Targeting and Effectiveness of Social Safety Net Programmes: The Case of Zakat and BISP in Pakistan

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Abstract:

Social Safety Nets are considered a window to improve lives of the poor. In Pakistan, various SSNs are functional, both in government and private sector. The present study made a comparison of Zakat and Benazir Income Support Programme (BISP) to evaluate the effectiveness, targeting and accuracy of both the programmes on a wide range of indicators including consumption, headcount poverty, and multidimensional poverty index. Data from the latest available 2013/14 round of Household Integrated Economic Survey (HIES) is used. The analysis reveals that both the Zakat and BISP recipients are under-reported as only 0.6 percent of the household reported as recipients of Zakat and 7 percent of the household reported that they got benefit from BISP programme. A comparison on socio-demographic profile of recipients of Zakat and BISP suggests that recipient households of both the Zakat and BISP are at a disadvantageous position as compared to the non-receiver households. However, BISP beneficiaries possess more assets, i.e., livestock, land and ownership of house. Zakat has quite limited coverage as compared to BISP. Same is the case with targeting where BISP has much better targeting of 42 percent as compared to Zakat (23%).

(Key words) Social Safety Nets, Welfare/wellbeing, Consumption, Poverty

1.   INTRODUCTION

Social Safety Nets (SSNs) are designated throughout the developing world to deal with the matter of scarcity of resources [Irfan (2005)]. They SSNs are operational in the form of social interference procedures that can be social welfare programmes, social assistance, or wide-ranging measures to alleviate poverty and other forms of

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vulnerabilities. Empirical findings worldwide suggest that effectively administered and well-targeted social protection policies can not only enhance social and economic well-being but also contribute in sustained inclusive growth by promoting human capital and employ-ment opportunities, and preventing people from economic distresses [Jamal (2010)].

There is growing consensus in development spheres that social safety net programmes are an effective policy choice for developing world for addressing poverty and vulnerability. According to Ali (2007) and Asian Development Bank (2013), inclusive growth frames on three basic pillars. Firstly, SSNs are considered to be the foundation for the protection of poor communities and preventive measures to safeguard them from temporary living distresses. Secondly, proficient sustainable growth to generate fruitful occupations and financial openings to make sure all the needs regarding employment are being addressed. Finally, collective addition by making sure equivalent right of entry to the financial openings through spending on health care, schooling and other societal components to enhance human aptitude. Moreover, it also emphasizes to eradicate foundational and marketplace malfunctioning.

A powerful 'real world' argument against safety nets is their cost. The opponents argue that only developed countries or very small countries can implement a state-funded comprehensive social safety net system. In low-income countries having large populations and poorly developed infrastructure, it is highly logistically unfeasible to finance millions of poor. In such context, the need for safety nets is much greater than in countries that can afford them, but resource constraints necessitate targeting of welfare's interventions [(Barrientos (2009)]. There is a huge number of extensively practicing SSNs in different countries. However, mostly in developing countries they all have certain limitations and inadequacies that hinder their effectiveness; few of them are as under [World Bank (2015)]:

i.   Failure to identify the right target household,
ii. Low cash benefit that it is incapable of bringing any significant change in the lives of beneficiaries,

iii. Corruption and operational inefficiencies that formulate the transfer of resources to beneficiaries much costly as compared to their actual cost.

Pakistan has a long history of SSN Programmes, merged both from public and private sector. In public sector, social protection can be classified into two categories: social security schemes and social safety net assistance. The first category targets only the formal employed labor force or retirees by providing benefits on contingencies of sickness, work related injury, invalidity, maternity, old age etc (Appendix Table 1). For the second category, generally the targets are extreme poor and vulnerable communities. Food Support Schemes, Pakistan Baitul Mal (PBM), Zakat and BISP along with many others, run both by federal and provincial governments, are the part of this integral social assistance (Appendix Table 2). Along with these above-mentioned prescribed intrusions, there is a range of non-prescribed interventions that includes support through family systems, private charity, and other channels of sponsorship. All these interventions play a positive role in the working of social protection mechanism [Bari, *et al*. (2005)].

The direct Social Safety Nets (SSN) in Pakistan, in past, was only limited to Zakat system and private transfers. Alternatively, in the year 2008 Pakistan's Government instigated BISP as a major SSN programme. However, two features are common in SSNs in Pakistan: first, inability to achieve financial targets, and second, public perceive that as a result of these initiatives, there cannot be any drastic change in the livelihood of rural communities [Arif (2006)]. Despite similar beneficiaries (poor) and unconditional cash transfers, the targeting criteria of both the *Zakat* and BISP[1] programme are entirely differ. The right identification of beneficiaries is quite difficult and targeting may face *Inclusion Error* (identification of those as beneficiaries who *don't fulfill* the selection criteria) and *Exclusion Error* (identification of those as non-beneficiaries who *fulfill* the selection criteria). Question arises that *how much the two sorts of welfare programmes (Zakat/Usher, and BISP) are accurate in identification of right beneficiaries, those who are*

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[1] A smaller component of BISP has conditional cash transfer that is only 2 percent disbursement of the entire programme in FY 2016.

poor and vulnerable? Another question arises that *how much of these programmes are targeting the poor masses in Pakistan?*

A number of studies in Pakistan have observed the relationship between *Zakat* and socio-economic development [Al-Qardawi (1999); Shirazi and Amin (2009) and Suhaib (2009)] but none of the study has managed to observe the accuracy and right targeting of public sector and/or private sector Zakat disbursement along with split welfare impacts. Only the study of Nayab and Shujaat (2014) has observed the welfare impact of BISP on poverty; however, both the inclusion and exclusion errors are not observed. The present research aims to bridge these gaps by analyzing the following two objectives:

1. To examine the socio-demographic and economic profile of recipients and non-recipients of Zakat and BISP; and
2. To evaluate which one of the social safety net programme in Zakat and BISP has right targeting including coverage, inclusion, and exclusion errors.

The organization of present research is as follows. Section 2 elaborates the conceptual definitions and performance of SSNs, followed by history of SSNs in Pakistan in Section 3. Section 4 demonstrates the methodological framework and data description employed to carry out this study, followed by results in Section 5. The last section concludes the research along with policy implications.

2. CONCEPTUAL DEFINITION AND PERFORMANCE OF SOCIAL SAFETY NETS (SSNs)

2.1. Conceptual Definition of SSNs

Direct transfers, either by government or private, are the simplest and easiest ways to help the needy communities. These transfers can be categorized as unconditional and conditional and can be in the form of food, cash, water, electricity, health incentives, and accommodation assistance programmes. Before deepening in detail, it is worth mentioning that although social protection and social safety nets are usually used interchangeably, but conceptually they are different. Social protection can be termed as the civil right of every individual whereas

SSNs are thought to be the mechanisms engaged to attain that rights i.e., reduction in poverty and inequality, employment promotion, and improvement in social-economic well-being [Bari, *et al.* (2005)].

> *ADB (2013) elaborated Social Protection as "the set of policies and programs designed to reduce poverty and vulnerability by promoting efficient labor markets, diminishing people's exposure to risks, and enhancing their capacity to protect themselves against hazards and interruption/loss of income".*
> Cheta (2000) classified SSNs as "*transfer programmes designed to play both a redistribute role in poverty reduction and are regarded as a form of insurance against risk to vulnerability or from being marginalized*".

Ever since the 1980s, the rate of poverty has been declining globally. Various empirical studies found that development and growth has remained the main causes behind this decline. However, attention is being paid on the importance of income distribution for poverty reduction [Bruno, *et al*. (1998)]. Collier and Dollar (1999) claimed that aid can play a vital role in poverty alleviation, if it is supported by an established guiding principle environment. Particularly, SSNs are now broadly acknowledged as important factors in any poverty reduction strategy. These programs have become a hope for many such communities that are dealing with malnutrition, continual poverty, and disease.

2.2. Distinguishing Social Security, Social Protection and Safety Nets

Social security refers to the safeguard granted by the social order to all of its members through an assortment of community procedures to compensate a considerable decline in income from work in consequence of any natural threat or unpredicted issue like death of main bread earner, unemployment, old age and sickness etc. [Shepherd *et al*. (2004)]. Social security classifications are typically for people working in the formal sector and mainly comprises of social assistance and social insurance

strategies. Therefore, it is considered as a component of social protection.

Safety nets have following three basic features:

a. Preventing the poor and vulnerable.
b. Assisting the poor to accept marketplace based transformations.
c. Facilitating the poor for managing risks.

Hence, safety nets can be classified as communal commodities which can significantly influence growth of trade and industry in the state.

2.3.   Performance of Social Safety Nets

Social concern for the poor appears to be as old as mankind itself. Many traditional societies i.e. Eskimos, sub-Saharan Africa and South Asian, and Latin American countries have been facing hunger and poverty for several decades. The concern of poverty and hunger was reflected through variety of provisions and transfers, both from government and private. The transactions of resources from rich to poor may be based on some exchange relationships entailing reciprocity to sustain a given structure or control mechanism. Cultural values and religion could be the other reasons. For example, much before Christ, Amos emphasized to help poor by rich. Church in Europe established houses for poor, and hospitals. Islam made it obligatory that wealthy people must pay Zakat and Ushr to poor besides charity/Sadaqa [Raimi, *et al*. (2014)].

This in fact represented the foremost effort in human history wherein Zakat/Ushr collection, establishment of Baitual Mal and elaborate procedures for distribution among poor was made by state. Before Islamic Caliphate period, the social giving remained mostly through non-state, communities and families. Later, with the demise of Caliphate system the obligatory payment of Zakat was left to the individuals again and state ceased to collect and distribute these levies [Al-Qaradawi (1999)].

Currently both the developed and developing counties have been following unconditional and conditional SSNs. The five largest social safety net programmes in the world account for about half of global

coverage, reaching over 435 million people. With more than 70 million beneficiaries, Bolsa Familia in Brazil is the largest conditional cash transfer (CCT) in the world. Two Indian programmes are among the largest in each of the types: the School Feeding Programme and the Mahatma Gandhi National Rural Employment Guarantee Scheme. The Child Support Grant in South Africa is the largest social safety net in Africa, followed by Ethiopia's Productive Safety Nets Programme. The coverage of these programmes varies greatly, ranging from less than 1 percent of the population in some countries to over 40 percent in Malaysia, Moldova, Turkey, and El Salvador. Across the developing world, they remained successful in Latin America (Brazil, Mexico, Argentina, etc.) but not in Africa and South Asia. It can be concluded that success rate depends on development of SSNs, i.e., targeting, coverage, enrollment and implementation level. In both the Saharan Africa and South Asia, not only the coverage is low but also the cash transfer is too low to fulfil needs of poor households, i.e., mostly SSN covers only 10 percent of the consumption of household [World Bank (2015)]. In case of Pakistan, the impact evaluation report conducted by Oxford Policy Management (OPM) on Benazir Income Support Porgramme (BISP), the largest social safety net programme in the country, found positive impacts of cash transfers on food consumption, health expenditures, child nutrition and poverty.[2]

3. SOCIAL PROTECTION IN PAKISTAN

"Social Protection" is elaborated through the "National Policy Framework for Social Protection in Pakistan" by:

> *"a set of policies and programme interventions that address poverty and vulnerability by contributing to raising the living standard of poor households, mitigating the risks of income variance of all households, ensuring equitable access to basic services and protecting the rights of the vulnerable and the marginalized. Policies*

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[2] See, three rounds of reports conducted in 2013, 2014 and 2016 available on BISP website: www.bisp.org.pk.

and programmes include those which provide social safety nets, social insurance (including pensions), labor market interventions and transformative measures which protect the poor and vulnerable."

There is a wide array of policies and programmes for social protection which have been gradually initiated by the Government. These include policies and programmes of social assistance, social security, and labor market programmes. Figure 1 shows that social protection in Pakistan has three basic subdivisions. Zakat, BISP, Batul Mal, etc., fall under social safety net programmes. Among the various schemes of social security, the most important include the one founded in 1954 and named as Servants Pension Fund, applicable on both the government and private regular workers. Employees Old Age Benefit Institution (EOBI) is another initiative to offers assistances of old age pensions and old age grants. Among the others are: Provincial Employees Social Security Scheme (PSSS), Pakistan Poverty Alleviation Fund (PPAF), Workers Welfare Fund (WWF), etc. Labor makret programmes were not fully matured in Pakistan by offering jobs to vulnerable societies. Tamir-e-Wattan and Khush-haal Pakistan Programme were launched earlier and recently Prime Minister Youth Loan Sceheme is introduced to provide job opportunities.

Figure 1. Social Protection in Pakistan
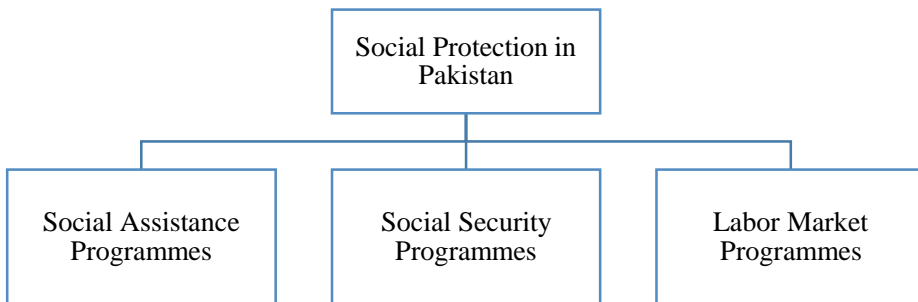
Being the major focus of the ongoing research on Zakat and BISP, the details of both the programmes are given in below sub-sections.

3.1. Zakat

In 1980, under the Ordinance of Zakat and Usher, the commencement of Zakat system. Zakat funds are to be collected by making an annual deduction of 2.5 percent from individual term deposits and other savings schemes accounts. Through the State Bank of Pakistan, all the collected funds are dispatched to the central Zakat fund. There is complete hierarchy of Zakat council which comprises of federal level councils, provincial level councils, and local Zakat committees. Funds gathered by Zakat system are distributed among the neediest citizens such as disabled personnel, orphans, handicapped individuals, widows and extreme poor households. These funds are directly transferred through local Zakat committees or indirectly through the institution that are supported by Zakat funds such as educational, vocational, hospitals, and those which provide social welfare support, etc. The funds are used to provide a Guzarra or survival grants for deprived households, healthcare allowances, educational stipends, and natural disasters victim rehabilitation. Local Zakat committees disburse 75 percent of the total fund while the institution disburses only 25 percent of the fund [GoP (2015)].

Official *Zakāt* collection at source (through banks) increased from Rs.844 million in 1980/81 to Rs.4,309 million in 1999/2000. Over time, the volume of Zakat collection remains stagnant as a total amount of Rs.5304 million was collected for FY 2016 and distributed among the federal areas as well as provinces [GoP (2015)]. However, being a religious obligation, the disbursed amount by wealthy peoples might be much higher than the official disbursement private sector that has not been documented.

3.2. Benazir Income Support Programme (BISP)

In 2008, the government launched an unconditional cash transfer programme. This flagship safety net initiative was launched through World Bank's assistance, the Department for International Development (DFID) and other donor and financing agencies. The programme identified its recipients through a nation-wise *door-to-door* survey in 2010/11 where the eligibility criteria were set by the implication of Proxy Mean Test (PMT) which on a rating scale of 0 to 100 verifies the current

ranking of the household. This survey has recorded socio-economic condition of 27 million households across Pakistan. On the rating scale, 16.17 was marked as threshold level and any household that rates below this threshold level was entitled for the cash grant. There could be multiple entitled families within the entitled household. Significantly, from each entitled family an ever married or widow woman encompassing a legal identity (CNIC) was selected as recipient of cash grant.

Since its inception in 2008, BISP has grown rapidly; it is now the largest single social safety net programme in Pakistan's history. The number of beneficiaries has increased from 1.7 million households in FY 2008-9 to approximately 4.7 million as of 31st December, 2014 and BISP annual disbursements have risen from Rs.16 billion in FY 2008-9 to Rs.65 billion in FY 2013-14. This year's disbursements to beneficiaries is expected to reach Rs.90 billion. The following graphs show the yearly number of beneficiaries of BISP and cash grants disbursed to them [GoP (2015)].

Figure 2. Yearly Number of BISP beneficiaries (in Millions)
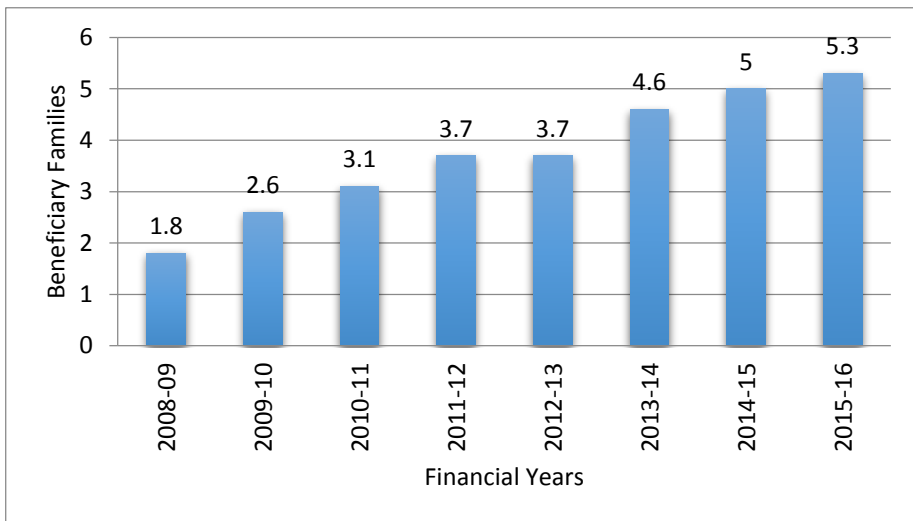
Source: BISP Annual Report 2015/16.

Figure 3. Yearly Cash Grant Disbursed by BISP (in Billion Rs.)
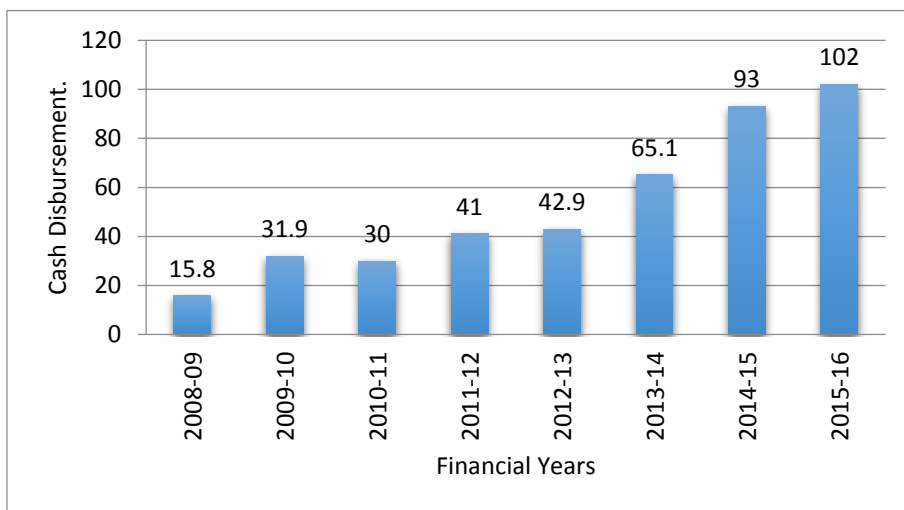
Source: BISP Annual Report 2015/16.

4. DATA DESCRIPTION AND METHODOLOGY

As discussed earlier that the present study aims to assess the targeting and effectiveness of two social safety nets (SSN) programmes of Pakistan, named as Zakat and BISP;

a) how are Zakat and BISP funds disbursed across regions and provinces?
b) which type of socio-economic group has been receiving Zakat and BISP? and
c) which of the SSN programme has accurate targeting to the poorest of the poor?

The following sub-sections explains the data description and methodological framework to accomplish above research questions.

4.1. Data Description

The latest available national dataset named as Household Integrated Economic Survey (HIES) 2013/14 covers all the desired information to fulfill above mentioned research questions. Pakistan Bureau of Statistics (PBS) managed the HIES survey since 1963, mainly used to measure headcount poverty as it has sufficient information on

consumption prototypes, expenditure utilization, savings, income, etc. In addition, it also captures information on socio-demographic characteristics of households that include, health, employment, population welfare, water supply, household facilities, sanitation, household assets etc.

The sample of 2013/14 HIES round is 17,989 households from all the 4 provinces excluding FATA, Gilgit-Baltistan and AJK. Two separate questionnaires are being administered by HIES for each household where female enumerator gathers information from female respondent while male enumerator gathers information from male respondent. The male questionnaire of 2013/14 HIES covers detailed information on transferred received and paid out by the households with the reference period of one year preceding the survey. The module captured information on status of income received from Zakat/User with details on Zakat received from private and public sector. The same module captures the income received by household from BISP. It is worth mentioning that unit of analysis for present study is 'household'.

4.2.   Methodological Framework

Following the first objective, percentage of recipients of households is estimated who have received Zakat (public and private) and BISP or both (Zakat and/or BISP) assistances during last one year. A comparison of both the Zakat and BISP recipient and non-recipient households is made by using their various socio-demographic and economic characteristics to explain the targeting level of both the programmes i.e. *the extent to which a programme reaches its projected targeted population as it is usually argued that SSN should target poorest of the poor and marginalized groups*. The analysis is carried out at regional level. These socio-demographic and economic characteristics involved to observe targeting level includes the following broad indicators:

  i.   Sex of head of household.
 ii.   Education of the head of household.
iii.   Employment status (employed vs unemployed/inactive) of head of household.

iv. Family size and dependency burden (ratio of dependent below 15 ages and above 64 age to independent population 15-64 years).

v. Household occupancy status, crowding (persons per room) and toilet facility.

vi. Various durable assets including refrigerator and motorcycle ownership.

vii. Various productive assets including land and livestock ownership, status of receiving overseas remittances and non-farm enterprise (whether household own any non-farm enterprise or not).

For a detailed analysis on accuracy and performance of both the Zakat and BISP, three household welfare indicators/poverty were taken which includes per capita consumption expenditure quintiles, headcount poverty, and multidimensional poverty index (MPI). Before explaining the detailed methodology on accuracy and performance, it is necessary to explain the construction of above mentioned three welfare indicators of poverty.

Since HIES dataset captures detailed consumption expenditures including food and non-food items from sampled households. Aggregating both the food and non-food consumption expenditures (excluding durables), per capita monthly consumption expenditures were calculated and five quintiles were established where bottom quintile is considered as the destitute or deprived household.

Regarding headcount poverty, the present study followed the 2013 official methodology named as Cost of Basic Needs (CBN) approach that is calories-based poverty (2350 calories per adult equivalent per day[3]) plus additional non-food expenditures including basic necessities, education, clothing, shelter etc. Using the CBN approach, this study has measured headcount poverty by using Rs.3030 per adult equivalent per month and found 29.5 percent poverty (18.2% in urban areas and 35.6% in rural areas), the same number reported by the government of Pakistan for 2013/14.

Headcount poverty may capture limited deprivation as being estimated only through consumption expenditures; however, household

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[3] An individual of age below 18 years is weighted equal to 0.8.

deprivation is a complex concept that could be in the shape of education, health and assets deprivation. To capture detailed household deprivation, the present study has followed Alkaire and Foster methodology and estimated multidimensional poverty index (MPI[4]. The study has used 3 dimensions which include education, health and living standards to estimate MPI. Overall 14 indicators were taken against these three dimensions including 4 indicators each for education and health and 6 indicators for standard of living. Equal weights were taken for each dimension whereas they vary for indicators within each dimension. The detailed definition of each indicator and information on weights is explained in Appendix Table 3. Like consumption quintile, the households below cut-off of 33 percent was considered as the deprived population.

The performance and targeting of both the SSNs, Zakat and BISP is measured through the following four ways while measurement formula is given in Table 1:

a. *Coverage of the poor:* it is defined as percentage of poor covered by each of the SSN program (Zakat and BISP), where coverage is measured by all of the above mentioned three indicators including bottom quintile of per capita consumption expenditure, head count poor, and MPI poor (based on 33% cut-off).

b. *Targeting performance:* it is measured as the percentage of programme beneficiaries who are poor; in other words, the share of poor in the total number of programme beneficiaries. Again, the targeting performance is defined by above mentioned three indicators of poverty.

c. *Exclusion error or under-coverage*: percentage of the poor missed (or not covered) by the Zakat and BISP programme;

d. *Inclusion error or leakage:* percentage of beneficiaries who are not poor but are getting benefits from Zakat and BISP programme.

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[4] See details at website http://www.ophi.org.uk/research/multidimensionalpoverty/alk ire-foster-method/

Table 1. Performance Measures of Zakat and BISP

Status	Target Group (Poor)	Non-Target Group (Non-Poor)	Total
Getting Assistance	Correctly Identified (S1)	Inclusion Error (E2)	Total Eligible (N3)
Not getting Assistance	Exclusion Error (E1)	Correctly Identified (S2)	Total Non-Eligible (N4)
Total	Total Target Group (N1)	Total Non-Target Group (N2)	Total Population (N)

Coverage = S1/N1
Targeting = S1/N3
Leakage (*inclusion* error) = E2/N3
Total Coverage = N3/N
Under-coverage (*exclusion* error) = E1/N1

5.   RESULTS

5.1.   A Comparison of Zakat and BISP Recipient Households

Using various rounds of HIES (2005/06 to 2013/14 rounds), it was found that percentage of households who have received Zakat/Usher have been declining consistently over years both in rural and urban areas. Latest HIES 2013/14 survey shows that only 0.6 percent of the households in Pakistan has received Zakat/Usher with more percentage in rural areas (0.7%) than the urban areas (0.3%). Though sample size of HIES is sufficiently large (17,989 households) and questionnaire is almost consistent in the all the rounds since 2005; however, very few percentage (113 households) in 2013/14 has reported that they have received Zakat/Usher during last one year (Table 2). It may reflect household's reluctance to disclose that led to under-reporting. The under-reporting can also be viewed from the HIES 2013/14 survey where Zakat donation details are also available. The data shows that 7.9 percent of the households have reported that they donated Zakat during last one year (11.5% in urban areas and 5.8% in rural areas), mainly to the private sector. The percentage by province and region is reported in Appendix Table 4.

Table 2. Percent of Households Who Received Zakat/Usher —2005 to
2013 Period

Round of HIES	Urban	Rural	Total
2005-06	1.6	2.0	1.9
2007-08	0.4	1.6	1.2
2010-11	0.6	1.1	1.0
2013-14	0.3	0.7	0.6

Source: Estimated from various rounds of HIES micro datasets.

Table 3 shows that out of the Zakat recipient households (0.6%),
only 0.1 percent have received Zakat from the public sector while the
rests 0.4 percent have received from private sources including relatives,
NGOs, trust etc. Contrary to Zakat, the percentage of BISP recipient
households is quite high (1646 households) as 2.9 percent of the urban
and 10.2 percent of the rural households have received cash assistance
from BISP, thus making an average of 7.6 percent at the national level
(Table 3).

Table 3. Percent of Households Who Received Zakat/Usher and BISP
Cash Transfer

Source of Assistance	Urban	Rural	Total
Zakat	0.3	0.7	0.6
- Public sector	0.1	0.2	0.1
- Private sector	0.3	0.5	0.4
BISP	2.6	9.7	7.1
Received from Zakat or BISP	2.9	10.2	7.6

Source: Estimated from HIES 2013/14 micro dataset.

Table 4 shows that Zakat receiver households are mostly headed
by females and both the Zakat and BISP recipient households are mostly
headed by illiterate or less educated (upto primary grades) households as
compared to the non-recipient households. The distribution also reveals
that more BISP cash receiving households are illiterate and less educated
compared to Zakat. Regarding the employment status of household head,
BISP cash receiver head of households have the highest percentage of
employment (86%) as compared to Zakat recipient heads (62%) and non-
recipient households (85%). The lower employment percentage in Zakat
recipient heads of households could be due to more concentration of

female headship who are unemployed/inactive due to various cultural and other social norms.

Table 4. Percent Distribution of Household's Head Characteristics by Recipients and non-Recipients of Cash Assistance

Head Characteristic	Recipients Households			Non-Recipients Households
	Zakat	BISP	Overall	
Sex of Head of Household				
Male	70.5	90.2	88.7	89.6
Female	29.5	9.8	11.3	10.4
Education of the Head of Household (in Grades)				
0 to 5	64.8	82.4	81.4	55.0
6-10	26.1	14.0	14.6	30.1
Above 10	9.1	3.7	4.0	14.9
Employment Status of Head of Household				
Employed	61.9	86.4	85.0	84.8
Unemployed/Inactive	38.1	13.6	15.0	15.2

Source: Estimated from HIES 2013/14 micro dataset.

The distribution by household demographic characteristics is reported in Table 5 which shows that BISP cash assistance receiving households are facing large family size. Similar statistics can be observed on dependency burden of households where one-third of both the Zakat recipient and non-recipient households are facing high dependency rates whereas near half of the BISP recipient households are facing high dependency rates. One-third of the Zakat recipient households fall in low dependency burden compared to one-fourth of BISP recipient households. Overall both Tables 4 and 5 shows that socio-demographic profile of both the Zakat and BISP recipient households vary which could be either due to different targeting mechanism of both the programmes or due to lower reported sample of Zakat recipient households in HIES survey (113 households), that might not be sufficient to draw meaningful results as compared to the BISP recipient sample (1646 households).

Table 6 reports the household dwelling characteristics and the analysis shows that high percentage of Zakat recipient households (29%)

do not own house as compared to BISP beneficiaries (8%). BISP recipients are facing high crowding issues, however, they are at margin still compared to non-recipients. Regarding durable assets, both the Zakat and BISP assisted households own almost equal percentage of refrigerator (12%). Similar findings can be seen for motorcycle where most of the BISP beneficiaries own this asset as compared to Zakat receiver households. More percentage of Zakat receiver households own toilet facility as compared to BISP beneficiaries, however, the facility is much higher among the non-beneficiaries of both the programmes.

Table 5. Percent Distribution of Household's Demographic Characteristics by Recipients and non-Recipients of Cash Assistance

Demographic Characteristic	Recipients Households			Non-Recipients Households
	Zakat	BISP	Overall	
Family Size (in numbers)				
1-4	32.4	13.2	14.5	28.1
5-7	49.0	39.9	40.4	45.1
8-9	8.6	25.5	24.3	15.3
10+	10.1	21.4	20.8	11.4
Dependency Ratio*				
Low	32.2	24.2	24.9	41.9
Medium	33.4	26.5	26.7	25.0
High	34.4	49.4	48.4	33.1

* Household size was categorized into two categories dependent (below 15 age and above 64 age) and independent (15-64 year's age). Dependency ratio is number of dependent divide by number of independent. Low dependency means if ratio is 0-0.5, medium mean 0.51-1 and high mean >1
Source: Estimated from HIES 2013/14 micro dataset.

Overall the comparison from household demography and durable assets dwelling suggests that both the BISP and Zakat benefici-aries are marginal as compared to the non-beneficiaries as they possess less assets and other household facilities including ownership of house, toilet facility in their homes, and are facing high crowding rates due to less availability of room in their homes (Table 6).

Table 6. Percent Distribution of Household's Dwelling Characteristics
by Recipients and non-Recipients of Cash Assistance

Dwelling Characteristic	Recipients Households			Non-Recipients Households
	Zakat	BISP	Overall	
Occupancy status of House				
Own	71.5	91.9	90.4	83.1
Rent/rent free	28.5	8.1	9.6	16.9
Crowding in house				
Up to 3 persons in a room	54.8	32.3	33.6	60.5
>3 to 5 persons in a room	32.2	35.0	35.0	26.5
Above 5 persons in a room	13.0	32.7	31.4	13.0
Refrigerator/Freezer				
No	87.7	88.0	87.9	53.6
Yes	12.3	12.0	12.1	46.4
Motorcycle/Scooter				
No	86.9	86.0	86.0	64.8
Yes	13.1	14.0	14.0	35.2
Toilet facility				
No/dry pit	40.2	57.4	56.2	23.0
Yes	59.8	42.6	43.8	77.0

Source: Estimated from HIES 2013/14 micro dataset.

Regarding productive assets, the findings are quite noteworthy in Table 7 where 92 percent of the Zakat receiver households not own any agricultural land, while 79 percent of the BISP beneficiaries not own land. It is also quite surprising that land ownership distribution among BISP beneficiaries and non-beneficiaries is quite close as significant percentage of BISP beneficiaries owns few and more acre lands, while Zakat beneficiaries are mostly the deprived on this productive asset (Table 7). These results support the findings of Nayab and Shujaat (2014) that also found significant percentage of land owner households as BISP beneficiaries and concluded it as the violation of programme design and might not targeting the poorest of the poor as checked by some evaluation indicators. Similar findings can be seen on livestock ownership including the small and large animals where again BISP cash assisted households possess more large animals (32%) as well as small animals (18%) as compared to both the Zakat cash assisted households and non-beneficiaries of both these programmes.

Table 7. Percent Distribution of Household's Productive Assets by Recipients and non-Recipients of Cash Assistance

Productive Asset	Recipients Households			Non-Recipients Households
	Zakat	BISP	Overall	
Land ownership				
No land	92.3	78.1	78.9	82.1
≤ 2 acres	3.9	13.0	12.4	7.9
2.1 – 5 acres	1.4	5.0	4.8	5.5
5.1 - 10 acres	1.7	2.7	2.7	2.7
> 10 acres	0.8	1.2	1.2	1.8
Large animal ownership (cattle or buffalo or camel) *				
No	92.2	68.1	69.5	76.0
Yes	7.8	31.9	30.5	24.0
Small animal ownership (sheep or goat) *				
No	93.1	82.0	82.6	89.1
Yes	6.9	18.0	17.4	10.9
Non-farm activities**				
No	83.3	83.8	83.9	76.8
Yes	16.7	16.2	16.1	23.3
Overseas Remittances				
No	95.3	95.9	95.9	93.4
Yes	4.7	4.1	4.1	6.6

* Value is given in the data rather than number of animals
** Non-farm activities include as *"During the last 12 months was any HH member proprietor of or partner in a non-agricultural, non-financial establishment, business or shop (fixed or mobile) which employed no more than 9 persons on any day during the last 12 months"*.
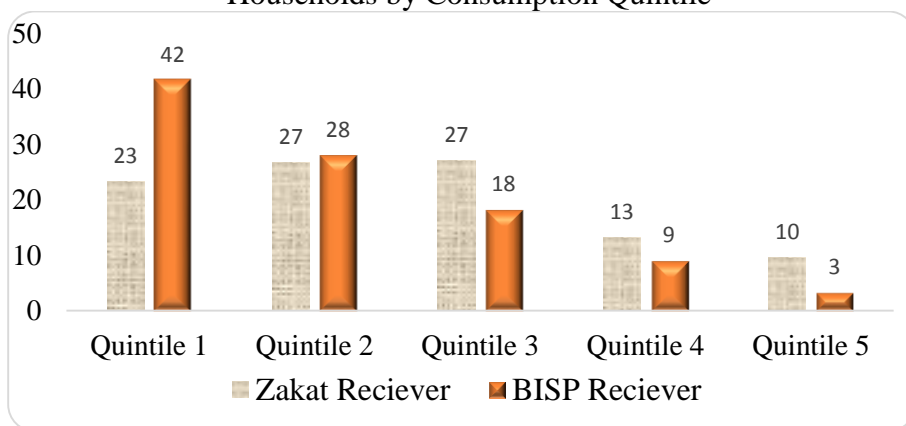*Source:* Estimated from HIES 2013/14 micro dataset.

Non-farm enterprises are usually owned by wealthier households and the same can be seen in Table 7 where non-recipient households of both the BISP and Zakat programme own more percentage of non-farm enterprises (23%), the ownership percentage is almost close among BISP and Zakat recipient households. Overseas remittances were taken another indicator for household well-being which shows that out of total, 4-5 percent of BISP and Zakat cash assisted households received overseas remittances, the percentage is high (7%) among the non-receiver households. However, it does not necessarily imply that BISP and Zakat receiver households who received overseas remittances have their own family members abroad, these remittances could be the assistance by some other households due to socio-cultural norms in the society (Table 7).

5.2.   **Accuracy and Targeting of Zakat and BISP**

The present study has taken three indicators to measure accuracy and targeting which include quintiles based on per capita monthly consumption expenditures, headcount poverty and multi-dimensional consumption expenditures, headcount poverty and multidimensional poverty index (MPI). All the indicators were plotted with recipients including the Zakat and BIPS and non-recipient households in the present section. Figure 4 reports the percentage distribution of Zakat and BISP recipient households by quintile (per capita monthly consumption expenditures). The number reveals more concentration of BISP beneficiaries in bottom 2 quintiles (70%) as compared to the Zakat beneficiaries (50%). The finding on one-fourth concentration of Zakat recipients in bottom quintile is quite contrary to the earlier study of Shirazi (1996) which found 94 percent in bottom quintile. Even in upper quintiles, more percentage of Zakat beneficiaries can be found compared to BISP beneficiaries. However, high concentration of half of the Zakat beneficiaries in upper 3 quintiles could be due to social assistance to these households by community that led their high consumption.

Figure 4. Percentage Distribution of Zakat and BISP Recipient Households by Consumption Quintile
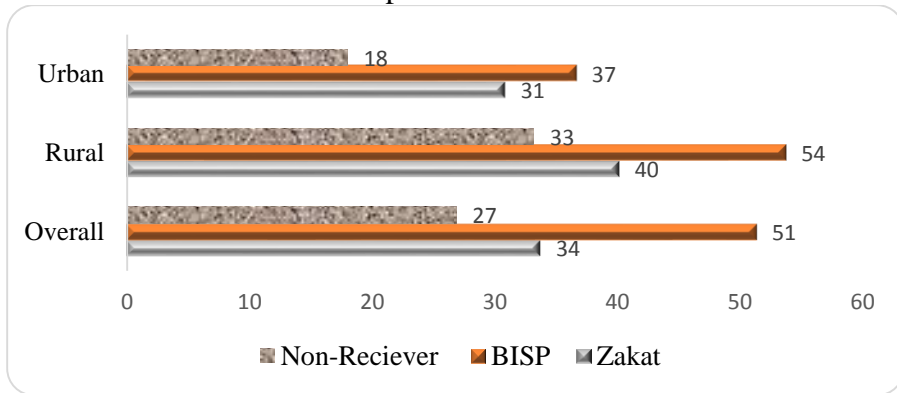

Source: Estimated from HIES 2013/14 micro dataset.

Regarding the headcount poverty measured though recent updated official methodology-called the Cost of Basic Needs (CBN) approach, the results in Figure 5 shows that BISP recipient households

have been facing high incidences of poverty as more than half of them are below poverty line (Rs.3030 per adult equivalent per month).

Zakat recipient households are also facing high incidences of poverty as more than one-third of them are below poverty line while the non-receiver group is least effective from poverty as 27 percent of them are below poverty line. It is worth mentioning that official poverty statistics for the same year, calculated from HIES 2013/14 is 29.5 percent overall for the country with 18.2 percent poverty in urban locales and 35.6 percent in rural locales as declared by the Government of Pakistan.

Figure 5. Headcount Poverty Rates among Recipient and Non-Recipient Households

Source: Estimated from HIES 2013/14 micro dataset.

Multidimensional Poverty Index (MPI) represents multiple deprivations of households, other than consumption expenditures, including education, health, and living standards. Figure 6 plots the MPI rates among the recipient and non-recipient households where MPI is taken at cut-off (33%), in other words out of 14 indicators if a household is deprived in at least 33 percent of the indicators, it is considered as the deprived household after adjusting the weights. The findings suggest almost similar pattern of poverty rates that incidences of deprivation are highest among the BISP recipients (31%), followed by Zakat recipients with 18 percent incidences of deprivation and the lowest among non-recipients where incidences of deprivation are 11 percent. Across the regions, the incidences of deprivation among Zakat beneficiaries are 21 percent in rural locales and 11 percent in urban locales—almost double

in rural locales. Similarly, BISP beneficiary are facing more deprivation in both the rural and urban locales as compared to the Zakat beneficiaries with incidences of 33 percent in rural locales and 17 percent in urban locales. The non-recipients are facing less issues of deprivation in both the rural and urban locales compared to their counter recipient households, they much better-off in urban locales (Figure 6).

Figure 6. MPI Rates (at k=0.33) among Recipient and Non-Recipient Households
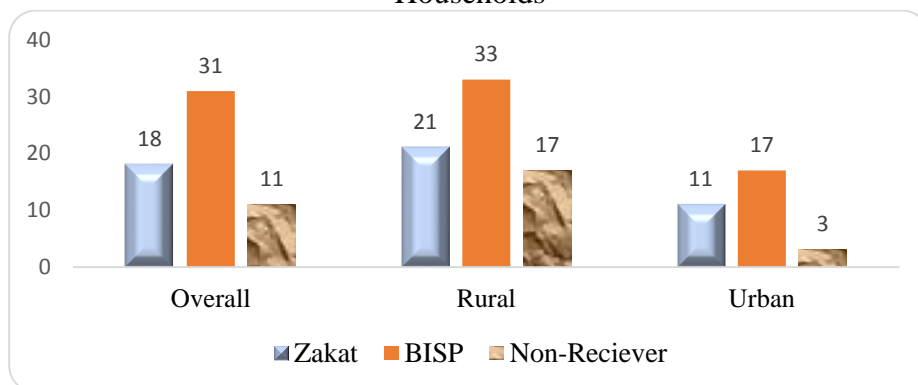
Source: Estimated from HIES 2013/14 micro dataset.

Table 8 reports the performance of both the Zakat and BISP by taking three indicators of poverty i.e. bottom quintile (33% households) based on per capita consumption expenditure, headcount poverty and MPI at cut-off 30 percent. The households who fall under bottom quintile or head count poor or MPI poor, can be called as *destitute* or *marginalized* or *deserving* households, the households who need support from SSN programme. First takes the coverage, the percentage of poor covered by SSN programmes, the findings show that Zakat have a very lower level of coverage of only 0.8 percent of the deserving households as identified by all the three measures of poverty. BISP programme has quite fair coverage of 15 to 17 percent of the deserving households but still too low to cover all destitute. The overall coverage of both the BISP and Zakat range from 16 to 18 percent in Pakistan as reported by HIES survey.

Table 8. Simulated Zakat and BISP Targeting Performance, 2013/14

Target group	Performance Indicator	Zakat	BISP	Overall
Poorest 20% of population based on per capita consumption expenditure	Coverage	0.8	16.1	16.9
	Targeting	23.3	41.6	40.7
	Exclusion	99.2	83.9	83.1
	Inclusion	76.7	58.4	59.3
Head count poor based on Cost of Basic Needs (CBN) approach	Coverage	0.7	15.1	15.8
	Targeting	27.9	47.1	46.0
	Exclusion	99.3	84.9	84.2
	Inclusion	72.1	52.9	54.0
Multi-dimensionally poor based on 33% cut-off rate	Coverage	0.8	17.0	17.8
	Targeting	40.5	63.4	62.0
	Exclusion	99.2	83.0	82.2
	Inclusion	59.5	36.6	38.0

Source: Estimated from HIES 2013/14 micro dataset.

Regarding the targeting, the share of poor in the total number of program beneficiaries of Zakat or BISP, Zakat targeting ranges from 23 to 41 percent by three measures of deprivation, much lower as compared to BISP targeting that ranges from 42 to 63 percent. It is worth mentioning that targeting measured by bottom quintile and headcount poverty is much close and low as compared to the targeting measured through MPI. Exclusion error (identification of those as non-beneficiaries who *fulfill* the selection criteria) is quite high in Zakat with above 99 percent; it is also high among the BISP beneficiaries with rates range from 83-84 percent under different poverty indicators. Inclusion error (identification of those as beneficiaries who *don't fulfill* the selection criteria) is also quite high both in Zakat and BISP, it is 58 percent in case of Zakat and 77 percent in case of BISP while taking the poorest 20 percent of the population (Table 8).

Overall it can be concluded that HIES 2013/14 has seriously underestimated both the BISP and Zakat coverage. There are several possible reasons for the HIES survey's underestimation of coverage including sampling, module to retrieve information on Zakat and BISP and misreporting.

6.   CONCLUSION AND POLICY IMPLICATIONS

Poverty is one of the major concern in developing countries whereas Social Safety Nets (SSNs) are considered a window to improve lives of the poor. In Pakistan, various SSNs are functional, both in government and private sector. The present study made a comparison of Zakat and BISP to evaluate the effectiveness, targeting and accuracy of both the Zakat and BISP on recipients on a wide range of indicators including consumption, headcount poverty and MPI. To carry out this study, data from the latest available 2013/14 round of HIES is used which covers the sample 17,989 households.

The overall reported data of Zakat is HIES is under-reported as only 0.6 percent of the household reported as recipients of Zakat and 7 percent of the household reported that they got benefit from BISP programme. A comparison is done by comparing the socio-demographic profile of recipients of Zakat and BISP, and found that recipient households of both the Zakat and BISP are at a disadvantageous position as compared to the non-receiver households almost on all the socio-demographic and economic indicators. However, BISP beneficiaries possess more assets, i.e., livestock, land and ownership of house. Regarding the performance of the programme, Zakat has quite limited coverage as compared to BISP. Same is the case with targeting where BISP has much better targeting of 42 percent as compared to Zakat (23%). However, concentration of BISP benefici-aries is much high in bottom quintile, poverty, and multidimensional poverty as compared to Zakat recipient households. The findings of present dissertation suggest following recommendations:

- Though targeting of both the Zakat and BISP was found to be quite fair despite of difference on targeting mechanism of both the programmes; however, a lot of vulnerable households were excluded from the programme. BISP, as an official entity should cover every marginal segment of society as currently programme is even not reaching half of the bottom quintile. The current BISP's targeting registry, called as National Socio Economic Registry (NSER), is static in nature as the poverty score card survey/NSER was conducted in 2010/11 and

any inclusion/exclusion errors along with' missed out[5] households are not reviewed again. BISP should devise a mechanism to improve targeting by establishing a dynamic database so inclusion/exclusion errors and 'missed out' households can be reassessed.

- Possession of assets and land ownership in BISP case reflects inclusion error, some non-deserving are getting assistance while some deserving skipped. BISP has not adopted validation criteria to judge accuracy of information; the progamme should adopt the criteria like Zakat (official) so that only needy and deserving could be approached.

- Though not directly covered by the study, after 18th Amendment, now social security and safety nets are provincial subjects, currently both the federal and provincial governments are separately managing various SSNs. It led to duplication of as well as emission as some of the targeted population are getting assistance from multiple programmes while many others are excluded from the same. A comprehensive social protection authority is required to streamline all these programmes under one umbrella with a well-managed data of all the poor population so duplication and emission could be avoided. The centralised data, either by BISP or NADRA, should be available to both the public and private social protection entities and data should be dynamic with ease access for every poor to be enrolled in programme.

- Unconditional cash assistance may not be as useful to eradicate poverty. Social safety net programmes in Pakistan, especially BISP as being the largest targeting programme, should devise a comprehensive graduation scheme for vulnerable households so they could be well-equipped with physical and soft assets for permanent moved out of poverty as like Bolsa Familia in Brazil, Prospera in Mexico, etc.

- Though comprehensive module of HIES covers information on received and paid cash assistance, however question related to Zakat and BISP require improvement as data of both these cash

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[5] Households who were skipped for door-to-door survey in 2010/11.

assistance was found to be under-reported, especially the questionnaire related to Zakat require improvement that could provide accurate information without and avoid under-reporting.

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APPENDIX

Appendix Table 1. Social Security Initiatives in Pakistan

Programme	Benefits	Beneficiaries	Financed by
Government Servants Pension Fund (1954)	Provident Fund Old Age Pension	Government Employees after retirement	Employee Contribution Budgetary Expenditure
Sector Benevolent Funds and Group Insurance (1969)	Benevolent Fund Group Insurance	Public sector employees	Employee Contribution
Employees Social Security Institutions (1967)	Health Services Cash Support	Private formal sector employees	Employee Contribution
Employees Old-Age Benefits Institutions (1976)	Old age pension Invalidity Pension Survivor's pension Old age cash grant	Workers of registered establishments	Employer Contribution Budgetary Expenditure
Workers Welfare Funds (1971)	Cash support In-kind support Housing facilities	Workers of registered establishments Employee Contribution	Employer Contribution
Workers Childrens' Education Ordinance (1972)	Free education of children	Workers of registered establishments	Employer Contribution

Source: Ministry of Finance 2012:226, Sayeed (2004); Jamal (2010).
Note: Abbreviations used: RSPs-Rural Support Programmes; MFIs-Microfinance Institutions.

Appendix Table 2. Current Social Safety Net Initiatives in Pakistan

Programme	Benefits	Beneficiaries	Financed by
Zakat (1980)	Cash support	Needy and destitute Muslims	Zakat Levy Private Contribution
Pakistan Bait-ul-Mal	Cash support In-kind support	Needy and destitute	Federal Budget Private Contribution
People's Work Programme	Cash for work	Provision of electricity, gas, farm to market roads, water supply and such facilities to rural poor	Federal and provincial governments
People's Rozgar Scheme	Financing for selected businesses	Unemployed educated people	National Bank of Pakistan
Prime Minister Youth Loan Scheme	Financing for selected businesses	Youth	Federal Government
Prime Minister Health Insurance Scheme	Health financing	Poor people	Federal Government
Subsidy on wheat, sugar and fertilizer	In kind	Poor segments	Federal and provincial governments
Labour Market Programmes	Wage Subsidized credit	Unemployed	Federal Budget Other
Micro-finance	Cash as loan for setting up business	To poor for self-employment and move them out of poverty	Various RSPIs, MFIs and NGOs
Benazir Income Support Programme	Cash as income support	Married females belonging to very poor households	Federal Government
Benazir Income Support Programme	Public funds	Cash as income support	Married females belonging to very poor households

Microfinance	Donor funds	Cash as loan for setting up business	To poor for self-employment and move them out of poverty
Pakistan Bait-ul-Maal	Public funds	Cash support for daughters' wedding, food and education	Disabled persons, widows, orphans and households living below poverty line
People's Work Programme	Public funds	Cash for work	Provision of electricity, gas, farm to market roads, water supply and such facilities to rural poor
People's Rozgar Scheme	Commercial banks	Financing for selected businesses	Unemployed educated people
Subsidy on wheat, sugar and fertilizer	Public funds	In kind	Poor segments
Utility Stores	Public funds	Subsidy in prices	Poor segments
Zakat and Ushr	Levy on bank deposits and agri. yield	Cash	Deserving/needy among Muslims
Child Labour and children in bondage	Public funds	Protection and rehabilitation services	Working children facing abuse and exploitation
Employees Old-Age Benefit Scheme	Employers' contribution	Cash	Formal sector employees
Social Health Insurance	Individuals' contribution	Cash	General population
Workers Welfare Fund	Employers' contribution	Housing, schools and health facilities	Formal sector employees

Source: Ministry of Finance 2012:226, Sayeed (2004); Jamal (2010).
Note: Abbreviations used: RSPs-Rural Support Programmes; MFIs-Microfinance Institutions.

Appendix Table 3. Dimensions, Indicators, Weight and Definitions

Dimension	Indicator	Weight	Definition
	Male Education	1/12	No male over 11 years of age has completed 5 years and above of schooling
	Female Education	1/12	No female over 11 years of age has completed 5 years and above of schooling
Education	Child School Attendance	1/8	Any school-aged child (6-11) is not attending school
	Educational quality	1/24	If any person of age 6-16 does not attend school because of poor quality of education (too expensive, too far away, poor teaching behavior, no female staff, no male staff) *
Health	Access to health care facility	1/12	If any child in household of age under 5 year got diarrhea but not consulted or consulted to private due to poor government hospital facilities i.e. No Govt. facility, doctors never available, doctors not available, cannot treat complications, staff not helpful, too far away, no female staff, timing not suitable, medicines ineffective, not enough medicines OR If any child in household of age under 5 year got Malaria but not consulted or consulted to private due to poor government hospital facilities i.e. No Govt. facility, doctors never available, doctors not available, cannot treat complications, staff not helpful, too far away, no female staff, timing not suitable, medicines ineffective, not enough medicines **
	Immunization	1/12	If any child in household of age 12-59 months is not fully immunized
	Prenatal care	1/12	If any women 15-49 who gave birth in last three years did not have antenatal care (include doctor, nurse, lady health visitor, TBA, hospital)
	Institutional delivery	1/12	If any women 15-49 who gave birth in last three years did not have a safe delivery (born at home or is not facilitated by some skilled health person i.e. doctor, nurse, LHV and TBA)
	Overcrowding	1/18	If more than 3 people per room are residing
	Water	1/18	If water source does not meet MDG standards (unprotected well, surface water, tanker truck, other)
	Sanitation	1/18	If toilet facility does not meet MDG standards (digged ditch, no facility)
Standard of Living	Clean Energy	1/18	If household does not have gas connection Note: 2010 PSLM reported detailed source of cooking fuel i.e. wood, coal/charcoal, agricultural dung, crop residue, other, LPG, Gas etc.
	Electricity	1/18	If there is no access to electricity
	Assets	1/18	If HH doesn't have large asset motorcycle or refrigerator or car/vehicle

* The 2010 PSLM survey also reported issues of those who were attending school i.e. shortage of teachers, shortage of books, sub-standard education, school far away, education is costly, latrine/water not available.

** The 2010 PSLM survey reported dissatisfaction of health facility for all the members who got sickness i.e. If does not use health care facility because is costly doesn't suit, lacks tools, not enough facilities, or uses and is not satisfied.

Appendix Table 4. Percent of Households Who Donated Zakat
Province and Region

Province	Urban	Rural	Total
KP	9.6	12.8	12.2
Punjab	6.0	4.5	5.0
Sindh	19.5	3.5	11.9
Balochistan	12.4	8.9	9.5
National	11.5	5.8	7.9