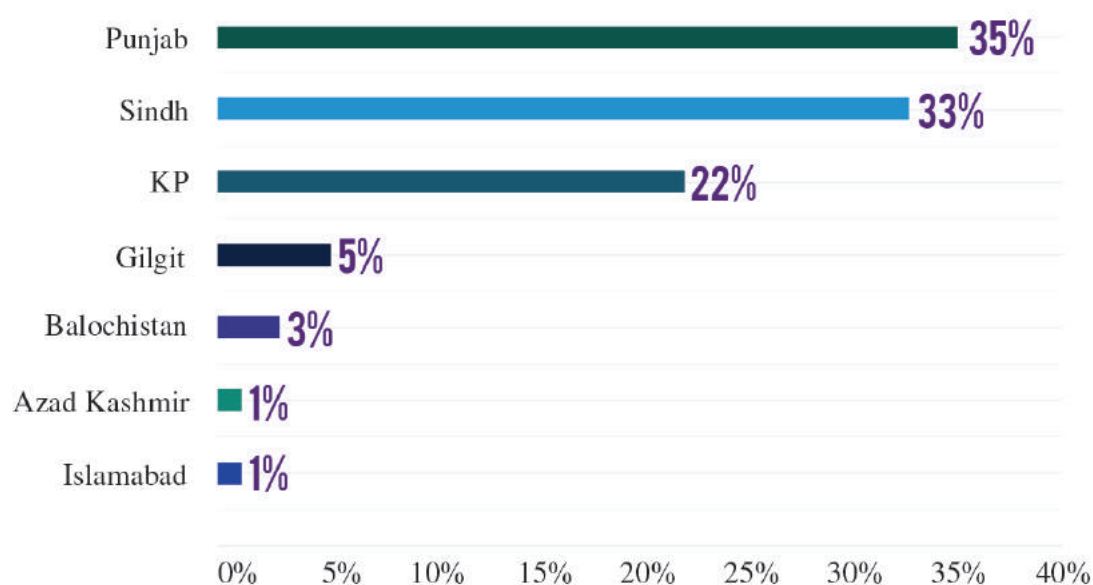
PROVINCE	WEALTH QUINTILES		MULTIDIMENSIONAL POVERTY INDICATORS		
	Poorest	Second	MPI	Incidence	Intensity
KP	27%	22%	0.25	49%	51%
Sindh	33%	30%	0.23	43%	54%
Punjab	23%	22%	0.15	31%	48%
Balochistan	22%	21%	0.39	71%	55%

Source(s): Sindh Final Report – MICS (2014), Punjab Survey Findings Report – MICS (2017-18), Baluchistan – MICS (2010), Khyber Pakhtunkhwa Final Report – MICS (2016-17)

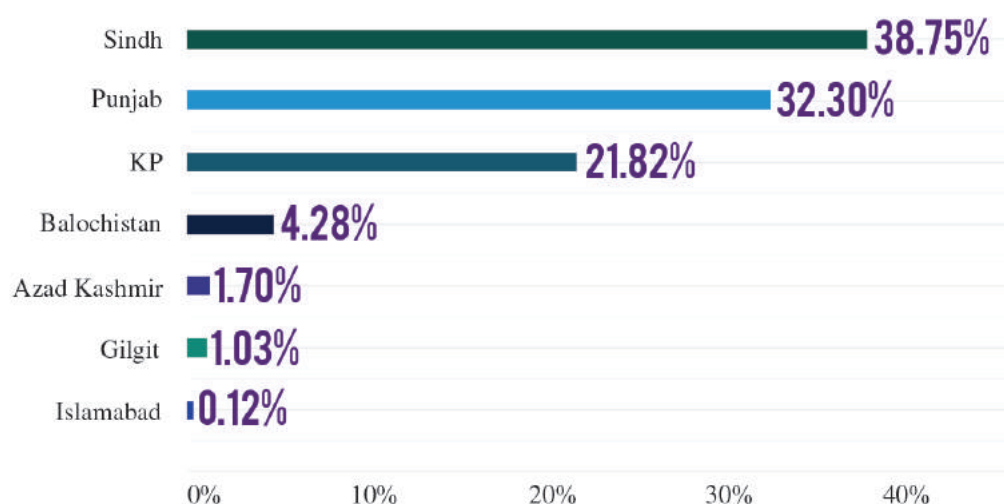
UNCONDITIONAL CASH TRANSFER TO POOR

The Benazir Income Support Programme (BISP) was launched in July 2008 and targeted to provide social assistance to the marginalized segments of the society, the poorest households to alleviate poverty. The programme's long-term goal was to achieve Goal 1 from SDGs. According to BISP data, total number of beneficiaries of the programme in Pakistan are 5.8 million, the programme not only covers the four provinces but also Azad Kashmir, Gilgit Baltistan and Islamabad. Figure 2.2 shows out of the total beneficiaries 35% are in Punjab, 33% in Sindh, 22% in KP, 3% in Balochistan, 5% in Gilgit, 1% in Azad Kashmir and the remaining 1% in Islamabad Capital Territory. Out of the total 5.8 million beneficiaries, 741,541 are old age beneficiaries in Pakistan with most of them residing in Sindh province (See Figure 2.3).

Figure 2.2: Percentage of Total BISP Beneficiaries across Pakistan



Source: BISP Beneficiaries

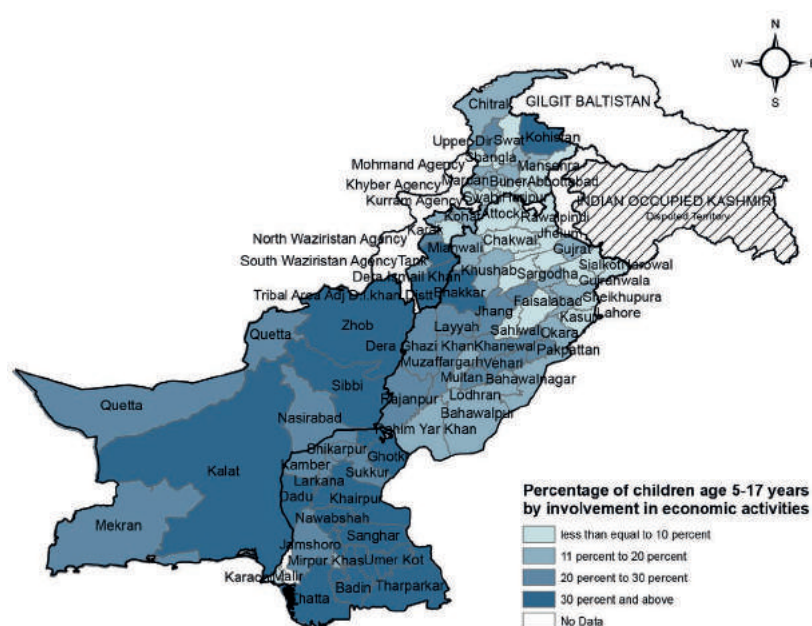
Figure 2.3: Percentage of Total Old Age BISP Beneficiaries across Pakistan

Source: BISP Beneficiaries

CHILD NUTRITION

The nutritional status of children across Pakistan implies that on average 21% children (under age 5 years) in KP²³ and Punjab²⁴ are underweight and 42% in Sindh²⁵. The average height for age indicator illustrates that in KP, children with stunted growth are 41%, in Sindh, 48% and in Punjab 31.5%. According to weight for height indicator, 8% children in KP 15.4% in Sindh and 7.5% in Punjab are wasted. Data on nutritional status of children is not available for the province of Balochistan. Low birth weight indicates poor health condition of mother during pregnancy and the changes of growth and survival of the new-born. Across Pakistan, the average percentage of live births recorded below 2500 grams is 33%, this implies that 1 out of 3 new-borns is underweight, indicating lack of adequate environment and resources to ensure a healthy birth.

Child Labour is highest in Sindh at 26%, followed by Balochistan at 17.3%, KP at 14.4% and Punjab at 13.4%²⁶. Figure 2.4 maps percentage of child labour across Pakistan at district level. The indicator used is “children age 5 – 17 years by involvement in economic activities” from the MICS Pakistan. The figure shows in Sindh and Balochistan, none of the districts/divisions, except Hyderabad in Sindh, have percentage of child labour less than or equal to 10%. Majority of the districts/divisions in this region, including Kalat, Zhob, Dera, Sibbi in Balochistan and Larkana, Dadu, Umer Kor and Tharpakar have percentage of child labour greater than or equal to 30%. KP and Punjab, on the contrary, have more districts with percentage of child labour as low as equal to or less than 10%. Overall, on the map, it can be seen as we move from south region to north of Pakistan, percentage of child labour reduces.

Figure 2.4: District Wise Mapping – Percentage of Child Labour

Data Source: Multiple Indicator Cluster Survey, Pakistan

PRE & POST NATAL COVERAGE

On average in Pakistan, 59% women, between the ages 15 to 49 years, have access to trained medical staff during pregnancy and 68% of these women are attended by any health professional at least once during pregnancy, while 29% receive no antenatal care coverage at all. Table 2.3 shows antenatal care coverage across the provinces in Pakistan, note Balochistan outstands in lack of antenatal care coverage.

Table 2.3: Antenatal Care Coverage

PROVINCE/ REGION	PRE-NATAL CONSULTATION	POST -NATAL CONSULTATION BY PROVINCE AND REGION , PERSON FACILITY CONSULTED	PROTECTED DURING LAST PREGNANCY	PREGNANT WOMEN THAT HAVE RECEIVED TETANUS TOXOID INJECTION
Pakistan	84%	82%	68%	45%
Punjab	68%	90%	80%	45%
KP	75%	79%	68%	31%
Sindh	79%	77%	56%	53%
Balochistan	58%	53%	31%	26%

Source: Pakistan Social & Living Standards Measurement Survey (PSLM) 2018-19 National /Provincial (Social Report)

2.3 SOCIAL INSURANCE IN PAKISTAN

2.3.1. DEFINING SOCIAL INSURANCE

Social Insurance programmes are designed to protect households against the risk of sudden income loss caused by old age, disability, illness, death or unemployment²⁷. These programmes aim to reduce the possible economic damage that a household may experience due to certain unexpected losses. The programmes include pensions for old age, unemployment benefits, support for ill or disabled such as health insurance, and family support in case of death of breadwinner of the family.

2.3.2. SUSTAINABLE DEVELOPMENT GOALS ON SOCIAL INSURANCE

Figure 2.6 gives SDGs relevant to social insurance and their respective targets.

Box 2.2: SDGs on Social Insurance

Goal	Goal 2: Zero Hunger
Target	2.3. By 2030, double the agricultural productivity and incomes of small-scale food producers, in particular women, indigenous peoples, family farmers, pastoralists and fishers, including through secure and equal access to land, other productive resources and inputs, knowledge, financial services, markets and opportunities for value addition and non-farm employment
Goal	Goal 5: Achieve gender equality and empower all women and girls
Target	5.4. Recognize and value unpaid care and domestic work through the provision of public services, infrastructure and social protection policies and the promotion of shared responsibility within the household and the family as nationally appropriate.
Goal	Goal 10: Reduce inequality within and among countries
Target	10.2. By 2030, empower and promote the social, economic and political inclusion of all, irrespective of age, sex, disability, race, ethnicity, origin, religion or economic or other status
Goal	Goal 11: Make cities inclusive, safe, resilient and sustainable
Target	11.5. By 2030, significantly reduce the number of deaths and the number of people affected and substantially decrease the direct economic losses relative to global gross domestic product caused by disasters, including water-related disasters, with a focus on protecting the poor and people in vulnerable situations

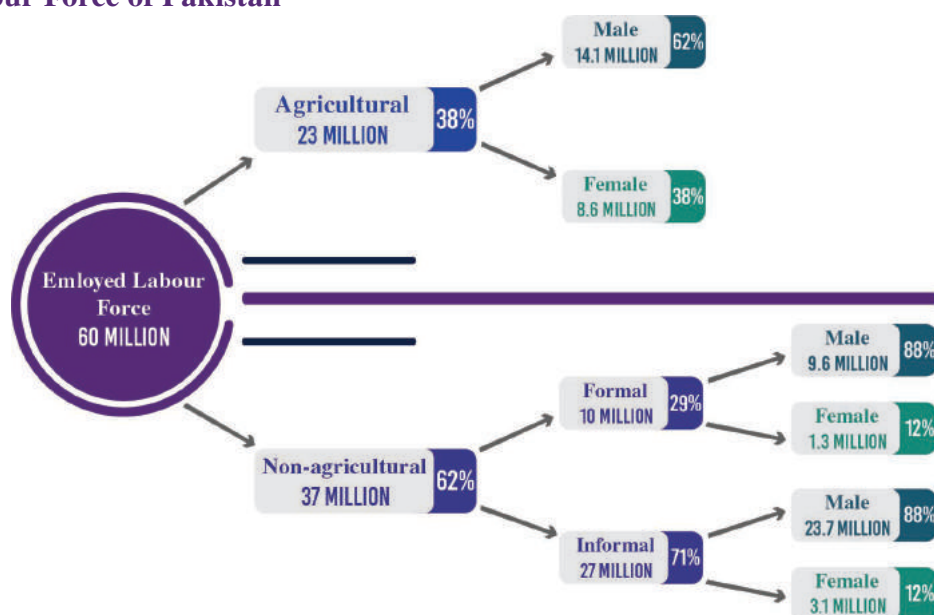
2.3.3. LABOUR FORCE & WORKING

Pakistan has the Ninth largest labour market having 66 million workers in total, among them 60 million workers are employed. Agriculture sector amounts to 23 million workers, which is 38% of total labour force employed. Non-agriculture i.e. industry and services employs 37 million workers among which 71% workers are employed in informal sector and 29% are employed in formal sector. Pakistan has 6 million workers who are unemployed, according to Labour Force Survey (2015). The working age population is 61% of total population of 212 million, which is approximately 130 million²⁸. The unemployment rate in Pakistan is reported to be 4.4 in 2020²⁹ and there are no unemployment benefit schemes. When such marginalized segments of the society are not getting any social protection or getting too little of it, it is hard for them to get out of the state of financial vulnerability. The total employed labour force in

Definition of Informal Sector:

- Enterprises own and operated by own-account workers (irrespective of size).
- Enterprise with less than 10 people engaged
- Does not include agriculture activities' enterprises.

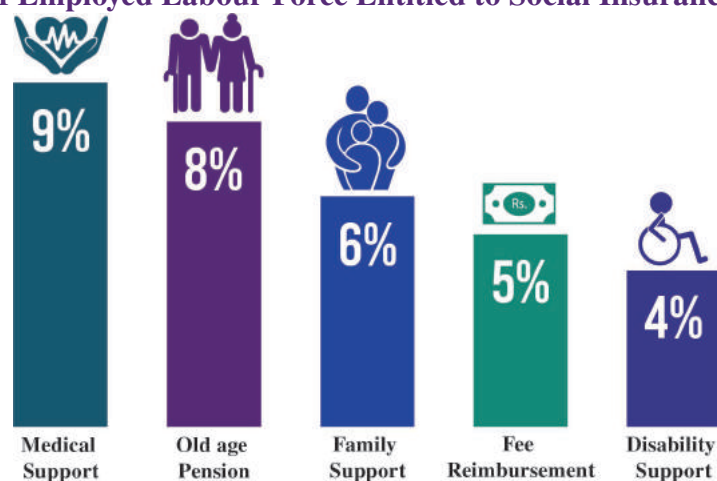
Figure 2.5: Labour Force of Pakistan



Source: Labour Force Survey Pakistan (2017-18)

Pakistan is 60 million, of which 62% (37 million) is related to industry and services sector while the remaining 38% (23 million) is labour in agriculture³⁰. Keeping this in view, the informal sector defined in LFS (2017-18) counts up to 27 million and formal sector 10 million. Social insurance in Pakistan exists only for the employed formal labour. the division of the labour force in Pakistan is shown in the fig 2.5. This chapter analyses the existing social insurance programmes/schemes on national, provincial and district level.

Figure 2.6: Percentage of Employed Labour Force Entitled to Social Insurance

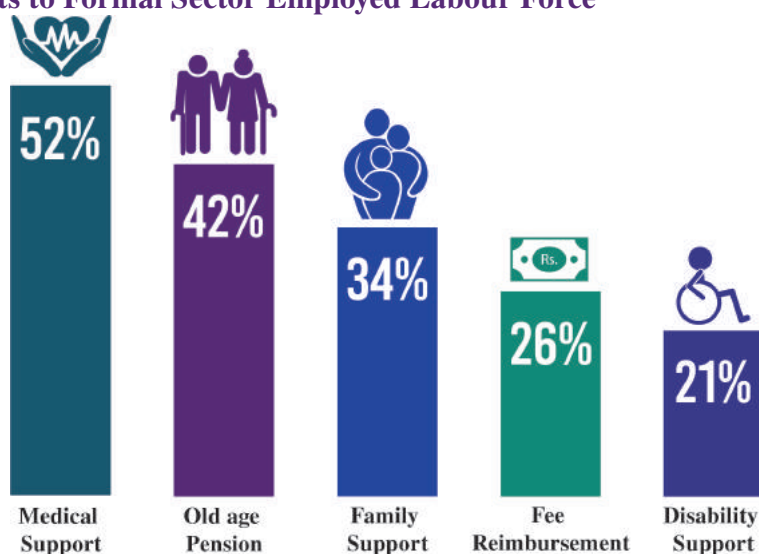


Source: Labour Force Survey Pakistan (2017-18)

Figure 2.6 illustrates the percentage of labour force receiving each entitlement. It is clear from the figure that the highest percentage of people are the ones receiving medical support i.e., 9% of total employed labour force, followed by the ones receiving pensions (8%), family support (6%), fee reimbursement (5%) and disability support (4%). The problem however occurs where there is lack of coverage of social insurance programmes. Out of the employed labour force, only 31% are entitled to any of the above-mentioned entitlements, implying out of 60 million employed labour force, only 19 million receive entitlements which forms 55% of formal employed labour force. Figure 2.7 indicates entitlements to formal sector employed labour force. Comparing the two, highlights the lack of coverage of social insurance for the informal sector, which forms 83% of total employed labour force.

A total of 5.4 million of the labour force in Pakistan is unemployed according to the Labour Force Survey (2017-18). In KP, Punjab and Sindh unemployed make 2% of the population, however in Balochistan this number rises up to 14%. There is not any kind of unemployment assistance/benefit schemes in Pakistan.

Figure 2.7: Entitlements to Formal Sector Employed Labour Force



Source: Labour Force Survey Pakistan (2017-18)

Figure 2.8: Entitlements in Public vs Private Sector - Provincial Level

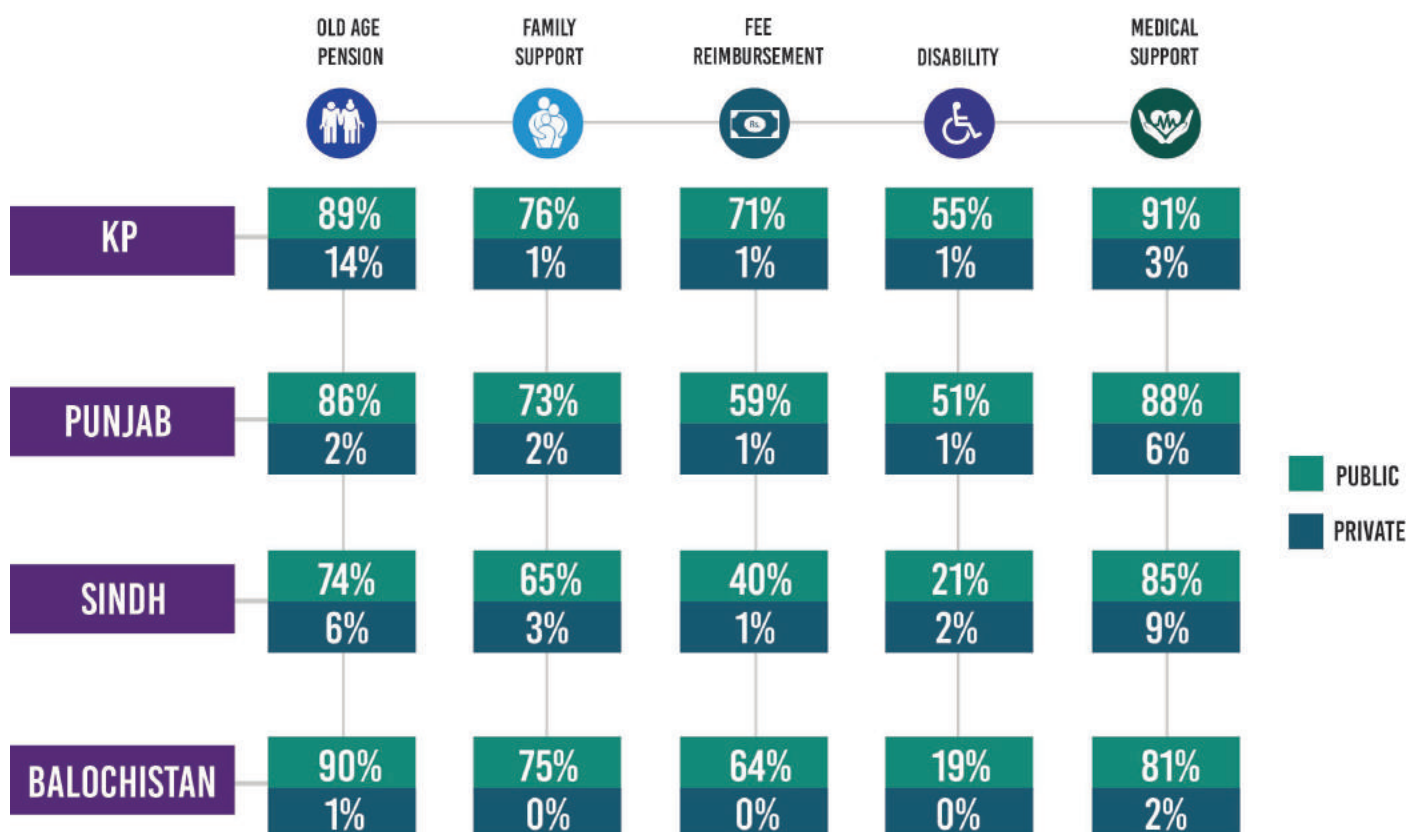


Figure 2.8 shows the composition of public and private sector employed labour force for each province and the entitlements received in each sector. 91% of the employed labour force in Punjab is in the private sector, 86% in KP, 86% in Sindh and 77% in Balochistan. Note, in all provinces entitlement receivers in the private sector are negligible, pension receivers in the private sector of Balochistan are 1%, medical support receivers 2% and other entitlement receivers 0%. Only in KP, pension receivers out of private employed labour force are as high as 14%. Pensions and medical support entitlement provisions are higher as compared to other entitlements, and significantly higher in public sector as compared to private sector. Compared to other provinces, Balochistan's public sector has the highest percentage of people receive pension entitlements i.e., 90% and only 19% from the public sector entitled to disability support. For other provinces, the later percentage is higher.

2.3.4. HEALTH EXPENDITURE

Table 2.4 shows district average out of pocket health expenditure in Pakistan, in an urban district in KP, out of pocket, health expenditure is 55% of total expenditure (Note: Total expenditures exclude yearly non-durables expenditure). There is not much variation between rural and urban health spending, over all in KP people spend the highest on health out of their monthly income. In Sindh and Balochistan, out of pocket health expenditure in rural areas is more than in urban areas. Contrary to this, in Khyber Pakhtunkhwa and Punjab the percentage of out of pocket health expenditure in an average urban district is more than in rural district.

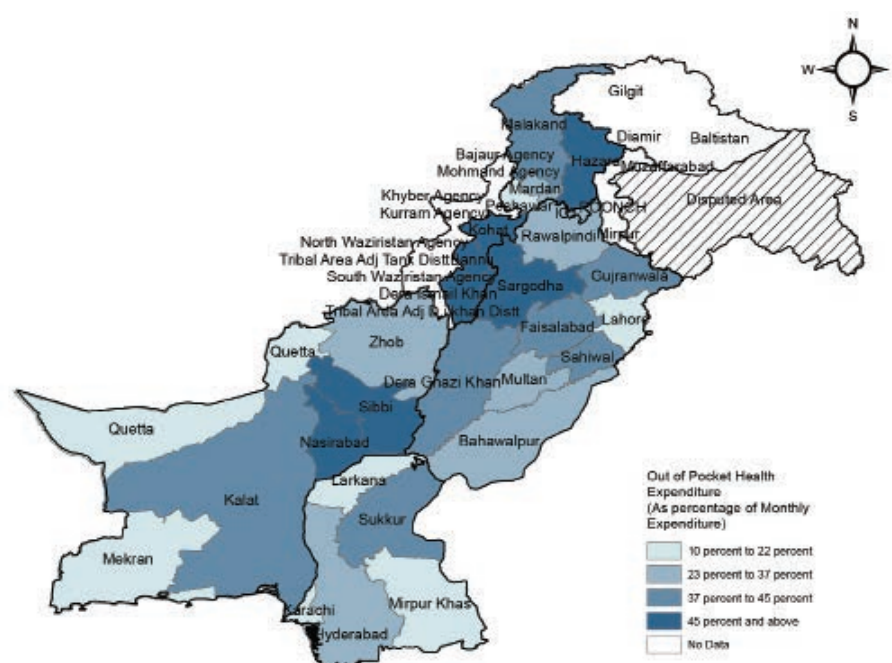
Table 2.4: Out of Pocket Health Expenditure

PROVINCE	URBAN	RURAL
Khyber Pakhtunkhwa	55%	53%
Punjab	36%	34%
Sindh	28%	36%
Balochistan	34%	47%

Source: Multiple Indicator Cluster Survey Pakistan (2014)

Figure 2.9 maps out of pocket health expenditure across Pakistan, it shows the percentage is higher in KP and Punjab and lower in Balochistan and Sindh

Figure 2.9: Division Wise Mapping – Out of Pocket Health Expenditure



Data Source: Household Integrated Economic Survey (HIES) 2018-19

2.3.5. SOCIAL INSURANCE SCHEMES FOR OLD AGE & DISABLED

In Pakistan, old age population (from ages 60 and above) is 7% of total population, i.e., 12.5 million out of total population. Table 2.5 shows the provincial and gender comparison of old age population in Pakistan. Numbers of males above the age of 60 years is greater than that of females, in all provinces, in Balochistan, this difference is even greater i.e., male population at 63% and female at 37%.

Table 2.5: Old Age Population Dynamics – Provincial and Gender Comparison

YEAR 2020	PERCENTAGE OF OLD AGE POPULATION OUT OF TOTAL PROVINCE POPULATION	MALE OUT OF PROVINCE OLD AGE POPULATION	FEMALE OUT OF PROVINCE OLD AGE POPULATION
KP	3%	56%	44%
Punjab	4%	56%	44%
Sindh	2%	56%	44%
Balochistan	1%	73%	27%
ICT	3%	58%	42%

Source: Labour Force Survey (2017-2018)

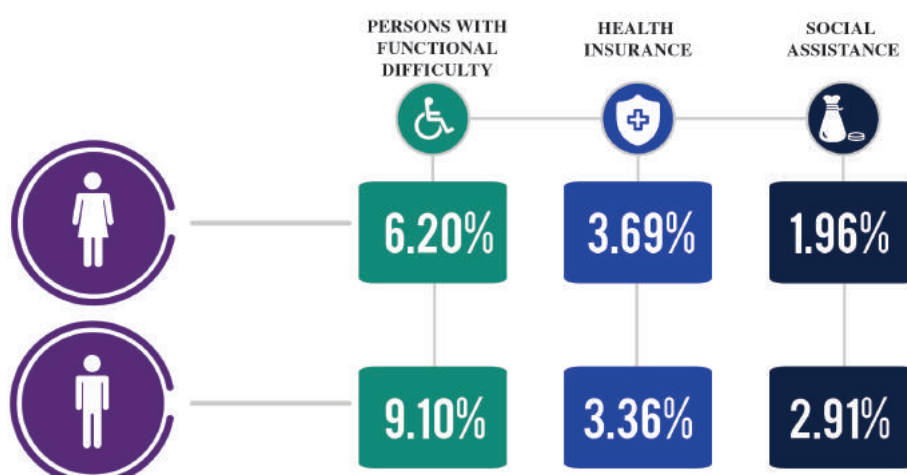
Out of the old age population only 0.5% have any entitlement, where 0.3% are entitled to pensions and 0.15% to medical support. This indicates the lack of social protection for the elderly in Pakistan. Out of the total old age population 60% are not receiving pensions. Provincial level data from HIES (2019) indicates that where there is high old age population with no pension, chronic disease among them is also high.

According to the Multiple Indicator Cluster Survey (2014), the average number of disable household members with age 18 and above in Punjab is 1.6%, data for the remaining provinces is not yet available. A total of 2.3 million people in Pakistan are entitled to disability support. Out of this 2.3 million, 57% are in Punjab, 18% in Sindh, 17% in Khyber Pakhtunkhwa and 3% in Balochistan.

FUNCTIONAL DIFFICULTY IN PUNJAB

Persons in old age/with a functional difficulty/disability need special support to maintain their well-being. Functional Disability is the main determinant of healthy ageing³¹, Figure 2.10 shows that 6% males and 9% in females suffer a functional difficulty and from these, only 3-4% receive health insurance and 1-3% any kind of social assistance. In old age, a higher percentage of females have any functional disability as compared to males.

Figure 2.10: Functional Disability, Health Insurance and Social Assistance in Punjab



Source: MICS Punjab (2017–18)

The statistics highlighted in this chapter indicate the negligible coverage in terms of social insurance in Pakistan. 71% of the employed labour force is informal and by definition, out of the coverage of social insurance schemes in Pakistan. Even from the formal labour force, only 55% receive any entitlement. Lack of data on the prevalence of disability in Pakistan can be one reason for inadequate provision of social insurance for the disabled. The available data sources suggest 97% of households with one or more disabled persons receive no assistance³².

2.4. LABOUR MARKET POLICIES IN PAKISTAN

This chapter reviews and analyse the prevalent labour market policies and laws along with history of trade unions and workers' rights. It investigates the labour laws post 18th amendment, issue of child labour, minimum wage and gender gap of labour force and provision of social protection. Detailed situational analysis of labour market on district level and trade union statistics are also presented in this chapter.

Pakistan has progressive labour laws in theory but state of public service delivery suggests it has structural challenges impeding provision of fundamental rights to the citizens. The Constitution of Pakistan ensures social security/protection as a citizens' fundamental right. However, in a country like Pakistan, where sanctity of constitutional rights is minimal and state faces various structural issues, an efficient provision of fundamental rights has been a challenge. State social protection provisions are targeted only for formal sector and government employees.

2.4.1. HISTORY OF LABOUR LAWS AND TRADE UNIONS IN PAKISTAN

Pakistan at the time of its creation inherited labour legislation i.e. Factories Act 1934, Trade Union Act 1926, Industrial Disputes Act 1947, Industrial Employment (standing order) Act 1946. These four inherited legislations, which allowed trade unions' activities in almost every sector except military and police, became the basis of labour laws in Pakistan.

Industrial Dispute Ordinance 1959 was introduced in Pakistan, which replaced the Industrial Disputes Act 1947. This industrial dispute ordinance had major anti-labour and "pro-business" policies. Ordinance put curb on workers' right to strike by regulating that union had to give due notice to employer before strike and union cannot strike if the issue is in courts or with a mediator. However, Trade Union (Amendment) Ordinance 1960, which had provision from previous Trade Union Act 1926, ensured compulsory recognition of trade unions by the employer.

During General Yahya Khan Regime, Labour policy mainly had two objectives: i) delink the political parties from trade unions ii) restricting union activities to plant/factory based. Drastic industrialization in the first two decades of independence came along with anti-labour policies and systems of oppression.

Industrial Relations Ordinance 1960 merged trade unions and industrial disputes into one single law. It aimed at resolving more and more disputes through statutory provisions and leaving the least for collective bargaining and strikes³³.

Populist political leaders Zulfikar Ali Bhutto (1971-1977) who came into power by huge union and workers' support amended the ordinance. However, most workers and union leaders believed that they were betrayed by Bhutto after coming into power because of his anti-labour policies and practices. Firing on workers protest is one of the incidents, which contributed towards distrust between workers and Bhutto's government.

By the 1990s, the shift to privatisation led to an increased joblessness among workers while the trade union continued to lose in numbers. In the recent years, global transformation leading to changes in employment structures and resulting in increased 'informalization' of labour, has also impacted the trade union movement in the country. Historic analysis of labour unions suggests that they have shrunk both in power and size.

During Bhutto Regime, labour unions emerged as active pressure group. Nevertheless, various reasons i.e. military takeover in 1977 and again in 1999, privatisation in 1990s, structural adjustment programme (Recommendation of International Development Institutions), which focused mainly on deregulation of enterprise weakened the unity and struggle of workers against violation of workers' rights.

General Pervez Musharraf, after coming to power promulgated second Ordinance in 2002 which took away many of the rights granted under IRO 1969. More enterprises were added to the list of exclusions. In 2008, the newly elected Government of Pakistan Peoples' Party repealed the IRO and enacted a new (interim) legislation, Industrial Relations Act, 2008. Industrial Relations Act 2008 was implemented for two years until the introduction of 18th Amendment, which is considered the biggest constitutional development after the Constitution of Pakistan, 1973. Need for labour law and effective implementation, which ensures humane and decent work can hardly be over emphasized.

2.4.2. CONSTITUTIONAL PROVISIONS ON LABOUR RIGHTS³⁴

Following section entails the Constitutional provisions as established in the Constitution of Islamic Republic of Pakistan regarding workers' rights in Pakistan:

Article 11: Slavery, forced labour etc. prohibited

All forms of forced labour and traffic in human beings are prohibited. No child below the age of fourteen years shall be engaged in any factory or mine or any other hazardous employment.

Article 17: Freedom of Association

Every citizen shall have the right to form associations or unions, subject to any reasonable restrictions imposed by law in the interest of sovereignty or integrity of Pakistan, public order or morality.

Article 18: Freedom of trade, business of profession

Every citizen shall have the right to enter upon any lawful profession or occupation, and to conduct any lawful trade or business.

Article 25: Equality of citizens

All citizens are equal before law and are entitled to equal protection of law. There shall be no discrimination on the basis of sex alone.

Article 27: Safeguard against discrimination in services

No citizen otherwise qualified for appointment in the service of Pakistan shall be discriminated against in respect of any such appointment on the ground only of race, religion, caste, sex, residence or place of birth.

Article 32: Promotion of local government institutions

The State shall encourage local Government institutions composed of elected representatives of the areas concerned and in such institutions special representation will be given to peasants, workers and women.

Article 37(e): Promotion of social justice and eradication of social evils

The State shall make provision for securing just and humane conditions of work, ensuring that children and women are not employed in vocations unsuited to their age or sex, and for maternity benefits for women in employment.

Article 38(a): Promotion of social and economic well-being of the people

The State shall secure the well-being of the people, irrespective of sex, caste, creed or race, by raising their standard of living, by preventing the concentration of wealth and means of production and distribution in the hands of a few to the detriment of general interest and by ensuring equitable adjustment of rights between employers and employees, and landlords and tenants.

2.4.3. COLLECTIVE BARGAINING

To improve industrial relation and strengthening labour management, collective bargaining provides strategic process to ensure more productivity and well-being between the organizations. Collective Bargaining was first introduced in Pakistan with the promulgation of IRO 1969. Collective bargaining has also been called a fundamental right which emanates from Article 17(1)³⁵ of the Constitution. One of most used tactic in collective bargaining process is that employer opted to fire the union leaders and key organizers. 18th Constitutional Amendment was hailed by each corner of the society, which ensured labour rights policy decentralization. Provinces need to ensure legislation to prevent such measures by employers and to ensure conducive environment for collective bargaining to increase productivity and well-being of workers.

2.4.4. ILO, GSP PLUS AND LABOUR MARKET IN PAKISTAN

State of Pakistan over the course of its history, ratified 36 International Labour Organization (ILO) Conventions including eight fundamental conventions from ILO Declaration on Fundamental Principles and Rights at Work. Fifteen conventions were ratified between July 1921 and August 1947 under British control, before independence of India and Pakistan. Over the period of 1947 – 1959, 9 more conventions were ratified. Other 12 conventions were ratified, six by Ayub Khan's regime and remaining six during the period of 1970-2017.

Pakistan was granted Generalized System of Preferences-Plus (GSP-Plus) in 2014 by the European Union in which it uses trade concessions to incentivize implementation of international law and conventions. Since its grants, Pakistan's exports to European Union have witnessed a 65% increase, from 4.538 billion Euros in 2013 to 7.492 billion Euros in 2019.

Under the GSP Plus award by European Union, Pakistan has obligation under 27 international conventions including eight fundamental conventions of ILO. Efficient implementation of ILO conventions will ensure better working conditions for workers in Pakistan. Pakistan's performance on international conventions under GSP Plus award is monitored and analysed after expiry of previous status for further extension of the award. Continuation of award and utilizing of preferential duties for export in European market is tied with Pakistan's progress in enacting 27 core conventions of GSP-Plus, especially the National Action Plan (NAP) for human rights and fundamental ILO conventions.

European Commission published 3rd Biennial Assessment of GSP status to Pakistan in February 2020 and as a result, Pakistan was awarded an extension of two years in March 2020, However, many crucial, institutional and implementation steps are to be focused if Pakistan wishes to continue enjoying the perks of GSP Plus. Report published last year raised grave concerns over issue of freedom of expression and shrinking space for freedom of the citizens.

Another aspect, which needs to be highlighted is gap between policies in Pakistan and international conventions as Pakistan has yet to ratify following crucial conventions:

- 1- Three conventions on the medical examination of young persons in industrial, non-industrial and underground work
- 2- Convention on pollution-free environment
- 3- Convention on social security, for safety and health in construction, in agriculture and in mines
- 4- Conventions for home workers and domestic workers
- 5- Three conventions on fixation of minimum wages

2.4.5. LABOUR POLICIES: POST 18TH CONSTITUTIONAL AMENDMENT

The 18th Constitutional Amendment devolved the policy-making authority of labour and other 47 components of Concurrent Legislative List during Pakistan People's Party Parliamentarians' regime in 2010. This historic amendment is termed as the most important political and constitutional development, which ensures decentralized power and autonomy to the provincial institutions. The 18th Amendment drastically changed the roles and responsibilities of the federal and provincial governments and labour administration role was given to the provinces. Following provisions of labour law were given to provincial governments:

- I. Labour condition and welfare, provident fund, worker's compensation and employer's responsibility
- II. Industrial Relations, Industrial Disputes and Trade Unions
- III. Exchange of information regarding labour employment to the Bureau of Training
- IV. Legislation on the safety and security issues of labour in factories, mines and oilfields
- V. Insurance case of being jobless

It is important to note a policy contradiction i.e., ILO conventions are ratified by the federal government but authority on implementing such conventions lies with provincial government. Province and federal government needs to streamline the institutional framework for better implementation on international conventions signed by the state of Pakistan.

2.4.6. LABOUR MARKET OF PAKISTAN: CHALLENGES & POLICY OPTIONS AMENDMENT IN PAKISTAN:

MINIMUM WAGE IN PAKISTAN

Minimum wages are set in any country to ensure that indigent workers are provided enough remuneration for their work. The minimum wage law pursues to eradicate the exploitation of the corporations and employers. Minimum wage for unskilled worker is the amount set by the government below which it is illegal to employ a worker.

Laws that have provisions regarding setting of minimum wage in Pakistan are; Payment of Wages Act 1936, Coal Mines (Fixation of Rate of Wages) Ordinance 1960, Minimum Wages Ordinance, 1961, Minimum Wages for Unskilled Workers Ordinance 1969 etc. Wages are recommended by the Pay and Pension Commission constituted by government. The Provincial Governments constitute Minimum Wages Boards under to decide the wage rates. Minimum Wages Board is a tripartite body comprising the representative of Government, employers and employees. The Board, upon reference to it by the Provincial Government, recommends to such government, the minimum rate of wages for workers as specified in the reference. The Provincial Government on the recommendation of the board fixes the Minimum Rate of Wages for all classes of workers.

According to Economic Survey of Pakistan, Federal Government of Pakistan announced that minimum wage for year 2019-2020 is PKR 17,000, \$ 103 approximately. Trend of minimum wages data yearly indicates that minimum wage rate has been increasing. However, it would be an incomplete analysis, if inflation were not incorporated in the analysis and process of minimum wage setting. Any state policy regarding setting of minimum wage need to ensure that minimum wage is commensurable with the inflation level in the country to help the most vulnerable workers and elimination of exploitation by employers and corporations. Concerned stakeholders have been pursuing for a policy change of "living wage" instead of minimum wage since decades. However, such pro-poor policy change is yet to be witnessed.

Table 2.6 illustrates Pakistan Workers' Federation estimates of monthly living expenses required by a family of five members (Father, Mother, 3 children), which is average family size in Pakistan³⁶. A comparison of minimum expenses and minimum wage expresses the gap for policy intervention to ensure well-being of poor workers.

Table 2.6: Minimum budget required by a family of five (1970-2020)

PERIOD/YEAR	BUDGET OF MINIMUM COSTS OF MONTHLY LIVING EXPENSES REQUIRED BY A FAMILY OF FIVE MEMEBERS
January 1970	PKR 215
January 1990	PKR 3,028
January 2000	PKR 10,300
January 2012	PKR 19,110
January 2014	PKR 27,736
January 2016	PKR 36,215
January 2017	PKR 40,519
January 2018	PKR 43,454
January 2020	PKR 68,514

CHILD LABOUR POLICY GAPS

Even though, Constitution of Pakistan prohibits child labour stated:

“Article 11(3) of Pakistan’s Constitution prohibits the employment of children below the age of fourteen years in any factory, mine or other hazardous employment”

Due to prevalent issues in Pakistani society i.e. poverty, high family size, lack of education, technical skills opportunities, employment opportunities, chances of child dropping out of school and try to earn money through odd Jobs are very high. However, it is unfortunate that no government has been successful to eradicate child labour and provide better future for children belonging to poor backgrounds. Child labour has potential of leading to intergenerational transmission of poverty. Lack of education and technical skill is one of the main factors, which can result into poverty cycle making generation suffer. This suggests that introducing effective poverty reduction policy can increase the number of children going to schools and drastically reduce child labour. Strict policies against employing an underage kid for labour can serve as an effective instrument. However, in developing countries like Pakistan, where child labour is prohibited but lacks implementation while poverty and inflation rising, children end up working for far less than minimum wage and without any work incentives. Direct targeting for ensuring incentives (scholarships, lunch programmes, family support etc.) for children to go to school has been an effective instrument in countries, which has similar socio-economic conditions. Comprehensive policies, which addresses poverty, ensure inclusion and reduce vulnerability are required by provincial legislator and executive.

Singh and McLeish (2013) state that social protection can help to prevent child labour through three direct mechanisms; first, improving the economic position of households, enabling them to keep children in school for longer and reducing the necessity to send children to work; second, increasing the resilience of households to economic shocks making them less likely to have to resort to taking children out of school and pushing them into work; and third, through creating positive incentives to keep children in school and out of work, for example by making social protection benefits conditional on the achievement of certain health and education

objectives. However, another reality to gauge the will of stakeholders to eradicate child labour is that his last child labour survey was conducted in 1996 in Pakistan.

Child labour eradication policies guidelines for Pakistan:

- Effective implementation of existing policies
- Direct targeting
- Direct cash transfers to poor families
- Old-age pensions being used to pay for children's education
- Measures to reduce the income insecurity of adults, including unemployment protection
- Critical interventions through social protection programme
- Social transfers specifically target child labour or child schooling, which effectively limits children's capacity to work outside the home

FEMALE LABOUR FORCE

The Constitution of Pakistan deals with the issues of equality and discrimination and prohibit discrimination on the basis of race, religion, caste, sex, residence or place of birth. The Constitution also makes it incumbent upon the state to secure the well-being of the people, irrespective of sex, caste, creed or race and by ensuring equitable adjustment of rights between employers and employees among other things (Article 38, Article 25, and Article 27). Although Pakistan has ratified both the ILO core conventions related to the issue but has not enacted any law incorporating the provisions of these conventions.

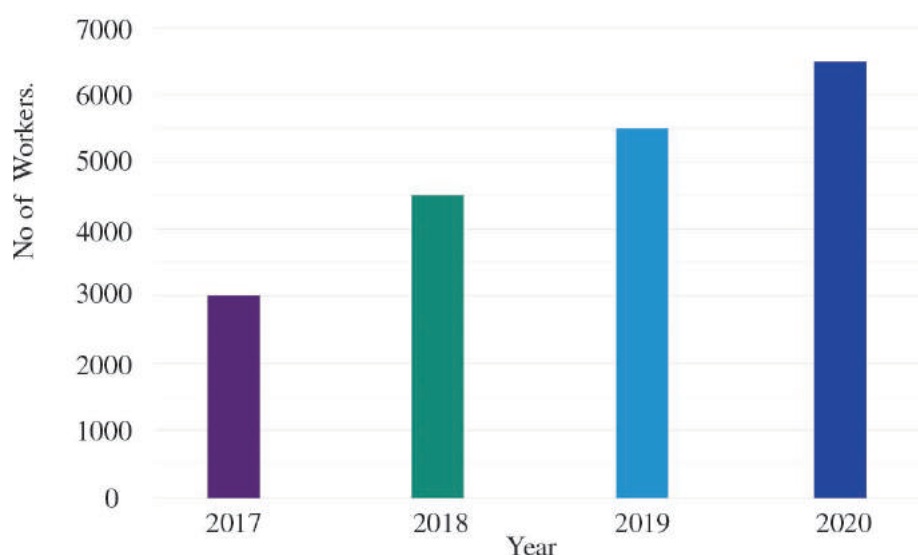
State should ensure equal education and employment opportunities, healthy working environment, equal pay for equal work, participation in trade unions and collective bargaining process. One of noteworthy policy which was introduced by the government “**Protection against Harassment of Women at Workplace Act, 2010**” which requires all organizations, private or public to adopt an internal Code of Conduct and a complain/appeals mechanism to provide a safe working environment, free of intimidation and abuse, for all working women. Ombudsman at Federal and provincial levels are appointed and given authority of a court to ensure justice to complainant, imposing fine a part of which will be payable to the complainant, dismissed/removed from service.

However, considering the cultural circumstances of Pakistan, most women are unable to join formal workforce but try to earn money by working at home. Many garment factories, which are producing for Pakistani and international brands, use home-based workers on seasonal or per-order basis. According to 2014 study by International Journal of Social Work and Human Services Practice, approximately 77%-83 % of women employed in informal sector are home-based workers.

2.4.7. LABOUR IN 21ST CENTURY: DIGITAL LABOUR

A salient feature of “today's work” is the digital platform formally known as the gig economy. This characterizes a workplace where employers and workers communicate over an online platform. It involves full-time, part-time, self-employed, outsourced and crowd work. The Online Labour Index (OLI) states that since January 2020 to May 2020, the gig economy has grown by 43.7%³⁷.

Low wages, high workload, delayed payments and non-payments are some of the reasons, which leaves the worker socially unprotected. The ILO report on Digital Labour Platforms (2019) highlights a number of risks attached to crowd work i.e. rejection; which is often uninformed and uncompensated for, lack of job security; your online work profile could be deleted overnight, and lack of efficient communication. For developing countries, the report suggests that where it can prove to have great potential in providing job opportunities and alleviating poverty, more attention needs to be given to its adverse effects too. Most of the digital labour is already skilled, educated and some even employed.

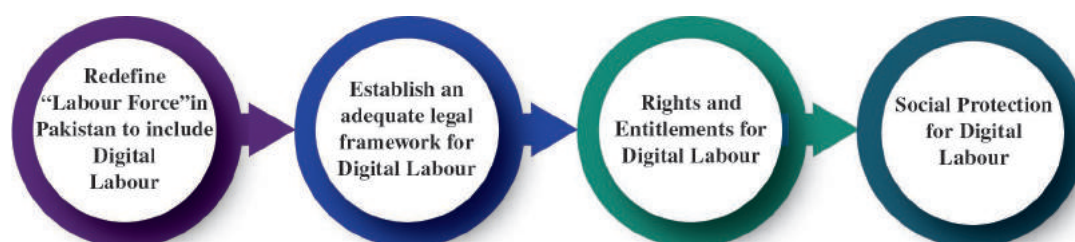
Figure 2.11: Number of Workers in the Gig Economy

Source: The Online Labour Index | The iLabour Project

Figure 2.11 shows how the average online workers in Pakistan have increased over the past four years i.e., 2017 – 2020. In fact, with the current global scenario, the digital markets around the globe are expected to have a significant impact when it comes to increased number of workers switching to online, stay-at-home and digital work, especially after the pandemic.

Digital labour needs protection through some basic labour laws that provide a solution to the new digital era labour market issues. Minimum wage, overtime pay, ensuring job security and legal agreements between the employer and worker are some of the core areas where the government should focus on.

On digital labour platforms, a significant inconsistency arises thus, as workers are not regarded as employees rather individual, independent contractors. Another issue in Pakistan's labour market as a whole is the lack of issuance of appointment letters, this too considering digital labour, hinders their right to be even recognized as being part of the workforce. Issuance of appointment letter must be made mandatory for the employer to secure the workers position and workers should be given the right to form unions.

Figure 2.12: Ensuring Social protection for Digital Labour in Pakistan

2.4.8. LABOUR LEGISLATION AND HIGHLIGHTS

Only 11% of this workforce is estimated to have some sort of social protection. Out of these with social protection, approximately 63% of the workforce is from public sector while the remaining 37% from private sector³⁸. Now these alarming facts of lack of social protection for workers in Pakistan are due to multiple contributors including lack of reliable, recent data on workforce, inadequate protection laws, and issues with implementation of these laws.

In the private sector, in Pakistan the main social security institute is the EOBI, the EOBI Act is applicable where there are five or more employees.

One of milestones in labour legislation post 18th amendment during last decade was Sindh Home-Based Workers Act 2018. “Sindh is one of the first to introduce such legislation in South Asia. After passage of this act, home-based workers are entitled to state provisions as other formal sector workers recognized by labour laws. As per an estimate, there are more than 12 million home-based workers in Pakistan and their number is rising with a rate of 5 per cent a year,”³⁹.

One of the biggest issues of labour rights is non- coverage of workers from various sectors which provides employment to most people in rural areas and informal sector. Henceforth, workers in agriculture and services sectors are left with dangerous working conditions and inhumane treatment.

Although agriculture employs 44% of the labour force, it is still not included in the ambit of labour laws. There has been no provision in any of the three successive laws (1969, 2002 and 2008) allowing agricultural workers as they are not defined as an industry. Labour laws in Pakistan exclude agriculture workers like tenants, sharecroppers and self-employed from their definition.

Industrial accidents are common in Pakistan due to absence of legislation to protect all workers and provide safe working conditions, non-compliance and lack of will to ensure safety measures and equipment. Employers usually do not invest enough on such measures to reduce cost.

Early this year, Prime Minister announced relief package for construction industry in order to boost the economy ultimately. However, it is important to make sure that workers in the construction industry also reap the fruits of relief package.

Currently, workers in construction sector are not included in the definition of workers and are considered informal workers in various labour laws including laws regarding trade unions registration in Pakistan. It is also important to note that labour department does not have any record of construction workers. Recording and maintenance updated data, registration of construction workers with relevant institutions for social security is the first step for policy corrections.

SECTION-3



MAPING SOCIAL PROTECTION NEED

3.1 RATIONALE

Analysing the data from various sources in previous chapters, the dearth of social protection interventions whether social assistance, social insurance or social security were highlighted. It is pertinent to look at the need of social protection in Pakistan. Knowing the need of social protection at national level is a macroscopic phenomenon, which benefits both, advantaged and disadvantaged, equally, whereas assessing the need of social protection at subnational level provides a microscopic image to policy makers, where the disadvantaged districts also get attention as well as advantaged ones.

To measure social protection situation of a country at subnational level is an enormous job, provided the dearth of social protection provision, it is intuitive to analyse need and coverage both. In this report, SPRC analysed the need of social protection in Pakistan at subnational level. However, to assess the coverage, we need the information on provision of social protection programmes in Pakistan. This is next stage where SPRC is intending to develop Social Protection Index (SPI) ranking the districts on provision basis.

Various other researchers and institutions tried to assess the social protection situation of Pakistan. Asian Development Bank (ADB), at the outset, ranked countries based on the adequacy of social protection by looking at programme expenditure, coverage, distribution and impact. The development of SPRC Social Protection Index (SPI) is unique in a way that no other institution or research worked on it in Pakistan so far.

In construction of SPRC Social Protection Index (SPI), the assessment of need in all three components of social protection was considered. In Pakistan social assistance is given the most priority which is just one component of social protection. This became the reason that we faced a data limitation problem when it comes to the other two components of social protection (i.e., social insurance and social security) at district level. However, this does not support the argument that data availability for social assistance was sufficient at subnational level to measure the need. Using secondary data, we collected necessary and relevant information by exploring major datasets available for Pakistan. The chapter explains the methodology; step by step, adopted to construct SPRC Need based Social Protection Index (SPI_{NB}).

3.2. METHODOLOGY

3.2.1 SPI INDICATORS AND SOURCES OF DATA

To construct SPRC Social Protection Index (SPI), indicators were selected to represent three components of social protection i.e., social insurance, social security, and social assistance. Details of all the indicators are given in Table 3.1. Data extracted for three provinces (Punjab, Sindh, KP) is at district level, whereas due to the limitation of data availability for Balochistan, province is analysed at division level. Major data sources used to carry out the calculations of SPRC Social Protection Index (SPI_{NB}) includes: Labour Force Survey (LFS 2017-18), Multiple Indicator Cluster Survey (MICS), Population Census 2017, Multidimensional Poverty Index (MPI) 2014-15 and Pakistan Social and Living Standards Measurement Survey (PSLM) 2014-15.

Table 3.1: Social Protection Components and Indicators

COMPONENTS	INDICATORS	SOURCE
SOCIAL INSURANCE	Employed labor force in agriculture	Labor Force Survey (LFS) (2017-18)
	Employed labor force in industry	Labor Force Survey (LFS) (2017-18)
	Employed labor force in services	Labor Force Survey (LFS) (2017-18)
	Health expenditure as percentage of total monthly expenditure	Household Integrated Economics Survey (HIES) (2018-19)
	Pension entitlement to working age-population	Labor Force Survey (LFS) (2017-18)
	Medical entitlement to working-age population	Labor Force Survey (LFS) (2017-18)
SOCIAL SECURITY	Unemployed labor force	Labor Force Survey (LFS) (2017-18)
	Vocational training	Labor Force Survey (LFS 2017-18)
	Number of labor Laws post 18 th amendments	FAFEN (2018)
SOCIAL ASSISTANCE	Poorest population	Multiple Indicator Cluster Survey (MICS), All Provinces , Census 2017
	Intensity of multidimensional poverty	Multidimensional Poverty Index (MPI) (2014-15)
	Early child development	Multiple Indicator Cluster Survey (MICS), All Provinces
	Nutritional Status: i. Weight for age-underweight ii. Height for age-stunted iii. Weight for height-wasted	Multiple Indicator Cluster Survey (MICS), All Provinces
	Child labor	Multiple Indicator Cluster Survey (MICS), All Provinces
	Low birth weight	Multiple Indicator Cluster Survey (MICS), All Provinces
	Post Natal care coverage	Pakistan Social and Living Standards Measurement Survey (PSLM)(2014-15)
	Antenatal care coverage	Multiple Indicator Cluster Survey (MICS), All Provinces
	Child mortality rate	Multiple Indicator Cluster Survey (MICS), All Provinces

3.2.2. TRANSFORMING DATA TO REPRESENT NEED OF DATA

Some variables in the data represented the provision e.g., medical entitlement to working age population. The objective of SPRC Social Protection Index (SPINB) is to calculate need of medical entitlement to working age population in a district. To represent the working age population who do not have medical entitlements, simply subtract the percentage entitled from the whole.

$$\% \text{ working_age population (No medical Entitlement)} = 1 - \frac{\% \text{ working_age population (with medical Entitlement)}}{100}$$

In the same manner other variables who represent provision were transformed to represent need.

3.2.3. IMPUTATION OF MISSING DATA

After collection of data on all indicators, first step in calculation of SPRC Social Protection Index (SPINB) was to compensate for missing values. Since data availability at district level for Balochistan remained as a problem, also there were variables for which the values were not even obtainable at division level. Nutritional status of Balochistan was replaced with averaged value of Sindh province. Another set of values for child mortality rate was not available only for Sindh province. Each district value was replaced with corresponding division value to have a representation of child mortality rate in Sindh.

Assessment at district level gives a microscopic picture of need in each district. Assessment at division level in Balochistan because of lack of availability of data, generalize the need where the effect of less need of one district mimics at division level and override the others. Data availability for federal capital city also remained a problem for many variables, which is why the city was excluded from analysis.

3.2.4 NORMALIZATION

Normalization of data is a primary step for any data aggregation as the indicators of social protection components have different measurement units. To convert indicators in common scale, the study is using z-score method for standardization. Under this method, every series is subtracted from its average (μ) and divided by its standard deviation (σ).

$$z_i = \frac{X_i - \mu}{\sigma}$$

3.2.5 SUMMARIZING INDEX COMPONENTS

Three main components of index are i) social assistance, ii) social insurance and iii) social security. Social assistance includes data on variables, which identify the most vulnerable groups and requires mean of adequate support. Social insurance cushions the risk associated with unemployment and life after retirement. Social security requires a set of policies specifically designed to facilitate employment and promotes efficient operations of labour markets. Following are the equations of each component,

$$\begin{aligned} SA &= \sum X_i, \\ SI &= \sum Y_i, \\ SS &= \sum Z_i, \end{aligned}$$

where X_i , Y_i and Z_i are set of variables selected for each component. (See Table 3.1) for the selection of indicators).

3.2.6 WEIGHING AND AGGREGATION

Realizing the equal importance of all three components of social protection, weights are distributed homogenously in the equation of Need based Social Protection Index (SPI_{NB}),

$$SPI_{NB} = 0.334(SI + SS + SA) .$$

3.2.7 DEFINING RANGE OF NEED BASED SOCIAL PROTECTION INDEX (SPI_{NB})

Values of Need Based Social Protection Index (SPI_{NB}) lies in (-6, 6) interval. The data initially was transformed to show the need of social protection in districts. Higher the value of (1-provision) represents higher the need in the district. The index value closer to +6 indicates the high need, whereas the index value closer to -6 indicates less need compared to other districts. Large value of index does not represent that the district should not be considered for social protection plans (see Annexure for detailed tables).

3.3 DISTRICT RANK BASED ON SOCIAL PROTECTION NEED

Social Protection Resource Centre (SPRC) ranks districts combining the measurements of social assistance, social insurance and social security. Social Protection Index (SPI) score indicates the need of social protection.

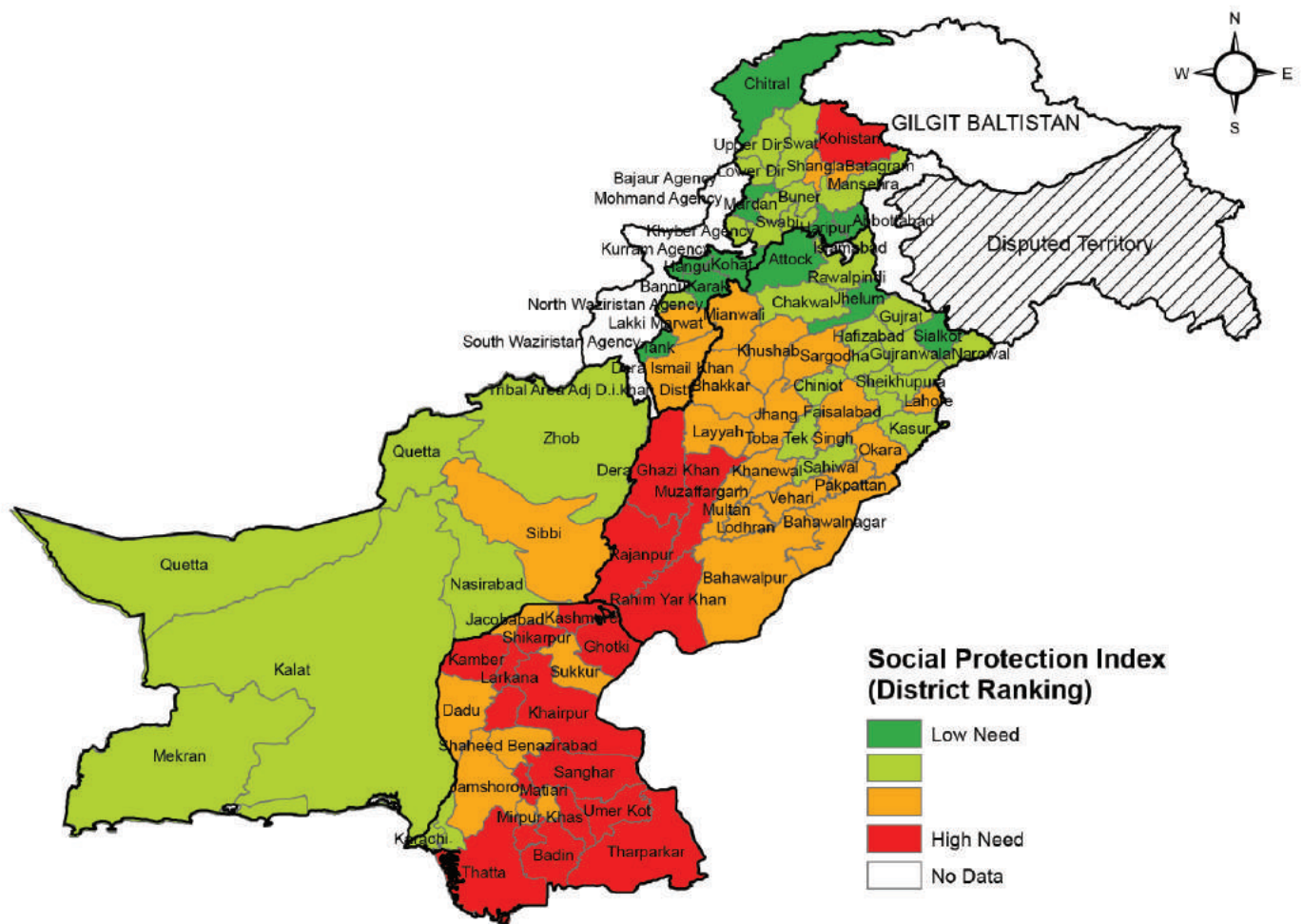
Table 3.2: Social Protection Index (SPI): District Rank

 SINDH
  KP
  PUNJAB
  BALOCHISTAN

DISTRICT	RANK	SCORE	DISTRICT	RANK	SCORE
Tharparkar	1	5.411	Bhakkar	47	-0.440
Kohistan	2	5.318	Swabi	48	-0.469
Rajanpur	3	5.194	Khanewal	49	-0.637
Sujawal	4	3.732	Jhang	50	-0.685
Dera Ghazi Khan	5	3.486	Zhob	51	-0.691
Ghotki	6	3.359	Sargodha	52	-0.698
Sanghar	7	3.432	Mianwali	53	-0.773
Matiari	8	3.150	Hyderabad	54	-0.812
Mirpurkhas	9	3.367	Mansehra	55	-0.847
Rahim Yar Khan	10	2.885	Naseerabad	56	-0.947
Shangla	11	2.866	Makran	57	-0.953
Thatta	12	2.827	Okara	58	-0.975
Badin	13	2.778	Buner	59	-0.997
Umerkot	14	2.747	Khushab	60	-1.034
Muzaffargarh	15	2.557	Sheikhupura	61	-1.192
Kashmore	16	2.489	Vehari	62	-1.214
Shikarpur	17	2.163	Swat	63	-1.412
Larkana	18	2.066	Peshawar	64	-1.414
Kambar Shahdadt	19	1.994	Sahiwal	65	-1.485
Naushehro Feroze	20	1.864	Nowshehra	66	-1.591
Khairpur	21	1.645	Bannu	67	-1.607
Batagram	22	1.622	Karachi	68	-1.657
Tando Muhammad Khan	23	1.498	Lower Dir	69	-1.732
Dera Ismail Khan	24	1.472	Gujranwala	70	-1.805
Sibbi	25	1.423	Tank	71	-2.151
Shaheed Benazirabad	26	1.405	Kasur	72	-2.384
Dadu	27	1.350	Chiniot	73	-2.632
Toba Tek Singh	28	1.326	Charsadda	74	-2.654
Bahawalpur	29	1.163	Nankana Sahib	75	-2.720
Tando Allahyar	30	1.161	Kohat	76	-2.752
Torgarh	31	1.049	Karak	77	-2.787
Sukkur	32	0.986	Hafizabad	78	-2.813
Lakki Marwat	33	0.736	Hangu	79	-2.882
Jacobabad	34	0.724	Narowal	80	-2.999
Jamshoro	35	0.690	Malakand	81	-3.068
Multan	36	0.596	Rawalpindi	82	-3.187
Lahore	37	0.472	Abbottabad	83	-3.203
Lodhran	38	0.261	Chitral	84	-3.277
Upper Dir	39	0.215	Mandi Bahauddin	85	-3.308
Layyah	40	0.027	Chakwal	86	-3.411
Faisalabad	41	0.005	Gujrat	87	-3.508
Bahawalnagar	42	-0.021	Attock	88	-4.092
Quetta	43	-0.048	Sialkot	89	-4.353
Mardan	44	-0.089	Haripur	90	-4.762
Kalat	45	-0.276	Jhelum	91	-6.326
Pakpattan	46	-0.317			

Figure 3.1: Social Protection in Pakistan: District Level Ranking

This ranking is calculated based on the social protection need of each district

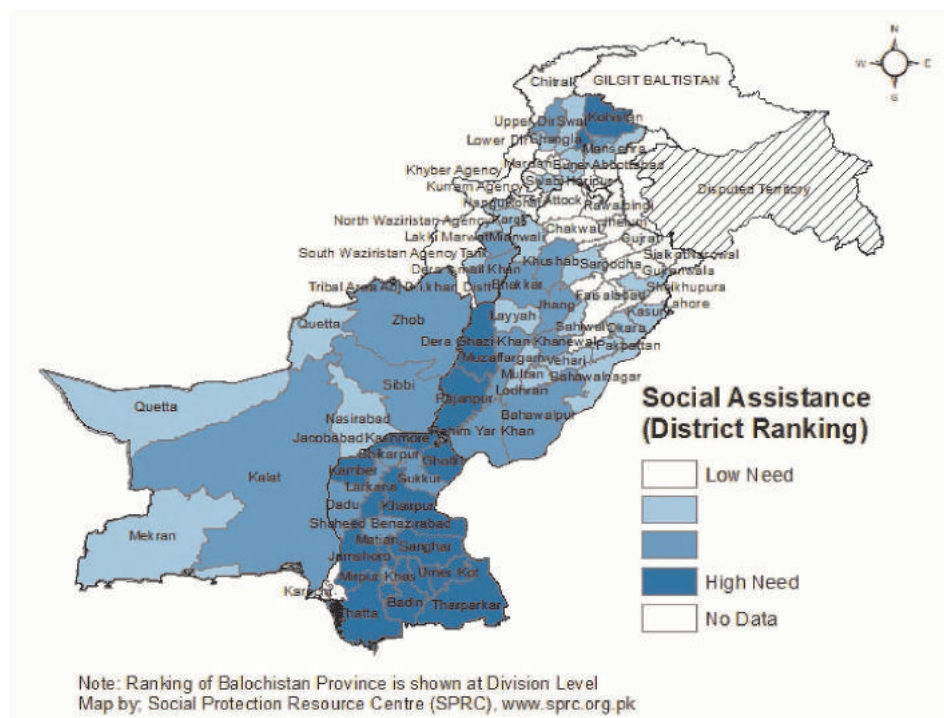


Note: Ranking of Balochistan province is shown at Division level

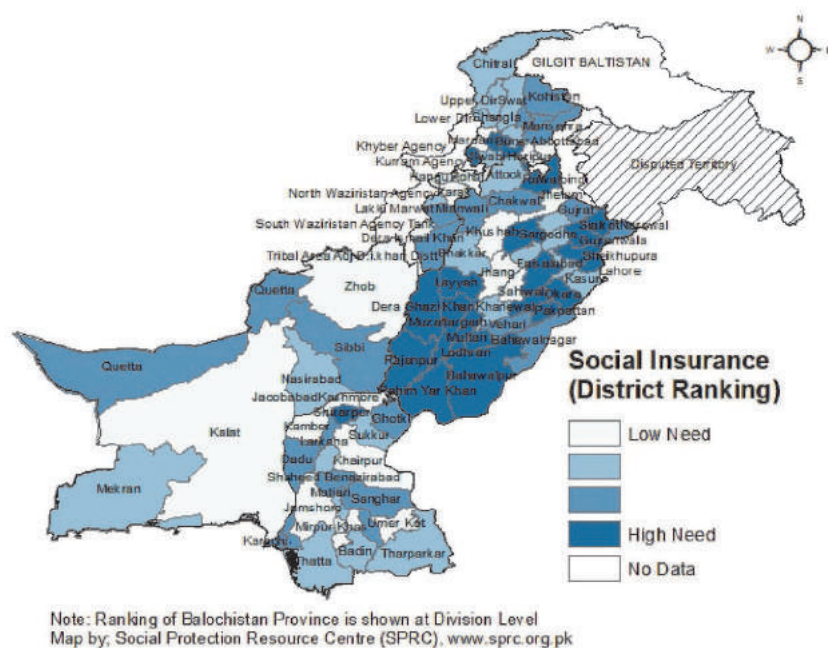
Map by: Social Protection Resource Centre (SPRC), www.sprc.org.pk

Figure 3.2: Social Assistance in Pakistan: District Level Ranking

This ranking is calculated based on the social assistance need of each district.

**Figure 3.3: Social Insurance in Pakistan: District Level Ranking**

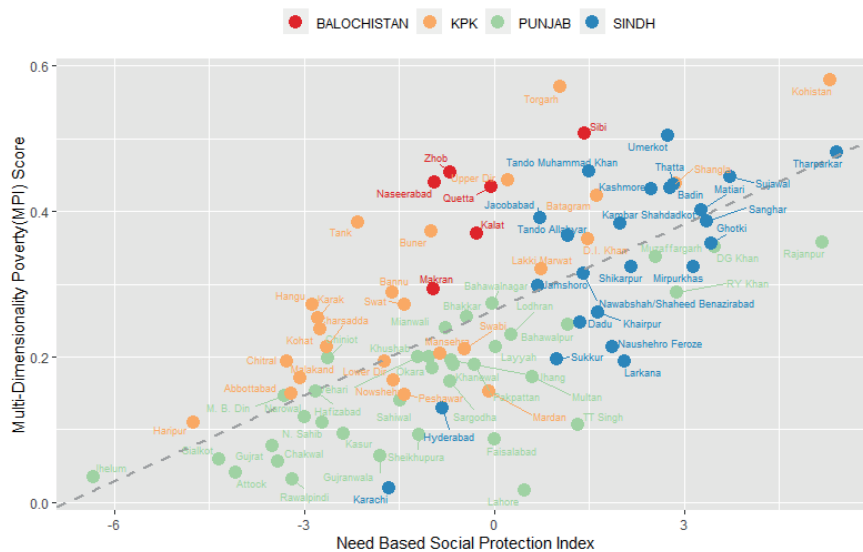
This ranking is calculated based on the social Insurance need of each district.



3.4. MULTIDIMENSIONALITY POVERTY AND SOCIAL PROTECTION NEED

Social protection as a policy framework addresses the poverty and vulnerability in a country. It is one of the most significant components of poverty reduction strategies. For an effective social protection strategy, first it is important to understand the relation between poverty and social protection need. SPRC Social Protection Index (SPI) measures the need of social protection at district level in Pakistan and Multi-Dimensionality Poverty Index (MPI) offers a valuable complement to income-based poverty measures. Figure 3.4 shows a strong relation between the Multi-Dimensionality Poverty Index (MPI) score and need-based Social Protection Index (SPI_{NB}) score. The relation between poverty and need for social protection is direct: higher the poverty score of a district, higher the need of social protection.

Figure 3.4: Relation between Social Protection Index & Multi-dimensional Poverty Index



SECTION-4



PANDEMIC & SOCIAL PROTECTION



4.1. INTRODUCTION

The Social Protection System of any country is actually tested in the times of crises and economic impasse. COVID-19 has drawn a disturbing scenario around the globe mainly in health and economic sectors. One thing that has gone clear in this pandemic is that countries that have effective social protection systems in place and that cater universal coverage are in better position to cushion their people from the risk to their livelihoods posed by COVID-19. However, countries that lack a vigorous health and social protection system will need to establish policies and mediations in a provisional way, which is likely to lead to a defined and deferred response⁴⁰.

Many countries have carried out National social protection policy responses to the disaster, which have addressed a vast range of fields.

- They have protracted sickness assistance financed from general taxation to workers who would not otherwise be designated.
- They used their unemployment protection schemes to support ventures in retaining workers through short-time work schemes.
- They lend unemployment benefits to laid-off workers, including those who would otherwise not be acceptable for unemployment insurance, and hand over income support to families⁴¹.

Most of the interventions being taken came under the umbrella of reactive approach, as the pandemic hits most of the Governments directly come up to the decision of cash transfers to the masses which itself an indicator of fragile situation of already existing social protection system, because the system is unable to absorb the shock of COVID-19 and it is near to collapse. Safeguarding the system and masses, Governments have launched emergency support programs just to give drowning man a straw to catch.

4.2 GLOBAL RESPONSE TO COVID-19

The World Health Organization (WHO) has declared the coronavirus disease (COVID-19) a global pandemic on March 11, 2020. This pandemic has marked devastating impacts on Global health system, economy and education and in almost all other sectors of society. COVID-19 had led to a substantial loss of human life worldwide and given an unprecedented challenge to public health, food systems and the world of work.

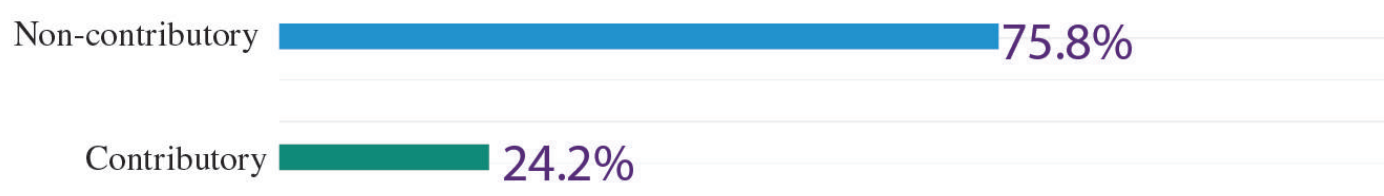
Global Response to COVID-19 has been on top to toe. International organizations have been working day and night to minimize the impact of this pandemic on the general public. Most of the countries declared social protection measures in reply to the COVID-19 emergency. The highest total of responses are reported in Africa, Americas and Europe and Central Asia, where over half of the countries have introduced these measures, pursued by Asia and the Pacific, and Arab states⁴².

Table 4.1: Countries with Social Protection Responses during Pandemic

COUNTRY	NUMBER OF RESPONSES
USA	41
UNITED KINGDOM	28
RUSSIA	18
GERMANY	12
CHINA	16
INDIA	40
MALAYSIA	20
VEITNAM	10
TURKEY	17
PAKISTAN	3
BANGLADESH	10

Source: ILO (Social Protection Responses to COVID-19 crisis around the World)

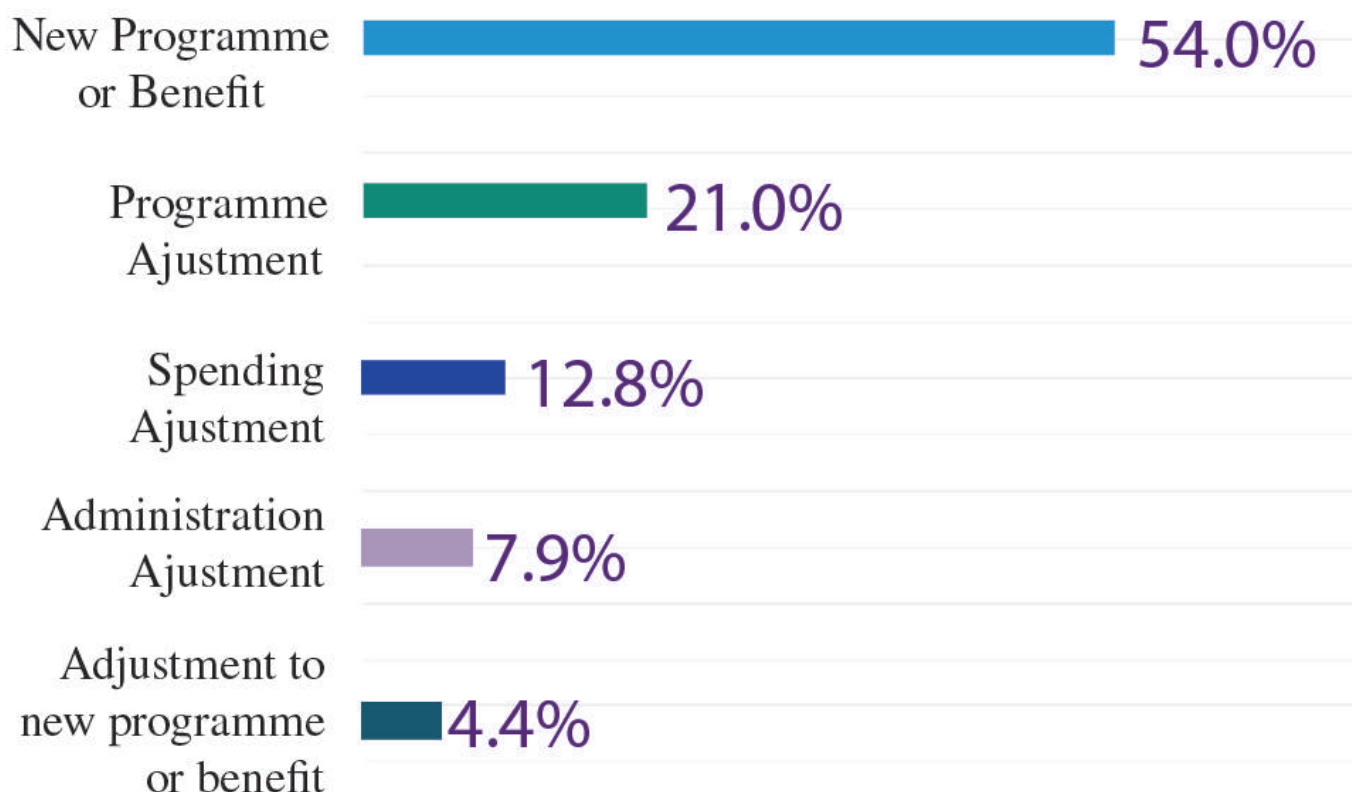
Social Responses of a couple of countries are illustrated in the Figure 4.1, which are showing that every country has tried to cope with the COVID-19 emergency according to their economic conditions, more or less every country has prioritized this pandemic and worked on their toes to provide relief to the masses.

Figure 4.1: Distribution of Measures, by Type of Program

Source: ILO (Social Protection Responses to COVID-19 crisis around the World)

75.8% of the Global measures in fight against COVID-19 is non-contributory, which means Governments have provided assistance to the masses directly apart from any contribution from them and this is the right approach in this kind of emergency scenario where people are already hand to mouth, direct assistance is a great support. Along with that 24.2% contributory support measures are also in process for the goodwill of the people and a serious effort to pull the deprived class out from this difficulty who are in need of the hour.

Figure 4.2: Distribution of measures by Type of Adjustment



Source: ILO (Social Protection Responses to COVID-19 crisis around the World)

Global distributary measures in this regard invested maximum budget in initiating new programs and giving benefit to the people who are deprived and vulnerable, which is a valuable approach in the time of emergency, such sudden measures worked in the difficult times. After that states invested in Program adjustments, means a similar kind of program is already running and states have made some kind of adjustment to make it more favourable for the people. Least percentage by distribution of measures goes into the favour of adjustment to new programmes. So, that is how Global responses have faced this pandemic with their strategies.

Table 4.2: Distribution of Measures by Function

Special Allowance/Grant	16.6%
Income/Job's Protection	14.7%
Several Functions	11.8%
Health	10.8%
Unemployment	10.7%
Housing/Basic Services	8.8%
Food and Nutrition	8.2%
Children and Family	7.8%
Pensions	5.5%
Sickness	3.7%
Access to education	0.7%
Maternity/Parental	0.4%
Employment Injury	0.2%

Source: ILO (Social Protection Responses to COVID-19 crisis around the World)

When we look at global distribution of measures with respect to functions, we see that direct assistance to the people in the shape of grants and special allowances and job protection are leading from the front as these functions are considered to be the most impressive function which can compensate the people in crises with in short span of time. One more interesting thing in the distribution of measures, by function as a global response is that States are more concerned about sudden wave of the poverty due to lockdown than health sector, because the pressure of lockdowns on the common people are severe in a sense that they may come to the situation of being hand to mouth due to less savings and closure of working stuff and unemployment. That is why we saw that states have invested a huge amount on the direct benefits, income and Job Protection and with all these measures of course health is also in the priority. With all these initiatives along with support in houses, basic services, food and nutrition, children and family, access to education have put some positive impacts on the people in the time of crisis.

Table 4.3: Top 10 Measures Announced in the World Regarding COVID-19

MEASURES	NUMBERS
Introducing Benefits for workers and/or dependents	236
Introducing Benefits for poor and vulnerable population	218
Introducing Subsidies to or deferring or reducing cost of necessities/utilities	130
Increasing benefit level	111
Extending Coverage	106
Introducing subsidies to wage	106
Improving delivery mechanism/ Capacity	90
Increasing resources/budgetary allocation	90
Increasing benefit duration	87
Deferring, Reducing or waiving social contribution	82

Source: ILO (Social Protection Responses to COVID-19 crisis around the World)

Introduction of benefits for workers and dependents is leading the list of Global measures in response to COVID-19, which is a clear depiction of how states go in the similar bent of mind to tackle the pandemic or we can say that a consensus initiative by the world to give emergency benefits to the people to ensure their survival, Launched programs of subsidies and reducing the cost of necessities on priority basis.

So, that people can feel a sudden sense of relief because all other initiatives are time taking, only direct benefit programs can uplift the vulnerable and working class in a short time. It got evident with the Global response that the Economic side of any country keeps high importance value and it needs to be protected on an emergency basis otherwise the results would be catastrophic.

4.3. INTERVENTIONS BY PAKISTAN TO MITIGATE THE IMPACT OF COVID-19

COVID-19 hits Pakistan on 26 February 2020. The pandemic has spread to all provinces in Pakistan with over 115 districts affected, largely in Punjab and Sindh. The Government of Pakistan with support from partners has responded to the pandemic by strengthening coordination, case management, disease surveillance, laboratory, community mobilization and sensitization.

National Command and Operation Centre (NCOC) was established to make a collaborative effort against COVID-19 by keeping all the stakeholders at one page. NCOC took several initiatives to cope with COVID-19, which includes Ehsaas Programme, Integrated Disease Information Management System (IDIMS), Smart Lockdowns, Control, Management System, and SOPs Violation Reporting. NCOC also committed to support disease surveillance and laboratory diagnoses, enhance case management and ensure the implementation of infection prevention and control. NCOC remains in contact with NCC (headed by PM) for timely interventions regarding Pandemic⁴³.

Objectives of the interventions are to help prevent and limit the spread of COVID-19 in Pakistan, and reduce the related morbidity and mortality due to the pandemic in the country. The Plan seeks US\$ 595 million as an overall funding requirement for a period of 9 months from April to December 2020⁴⁴.

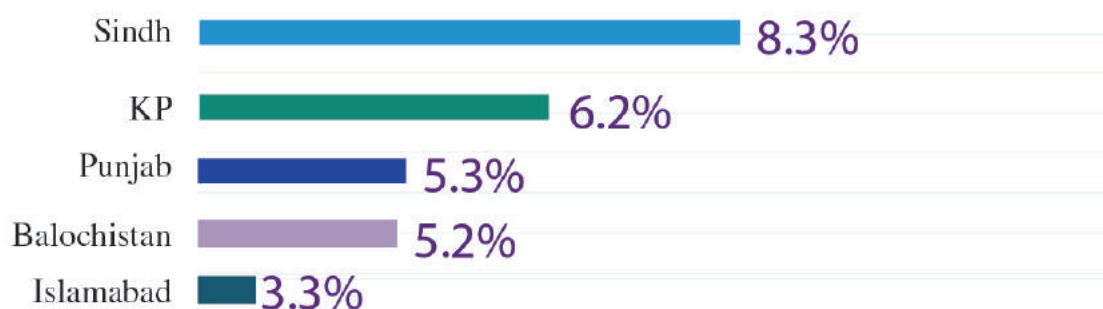
4.3.1. GOVERNMENT ASSISTANCE

CASH TRANSFERS

Government has taken prompt measures to assist the vulnerable class. COVID Relief Cash Transfer program has been launched as EHSAS Emergency Cash Program. This program has been planned in the context of the economic hardship being experienced by the vulnerable due to the ongoing coronavirus crisis. The currently stalled economic activity affects daily wage earners and piece-rate workers, the most. In addition, layoffs in the formal economy are pushing people below the poverty line. Within this context, the EHSAS Emergency Cash initiative has been designed for simple and easy rollout, using the existing at-scale digital payment capacity of the Government of Pakistan, which has been developed within the Poverty Alleviation Division⁴⁵.

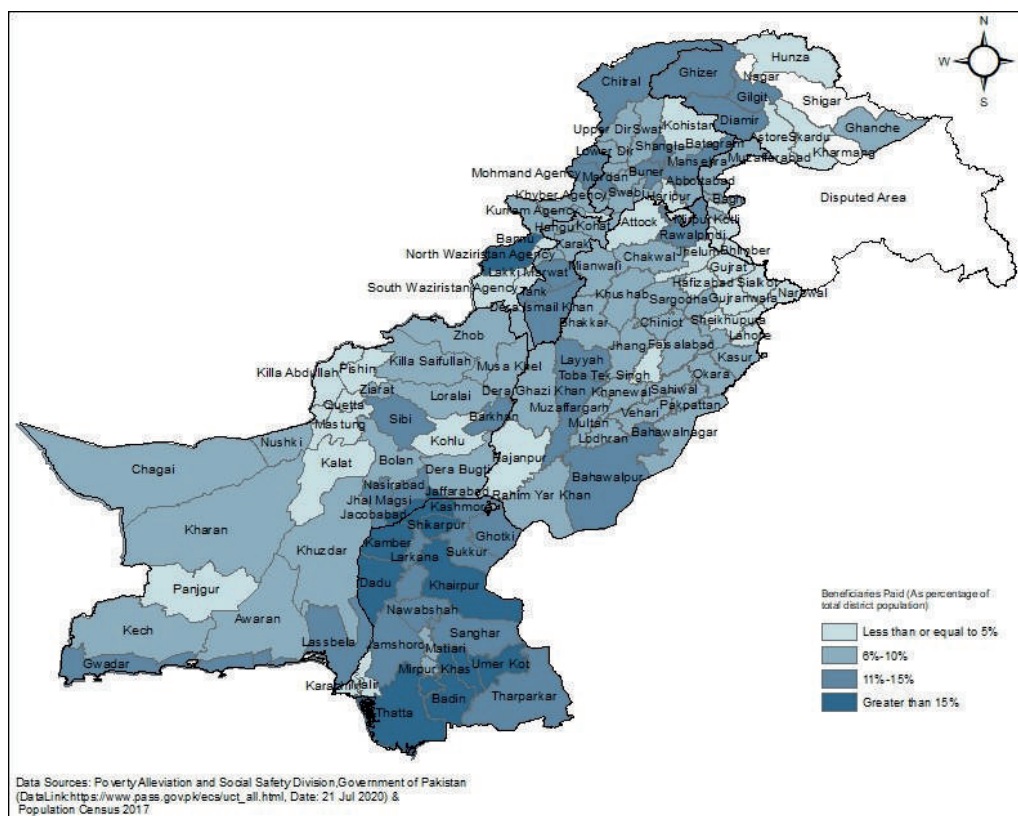
The EHSAAS Emergency Cash program was launched by the Prime Minister on April 1, 2020 in the context of the economic hardship being experienced by the vulnerable due to the ongoing coronavirus crisis. The financial assistance under the program is meant to help them buy rations so that they don't go hungry. This program covers 12 million families, RS 12,000 per family. Total budget RS. 144 Billion⁴⁶.

Figure 4.3: Percentage of Population who received EHSAAS Emergency Cash Transfers



Source: EHSAAS Emergency Cash Program

The Figure 4.3 illustrates that Sindh has the highest percentage of the people who have received the COVID Relief Cash transfers, then the number of KP, followed by Punjab, Balochistan and Federal Capital Islamabad. Pakistan has taken good steps in giving assistance as well by keeping in view the economic condition of the Country.

Figure 4.4: Percentage of District Population who Received Ehsaas Emergency Cash Transfers

LOAN EXTENSION AND RESTRUCTURING PACKAGE

Loan extension and Restructuring Package also known as Debt Relief scheme was announced by State Bank of Pakistan to ease the borrowers in restructuring and deferment of their loans. Debt Relief Scheme aimed to protect the financial competence of and enable them to cope with the current economic interruptions⁴⁷.

SBP ROZGAR SCHEME

State Bank of Pakistan Rozgar Scheme aims to prevent unemployment and dismissals by financing wages and salaries of employees (permanent, contractual, daily wagers as well as outsourced) for six months (April 2020-Sep 2020) for all kind of businesses except for Government entities, public sector enterprises, autonomous bodies and deposit taking financial institutions⁴⁸.

FACILITATING NEW INVESTMENT – TERF

In the COVID-19 investment domain, Temporary Economic Refinance Facility (TERF) is an accommodating refinance facility aimed at promoting investment and expansion and/or Balancing, Modernization and Replacement (BMR). Financing under the facility is available through banks/DFIs to all sectors across the board except power sector where SBP's refinance facility for renewable energy projects already exists⁴⁹.

SUPPORTING THE HEALTH SECTOR TO COMBAT COVID-19

COVID-19 Health Initiatives were taken by the Government in which this time bound Refinance Facility for Combating COVID-19 (RFCC) aims to boost the capacity of health sector of the country to deal with health emergency especially in the backdrop of COVID-19. Financing under the facility is available through banks/DFIs for all hospitals/medical centres not only to combat COVID-19 but also to enhance their overall capacities. A manufacturer of masks/protective dresses/testing kits/hospital beds/ventilators and other items to combat COVID-19 can also get advantage of this special financing opportunity⁵⁰. The State Bank of Pakistan has introduced further regulatory measures to facilitate the import of COVID-19-related medical equipment and medicine. These include lifting the limit on import advance payments and import on open account. Allowing banks to approve an Electronic Import Form (EIF) for the import of equipment donated by international donor agencies and foreign governments. SBP has also relaxed the condition of 100% cash margin requirement on import of certain raw materials to support the manufacturing and industrial sector⁵¹.

CONSTRUCTION SECTOR TAX RELIEF COVID-19

In the wave of COVID-19, Government of Pakistan comes up with a Tax Laws (Amendment) Ordinance 2020. This ordinance includes multiple measures for the construction sector in the view of the economic disruptions by COVID-19. The amendment ordinance provides status of industry to construction sector and offers several tax relief measures for builders and developers. The Tax Laws Amendment Ordinance 2020 also grants exemption from audit regarding source of investment, which is subjected to fulfilment of certain conditions. Ordinance offers relaxation in income tax, grants exemption from withholding tax and termination of capital valuation tax as well⁵².

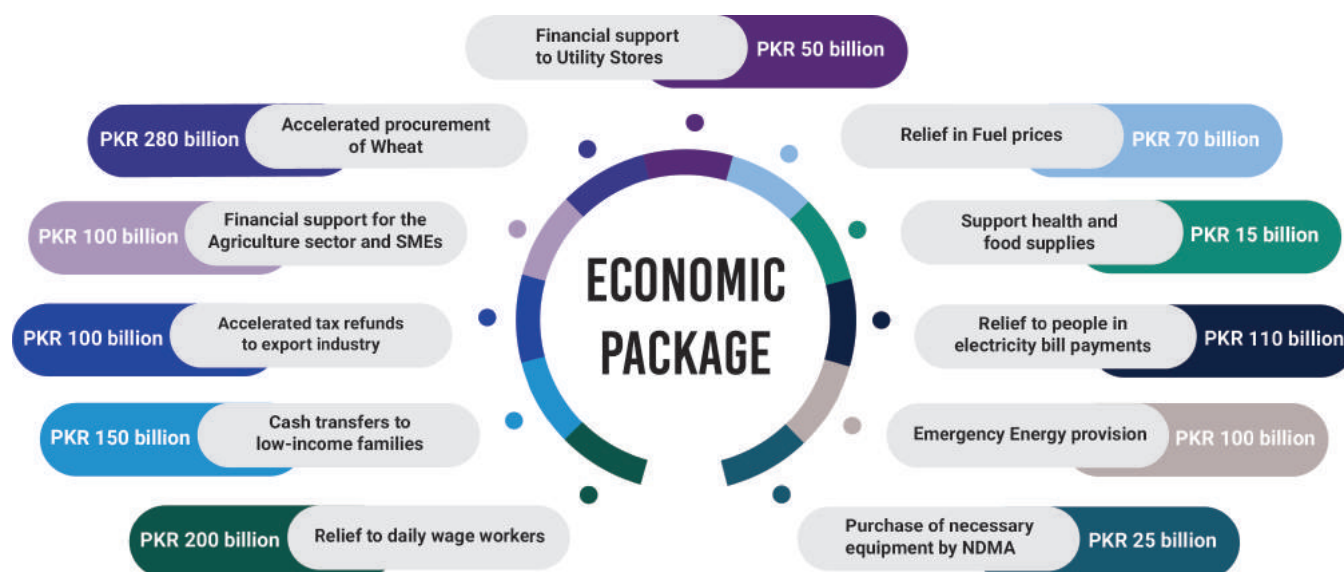
EHSAAS RATION PORTAL

Ehsaas ration Portal is another program launched by the Government on 21st April. Aim behind this initiative is to protect the poor sector of society from hunger by bridging the gap between social sector, charitable organizations, Philanthropists and deserving people. The vital role of the *Ehsaas* ration portal is to quantify the data eligible people to the donors through registration at www.rashan.gov.pk after giving their required information. Beneficiaries' information will be proven and eligibility determined using the *Ehsaas* data. The Government will ensure that one person from family will be benefited, as far as the establishing mechanism for sourcing and disbursement of rashan is concerned, private sector will be responsible for it⁵³.

RECOVERY PLAN OF ECONOMY

Government of Pakistan has announced the economic package of PKR 1.2 trillion (approx. \$8 billion USD) would be spent through a multi-sectoral relief package to address the challenges arisen due to the outbreak of Covid-19⁵⁴.

Figure 4.5: Distribution of Economic Packages



Source: Pakistan Government and Institution measure in response to COVID-19 (KPMG International Limited)

4.3.2. OPTIMAL RESPONSE TO COVID19

Social protection system plays integral part in absorbing the socio-economic shocks such as pandemics. In the wave of COVID-19, the global social protection systems were tested to their limits, while the developing countries faced an even higher level of inconvenience. Social Protection system of Pakistan is facing serious complications while coping with this pandemic, because in Pakistan, the social protection was taken into consideration mostly in the domain of social assistance, while neglecting social insurance and social security and due to that the reactive approach towards pandemic was majorly in shape of social assistance (cash transfers), which aims to safeguard the vulnerable against economic shocks of the catastrophe, but in the automatic response, System was unable to give any kind of buffer to the masses in this exceptional situation.

Social assistance is often used as a tool to reduce poverty and hunger while Pakistan has distressing poverty statistics. Sindh has the highest percentage of population in poorest and second poorest quintile in Multidimensional Poverty Index (MPI) among all four provinces i.e. 63%. Balochistan has the highest (MPI) (0.39), incidence (71%) and intensity of poverty (55%), while Punjab has the lowest MPI (0.15, incidence (31%) and intensity of poverty (48%)⁵⁵. This also indicates that social assistance is a quick fix of any socio-economic problem, which postponed the risk for some time but cannot be termed as a permanent solution.

Social Insurance is basically the shock absorbing pillar of social protection system, which systematically cushions the household in the sudden loss of income. Employment status plays key role in safeguarding the people from crises. According to Labour Force Survey Pakistan, (2017-18) the unemployment rate in Pakistan was 5.8%, and there are no unemployment benefit laws. When the vulnerable segments of the society are not gaining any social protection, it is hard for them to pull themselves out of the state of financial vulnerability. The total employed labour force in Pakistan is 60 million, of which 62% (37 million) is related to industry and services sector while the remaining 38% (23 million) is labour in agriculture. In the recent years, this countrywide transformation has been observed that due to migration from rural to urban the industry and services sector has higher number of labour force than agriculture, which demands the social protection system to be established with respect to demand.

According to Labour Force Survey of Pakistan (2017-18), 4560,753 are entitled to pension entitlements out of total formal labour force, which is 10,000,000. Old age pensions form the highest number of entitlements i.e. 30% for formal labour force in Pakistan, whereas family support and medical support form 24% and 19% respectively, while discussing entitlements in public and private sector, the public sector entitlements are 67% of total entitlements, while in private sector are at 33%. If we look into the comparison of men and women, Social Insurance received by women in Pakistan is significantly low as compared to men. In the 2019-20 Budget, the Federal Government has raised the minimum wage for unskilled workers from PKR 15,000 to PKR 17,500 a month. The trend of minimum wage shows its increase yearly but there should be a close check on the process of minimum wage setting and rising inflation. Wage setting should be aligned with the social protection demand in the country to make it more effective.

Optimal response to COVID-19 should be focused more on social insurance and social security while keeping less emphasizes on social assistance. In this way, working system will absorb the shock and work against it without any external reactive approach. The system should be fertile enough to pace up with the socio-economic shortcomings came with this pandemic. Labour market policies need to be good enough to cope up with the economic disasters efficiently. Capacity of the Employees Old age Benefits Institution (EOBI) should be enhanced. It is a major social security institution and the EOBI act is applicable where there are five or more than five employees. Employees Social Security Institutions (ESSIs) offers multiple benefits in provincial domain; all it needs is proper attention and governance towards these institutions while making sure that data bank of these institutions should be enhanced which can ultimately progress their output. To benefit the labour market, Workers Welfare Fund (WWF) is the institution, which plays a vital role in assisting the industrial workers and in easing their burden.

Social Protection System should be inclusive and transformative in nature and systematically extends the benefits of economic growth by strengthening all the federal and provincial sector institutions in such a way that if any natural disaster or pandemic hits, the system should have enough capacity to absorb the shock and cushion the people through an efficient social insurance and social security system. Inclusive, sustainable and transformative social protection system can maintain the smooth functioning and keep country safe from an economic collapse.

CONCLUSION AND WAY FORWARD

The State of Social Protection Report presented a comprehensive overview of the Social Protection as a concept, as a system and as a need in the context of Pakistan at subnational level with reference to COVID-19. It is argued that the Social protection as a concept is under-represented as a shock response, whereas it should transform the system through its inclusiveness and sustainable nature and hence needs to be redefined. Social protection as a system is more centralised, which creates confusion in its functioning and jurisdiction. Hence, social protection as system should be decentralised with the proactive role of provincial governments. Social protection as need has gaps in its coverage and targeting, whereas, it should be broader and follow trickle-down impact in terms of its scope. Therefore, following are the key policy recommendations, which must be the source of guidelines for the policy makers and key stakeholders:

- Pakistan needs transformative social protection regime. Currently, we are having a reactive social protection approach with more focus on social assistance. Pakistan needs to develop social protection regime, which includes marginalized and vulnerable segments, yet transforms the whole society in the long term.
- Out of the 60 million employed labour force in Pakistan, only 10 million is employed in the formal sector of the economy. This implies 83% (including agriculture sector employment) of the employment is kept away from the ambit of social protection. Pakistan needs to focus more on social security and social insurance, if we want to reach out to this huge cohort of labour force.
- The marginalised segments such as the older people and the persons with disabilities are neglected, when it comes to the provision of social protection. The focus of social assistance in Pakistan is more reactive towards external shocks or crisis mitigation as compared to being proactive to ensure self-reliance of marginalised segment.
- It is evident from the Social Protection Index that social protection need is not uniform across the country. The federal and provincial governments need to align policy instruments according to the sub-national needs.
- The optimal response towards COVID-19 pandemic requires the social protection regime to be proactive, inclusive and transformative. By keeping the focus on enhanced role of social insurance and social security, any future pandemic/crisis can be mitigated in a better way.

ANNEXURES

SOCIAL PROTECTION INDEX(SPI): DISTRICT SCORE

● SINDH ● KP ● PUNJAB ● BALOCHISTAN

DISTRICT	INDEX RANK	SOCIAL ASSISTANCE SCORE	SOCIAL INSURANCE SCORE	SOCIAL PROTECTION INDEX SCORE
Tharparkar	1	6.089	-0.359	5.411
Kohistan	2	4.564	0.224	5.318
Rajanpur	3	3.346	1.680	5.194
Sujawal	4	3.693	0.073	3.732
Dera Ghazi Khan	5	2.404	1.057	3.486
Ghotki	6	3.360	0.385	3.432
Sanghar	7	3.416	0.260	3.359
Matiali	8	3.998	-0.391	3.367
Mirpurkhas	9	2.707	0.576	3.150
Rahim Yar Khan	10	1.899	1.529	2.885
Shangla	11	2.327	0.059	2.866
Thatta	12	3.403	-0.391	2.827
Badin	13	3.496	-0.455	2.778
Umerkot	14	4.006	-1.168	2.747
Muzaffargarh	15	0.888	1.744	2.557
Kashmore	16	3.804	-1.234	2.489
Shikarpur	17	1.671	0.680	2.163
Larkana	18	1.576	0.616	2.066
Kambar Shahdadkot	19	3.582	-1.747	1.994
Naushehro Feroze	20	2.054	-0.109	1.864
Khairpur	21	2.893	-0.987	1.645
Batagram	22	0.911	0.525	1.622
Tando Muhammad Khan	23	3.128	-1.428	1.498
Dera Ismail Khan	24	0.353	0.376	1.472
Sibbi	25	0.487	0.389	1.423
Shaheed Benazirabad	26	1.536	-0.051	1.405
Dadu	27	1.681	-0.065	1.350
Toba Tek Singh	28	-1.402	-0.592	1.326
Bahawalpur	29	0.192	0.989	1.163

Tando Allahyar	30	2.674	-1.310	1.161
Torgarh	31	1.794	-1.541	1.049
Sukkur	32	1.724	-0.283	0.986
Lakki Marwat	33	0.044	0.130	0.736
Jacobabad	34	2.762	-1.935	0.724
Jamshoro	35	2.512	-1.595	0.690
Multan	36	-1.175	2.223	0.596
Lahore	37	-3.620	4.311	0.472
Lodhran	38	-0.423	0.832	0.261
Upper Dir	39	0.254	-0.250	0.215
Layyah	40	-0.908	1.410	0.027
Faisalabad	41	-2.685	3.641	0.005
Bahawalnagar	42	-0.389	0.331	-0.021
Quetta	43	-0.882	0.341	-0.048
Mardan	44	-2.340	1.719	-0.089
Kalat	45	0.869	-1.886	-0.276
Pakpattan	46	-1.059	0.683	-0.317
Bhakkar	47	-0.228	-0.331	-0.440
Swabi	48	-1.921	1.121	-0.469
Khanewal	49	0.168	-0.182	-0.637
Jhang	50	-0.248	-0.544	-0.685
Zhob	51	-0.032	-1.134	-0.691
Sargodha	52	-1.646	0.963	-0.698
Mianwali	53	-0.799	0.159	-0.773
Hyderabad	54	0.190	-0.698	-0.812
Mansehra	55	-1.217	0.531	-0.847
Naseerabad	56	-0.738	-0.183	-0.947
Makran	57	-0.629	-0.201	-0.953
Okara	58	-1.728	0.889	-0.975
Buner	59	-0.882	-0.361	-0.997
Khushab	60	-0.099	-0.957	-1.034
Sheikhupura	61	-1.992	1.019	-1.192
Vehari	62	-1.063	0.081	-1.214

Swat	63	-1.529	-0.186	-1.412
Peshawar	64	-2.412	0.756	-1.414
Sahiwal	65	-2.156	0.737	-1.485
Nowshehra	66	-1.793	-0.231	-1.591
Bannu	67	-1.522	-0.396	-1.607
Karachi	68	-2.355	0.539	-1.657
Lower Dir	69	-1.796	-0.103	-1.732
Gujranwala	70	-2.179	0.945	-1.805
Tank	71	-1.456	-1.377	-2.151
Kasur	72	-1.754	-0.528	-2.384
Chiniot	73	-2.139	-0.484	-2.632
Charsadda	74	-2.564	-0.589	-2.654
Nankana Sahib	75	-2.553	-0.092	-2.720
Kohat	76	-2.331	-0.702	-2.752
Karak	77	-1.817	-1.467	-2.787
Hafizabad	78	-2.286	-0.353	-2.813
Hangu	79	-1.763	-1.444	-2.882
Narowal	80	-2.725	0.043	-2.999
Malakand	81	-2.631	-1.012	-3.068
Rawalpindi	82	-3.542	0.898	-3.187
Abbottabad	83	-2.627	-0.653	-3.203
Chitral	84	-2.138	-0.117	-3.277
Mandi Bahauddin	85	-2.606	-0.289	-3.308
Chakwal	86	-3.201	0.085	-3.411
Gujrat	87	-3.383	0.217	-3.508
Attock	88	-3.733	-0.212	-4.092
Sialkot	89	-3.583	0.774	-4.353
Haripur	90	-2.594	-1.976	-4.762
Jhelum	91	-3.855	-1.965	-6.326

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PAKISTAN ALLIANCE FOR SOCIAL PROTECTION (PASP)

Pakistan Alliance for Social Protection (PASP) is a multi-stakeholder partnership under the umbrella of the think tank; Social Protecting Resource Centre (SPRC) to develop a Framework with active collaboration of Alliance Partners. It was established to help the Government of Pakistan and the Private sector for strengthening the Universal Social Protection System (USPS) in Pakistan. PASP is based on the voluntary collective effort of concerned organizations and leading professionals with no financial or political obligations to its partners. It is comprised of Academics, Civil Society Representatives, businessmen, professionals, Public Servants, Worker's Representatives and professionals from all walks of life. The minimum we request from the Individual or institutional Alliance Members is to provide us the moral support and provide critical ideas to take the Cause forward. PASP has its own Secretariat and dedicated human resources to expedite the adoption of a Universal Social Protection System in Pakistan.

OUR PARTNERS





SOCIAL PROTECTION RESOURCE CENTRE

A Think Tank dedicated to promote
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