

Speech for Chairperson – IDEAS Seminar on February 13, 2013

Honorable & worthy international dignitaries, researchers, academicians and other participants, I deem it an honor and privilege to welcome you all to this one day event titled, "**A Dialogue for Social Protection in Pakistan: Design, Institutional, and Financial Challenges**". Before I begin, I would like to thank the Institute of Development and Economic Alternatives (IDEAS), Pakistan for hosting this much needed event on social protection in Pakistan.

With this event and other such events in the future, it is hoped that we can take advantage of the expressed willingness of all key stakeholders including politicians, members of civil society and the international community to engage in constructive dialogue on social protection in Pakistan. We hope that such dialogues will highlight different elements of social protection and enable us to cover a number of topics including but not limited to how cash transfers help in achieving social protection; the role of institutions in supporting and sustaining social protection through effective targeting and the financing of these social protection programmes.

Ladies and Gentlemen,

There are two approaches to social protection. The first approach is the risk reduction and mitigation approach and this advocates social protection to the people due to welfare concerns. In doing so, it serves as a protection against the loss of future income and spending power. The second approach, the rights and entitlements approach advocates social protection on the ground that citizenship of a state confers the right to its citizens to a certain minimum standard of living. In this approach, social protection is considered an entitlement of citizenship, a basic fundamental right of a citizen, and on the State. For both approaches, there is the critical need to develop mechanisms of providing social protection coverage to the poor and those groups that are the most vulnerable to economic shocks. Shocks such as inflation leading to reduced purchasing power and other reasons for loss of income.

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 and to make them part of the overall development process. There are many reasons why social protection is important, both for Pakistan and globally, in countries rich and poor. Social protection programmes mitigate the risks we face personally and as a community, they support the

vulnerable with the means to secure basic needs during emergencies and in times of economic hardship. The financial-economic crisis, on top of the food, fuel volatility and climate change induced flood disasters of 2010 and 2011 revealed new vulnerabilities and the inability of communities and households in Pakistan to absorb shocks and to reduce risks to future vulnerabilities. These crises that have confronted the region and Pakistan, have forced many countries to discuss the need to develop a more systematic approach to social protection.

As for social protection in Pakistan, there are a number of programmes which tackle poverty and vulnerability directly or indirectly. Past governments had responded to events and policy initiatives by putting in place programmes that sought to address specific problems in isolation from the rest. Due to lack of a **holistic strategy**, these individual programs remained **ad-hoc, reactive** and **fragmented at best. There was no single organizational or institutional structure responsible for shaping, directing, and coordinating government policies on social protection.** In the absence of an overarching social protection system that pinned down the responsibility of each organization and institutional player in the area, agencies had spread themselves thin and introduced large number of programs, sometimes grossly overlapping with each other. Absence of monitoring and evaluation systems and accountability mechanisms made it hard to

assess whether existing programs fulfilled their objectives, and few programs were ever withdrawn. As a consequence, many programs never or rarely made adjustments to their design and functioning. An institutional framework was needed to assess the vulnerabilities and risks faced by the poor in the country, decide on prioritization of needs and policy responses, determine the type of assistance that would effectively address these vulnerabilities, and ensure proper coordination and delivery of the needed support.

Pakistan also lacked a comprehensive social protection policy. The absence of such a policy was reflected in low and irregular budgetary allocations. The total government spending on social protection (0.5 percent of the GDP) was both very low and inadequate for meeting current needs, given the large number of poor and vulnerable people in the country and in comparison to international benchmarks. Low government expenditure on health and education, and the poor quality of provision in these sectors, meant that the overall and cumulative financial commitment of the government in the sectors that can enhance social protection was insufficient.

Currently, attention is focused mainly on mitigating the impacts of shocks and assisting people most affected by those crises. But conversely, these crises opened

the possibility of designing more resilient, robust and inclusive social protection systems in Pakistan.

Ladies and Gentlemen,

Taking this opportunity I will try to provide you with some important information of Pakistan's key Social Protection Initiative, the "Benazir Income Support Program launched in July 2008. The program critical elements are; Effective targeting process, transparent means of selection, use of innovative technology, a comprehensive package of services, and effective design and implementation of a social safety net. With all of the above, BISP through one of its component is trying to develop provinces social protection policies in collaboration with Planning Commission.

After this brief glimpse into BISP, now I want to share three key lessons learnt from our unique experience at BISP and the existing and emerging challenges to our efforts to sustainably reduce poverty through providing social protection mechanism while promoting social inclusion.

1. The first key lesson that has emerged from decades of struggle to reduce poverty is that policies and programmes that originate from society and reflect felt needs and popular aspirations of the people are more likely to be

successfully implemented. But these achievements do not happen without careful planning and quality implementation. Specifically, analysis shows that programme design and strategic management are critical to success.

2. The second lesson is **people-centered development**. The current government also believe in people-centric development – one in which people are not merely beneficiaries but also creators of progress and drivers of the development process. In this context, social protection aims to unleash the latent energies of all citizens by providing them a fair chance to improve their socioeconomic condition.

3. The third lesson is from looking at the **examples of different countries**. We have solid evidence that similar programmes like Mexico's *Oportunidades* and Brazil's *Bolsa Familia* have increased key capabilities of beneficiaries, thus creating a virtuous cycle of sustainable improvement.

The lessons I listed above provides critical “elements of success” for a programme like BISP in the realm of social protection so that it can continue to achieve maximum impact and success for human development. The lessons we learnt during establishment of BISP are drawn from many challenges we faced.

Due to paucity of time, I can elaborate only few challenges including:

- (i) the scenario post-18th Amendment which transfers policymaking of social protection and social safety net systems to the provinces and regions
- (ii) creation of a national socioeconomic registry
- (iii) criticism of creating a dependency culture; and
- (iv) addressing the tight fiscal space available for social safety net initiatives.

The first challenge is **convincing and coordinating policymaking** across provinces/ regions to ensure that an effective social safety net system is created and enhanced. For this purpose, this task has been handed over to the Planning Commission which is working on establishing policies for provincial/regional social protection.

The second challenge of a **national socioeconomic registry** is being dealt with by distributing the data so that it can be used widely by the public and private sector for the design of new social protection and social safety net programs.

As for the third challenge, inevitably, the programme has led to criticism in some circles in the country that it will generate a dependency culture. Efforts are made to

communicate to the masses and various stakeholders that level of support being provided through BISP is minimal and has designed to supplement income from a job, never replace it. The injection of this cash into particularly poor communities is helping stimulate the local economy. Some studies have shown that most of the money is spent on basic necessities such as food, school supplies, and clothing.

As for the last challenge, the tight fiscal space available with the Government of Pakistan and the increase in number of BISP beneficiaries is a hindrance for BISP to provide the complete package of benefits to all of its beneficiaries through government funds. Therefore, BISP is making concerted efforts for resource mobilization from international development partners, bilateral support and donor organizations.

In closing, I would reiterate that stronger social protection has the potential to be a powerful tool for achieving sustainable and inclusive development. The real wealth of a nation is its people, both women and men. The causes and outcomes of poverty are highly differentiated between women and men, particularly because of the unequal access to and control over productive resources and decision-making. BISP targets women specifically for this reason. Safety net transfers are effective in empowering these poor women and families and helping to **build social**

infrastructure. It is my hope that we will be able to address the challenges to our existing and future plans through focusing on a coordinated, systematic and comprehensive agenda for social protection.

I THANK YOU ALL.