



PIDE

COVID-19 BULLETIN

No. 7

The Corona War: Funding the Affected and Mechanisms to Reach Them

Learning about the *Corona War*: Previous PIDE COVID-19 Bulletins

- **Bulletin 1:** Poverty will increase from 55 million people to 125 million people, depending on the depth of the economic recession due to COVID-19.
- **Bulletin 2:** Lockdown is necessary and how to do it. Partial lockdown is happening now and is likely to cause large unemployment, perhaps 20 million plus jobs could be lost in agriculture, fishing, manufacturing, construction, wholesale dealers, transport, education and street vending.
- **Bulletin 3:** Detailed a framework for a cost-effective and quality quarantine policy.
- **Bulletin 4:** Estimated the impact of different lockdown scenarios, disaggregated by the various sectors of the economy. Rising poverty and unemployment, feared to be around 19 million, posing huge implications for the poor and vulnerable segments of the society.
- **Bulletin 5:** The *Corona War* must be taken seriously, and the nation organized and mobilized for it. The Bulletin presented ideas for how to organize for this *war* to allow maximum local action while using information to manage and evolve a strategy centrally. Rallying the troops as well as evolving and tweaking a grand strategy.
- **Bulletin 6:** Developed a template for collecting information from various ministries and levels of government to monitor the impact of the COVID-19 outbreak on economy. This information if systematically collected would allow the *Situation Room* led by the PM to have the information necessary to learn about developments and keep the overall strategy and local battles coherent and integrated.

Earlier (see box) we have provided assessments of the economy, lockdown and many other issues pertaining to the ongoing *Corona War*.

To support the poor segments of society, the government of Pakistan has announced to provide monthly cash stipend of Rs. 3000 to labourers for the next four months by making an allocation of Rs. 200 billion. As recommended in the PIDE COVID-19 Bulletin No.1, this is equivalent to BISP providing 10 million poor families through unconditional cash transfers of Rs. 3000 per month.

This current Bulletin builds on these government announcements to propose key interventions, targeting mechanism, verification protocol and disbursement process.

BISP and the Latest Government Package

Government has announced Rs. 3000 as unconditional cash transfers to ultra-poor. The 4.5 million ultra-poor who are covered by BISP, at this rate would require about 13.5 billion rupees a year. Our estimates suggest we would need to cover about 10-12 million families,

that is about 75 million people (our medium scenario). Let us take the case of 10 million families. This is roughly the figure if we increase the poverty scorecard cut-off from the current 16.17 to 25. With a target of 10 million families, we think will include:

1. A large part of the informal labour market and even some of those in the formal that may need help.
2. An additional support to pensioners whose income (pension) is close to the minimum wage. Rs. 3000 per month may be disbursed along with the standard pension for next three months.
3. All health card holders should also be considered for cash assistance other than BISP beneficiaries.
4. Transgenders, who have a registered number of around 15000 individuals.

BISP has spent about 60 billion so far, as noted by the Finance Adviser on TV last night. If 10 million families are to be covered with Rs. 3000 a month in the coming 4 months, BISP already has funds for 4 months, that is till July. It will, therefore, be able to provide funds till the new budget. But the question remains, is Rs. 3000 enough?

Further Needs

Clearly, we must be prepared for additional needs bearing in mind the kind of funds that will be required.

1. Our estimates show that there would be people who will possibly need additional support, say they are around 5.5 million of those who might face a loss of a secure income. For these 5.5 million, if the state thinks of giving some additional stipend, we should note that for each supplementary Rs.1000 per beneficiary that is planned, an additional 5.5 billion rupees will be required per month.
2. In addition, the issue of unpaid bills for these people must be considered. If we take the electricity users below 50 kwh (the lifeline users) a month, the estimate is about 3.5 billion a month. A similar calculation for gas for the lowest users, i.e., a bill of Rs. 300 a month, would amount to roughly about one billion a month. However, this can be narrowed down further by the utility companies by doing some analysis discriminating the really poor. Our estimate should, therefore, be about rupees 0.5 billion for gas. It seems that some 4 billion rupees would be required for this subsidy. If not covered, this will go into the circular debt. To the extent that it can be recovered later, the circular debt can be reduced.
3. Perhaps the most important element going forward will be to keep a good handle on the needs of the health system, as well as family needs, as the virus runs its course. We will develop an analysis of this in *a forthcoming Bulletin*.

Targeting Mechanism

Various targeting options should be used to ensure universal disbursement to all deserving families. The BISP database is old and has coverage flaws. In any case the current situation will render several people who are not currently registered into a situation requiring help. **To provide help, we have to use a heterodox approach.** We cannot wait to update our databases or treat this as a research project. There are several databases that will need to be linked. But information collection at the grassroots will have to be done by the administration.

For the BISP databases, some methods can be suggested.

- i. **National Socio-Economic Registry (NSER):** BISP can include an additional 5.5 million families, along with the existing 4.5 million, for an unconditional cash transfers using NSER data by increasing the PMT up to a score of 25 from the existing cut-off score of 16.17.
- ii. **Desk Based Enrolment:** BISP Tehsil offices should be used to allow people who were missed in the NSER 2010-11 to register for financial support. This helps to minimize the exclusion error. BISP may launch an online portal for self-registration to minimize the risk of epidemic spread. Respondents could be asked to use registered mobile SIMs for data entry as it would provide quick cross verification and ease in cash disbursement. NADRA database should be used to check family trees to avoid duplicate payments.
- iii. **Cash Assistance under Poverty Transition:** The new NSER (conducted in 2017-18) in pilot districts show that around 30% families fell below the poverty line which were previously above the cut-off score. BISP should, therefore, relax the policy of targeting based on PMT (proxy mean test) to allow these people to use self-enrolment or desk base registration to seek cash assistance. New NSER data can be used to identify newly deserving people without excluding the existing families.
- iv. **Enrolment of Pensioners:** Pensioners are already getting payment through the banking channel. Government can easily target these people using pension disbursement data. These people should be reconciled with NADRA and BISP data to avoid duplication.
- v. **Identification of Low Income Informal Employees:** NSER data should also be used to identify the informal and daily-wage earners. BISP should extend benefits to all daily-wage earners without imposing the PMT condition at least for one quarter. Global think-tanks also propose similar approaches to provide urgent support to the vulnerable and poor segments of the society.
- vi. **Health card holder:** BISP can extend the cash assistance to all health card holders by using validated data from provinces.

During floods and other disasters, our administration did a good job of taking care of the vulnerable. The donors' disaster needs assessments have all been made by our administrative system that has a long reach even at the community level. It is time to use this administrative structure to develop the information flow on the needs at the community level.

In addition, our politicians are also fairly well embedded in their constituencies. They can also supplement the administrative data to identify the poor. The data coming out of these diverse sources can be consolidated with NADRA by the PM data office to develop reliable data for assistance provision. Needless to say, this will be a very useful exercise even beyond the current crisis.

Registration and Verification protocol

Telecommunication and our CNIC systems could help in the development of the database of those requiring assistance.

1. A central office could launch a mobile-based application to check the eligibility status of a potential beneficiary using the CNIC and mobile numbers, cross-checked by government databases such BISP and Bait-ul-Maal.
2. Tehsil offices should be mobilized to disseminate information and start the registration process.
3. A message through mobile ringtone may be used to disseminate information for self-enrolment to the eligible people on their registered numbers.
4. Various digital sources, including NADRA, banks and the NSER data, can be used to verify beneficiaries and avoid duplication.

Disbursement Process

BISP should exempt the biometric verification and make payments directly to e-account of the beneficiaries. This helps avoid any spread of COVID-19 due to physical mobility.

A Corona Fund for the Corona War

It is time to initiate a Corona Fund for Pakistan (CSP) by the Government of Pakistan. This can be a place where all Pakistanis especially the expatriates can contribute. International foundations too can be approached for this fund. We will try to work on the parameters of this fund going forward. Our embassies should be mobilized to raise contributions to the CSP.

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PIDE COVID-19 Bulletin is an initiative by the Institute in response to the current pandemic, which is bound to have serious consequences for the country, specifically for its economy. The Bulletin would carry research that would aid in an informed policymaking to tackle the issue.

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