

COVID-19: SOCIAL PROTECTION AND CARING FOR THE POOR

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Pakistan is highly vulnerable to covid-19 as it continues to wreak havoc on its economic and social conditions. By this date, around 1700 people have been confirmed infected in Pakistan resulting in 18 deaths. The countrywide lockdown has forced millions to stay indoors, and halt economic activity in the country. Due to COVID-19, It is projected that poverty will increase from 75 million to 125 million people country wide due to lockdown and recession in the economy.

Social protection is considered an effective strategy to help poor segments of the society to mitigate economic shock due to Covid-19 Crisis. Over 80 countries are expanding or introducing social protection programs as a response to Covid-19 Crisis as of March 27, 2020. The most widely used measures include cash transfers, followed by wage subsidies, subsidized sick leave, and various forms of subsidized social security contributions and unemployment insurance (Figure 1).

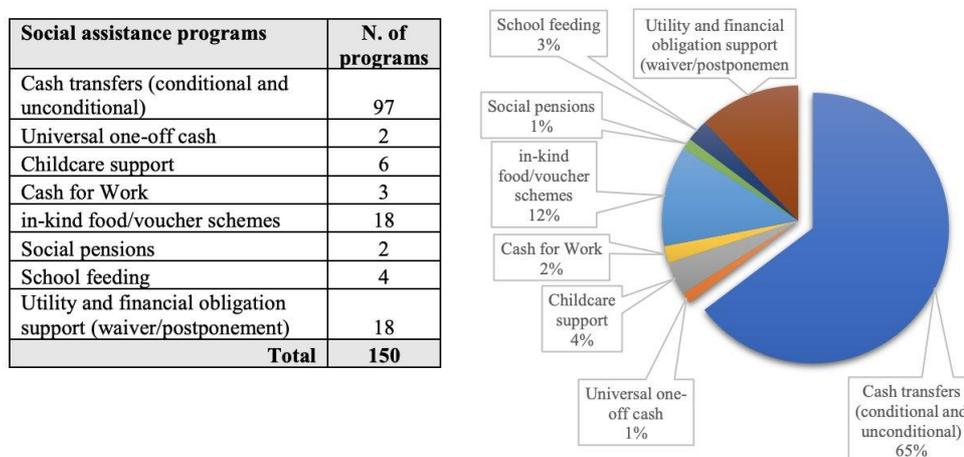


Figure 1: Social Protection Reponse
Source: Gentilini et al (2020)²

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² http://www.ugogentilini.net/wp-content/uploads/2020/03/Social-protection-responses-to-COVID19_March27.pdf

Many countries provide cash benefits to crisis-affected self-employed workers (e.g., Ireland, Portugal, New Zealand) and those in the informal sector (India). Some countries are providing innovative design solutions, such as school feeding programs delivering food directly to children's homes or nearby centers (Jamaica and India's Kerala state) or adapting their financing (Japan). A number of countries has modified the existing social protection programs by increasing coverage (Brazil), increasing benefit level (China), making payment in advance (Indonesia), reducing administrative requirements (UK) and adding additional schemes related to COVID response (Jordan)³.

In order to cope with covid-19 crisis Pakistan announced a 1.24 trillion-rupee economic package, which is divided into three broad categories, including Rs190 billion emergency response, Rs570 billion relief for people and Rs480 billion support to business and economy. This package includes 200 billion rupees (\$1.25 billion) for low-income groups, particularly laborers; 5 million people will be provided a monthly stipend of 3,000 rupees (\$20) for the next four months and 280 billion rupees (\$1.76 billion) for wheat procurement. Also, a package of 100 billion rupees (\$63 million) was also provided to support small industries and the agriculture sector.

But Pakistan still need more rigorous efforts to alleviate its people from the economic crisis and it can learn through the examples of various policies currently implemented by the countries in the region in response to the covid-19. Like many countries adopting social protecting measures program, which includes (social assistance, social insurance or security and labour market intervention).

Pakistan also needs to improve its policies in the following direction.

1. SOCIAL ASSISTANCE

1.1. Access to affordable health care: Pakistan can improve its health care policies to limit preventable loss. This implies providing immediate and significant additional financial and material resources to the health sector. Geographical access of care is also essential, particularly for those in rural areas. COVID patient should be allowed to seek treatment at their nearest private or state hospitals free of charge. The hospitals bill of quarantine, tests and medicine should be paid by the Government.

1.2. Old age, Survivor and Disability Benefits: Older persons and persons with disabilities or chronic diseases who are at particular risk during this crisis should be given a priority as they are more prone to diseases, Government specific program can play a role in ensuring income security for those affected by the crisis.

1.3. Income support: Cash disbursements to low income groups is an effective response to ensure continued consumption, as these households have a high propensity to use a large portion of transfers on goods and basic necessities, and this has an income

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multiplier effect. Price control of staple goods and services to prevent speculation and thereby maintain the purchasing power of low-income households is also required.

2. SOCIAL SECURITY ASSISTANCE

2.1. Sickness benefits: ensuring income security during sick leave: In countries with a large informal sector, most workers are not covered by statutory social protection. These workers need to be at the centre of policy efforts. Government should take measures to publicly finance sickness benefits to workers who are not otherwise entitled to paid sick leave and stop the suspected sick workers from passing on virus to colleagues and clients on workplace. Government should also reduce the administrative time required for sick-leave payments and unemployment benefit process.

2.2. Family leaves and cares policies: Due to school and university closure workers have to stay home and provide care to their children. In addition, many other workers have to provide care to infected family members. As a result, Government should expand sickness benefits or other benefits to provide support to workers who have to take care of sick family members or self-isolate.

The Government should announce a subsidy to compensate enterprises that introduce family leave for workers affected by school closures to ensure the continued payment of salaries

3. LABOR MARKET INTERVENTIONS

3.1. Unemployment protection: In responding to the COVID-19 crisis, Government should utilize its unemployment protection schemes to ensure income security for workers. It should expend partial or full unemployment benefits to compensate for crisis-induced job layoffs.

3.2. Temporarily modifying the payment of social security contributions and tax payments for enterprises: In order to alleviate liquidity constraints on enterprises, The Government should allow enterprises to postpone the payment of social insurance contributions and taxes.

3.3. Adapting administrative procedures and delivery mechanisms: A range of low tech and straightforward administrative responses can be used to speed up the processing of claims benefits disbursement. Requirements for in-person visits (e.g. unemployment benefit) should be waived. Government should increase the use of online platforms for social security services (e.g. for unemployment benefits) to avoid physical contact for claim approval, payment and related services.