

6 Pakistan

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I. Summary of Main Results

Total expenditure on Social Protection (SP) in 2002/03 in Pakistan amounted to just under PRs76.6 billion (\$1.3 billion) representing around 2% of GDP. Almost 90% of total SP expenditure was on social insurance and health care costs for selected groups, especially government and formal sector employees and army personnel. In consequence, only 13% of SP expenditure went to the other components—labor markets, social assistance, area programs, and child protection (see Tables 5.1 and 5.2).

Coverage rates¹ 2003. *World Health Report 2003* for the six key SP target groups² in Pakistan are low with none exceeding 10%. The highest coverage rate (9%) is for the elderly, although the great majority of these beneficiaries will be civil servants or army personnel. Coverage of the disabled and children are very low at under 2%, indicating the lack of any major programs targeted at these groups. The interpretation of these rates is, however, complicated by the difficulty of defining the reference populations for these target groups (especially for labor market programs) and the unknown amount of “leakage,”

¹ Coverage = number of beneficiaries / reference population (see Section V.B). It should be noted that these coverage rates and most of the following indicators have been estimated from discussions with officials responsible for individual SP programs, the analysis of PIHS data and the author.

² The unemployed and the under-employed, the elderly, the sick, the poor, the disabled and children with special needs. Coverage rates for types of assistance to the poor have been derived - one for social welfare programs and one for micro-credit loans.

i.e. benefits going to beneficiaries outside the strictly defined target group (see Section V.B and Table 5.5).

Around 2.5 million poor people are estimated to be beneficiaries of some form of SP assistance—5.3% of the total poor population. Around 45% of poor beneficiaries are recipients of social welfare from the major *Zakat* or *Bait-ul-Mal* programs and another 30% benefit from microcredit (see Table 5.7).

In 2002/03, PRs7.9 billion (\$132 million) of SP expenditure (10% of the total) went to the poor, who currently make up 32% of the population. This low percentage reflects the high proportion of SP expenditure on formal social insurance and health schemes that are not targeted at the poor. The dominance of SP expenditure by these programs is further underlined by the fact that they still make up almost 40% of SP expenditure to the poor. In contrast, the main targeted programs—*Zakat* and *Bait-ul-mal*, constitute just under one-third of SP expenditure on the poor. Total expenditure on the poor was equivalent to 2% of the poverty line income, rising to 35%, if only poor beneficiaries are considered.

Table 1 summarizes the key SP indicators that have been derived in this report. These are the indicators that will be used to formulate the Social Protection Index (SPI).

II. Country Overview

This chapter presents a brief overview of the social and economic characteristics of Pakistan that are of considered being of particular relevance to SP issues. The accompanying statistical tables are contained in Appendix 1.

A. Population

The population of Pakistan increased from around 84 million in 1981 to 129 million in 1998 and it is estimated at 149 million in 2004.³ Average annual population growth rate between population censuses of 1981 and 1998 was 2.7%. Pakistan Economic Survey 2002-2003 provided population growth rate for 2003 at 2.10%⁴ and the Pakistan Economic Survey 2003-2004 reported population growth at 1.9% per annum. The Human Development Report 2004 estimated annual population growth rate for 1975-2000 at 2.8% and projected 2.4% for 2002-2015. Total Fertility Rate (TFR) was 6.3% in 1970-1975 and is

³ Pakistan Economic survey 2004, page 135.

⁴ Ibid 2002-03 page 179.

Table 1. Summary of Key SP Indicators

SPI Component	Indicator	(%)	Pakistan Estimate	(%)
Expenditure on SP	Total SP expenditure as % of GDP			2
Coverage of SP	Reference population—narrow		Reference population—wide	
The Unemployed/Underemployed (U/U)	Beneficiaries as % of total U/U	5.9	As % of total labor force	0.5
The Elderly	Elderly receiving assistance as person of population aged 55+ years.	9.0	As for “narrow” reference population	9.0
The Sick	% of population with health insurance or in receipt of subsidies	7.3	As for “narrow” reference population	7.3
The Poor/Social Assistance	% of poor population receiving some social assistance/welfare	6.9	% of total population	2.2
The Poor/Microcredit	% of population receiving loan	5.0	% of total population	1.6
The Disabled	Disabled beneficiaries as % of disabled population	0.1	As for “narrow” reference population	0.1
Children with Special Needs (CWSN)	CWSN receiving assistance as % of poor children aged 5-14 years	1.3	% of all children aged 5-14 years	0.4
Distributional Impact of SP				
Poverty-Targeting	% of poor population who receive some assistance	5.3%	SP expenditure per poor person as % of annual per capita poverty line income/expenditure	2.0%
Impact of SP Transfers on Household Income	SP expenditure per poor beneficiary as % of annual per capita poverty line income/expenditure			35

CWSN = Children with special needs, GDP = gross domestic product, SP = Social Protection, SPI = Social Protection Index, U/U = unemployed/underemployed.

Source: Chapter 5 Tables.

Table 2.1 Population

Item	Population (000s)			Change 1981-1998 Growth		
	1972	1981	1998	2003	Rate (%)	No.
Total Population	65,321	84,254	132,352	149.03	2.7	48,048
Urban Population	16,593	23,841	43,036	49.91	3.5	19,195
Rural Population	16,594	60,412	89,316	99.12	2.3	28,904
Urban %	25.4	28.3	32.5			
Ethnic Minorities	2,122	2,803	4,918		2.3	2,016
Ethnic Minorities %	3.2	3.3	3.7			
By age					1981	1998
						(%)
0-4		12,948	19,118		15	15
5-14		24,568	36,947		29	29
15-24		14,507	24,987		17	19
25-44		18,596	29,473		22	23
45-59		7,817	11,489		9	9
60+		5,818	7,162		7	6
Total		84,254	129,176*		100	100
Households			19,000	21,790		
Average Household Size		6.8	6.8	6.8		
Rural Household Size			6.5			
Urban Household Size			7.8			
Vital Rates (per 1,000)		1991		2004		
Crude Birth Rate		30		28		
Crude Death Rate		10		8		
Rate of Natural Increase		20		20		
Total Fertility Rate		1981	1996	2002		
		6.8	6.8	4.07		
Life Expectancy at Birth		1990	1998	2001		
Male			61	61		
Female			61	61		

* Age distribution is not available for population of Federally Administered Tribal Area and that is excluded from the total

Sources: 1998 Census; Pakistan Economic Survey 2003-04. Human Development Report 2004.

estimated at 5.1 in 2000-2005.⁵ According to Pakistan Economic Survey, TFR remained constant at 6.8 children per woman since early 1980s to end of 1980s. TFR began to decline since then and it was 4.8 in 1996-2000 and 4.7 in 2004. Birth and death rates have both declined by 2 per thousand between 1991

⁵ UNDP. 2004. Human Development Report 2004. page 154.

and 2003-2004 that maintains a stable rate of natural increase at 20 per thousand. The age composition of population of Pakistan is similar between the two censuses. Population under 14 years of age was 44% in both 1981 and 1998 census. Population in age group of 15 to 24 has increased from 17-19% and in age group 25 to 44, it increased from 22 to 23%. Population above 60 years of age has declined from 7% in 1981 to 6% in 1998.

Pakistan has witnessed growth in urban population in all censuses from 1951. Urban population increased from 17.8% in 1951 to 22.5% in 1961. In 1972, it was 25.4%, which increased to 28.3% in 1981. In the 1998 census, 32.5% of the population were residents in urban areas. In 2003-2004, almost 100 million people lives in rural areas and 49 million in urban areas. Between 1981 and 1998, annual growth rate of urban population was 3.5% compared to 2.3% for rural population. Pakistan census did not have data for migration from rural to urban areas, as it collects data on migration from one district to other. Migration from rural areas is the main cause of urban growth.

The average household size in 1998 census was 6.8 with some variation between federating units. The Federally Administered Tribal Area has the largest household size of 9.3% and province of Sindh has the smallest household size of 6.0. There was total of about 19 million households (18.99 million) households in 1998. In 2003, the total number of households was 21.79 million. The average household size in Pakistan was 6.8 and has remained essentially unchanged. In the census of 1998, the urban household size was 6.5 and the rural household size was 7.8.⁶

In order to derive current (2003) indicators for this study, we have used the 2003 population estimated by the Pakistan Economic Survey 2003-2004. The total population was 149.03 million in 2003, of which 99.12 million was in rural areas and 49.91 million was in urban areas.

B. The Economy

Pakistan has experienced great variations in the GDP growth rate between FY1992 and FY2004. In FY1992, GDP growth rate was 7.7% that declined to 2.1% in FY1993 and fluctuated widely until FY2001, when it shows continuous increase. The momentum of growth is maintained since then. In FY2003, GDP growth rate was 5.1% and in FY2004 it was 6.4%. Pakistan suffered from political instability and inconsistent policy environment in the 1990s when it had changed seven prime ministers between 1990 and 1997 and in 1999 when the military took over the country. Apart from political instability, Pakistan

⁶ Government of Pakistan. 1998. Census of Population. page 97.

Table 2.2. The Economy

Item	FY2001	FY2003	FY2004
GDP (fc) (PRs million)	3,594,124	3,895,252	4,144,319
Per capita income (fc) (PRs)	25,270	27,557	28,458
GDP per capita growth	1.8%	5.0%1%	6.0%4%
By Sector (% of GDP)			
Agriculture, forestry, and fisheries	25.1	24.2	23.3
Industry and construction	23.0	23.1	24.5
Services	51.8	52.8	52.2
Foreign Direct Investment			
Foreign Private Investment (\$ million)	484.7	798.0	760.4
Balance of Trade		(PRs million)	
Exports (FY2003)		652,294	
Imports (FY2003)		714,372	
Balance (FY2003)		(62,078)	
Workers Remittances (FY2003) (\$ million)		3,503.1	
Total Internal Debt (PRs million)		1,879,247	
Total External Debt (FY2002) (\$ million)		33,671.7	
Federal Government Budget FY2003^a			
Revenue Receipts		Budget FY2003	
		(PRs Millions)	
Net revenue receipts		481,382	
Net capital receipts		35,938	
External receipts		198,063	
Self-financing of PSDP by provinces		28,682	
Change in provincial cash balance		17,000	
Privatization proceeds		12,000	
Bank borrowing		(31,100)	
Total		741,965	
Expenditure			
Debt servicing		289,695	
Defense affairs and services		146,022	
Running of civil government		57,900	
Pensions		34,830	
Grants		56,311	
Subsidies		20,794	
Un-allocable		2,453	
Federal development expenditure		90,000	
Provincial development expenditure		44,000	
Total		742,005	

FC = factor cost, FY = fiscal year, GDP = gross domestic product.

^a Government of Pakistan. 2002 – 2003 Federal Budget in Brief, Fund, 1998 Census of Population. page 97.

Sources: 2002-2003 Federal Budget in Brief.

suffered from a long spell of drought (1997-2002) that has affected agriculture. Almost one quarter of the GDP is produced by agriculture that provides livelihood, directly or indirectly, to nearly 100 million rural population of Pakistan. From 1996 to 2002, the very long spell of drought severely affected the provinces of Balochistan and Sindh. Irrigation water shortage, also due to the shrinking reservoirs, has affected the agriculture sector that registered negative or very little growth in the recent past.

Pakistan established state-owned industries after its independence, when private capital failed to take advantage of government incentives for industrial development. In mid 1960s, a large number of these units were privatized. In the early 1970s, some industries and financial institutions were nationalized by the Government. In the 1990s, the Government started the privatization of these units again. From 1991 to 2002, the privatization commission sold 121 of the units that included seven commercial banks for PRs14.25 billion. Only strategic industries, and steel and heavy mechanical complex are in government ownership. The privatization commission is responsible in privatizing all other state-owned units.

The overall macroeconomic indicators have improved and Pakistan has made prepayment of \$1.17 billion high cost external debt. Workers remittances have increased from \$2.39 billion in FY 2002 to \$4.23 billion in FY2003. Foreign exchange reserves stood at \$12.5 billion in April 2004. Pakistan has attracted foreign direct investment of \$696 in FY 2003 and \$760 in the first nine months of FY2004.

The sectoral composition of Pakistan's economy has not changed in a significant manner in the past decade. The service sector is the largest sector of the economy that contributes over 52% to the GDP, followed by the agricultural and industrial sectors with its almost equal contribution to the GDP. Agriculture sector comprises crops, livestock, fishing, and forestry. Fishing and forestry collectively contribute 1% to the GDP. Industrial sector comprises mining that contributed 1.5% to GDP in FY2003. Manufacturing contributed 16.4% to GDP in FY2003, while construction contributed 2.4% during the same year. Electricity and gas distribution contributed 2.8% during FY2003. The service sector's largest component of 18.1% was contributed by retail and wholesale trade followed by transport, storage, and communication that contributed 11.4% to GDP during FY2003. These sectoral shares show minor variations over the past decade. Wheat, rice, and cotton are the principal crops. In FY2003, wheat production was 19.2 million tons, while rice was 4.8 million tons, and total food grains was 25.9 million tons. Sugarcane was 52 million tons and cotton production was 10 million bales in FY2003. Pakistan's agriculture is not very efficient as per hectare yields are lower than international averages.

Pakistan's major industrial investment is in private sector. There is a small number of state enterprises in several state-owned corporations under the Ministry of Industries. In the 1990s, the Government of Pakistan privatized 127 industrial units and six commercial banks. The two largest state-owned industries are Pakistan Steel Mills and Heavy Mechanical Complex. There are several engineering, fertilizers, and cement units in state ownership. Apart from these, industrial establishments in Pakistan are owned by private individuals and firms. Pakistan's industry is agriculture-based, led by cotton textiles and garments. Pakistan has a large sector of small or cottage industries in many parts of the country. In FY2003, large-scale industrial sector contributed 10.7% to GDP, while small-scale industries contributed 4.2% to GDP.

GDP at factor cost (fc) was PRs3,895 billion in FY2003 and per capita income was PRs27,557. GDP at market price (mp) was PRs4,194 billion and per capita income was PRs29,602 in FY2003. GDP growth rate for the year FY2002-FY2003 was 5.1%. The size of the federal budget was PRs742 billion. Annual federal budget in FY2003 was 19% of the GDP (fc). Net revenue receipts were 65% and external resources were 27% of the annual budget. In the expenditure, 39% of the amount was allocated for debt servicing and 20% for defense services.

C. Employment and Labor Force

The labor force situation in Pakistan has not changed in any significant manner, except in terms of its size. The total population above 15 years age was 46.74 million in 1981 and increased to 73.11 million in the 1998 census. Dependency ratio was 1.06 in 1981, which decreased to 0.96 in 1998. Civilian labor force was 26.41 million in 1981 that increased to 38.87 million in 1998, 42.13 million in 2002 and 43.5 million in 2003. Labor force participation rate was 30.3% in 1981, 38.64% in 1998, 42.8% in 2002 and 43.3% in 2003. The major change in employment is a decrease in the percentage of workers employed in agriculture and an increase in workers employed in mining, manufacturing, and trade. In 1990, agriculture comprised 51.5% of total employment, decreasing to 47.25% in 1998 and 42.09% in 2002. The mining and manufacturing sector employed 12.84% of total employment in 1990; this proportion declined to 10.15% in 1998 but then increased to 13.91% in 2002. Trade employed 12.22% in 1990 increasing to 13.87% in 1998 and 14.85% in 2002. Since the early 1990s, unemployment rate is increasing from 3.6% in 1981 to 6.1% in 1998, 7.8% in 2002 and 8.3% in 2003.

Changes in the structure of employment are not very significant. Share of agriculture sector has decreased in employment from 48.4% in 2000 to 42.1% in 2002. The decline in agriculture may be attributed to the long spell of drought, which has reduced the employability of this sector. The

nonagriculture sectors, mining and manufacturing, trade, services, and transport have created relatively more employment opportunities in 2002.

Table 2.3. Employment and Labor Force

Item	Number (000s)			Change in 1981-1998	
	1981	1998	2002	AGR	Increase
Total Population	84,254	129,175	143,710	2.7%	44,921
Population 15 Yrs and Over	46,738	73,111		2.7%	26,373
Labor Force	25,780	39,170	42,130	2.7%	12,860
Participation Rate	30.3%	28.9%	42.1		
Dependency Ratio	1.06	0.96			
Employed Population (15+ yrs)	24,700	2,360	38.84	2.9%	8,873
Unemployed		2,320			
Unemployment Rate*	3.6%	6.1%	7.8%		
Female Employment		908			3,288
Urban Employment (000s)	4,627	7,721		5.3%	3,094
Labor Force and Employment	1981	1998	2003		
Civilian Labor Force (millions)	26.41	38.87	43.5		
Labor Force Participation Rate	30.3%	38.64%	43.3%		
Labor Force Participation Rate (male)			70.3%		
Labor Force Participation Rate (female)			14.4%		
Sectoral Employment	1990	1999	2003		
Agriculture	51.5%	47.25%	42.09%		
Manufacturing and Mining	12.84%	10.15%	13.91%		
Construction	6.38%	6.26%	6.05%		
Transport	4.89%	5.48%	5.90%		
Trade	11.93%	13.87%	14.85%		
Others	12.81%	16.98%	17.20%		
Child Employment		1996			
Population 9-14 yrs		40,000			
Employed Children 5-14 years age		3,313			
Employed Children (male)		2,432,000			
Employed Children (female)		881,000			
Child Workers 5-9 Years Age		572,000			
Percentage Working More Than 35					
Hours Per Week		46%			
Self-employed Child Workers		6.7%			
Employees Children		23.2%			
Unpaid Family Workers		70.1%			
Literate Child Workers		33.2%			

AGR = Agriculture.

Sources: 1998 Census of Pakistan, Pakistan Economic Survey 2003-04, ADB Key Indicators 1999, ADB Key Indicators 2003.

Child labor is another important feature of Pakistan's labor force. According to the 1996 Child Labor Survey, 3.31 million of the 40 million children aged five to 14 were engaged in economic activities. Of these working children, 73% (2.4 million) were boys and 27% (0.9 million) were girls. Of the working children, 63% (about 2.1 million) were in the 10-14 year age group. The great majority (88%) of working children (2.9 million) were in rural areas, mainly engaged in agriculture sector.

D. Education

Level of literacy and enrolment is low in Pakistan and no significant improvement could be brought by two consecutive phases of social action program project from FY1994 to FY2003. Literacy rate has improved over the years from 26% in 1981 to 44% in 1998. There are wider gaps in literacy ratio with respect to gender and rural urban areas. Literacy rate was 55% for male and 32% for females, 63% in urban areas and 34% in rural areas in 1998. The Government has committed more resources through PRSP implementation to meet the Millennium Development Goal for literacy. According to the 1996 Child Labor Survey, literacy among working children was 33%, 40% among boys and 11% among girls. Education For All and Education Sector Reforms are the current major initiatives to increase literacy.

There are no impressive or significant improvements in enrolment ratios. The Pakistan Integrated Household Survey 2001-2002 indicated that the net enrolment in primary schools (first to fifth year of schooling) remained at 42% in both FY1999 and FY2002, while it has declined by 1% in urban areas in the same period, from 57% to 56%. Net enrolment rate increased from 37% to 38% in rural areas in the same period. Net enrolment in middle school (sixth to eighth year of schooling) remained unchanged at 16% in FY1999 and FY2002. The data reveals decline in net enrolment of males from 19% in FY1999 to 17% in 2002, while there is an increase in female enrolment from 13% to 14% in the same period.

E. Health

I. General Health

The Government of Pakistan provided different levels of health facilities in rural and urban areas for the entire population. These facilities include 4,590 dispensaries; 5,488 basic health units; 550 rural health centers; 862 mother and child health centers; 285 tuberculosis (TB) clinics; and 906 hospitals in 2002. There were 102,541 doctors; 5,057 dentists; 6,397 lady health visitors; 23,084 midwives; and 44,520 nurses in the country. In addition to these

Table 2.4. Net Enrolment Rates, 1998 and 2002

Net Enrolment Rate	1998 (%)	2002 (%)
Age 5-9—All Pakistan	41.3	
Rural	33.8	
Age 10-14	45.0	50.0
Rural	34.4	40.5
Age 15-19	31.1	
Rural	23.2	
Literacy	1981	1998
10-14		55
15-19		57
20-49		41
50+		22
All	26	44
Urban	47	63
Rural	17	34
Male	35	55
Female	16	32
Literacy Rate	1990	2002
Adult Literacy Rate	35.4	41.5
Youth Literacy Rate	47.4	53.9
Net Enrolment Rate—Primary	1998-1999	2001-2002
Pakistan	42	42
Urban	57	56
Rural	37	38
Male	47	46
Female	37	38
Net Enrolment Rate—Secondary		
Pakistan	16	16
Urban	26	26
Rural	13	12
Male	19	17
Female	13	14

Source: 1998 Census of Population, Pakistan Economic Survey 2003-2004, Pakistan Integrated Household Survey 2001-2002.

establishments, the Government started the National Program for Family Planning and Primary Health Care in 1994 under which 70,000 lady health workers were provided training to deliver health and family planning services in their local communities. Information on ORS and contraceptives is provided by lady health workers and all government health establishments. Health education programs were implemented by many development projects and NGOs sponsored by donors. The Government provides free immunization of children. Polio vaccination is undertaken regularly in rural and urban areas.

The health situation in Pakistan indicates some improvements in recent years. Infant mortality rate has declined from 102 in 1991 to 82 in 2002. Similarly, child mortality (under five years of age) has decreased from 181 in 1980 to 109 in 2002; there is a significant gender gap —male child mortality was 105 and female child mortality was 115.⁷ According to the same source, 13% of the babies were delivered in health facilities and 18% of births were attended by skilled attendant. In 2002, full immunization was provided to 64% of children aged 12-23 months in urban areas in 1999 that increased to 76% in 2002. In rural areas, 45% were provided full immunization in 1999 that increased to 46% in 2002. In 2002, only 19% of the married women aged 15 to 49 were using contraceptives, while 96% of women possessed knowledge about contraceptives. Mean number of children ever born to married women aged 15-49 was 4.2 in 1999 and 4.1 in 2002. The maternal mortality rate was 400 in 1999-2000. Overall, all the above indicators remain high despite significant improvements when compared to most other countries, including those in the subcontinent.

Table 2.5. Health Indicators

Indicator	Unit	1991	1993	1999	2002	Ratio	
						2003/1991	Source
Infant Mortality Rate	Per 1,000	102.4	101.8	84.4	82.0	0.80	PES
Under-5 Mortality rate	live births	181*			109		PES
Maternal Mortality Rate	Per 100,000 live births			400		0.63	PES
Use of Contraception by Married Women	%				19		DHS
Births Attended by Skilled Person 95-00	% of births			1995	20		DHS
Immunization		1980	1984				
Urban				64%	76%		
Rural				45%	46%		
Measles		3			54		UNDP
Tuberculosis		9			78		UNDP
Diphtheria (DPT)					56		

^a Government of Pakistan. 2002 – 2003 Federal Budget in Brief, Fund. 1998 Census of Population, page 97.

Source: 1998 Census Report of Pakistan.

⁷ WHO. World Health Report. 2003.

Malnutrition. In FY2002, about 24% of the babies were low birth weight and 37% of the preschool children were malnourished. Universal access to iodized salt was available to 55%. One third of the population was getting calories less than the recommended daily allowance, while 45% of women in child-bearing age were suffering from anemia. Nearly 60% of children below five years of age were anemic.

HIV/AIDS. Because of taboos surrounding sex and sexuality, reliable data on HIV/AIDS is not available. It is estimated that 70,000 to 80,000 people are infected with the disease.

2. Disability

According to the 1998 Census, around 2.5% of the total population was classified as disabled. Prevalence of disability among 0-14 years and 15-24 years was 2.1%. Percentage of disabled was 2.2% among 25-44 years of age that increased to 3% in 45-60 years age group. The highest rate of disability (8%) was among population over 60 years of age. The Government of Pakistan has provided 2% employment quota for the disabled in government service.

According to the 1998 census, 19% of the disabled were mobility impaired, 8% were visually impaired, 7.6% were developmentally disabled, 7.4% were vocally and hearing impaired, and 6.4% were mentally disabled. About 8.2% of the disabled had more than one disability. Disability of 43% is not defined precisely. The Government provides education and some skill training through many institutes of special education.

Among children aged five to 14 years, the largest percentage (24.9%) suffer from more than one disability, followed by visual impairment that affects 19.9% of disabled.

Table 2.6. Disability by Age

Age	No. of Disabled	As % of Age Group
0-14	1,204,501	2.1
15-24	518,753	2.1
25-44	646,218	2.2
45-59	342,634	3.0
60+	574,524	8.0
Total	3,286,630	2.5

Source: 1998 Census Report of Pakistan.

F. Housing and Physical Infrastructure

Access to improved source of water and hygienic sanitation has improved considerably. Access to improved source of drinking water has increased from 82% of households in 1999 to 86% of the households in 2002. In rural areas, it has increased from 77% to 80% in the same period. Drainage of waste water was available to 50% of households in 1999 and to 51% in 2002. In rural areas, drainage was available to 32% of households in 1999 that increased to 34% of the households in 2002. Toilets were available in 37% of households in 1999 that increased to 41% in 2002.

General housing conditions have improved, along with other social and economic indicators; in the 1998 Census—a key indicator is that the number of persons per sleeping room decreased from 3.5 in 1980 to 3.1 in 1998. Electricity is available to 93.1% of the urban households and 70% of the rural households.

Table 2.7. Housing Conditions

Item	Location	1980	1999	2002
Safe Water—Access to Improved Water Source	Pakistan		82%*	86%
	Rural		77%	80%
Improved Sanitation—Drains	Pakistan		50%	51%
	Rural		32%	34%
Improved Sanitation—Has Toilet	Pakistan		37%	41%
	Pakistan	30.6%	70.5%	
Electricity	Urban	71.0%	93.1%	
	Rural	14.7%	70.0%	
	Pakistan	3.5	3.1	

*Percentage of households.

Source: 1998 Census, PIHS 2001-02.

G. Poverty and Inequality

Poverty trends in Pakistan indicate that economic growth has not made a significant impact on poverty reduction in the country. In the 1960s, poverty levels persisted despite high growth rate. In the 1970s, poverty levels declined despite low growth. In the 1980s, high growth was accompanied with falling poverty levels. In the 1990s, growth rate slowed down and per capita income grew at a rate of 1%, but poverty doubled. “This clearly indicates that growth did not necessarily trickle down, and the rise and decline in poverty levels may be due to some other factors including the extent of employment-

generation during these periods.”⁸ Planning Commission of Pakistan has adopted an official poverty line based on a caloric norm of 2,350 calories per adult equivalent per day and minimum nonfood requirements. This poverty line approximates PRs673.54 per month per adult equivalent in FY1999 and PRs848.80 in 2004 prices. An important feature of poverty in Pakistan is a high concentration of the population within a small range around the poverty line. According to the Planning Commission, 63% of the poor population falls between the poverty line and a level of consumption that is equivalent to 75% of the poverty line. According to an ADB Poverty Study, “Poverty characteristics in Pakistan include high levels of income and asset poverty, economic and social vulnerability, gender disparity, and low levels of human capital development”.⁹ Pakistan has not only experienced increasing poverty, its performance on human development is very poor and declining. It is ranked at 142nd number on the human development index of 2002 for 177 countries. Pakistan is ranked below the other South Asian countries. This index is based on 2002, data when Pakistan had a life expectancy at birth 61; its adult literacy was 41.5; and its combined primary, secondary, and tertiary gross enrolment ratio was 37%.¹⁰

More than two thirds of the population (67.5%) live in rural areas. Agriculture farming and livestock rearing are the two major economic activities in rural areas. Access to land and water was the major cause of poverty according to the Participatory Poverty Assessment (PPA) study. It argued that concentration of land in relatively small number of large landlords is impoverishing, because the poor have limited assets to work with. The land tenure system created “possibilities of ultra-exploitation and abuse that are unlikely ever to be subject to effective regulation”.¹¹ Out of about 14.7 million rural households, 6.6 million are landowners and a vast majority of the household is landless. The distribution of farm land is highly skewed as 58% of the farming households own less than 5 acres of land; only 1.6% of the landholdings are larger than 50 acres. Landed upper class that includes tribal leaders and *pirs* (religious spiritual leaders) continue to dominate the countryside eulogizing the rural culture and traditional values. The rural poor, particularly, the landless and marginal farmer households, continue to be the victims of oppressive customs and traditions of the rural culture. This had different manifestations in different areas. The most striking example of powerlessness of poor is the

⁸ UNDP. 2003. Dr. A. R. Kamal, Poverty in Pakistan: Trends and Causes in Towards Pro-Poor Growth Policies in Pakistan. Islamabad, page 24.

⁹ Asian Development Bank. 2002. Poverty in Pakistan: Issues, Causes and Institutional Responses. Islamabad, page 14.

¹⁰ UNDP. 2004. Human Development Report 2004, page 141.

¹¹ Government of Pakistan. Between Hope and Despair, page15.

custom of honor killing (known as *karo kari* in Sindh, but with different names in different areas of the country). Plain and simple unlawful killing of a hapless man and women is justified in the name of age old traditions and rural culture. In some areas old enmity is settled by offering young women and girls in marriage to erstwhile enemies.

Poverty has significantly increased in rural areas compared to urban areas in the recent years. According to a survey conducted in 2003, 31.8% of the population was below poverty line in Pakistan, while 22.39% of the population in urban areas and 38.65% in rural areas were below poverty line.¹² This indicates wide disparity between rural and urban areas. Population below poverty line in rural areas increased from 25.4% in 1993-94 to 38.65% in 2003. The long spell of drought in the country has severely affected agriculture sector with registered growth of negative 2.67% in FY2001 and negative 0.07% in FY2002.¹³

Income inequality in Pakistan remains moderate. In urban areas, the Gini Coefficient of household income was 0.407 in 1990-1991, 0.410 in 1993 and 1998-1999, while the ratio of the richest to poorest quintiles income share increased from 7.8 in 1993 to 8.0 in 1998-1999. In rural areas, Gini Coefficient of household income was 0.37 in 1993 and 0.40 in 1998-1998, while the ratio of the richest to poorest quintiles income share increased from 6.4 in 1993 to 6.8 in 1998-1999.

Table 2.8. Poverty and Inequality

Poverty	FY1993 (%)	FY1999 (%)	FY2001 (%)	FY2003 (%)
Poverty Headcount	26.8	30.6	32.1	31.8
Urban	28.3	20.91	22.67	22.39
Rural	24.6	34.67	38.99	38.65
% of Households Living Below Official Poverty Line*	26.8	30.6	32.1	31.8
Inequality				
Richest/Poorest ratio	7.8	8.0		
Gini Coefficient (household income)	0.41	0.41		

* Official poverty line was PRs748.56 per adult equivalent per month at the prices of FY2001. At the prices of FY2004, poverty line is estimated at PRs848.80 per adult equivalent per month. Source: Pakistan Economic Survey 2003-04. page 43.

¹² Pakistan Economic Survey 2002-03. Islamabad, page 49.

¹³ Ibid., page 50.

H. Summary

The available data suggest that little improvement in the social and economic conditions in Pakistan occurred between 1990 and 2003. Poverty has increased in the 1990s and improvement in health and education is not impressive. There has been much fluctuation in GDP growth rate in the 1990s—2.1% in FY1993, 5.1% in FY1995, 1.7% in FY1997, 2.2% in FY2001. GDP growth rate has shown 5.1% in FY2003 and 6.4% in FY2004 and in these years, GDP per capita has also risen. Social sector indicators, infant mortality rate, maternal mortality rate, infant mortality rate, and child mortality rate have decreased, but remain high relative to most other countries. Rural areas have suffered most in the past decade owing to drought and the inequitable distribution of land. While rural poverty has increased, urban poverty has declined. The poor have yet to get access to basic services like health, education, and safe drinking water.

Pakistan has shown consistent lagging on the Human Development Index ranking. In 1980, it has 132nd rank; in 1990 it reached to 139th, in 2001 at 144th in 175 countries and in 2002, it was in 142nd place in 177 countries. Human Development Index value was 0.499 in 2001 that has declined to 0.497 in 2002.

III. The Definition of Social Protection In Pakistan

The Article 38 of the Constitution of Islamic Republic of Pakistan provides the foundation for definition of social protection in Pakistani context:

“The State shall—(a) 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; (b) provide for all citizens, within the available resources of the country, facilities for work and adequate livelihood with reasonable rest and leisure; (c) provide for all persons employed in the service of Pakistan or otherwise, social security by compulsory social insurance or other means; (d) provide basic necessities of life, such as food, clothing, housing, education and medical relief, for all such citizens, irrespective of sex, caste, creed or race, as are permanently or temporarily unable to earn their livelihood on account of

infirmity, sickness or unemployment; (e) reduce disparity in the income and earnings of individuals, including persons in the various classes of the service of Pakistan; and (f) eliminate *riba*¹⁴ as early as possible.”

There is, however, no official definition of SP in Pakistan that is as all-embracing as the ADB definition nor indeed has the Government of Pakistan adopted an official definition for SP. This is not altogether surprising as the term “Social Protection” has only been adopted by IFIs in recent years; it is also not in common usage in many developed countries.

Nevertheless, the Poverty Reduction Strategy Paper (PRSP) of the Government of Pakistan, which is now based on five pillars—(i) accelerating economic growth while maintaining macroeconomic stability; (ii) investing in human capital; (iii) augmenting targeted interventions; (iv) expanding social safety nets; and (v) improving governance—includes one direct reference to SP:

“The Poverty Reduction Strategy aims to strengthen the existing mechanism of cash transfers through *Zakat*, and the social protection system of EOBI and health care through Employees Social Security Institutions (ESSI).”¹⁵

As stated in another document, in addition to social security and EOBI, distribution of state land to landless is considered as the basis of SP mechanism.¹⁶ Other social assistance programs that include direct handouts (*Zakat*, *Bait-ul-Mal*) to the poorest section of population are defined as social safety nets.

A study of SP in Pakistan,¹⁷ financed by the ADB, has recently been completed, which reviewed existing schemes and proposed a way forward. Also, WB has started a review of SP in Pakistan designed to: (i) review Pakistan’s existing SP programs, (ii) provide a detailed study of selected programs, (iii) propose reforms to improve the effectiveness and targeting of select programs as well as to enhance the monitoring and evaluation of programs; and (iv) provide TA for policy reform.

¹⁴ *riba* means interest which is strictly forbidden in Islam.

¹⁵ Government of Pakistan. 2003. *Accelerating Economic Growth and Reducing Poverty: The Road Ahead (Poverty Reduction Strategy Paper)*, Poverty Reduction Strategy Paper Secretariat. Islamabad. page 83.

¹⁶ Government of Pakistan. 2003. *PRSP Full Year Report FY 2002-03*. Islamabad. page 11.

¹⁷ GVG, op.cit.

This examination of the definition and practice of SP in Pakistan leads to three general conclusions:

- (i) SP programs and activities shall be defined clearly by the Government and mainstream social services not specifically targeting the poor, like education, health, and integrated rural/community development shall not be included in the SP. More generally, a distinction has to be made between SP activities and overall poverty-reduction and social development activities;
- (ii) SP must be defined in such a way that its components reflect prevailing national and international SP definitions, without which the “acceptability” and hence, usefulness of the resultant SPI will be limited.
- (iii) The definition of SP to be adopted for this study must take into account both the resources at the disposal of this study and much more importantly, the resources likely to be available in non-participating countries to derive SPIs unaided by externally funded consultants.

The definition of SP to be used for this study is:

“The set of policies and programs that enable vulnerable groups¹⁸ to reduce, mitigate and/or cope with the risks associated with their particular circumstances and that do not fall under activities normally associated with other sectors such as rural development, basic infrastructure, health and education, and that are both targeted at these groups and involve cash or in-kind transfers.”

This definition is preferred for three principal reasons:

- (i) It distinguishes SP activities from those that are traditionally seen as falling with sectors such as health, education, rural/community development and infrastructure provision.
- (ii) It puts the emphasis on those programs that are quantifiable and can, thus, form part of an SPI;
- (iii) Although this definition is narrower than ADB’s current definition, it does reflect ADB’s principal activities in terms of SP in recent years. These concentrate on the social insurance, social assistance, and labor market components (see ADB, *Progress Report on the Social Protection Strategy*, Manila, 2002).

¹⁸ The primary target groups for social protection policies, which reflect the ADB’s definition of social protection, are the unemployed/ underemployed, the elderly, the sick, those affected by natural disasters, the poor, the disabled and children with special needs.

Table 3. Inclusion/Exclusion of Social Protection Programs

Component/ Subcomponent of Social Protection	Included/ Excluded	Comments
Labor Market Programs		
Direct Employment-Generation (microenterprise development and public works)	Included	Includes loan-based programs to support small businesses, etc.
Labor Exchanges and Other Employment services	Included	Includes retrenchment programs
Skills Development and Training	Excluded	Unless targeted at particular groups, such as the unemployed or disadvantaged children.
Labor Legislation (including minimum age, wage levels, health and safety, etc.)	Included	Not amenable to quantification
Social Insurance Programs		
Programs to Cover the Risks Associated with Unemployment, Sickness, Maternity, Disability, Industrial Injury, and Old Age Health Insurance	Included	
	Included	
Social Assistance and Welfare Programs		
Welfare and Social Services Targeted at the Disabled, the Indigent, those affected by disasters, and other vulnerable groups.	Included	
Cash/In-Kind transfers (e.g. food stamps, health cost exemptions or subsidies)	Included	
Temporary Subsidies for utilities, Housing, etc.	Included	Only if imposed in times of crisis and if targeted at particular vulnerable groups. General subsidies are excluded, even if their rationale is to assist the poor.
Micro and Area-based schemes		
Microinsurance/microfinance schemes	Included	Microfinance seen as an important aspect of SP. Mainstream rural credit programs will be excluded.
Agricultural insurance	Included	Agricultural insurance will rarely be affordable and therefore, targeted at the most vulnerable farmers.
Social Funds	Excluded	Except where direct transfers to households occur
Disaster preparedness and management	Included	Reconstruction of physical infrastructure is excluded. De-mining programs included. Number of beneficiaries not amenable to quantification.
Child Protection		
Child rights and advocacy/awareness programs against child abuse, child labor, etc.	Included	Not amenable to quantification
Early childhood development activities	Excluded	Direct assistance for health and education would be included in following categories. Otherwise, these programs fall within basic health and education programs, which are excluded.
Educational assistance (e.g. school feeding, scholarships, fee waivers)	Included	
Health Assistance (e.g. health cost reduced fees/ subsidized medicines for vulnerable groups)	Included	Will generally be included under social assistance
Family Allowances	Included	Would not include transfers through the tax system
Street Children/Child Worker/Orphan Initiatives	Included	

Source: Authors.

Based on the above definition, Table 3 contains a schedule of the types of programs that are considered to fall within the above definition. The table also indicates those programs falling within ADB's categorization of SP activities that will not be considered in this study. The latter primarily include programs that either involve the construction of physical or social infrastructure, integrated community development schemes and programs that traditionally fall within the education and health sectors, e.g. primary and preschool education, immunization, health and nutrition education, and pre- and post-natal care.

Attention should also be drawn to the inclusion of microcredit programs. ADB's definition excludes these unless they include microinsurance (which is not generally the case) or "promote community self help or other SP policies." Not all rural credit programs can be included; however, programs that directly target poor households and/or are community-based should be included. They represent one of the most prevalent forms of assistance to the poor in several countries (e.g. Bangladesh, Vietnam) and evidence suggests that in many cases, these programs contribute positively and directly to the general welfare of recipients. Additionally, there seems little logic in excluding these programs, while including job-creation programs based on loans to small businesses.

It is recognized that this definition is open to debate, as are most SP definitions. However this approach will:

- (i) facilitate the acceptability of the results by national governments and IFIs by not including large numbers of programs and activities that are normally seen as being a part of other sectors;
- (ii) enable SP strategies and programming to concentrate on a clearly defined set of activities and projects that fall outside the ambit of other major sectoral development funding;
- (iii) not prejudice the implementation or adoption of any policies or programs that fall within wider definitions of SP or hamper ADB's ability to achieve its current SP priorities; and
- (iv) facilitate the development of a statistical database for the formulation of an SPI.

IV. Current Social Protection Activities and Programs

A. General

This chapter presents an overview of current SP activities and programs in Pakistan. The programs and activities described here include the major programs operated by government agencies, national nongovernmental organizations (NGOs) and international nongovernmental organizations

(INGOs). The descriptions aim to present the main features of the programs as well as the key quantitative information required to construct an SPI for Pakistan. It is, however, not always possible to quantify the SP activities of some programs; in these cases, descriptions in such cases are limited to qualitative discussions.

The key quantitative variables¹⁹ required for constructing an SPI are the cost/expenditure of the programs, the number of beneficiaries served by the programs, the number of the program beneficiaries who are poor, and the amount of program expenditure going to poor beneficiaries. At the start of field work, it became obvious that virtually none of the required data was readily available from published sources. Reliance, therefore, had to be placed on obtaining this information directly from the agencies responsible for SP activities and programs. This process required the consultants to visit to provincial the provincial centers, Lahore, Karachi, Peshawar, and Quetta. Accordingly, unless otherwise stated, all the information cited in this chapter comes from discussions and meetings with relevant officials and experts and unpublished reports.

The remaining sections of this chapter are structured around the components and subcomponents of ADB's definition of Social Protection listed in Table 3.1, i.e. labor market programs, social insurance programs, social assistance and welfare programs, micro and area-based schemes, and child protection programs. Unless otherwise stated, the cited information on SP programs comes from interviews with agency officials, government websites or program websites.

B. Labor Market Programs

I. Labor Legislation and Standards

There are many laws in Pakistan that regulate terms and conditions of employment, welfare services to workers employed in mines, industries or other establishments. The most important of these laws are briefly described below.

The Industrial Relations Ordinance 2002. This aims to amend, consolidate, and rationalize the law relating to formation of trade unions, regulation, and improvement of relations between employers and workmen and avoidance and settlement of any differences or disputes arising between them.

¹⁹ For details see the forthcoming section.

The Employees Social Security Ordinance 1965 (X of 1965). Provincial governments created Employees Social Security Institutions (ESSI) under this ordinance to register establishments that employ 10 or more persons (in Balochistan, this applies to establishments employing more than five persons). ESSI registers establishments that employ the required number of workers. Employers are required to register employees with ESSI and make payment of 7% of their wages to ESSI. In return, ESSI provides health facilities and medicines to registered employees and their family members. In addition to health facilities and medication, ESSI also provides smaller expenses related to health costs. Maternity benefits and long term treatment for TB are also included in ESSI benefits.

Employees Old Age Benefits Act 1976 (XIV of 1976). This Act provides old age pensions to employees in an establishment or industry that employs more than 10 persons. Under this law, employers are required to pay 5% wages of registered employee subject to a maximum of PRs150 per month per employee as contribution towards pension fund, while employees are required to pay PRs20. The fund is collected and administered by the Employees' Old Age Benefits Institution (EOBI). The establishment and employees must be registered with EOBI and pay prescribed contributions under the law. This act provides: (i) old age pension, (ii) survivor's pension to legal heirs of pensioner, (iii) invalid pension, and (iv) old age grant to retired employees not eligible for pension.

Workers Welfare Fund Ordinance 1971. Federal government established this fund in 1969 with a grant of PRs100 million to provide housing to workers. In 1971, the ordinance was promulgated to provide regular source of income for the fund. This ordinance is applicable to industries that employ more than 50 workers, have paid up capital of more than PRs2 million or fixed assets worth PRs4 million. If such industries earn income above PRs100,000 in any assessment year, they are then required to pay 2% of their income to the fund. The fund is administered by the federal tripartite board that provides funds to provincial boards. The fund is used for: (i) construction of houses that are sold to workers, (ii) providing marriage grant to workers for marriage of their daughters, (iii) scholarship for workers' children, and (iv) construction of educational institutions and hospitals.

Excise Duty on Minerals (Labor Welfare) Act 1967. Under this Act, the federal government instituted duty on mines of 23 minerals. Rates of duty may range from PRs1 to PRs5 per ton as fixed by the federal government

through gazette notification. The duty collected shall be given to the Mines Labor Housing and General Welfare Fund. The fund shall be utilized to: (i) provide housing for mine workers; (ii) cover administration cost of fund; and (iii) provide other facilities like education, improved nutrition, water supply, transport etc. The money can be used by the federal government to promote the welfare of the labor employed in mining industry. From this duty, the federal government also provides funds to mine owners for maintaining dispensaries.

Employment of Children Act 1991. This Act prohibits employment of children below 14 years of age in mines, factories, and hazardous occupation or employment. This law also prohibits forced labor, slavery, and human trafficking.

Workers Children's Education Ordinance 1972 (XI of 1972). Under this ordinance, establishments employing 20 or more workers are required to pay annual tax of PRs100 per worker to the provincial government as education fee. Provincial government will provide free high school education and thereafter, training in a polytechnic or vocational training institute to one child of every worker. Free education means provision of textbooks free of cost and waiver of tuition and examination fees.

Companies Profit (Workers Participation) Act 1968 (XII of 1968). Under this Act, establishments employing 50 or more workers shall provide 5% of their profit for distribution among workers. Each worker shall get no more than PRs3,000 per annum under this Act. The amount left after distribution to workers shall be deposited in the Workers Welfare Fund.

The Minimum Wages Ordinance 1961 (XXXIX OF 1961). Under this Law, provincial governments are required to establish minimum wage board consisting of four members including a chairperson, a representative of employers and a representative of workers. The board, upon reference from the provincial government, shall determine the minimum wage for adult unskilled workers and juvenile workers employed in industrial undertakings. After receiving recommendations of the board, the provincial government may issue notification in an official gazette to declare the minimum wage rate. Provincial government may appoint authority under this Act to hear and decide claims.

Shops and Establishment Ordinance 1969 (VIII of 1969). This Ordinance provides paid weekly holidays to employees of establishments in addition to other leave entitlements admissible under other rules. Every establishment shall also provide 14 days paid leave and 10 days sick/casual leave in a year to employees. This Ordinance also provides payment of overtime calculated at double the ordinary rate of wages payable to employee.

Factories Act 1934. It also makes provisions on leaves and allows a 14-consecutive-day paid leave to workers.

Workmen's Compensation Act 1923. This Act requires employers to pay compensation to workers in case of injury arising out of and in the course of employment. The injury that results in full or partial disablement or death is covered under this Act.

Payment of Wages Act (IV of 1936). This Act requires payment of wages to employees on time and in legal tender.

The Mines Maternity Benefit Act, 1941. This Act provides maternity benefits equal to a six-week leave with pay before delivery and a 6-week leave with pay after delivery to women working in mines.

Dock Laborers Act 1934. This Act aims to give effect to the convention concerning the protection against accidents of workers employed in loading and unloading of ships.

Dock Workers (Regulation of Employment) Act 1974. The goal of this Act is to regulate the employment and working condition of dock workers.

The Children (Pledging of Labor) Act, 1933. This makes any agreement void that is designed to pledge labor of children in any employment in return of any payment or benefit.

The Road Transport Workers Ordinance 1961. This defines working conditions, hours, leaves, and weekly holidays for transport workers.

Abolition of Bonded Labor Act 1992. This abolishes all forms of bonded labor.

Disabled Persons (Employment and Rehabilitation) Ordinance 1981.

This provides 2% employment quota for the disabled in all government and private establishments employing more than 100 persons.

2. Direct Employment Creation

The federal and provincial governments implement schemes under Annual Development Program that also consists of a number of infrastructure projects. Since its devolution in 2001, provincial governments provide grants to district governments and the Tehsil municipal administrations for small-scale infrastructure projects. All these infrastructure projects provide some small-scale, short-term employment. The federal government provides PRs10 million to each member of the national assembly and the senate for development projects in their constituency under the *Tameer-i-Watan* program. Similarly, the provincial governments provide funds to members of the provincial assemblies for the same purpose. The Government is implementing a Drought Emergency Relief Assistance (DERA) program with donor assistance to mitigate the effects of the drought. This program is aimed at the rehabilitation of drought stricken areas through short-, medium-, and long-term schemes and did not involve any direct financial transfer to affected population. This program is implemented by the district governments and the Tehsil municipal administration of drought-stricken areas. While consolidated data on these programs is not available, it is not considered that they have significant employment-creation implications.

In addition to these programs, there are other infrastructure projects, as there are in all countries, which provide temporary employment to a large number of people; this category of program cannot be considered to be part of SP.

Khushal Pakistan is a small-scale infrastructure development program aimed at creating economic activities and employment in rural areas. This program is included in the PRSP and it is implemented by the district governments. According to PRSP Report for the FY2003, a total of PRs31.5 billion were allocated for the program in March 2003 for a total number of 34,812 schemes.²⁰ The report did not provide expenditure under the program in FY2003, though it stated that a total of 11,945 schemes were implemented in that year. The average cost of a scheme is PRs905,000. Thus the total expenditure under the program in FY2003 was PRs10,810.22 million. This expenditure, however, includes equipment and material costs including those for design, contract management, and skilled labor as well as temporary jobs.

²⁰ Government of Pakistan. 2003. PRSP Full Year Report FY 2002-03. Islamabad. page 12.

The report states that a total of 80,758 jobs were created under this program in FY2003.²¹ Further inquiries revealed that the average length of employment was 40 days. Assuming the prevailing unskilled labor rate of is PRs100 per day, the total expenditure on job-creation is estimated to be in the order of PRs323 million.

There is no network of employment exchanges in Pakistan that assists the unemployed in finding jobs.

3. Skills Development and Training

Technical, vocational, and skill training programs are implemented not only by the concerned government departments, but also by numerous NGOs, charity organizations, statutory and non-statutory bodies, and federations of trade unions. Pakistan *Bait-ul-Mal* has also established 31 vocational training centers for women in different areas. Provincial social welfare departments have established vocational training centers for women in almost every town—in NWFP, these were 102 in FY2003. It is extremely difficult to obtain data on the total number of these institutions, trainees, and expenditure. The total number of institutions established under the Government is given below in Table 4.1. The vocational training centers by NGOs and by the provincial department of social welfare mainly provide training in embroidery and dressmaking. A large number of NGOs also provide similar vocational training to men and women. Social welfare department training centers in large cities offer many other training courses in addition to embroidery and dressmaking. Women can earn income by learning these skills. There is no systematic data to indicate employment-creation as a result of vocational and technical training or skill training to women under these programs.

Table 4.1. Government Vocational and Technical Training Institutions, FY2002

Type of Training Institutions	Number	Enrolment
Commercial Training Institutions	200	24,750
Industrial/Vocational Training Institutions	192	8,412
Technical Training Institutions	70	31,423
Total	462	64,585

Source: Pakistan Statistical Year Book 2004, p. 132.

²¹ Ibid. page 16.

4. Retrenchment Programs

The Government of Pakistan started privatizing state-owned enterprises and financial institutions since late 1980s. Retrenchment programs were implemented in some organizations before privatization. The Government of Pakistan implemented several retrenchment programs for public sector financial institutions in the past decade with financial assistance from WB, IMF, and ADB. No major retrenchment programs have been implemented since 2001.

C. Social and Health Insurance

The most comprehensive social insurance scheme in Pakistan is that for government employee pensions. Pakistan's social security system contains two formal contributory nationwide schemes for employees of industries and establishments: (i) Employees Social Security Institutions (ESSI) and (ii) Employees Old Age Benefits Institution. ESSI provides health services and some cash benefits to registered employees. EOBI is a compulsory pension scheme for employees. There are two other social and health insurance programs for employees of industries and establishments: social security and old age pension. These programs are described below.

I. Pensions of Government Employees

All employees of the federal government, provincial governments, Armed Forces, civilian employees of Armed Forces, civilian Armed Forces, and semi-autonomous organizations, most statutory bodies, and Water and Power Development Authority (now divided into several companies) are entitled to pension and other benefits upon completion of 25 years of service or upon reaching the age of 60 years. Pension is equal to 70% of the value of basic pay and some certain other emoluments. In addition to pension on retirement, they receive half or more of their pension in advance for 10 or more years, according to a formula, which takes into account the age and number of years in government service. This is known as commutation. Employees deposit a certain percentage of their salary in a General Provident Fund. The Government does not contribute any money to this fund. This savings of employees is repaid on retirement with a relatively higher interest rate paid by the Government. Gratuity is provided for an employee who has served less than 10 years or whose job was abolished before his 25 years minimum eligibility period was completed. The employee receives one-month pay for every year served or 1.5-months pay in the case of death or disability. This benefit is known as gratuity.

The eligibility criteria for pensions are attaining the age of superannuation (60 years age) for civilian government servants. Civilians in the service of federal and provincial governments can apply for retirement after completion of 25 years of government service. The proportion of people who apply for retirement before the age of superannuation is not known. However, an amendment in 2000 of the Civil Servants Act of 1973 states that government servants can be retired by the competent authority with full pension benefits after completion of 20 years of service. Gratuity or cash benefit is provided to employees whose post is abolished provided that he/she has completed 10 years of service.

Several laws relate to retirement of the Armed Forces and the following four branches of the civilian armed forces: (i) Frontier Constabulary, (ii) Frontier Corps, (iii) Northern Area Scouts, and (iv) Pakistan Coast Guards. Soldiers (non-commissioned ranks) retire at the age of 36-37 years, if not promoted to senior ranks or promoted to junior commissioned ranks. Commissioned officers, if not promoted to senior ranks retire after completion of 18 years service, and generally, every senior position give two additional years of service. Only the full general (only one person in the Armed Forces) may retire at the age of superannuation. A substantial number of pension recipients will, therefore, be aged less than 60 years.

Table 4.2 summarizes data on pension recipients and expenditure.

Table 4.2. Summary Data on Pension Schemes, 2002-2003

Category of Pensioners	Number of Current Pensioners	Amount of Pension (PRs million)
Federal Civil Servants	148,261	5,017.36
Armed Forces—Personnel	951,866	30,723.30
Civilian Armed Forces*	58,500	950.0
Civilian Employees of the Armed Forces	126,372	2,730.0
Subtotal Federal Government	1,284,999	39,420.66
Punjab Provincial Government Servants	313,637	9,866.16
Sindh Provincial Government Servants	190,554	4,958.89
NWFP Provincial Government Servants	130,000	3,400.00
Balochistan Provincial Government Servants	37,263	753.80
Subtotal Provincial Governments	671,454	18,978.85
Grand Total	1,956,453	58,399.51

* Civilian armed forces with retirement in younger ages same as the Armed Forces.

Source: Actuaries Office, Ministry of Finance, Government of Pakistan.

The total number of retired civilian employees of federal and provincial governments is 946,087. Of these 400,000 retired at younger ages between 43 years and 59 years.²² This means 42.3% of the retired civilian employees retired before the age of 60 years. The total number of the retired Armed Forces and civilian Armed Forces personnel is 1,010,366 and all of them retired in younger ages.

2. Pensions in Other Autonomous and Semiautonomous Organizations

In addition to federal and provincial governments, government-owned corporations, autonomous and semiautonomous organizations provide pension or gratuity to their employees on retirement. Gratuity is usually a large amount paid in lump sum at retirement and no other amounts are paid afterwards. Pakistan Steel Mills pays only gratuity to its employees on retirement. Pakistan Steel Mills, for example, paid PRs44.38 million to its 241 employees on retirement in FY2003.²³ All public sector universities (32 in number) are semiautonomous institutions and all pay pensions to their employees on retirement. Local government staff employed by municipal administration obtain pension from local councils; and data could not be collected from the large number of bodies spread over the country. Water and Power Development Authority (WAPDA) is probably the largest government sector organization. The total number of pensioners of WAPDA was 65,000 and the total amount paid in pensions was PRs2.0 billion in FY2003.²⁴

3. Employees' Old Age Benefits Institution (EOBI)

This contributory pension scheme was established by the federal government in 1976 under the Employees' Old Age Benefits Act, 1976 (XIV of 1976). The Employees' Old Age Benefits Institution (EOBI) was created as an implementation agency for the scheme. The Act is applicable to all establishments that employ 10 or more persons. In 1976, the Act was originally applicable to those employees who were drawing monthly salary of up to PRs1,000. Now, there are no restrictions on the monthly salary and any industry or establishment that can be registered with EOBI. It is mandatory for all establishments that employ ten or more persons to register with EOBI and provide insurance to their employees. Establishments that employ less than 10 persons can also insure their workers voluntarily. Employers are required to pay contribution equal to 5% salary of employees subject to a maximum of

²² Data provided by Actuaries Office, Ministry of Finance.

²³ Ministry of Industries, Islamabad provided data on gratuity to Pakistan Steel Mills employees.

²⁴ Director General Finance, WAPDA, Lahore, provided data on WAPDA pensions.

PRs150, irrespective of the salary of employee. From July 2001, employees are also required to pay a monthly contribution of PRs20 to EOBI. Employees once registered are covered for life and become entitled to either pension or old age grant at superannuation. Main source of EOBI fund is contribution from registered establishments, though between 1986 and 1994, EOBI received matching grant from the federal government. From 1995, the only source of EOBI is contributions. EOBI provides the following four benefits in cash only: (i) old age pension at the age of 60 for men and 55 for women, though reduced pension at a younger age is possible; (ii) survivor's pension to legal heirs of a pensioner or legal heirs of a deceased employee eligible for pension; (iii) invalid pension for those who are declared 67% invalid by a medical board; and (iv) old age grant to retired employees who are not eligible for pension. The first pension under the scheme was awarded in 1983. The current rate of minimum pension is PRs700 and maximum is PRs1,680 per month.

The levels of benefits received by individuals are shown above. The EOBI data has an element of double counting, for example, an employee who received a pension is counted once and after the death of the pensioner (when pension is transferred to his legal heir), and it is counted again as a survivor's pension. The number of registered establishments was 53,356, while the number of establishments that paid contributions was 19,498 in FY2003. Some other establishments are defaulters, but a large number have disbanded and ceased to exist. EOBI has started de-registration of defunct establishments and its Islamabad Zonal Office de-registered 606 such establishments in FY2004. The employee once registered under EOBI remains registered forever, even if employment is terminated and contributions are not paid. The name of such person is not removed because every employee once registered with EOBI becomes eligible for some benefit with a short duration of service. The total number of registered employees is 1.94 million, while contributions were paid for all registered employees.

4. Employees Social Security Institutions²⁵

Social Security that mainly provides health services to employees of industries and establishments was established under ordinance in 1965. Employees Social Security Institutions (ESSI) were established in the provinces after this ordinance. In Balochistan, ESSI was established in 1989. This is a compulsory

²⁵ The material in this section is drawn from various reports and Interviews with ESSI staff and leaders of labor federations in Rawalpindi and Lahore. Statistical data on ESSIs for the FY2003 was obtained by the author for ADB TA on Social Protection Strategy Development Study and is used with thanks.

Table 4.3. Summary of EOBI Information, 2003

Item	FY2003	
Establishments Registered	53,356	
Establishment Paying Contributions in FY2003	19,498	
Employees Registered From 1976 to FY2003	1,935,948	
Total Contributions Received in FY2003 (PRs million)	2,341.70	
Beneficiary Category	(number)	(PRs million)
Beneficiaries of Old Age Pension	154,717	1,255.07
Beneficiaries of Invalidity Pension	5,399	10.67
Beneficiaries of Survivor's Pension	60,499	314.00
Beneficiaries of Old Age Grant	5,083	11.91
Total Beneficiaries and Cost of Benefits	225,698	1,591.65

Source: Employees Old Age Benefit Institute (EOBI) Islamabad Office.

health insurance scheme for all employees of establishments that employ 10 or more persons in three provinces and in Balochistan, it applies to establishments that employ five persons. It is compulsory for all establishments to register with ESSI and insure their employees. Employers are required to register their employees drawing wages up to PRs5,000 per month and pay 7% of their salaries as contribution to ESSI. Contributions are charged on the first PRs5,000 of salary and not on the remaining amount, if the salary is higher than PRs5,000. Employees once registered are covered for life, even if their income increases beyond the maximum limit. Employees are not required to pay any contribution to ESSI. The registered employees can get free medical examinations, clinical tests, medicines, and artificial limbs for self and dependents free of cost. Ambulance service is provided in some areas. Sickness benefit equal to 75% of pay is paid for 121 days in a year to employees who are unable to attend work due to sickness. TB and cancer patients are provided full pay for a period of one year. Disability pension is provided to employees who suffer from 67% of disability, while a reduced pension is provided for lesser a percentage of disablement. Muslim female registered employees are provided salary of four months on death of their husband because Islamic law prohibits these women to go out of their home. Survivor's pension is provided in case of death of the registered employee due to employment injury or occupational disease. Death grant of PRs1,500 is provided on the death of the registered employee for funeral expenses.

Provincial ESSI's data for FY2003 is given in Table 4.4. Total expenditure on medicines was PRs257.4 million and on salary of medical staff was 645.5 million. Total expenditure on cash benefits was PRs99.7 million and on rehabilitation and social expenditure was PRs3.2 million. Total number of employees and their dependents covered under ESSIs was 4.7 million in 2002.

Table 4.4. Summary of ESSI Beneficiaries and Expenditure, FY2003

Item	FY2003
Total Number of Establishments Registered	51,104
Total Number of Registered Employees	849,615
Total Number of Dependents Covered	4,728,968
Total Incomer of ESSIs	2,408.98
Total Expenditure (PRs million)	1,737.98
Expenditure on Medicines	257.4
Expenditure on Medical Staff Salaries	645.5
Expenditure on Cash Benefits	99.7
Rehabilitation and Social Welfare Expenditure	3.2
Expenditure on Administration	385.5
Capital Expenditure on Administration	35.3
Capital Expenditure on Medical Care	87.2
Other Expenditures	54.3

Source: Provincial Employees Social Security Intitutions (ESSIs).

EOBI and ESSI are both separate and mutually exclusive institutions, which were created to provide assistance and relief primarily to low paid employees in the organized sector. ESSI provides health care facilities. Institutions registered under EOBI are not necessarily registered under ESSI. Employers resist registration by all means and sometimes, both ESSI and EOBI litigate against the institutions, which are within the purview of their laws but refuse registration. An unknown number of establishments are not registered with EOBI. All Pakistan Federation of Labor (APFOL) based on their knowledge of the sector, expressed that a substantial number of establishments avoid registration with EOBI. APFOL conducted studies of working conditions in Hattar Industrial Estate and Sialkot and on the basis of field experience, a lot of observations were made. An industrial establishment with 11 units has registered only one unit with EOBI and ESSI and workers of 10 other units were not registered for any benefits. In Hattar Industrial Estate, a large number of industrial units have not registered at all with EOBI and social security.²⁶

5. Health Insurance

There is no health insurance scheme by the federal or provincial governments in the country. The Government of Pakistan provides health services throughout the country from hospitals to dispensaries for the entire population. In theory, these facilities provide all services, including clinical tests and surgery,

²⁶ This information was provided by the Head of Research at the All Pakistan Federation of Labor in Interview with the Consultant.

almost free of cost. In practice, functioning of these establishments is not satisfactory due to many problems like nonavailability of medicines and nonfunctioning of facilities, particularly, in rural areas.

Government employees receive a small allowance for health care costs as part of their salary. They can also, with prior approval of competent authority, get reimbursement for treatment and medications in private hospitals. Similarly, there is the possibility of obtaining treatment overseas. However, due to budgetary constraints and the high demand for treatment in private hospitals, use of this facility, for which there is no data, is highly restricted and is not considered to be significant.

The Armed Forces of Pakistan are provided with health facilities and medication for all types of illness in their own hospitals free of cost. Armed Forces hospitals are one of the best institutions in the country, fully equipped and staffed. Civilian persons can also get services from military hospitals on self-finance basis. Some other large government organizations like WPDA and Pakistan International Airlines have also established hospitals for their staff.

Several insurance companies have initiated health insurance since the past decade to provide quality medical services to insured persons. The main target group for health insurance schemes is middle class families and individuals, and the employees of the corporate sector. These insurance companies provide different levels of coverage for different prices. Health insurance is expensive compared to income levels of a vast majority of the population. The Adamjee's Health Insurance covers 150,000 beneficiaries and it plans a rural health insurance, in cooperation with the Rural Support Program Network, Allianz EFU covers 100,000 beneficiaries and 85-90% of its business is through coverage by companies for employees. New Jubilee Insurance also provides health insurance facilities and it is assumed that it also covers the same number of persons. These companies were approached repeatedly, but they have not provided data on health insurance coverage and expenditure.²⁷

D. Social Assistance Programs²⁸

I. Zakat Program—Ministry of Religious Affairs, Zakat, and Ushr²⁹

The Government of Pakistan had no regular social assistance program prior to 1980, when it infits exceeding approximately PRs5,000 initiated collection of

²⁷ Insurance companies' offices in Islamabad and Karachi were contacted through phone and fax but they have not provided the requested data.

²⁸ Other programs targeted at children are described under Child Protection, see below.

²⁹ Information on Zakat program was provided by, Ministry of Religious Affairs, Zakat and Ushr.

*Zakat*³⁰ and *Ushr*³¹ from all Sunni Muslims on a compulsory basis. *Zakat* is a religious obligation and Muslims are required to pay 2.5% of their certain assets annually to the poor and needy. *Ushr* is also a religious obligation and Muslims are required to pay 5-10% of their income (depending on the mode of irrigation) from all crops to the poor and needy. In 1980, the Government of Pakistan issued *Zakat and Ushr Ordinance* under which collection of *Zakat* and *Ushr* was undertaken by the state. Section 8 of the ordinance defines uses of *Zakat* fund. Its utilization shall be for: “(i) assistance to the needy, the indigent and the poor particularly orphans and widows, and the handicapped and the disabled, eligible to receive *Zakat* under *Shariah* for their subsistence or rehabilitation, either directly or indirectly through *deeni madaris* (Islamic seminaries) or educational, vocational or social institutions, public hospitals, charitable institutions, and other institutions providing health care; (ii) assistance to the needy persons affected or rendered homeless due to natural calamities like floods and earthquakes and for their rehabilitation; and (iii) expenditure on the collection, disbursement, and administration of *Zakat* and *Ushr*.”³²

Local *Zakat* committee selects recipients of *Zakat* among the eligible section of the population. Eligible of *Zakat* is called *mustahiq* and is defined as a person or household with income below official poverty line that was PRs748.56 in prices of FY2001. There are six permanent categories of *Zakat* expenditure: (i) *Guzara* allowance—stipend to poor households; (ii) educational stipends for students in mainstream educational institutions; (iii) educational stipends for students of *Deeni Madaris* (religious seminaries); (iv) health care grant for treatment of poor patients; (v) social welfare; and (vi) marriage assistance. The Central *Zakat* Council has also made allocation of the *Zakat* fund into six categories with the following proportion:

- (i) *Guzara* allowance—60%;
- (ii) educational stipends—18%;
- (iii) stipends for students of *Deeni Madaris*—8%;
- (iv) health care—6%;
- (v) social welfare – 4%
- (vi) marriage assistance—4%.

The federal government constituted the Central *Zakat* Council headed by a person who is (or has been) a judge of the Supreme Court to provide policy guidelines and to control other matters relating to *Zakat* funds and

³⁰ *Zakat* is levied at the rate of 2.5% on savings and profits exceeding approximately PRs5,000.

³¹ *Usher* is taken on farm produce and distributed among poor and needy.

³² *Zakat and Usher Ordinance* 1984.

maintaining their account. The Provincial Zakat Council is established by the provincial government. The ordinance provides for the establishment of Zakat Committees at district, *tehsil* (subdistrict), and neighborhood levels in urban areas and at village level in rural areas. There are a total of 39,891 local Zakat committees in the country. The chairperson of the local Zakat Committee receives a remuneration of PRs250 per month to meet certain expenses, while all other members of the committee are volunteers.

Guzara Allowance. This is a subsistence allowance paid at the rate of PRs500 per month to persons identified by the local Zakat committee as being the neediest in the locality. Each local Zakat committee selects about 10 persons for this assistance. One person from a household is selected and the beneficiary is a household. Payment is made after every six months with a crossed cheque. In FY2002, a total of 810,414 household were provided with a Guzara allowance and the total expenditure was PRs2,623 million. In FY2003, total beneficiaries were 859,017 and the total expenditure was PRs2,083 million. In theory, every beneficiary household shall receive PRs6,000 per annum in two six-monthly installments. In practice this is not the case, the average amount per beneficiary was PRs3,236 in FY2002 and PRs2,425 in FY2003. The local Zakat committee may change the beneficiaries after every six months and in the past, new beneficiaries were selected for each quarter. It is also possible that beneficiaries of each six-month installment are counted separately.

Educational Stipends. Educational stipends are provided to students from eligible families. These stipends are available from primary education to university-level students. Selection of students is made in two stages: first, educational institutions determine eligibility and forward application to district Zakat council, which makes a final decision. Some educational institutions are given block allocations for educational stipends and selection of students is made by the head of educational institution and by the chairperson of the Zakat committee. The monthly rates of scholarship in FY2003 were PRs50 to primary and middle school students, PRs112 to high school students, PRs375 to college students, PRs750 to postgraduate students, and PRs874 to students in professional degree courses.

Stipends for Students of Religious Seminaries (*Deeni Madaris*). Islamic seminaries that provide religious education, boarding, and lodging are provided stipends for their students. Some of these seminaries take orphans and very poor children in their educational system. *Deeni Madaris* believed to be engaged in promoting extremism, sectarianism, and militancy are not eligible for

assistance. Selection procedure is similar to other educational stipends. The rate of stipend ranges from PRs500 to PRs750 per monthent levels of education.

Health Care. Poor patients are provided assistance with the cost of medication or surgery. District Zakat committee allocates Zakat funds for each hospital in tehsil and district for treatment of poor. Poor patient needs certification and recommendation of eligibility from local Zakat in order to avail this facility. Central Zakat Council also provides Zakat funds to 82 large and specialized hospitals in the country for treatment of poor patients. Same certification and recommendation is required for obtaining free treatment in these hospitals.

Social Welfare. Under this head Zakat is provided to certain social welfare institutions for vocational training of poor men and women. The trainees are provided stipend and a lump sum grant at the completion of training for buying materials (e.g. sewing machine, embroidery goods,) required to start work.

Marriage Assistance. A grant of PRs10,000 is provided as assistance for dowry or marriage expenses for marrying women.

Rehabilitation Scheme. Central Zakat Council approved the implementation of the rehabilitation package for permanent rehabilitation of the poor. The rehabilitation scheme was launched in FY2001 with allocation of PRs2 billion to provide a permanent source of income to the poor and needy so that they become self-reliant. In FY2003, allocation of PRs5 billion was made for this purpose. The eligible persons are selected from among the eligible people (*Mustahiqeen-e-Zakat*) or recipients of Guzara allowance. The scheme consists of 44 businesses, which eligible persons can initiate to earn a living. A grant in range of PRs5,000 to PRs50,000 is provided per person depending upon the nature of activity in which he/she is interested.

Eid Grant. Under this scheme, some recipients of Guzara allowance are given an additional monthly stipend on the occasion of *Eid* (a Muslim festival).

Available information on the beneficiaries and expenditure of the different Zakat programs for 2003 is provided in Table 4.5

Table 4.5. Zakat Programs, 2003

Zakat Program	Beneficiaries	Expenditure (PRs million)
Guzara (subsistence) allowance	616,715	1,490.70
Educational stipend	65,327	63.46
Stipend for Deeni Madaris	3,328	3.88
Health care	69,486	66.30
Social welfare	13,127	54.92
Marriage assistance	8,087	74.66
Rehabilitation grant	89,297	1330.69
Total	865,367	3,084.61

Source: Federal Ministry of Religious Affairs, Zakat and Ushr.

2. Pakistan Bait-ul-Mal—Ministry of Social Welfare,

Women Development and Special Education

Through an Act of Parliament, Pakistan Bait-ul-Mal was created in 1992 as a semiautonomous organization within the Ministry of Social Welfare, Women Development and Special Education. Bait-ul-Mal is the second important agency for social assistance in Pakistan after Zakat. All activities of Bait-ul-Mal are funded by the federal government. Bait-ul-Mal has similar functions to Zakat. The Zakat fund is governed by the Islamic law; it is collected from Muslims and distributed among Muslims, whereas Bait-ul-Mal provides assistance to non-Muslims as well. The objectives of Bait-ul-Mal, as stated in the Bait-ul-Mal Act 1992 are:

- (i) to provide financial assistance to the destitute and needy, widows, orphans, invalid, infirm, and other needy persons;
- (ii) to render help for rehabilitation of persons specified in clause (a) in various professions or vocations;
- (iii) to provide assistance to children of persons specified in clause (a) for educational pursuits;
- (iv) to provide residential accommodation and necessary facilities to persons specified in clause (a);
- (v) to provide free medical treatment for indigent sick persons; to set up free hospitals, poor houses, and rehabilitation centers; and to give financial aid to charitable institutions including industrial homes and other educational institutions established specially for the poor and needy;
- (vi) to provide stipends to educated youth during their training before their employment in jobs;

- (vii) to provide stipends and financial assistance to brilliant but poor students who cannot afford to acquire higher technical or medical education abroad for lack of money;
- (viii) to sponsor and promote self-employment scheme; and
- (ix) any other purpose approved by the Board having regard to the aims and objectives of the Bait-ul-Mal.

Pakistan Bait-ul-Mal's main programs of direct assistance to individuals are the Food Support Program and Individual Financial Assistance, prevention of child labor, and *Tawana* Pakistan (girls' school feeding program) in 29 districts. Bait-ul-Mal gives grants to NGOs to provide institutional support to orphans, disabled, abandoned and destitute women, and the aged. In past years, Bait-ul-Mal provided assistance to widows and orphans for repayment of house building loans, relief during natural calamities, and construction of houses in addition to some other types of similar assistance. Funds of Bait-ul-Mal are managed by public servants; beneficiaries are selected through the District Steering Committees headed by District Nazim or DCO as the chairperson and consist of chairperson of the District Zakat Committee, a "notable citizen," and "notable lady" nominated by Bait-ul-Mal, a notable citizen representing the minorities, a lady councilor, and the district head of Bait-ul-Mal or its social mobilizer.

Food Support Program. The Food Support Program is designed to meet the basic nutritional requirement of the poor and vulnerable sections of population. The aim of the Food Support Program is to compensate the poorest families for increase in wheat prices due to a reduction in the wheat subsidy. This is the largest program of Bait-ul-Mal in terms of fund allocation and number of beneficiaries. The program was launched in August 2000 and has been regular since then. In FY2003, 1.12 million households were provided assistance under this program. Assistance is provided on an annual basis and the selected households receive a total of PRs2,000 in a year. The assistance is paid in two six-monthly installments of PRs1,000 each.

Eligibility criteria for this assistance are "needy" individuals having no support or source of income in the following order of priority:

- (i) individuals with major ailments/disability;
- (ii) widows with dependent children;
- (iii) invalids with dependent children;
- (iv) the Infirm (senior citizens above 65 years old);
- (v) poorest of the poor to be reviewed periodically for rehabilitation;
- (vi) orphans;

- (vii) the destitutes; and
- (viii) victims of unpredictable circumstances.³³

Government employees, their family members, and beneficiaries of other social welfare program are not eligible for assistance under this program. Beneficiaries of the program are selected by obtaining data from District Zakat Committee, Pakistan Bait-ul-Mal, and any other task force constituted by the concerned District Food Support Program Steering Committee (DFSPSC). Lists of potential beneficiaries are consolidated by the DFSPSC and scrutinized with the help of the district government. National Identity Card of potential beneficiaries is required in order to open an account at the post office to draw money. Of the beneficiaries, 3% are selected from minority groups.

Individual Financial Assistance. Pakistan Bait-ul-Mal provides individual financial assistance to people in need on the following ground: (i) economic shock caused by loss of income of the earning members, (ii) high cost of medical treatment, (iii) educational stipends, (iv) support for disabled and (v) support to start small business.

Economic Shock. Assistance is provided to reduce the effects of loss of household income due to incapacity of earning working member of the household. Financial assistance from PRs5,000 to PRs30,000 is provided to families, which suffered the loss of income due to incapacity of earning member due to any reason excluding natural disaster. The money is provided as lump sum only once in a year.

Medical Costs. This assistance is provided for treatment in a government hospital. The hospital refers the patient to Bait-ul-Mal and after approval of treatment the money is directly sent to hospital. The maximum amount available to an individual under this head is PRs300,000.

Poor Students. This assistance is for families that cannot meet the cost of educating a child. Different rates are paid for different levels of education. At the tertiary level, twenty students in each of 350 universities get support from Bait-ul-Mal.

Support for the Disabled. The disabled can get tricycles, wheelchairs, crutches, and artificial limbs under this program.

³³ Pakistan Bait-Ul-Mal, Food Support Program: Manual of Operational Guidelines, n.d. page 10.

Support for Small Business. People can get up to PRs40,000 to start a small business.

Eligibility criteria for individual financial assistance include poor, invalids, the infirmed and disabled, women in distress and orphans. Poor is defined as “having less income and work opportunities revealing a rigorous match to the needs.” The poor is compelled to live substandard life and unable to fulfill the basic needs of the family. The poverty of a person may not be calculated in terms of monthly income in rupees. It is an aggregate of various factors. An invalid is defined as a person who is unable to earn a livelihood due to permanent physical or mental disability. An infirmed is a person aged above sixty years who is not supported by family or relatives and has no source of income. Disability includes physical and mental incapacity. Women in distress are defined as indigent and destitute whether single, a divorcee or widow. Orphan is defined as a child who is fatherless and under the care of a guardian. The beneficiaries of Zakat, provincial Bait-ul-Mal, Khushhali Bank (microfinance bank) or from any other government organization are not eligible for assistance from Pakistan Bait-ul-Mal. Assistance is granted only once a year, except to students and beneficiaries of medical cost. Assistance is dis a crossed bank cheque.

Child Labor Reduction. Pakistan Bait-ul-Mal funds 83 National Centers for the Rehabilitation of Child Labor (NRCL). These centers have been established as part of the government and donor campaign to remove the worst forms of child labor in the country. These centers provide financial support to families and children to compensate for lost earnings and run nonformal schools to encourage the children to stay in education. The benefits include:

- (i) a monthly stipend of PRs300;
- (ii) free uniform and school supplies; and
- (iii) daily pocket money of PRs10.

In FY2004, a total of 9,060 children were enrolled in these centers. Students who complete education in nonformal schools are given help to continue in normal schools. Bait-ul-Mal provides PRs4,100 per year for purchase of books and stationery, and provides subsistence allowance to parents. The total cost of this program in 2003-2004 is approximately PRs78.4 million.

Dastkari (Vocational) Schools. Bait-ul-Mal funds 27 vocational (*dastkari*) training schools for poor women. In FY2004, six new schools were opened and a total of 56 are planned. All these schools offer courses in cutting, tailoring, hand embroidery, machine embroidery, and hand knitting. Five offer courses

in computing and a wider range of traditional female skills. The courses are usually for six months and schools operate for the second shift in the afternoon. About 120 students are enrolled in each course and 2,446 students completed training courses in 2003-2004.

Tawana Pakistan. Bait-ul-Mal funds a primary school feeding program for girls in 29 high poverty districts. The program is implemented through NGOs. The aims of this program are to improve school attendance by girls and improve girls' nutrition by providing food at school. It also aims to improve female health by educating the girls on health matters, conducting health check ups, and providing education of parents. The total cost of the project, which runs until 2006, is PRs3.6 billion. Pakistan Bait-ul-Mal has contributed PRs542 million. In FY2004, a total of 246,649 female students are included in this program.

NGO Funding. Bait-ul-Mal provides support to NGO projects to support institutions, health facilities, orphanages, etc. The funding is based on cost-sharing. Bait-ul-Mal provides 75% share in rural areas and 50% share in urban areas. Approximately 70% of the expenditure goes to health facilities. During FY2004, an amount of PRs43 million was provided for support of 75 projects in following categories:

- (i) support for institutions for disabled, orphans, abandoned and destitute women, and other poor needing care;
- (ii) assistance for health (eye care) of aged persons, particularly from rural areas; and
- (iii) innovative pilot rehabilitative projects.

Table 4.6. Beneficiaries and Expenditures of Pakistan Bait-ul-Mal, 2003

Programs of Bait-ul-Mal	Beneficiaries	Expenditure (PRs million)
Food Support Program	1,117,000	2,235
Individual Financial Assistance—General	11,699	69.11
Individual Financial Assistance—Medical	1,155	37.94
Individual Financial Assistance—Rehabilitation	1,010	19.76
Individual Financial Assistance—Education	408	1.45
Vocational Training	2,446	4.34
Tawana Pakistan	76,000	157.00
Assistance to Affected by Natural Calamities	3,176	6.74
Institutional Rehabilitation Through NGOs	335,540	5.63
National Center for Rehabilitation of Child Labor	6,240	57.61
Total	1,554,674	2,594.58

Source: Pakistan Bait-ul-Mal

3. Punjab Bait-ul-Mal

The Government of Punjab established provincial Bait-ul-Mal under the Ministry of Social Welfare, Women Development and Bait-ul-Mal. The district officer of social welfare department and district Bait-ul-Mal committee nominated by the social welfare department is responsible for selection of beneficiaries. Punjab Bait-ul-Mal assistance is provided in the following six categories: (i) outright grant, (ii) educational stipends, (iii) marriage grant, (iv) medical treatment, (v) grant to NGOs, and (vi) interest-free loans.

Outright Grant is cash assistance provided to the poor and needy as determined by the district Bait-ul-Mal committee. The amount of grants varies and is determined by the district committee after reviewing applications. This is similar to the Individual Financial Assistance of Pakistan Bait-ul-Mal. In FY2003, a total of 8,676 beneficiaries received PRs25.39 million.

Marriage Grant is provided to poor households for marriage of their daughter, similar to marriage grant under Zakat.

Educational Stipend to students in different mainstream educational institutions is similar to that under Zakat.

Medical Treatment was provided to poor patient by Punjab Bait-ul-Mal that is again the same as that provided by Pakistan Bait-ul-Mal and Zakat.

Grant to NGOs, under this program, active NGOs in each district are provided grant for their program costs.

Interest Free Loans. Punjab Bait-ul-Mal provides interest free loans to poor and needy. These loans are provided to those applicants who want to start small business or any other trade to become employed or self-employed.

4. Punjab Social Welfare Department Programs

The Department of Social Welfare, Women Development and *Bait-ul-Mal* are responsible for the registration of NGOs under the Voluntary Social Welfare Agencies (Registration and Control) Ordinance 1961. The department has many functions and its important program is vocational training in all 34 districts of Punjab. It has also set up institutions for destitute, women, children, and physically and mentally disabled persons in addition to homes for the elderly. Separate budget for some of these institutions, particularly vocational training, was not available. This is based on estimates of the offices, which control these programs. Brief information on these programs is provided below.

Table 4.7. Punjab Provincial Bait-ul-Mal Programs, 2003

Program	Beneficiaries	Expenditure (PRs million)
Outright Grant	8,676	25.39
Marriage Grant	2,210	9.35
Educational Stipend	4,273	19.01
Medical Treatment	772	3.36
Grant to NGOs	440	27.99
Interest Free Loans	255	3.38
Total	16,626	88.48

Source: Punjab *Bait-ul-Mal*.

Vocational Training. The department has established at least one vocational training center in each of the 34 districts. These vocational training centers are called *Sanatzars* or industrial homes by the department. Vocational schools in larger cities provide a large number of different types of training courses of different durations; while in smaller towns the universal skills of cutting and sewing clothes and embroidery are the main training. Trained women are also provided work by the managers of these institutions. In FY2000, a total of 476 courses were completed and 14,584 women were trained and 5,454 women were provided work through these establishments. Total estimated budget of industrial homes was PRs61 million in FY2001.

Model Orphanages. The department manages three orphanages: one at Lahore and two (one for boys and one for girls) at Bahawalpur. These three orphanages accommodated 144 children in FY1999 and FY 2000. The total annual budget of these orphanages was PRs2 million in FY2001.

Dar ul Aman. These are rescue homes for women in distress or facing litigation in courts for cases mostly related to family matters and matrimonial matters. Women who are forced to leave their house due to this reason are accommodated in these houses. Women involved in litigation and who are under threat from family members are also sent in these houses on court orders. Mostly women with children are also accommodated. These houses provide shelter to women and their children up to the time they need shelter. At the beginning of FY2000, there were 160 women and 57 children in these homes; during the year 1,125 women and 340 children were admitted. But as a large number of women leave in shorter period at the end of the same year, the total number of women was 149 and total number of children was 33.

Darul Sakoon. These are halfway houses for patients released from mental hospital. A halfway house for mental patients in Lahore ensures treatment and rehabilitation of patients relieved from mental hospital by providing necessary services before sending them to their homes. The total number of persons served in FY2000 was 26. The cost of Halfway houses was PRs1.70 million in FY2001.

Aafiat. There are two homes for elderly men: one in Lahore and one at Rawalpindi. Average number of beneficiaries in these homes is 70. These homes provide shelter to homeless people. Eligibility criteria for admission include the elderly who are independent and not suffering from any disease that makes them dependent on nursing. No nursing facilities are provided in these homes. The total budget for these homes in FY2001 was PRs 2.11 million.

Home for Destitute Women and Children These are established in six large cities of the province. These homes provide accommodation and rehabilitation for widows and women who become homeless due to divorce or other reasons. These centers also provide skill training to women for their rehabilitation. Total number of women was 47 and children were 137 in FY2000. Annual budget of the six institutions was PRs8.27 million.

Homes for Destitute and Needy Girls. Named Kashana, they are established at three cities in the province (Lahore, Sargodha and Rawalpindi). These homes provide education, training, and other rehabilitative services to the destitute, poor, and needy women and girls. Total number of beneficiaries in these houses in FY2000 was 210, while total number of girls and women who remained in these houses for a year was 129. Total annual budget for these houses was PRs4.5 million in FY2001.

Lost and Found Children Service. The Department of Social Welfare established Social Services Centers for Lost & Kidnapped Children named Nigehban in eight large cities of the province. These centers provide temporary boarding and lodging facilities for the children and make effort to return these children to their homes. These centers in Lahore and a few other large cities receive two to three children daily and most of these are returned to their families as soon as possible. About seven to 23 children are accommodated at any one time in these centers. The number of annual beneficiaries in eight centers was 888 in FY2000.

5. Balochistan Social Welfare Department Programs

Department of Social Welfare is responsible for registration of NGOs under the Voluntary Social Welfare Agencies (Registration and Control) Ordinance 1961. There is no provincial Bait-ul-Mal in Balochistan. The department runs one *Darul-aman* (shelter for women) at Quetta which provides shelter to women engaged in litigation. The average occupants in this home are 30 and budget is not available. The Social Welfare Department also manages special education in the province. The institutions of special education have a total enrolment of 403 students in 2004 and budget was not available. These schools provide vocational training and education up to middle standard (eight years of schooling). The department started two drug addict rehabilitation centers, which were established in FY2003 with a grant of Prs1 million, but have no regular budget. Total number of persons treated for detoxification was 44. The department implements 92 community development projects in collaboration with local NGOs. The Department established one welfare home for rehabilitation of beggars. There are 30 beggars in this home in 2004 and budget is not available.

6. NWFP Social Welfare Department Programs

The Department of Social Welfare is responsible for registration of NGOs under the Voluntary Social Welfare Agencies (Registration and Control) Ordinance 1961. There is no provincial Bait-ul-Mal in NWFP. The Department provides vocational training to women in needle craft centers. There are 102 needle craft centers in the different towns of the province. About half of these centers are in collaboration with local NGOs, which provide accommodation and other services. The remainder is all funded by the Department. The Department also provides needle craft instructors. Each of these centers provides training to about 25 to 30 women. The trained women can earn income from the skills. Budget of these centers was not available. Many NGOs in the province also provide this type of training to women. The department started a skill optimization program in 2001 under which it planned to provide work to women trained by needle craft centers. A showroom of the embroidery was set up in the office two years ago, but there has been no sale up to now.

The department has five Welfare Homes for Destitute Children. These homes provide shelter to destitute children. Criteria for admission are: (i) poverty, (ii) orphan or with one parent, (iii) certified poor by local *Zakat* committee. The Government provides boarding and lodging facilities and education to children in these homes. At Peshawar, the destitute home gets grant and patronage of leading families of the town and the number of children

is around 100. In the other four homes, the number of children is in a range of 20 to 25.

Special education is under the directorate of social welfare, which operates a total of 22 special education schools and five of these are at provincial capital Peshawar. Only two of these special education schools are for girls and 20 are for boys. These schools provide vocational training and education up to primary level only. Total enrolment in all the 22 schools was 1,079. Out of these, 382 were enrolled in five Peshawar schools and their total expenditure in FY2003 was PRs12.48 million. Budget for 17 other schools was not available. If the budget of five schools at Peshawar is taken as a representative, then the average budget per school was PRs2.495 and the total expenditure for 22 schools shall be PRs54.89 million.

The Provincial Council for the Rehabilitation of Disabled is under the Department and its total annual budget since FY2000 was PRs1.47 million. In 2003, an additional grant of PRs5.33 million was made available to the council by the provincial government. In FY2003, the council distributed 343 tricycles, 141 white canes, 65 sewing machines among disabled, and provided financial assistance to 175 disabled persons. The separate cost of each item was not available. The total expenditure was PRs6.80 million.

Table 4.8. NWFP Department of Social Welfare Programs

Program	Number of Beneficiaries	Expenditure (PRs million)
Welfare Home for Destitute Children at Peshawar	100	2.26
Five Special Education School at Peshawar	382	12.48
All 22 Special Education Schools in Province	1,079	54.89
Assistance for Welfare of Disabled Persons	724	6.80

Source: Department of Social Welfare, North-West Frontier Province (NWFP).

7. Edhi Foundation Pakistan

Abdul Sattar Edhi Foundation is the largest philanthropic network in Pakistan, unparalleled by any NGO or state agency that provides a wide range of services for humanity in distress. It has an excellent communication network and provides ambulance services in all major cities and on all highways; and is available to all on nominal charges, while the poor can be exempted from the charges. The number of ambulances is more than 1,000 vehicles. These are two airplanes and one helicopter; and it has been recorded as the largest voluntary ambulance service in the world in the 2000 Guinness Book of World

Records. The range of services provided by the foundation is wide from health and education services to shelters for all type of people in distress and destitution.

The foundation's services and areas of operation are expanding since it began work. It originated without any organization and was planned through single handed humanitarian efforts of Mr. Abdul Sattar Edhi in the early 1950s. Gradually recognizing his efforts, he attracted donations from the public and the work expanded not only in Pakistan, which is its home base, but in many other countries where humanitarian assistance is needed. The foundation had 287 centers in Pakistan in 2002 and the data is presented below.

Jhollas (Baby Cradles). In most of the Edhi centers, service for receiving newborn abandoned babies are provided. These babies are provided with full care in these centers and are provided for adoption to families that need them. Babies left in garbage dumps are rescued and taken to these centers. All documentation and records are kept and are confidential. In a year, about 250 abandoned babies are handed over to Edhi centers around the country.

Apna Ghar (Destitute Homes). These are for the destitute, mentally ill, orphans and runaway children. There are 13 such homes in the country, seven in Karachi and six in other towns. These homes are built on large plots of land. In 2002, total inmates in these homes were 5,140, which included 2,906 mentally retarded men and women, 452 mentally retarded children, 873 orphans and destitute children, 424 old aged persons, and 486 women. The total operating cost of these destitute homes was PRs61.68 million in 2002.

Welfare Centers. These centers are located in all big towns and cities of Pakistan and provide all services to the poor and indigent free of cost. Destitute men and women, mentally retarded persons, orphans, abandoned babies, and lost persons are handed over to these centers and they are provided shelter in Edhi homes. These centers provide burial services free of cost according to the religious rites of the deceased for the destitute and poor. These centers provide round-the-clock ambulance services.

Hospitals and Dispensaries. There are four hospitals, one specialist diagnostic clinic with 13 specialists, two maternity homes and 20 dispensaries that provide health services to the poor in different areas of the country. A modern diagnostic laboratory is available at Karachi that conducts all expensive laboratory tests for everyone for a nominal fee of PRs20.

Nursing Training Centers. There are two Edhi nursing training centers that provide training to 300 women annually.

Primary and Secondary Schools. The foundation has established and manages two high schools and 20 primary schools in different areas.

The foundation does not receive any funds from the Government or national and international donor agencies. All the money is provided by ordinary people in small and large donations that are received in all cities of Pakistan. A vast majority of the donations are small and numerous in numbers that accounts for a major portion of the foundation's income. A large number of donations are received in-kind at EDHI homes that include live animals for slaughter, cloth, wheat flour, sugar and other items of raw food. Donations received in-kind are also in large quantities and their value is not quantified in monetary terms. Approximate monthly expenditure is PRs20 million, in addition to donations in kind. Edhi services are provided by volunteers and all volunteers are hired for full time service and paid a modest stipend. Approximately 3,500 volunteers are engaged in Edhi foundation operations throughout the country.

In addition to providing services in Pakistan, Edhi Foundation International provided services in natural disasters, emergencies, and wars in Afghanistan, Lebanon, Bangladesh, Armenia, Ethiopia, Iran, Kuwait, Egypt, Romania, Somalia, Croatia, Bosnia, India, Turkey, Albania, and Kosovo. Edhi International Foundation has branches in USA, Canada, England, Japan, and UAE. The Foundation has won 14 international awards.

8. Workers Welfare Fund

A Workers Welfare Fund was established under ordinance in 1972. Under this ordinance, industrial establishments with income of above PRs100,000 in any year are required to pay 2% of their income to the fund as described in paragraph 77. The fund also gets an amount left over after distribution of profit to workers under the Companies Profit (Workers Participation) Act 1968. The fund is managed by the federal tripartite board under the Ministry of Labor, and Manpower and Overseas Pakistanis. Provincial boards submit demands to the federal board, which allocates funds to provinces. Functions of the fund are:

Development Programs. This includes (i) construction of houses and flats in different cities, which are sold at subsidized rates to workers employed in factories within a three km radius of the houses; (ii) construction of 200-

bed hospitals at Lahore and four 50-bed kidney hospitals in four cities; (iii) provision of medical equipment to provincial social security hospitals; and (iv) construction of schools for workers' children.

Educational Assistance. This includes free education in schools under workers education board and provision of 5,000 merit scholarships annually for higher education in government or other institutions. It provides funds for Skill Development Centers for workers' children.

Social Assistance. This includes grants of PRs30,000 to workers for marriage of daughters, tricycles for disabled workers, and grants of Rs150,000 to families of deceased workers.

The Board has constructed 7,413 houses and 3,961 flats; and developed 34,110 housing plots for sale to workers. Ongoing projects include construction of 5,440 houses and 3,961 flats. From its inception to the end of 2003, the board has provided marriage grants to 23,400 workers, and death grants to 1,202 workers.³⁴ It has provided tricycles to 350 workers. Annual expenditures are yet to be collected. Welfare grants provided under the program in FY2003 are given in Table 4.9.

Table 4.9. Welfare Grants Provided by Workers Welfare Fund, 2003

Name of Program	No. of Beneficiaries	Expenditure (PRs million)
Marriage Grant	5,896	176.71
Scholarships	4,340	55.72
Death Grant	938	88.42
Total	11,174	320.85

Source: Workers Welfare Fund, Islamabad.

9. Disaster Relief Assistance

Apart from many small and localized disasters, two major parts of two southern provinces, Sindh and Balochistan, have witnessed a long spell of drought from 1997 to 2002. The drought-hit districts were mainly inhabited by livestock farmers, who suffered very heavy losses and were reduced to destruction. In 1999, Federal Government announced PRs1.5 billion as relief package for Balochistan and PRs1 billion for Sindh. Government and international agencies,

³⁴ http://www.punjab.gov.pk/labor/Pun_ab_Province_Workers_Welfare_Board.htm.

philanthropic organizations, and NGOs provided the necessary assistance to both Balochistan and Sindh provinces in 2000. In Balochistan, emergency relief of PRs5 million was provided by the federal government, PRs10 million were provided for animal feed to 4,000 farmers, and 8,000 tons of wheat flour and 500 tons of other food items were provided by the Government and other agencies to drought victims in 2000. The food assistance provided by the Government and international agencies for drought victims was distributed by the district governments and no data could be obtained on the number of beneficiaries and expenditure. Budget figures are available for some assistance. The WFP provided food assistance for 55,000 families with a total program cost of \$7.75 million for six months from April to September 2002. The WB contributed \$140 million and ADB contributed \$100 million in the re-appropriation of their existing commitments to Pakistan to undertake rehabilitation activities in drought-affected areas. No direct assistance was provided in FY2003.

10. Punjab Welfare Trust for the Disabled

The Punjab Welfare Trust for the Disabled was established in June 1991 under the administrative control of the Department of Social Welfare, Women Development and Bait-ul-Mal. Its main functions are following:

- (i) prepare and execute the policies and plans for the welfare and rehabilitation of the disabled through treatment, training, care, employment etc.;
- (ii) assess, evaluate, and coordinate the execution of policies, which may be necessary;
- (iii) develop, standardize, and establish special Institutions;
- (iv) establish model institutions under its management/control for the care and rehabilitation of the disabled and to arrange formation of nongovernmental organizations for any or all the above subjects;
- (v) promote research in matters concerning the disabled;
- (vi) provide essential infrastructure for organizing and delivering the needed services;
- (vii) arrange financial assistance and advisory services to and monitor performance of the institutions referred to and also to nongovernmental organizations; and
- (viii) carryout studies on preventive and remedial measures to tackle disabilities.

The Department has provided one home for the disabled at Lahore to provide care, education, training, and other rehabilitative services to physically disabled persons. The total number of beneficiaries in the institution varies

over months. The average number is 35 per annum. The total annual budget for the disabled is PRs1.54 million.

The Council is responsible for overseeing welfare and rehabilitation programs for the disabled in the province including employment of the disabled with a quota of 2% in all public and private establishments. The Punjab Welfare Trust for the Disabled, an autonomous organization, has been recently transferred under the administrative control of Social Welfare Department. In FY1999, the Department provided disability assessment for 2,239 persons, provided employment to 73 disabled persons in different establishments, and provided cash assistance of PRs204,072 to 78 disabled persons. It provided artificial limbs, wheel chairs, and hearing aids to 22 persons.

E. Micro-/Area-Based Schemes

1. Micro and Agricultural Insurance

There is no agricultural insurance scheme in Pakistan. The Government of Punjab recently announced that the agriculture insurance scheme will include life as well as crop insurance, and will be launched through the Bank of Punjab. No policy or action has been taken in this direction to date.

2. Microcredit-/Finance (MCF)³⁵

Microcredit in general is not part of ADB's definition of SP, although it can be included if MCF projects "include microinsurance, promote community self-help or other SP policies." Microcredit services have expanded in Pakistan during the past decade. In 1994, the Government of Pakistan established a National Rural Support Program, which became the major instrument for microcredit in rural areas. Soon after, provincial rural support programs with similar objectives were initiated. The Government of Pakistan and donors consider microcredit as the major instrument for poverty reduction. In general, loans are not available to the poorest of the poor because all lending institutions determine the repayment capacity of the lender before recommending any loan. Criteria for providing loan vary from one agency to another, but the general rule is that it should be provided for investment on which the beneficiary of the loan can earn some profit and repay the loan with interest. Microcredit is available to all those who earn less than the threshold for taxable income. Individual earning less than PRs80,000 per annum was exempted from levy of income tax in 2003. The total number of income tax payers in Pakistan was 1.1 million in FY2004. These loans are provided to individuals organized in

³⁵ Information in this sub-section comes from interview with Khushhali Bank, report of Pakistan Microfinance Network, 2003.

small groups and are provided without collateral. The Interest rate charged by a majority of the microfinance programs in Pakistan is 20%. This is the highest interest rate compared to any other lending operations in the country. The repayment period may vary according to the purpose of loan. In rural areas, a vast majority of the loans are provided to small farmers to buy inputs or services.

Small and landless farmers cannot obtain loans from the agricultural bank or commercial banks because of collateral, procedural difficulties, and lack of easy access, in addition to the element of graft. Microcredit is available to these farmers through various smaller programs. The characteristics of the three largest are described below. Repayment of microcredit is very good and stands well above 97% for many programs.

The Pakistan Poverty Alleviation Fund Project (PPAF) is funded by WB and \$45 million of the project is allocated for microcredit program. PPAF provides funds for microcredit to NGOs for disbursement to beneficiaries. PPAF selects NGOs through "... rigorous and transparent eligibility criteria. They are expected to share the same values as the PPAF and must have the capacity to implement the project components in a professional and pro-active manner. The eligible partner organizations are also expected to have demonstrated track record, financial sustainability and participatory development within their functions."³⁶ PPAF provides funds to 78 NGOs for microcredit disbursement. PPAF is currently funding the microcredit program of all major NGOs in the country. PPAF is open to more NGOs that meet the criteria and are capable of implementing the program.

3. Pakistan Microfinance Network

Pakistan Microfinance Network was formally registered in 2001 under the Companies Act. Its membership consists of the following 12 large NGOs engaged in microfinance: (i) The Bank of Khyber, (ii) The First Microfinance Bank Limited, (iii) Kashf Foundation, (iv) National Rural Support Program, (v) Punjab Rural Support Program, (vi) Sarhad Rural Support Program, (vii) Thardeep Rural Development Program, (viii) Development Action for Mobilization and Emancipation, (ix) Taraqee Trust, (x) Sungi Development Foundation, (xi) Sindh Agriculture and Forestry Workers Coordinating Organization, and (xii) Orangi Pilot Project. All these agencies have been involved in microfinance for several or more years. The total amount of loan disbursed by these agencies from January–December 2003 was PRs1,937.7

³⁶ PPAF, Eligibility criteria for Partner Organizations.

million and the total number of beneficiaries was 241,014.³⁷ The average amount of loan per beneficiary was PRs8,040. A large number of other NGOs also provide microcredit in some areas, but their outreach and clients are very limited. Members of the Pakistan Microfinance Network and Khushhali Bank account for about 99% of microfinance business in Pakistan.³⁸

4. Khushhali Bank

Khushhali Bank is the major microfinance Bank in Pakistan that operates in 64 of the total 106 districts in Pakistan, with 57 branches in the country. The Bank has appointed its own social mobilization staff that organizes potential beneficiaries in small groups. The Bank also contracts with four NGOs that organize potential beneficiaries for its lending operations. About 80% of the beneficiaries are organized by the Bank staff and 20% by the NGOs. Major elements of eligibility criteria for loans are: (i) age between 18 and 58 years, (ii) income below taxable income limit (PRs80,000), (iii) positive household cash flow indicating more income than expenditure, and (iv) beneficiary possess specific skills required for loan utilization. The initial loan is PRs10,000 and the maximum loan limit is PRs30,000. In 2003 (January to December), the Bank disbursed a total of 101,049 loans, 66,592 to men and 34,457 to women. The total amount of the loan was PRs1,026.97 million. The average loan per beneficiary was PRs10,163 (Table 4.10).

Table 4.10. Loans Disbursed by Khushhali Bank, 2003

Type of Loan	Male Beneficiaries	Female Beneficiaries	Total Beneficiaries	Amount of Loan (PRs 000's)
Agriculture	24,873	2,778	27,651	315,590
Asset Purchase	261	189	450	4,100
Enterprise Development	16,139	13,398	29,537	284,987
Livestock	23,549	17,218	40,767	397,638
Working Capital	1,740	849	2,589	24,290
New Ventures	25	22	47	280
Machines and tools	5	3	8	86
Total	66,592	34,457	101,049	1,026,971

Source: Khushhali Bank.

³⁷ Pakistan Microfinance Network. 2003. Performance Indicators Report 2003. Islamabad. page 8-9.

³⁸ Interview with Microfinance Network.

Table 4.11 summarizes data on customers, client groups and average loan sizes for these MCF providers in 2003.

Table 4.11. Summary Data on Major Rural Finance Providers, 2003

Institution	Total Beneficiaries	Amount of Loan (PRs 000's)
Microfinance Network Members	241,014	1,937.7
Khushhali Bank	101,049	1,026.97
Total	342,098	2,964.67

Source: Institutions.

5. Nongovernment Organizations

There are a very large number of NGOs in the country registered mainly under the following five laws: (i) Societies Registration Act 1860, (ii) Trust Act 1882, (iii) Cooperative Societies Act 1925, (iv) Voluntary Social Welfare Agencies Registration and Control Ordinance 1961, and (v) Companies Ordinance 1984. The total number of registered NGOs in the country could not be known because of registration at the district level by different agencies. A large number of registered NGOs have become defunct and their number is unknown. According to one source, there are 45,000 active nonprofit organizations in the country. Of these, over 13,000 are engaged in religious education; 7,000 are engaged with the Government for improvement of basic urban services; and 6,900 have established educational institutions.³⁹ Since the 1980s, the number of NGOs increased to a great extent. Some NGOs were established with international donor funding and some were established by the federal and provincial governments. These types of NGOs are engaged in advocacy of issues pertinent to women, children, and minorities; and some are engaged in community development activities. After the success of Aga Khan Rural Support Program, national and provincial rural support programs were established on the same model with government endowment funds. Rural support programs increased over the years. These NGOs are mainly concerned with rural community development and provide services for small-scale infrastructure and skill development in different fields. MCF is one of the principal activities of these rural support programs. A small number of NGOs also deal with the disabled population and with child labor issues. A large number of NGOs are small organizations working in smaller areas, while a

³⁹ Pakistan Centre for Philanthropy. 2002. Enabling Environment Initiative: Creating an Enabling Environment for Nonprofit organisations in Pakistan. page 19.

very small number of NGOs are working at national and provincial level. Data on the activities of these organizations is not available. However, the largest of those involved in microcredit are members of the MCF network. Based on research, the MCF activities of the smaller NGOs will not be considered to represent more than a small fraction of the activities of the larger ones.

6. Disaster Preparedness and Management

There is no provision in the national and provincial budgets for disasters preparedness and mitigation measures. Federal and provincial government have provided some assistance as and when the situation arises (see Paragraph E.9). Federal and provincial government provided relief to drought victims in the past; and many drought related programs focus on increasing and conserving water and rangeland development.

In the past, floods have affected several areas. The Irrigation and Power Department of the Government of Punjab has prepared flood-fighting plans with several barrages and rivers in case a flood occurs. These are technical plans for protection of infrastructure and localities. None of these plans have any budget estimates. Pakistan Flood Protection Project I, which was financed by ADB, was completed in 1997; and the Pakistan Flood Protection Project II, is currently in implementation. These projects are mainly concerned with civil works for river training and protection of infrastructure.

F. Child Protection

I. Child Rights and Advocacy/Awareness Programs

The National Commission for Child Welfare and Development (NCCWD) was established in 1980 under the aegis of Social Welfare and Special Education Division. The overall objectives of the Commission are the assessment of the impact of the constitutional, legal, and administrative provisions with respect to welfare and development of children; proposal of amendments and additions to the Constitution and national laws to safeguard the rights of the child; formulation of National Policy for Child Welfare and Development; and the drafting of legislation to deter all forms of child abuse or otherwise, in need SP and services.

Pakistan ratified the Convention on the Rights of the Child (CRC) in November 1990. In this regard, the NCCWD undertook various activities for child protection in collaboration with Provincial Commissions for Child Welfare and Development (PCCWDs) and NGOs. NCCWD coordinated with UNICEF under the Annual Plan of Action for implementation, monitoring of, and reporting on the UN Convention on the Rights of the Child. The Commission will coordinate and oversee the implementation of the CRC in

the country. Moreover, it will undertake several projects for child welfare and advise government on all matters relating to survival, protection, and development of the child in the fullest compliance with the provisions laid out in the CRC. The Government has approved a National Policy and Plan of Action to Combat Child Labor. The primary concern of this plan is to promote basic education, skills development, and personality building of all children. The main theme of this plan is a strategic approach that focuses on rehabilitation activities, child care, and child development. The NCCWD had developed an NGO statement on policy and action plan to combat child labor for incorporation in the national document. In this regard, consultative workshops were held at various levels in which about 700 NGOs participated.

Pursuing Articles 19, 34, and 35 of the CRC and Stockholm Agenda to Combat Child Abuse and Commercial Sexual Exploitation of Children, a National Policy and Plan of Action (POA) has been drafted (after national consultation among all stakeholders both from public and private sector), and presented to the Government for approval. The NCCWD recently established an NGOs Forum at the federal level, involving those especially working in the field of child welfare and development. The forum is required to undertake the child rights activities in light of the provisions of United Nations Convention on the Rights of the Child (CRC).

The Constitution of Islamic the Republic of Pakistan prohibits slavery, all forms of forced labor, and employment of children below 14 years of age in factories or mines. Articles 11, 35, and 37 of the constitution follow.

- Article 11.** (1) Slavery is non-existent [*sic*] and forbidden and no law shall permit or facilitate its introduction into Pakistan in any form.
 (2) All forms of forced labor and traffic in human beings are prohibited.
 (3) No child below the age of fourteen years shall be engaged in any factory or mine or any other hazardous employment.
- Article 35.** The State shall protect the marriage, the family, the mother and the child.
- Article 37.** The State shall (a) promote, with special care, the educational and economic interests of backward classes or areas; (b) remove illiteracy and provide free and compulsory secondary education within minimum possible period; (c) make technical and professional education generally available and higher education equally accessible to all on the basis of merit; (d) ensure inexpensive and expeditious justice; (e) 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; ...

Despite these constitutional provisions, the Abolition of Bonded Labor Act 1992 and the Employment of Children Act 1991, child labor and bonded labor remains prevalent in the country.

2. Assistance with Basic Education

In all government primary schools, education is provided free of cost. Education policies and programs of the Government are based on international declarations on Education for All and the UN Literacy Decade Guidelines. The Education Sector Reform Action Plan 2001-2005 is the major investment plan integrated with the Poverty Reduction Strategy Paper. The Education for All Program, launched in April 2003, aims to achieve universal primary education, early childhood education, and adult literacy by the year 2015. Education is very high on the agenda of Pakistan as there are many programs that aim to increase literacy and providing primary education. Scholarships are provided by Zakat and Bait-ul-mal to a small number of children in primary school as well as in Islamic *madrassah* (school).

3. Assistance with Health Costs

Assistance with health cost is available under Zakat and Bait-ul-Mal to a small number of the eligible people. The cost is not given to the person, but to the health institution that provide treatment.

4. Children with Special Needs (CWSN)

a. Orphans/Street Children

Philanthropic organizations in different parts of the country have established orphanages that provide facilities to children. An international SOS has established seven orphanages (named Children's Village) and four youth houses in different cities of Pakistan. Islamic seminaries that provide Islamic education and boarding and lodging facilities for students are found in every corner of the country. A large number of these seminaries also accommodate orphans and provide them with education and all facilities. No data on the seminaries and the number of orphans in these seminaries is available. Social welfare departments of the provincial government have programs related to orphans and street children. Great efforts are also made by public philanthropy. The government of Punjab has established three model orphanages, which are also supported by local committees and public donations. The total number of

beneficiaries in these institutions was 220 (150 boys and 70 girls). The total annual cost of these orphanages was PRs2.4 million in 2001.

Anjuman Faizul Islam Rawalpindi has established three orphanages, which provide all facilities to children. The total number of children in these facilities is 750. Children from age five to seven years are admitted. First preference is given to children without both parents, then with a single parent, and destitute. Every year at the start of the school session new children are admitted by the committee. Students who complete their education and technical training become employed and leave the orphanage. The number of new intakes is about 30 to 40 depending upon the number of persons who leave the facility. All children are provided with education facilities in government schools and in schools of the Anjuman. Children who secure secondary school examination first are provided full facilities for higher education up to any level. Many children of the orphanages have obtained higher education and professional degrees in medicine, engineering, and law. All costs of education are borne by the Anjuman. Children who did not perform well in secondary school examination are provided with technical and vocational education for which Anjuman has one of the best institutes in town. All costs are borne by the Anjuman who has some assets that generate a little income. Total cost per annum of these facilities was PRs8.3 million in 2003. All the money is given by public donations throughout the year. Anjuman has never done any fundraising campaign. All donations are voluntarily deposited by people to the Anjuman's office.

Anjuman Himayat-i-Islam Lahore also manages two orphanages, one for boys with 161 inhabitants, and one for girls with 151 inhabitants. All boarding and lodging and education facilities up to secondary school are provided to all boys and girls. Admission criteria are the same as stated for Anjuman Faizul Islam. After completion of secondary school education, the boys and girls can continue education, if they have interest; otherwise, they take some technical and vocational training. Girls are married by the Anjuman after they complete education. The total cost of these orphanages is PRs13.4 million. Anjuman has its own resources, but most of the expenditure is met by public donations.

b. Children With Disabilities (CWD)

The Directorate of Special Education under the Federal Ministry of Social Welfare, Women Development and Special Education is responsible for providing education and vocational training to disabled children. The directorate has 50 educational and training institutions for the disabled in different parts of the country. Total enrolment in these institutions was 4,714 persons and total budget of these institutions for FY2005 was PRs152.38 million

(Table 4.12). Government of Punjab's Directorate of Special Education also manages 49 institutions for the disabled. Total enrolment in FY2004 was 4,260 students and total expenditure in the same year was PRs56.62 million. There are three colleges for training of teachers for special education institutions in Punjab. Social Welfare Department Balochistan has one education and training complex for the disabled under the provincial government of Quetta. Total enrolment in this complex in 2004 was 403, while 89 were in the hostel. Total expenditure for special education was not available at the time of this study. In addition to the public sector, some NGOs have also established institutions for education and training of disabled persons. Social Welfare Department in NWFP administers 22 special education institutions with total enrolment at 1,079 and an estimated budget of PRs54.89 million.

Table 4.12. Enrolment and Expenditure of Special Education Institutions

Special Education Institution	Enrolment	Expenditure (PRs million)
Federal Government Institutions (FY 2005)	4,714	152.38
Punjab Government Institutions (FY 2004)	4,260	56.62
NWFP Government Institutions (FY 2003)	1,079	54.89*
Balochistan Government Institutions (FY2005)	403	12.50*
Total	10,456	276.39

*Author's estimates.

Source: Directorate General of Special Education (Federal Government), Punjab Special Education Department (Government of Punjab).

In 1981, the Disabled Persons (Employment and Rehabilitation) Ordinance was promulgated and provides (after amendments) 2% employment quota for the disabled in all government and private establishments employing more than 100 persons. The National Council for Rehabilitation of Disabled Persons was established in 1982 to formulate policy and overall responsibility with the provisions of the 1981 Act. The National Council provides certificates to disabled persons and is required for admission in special education institutions and for employment on the disability quota. Achievements of the council from 1982 to present are employment of 7,182 disabled persons in public sector organizations. The council demands payment of PRs2,000 per month from establishments that do not observe the disability quota, yet payment of this fee is voluntary.

The National Trust for the Disabled (NTD) was established in 1987 as an autonomous body with the objectives of preparing policy and plans for special education, revitalizing of the existing services, initiating new schemes for the rehabilitation of disabled persons. The NTD established three special

education multipurpose complexes at Karachi, Naushero Feroze, and Mianwali. These complexes provide services like early identification of disability, treatment, specialized education, training, and rehabilitation of disabled persons.

c. HIV/AIDS

According to UNAIDS it is estimated that 70,000 to 80,000 persons or 0.1% of the adult population in Pakistan are infected with the HIV virus. By the end of September 2002, only 1,972 HIV cases and 231 AIDS cases have been reported to the Government's National AIDS Control Program. Social stigma, underdeveloped surveillance, absence of voluntary counseling and testing systems, and lack of knowledge among the population and practitioners are the main reasons for underreporting of HIV/AIDS. The Federal Ministry of Health initiated a National AIDS Prevention and Control Program (NACP) in 1987 that was mainly laboratory-oriented. Its objectives are reduction of morbidity and the prevention of HIV transmission, safe blood transfusions, interruption of STD transmission, establishment of surveillance, training of health staff, research and behavioral studies, and development of program management. The NACP has been included as part of the Government's health program, with support from various external donors. In early 2001, the Government of Pakistan developed a national HIV/AIDS Strategic Framework that sets out the strategies and priorities for effective control of the epidemic.

The WB is working with the Government and other development partners (CIDA and DFID) to support the Government's program through the HIV/AIDS Prevention Project. The WB is providing \$37.1 million, 75% of which is a no-interest credit and 25% of which is grant money. This project will help scale up existing activities, ensuring that the program focuses on interventions that will do the most to interrupt transmission of HIV and make sure that interventions take full advantage of international experience to date. The Global Fund has provided grant of nearly \$5 million over two years to Pakistan for introduction of a comprehensive educational program targeting secondary school students to improve their knowledge of HIV transmission and ways to prevent infection. Special programs will be established to teach more than 10,000 street children life skills to prevent and manage HIV/AIDS.

At present, there are no organized healthcare services for people living with HIV/AIDS, and voluntary counseling and testing services are nonexistent. In October 2004, the Government planned to establish five voluntary counseling and testing centers, one each in federal of the provincial capitals.

Catholic Relief Service (CRS) is the first NGO, which started a program to combat HIV/AIDS in Pakistan. According to CRS, the three main high risk groups are youth, women sex workers, and migrant labor. CRS is providing

assistance to 42 partner NGOs for the implementation of HIV/AIDS program. CRS assisted in the establishment of six centers in the country at Lahore, Peshawar, Kohat, Hangu, and Islamabad. CRS provides Anti Retro Viral (ARV) therapy and food for patients in these centers.

d. Child Labor

Child labor is widespread and common in all areas of Pakistan and is found in diverse types of activities. The ILO assisted with the Survey of Child Labor in Pakistan in 1996, which indicated 3.3 million children between the ages of five and 14 years were engaged in child labor in Pakistan. Cases were brought against Pakistan on the widespread incidence of child and bonded labor before the United States Trade Representative and subsequently, before the European Commission by AFL-CIO in 1993 and ICFTU in 1995. This had serious repercussions for Pakistan's trade. In June 1994, Pakistan signed Memorandum of Understanding with ILO on International Program for Elimination of Child Labor. Pakistan has rectified the ILO Convention 182, being enforced by October 2002.

In 2000-2001, Pakistan had the second largest International Program for the Elimination of Child Labor (IPEC) program of all ILO member states, with a total commitment of \$700,000. In addition, donors have committed more than \$6 million for three years in sector-specific projects. IPEC in Pakistan aims to target about 26,000 working children and their younger siblings during this biennium. To date, more than 40% of the target group has been achieved.

With the same objectives in mind, Bait-ul-Mal established six National Centers for Rehabilitation of Child Labor (NCRCL) in 1995; another 30 have been added by the end of 2002. In 2000, with ILO's assistance, Pakistan Bait-ul-Mal had set up 18 Community Education and Action Centers across the country to provide education for child workers based on the NCRCL, which then took them over. In 2004, the total number of these centers was 83. Children in these centers receive following facilities:

- (i) each student receives a stipend of PRs10 per day;
- (ii) parents receive subsistence allowance of PRs300 per month as wage compensation;
- (iii) primary level syllabus is taught in three years through informal education. Summer vacations and local holidays are not observed;
- (iv) Pakistan Bait-Ul-Mal provides PRs4,100 per annum on formal education of children who complete primary syllabus. This includes PRs1,200 per annum as education stipend, PRs500 per annum for books and stationery, and PRs2,400 per annum as subsistence allowance for parents of the child.

- (v) free books, stationery, and uniforms are provided; and
- (vi) participation of the community is ensured through a School Management Committee.

e. Children with Special Needs—Summary Information

Data on CWSN programs in Pakistan is summarized in Table 4.13.

Table 4.13. Children with Special Needs

Program	Beneficiaries (000s)	Expenditure (PRs million)
Education stipends from <i>Zakat</i>	69	67
Education stipends from Federal <i>Bait-ul-Mal</i>	<1	1
Education stipends from Punjab <i>Bait-ul-Mal</i>	4	19
Education stipends from Workers Welfare Fund	4	56
Female children nutrition and enrolment <i>Tawana</i> Pakistan	76	157
Child labor prevention	6	58
Orphanages—Islamic charities	1	22
Orphanages—Punjab social welfare Department	0	2
Edhi Foundation destitute and children homes	5	62
Education and training of disabled	10	276
Total	106	720

Source: Agency interviews.

V. Synthesis of Results

In this chapter, the information obtained from the review of current SP activities in Pakistan is synthesized in order to derive indicators that can be used in the formulation of an SPI. In accordance with the methodology proposed, this information concentrates on the following items:

- (i) annual expenditure on SP;
- (ii) the coverage of SP programs and activities, i.e. the number of beneficiaries; and
- (iii) the distributional impact of SP activities.

For details concerning the methodology see the Social Protection Index and Multicountry Analysis section of this book.

A. Social Protection Expenditure

There are two potential approaches to derive information on SP expenditure: the “top-down” and the “bottom-up” approach.

Ideally, total expenditure on SP should be capable of derivation from the government budget and other “top level” information. There are five major

budgets in Pakistan, one of the federal government and four of the provincial governments. In 2001, the Government of Pakistan implemented a devolution plan under which most of the provincial government powers were transferred to districts. The federal government is responsible for policy-making and provides framework for implementation. The provincial government departments are responsible for the implementation of programs. With the emergence of district governments, the responsibility for the implementation of programs is shifted to districts. The provincial line departments provide technical support to line department of district governments. There are 106 districts in Pakistan and each district government prepares its own budget. District governments are provided funds by the provincial government; and district governments also levy taxes. The district budgets do not contain a heading dedicated to SP or Social Welfare. The Poverty Reduction Strategy Paper mentions EOBI and social security as SP system. Other social safety nets mentioned in the paper are Zakat and Pakistan Bait-ul-Mal; and microcredit is regarded as a major element of poverty reduction in rural areas. EOBI, Zakat and microcredit are nonbudgetary social safety nets. The data pertaining to the nobudgetary social transfers is available in the concerned agencies, not in the federal and provincial civil accounts.

Aggregate information on IFI-funded projects is not available in any single document. Information on some projects is provided in the provincial and some in the district budgets. Some project expenditures are available in the Annual Development Plan. Microfinance is the most common element of rural development projects, especially those operated by NGOs, that fall within this study's definition of Social Protection. Social mobilization, farmer training, and small-scale infrastructure are other important components of area development programs and rural development project, which are not included in SP.

Given these shortcomings in the aggregate data on SP, reliance had to be placed on the "bottom-up" approach whereby expenditures on SP were identified from data on individual SP activities and were then aggregated. Table 5.2 contains this information presented by SP subcomponent, while Table 5.1 contains a summary of this information by SP component. The majority of the information presented is based on data provided by the concerned agencies and some data gleaned from a multiplicity of reports, published and unpublished. The fact that so little of this information was available in easily accessible published reports made the compilation of Table 5.2 a painstaking task.

However, the author does not consider that there are any major omissions. There is also no reason to believe that the cited expenditure on the largest

programs is incorrect and the author consequently is confident that the overall magnitude of SP expenditure is correct.⁴⁰ The Department of Social Welfare has many SP programs, but their extent and number of beneficiaries are negligible⁴¹ in most cases. The main exception is vocational training for women where Pakistan Bait-ul-Mal has established 45 vocational training centers. A large number of NGOs are also engaged in vocational training of women. A vast majority of the vocational training institutions are providing training in dress making and embroidery, etc. The Finance Minister in his FY2005 budget speech mentioned that “There is increasing evidence that the country is beginning to experience a skills gap.”⁴² He announced the establishment of National Technical and Vocational Training Authority. He offered incentives to private sector for opening vocational and technical training institutes that will be accredited by the Authority. The same is offered to most NGO programs.

Table 5.1 shows that expenditure on SP in Pakistan is dominated by the expenditure on social insurance (including health care services to army personnel) that accounts for 87% of an SP expenditure.

Indicators that could be used to monitor national spending on SP and to provide intercountry comparisons are:

- (i) total SP expenditure as a percentage of GDP: 2.0%; and
- (ii) per capita SP spending: PRs514.

Table 5.1. Summary of Annual Social Protection Expenditure and Indicators

SP Component	Expenditure (PRs million)	(%)
Labor Market Programs	1,832	2.4
Social Insurance	66,445	86.8
Social Assistance	4,517	5.9
Micro/ Area-wide programs	2,972	3.9
Child protection	790	1.0
Total	76,556	100
Indicators of Social Protection Expenditure		
As % of GDP	2.0%	
SP expenditure per capita (PRs)	514	

Source: Table 5.2.

⁴⁰ The data on Zakat and EOBI is presented in the full annual report of the PRSP for FY 2003. The data provided by Zakat and EOBI is different from that of PRSP. The organizations informed the author that his set of data is more authentic.

⁴¹ The same conclusion applies to NGO programs. The most prevalent SP activity of NGOs is micro-credit which is included in Table 5.2. Other SP activities included assistance to children and, especially women. Again it is considered that the largest of these programs have been included. It should be noted that empowerment/ community development activities, which are major NGO activities, are not considered to be part of SP. This conclusion is similar to that reached in most of the other countries.

⁴² Budget Speech 2004-05, Ministry of Finance, Government of Pakistan, 2004, page 23.

Table 5.2. Annual Expenditure on Social Protection Programs by Subcomponent

SP Component/Program	Funding/ Year	Annual Cost (PRs million)	Comments	
Labor Market Programs				
Khushal Pakistan	Govt	2003	323	Estimate; unskilled labor component only
Zakat rehabilitation grant	Govt	2003	1,331	
Vocational/Technical Training	Govt	2003	150	Estimate based on PBM data; excl. private centers
PBM rehabilitation	Govt	2003	24	
PBM vocational training	Govt	2003	4	
Subtotal			1,832	
Social Insurance				
Pensions federal civil employees	Govt.	2003	5,017	
Pension for armed forces	Govt.	2003	30,723	
Pension for civilian armed forces	Govt.	2003	950	
Pension for civilian employees of armed forces	Govt.	2003	2,730	
Pension for provincial government employees	Govt.	2003	18,979	
Pension for WPDA employees	Govt.	2003	2,000	
EOBI Pensions	EOBI / MOL	2003	1,592	
Employees Social Security Institution	ESSI/ MOL	2003	1,738	Health services
Health services for army personnel	Govt.	2003	2,000	Health services; estimates only
Private health insurance	Private cos.	2003	716	
Subtotal			66,645	
Social Assistance				
Zakat Govt.		2003	1,687	
Pakistan Bait-ul-Mal	Govt.	2004	2,342	
Punjab Bait-ul-Mal	Govt.	2003	38	
Provincial Dept of Social Welfare Programs	Govt.	2001/3	15	Estimate based on partial data

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B. Coverage of Social Protection Programs

The second proposed component of an SPI is the coverage of SP programs. Table 5.3 presents available information on the number of beneficiaries⁴³ of

⁴³ For insurance schemes, it is more appropriate to use scheme membership, i.e. the number of persons who are covered by the scheme even if they do not, as yet, receive any benefit from it.

Table 5.2. Annual Expenditure on Social Protection Programs by Subcomponent
(continued)

SP Component/Program	Funding/ Year	Annual Cost (PRs million)	Comments
EDHI Services for the poor (mostly health)	EDHI 2003	170	Estimate
Workers Welfare Fund grants	Govt. 2003	265	
Subtotal		4,517	
Micro/Area-wide programs			
Microcredit (Microfinance Network)	Govt/ PPAF/ NGOs	2003	1938
Microcredit—Khushhali Bank	Govt.	2003	1,027
Disaster relief—PMB	Govt.	2003	7
Subtotal		2,972	
Child protection			
Child rights and advocacy	Govt. / NGOs	2003	No cost estimates available
Educational stipend (Zakat)	Govt.	2003	67
Education stipend PBM	Govt.	2004	1
Education stipend (Punjab Bait-ul-Mal)	Govt.	2003	19
WWF educational stipends	Govt.	2003	56
Pakistan Bait-ul-Mal (Tawana) nutrition	Govt.	2004	157
Child labor prevention— Pakistan Bait-ul-Mal	Govt.	2004	58
Orphanages—Islamic charities	NGO	2003	22
Orphanages Govt.	Govt.	2001	2
Provincial Children's programs	Govt.	2001/03	70
Edhi Foundation destitute and children's homes	Charity	2003	62
Education and training for the disabled (all)	Govt.	2004	276
Subtotal		790	
GRAND TOTAL		76,556	

Source: Chapter 4 and consultants' estimates.

the SP programs listed in Table 5.2. Although data is missing for some of the smaller programs, particularly the foreign-funded programs and programs targeted at the disabled and children, data is available or can be estimated for virtually all the large programs.

Table 5.4 provides the basis for deriving the coverage component of the SPI. It establishes the pairings of SP programs and key target groups for SP

activities, i.e. those that should be included as part of the SPI. This approach is considered to represent the most logical method for deriving a coverage indicator for SP. This method is preferred for three main reasons:

- (i) it overcomes the problem of different countries having different types of program targeted at the same groups, e.g. pensions and social assistance both targeted towards the elderly or health insurance and health subsidies both targeted to the sick;
- (ii) the coverage rates derived for each target group will be more easily understandable to policy makers in both the national and international context as it would provide an indication of the demand SP, e.g. the number of poor households in a country receiving assistance, the number of disabled people who are/ are not receiving assistance; and
- (iii) the issue of double counting, which would have arisen if the beneficiaries of all programs had been added up and expressed as a percentage of the overall population,⁴⁴ is largely avoided.

Table 5.4 shows the relationship between the categories of SP programs, the corresponding target groups and the reference population. It also defines the “reference” populations that will be used to derive the coverage indicators. Table 5.4 presents two definitions of the reference population: the “narrow” definition of the reference population attempts to approximate the target population, while the “wide” definition includes the total population who could receive benefits from each category of program.

The next step is to relate the information on SP programs contained in Table 5.3 to the target groups shown in Table 5.4. The results of this step are presented in Table 5.5. It is important to note that some of the information presented may not be completely accurate since the exact numbers of program beneficiaries were not always available. In these cases, the author either used estimates based on discussions with the relevant officials or, especially where no published data existed, derived own estimates.

Although it is theoretically possible to include beneficiaries of programs in more than one of the above categories, in Pakistan’s case, it was not considered that there were any programs where this should be done. Similarly it was not considered that there were any significant overlaps (i.e. persons receiving assistance from more than one program) between the programs grouped under each target group.

⁴⁴ This approach was discarded because the indicator would be dominated by the largest programs; the impact of programs targeted at smaller groups such as children and the disabled would be minimal.

Table 5.3. Beneficiaries of Social Protection Programs in Pakistan

SP Component/Program	Beneficiaries (000s)	
	People	Households
Labor Market Programs		
Khushal Pakistan	81	
Zakat Rehabilitation Grant	89	
Vocational and Training (govt.)	40	
PBM Rehabilitation	1	
PBM Vocational Training	1	
Social Insurance/Health Care		
Retired Federal Civil Employees	148*	
Retired From Armed Forces	952	
Retired From Civilian Armed Forces	59	
Civilian Employees Of Armed Forces	126	
Retired Provincial Govt Employees	671*	
Retired WAPDA Employees	65	
EOBI Beneficiaries	226	
Employees Social Security Institution	4,729	850
Health Services for Army Personnel		674**
Private Health Insurance		350***
Social Assistance		
Zakat	707	
Pakistan Bait-UI-Mal	1,130	
Punjab Bait-UI-Mal	12	
Provincial Social Assistance Programs	2	
EDHI Services	470***	
WWF Beneficiaries	7	
Micro/Area-Wide Programs		
Khushhali Bank		101
Microcredit—MFN		241
Disaster Relief – PBM		3
Child Protection		
Educational Stipends—Zakat	69	
Educational Stipends—PBM	<1	
Educational Stipends—Punjab BM	4	
Educational Stipends —WWF	4	
Pakistan Bait-UI-Mal (Tawana)	76	
Protection/ Prevention of Child Labor	6	
Orphanages—Islamic Charities	1	
Orphanages—Government	0	
Provincial Social Assistance Programs	3	
Edhi Foundation Homes	5	
CWD—Federal and Provincial Programs	10	

* Number of government employees

** Number of military personnel.

*** Author's estimates.

Source: Chapter 4 and author's estimates.

Table 5.4. Social Protection Target Groups, Programs, and Reference Populations

Target Group	Type of SP Program	Reference Population—Narrowly Defined*	Reference Population—Narrowly Defined*
The Unemployed and Underemployed	All Labor market programs (relevant training and job creation through SME support); food for work programs; targeted public works programs	The unemployed and the underemployed	Total labor force/ active population
The Elderly	Pensions Social assistance to the elderly	Population aged 60+ years	Population aged 60+ years
The Sick	Formal health insurance Microinsurance Subsidized health costs or exemptions Senior citizen treatment allowance	Total population	Total population
The Poor (especially the severely poor and disadvantaged)	All recipients of basic social welfare/ assistance payments Allowances to senior citizens/widows, conflict-hit persons Social welfare centers, old age homes But excluding education and health programs as well as those for the disabled Microfinance/credit	Poor population	Total population
		Poor population	Total population
The Disabled	All forms of assistance programs for the disabled (including recipients of social assistance, training programs)	The disabled population	The disabled population
Children with Special Needs (CWSN)	Educational programs (e.g. fee exemptions, scholarships, school feeding programs, etc.) All other identified child protection programs	Poor children, aged 5-14 years	All children, aged 5-14 years

*Essential equivalent to the target population.

Table 5.5. Coverage of Major SP Programs by Target Group, 2002-2003

Target Group	Applicable Program	Beneficiaries (000s)		Reference Population ^a		Coverage (%)	
		Program	Total	Narrow	Wide	Narrow	Wide
The Unemployed and Underemployed	Khushal Pakistan	81	212	3,610	42,130	5.9	0.5
	Zakat Rehabilitation Grant	89					
	Vocational training programs (govt.)	40					
	PBM Rehabilitation	1					
	PBM vocational training	1					
	Pensioners receiving pension benefits ^b	837	837	8,942	8,942	9	9
The Elderly	EOBI beneficiaries						
	Armed Forces health services	3,750 ^c					
The Sick	Employees Social Security Institution	4,729	10,896	149,030	149,030	7.3	7.3
	Private Health Insurance	1,947 ^c					
	EDHI Foundation health services	470 ^c					
	Social assistance - Zakat	707					
The Poor—Social Assistance ^d	Pakistan Bait-ul-Mal	1,130	3,268	47,392	149,030	6.9	2.2
	Punjab Bait-ul-Mal	12					
	Provincial programs	2					
	WWF grants	7					
	Young pensioners	1410					
The Poor/ Microcredit Programs ^e	Microfinance Network	687	2,326	47,392	149,030	4.9	1.6
	Khushhali Bank	1,639					
Disability programs Children with Special Needs (CSWN) ^f	Apna Ghar	3	3	3864	3864	0.1	0.1
	Educational Stipends – Zakat	69					
	Educational Stipends – PBM	<1					
	Educational Stipends – Punjab BM	4	179	13,744	43,219	1.3	0.4
	Educational stipends – WWF	4					
	Pakistan Bait-Ul-Mal (Tawana)	76					
	Protection/ prevention of child labor	6					

continued next page

Table 5.5. Coverage of Major SP Programs by Target Group, 2002-2003
(continued)

Target Group	Applicable Program	Beneficiaries (000s)		Reference Population ^a		Coverage	
		Program	Total	Narrow	Wide	Narrow	Wide
Disability programs	Orphanages – Islamic Charities		1				
	Orphanages – Government		<1				
Children with Special Needs (CSWN) ^f	Provincial child protection programs		3				
	Edhi Foundation		5				
	Homes		10				
	CWD – federal and provincial programs						

^a See Table 5.4 for definition; reference populations are derived from information contained in Chapter 2 tables with estimates for 2003 where necessary.

^b Under 40% of pensioners are aged 60+ years due to early retired of many military personnel (derived from analysis of Pakistan Integrated Household Survey, 2001-02 (PIHS)).

^c Author's estimates based on data for ESSI as no other data was available. Figures represent total coverage of schemes and thus include dependents as well as main beneficiary.

^d Victims of natural disasters have been excluded for two reasons. Firstly, this group varies dramatically year by year with the occurrence, or non-occurrence, of natural disasters. Secondly, there is no convincing way of assessing the target population in order to derive a coverage indicator for emergency relief assistance.

^e Figures represent all members of recipient households.

^f I.e. persons receiving pensions who are under the age of 60 years; see note 2.

Using the narrow definition of the reference population, which more closely approximates the target group, Table 5.5 shows that SP coverage rates in Pakistan are low with none of them exceeding 10%. The highest coverage rate (9%) is for the elderly, although the great majority of these beneficiaries will be civil servants or army personnel. Coverage of the disabled and children are very low at below 2%, indicating the lack of any major programs targeted at these groups.

In the section Social Protection Index and Multicountry Analysis of this book, the seven indicators of coverage will be combined into a single indicator for the SP coverage component.

C. The Distributional Impact of SPI Programs

The third proposed component of the SPI is the Distributional Impact of SP programs in each country. This component of the SPI will be assessed:

- (i) by estimating the proportion of poor people/households benefiting from each type of SP program—poverty-targeting, and
- (ii) by examining the amount of income transferred by these programs to the poor in relation to their average household incomes/expenditures—impact on incomes.

I. Proportions of Poor Households Benefiting From SP Program Poverty-Targeting

The poverty-targeting indicator that has been adopted is the ratio of the number of poor beneficiaries of SP programs to the total poor population. This indicator can be derived from an ad hoc estimation of the proportion of a program's beneficiaries who are poor (using the official poverty line) or through the analysis of household survey data. The second approach is likely to yield the more robust results:

- (i) Institutions responsible for executing the major SP programs rarely maintain data disaggregated by poor and nonpoor households, and
- (ii) Household survey information permits the identification of overlaps among programs (i.e. households receiving benefits from more than one program).

In Pakistan's case, the task is made easier due to the availability of some information from the Pakistan Integrated Household Survey 2001-2002. This survey was a multipurpose survey and was not expressly designed to provide information on SP programs. The data available is, therefore, limited. This report, therefore, uses the available information from HIES and adopts an ad hoc approach for programs not SP and programs not covered by this survey. For these programs, poverty-targeting rates have been established based on available information, using interviews with both government and nongovernment officials working in these areas, and the consultants' own estimates.⁴⁵

There are two steps in the derivation of poverty-targeting rates:

1. estimating the number of poor beneficiaries for each of the identified SP programs, and estimating the overlaps between schemes.
2. Estimating the Number of Poor Beneficiaries

⁴⁵ Where even qualitative estimates could not be obtained from the responsible agencies.

Table 5.6 presents the PIHS information that can be used to derive the number of poor beneficiaries from some of the larger SP programs. The low proportions of the poor receiving benefits from Zakat or pensions corroborate the low coverage rates obtained in Table 5.5.

Table 5.6. Poverty Targeting of SP Programs, 2001-2002 (%)

SP Program	Households				Comments
	Total	Poor*	Not Poor	% poor h'holds who receive	
Pensions	7.6**	4.6	95.4	1	Analysis also revealed that 62% of households receiving pensions had no one aged over 60 years.
Zakat	1.9	49.0	51.0	2.6	Likely to be an underestimate as many Zakat benefits are in kind.
Other	6.5	33.9	66.1	6.1	Incl. gifts, assistance, educ. grants, alimony, inheritance, lottery winnings.***

* Percentage of program beneficiaries who are poor/ not poor households.

** % of all households receiving program.

*** It is not possible to separate out those receiving SP assistance from other miscellaneous types of income.

Source: Author's analysis of PIHS, 2001-02.

Table 5.7 shows the application of these rates to the data on program beneficiaries contained in Tables 5.3 and 5.5 for programs that are considered to have similar targeting characteristics to the PIHS programs. For programs not covered by PIHS, poverty-targeting rates have been assigned based on the following principles:

- (i) if a program is only accessible to the not-poor, then 0% of the beneficiaries are assumed to be poor;
- (ii) if the program is exclusively targeted towards identifiable groups of poor and perceived wisdom is that most beneficiaries are indeed poor, then close to 100% of the beneficiaries are assumed to be poor;
- (iii) if the program is considered to be more general in nature in terms of poverty-targeting, then 32% (the national poverty level) of the beneficiaries are assumed to be poor;⁴⁶ and
- (iv) varying these percentages based on knowledge⁴⁷ of the targeting of individual SP programs, e.g. beneficiaries of microfinance in

⁴⁶ This poverty line is used as the criterion for most programs targeted at the poor.

⁴⁷ E.g. From reports, discussions with officials concerning the amount of 'leakage', i.e. the proportion of beneficiaries who are not part of the original target group.

Table 5.7. Poverty-Targeting of SP Programs, 2002-2003

SP Program	All Beneficiaries		Poverty-Targeting		Program Overlap		Net Poor benefs. 8 (5*6)
	(000s)	(%)	Poor Comment	Benefcs. 5 (2*3)	(%)	Comments	
1	2	3	4	5	6	7	
Khushal Pakistan	81	75.0	See note**	61	25		46
Zakat Rehabilitation Grant	89	50.0	PHS01-02	45	25	Likely to be some overlap with Zakat/ PBM programs	33
Vocational Training Programs (Govt.)	40	31.8	National poverty rate	13	0		13
Pbm Rehabilitation	1	75.0	**	1	25	Likely to be some overlap with Zakat/ PBM	1
PBM Vocational Training	1	75.0	**	1	25		42
All Pensioners Aged 60 + Years	837	5.0	PHS01-02	42	0		
Armed Forces Health Services	3,750	0		0			
Employees Social Security Institution	4,729	0	Beneficiaries very unlikely	0	0		
Private Health Insurance	1,947	0	to be poor	0		Not applicable; no poor beneficiaries	
EDHI Foundation Health Services	470	75.0	**	353	25	Some overlap with Zakat and PBM programs	264
Social Assistance—Zakat	707	50.0	PHS01-02	354	0	Overlap between Zakat and Bait-ul-mal unlikely	354
Pakistan Bait-Ul-Mal	1130	75.0	**	848	0	Largest program	848
Punjab Bait-Ul-Mal + Provincial Programs	14	75.0	**	11	0		11
WWF Grants	7	31.8	National poverty rate	2	0		2
Young Pensioners	1410	5.0	PHS01-02	71	0		71
Microfinance Network	687	31.8	National poverty rate	218	0		218
Khushhali Bank	1639	31.8	National poverty rate	521	0		521
Apna Ghar	3	100.0	Beneficiaries will be poor	3	0		3

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Table 5.7. Poverty-Targeting of SP Programs, 2002-2003 (continued)

SP Program	All Beneficiaries		Poverty-Targeting Poor		Program Overlap		Net Poor benefits. 8 (5*6)
	(000s)	(%)	Comment	(%)	Comments		
1	2	3	4	6	7		
Educational Stipends (Zakat)	77	50.0	PHS01-02	39	25	Likely to be some overlap with other Zakat/PBM programs	29
Pakistan Bait-ul-Mal (Tawana)	76	75.0	**	57	25		43
Protection/Prevention Of Child Labor	6	100.0	Beneficiaries will be poor	6	0		6
Provincial Child Protection Programs	3	100.0		3	0		3
Orphanages & Homes	6	100.0		6	0		6
CWD—Federal and Provincial Programs	10	100.0		10	0		10
Sum Of Poor Beneficiaries				2,661			2,523
Poor Population				47,400			47,400
Upper-Bound (with overlaps/double counting)				5.6%			
Lower-Bound (largest program only)				1.8%			
Best Estimate (excluding overlaps)				5.3%			

**These programs are all heavily targeted to the poor; targeting is considered to be more effective than for Zakat programs. However, significant leakage is still probable.

Source: Tables 5.3, 5.5, 5.6 and consultants' estimates.

Pakistan are people earning less than the basic threshold of taxable income i.e. less than PRs80,000 per annum in FY 2003; as this is much higher than the per capita poverty line income of under PRs10,000, few people living below the poverty line will receive microfinance.

The resultant estimated poverty targeting rates and numbers of poor beneficiaries are given in columns 3 and 5 of Table 5.7.

2. Estimation of Overlaps⁴⁸

If there are no overlaps between programs, the overall poverty-targeting rate would be obtained by summing up the poor beneficiaries of all programs, i.e. 2.67 million; this would give a poverty-targeting rate of 5.6%; this can be seen as the “upper-bound” estimate. On the other hand, a “lower-bound” of 1.8% is obtained by taking the poverty-targeting rate of the program with the highest number of poor beneficiaries, i.e. Bait-ul-Mal; this implies that the beneficiaries of all other programs also receive assistance from Bait-ul-Mal.

The actual poverty-targeting rate lies somewhere between these extreme values, i.e. some poor beneficiaries will receive assistance from more than one program. However, given the low “upper-bound” estimate, these overlaps are unlikely to be large. Analysis of HIES, for instance, reveals negligible overlap between pensions and Zakat; and Zakat is not available to Bait-ul-Mal beneficiaries and vice versa. In order to obtain the “best estimate” poverty-targeting rate, which allows for overlaps among beneficiaries across programs, the following procedure was adopted:

- (i) column 6 ‘% overlap’ was inserted into Table 5.7;
- (ii) programs that had no poor beneficiaries were ignored;
- (iii) the largest program, Bait-ul-Mal was assigned a 0% overlap;
- (iv) other programs were then successively compared against this program and estimates of the extent of “overlap” were made; reasons for the overlap rates assigned were inserted into column 7. In practice, overlaps were only considered likely between different types of Zakat and Bait-ul-mal programs;
- (v) these percentages were then multiplied with the number of poor beneficiaries to give the number of poor beneficiaries allowing for overlaps (column 8); and

⁴⁸ This is a necessary step. It is not realistic to derive use poverty targeting rates for individual SP programs in the construction of an SPI as these will vary considerably from country to country.

- (vi) the “best estimate” of the overall poverty-targeting rate was obtained by summing this column.

This resultant “best estimate” poverty-targeting rate is 5.3%—a little different from the “upper-bound” estimate. As mentioned, the lack of overlaps is unsurprising given the different nature and targeting of many of the programs and the low coverage of even the largest programs. This “best” estimate will be retained for the formulation of the SPI.

3. Impact of SP Programs on Household Expenditures

The poverty-targeting rate provides an indication of the distributional impact of SP programs. It, however, gives little indication of the “effectiveness” of the interventions, i.e. what impact do these interventions have on the income/expenditure of the poor. The objective is to derive an indicator of SP expenditure to the poor population as a percentage of the poverty line income. Ideally, as with the poverty-targeting rate, this indicator would be derived from household survey data. This was not possible in this case owing to the absence of HIES information on the cash transfers from SP programs, as well as the fact that many of these transfers were in-kind. Additionally, in order to maintain comparability, it was deemed desirable to adopt a method that could be replicated for all countries.

The approach adopted is similar to that used for poverty-targeting except that the expenditure data from Table 5.2 are substituted for the data on beneficiaries in Table 5.7. Table 5.8 presents the results. The poverty-targeting rates are the same as those from Table 5.7 and multiplying these by the expenditure on each program gives the amount of SP expenditure going to the poor. In this case, there is no need to allow for overlaps between programs.

During the fiscal year 2002/03, Table 5.8 shows that the total SP expenditure on poor beneficiaries was around PRs7.9 billion, just over 10% of total SP expenditure. This low percentage reflects the high proportion of SP expenditure on formal social insurance and health schemes that are not targeted at the poor. The dominance of SP expenditure by these programs is further underlined by the fact that they still make up almost 40% of SP expenditure to the poor. In contrast, the main targeted programs—Zakat and Bait-ul-mal—constitute just under one third of SP expenditure on the poor.

SP expenditure on the poor was then related to the poverty line income. The results are shown in Table 5.9. Two indicators are presented:

- (i) Per capita SP expenditure on the poor as a percentage of the (estimated) 2002/03 poverty line: 1.9%; and
- (ii) As above but for poor beneficiaries only: 35%.

The advantages and disadvantages of each will be discussed in the forthcoming section Social Protection Index and Multicountry Analysis of this book.

Table 5.8. SP Expenditure on the Poor

Target Group	SP Program	SP Expenditure (PRs million)	Poverty-Targeting (%)	Expenditure on Poor Beneficiaries (PRs million)	
The Unemployed and Underemployed	Khushal Pakistan	323	75.0	242	
	Zakat Rehabilitation Grant	1,331	50.0	666	
	Vocational training programs (govt.)	150	31.8	48	
	PBM Rehabilitation	24	75.0	18	
	PBM vocational training	4	75.0	3	
The Elderly	All Pensioners aged 60+ years	23,092	5.0	1,155	
The Sick	Armed Forces health services	2,000	0.0	0	
	Employees Social Security Institution	1,738	0.0	00	
	Private Health Insurance	716	0.0		
	EDHI Foundation health services	170	75.0	128	
The Poor—Social Assistance	Social assistance - Zakat	1,687	50.0	844	
	Pakistan Bait-ul-Mal	2,342	75.0	1757	
	Punjab Bait-ul-Mal + prov. programs	53	75.0	40	
	WWF grants	265	31.8	84	
	Young pensioners	38,899	5.0	1,945	
The Poor/ Microcredit Programs	Microfinance Network	1,938	31.8	616	
	Khushhali Bank	1,027	31.8	327	
Disability Programs	Apna Ghar	2	100.0	2	
	Educational Stipends (Zakat)	143	50.0	72	
Children with Special Needs (CSWN)	Pakistan Bait-ul-Mal (Tawana) Protection/ prevention of child labor	157	75.0	118	
	Provincial programs	58	100.0	58	
	Orphanages & Homes	70	100.0	70	
	CWD – federal and provincial programs	86	100.0	86	
		276	100.0	276	
	Total SP Expenditure		76,551		7,944

Source: Tables 5.2, 5.6 and 5.7.

Table 5.9. Impact of SP Expenditure on the Income of Poor Households

Variable	Value
Total SP Expenditure on the Poor (PRs million)	7,920
Poor Population ('000)	47,400
SP Expenditure/Poor Person (PRs/person)	170
Poverty Line Income Per Capita (annual) (PRs/person)	9,000
Per Capita SP Expenditure as % of Poverty Line Income	1.9%
Percent of Poor Receiving SP Assistance (from Table 5.7)	5.3%
Per Capita SP Expenditure as % of Income of Poor Beneficiaries	35%

Source: Table 5.8 and Chapter 2 information.