



**PIDE & SPRC joint**  
**Conference on Social Policy Orientation of Budget 2021-22**  
**SPRC Report Launch “One Year of Covid-19 Pandemic, Socio-  
Economic Vulnerabilities and Social Protection”**

Sustainable economic development is impossible without inclusion of marginalized and vulnerable people of country. Pakistan has a patchy social protection system for these vulnerable groups. The use of the term Social Protection has evolved over the past few years, particularly in the countries, which have embraced donor driven/funded income transfer programs, christened as Social Protection. The focus of social protection initially was inclined towards risk management stressing the protection of vulnerable segments against humanitarian crisis or economic shocks. Gradually, the term is used in such situations also for which previously the term Social Security was used.

Social Protection Resource Centre (SPRC), a Think Tank dedicated to the Universalization of Social Protection in Pakistan. It has dedicated Research and Development Programs for the well-being of socially and economically unprotected people. During pandemic it was realized that the past policy choices and programs could not provide minimum social protection to all the Pakistanis, which could reasonably withstand the vulnerability in any humanitarian crisis, economic shocks, and natural disasters.

Social Protection Resource Centre (SPRC) and Pakistan Institute of Development Economics (PIDE) jointly organized “*One Day Conference on Social Policy Orientation of Budget 2021-22*” on June 24,2021. Renowned international speakers highlighted the importance of social policy inclusion in budget. SPRC report based on PBS national survey data is utilized to bring out impacts of COVID 19 and household coping mechanisms and stratified in different groups. Report titled “*One Year of Covid-19 Pandemic, Socio Economic Vulnerabilities and Social Protection*”.

## **Session 01: Social Policy Orientation of Budget 2021-22:**

**Dr. Nadeem ul Haq, VC PIDE** moderated first session and appreciated the step of joint and timely conference on budget. In his inaugural remarks he highlighted the limitations of national social policy, and he is hopeful to draw some productive results from this collaboration of PIDE and SPRC. Conference basically highlights the policy priorities of Budget 2021-22 and the outlines of actual social policy being adopted by government and critically evaluate the impact of budget 2021-22 on social protection gaps exacerbated by Covid -19.

**Dr. Penelope Hawkins, UNCTAD, Geneva presented international perspective on Budgeting for Debt or Austerity.** There was a huge debate on debt sustainability and its proxies like External Solvency and External Liquidity. For developing countries debt sustainability is a major problem. Governments are responsible to cost-benefit analysis of debt. Responsibilities of lenders and borrowers was discussed in many dimensions like due-authorization, transparency, disclosure and publication, binding agreements and avoid incidence of over-borrowing by evaluating costs and benefits when governments seeking sovereign loans. For Sovereign lending and borrowing UN principles like good faith, impartiality, legitimacy, and sustainability was discussed. According to her assessment of debt sustainability is forward looking and requires judgements on outcomes of economy and external factors over which countries have very low control. Social returns of public projects should be at least equal to the interest rate of sovereign debt. In the global response to Covid -19 pandemic government debt is dramatically increased.

**State Bank of Pakistan has played a role in shaping social policy orientation** of budget as SBP response in COVID19 was effective and oriented to needs of people like monetary policy, TERF, SBP rozgar scheme, loan extension, and refinance facility to combat with Covid-19. **Dr Nasir Iqbal Dean Faculty of Social Sciences** commented on the role of foreign loans in shaping Pakistan's social policies.

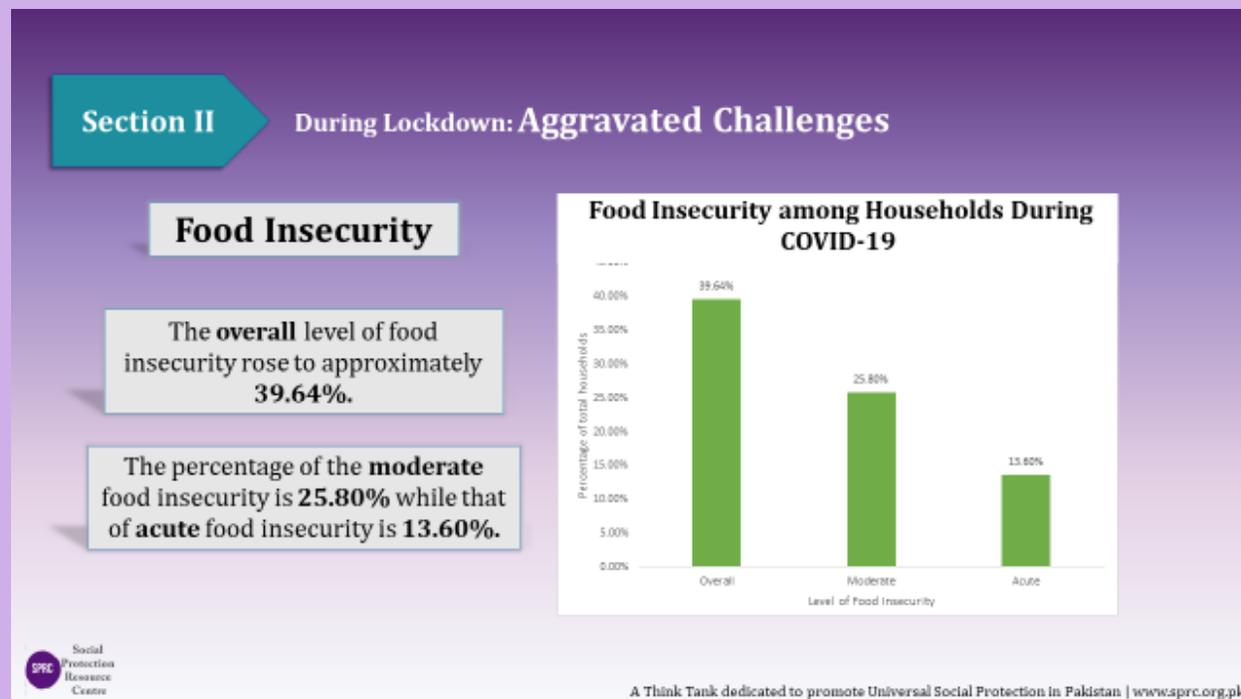
Representative of OECD Paris highlighted the tax based social policy and social policy implications of a regressive tax policy regime. Fair and efficient tax systems are crucial to economic growth and sustainable development. Steps should be taken for coordinated mechanism between center and provincial government for tax collection, phasing out harmful subsidies and evaluation of benefits of tax relief. At state level such steps as digitalization of tax system, data integration and compliance risk management and improved tax system administration will help in future orientation of social policy.

In the context of Budget 2021-22, current government's policies regarding Social Protection, it is to develop a comprehensive budget for social protection and focused on inclusive and sustainable growth. Government under Ehsaas Program launched many new projects like Tahafuz, Cash transfers, Kamyab Jawan, Interest free loans for Naya Pakistan Housing Scheme, Food card etc.; to expand the base of social protection and in this regard huge amount is allocated in budget 2021-22.

**Dr. Safdar as a Distinguished Fellow of SPRC**, talked about the unmet social protection needs in the country and raised his concerns about the social security aspect of social protection which is less talked about among the policy circles and government itself. He emphasizes that social policy of any country is not a one-way traffic of flow from state to citizens, it should be both ways. Citizens should contribute to their own social security schemes and government should declare social security mandatory for every citizen. In this regard positive documentation of economy is necessary.

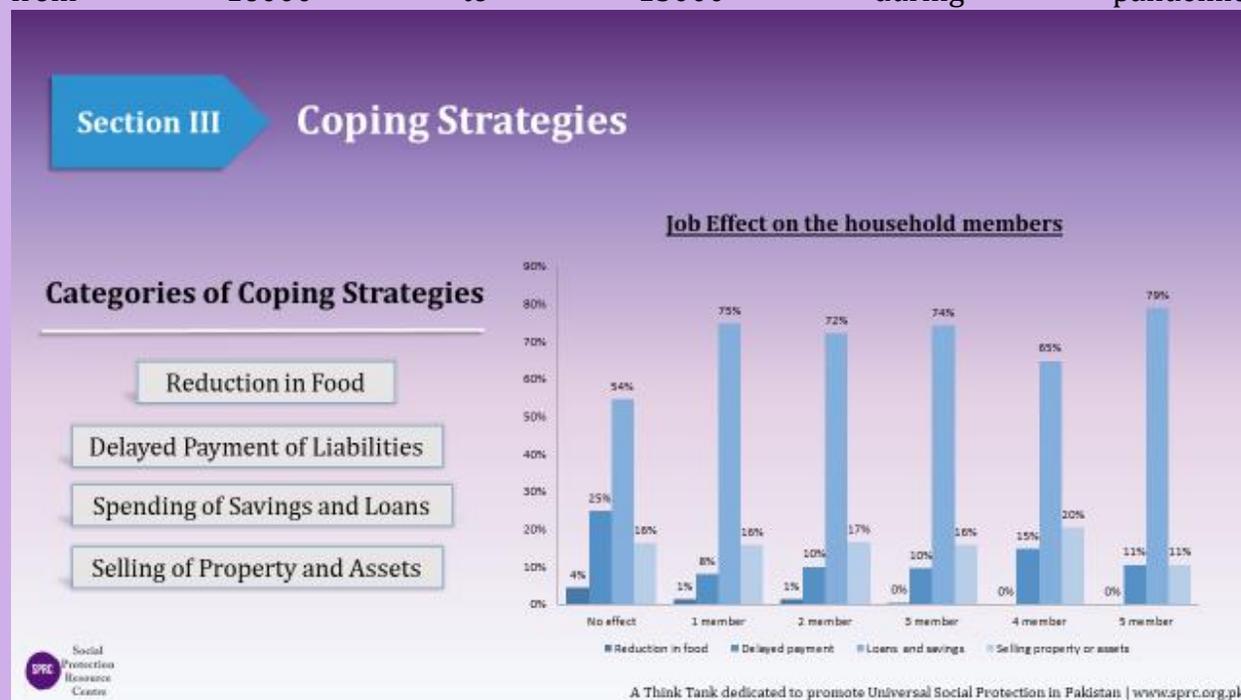
## **Session 02: SPRC Report: “One Year of Covid-19 Pandemic, Socio-Economic Vulnerabilities and Social Protection”**

Objectives of the report launched in the conference by SPRC is to evaluate the impact of Covid-19 response strategies on the socio-economic status of the people and vulnerabilities caused by this deadly pandemic and response of social protection system in this situation. **Dr. Razia Safdar, Chief Technical Advisor SPRC**, presented the Report highlights which give deep insights about the impact of Covid-19 on the economy of Pakistan at both micro and macro level, mitigation strategies adopted by households and their impacts during pandemic and then it covers the social protection policies and programs adopted by government. This report has utilized the microdata of PBS national survey on impacts of COVID 19 , Food insecurity and Job loss was the main effects and stratifications was done to analyze different variables against different variables and detailed associations were analyzed with statistical significance especially Coping strategies.



SPRC give comprehensive descriptive and graphical analysis in the report by using PBS survey on “*Impacts of Covid-19 on Wellbeing of People*”. Report underlines the aggravated challenges faced by people such as food insecurity and reduced health care services during

lockdown. Economic package which is given by the government has allocated huge amounts for different social protection programs. At household level report specifically highlights the types of coping strategies such as reduction in food expenditure, delayed payment of liabilities, spending of saving and loans and selling of property and assets during pandemic. It indicates that most of the population adopted savings and loans strategy. 33% households received social assistance during pandemic and 56% of total assistance is provided by private sector and rest comes from social assistance schemes like Ehsaas. Unemployment is faced by most of the young population of Pakistan and Median Income of population falls from 16000 to 15000 during pandemic.



**Dr. Shirin Gul** presented her critical review and highlights the important points discussed by SPRC report. She emphasized on transformative and inclusive social protection system. There is no concept of Unemployment benefit at government level so social security should be given to unemployed population of the country. She also pointed that informal sector is facing lack of coverage and shocks like Covid-19 creates new poor, so government must reach them through a comprehensive social protection system. Universal coverage and indexation of social assistance is inevitable for long term social protection.

**Dr. Abid Sulehri CEO. SDPI / Member PM Economic Advisory Council** commented on report and highlighted that food insecurity was one of the major threat due to Covid-19 but fortunately Pakistan did not face a food insecurity at scale as was seen globally. One major point he underlined is that food inflation was not due to Covid-19 and strategy of smart lockdown prevented the recession. He also commented on the main three pillars of food security which are important to focus to avoid any food crisis. These are:

- Physical availability of food.

- Socio-economic and cultural access to food.
- Food utilization.

He suggested to cope up with food insecurity was agriculture transformation and research such as improve seed varieties, farm mechanization and loan to small farmers is necessary to avoid food insecurity. Create awareness about balanced diet rather than applying the Kilo-Caloric criteria of food requirement. No need to establish new R & D centers, existing centers should be upgraded.

Mr. Azhar Hameed Ex Chairman EOBI highlighted the importance of social security to informal sector which is vulnerable.

### **Policy Recommendations**

- Inclusive and transformative social protection system.
- Indexation of social protection system.
- Sustained efforts must be made for digitization of data of workers.
- Government should declare contribution based social security mandatory for everyone. Bringing informal labor force under some safety net.
- Positive documentation of economy and digitization of tax system.
- Universalization and life course social protection system, priority of vulnerable.
- Agriculture transformation and research to avoid food insecurity.

