



# Ehsaas Strategy

Revised in the COVID-19 context  
4 years (2019 – 2023)



Government of Pakistan

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“The Government envisages Pakistan to be a ‘welfare state’ based on the principles of Islamic ideology similar to those put in place by Prophet Muhammad (PBUH) in *Madina*. Our commitment is to form a welfare state where rule of law, meritocracy, transparency and accountability in governance are guaranteed, where equal opportunity exists for all and where social welfare is provided to all those who need it.”

**Imran Khan**  
Prime Minister of Pakistan

“Ehsaas is about the creation of a welfare state by leveraging 21<sup>st</sup> century tools and approaches, such as the use of data and technology to create precise and adaptive safety nets; promoting financial inclusion and access to digital services; supporting the economic empowerment of women; focusing on human capital formation; overcoming financial barriers to accessing health and education and employing innovative digital approaches to develop solutions at scale. The programme’s premise is grounded in the importance of strengthening institutions, transparency and good governance. We realize that limited capacity of public institutions, and governance challenges often impedes their ability to deliver. Therefore, Ehsaas is also planned with the ambition to fight through all such challenges.

**Sania Nishtar**

Special Assistant to the Prime Minister on Poverty Alleviation and Social Protection

# Explanatory notes

## **Numbering of policies and programmes in the Strategy document**

The Prime Minister's initial Policy Statement on Ehsaas,<sup>1</sup> which was released on April 10, 2019 embodied 115 policy and programme initiatives. Since Ehsaas is meant to expand and evolve over time, currently the framework stands expanded to more than 292 initiatives. In the narrative of the document, references to the numbering of these initiatives is not aligned chronologically; instead they are arranged as per themes discussed. The Ehsaas framework will continue to be updated as and when needed, based on new evidence and experience of its implementation.

## **Response to the online consultation on the Strategy Document**

During the online consultation on the Ehsaas Strategy, which was conducted in September 2019, we came across various comments on the structure as well as content of the document. Within this context, it is clarified that this is high-level strategy document. For each of the projects and programmes under the Ehsaas Umbrella, there are defined executing agencies. Projects and programmes are conceptualized through a process, they are approved at the design stage through competent forums, they are presented at the respective board levels, and are then presented and approved by the Economic Coordination Committee of the Cabinet and finally are given approval at the cabinet level, where relevant. For each of the programmes' implementation strategies, operational plans, financial and workplans for execution and monitoring and evaluation mechanisms are charted.

## **The changes made in the strategy in the context of COVID-19**

The changes made in the context of COVID-19 are a result of both COVID-19 related lessons as well as learnings from rigorous tracking of Ehsaas initiatives over the last year. Some Ehsaas initiatives have been clubbed,<sup>2</sup> whereas in the case of some others, dependency on availability of resources has been flagged in the post COVID context; the latter are marked with a symbol (∞) in the text of the document, if the pre-COVID language is retained.

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<sup>1</sup> Ehsaas: Prime Minister's Policy Statement: <http://pmo.gov.pk/documents/Ehsaas-Prime-Ministers-Policy-Statement.pdf>

<sup>2</sup> Through consultation with PPAF, Initiatives 60 and 61 focusing on asset transfers of livestock, agricultural inputs, input materials for small outlets etc. were consolidated with Initiative 32, 'National Poverty Graduation Programme', as asset transfers are a component of the programme and can be executed more efficiently if implemented as part of a holistic initiative. Similarly, Initiative 34 'Assistance to widows through Tahafuz' and Initiative 41 'Protection against catastrophic expenditures through Tahafuz' were consolidated with Initiative 33 'Launch of shock-oriented safety net, Tahafuz' since the concept will first be tested in a pilot before scale-up under an umbrella programme to incorporate different target groups and events.

**Abbreviations:**

AT	Assistive Technology
ADB	Asian Development Bank
BHU	Basic Health Unit
BISP	Benazir Income Support Programme
BRI	Building and Re-building Institutions
CHE	Catastrophic Health Expenditure
CGPI	Clean Green Pakistan Index
CPEC	China Pakistan Economic Corridor
CSR	Corporate Social Responsibility
EDU	Ehsaas Delivery Unit
EEC	Ehsaas Emergency Cash
EITI	Ehsaas Implementation Tracking Initiative
EOBI	Employees Old Age Benefit Institute
FP	Family Planning
FTRI	Field Transformation and Reform Initiative
GB	Gilgit Baltistan
GER	Gross Enrolment Ratio
HDI	Human Development Index
ICT	Islamabad Capital Territory
IFAD	International Fund for Agriculture Development
IT	Information Technology
KP	(Province of) Khyber Pakhtunkhwa
KP-NMD	(Province of) Khyber Pakhtunkhwa and newly emerged districts
LEG	Labour Social Protection Expert Group
MDG	Millennium Development Goals
MPI	Multidimensional Poverty Index
NADRA	National Database Registration Authority
NAPHDA	Naya Pakistan Housing & Development Authority
NAVTTTC	National Vocational and Technical Training Commission
NNS	National Nutrition Survey
NCD	Non-communicable disease
NFC	National Finance Commission
NPGI	National Poverty Graduation Initiative
NSER	National Socio-economic Registry
ODSP	Orphans Donors Support Programme
OOP	Out of Pocket
PASSD	Poverty Alleviation and Social Safety Division

PBM	Pakistan Bait-ul-Mal
PKR	Pakistan Rupee
PFC	Provincial Finance Commission
PPAF	Pakistan Poverty Alleviation Fund
PSEP	Private Sector Engagement Policy
SDG	Sustainable Development Goals
SAPM	Special Assistant to the Prime Minister
SUN	Scaling Up Nutrition
TVO	Trust for Voluntary Organizations
TVET	Technical and Vocational Training
UHC	Universal Health Coverage
UNCRPD	UN Convention for the Rights of Persons with Disabilities

# Ehsaas strategy, revised in the COVID-19 context

The Ehsaas Strategy was framed pre-COVID in 2019. It was envisaged as a wide-ranging plan to develop a welfare state. Several Ehsaas components were rolled out the same year; however, COVID-19 has prompted the need to revisit the Strategy, in view of its heightened relevance.

The COVID-19 pandemic has exacerbated the challenges to global poverty eradication. The COVID-19-induced number of individuals living in extreme poverty (defined as the measure of people living on less than \$1.90 per day) is estimated to have risen to between 143 and 163 Million in 2021<sup>3</sup>. Globally, it is understood that three to four years of progress towards ending extreme poverty may have been lost owing to the pandemic<sup>4</sup>. More broadly, the pandemic is threatening to wipe out the development gains of the last century. The Millennium Development Goal (MDG) on poverty eradication was achieved five years ahead of schedule, but now with the corresponding Sustainable Development Goal (SDG), we might sadly be moving backwards, which is why an emphasis on poverty alleviation and social protection programmes, at scale, is so critical.

It is in times of crisis that the true character of a nation is tested. The COVID-19 pandemic has shed light on the ability of the Pakistani people, communities, and institutions to bring out the best from themselves when challenges are the most extreme: through concerted efforts, the country has ramped up one of the world's most effective social protection responses and emerged as a beacon of innovation for others. However, we should beware of complacency, with much more to be done. An opportunity is within reach to leverage the crisis as a platform for radical change in the way the state conceives and provides social protection. The facts are clear: the social protection of today is the human capital, the resilience, and the economic inclusion of tomorrow. Investing in social protection is both a response to current needs as well as preparedness for, and insurance against future crises. This is not wishful thinking, but solid public policy rooted in robust empirical evidence.

Too often social protection has been portrayed as a “cost”, or a mere expenditure item directed to passive “recipients”. A paradigm shift is now emerging on the horizon: grounded in evidence and innovative practices, a new vision for social protection systems underscores that supporting people with transfers, insurance, training, and services represents a direct investment in the economy. When participating in programmes like cash transfers, for instance, people spend, consume, save, and reinvest those resources, hence strengthening local economies and enhancing the adaptability of communities. It is no accident that central banks and governments across the globe have used cash transfers as the surest route to reignite pandemic-stricken economies. The expansion of the technology frontier can help achieve these goals faster and more precisely. And there is more: social protection encourages people's ability to be agents of change by providing power, voice and means to reconfigure their livelihood pathways and role in society. This is what lies at the heart of the bold Ehsaas strategy: a deliberate recognition that the time has come for

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3 Yonzan et al., 2021. Available data and estimates of the impact of COVID-19 pandemic on global poverty. United Nations.

4 World Bank Blog, “COVID-19 leaves a legacy of rising poverty and widening inequality”, October 2021. January 2022.



reimagining a social contract with social protection at its centre, where citizens and state are partners in building our common future.

When COVID struck, it became critical for Pakistan to protect the most vulnerable, especially the tens of millions of daily-wage and piece-rate earners and self-employed individuals in the informal economy, whose livelihoods had been affected. The urgency of the response was unprecedented. Within that context, EEC programme was established to deliver one-time emergency cash assistance targeting ~15 million families. This end-to-end digital system was not just the largest and most extensive social protection intervention ever in the history of the country, but also the most transparent and apolitically run.

The legacy of Ehsaas Emergency Cash (EEC) is not simply short-term relief. Built into its design are longer-term goals to strengthen overall safety nets and increase financial inclusion, both of which will bring lasting benefits to recipients and the country as a whole. A detailed account of EEC has been published in the interest of public accountability and transparency.<sup>5</sup> The experience also generated lessons around the design and implementation of a nation-wide programme, for real time emergency situations, and is applicable globally.

There was massive know-how gained in rapidly designing and implementing a national programme in real time, in a context of complexity and uncertainty. For Pakistan, this was a watershed moment in terms of government functioning and ushering in a digital transformation. It made the government more agile, data-driven, experimental, and ambitious. It helped with the fast-track adoption of cost-effective, digital ways of working and new ways of coordinating across multiple stakeholders, including the private sector and deploying a whole-of-government approach. It also bolstered confidence in the government's ability to execute well and at scale.

EEC enabled a broader policy conversation on how social protection tackles rising inequality and enables social inclusion and empowerment of vulnerable groups. It is here that the great global reimagination of social welfare, envisaged in Ehsaas gives Pakistan a head start. We stand ready to assist the likely vast numbers of people that have been pushed into poverty in Pakistan as a result of the crisis. It also highlighted the need for formal, on-going social protection programmes for informal workers.

In the COVID-19 context, there is need for new forms of social protection and the need to reach out to various disadvantaged groups. Since the Ehsaas Strategy was already designed on these principles, it becomes all the more relevant in COVID-19.

The Ehsaas Strategy, in the COVID-19 context, regards social protection as the cornerstone of relief and recovery best suited to addressing rising inequality in the wake of the pandemic. Therefore, even while COVID-19 was raging in the country, work was ongoing on several demand-side social protection interventions to protect human capital from the negative coping strategies, which impact inter-generational poverty. As a result, the education conditional cash transfer programme (Ehsaas School Stipends), has been expanded nationwide; the new health and nutrition programme (Ehsaas Nashonuma) has been rolled out in time and the scheduled rollout of the shock-oriented safety net (Ehsaas Tahafuz) as well as the complex execution of the Ehsaas One window service delivery was also completed on time. . Furthermore, the National Socio-Economic Survey has been completed and is now transitioning into a “dynamic registry mode” which will allow it to better respond to shocks and would promote better inclusion

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<sup>5</sup> Nishtar, S. (2020). COVID-19 Ehsaas Emergency Cash: a digital solution to protect the vulnerable in Pakistan. Government of Pakistan.

through on-demand registration for people in need during emergencies and otherwise. In addition, planning on social risk mitigation measures for the informal sector has been accelerated. COVID-19 has exposed structural problems in the informal sector. We are conscious that while the poor have suffered severely, informal workers who have inadequate mechanisms for coping due to limited savings and access to finance have been severely affected and hence new programmes are being designed.

# Summary

Poverty and inequality are root causes as well as consequences of multi-faceted development problems in Pakistan; these have been accentuated by COVID-19. Therefore, there is strong evidence and public policy rationale to address these challenges.

In the given context, Ehsaas signifies compassion; it refers to concern for those that are disadvantaged, and as such, it is Government of Pakistan's umbrella initiative to address poverty and inequality. It is one of the main instruments through which the Government aims to build a welfare state, based on the principles of Riasat-e-Madina. Ehsaas is a whole-of-government multi-sectoral and multi stakeholder coordinated initiative—the biggest and boldest pro-poor programme ever launched in the country. In the COVID-19 context, there is need for new forms of social protection and the need to reach out to various disadvantaged groups. Since the Ehsaas Strategy was already designed on these principles, it becomes all the context of COVID-19.

Its **objectives** are to:

- Provide effective, comprehensive and adaptive social protection system
- Address elite capture and make the government system work for equality of opportunity
- Invest in people for human capital formation; and
- Create livelihoods and jobs for the poor

The four objectives constitute the four Ehsaas Pillars, under which more than 292 policies and programme initiatives are aligned.

## **Contents of the Strategy document:**

This Strategy document outlines the Government's vision in a nutshell, which is the bedrock on which Ehsaas has been built; the Principles, which drive Ehsaas; the context in which it has been shaped; the Theory of Change, which underpins its conceptualization; and the four pillars under which its goals, pillars, objectives, policies, programmes and initiatives are organized. The linkage between these is shown in Figure 1. The Strategy document also outlines details about the manner in which 21<sup>st</sup> century tools and approaches are envisaged to build a welfare state.

## **Ehsaas target groups:**

The Ehsaas framework is aimed at the extreme poor, orphans, widows, the homeless, the disabled, the jobless, poor farmers, labourers, the sick who risk medical impoverishment, the undernourished; students from low-income backgrounds and poor women and elderly citizens; the framework is also shock responsive and is also about lifting lagging areas where poverty is higher.

## **The four thematic pillars of Ehsaas:**

Ehsaas is the vehicle through which the Government envisages implementing its vision for a welfare state; as such, it is an umbrella initiative with many programmes for various target groups. The need to prioritize its first Pillar, *Safety nets*, has become all the more important in view of the economic hardships ushered in by COVID-19. The Safety nets pillar is dovetailed with the National Poverty Graduation Initiative under the *Jobs and livelihoods Pillar IV*, which is envisaged to pave the way for livelihood creation.

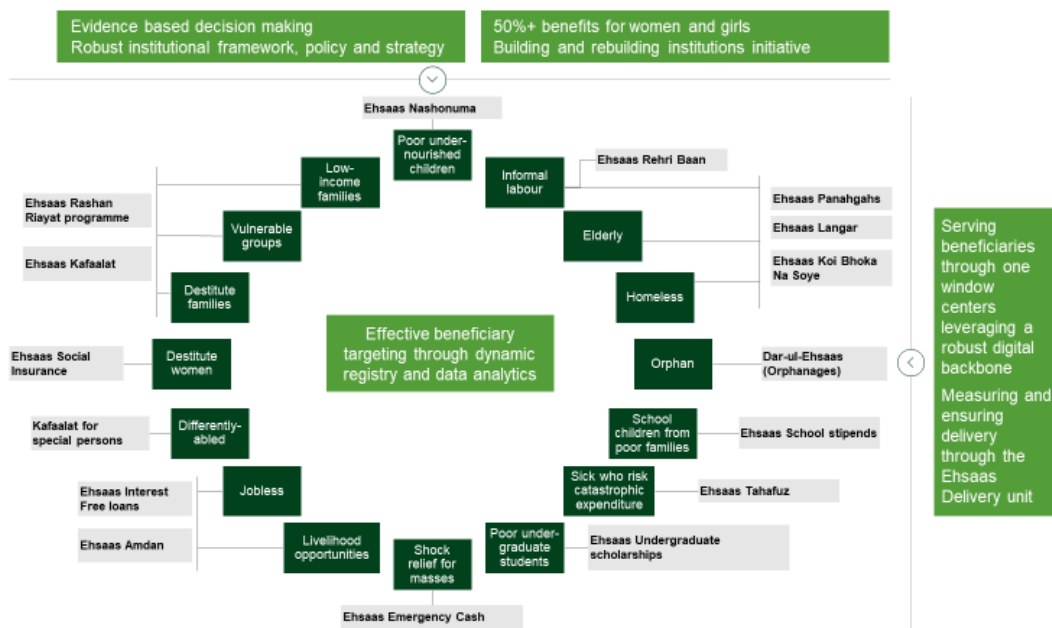
Ehsaas *Pillar III* is predicated on the understanding that *Human Capital* development is a significant contributor to the wealth of a nation in this digital age. Therefore, to catalyze action in the right direction, Pillar III includes specific policies and programmes which facilitate financial access to health, education, and nutrition. In addition, other initiatives are meant to supplement sectoral policy initiatives of federal and provincial governments with an additional emphasis for the marginalized.

The Government is fully cognizant that massive poverty reduction and quantum changes in the lives of the poor is the result of overall robust, sustained, and sustainable economic growth and the ability of governments to accrue the benefits of that growth equitably to populations. The Government is driving change at various levels to achieve these objectives through a wide variety of economy-wide interventions. One set of interventions in the overall framework of the Ehsaas programme (*Pillar: Address elite capture*) contributes to that overarching mission.

### Ehsaas Framework

The core Ehsaas framework comprises 16 programmes, which are aimed at 16 different target audiences. There are 10 foundations which help to execute these programmes and over 292 supporting actions and initiatives (Figure 1).

**Figure 1:** Snapshot of Ehsaas programme



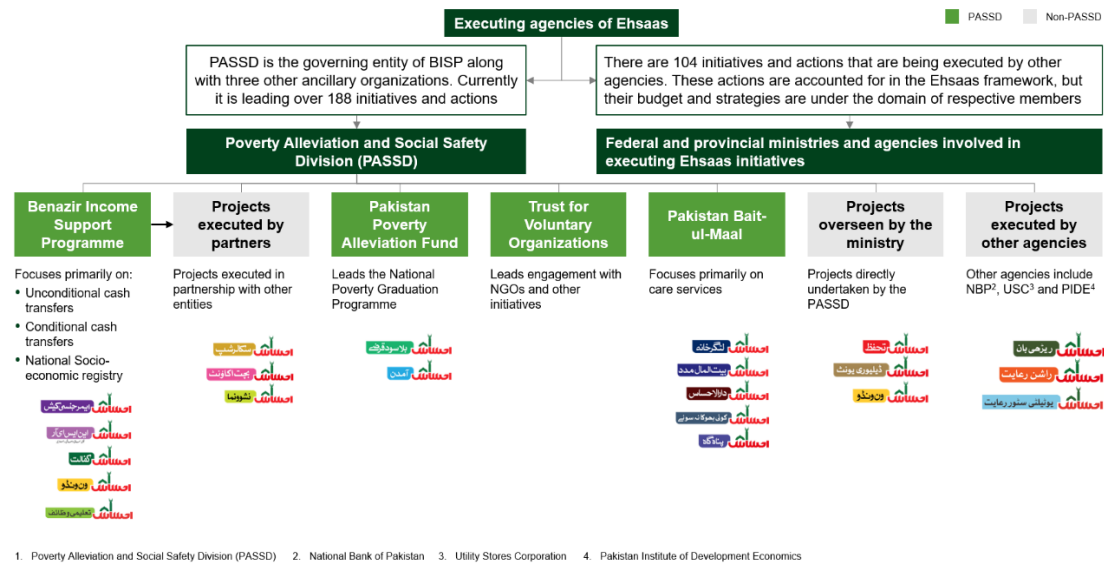
The Ehsaas time bound outcome-based goals and indicators are related to this core framework (Figure 2).

**Figure 2: Linkage between Ehsaas goals, pillars, objectives, policies and programmes**

	Safety nets	Addressing elite capture	Human capital	Jobs and livelihoods
Goals & Targets	Safety net for at least <b>10 million families (90% women)</b> Building and re-building institutions ( <b>100%</b> implementation of reforms) Shock responsive and adaptive social protection	Enabling environment for poverty reduction	Financial access to health-care and education for <b>10 million families</b> <b>50%</b> benefits dedicated for females to promote gender equality	Livelihood opportunities for <b>3.8 million families (50% women)</b> Financial & digital inclusion for 7 million individuals ( <b>100%</b> women)
Pillars Objectives	Provide effective & comprehensive safety nets for the vulnerable	Address elite capture and make government work for equality	Invest in people for human capital formation and lift lagging areas	Create livelihoods and jobs for the poor
Policies, programmes	Ehsaas Kafaalat Ehsaas Kafaalat for differently abled Panahgahs, Langars, Orphanages Ehsaas Tahafuz Ehsaas Emergency Cash Ehsaas Rashan Riayat Ehsaas Nashonuma	Programmes and policies in Pillar II	Waseela-e-Taleem Ehsaas undergraduate scholarship Sehat card	Ehsaas Amdan Ehsaas Bila sood qarza Women empowerment centers

The core Ehsaas framework and its budget is executed by the Poverty Alleviation and Social Safety Division - ('Ehsaas Ministry') and its attached departments (Figure 3)

**Figure 3: Initiatives in the Ehsaas Framework**



Federal and provincial ministries execute pro-poor initiatives and programmes and enact pro-poor policies which are accounted for under *Initiatives in the Ehsaas framework* (Figure 3). The Ehsaas Delivery Unit (EDU) only monitors implementation milestones of initiatives listed in the Ehsaas framework.

## **Prioritization of the Safety Net Pillar in the Ehsaas framework:**

Pillar I in the larger Ehsaas strategy is built on 10 main foundations and several programmes. These programmes and foundations encapsulate various initiatives linked by the theory of change to support and strengthen their sustainable execution and delivery.

The foundations underpin all programmes that deliver support under the safety net pillar. These foundations cover initiatives to strengthen institutions through building necessary policies, frameworks, and partnerships. Set specific targets for inclusion of women, leverage technology tools, utilize better data management, and create centralized operations for delivery. They will also bring special focus on optimizing fiscal positions, transparency, and better delivery of the programmes.

The programmes which target different groups are various safety net initiatives administered under PASSD and its ancillary organizations. These programmes are divided by national-level, district-level and new programmes in the pilot phase. Programmes cover various conditional and unconditional cash transfer programmes for education, COVID-19, infant care, and women in poor households. There are also various in-kind programmes such as interest-free loans, assistive devices for disabled, orphanages, services for homeless and hungry, healthcare and food subsidies

## **Selected key area under Pillar II, III, and IV**

Following outlines key areas under Pillar II, III, and IV. These are meant to supplement sectoral policy initiatives of federal and provincial governments with an additional emphasis for the marginalized.

Selected key policies, programmes, and initiatives under Pillar II, III, and IV

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### Ehsaas Pillar II: Addressing elite capture

- Constitutional Amendment to move Article 38(d) from the “Principles of Policy” section into the “Fundamental Rights” section/related legislation
- Pro-poor goals for every ministry
- Mandatory section in the PC1 Performa
- Pro-poor earmarking of resources
  - A need-based system in the new NFC and PFC awards
  - Policy on use of development expenditure by parliamentarians
  - Guidelines on Corporate Social Responsibility
- Guidelines on conflict-of-interest
- Share for certified poor in govt resources (e.g., vending stalls on railway stations, govt shops in Town and Tehsil committees, Market Committees, and in *katchi abadi* schemes)
- Enabling legislation for the poor
- Build and rebuild institutions (BRI) for better delivery

- 
- Institutionalizing efficiency through digitization
  - Embedding good governance
  - Minimizing financial and statutory risks
- 

Ehsaas Pillar III, Human capital development: selected key interventions

- Access to education through vouchers where there is no government school, but private schools exist
  - Revamping of BHUs, UHC, FP and preventive health
  - Provide comprehensive nutrition education
  - Ensure access to affordable and nutritious food
  - Second chance education programme for girls
  - Transparency placard placement policy in schools and health facilities
  - Desi chicken asset transfer
  - Kitchen gardening initiative
  - Action against spurious, and adulterated milk
  - Awareness drive aimed at Article 25-A of the Constitution
- 

Ehsaas Pillar IV, Jobs and livelihoods

- National Poverty Graduation Initiative
  - Geographically relevant agriculture and crafts value-chain building policy
  - Solution Innovation Challenges to create solutions for poverty at scale
  - Quick-win areas for job creation: Information Technology sector, Technical and Vocational Training sector, export of human resource and climate action
-

## Context and need

The need for Ehsaas is critical, as poverty is both the root cause as well as a consequence of multi-faceted development problems in Pakistan. These have been exacerbated by pervasive inequality both within and across geographical regions. Such deprivations restrict individuals from participating in economic activity and improving their well-being, hence keeping them locked in the poverty trap.

Between 1998-2018, poverty rate in Pakistan has declined from 61.6% to 21.5%<sup>6</sup> but remains unacceptably high. A much higher percentage of the population faces non-monetary deprivations. Prevalence of multidimensional poverty is 38.8%<sup>7</sup> (including education, health and living standards). Results also indicate disparities between rural and urban areas, with rural poverty being higher at 27.6% vs. 10.7% for urban, as well as provincial differences, with Balochistan having the highest poverty rate at an alarming 40.7%<sup>8</sup>. These figures suggest that despite a drop in poverty rates over the last two decades, the prevalence of poverty is still high in the country which warrants a strong need for public policy interventions to address it. As an umbrella initiative, Ehsaas is one of the vehicles through which the Government envisages implementing its vision for a welfare state. There is a requirement to prioritise its Safety Net Pillar in view of any economic hardship that may arise because of the fiscal austerity measures as well as COVID-19 related hardships.

Significant increase in the Federal Budget 2019/20 and 2020/21, intended to broaden safety nets under Ehsaas Pillar I reflects this realization.

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<sup>6</sup> Afzal, H and Ahsan, H. (2021). Poverty Trend in Pakistan: A Glimpse from the Last Two Decades. PIDE Knowledge Brief, No. 26:2021.

<https://pide.org.pk/research/poverty-trend-in-pakistan-a-glimpse-from-last-two-decades/>

<sup>7</sup> [https://ophi.org.uk/ophi\\_stories/pakistan-launches-mpi/](https://ophi.org.uk/ophi_stories/pakistan-launches-mpi/)

<sup>8</sup> Afzal, H and Ahsan, H. (2021). Poverty Trend in Pakistan: A Glimpse from the Last Two Decades. PIDE Knowledge Brief, No. 26:2021.

<https://pide.org.pk/research/poverty-trend-in-pakistan-a-glimpse-from-last-two-decades/>



# Ehsaas

## Vision

The Government envisages Pakistan to be a ‘welfare state’ based on the principles of Islamic ideology like those put in place by Prophet Muhammad (PBUH) in *Madina*. Our commitment is to form a welfare state where rule of law, meritocracy, transparency, and accountability in governance are guaranteed, where equal opportunity exists for all, and where social welfare is provided to all those who need it.

## Pillars and objectives

Ehsaas is the biggest and the boldest pro-poor and pro-equality programme ever launched in Pakistan. It is an overarching coordinated whole-of-government umbrella initiative and its **objectives** are to:

- Provide effective, comprehensive, and adaptive safety nets for the marginalized and the vulnerable
- Address elite capture and make the government system work for equality of opportunity
- Invest in people for human capital formation
- Create livelihoods and jobs for the poor

The four objectives constitute the 4 pillars of Ehsaas, under which its 292 policies and programme initiatives are aligned.

## Goals

Ehsaas’ overarching goals and targets are the following:

- Safety net for at least 10 million families
- Livelihood opportunities for 3.8 million individuals
- Financial access to education, healthcare and nutrition for 10 million families
- 50% benefits dedicated for females to promote gender equality
- Shock responsive, adaptive and interoperable social protection mechanisms
- Financial and digital inclusion for 10 million individuals (90% women)
- Build and rebuild institutions with 100% implementation of reforms

Goals are aligned with Ehsaas’ 4 pillars and the conceptual framework through which the 292 initiatives link with the pillars and the goals is shown in Figure 1 in a previous section. The current goals are based on the resource envelope available today and are envisaged to be expanded based on availability of new funding and partnerships.

## Values

The Ehsaas values underscore uncontentious and necessary beliefs and attitudes which all members of the organization embody in support of delivering on our commitment to form a

welfare state where rule of law, meritocracy, transparency, and accountability in governance are guaranteed. Where equal opportunities exist for all, and where social welfare is provided to all those who need it. At the forefront stands ‘empathy’, which is the literal meaning of Ehsaas itself in Urdu.

E	Empathy	To adopt a genuine desire and capacity to understand or feel what the common person is experiencing from within their frame of reference.
H	Honesty	To uphold integrity and transparency in all aspects of decision-making and behaviour that impacts the organization and its clients and beneficiaries.
S	Solidarity	To foster unity and cohesiveness in support and mutual well-being and one is aligned with the vision of the organization.
A	Accessibility	To make the organization and its services approachable to everyone who may need access to it regardless of (dis)ability, race, creed, or religion.
A	Accountability	To accept responsibility of individual and collective behaviour and provide evidence trail of the reasons behind all decisions
S	Sustainability	To pursue measures for the long-term coexistence and well-being of the environment, organization, and its people without compromising future generations.

## Principles

The Ehsaas values serve as the foundation for the Ehsaas principles which guide actions towards Ehsaas objectives:

1. **Inclusivity and comprehensiveness:** A focus on leaving no one behind, especially women and marginalized populations and recognizing the lagging districts and targeting specific interventions to uplift them
2. **Equalizing efforts:** Countering the mechanisms through which elite capture the State
3. **Multi-stakeholder approach:** Tapping whole-of-government partnerships between its multiple sectors for finding solutions through collaboration, and creating joint federal-provincial leadership
4. **Public-private partnership-driven:** Mainstreaming private sector and civil society’s role in a rule-based innovative manner to provide solutions with public outcomes
5. **Strengthening Governance:** Investing in strengthening institutions and good governance and focusing on strong accountability and transparency mechanisms
6. **Technology-driven:** Leveraging 21<sup>st</sup> century tools—data and technology—to create precision safety nets and solutions for welfare
7. **Digital and financial inclusion:** Promoting financial inclusion and access to digital services
8. **Pro-women and gender-empowering:** Supporting the economic empowerment of women
9. **Human-centric approach:** A focus on the central role of human capital formation for poverty eradication, economic growth, and sustainable development
10. **Service-oriented:** Focusing on reducing financial barriers in accessing health, education, skills training, and legal services

11. **Policy Synchronization:** Aligning social protection policy with other policies of economic and social development, i.e., macroeconomic and fiscal policy, agriculture policy, industrial policy, labour market policies, rural and urban development policies, etc.
12. **Dignity:** Maintaining dignity of beneficiaries at all cost and ensuring peoples' centred priorities
13. **Evidence based decision making and transparency**

## Alignment with SDGs

Pakistan has adopted Sustainable Development Goals as National Development Goals through a unanimous resolution by the National Assembly of Pakistan. SDG's are based on the principle of 'leaving no one behind' which is also central for the government for wider inclusion, poverty eradication and human development.

When the Ehsaas Strategy was conceptualized, it was in alignment with the Sustainable Development Agenda 2030. Ehsaas initiatives were envisaged to contribute to eleven out of the seventeen goals of the SDG framework. Especially relevant goals included SDG 1 (Elimination of all forms of poverty—its targets, inter alia, include implementing nationally appropriate social protection systems and achievement of substantial coverage of the poor and the vulnerable); SDG 2 (Zero hunger); SDG 3 (Good health and well-being); Goal 4 (Quality education); SDG 5 (Women's empowerment and gender equality); Goal 6 (Clean water and sanitation); SDG 8 (Full and productive work); Goal 9 (Innovation); SDG 13 (Climate action); SDG 10 (Reducing inequality); Goal 17 (Partnerships).

In the context of COVID-19, we must be conscious that COVID-19 is threatening to wipe out the development gains of the last century and in doing so it is also reversing three decades of gains in poverty eradication. The Millennium Development Goal (MDG) on poverty eradication was achieved five years ahead of schedule, but now with the corresponding Sustainable Development Goal (SDG), we might sadly be moving backwards, which is why an emphasis on poverty alleviation and social protection programmes, at scale, is so critical. And hence the need to prioritize implementation of the Ehsaas strategy.

## An adaptive system of social protection

In a country where poverty is pervasive, unanticipated adverse events either caused by nature like pandemics, earthquakes etc. or man-made unfavourable circumstances for the poor like inflationary pressures push the vulnerable deeper into poverty which makes it difficult for them to access survival commodities. Under these circumstances, it is imperative to build shock responsive, adaptive social protection delivery systems to support the extreme vulnerable. Ehsaas has laid the foundations for such systems through its dynamic social registry; the National Socio-Economic Registry and through its adaptive payment system which proved its effectiveness during the COVID-19 pandemic during which Ehsaas responded to the economic hardships of the poor by disbursing cash to support ~15 million families. Hence, Ehsaas is committed to support both, the chronic and the accidental poor.

## Theory of Change

The Theory of Change is centred on the salient role of Pillar I in the Ehsaas framework. It is aligned with the objective of making safety nets “effective, comprehensive and adaptive”. The main instruments through which this is being done, include the following: 1) increase in social protection spending by the government; 2) enhanced scope and coverage of safety nets; 3) strong focus on governance of institutions implementing safety net programmes; 4) development of the new national socio-economic database and its transition into a “dynamic registry mode” which will allow it to better respond to shocks and would promote better inclusion through on-demand registration for people in need during emergencies and otherwise; 5) systems building for efficiency and integrity, and 6) One-Window Ehsaas to consolidate all of the Government’s social protection resources and programmes. A new Division (ministry) has been established to oversee implementation of the policies, programmes and initiatives related to the Safety Net pillar.

**Governance reform** of federal safety net institutions is particularly important as leakage, poor targeting, politicization of decision making and rent seeking have plagued functioning of safety nets in the past; hence the Building and Rebuilding Institutions (Ehsaas BRI) reform was institutionalised under the Ehsaas Governance and Integrity Policy. Since there is significant fragmentation and duplication of safety nets the One-Window Ehsaas operation is being prioritized so that beneficiaries are facilitated, management can have more control, transparency of targeting is ensured and there is no fragmentation of efforts.

**Safety nets are being expanded and transformed.** For the chronic poor, the cash transfer programme (*Ehsaas Kafaalat*, as described below) is being expanded threefold. To protect the poor against catastrophic risks, *Ehsaas Tahafuz* is being launched—Pakistan’s first shock-oriented precision safety net. The education conditional cash transfer programme (Ehsaas School Stipends) has been expanded nation-wide and the health and nutrition conditional cash transfer programme is also being upscaled after a successful pilot. There is a suite of policies for the differently abled. Welfare initiatives are being introduced and expanded for the elderly, poor, the homeless and the most marginalized (orphans, street children, seasonal migrants, transgender, victims of child and bonded labour, daily wage workers and substance abusers). There is an emphasis on developing normative capacity in the safety nets area, particularly with regard to developing standards. For the first time, enhanced interventions are planned for the welfare of our workers abroad and policies are being developed in an evidence-based manner to incrementally accrue social security benefits to workers in the informal sector.

The Safety Net pillar is dovetailed with the **National Poverty Graduation Initiative** (NPGI) under “Jobs and livelihoods” in **Ehsaas Pillar IV**, which is envisaged to pave the way for livelihood creation. NPGI enables access to asset transfers, interest free loans for the poor, vocational training, skill enhancement, gender empowerment programmes, microfinance, as well as other forms of access to financial services to support local entrepreneurship.

The strategy is to start with social protection, but then to move people up the ladder of prosperity through asset transfers, skills training, interest-free loans, and links to microcredit, until they are out of poverty.

The Ehsaas Theory of Change links “social protection” with the “National Poverty Graduation Initiative” through various avenues. Through One-Window Ehsaas, it will be possible to triage requests to the social protection vs. the graduation windows. The six million women that were

previously getting stipends as “cash out”, only will now be given saving accounts and access to mobile phones under *Kafaalat*. Appropriate financial literacy interventions and savings will enable them to take better advantage of graduation opportunities, such as interest free loans and asset transfers. In addition to graduation opportunities, Ehsaas’ Hybrid Social Insurance Scheme aims to ensure that beneficiaries build resilience against shocks like injuries, sickness, short term unemployment etc.

In addition, bank accounts are envisaged to be the key tool for registering informal workers under the Ehsaas Policies for informal workers. This will not just be the first step in their access to social security benefits, but it will also empower them.

Together the Safety Net Pillar and the NPGI constitute important approaches to poverty alleviation under Ehsaas; these and other measures adopted by the government,<sup>9</sup> help by equipping and empowering individuals and communities to meet their own needs. However, since the aspiration is to make sweeping changes in poverty reduction, they are insufficient on their own since the determinants of poverty and inequality are complex, as are the measures to address it.

Lessons from around the developing world show that massive poverty reduction and quantum changes in the lives of the poor is the result of an overall robust and sustained economic growth (through increases in capital—physical, human, and technological). Such a transformation is dependent on sound, consistent and effective policies, good governance, availability of financial services and an overall environment where peace, security, law, order, and justice attract investments. In such settings, benefits start accruing to the poor when economic freedoms such as land rights and access to financial services are extended to the poor and when an honest hand of the government, fosters competitiveness and impartial oversight as a counter against organized vested interests at various levels.

The government’s overall vision is driving change at various levels to achieve these objectives, Ehsaas in its framework has included a set of objectives under **Pillar II “Address Elite Capture”** to assist that overarching mission. In Pakistan, elite capture is the root cause of income poverty, inequality and regional disparities and is evident in water management, crop choices, land use priorities, labour laws, the taxation system, cartelization trends, nepotism patterns, etc. Therefore, the initiatives under Ehsaas Pillar II are an attempt to underscore the salience of anti-elite capture measures for poverty alleviation.

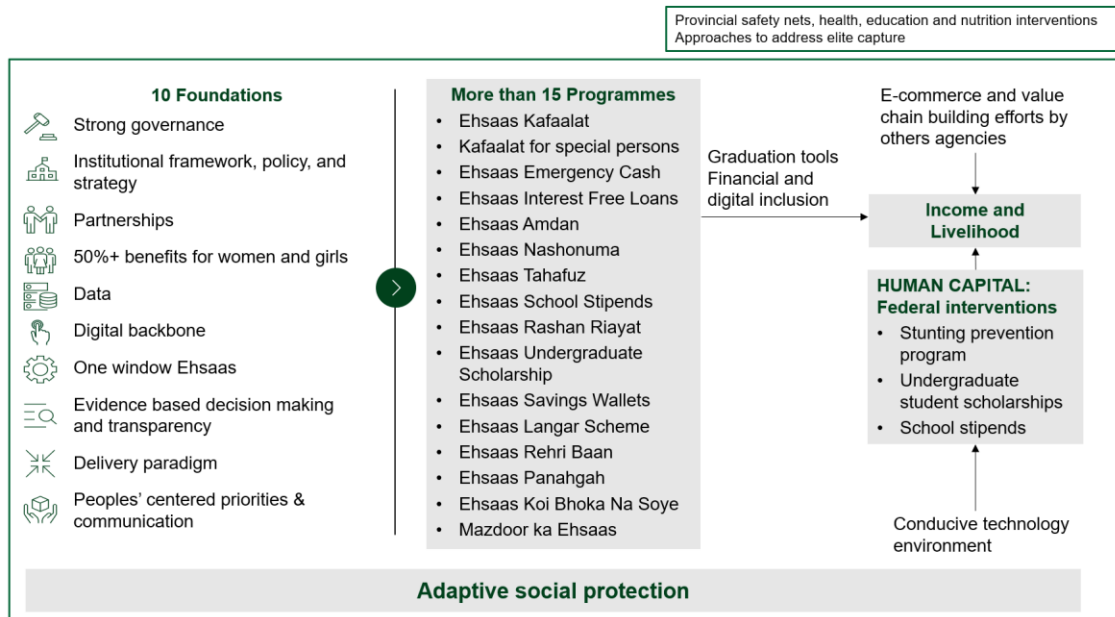
Ehsaas **Pillar III** is predicated on the understanding that “**Human Capital Development**” is a significant contributor to the wealth of a nation. In this digital age, accelerations in technology require countries to urgently invest in their people if they hope to compete in the economy of the future. Human capital development necessitates prioritizing investments in early years, tackling malnutrition, preschool and early education, protecting children from harm, ensuring access to quality education, skills and jobs, long-term commitment to Universal Health Coverage and measures for empowering women and girls. The policy areas under Ehsaas (in the sectors of education, health, and nutrition) are meant to catalyse action in the right direction and complement sectoral strategies through pro-poor programmes. These investments along with the governance interventions will gradually help to pick up the growth momentum. Livelihood

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<sup>9</sup> To protect its vulnerable segments of society, the government has also provided subsidy on electricity worth Rs. 216 million in its budget 2019/20 to 75% consumers using less than 300 units of electricity

programmes under this pillar coupled with economic inclusion initiatives are expected to help poor households build productive resilient livelihoods in the long run.

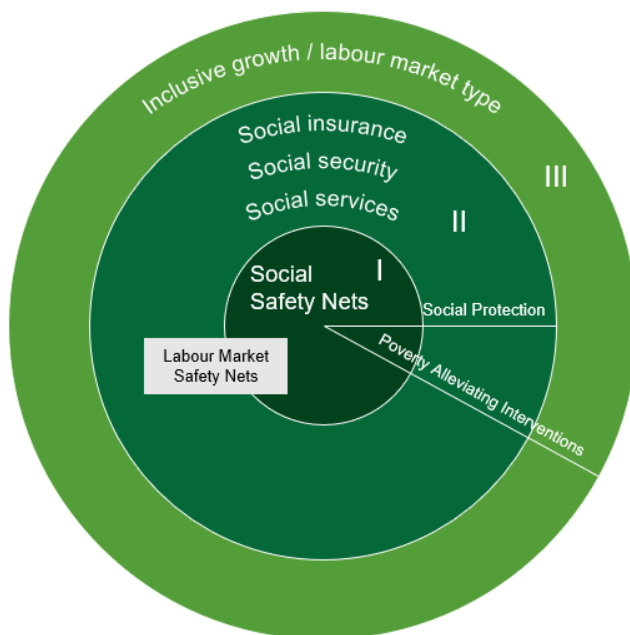
**Figure 41: Ehsaas Theory of Change**



# Pillar I: Safety nets

For the purpose of the Ehsaas framework, safety nets are defined as “policies and programmes, which address poverty and vulnerability by contributing to raising incomes of poor households and protect a person or household against either a chronic incapacity to work, economic shocks or catastrophic expenditure risks”. The linkage of safety nets with social protection, social insurance, social security, and inclusive growth centred interventions is shown in Figure 4. Although social protection is considered a devolved subject after the 18<sup>th</sup> Constitutional Amendment, the federation has important national roles to play in this regard and therefore, hosts several federal institutions.

**Figure 5:** Conceptual limits of Social Safety Nets



Safety nets for the marginalized are an important measure for poverty reduction and improving welfare of people. The envisaged **Constitutional Amendment** to move Article 38(d) from the “Principles of Policy” section into the “Fundamental Rights” section will make the State responsible for the welfare of citizen. The State will be fully responsible for provision of food, clothing, housing, education, and medical relief for citizens who cannot earn a livelihood due to infirmity, sickness, or unemployment (Policy # 1).

Vulnerability is a concept linked to social protection. An individual, household, or a community (may not be poor) might be at higher risk of welfare loss if they have weak protection mechanism. The risks can be individual, aggregate, societal, political, life cycle, economic, health-related, or environmental. In a previous national consultative process, federating units have identified and agreed on a list of vulnerabilities (Panel 2).

Pakistan’s current structure regarding the design and implementation of social safety net Programmes needed substantial improvement. Therefore, several policy measures and initiatives will be undertaken under Pillar I.

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Panel 1: Vulnerabilities

- The poor, living below a minimum household consumption threshold or lacking ownership of basic assets or low on other multi-dimensional aspects such as low education and literacy, large average household, disproportionate resilience on informal sector employment opportunities, and access to healthcare etc
  - Children and orphans below the age of 14 years, belonging to poor households
  - Homeless children
  - Children up to the age of 14 years in labour force
  - The disabled (as defined in the policy for the disabled)
  - Unemployed men and women belonging to poor households looking for a job
  - Chronically poor, especially women-headed households
  - Women belonging to poor and vulnerable households
  - Retired and senior citizens
  - Individuals in bonded labour
  - Labour working in hostile and dangerous places
  - Transgender persons
  - Religious minorities
  - Victims of natural disasters, internal conflicts, and internally displaced persons
  - Informal sector workers/working poor
  - Indigenous tribes at risk of losing their culture, traditions, and inter-generation skills i.e., tribal fishing people; Kihals and Mors, inhabitants of the Middle Indus Basin, tribal people of Chitral valley, Cholistan and Thar, etc.
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## 10 Foundations under Ehsaas

To execute on Ehsaas’ bold vision key foundations are required to lay underpinning for all the of programmes that deliver support to citizens of Pakistan. Also, it is not enough to just deliver the programmes envisioned in this strategy but rather to lay the groundwork for future initiatives and programmes in the decades to come. For proper execution, sustainability, accountability, and longevity of these programmes, Ehsaas has broken down its strategy into 10 key foundations. Table 2 provides a brief overview of the 10 foundations for Pillar I Safety Nets.

Table 2: 10 Foundations of Pillar I, Safety Nets

1. Strong governance	Implementation of the Ehsaas Governance and Integrity Policy, execution of the <b>Ehsaas Building and Re-building Institutions (BRI) initiative.</b>
2. Institutional framework, policy, and strategy	Definition of clear strategic framework for Ehsaas
3. Partnerships	Partnerships with private sector, civil society and federating units
4. 50%+ Benefit for women and girls	Prioritizing women and girls; dedicating at least 50% benefits to women in Ehsaas ( <b>Ehsaas’ Women and Girls Initiative, EWGI</b> )



5.	Data	Use of data from the Socio-Economic Survey for targeting and its transitioning into a “dynamic registry mode” to enable shock responsiveness
6.	Digital backbone	Execution employing digital tools ( <b>Ehsaas Data and Digitisation Initiative, EDDI</b> )
7.	One window Ehsaas operations	One-stop shop service centres with a digital and physical front and strengthening of the field offices ( <b>Ehsaas One Window Initiative, OWI</b> ).
8.	Evidence based decision making and transparency	Data and evidence driven rule-based operations and visibility of deployment of operations.
9.	Delivery paradigm	A culture of tracking delivery across milestones, metrics, and detailed operational work plans ( <b>the Ehsaas Delivery Initiative EDI</b> )
10.	Peoples’ centred priorities & communication	Instructional communication, an emphasis on grievance redressal, empowering voice and real time evaluation based on feedback on the ground

This strategy aims to counter governance shortfalls in safety net institutions, which create impediments for institutional performance, in particular, perverse incentives, and gaps in performance and decision-making accountability. These distortions have called for governance reform which is why there is an emphasis on **institutionalizing integrity and efficiency frameworks in safety net institutions**. Therefore, earlier on in the process, PASSD issued the **Ehsaas Governance and Integrity Policy** with this objective in view (Policy # 115).<sup>10</sup>

Integrity promoting reform was prioritized in BISP under the Building and Rebuilding Institutions initiative (Ehsaas BRI), described below; this includes maintenance of Risk Register, error fraud and corruption frameworks, risk assurance and management mechanisms, Whistle blowing policy, Conflict of interest policy, code of conduct comprising principles of behaviour, strengthening of internal audit, mandating necessary external audit, IT security polices, and process level safeguards. Under Ehsaas BRI **integrity, good governance, and accountability** is being introduced **in all social protection institutions**.

### *Ehsaas Building and Rebuilding Institutions Initiative, (Ehsaas BRI)*

The objective of Ehsaas BRI is to build systems that limit opportunities for corruption, promote efficiency, transparency, and accountability ensuring good results and compliance with rules

This approach will focus on improving four key areas: Overall governance and accountability, financial control and audit, risk and compliance and business operations and human resource. Ehsaas’ strategy for building and re-building institutions consists of a three-pronged plan to be implemented in a phased approach for maximum effectiveness. This strategy has a goal of 100% implementation of reforms across all entities.

Institutionalizing efficiency through digitization - The primary aim of the initiative has been to bring efficiency and transparency through use of technology and introduce robust governance mechanisms that increase accountability, and efficiency.

<sup>10</sup> Ehsaas Governance & Integrity Policy: <http://bisp.gov.pk/wp-content/uploads/2019/07/Ehsaas-Governance-policy.pdf>

Embedding good governance - These reforms have pinned on institutional strengthening and process improvements to ensure an efficient, transparent, and accountable management of the organization

Minimizing financial and statutory risks - New policies and processes have been introduced to depoliticize organizations and ensure fair allocation of resources for the most vulnerable segments of Pakistan’s society regardless of political affiliation

### *Institutional framework, policy, and strategy*

PASSD was created a week after formalization of the Ehsaas framework. Previously different social protection agencies were under the administrative control of different ministries with resulting fragmentation and lack of policy coherence. The mandate of the agencies involved in executing Ehsaas was strictly defined as outlined in Figure 6. BISP was mandated to do cash transfers. PBM was tasked with care services and PPAF was given the role to graduate individuals out of poverty. The institutional framework also entailed establishment of expert/oversight/steering committees for each programme area.

**Figure 6:** Institutional landscape after creation of PASSD



Also, a key part of the institutional framework, a **Policy Research unit** was established in BISP (Policy #160) to drive a culture of evidence based across programmes.

### *Partnerships*

Partnerships have already been formed with expert groups, federal agencies and federating units in GOP, Public and Private sectors, and global partners.

There are three kinds of partnerships in the Ehsaas framework, federal provincial partnerships, public private partnerships, and partnerships with international partners. In the private sector Ehsaas Private Sector Engagement Policy (PSEP 2021) was released to outline means and methods of engagement. Engagements with the private sector are required to leverage expertise and resources. Partners may send commitments through “Pledge to Ehsaas” portal and PSEP also outlines “Technical input of volunteer arrangements”. Ehsaas Langar Programme is one of several initiatives under the Ehsaas umbrella, which is being implemented in the public-private

partnership mode, as part of which private charities and trusts are being supported to operate Langars (meal centres) at designated government land/premises

In addition to these innovative models, funds allocated by organizations for corporate social responsibility (CSR) will also be leveraged for social development. **Guidelines on Corporate Social Responsibility** have been developed to promote voluntary social expenditures from the private sector and its alignment to priority social welfare sectors (Policy # 11).

By global comparison, Pakistan is one of the most charitable countries in the world. According to the 2018 report by the Charities Aid Foundation, it is ranked in the world's top ten countries that donate the most in terms of money. Pakistan has a rich culture of giving, in kind and in cash to the poor and vulnerable because of a strong community-based culture. The Government aims to leverage the local network of civil society organizations to harness this huge pool of individual philanthropic contributions in a transparent and rule-based manner. **A new policy and “framework of commitments”** is developed which will allow the private sector and civil society to make commitments linked to the pillars and targets of Ehsaas (Policy # 117).

### *Ehsaas Women and Girls Initiative (Ehsaas WGI)*

A key focus of Ehsaas is on women and girls and closing the gender gap. The Constitution of Pakistan guarantees equal treatment for citizens irrespective of gender, but this has not yet fully translated into equality of status or opportunities, or access to resources, especially for poor women, whose mobility, choice, and visibility is severely constrained. In order to play its role to bridge this gap, Ehsaas has formulated the Ehsaas 50+ Policy for Women and Girls, according to which more than 50% benefits across all of Ehsaas' programmes are to accrue to women and girls.

The entire Ehsaas agenda is therefore, heavily skewed towards the uplift of poor women. 10 million women benefit from Ehsaas *Kafaalat*. The stipends in both the education and the health and nutrition (Ehsaas Nashonuma) as well as education (Ehsaas School Stipends) conditional cash transfer programmes are higher for girls compared to that for boys. There is also a second chance programme for girls; girls graduating from 5<sup>th</sup> grade are given a 'graduation bonus' to continue their education.

Not just health and education, but jobs and economic empowerment are crucial for poor women. In this regard, the graduation initiative preferentially serves women. Through the labour study group the government will explore ways to recognize the work of rural women, pave the way for equal wage and cover domestic work under legislation. In addition, a policy is being developed to ensure that women have joint ownership of houses in each of the new housing schemes the government is supporting (Policy # 112). Regular monitoring and evaluation of results across the Ehsaas framework will be gender-disaggregated and will seek to capture the impact on women's empowerment. These data will be used to inform any needed reforms in the future. Programme criteria and design will be reviewed on a regular basis, and the results will be used to identify potentially adverse effects and unintended negative consequences for women and girls.

### *Ehsaas Data and Digitisation Initiative (Ehsaas DDI)*

Ehsaas' Data and Digitisation Initiative includes

- The 2021 national socioeconomic registry which maintains data on 34 million families.
- Ehsaas' range of digital front-end interfaces

- Ehsaas' digital payment system,
- Its ecosystem of data analytics and automated processes

Data and Digitisation has enabled us to:

1. Counter elite capture of social protection, and target funds and opportunities on the basis of need and merit rather than lobbying and influence
2. Achieve scale and speed
3. Engender financial inclusion
4. Move to an adaptive model of social protection delivery
5. Power the Ehsaas One Window ecosystem
6. Further transparency and accountability and checkmate corruption

For improved beneficiary targeting mechanisms, work on the Ehsaas **National Socioeconomic Registry** has been completed. This is the largest national socio-economic registry in Pakistan's history, gathering data on 38 million households (Policy #26). Validations of NSER, to identify the real poor (Policy #27) correctly and precisely, are ongoing. This has brought Pakistan closer to creating a true welfare state by making the system flexible and shock responsive. By using the information gathered in the registry, when future shocks occur whether natural or manmade, Ehsaas will be able to predict who are the most vulnerable and provide cash payments to the families and farmers hardest hit. Ehsaas Emergency Cash disruption during COVID-19 to ~15 million families during lockdowns is a testament to the resilience of the new system. Virtually overnight, emergency cash assistance was delivered through a range of welfare programmes, saving countless families from falling deeper into poverty.

The registry will be converted into a live registry through a combination of follow-up review surveys, a process of self-registration, grievance redressal and the use of data analytics (Policy #28). Vulnerable groups living in remote area who do not hold CNIC will be targeted in consultation with NADRA with an appropriate strategy (Policy # 137). Interoperability of NSER with provincial systems will also be taken under consideration. An interactive information portal will be developed which will ensure access, to the general public, of poverty estimates for every district in Pakistan, along with information on over 120 development and policy indicators – **Data 4 Pakistan** (Programme #283).

The registry will be transparent and will have a well-defined updating procedure. It will form the database of One-Window Ehsaas and will be linked with all social protection initiatives so that benefits accruing to a specific household through multiple programmes can be tracked. The procedures for identifying and including a beneficiary and exiting a beneficiary will be clearly laid out in the National Socioeconomic Data Policy. The data policy will ensure different mechanisms of validation other than income for identification of beneficiaries and qualification for any other assistance. It is further envisioned that the policy will assist in future programming and interventions at all levels (federal and provincial).

Some of the digitisation initiatives include the following: **Ehsaas Digital web interface / e-portal**: A one stop portal has been setup. It provides links to all Ehsaas services (Policy #144). The digital interface, has improved overtime for an optimal beneficiary experience (Policy #145). **Ehsaas Android app**: An Android application has also been developed which provide links to all services of Ehsaas. It serves to further increase awareness of Ehsaas programmes (Policy #146). **Integrated data mechanism**: As the custodian of the National Socioeconomic Registry, BISP is extending data sharing and data access services to all Ehsaas programme implementing organizations under the PASSD Division, through the Cognitive API Architecture

approach (Policy #147). In addition, there has been end-to-end digitisation of all Ehsaas programs.

### *Ehsaas One Window (Ehsaas OWI)*

The Ehsaas Strategy stipulates the creation of “One-Window Ehsaas” (Policy # 4) *to enable delivery of the multiple Ehsaas programmes through a single window, and to address current fragmentation and duplication in social protection programmes.*

“One-Window Ehsaas” has six components. 1) A one stop shop, the Ehsaas Center, that will integrate all Ehsaas programmes under one roof. 2) An integrated back office digital interface. 3) Public facing digital information and services platform will be a one-stop-shop that will provide publicly accessible links to all Ehsaas-related information and services. 4) A mobile app which allows beneficiaries to access Ehsaas programmes and services through the app. 5) Cognitive API architecture, or the National Data Exchange Portal, which is an integrated database allowing implementing agencies to access data from the National Socioeconomic Registry in real time and ascertain eligibility of potential beneficiaries. Additionally, the database show all benefits being received by individuals and households across all Ehsaas programmes under PASSD implementing agencies. 6) Ehsaas One-Window Beneficiary Selection and Targeting Policy. The Cognitive API architecture facilitates adoption of the Ehsaas One Window targeting Policy. The objective of this policy is to make targeting predictable, evidence based, transparent and effective in the Ehsaas ecosystem. Various agencies have deployed multiple different targeting mechanisms over the years. Going forward, a shift will be made for all socio-economic targeting under Ehsaas to use PMT.

In addition to a quantum change in access to services, One Window Ehsaas increases awareness of programmes across all districts, and hence enable widening of enrolment (Policy #143) & (Programme #278).

BISP field offices are being transformed for better sustainability and delivery; mini Ehsaas one window centres are being developed there. Solar panels will be installed to reduce operational cost in the long run and provide relief from energy constraints in poor areas. Such transformations will ensure delivery of services will not be slowed down or interrupted for our vulnerable population while aligning with Pakistan’s SDG goals.

### *Budget and fiscal optimization*

Announced on June 11, budget 2019-20 was driven by austerity. The aim of the Government was to utilize scarce resources carefully so that maximum dividends could be obtained. Budgetary allocations for Ehsaas have increased by roughly 12% from 2019 to 2021. Budget has more than doubled for BISP specifically since 2018, where 100% percent utilization by PASSD was achieved. During the COVID-19 crisis, a budget of Rs. 203 billion was given to Ehsaas, which was evidence of the confidence in the disbursement system.

Continued utilization of the budget allocated to Ehsaas is of paramount importance. Coupled with public funding, non-public resources will also be leveraged in a rule-based manner for enhancing fiscal space for social welfare programmes.

## *Delivery paradigm and people-centred communication*

A culture of delivery and tracking for delivery is critical given the size and scope of Ehsaas. A three-step approach is taken to effectively deliver on all of the initiatives. M&E Teams are utilized, performance dashboards and portals are deployed, tasks are tracked and monitored to ensure smooth delivery.

To track the cadence of delivery across several components of the Ehsaas programme, the Ehsaas Delivery Unit (EDU) has been set up. EDU is a dedicated unit to lead the delivery of this strategy. The Ehsaas Delivery Unit comprises four key functions including programme's strategic roll out, monitoring and evaluation, data analytics, advisory support, communications and stakeholder engagement. While the responsibility for end-to-end delivery of programmes, policies and initiatives ultimately rests with the respective ministries, divisions and agencies, EDU coordinates and tracks the performance and progress to ensure timely delivery. The Public has been granted access to certain dashboards to view accounts being credited & debited and create wider transparency and accountability for BISP payment dashboards (Policy #260). These dashboards will have a Tehsil level breakdown for public visibility. The Ehsaas Implementation Tracking Index<sup>11</sup> (EITI) (Programme #277) has been set up for reporting Progress on the Ehsaas Strategy & Fostering Integration between Government Sectors.

A communication strategy has been developed to promote instruction communication (Policy #274). Expert support has been leveraged along with existing government infrastructure to ensure there is information disbursement as well as advocacy for each of the Ehsaas programmes. An interactive information portal has been developed, which provides open and public access of poverty estimates for every district in Pakistan, along with over 120 development and policy indicators – **Data 4 Pakistan** (Programme #283). These measures ensure a more transparent and people centric approach to communication with the general public.

## **Programmes**

This Strategy envisages a substantial increase in the coverage of social protection programmes through the following institutional vehicles, new programmes, and existing programme reforms (Policy #148)

### *Ehsaas Kafaalat*

*Ehsaas Kafaalat* is an un-conditional cash transfer programme, which is markedly different from the pre-2019 un-conditional cash transfer initiative, running under the Benazir Income Support Programme. The differences are illustrated in the following table:

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<sup>11</sup> Alkire, S, and James Foster. 2011. 'Counting and multidimensional poverty measurement', Journal of Public Economics, 95: 476-87

**Figure 7:** Synopsis of transformation in Kafaalat (details in the Appendix)

<b>Kafaalat Transformation</b>		
<b>Area of intervention</b>	<b>Description</b>	<b>Interventions (#)</b>
① <b>Policies</b>	Formulation of policies around biometric payments and crediting	6
② <b>Data</b>	Introduction of authenticity checks, data analytics and dynamism	3
③ <b>Payment system</b>	Introduction of biometric ATM payments and savings accounts with a focus on financial inclusion	6
④ <b>Integrity features in the biometric payment system</b>	Mitigation of fraud through geotagging of machines, authorizing single agent, randomizing fingers, time-bounding disbursements, reconciling disbursements with banks and tracking transactions	8
⑤ <b>Complaint resolution in the biometric payment system</b>	Development of automated complaint management system and specification of turn-around times	3
⑥ <b>M&amp;E</b>	Establishment of risk register, cyber security unit board etc.	4
⑦ <b>M&amp;E for banks</b>	Revamp of contracts and definition of third-party review	1
⑧ <b>Transparency</b>	Introduction of dashboards, payment receipts, penalties etc.	7
⑨ <b>Research wing</b>	Establishment of a research wing to support and evaluate programmes	1

The “cash out only” operations have evolved into a programme that also enables financial and digital inclusion through the **“One Woman, One Account”** initiative. Specific aspects related to the design of digital transfers in this policy are outlined in Panel 2, below.

Secondly, a number of **governance-level organizational transformations** in particular systems-building and integrity-promoting efforts, (described below) are expected to enhance the effectiveness of this programme. BISP is the first organization to be reformed under the BRI of Ehsaas.

Thirdly, there will be vertical and likely horizontal expansion of *Kafaalat*. In terms of the former, **the size of cash transferred to these women will be adjusted for inflation**, and consequently increased (Policy # 30). When reforms come to fruition, recommendations would potentially be introduced to horizontally expand the programme. Another adjustment is the increase of women beneficiaries from ~4.6 million to 8 million (Policy #149). This will result in an additional 3.4 million households getting the monthly unconditional payments of Rs, 2000. In the fourth place, a simultaneous **Field Transformation and Reform Initiative** has been planned (Policy # 31).

In the fifth place, **“data”** is the backbone of any social protection system, based on which eligibility is ascertained, and in the case of BISP, the database used for targeting of the deserving poor was 10 years old. There was also no mechanism of demand-based registration, in case a household was missed in the survey, or if the socio-economic situation of a household changed, over time. There was also no use of data analytics in BISP, which was a lost opportunity, given that Pakistan’s data ecosystem including the National Database Registration Authority (NADRA) and other government databases could enable that. Therefore, a data analytics check has been introduced to exclude serious inclusion errors and false claimants, using Pakistan’s ability to triangulate varied personal information using unique national identities as the peg. This is evident by the exiting of 820,165 BISP beneficiaries based on data analytics.



In the sixth place, an important backbone of any cash transfer-centred programme is its **payment system**, as it is also a critical element of financial inclusion (Policy #150). In the case of BISP that too was outdated. A decade ago, 6 banks were contracted without any competitive process, with weak agreements. This not only made enforcement for quality and integrity outcomes very difficult but also left loopholes for the hackers to commit frauds. BISP used various methods including Pakistan Post money orders, debit cards and biometric verification system through branchless banking channels. All these methods had various transparency and accountability issues and overtime a number of scandals were unearthed. A new digital biometric payment system was procured in 2019. The new system has done away with the money orders and debit cards, instead relying solely on the fully biometric Ehsaas Digital Payment System. As well as still being able to use Point of Sales agents, payments are to be also available at dedicated branches and biometric ATMs. This means vulnerable women will no longer be hostage to corrupt agent and touts who take fraudulent deductions. Number of Point of Sales agents has been increased and quality of biometric machines at these touchpoints has been improved in accordance with international standards since low-quality machines, used previously by banks were being used for fraudulent withdrawals. A second-generation reform of the payment system is now being fast-tracked. This new payment system will give our beneficiaries choice to open accounts in their nearest bank of choice using the capability of a recently installed payment switch in our central bank (Policy #151).

And finally, the cash transfers will be labelled through digital transfers/banking, which will allow messages to be relayed to beneficiaries.

To implement Ehsaas Kafaalat, several governance reform measures ongoing within BISP, the implementing agency. Full empowerment of the Board and its sub-committees; approval of critical policies such as Payment Regulations, Conflict of Interest Policy, Error Fraud and Corruption Framework, Whistleblowing Policy; mandating of yearly external audits, detailed IT security measures; implementation of Risk Register and error fraud and corruption framework; strengthened procurement systems, mandatory competitive process even for within-government deputations; conversion of BISP accounts to Accrual accounting, and full conversion to paperless e-office, are some of these measures. Both Kafaalat as well as the organization will emerge stronger as a result of these reform measures.

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Panel 2. Key aspects related to the design of digital transfers in the “One Woman, One Bank Account” Policy

In designing and undertaking the *Kafaalat* reforms to strengthen BISP, efforts have been made to ensure the payments have the following key features, to ensure expected gains for women and their families, from the reforms.

- Direct: payments are made directly into accounts held by beneficiary, who has control over the account, which are registered in their names and to which they have direct access
- Reliable: the amount, frequency, and timing of payments is reliable, and the beneficiary can count on regular communications
- Accessible: accessing the payment should not be burdensome in terms of time, convenience, and/or cost for programme participants
- Flexible: the payment options should provide choice and control of when and how participants receive the payment, and privacy of transactions
- Secure: data privacy, security, and fraud protection are critical, including strong authentication systems so that only the individual can access the money
- Accountable: women are aware of their rights, they are respected by the programme and service providers, and they have the ability to access well-functioning recourse



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- Awareness: all women know their payment amount, timing, and frequency and any applicable fees. They know how the system and payment mechanisms are supposed to work and where to go if they face problems
  - Recourse: there should be a well-organized, adequate, timely and reliable grievance and complaints mechanisms for participants<sup>12</sup>
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### *Ehsaas Emergency Cash*

The COVID-19 pandemic economically impacted millions of individuals and disproportionately affected the poor. The lockdown in Pakistan—the 5th most populous country in the world, impacted the livelihoods of 24.89 million workers [11.37 million daily/piece rate workers in the formal and informal sectors and 13.52 million self-employed workers in the informal economy]<sup>13</sup>. With this Pakistan has faced the dual challenge of saving lives and livelihoods in wake of the COVID-19 pandemic.

To address the ensuing economic hardship and risk of hunger, the Government of Pakistan allocated ~USD 1.23 Billion to deliver one-time emergency cash to 15 million families, reaching more than 100 million people—around 50% of Pakistan’s population. Each family received Rs 12000, for immediate subsistence needs (Policy#152).

Digital capabilities established over the past year were adapted to deliver Ehsaas Emergency Cash, in particular, a new biometric payment system, a demand side SMS based request seeking platform and a new wealth-profiling big data analytics mechanism.

A hybrid targeting approach was adopted, combining emergency assistance for the known vulnerable with demand-based support for the “new poor”. Requests were sought through an 8171 SMS short code service and web-portal. Data analytics enabled eligibility ascertainment, using unique national identification numbers, and drawing on the National Socio-economic Registry and wealth proxies (travel, taxes, billing, assets ownership data and government employment status). The system was end-to-end data-driven, fully automated, rule-based, transparent, and politically neutral. Payments were biometrically verified.<sup>14</sup>

This successful approach to demand-driven request-seeking-for-assistance can be brought into play in case of other emergencies, and hence the name Ehsaas Emergency Cash.

### *Ehsaas Roshan Riayat*

Commodity prices have been rising in Pakistan; the price of major food groups has grown by over 15% from May 2020 to May 2021. Although the domestic increases are being driven by rising prices in the international market (e.g., Oil from approx. USD 30 to USD 70); however, this still puts pressure on low-income households. Expenditure on major food items represents approximately 45% of income for households in the bottom 60% income segments which are impacted by rising food prices.

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<sup>12</sup> Enhancing Women’s Economic Empowerment Through Digital Cash Transfers - Digitize/Direct/Design: The D3 Criteria. <https://www.findevgateway.org/library/enhancing-women%E2%80%99s-economic-empowerment-through-digital-cash-transfers-digitizedirectdesign-0>

<sup>13</sup> Pakistan Bureau of Statistics. (2018). ‘Labour Force Survey 2017-18, (Annual Report)’. Government of Pakistan, Statistics Division, <http://www.pbs.gov.pk/content/labour-force-survey-2017-18-annual-report>, Accessed 9 May 2020.

<sup>14</sup> Nishtar, Dr. Sania; Ehsaas Emergency Cash (2020), [https://pass.gov.pk/Document/Downloads/EECR\\_Oct-Dec\\_2020.pdf](https://pass.gov.pk/Document/Downloads/EECR_Oct-Dec_2020.pdf)

The Government of Pakistan's plan is to help low-income families through Ehsaas Rashan Riayat Programme (Targeted Commodity Subsidy Programme), which will effectively lower the price that eligible families have to pay for certain food items. The programme uses the National Socio-Economic Registry to identify families that qualify for the subsidy. This initiative is in line with the Prime Minister's vision to uplift the poorest segments of society.

The programme aspires to disburse over PKR 120Bn in subsidies over six months to 20 Mn families (PKR 1,000 per family per month) across all districts of Pakistan through a network of 50,000+ Ehsaas subsidy-enabled stores. This programme is funded jointly by the Federal government and governments of the federating units. The subsidy covers wheat flour, cooking oil/ghee and daals (pulses), which represent approximately 25% of the food spending for low-income households (HIES 2018-19). To ensure broadest outreach, the programme provides the subsidy through the government Utility Stores as well as Kiryana stores.

### *Ehsaas Tahafuz*

Vulnerability is of particular relevance to Social Safety Nets. Within this context, economic shocks<sup>15</sup> are by far the most devastating events for poor families, especially those that are borderline poor, as these events push them into poverty, or perpetuate a vicious cycle. One major instance of such economics shocks is Catastrophic Health Expenditure (CHE). WHO defines Catastrophic Health Expenditure (CHE) as out-of-pocket (OOP) spending for healthcare that exceeds 40% of household income net of subsistence needs. Estimates suggests that 1–2% of the world population suffers from financial catastrophes due to OOP medical costs each year. CHE is an equally significant challenge in Pakistan. It is estimated that ~1% of the population in Pakistan is pushed below the poverty line each year due to out-of-pocket health care expenditure<sup>16</sup>. To address this challenge, the government introduced the Sehat Sahulat programme (SSP) to improve financial access to good quality medical services through a health insurance scheme. While the Sehat Sahulat programme has been able to provide significant cover to the population, there are certain limitations (like limited geographic, case type and hospital coverage) inherent to the adoption of insurance in Mixed Health Systems<sup>17</sup> that Tahafuz aims to address.

Tahafuz is Pakistan's first shock-oriented precision safety net. It will have several streams; one time **cash transfer to those that have suffered a catastrophic event** (Policy # 33), **assistance for poor widows who qualify certain criteria** (Policy # 34 ∞), **provision of legal aid** to a defined category, preferentially women (Policy # 35 ∞), ensuring financial **access to treatment in defined categories** and protecting the poor against health expenditures (Policy # 41), and provision of **universal access to assistive devices** e.g., canes, wheelchairs, tripod/quadrupod sticks, crutches and other assistive devices (Policy # 42 ∞). In addition, thrift counters will be established in the utility stores to help the poor (Policy # 142 ∞). Tahafuz one-window will be linked to overall one-window. Tahafuz platform will also automate individual financial assistance for healthcare with transparency (Policy #153), and donors will have visibility through funders' empowerment features (micro-transaction alerts, and personalized login credentials for detailed web-viewing) right down to the micro-transaction level. It is hoped that such a system's ability to determine eligibility and categorize beneficiaries, based on preconfigured rules—

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<sup>15</sup> The damages caused by natural disasters such as floods, earthquake, droughts etc., are being dealt by Disaster Management Authority of the Government of Pakistan therefore arising infrastructural needs are not dealt here.

<sup>16</sup> 0.87% of population pushed below \$1.9 (2011 PPP) in 2015 (1.3% in 2013). WHO and World Bank Data

<sup>17</sup> Nishitar S. Mixed Health Systems Syndrome. Bull World Health Organ 2010;88:74-75. doi: 10.2471/BLT.09.067868 <http://www.who.int/bulletin/volumes/88/1/09-067868/en/>

adopting the national poverty database system—will guard against abuse and pilferage. The system will be built for efficiency and integrity of operations.

### *A new institutional window of support for the most marginalized*

To safeguard the interest of the most marginalized—orphans, homeless children on the streets, seasonal migrants, transgender, child and bonded labour and daily wage workers, drug abusers—the existing dormant organization, **Trust for Voluntary Organizations** (TVO) is being reformed so that an appropriate strategy can be formulated. TVO will also be given a new mandate to implement other Ehsaas programmes. This new policy will enable upscaling of successful social protection models for the most vulnerable (Policy # 36 ∞) In addition, Pakistan Bait-ul-Mal is revamping its **150 schools for marginalized children** (Policy # 118 ∞)

Another marginalized segment is orphans and widows. Pakistan Bait-ul-Maal aims to support this particular group through a new programme, Orphan Donors Support Programme (ODSP), which will extend financial help among the widows of low-income group (Policy #154 ∞).

### *A new Commitments Policy to harness civil society and private sector role in Ehsaas*

By creating a **platform for new commitments to Ehsaas**, the Government will build support for the programme, both nationally and internationally as well as harness expertise and resources from a range of key stakeholders, private sector and civil society, overseas Pakistanis amongst others (Policy #117 ∞).

### *One-window for Zakat*

Zakat is one the largest religious obligation that helps in eradicating inequality through redistribution of wealth. Like Malaysia, Indonesia and Brunei, Pakistan is one of the countries where Zakat is collected by the State as a compulsory obligation. After the promulgation of 18<sup>th</sup> Amendment of the Constitution, Zakat and Ushr are now a provincial subject. Constitution of Provincial Zakat Council, District Zakat Committees and Local Zakat Committees are one of the functions of provincial Zakat and Ushr departments. However, there are concerns with regards to the distribution of Zakat especially with regards to political mediation. In order to address many such issues in the system and reaching out for majority of deserving and eligible poor, a one-window for registration and distribution of Zakat is envisaged which will also eliminate the local influence in Zakat committees (Policy # 136 ∞).

### *A new Policy for Orphanages*

Under this framework, special attention will be given to the needs of orphans. According to UNICEF estimates, Pakistan is home to around 4.2 million orphans that face numerous challenges on a daily basis. They need homes where they can seek protection, get access to some of the basic services and have some form of guidance to support them in their lives. Growing up without any guidance, shelter, education and healthcare, these children become vulnerable to street crime and other illegal activities. For the protection and support of the orphan children in Pakistan, the Government plans to introduce a **Standards for orphanages**, to improve quality since many orphanages are being maintained by the private sector in a policy vacuum (Policy #119).<sup>18</sup>

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<sup>18</sup> Modified from the original

### *A new Policy for the differently-abled*

Persons with disabilities form Pakistan's largest overlooked minority. According to the Pakistan Demographic Survey, the proportion who have "a lot of difficulty" or "cannot function at all" ranges from 2% to 9%. Officially and according to conservative estimates, 2.5% of the population of the country suffers from one or the other form of "severe" disability. Approximately, one million people suffer from blindness and half a million have hearing loss. The possible cost to the economy is between 4.9% and 6.3% of GDP, each year. The Government of Pakistan has ratified the UN Convention for the Rights of Persons with Disabilities (UNCRPD) and disability legislation in line with UNCRPD is tabled by the Ministry of Human Rights. A National Rapid Assistive Technology (AT) Assessment Survey to assess the population in need of AT is underway to assess the type of Assistive products needed. This survey is being conducted by the Ministry of National Health Services Regulation and Coordination.

Several agencies are responsible for implementing government's policy on disability. the disabled that are registered with NADRA will be given **Insaf Insurance cards**. Through this, they will be able to avail treatment in registered hospitals (Policy # 122). Through this initiative, there will be universal access to a category of assistive devices (Policy # 42 ∞).

The Government has allocated 1% quota for **disabled government employees** in government accommodation (Policy # 124), whereas 2% quota will be reserved for the **disabled in Naya Pakistan housing scheme** (Policy #125). Special instructions have been given by the Prime Minister to implement the quota for the persons with disability when approved under the National Policy for Persons with Disability (draft) **in all government jobs** (Policy # 121). To avail of the above concessions, all public sector hospitals are being instructed to issue **disability certificates** as per UN definitions, based on which the differently abled will be included in the Ehsaas Kafaalat for Differently abled (Policy # 126). Those in possession of the UN definition certificates will be eligible for the transparent concessions.

The Ehsaas framework also stipulates the establishment of **20 centers for the physically challenged in under-privileged districts** based on public-private partnership model (Policy # 43). Furthermore, to give greater salience to disability in public policy, the Ministry of Planning, Development and Reforms has issued a directive that no PC-1 shall be approved, until it is disability friendly (Policy # 134 ∞).

PBM is also developing a programme, under its individual financial assistance, for the differently enabled. The programme is titled Special Friends, and will assist differently enabled by providing resources for assistive devices (Policy #155 ∞)

### *Individual Financial Assistance*

Pakistan Bait-ul-Maal has the individual financial assistance programme for poor, widows, destitute women, orphans, and disabled persons for general assistance. General assistance may be requested for fulfilment of immediate needs of the poor for any category. All policies for the Individual Financial Assistance disbursement need to be refined to ensure optimal benefit structure, transparent targeting, and insulation from political interference (Policy #156).

### *Ehsaas Digital*

The idea of the **Ehsaas digital is to provide user friendly interfaces and** to consolidate all freely available resources and content such as educational content, skills training content, and content related to other Ehsaas areas and to promote its use as a public good (Policy # 23). Ehsaas TV was also envisaged to promote the use of One-Window Ehsaas and the windows of

support accessible through that. Further to that, awareness campaigns will also be launched to disseminate pro-poor messages through instructional branding of Ehsaas in public offices (Programme #279), civic education, positive socialization, principles of respect and equality to inculcate integrity (Policy # 135).

### *Housing for the marginalized population*

Shortage of affordable housing is one of the rising challenges in Pakistan. The inability to afford decent housing affects marginalized and vulnerable groups the most and exacerbates their poverty. As part of NAPHDA Act of 2020 the Naya Pakistan Housing & Development Authority has been established (under the Cabinet Division) for the purpose of planning, development, construction and management of real estate development schemes and projects to make affordable housing more accessible.<sup>19</sup> It operates with three primary initiatives. Construct new houses with private builders to make affordable housing for the poor on land allocated by GOP. Allows for affordable housing to be built on already owned private land to increase the number of affordable homes on the market and lastly support low-cost buyers with financing with the help of SBP and private lenders.

Coupled with NAPHDA Ehsaas also has several policies that will address this issue. Interest free **loans for housing to the extremely poor population**, including landless farmers will be provided (Policy # 39). The Government will also design a policy that protects women's rights by ensuring **women have joint ownership of homes** built in each of the new housing schemes supported by the Government (Policy # 112). To eradicate open defecation in housing schemes, it will be made mandatory for these projects to build septic tanks (Policy # 138).

### *Panahgahs*

Many deserving poor people go to metropolitan cities in search of employment, education, health facilities etc. These people struggle due to lack of accommodation and arrangement of food. Under Prime Minister's special initiative, **Panagahs** have been established in several major cities (Policy #38) to serve this marginalized stratum of the society. Beneficiaries receive a safe and secure living environment with health care and hygienic food to shelter-less employed persons in a respectable manner. Beneficiaries of this initiative include urban/rural homeless, unemployed daily wagers, poor transit passengers, attendants of patients, students etc.

### *Social security measures under Ehsaas*

#### *Income security for old-age people*

The Government will consider a public-private partnership model establishing homes for the elderly, if culturally appropriate. Five **Ehsaas homes for elderly poor** will be established using Pakistan Bait-ul-Mal's resources, and others may be considered based on analysis of impact. In addition, **pension for the elderly** that are already enrolled in the Employees Old Age Benefit Institute (EOBI) of Government has been increased from PKR 5,250 to 6,500. For ensuring transparency in pension transfer, EOBI is establishing a **biometric payment pensions system** (Policy # 44, 45 and 46). Furthermore, "Protection of Parents Ordinance 2021" under Article 89 of the Constitution has now been approved. This prevents a child (above age 18) from evicting his/her parents from the child's residence and makes such an act punishable by law. This ordinance will give elderly parents protections from unethical and unfair abandonment.

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<sup>19</sup> NAPHDA Act of 2020, <https://naphda.gov.pk/naphdaAct.aspx>



### Health insurance

To promote Universal Health Coverage and financial access to healthcare, two initiatives are being undertaken. First, the **Sehat Card** has been launched. 15 million households have registered for the card and around 90 million individuals will benefit from this, assuming a household size of around 6. Similarly, healthcare constraints faced by lower and lower-middle income groups will also be addressed with different contributory insurance coverage plans (Policy # 139). Sehat Card is the responsibility of the Ministry of National Health Services Regulation and Coordination. Secondly, financial access to healthcare is also being provided for the poor to seek treatment in defined categories through Ehsaas Tahafuz (Policy # 41), especially in situations of **catastrophic health expenditures** which most commonly arise in the case of non-communicable diseases.

### Safeguarding workers' welfare

To safeguard workers' welfare, a time and outcome based **Labour Social Protection Expert Group** (LEG) "**Mazdoor ka Ehsaas**" was established on May 1, 2019 to give recommendations on the gaps in existing legislative and legal structures due to which a large working population remains out of the formal sector (Policy # 47). There is fragmentation in labour social protection, labour is exploited due to corruption and institutional failure, and there is weak compliance of minimum wage, health, and safety regulations. It was envisaged that for those employed in the informal sector, a welfare and pension scheme will be developed based on the recommendations of the LEG (Policy # 48). LEG released its full report and was launched on labour day May 1<sup>st</sup> 2021 : "**All registered informal workers to have bank accounts to transfer their salaries.** This will also help in implementation of minimum wage and will bring these workers in the formal economy, thus opening the space to institutionalize social security benefits. LEG will also **review labour laws for tenant farmers and home-based workers** and will give recommendations to formalize tenant-based farming system (Policy # 103). A multi-partite effort is structured for facilitating local street economy in Islamabad through **Ehsaas Rehri-Baan** initiative (Programme #288). Objective of the collaboration is to provide enabling environment to street vendors to do their business in a regulated and supportive regime.

### Welfare of workers aboard

Several policy steps are being taken to improve the welfare of workers abroad. A decision has already been taken by the Prime Minister to increase the role and number of **Community Welfare Attaches** as well as involve well-reputed expatriate Pakistanis in that role (Policy #49). It has also been decided that the number of **Protector of Emigration Offices** will be increased (Policy #50). Measures are being taken to improve the **quality of pre-departure briefing** for intended migrants, and to ensure their biometric attendance so that workers can be made aware of their rights and entitlements, for example insurance (Policy #51). **A one-window** is being created for all types of information to facilitate migrant workers through Protector of Emigration Offices (Policy #52). Furthermore, negotiations with foreign governments are underway to **extend the duration of the first contract agreement for workers to a minimum of 3 years** as unskilled workers hardly recover their cost of migration before that time (Policy #53). Moreover, the **policy to subsidize air tickets** for low paid workers abroad who have not returned home in seven years is also on the anvil (Policy #54).

## Pillar II: Addressing elite capture

Ehsaas is based on the premise that for a welfare state to be built, there must be robust institutions, transparency, and good governance. A legacy of weak institutions, poor governance and rampant corruption have stalled economic and social development in the country. To address the deep-rooted issues of systematic manipulation and vested interests, sound mechanisms are needed to infuse transparency and accountability in public institutions. Historically, the governance structures of the country have been held hostage by the elite through measures related to tax evasion and exemptions that allow the upper class to reap benefits, disproportionately.

Comprehensive anti-elite capture and anticorruption reform requires deep-rooted structural and institutional measures with roles played by various agencies involved in prevention, detection, and enforcement. Several instruments of governance and policy levers are needed to build systems that limit opportunities for corruption, for example, reform of supreme audit institutions and public financial management. The broader legislative agenda to promote transparency and ethical standards across the public sector have a major role to play in this transformation. The government is committed to institutionalizing this agenda through various measures.

The anti-elite capture measures included in the Ehsaas framework are meant to supplement the broader reform agenda in order to unlock the potential of public institutions in delivering reforms and social development. The aim is to build institutions and systems that leave no room for collusive behaviour, bribery, and corruption.

The following set of policy actions will be undertaken to improve governance structures:

### Building and Rebuilding Institutions (BRI)

Ehsaas' mission requires principled institutions that can deliver on the need of poor in Pakistan. Thus, a dual mandate is required to either build the required institutions or rebuild the existing. There are important principles that should be adhered to during the undertaking of BRI. All institutions must have strong governance, the highest integrity, absolute transparency, and proper accountability. This effort will be ongoing and crosscutting across the GOP. For proper delivery a phased approach should be taken with the mindset of implementing the following three principles. Institutionalize efficiency of delivery and operations through digitization, embed good governance, and minimize financial and statutory risks (Policy # 290).

### Measures to tackle 'capture' by the elite

Many measures are being taken at the various levels of the government to dilute the powers of the elite and improve the trickledown effect of public policies and expenditure. Several Ehsaas initiatives supplement these measures. These will be primarily targeted towards the low-income class, with the objective that they benefit from economic and social policies. Some of these preliminary measures will include **policies for community ownership and participatory planning** in decisions of land development, including recovery of illegally acquired property (Policy # 20). Similar structures of **participatory planning and decision making** will also be implemented for strengthening local government structures (Policy # 22) and to improve accountability in service provision. As a policy, communities will be involved in the design of pro-poor initiatives, as and when opportunities arise. **Hunting permits** is a case in point (Policy

# 21). For example, the proceeds from hunting permits would be used in ways that also benefit communities and builds their stake in policy, hence contributing to its effectiveness and sustainability. The Ehsaas framework also includes policies, which aim to dilute elite hold on the one hand, while creating livelihood opportunities for the poor, on the other. Policy # 16 envisages that through ensuring a share for those below a certain survey-identified poverty line while **allocating public spaces** for *Khokhas* (cafés), tea shops, newspaper stands, shoe polishing booths etc., in government owned hospitals, parks and railway stations. Zakat collected by State is also not free from vested interests therefore for equitable distribution of Zakat among needy, Zakat committees will be made independent of local influence through one-window operations (Policy # 136). A specific share will be allocated for those living below the poverty line in **Market Committees** and in the **auction of shops in Town and Tehsil Committees** (Policy # 17 and 18). The residents of **slums and Katchi Abadis will also be registered** to facilitate their transparent inclusion in the event of subsequent commercialization of the area (Policy # 19). In addition, The Labour Expert group will **review labour laws** for tenant farmers and home-based workers and provide recommendations for formalizing tenant-based farming system (Policy # 103). All these measures will help to reinforce each other as preliminary measures to address elite capture on the one hand and will help to formalize the informal sector on the other.

## Rule of law

Access to justice is one of the biggest challenges faced by the poor and vulnerable segments of society. Excessive obstructions, lack of understanding and the high cost of accessing justice results in a situation where poor are unable to seek protection and secure their rights. The Ministry of Law and Justice has planned a number of legal reforms to improve access to justice in line with the aspirations of Policy # 13 which aims to address **challenges the poor face in accessing the judicial system in Pakistan**. This includes legislative acts such as Legal Aid and Justice Authority Bill 2019, Enforcement of Women's Property Rights Bill 2019, Whistle Blower Protection and Vigilance Commission Bill 2019, and Action Plan for Women and Girls in the Legal System.

For better governance at the level of public institutions, clear **guidelines on code of conduct** will also be developed for the state and government functionaries. These will be a clear set of binding principles to guide the behaviour and actions of public officials while eliminating all possible gaps that could give rise to **conflict of interest** (Policy # 15).

## Pro-equity planning

A number of initiatives will be undertaken to strengthen governance structures and promote pro-equity planning. **Pro-poor goals and measurable indicators will be established for each ministry** to monitor their progress, particularly with regard to improving inclusivity and eradicating poverty. These targets will be reflective of ministry/division's progress with regard to Ehsaas (Policy # 5).

A new **mandatory section in the PC1 Performa** (Planning Commission approval document) is planned to screen every PC1 for its impact on poverty and equality (Policy # 12). The PC IV (Project completion) and PC V (Annual performance report after completion of the project) will also be revised accordingly to ensure future project/programme appraisals. Gender impact will be integrated through these tools to assess progress on women's empowerment. In addition, a new policy has been designed to guide the use of **development expenditure by**



**parliamentarians** to promote transparency, independent oversight, and accountability (Policy # 14).

## Fiscal priority setting

To expand the fiscal space for social welfare and protection programmes, the Federal Government will advocate for a need-based system in the framework of the **new National Finance Commission Award**. The objective is to improve the allocation formula to achieve our common goal of making opportunities equal for all Pakistani citizens, irrespective of where they live (Policy # 7). All **Provincial Finance Commissions** will be encouraged to base their future awards on need-based systems to remove intra-provincial disparities (Policy # 8). Lessons from other countries with federating systems can be drawn upon in this regard.

Table 1: International comparison of formulas for fiscal sharing in federating systems<sup>20</sup>

Indicators	India	Pakistan	Mexico	South Africa
Population	10%	82%	-	16%
Income level	62.5%	-	-	-
Area	7.5%	-	-	-
Index of infrastructure	7.5%	-	-	-
Fiscal discipline	7.5%	-	-	-
Tax effort	5%	5%	10%	-
Poverty/backwardness	-	10.3%	-	3%
Inverse Pop. density	-	2.7%	-	-
GDP growth	-	-	60%	1%
Local Revenue Growth	-	-	30%	-
Educational Need	-	-	-	48%
Health need	-	-	-	27%
Institutional component	-	-	-	5%

**Priorities for pro-poor expenditures** will be identified to prevent duplication and channelling of resources to non-priority sectors through ad-hoc decision-making (Policy # 6). A policy to maximize the **pro-poor impact of the Public Sector Development Programme** (Policy # 9) has been developed. The government will coordinate and convene multi-stakeholder platforms to address both financial and technical resource constraints and maximize the return from public resources by pooling in private capital, philanthropy, and foreign aid. For this purpose, Planning

<sup>20</sup> Yasuhiko Matsuda. Organizing social protection in federal states: international examples of federalism and social protection and implications for Pakistan. South Asia Social Protection and Jobs Global Practice, World Bank.

Commission will also prioritize projects to ensure higher resources flow into priority sectors and areas.

## Evidence based decision making

The lack of accurate and timely data makes many marginalized groups and individuals “invisible” and exacerbates their vulnerability. In addition, any new policy or reform should be rooted in evidence to ensure that it is well-guided. For sound research in areas of policy design, up-to-date quality data is an essential requirement along with targets and measurable indicators to track progress and take corrective action. Ehsaas envisions strengthening of the data ecosystem of Pakistan to bridge current gaps and to make information on the progress of Ehsaas publicly available to ensure transparency.

The **National Strategy for the Development of Statistics** will help in strengthening quality and availability of statistics/data and ensure the independence of statistics from political and other undue external influence. It is important for the government to have access to accurate, reliable, and timely statistics, with a solid and credible base of evidence, to support the design and evaluation of policies/projects (Policy # 24). Data will be disaggregated by gender, income level and other variables and reported to measure progress on inclusivity.

This will be complemented by a **data accessibility and transparency policy**. Free accessibility of data will be ensured through the **District Development Portal** in which poverty and other socio-economic indicators across Pakistan’s districts will be available to policy makers and the public (Policy # 25).

## Grievance redressal, empowering voice of beneficiaries

To ensure continuous improvement, it is necessary to enable the beneficiaries to provide feedback about what is working and what is not. The ultimate goal is to satisfy the beneficiaries which can only be achieved if they are allowed to raise their complaints which are redressed through robust grievance redressal mechanisms. Involvement of beneficiaries’ opinions will not be limited to complaints; regular feedback will be actively sought to identify any shortcomings that have room for improvement.

Ehsaas has stepped in the right direction to build a robust grievance redressal and feedback mechanism by launching the **Ehsaas Complaint Portal** which allows beneficiaries to raise any complaints they may have regarding biometric verifications. In order to file a complaint, eligible beneficiaries having trouble with biometric verification need to visit the web portal and submit their names, CNIC numbers and mobile numbers. Once the complaint is submitted, beneficiaries are given a reference number following which an SMS is received regarding the payment.

Moving forward, systems will be put in place to ensure complaints and feedback pertaining to the entire horizon of Ehsaas are addressed in a robust and timely manner.

# Pillar III: Human capital

According to the Pakistan Institute of Development Economics (PIDE) estimates, poverty in Pakistan declined from 54.3% in 2005-06 to 21.5% in 2018-19<sup>21</sup>. However, the Multi-dimensional Poverty Index (MPI) for Pakistan suggest that 38.4% of population is deprived in their access to education, health facilities and decent living standards. Therefore, Government efforts in different dimensions will be required to alleviate poverty in all forms, reduce inequity and achieve inclusive and sustainable human development. The human capital stream of work will largely be driven by Provincial Ehsaas frameworks; notwithstanding, there are important federal institutions and programmes under Ehsaas.

## Education

Education is one of the key dimensions of human development and multi-dimensional poverty indices. Pakistan's current literacy rate has been stagnant at ~60% since 2014-2015, while current Gross Enrolment Ratio (GER) at the primary level has decreased from 91% in 2014-2015 to 84% in 2019-2020<sup>22</sup>. Pakistan still lags behind other South Asian countries in HDI. In Pakistan, the Government expenditure on education as a percentage of Gross Domestic Product (GDP) remains at 2.5 percent<sup>23</sup>.

Deprivations in education are the largest contributor to MPI i.e. 42.5 percent to its index value. Urban and rural profiles demonstrate similar ranking of contributing indicators to poverty where education contributes greatest with 57% (urban) and 42% (rural), respectively. The Government realizes that since deprivation to education is the highest contributor in Pakistan's national multi-dimensional poverty index, it requires special attention in national policies and pro-poor strategies, especially with regard to the education of women and girls. The following set of policy actions are proposed to be undertaken to improve education for those vulnerable. These are meant to supplement education policy initiatives to address both supply and demand-side issues pertaining to federal and provincial governments with an additional emphasis for the marginalized.

### *Right to education*

The Constitution of the Islamic Republic of Pakistan gives all its citizen an equal right to free and compulsory education as per Article 25-A. However, majority of the population remains oblivious of this right and have access issues; hence, they do not claim it. Thereby, an **Education awareness campaign** will be prioritized to educate the public, especially in remote areas, regarding their right to education (Policy # 67). This will also focus on encouraging and incentivizing families to send their girls to schools.

### *Accountability in provision of education*

The Government is spending resources both to improve the quantity and quality of education. Improving accountability for and efficiency in the use of these expenditures would be essential

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<sup>21</sup> Afzal, H and Ahsan, H. (2021). Poverty Trend in Pakistan: A Glimpse from the Last Two Decades. PIDE Knowledge Brief, No. 26:2021.

<https://pide.org.pk/research/poverty-trend-in-pakistan-a-glimpse-from-last-two-decades/>

<sup>22</sup> Federal Bureau of Statistics. Pakistan Social and Living Standard Measurement Survey 2019-20.

<http://www.pbs.gov.pk/content/pakistan-social-and-living-standards-measurement>

<sup>23</sup> 2019 data: <https://data.worldbank.org/indicator/SE.XPD.TOTL.GD.ZS?locations=PK>

for the provision of education and improving quality of education. Only improved quality of education can lead to enhanced human capital development. Citizen engagement through awareness and transparency can compel accountability. Therefore, a **Transparency Placard Placement Policy** for all schools funded by government will be initiated. Outside each school, a placard will be placed with details about the budget and number of teachers (Policy # 76 ∞). Consolidated information will be digitally available through a mobile application. Provincial initiatives will determine other accountability promoting measures. The Federal government will facilitate sharing of experiences.

### *Financial constraints in acquiring education*

Article 25-A provides the right to free education from age 5 to 16 years. To provide financial access to education beyond that point, Ehsaas is launching the **need and merit-based Ehsaas undergraduate scholarship programme**. Through this, students qualifying for the programme will have access to undergraduate education regardless of income, gender, or location (Policy # 75). To overcome access barriers, there will be increased investment for provision of education fee vouchers through the National Education Foundation under the **public-private education model** to provide private school education facility in areas where no public schools exist (Policy # 68,69,70 ∞).

The Ehsaas School Stipends initiative is a major programme that incentivizes families to educate children through a conditional cash transfer. This programme places a special focus on educating girls and uplifting lagging districts. (Policy # 73). There are an estimated 21.7 million children aged 5-16 years out-of-school in Pakistan<sup>24</sup> and this is concerning as deprivation in education is the largest contributor to MPI (42.5% to its index value).<sup>25</sup>

In comparison to an earlier conditional cash transfer program, Waseela-e-Taleem, Ehsaas School Stipends has significantly expanded scope and scale and of much improved quality. The stipend amount has been doubled to account for inflation (Policy # 157) while additional Rs. 500 are now being given to girls to incentivize female education as we have evidence that suggests that the impact of the programme on enrolment was higher for girls compared to boys. Stipends are categorized by three levels of education; Primary, Secondary and Higher Secondary education. Following are the details of the quarterly stipends:

- Primary education: Rs. 1,500 for boys, Rs. 2,000 for girls
- Secondary education: Rs. 2,500 for boys, Rs. 3,000 for girls
- Higher Secondary education: Rs. 3,500 for boys, Rs. 4,000 for girls

Besides increment in stipend amount, improvements were implemented across a wide range of areas. Following figure illustrates the extent of transformation based on lessons learned from the former programme:

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<sup>24</sup> PSLM report 2018/2019

<sup>25</sup> Multidimensional Poverty in Pakistan report, UNDP 2016

Figure 8: Education Stipend programme transformation

## Building on lessons learnt, Ehsaas Education Stipend Program has undergone a transformation

	Execution			Stipend		Scope		Partnerships
	Institutional arrangements and compliance monitoring	Enrolment Staff	Fully biometric based payment	Use of digital tools	Stipend amount	Girl favoring	Graduation incentive	Federal-Provincial partnerships cabinet approved
<b>Waseela-e-Taleem</b>	NGO dependent - 8% operational cost	Insufficient		Partial	Rs. 750/quarter			
<b>Ehsaas Education Stipend</b>	Government owned - 3% operational cost	1000 people engaged		Complete digitization	Rs. 1,500 to 4,000/quarter	Rs. 500 additional stipend for girls	Rs. 3,000 incentive for girls	MoUs signed to ensure high quality

### *Accessibility constraints*

Apart from financial constraints, physical access to education facilities is also one of the major hurdles that restrains poor people from acquiring education. Alternate methods such as availability and accessibility of online content through **E-Learning platforms** will be promoted to provide freely available **e-learning** content online as a public good (Policy # 71). **Chatbots in local languages** will be developed to overcome constraints faced by dispersed populations in accessing education (Policy # 72). **A second chance to education programme will be launched** for the provision of second chance education in schools, for out-of-school adolescents, particularly girls and those who are involved in different forms of child labour (Policy # 74). The one-time graduation bonus of Rs. 3,000 awarded to girls under the Ehsaas School Stipends programme will serve as an incentive for girls to restart their education under the second chance education programme.

## Health

Health is a nation-building and social welfare agenda. During times of economic hardships in the country and during health emergencies like the COVID-19 pandemic, Universal Health Coverage can be a nation's promise to its people. For that to happen several commitments must be put in place, such as higher political priority for health, increased investments, a combination of targeted and universal approaches and action around the social determinants. Institutionalization of the right organizational architecture, and frameworks for accountability would be critical for the attainment of health goals.

There are many challenges to be countered in this respect, in terms of ensuring geographic and financial access to healthcare as well as ensuring quality. 78% of the population pays out-of-pocket at the point of healthcare. The private sector provides three quarter of the health services, but mechanisms of harnessing their outreach have not been tapped at scale. Physicians outnumber nurses and midwives by a factor 2 to 1. Complex governance challenges and underinvestment in health have hampered progress<sup>26</sup>. Comprehensive health reform would aid poverty reduction and equality-promoting objectives.

Health has a tri-faceted relationship with poverty. First, certain diseases are more common amongst the poor, for example Tuberculosis, water and sanitation-related diseases and certain occupational hazards. Therefore, in the Ehsaas framework, reference is made to the importance of addressing conditions where the poor bear higher burden of disease in **Universal Health Coverage policies** as they relate to communicable and non-communicable diseases, maternal/child health, and mental health services. For this purpose, strengthening of Primary Health Care (PHC) and preventive services is an imperative. (Policy # 77) makes an explicit reference to 'innovative technology tools', which have a salient role to play in overcoming current performance constraints. The **Transparency placard placement policy** is envisaged under Ehsaas for all government health facilities, in particular PHC facilities. It is aimed at engaging the public in a performance-enhancing drive to overcome pervasive performance constraints which plague public facilities. Under this policy, a placard is meant to be placed with details, about the budget and number of staff outside each public health facility. This information will also be maintained on a mobile application (Policy # 78,79 ∞). The emphasis on this through

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<sup>26</sup> Nishtar S., et al. Pakistan's health system: performance and prospects after the 18th Constitutional Amendment. Lancet 2013; 381, 9884, P2193-2206 [https://www.thelancet.com/pdfs/journals/lancet/PIIS0140-6736\(13\)60019-7.pdf](https://www.thelancet.com/pdfs/journals/lancet/PIIS0140-6736(13)60019-7.pdf)

Ehsaas is expected to help drive greater support for UHC and its primary tool, Primary Health Care. This is meant to be implemented through Provincial governments.

Secondly, many diseases have an impoverishing effect, and of these Non-Communicable Diseases are the most salient. Data from the Planning Commission of Pakistan shows that health shocks involving catastrophic spending are the most common risks facing uninsured households. The poor, who are unable to pay, are likely to spend catastrophically or forego treatment altogether in fear of falling into poverty.

To address this challenge, the government introduced the Sehat Sahulat programme (SSP) to improve financial access to good quality medical services through a health insurance scheme. However, there are certain limitations inherent to the adoption of insurance in mixed health systems that need to be addressed<sup>27</sup>. Ehsaas Tahafuz was designed as Pakistan's first ever shock-oriented safety net programme under the Ehsaas framework to address these limitations. Ehsaas Tahafuz has defined its coverage principles to complement SSP. The programme caters only to catastrophic expenditure and targets beneficiaries that are either not covered under existing programmes, or that have utilized their SSP limits, or are in hospitals that are not covered under SSP and provides coverage for all essential treatments (including outpatient). With technology at its core Tahafuz will also avoid abuse and mistargeting of social protection funds. (Policy #33 and 41).

Ehsaas will also forge a global collaboration using its work in Tahafuz to raise global awareness about the need to address the issue of catastrophic health expenditures using the precision safety net approach. The policy of accelerating reform of public hospitals with increase in budgets (Policy # 80) is also aimed to avert catastrophic health expenditure for the poor.

Polio and poverty are inextricably linked. The poorest and most marginalized communities are hardest to reach with both the preventative polio vaccine and the correct information about the risk of the disease. This leaves these communities more vulnerable to the spread of misinformation and the poliovirus itself, which further reinforces the cycle of poverty. The Ehsaas framework supports that no child is left behind and that all communities have **access to the polio vaccination and lifesaving routine immunization** (Policy # 127). Polio eradication will also mean that the human resources, surveillance system and infrastructure developed to tackle polio, can be transitioned to develop a strong health system for all.

Since the Federal Government has constitutional responsibility of regulation, an important initiative (policy # 78) is aimed at **transparency and integrity measures to address regulatory capture in health-related regulatory agencies**, especially the Drug Regulatory Authority and the Pakistan Medical and Dental Council. An equally important regulatory responsibility actually rests with provincial governments. Many have put in place institutions for health regulation with service quality related mandates. Regulatory capture at provincial levels has serious implications for quality of and access to services, which is why an emphasis on this aspect would be important for provincial Ehsaas plans.

In addition to the aforementioned, it must be noted that all malnutrition-related policies in this framework will also impact health status.

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<sup>27</sup> Nishtar S. Mixed Health Systems Syndrome. Bull World Health Organ 2010;88:74-75. doi: 10.2471/BLT.09.067868 <http://www.who.int/bulletin/volumes/88/1/09-067868/en/>



The above-mentioned policy actions are proposed to be undertaken to improve health for the vulnerable. These are meant to supplement federal and provincial health policy initiatives with an additional emphasis for the marginalized.

## Malnutrition

Pakistan is grappling with the double burden of malnutrition—both undernutrition as well as overnutrition—and experiences one of the highest prevalence in child malnutrition as compared to other developing countries, with little reduction over the last two decades.<sup>28</sup> The National Nutritional Survey (NNS) of Pakistan 2018 reports that 40.2% of the children are stunted, 17.7% are wasted, and 53.7% are anemic. The double burden of malnutrition is becoming increasingly apparent, with almost one in three children underweight (28.9%) alongside a high prevalence of overweight (9.5%) in the same age group.<sup>29</sup> Undernutrition in young children and overnutrition later in life lead to higher risk of irreversible cognitive underdevelopment, and diseases such as hypertension and diabetes, a trend which is fuelling the NCD epidemic and is negatively impacting socioeconomic development.

According to the 2018 NNS, national average of Stunting (40.2%) masks provincial disparities. The prevalence of stunting varies from 32.6% in ICT to 48.3% in KP-NMD. The prevalence of stunting among young children in Sindh, Balochistan, KP-NMD and GB is higher than the national average.

Malnutrition undermines the human right to a healthy life, and negatively impacts economic development by escalating healthcare costs and incurring productivity losses. In the case of undernutrition, productivity losses are due to decreased physical and irreversible intellectual capacity whereas in the case of obesity, lost workdays, lower productivity at work, mortality and permanent disability come into play. The impact of these costs on GDP can be massive. Cumulatively, the estimated impact on Pakistan's economy due to different forms of malnutrition is US\$7.6 billion, or 3% of GDP.<sup>30</sup>

Improving people's diets, by taking a food systems approach, is crucial to addressing all forms of malnutrition. Insufficient and unhealthy diets underpin the persistent high rates of stunting, wasting, micronutrient deficiencies and the alarming increase in overweight, obesity and diet-related non-communicable diseases. Adopting a food systems approach requires looking at the needs and demands of all stakeholders, including rural and urban women and men, smallholders and family farmers, households, small-scale and large-scale producers, processors, and retailers. Government policies and legislation will help shape private sector incentives and ways of meeting the challenge.

Nutrition is a multisectoral subject with roles of many ministries and departments at the federal, provincial, and local government level involving the sectors of health, education and water and sanitation, amongst others. Since joining the Scaling Up Nutrition (SUN) Movement in 2013, there has been efforts to have a more coordinated approach with multiple stakeholders including

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<sup>28</sup> Asim, M., & Nawaz, Y (2018). Child Malnutrition in Pakistan: Evidence from Literature. *Children* (Basel, Switzerland), 5(5), 60. doi:10.3390/children5050060

<sup>29</sup> Ministry of National Health Services Regulations. National Nutrition Survey 2018: Key Findings. <https://reliefweb.int/sites/reliefweb.int/files/resources/National%20Nutrition%20Survey%202018%20-%20Key%20findings.pdf>

<sup>30</sup> Government of Pakistan, 2017. The Economic Consequences of Undernutrition in Pakistan: An Assessment of Losses. Ministry of Planning Development and Reform and World Food Programme.



civil society, the private sector, United Nations agencies, donor partners and academia. There is, however, a greater need to build on this collaboration and accelerate the scale-up of proven, evidence-based interventions and nutrition sensitive strategies during the critical first 1,000 days of a child's life, from the mother's pregnancy to the child's second birthday. Adolescence must also be targeted as a second window of opportunity. This approach will halt the intergenerational cycle of malnutrition and tackle its root causes addressing undernutrition and overnutrition and diet related non-communicable diseases later in life. This will require strengthening the focus on coordination of efforts. The nutrition agenda is still fraught with fragmentation, which is why it is necessary to bring it under the direct oversight of the Prime Minister (Policy #58).

Apart from that, there is a dearth of research and evidence availability on nutrition, especially in Pakistan's context. The government, thereby, considers it essential to establish the first-ever university-hosted National Centre for Human Nutrition (Policy #59).

A new mother and child health and nutrition initiative to address stunting in children, with the name of Ehsaas Nashonuma has been launched (Policy # 55). It targets pregnant and lactating mothers with their children between the age of 0-23 months as prime recipients of services and benefits up to maximum two children. As part of this initiative, specialized nutrition food will be made available for stunted children. It would also entail provision of de-worming drugs, iron, folic acid, micronutrient supplements, and treatment of children with severe acute malnutrition through government health facilities (Policy # 55, 56). As part of efforts to reduce stunting, it would be critical to address water contamination and sanitation issues with the relevant implementation departments such as, provincial, and local governments given that they are crucial determinants of stunting.<sup>31,32</sup>

Other initiatives to address malnutrition present in the Ehsaas framework include:

- **A nutritional awareness campaign** which involves community-based promotion of adequate health and nutrition practices including breast feeding and adequate age specific complementary feeding (Policy # 57). This campaign will focus on the importance of toilet use and handwashing with soap, as this has demonstrated to be integral to the reduction of malnutrition in poor households (Policy # 120)
- **Eradication of open defecation** in Pakistan, with the goal that all Pakistanis should have access to and use a toilet at home (Policy # 121 ∞). Defecation awareness programmes will be made part of WASH programmes/projects (Policy # 140)
- **Provision of oil cans to accompany seed packets policy** (Policy #63 ∞)
- **Kitchen Gardening initiative** to subsidize certified seed and seedlings through the entrepreneurial and CSR model, to promote fruit and vegetable intake (Policy # 62)
- **Seed distribution** through the Utility Stores Corporation (Policy # 64)
- Initiative to address spurious, and **adulterated milk** (Policy # 66 ∞)
- As part of the graduation initiative's **asset transfer programme**, transfer of desi chicken and goats to the rural poor along with veterinary cover is aimed at contributing both towards poverty alleviation as well as nutrition outcomes (Policy #60, 61)

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<sup>31</sup> Poor Sanitation is Stunting Children in Pakistan – new World Bank Report.

<https://www.worldbank.org/en/news/press-release/2018/11/13/poor-sanitation-is-stunting-children-in-pakistan---new-world-bank-report>

<sup>32</sup> When Water Becomes a Hazard: A Diagnostic Report on The State of Water Supply, Sanitation and Poverty in Pakistan and Its Impact on Child Stunting  
<http://documents.worldbank.org/curated/en/649341541535842288/When-Water-Becomes-a-Hazard-A-Diagnostic-Report-on-The-State-of-Water-Supply-Sanitation-and-Poverty-in-Pakistan-and-Its-Impact-on-Child-Stunting>

- To support households during the economic transition a **Food Rations initiative/langars** will support food consumption of vulnerable households; this will also include a one-time transfer of PKR 1000 to BISP beneficiaries to offset the impact of inflation in 2019 (Policy # 116)
- With the aim to eliminate hunger in the country, GoP will distribute cooked meals on wheels (food trucks arrangements) to people in need who cannot access Ehsaas Langar sites in industrial zones and bus stations ((Programme # 269)
- Provide subsidy support to poorest of the households on selected commodities through utility stores and non-utility store mechanisms (Policy # 270, # 271)

## Living standards

In the computation of multi-dimensional poverty, inadequate living standards was found to be the second highest contributor in Pakistan's poverty.<sup>33</sup> At the household level, Pakistan performs relatively better than many other countries in access to electricity (93.5%), improved water sources (86%) and improved sanitation facilities (73%).<sup>34</sup> However, it must be noted that access to electricity does not translate into access to affordable and reliable energy. Secondly, access to improved water sources does not consider the quality of water. Poor quality of water and its scarcity are critical issues for Pakistan with 64% of its population without access to safe drinking water, and 17 million people (6% of population) accessing their drinking water from unimproved or untreated surface water sources. While access to sanitation has gradually improved, twenty-two million Pakistanis practice open defecation and an unacceptable number of children under-five die every day due to poor water and sanitation access. Poor sanitation is also a cause of stunting.

Overcrowding is one of the reasons accounting for low living standards. This is a major issue in Pakistan as more than 4 persons are often cramped in one room. Due to rising housing prices, as much as 41% of the population is affected by overcrowding. Amongst the other indicators of decent living standards, ownership of necessary assets and access to solid cooking fuels are also at a low level. The Naya Pakistan Housing & Development Authority (NAPHDA) will aim to address this issue by building and support financing for affordable and low-cost homes for the underprivileged and poor. By partnering with private sector developers, SBP and retail banks NAPHDA will help poor people get homeownership.

An estimated 75% of the population is deprived in access to solid cooking fuels and 68% do not have two small assets (such as TV, iron, air cooler, bicycle) or one large asset (refrigerator, air conditioner, tractor, computer and motorcycle) and a car in their household.<sup>35</sup> Ehsaas will attempt to improve living conditions of the poorest through actions in Pillar I and IV.

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<sup>33</sup> Living Standard indicators included: Improved walls, overcrowded household (4 or more persons per room), access to electricity, access to improved sanitation facilities, access to improved water sources, access to solid cooking fuels, ownership of assets, and land & livestock

<sup>34</sup> Pakistan Social and Living Standard Measurement Survey 2014-15, Pakistan Bureau of Statistics

<sup>35</sup> Uncensored headcount ratios from the report on Multidimensional Poverty in Pakistan

# Pillar IV: Creating jobs and livelihood opportunities

Generating employment opportunities for young individuals and poor and marginalized communities is one of the pillars of the *Ehsaas* programme. This is envisaged through a three-pronged focus: The Solutions Innovation Challenge policy, the approach to graduating the poor, and through focused attention in a few quick win areas. A focus on jobs for the youth through the *Kamyab Jawan* initiative will have synergy with *Ehsaas*' fourth pillar.

## Graduation of beneficiaries

The approach to graduating the recipients of safety net benefits, and its linkage with the safety net window has been discussed under the Theory of Change section. Under *Kafaalat*, financial and digital inclusion of over 8 million women will be achieved through the One Woman, One Bank Account policy (Policy # 29). 500 digital hubs will also be established at Tehsil level for the poor families with limited opportunities. Relevant public resources and information will be made easily available and accessible through these digital hubs to create opportunities for poor families to graduate out of poverty (Policy # 31 ∞ ∞). *Kafaalat* will also focus on graduating BISP beneficiaries, especially in poverty-stricken districts, through the **National Poverty Graduation Initiative** (Policy # 32), which has two important operational components, Ehsaas Interest Free loans (Policy #84) and Ehsaas Amdan (Policy #60 & 61), the programme to transfer assets for livelihood building.

## Solutions Innovation Challenge and value chain building

The Government is determined to increase engagement with private sector partners, social enterprises, civil society and incubators to organize innovation challenges to source ideas and identify sustainable partnerships for addressing chronic development issues in a cost-efficient manner (Policy # 81 ∞).

The Solution Innovative Challenge will broadly have two categories: one with a **focus on solutions for better delivery of public services and social goods**, irrespective of region, and as a public good. This stream will encourage private sector to develop products and platforms for the poor, which the market does not have the incentive to create otherwise. Frugal innovations offer affordable, accessible and adaptable models by leveraging social, technological and institutional mechanisms to generate commercial profit that is inclusive and sustainable. The multi-sectoral strategy of Ehsaas simultaneously can harness improvements along all three fronts, i.e. social, technological, and institutional<sup>36</sup>.

The other category involves the creation of **locally relevant value chains in geographic clusters** (identified by their agriculture output or cultural/artisanal output) for development solutions targeted for lagging districts that suffer from high multidimensional poverty (Policy # 81-87; 104-107; and 109-111 ∞). This category will also include locally relevant infrastructure solutions. Innovation challenge aims for skill improvement and to empower grassroot citizens to

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<sup>36</sup> Bhatti, Y., Basu, R., Barron, D., & Ventresca, M. 2018. Frugal Innovation: Models, Means, Methods. Cambridge University Press

generate local solutions through local resources. The reference to “Union Councils for western CPEC corridor” in the Ehsaas Policy Statement is part of this approach.

Pakistan’s **agriculture sector** forms the backbone of the economy. Yet, productivity indicators suggest that yields have stagnated over the past decade in most crops. With little or no incentive for agriculture growth, Pakistan is almost at half the production levels compared to neighbouring countries. Middlemen (Aarti) are the ultimate winners as their interest is only focused on lending and buy back while remaining outside any tax net. A more efficient market dynamic to minimize middlemen could avoid any imperfection in the provision of marketing utilities.

In Pakistan, some ingredients for the value chain model exist but others need to be created through an enabling policy framework. For example, agriculture value chain processing units could be considered as small and medium enterprises and could potentially be given tax incentives similar to those given to Special Economic Zones. Through an appropriate policy framework, provision of working capital, debt equity and grant equity for start-ups, value chain building could be facilitated.

The expected outcomes of such a policy measure would lead to increased productivity, increase in the incomes of subsistence farmers in addition to job creation.

It is expected that the creation of value chains will help **farmers with fragmented and small land holdings** (Policy # 104); it can **incentivize local manufacturing** of farm equipment, drip irrigation materials and solar equipment (Policy # 106) along with social sector protection measures for workers in informal sector through “Mazdur Ka Ehsaas” (Programme # 273) and Hybrid Social Insurance Scheme for Existing Beneficiaries and informal Sector Labourers (Programme #276). It can also catalyse **development of warehouses** and mechanisms for warehouse receipt financing (Policy # 109), and can promote **effective husbandry, hay and silage making** (Policy # 107). Such an approach can also provide **market stimulus for livestock and fisheries** in arid zones (Policy # 111). The Government will assist through measures that **reduce the cost of agriculture inputs** (Policy # 110).

Overall, there is need for **crop diversification** (Policy # 105). Breaking stagnancy of five major crops is an important aspect of productivity. The other option is to substitute major crops with minor/cash crops. The productivity of land and water could be better improved by diversification, by adding/incentivizing high value crops (for example horticulture), import substitution crops (edible oils and pulses), exportable crops in the regional markets and those with best agro-economic suitability. The stagnant major crops are spread across the agricultural landscape with or without real agro-ecological matching. Recently, the Food and Agriculture Organization and provincial governments have joined forces to redefine Agro Ecological Zones with suitability maps for a large number of crops offering a strong basis to incentivize crop diversification. This could also mean beginning of climate smart agriculture.

Crop diversification will only succeed fully when combined with value chain building efforts and linkage with market outlets where the farmer is not disadvantaged. An important feature for future growth and change would be the provision of data analytics and farm services capacity. There is a clear demarcation of public and private roles here. While the data support and analytics have to begin as a public investment, the service provider has to operate on an entrepreneurship model.

## The approach to graduating the poor

The Government's poverty graduation approach combines elements of social mobilization, livelihoods development, and financial inclusion to move households out of extreme poverty and into sustainable graduation. The strategy is to start with social protection but then to move people up the ladder of prosperity, through asset transfers, training, social services and community infrastructure, interest-free loans, and links to microcredit, until they are out of poverty.

Those in destitution will be provided with assets and interest-free loans that can be used to generate incomes.

Researches have shown that it takes approximately 2 years for a household that has been provided with an asset, interest-free loan, or a skill to move up the poverty ladder. During this time mentoring and support is very important. It has also been seen that not all households—even if provided assets or skills—can move out of poverty. Therefore, 20-25% of households will always require some form of social protection and hence the relevance of stipends will remain.

The next category of people falls in the 18 to 40 poverty band. They are slightly better off than the poorest and may require financial support to begin their own work. A small capital injection or loan is enough to help them become economically active. They are offered interest free loans and eligible individuals can take up to three consecutive loans until they graduate beyond the 40 score. Once people graduate beyond the 40 score, they can potentially access and benefit from the conventional microfinance available across the country.

Based on this approach, the Ehsaas National Poverty Graduation Initiative (NPGI) has been launched. The initiative aims to graduate the poorest households out of poverty and set them on a course of economic and social prosperity. Its components include i) asset transfers; ii) interest free loans, and iii) vocational and skills training to make assets productive. The graduation initiative aims to reduce dependence of the population at the bottom of the pyramid on government-led social safety nets (BISP, Zakat and Baitul Mal programmes) and helps to bring this population into the mainstream of economic development and financial inclusion. The government, in addition to its own funding, is partnering with the International Fund for Agriculture Development (IFAD) and the Asian Development Bank (ADB) in this initiative. NPGI is being rolled out in over 100 districts and will impact 16.28 million people with 50% women, over four years. The initiative also includes youth, persons with disabilities, transgenders, minorities, and marginalized communities in lagging districts. Selection of beneficiaries is based on the Poverty Score Card used by the Government.

## Creating jobs in quick win areas

Pakistan currently has 67% of its population below the age of 30 years. It is projected that this trend will continue for the next three decades. To harness the potential of this “youth bulge”, it is important that quality jobs and productive livelihood opportunities are created. This should be complemented with effective training programmes to equip young individuals with the skills needed for the global labour market, which is transitioning towards the 4<sup>th</sup> Industrial

Revolution.<sup>37</sup> Three areas have been identified as potential quick wins in the Ehsaas framework, in this regard.

### *Information technology sector*

The Information Technology sector (IT) holds huge potential to grow in Pakistan and create jobs for new entrants in the labour market. Ehsaas will seek to strengthen this sector along with developing platforms that can give young individuals the opportunities and skills needed for growth in the changing global economy. IT is a social leveller, because high capital or rent-seeking are not required to create successful businesses. IT can become the leading export sector and drive efficiencies in the economy.

Overall, the government is adopting the **architecture-based approach to digitize government**, which will help drive the creation of new jobs, through innovative digital interfaces. By digitization of government systems, better mechanisms will be created enabling citizens to access public services (Policy # 88).

The IT sector has scope to create jobs, not just through the formal IT industry, but also through freelancing, which can provide income to residents of remote and marginalized areas as well, as long as Internet access is available and electronic payments are facilitated. Hence, the policy to increase access to broadband internet services and telecommunication services in unconnected and poor districts through the network of **Universal Services Fund** will help create more jobs as well as provide access to services more broadly (Policy # 91). Overall, there would be an emphasis on developing required policies and mechanisms for **promoting start-ups** (Policy # 90), specifically, by facilitating electronic payments. **Freelancing can be promoted** to increase employment opportunities for home-based women and other vulnerable groups (Policy # 89).

In this regard and in line with a broader policy objective, there will also be a concerted effort to improve financial inclusion of the rural and unbanked population, as envisaged through '**Kafaalat One Woman One Bank Account Initiative**' (Policy # 29). The Government will also introduce a policy to improve access to handsets within this framework.

### *Technical and vocational education and training*

Promoting technical and vocational education is an important labour market policy that can provide means of self-employment. In this regard, mandatory **skills training** will be introduced in school curricula and 2-year college programmes for provision of TVET knowledge to students (Policy # 92). Additional interventions to promote TVET as a tool for social protection include: rationalizing requirements of 8th class as a pre-condition for enrolment in **TVETA** (Policy #93); decrease in the age of enrolment in TVET institutions from 18 to 15 years in order for students to start skills training immediately after matriculation (Policy # 94); and review of **legislation related to apprenticeship** in the informal sector—a system to formalize arrangements and recognize and certify skills training received from the informal sector (Policy # 95).

The **budget of National Vocational & Technical Training Commission** (NACTTC) must also be increased (Policy # 96 ∞). The laws governing **NAVTTTC** should introduce a mandate for curbing illegal Trade Testing Centres that are sending local labour to foreign countries without proper mechanisms, causing exploitation of labour and leading to deterioration in the

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<sup>37</sup> Klaus Schwab. The Fourth Industrial Revolution. <https://www.weforum.org/about/the-fourth-industrial-revolution-by-klaus-schwab>

quality/skill of labour sent abroad (Policy # 97). In addition, steps should be taken to get **international recognition of TEVT courses** offered in Pakistan (Policy # 98).

The Women Empowerment Centers, under Pakistan Bait-ul-Maal, have been established throughout the country including Azad Kashmir & Northern Areas, since 1995. These schools are providing free training to widows, orphans & poor girls in different skill i.e. Drafting, Cutting, Sewing, Knitting, Hand & Machine Embroidery ((Policy #158). Currently, there are 154 centres across Pakistan. Additionally, the policy for Women empowerment centre will be revised to streamline enrollment criteria, and types of trainings provided (Policy #159)

### *Employment opportunities in foreign countries*

Pakistan has been exporting a large proportion of its skilled and semi-skilled labour abroad. At a macro level, they contribute to the national economy through remittances. However, at a household level, workers remittances are an important social protection mechanism that help families get out of the poverty and inequality trap. A **consolidated labour market information system** will be developed by the Ministry of Overseas Pakistanis to transparently promote overseas employment opportunities for migrant workers. The system will provide the required information to avoid exploitation by middlemen (Policy # 99). To make inflow of **remittance easier and cost effective** and for them to contribute to social causes, financial products will be launched (Policy # 101 and 102).

In addition, an accelerated foreign policy drive should review **opportunities in neighbouring countries**, and other economies, particularly those that need human resource due to an aging population structure, for instance in Japan and Canada (Policy # 100). Investing in nurses is an example of a strategic approach in this regard. Globally, it is estimated that nine million more nurses and midwives are needed by 2030. Beyond overseas needs, a strategic approach to nursing can also impact a triple bottom line in the country. Currently, the doctor-nurse ratio in Pakistan has been 2.5:1 for some time as opposed to the recommended 1:4. A strategic approach to nursing can deliver a triple impact of improving health, empowering women, and strengthening local economies.

### *Employment opportunities through action on climate change*

Under the **Ten Billion Tree Tsunami Programme** around 3.29 billion indigenous plants will be added on about one million hectares over the next four years; this coupled with improvements of national parks and effective implementation of wildlife legislations and institutional strengthening is anticipated to provide approximately 1.5 million jobs (policy # 128).

The **Eco System Restoration Initiative**, as a nature-based solution for addressing climate change, will create livelihood opportunities in the environment sector which includes forestry, marine and aquatic resources, fisheries, biodiversity, wildlife etc (Policy # 129).

**Legislation to address the menace of polythene bags** and their phasing out, is an integral part of the Prime Minister's Clean Green Pakistan Movement; that by itself will create employment opportunities, specifically for rural women in the cottage industry for manufacturing, production and sale of alternate bags (Policy # 130).

The **Electric Vehicle Policy** to ensure introduction and promotion of electric vehicles in the country in a quest to reduce the carbon footprint of ever-increasing traffic. This will be linked with the "*Insaf Rozagar Scheme*", which can promote electric Rickshaws for low income communities (Policy # 131).



The **City/Tehsil level Clean and Green Cities Index** aims to rank cities/tehsils according to the indicators on cleanliness and greenery. CGPI is a composite index of seven pillars: water, sanitation, hygiene, solid waste, cleanliness of streets, usability of parks and number of trees. The initiative empowers local councils to monitor and review their cities on set performance indicators and create a healthy competitive environment. The Cities competition is planned to create job opportunities at the local level in environment-specific fields like waste recycling and management, horticultural and nurseries development for plant saplings etc. (Policy # 132).

**Transforming the Indus Basin with Climate Resilient Agriculture and Climate-Smart Water Management** initiative will increase resilience to climate change among the most vulnerable farmers in the Indus basin and will strengthen the Government's capacity to support communities in adapting to climate change. The project will result in strengthened regulatory systems, adaptive capacity, and will create greater awareness of climate change threats and risk reduction processes, which matter most for poor communities (Policy #133).

### *Employment opportunities through tourism*

Tourism is a major source of employment due to its labour-intensive nature as well as multiplier effect on employment in related sectors. It can be created as a 'potential quick win area' by targeting women and youth entrepreneurship in tourism related business. Such developments have potential of bringing commercial activity and generating revenues hence contribute in development. Creating jobs and livelihood opportunities related to tourism especially in rural and remote areas will be addressed to serve marginalized segments as well as area development (Policy # 141).



# Appendix

## Details of Transformation in unconditional cash transfer program under Ehsaas Kafaalat:

### Kafaalat (1/7)

	Pre-2019 – Unconditional cash transfer programme of BISP	Post-2019 – Ehsaas Kafaalat and Ehsaas Emergency Cash
<b>Policies</b>		
Payment regulations for biometric payments	None	Designed, approved and notified a payment regulation policy outlining details of reconciliation, de-crediting, re-crediting etc.
De-crediting policy	Idle funds would stay in beneficiary's account for 2 years	Reduced window for de-credit of unutilized funds to 6 months so that idle funds are transferred back to treasury and streamlined process to re-credit funds in case account was reactivated
Policy regarding return of de-credited funds to treasury	De-credited amount transferred to a consolidated pool where money would come through various streams reducing transparency and accountability. Pooling of funds did not allow for easy and timely repatriation of funds to the treasury	Established separate accounts for various head of account i.e., separate account was set for de-credited money, which improved reconciliation and streamlined return of funds to treasury
Policy governing holding period for de-credit funds	Banks held on to de-credited amount with them for 15 days before transferring them to national treasury	The time period of de-credited funds to be kept by the banks was reduced from 15 days to 7 days
Payment policy for biometric failures	No exception policy for biometric failures	Exception policy for biometric failures was developed and implemented both for Ehsaas Emergency Cash as well as Ehsaas Kafaalat
Universal social protection policy for villages along Line of Control in AJK	None	Policy implemented



### Kafaalat (2/7)

	Pre-2019 – Unconditional cash transfer programme of BISP	Post-2019 – Ehsaas Kafaalat and Ehsaas Emergency Cash
<b>Data</b>		
Data authenticity checks	None	Big data analytics checks were used for the first time to exclude inclusion errors and false claimants, using Pakistan's ability to triangulate varied personal information using unique national identities as the peg
Exiting of undeserving beneficiaries including government servants	None	850,126 un-deserving beneficiaries exited to date based on data analytics <sup>1</sup>
Responsive registration	None	Responsive registration introduced by making the survey dynamic overtime (with the support of the World Bank) to account for various cases such as a household being missed in the survey or a change in the socioeconomic position of the household)
<b>Payment system</b>		
Payment system	Payments made through 6 banks that were sole source contracted without a competitive procurement process.	Procurement of the payment system was done through a competitive bidding process according to PPRA rules
Improved payment security	Multiple payment channels used based on local infrastructure such as Pakistan Post Benazir Debt Card and biometric (partial)	All payments are made only after biometric verification to ensure that payments are received by the beneficiaries themselves

<sup>1</sup> 820,165 beneficiaries were exited based on data analytics used in December 2019. Additionally, data was requested from autonomous agencies of the government, FBR etc. as a result of which 31,543 additional beneficiaries were exited in 2021. Data of pensioners from 36 out of 76 Government autonomous agencies is awaited.



## Kafaalat (3/7)

**Pre-2019 – Unconditional cash transfer programme of BISP**

**Post-2019 – Ehsaas Kafaalat and Ehsaas Emergency Cash**

Payment system (contd.)		
Payment through biometric ATMs	None	Payment enabled through biometric ATMs to offer beneficiary choice and convenience
Beneficiary access for opening savings wallet	None	Launch of Ehsaas savings wallets in Ehsaas' payment system to promote financial inclusion
Enabling financial inclusion	Limited financial inclusion – Women were familiarized with debit card usage only	The 'One Woman, One Bank Account' was made a part of the Ehsaas programme. This means that every eligible woman will have an account and will have access to a full suite of financial products
Defining financial inclusion vision	None	Kafaalat financial inclusion strategy developed and approved by the board to propagate government's aim to increase financial inclusion

### Integrity features in the biometric payment system<sup>1</sup>

Device restriction policies to restrict movement of the device through geo-tagging of device for each agent	No Controls	<p>Controls on prerogatives to change geo coordinates of payment machines (point of sale) has also been enforced so that there is no chance of misuse of devices and to ensure that devices cannot be taken away from their designated and approved sites</p> <p>Previously there were reports that the devices used to be taken to the 'hujras' of politicians and local influentials. Movement of the device away from its intended site also enabled hackers to game the system.</p>
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1. The new biometric payment system used by Ehsaas was procured in 2019 which has enabled 100% of payments to be biometrically verified. Before that only 40% of districts had biometric verified payments by June 2017 (43/131 districts) which was increased to 86% by June 2019



## Kafaalat (4/7)

**Pre-2019 – Unconditional cash transfer programme of BISP**

**Post-2019 – Ehsaas Kafaalat and Ehsaas Emergency Cash**

Integrity features in the biometric payment system (contd.)		
Device restriction policy to restrict use of one device only to the person authorized	No Controls	Policy was developed to limit use of device only to the authorized agent by requiring a biometric signature of the agent after every 15 minutes to remain logged in to ensure that only the authorized person is using it
Device restriction policy - Random finger authentication of biometrics	No Controls	Random finger authentication was introduced for beneficiary verification when making payments to overcome fraudsters using silicon thumbprints
Device restriction policy - Disbursement timing block from 7pm to 7am	No Controls	The disbursement time was blocked from 7pm to 7am to prevent occurrence of fraudulent transaction during non-business hours
Policy enforcing blacklisting of agents including blacklisting the geolocation	No Controls	Location blocks were introduced alongside blacklisting of agents is being done to ensure that fraudulent agents could not reregister in relative's name and operate from the same vicinity
Policy enforcing single ID for every device used in payments	None	<p>Mandated tagging of one ID with each child device which enabled tracking of transactions against each device. If transaction per device is &gt;100, the system generates alerts. FIA is looped incase of fraudulent activities for taking punitive action against agent</p> <p>Previously 'Child devices' were used which made tracking transaction from a single device problematic<sup>1</sup></p>
Real time reporting (less than 5 minutes payment withdrawal from banks)	None	Real time reporting of payment withdrawal is enabled

1. Devices were reporting in excess of 700 transactions which could not be accounted for by banks who used rationale of pooling of child-device transaction as justification



## Kafaalat (5/7)

**Pre-2019 – Unconditional cash transfer programme of BISP**

**Post-2019 – Ehsaas Kafaalat and Ehsaas Emergency Cash**

Integrity features in the biometric payment system (contd.)		
Reconciliation status	None	Banks are now bound to provide regular reconciliation statements to Finance. These include statements from limited mandate accounts and BISP account to streamline reporting and improve financial controls
Complaints resolution for biometrically enabled payments		
Consolidation of modules/categories added	Fragmented forums to lodge complaints	Development of compliant management system with the banks to record and track complaints. Addition of new categories such as biometric system related complaints
Service quality levels	Not defined	Turn-around-times have been clearly defined for resolution of complaints to formalize the complaint resolution process
Automation of complaint resolution mechanism for biometric payment	None	Continuous efforts are being made to fully automate the complaint resolution mechanism and significant progress has been achieved to ensure timely tracking and resolution of complaints
M&E		
Risk Register and workplans	None	Risk register has been established which is now presented at board meetings. Workplans are reviewed weekly and risk register is linked to these workplans to incorporate changes at pre-defined frequencies. Risk mitigation strategies are devised across various areas such as governance, procurements etc.
Fraud prevention and redressal through cybersecurity	None	Cyber security unit Board approved staff hired



## Kafaalat (6/7)

**Pre-2019 – Unconditional cash transfer programme of BISP**

**Post-2019 – Ehsaas Kafaalat and Ehsaas Emergency Cash**

M&E (contd.)		
Spot checks for internal control	Minimal	Spot checks by internal control/fraud management teams of banks, followed by findings with BISP on timely basis. Creation of deterrence and imposition of penalties for fraud management to solidify internal control
Payment Monitoring Report	No mechanism for monitoring report to be presented to the board at pre-defined frequencies	A payment monitoring report is presented to the board at defined frequencies to ensure timely tracking
M&E for banks		
Monitoring and evaluation in bank contracts	Sporadic third-party reviews under contracts with FIs	Contracts were revamped and made comprehensive to include various details such as ensuring presence of representatives at tranche sites. Defined procedure for banks to arrange third-party periodic field review and share report with BISP to enable close progress monitoring
Transparency		
Dashboard for tracking payments	None	Enabled transparency and tracking of credited amounts at a Tehsil level
Dashboard by banks for fraud alerts	None	Reporting of fraud management alerts by banks leveraging bank's Fraud Risk Management System created to ensure BISP has visibility to take immediate action
Dashboard by banks for complaint Resolution with regard to biometric payments	None	Complaint data analytics created to expedite facilitation of Ehsaas beneficiaries regarding their complaints with banks



## Kafaalat (7/7)

**Pre-2019 – Unconditional cash transfer programme of BISP**      **Post-2019 – Ehsaas Kafaalat and Ehsaas Emergency Cash**

Transparency (contd.)		
Payment receipt	No electronic printed receipts were provided at disbursement	Electronic printed receipts for fund withdrawal enforced to provide evidence of disbursal amount and to prevent fraud and improve transparency
Imposition of penalties based on timeliness of reporting	None	Dashboards put in place to ensure reporting from banks is timely and on pre-defined frequencies; <b>penalties are imposed on late reporting.</b> Previously, banks reported data with a lag and no penalties were imposed.
Documentary evidence for de-crediting	None	<b>Separate accounts were established for separate account heads</b> such as operations, de-crediting etc. in order to <b>improve financial reconciliation.</b> Banks were required to provide reports for every de-credited account
Webservice for BISP specific biometric verification	None	<b>Webservice for BISP specific biometric verification through tripartite agreement with NADRA and two Banks implemented</b>
Research Wing		
Establishment of research wing	None	Research wing was established to provide support and evaluate Ehsaas programs and provide key insights