

**FOOD SUPPORT PROGRAM  
FOR  
VULNERABLE GROUPS**

**FIRST INTERIM REPORT OF THE TASK FORCE  
ON FOOD SECURITY**

July 2008

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**(on Terms of Reference IV and V)**

The unprecedented inflation, especially in food prices is placing an intolerable burden on the people. On a year-to-year basis the prices of food items have increased by as much as 32 percent in 2007-08. Inflation in prices of the staples-wheat flour (atta) and rice- has been ever higher at 62 percent and 73 percent respectively. There is an imminent danger of an explosion in the numbers of undernourished and the poor and widespread food riots leading to a social breakdown.

**THE FOOD SITUATION**

Assessment of the food situation in the country has recently been completed by an Inter-Agency Mission of the United Nations with representation from WFP, UNESCO, WHO, UNICEF and UNDP. Principal findings of the mission, based on a recent household survey, are as follows:

- i. Most deficit areas in term of food availability and level of prices<sup>1</sup> are in Baluchistan and NWFP and the highest concentration of vulnerable districts is in these provinces.
- ii. The food 'price shock' has been felt more severely in the urban areas, and food consumption remains higher in the rural areas.
- iii. Households have been forced to forego diversity in diet, especially animal protein, and switch to a lower priced staple (rice to wheat).
- iv. Low income households which had been devoting about 50 percent of their expenditure to food have raised this share to 70 percent and cut back on other expenses, like medical care and education.

The findings of the UN are worrying and highlight the emergence of a serious food situation in the country, depicting a dangerous combination of physical shortages, high prices and rising poverty.

The overall wheat deficit in 2008-09 may be higher than the current government estimate of 2.5 million tons if smuggling to Afghanistan is not checked more effectively.

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<sup>1</sup> The price of atta has gone up by 92 percent in Quetta and by 98 percent in Peshawar as compared to the national average increase of 62 percent.

That in turn will depend partly on the gap between wheat prices in Pakistan and those prevailing in neighbouring countries and partly on the prospects of meeting the food requirements of Afghanistan through food aid from the USA. These issues need to be kept under constant review so that timely arrangements can be made for wheat imports to avoid last year's experience of shortages and long queues.

The number of people with serious deficiency in nutritional intake (below 1700 calories per capita per day as compared to the norm of 2350 calories per day) has gone up from 35 million to 45 million, an increase of almost 30 percent. These 45 million people also constitute potentially the target group for any food support program. With an average household size of 6.5 persons, this implies that the coverage of such a program will have to be extended to about 7 million households. The estimates by WFP is that if the nutrient deficit of over 650 calories per capita per day is to be filled by increased food consumption, especially of wheat flour, then the income supplement for a household will have to be at least Rs. 1000 per month.

### **RELIEF FOR THE VULNERABLE GROUPS**

The Task Force appreciates the recognition by the government of the need to provide relief to the vulnerable groups through a Food Support Program. In the Federal Budget of 2008-09 an allocation of Rs. 34 billion has been made for the Benazir Income Support Program. It is expected that the program size will go up to Rs. 50 billion when resources permit. The Government of Punjab has also announced a similar program with a proposed outlay of Rs. 22 billion. For the province of Punjab, the federal and provincial programs are comparable in size. Combined together, the overall allocation is Rs.56 billion, about 0.5 percent of the projected GDP in 2008-09. This stands out in sharp contrast to the total allocation for social safety nets by the previous government of about Rs.10 billion or only about 0.1 percent of the GDP.

The Federal Support Program envisages an income supplement of Rs.1000 per month to a beneficiary household, with a target national coverage of 3.4 million households. The Punjab Program also proposes a cash transfer of Rs. 1,000 per month to 1.8 million households in the province. If the duplication is avoided between the two programs in such a way that no beneficiary household receives more than one cash transfer, the combined national coverage of the two programs will be 5.2 million households, with 3.5 million in Punjab.

Given the UN estimates of severely undernourished population of 7 million households, this means that the gap in coverage will be about 1.8 million households. The under-coverage is likely to be most pronounced in the extremely vulnerable districts of Sindh, NWFP and Baluchistan. Resources of these provinces have been mostly pre-empted by subsidy on the movement and price of imported wheat. In the event that the Federal Program is up-scaled to Rs. 50 billion, then most of these additional resources need to go to the provinces with the highest proportion of vulnerable districts.

## **EXISTING AND PROPOSED FOOD SUPPORT PROGRAMS**

### **Baitul Maal**

The major existing food support program is operated by the Pakistan Baitul Maal (PBM), which was established in 1992. It is operated by an autonomous board consisting of a Chairman, five non-official members (appointed by the Federal Government) and three official members. The process of identification of beneficiaries is initially by district level committees, consisting of local representatives and officials and members of civil society. PBM has developed a management information system to record basic data (for a 'means' test) of program beneficiaries, which makes targeting more effective and monitoring of program easier. PBM also has a strong rural presence.

The PBM has been financed through budgetary allocations in the form of non-lapsable grants. Occasionally, it has also received grants from the Central Zakat Fund and the provincial governments. The Food Support Program (FSP) of PBM has been at the core of its relief efforts. This program is monitored by Steering Committees at the federal, provincial and local levels. The program involves an annual transfer of Rs.3000 (Rs. 250 per month) per household in one lump sum payment through post offices. In 2007-08, almost 1.8 million households have been covered by this program at the annual cost of about Rs. 6 billion.

The FSP of PBM has been subjected to an evaluation by the Social Policy and Development Centre, Karachi (2008). The program does well on a number of criteria including targeting efficiency, low program overheads (of 2 % only) and the degree of ease of access. A World Bank evaluation of the program found that 85% of the beneficiaries could be considered as poor and worthy of support.

### **Benazir Income Support Program (BISP):**

This program is expected to be formally launched on the 14<sup>th</sup> of August 2008. Special Benazir cards are expected to be issued to the beneficiaries which will eventually entitle them to other benefits also. A National Steering Committee (NSC) has been constituted under the chairmanship of the Federal Minister for Finance, Economic Affairs and Statistics. The provinces will be represented by the respective Chief Secretaries in the Committee along with one parliamentarian from each province. A program implementation unit (PIU) has recently been established in the Finance Division, Government of Pakistan, for operationalizing the BISP.

The selection of beneficiaries is proposed to be made through the computerized NADRA database under set criteria (to be decided by the NSC). The Computerized National Identity Card (CNIC) will be used as well as thumb impression to prevent any leakages in payment. Persons who do not have a CNIC will be encouraged to apply for a free card and the database will be continuously updated to include eligible households.

The BISP has been designed in a manner that minimizes political interference to the extent possible. As identification of beneficiaries will take place on the basis of a computer program, there is limited scope for manipulation.

But there are currently a number of problems with the NADRA database. 83 million people are estimated to be eligible for registration, while 63 million have actually registered. The under-registration is especially pronounced in Sindh and Baluchistan and among women. Also, the poorest of the poor are most likely to be the ones without CNICs. Even after this service becomes free, the procedure of registration will remain difficult for people in the far-flung areas.

Further, it must be recognized that NADRA was set up soon after the last Census in 1998, primarily for the purpose of registration and not for poverty mapping and identification of poor households. As such, there is incomplete information available for proper identification of beneficiaries. Basic information is available for all adults in the database on location (down the village level), gender, age, education level, marital status, occupation and disability. But there is no information on household characteristics, extent of asset ownership, current employment status and transfers, which are all important determinants of the poverty status of a household. Consequently, the use of criteria/filters

based on currently available information could lead to incorrect identification of a large proportion of beneficiaries.

The PIU of BISP has proposed that the monitoring process of the program be undertaken at the provincial level. District Redressal Committees will also be established to handle complaints. The process of payment of Rs. 3000 per household each quarter is expected to be handled by the banking system or post offices. Bank charges from beneficiaries for opening of accounts will be waived. The World Bank has recently conducted a test of the effectiveness of the 'filters' in predicting poverty and found a high proportion of errors. There is therefore need for additional filters.

### **The Punjab Program**

Punjab is the only province so far that has announced a major food support program of Rs. 22.0 billion with the cash transfer of Rs.1000 per household per month for 1.8 million households. The process of identification of the beneficiaries will be undertaken at local level with the help of elected representatives, community based organizations and civil society representatives. A number of criteria have been specified for identifying the needy, including widows, elderly persons, chronically sick, disabled, etc.

The list of beneficiaries will be subjected to a strong process of verification, to eliminate undue political influence. The proposed list will be put up for the public display and discussed in a public gathering at the union council level. Field visits will be undertaken by district officials to physically verify the lists. It is expected that a number of teams for this purpose will be constituted in each division of the province. The target is to finalize the list by the 7<sup>th</sup> of August so that the implementation of the program can start from the 14<sup>th</sup> of the August. Post offices will primarily be used for the disbursement of the funds. The provincial government is cognizant of the need to avoid the duplication of the beneficiaries with those identified by the NADRA in Punjab for support through the BISP.

### **PRINCIPLES IN THE DESIGN AND IMPLEMENTATION OF PROGRAMS**

At this time, three existing or proposed programs for the food support are as follows:

- The Food Support Program of Baitul Maal
- The Benazir Income Support Program
- The Punjab program

The Task Force has undertaken an evaluation of these programs and formulated certain recommendations for improved coordination and avoiding duplication. The following principles have been identified for the proper design and implementation of a food support program in the country:

- a) **Urgency:** Given the rapidly deteriorating situation with regard to malnutrition and poverty, especially after the recent hikes in petrol prices which are likely to raise food prices further, the Task Force emphasizes the need for the immediate implementation of the relief program to the poor. As such, the new program should supplement rather than replace the existing institutional mechanisms of delivery which have a reasonable record of adequate coverage and targeting.
- b) **Avoid Duplication:** Duplication must be avoided in the implementation of the programs especially with regard to the process used for identification of beneficiaries. Currently, the methodology being adopted in the BISP is different from the process used by PBM or that proposed by the Government of Punjab. There is the danger that resort to parallel processes for identification of beneficiaries could lead to confusion and some measure of public protest, especially if the results are very different.
- c) **Strong Verification and Monitoring Mechanisms:** Irrespective of the approach to initial identification of beneficiaries, there is need to put in place strong verification and monitoring mechanisms to eliminate any political influence or "local elite capture" and to firmly establish the credibility and integrity of the process.

The Task Force feels that the monitoring mechanism put in place by the PBM is inadequate because it is in the nature of in-house monitoring whereas independent third party monitoring is the preferred option. Also, the multi-stage verification of initial lists of beneficiaries, which includes physical verification and random checks by senior Provincial officials, proposed by the Government of Punjab meets the requirements for proper finalization of the lists if supplemented with some objective criteria.

## **Recommendations**

Based on the above descriptions of the programs and the principles for design and implementation of programs, the Task Force came to the conclusion that each program has special merits which can be used to develop a food support program that can prove to be effective in providing relief to low income households at this time. It accordingly submits the following recommendations to the government for consideration:

- i. Given the urgency of the situation, all three programs be started concurrently by the 14<sup>th</sup> of August.
- ii. The existing delivery mechanism of PBM may be used to provide additional relief to 1.8 million households already in the program by increasing their food support entitlement from Rs.250 per month to Rs.1000 per month. The first payment of Rs.3000 per household for the first three months (Rs.1,000 per month) can be made straight away, but beneficiaries who do not have CNICs would receive the second quarterly payment of Rs.3,000 only after they obtain a CNICs on the basis of which NADRA can also use appropriate filters to identify ineligible beneficiaries. The present budget allocation of PBM would be adequate for the first quarterly payments. Subsequent allocations can be made to PBM on the basis of total beneficiaries that remain eligible after the initial scrutiny.
- iii. The BISP may select beneficiaries for the first quarterly payment identified through the Nadra data base. But a simple questionnaire should be sent to all the recipients, based on appropriate filters to verify eligibility. It should be clarified that only those recipients would receive the second quarterly payment who return the questionnaire and are found to be eligible on the basis of the information provided. Meanwhile a system of field verification through various official and unofficial organizations can also be evolved to carry out a sample check of the replies to the questionnaire.
- iv. Under the Punjab Scheme, lists of new beneficiaries may be prepared through an identification and verification process as proposed by the government of Punjab. Those who have CNICs, would receive the first quarterly payment. Others would receive payment after they have obtained their CNICs. Subsequent verification may take place through approved filters as described in (iii) above.

- v. The filters used by NADRA for identification and verification may be made public knowledge in order to ensure transparency of the process.
- vi. Strong independent third party monitoring arrangements should also be put in place at the provincial and district levels with the involvement of certain civil society organizations.
- vii. When resources permit, the size of BISP may be expanded to Rs.50 billion and a disproportionate share in the incremental allocations may be made to the provinces of Sindh, Baluchistan and NWFP, apart from meeting the additional requirements of PBM.
- viii. In addition, a school feeding and a food-for-work program may be started in the backward districts of Pakistan which are food deficit. In remote areas providing food in kind is more effective for poverty reduction than providing cash.
- ix. The existing system of providing a number of essential food items on a subsidized basis through outlets of the Utility Stores Corporation should continue and be expanded to the extent possible.

The Task Force also recommends that by the end of the second quarter, NADRA should be able to identify duplicate or triplicate beneficiaries on the basis of CNIC numbers which will be compulsory for all the three schemes. At that time a determination can be made for additional measures depending on the final number of beneficiaries under the three schemes and their collective adequacy.

**Composition and Terms of Reference  
of the Task Force on Food Security  
(vide Planning & Development Division Notification dated 29 May 2008)**

**Composition**

- |   |          |
|---|----------|
| 1) Mr. Sartaj Aziz, Vice Chancellor, Beaconhouse National University, Lahore.         | Chairman |
| 2) Secretary, M/o Food, Agriculture and Livestock, Government of Pakistan, Islamabad. | Member   |
| 3) Secretary, M/o Commerce, Government of Pakistan, Islamabad.                        | Member   |
| 4) Secretary, M/o Industries & Production, Government of Pakistan, Islamabad.         | Member   |
| 5) Secretary, M/o Interior, Government of Pakistan, Islamabad.                        | Member   |
| 6) Chairman, National Disaster Management Authority, PM Secretariat                   | Member   |
| 7) Chairman, Planning & Development Board, Government of Punjab, Lahore.              | Member   |
| 8) Additional Chief Secretary, Government of Baluchistan, Quetta.                     | Member   |
| 9) Additional Chief Secretary, Government of NWFP, Peshawar .                         | Member   |
| 10) Additional Chief Secretary, Government of Sindh, Karachi.                         | Member   |
| 11) Dr. M.E. Tusneem, Chairman, PARC, Islamabad.                                      | Member   |
| 12) Dr. Akhtar Hasan Khan, former Secretary, P&D Division, Islamabad.                 | Member   |
| 13) Mr. Abid Hassan, former Operation Advisor, World Bank, Islamabad.                 | Member   |
| 14) Mr. Shahid Hafeez Kardar, renowned Economist, Lahore.                             | Member   |
| 15) Mr. Afaq Ahmed Tiwana, former Chairman, Pak Horticulture Board, Lahore.           | Member   |
| 16) Mr. Qamar-uz-Zaman Shah, President, Sindh Chamber of Agriculture                  | Member   |
| 17) Mr. Khair Muhammad Junejo, ex-caretaker Minister for Food & Agriculture           | Member   |
| 18) Mr. Farhat Ullah Khan, Progressive Farmer, Mian Channu.                           | Member   |
| 19) Dr. Kauser A. Malik, Member (F&A), Planning Commission                            | Convener |

**Terms of Reference**

- a) To review the production availability and consumption of essential food commodities
- b) To review food procurement/storage status
- c) To examine the price trends of essential food commodities in relation to international markets.
- d) To assess the impact of the price hike on vulnerable groups.
- e) To advise an action plan for promoting food security for the vulnerable groups.