

Pensions & Social Security Schemes in Pakistan: Some Policy Options

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Outline

- Relevance of the study
- Ageing population, its socio economic implications
- Economic conditions, effects for the elderly
- Pension and social security schemes in Pakistan
- Need for social security reforms
- Suggestions and policy options

Relevance of Study

- Demographic transition and ageing population
- Raising old age dependency ratios and socio-economic implications
- Rising poverty levels and resource constraints
- Developed countries scenario
- Developing countries situation

Elderly Population in Pakistan

Year	Elderly Population (million) (60+ years)			Sex Ratio
	Total	Male	Female	M/F
<u>Census</u>				
1951	1.92	1.03	0.89	117
1961	2.92	1.68	1.24	135
1972	4.57	2.63	1.94	135
1981	5.88	3.40	2.48	137
1998	7.34	3.99	3.35	119
<u>Projected Estimates</u>				
2013	11.19	5.69	5.50	103
2030	12.07	11.00	11.09	99

Socio Economic Characteristics of Elderly

Age Group	Literate (%)			Labour Force Participation Rates(%)		
	Both Sexes	Male	Female	Both Sexes	Male	Female
60-64	21.1	30.7	9.9	34.3	62.4	1.6
65-69	20.6	29.9	9.5	32.6	58.0	1.7
70-74	17.0	24.3	7.9	29.6	52.3	1.4
75+	15.6	22.5	7.5	24.9	44.5	1.2
Total (60+)	19.0	27.5	8.9	30.9	55.5	1.6

Economic Conditions & Implications for Elderly

- Assess the base and economic feasibility for pension and social security policy and programs
- Fiscal deficit and funding constraints
- Rising poverty and unemployment levels
- Low budgetary allocations and limited access to social services
- Rising informal sector in labor markets

Social Security System

- According to ILO, “Social security refers to the protection society provides through a series of public measures against economic and social distress, especially in case of illness, maternity, employment injury, unemployment, old age and death”.
- Social security is provided through public or collective arrangements.
- Social security is not concerned exclusively with cash benefits but also with basic needs (medical care, housing, education, nutrition, etc.)

Social security contingencies covered and types of schemes in Pakistan

<u>Contingencies covered</u>	<u>Pakistan</u>	<u>India</u>	<u>Bangla</u>	<u>Srilanka</u>	<u>Nepal</u>
Employment injury	EL/SI	EL/SI	EL	EL	EL
Sickness	EL/SI	EL/SI	EL	-	EL
Maternity	EL/SI	EL/SI	EL	EL	EL
Medical care	SI	SI	-	-	-
Old age	SI	NPF/SI	-	NPF	NPF
Invalidity	SI	NPF/SI	-	NPF	NPF
Survivorship	SI	NPF/SI	-	NPF	NPF
<u>Beneficiaries</u>	<u>1040,000</u>	<u>7500,000</u>	<u>-</u>	<u>3000,000</u>	<u>300000</u>

Source: Employees Old Age Benefit Institution (EBOI), 1997-98

EL=employers liability; SI=social insurance; NPF=national provident fund

Social Security Legislation in Pakistan

- The Workmen's compensation Act, 1923
- The Sindh Maternity Benefit Act, 1929
- The Punjab Maternity benefit Act, 1943
- The West Pakistan Maternity Benefit Ordinance, 1958
- The Provincial Employees Social Security Ordinance, 1965
- The West Pakistan Industrial and Commercial Employment Ordinance, 1968
- Workers Shares in Companies profits, 1968
- Workers Welfare Fund, 1969
- Workers Children Education Scheme, 1972
- The Employees Old-Age Benefits Act, (EOBI) 1976

EOBI Beneficiaries in Pakistan:2001-02

■	<u>Disbursement of Pension</u>		Number of
	Million(RS)	% share	Beneficiaries
Payment of old age pension	747	78.8	1,41,330
Payment of Survivor pension	187	19.6	52,782
Payment of invalidity pension	8	0.9	4, 825
Payment of old age grant	6	0.7	3,776
Total	948	100.0	2,02,713

Limitations of Social Security Schemes

- Inadequate information and data
- Low coverage of old age and poor population
- Limited outreach to informal sector
- Poor management and implementation of social welfare schemes
- Inefficient regulatory mechanisms
- Financial and resource constraints
- Lack of coordination among different departments

Suggestions and Policy Options

- Strengthen institutional and organizational structure of pension schemes
- Improve procedures of monitoring of payments, and record keeping
- Bring unorganized/informal sector under the social security or pension net
- Improve system of Zakat funds disbursement
- Expand private pension and social welfare schemes
- Strengthen EOBI at the district level under the devolution set up

Thank You!