Pakistan’s social protection response to the COVID-19 pandemic and the road ahead

Yannick Markhof, International Policy Centre for Inclusive Growth (IPC-IG)

The COVID-19 pandemic and the associated economic crisis severely impinge on the livelihoods of millions of households and threaten to leave lasting scars on countries’ socio-economic landscapes. To combat the fallout on the most vulnerable people in society, Pakistan initiated one of the most widely cited social protection initiatives in South Asia and beyond: Ehsaas Emergency Cash. Markhof (2020) provides an in-depth look at the most pertinent features of this response, analyses its adequacy, and outlines key takeaways that can inform the path towards a new, better normal for social protection in Pakistan and beyond. This One Pager summarises the study’s key findings, many of which generalise past the Pakistani context.

The crisis is adding further economic pressure to an already strenuous position in Pakistan and has led to significant downward estimates of growth by the World Bank. The 59 million workers in Pakistan earning informal livelihoods, many of whom cluster around the USD3.20 poverty line, are seeing their incomes slashed during the crisis and could account for up to 11.5 million additional people falling into poverty. The 2020/21 fiscal year budget must thus reconcile increases in social spending with considerations of fiscal sustainability. To do so, it hinges on swift recovery.

Social protection has been an integral component of Pakistan’s response to the crisis. It fulfils four interrelated roles: (i) protecting critically threatened livelihoods; (ii) complementing non-pharmaceutical interventions; (iii) preserving and strengthening capacity for recovery; and (iv) building future resilience. The flagship social protection response has been Ehsaas Emergency Cash (EEC).

EEC was a cash transfer given to 16.9 million households (about 50 per cent of the population) from April to July 2020. The benefit was a lump sum of PKR12,000 (34 per cent of the average monthly household income), paid through biometric payment points. Beneficiaries belong to one of five categories: (i) existing Ehsaas Kafaalat (EK) unconditional cash transfer beneficiaries; (ii) those with a proxy means test score in the social registry of between 16.7 (the threshold for receipt of EK) and 38; (iii) those who are poor but not enrolled in the social registry, whose eligibility was verified through district lists and big-data-based exclusion criteria; (iv) informal workers who were laid off due to the lockdown; and (v) those formally eligible who applied for relief but could not get covered initially due to province quota restrictions. Beneficiaries who did not already receive the transfer were identified through an SMS campaign or online portal and had to undergo biometric registration before being prompted to pick up their benefit at their nearest payment point.

An adequate social protection response had to be large (vertical expansion of benefits), widespread (horizontal expansion of coverage), and long-lasting, with swift and safe action as governing imperatives. How does EEC compare to this benchmark?

For workers in sectors that were highly affected by the pandemic, EEC covered 56 per cent of estimated income losses during the 46-day general lockdown. It was sufficient to cover food expenditures for about three-quarters of this period if beneficiaries only spent as much as the poorest 20 per cent of households in Pakistan do in normal times. In terms of monthly household income covered, EEC ranks around the median in an international sample of emergency cash transfers.

EEC was able to cover 55 per cent of significantly impacted informal workers and 74 per cent of the population multidimensionally vulnerable to COVID-19. Coverage was spread across the country, with the highest share of vulnerable people covered in the provinces of Sindh and Punjab—which saw the largest increases in vulnerability—but somewhat lower coverage rates in more remote areas and where social registry coverage was incomplete.

Through its design, EEC took several precautions to avoid the spread of the disease and had provisions to cover significant portions of the ‘missing middle’ without previous access to social protection. Furthermore, it employed digital technologies for registration and payment that hold future promise but might ambivalently affect female applicants.

Finally, the next steps of the crisis response should be ‘SMART’:

- Support the livelihoods of those who continue to be affected.
- Make sure to foster the federal-provincial interplay and continuation of a ‘whole of government’ approach to social protection—during and after the crisis.
- Adapt the response in length, coverage, and benefit values to the developments of the crisis.
- Reap the benefits of what has already been achieved—the social registry can be expanded; enrolment can be made more flexible, on-demand, and digital; financial inclusion can be promoted; and the ‘missing middle’ can be integrated into the mainstream social protection landscape. These measures ultimately build future resilience.
- Target universal access to social protection as the mid-term goal through a combination of broad social protection floors and an extension of social insurance to informal workers.

Reference:

The views expressed in this page are the authors’ and not necessarily those of the United Nations Development Programme or the Government of Brazil.