

**WORLD BANK LEARNING FORUM “REACHING THE
POOREST: LESSONS FOR AND FROM GRADUATION”
(6 OCTOBER 2011, SERENA HOTEL, ISLAMABAD)**

“Evolution of Pakistan’s Safety Net System”

Distinguished Participants, Ladies and Gentlemen,

I am very pleased to deliver a key note address at this Learning Forum organized by the World Bank. I am hopeful that the thought provoking deliberations and exchange of ideas by this august gathering would prove productive and we would be able to come up with concrete suggestions for the graduation of vulnerable and marginalized segments of our society.

The theme of my talk today, i.e. Evolution of Pakistan’s Safety Net System” is very close to my heart. Developing Pakistan into a welfare state was the dream of the father of the nation Quaid-i-Azam Muhammad Ali Jinnah. This dream became mission of, the first democratically elected, Prime Minister Shaheed Zulfikar Ali Bhutto and first female Prime Minister of the Muslim World, Mohtarma Shaheed Benazir Bhutto. Both sacrificed their lives for the fulfillment of this dream but the quest still goes on. The present government is pursuing this mission with unyielding zeal and vigor. Benazir Income Support Programme (BISP) is the manifestation of that dream.

The concepts of “social protection” and “safety net” are as old as humanity itself – though in different eras they may have been called by other names. The term “social protection” was used in the European welfare state and other parts of the developed world to imply maintenance of a certain living standard, and to address transient and abject poverty. The

earliest examples of state-provided social protection can be found in the era of the Roman Emperor Trajan, who expanded program for free grain to include more poor citizens of the empire. In addition, he instituted public funds to support poor children.

However, it is interesting to note that organized welfare was not common until the late 19th and early 20th centuries. During this period both Germany and Great Britain set up welfare systems to target the working classes which were till then a neglected part of society.

The United States followed several years later, during the Great Depression, with emergency relief for those most affected by the economic downturn. However, modern social protection has grown to cover a much broader range of issues and purposes. It is now also being used as a policy approach in developing nations, to address issues of persistent poverty and target structural causes. Moreover, it is increasingly being designed to lift the beneficiaries out of the poverty trap – through graduation programmes - rather than just providing basic protection against various shocks.

Islam considers rights of people (haqooq-ul-ibad) as a pillar of our faith. The concept of social welfare was a cornerstone of state policy throughout the history of Muslim rule around the world. Self help, charity and caring for the needy are historically ingrained in the social, religious and cultural norms of our society. According to a study carried out in 2001 by Johns Hopkins University, in collaboration with the SPDC (social Policy Development Centre, Karachi), Pakistanis are the second most philanthropic country in the world after the USA.

The Constitution of Pakistan also confers several fundamental rights to the people such as the right to life, liberty and equality, which are prerequisites for the chronic poor to come out of the poverty trap.

Although Pakistan has made tremendous progress since it gained independence in 1947, unfortunately the fruits of economic growth have not benefited everyone uniformly. Some are left behind and some others are not even touched by the benefits of economic growth. It has been proved globally that the so-called “trickle-down effect” does not work in all the societies.

There are various reasons for this uneven development in a society. Modern economy is technology driven and not labor-intensive. High volume of high quality goods and services are produced with fewer hands. In short, the modern economy is not generating much employment and sometimes it displaces and replaces labor with machines and tools.

Ladies and gentlemen, We must be cognizant of these vulnerable groups who would be left behind while the rest of the society reaps the benefits of economic growth. They need to be provided decent and dignified “safety nets” to help them maintain at least their present quality of life. Given our horrifying experiences with the rise of terrorism, it is all the more critical that we provide necessary social support to these vulnerable segments of society lest they fall in the trap of terrorists.

It was in this context that the People’s Government for the first time launched a major social safety programme in the country in 2008. The Benazir income Support Programme is now the largest ever social safety initiative of Pakistan and considered by many to be one of the most transparent safety nets across the globe. BISP, through its innovative approaches and products, has contributed to women’s social and economic empowerment in an exceptional manner by making women as the primary focus of BISP’s monthly cash transfers as well as other benefits such as life and health insurance and micro-finance.

As most of you are aware, before the launch of the BISP in 2008, Zakat - established in 1980 – and Pakistan Bait-ul-Maal – established in 1994 - were the main social protection and safety net programmes of the Government of Pakistan. But they were modest in size,

the targeting systems were not based on any proven scientific methodology and the population coverage was also very limited.

Within a short span of its establishment, BISP has expanded its coverage throughout the country and has brought more transparency and objectivity in the targeting of beneficiaries besides launching several graduation programmes designed to bring the people at the bottom of the pyramid out of the poverty trap.

Benazir Income Support Programme is a rare ray of hope for the millions of under-privileged men, women and children of Pakistan who are surviving on less than \$ 1.25 per day; who cannot arrange the second meal of the day for their children; whose children have never seen the face of a school; and who neither have resources nor access to consult any doctor for the treatment of their ailing children.

Within a short span of 3 years, BISP has achieved what many organizations and programmes in Pakistan could not achieve in decades. Let me give you a glimpse of our achievements:

BISP has disbursed more than \$ 1 Billion among the 5 million poorest of the poor beneficiary families (more than 30 million individuals).

This assistance is provided through multiple payment mechanisms like: money orders, Benazir Smart Card and Mobile Phone Banking.

To promote self-employment among women and to improve their livelihood, BISP provides interest-free returnable financial assistance up to Rs.300,000/- (about \$ 3530) to the randomly selected beneficiary families.

Furthermore, to empower beneficiary families to become economically independent, BISP offers opportunities of free of cost Vocational and Technical Training to each beneficiary or her nominee.

To reduce the economic risk of these under privileged families BISP provides insurance cover of Rs. 100,000 (\$1176) for the life of the bread earner of the family.

Because of BISP more than one million women have got their CNICs in last one year only, including around 100,000 women of FATA.

To ensure objective and scientific identification of the most deserving families, BISP has conducted a Proxy Means Testing (PMT) based poverty scorecard survey of the entire country, an unprecedented accomplishment in the entire South Asian region.

More than 25 million households have been surveyed in the width and breadth of the country; it's hard to find a parallel of an extensive social safety net survey of this magnitude in the entire world.

With the completion of data entry, by the end of 2011 the number of beneficiary families is projected to touch the 7 million mark. This means BISP will be supporting more than 42 million individuals (almost 23% of the entire population).

Besides providing above-mentioned social safety net related assistance, BISP also caters for the needs of already marginalized affected by any human-induced or natural emergency through its Emergency Relief Package.

Through this package BISP has provided immediate and timely assistance to earthquake effectees, IDPs of Swat and Malakand, flood affectees, and the civilian bomb blast victims.

So far, BISP has disbursed almost Rs.8.5 billion (\$ 100 million) under this package.

Rs. 4.46 billion (\$ 52 million) were disbursed among the last year's flood victims while this year, BISP has already released Rs. 2.14 billion (\$ 25 million) for more than 1 million flood affected beneficiaries of Sindh.

During the last sixty years, numerous social safety net initiatives have been launched in the country but none achieved this much public support, international recognition and operational success. BISP's success could be attributed to multiple factors, few major one are:

Objective and transparent nature of operations;

Ownership of the programme from the highest to the lowest tier of the government, across-the-board political leadership of the country, civil societies, media, academia, as well as the national and international development agencies. Unanimous passage of BISP Act from both houses of parliament is an evidence of the fact.

Dedication and commitment of the entire BISP team who consider their work as a mission.

BISP's plans for 2011 and 12 include large scale replication of innovative payment mechanisms for the vulnerable lives that is Smart Cards, Phone Banking and other creative products etc., launch of a conditional cash transfer programme to support co-responsibility for primary education of children of beneficiary families, provision of life insurance cover to the bread-winners of families, provision of demand driven vocational and technical training, provision of health insurance and micro-finance.

Ladies and gentlemen! Design and implementation of graduation programmes for the most vulnerable segments of society pose a particular challenge for all of us. There is dearth of quality training institutions in the country, the poor do not have access to capital, knowledge and resources to launch small businesses and most formal institutions, including most NOGs, do not cater to the needs of the bottom-f-the pyramid sections of society.

But, I am very much confident and hopeful that BISP will manage to overcome all challenges and will fulfill the promises made to the millions of deserving people of our country through the cooperation and support of its partners and the patronage of the

President and Prime Minister of Pakistan. I am equally confident that learning from your experience and expertise in this field would go a long way in successful implementation of BISP's graduation programmes.

Ladies and gentlemen, in conclusion I would like to thank the World Bank for organizing this Learning Forum and allowing me to share my thoughts with colleagues from government, civil society, academia and donors. I wish and pray for this Forum to succeed in all its goals and endeavors. God bless you all. Thank you very much!