

Social Safety Nets

The global economic slowdown of 2008 and rise in fuel and commodity prices severely impacted Pakistan's economy resulting in lower economic growth and spiraling inflation. The macro-economic crisis in the country necessitated making social protection an urgent priority for the poor and vulnerable segments of society. With the objectives to attain both growth and equity, social protection is the best mechanism available to transfer the benefits of economic progress to the extremely poor and vulnerable people in order to make them part of the overall development process.

Well-targeted anti-poverty outlays and social safety transfers are essential ingredients of a comprehensive poverty reduction strategy. While anti-poverty public expenditures are essential for improving human capabilities, reducing income inequalities, and ensuring greater participation of poor in the process of economic development. Social safety transfers are necessary for creating an environment in which the most vulnerable segments of society are protected from the social and political costs of economic and structural reforms. The effectiveness of such outlays relies not only upon their levels but also their quality.

The commitment made under Fiscal Responsibility and Debt Limitation Act, 2005 in reference to social

sector expenditures is as follows "Ensure that in every financial year, beginning from the 1st July, 2003 and ending on the 30th June, 2013, the total public debt is reduced by no less than two and a half percent of the estimated Gross Domestic Product (GDP) for any given year, provided that social and poverty alleviation related expenditures are not reduced below 4.5 percent of the estimated GDP for any given year".

The government's commitment to follow a sustained poverty reduction strategy and to allocate a minimum of 4.5 percent of GDP to social and poverty related expenditures is clearly reflected in the allocations to the pro-poor sectors shown in Table 15.1. The government prioritized 17 pro-poor sectors through the Medium Term Expenditure Framework (MTEF) in the PRSP-II, which provided a link between the policy priorities and the budget reality. Expenditure on pro-poor sectors in 2008-09 stood at 7.4 percent of GDP. In 2009-10, these were 7.5 percent of GDP and in 2010-11, 8.3 percent of GDP. These expenditures were well above the requirement under the law. During 2011-12, total expenditures for these sectors were increased further and amounted to Rs 1,980.819 billion, which was 9.9 percent of GDP. During July-December of the current fiscal year 2012-13, Rs.775.620 billion expenditures have been made in these sectors.

Sectors	2008-09	2009-10	2010-11	2011-12	2012-13*
Roads, Highways & Bridges	99,613	98,456	99,567	113,537	30,793
Water Supply and Sanitation	22,204	25,459	28,506	36,578	12,139
Education	240,378	259,525	322,811	432,121	205,342
Health	83,714	94,399	106,017	139,465	63,660
Population Planning	5,345	7,048	4,861	5,560	2,607
Social Security & Welfare	29,129	54,571	56,315	65,652	35,145**
Natural Calamities & Other Disasters	10,083	12,548	49,115	77,096	14,200
Agriculture	88,912	104,815	115,511	134,813	63,370
Land Reclamation	2,738	1,990	3,669	4,340	2,175
Rural Development	16,362	20,391	19,109	32,977	13,070
Subsidies	220,567	234,926	497,441	689,012	192,938
Food Support Programme	12,420	0	0	0	0
People's Works Programme-I	3,329	8,417	5,049	4,296	2,180
People's Works Programme-II	28,000	31,754	21,300	33,589	30,597
Low Cost Housing	583	1,828	373	383	143
Justice Administration	9,193	10,996	14,223	17,071	9,625

Sectors	2008-09	2009-10	2010-11	2011-12	2012-13*
Law and Order	104,658	143,639	169,791	194,329	97,636
Total	977,228	1,110,762	1,513,658	1,980,819	775,620
Total as % age of GDP	7.4	7.5	8.3	9.9	-

Source: Ministry of Finance

*: July-December

** : Social Security & Welfare includes the expenditure of BISP (27,086 million) and PBM (784 million)

Box-1

Poverty Alleviation and Millennium Development Goals

The UNDP's Human Development Report, 2013 ranks Pakistan at 146th with Human Development Index (HDI) value of 0.515. The report shows gradual increase in the value of HDI from 0.504 in 2011 and 0.503 in 2010, though Pakistan's rank has slipped a slight during 2012. Other composite indices place Pakistan at a lower rank. The Inequality Adjusted Human Development Index is 0.356 and multi-dimensional poverty index is 0.264 and Gender Inequality Index for Pakistan is 0.567. These indices weight more inequality and non-income dimensions of poverty.

Pakistan Social and Living Standards Measurement Survey 2011-12 shows mixed results in terms of the education enrolment indicators. Literacy rate (10+) has improved from 57 percent in 2008-09 to 58 percent and adult literacy improved from 54 percent to 55 percent in the same period, while Primary and Middle school Gross Enrollment Rate also registered a one percentage point improvement. However, slippage on the primary and secondary Net Enrollment Rate is an area of concern for policy makers, particularly after devolution of the subject to the provinces.

Immunization of children also improved during 2011-12. The PSLM also reported trends in terms of the water supply and sanitation indicators. Whereas the sanitation situation at household level has registered an improvement (in terms of 72 percent of population using flush toilets compared to 66 percent in 2010-11), the access to drinking water to urban and rural population of Pakistan is 92 percent and 88 percent respectively, with an average of 89 percent in 2011-12.

A committee of poverty experts has been constituted in Planning and Development Division to estimate Poverty Headcount as well as poverty correlates and Pakistan MDG Report 2013. The committee is working in a professional way considering all dimensions of poverty. The report of the committee has not yet been finalized.

Source: Planning & Development Division.

Social Safety Programmes

Recognizing the need to protect the poor and the vulnerable, the government has launched several safety net programs. The following social safety net programs in particular minimizes the adverse affects of poverty on the targeted population of the country.

I. Pakistan Poverty Alleviation Fund (PPAF):

Pakistan Poverty Alleviation Fund (PPAF) is the lead apex institution or community-driven development in the country. Set up by the government as an autonomous non-profit organization. PPAF enjoys facilitation and support from the government, The World Bank, International Fund for Agricultural Development (IFAD), KfW (Development Bank of Germany) and corporate donors. Outreach of PPAF now extends throughout Pakistan and its microcredit, water and infrastructure, drought mitigation, education, health and emergency response interventions have been widely recognized. Externally commissioned independent studies have demonstrated positive outcomes and impact of PPAF interventions on the lives of benefiting communities related to their

economic output, household incomes, assets, agricultural productivity skills and other quality of life indices. PPAF aims to be the leading catalyst for improving the quality of life, broadening the range of opportunities and socio-economic mainstreaming of the poor and disadvantaged, especially women. The core operating units of the PPAF deliver a range of development interventions at the grass root/community level through a network of 123 partner Organizations across the county.

The overall objective of the PPAF is to improve the quality of life of poor and marginalized people throughout the country. Its specific goals are:

- ▶ Eradicate extreme hunger and poverty
- ▶ Promote gender equality and empower women
- ▶ Achieve universal primary education
- ▶ Improve maternal health
- ▶ Reduce child mortality
- ▶ Community and NGO institutions pursuing the preceding objectives established and strengthened.

Since its inception in April 2000 to December, 2012, the cumulative outreach of the PPAF, with respect to its various operational activities had extended to 121 districts of the country through its partner organizations. During this period, 5.6 million individuals had availed the PPAF financing with 55% of the loans went to women. 27,600 water and infrastructure projects had been initiated, 1800 health and education projects supported, 416,000 community organizations/groups formed, 698,000 staff and community members were trained, 32,500 assets were transferred to poor households,

18,587 ultra-poor were trained on enterprise development under Waseela-e-Haq Scheme of BISP and facilitated in establishing successful ventures, and 13,400 persons with disabilities were rehabilitated.

During the first two quarters (July-December, 2012) of 2012-13, Pakistan Poverty Alleviation Fund (PPAF) has managed to disbursed an amount of Rs 7.5 billion to its partner organizations (POs) under PPAF core interventions administered through various operational units and special initiatives as shown in Table 15.2.

Table 15.2: Disbursement by Operating Units/Special Initiatives

S.No	Components	Amount (Rs.billion)
1	Waseela-e-Haq (BISP)	0.528
2	Institutional Development/Social Mobilization	0.603
3	Microfinance Portfolio Management (MPM)	4.472
4	Livelihood Enhancement and Protection (LEP)	0.924
5	Community Physical Infrastructure (CPI)	0.303
6	Water, Energy and Climate Change (WECC)	0.167
7	Health, Education and Disability (HED)	0.428
8	PPAF Funded Model villages	0.007
9	Disaster Management	0.066
Total		7.498

Source: Pakistan Poverty Alleviation Fund, Islamabad.

During 2012-13, under institutional Development /Social Mobilization 25,508 Community Organization (COs) were formed/revitalized through organizing 337,980 households. Also 4,505 linkages were developed, 190,713 CNICs formation were facilitated and 163,671 voters were registered. Similarly, under Training/Awareness Raising sessions for female CO members, 38,148 females were trained for "Rights," 85,993 females were imparted training to properly understand the legalities and rights inherent in Nikah Namas (Islamic Marriage Registration Document) and 84,389 females were trained to understand their rights under the Law of Inheritance. Overall, these projects benefitted approximately 3 million poor people including 59 percent women beneficiaries.

II. Benazir Income Support Programme (BISP):

Benazir Income Support Programme was established by the Government of Pakistan in July 2008 with the primary objective of providing immediate relief to the poor enabling them to absorb the shock of rising prices of food and fuel. Best practices from around the world were tailored to the country environment to develop a modern and efficient social protection system. The innovations included a) switching from community based targeting to a scientific Proxy Means Test (PMT) based targeting, b) developing

one of the largest data base of poor households; c) instituting automated payment generation; d) providing cash transfers through innovative technology, e) establishing an automated case management system providing interface to the beneficiaries at the Tehsil level, and f) utilizing third party evaluations of processes and the programme to assess efficiency and improve the quality of services.

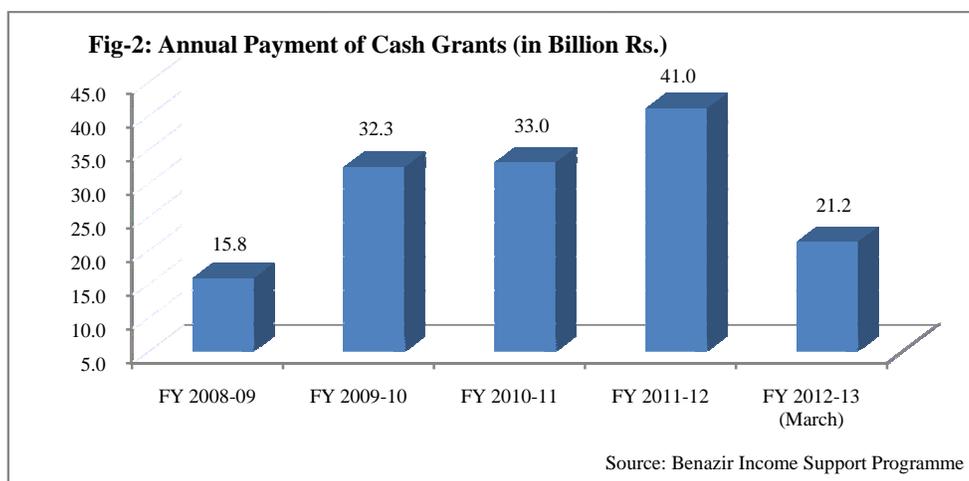
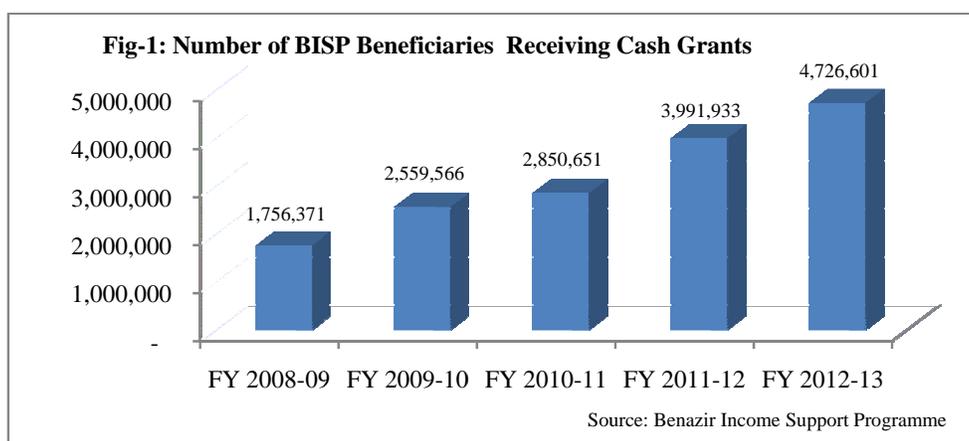
BISP has evolved over the past few years into the country's main social safety net. It is committed to the fulfillment of the dream of making Pakistan a welfare state through poverty alleviation and women empowerment. It provided needed relief to over 4.7 million recipients including flood and bomb blast victims all across Pakistan. An amount of over Rs 165 billion up to March, 2013 has been disbursed to its recipients. The number of recipients is expected to increase to 7 million once the on-going processing of data collected during the nation-wide poverty scorecard targeting survey is completed.

Nationwide Poverty Scorecard Targeting Survey:

BISP has evolved over the past few years into the country's main social safety net. The number of beneficiaries (Fig-1) increased from 1.7 million households in 2008-9 to nearly 4.7 million in 2012-

13 and BISP annual disbursements (Fig-2) enhanced from 15.8 billion in 2008-9 to 41.0 billion in 2011-12. It has been characterized into two phases. In phase I (2008-09 to 2010-11), beneficiaries were identified by parliamentarians while in phase II (2010-11 to 2012-13 as survey is yet to be completed in two Agencies of FATA) a more reliable Poverty Scorecard Survey method was used. The Nationwide Poverty Scorecard Survey, the first of its kind in South Asia, enabled BISP to identify eligible households through the application of a Proxy Means Test (PMT) that determines welfare status of the household on a scale between 0-100. The survey was started in October 2010 and has been completed across Pakistan except in two FATA Agencies. The survey has the following features:

- ▶ It identified 7.2 million families who are living below cut-off score of 16.17. (Cut-off score of 16.7 is not representing a poverty line. However, this cut-off was decided on the basis of available fiscal space).
- ▶ It created a large and reliable national registry of the socio-economic status of around 27 million households across Pakistan.
- ▶ It uses GPS to map the data of the entire country for informed decision making (for example, to respond to natural disasters and other emergencies). It validates the targeting process through third party evaluation.



Payment to Beneficiaries: BISP has made remarkable progress by providing much needed relief to over 4.7 million beneficiaries including flood affectees and bomb blast victims across the country. As of March 1, 2013, BISP since its inception has spent close to Rs. 165 billion on

various activities including cash transfers, graduation program and emergency relief along with conducting a nationwide poverty scorecard survey.

Spot Check and Process Evaluation: Rigorous evaluations have been built into the design of BISP.

The evaluations are conducted by external organizations to ensure credibility. BISP contracted third party to conduct a validation through spot check and process evaluation of the different procedures relating to the scorecard implementation. The specific objectives of these assignments were to test the coverage and quality of the survey conducted by the partner organizations. The spot check assignment revealed that the overall coverage of BISP's targeting survey at national level is 93% and the magnitude of difference in the poverty score across the two surveys (i.e. national roll out of poverty survey and spot check representative survey) is small. Additionally, the process evaluation interim results shows that almost 85 % of the processes were followed for all the activities completed under poverty scorecard survey.

Graduation Initiatives: Besides cash transfers, BISP has also launched various graduation programmes for its recipients to enable them to exit from the poverty trap. During 2012-13, the following progress has been made by these programmes:

Waseela-e-Rozgar: This initiative provides technical/ vocational training to one member per beneficiary family to help them get vocational training. BISP collaborating with several public and private sector training organizations. Private sector training institutions were selected all across Pakistan through a competitive process. As of March 1, 2013 around 11,644 persons have been trained while 39,374 persons are currently enrolled. It is expected that by June 30, 2013 the total number of trained persons would be approximately 70,000.

Waseela-e-Haq: Under this initiative, microfinance in the form of returnable interest-free loans up to Rs. 300,000 were provided to the beneficiaries, selected through a monthly computerized random draw, for setting up of small businesses. So far, 41 draws have been held and a total of 40,868 beneficiaries have been declared eligible for this facility. A total Rs.1.8 billion has been disbursed till March 1, 2013 under this initiative.

Waseela-e-Sehat: Group life insurance of Rs. 100,000 for the bread earner of beneficiary families was launched in January 2011. Over 4.1 million beneficiary families now have their bread earners

covered under the group life insurance scheme launched by BISP in collaboration with State Life Insurance Corporation of Pakistan (SLIC). Over 7000 death claims have already been processed by SLIC during 2011-13. A comprehensive Health Insurance Scheme covering all members of BISP beneficiary family has also been piloted in district Faisalabad since April 2012. Agreement for 5 additional districts (Badin, Nowshera, Quetta, Gilgit and Muzaffarabad) has been signed with SLIC and implementation is projected to start in the next financial year.

Waseela-e-Taleem: The Government of Pakistan is making every effort to achieve Universal Primary Education as part of its commitment to the Millennium Development Goals (MDGs). National data shows that while primary education enrollment rates have gone up for most of the population, majority of the children from families in the bottom 20% of the social pyramid remain out of school. BISP's data – based on the recently concluded poverty scorecard survey-- shows that over 71% children (of ages between 5-12 years) of its beneficiaries have never been to school. BISP designed a co-responsibility cash transfer programme titled “Waseela-e-Taleem” through which children of the beneficiary families aged 5-12 year will be supported for primary education and a cash transfer of Rs. 200 per child per month (up to a maximum of three children) will be transferred to the beneficiaries subject to their compliance with the required school attendance. Under the Waseela-e-Taleem initiative, the objective is to enroll 3 million children of the ages of 5-12 from BISP beneficiary families over the period of four years (2012/13 – 2015/16).

The official launch of the Waseela-e-Taleem programme was held in November, 2012. As of March 1, 2013, 24,536 families have been enrolled from five districts (Badin, Nowshera, Quetta, Gilgit and Muzaffarabad) whose 59,380 children have been identified and issued admission verification certificates by the enrolment centers of Waseela-e-Taleem Program.

International Recognition of BISP: BISP has achieved international recognition due to its technology based and transparent systems. The UN Secretary General, World Bank, US government

through USAID, British government through DFID and Asian Development Bank have all appreciated BISP's performance and have provided financial and technical support to BISP (Box-2).

Box-2**Donor's Support to BISP**

BISP has also received support from the World Bank, ADB, USAID and DFID as summarized below:

- World Bank:** The International Development Association (IDA) provided a credit of US\$ 60 million to BISP for the "Pakistan Social Safety Net Technical Assistance Project" for the period August 4, 2009 to July 31, 2013. The TA project has supported the design of the poverty scorecard, survey of all households in Pakistan, data entry and processing and associated activities. BISP also successfully negotiated additional financing of US\$ 150 million for the TA project to launch a Co-responsibility Cash Transfer (Waseela-e-Taleem) programme for the primary education of the children of BISP beneficiaries.
- USAID:** BISP was provided a grant of US\$ 85 million by the USAID as budgetary support for payment of cash benefits to the beneficiaries identified under the new poverty scorecard system. This amount was fully consumed by March 9, 2011. Subsequently, USAID has also provided an additional amount of US\$ 75 million. USAID also commissioned a 3rd party assessment of BISP beneficiaries. The report shows that 98.7% beneficiaries of BISP received their monthly cash transfers.
- Asian Development Bank** In June 2009, an amount of US\$150 million was provided by the ADB to the Ministry of Finance under the ADB-funded "Accelerating Economic Transformation Programme" (AETP), specifically for use by BISP to make cash transfers to beneficiaries identified through the new targeting system. ADB has committed another \$ 200 million for Social Protection Development Project for BISP in late 2013.
- DFID** supported BISP's initial activities (test phase targeting survey, process evaluation and spot checks etc.) through a GBP 3 million Trust Fund managed by the World Bank. DFID is also providing a grant of GBP 300 million to BISP beneficiaries for the co-responsibility cash transfer (CCT) programme for primary education of the children of BISP beneficiaries.

Source: Benazir Income Support Programme

III. Zakat: Zakat plays an important role in poverty alleviation. Zakat system in Pakistan was introduced through an Ordinance called Zakat and Ushr Ordinance, 1980. Zakat funds are utilized to assist the needy, indigent, poor, orphans, widows, handicapped and disabled. These poor segments of society are provided Zakat funds either directly through respective local Zakat Committee or indirectly through institutions i.e. educational, vocational, social institutions and hospitals, etc.

Table : 15.3 Disbursement of Zakat

S.No	Provinces /Other Areas	Disbursed Amount (Rs. Million)
1	Punjab	2108.009
2	Sindh	871.354
3	Khyber Pakhtunkhwa	507.892
4	Balochistan	187.795
5	FATA	128.046
6	ICT	97.203
7	Gilgit Baltistan	51.368
Total		3951.667

Source: Ministry of Religious Affairs

Under the 18th Constitutional Amendment, the subject of Zakat has been devolved to the Provinces/Federal Areas. Up to March, 2013 an amount of Rs.3,951.667 million was distributed in bulk amongst the provinces and other administrative areas. The Zakat funds disbursed to the provinces and other Areas during the financial year 2012-13 is given in Table 15.3

IV. Pakistan Bait-ul-Mal: Pakistan Bait-ul-Mal (PBM) is making a significant contribution towards poverty reduction through its various poorest-of-the-poor focused services by providing assistance to destitute, widow, orphan, invalid, infirm and other needy persons irrespective of their gender, caste, creed and religion through its on-going core projects/schemes. Following are its objectives;

- ▶ Financial assistance for
 - i. Fighting hunger
 - ii. Medical treatment
 - iii. Education
 - iv. Sponsor and promote self-employment

- ▶ Financial aid to Charitable Institutions including Educational & Vocational setups
- ▶ Residential Accommodation and necessary facilities for the deserving
- ▶ Reduction in child labour
- ▶ Dispensation through IT and E-governance
- ▶ Any other purpose approved by the Board.

During current fiscal year July to March 2013, an expenditure of Rs.1504.713 million has been incurred on its ongoing core projects/schemes.

Major Projects/Achievements of PBM:

- a. **Individual Financial Assistance:** Through Individual financial Assistance (IFA), the poor, widows, destitute women and orphans were supported for medical treatment, education, rehabilitation and general assistance. An amount of Rs. 6186.402 million has been disbursed to benefit 1,47,361 individuals countrywide during the last 04 years as shown in Table 15.4 below:

Table 15.4: Individual Financial assistance by PBM

Year	IFA General		IFA Medical		IFA Education		IFA Rehabilitation		Total Beneficiaries	Total Amount (Million)
	Bene	Rs. Million	Bene	Rs. Million	Bene	Rs. Million	Bene	Rs. Million		
2008-09	8846	186.74	8888	642.86	1224	33.34	16	0.23	18974	863.144
2009-10	29836	321.397	17301	1236.176	5641	120.96	0	0	52778	1678.535
2010-11	27223	636.386	20604	1810.21	4298	62.352	0	0	52125	2508.95
2011-12	4146	117.090	6077	518.290	1765	39.040	0	0	11988	674.420
2012-13 (upto Dec, 2012)	6877	164.095	3326	27.301	1293	24.258	0	0	11496	461.353
Total	76928	1425.708	56196	4234.837	14221	279.95	16	0.23	147361	6186.402

Source: Pakistan Bait-ul Mal, Prime Minister Secretariat, Islamabad

- b. **Establishment of Pakistan Sweet Homes (Orphans):** Pakistan Bait-ul Mal has established orphanages at divisional level in Pakistan. As a pilot project, 30 Pakistan sweet homes (orphanages) have been established where 3000 children have been enrolled so far where they are being provided free food, nutrition, medical treatment, lodging & boarding, as well as free education through well reputed educational institutes. An amount of Rs 261 millions have been spent so far.
- c. **Special Friends of PBM:** PBM has envisioned providing Wheel Chairs to every disabled in the country. A family who has two or more special children is called as “Special family” and have the right to be benefited. Through this new scheme Rs.25,000/- is being given to each family annually. Up till now, more than 60,000 wheel chairs, more than 2026 tricycles, more than 2500 white canes and more than 800 hearing aids have been distributed. Total amount so far disbursed to special family is Rs.19,97,79,860/- and for Hearing Aid Rs. 1,08,28,646/-. It is also added that 40,000 wheel chairs were donated by China.
- d. **Child Support Programme (CSP):** This is a cash transfer programme, in which cash

- incentive is provided to the parents for sending their children to schools. Rs. 300 per month is paid to the families with one child and Rs.600 per month to the families with two or more children of school age. Currently the programme is running in 11 districts. An amount of Rs. 66.754 million has been disbursed up to February 2012. UNICEFF is technically collaborating with Pakistan Bait-ul Mal in designing the programme. Gallup Pakistan hired by PBM for Base Line Survey and Rapid assessment has reported encouraging results. The World Bank Team is working for Final Impact Evaluation report of CSP pilot. On successful evaluation of the pilot further scale up of the programme would be undertaken.
- e. **National Centres for Rehabilitation of Child Labour (NCsRCL):** PBM has established National Centres for Rehabilitation of Child Labour countrywide since 1995 for primary education in 5 years as per education department. Children (Male & Female) between the ages of 5-6 years are weaned away from hazardous labour and enrolled in these centres. The current strength of NCsRCL is 158. Presently, 19372 students are benefiting from these centres. Since inception, an amount of

Rs.1,399.87 million has been utilized. Up to December, 2012 17285 students have passed out and 11915 have been admitted in govt; schools for further education.

- f. **Vocational Training Centres (VTCs):** Vocational Training Centres have been established throughout the country since 1995. 157 centres are providing free training to widows, orphans and poor girls in different skills. Presently, 6453 trainees are benefiting from these centres. Since inception an amount of Rs.478.54 million has been utilized. Up to December, 2012, 59,897 female students have been trained from these centres.

Other Initiatives taken by PBM:

- ▶ Parks for special friends (Disabled)
- ▶ Stitching Units
- ▶ Provision of school uniform and lunch boxes to Special Children.
- ▶ Celebration a Mega Sports Gala with Orphans of Pakistan Sweet Homes from all over the country every year on 23rd March or 14th August.

In order to reach the poor segments of the society, the future vision of Pakistan Bait-ul-Mal is:

- ▶ Establishment of Musafar Khanas in each hospital.
- ▶ Scale-up of Orphanage Centres (Pakistan Sweet Homes) in every city.
- ▶ Establishment of Orphanage Centres for girls.
- ▶ Scale-up of Child Support Program (CSP) to 144 districts.
- ▶ E-government through IT culture.

V. Peoples Works Program-I & II: Peoples Works programme (PWP) I & II are the welfare programmes comprising of small development schemes for provision of electricity, gas, farm to market roads, telephone, education, health, water supply, and sanitation facilities to the rural poor. PWP-I & II incurred expenditures of Rs 8.4 billion and Rs 31.8 billion during 2009-10 and Rs. 5.049 billion and Rs 21.30 billion during 2010-11 and Rs. 4.3 billion and Rs.33.6 billion during 2011-12 where as Rs.2.2 billion expenditure have been incurred between July-December 2012-13 on PWP-I and Rs. 30.6 billion expenditures on PWP-II.

VI. Employees Old Age Benefits Institution

(EOBI): Employees Old-Age Benefits Institution has been established to fulfill provision of the Article-38(c) of the Constitution of Pakistan “The state shall provide for all persons employed in the services of Pakistan or other wise social security by compulsory social insurance or other means”. EOBI provides monetary benefits to old age workers through various programmes such as Old Age Pension on attaining superannuation, Invalidity Pension on sustaining Invalidity affecting insured person’s earning more than one third of the normal, Survivors Pension in case of death of insured person/pensioner and Old Age Grant not meeting the benchmark for old-age pension. During 1st July, 2012 to 31st December, 2012 an amount of Rs. 6,603.492 million has been utilized for 373,433 beneficiaries, which is 25.0 percent higher as compared to the corresponding period of last year. Furthermore, it is planned that 102,656 more beneficiaries will take benefits from the EOBI up to June 2013; an additional amount of Rs. 7,093.51 million is allocated for Old-Age Pension, Survivors Pension, Invalidity Pension and Old-Age Grants.

VII. Workers Welfare Fund (WWF):

Workers Welfare Fund was established under Workers Welfare Fund Ordinance, 1971 for providing low cost housing and other amenities to the industrial labour. Initial contribution of Rs.100 million was made by the government and the further resources were to be raised by the private sector. During the current fiscal year July to March, 2013, expenditures amounting to Rs.874.601 million has been made for 22,684 scholarships. Another Rs. 356.740 million has been disbursed as Marriage Grant (@100,000/-) from which 5,418 families of the workers have benefited. WWF has also disbursed Rs.495.750 million for Death Grant for 1,251 cases of mishaps of workers all over the country. More than 70,000 children of workers are getting free of cost education (up to higher secondary level) in all Workers Welfare Model Schools. Matric Tech Programme under WWF is also providing training to around 2500 students of 9th and 10th class in 17 Worker Welfare Schools and 7 Vocational Training Institutes established under Provincial workers welfare Boards. Further, WWF also executed 36 housing projects with a total projected cost of Rs 21,436 million during 2012-13.

VIII. Microfinance Initiatives: Microfinance has been widely recognized as an effective strategy to combat poverty by providing financial services, especially credit to the poor to allow them to become economically active. The credit programs offer a

small loan to the beneficiaries for self-employment purposes that can start or enhance their income streams, and eventually making them self-reliant and move out of poverty. Although micro credit has been the main thrust in the past, today microfinance is seen as encompassing a wide range of financial services such as credit, saving and Insurance.

Microfinance contrary to the popular belief is not just limited to micro-credit but also encompasses micro-savings, micro-insurance and remittances. The microfinance industry in Pakistan aims to be fully integrated with the financial industry in the country. According to World Bank's Financial Inclusion Data, only 10 percent of the adult population has a bank account with only 1 percent of the population saving at financial institutions and only 2 percent having borrowed from financial institutions. The microfinance industry in Pakistan is ideally suited to extend financial services to these underserved segments of the population. Using innovation in technology, branchless banking can extend outreach to all across the country.

Although there have been many positive developments over the last year, the sector continues

to achieve scale. With potential market for microfinance estimated at close of 27 million, penetration remains low at only 8.7 percent. Although pockets of competition have emerged in mostly urban centers, many areas remain untapped. Risks arising out of natural disasters and security continue to create uncertainty. Funding requirements for future growth also pose a challenge. A large segment of the market remains unregulated and unprotected since, only microfinance banks are currently actively supervised and regulated under the SBP. A regulatory framework for non-bank MFIs is needed to provide protection to both the MFIs and their clients.

In presence of an enabling environment and the industry attaining sustainability, the sector is poised for growth. With the entry of new players and consolidation taking place, the industry is ideally positioned for expansion and provision of a wide array of services covering the entire spectrum of microfinance. The microfinance industry provides services in three broad categories namely, micro-credit, micro-savings and micro-insurance. Details of the industry is provided in Table-15.5 below:

Table 15.5: Active Borrowers, Active Savers and Active Policy holders by Peer Group

Details	Micro-credit		Micro-Savings		Micro-Insurance	
	Active Borrowers	Value (PKR Million)	Active Savers	Value (PKR Million)	Policy Holders	Sum insured (PKR Million)
2011-12	2,090,617	28,959	3,692,909	12,924	2,439,890	28,203
2012-13	2,355,943	38,238	4,682,422	24,974	2,854,194	36,054
Increase/decrease (%)	12.69%	32.04%	26.79%	93.24%	16.98%	27.84%
Increase/decrease (Net)	265,326	9,279	989,513	12,050	414,304	7,851

Source: Pakistan Microfinance Network (PMN).

The microfinance industry in Pakistan is entering into a new era as the industry matures. New players such as mobile network operators, banks and international funds, high net worth individuals or groups are becoming interested in investing in institutions that serve the bottom of the pyramid markets. State Bank of Pakistan (SBP) continues to play a leadership role through its regulatory framework that has been ranked one of the best in the world (by the Economist Intelligence Unit (EIU) of the Economist magazine) but also providing strategic direction to the sector. Currently, the industry outreach stands at 2.4 million active borrowers with a portfolio size of Rs. 38 billion. There are nearly 4.7 million active saver and the total savings are valued at Rs. 25 billion. Numbers

of policy holders are 2.8 million and the sum insured by MFIs is Rs. 36 billion as shown in Table-15.5

The objective of the microfinance initiative is to provide liquidity to the microfinance providers in response to tighter liquidity conditions and spikes in inflation. It is provided as a package through microfinance banks (MFBs), microfinance institutions (MFIs), Rural Support Programmes (RSPs), and others including Commercial Financial Institutions (CFIs) and Non-Government Organizations (NGOs). Table 15.6 presents the number of Micro-credit beneficiaries with Outstanding Loans Portfolio (OLP) and Disbursements by loan providers.

Table 15.6: Micro credit beneficiaries, outstanding loans portfolio and loan disbursement

MFP	Active Borrowers	Outstanding Loans portfolio (PKR)	Number of Loans disbursed	Disbursements (PKR)
Total for Pakistan MF sector	2,355,943	38,238,283,324	696,884	16,816,819,117
MFBs				
Apna Microfinance Bank (AMFB)	3,064	125,787,777	1,647	77,050,062
First Microfinance Bank Ltd (FMFBL)	152,957	3,511,135,600	44,498	1,339,641,855
Khushhali Bank (KB)	469,272	6,554,190,757	135,405	2,885,616,500
Kashf Microfinance Bank (KMFB)	24,372	1,138,758,348	8,083	553,256,123
National Rural Support Program Ltd (NRSP-B)	126,717	3,057,044,999	93,287	2,564,821,080
Tameer Microfinance Bank Ltd (TMFB)	154,973	6,700,230,096	43,288	2,057,095,400
Total MFBs	931,35	21,087,147,577	326,208	9,477,481,020
RSPs				
Ghazi Barotha Taraqiati Idara (GBTI)	4,074	38,856,415	1,101	17,860,000
National Rural Support Program (NRSP)	378,842	4,873,638,147	98,343	1,914,818,500
Punjab Rural Support Program (PRSP)	65,997	832,092,542	18,400	317,854,000
Sindh Rural Support Organization (SRSO)	47,627	666,494,080	16,697	297,665,000
Sarhad Rural Support Program (SRSP)	3,374	26,551,436	1,018	11,484,000
Thardeep Rural Development Program (TRDP)	63,379	597,020,277	19,125	317,990,000
Total RSPs	563,293	7,034,652,897	154,684	2,877,671,500
MFI s				
Akhuwat (AKHU)	104,600	1,156,718,256	41,855	677,794,100
ASA	147,437	1,745,723,807	46,116	797,040,100
ASASAH	5,584	51,611,041	1,850	33,140,000
Community Support program (CSP)	17,383	262,668,112	4,638	123,620,000
Development Action for Mobilization and Emancipation (DAMEN)	35,065	664,280,742	8,000	264,550,000
Farmers Friend Organization (FFO)	8,771	94,686,927	492	70,492,000
KASHF Foundation	300,091	3,248,944,752	54,248	1,276,323,000
MOJAZ Foundation	4,124	66,517,184	1,238	34,581,000
Orangi Charitable Trust (OCT)	40,750	490,399,817	5,705	97,059,752
Safco Support Foundation (SSF)	37,087	351,136,808	7,574	137,748,000
WASIL Foundation	6,127	83,667,668	728	35,697,645
	707,019	8,216,355,114	172,444	3,548,045,597

Table 15.6: Micro credit beneficiaries, outstanding loans portfolio and loan disbursement

MFP	Active Borrowers	Outstanding Loans portfolio (PKR)	Number of Loans disbursed	Disbursements (PKR)
Total MFIs				
Others				
Association for Gender Awareness and Human empowerment (AGAHE)	2,447	27,778,749	1,018	17,125,000
BRAC Pakistan	68,192	820,199,232	19,835	401,436,000
Jinnah Welfare Society (JWS)	20,403	250,300,829	4,989	121,910,000
National Rural Development Program (NRDP)	4,343	64,287,154	829	30,000,000
Orix Leasing Program (OLP)	14,825	191,676,298	3,380	78,754,000
Organization for Participatory Development (OPD)	3,556	44,764,821	1,011	20,872,000
Rural Community Development Society (RCDS)	28,103	398,573,749	8,249	193,820,000
Sungi Development Foundation (SDF)	9,947	71,160,815	2,449	34,645,000
Support with Working Solutions (SWWS)	2,460	31,386,089	1,788	15,059,000
Total Others	154,276	1,900,127,736	43,548	913,621,000

Source: Pakistan Microfinance Network (PMN).

After the 18th Amendment, Planning Commission has initiated policy dialogue with the provincial governments to develop social protection policies. Planning Commission will coordinate with all four provinces to develop consensus on a framework for social protection, including the institutional arrangements, coverage of policy, compliance, monitoring arrangements, legal and regulatory arrangements with a view to align Social Protection Policies with international commitments and achieving national goals. The new growth strategy of Planning Commission focuses on enhanced growth through increase in productivity. The Vision 2030 also emphasized on reducing poverty by

aiming to provide affordable and smooth supply of commodities at all level. The government took various measures to bring the inflation down to single digit through prudent expenditure management, tight monetary policy, better supply chain management and monitoring of the prices and supply position of all essential items by taking all the provincial governments on board.

The government is fully committed to effectively implement poverty alleviation programmes. Hence, all the possible steps are being taken for the continuity and strengthening of social safety programmes.