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BEYOND RISK MANAGEMENT: VULNERABILITY, SOCIAL PROTECTION AND CITIZENSHIP IN PAKISTAN

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1 INTRODUCTION: AIMS OF THE PAPER

This paper is motivated by the authors' experience of carrying out a study on poverty, vulnerability and social protection in Pakistan (Kabeer *et al*., 2005). The study was commissioned by two local donor offices in response to the significance given to these issues in the country's PRSP. The study drew on the available literature, both academic and policy-related. In addition, it entailed 4 weeks of intensive qualitative field work in rural and urban locations in south Punjab and Sindh. The two provinces account for around 80 per cent of the country's population and, in comparison with the other provinces of NWFP and Baluchistan, share relatively similar social and economic structures. While their poverty levels are not significantly different from the national average, there are marked inequalities within them. 1998–99 estimates suggest that the incidence of poverty was 26.5 and 34.7 per cent for urban and rural Punjab respectively and 19 and 37.1 per cent for Sindh. This compared to national estimates of 24.2 and 35.9 for urban and rural areas respectively (World Bank, 2002, p. 21). Within Punjab, the rain fed southern districts had among the highest levels of poverty in the country (39 per cent in 2001) compared to 25 per cent in irrigated agriculture in north Punjab.

Our field-based interactions gave us some first-hand insights into what vulnerability meant in these locations, how poor people dealt with it and their access to public forums of

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support. It also gave us a particular vantage point from which to view the results of a major survey into national safety net coverage that had been carried out just prior to our study by Gallup Institute on behalf of the World Bank (Heltberg, 2005). While the findings from our qualitative field work were consistent with the quantitative results reported by the survey, it was evident to us that the experiences of vulnerability uncovered by our field work were only partly addressed by the World Bank's conceptual understanding of the problem—and therefore by the social protection solutions that it offered. Yet, given the political clout that the Bank is able to exercise with governments by virtue of its lending capacity and its hegemonic position in international policy discourse, it is not surprising that its understanding of vulnerability and social protection have become the benchmark for thinking about these issues within the larger development community and national policy discourses (see, for instance, Heltberg and Del Ninno, 2006).

The World Bank's rationale for social protection, spelt out in Holzmann and Jorgensen, (1999), defines the problem as one of managing income risk. It is anchored in standard neo-classical assumptions about individuals and households seeking to maximise their welfare in environments which are characterised by imperfect information and diverse forms of risk. Welfare is proxied in this approach by flows of income or consumption while risks are conceptualised in terms of 'shocks' or adverse events which lead to fluctuations in these flows. Vulnerability is therefore defined as 'the risk of economic units...to fall below the poverty line (i.e. having insufficient consumption and access to basic services) or, for those already below the poverty line, to remain in or to fall further into poverty' (p. 1010).

Policy responses to risk and vulnerability are defined in relation to the limits to the private risk management strategies. These refer to the actions taken by individuals and households either *ex ante* to avert risk or mitigate its likely effects or *ex post* to cope with the effects of shocks. Market insurance is seen as providing the best form of social protection, but in contexts of highly imperfect and asymmetrical information where private insurance markets have failed to emerge or remained incomplete, there is a rationale for the state to promote social protection measures. However, state responses should not 'crowd out' private initiative and a strong case is made for targeted or residual forms of state protection which are directed specifically on those sections of the community who have failed to find adequate forms of protection through market or community-based mechanisms.

While social protection is seen to be concerned with the welfare costs of exposure to risk, the risk management framework also addresses the longer-term efficiency costs of exposure to risk. Social protection allows poor and vulnerable groups to shift from low-risk, low-return activities to higher risk, higher return ones, confident in the knowledge that if the risks materialised, they will not face an irreversible decline in their living standards. Equity issues, while touched on in the risk management framework, are not treated as explicit objectives of policy formulation but as positive externalities that are generated by properly designed and implemented social protection strategies.

There have been a number of critiques of this framework on a number of different grounds (Devereux and Sabates-Wheeler, 2004; Barrientos *et al*., 2005). Of particular relevance for this paper is the need to recognise that not all forms of vulnerability can be conceptualised in terms of exposure to shock episodes or assessed in terms of fluctuations in income or consumption flows. Social relationships can give rise to forms of inequality in which some groups are positioned as subordinate to others through processes of economic exploitation, social exclusion and political marginalisation (Kabeer, 2008). The lives, livelihoods and life chances of these subordinate groups are characterised by pervasive

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uncertainty as well as greater vulnerability in the event of shocks. The risk management strategies available to them may help to reduce some forms of risk but are unlikely to affect the structural roots of their vulnerability.

The aim of this paper is to use empirical evidence from Pakistan, including examples from our own field work, to spell out this critique in greater detail. It uses this evidence to raise questions about the ability of the risk management framework, and of neo-classical approaches more generally, to capture the nature of the problem. In particular, it asks whether it is desirable to treat the achievement of equity objectives as an externality to the design and implementation of policy in a context like Pakistan or whether equity objectives should be made endogenous to policy design.

2 THE PAKISTAN PARADOX: ECONOMIC GROWTH WITHOUT SOCIAL DEVELOPMENT

Pakistan has been characterised as exemplifying the paradox of 'growth without development' because of its failure to achieve levels of human development commensurate with the benchmarks for other countries at similar level of *per capita* GNP. Using cross-country regression analysis, Easterly (2001) shows that, compared with these countries, Pakistan has 11 per cent more babies born with low birth weight; 27 per cent more infant deaths; 19 per cent more child deaths; 66 per cent higher death rates among girls than boys in the1–4 age group; 24 per cent more illiterates (32 per cent more females and 16 per cent more males); 20 per cent lower gross enrolment ratios (40 per cent less for females and 2 per cent less for males); 0.6 more childbirths per woman and 21 per cent lower contraceptive prevalence.

As the World Bank (2002) points out, this 'social gap' is not primarily one of the resource availability since it is defined relative to *per capita* income levels. In fact, Pakistan's growth performance has meant that by 1999, its capita income at purchasing power parity was higher than a third of the world's countries. Moreover, between 1960 and 1998, it was the world's third largest recipient of official development assistance after Egypt and India. However, a summary of the changing relationship between economic growth and poverty reduction over the last four decades suggests the absence of a consistent relationship between rates of growth and trends in poverty (GoP, 2003; ADB, 2007).

The 1960s was, as in other parts of the developing world, a period of import-substituting industrialisation which relied on siphoning off the surplus from agriculture to finance industrial investment. Growth was impressive: average annual rates of around 6.8 per cent per annum, according to the World Bank (1995). However, it resulted in widening inequalities between West Pakistan, where the growing industrial base was located, and East Pakistan which was largely agricultural. Growing unrest in East Pakistan culminated in a struggle for liberation and its emergence as the independent nation of Bangladesh.

The 1970s saw a sharp fall in growth rates: average annual rates were around 4.8 per cent *per annum* (World Bank, 1995). This has been attributed to the loss of protected markets for its manufactured goods in East Pakistan, the nationalisation policies of the Bhutto regime, adverse weather conditions and external shocks, including sharp increases in petroleum prices and recession in world markets (ADB, 2007). Growth resumed in the 1980s, largely led by the industrial sector, and averaged around 6.8per cent *per annum* between 1983 and 1987.

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However, despite fluctuations in overall growth rates, the period between 1970 and 1988 saw a decline in both rural and urban poverty: The inflow of workers' remittances from the Middle East led to a boom in housing and construction sectors and in small scale manufacturing (Sayeed, 1995). In addition, the 1970s also saw a number of land reform initiatives undertaken as a part of a populist political agenda of the Bhutto regime.

The 1990s saw a slowing down of growth, particularly in the latter half of the decade, a period of macro-economic instability, decline in development spending and a severe drought. Data from various studies suggest that the incidence of poverty increased from around 22–26 per cent at the start of the decade to 32–35 per cent by the end (Amjad and Kemal, 1997; Ali and Tahir, 1999; Jafri, 1999).

Together, these trends illustrate the absence of any necessary relationship between economic growth and poverty reduction. They suggest that the resource dimension of the'social gap' must be sought in levels and patterns of public expenditure rather than overall availability of resources. A relevant estimate offered by Easterly is that Pakistan spends 3.3 per cent more of its GDP on defence than other countries at its income level: as he notes, *this is approximately equivalent to the amount by which it under spends on health and education*.

There is a well-recognised implementation dimension to the 'social gap': the lack of management capacity in the public sector along persistent problems in many dimensions of governance that are relevant for sound public spending: leakage, licit and illicit; difficulties with bureaucratic structure and quality; weaknesses in the rule of law and opacity in government decision-making (World Bank, 2002, p. 8). There are also political dimensions in the failure to establish accountability mechanisms between state and society (Gazdar, 2002; World Bank, 2002). While the unelected military governments that have dominated Pakistan for much of its history have tended to place defence interests at the forefront of their policies, the elected governments of the 1990s did not represent a great deal of improvement. Their fragile hold on power and shortened political horizons reduced penalties for reneging on any political commitments that might have been made.

Finally, a number of studies have drawn attention to what we might call the sociological dimension of the 'social gap'. They have highlighted the fragmentation of the social structure in Pakistan, not simply along class lines—although feudal relations continue to prevail in many parts of the country—but also along lines of caste, kinship, ethnic, religious and other divides (Gazdar, 2002; GoP, 2003; Hooper and Hamid, 2003). Evidence of the relevance of the sociological dimension comes from Easterly's study which found that social fragmentation explained a great deal of Pakistan's social under-performance relative to its level of *per capita* GNP: '*Pakistan's poor level of human capital investment for a given level of income is related to its high degree of ethnic and class polarization*' (p. 30).

Recent government policy documents have begun to pay greater attention to the multidimensional nature of poverty. The PRSP, for instance, recognises the importance of the non-monetary dimensions of poverty along with the monetary, pointing to landlessness, high levels of fertility, lack of education and the uneven spatial distribution of income and human development indicators across the different provinces as well as the rural–urban divide (GoP, 2003). It also notes the dynamic nature of poverty and the vulnerability of certain households to downward fluctuations in income and consumption flows. Most at risk are the unemployed and the informally employed. In addition, macro-economic instability and agro-climatic threats, such as prolonged drought in non-irrigated arid mountain and barani (rainfed) areas, are recognised as sources of co-variate risk.

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However, the sociological dimension of the 'social gap' continues to be neglected in the official literature on Pakistan and hence fails to influence official responses. Official studies continue to describe poverty in terms that could apply to any poor country in the world: high dependency ratios, lack of land and education and reliance on precarious and casual work for a living (GoP, 2003). While it is clear that these various characteristics are interrelated, studies rarely explore what lies behind the high fertility rates, asset poverty and limited work opportunities that produce persisting poverty. The government has recognised the importance of social protection for risk management but offers little that is new by way of actual policies to reflect its new appreciation of the multidimensional nature of poverty. Essentially, its approach is 'more of the same': continuation of existing social insurance for the urban working class and social transfers for the poor and indigent. In keeping with the risk management framework, it also emphasises the role of private efforts, in particular, indigenous philanthropy and the NGO sector. In this paper, we argue that this response is premised on a flawed understanding of the nature of risk, vulnerability and social relations in Pakistan and a failure to fully appreciate how these permeate and distort processes of economic growth and poverty reduction.

3 'RELATIONAL' VULNERABILITY AND THE STRUCTURE OF OPPORTUNITIES

The sociological dimensions of inequality in Pakistan are the product of the hierarchical social relationships which define its communities. In other words, these are not the homogenous communities whose members can be relied on to co-operate in the interests of the collective welfare, a recurring assumption in the literature on community-based development, social capital and, more recently, informal safety nets. They are better described by the literature on the inequalities associated with 'dark side' of social capital (Putzel, 1997; Wood, 2003; Mosse, 2007) and the problems associated with community-based development (Mansuri and Rao, 2004). Some of these inequalities, such as class, religion and ethnicity, are clearly evident in national level data. They are also a part of public consciousness: thus conflicts and spilling of blood around various sub-national identities led Alavi (1991) to declare: 'More than four decades after the state of Pakistan was created it is still a country in search of an identity' (p. 163).

Other forms of inequality only become evident through more finely grained analysis which is able to discern the 'more subtle processes of social ordering' which prevails at the local level (Mohmand and Gazdar, 2007). Rural society in Pakistan is made up of social groups whose position within a hierarchical structure of relationships determines the assets they control as well as their access to crucial relationships and resources in the wider economy which make it possible to survive and prosper (Rouse, 1983). Gazdar (2002) terms these 'parochial communities' to distinguish them from the imagined 'civic' communities of community development literature and to draw attention to the bounded nature of the affiliations, claims and obligations which define their membership.

Village society is constituted by *biraderis*, or kinship groups, which are embedded within wider systems of feudal, tribal and ethnic stratification that rank different *biraderis* on the basis of descent, property, occupation and work (Alavi, 1971). Within *biraderis*, family-based households represent the main site for the organisation of livelihood strategies. Families are safety nets of first resort, prioritising the survival and security of their members in environments where alternative sources are few and unreliable. However,

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they are internally highly differentiated. Gender is a primary axis of inequality both within households and beyond them. The practice of *purdah* or female seclusion, which restricts women's mobility in the public domain, gives rise to a highly asymmetric gender division of roles, responsibilities, resources and power which define women as dependent on men for their material survival and well being and subordinate in household decision-making processes. They have restricted access to public goods and services and are denied the opportunities to participate fully in the collective life of the community. These various restrictions are evident in indicators documenting gender inequalities in health, nutrition, education, political participation and so on (Weiss, 2001; World Bank, 2005).

As we noted, there are not only many similarities, but also important differences, in the economic and social organisation of rural communities in Punjab and Sindh. In Punjab, *biraderis* are generally organised along caste lines, based on common ancestry, shared social standing and often a particular occupational tradition. The main division was between the landowning cultivating castes and the landless non-cultivating castes, including various *kammi* (service) castes who provide labour to the cultivating castes along with the *Mussali* castes that perform the more menial tasks.[1] Caste may be sub-divided along religious lines so that there are Christian, Muslim and Hindu caste groups. The occupational ordering of *biraderis* in the Punjab makes the social hierarchy very similar to that of Hindu sub-castes. Mohmand and Gazdar (2007) argue that the *biraderi* system in Punjab has another feature in common with the Hindu caste system: 'an inherent, inbuilt hierarchy that governs social interaction' (p. 29). This means that social mixing between *biraderis* is rare and largely confined to special occasions.

There is no equivalent overarching division between cultivator and non-cultivator castes in Sindh nor an 'inherently' hierarchical structure. However, while few *biraderis* are entirely landless or landed, landownership is concentrated in the hands of a few powerful caste and kin groups. The poor are largely made up of the landless and land-poor who work as agricultural wage labourers or *haris* (sharecroppers). There is a higher proportion of Hindus in Sindh, mainly from 'untouchable' Bhils and Kohlis castes than in the Punjab: they are largely found to be working as *haris*. A high degree of residential segregation has been observed in rural Sindh than in Punjab: many villages are constituted by a single *biraderi* and social networks between *biraderi* tend to be weak (Mohmand and Gazdar, 2007). Geographical segregation is particularly marked along religious lines.

This social ordering leads to a strong association between social identity, occupation and poverty. Socially marginalised groups are historically less likely to have assets, education and access to formal credit than other sections of the poor while limited mobility in highly segmented labour market confines them to a limited range of occupations. Poverty tends to be highest in those occupations in which they are more likely to be concentrated. Thus analysis of national data tells us that it is higher among wage labourers in agriculture and construction compared to those in services and manufacturing. Among the self-employed, it is higher in agriculture, transport and services compared to trade. It is particularly high among sharecroppers, mainly found in Sindh and Punjab: in 2001, 49 per cent of sharecroppers were poor compared to 25 per cent of owner cultivators (Oxford Policy Management, 2003). As might be expected, it is higher among religious minorities.

[1]The Alienation of Lands Act, which was adopted by the British in 1900, drew up a list of 'agricultural castes' for each Punjab district and prohibited the non-agricultural castes to purchase land from them (cited in NHDR, 2003, p. 49).

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As we noted earlier, Holzmann and Jorgensen conceptualised vulnerability in primarily economic terms, relating it to the probability of downward fluctuations in the income streams and living standards of individuals, households or communities. What this analysis of individuals, households and communities in Pakistan tells us is that group-based inequalities can trap certain groups in conditions of chronic rather than episodic insecurity through the interaction between economic deficits and *relational* disadvantage. Given the paucity of state services and support, most poor families seek the protection through their relationships with the more powerful in their communities. Asymmetries in wealth and political clout mean that these relationships generally take clientelist forms. Interlocking market arrangements of the kind discussed in the wider South Asian literature are also common in Pakistan (Bhaduri, 1973; Hart, 1986; Wood, 2003; Gazdar, 2004; Mosse, 2007). They result in multi-stranded relationships in which landlords may provide land for agriculture as well as housing, credit and a modicum of security in exchange for the obligation on the part of poor tenants to provide a share of their crops and to remain at the landlord's beck and call for a range of services (NHDR, 2003; Gazdar, 2004). Similar arrangements are to be found between labourers and their employers in certain industries: carpet weaving and brick kilns were the main examples in our field sites. Arrangements of this kind have political implications since landlords and employers can generally rely on the loyalty and votes of their clients.

Contractual disadvantages are exacerbated through influence of social identities associated with caste, religion and kinship group in shaping the distribution and terms of these contractual arrangements. As Gazdar (2004) points out, the *kammis* are rarely if ever offered tenancy contracts, though they might be employed as regular farm servants or casual harvest labourers. The *hari* system of sharecropping in Sindh offers 'formally identical but effectively different' (p. 25) arrangements to tenants, depending on their social proximity to the landlord. Thus while a Hindu Bhil tenant might face conditions of forced labour under sharecropping contract with a powerful landlord, close relatives of the landlord might enjoy contracts of near-parity (p. 25).

The varying degrees of asymmetry characterising tenurial arrangements in rural areas are illustrated by the NHDR (2003), using survey data largely drawn from Sindh and Punjab. It found that 'extremely poor' farmers were obliged to pay 28 per cent of the value of their crops to landlords compared to the 13 per cent share paid by 'poor farmers' and 8 per cent paid by the non-poor. The report does not report on the social composition of the farmers in the study. However, respondents in Punjab Participatory Poverty Assessment included *kammis* among their 'very poor' categories (Govt. of Punjab, 2003). In Sindh, the degree of poverty experienced by different social groups in rural areas was seen as a direct reflection of their relationship with local landlords: thus, in one locality, *hari* kinship groups, such as the *Rustamanis* and the *Khaskeli*, were identified as the poorest because not only were they 'tenants-at-will' but they were also heavily indebted to their landlord (Govt. of Sindh, 2003).

The operation of ties within caste and kin groups in differentiating access and terms of employment is also evident in Nasir's report (2004) on the carpet weaving industry in semi-desert district of Thar in Sind, one of our study locations. He noted that employers and contractors in rural areas were drawn from locally dominant Muslim and Hindu families and generally employed workers from their own villages and castes. Thus, *Mangwar* Hindus employed *Mangwars* in their workforce while a Muslim *Bajeer* employer recruited only *Bajeers*. These workers followed the same terms and conditions that prevailed in other parts of the country. In the local town of Mithi, however, both Hindu and Muslim

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employers had a workforce largely recruited from *Harijans*, a low caste Hindu group, by middlemen who were empowered to set their terms and conditions.

Migration out of the countryside has led to some weakening of these traditional social hierarchies, but they continue to shape how migrants live and work. As the residential patterns of the poorer urban groups suggest, migrants settle along ethnic and caste lines. The more socially marginalised among them remain the most isolated and least well-served in terms of infrastructure and facilities (Mohmand and Gazdar, 2007). Some reproduce their caste-based occupations in the urban context while others are to be found confined to a narrow range of activities on the margins of the informal economy. Many seek out new forms of patron–client relations in the urban context. These provide them with some protection from the police, assurance of shelter and intermediation in their relations with officials of various kinds. In return, they provide their loyalty, votes as well as labour for a range of different services.

Our field work provided many examples of the associations between social identity, livelihoods and life chances. In a flood prone village in rural Punjab, the Daha caste were looked down on by the other *biraderi* in that village. They lived at some distance from other villagers and did not mix with them. They were not offered land to sharecrop. The men migrated for most of the year to work as unskilled labour on construction sites in Karachi. They told us that they could not afford to upgrade their skills from unskilled casual labour to masons which would allow them to earn more. However, they had saved enough over the years to purchase some poor quality land near where they lived and so earned some money from cultivation and livestock rearing. Their greatest source of vulnerability was from floods which wiped out their crops, destroyed their homes and caused disease in their livestock. At such times, they moved to nearby uplands and 'sat there like jackals' waiting for the season to be over. One of them explains the high level of lawlessness and disorder in the area in terms of the exclusion of people like them from more legitimate ways of earning a living: *'The people who are wanted by the police, they come from our families. We are the people who become thieves because we are facing scarcity. The thieves do not come from somewhere else, they come from here'*.

In the semi-desert areas of Sindh, we came across the Bajeers (low caste Muslims) and Bhils (low caste Hindus) who lived in segregated communities within the same village. Most of the men migrated to nearby Mithi town for daily wage labour since there were so few opportunities for a living within the village. One old man said he could not remember the last time his family had eaten bread. He claimed they lived off a local fruit called *payrun* and goat's milk. Another believed that the vote was the right to those who had been elected in the previous election, that they kept it safely for him and gave it to him to use on election day. He also believed that such rights were for those with money and connections.

Another village we visited was made up entirely of Kohlis, a low caste Hindu group who had never owned any land but worked for generations as *haris* in a relationship of permanent debt bondage. They cultivated one crop a year during the rainy season, half of which they had to give to their landlord, a Rajput from Mithi, as interest until the principal was paid off. This was unlikely to be in their lifetime. For the rest of the year, they lived on daily wage labour, odd jobs, livestock rearing or, in the case of men, migrated to find daily wage work, often on construction sites. Those who remained in the village were at the landlord's beck and call to provide any services he might require. Any access to government services was through the landlord.

We also came across some of the ways in which rural identities were reconstituted in urban contexts. The Sheik Bhatti in Larkana town had converted to Islam many years ago

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but remained marginalised on the basis of their caste and community. They had been forced to move from one location to another by powerful landowners and their henchman and received no protection or support from the municipality. They were a community of sweepers, marginalised on the basis of their caste and language (Saraiki). Their livelihood options were restricted by their caste—no one would purchase anything edible from them – nor was their any point in education since the two or three who had completed secondary education had remained sweepers. Asked about any form of crisis they may have faced in recent years, they replied, 'Our lives are one long crisis'.

In an urban neighbourhood in Multan, the Kutane were identified as occupying the bottom of the status hierarchy: 'they have no *izzat* (honour, respect), they are pitiable and looked down upon'. We were only able to approach the Kutane through a local councillor on whose land they lived. He mediated their relationships with the rest of the world. They had voted for him in the past and would vote again for him in the future because 'whenever we need any kind of work done with any government department, he is the only one that will help us'. The Kutane described themselves as a community of beggars. All they owned were their tents and cots. None of their children went to school as parents did not see any value to education. The women and children combined the sale of bangles in the morning with begging on the main crossroads and markets of the city in the evenings. The men sold balloons in the morning but not a great deal else. They did not envisage any other future for themselves or for their children.

Relational vulnerabilities of the kind described in this section, the strong, often inherited, barriers to occupational mobility that they give rise to and the resulting segmentation of labour markets are among the factors that drive a wedge between economic growth and poverty reduction in Pakistan. A study by Carraro and others (2004) provide evidence of this using data from Pakistan Integrated Household Survey 1998/99 and 2001/02. The period covered by the two data sets allowed them to explore the impact of a severe drought that had occurred in 2000–2001. As noted earlier, the Oxford Policy Management study had noted that poverty was higher among sharecroppers and wage labourers in agriculture and construction. The drought had led to a substantial increase in poverty at the national level but it had increased by 20 per cent for those in socially disadvantaged occupations compared to just 7 per cent of the rest of the population. Moreover, the poverty gap increased by 15 per cent among sharecroppers, 20 per cent among agricultural labourers and almost 30 per cent among other labourers, mainly construction workers, but remained unchanged for the rest of the population.

Relation-based vulnerabilities challenge the wisdom of cautioning that state-led social protection efforts should not 'crowd out' existing private arrangements, including informal social networks. First of all, informal social transfers are discretionary, not always reliable and, as Sayeed (2004) points out, tend to be pro-cyclical, highest in times of overall prosperity but lowest when need is most widespread.

Secondly, they do not always reach the very poor. The most widespread form of private transfers to the poor is *zakat* which is a religious duty for all devout Muslims and entails voluntary donations to the 'deserving' poor *(the mustahiqueen)* conventionally defined as indigent widows, orphans and the disabled. This excludes other categories that might be equally, if not more, deserving of such assistance. It also excludes religious minorities.

Thirdly, it is evident from the discussion in this section that many forms of informal social protection serve to reinforce relations of dependency and exploitation—and probably should be crowded out. Socially marginalised groups may secure some degree of protection from their relationships with powerful landlords and patrons but it carries high

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costs in terms of income, agency and 'voice' as well as the possibility of moving out of poverty (cf. Smith, 1997; Wood, 2003). The failure of such arrangements to change underlying structures of inequality is evident in the finding reported by the NHDR study that 79 per cent of tenants surveyed were themselves children of tenants. Dependency relationships are thus reproduced over generations.

Finally, while biraderi and other community relationships are important support mechanisms, it was precisely the strength of mutual obligations that appears to have prevented mobility upwards and outwards among the poorest of these communities. Some of these communities provided us with vivid accounts of how all members contributed whatever they could when any one member was in trouble. However, it is also noteworthy that while, to the best of their recollection, none of their members had become dramatically poorer than the rest, and neither had any become particularly better off. The collective management of risk can occur at the expense of individual prosperity: '*we all stay poor together*'.

4 RELATIONAL VULNERABILITY AND SOCIAL PROTECTION

As Sayeed (2004) has pointed out, the persistence of high levels of absolute poverty in Pakistan suggests that reliance on informal social arrangements has not sufficed to protect the poor from the consequences of their vulnerability. Public forms of social protection have also failed on this count. Social insurance schemes, as in the rest of South Asia, are confined to the formal economy and the urban working class. They cover less than 5 per cent of the total employed labour force. The government's Zakat[2] and Bait-ul-Maal programmes, on the other hand, are intended for the poor and indigent. Given that they are tax-financed social transfers, they would appear to have real redistributive potential. Moreover, although they amounted to just 0.2 per cent of the GDP and reached less than 4 per cent of those officially below the poverty line (Economic Survey, 2002–03, p. 54), the World Bank (2003) suggests that their limited aggregate effect does not preclude a significant effect on vulnerability if the transfers in question permitted those in particular need to achieve consumption smoothing in the face of shocks.

Evaluations suggest that they fail as both redistributive and risk management mechanisms. Their failure appears to be largely rooted in the same parochial social relationships which fragment access to informal social protection within the community. The government's Zakat programme, which draws on the Muslim concept of *zakat* as religious duty, was introduced in 1980 as a part of the Islamisation drive undertaken under Zia-ul Huq's military regime. It was financed by taxes of 2.5 per cent deducted compulsorily at source once a year from specified financial assets (bank accounts, saving certificates and share dividends). The tax was levied on Muslims and intended for Muslims. In a country in which over 97 per cent of the population are Muslims, this had, in principle, near-universal coverage. However, in response to protest, Shias were given exemption from the tax and a Supreme Court judgement later allowed a number of other Sunni sects to also seek exemption. This has clearly diluted its redistributive potential.

In keeping with its religious origins, the Central Zakat Council, which is responsible for receiving and disbursing the tax revenue, is located within the Ministry of Religious Affairs. Fifty per cent of the disbursement goes on eligible health, social, educational and

[2]We use Zakat to refer to the government programme and zakat to refer to private flows.

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religious organisations and the rest to provincial and district Zakat Committees to be distributed to needy individuals in the form of the *Guzara* (subsistence) allowances, rehabilitation grants along with *jehez* grants for dowry, medical expenses and education. Local funds, particularly the *Guzara* allowance, are distributed by local Zakat committees who are responsible for identifying the needy in their locality. The subsistence allowance was raised to Rs. 500 in 2001 and had remained at that figure at the time of our field work. Rehabilitation grants intended to help the poor to become self-reliant could go up to Rs. 3000.

The Pakistan Bait-ul-Maal was set up in 1992 as an autonomous body to provide assistance in the form of cash stipends to those groups, mainly religious minorities, who were excluded from the Zakat programme. It is primarily financed from federal grants but also receives small grants from the central Zakat fund and from local authorities, national organisations, international agencies and voluntary donations. It is largely dominated by the Food Support Programme which provides a bi-annual cash transfer to poor households. This was about Rs. 250 in 2005. The minimum wage at the time was Rs. 3000 a month. As with the Zakat programme, Bait-ul-Maal funds are also available to non-governmental organisations and voluntary agencies involved in community-based welfare projects.

Quantitative analysis of the distribution of these programmes illuminates some of their flaws. A study by Arif (2006) using 2000/01 Pakistan Socio-Economic Survey found that Zakat funds reached 61 per cent of the poorest quintile at the national level, 20 per cent of the second poorest and 11 per cent of the middle income quintiles (Arif, 2006). Private zakat flows reached 56 per centof the poorest, 26 per cent of the second and 8 per cent of the third poorest quintiles. In both cases outreach to the poor varied considerably between urban and rural areas. Private flows reached 71 per cent of the poorest rural quintile but only 13 per cent of the poorest urban while official Zakat reached 64 per cent of the poorest quintile in rural areas and 37 per cent of the urban. In other words, the official programme was somewhat more pro-poor than private philanthropy, but more so in urban areas than rural.

The study found no evidence that any of the richest quintile had received Zakat funds, although some applied. Among those who had not received Zakat, 33 per cent and 34 per cent of the two poorest quintiles had tried to claim it while 18 per cent and 20 per cent of these groups had not made any effort. The other significant finding related to the size of the cash transfers. In principle, the transfer is a fixed sum of money which should be deposited in the bank accounts of the beneficiaries. In reality the sums varied. Recipients of Zakat funds in the poorest quintile in rural areas received a higher amount on average than the next poorest quintile: Rs. 2507 compared to Rs. 1426. By contrast, the poorest quintile in urban areas received just Rs. 409 compared to Rs. 2640 in the second poorest.

The other more recent study on these issues was being analysed at the time that we completed our field work. It was undertaken by Gallup on behalf of the World Bank and consisted of a nationally representative sample of 30 000 households. The study found that 28 per cent of the households surveyed had felt the need for assistance in the previous year, but only half of them had applied (Heltberg, 2005). Of those who had applied, 22 per cent had received Zakat, 5 per cent had received PBM and 2 per cent received both. Thus only 3.4 per cent of the population covered received assistance. The study found that the likelihood of a successful Zakat application was higher for the better-off and literate. Of those that applied, 9 per cent of the poorest quintile was successful compared to 43 per cent of the richest. In addition, the upper quintiles received larger amounts of assistance than the poorer.

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Some of these findings may have reflected uneven information and uneven distribution: 84 per cent of the respondents in the World Bank study knew whether or not there was a Zakat committee in their community and that 73 per cent said there was. Of those that needed assistance but did not apply for it, more than 25 per cent did not know where to go. However, given that eligibility far outnumbers available funds, it is likely that various forms of patronage and corruption operate as an informal rationing system.

The World Bank study found that more than half of those who needed but did not apply for assistance believed that the poor were not listened to. The study by Arif pointed to the influence of local power structures in the distribution of Zakat: less than 60 per cent of those who had received Zakat had been nominated by local Zakat committees or its chairman. The rest had been recommended by local councillors (21 per cent) or other influential personalities, such as local landlords, religious leaders or relatives of members of Zakat committees (22 per cent). Although Zakat receiving households in the upper third and fourth quintiles are unlikely to qualify as *mustahiqueen*, they were more likely to have been included on the recommendation of local councillor and other influential personalities rather than the Zakat committee. In fact, in urban areas, more than 70 percent households in 3rd quintile received Zakat on the recommendation of the local councillor. 'Politicization, the doing of favours for political gains, seems to be a major problem in the distribution of Zakat' (Arif, p. 38).

Qualitative research throws further light on these patterns of inclusion and exclusion. They suggest that eligibility for cash transfers, the process of applying for them and the size of the entitlement were shrouded in mystery for most people, giving rise to considerable opportunities for rent-seeking and patronage. An early study on social safety nets noted the random nature of the distribution of the funds between the communities studied and the frustration with corruption and methods of distribution (Beall *et al*., 1993). Amounts distributed varied in both magnitude and timing. A study by SPDC (2000) noted that procedures involved in identifying eligibility for Zakat lent itself to 'some patronage at the local level'.

The 2001 Participatory Poverty Assessments carried out across the country found very little contact with government programmes among poor communities (Govt. of Pakistan, 2003). However, in a few Punjab sites, where there had been some experience with a range of government programmes, the view was that they were of little use to the poor because the amounts were too small, they were distributed on the basis of connections to the better off and procedures required so many visits that people did not bother to apply (p. 126).

Our own study concluded that the apparent randomness in the distribution process in terms of who got funds, how much they received, when they received it and when the funds were stopped was deceptive: provision was highly correlated with access to influential patrons and brokers or the willingness to pay a bribe (Kabeer *et al.* 2005). While there were few complaints that funds were going to the *well-off*, there were many that they were going to the *better-connected*.

> *The Zakat department is totally dependent on political persons. If someone has connections with a political figure such as a nazim, MNA or MPA or someone close to them, they will get Zakat funds. If they are poor and they go to the nazim, they will be told to come back the next day, when they go the next day, they will be told, 'I have so much work to do, come back tomorrow' until they stop going. They realise there is no point* (Focus group discussion, Multan).

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These complaints draw attention to the operation of a *sifarish* economy, based on favours and connections, which allows those less favourably positioned in the social hierarchy to gain access to valued resources, including public goods, services, jobs and opportunities, through their contacts with those who have power and influence. The ADB (nd) reports that most individuals interviewed in study on local justice believed that public institutions revolved around 'money, influence and *sifarish*' rather than money alone. While money played a role in determining how these institutions operated, 'its significance was greatest when combined with non-material considerations grounded in *biraderi*, kinship and factional politics'. Indeed, these factors give money its 'meaning' in every corner of Pakistan' (ADB, p. 6).

The operation of the *sifarish* economy explained the arbitrariness reported in the distribution of social transfers at village level. In some villages, we found that multiple members of a single extended family received *Zakat* funds while members of other equally poor families were completely bypassed. Irregular payments were common. In rural Khairpur, we were told of the phenomenon of 'ghost beneficiaries': 'even dead people can get Bait-ul-Maal or Zakat. They may be dead but their *bookri* lives on'.[3]

However, money is not irrelevant to the process. The complexities of the procedure entailed in applying for these transfers multiplied both the obstacles faced by the poor as well as the opportunities for rent seeking at different stages of the process. The payment of Zakat in the form of a cheque required a bank account but most bank managers knew that Zakat recipients were likely to withdraw their money as soon as they deposited a cheque. They either refused to let potential recipients open accounts or demanded that they needed to deposit a minimum of Rs. 10 000 to do so. As one respondent points out, 'If we had Rs. 10 000, why would we be getting Zakat?' Others told us how they were asked for the *nikah nama* (certificate of marriage) when they applied for the *jehez* (dowry) fund: 'how can we produce the *nikah nama* when the *jehez* has to be paid if the marriage is to go through?'

Focus group discussions in Khanewal offered the following account of the process of applying for Bait-ul-maal:

> Those who go to th*e Bait-ul-Maal office without any connections must first pay Rs. 10–20 to the peon in order to see the officer in charge, with the officers tacit knowledge. They then fill in a form which they must take to the union councillor for attestation that they are deserving. They then take the form back to the Bait-ul-Maal office. If their claim is approved, they will have to pay Rs. 100–200 to the office and request that their money is sent to their post office as soon as possible. Then in the post office, the post master who has to inform them when the money has arrived will charge a fee, or they can offer it of their own accord, in order to make sure everything goes smoothly the next time*.

The transition to new computer-readable national identity cards since 2001 should make the process of application easier over time but has, in the meantime, provided new obstacles for the poor as well as new opportunities for rent extraction. The cost of the card depended, in principle, on the possession of relevant documents. Those with patrons, like the Kutane, had obtained their cards with relative ease. For others, the need to produce a birth certificate had given rise to a flourishing black market in birth certificates. This was the account provided by the focus group discussion in Multan:

[3]'*Bookri*' was the term used by respondents in Sindh to refer to the record book for the Bai-ul-Maal programme

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> *Applicants must first get a form from the Tehsil Municipal Administration in the Chief Health Officer's office. After filling in the form, they must take it to the Patwari (land record holder), the tehsildar and then the union nazim for verification. Small fees will generally have to be paid to the patwari, the tehsildar and the peons. They must then submit the form to the TMA along with Rs. 200 govenrment fee. The certificate is issued after a week or two so he applicant must go back. There are usually people waiting outside the TMA's office to 'assist' in expediting the process but if they want to do it through the proper channels, they must be prepared to wait many more days...*

We encountered bitter complaints about the demeaning behaviour induced in applicants by the process of application: they had to be willing to go again and again to the relevant government offices, to display obsequious behaviour to government officials with constant reiterations of 'Salaam sir, salaam sir, yes, sir, no sir'. As one focus group discussant put it:

> *The government is making beggars out of people, giving them 200 rupees a month, making them stand in a long queue and come back again and again. The government should not be giving 100 people just 200 rupees. They should divide it between fewer people so that they have enough to start their own businesses and become independent. A man could start his own business with just Rs. 2000 ...selling fruit or vegetables on hand driven carts.*

Finally, the religious origins of the Zakat programme may be affecting its effectiveness as a safety net programme for the poor. Religious sectarianism appears to creep in, regardless of the intentions of the government. While Zakat (and zakat) is not intended for religious minorities, we found a number of district officials associated with the programme believed (erroneously) that it excluded Shias as potential beneficiaries. They also excluded 'recent' converts to Islam, some of whom had converted more than two decades ago. Ideas about the 'deserving' poor found in traditional zakat practices appeared to be influencing the distribution of official Zakat. Arif (2006) found that widows heading their own households had a higher probability of receiving Zakat regardless of the actual economic status of their households and the amount of private zakat assistance they might receive from their extended family networks. The influence of zakat values was also evident in the decision to name educational awards under the Zakat programme 'Ministry of Religious Affairs scholarships' rather than as 'Zakat scholarships'. As these were generous awards that did not necessarily go to the poor, the aim was to remove the stigma that might otherwise attach to recipients of these awards. As one district Zakat official explained to us: *'Zakat only goes to mean and small persons'.*

5 SOCIAL PROTECTION AND CITIZENSHIP: TOWARDS A UNIFIED MINIMUM SOCIAL FLOOR

Pakistan's social protection programmes fail to either redistribute the benefits of growth or to provide poor people with protection against adversity because they do not take account of the inequalities built into the relationships through which these programmes must operate. The social protection system as a whole is fragmented in ways that reinforce, rather than counter, divisions within society. It is fragmented between the urban and rural populations and between formal and informal workers. Contributory social insurance

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schemes provide pensions and other social benefits to workers in the largely urban-based formal public sector while tax financed social transfer schemes cover the poor and vulnerable in the informal, largely rural, economy.

The social transfer programmes in turn reproduce the religious and sectarian divisions within the community. They operate within, and internalise, a pervasive culture of corruption, patronage, connections and favours which characterises everyday life within these communities. This is partly built into the administration of Zakat which lies outside both elected and social welfare administrative structures. Local Zakat Councils rely on individuals known to them, almost invariably the better and more articulate members of the community, to identify beneficiaries who in turn tend to be integrated into the patronage networks of these individuals.

It is clear from evaluations of these programmes that failures of efficiency and cost-effectiveness cannot be separated from questions of social inequity. The idea that equity will emerge as a positive externality of well-designed and implemented schemes, as suggested by World Bank economists, has little resonance for this context. The lesson that emerges instead is that principles of equity and justice must be purposively built into the design of programmes and of their implementation procedures. From this perspective, a number of questions can be raised in relation to current approaches to social transfer programmes in Pakistan.

First of all, questions can be raised about transforming a voluntary act of charity on the part of devout Muslims into a state-enforced tax obligation (Khan, 1994). This concern has been backed by the Supreme Court, which declared the payment of Zakat had to be voluntary for all persons (Arif, 2006). However the question still remains about the wisdom of organising social protection programmes along religious and sectarian lines in a context where social inequalities have systematically inhibited the translation of often impressive rates of growth into commensurate rates of poverty reduction and social development. Such a context surely demands social safety nets that build, rather than fragment, the bonds of citizenship within the population.

That there is a large distance between the poor and socially marginalised groups, on the one hand, and the state on the other was very evident in the anger expressed by those we spoke to in the course of our field work. One labourer in Multan told us: '*The government is meant for the welfare of the people but there is no welfare in this country*'. Another said, '*The government is here to do the work of the rich. It has no space for the poor. . .It favours those with big bellies. It says it is here to eradicate poverty but instead it is killing off the poor*'. The Participatory Poverty Assessments carried out in 2001 came to similar conclusions. The report from Sindh concluded: '(t)he PPA has shown that there is a deep sense of deprivation, helplessness, exploitation, frustration and injustice among poor people in Sindh. The poor are conscious of their deprivation, have a sense of their rights being denied and are angry. If even half the evidence reported is valid and reliable, the anger is on such a scale that the authorities would be well-advised not to ignore it' (Govt. of Sindh, 2003, p. 153).

We have noted earlier the perennial challenge to national identity posed by conflicts related to sub-national identities of ethnicity, language and religious sectarianism (see Ahmed, 1999; IRRP, 2008). An important question raised by our field work was what the citizens of Pakistan shared *as citizens*, beyond their constitution, their flag, their national anthem and their defence force. The value of the defence force, which absorbs so much of the country's budget, is not self-evident to all: one group in Multan told us, 'The army is here to defend the country (*mulk*), not to defend people like us'. Following from this was a

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question about the extent to which social protection had the potential to provide a more widely valued foundation for citizenship. Social protection has this universalising potential because vulnerability in the face of adversity is a condition that cuts across all classes of citizens—even if some of more vulnerable than others.

Social transfer programmes have proved to be effective in protecting the poor and vulnerable in other parts of the developing world as well as generating a range of positive social and economic multiplier effects—but only when they are guaranteed, predictable, regular and transparent (Kabeer, 2008). There is a strong case for exploring the scope for a 'generative' approach to social protection in Pakistan, one that contains the seeds of these positive effects. However, it would have to be explicitly designed to bridge social divisions if it is to provide the foundations of citizenship necessary for these effects to play out equitably. Ideally, this would be a transfer programme that provided a universal minimum social floor, that transcended parochial identities and affiliations, that was financed by a 'citizenship' tax with exemptions based on 'means' rather than identity and that was available, in principle, to all citizens. Advocates for this kind of basic income grant have argued that such measures are cost-effective, despite their universal outreach, because they dispense with the need for costly bureaucratic means-testing (Standing, 1999).

Is this a practical recommendation, given the available resources? Unfortunately, discussions about affordability tend to get tangled up with the pro-market bias which characterises World Bank-type thinking, leading to a bias in favour of means tested over universal programmes in most countries. The two should be separated out. The affordability issue relates to questions of current and future revenue mobilisation as well as the value attached to the multiplier effects of social protection. The pro-market bias, on the other hand, assumes a model of the market that simply does not exist in Pakistan. The case for a unified and non-discriminatory system of social transfers should be made on the basis of what a society values, what its priorities are and what it thinks it can afford. Whose values and priorities are expressed will depend, of course, on the degree of democracy in a society.

There is, in any case, a strong argument to be made for simplifying the grounds for eligibility and the procedures for application. An important step towards this goal would be to have a clear and well-communicated definition of eligibility and a clear delineation of the universe of eligible beneficiaries. In the context of Pakistan, there are two possible entry points for establishing this universe. The first is the National Identity Card system. In principle every single family has be registered with the Ministry of Interior. In practise, as we have seen, this has occurred extremely unevenly and many families are likely to have been deterred by the costs associated with obtaining the card. This is an area that is likely to need pro-active measures, such as mobile camps to register marginalised groups who have no intermediaries to act on their behalf. The family records with the Ministry of Interior can be automatically linked in the long run with the register of births and deaths. The problem with such a system in relation to local level management of social protection is that it is remote and inaccessible.

The second entry point is the local government system. At the moment verification of citizenship and residence can be done through the Union Council (UC). The UC could be strengthened and made the true (or alternative) repository of family records. The UC would then maintain a list of all households and individuals, and people would have to register births, deaths and marriages at the UC. In terms of system reform, then, all social protection schemes would have to work through the family lists kept, and regularly, updated at the UC.

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While the process of selection of beneficiaries from this universe of those who are defined as eligible remains problematic as long as resources fall short of need, clarity of selection criteria would help to reduce resentment, rent-seeking and patronage.

Dispensing with religion as the basis of social transfer programmes in a country whose very *raison d'etre* for existence is religion is likely to constitute a very radical agenda, particularly in view of the strong vested interests that have grown around the distribution of these transfers. There is little evidence that successive military or civilian governments have been willing or able to take it on. Its most likely supporters are to be found in those sections of civil society, who have been active in the struggle for democratic governance in the country in the face of threats posed sometimes by the military, sometimes by the religious right. This paper draws attention to the role of social protection in democratising the structures of micro-governance to create the grassroots foundations of citizenship. This is not a vision of social protection that can be easily accommodated within the dominant risk management framework supported by donors. However, it does find support in the vision of social protection contained in the Constitution of Pakistan:

> The State shall provide for all persons employed in the service of Pakistan or otherwise, social security by compulsory social insurance or other means; provide basic necessities of life such as food, clothing, housing, education and medical relief, for all such citizens, irrespective of sex, creed, caste, or race, as are permanently or temporarily unable to earn their livelihood on account of infirmity, sickness or unemployment; reduce disparity in the income and earnings of individuals (Constitution of Pakistan, 1973, Article 38, clause b, c and d).

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APPENDIX 1: METHODOLOGICAL NOTE

Our field work was carried out in a number of villages in four rural districts as well as in four urban locations. Table 1 shows the HDI ranking of the districts and towns in which the study was located. The groups interviewed were all considerably poorer than these district level indicators suggest.[4] In view of the brevity of the field work phase of the study, we selected our field sites to coincide with districts, and in some cases, villages and urban neighbourhoods that had either been covered by the Participatory Poverty Assessment in Sindh and Punjab (in which one of the authors had participated) or where previous field work had been conducted by one or other of the authors. This allowed us to draw on a broader base of field level information. The field work itself consisted of focus group discussions with men and women from lower income households in the selected locations. We also spoke to key informants within their communities, in local NGOs and in the district administration.

[4]As one of the metropolitan centres of Pakistan, Karachi has the highest ranking of our study locations. The field work, however, was carried out in one of its poorest irregular settlements (*katchi abadis)*

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