



SOCIAL PROTECTION STRATEGY FOR SINDH

LESSONS FROM THE GLOBAL EXPERIENCES

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Introduction

Government of Sindh has recently announced seven programs that will be the cornerstone of social protection for the underprivileged and impoverished segments of the population. According to the announcement, following seven priority programs will be rolled out:-

Bhook Mitao Programme (Hunger Eradication): This program will focus on food security and nutrition. Under this program, the under-privileged segments will be eligible to receive cash stipends and nutritious food.

Family Health: This program will focus on providing health services to all with a special focus on women and impoverished segments. Coverage of primary healthcare services is also under consideration.

Maternal & Child Support: This program is purported to provide integrated maternal and child health services along with family planning support. A broad-based social protection plan to support mothers is also under consideration which may employ conditional cash transfers to induce positive health-seeking behavior of mothers, especially during the first critical 1000 days following conception.

Peoples Poverty Reduction: Initially piloted in 4 poverty-stricken districts in rural Sindh, the People's Poverty Reduction Program is to be scaled to urban and rural districts under the poverty reduction strategy roadmap.

Benazir Kissan (Farmers): This program is grounded in providing targeted subsidy, specifically to small farmers to improve productivity.

Benazir Women Agriculture Workers: This program's focus is on empowering women agricultural workers with access to small agricultural loans and services to incentivize improved productivity. The underlying theory of change is to legally recognize the unpaid women agriculture workers and expand their livelihood opportunities in addition to linkages with government services.

Internship Guarantee: This program is purported for the under-privileged educated rural and urban youth. Public-private partnerships may be harnessed for guaranteed internship to the youth.

Social Protection Policy in Sindh

A well-thought out Social Protection Policy can be instrumental in not only providing a social safety net for the marginalized groups, but also in developing a pathway for Sindh's impoverished population to transition from the clutches of poverty to self-actualization

with productive members of the society. Government can play a crucial role in providing an enabling environment for the segments of population who cannot cope with small economic shocks. The success and sustainability of this strategy rests upon forging multi-sector partnership along cross-cutting themes of food security, nutrition, health, education, employment, women development, empowerment of disabled persons and poverty. This report purports to draw upon lessons from social protection strategies globally that can inform the strategy in Sindh.

What is Social Protection?

Social protection can be defined as protecting and helping those who are poor and vulnerable, such as children, women, older people, people living with disabilities, the displaced, the unemployed, and the sick. However, there are differences in terms of interventions under a broad-based social protection strategy (Harvey et al. 2007).

The overarching objectives of social protection are grounded in four dimensions of:

- protective measure: to provide relief from deprivation
- preventive measure: to avert deprivation
- promotive measure: to enhance real income and capabilities
- transformative measure: to address social equity and exclusion (Devereux and Sabates-Wheeler 2004)

The interventions directed towards social protection can be broadly categorized, but not restricted to:

- social assistance: cash transfers, in-kind transfers, public works programs and pensions (Arnold et al. 2011)
- social insurance: contributions by beneficiaries, matching subsidies, formal or informal pooled fund (Barrientos 2010; Norton et al. 2001).
- labor market: policies to promote employment for vulnerable groups, increasing minimum wage and compensation benefits (Barrientos 2010)

In developing countries, the importance of social capital as a form of social protection for the impoverished households cannot be overstated. Kinship ties and close-knit communities are usually the preferred source for the deprived households in time of need, especially in areas where formal institutions have not developed financial inclusion and outreach services.

Global Lessons for Social Protection

The literature review reveals that there is no single way to target poverty and develop safety nets as policy levers in varying contexts for social protection. The interplay of

multiple factors entails that a social protection should not be seen in isolation from macro-level policy framework. A one-size-fits-all approach should be avoided at all costs when developing a concrete social protection policy for Sindh.

Under the Internship Guarantee Program, the private sector needs to be involved to stimulate economic growth and generate employment opportunities. Public sector cannot be regarded as the primary source of employment generation for the masses. Government can develop an enabling environment for an eco-system of innovative entrepreneurship for solutions to development challenges facing the province. A comprehensive study on entrepreneurship reviews more than 200 articles that demonstrate the crucial role of entrepreneurship in poverty alleviation (Suttor, Bruton and Chen 2019). The operational definition of entrepreneurship goes beyond small-scale enterprises and encompasses all the enterprises focused on innovative solutions to address local problems. Youth employment program within the social protection strategic framework must focus on fostering entrepreneurship.

Financial sector development is a crucial factor in determining the economic growth and financial access to the entire population along with marginalized segments. A study focusing on both cross-country and country-specific studies sheds light on the crucial role of financial sector development in economic growth which ultimately results in poverty reduction (Zhuang et al. 2009). This finding reflects the importance of financial sector deepening when designing financially viable social protection programs because social welfare spending cannot be divorced from the macro-economic and financial sector realities of the country.

Pakistan's post-devolution context has empowered the provinces with resources and administrative powers to develop poverty reduction and social protection strategies reflective of local realities. However, a study conducted in Mexico revealed simply devolving the powers and resources did not translate into poverty reduction when there were no binding accountability mechanisms at local level (Hernandez-Trillo 2016). Any social protection initiative in Sindh needs to be seen through the lens of post-devolution phase after 18th amendment to the constitution. Institutional arrangements for rigorous accountability mechanisms are pre-requisites to for effective social protection programs.

Community-based development with participatory planning is the cornerstone to poverty alleviation. The evaluation of world's largest community development program in China revealed that the program was able to increase income and consumption of slightly better off households compared to the poorest households (Park and Wang 2010). One important aspect of this program was that outcomes were better for communities with better governance i.e. more educated leaders or better village committees. In essence, the takeaway for poverty eradication is that a series of contextual policies, plans and interventions are of utmost importance to deal with the multi-dimensional problem of poverty. The poverty puzzle in Sindh cannot be solved using a one-dimensional lens with a blanket approach that disregards intra-provincial variations. Community buy-in through social mobilization for planning and execution along with government investment are

necessary but not sufficient conditions for poverty eradication. Multi-sectoral planning coupled with requisite institutional arrangements are as important for social protection.

Recent Poverty Trend in Pakistan

Over the last decade, the headcount below poverty line in 2007-8 was 49.7% which declined to 24.3% in 2017-18 (Pakistan Economic Survey 2018). The difference between urban and rural poverty has increased in the last decade from 15% in 2007-08 to 18.2% in 2017-18. In a nutshell, it can be safely said that Pakistan has made more headway in reducing urban poverty compared to that of rural poverty. The urban poverty has declined more rapidly from 32.7% to 12.5% compared to rural poverty which declined from 49.7% to 30.7% in the last decade.

The headcount ratio masks the depth of deprivations along the dimensions of health, education and standard of living. Multi-dimensional poverty index takes into account both the headcount ratio and the depth of deprivations. UNDP's Multi-Dimensional Poverty report on Pakistan indicates that "The MPI dropped from 0.292 in 2004/05 to 0.197 in 2014/15, while the headcount ratio (H) fell by over 16.4 percentage points, from 55.2 percent to 38.8 percent. However, the average deprivation share of the poor declined relatively little, from 52.9 percent to 50.9 percent" (UNDP Pakistan 2016). This is an important finding which reflects that merely pulling the impoverished above the poverty line does not resolve the problem of poverty. These findings substantiate the case for a well-drag social protection program that not only reduces the incidence of poverty, but also reduces the deprivations along health, education and standard of living.

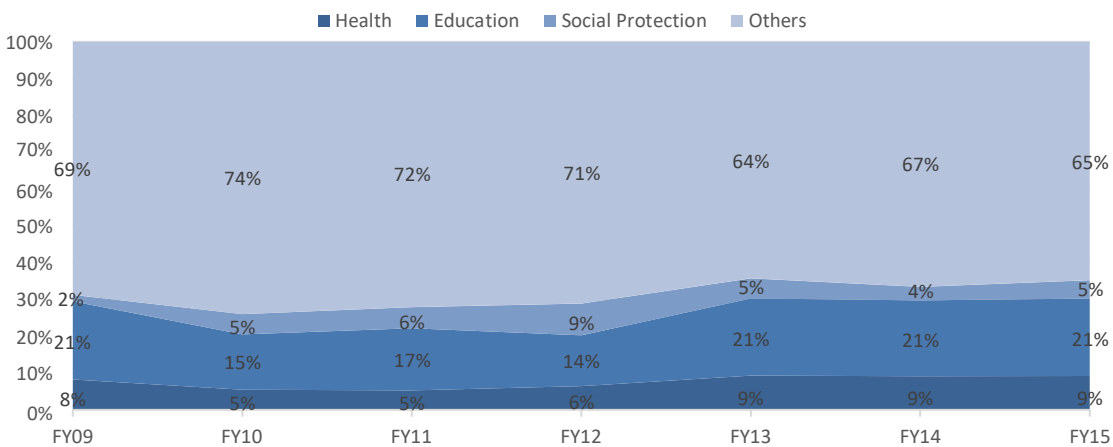
Comparing historical trend of poverty in Pakistan with China can provide illustrative reasons as to why China made significant headway in poverty reduction over time. A brief analysis of poverty trend shows that in late 1970s rural poverty rates in China and Pakistan were similar. However, during the next three decades, poverty in China reduced by about 9 times both in rates and numbers in China during the 1978-2005 period, while in Pakistan it fluctuated and did not reduce much in comparison (Arif and Farooq 2012). The disparity in rates of poverty reduction can attributed to political will, macroeconomic stability and poverty alleviation policies targeted towards promotion of non-rural farm economy, public investment and urbanization. The poverty puzzle is deeply intertwined with social protection which aims to help mitigate the effects of economic shocks on the impoverished population to ultimately break free from the vicious cycle of poverty.

Deconstructing Social Protection in Sindh

It is worth noting that Government of Sindh has a Social Protection Unit housed in its Social Welfare Department to develop, implement and coordinate social protection and poverty reduction initiatives. However, no formal social protection policy is in place that provides an integrated framework to oversee the rollout of social protection programs. In the post-

devolution era, a vacuum in policy framework in Sindh entails fragmented interventions to develop social safety nets and reduce poverty. These programs include zakat, livelihood and educational stipends, healthcare assistance, general subsidies, social welfare activities, the Rural Support Program for Poverty Reduction, grants of state land to landless peasants, the Benazir Bhutto Shaheed Youth Development Program (BBSYDP), and the Employees Social Security schemes aimed at mitigating income shocks and reducing vulnerability among the destitute (World Bank 2017). Even though Zakat, Bait-ul-Maal and Benazir Income Support Programs are operating at federal level, the missing institutional linkages with federal government have been a stumbling block in Sindh to catalyze poverty reduction and social protection.

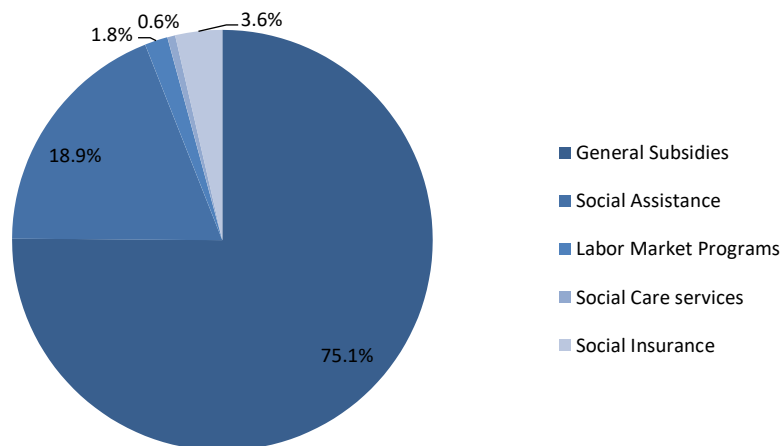
Figure 1: Share of total expenditures, FY09 to FY15 (percent)



Source: Data from Accountant General of Pakistan (as cited in Sindh Public Expenditure Review 2017)

As can be seen from the figure above, the share of self-reported share of social protection expenditures by the government is volatile to say the least. Even though the expenditures has increased in absolute figures, the fluctuating relative share is reflective of the lack of coherent policy framework that informs social protection allocations and expenditures.

Figure 2: Social protection sub-categories of spending in FY16 (percent)



Source: Data from the Government of Sindh (as cited in Sindh Public Expenditure Review 2017)

The figure above further substantiates the argument that reflects ad-hoc social protection framework which is primarily directed towards untargeted general subsidies. There is an urgent need to reorient the social protection spending towards well-directed schemes and cost-effective interventions with proven impact. A well-drafted Social Protection Policy will help develop a coherent framework grounded in allocative and optimal efficiency of the spending.

Institutional arrangements for Social Protection

While there are a few initiatives to address social protection in Pakistan, the pre-requisite institutional arrangements to help the deprived and enhance socio-economic capabilities across different contexts in Pakistan have been missing. Benazir Income Support Program (BISP) can be termed as the umbrella poverty reduction program that targets poor population, particularly women, in addition to maintaining a socio-economic registry of the target population (Benazir Income Support Programme 2016). In the post-devolution phase after the 18th amendment, provinces have been empowered to take charge of developing institutional mechanisms for social protection and poverty reduction. In Sindh, there are initiatives including zakat and ushr allowance, merit scholarships to girls, grants of state land to landless peasants, rehabilitating allowance to agriculture subsidies and skills development. However, these initiatives lack a well-directed coherent policy framework for integrated service delivery programs.

Fragmented initiatives are not likely to affect poverty or improve the resilience of impoverished population without a concerted effort that is grounded in institutional reforms. For example, adding pro-poor initiatives on existing departments of education, health or social welfare will not translate into synergies and linkages needed for social

protection. Sustained and well-targeted initiatives can go a long way along with the requisite institutional reforms.

Government of Sindh has rolled out the Union-Council Based Poverty Reduction Program (now called People's Poverty Reduction Program) in 2009-10 on pilot basis in 4 districts to harness social mobilization for assets generation and reducing vulnerabilities. The program will continue in the existing districts and will be expanded to other impoverished districts of Sindh. Similar to UCBPRP, Sindh Union Council and Community Strengthening Program is also being implemented in 8 other districts in Sindh that is predicated on Community Driven Local Development Policy based on social mobilization. The government intends to scale up the People's Poverty Reduction Program to other poverty-stricken districts of Sindh based on the findings of its impact assessment of the program in 4 pilot districts. The program employs multi-pronged interventions including micro-health insurance, income generation grants, community investment funds, low-cost housing and others.

Even though a multi-pronged approach that builds on inter-sectoral and inter-departmental synergies to target poverty is a crucial step, the focus on developing institutions with core focus on targeting social protection through its determinants and associated indicators is essential. For example, Multi-Dimensional Poverty Index may be used to target specific indicators pertaining to health, education and standard of living. However, for a comprehensive social protection strategy, institutional-level strategies need to be analyzed through the lens of governance issues and policy options thought to be associated with poverty, vulnerability and its correlates.

Deconstructing the various components of Sindh Poverty Reduction Strategy can help generate useful lessons to develop context-based interventions that are well-targeted to achieve intended outcomes. For lasting sustainable solutions to poverty, domestic resources need to be effectively mobilized and the private sector needs to be engaged to foster market-based solutions.

Private Sector: Market-Based Solutions

The problem of poverty cannot be divorced from the private sector which can play an instrumental role in catering to the impoverished populations in Pakistan. From a policy standpoint, there is no strategic plan in place that harmonizes market-based solutions with public sector strategy. Effective engagement of the private sector and businesses for socio-economic development can help develop sustainable solutions to the problem of poverty with economic empowerment of the poor. Public sector strategy needs to facilitate develop an enabling environment for businesses to cater to the dual outcomes of profitability and socio-economic development.

Pakistan can learn a great deal from India's example of leveraging private sector for innovative solutions to the lower income strata of population. Many multi-national

enterprises adapted to the local market needs by providing innovative solutions, e.g. sachets of washing powder, to access the bottom pyramid of the population (Prahalad 2006). This is a win-win solution for both the private sector and the impoverished population as the former gains access to a huge market for high volume-small margin based profit, and the latter gains access to wide variety of products that can catalyze their socio-economic empowerment. Subsequently, such innovative industries and open businesses will help employ local population that is privy to the indigenous consumer needs. Similarly, the public sector can use policy levers to encourage profitable businesses and enterprises to invest a certain portion of their profits in the socio-economic development of the catchment population in which they operate. India has legislated for companies with profits over INR 50 million per annum to earmark at least 2% of its profits for corporate social responsibility (Ernst & Young 2013). Although Pakistan has also engaged a few profitable corporations for improvement in socio-economic development of the catchment population, a broad-based policy framework for effectively engaging private sector for social protection and poverty reduction is missing.

Way Forward for the Government of Sindh

From the perspective of Government of Sindh, the roadmap for social protection policy should be a part and parcel of the Sindh Growth Strategy and aligned with the Sindh Poverty Reduction Strategy and Community Driven Local Development Policy.

The seven thematic pillars identified as priority areas that will be the cornerstone of the Social Protection Policy must be embedded within the socio-economic strategic plan of Pakistan and Sindh. Well-crafted phase wise strategic plan must be grounded in an evidence-based approach that aims to develop missing markets and inter-market linkages to empower the impoverished segments of population. The pitfalls of pursuing a social protection policy that merely provides relief from short-terms economic shocks need to be avoided. The ultimate goal of the policy must be to enhance the income and capabilities of the impoverished segments of population. Cost-effective interventions within each thematic pillar must be piloted first to avoid huge undirected spending that ultimately becomes too costly to sustain.

Broad themes of the social protection agenda can be categorized into poverty reduction, food security, family health, small-scale farmers and youth employment. The rule of thumb for rolling out comprehensive strategies along the aforementioned themes should be enhancing the capabilities of the target segments of population. For example, small-scale and subsistence farmers must be incentivized to enhanced productivity to have disposable income that can both help them cope with both economic shocks and invest in human capital. Food security can be improved in the short-term with subsidies, but the long-term solution lies in enhancing the economic capabilities of the populace to improve purchasing power and standard of living. Family health interventions, especially MNCH, must be centered on promoting healthy behaviors and integrated management particularly pertaining to preventive health. Health and social coverage needs to reduce out-of-pocket

expenditures on essential services, but the quality of service delivery also needs to be improved in tandem. Due to budget constraints, full coverage of health facilities might not be achieved; however, socio-economic registry can be developed to target the impoverished population effectively. Public-private partnerships in the health sector can be harnessed to ensure quality service along with electronic platforms for credible data on coverage and health outcomes.

Youth employment and training programs need to be in line with the industrial needs and growth imperatives of the province. Interventions under the internship guarantee program should not be isolated from labor market demands in terms of requisite skills and competencies. Cost-effective technological solutions need to be incorporated in the program for an integrated platform with rigorous monitoring & evaluation, and course correction based on real time data. Integrated Social Registry Database such as the Benazir Income Support Program can go a long way in developing an evidence-base to quantify the impact of government's investments along the seven thematic pillars. Robust evaluations and analytics based on real-time data can also help ensure transparency in rolling out interventions with timely course corrections.

Eventually, the program needs to harness the economic potential of the impoverished segments to be part and parcel of the economic activities in the province. The long-term vision should steer clear of wasteful welfare spending that breeds aid-dependence with little or no focus on building market synergies or enhancing capabilities of target population.

Existing inter-sectoral programs, like Accelerated Action Plan for Reducing Malnutrition and Stunting, can help provide useful lessons in synergizing efforts and avoiding duplication to achieve common goals. Similarly, the impact assessment of Union-Council Based Poverty Reduction Program (now PPRP) can help generate evidence to inform the specific interventions that can have an amplified impact on social protection and poverty reduction. Eventually, the investments made in the social protection program need to yield results in terms of developing the socio-economic capabilities to the marginalized segments to contribute to the economic growth of Sindh. Hence, creating market linkages to foster private sector involvement is essential in catalyzing economic activities in the catchment areas.

The overall social protection strategy should not be divorced from the existing institutional structures and programs. The focus must be on graduation of the targeted segments from poverty and breaking the cycle of inter-generation poverty. The social safety nets should ultimately lead to a resilient and productive population that can cope with economic shocks without regressing back into the vicious cycle of poverty.

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