2017

Organizing Social Protection in Federal States

INTERNATIONAL EXAMPLES OF FEDERALISM AND SOCIAL PROTECTION AND IMPLICATIONS FOR PAKISTAN

YASUHIKO MATSUDA

South Asia Social Protection & Jobs Global Practice, World Bank Group

Executive Summary

Introduction

Pakistan's social protection system is still in a nascent stage of development and so is the country's fiscal and institutional architecture for inter-governmental relations. In particular, the implicit devolution of social protection and related functions in the 18th Constitutional Amendment in 2010 has created a level of uncertainty and certain lack of consensus about the definitive roles of federal vs. provincial governments in providing social protection to the population.

This note is intended to contribute to informed debates about the future of federalism and social protection in Pakistan. It describes key features of the ways in which mature federations have organized their social protection "sector" and summarizes possible implications for Pakistan. Drawing on the descriptions on how social protection functions are distributed across levels of government in ten relatively mature federations (including South Africa which is constitutionally a unitary state but is highly decentralized in expenditure assignment), this discussion note is intended as merely one type of input for policy-makers in Pakistan to consider how best to organize the social protection functions across levels of government in the country's evolving inter-governmental relations.

National-Subnational Division of Roles and Responsibilities in Social Protection

National government as policymaker, standard setter and financier

Theories of fiscal decentralization suggest certain government functions are better centralized in the hands of national governments because of nation-wide equity and redistribution goals and because of externalities that can render decentralized management economically inefficient. By and large a consensus exists among scholars and practitioners that social protection as a government function meets these criteria and in practice, most federal states, including those that are otherwise highly decentralized, tend to entrust primary responsibility for social protection in the hands of the national government.

Reflecting this general consensus, all but a few of the ten countries on which background papers were prepared define social protection as constitutional mandates of the federal government. As exceptions, the constitutions in India and South Africa define social protection as a concurrent responsibility shared between the federal and provincial/state governments.[1] Brazil's constitution defines social insurance (pension) as a federal responsibility and social assistance as a concurrent responsibility. Only in Pakistan, by implication, social protection is fully devolved to provinces.[2]

Going beyond *de jure* assignment of roles and responsibilities, fiscal data also show that in most countries, the federal governments are responsible for the lion's shares of social protection expenditures. For example, in Argentina (2012), the federal social protection spending accounted for 10.7 percent of GDP in contrast to the provincial spending of 3.3 percent. Comparable figures in Australia (2012-13) were 8.5 percent and 1.0 percent, respectively. In contrast, the federal social protection expenditure in Pakistan

---

[1] The ten countries are Argentina, Australia, Brazil, Canada, Germany, India, Mexico, Pakistan, South Africa (which is a highly decentralized unitary state), and the United States.

[2] "By implication" because the Constitution does not include an explicit list of provincial responsibilities but instead defines any government function that is not defined as an exclusive federal responsibility as concurrent and because some functions related to social protection such as social care and labor used to be on the concurrent list which the 18th Amendment abolished.

(2017-18) amounted to mere 0.35 percent of GDP (out of the total government expenditure equivalent to 14.7 percent of GDP).

Re-centralization of Social Protection Functions in Argentina and South Africa

In some cases, countries have taken active measures to centralize or re-centralize some social protection functions away from provinces. Argentina's social security (pension) system and South Africa's primary social assistance program (Social Grant) are cases in point. In the case of Argentina, the federal government's desire to bring about coherence and fairness to the pension system in terms of eligibility criteria, benefit amounts and so on and the provincial governments' fiscal considerations seem to have been key drivers of the centralization efforts in the 1990s. Although the centralization has remained partial in that 13 out of the country's 24 provinces have opted to retain administration of their own public sector pension systems (i.e., systems for public sector retirees), they now follow uniform federal regulation and guidelines in program administration. In South Africa, the move to re-centralize the administration of the Social Grant in the mid-2000s was driven by the revelation of fraud, corruption and administrative problems when the program was in the hands of provincial governments.

In Pakistan, there is no major social protection program that can or should be centralized at the moment. Besides, possible transfers of responsibilities and resources between levels of government are a result of political as well as fiscal and technical considerations.

Local governments as administrators/implementers

A flip side of the dominant role of the central government as policy setters and financiers of social protection is the important roles played by local governments in administering critical facets of program implementation and benefit/service delivery. Although data to demonstrate this in cross-country comparison are not available, both the logic of program delivery chain and limited available evidence suggest that local governments often play greater roles in social protection than states/provinces.

A case in point is Brazil's Unified System of Social Assistance (SUAS), operating since 1993. The SUAS law defines the federal government's roles as policy and standard setting, regulation and co-financing of social assistance initiatives and assigns municipal governments the role of front-line deliverers of social assistance services to the population. The states' roles are largely limited to offering technical support to municipalities, if needed, and serving as links between the federal and the municipal governments in inter-governmental coordination. Available fiscal data also show that the municipalities as a whole spend more (0.26 percent of GDP) on social assistance than the states as a whole (0.11 percent of GDP).

If the pattern observed in Brazil reflects a more common pattern among federal states, then Pakistan would be an outlier. Pakistan lags other countries in terms of institutional development of local governments. Since 2005, no local election was held until the 2013-16 when provinces were compelled by courts to administer their respective local elections. History of oscillation between relative centralization of authorities and resources at the provincial level and greater devolution of autonomy to the local level that have played out in Pakistan since independence has arrested steady institutional development of local governments. The newly elected local governments in Pakistan are unlikely to be in positions to support social protection service delivery effectively in the short run. On the other hand, any institutional development is a long-term process and it is hard to imagine how Pakistan can improve social service delivery and achieve human development outcomes without capable local governments in the long run. In the meantime, the tendency appears to be development of a province-centric model of social

protection system, which is somewhat unusual in comparison to other federal or highly-decentralized countries.

Patterns of Center-Local Relations in Social Protection Programs

An emerging picture from the spending patterns across levels of government in social protection from relatively mature federal systems is that the central government plays a dominant role in policy-making and financing, the intermediate level (states/provinces) play limited roles, and local governments serve as front-line service providers. But, how does this "typical" pattern of the distribution of roles and responsibilities across levels of government in social protection look in practice? Unlike health and education, in which the definition of roles and responsibilities across levels of government often reflects levels of technical complexity (e.g., primary, secondary vs. tertiary) and geographic scale (e.g., pyramidal networks of health referral system or clusters of primary schools feeding into a middle school) in service delivery, no such organizing principle readily applies to social protection.

Although countries with more mature social protection and federalism have developed an intricate inter-governmental system to organize the social protection system, the predominant forms of social protection provision, including in high-income countries, is through a collection of programs that have been separately conceived and managed. Therefore, discrete programs typically constitute a basic unit of organization for public provision of social protection. Some programs are entirely managed by the central government with no participation by local governments whereas others operate exclusively in a particular local domain. Then there are a number of programs for which governments at different levels cooperate in implementation.

Centralized Administration

In this type of structure, there is no participation of subnational governments. The national government maintains responsibility for every aspect of financing and administration of social protection programs. The main types of programs that fall under this category are contributory and non-contributory pensions in Argentina, Australia, Canada, Mexico and the US. South Africa's Social Grants and Pakistan's BISP are also examples of centralized programs.

Implications for Pakistan: That the BISP basic cash transfers program has been managed entirely by the federal government is consistent with the common international pattern summarized in the main body of this discussion paper. From a technical point of view, it makes sense to retain this existing arrangement. A question perhaps is about BISP's constitutional basis which could be interpreted as ambiguous because of the 18th Amendment that does not explicitly assign social protection to the federal government. On the other hand, BISP is based on a parliamentary act passed in 2010.[3] While this paper does not rely on legal expertise for a definitive opinion, it does seem noteworthy that both the 18th Amendment and the BISP Act were passed by the same parliament (2008-13) in the same year. Given the circumstance, it seems unlikely that the Parliament's intent was to devolve BISP programs as a provincial function.

Central Administration with Partial Delegation

With this structure, participation of the sub-national governments is limited to specific aspects of administration with most tasks carried out by the national government. Benefit costs are financed by the

[3] The BISP Act was passed on August 18, 2010 whereas the 18th Amendment was promulgated on April 19, 2010. When the 18th Amendment was passed, BISP had not yet existed as the current legal entity.

national government and administration costs are funded either partially or fully through federal transfers to the sub-national level. Well-known programs implemented in this way include Brazil's *Bolsa Familia* program and Mexico's *Prospera* program, although details vary in important ways between these conditional cash transfer programs, as described in the main text. The U.S. also uses this structure to implement the Supplemental Nutrition Assistance Program (SNAP), the country's second largest social assistance program.

Implications for Pakistan: In Pakistan, the program that could be implemented in this modality is Waseela-e-Taleem (WeT), the conditional cash transfers linked to primary education. However, direct provincial participation in supporting WeT implementation has been limited to date. While the provision of the primary education service is an exclusive provincial responsibility and BISP and each of the provincial education department has signed a memorandum of understanding that spelled out the basic terms of federal-provincial cooperation, program-specific aspects of implementation such as verification and reporting on student attendance has so far been outsourced to an NGO hired directly by BISP. Furthermore, no adequate mechanism or arrangement has been instituted to ensure that provinces offer sufficient supply of primary education services where WeT beneficiaries reside. The supply-demand gap in primary education has not narrowed in recent years, despite the provincial governments' stated prioritization of reducing out-of-school children and achieving universal primary education. There is considerable scope for improving and strengthening partnership between BISP and the provincial governments to enhance WeT's potential as a means to increase primary school enrollment and attendance in Pakistan. However, the most common tool at the disposal of federal governments intent on inducing cooperative sub-national behavior is fiscal incentive of some sort. The viability of this option is limited in Pakistan given the overall fiscal constraints and the specific detail of the 7th National Finance Commission Award that has guaranteed at least the current level of vertical revenue sharing.

Decentralized Administration with Federal Oversight

In this structure, the federal government is responsible for designing the overall policy framework and broad guidelines, allocating resources and providing oversight. Subnational governments are primarily responsible for the main administrative tasks, such as identifying and enrolling beneficiaries, issuing benefit payments, and delivering related services. Financing arrangements are often slightly more decentralized than programs with centralized administration, with subnational governments often required to allocate a certain percentage of funding for the program from their own resources. India's Indira Awas Yojana (IAY) and National Social Assistance Program (NSAP), Mexico's Popular Health Insurance (Seguro Popular) Program, the United States' Temporary Assistance for Needy Families (TANF), and aspects of Argentina's National Food Security Plan are key examples of this modality.

Implications for Pakistan: No social protection program operates explicitly in this modality in Pakistan today. Given the relatively high level of autonomy that provinces enjoy in Pakistan, an arrangement that relies on them to administer nationwide federal initiatives would be attractive. However, the federal government's constrained fiscal capacity limits the prospect of launching new programs with matching grant schemes similar to the centrally-sponsored schemes in India or TANF in the US. As a possible alternative, it might be worth exploring a policy framework that sets minimum national standards in outcomes related to social protection and human development more broadly. Minimum national standards alone might not provide a sufficiently power incentives for the provinces to align their social protection and related expenditures. But it might at least serve as a means to align society's expectations and hence the provinces' own prioritization, at least at the margin. As a supplement, it might also be possible for the federal government to offer small amounts of matching grants, despite the limited fiscal

capacity, to encourage willing provinces to prioritize their own resource allocation toward those nationally agreed goals.

Potentially relevant examples include the Intergovernmental Agreements (IGA) in Australia and Canada Social Transfer (CST) in Canada. Australia's IGA is an important element of the overall intergovernmental fiscal arrangement and includes National Agreements on six service sectors that were agreed to be the primary responsibilities of the states/territories: education; healthcare; skills and workforce development; disability services; affordable housing; and indigenous program. Canada's CST is a (loosely) conditional block transfer from the national to provincial governments on a per capita basis in support of post-secondary education, social assistance and social services. The total amount of transfer for each province/territory is specified in legislation. Provinces and territories have a level of flexibility in deciding what mix of social services to offer but they must continue to provide social assistance to residents without a minimum residency requirement, or risk having the transfers suspended.

Subnational Autonomy

Social assistance programs designed, implemented and financed at the sub-national level are diverse. Often these programs pre-date national social assistance programs or develop as a means to "top up" or complement national programs. Detailed documentation of social protection programs that are exclusively managed by sub-national governments is scant. A typical pattern, however, is for sub-national governments to supplement existing federal programs by adding monetary top-up to the federal benefit, expand program coverage to those who fall outside the federal eligibility criteria (i.e., age or income threshold), or extend the definition of eligibility to other categories that are not specifically covered by existing federal programs (e.g., eligibility based on demographic or other categorical variables such as disability if the federal program uses income poverty as the sole eligibility criterion).

For example, the Mexican state of Nuevo Leon administers five main social programs under the complete autonomy scheme. One of them (Direct Support for Older People") is funded from the non-earmarked federal transfers and is essentially a supplement to the federally-administered non-contributory old age pension program.

Sub-national Social Protection Portfolio

If in most federal countries social protection is predominantly a domain of the central government as policy-maker and financier and local governments as administrators, then what are typical roles played by states/provinces at the intermediate level of the federal structure, though limited as they may be? This question is pertinent to Pakistan given the prominent place the provinces occupy in its federal arrangement (and the very nascent status of the local governments). This section illustrates what sorts of social protection portfolios are found in highly decentralized federations where provinces/states enjoy relatively high levels of fiscal and administrative autonomy with references to selected provinces Argentina and Canada and selected states in the US.

Implications for Pakistan: The provinces/states in the highly decentralized federations of Argentina, Canada, and the US do play important roles in social protection. But their roles tend to be supplemental to the dominant role of the federal government. Provinces/states serve as implementers of specific federal mandates (e.g., SNAP and TANF in the US), operate under a broad intergovernmental agreement (e.g., Canada Social Transfer) or build their social protection interventions around existing federal initiatives (e.g., public pension systems in 13 provinces in Argentina, Ontario Child Benefit as top-up to Canada Child Tax Credit).

Everywhere provinces/states' first expenditure priorities are education and/or health (except in the US where healthcare delivery is almost entirely private). Provinces and states do invest in client-facing social services such as employment assistance, facility-based child and elderly care and support for the disabled. But when it comes to basic income support, a common pattern is for the federal government to administer the key cash transfer programs and allow provinces/states to either modify aspects of the design and/or implementation within the agreed parameters or expand beyond the benefit and coverage levels of the federal interventions (e.g., New York State).

Some of the Provincial Governments in Pakistan have begun to prioritize social protection, and given the prevailing fiscal, constitutional and political realities, the provinces in Pakistan have the possibility of acting quite autonomously from the federal government in this space. Punjab, for example, recognized the importance of reigning in the highly fragmented social protection portfolio that evolved over time without an explicit, overarching policy and started to take concrete measures with the creation of the Punjab Social Protection Authority.

Reducing fragmentation of myriad small programs with dubious impact is indeed a highly recommended step which all other provinces should be encouraged to take. As important as these efforts are, arguably a more important question is what follows. Should the province like Punjab invest further in enlarging its social protection system, or should it prioritize other competing needs? Specifically, should they continue (and step up) investments in ensuring adequate supply of public education and health services and/or building a robust system to regulate private providers while keeping the size of the public service network to a certain level given the fiscal constraints? Given the relative priorities in expenditure patterns by sub-national governments and the state of human development in Pakistan, it might be more sensible for the provinces in Pakistan to continue to prioritize provision of basic social services such as health and education rather than letting their scarce fiscal resources spread over a number of social protection programs (especially if these are not proven to be effective in addressing poverty and vulnerability).

Introduction[4]

Pakistan's social protection system is in its incipient phase of development. Although some of the existing programs such as Zakat have been running for decades, it was only in 2007 when the government issued a national social protection strategy to organize disparate existing programs under a coherent framework. Yet in practice, the strategy has been overtaken by subsequent events, most notably the launch of the Benazir Income Support Programme (BISP) in 2008 and the series of major decisions to devolve significant shares of finances and functions from the federal government to the provinces. First in 2009, the Seventh National Finance Commission (NFC) Award led to the increase in the provincial share of revenue sharing (called divisible pool in Pakistan) from 46.25 percent to 56 percent.[5] Then in 2010, the National Parliament passed the 18th Amendment to the Constitution and devolved various federal functions to the provinces simply by eliminating a list of concurrent legislative authorities shared between the federal and the provincial governments. Furthermore, the 18th amendment provides statutory protection to the NFC Award such that the terms and conditions of these transfers made to date cannot be amended in any way detrimental to the provinces in any future award.

Since then BISP has continued to evolve into an increasingly sophisticated social protection agency capable of deploying modern delivery systems for beneficiary identification and in-take, benefit payments and others. BISP has steadily expanded coverage of its core basic (unconditional) cash transfers and conditional cash transfers linked to primary school attendance (Waseela-e-Taleem). As of mid-2017, the basic cash transfers reach more than 5 million poor families. WeT, which started on a pilot basis in five districts now operate in 32 districts in all provinces, so far reaching 1.3 million school-aged children. At the provincial level, Punjab has taken the lead in organizing its social protection "sector" by creating the Punjab Social Protection Authority (PSPA) as an overarching policy-making and coordination body to begin to address the high level of program and resource fragmentation.[6]

There have been efforts to coordinate actions between BISP and relevant provincial authorities. For example, the federal government has signed a series of memoranda of understanding with the provincial education departments to formalize the latter's roles in supporting implementation of WeT. Nevertheless, the federal-provincial relations in social protection remain somewhat ad hoc and are evolving without a clear and shared understanding among the stakeholders as to their directions. Other than Punjab, the provinces are yet to start reorganizing their social protection systems, and even Punjab is going through some "growing pains" as it tries to fully operationalize the somewhat unique institutional arrangement around the PSPA and numerous line departments delivering social protection (or related) interventions.

This note is intended to contribute to the ongoing discussion on the future of the federal-provincial relations in Pakistan's social protection sector based on reviews of examples of selected federal countries in both high-income and middle-income contexts. The note does not directly address how the provinces can best organize themselves internally to develop an effective social protection system. As background information, annex 1 summarizes key characteristics of a set of federal countries examined for comparison from a fiscal federalism perspective.

---

[4] This discussion paper draws on background country case studies prepared by Ashley Bergin, Kenichi Nishikawa Chavez, Junia Quiroga, Jyoty Pandei, and Rehan Jamil.

[5] Under the 7th National finance Commission Award collection charges of the federal have been cut from 5 percent to 1 percent, thereby increasing the size of the divisible pool. The provincial share of the divisible pool went up from 46.25 percent to 56 percent for 2010-11 and thereafter to 57.25 percent.

[6] *Punjab Social Sector Public Expenditure Review,* World Bank 2013.

National-Subnational Division of Roles and Responsibilities in Social Protection

National government as policymaker, standard setter and financier

According to well-accepted theories of fiscal federalism, decentralizing government decision-making and service delivery could improve efficiency in resource allocation to the extent the population's preferences vary by location and local governments are better informed of and are more responsive to these location-specific preferences. Preferences about the extent to which government interventions should protect the poor and the vulnerable do seem to vary across locations. Varied approaches to funding public education and social welfare across states and counties in the United States is an example. But so do subnational governments' ability to accurately identify the poor and their incentive to prioritize poverty reduction and redistribution.

The literature generally agrees that the central government is better placed to guarantee equity and facilitate redistribution, which are central objectives of social protection. Furthermore, widespread poverty entails negative externalities beyond individual local jurisdictions and can affect ways in which the economy and society function at the national level. Following these considerations, the central government plays a dominant role in setting policies and standards and financing the bulk of social protection programs in most countries although it often calls on local governments for administering aspects of the centrally defined and financed programs.[7]

One way to ascertain which level of government is primarily responsible for social protection is to review constitutions. Although not all constitutions explicitly refer to social protection as a government function and assign it unambiguously to one level or another, related functions such as social security and social welfare are usually assigned either as exclusive responsibility of the national government or concurrent responsibilities shared between national and subnational governments. Pakistan is an exception in this regard because the 18th Amendment to the Constitution eliminated all concurrent functions. While the Constitution does not specifically mention social protection per se as a function, functions related to social protection such as social care and labor used to be on the concurrent list.[8] Since the exclusive federal responsibilities do not include anything related to social protection, by implications social protection was constitutionally devolved to the provinces, although nothing related to direct income support for the purpose of poverty alleviation had been included in the concurrent legislative list that the 18th Amendment abolished.[9]

---

[7] For a cogent summary of this discussion as applied to safety nets, see Ch. 3 of *For Promotion and Protection: The Design and Implementation of Effective Safety Nets,* Margaret Grosh, Carlo del Ninno, Emil Tesliuc, and Azedine Ouerghi, World Bank (2008) as well as "Which Level of Government Should Assist the Poor?" by Helen F. Ladd and Fred C. Doolittle, *National Tax Journal* Vol. 35, No. 3 (1982).

8 Specifically, the 18th Amendment abolished the entire concurrent list of functions which included: "Welfare of labor; conditions of labor, provident funds, employer's liability and workmen's compensation, health insurance including invalidity pensions, old age pensions," "the setting up and carrying on of labor exchanges, employment information bureaus and training establishments," "unemployment insurance," and Zakat.

[9] Items related to social protection that used to be on the Concurrent Legislative List of the 1973 Constitution included "population planning and social welfare", "welfare of labour; conditions of labour, provident funds; employers' liability and workmen's compensation, health insurance including invalidity pensions, old age pensions", "the setting up and carrying on of labour exchanges, employment information bureaus and training establishments", "unemployment insurance", and "zakat."

Table 1: Constitutional Assignment of Social Protection in Selected Countries

	National	Concurrent	Subnational
Countries:	Argentina Australia Canada Mexico US Brazil (Social Insurance only) Pakistan (Federal Pensions only)	India South Africa Brazil (Social Assistance only)	Pakistan

Going beyond *de jure* assignment of roles and responsibilities, fiscal data show the actual extent to which national vs. subnational governments are responsible for social protection (to the extent this is publicly funded and delivered). For example, in both Argentina and Australia, mature federations that assign significant expenditure responsibilities to subnational governments, the federal government plays a dominant role in social protection whereas states/provinces focus more on health and education service delivery. While the provinces in Argentina seem to play a relatively large role in social protection than the Australian states, most of it is for social insurance expenditures by the Argentine provinces which in fact are for pension payments for retired subnational civil servants (i.e., the provincial governments' shares of the employer contributions and any pay-as-you-go payment requirements) and only in 13 of the country's 23 provinces. The other ten provinces have relinquished this role to the federal government which manages pension systems on behalf of these provincial governments.

Table 2: Federal vs. Provincial Expenditure by Function in Argentina (2012)

Purpose/Function	Federal			Provinces		
	Arg Pesos in Millions	% of Total	% of GDP	Arg Pesos in Millions	% of Total	% of GDP
Governmental Administration	32,862	6.5%	1.6%	91,839	22.0%	4.4%
National Security	29,141	5.8%	1.4%	34,684	8.0%	1.7%
Health	17,935	3.6%	0.9%	44,307	11.0%	2.1%
Education & cultural promotion	38,478	7.6%	1.9%	120,981	29.0%	5.8%
Science and Technology	8,138	1.6%	0.4%	252	0.0%	0.0%
Employment	3,276	0.7%	0.2%	1,613	0.0%	0.1%
Housing and city planning	5,423	1.1%	0.3%	11,831	3.0%	0.6%
Water and sanitation	7,268	1.4%	0.4%	8,336	2.0%	0.4%
Social Protection Total	**222,505**	**44.0%**	**10.7%**	**68,467**	**17.0%**	**3.3%**
Social Assistance	40,435	8.0%	1.9%	14,918	4.0%	0.7%
Social Insurance*	182,070	36.0%	8.7%	53,549	13.0%	2.6%
Economic Services	94,995	18.8%	4.6%	30,678	7.0%	1.5%
Public Debt	45,109	8.9%	2.2%	5,684	1.0%	0.3%
Total	505,130	100%	24.2%	418,673	100%	20.1%

Source: Created from information from the National Budget 2012.

In both Argentina and Australia, provinces/states do play a role in providing social assistance/welfare services. For illustration, a later section briefly describes how the provinces in Argentina operate in this area.

Table 3: Federal vs. State/Territory Expenses by Purpose in Australia (2012-13)

	Federal			State & Territories		
Purpose	A$ millions	% of Expenses	% of GDP	A$ millions	% of Expenses	% of GDP
Social security and welfare	**131,687**	**34.4%**	**8.5%**	**15,313**	**4.0%**	**1.0%**
Social security	109,678	28.6%	7.1%	848	0.2%	0.1%
Welfare services	18,148	4.7%	1.2%	14,035	3.7%	0.9%
Other	3,861	1.0%	0.2%	430	0.1%	0.0%
Health	61,115	16.0%	4.0%	57,701	15.1%	3.7%
Education	29,334	7.7%	1.9%	52,688	13.8%	3.4%
General public services	22,197	5.8%	1.4%	6,600	1.7%	0.4%
Defense	20,728	5.4%	1.3%	0	0.0%	0.0%
Transport and communications	5,604	1.5%	0.4%	23,244	6.1%	1.5%
Housing and community amenities	8,200	2.1%	0.5%	9,656	2.5%	0.6%
Fuel and energy	5,966	1.6%	0.4%	1,441	0.4%	0.1%
Public order and safety	3,924	1.0%	0.3%	21,405	5.6%	1.4%
Recreation and culture	3,622	0.9%	0.2%	4,858	1.3%	0.3%
Agriculture, forestry and fishing	2,266	0.6%	0.1%	2,546	0.7%	0.2%
Mining, manufacturing and construction	2,920	0.8%	0.2%	924	0.2%	0.1%
Other economic affairs	10,702	2.8%	0.7%	3,823	1.0%	0.2%
Nominal interest on superannuation	6,729	1.8%	0.4%	2,267	0.6%	0.1%
Public debt transactions	12,898	3.4%	0.8%	7,086	1.9%	0.5%
Other	55,074	14.4%	3.6%	3,285	0.9%	0.2%
TOTAL EXPENSES	382,966	100%	24.0%	212,836	56%	13.8%

Source: Australian Bureau of Statistics, Government Finance Statistics 2012-2013.

South Africa is another highly decentralized country (though not formally a federation) where in the aggregate the subnational governments (i.e., provinces and local governments) spend more than half of public resources (14.1 percent of GDP in 2012-13) than the national government (12.5 percent). Social protection is a high priority expenditure item in South Africa, notable for high levels of inequality and poverty. At the consolidated level (i.e., all three levels of government combined), public spending on social protection amounted to almost 5 percent of GDP (and around 15 percent of total public spending) in 2012-13, second in importance after education (6.3 percent of GDP) and ahead of health (3.7 percent of GDP) or transport (2.7 percent of GDP). Within social protection, the most important program is the Social Grants, a non-contributory cash transfers managed by the national government, covering about 30 percent of the population (around 16 million individuals) based on means-tested targeting. Over 2012-14, the government expenditure for the Social Grants reached around 3.2 percent of GDP.[10]

In contrast to these common patterns, Pakistan's fiscal picture with respect to social protection stands out in terms of both the low level of overall public spending and social protection expenditure. In the 2017-18 budget proposal, the total federal expenditure is estimated to be around 14.7 percent of GDP. The primary federal social protection program, BISP, is estimated to account for 0.35 percent of GDP, a

[10] Social Grant covers the following categories: old age; child support; disability; foster care; care dependency; grant-in-aid; and social relief of distress.

considerable increase from less than 0.2 percent in 2011-12, but still far below the levels recorded in Argentina, Australia and South Africa.[11] If Pakistan were to follow other countries and strive to establish the role of its federal government as a primary driver of social protection for the entire country, a larger budget allocation might be warranted, although ultimately considerations of how much the sector should receive, and more importantly, for what specific programs, should be driven not by how much other countries spend in this area but by the country's own priorities and needs.

Re-centralization of Social Protection Functions in Argentina and South Africa

Like the other countries reviewed in this paper, the national government plays a dominant role in social protection in both Argentina and South Africa. The way these two countries have reached the current state of highly centralized social protection system is somewhat unique, however, because in both cases, these are results of active efforts by the central government to re-centralize the hitherto devolved social protection functions.

Argentina: Until the 1990s every province operated its own social insurance programs for the employees of the provincial public administration but the federal government took a series of steps to take control over the disparate provincial pension systems in order to achieve coherence in the system and fairness for public sector pensioners across the country.[12] First in 1992, through the Law 24130, the provinces agreed to relinquish 15% of their federal transfers to let the federal government finance the provincial pension systems. Then, in 1993, the federal government offered to absorb the provincial social insurance schemes into the national system although only 11 provinces accepted this proposal, while 13 decided to maintain their own systems.[13] In 1999 the federal government and these 13 provinces signed an agreement for the federal government to partially finance the fiscal deficit of the provincial social insurance schemes, in exchange for the provincial commitment to harmonize their social insurance systems with the national regulations (e.g., the pension calculation method, the retirement age and years of service with contributions the most important criteria to be harmonized)[14] Around 2% of the total federal expenditure on social insurance is aimed at financing the public deficit of the provincial social insurance programs (see approximation in Table 5 in the section of social protection). National legislation stipulates that employees of the municipal and provincial governments can benefit from the national insurance programs only if the sub-national governments agree to adhere to SIPA.[15]

As a result of the re-centralization process, sub-national authorities' role in national social insurance programs is now limited to collecting beneficiary information (e.g. information related to property ownership and their status regarding local social protection programs in order to determine eligibility) and monitoring conditionalities. For instance, in programs such as the Universal Allowances per Child of ANSES and the non-contributory pensions of the MSD, national legislation stipulates that families cannot

---

[11] *Federal Budget 2017-2018: Budget in Brief,* Government of Pakistan, Finance Division, Islamabad. http://www.finance.gov.pk/budget/Budget%20in%20Brief%202017-18.pdf

[12] "Marco Conceptual del Sistema de Estadísticas e Indicadores del Sistema Integrado Previsional Argentino" *Observatorio de la Seguridad Social de ANSES*

[13] "Encrucijadas de la Seguridad Social Argentina: reformas, cobertura y desafíos para el sistema de pensiones" Fabio Bertranou et al.

[14] "Encrucijadas de la Seguridad Social Argentina: reformas, cobertura y desafíos para el sistema de pensiones" Fabio Bertranou et al.

[15] "Law24241" *Información Legislativa*, accessed October 2015, http://www.infoleg.gob.ar/infolegInternet/anexos/0-4999/639/texact.htm

benefit from both national and provincial social protection programs (contributory or non-contributory)[16] In order to comply with this disposition, provinces and municipalities must share the beneficiary registry of their local social protection programs with the National Social Protection Administration (ANSES)[17] and the Ministry of Social Development (MSD).[18]

South Africa: Prior to 2004, each province administered Social Grants with unconditional block grants from the national government and distributed benefit payments to the beneficiaries mostly through contracted private companies. However, a review of this system revealed numerous problems with provincial administration, such as fraudulent grants, delays in grant application approvals, and challenges in accessing payment. [19] In response, the national parliament enacted the *Social Assistance Act* (2004) and *The South African Social Security Agency Act* (2004) to reform the social assistance system by: regulating the administration and payment of social grants; establishing the Inspectorate of Social Assistance to monitor the provision of social grants and investigate fraud; and establishing a single federal agency, the South African Social Security Agency (SASSA), to administer social assistance.[20]

Local governments as administrators/implementers

A flip side of the dominant role of the central government as policy setters and financiers of social protection is the important roles played by local governments in administering critical facets of program implementation and benefit/service delivery. Consolidated data on local spending by function are not readily available for many countries and hence the extent to which local governments play a role in social protection vis-à-vis states/provinces is not always easy to demonstrate. Nevertheless, both the logic of program delivery chain and limited available evidence suggest that local governments often play greater roles in social protection than states/provinces. A case in point is Brazil, where the formal organization of inter-governmental relations in social protection is relatively mature (at least among middle-income countries) and is explicitly codified in legislation and its implementing regulation.

Building on decades-long evolution of its contributory social insurance system, Brazil began to organize its social assistance system in an explicit federal framework in the 1990s. The 1993 Organic Law of Social Assistance (LOAS), which predates the launch of the well-known conditional cash transfers program, *Bolsa Familia* in 2003-04, defined roles and responsibilities of the three levels of government in the federation and established institutional arrangements for inter-governmental coordination and cooperation in social assistance service delivery. The 2005 Basic Operational Norms (NOB) further details the functioning of the Unified System of Social Assistance (SUAS) that was established in the 1993 LOAS, emulating a similar

---

[16] The universal allowances per child will be denied to those families that already benefit from other contributory or non-contributory programs at the national, provincial or municipal level. "Asignaciones Failiares, Decreto 1602/2009", Información Legislatva.

[17] "Procedimiento para la transferencia y registro de información de datos relativos a activos, pasivos, planes sociales provinciales y *municipales* correspondientes a las provincias que se hayan suscripto al convenio de cooperación con la ANSES," *Información Legislativa*, accessed March 2015, http://infoleg.mecon.gov.ar/infolegInternet/anexos/160000-164999/163036/norma.htm

[18] "Guía de Pensiones no Contributivas Normativa Vigente-Fuentes de Verificación," *Comisión Nacional de Pensiones,* accessed March 2015, http://www.desarrollosocial.gob.ar/Uploads/i1/FamiliaArgentina/08.%20Normativa%20vigente.pdf

[19] Samson, MacQuene, van Niekerk (2006)

[20] "Our Mandate and Objectives"

national system for healthcare (Unified Health System) in Brazil's federal context.[21] NOB enumerates respective roles and responsibilities of the federal government, states and municipalities. The federal government's roles are primarily related to policy and standard setting, regulation and co-financing of social assistance initiatives, whereas the municipal governments are the front-line deliverers of social assistance services to the population. The states' roles are largely limited to offering technical support to municipalities, if needed, and serving as links between the federal and the municipal governments in inter-governmental coordination.

Table 4 presents the aggregate spending on social protection by the three levels of government in Brazil, divided between its two main categories of social insurance (contributory pensions) and social assistance. Following the pattern seen in Argentina, Australia, and South Africa, the federal government is by far the most dominant actor especially given the heavy weight of the contributory pension programs. Between the 27 states and more than 5,500 municipalities, the latter collectively spent more on social assistance, whereas states spent more on social insurance, which as in Argentina consisted entirely of pension benefit payments for retired state civil servants.

Table 4: Social Protection Expenditures Across Levels of Government in Brazil, 2012

	Federal		States		Municipalities	
	Rs. millions	**% of GDP**	**Rs. millions**	**% of GDP**	**Rs. millions**	**% of GDP**
Social Insurance	400,075	9.10%	89,554	2.04%	20,686	0.47%
Social Assistance	56,634	1.30%	4,778	0.11%	11,262	0.26%
Social Protection	456,709	10.40%	94,332	2.15%	31,948	0.73%

Figures for States and Municipalities represent the sum of all states and municipalities within the country. Transfers are included in totals; therefore, double-counting of expenditures many occur at both the state and municipal levels of government.
Source: National Treasury Secretariat, Integrated System of Federal Government Financial Administration - SIAFI; IBGE, System of National Accounts. Data Collection System for States and Municipalities (SISTN); Brazil Finances (FINBRA).

As in any large, decentralized country, municipal governments in Brazil vary considerably in terms of their fiscal and administrative capacities. The inter-governmental system of social assistance, SUAS, is still evolving and many local governments still need to build up their capacities to meet the federal standards. Even some of the large metropolitan municipalities are operating below the level expected by the Federal Ministry of Social Development (MDS). Take, for example, the Municipality of Salvador which is the third most populous city of Brazil with the population of 2.9 million people (2014). Salvador currently operates 28 Social Assistance Referral Centers, although some of these need both physical upgrading and increased staffing to meet the federal standards of basic operations. Furthermore, for the size of the city of Salvador, the full compliance with the standards would imply the city should be running a network of 60-70 referral centers. What is noteworthy, nevertheless, is that the LOAS NOB has set clear performance/capacity standards for municipalities, defining prerequisites and responsibilities that each municipality would have to satisfy in order to receive predetermined earmarked transfers from the MDS (Box 1).

Brazil also stands out with its structured approach to inducing and coordinating local government support for its flagship conditional cash transfer program, *Bolsa Familia,* as discussed in greater details below. Beyond a range of social assistance benefits and services organized under SUAS, virtually all of Brazil's

[21] In Brazil, social insurance, social assistance and health are considered components of the concept of "social security" (seguridade social).

social assistance interventions that are led by the federal government involve extensive administrative support from municipalities.

Box 1: Performance/Capacity Standards for Municipal Role in Social Assistance in Brazil's Unified System of Social Assistance (SUAS)

The LOAS NOB requires municipalities increasingly sophisticated and complex set of responsibilities in exchange for additional financial transfers as below:

1. Initial level:

    a. Prerequisites: allocate municipality's own resources in the Municipal Social Assistance Fund for basic social protection activities.
    b. Responsibilities: (i) keep relevant parts of the national SUAS database up to date; (ii) Register families in situations of extreme social risks and vulnerabilities in the Single Registry (*Cadástro Único*) following the Bolsa Familia criteria; and (iii) Upload an action plan in the SUAS-WEB system and present performance reports.
    c. Incentives: (i) receive resources for the Program to Fight against Child Labor and Sexual Abuse and Exploitation of Children and Adolescents; and (ii) receive financial transfers to facilitate step-up to the Basic level, Medium Complexity, and High Complexity I (as defined in the NOB)

2. Basic level (in addition to the conditions for the Initial level):

    a. Prerequisites: (i) establish Social Assistance Referral Centers (physical service delivery facilities to be located in various parts of the municipality) according to the size of the municipality (e.g., at least 8 Centers with each capable of attending up to 5,000 families in large metropolitan municipalities); (ii) set up capability for supporting beneficiaries of the federal social pension (BPC) and the municipality's own social benefits, with at least one social service professional; (iii) present a plan for admitting and monitoring BPC beneficiaries with goals and timelines and coordinating offerings of other relevant social assistance services; (iv) guarantee priority access to basic social protection services for *Bolsa Familia* beneficiaries; (v) conduct social risk and vulnerability assessments; (vi) the various mandatory councils should be in full operations; and (vii) to appoint a high-level professional to the Executive Secretariat of the Municipal Social Assistance Council.
    b. Responsibilities (in addition to those required for the Initial level): (i) take part in the management of BPC, integrating it with the municipality's own social assistance policy; (ii) participate in regional or state-level actions as agreed within the ambit of SUAS; (iii) develop a monitoring and evaluation plan for social protection within the municipality's own service provider network as well as in the network of outsourced service providers; etc.
    c. Incentives (in addition to those related to the Initial level): (i) receive resources from the National Social Assistance Fund to support implementation of BPC; etc.

The "full" level of social assistance management entails additional requirements, responsibilities and financial incentives. Suffice it to note that SUAS envisions a well-staffed and structured network of service delivery facilities at the local level to operationalize its policy objective. The operational norms take into account capacity variations among municipalities and hence allow gradual build-up of these capacities and corresponding responsibilities.

Pakistan lags other countries in terms of institutional development of local governments. Since 2005, no local election was held until 2013-16. History of oscillation between relative centralization of authorities and resources at the provincial levels and greater devolution of autonomy to local levels that have played out in Pakistan since independence has arrested steady institutional development of local governments. Furthermore, available evidence from the most recent period of extensive devolution during the 2000s reveals elected local governments tended to be less inclined to prioritize social service delivery (including health and education) than physical works.[22]

The newly elected local governments in Pakistan are unlikely to be in positions to support social protection service delivery effectively in the short run. On the other hand, any institutional development is a long-term process and it is hard to imagine how Pakistan can improve social service delivery and achieve human development outcomes without capable local governments in the long run.

Patterns of Center-Local Relations in Social Protection Programs

An emerging picture from the spending patterns across levels of government in social protection from relatively mature federal systems is that the central government plays a dominant role in policy-making and financing, the intermediate level (states/provinces) play limited roles (an exception being the United States as discussed below), and local governments serve as front-line service providers. But, how does this "typical" pattern of the distribution of roles and responsibilities across levels of government in social protection look in practice? In many low- and middle-income countries including Pakistan, social protection is a relatively nascent "sector" whose policy and institutional set-ups are still evolving. Here, following the health and education sectors where experiences with decentralization tend to be more "mature" may offer only partly relevant insights. Unlike health and education, in which the definition of roles and responsibilities across levels of government often reflects levels of technical complexity (e.g., primary, secondary vs. tertiary) and geographic scale (e.g., pyramidal networks of health referral system or clusters of primary schools feeding into a middle school) in service delivery, no such organizing principle readily applies to social protection.

A main difference between social protection, especially cash transfers, and health and education service delivery relates to the different degrees of administrative and labor intensity in delivering services. BISP is a clear example: it has managed to roll out both the basic cash transfers and WeT in large areas of the country without an extensive administrative presence because of the relatively light administrative burden in implementing cash transfer programs. Other countries, Indonesia, for example, have also managed to roll out and expand cash transfer operations without the kinds of extensive administrative apparatus, staffed with civil servants as required in health and education.

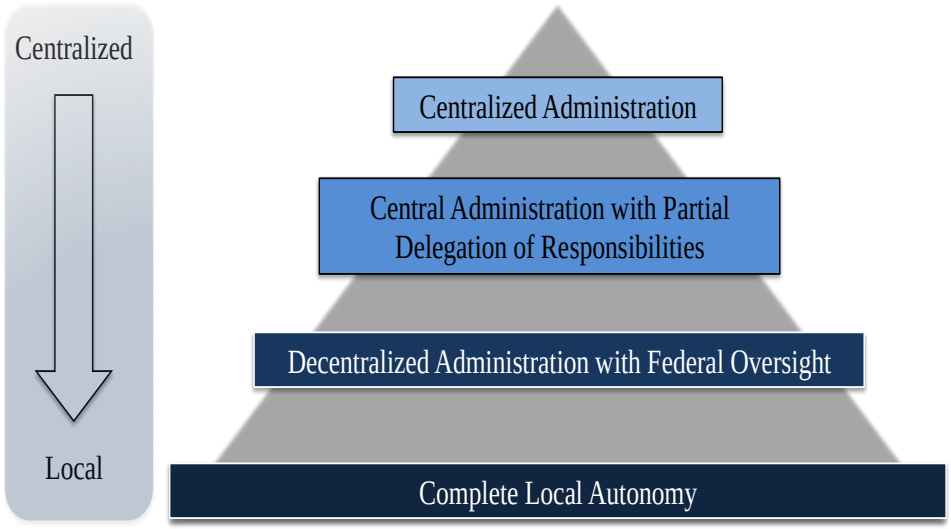
As a country's social protection system matures and evolves into a more complex mix of interventions tailored to varied needs of the poor and the vulnerable, however, the institutional set-up of the social protection sector also tends to grow more complex, especially in terms of its ability to provide face-to-face services and support to the beneficiaries. The institutional arrangement prescribed for Brazil's SUAS described above represents an example of more complex arrangements common among high-income countries and increasingly adopted in middle-income countries with maturing social protection systems.

---

[22] Zahid Hasnain (2010), "Devolution, Accountability, and Service Delivery in Pakistan." *Pakistan Development Review*, 49, 2; Ghazia Aslam and Serdar Yilmaz. 2011. "Impact of Decentralization Reforms in Pakistan on Service Delivery – An Empirical Study." *Public Administration and Development,* 31: 159-171.

Still, the predominant forms of social protection provision, including in high-income countries, is direct transfer payments to individual beneficiaries rather than a bundle of face-to-face services offered through fixed facilities. Therefore, discrete programs typically constitute a basic unit of organization for public provision of social protection. Some programs are entirely managed by the central government with no participation by local governments whereas others operate exclusively in a particular local domain. Then there are a number of programs for which governments at different levels cooperate in implementation. Figure 1 shows common patterns by which national (central) and subnational governments divide up responsibilities over program implementation in social protection programs.

Figure 1: Typology for Division of Roles & Responsibilities in Social Protection



Centralized Administration

In this type of structure, there is no participation of subnational governments. The national government maintains responsibility for every aspect of financing and administration of social protection programs. The main types of programs that fall under this category are non-contributory pensions in Argentina, Australia, Canada, and Mexico. South Africa's Social Grants and Pakistan's BISP are also examples of centralized programs.[23]

In Australia and Canada, non-contributory old-age pensions constitute the largest category of social assistance. Both countries require individuals to reach the age of 65 and meet residency requirements. Benefits are paid directly from the national government to eligible beneficiaries.[24] Table 5 shows the breakdown of Employment and Social Development Canada's (ESDC) budget for 2012-13. The most important is the non-contributory income support for the elderly which consists of the base social pension (Old Age Security) and a "top-up" component (Guaranteed Income Support/Supplement) for the most vulnerable seniors as well as benefit payments for contributory pension (Canada Pension Plan) for about

[23] In contrast, Brazil's non-contributory social pension, BPC, now relies on municipalities for updating beneficiary data/roster.
[24] "Old Age Security" and "Social Security Programs Throughout the World: Asia and the Pacific."

5 million beneficiaries. These are mostly direct payments to individual beneficiaries through its service delivery arm, Service Canada, and hundreds of its service points nationwide.

Table 5: ESDC Expenditure per Type of Payment (in millions of Canadian Dollars)

	2012-2013		
	C$ millions	**% of Expenses**	**% of GDP**
Old Age Security/ Guaranteed Income Support/Allowance	40,291.6	38.4%	2.2%
Canada Pension Plan	35,590.0	33.9%	2.0%
Employment Insurance	17,099.1	16.3%	0.9%
Universal Child Care Benefit/Canada Student Loan/Other Statutory Payments	5,206.2	5.0%	0.3%
Gross Operating Costs	3,259.2	3.1%	0.2%
Voted Grants & Contributions	1,704.1	1.6%	0.1%
Loans Disbursed under CSFAA*	980.7	0.9%	0.1%
Other	707.3	0.7%	0.0%
TOTAL EXPENDITURE	**104,838.2**	**100.0%**	**5.8%**

*Canada Student Financial Assistance Act (CSFAA)
Source: Employment and Social Development Canada, Section I: Organizational Overview
http://www.esdc.gc.ca/eng/publications/dpr/2012_2013/section1.shtml#s1.3

Argentina also has non-contributory old age pension; however, unlike Australia and Canada where the benefits are universal, in Argentina benefits are for low-income individuals who are not covered by the country's many contributory insurance schemes.[25] For Argentina's other large social assistance program, the Universal Child Allowance, administration and financing is also fully managed by the national government. [26]

Social assistance in South Africa is highly centralized and consists of seven types of payments known as Social Grants. Social Grants are means-tested cash benefits to vulnerable groups such as the elderly, the disabled, and support for children as well as for foster care. The national government covers the full benefit and administration costs and administers these payments through a single federal agency, the South African Social Security Agency (SASSA). As mentioned above, SASSA was established in 2004 explicitly to take the payment responsibilities away from provinces after revelation of numerous financial irregularities by some of the provinces. In 2013-2014, SASSA distributed social grants to 16 million beneficiaries or roughly 30% of the country's population, which amounted to 3.3% of GDP.[27]

Implications for Pakistan: These non-contributory social pension programs are similar in their intent with BISP basic cash transfers, although the targeting criteria are somewhat different. That the BISP basic cash transfers program has been managed entirely by the federal government is consistent with the common international pattern summarized here. From a technical point of view, it makes sense to retain this existing arrangement. A question perhaps is about BISP's constitutional basis which could be interpreted as ambiguous because of the 18th amendment that does not explicitly assign social protection to the federal government. On the other hand, BISP is based on a parliamentary act passed in 2010.[28] While this

[25] "Pensiones no contributivas," Ministerio de Desarrollo Social, accessed February 2015, http://www.desarrollosocial.gov.ar/pensiones/161
[26] "Asignaciones familiares, decreto 1602/2009"
[27] "Statistical Report 4 2014," SASSA and 2013 Budget Review, Department of Treasury, Table 6.1
[28] The BISP Act was passed on August 18, 2010 whereas the 18th Amendment was promulgated on April 19, 2010. When the 18th Amendment was passed, BISP had not yet existed as the current legal entity.

paper does not rely on legal expertise for a definitive opinion, it does seem noteworthy that both the 18th Amendment and the BISP Act were passed by the same parliament (2008-13) in the same year. Given the circumstance, it seems unlikely that the parliament's intent was to devolve BISP programs as a provincial function.

Central Administration with Partial Delegation

With this structure, participation of the sub-national governments is limited to specific aspects of administration with most tasks carried out by the national government. Benefit costs are financed by the national government and administration costs are funded either partially or fully through federal transfers to the sub-national level. Well-known programs implemented in this way include Brazil's *Bolsa Familia* program and Mexico's *Prospera* program, although details vary in important ways between these conditional cash transfer programs, as described below. The U.S. also uses this structure to implement the Supplemental Nutrition Assistance Program (SNAP), the country's second largest social assistance program.

Brazil - Bolsa Familia: *Bolsa Familia* is a conditional cash transfer program that provides cash benefits to low-income families on the condition that they meet pre-specified co-responsibilities, such as regular school attendance by their children, child vaccinations, and prenatal medical check-ups. Although the federal Ministry of Social Development and Hunger Eradication (MDS) oversees the program, all three levels of government play a role in administration. Responsibilities for each level of government are clearly defined in legislation and program manuals.

MDS establishes eligibility criteria, makes eligibility/enrollment decisions, and disburses the cash benefits through a public bank as contracted payment agent.[29] MDS is also responsible for administering consequences for non-compliance with conditionalities as well as monitoring states' and municipalities' implementation of the program.[30] Municipalities play a critical role in program implementation by identifying and registering poor families in the federal Single Registry (*Cadástro Único*), collecting and sending data to MDS for incorporation into the Single Registry, monitoring families' compliance with conditionality requirements and providing health and education services. State governments' roles are limited to technical support and training to municipalities, if needed. States also run some of the health and education facilities where program beneficiaries may access required services.

The federal government fully funds benefit payments and covers a portion of the administrative costs incurred by states and municipalities. For benefit costs, MDS pays beneficiaries directly through electronic benefit transfer (EBT) cards. For administrative costs, MDS issues non-earmarked block grants to sub-national governments based on their performance in managing their program delivery responsibilities. Municipalities receive much larger grants than states as they have more administrative responsibilities, although the grants do not cover the full cost of program implementation support.[31]

---

[29] *Cadastro Único* currently registers those families with per capita monthly income up to half minimum wage and those with total monthly income up to three minimum wages. Although all *Bolsa Família* beneficiary families are registered in *Cadastro Único*, different programs and benefits use this registry system. Therefore, the target population for the registry is larger than that for Bolsa Familia.

[30] Lindert et. al (2007)

[31] Data on what constitutes "a portion" of administration costs is not available. To receive money, municipalities are also required to have signed a joint management agreement with the national government.

Given the decentralized implementation, creating incentives and clear management structures are essential to ensure the 5,570 municipalities across the country are properly implementing the program. MDS monitors the quality of implementation with an index, known as the Decentralized Management Index (IGD) and rates municipalities' performance based on: the accomplishment of health and education conditionalities by beneficiaries within that municipality; the municipality's management of expenses; the quality of information in the Single Registry and biannual updates; and, other aspects of program administration. MDS then disburses funds monthly based on the number of *Bolsa Familia* beneficiaries in the municipality and the IGD rating to partially reimburse municipalities for costs of implementing the program. The municipalities use their own revenue to cover the remaining administrative cost. MDS establishes a minimum compliance (quality) floor; municipalities that score below this floor do not receive any administrative cost subsidies, but do receive technical assistance to improve their compliance.[32]

Mexico – Prospera:[33] Although Mexico's constitution establishes states and municipalities as autonomous entities, in practice Mexico's federal system is highly centralized with the federal government playing historically dominant roles in intergovernmental relations. Mexico's largest social assistance program is *Prospera*, which is a conditional cash transfer program for poor families.[34] Similar to Brazil's *Bolsa Familia*, cash transfers are only provided to families if they meet certain conditionalities such as school enrollment and attendance, regular medical check-ups, and participation in regular health and nutrition workshops. *Prospera* also strives to improve human capital by promoting beneficiaries' access to higher education, formal employment, and financial inclusion.[35] As of 2013, there were 5.9 million households receiving benefits through the *Prospera* program, or roughly one-fifth of Mexico's population, with a total expenditure of 0.4% of GDP.

The implementation arrangement for *Prospera* is highly centralized with the federal government maintaining responsibility for program design, administration, financing, and implementation. State governments play a supportive role by providing health and education services to the beneficiaries and documenting compliance with conditionalities. Municipalities only contribute basic logistical support, such as arranging meetings with beneficiaries. The federal government manages every aspect of the program through its Secretariat of Social Development (SEDESO) and a network of deconcentrated offices at the regional level. The use of deconcentrated offices for program implementation differentiates Mexico's approach from Brazil's reliance on partnership arrangements with municipal governments (delegation). The program operates 32 state offices and around 230 sub-regional offices located throughout the country. Each regional office consists of five positions that are paid through the *Prospera* program budget.[36] This network of offices ensures the national government is able to implement nearly all components of the program.

Financing for *Prospera's* benefit payments and administration is fully national. To meet the conditionalities of the program, beneficiaries may attend either federally-funded schools and health clinics or state-funded facilities. The municipal governments do not receive any funding for assisting with logistics for the *Prospera* program, much of which involves arranging and securing locations for beneficiaries to receive their payments, often called "payment camps". Even without financial support,

---

[32] Lindert et. al (2007)

[33] Mexico is composed of 31 states, one federal district with the rank of a state, and 2,457 municipalities.

[34] The program initially began in 1997 under the name *PROGRESA* and was commonly referred to as *Oportunidades*. In September 2014, the name was officially changed to *PROSPERA*.

[35] "A Model from Mexico for the World" https://www.worldbank.org/en/news/feature/2014/11/19/un-modelo-de-mexico-para-el-mundo

[36] Ibid.

municipalities are incentivized to arrange these payment camps because it improves the public's perception of local government and provides a platform for government officials to engage with constituents.

United States - Supplemental Nutrition Assistance Program (SNAP):[37] The Supplemental Nutrition Assistance Program (SNAP) is a federal initiative that provides low income households with money for food and is administered by the National Department of Agriculture. High levels of state autonomy in the US federal arrangements extends to administration of federal social assistance programs, including SNAP.

For SNAP, the federal government establishes general eligibility rules and benefit levels to ensure some degree of uniformity across the country and fully funds benefit payments and half of state administrative costs through non-earmarked block grants. As long as states adhere to minimum national standards and criteria, they have the flexibility to tailor limits of eligibility.[38] States can also design their own SNAP application process, which in most states requires households to apply in person at a local welfare office and undergo an eligibility interview. If deemed eligible they receive a specialized debt electronic benefit transfer (EBT) card.[39] During FY 2013, the federal government spent a total of $82.5 billion on SNAP, or 0.5% of GDP, providing benefits for 47 million people, most of who were children, the elderly, or disabled.[40]

Implications for Pakistan: In Pakistan, the program that could be implemented in this modality is Waseela-e-Taleem (WeT), the conditional cash transfers linked to primary education. However, direct provincial participation in supporting WeT implementation has been limited to date. While the provision of the primary education service is an exclusive provincial responsibility and BISP and each of the provincial education department has signed a memorandum of understanding, program-specific aspects of implementation such as verification and reporting on student attendance has so far been outsourced to an NGO hired directly by BISP. Furthermore, no adequate mechanism or arrangement has been instituted to ensure that provinces offer sufficient supply of primary education services where WeT beneficiaries reside. The supply-demand gap in primary education has not narrowed in recent years, despite the provincial government's stated prioritization of reducing out-of-school children and achieving universal primary education. There is considerable scope for improving and strengthening partnership between BISP and the provincial governments to enhance WeT's potential as a means to increase primary school enrollment and attendance in Pakistan. However, the most common tool at the disposal of federal governments intent on inducing cooperative sub-national behavior is fiscal incentive of some sort. The viability of this option is limited in Pakistan given the overall fiscal constraints and the specific detail of the 7th NFC Award that has guaranteed at least the current level of vertical revenue sharing.

Decentralized Administration with Federal Oversight

In this structure, the federal government is responsible for designing the overall policy framework and broad guidelines, allocating resources and providing oversight. Subnational governments are primarily responsible for the main administrative tasks, such as identifying and enrolling beneficiaries, issuing benefit payments, and delivering related services. Financing arrangements are often slightly more decentralized than programs with centralized administration, with subnational governments often

---

[37] The United States consists of 50 states, one federal district, and 90,056 local governments.

[38] "Policy Basics: Introduction to the Supplemental Nutrition Assistance Program (SNAP)."

[39] This card is provided by a private contractor.

[40] For SNAP, 92% of expenditure is for benefit payments and 8% is for state administration costs. http://www.fns.usda.gov/sites/default/files/snap/2013-state-activity.pdf

required to allocate a certain percentage of funding for the program from their own resources. India's Indira Awas Yojana (IAY), National Social Assistance Program (NSAP), Mexico's Popular Health Insurance (Seguro Popular) Program, the United States Temporary Assistance for Needy Families (TANF), and aspects of Argentina's National Food Security Plan are key examples of this modality.

India – Indira Awas Yojana (IAY):[41] The Indira Awas Yojana (IAY) program provides "shelter for all" through targeting families below the official poverty level who are also houseless or have inadequate housing facilities. Families receive either a grant for construction of a new house, a subsidy for upgrading a hut, or funds to purchase a house site if landless.[42]

IAY is a centrally sponsored scheme (CSS) in India. Under CSS, states receive earmarked matching grants and follow specific guidelines developed by national ministries such as eligibility requirements and target beneficiaries. States' required co-financing share is typically set at 25 percent.[43]

For IAY, the Ministry of Rural Development determines the amount of the funding for each state based on the housing shortage in rural areas as per the most recent census (weighted at 75 percent) and the number of below-poverty level families in that state (weighted at 25%). The Ministry also earmarks 60 percent of funds for Scheduled Castes (SC) and Scheduled Tribes (ST),[44] 15 percent for minorities, and at least 3 percent of beneficiaries must be disabled. States are then responsible for distributing the payments to eligible beneficiaries and may increase the benefit payment if they deem necessary for their jurisdiction.

India – National Social Assistance Programme (NSAP): Another example from India is he National Social Assistance Programme (NSAP), also managed by the Ministry of Rural Development. NSAP includes five schemes that provide social assistance for the elderly, widows, and the disabled (see Box 2).[45] NSAP is a nation-wide program with uniform eligibility requirements across India. Of the five schemes, the pensions for the elderly, under the Indira Gandhi National Old Age Scheme (IGNOAPS) is the largest in terms of both expenditure and the number of beneficiaries. In 2012, IGNOAPS constituted 82% of all NSAP spending and over 75% of all NSAP beneficiaries.[46]

Box 2: India National Social Assistance Programs (NSAP)

1. Indira Gandhi National Old Age Pension Scheme (IGNOAPS)
2. Indira Gandhi National Widow Pension Scheme (IGNWPS)
3. Indira Gandhi National Disability Pension Scheme (IGNDPS)
4. National Family Benefit Scheme (NFBS) – One-time assistance of Rs. 20,000 provided to a below poverty level family for death of primary bread winner ages 18-59.
5. Annapurna - 10kgs of food grain provided free each month for beneficiaries that are eligible

Source: "Annual Report 2013-2104: Ministry of Rural Development"

---

[41] India is a federal country comprised of 28 states, six union territories (UTs), and a National Capital Territory (NCT).
[42] A grant for new construction is approximately Rs. 70,000 in plain areas and Rs. 75,000 in hilly/difficult areas including LWE districts. To upgrade a hut, or kutcha house, the subsidy amounts to Rs. 15,000 and the assistance for purchasing a new housesite is Rs. 20,000. "Annual Report 2013-2014: Ministry of Rural Development."
[43] For poorer states in Northeast India, the federal government contributes 90% and states contribute 10%.
[44] Scheduled Castes and Scheduled Tribes are official designations given to groups of historically disadvantaged groups in India.
[45] Planning Commission. "Twelfth Five Year Plan (2012-2017): Economic Sectors"
[46] "Annual Report 2013-2014: Ministry of Rural Development"

Like IAY, NSAP was previously run as a centrally sponsored scheme (CSS) that gave states relatively limited discretion in how the program was managed. In 2002-03, however, the government changed the modality to an Additional Central Assistance (ACA). In contrast to a CSS that requires states to follow centrally mandated guidelines, using ACA as a mechanism to fund the NSAP provides states with relatively more autonomy to implement this program and establish their own guidelines. Additionally, ACAs do not require any matching from state governments, although they are still earmarked grants for a certain purpose.

In terms of the division of administrative roles, the national government oversees the program and determines eligibility requirements for NSAP. State governments are responsible for targeting and enrolling beneficiaries, establishing benefit amounts, and issuing payments.[47]

Mexico – Popular Health Insurance (PHI): Popular Health Insurance (PHI) is a social assistance program that provides preventive and regular healthcare coverage as well as subsidies to reduce out-of-pocket health expenditures to uninsured people.[48] PHI benefits are available to those who are not employed in the formal sector and do not have access to medical coverage under any of the public social security schemes.[49] A beneficiary of this program is provided with access to medical and surgical services, pharmaceutical products and health services in hospitals and clinics. As of 2015, PHI covered 284 different surgical interventions and medical treatment for approximately 1,500 diseases.[50]

PHI is financed through earmarked matching transfers from the federal government to states. States must cover a pre-determined portion of each beneficiary's subsidy. Administratively, states are responsible for the entire chain of program delivery from targeting and identifying beneficiaries, conducting eligibility analysis, enrollment, delivery of health services and reporting to the national government.

US – Temporary Assistance for Needy Families (TANF): Temporary Assistance for Needy Families (TANF) provides cash transfers to low-income families with children on the condition that adults work or participate in work-related activities. The Health and Human Services (HHS) Department of the Federal Government oversees TANF, but many functions have been decentralized to state governments.

The federal government establishes national regulations and an overall structure for the program and issues block grants to states to cover 50% of benefit payments and administration costs and to local governments to subsidize administration costs. The definition of specifics of the program design, such as eligibility criteria, benefit amounts, duration, scope of services, and daily administration, are all responsibilities of state governments. This decentralized arrangement creates a high degree of variation in implementation from one state to the next. For example, a family eligible for a certain benefit amount in one state might receive a lower amount in another state or may even be ineligible in a third state. Local governments are then responsible for delivering services and benefits with state supervision and monitoring. As per federal legislation, states must submit TANF implementation plans to the federal government every two years and meet key performance indicators.[51]

---

[47] Ministry of Rural Development, "National Social Assistance Programme (NSAP)".
[48] King et al 2007.
[49] Similar to some other Latin American countries, Mexico's contributory social insurance systems run their own health care networks exclusively for the enrolled beneficiaries.
[50] Secretaría de Salud, 2014.
[51] Huber et al. (2014)

The federal and state governments jointly fund both the benefit and administrative costs associated with TANF. The federal government issues non-earmarked block grants to states. Although deemed "block grants," these grants do have strings attached in that states must match federal funding through the use of their own funds, called a "maintenance-of-effort" (MOE) requirement. States' MOE are roughly the same amount of the federal block grants, thus the TANF program is effectively funded in roughly equal shares by the federal government and the states. Local governments also receive block grants from the federal government to fund service delivery and the distribution of benefits; however, they do not need to meet MOE requirements. Local governments may choose to supplement federal funds using their own revenue.

If states fail to comply with MOE requirements or submit implementation plans, their federal grant may be withheld or reduced.[52] In 2011, Federal block grants to states amounted to $16.5 billion a year and the MOE requirements from states' own resources to $15 billion. States can use federal and MOE funds to meet any of the program's four broad goals, which provides states with a high degree of spending discretion. In FY 2011, roughly 30 percent of program funds were spent on cash assistance and 38 percent were spent on other services, such as child care, transportation and administration.[53]

Argentina – National Food Security Plan: Argentina is a federal republic with 23 provinces and the autonomous city of Buenos Aires.[54] The National Food Security Plan (NFSP) was created in 2003 to ensure adequate and sufficient food among people living in poverty.[55] The target populations of this program are children up to 14 years of age, pregnant women, people with disabilities and older people living in poverty. The Ministry of Social Development is the implementing agency and transfers cash through magnetic cards directly to beneficiaries to support their food consumption in community centers. Hence this portion of the program follows the fully centralized modality of administration. Additionally, however, the Ministry transfers funds to provincial governments to implement the NFSP through different provincial programs and projects to improve the quality of school meals and food served in community centers.[56] Provinces can decentralize the implementation of the NFSP to the municipal level as well as redefine objectives, modify the characteristics of the assistance, and enact their own policy guidelines to implement the Plan.[57]

Implications for Pakistan: No social protection program operates explicitly in this modality in Pakistan today. Given the relatively high level of autonomy that provinces enjoy in Pakistan, an arrangement that relies on them to administer nationwide federal initiatives would be attractive. However, federal government's constrained fiscal capacity limits the prospect of launching new programs with matching grant schemes similar to India's centrally-sponsored schemes or TANF in the US. Nonetheless, it might be worth exploring a policy framework that sets minimum national standards in outcomes related to social protection and human development more broadly. Despite the limited fiscal capacity, it still might be

---

[52] "TANF-ACF-PI-2013-03"

[53] Schott (2012).

[54] Including the autonomous city of Buenos Aires, there are a total of 24 jurisdictions in Argentina.

[55] "2012 Presupuesto Resumen", Oficina Nacional del Presupuesto, accessed August 2015, *http://www.mecon.gov.ar/onp/html/presupresumen/resum12.pdf*

[56] "2012 Presupuesto Resumen", Oficina Nacional del Presupuesto,

[57] Carolina Auliciono and Gala Díaz, "La Implementación del Plan Nacional de Seguridad Alimentaria en ámbitos subnacionales" *CIPPEC*, Documento de Trabajo Nº 8, Abril (2012): 5-57, http://www.cippec.org/-/la-implementacion-del-plan-nacional-de-seguridad-alimentaria-en-ambitos-subnacionales

possible for the federal government to offer small amounts of matching grants to encourage willing provinces to prioritize their own resource allocation toward those nationally agreed goals.

Potentially relevant examples include the Intergovernmental Agreements (IGA) in Australia and Canada Social Transfer (CST) in Canada. Australia's IGA is an important element of the overall intergovernmental fiscal arrangement in Australia and includes National Agreements on six service sectors that were agreed to be the primary responsibilities of the states/territories: education; healthcare; skills and workforce development; disability services; affordable housing; and indigenous program (Box 3).

Box 3: Selected Sections from the National Disability Agreement

Objectives

"People with disability and their carers[1] have an enhanced quality of life and participate as valued members of the community."

Outcomes

- people with disability achieve economic participation and social inclusion;
- people with disability enjoy choice, wellbeing & the opportunity to live as independently as possible; and
- families and carers are well supported.

Outputs

- services that provide skills and supports to people with disability to enable them to live as independently as possible;
- services that assist people with disability to live in stable and sustainable living arrangements;
- income support for people with disability and their carers; and
- services that assist families and carers in their caring role.

Shared Roles and Responsibilities

All Australian governments are responsible for:

- developing national policy and reform directions to meet the agreed objectives and outcomes of this agreement;
- funding and pursuing research that improves the evidence base for national policy and reform directions;
- contributing to improved continuity of care across health services, aged care and disability services to ensure smooth client transitions;
- working together to develop and implement reforms to improve outcomes for Indigenous people with disability;
- the provision of data, including a commitment to providing data for the national minimum data set and a commitment to the improvement of data; and
- implementing their respective commitments agreed under the *National Partnership Agreement on Transitioning Responsibilities for Aged Care and Disability Services**

Role of the Commonwealth Government

- provision of employment services for people with disability
- provision of income support targeted to the needs of people with disability, their families and carers;
- provision of funds to States and Territories to contribute to the achievement of the objective and outcomes;
- funding disability services delivered by the States in accordance with their responsibilities under this Agreement for people aged 65 years and over
- where appropriate, investing in initiatives to support nationally agreed policy priorities, in consultation with States and Territories; and
- ensuring that Commonwealth legislation is aligned with national priority, reform directions and the United Nations Convention on the Rights of Persons with Disabilities.

States and Territories roles and responsibilities

- the provision of disability services (except disability employment services)
- funding and regulating basic community care services for people under the age of 65 years in line with their principal responsibility for delivery of other disability services under this Agreement, (except Indigenous Australians aged 50 years and over for whom the cost of care will be met by the Commonwealth;*

- funding packaged community and residential aged care delivered under Commonwealth aged care programs for people under the age of 65 years, except Indigenous Australians aged 50 years and over.*
- ensuring that State and Territory legislation and regulations are aligned with the national policy and reform directions; and
- where appropriate, investing in initiatives to support nationally agreed policy priorities, in consultation with the Commonwealth Government.

*except Victoria and Western Australia

[1] Carers provide unpaid care and support to family members and friends who have a disability, mental illness, chronic condition, terminal illness, an alcohol or other drug issue or who are frail aged; Carers Australia

Source: "National Disability Agreement," Council of Australian Governments

Canada's CST is a (loosely) conditional block transfer from the national to provincial governments on a per capita basis in support of post-secondary education, social assistance and social services. The total amount of transfer for each province/territory is specified in legislation. Provinces and territories have a level of flexibility in deciding what mix of social services to offer but they must continue to provide social assistance to residents without a minimum residency requirement, or risk having the transfers suspended.[58] Otherwise, the provinces and territories are not required to report to the federal government on how the fund was spent or what effects the spending might have had. There have been debates about whether/to what extent the provinces/territories should be accountable to the federal government for the use of the transfers but the prevailing philosophy behind the current loose accountability arrangement (i.e., no reporting requirement) is based on the view that each province/territory should be accountable to its own residents/electorates.[59] The amount transferred as CST is not particularly large in comparison to other social protection expenditures both in Canada (e.g., "transfers to persons") or elsewhere (e.g., Social Grants in South Africa which amounts to more than 3 percent of GDP).

Given the fiscal and political realities, such an initiative would necessarily have to be based on national consensus rather than a federal imposition. A potential option might be to introduce discussions of this nature in the next round of the discussions on the National Finance Commission Award, effectively earmarking portions of the provincial divisible pool to priority social objectives without reducing the provincial shares.

[58] The CST is a two-part program, consisting of a tax transfer and a cash transfer. The tax component has its origins in a 1977 agreement between the federal government and the provinces and territories whereby the federal government lowered its personal and corporate income tax rates, allowing the provinces and territories to raise their rates by an equivalent amount. The cash component of the CST is determined by the federal government in multi-year funding commitments. https://lop.parl.ca/content/lop/ResearchPublications/tips/tip126-e.htm

[59] http://casw-acts.ca/en/accountability-matters

Table 6: Central vs. Provincial Government Expenditures (in billions of Canadian dollars)

	2013-14		
Type of Expenditure	**C$ billions**	**% of Expenses**	**% of GDP**
Transfers to persons	**72.2**	**29.0%**	**3.8%**
Elderly Benefits	41.8	16.8%	2.2%
Employment Insurance[1]	17.3	7.0%	0.9%
Children's Benefits[2]	13.1	5.3%	0.7%
Major Transfers to other levels of government	**60.5**	**24.3%**	**3.2%**
Canada Health Transfer	30.3	12.2%	1.6%
Fiscal arrangements[3]	19.4	7.8%	1.0%
Canada Social Transfer	12.2	4.9%	0.6%
Gas Tax Fund	2.1	0.8%	0.1%
Other major transfers[4]	0.0	0.0%	0.0%
Alternative Payments for Standing Programs[5]	-3.5	-1.4%	-0.2%
Direct Program Costs	**115.9**	**46.6%**	**6.2%**
Operating expenses	74.7	30.0%	4.0%
Transfer payments[6]	36.7	14.8%	2.0%
Capital Amortization	4.5	1.8%	0.2%
TOTAL EXPENSES[7]	**248.6**	**100%**	**13.2%**

[1] Employment Insurance (EI) benefits includes regular EI benefits, sickness, maternity, parental, compassionate care, fishing and work-sharing benefits, and employment benefits and support measures. These represent 90 per cent of total EI program expenses. The remaining EI costs relate mainly to administration and are part of operating expenses.

[2] Children's Benefits consist of the Universal Child Care Benefit and the Child Tax Benefit.

[3] Fiscal arrangements include Equalization, Territorial Formula Financing, the Youth Allowances Recovery and statutory subsidies.

[4] Other major transfers to other levels of government include transitional payments; transfer protection payments in 2012–13 and 2013–14; payments under the 2005 Offshore Accords; assistance regarding sales tax harmonization; and other health-related transfers. In the 2015 Economic Plan, this expenditure was included under "fiscal arrangements"

[5] Alternative Payments for Standing Programs represent a recovery from Quebec of an additional tax point transfer above and beyond the tax point transfer under the Canada Health Transfer and the Canada Social Transfer.

[6] Transfer payments included under Direct Program Costs refer to transfers to federal departments

[7] Total expenses calculation excludes public debt charges, which amounted to $29.2 billion (1.6% of GDP) in 2012-2013 and $28.2 billion (1.5% of GDP) in 2013-2014.

Source: Ministry of Finance, Economic Plan 2014 and 2015.

Subnational Autonomy

Social assistance programs designed, implemented and financed at the sub-national level are diverse. Often these programs pre-date national social assistance programs or develop as a means to "top-up" or complement national programs. Detailed documentation of social protection programs that are exclusively managed by sub-national governments is scant. A typical pattern, however, is for sub-national governments to supplement existing federal programs by adding monetary top-up to the federal benefit, expand program coverage to those who fall outside the federal eligibility criteria (i.e., age or income threshold), or extend the definition of eligibility to other categories that are not specifically covered by existing federal programs (e.g., eligibility based on demographic or other categorical variables such as disability if the federal program uses income poverty as the sole eligibility criterion).

For example, the Mexican state of Nuevo Leon administers five main social programs under the complete autonomy scheme: Direct Support for Older People Program, Support Program for People with Disabilities in Poverty, Woman Head of Family Program, Nonprofit Organization Support Program, Network of Social Development Community Centers Program, and Social Brigades for You program (see Table 7).

The "Direct Support for Older People Program" (DSOPP) provides a monthly non-contributory pension of MxP$700 to state residents over the age of 70 living in a low-income household. Presently, this program supports 58,192 beneficiaries statewide.[60] This program is funded through non-earmarked federal transfer and local revenue (see Table 7). The DSOPP is a clear example of concurrency in expenditure between the federal and state governments. Even though the state program applies a poverty criterion to identify and target its population, registered beneficiaries are also eligible for the federal Pension for Older People program.[61] This is due to the fact that the federal program is universal to all Mexicans (and legal residents) over 65 not enrolled in a contributory pension scheme.[62] The program essentially expands the coverage of the federal non-contributory pension program to specific segments of the population, elderly poor in this case.

Another example is the "Support Program for People with Disabilities in Poverty". This program provides a monthly cash transfer of MxP$700 and by 2013 it registered 23,658 beneficiaries across the state. The program defines eligibility in terms of 3 criteria: have a disability, live in a low-income household, and born in Nuevo Leon or demonstrate at least 5 years of residency in the state.

Table 7: Nuevo Leon's Social Protection Programs

State Program	Target Population	Annual Budget Millions of MX Pesos		Number of Beneficiaries	
		2012	2013	2012	2013
Direct Support for Older People Program	Elderly in poverty	501.98	499.6	58,000	57,436
Support Program for People with Disabilities in Poverty	People with disabilities in poverty	206.96	203.68	22,750	23,658
Woman Head of Family Program	Woman head of family in poverty	44.19	79.19	10,000	13,875
Nonprofit Organization Support Program	Nonprofit organizations working with vulnerable Groups	96.78	93.77	350	331
Network of Social Development Community Centers Program	Vulnerable groups in low-income communities	162.93	141.95	222,537	251,667
Social Brigades for You	Vulnerable groups in low-income communities	223.81	180.53	209,656	204,560

Source: National System of Poverty Combating Programs 2014

Sub-national Social Protection Portfolio

If in most federal countries social protection is predominantly a domain of the central government as policy-maker and financier and local governments as administrators, then what are typical roles played by states/provinces at the intermediate level of the federal structure, though limited as they may be? This

[60] Secretaría de Desarrollo Social del Estado de Nuevo León 2014.
[61] Additional eligibility criteria includes: be at least 70 years old, and born in Nuevo Leon or demonstrate at least 10 years of residency in the state (Gobierno del Estado de Nuevo León, 2013).
[62] Secretaría de Desarrollo Social, 2013

question is pertinent to Pakistan given the prominent place the provinces occupy in its federal arrangement (and the very nascent status of the local governments). This section illustrates what sorts of social protection portfolios are found in highly decentralized federations where provinces/states enjoy relatively high levels of fiscal and administrative autonomy.

Provinces of Buenos Aires and Rio Negro, Argentina

Prior to the 2001 economic crisis there were very few provincial social protection programs in Argentina; however, after the crisis provinces started implementing different employment and social development programs funded by their own revenue sources to improve the living standards of the most vulnerable groups in their jurisdictions. The National Constitution does stipulate that provincial authorities are empowered to promote social development within their jurisdictions, including the implementation of their own social insurance programs, but without duplicating beneficiaries' contributions for the same benefit (that is, national legislation stipulates that provinces cannot duplicate social security benefits).[63]

This section illustrates provincial roles in social protection with the examples of the Provinces of Buenos Aires and Rio Negro. Buenos Aires is one of the most populous provinces, with the poverty level above the national average.[64] Rio Negro is a much smaller province in terms of the population size and a poverty rate below the national average. In 2012, Rio Negro's local tax revenue represented 18 percent of its total budget, while central government transfers represented 65 percent. The remaining 17 percent was derived from social insurance contributions, non-tax income (e.g., royalty payments), sale of goods and services of the public administration, operations and property income. In Buenos Aires local revenue represented 36 percent. Social insurance contributions, non-tax income (e.g. royalty payments), sale of goods and services of the public administration, operations and property income represent 22 percent of the total income of the province. Per capita federal transfers to Rio Negro are almost three times those to Buenos Aires (see Table 8).

[63] Articles 125 and 14 Bis. "Constitution of the Argentine Nation".

[64] The poverty line measures whether the household income can satisfy a set of food and non-food needs (clothing, education, health, etc.) considered essential, including the basic basket. "Personas bajo la línea de pobreza," Dirección Nacional de Relaciones Económicas con las Provincias, accessed March 2015, http://www2.mecon.gov.ar/hacienda/dinrep/sidep/index.php

Table 8: Population and Financial Statistics Buenos Aires and Rio Negro

	Buenos Aires	Río Negro	Argentina
Population	15,625,084	638,645	40,117,096
% of Population Over 65	11%	9%	10%
% of Population Under 19	32%	33%	33%
% of Population Under 5	8%	8%	8%
% of People Living Under the Poverty Line (2013)	5.3%	2.7%	4.7%
Tax Revenue (2012) ARG Pesos in Millions	45,286.4	1,324.2	327,215.2
Federal Transfers (2012) ARG Pesos in Millions	38,507.5	4,730.2	
Federal Transfers Per Capita (2012) ARG Pesos in Millions	2,464.4	7,406.7	
Tax Revenue Per Capita (2012) ARG Pesos in Millions	2,898.3	2,073.5	8,156.5

*Federal transfers includes revenue from national taxes and current and capital transfers (all three are categories within both provincial budgets)
Source: created from The National Office of Fiscal Coordination with the Provinces, The National Institute of Statistics and Census, and the National Office of Economic Relations with the Provinces

Buenos Aires Province: Buenos Aires is the most populous province in Argentina, home to 39 percent of the total population of the country. In terms of composition of social expenditures, Table 9 shows that 58 percent of the total expenses are related to social services and among these, education constituted the largest spending category with 28 percent. Social insurance was the second largest expenditure with 17 percent followed by health at 7 percent (see Table 9). Buenos Aires is one of the 13 provinces that has not to transferred its provincial pension scheme (*Caja Previsional*) to SIPA[65]; therefore, the social insurance category represents a large percentage of the total social services.

[65] "Marco Conceptual del Sistema de Estadísticas e Indicadores del Sistema Integrado Previsional Argentino" *Observatorio de la Seguridad Social*

Table 9. Provincial expenditure by purpose and function, Buenos Aires 2011-2012

Purpose[66]	FY 2011			FY 2012		
	ARG Pesos in Millions	% of Spending	% of National GDP	ARG Pesos in Millions	% of Spending	% of National GDP
Total Governmental Administration	**18,625.0**	**21%**	**1.05%**	**25,298.2**	**21%**	**1.21%**
Total National Security	**8,382.6**	**10%**	**0.47%**	**11,400.8**	**9%**	**0.55%**
Total Social Services	**52,285.3**	**60%**	**2.95%**	**70,522.7**	**58%**	**3.38%**
Health	6,035.8	7%	0.34%	8,071.5	7%	0.39%
Social Assistance	3,644.1	4%	0.21%	4,341.1	4%	0.21%
Social Insurance	13,918.7	16%	0.79%	20,068.7	17%	0.96%
Education and Cultural Promotion	25,658.2	30%	1.45%	34,340.6	28%	1.65%
Science and Technology	78.6	0%	0.00%	87.4	0%	0.00%
Employment	290.8	0%	0.02%	348.9	0%	0.02%
Housing and City Planning	862.7	1%	0.05%	1,050.1	1%	0.05%
Ecology	715.7	1%	0.04%	1,007.2	1%	0.05%
Water and Sanitation	952.8	1%	0.05%	1,053.8	1%	0.05%
Sports and Recreation	127.4	0%	0.01%	152.8	0%	0.01%
Total Economic Services	**3,225.0**	**4%**	**0.18%**	**3,791.6**	**3%**	**0.18%**
Public Debt	**4,397.3**	**5%**	**0.25%**	**9,932.9**	**8%**	**0.48%**
Total	**86,915.4**	**100%**	**4.91%**	**120,946.4**	**100%**	**5.80%**

Source: Created from information from the Finance Ministry of Buenos Aires Province

The Buenos Aires provincial government through its own Ministry of Social Development implements its own social protection programs.[67] One example is the social assistance program *Plan Más Vida*, a provincial policy that supports pregnant women, lactating-mothers and children under six years of age with a fixed monthly cash transfer. The program transfers the subsidy through electronic cards that restrict transactions to only food purchases. Additionally, the program provides milk to its beneficiary families on a daily basis. Another example of a local social assistance program implemented by the Buenos Aires provincial government is the non-contributory program for older people and people with disabilities. The aim is to provide an income supplement to people 60 years and older as well as to people with disabilities. Finally, the Buenos Aires government also implements a public works program called *Barrios Bonaerenses*. This program offers employment to vulnerable segments of the population, targeting the unemployed households excluded from other public benefits as pensions or unemployment insurance.

Río Negro Province: Rio Negro is one of the less populated provinces in Argentina. Social services constitute a bulk of the provincial expenditure representing 57 percent of the total. Education accounted

[66] Double counting could not be avoided in this table. However, since the 24 provinces' consolidated expenditure (financed with their own resources) accounts for 18.2% of GDP, it can be presumed that little of the total expenditure of Buenos Aires province relies on federal transfers counted in the national budget. It is important to emphasize that Automatic Affected Transfers and Federal Participations are not counted in the national budget but directly in the provincial budgets.

[67] Gobierno de la Provincia de Buenos Aires, accessed March 2015, http://www.gba.gob.ar/servicios/buscar/16

for the highest level of spending with 34 percent, followed by health with the second highest percentage of 14 percent (see Table 10). Similar to Buenos Aires, the share of social assistance was miniscule.

The provincial Ministry of Social Development is responsible for the following social assistance programs:[68] Nutritional Rehabilitation for Pregnant Women and Children Program (NRPWCH); Nutritional Assistance to Persons with Celiac Disease Program; Nutritional Assistance to Persons with Tuberculosis Program; and the Social Emergency Food Program. The NRPWCH Program targets children under 6 years of age and malnourished or at-risk pregnant women. The program provides food vouchers to beneficiaries at local health clinics as well as access to the National Food Security Program. Another program under the responsibility of the Provincial Ministry of Social Development is the Social Assistance for Unemployed Fund (*Fondo Solidario de Asistencia a Desocupados*), created to finance regional entrepreneur projects. This program targets heads of households over 18 years of age who are unemployed.

Table 10. Provincial expenditure by purpose and function, Rio Negro 2011-2012

Purpose/Function	FY 2011			FY 2012		
	ARG Pesos in Millions	% of Expenses	% of National GDP	ARG Pesos in Millions	% of Expenses	% of National GDP
Total Governmental Administration	**1,384.1**	**23%**	**0.08%**	**1,972.3**	**26%**	**0.09%**
Total National Security	**550.6**	**9%**	**0.03%**	**735.0**	**10%**	**0.04%**
Total Social Services	**3,607.5**	**59%**	**0.20%**	**4,409.5**	**57%**	**0.21%**
Health	927.1	15%	0.05%	1,073.5	**14%**	0.05%
Social Assistance	210.8	3%	0.01%	2,38.3	**3%**	0.01%
Social Insurance	0.0	0%	0.00%	0.0	**0%**	0.00%
Education and Cultural Promotion	2,033.2	33%	0.11%	2,634.1	**34%**	0.13%
Science and Technology	2.8	0%	0.00%	3.7	**0%**	0.00%
Employment	39.3	1%	0.00%	24.7	**0%**	0.00%
Housing and City Planning	319.6	5%	0.02%	323.5	**4%**	0.02%
Ecology	0.0	0%	0.00%		**0%**	0.00%
Water and Sanitation	72.9	1%	0.00%	106.0	**1%**	0.01%
Sports and Recreation	0.0	0%	0.00%		**0%**	0.00%
Total Economic Services	**496.2**	**8%**	**0.03%**	**551.1**	**7%**	**0.03%**
Public Debt	**54.61**	**1%**	**0.00%**	**59.5**	**1%**	**0.00%**
Total	**6,093.2**	**100%**	**0.34%**	**7,727.4**	**100%**	**0.37%**

Source: Created from information from the National Office of Fiscal Coordination with the Provinces

Summary

Social protection in Argentina has the following notable features. First, although provinces have constitutional authority to create and implement their own social protection programs, for the most part, this autonomy has been exercised in relation to the design and implementation of social assistance

[68] "Dirección de Políticas Activas de Inclusión Social," Ministerio de Desarrollo Social de Río Negro, accessed March 2015, http://www.desarrollosocial.rionegro.gov.ar/index.php?contID=17569

programs for which at least the two provinces examined here allocated only a small portion of their total government expenditures. In terms of social insurance, there has been a re-centralization process intended to integrate every social insurance benefit under SIPA. In this regard, eleven jurisdictions have transferred their pension programs for provincial public employees to ANSES, while the remaining thirteen provinces retain their own programs for their provincial level civil servants, though following federally-set parameters.

Implementation of some federal programs has been a fertile terrain for coordination of policies and optimization of resources**.** A good example is the National Food Security Plan, which provides a significant level of autonomy to provincial governments in terms of implementation**.** Conversely, there are other intergovernmental coordination schemes that limit provincial discretion (given that beneficiaries of provincial social protection programs are not simultaneously eligible for federal programs such as the non-contributory pensions administered by the Ministry of Social Development or the Universal Allowance per Child administered by ANSES).

Ontario and Prince Edward Island, Canada

Canada is yet another federal country with a high level of fiscal decentralization combined with a strong central role in social protection. From the vantage point of provinces, the weight of the federal transfers varies according to each province's own fiscal strength. In the aggregate and on average, around 20 percent of Canada's social protection expenditures may be shouldered by the provinces as a whole. However, this statistic is inexact as a measure of aggregate contributions by the provinces and also masks variations across the provinces. Therefore, this section illustrates provincial roles in social protection by comparing Ontario, the largest province in Canada in terms of both population and the provincial GDP, and Prince Edward Island, the smallest of the provinces.

To begin with, the data show vastly different levels of resourcing between the two provinces, reflecting their respective sizes, although on a per capita basis, the smaller Prince Edward Island actually has a relatively higher level of revenue. The two provinces also differ considerably from each other in the extent to which they rely on federal transfers for their revenues. In Ontario, federal transfers account for merely a fifth of the total provincial revenue in 2013-14, whereas in Prince Edward Island, federal transfers cover almost 40 percent of the provincial revenues in the same year. The conversion of the three main federal transfers on a per capita basis shows that both CHT and CST are distributed on an equal per capita basis whereas the Equalization transfer and other federal funding are largely responsible for compensating for the differences in the provinces' capacities to generate their own revenues.

Table 11: Provincial Revenues by Source: Ontario vs. Prince Edward Island (in Canadian dollars)

	Ontario			Prince Edward Island		
	2013-14 Estimates	per capita revenue	as % of total revenue	2013-14 Estimates	per capita revenue	as % of total revenue
Provincial Own Sources	***94,370,000,000***	***7,342.93***	***80.8%***	***895,052,800***	***6,383.93***	***57.2%***
Government of Canada	***22,475,000,000***	***1,748.78***	***19.2%***	***600,102,400***	***4,280.21***	***38.3%***
o/w						
Equalization	3,169,000,000	246.58	2.7%	339,500,000	2,421.47	21.7%
Canada Health Transfer	12,067,000,000	938.93	10.3%	128,603,000	917.26	8.2%
Canada Social Transfer	4,727,000,000	367.81	4.0%	50,801,000	362.34	3.2%
Other Federal Funding	2,512,000,000	195.46	2.1%	81,198,400	579.14	5.2%
Total Revenue	**116,845,000,000**	**9,091.71**	**100.0%**	**1,565,576,400**	**11,166.42**	**100.0%**

Sources: For Ontario http://www.fin.gov.on.ca/en/budget/ontariobudgets/2013/ch2g.html#ch2_t2-23;
For PEI http://www.gov.pe.ca/photos/original/fema_bgtestim13.pdf

Tables 12 and 13 below compares departmental budget estimates (2013-14) in Ontario and Prince Edward Island to show how much budget each province allocates for social protection and which departments are responsible for this.[69]

Ontario: The provincial government splits the social protection mandates between the Department of Children and Youth Services and the Department of Community and Social Services. Together they account for about 11 percent of the 2013-14 budget estimates. Of this, roughly 8 percent is allocated to the Adult's Services Program under the Department of Community and Social Services, which offers income and employment support programs for eligible individuals in need, especially those with disabilities.[70] An additional 3 percent of the budget is allocated for the Children and Youth Services Program that encompasses a broad range of interventions (see Box 4). Some of these do not qualify as social protection (e.g., aspects of the Children's Activity Tax Credit which is given irrespective of beneficiaries' income level), but the bulk of the funding (roughly C$3.5 billion out of the total allocation of C$4.2 billion) is allocated for two umbrella social assistance programs, Children and Youth at Risk and the income-tested financial assistance, Ontario Child Benefit. Some of them are designed effectively as "top-ups" to existing federal subsidies. For example, beneficiaries of the federal Canada Child Tax Credit who also meets additional eligibility criteria including income levels qualify for a provincial childcare subsidy or the Ontario Child Benefit. The 2013-14 estimate for the Ontario Child Benefit (around C$1 billion) takes up nearly a quarter of the Department's budget.

[69] Ideally these data should follow an internationally accepted functional classification (e.g., UN COFOG classification) but neither province seems to publish budget data using such a classification. We therefore use the departmental allocation as a proxy.

[70] These programs also support Aboriginal people, women and children who are victims of domestic abuse, and others.

Table 12: Distribution of Estimated Expenses by Department, Ontario[71]

Departments	2013-14 Estimates		
	C$ millions	% of Expenses	% of GDP
Aboriginal Affairs	62	0.1%	0.0%
Children and Youth Services	4,139	3.4%	0.2%
Community and Social Services	10,147	8.2%	0.5%
Social Protection Total	**14,347**	**11.6%**	**0.8%**
Agriculture and Food / Rural Affairs	901	0.7%	0.0%
Community Safety and Correctional Services	2,244	1.8%	0.1%
Econ Development, Trade & Employment, etc.	899	0.7%	0.0%
Education	24,321	19.7%	1.3%
Energy	1,352	1.1%	0.1%
Finance	14,135	11.5%	0.8%
Health and Long-Term Care	47,552	38.6%	2.5%
Infrastructure	57	0.1%	0.0%
Labour	305	0.3%	0.0%
Tourism, Culture and Sport	1,377	1.1%	0.1%
Training, Colleges and Universities	7,381	6.0%	0.4%
Transportation	1,565	1.3%	0.1%
Others	6,833	5.5%	0.4%
Non-Social Protection Total	**108,923**	**88.4%**	**5.8%**
TOTAL EXPENDITURE	**123,270**	**100.0%**	**6.6%**

Source: Ontario Ministry of Finance, 2013 Ontario Budget.
http://www.fin.gov.on.ca/en/budget/ontariobudgets/2013/ch2g.html#ch2_t2-23

Box 4: Programs of the Ontario Department of Children and Youth

Children and Youth Services programs include:

- Healthy Child Development: supports a combination of health screening, development assessment and early intervention services. The Children's Activity Tax Credit refunds a portion of fees paid towards eligible activities for children, including arts, music and physical activity programs, regardless of family income level.
- Children and Youth at Risk: includes child protection, residential and community-based programs and services, child and youth mental health, Aboriginal children and youth services, and services for youth in high-needs neighborhoods.
- Specialized Services: supports children and youth with a range of special needs, including autism services, rehabilitation services respite programs, and support for children and youth with complex special needs.
- The Ontario Child Benefit: is an income-tested, non-taxable financial benefit that supports low-income families with children under the age of 18, whether they are working or not. The Ontario Child Benefit equivalent is provided to children's aid societies to provide children and youth in care with increased access to social, educational and recreational opportunities and a savings program. The Ontario Child Care Supplement for Working Families is a tax-free monthly payment for low- to moderate-income working families with children under seven years of age, born prior to July 1, 2009.

[71] These figures refer to the annually voted operating expenditures and not necessarily the entirety of the departmental expenditures.

Source: *Expenditure Estimates of the Province of Ontario for the fiscal year ending March 31, 2014 VOLUME 1, Ministry of Children and Youth Services*, p. 6

Ontario has articulated its future vision for its social assistance system in a recent official report.[72] The report lays out twin objectives to: support all social assistance recipients to participate in the workforce to maximize their abilities and to guarantee income security for those who cannot work and proposes a set of recommendations for system transformation. Some of the notable features of the recommendations are:[73]

- strong emphasis on employment support programs, to be implemented by local (municipal) governments;
- simplification and standardization of the cash benefit rate structure (standard rate plus disability and/or children's supplements);
- strengthened accountability via appointment of a senior provincial focal point (Provincial Commissioner for Social Assistance) and definition of clear outcome targets and measurement; and
- enhanced poverty and inequality reduction through improved policy coordination with the federal and other provincial governments.

Prince Edward Island: Here it is the Department of Community Services and Seniors that is mandated to provide a range of social protection programs in the province. If we add payments for government employee benefits (including the government's contributions), the total social protection spending in Prince Edward Island approximates 10% of the total budget. The most relevant are the "Social Programs" under the Department of Community Services and Seniors. Of these, the major expenditure items are the Social Assistance Benefits (C$34.3 million), a cash-payments service targeted to "the individual (family) who is unable to provide for him/herself the basic necessities (i.e., food, clothing, shelter), or meet special emergency situations of need,"[74] and the Disability Support Program (C$12.7 million) which provides a range of case-centered support services as well as financial assistance, though the latter is not intended as a living allowance but as a supplement to defray the disability-related costs recipients incur (e.g., "to fund services and supports necessary to enable an individual with a disability to live as independently as possible or to obtain and maintain competitive employment, or to help a family with extraordinary child-rearing support needs directly related to their child's disability").[75]

[72] *Brighter Prospects: Transforming Social Assistance in Ontario,* A Report to the Minister of Community and Social Services (2012), p. 11.
http://www.mcss.gov.on.ca/documents/en/mcss/social/publications/social_assistance_review_final_report.pdf
[73] The report contains a lengthy list of recommendations including many other which are not mentioned here for lack of space.
[74] Social Assistance Program Overview, http://www.gov.pe.ca/photos/original/CSS_SAP1-1.pdf
[75] Disability Support Program Program Overview, http://www.gov.pe.ca/photos/original/DSP_POVPOL.pdf

Table 13: Distribution of Estimated Expenses by Department, Prince Edward Island

	2013-2014 Estimates		
Departments	**C$ millions**	**% of Expenses**	**% of GDP**
Community Services and Seniors	97	6.7%	0.01%
Employee Benefits	47	3.2%	0.00%
Social Protection Total	**144**	**10.0%**	**0.01%**
Agriculture and Forestry	36	2.5%	0.00%
Education and Early Childhood Development	231	16.0%	0.01%
Environment, Labour and Justice	61	4.2%	0.00%
Finance, Energy and Municipal Affairs	66	4.6%	0.00%
Fisheries, Aquaculture and Rural Development	15	1.1%	0.00%
Health and Wellness	578	40.0%	0.03%
Innovation and Advanced Learning	144	10.0%	0.01%
Tourism and Culture	32	2.2%	0.00%
Transportation and Infrastructure Renewal	101	7.0%	0.01%
Others	37	2.6%	0.00%
Non-Social Protection Total	**1,302**	**90.0%**	**0.07%**
TOTAL EXPENDITURE	**1,446**	**100.0%**	**0.08%**

Source: "Estimates of Revenue and Expenditures 2013-2014." Prince Edward Island. http://www.gov.pe.ca/photos/original/fema_bgtestim13.pdf

Summary

Canada's social protection system is highly developed. The degree of decentralization, especially in terms of legislative and expenditure responsibilities assigned to its ten provinces, is notably higher than other federal states. Still the federal government plays a dominant role in social protection through a combination of (a) direct roles in providing transfer payments to individuals and (b) block grant transfers (Canada Social Transfer) to supplement provincial revenues for social service provision.

The provincial governments' shares in social protection expenditures ranged from 0.8 percent of GDP in Ontario, the largest province of Canada in terms of population, and 0.01 percent in Prince Edward, the smallest of the ten provinces. Social protection, especially "community and social services" which cover income and employment support for adults in need, does constitute one of the relative priorities, following health care and education in both provinces. But the magnitude of the social protection spending is dwarfed by the federal spending.

It appears from the available documentation that despite the relatively heavy fiscal presence of the federal government, the provinces seem to retain and operate with a fairly high level of policy and operational autonomy. Facility-based social services (e.g., childcare centers) seem to be largely provincial domains (though apparently managed by municipalities rather than directly by the provincial governments). Naturally most of the budget goes to cash benefits of various kinds. Other than the federal block grant, we have not identified extensive use of co-financing arrangements, although there appear to be cases where the province offers what effectively amounts to financial top-ups to existing federal cash benefits (or tax credits) in some cases.

States of New York, North Carolina and New Mexico: United States

States have a large degree of autonomy in the US in terms of organization, budgeting, and selection of the types of services and programs provided. Indeed, fiscal data show that states as a whole spend almost as much on income security as the federal government, making the US states among the most active providers of social assistance among subnational governments in the world (Table 14).

Table 14: Federal vs. State Expenditure by Function in the US (2012)

	Federal			States		
Function	$ millions	% of Outlay	% of GDP	$ millions	% of Outlay	% of GDP
Social Security	773,290	21.9%	4.8%	-	-	-
Income Security	541,344	15.3%	3.4%	489,202	24.7%	3.0%
Veterans Benefits and Services	124,595	3.5%	0.8%	-	-	-
Medicare	471,793	13.3%	2.9%	-	-	-
Medicaid	250,500	7.1%	1.6%			
Social Protection Total	**2,161,522**	**61.1%**	**13.5%**	**489,202**	**24.7%**	**3.0%**
Health	346,742	9.8%	2.2%	129,792	6.6%	0.8%
Education, Training, Employment, and Social Services	90,823	2.6%	0.6%	588,708	29.8%	3.7%
Transportation	93,019	2.6%	0.6%	113,552	5.7%	0.7%
Administration of Justice	56,277	1.6%	0.3%	62,691	3.2%	0.4%
International Affairs	47,189	1.3%	0.3%	-	-	-
National Defense	677,852	19.2%	4.2%	-	-	-
Natural Resources & Environment	41,631	1.2%	0.3%	21,934	1.1%	0.1%
Commerce and Housing Credit	40,823	1.2%	0.3%	-	-	-
General Science, Space & Technology	29,060	0.8%	0.2%	-	-	-
General Government	28,036	0.8%	0.2%	52,827	2.7%	0.3%
Community & Regional Development	25,132	0.7%	0.2%	5,640	0.3%	0.0%
Agriculture	17,791	0.5%	0.1%	-	-	-
Energy	14,858	0.4%	0.1%	-	-	-
Undistributed Offsetting Receipts	-103,536	-2.9%	-0.6%	-	-	-
Net Interest	220,408	6.2%	1.4%	47,326	2.4%	0.3%
Other	-	-	-	134,149	6.8%	0.8%
TOTAL OUTLAYS	3,537,127	100%	22%	1,976,790	100%	12.3%

Sources: Office of Management and Budget, Historical Tables, Table 3.2 "Outlays by function and sub function" http://www.whitehouse.gov/omb/budget/Historicals; "State Government Finances: 2012." US Census Bureau, American Fact Finder.

For social protection, states may structure programs within their jurisdictions as they see fit, often based on demographics, fiscal capacity and the state's policy preferences, as long as they follow minimum federal standards. For example, the state of North Carolina has much stricter rules for eligible individuals to receive cash assistance as part of the state's TANF program than the federal requirements. Additionally, funding for many social assistance programs is relatively decentralized with major programs such as TANF

and SNAP requiring state governments to fund a portion of administrative costs and, in the case of TANF, a portion of the benefit costs as well.

Another example of the autonomy of a state to structure its social assistance programs is Medicaid. All states must develop their own Medicaid State Plan describing the nature and scope of the state's Medicaid program. The federal Department of Health and Human Services (HHS) then approves the plan and the state administers their plan in accordance with the Social Security Act and any other federal statue and regulation pertaining to the Medicaid Program.[76] State Medicaid Plans are complex and vary considerably even among states of similar size or close geographic proximity. In fact, a person eligible for Medicaid in one state may not be eligible in another. To be eligible for federal funds/grants, states are required to at least provide Medicaid coverage for certain individuals who receive federal income-maintenance payments, leaving states with a high-level of discretion in determining which groups their Medicaid programs will cover.[77] Most recently, under the Affordable Care Act, eligibility for the program was expanded; however, nearly half the states in the US decided not to participate in the new expansion.[78]

States' role in social insurance is much more limited than for social assistance, particularly since the largest social insurance programs of Social Security and Medicare are administered and financed directly by the federal government. With Medicare, states do provide some administrative assistance to the federal government by assisting with identifying, surveying, and inspecting healthcare providers, suppliers, and institutions that want to participate in the Medicare program.[79]

In terms of unemployment insurance and workers' compensation, states have greater autonomy. Each state administers a separate unemployment program and maintains the responsibility for the content and development of unemployment insurance law within their jurisdiction. In most states, funding for this program comes solely from taxes imposed on employers, yet three states do require minimal employee contributions.[80] States issue weekly payments based on a worker's past wages and establishes a ceiling to the benefit amount. However, each state's program varies. For example, 14 states provide additional allowances for certain dependents and all but nine states stipulated no more than 26 weeks of benefits within a benefit year.

States also have a large amount of discretion in worker's compensation laws within their jurisdiction.[81] Workers' Compensation is one of the oldest forms of social insurance within the US. It aims to provide cash benefits and medical care when an employee suffers a work-related injury or illness. Employers fund workers' compensation and, depending on state laws, employers may purchase private or state insurance or self-insure. In 2011, benefits paid under workers' compensation amounted to $60.2 billion.[82]

To better illustrate the differences between state's social protection programs and the basic structure of state governments in general, New York, North Carolina and New Mexico serve as key examples due to the differences in population, demographics, and fiscal capacity. New York's population is over 19.6 million and it is one of the most densely populated states in the US as well as home to New York City, the country's largest city with roughly 8.3 million inhabitants. In contrast, North Carolina and New Mexico

---

[76] "New York State Medicaid Plans: What is the Medicaid State Plan?"
[77] "Annual Statistical Supplement to the Social Security Bulletin, 2013."
[78] "The Affordable Care Act, Explained"
[79] Usually the state department of health assists with the administration of the Medicare program.
[80] "State Unemployment Insurance Benefits"
[81] "Annual Statistical Supplement to the Social Security Bulletin, 2013."
[82] Ibid.

have much smaller populations, with 9.8 million and 2.1 million people, respectively. In fact, New Mexico is one of the least densely populated states in the US. In terms of fiscal capacity, New York is one of the wealthier states and collected the second highest tax revenue in the US in 2012, amounting to $71.5 billion. In 2012, North Carolina collected $22 billion in tax revenues, while New Mexico's tax collection was among the lowest in the country, amounting to only $4.2 billion in 2012 (Table 15).[83] With relatively lower fiscal capacity and lower median household incomes, New Mexico and North Carolina are both relatively poor states. In New Mexico, 19.5 percent of the population is below the poverty line and 16.8 percent in North Carolina.

Table 15: Population and Financial Statistics for New York, North Carolina, and New Mexico

	New York	North Carolina	New Mexico	US
Population	19.6 mil	9.8 mil	2.1 mil	316 mil
% of population over 65	14.1%	13.8%	14.1%	13.70%
% of population under 18	21.8%	23.4%	24.7%	23.50%
% of population under 5	6.0%	6.1%	6.9%	6.40%
% of population below poverty level	14.9%	16.8%	19.5%	14.90%
Median Household income	$57,683	$46,450	$44,886	$53,046
Tax Revenue (FY 2012)*	$71.5 bil	$22 bil	$4.2 bil	$1,605 bil
Federal Social Protection Transfers (FY 2010)	$47.3 bil	$11.0 bil	$4.4 bil	$607 bil
Federal Social Protection Transfers per capita (FY 2010)	$2,414	$1,120	$2,083	$2,000**
Tax Revenue per capita	$3,648	$2,245	$2,000	$5,077
**For Selected State Government Tax Collections*				
***US Average Federal Social Protection Transfer per capita*				

Source: US Census Bureau

Federal transfers are essential to the provision of social protection programs at the state-level. New York receives some of the highest transfers within the US, over four times more than North Carolina, despite having only double North Carolina's population. In fact, North Carolina receives the lowest per capita transfers for social protection from the federal government compared with the other two states (Table 16). In FY 2010, New York received over $47 billion worth of transfers from the federal government for social protection, while North Carolina received just under $11 billion and New Mexico received $4.4 billion.

[83] "State and County Quickfacts" and "State Tax Collections: 2012"

Table 16: Federal Transfers to State & Local Governments for Selected Departments & Programs, Fiscal Year 2010

Source of Federal Grant	New York		North Carolina		New Mexico	
	$ thousands	per capita	$ thousands	per capita	$ thousands	per capita
Social Services Administration	**2,152**	**0.11**	**413**	**0.04**	**823**	**0.39**
Supplemental Security Income	2,152	0.11	413	0.04	823	0.39
Department of Health & Human Services	**37,502,384**	**1,913.39**	**9,037,862**	**922.23**	**3,571,427**	**1,700.68**
Administration for Children & Families	4,672,350	238.39	626,265	63.90	371,788	177.04
Children & Family Services (Head Start)	656,072	33.47	325,899	33.26	100,502	47.86
Safe and Stable Families	24,112	1.23	10,755	1.10	5,738	2.73
Foster care and adoption assistance	566,225	28.89	128,657	13.13	44,936	21.40
Low income home energy assistance	504,693	25.75	102,886	10.50	19,780	9.42
Refugee and entrant assistance	46,246	2.36	5,813	0.59	770	0.37
Social Services Block Grant	133,693	6.82	52,255	5.33	11,603	5.53
Temporary Assistance for Needy Families (TANF)	2,741,309	139.86	347,572	35.47	176,106	83.86
Administration on Aging	93,256	4.76	42,742	4.36	12,353	5.88
Centers for Medicare & Medicaid Services	32,736,778	1,670.24	8,368,855	853.96	3,187,286	1,517.76
Department of Agriculture	**1,809,502**	**92.32**	**827,718**	**84.46**	**252,335**	**120.16**
Food & Nutrition Service	1,795,597	91.61	806,576	82.30	236,104	112.43
Child Nutrition Programs	999,645	51.00	520,059	53.07	161,657	76.98
Commodity Assistance Programs	18,867	0.96	6,345	0.65	2,868	1.37
Supplemental Nutrition Assistance Programs (SNAP)	358,585	18.30	89,438	9.13	31,867	15.17
Special Supplemental food program (WIC)	418,500	21.35	190,734	19.46	39,712	18.91
Rural development activities	13,905	0.71	21,142	2.16	16,231	7.73
Department of Education	**2,029,315**	**103.54**	**671,541**	**68.52**	**326,277**	**155.37**
Office of Elementary and Secondary Education	2,029,315	103.54	671,541	68.52	326,277	155.37
Programs for the disadvantaged	58,674	2.99	39,328	4.01	10,330	4.92
Impact Aid	19,934	1.02	17,459	1.78	98,032	46.68
No Child Left Behind Act	432,628	22.07	125,730	12.83	49,341	23.50
Title 1 programs	1,518,079	77.45	489,024	49.90	168,574	80.27
Department of Housing & Urban Development	**5,324,682**	**271.67**	**113,538**	**11.59**	**159,253**	**75.83**
Public Housing programs (low rent housing assistance)	4,382,933	223.62	-	0.00	113,650	54.12
Community Development Block Grants	691,085	35.26	82,475	8.42	32,438	15.45
Emergency shelter and homelessness assistance	212,153	10.82	27,339	2.79	12,370	5.89
Housing opportunities for persons with AIDS	38,511	1.96	3,724	0.38	795	0.38
Department of Labor	**615,486**	**31.40**	**307,449**	**31.37**	**57,898**	**27.57**
Employment & Training Administration	615,486	31.40	307,449	31.37	57,898	27.57
State Unemployment Insurance & Employment Service	268,645	13.71	127,947	13.06	23,476	11.18
Workforce Investment	282,891	14.43	127,828	13.04	15,496	7.38
Department of Veterans Affairs	**38,522**	**1.97**	**12,590**	**1.28**	**5,944**	**2.83**
TOTAL	**47,322,043**	**2,414.39**	**10,971,111**	**1,119.50**	**4,373,957**	**2,082.84**

Source: "Federal Aid to States for Fiscal Year 2010." US Census Bureau

The amount and source of federal grants in Table 12 further illustrate the division of roles and responsibilities between the federal and state governments. For all three states, most federal transfers come from the federal Department of Health and Human Services (HHS) to support various social assistance programs. The Center for Medicare and Medicaid Services issues the largest transfers since the federal government jointly funds Medicaid with the states, and then states are responsible for administering the program within their jurisdiction. Transfers from the federal Department of Housing and Urban Development (HUD) are higher in New York than the other two states given the greater need for housing assistance, especially in New York City. The federal government transfers money to New York to cover the cost for housing assistance, while the state administers the program. Alternatively, states receive relatively small transfers from the federal Department of Labor since unemployment insurance is funded locally by taxes on employers in each state. The federal Social Security Administration transfers the least given that Social Security is paid directly from the federal government to individuals.

New York: New York is divided into 57 counties and 3,403 local governments. New York City is treated as its own administrative unit. The State of New York spends approximately 21 percent of its budget on social protection programs, with most expenditures allocated to its Medicaid program. The New York Department of Health is responsible for administering the state's Medicaid program. New York provides nearly all services allowed by the federal government as well as additional services authorized through federal waivers.[84] The Office of Children and Family Services (OCFS) administers the state's child welfare services, which are also jointly funded by federal and state governments. The Office of Temporary and Disability Assistance (OTDA) administers the federal social assistance programs of TANF, Supplemental Security Income (SSI) Program, and SNAP. Since TANF only provides cash assistance to those who have been on assistance for less than five years, New York established the Safety Net Assistance program to provide cash assistance to individuals and families who have exceeded their five-year time limit for TANF. New York State's spending on these types of programs constituted 1.6 percent of its total budget in FY 2014 (Table 17). The Office of Aging administers a variety of small assistance programs aimed at the elderly mostly related to long-term care.

[84] If states want to offer more services under its Medicaid program, it must include this in its State Medicaid Plan and seek approval from the federal government to make adjustments and additions to the federal program, which may be approved through a federal waiver.

Table 17: State Expenditures by Selected Department and Program, New York[85]

		FY 2013		FY 2014	
Department	**Program**	**$ thousands**	**% of Budget**	**$ thousands**	**% of Budget**
Office of Aging	Assistance for the elderly	114,480	0.1%	115,447	0.1%
Medical Assistance	Medicaid & Child Medicaid/Child Health Plus/CHIP	15,921,516	16.8%	16,444,113	17.0%
Office of Children & Family Services	Family Support	1,803,979	2%	1,884,035	1.9%
Office of Temporary & Disability Assistance	TANF/Welfare Assistance, Child Support, SSI & SNAP	1,766,062	1.9%	1,552,562	1.6%
Department of Labor	Workers' Compensation, Unemployment Insurance	63,909	0.1%	75,212	0.1%
TOTAL SOCIAL PROTECTION EXPENDITURES		**19,669,946**	**20.8%**	**20,071,369**	**21%**
TOTAL STATE BUDGET		94,522,113		96,623,354	

Source: "FY 2015 Executive Budget Financial Plan" New York State Division of the Budget

North Carolina: North Carolina is divided into 100 counties and has only 963 local governments.[86] In FY 2014, North Carolina spent roughly 16.5 percent of its state budget on social protection programs (See Table 18). The North Carolina Department of Health and Human Services (DHHS) is responsible for administering a wide-range of social assistance programs for the state. Comparable to the New York Department of Health, North Carolina's DHHS, specifically the Division of Medical Assistance, administers the state's Medicaid Plan and the federal CHIP program, collectively known as "NC Health Choice" in North Carolina. The Division of Social Services under the DHHS administers the state's child welfare, family and child support, the federal SNAP and TANF programs. Illustrative of the autonomy of states to design and administer their own social assistance programs, North Carolina's TANF program is officially called Work First. While still adhering to federal requirements for TANF, North Carolina's Work First program aims to mirror employment by requiring individuals to "work first" before receiving cash payments. Families receive a one-time payment equivalent to three months' worth of Work First benefits based on a needs assessment. The program makes work mandatory and places strict limits on how long a family can receive cash assistance.[87] North Carolina's administration of the federal TANF program contrasts sharply with that of New York's. In New York, an additional program was established to extend the duration of cash assistance, while in North Carolina the benefit period has been shortened.

[85] These figures exclude federal transfers and are cash disbursements by function from state funds. Certain functions have been combined for ease of comparison to North Carolina's. For example, expenditures for New York's Office of the Medicaid Inspector General and Medicaid Administration have been combined with expenditures for Medical Assistance to produce one line item for Medical Assistance.

[86] "Exploring the Intricate Layers of State and Local Governments: North Carolina"

[87] The maximum benefit period for TANF in North Carolina is 24 months. "Work First"

Table 18: State Expenditures by Selected Department and Program, North Carolina[88]

		FY 2013		FY 2014	
Department	**Program**	**$ thousands**	**% of Budget**	**$ thousands**	**% of Budget**
Office of Aging	Assistance for the elderly	66,043	0.2%	66,243	0.2%
Medical Assistance	Medicaid	4,349,958	13.0%	4,574,302	12.9%
NC Health Choice	CHIP	70,333	0.2%	61,434	0.2%
Division of Social Services	TANF/Work First, Child Welfare, Family Support, Child Support & SNAP	1,123,238	3.4%	1,123,365	3.2%
Department of Labor	Workers' Compensation, Unemployment Insurance	25,085	0.1%	25,144	0.1%
TOTAL SOCIAL PROTECTION EXPENDITURES		**5,634,657**	**16.8%**	**5,850,488**	**16.5%**
TOTAL STATE BUDGET		33,455,712		35,389,904	

Source: "The Governor's Recommended Budget" Office of State Budget and Management. (March 2013) www.osbm.nc.gov

New Mexico: New Mexico is divided into 33 counties and 863 local governments.[89] Social protection expenditures accounted for approximately 21.3 percent of the state's budget in FY 2014, which was more than either New York or North Carolina (Table 19). The New Mexico Human Services Department (HSD) manages state and federal funds to provide services and programs to over 800,000 low-income individuals. HSD consists of four divisions that administer various state and federal social assistance programs. The divisions include: Medical Assistance Division (MAD) that administers the state Medicaid and CHIP program; Income Support Division (ISD) that administers the statewide financial assistance programs such as TANF, SNAP, and other employment assistance and training; Child Support Enforcement Division (CSED); and, Behavioral Health Services Division (BHSD) that serves as the Mental Health and Substance Abuse State Authority in New Mexico.[90] Recently, New Mexico changed the name of its state Medicaid program to the New Mexico Centennial Care program to represent a modernization and revamp of current programs.[91]

[88] These figures have been taken from the total North Carolina Budget and federal revenues have been subtracted to provide only state funds. Although called Division of Social Services in North Carolina and Office of Temporary & Disability Assistance in New York, these two state entities are responsible for mostly the same social assistance programs.

[89] "Exploring the Intricate Layers of State and Local Governments: New Mexico"

[90] "About the Department"

[91] "Centennial Care Overview"

Table 19: State Expenditures by Selected Department and Program, New Mexico[92]

		FY 2013		FY 2014	
Department	**Program**	**$ thousands**	**% of Budget**	**$ thousands**	**% of Budget**
Aging & Long Term Services Department	Assistance to the elderly	42,702	0.8%	45,008	0.8%
Medical Assistance	(Medicaid)	905,040	16.0%	929,447	15.8%
Income Support	TANF, SNAP, employment assistance	40,543	0.7%	44,841	0.8%
Children, Youth and Families Department	Family Support, Child Support, Early Childhood Services)	215,610	3.8%	227,793	3.9%
Workforce Solutions Department	Workers' Compensation and Unemployment Insurance	9,294	0.2%	9,143	0.2%
TOTAL SOCIAL PROTECTION EXPENDITURE		**1,213,189**	**21.5%**	**1,256,232**	**21.3%**
TOTAL STATE BUDGET		5,648,222		5,893,579	

Source: "Executive Budget Recommendations Fiscal Year 2015" New Mexico State Budget Division and Department of Finance and Administration. January 2014. Accessed March 31, 2014.

Summary

Although the federal government is both financially and administratively responsible for the US's two largest social protection programs of Social Security and Medicare, states play a relatively large role in social protection programs, especially for social assistance. States' ability to alter basic features of assistance programs within their jurisdictions demonstrates the high level of decentralization of social protection within the US. As demonstrated by New York, North Carolina, and New Mexico, states may change eligibility requirements, benefit periods, and even the names of federal assistance programs. Federal transfers constitute a large portion of the states' budgets for social protection, but states also have the fiscal capacity to fund portions of their social protection programs with state-generated revenue and are encouraged to do so by the federal system of matching grants and maintenance-of-effort (MOE) requirements. The federal and state governments using the system of matching grants jointly fund the largest state-administered social assistance program, Medicaid.

The extent to which states make use of this discretion to enlarge its own social protection programs seems to vary, and appears somewhat limited overall. First of all, Medicaid dominates the social protection expenditure at the state level. Second, at least among the three states reviewed here, only New York has a program of its own that compares in funding level with one of the federal mandates; the State's family support program is about as large as the disability support office which administers TANF and SNAP, two of the most important federally-mandated social assistance programs, along with a few other initiatives. In short, it is fair to conclude that even in the highly decentralized United States, the policy agenda in social protection is largely shaped by the federal government.

[92] These figures exclude federal transfers and are expenditures of the state's general fund. Certain functions have been combined for ease of comparison to North York. For example, expenditures for New Mexico's Medicaid Behavioral Health have been combined with expenditures for Medical Assistance to produce one line item for Medical Assistance.

Implications for Pakistan: The provinces/states in the highly decentralized federations of Argentina, Canada, and the US do play important roles in social protection. But their roles tend to be supplemental to the dominant role of the federal government. Provinces/states serve as implementers of specific federal mandates (e.g., SNAP and TANF in the US), operate under a broad intergovernmental agreement (e.g., Canada Social Transfer) or build their social protection interventions around existing federal initiatives (e.g., public pension systems in 13 provinces in Argentina, Ontario Child Benefit as top-up to Canada Child Tax Credit).

Everywhere provinces/states' first expenditure priorities are education and/or health (except in the US where healthcare delivery is almost entirely private). Provinces and states do invest in client-facing social services such as employment assistance, facility-based child and elderly care and support for the disabled. But when it comes to basic income support, a common pattern is for the federal government to administer the key cash transfer programs and allow provinces/states to either modify aspects of the design and/or implementation within the agreed parameters or expand beyond the benefit and coverage levels of the federal interventions (e.g., New York State).

Some of the Provincial Governments in Pakistan have begun to prioritize social protection, and given the prevailing fiscal, constitutional and political realities, the provinces in Pakistan have the possibility of acting quite autonomously from the federal government. Punjab, for example, recognized the importance of reigning in the highly fragmented social protection portfolio that evolved over time without an explicit, overarching policy and started to take concrete measures with the creation of the Punjab Social Protection Authority.

Reducing fragmentation of myriad small programs with dubious impact is indeed a highly recommended step which all other provinces should be encouraged to take. As important as these efforts are, arguably more important question is what follows. Should the province like Punjab invest further in enlarging its social protection system, or should it prioritize other competing needs? Specifically, should they continue (and step up) investments in ensuring adequate supply of public education and health services and/or building a robust system to regulate private providers while keeping the size of the public service network to a certain level given the fiscal constraints?

There is abundant evidence showing continued need for the provinces in Pakistan to strengthen supply of public social services. For example, both Punjab and Sindh, the two larger provinces jointly accounting for around three fourths of the national population, have officially committed to achieving universal primary education. Yet, available data show that in both provinces the quantity of primary education services offered has declined over the past several years.

The number of children enrolled in primary schools has increased since the 2010-11 school year but the increase has not been sufficient to boost the enrollment rate given the high population growth rate. Furthermore, what gains have been observed are due entirely to the expansion of the largely unregulated private schools. Enrollment in public primary schools actually declined both nationwide and in the two larger provinces and so did the number of teachers, an important indicator of the availability of supply (Table 20).

Furthermore, the distribution of relative teacher shortage, captured as high student-teacher ratio (STR) above the target of 40 students per teacher, is highly uneven across geographic areas within a province or even a district. The average STR is 46.5 in Punjab and 26.1 in Sindh, according to the data reported in the Pakistan Education Statistics 2015-16. But, the averages mask dispersions. In Punjab, 44.5 percent of

the public schools have STR of 40 or higher and 49.3 percent in Sindh. Fifty-eight out of 132 tehsils in Punjab have more than half of their schools with STR of 40 or higher. The figure is 62 out of 120 in Sindh (Annex Table 1).

Table 20: Primary School Enrollment in Pakistan, Punjab and Sindh, 2010-2016

	2010-11	2011-12	2012-13	2013-14	2014-15	2015-16	Cumulative change
Public-Pakistan	11,374,605	11,171,005	10,913,995	10,973,729	10,987,592	11,088,762	-2.5%
Punjab	*5,369,850*	*5,096,337*	*4,969,416*	*5,080,961*	*5,139,770*	*5,157,971*	*-3.9%*
Sindh	*2,653,802*	*2,654,715*	*2,545,035*	*2,438,098*	*2,388,009*	*2,429,921*	*-8.4%*
Other Public*-Pakistan	289,844	294,900	365,062	360,145	369,307	372,314	28.5%
Punjab	*159,781*	*162,565*	*165,418*	*168,356*	*170,356*	*172,052*	*7.7%*
Sindh	*91,024*	*92,618*	*94,254*	*95,938*	*97,085*	*98,058*	*7.7%*
Private-Pakistan	5,229,783	5,229,783	6,101,676	6,535,985	7,011,911	7,290,919	39.4%
Punjab	*3,274,455*	*3,944,555*	*3,989,118*	*4,126,857*	*4,476,201*	*4,658,400*	*42.3%*
Sindh	*961,883*	*1,158,727*	*1,181,902*	*1,240,998*	*1,303,046*	*1,368,198*	*42.2%*
Total-Pakistan	**16,894,232**	**16,695,688**	**17,380,733**	**17,869,859**	**18,368,810**	**18,751,995**	**11.0%**

Number of Primary School Teachers, Pakistan, Punjab and Sindh, 2010-16

	2010-11	2011-12	2012-13	2013-14	2014-15	2015-16	Cumulative change
Public	339,412	331,451	322,809	310,961	307,357	317,263	-6.5%
Punjab	121,943	110,549	113,604	106,885	105,716	111,028	-9.0%
Sindh	102,061	104,726	96,401	92,521	87,085	92,942	-8.9%
Other Public	6,065	6,114	7,215	7,148	7,269	7,298	20.3%
Punjab	2,549	2,570	2,590	2,610	2,623	2,634	3.3%
Sindh	2,704	2,727	2,751	2,776	2,793	2,808	3.8%
Private	91,451	87,383	83,457	87,543	94,870	98,236	7.4%
Punjab	52,096	49,074	49,286	52,082	56,743	59,660	14.5%
Sindh	18,643	18,858	19,236	19,622	20,014	20,283	8.8%
Total Pakistan	**436,928**	**424,948**	**413,481**	**405,652**	**409,496**	**422,797**	**-3.2%**

Source: Pakistan Education Statistics, various years.

A flipside of the same problem of high STR is the number of schools with only one teacher, or less (at least as recorded on the provincial education management information systems). In Punjab, 16 percent of all the public schools have one teacher or less. The figure in Sindh is astounding 50 percent. There are several tehsils in Sindh where more than 70 percent of the schools are either a single-teacher or "no-teacher" schools (Annex Table 2).[93]

As these illustrative figures indicate, weak supply of public education is a binding constraint to universal primary education, let alone effective student learning. Poor education of the population would limit impact of other measures intended to facilitate long-term human development. Since both provinces spend even less on health, the situations in that sector are unlikely to be better. In such a context, continued investments in Waseela-e-Taleem (WeT) to stimulate increased school enrollment may eventually reach a point where the demand-side intervention alone is no longer effective, despite the demonstrated success of the program so far. In those tehsils where a high share of the existing schools are already congested (i.e., STRs of 40 or higher) or have too few teachers, beneficiaries encouraged to send their children to schools may be frustrated and children may not have a chance to learn much after all. Given this reality, rather than encouraging provinces to expand their own social protection programs, it might be more advisable for them to redouble their efforts in strengthening supply of social services as a first priority in social expenditure.

Other middle-income countries with poor social development outcomes like Brazil and Mexico did improve outcomes by both addressing demand-side constraints with conditional cash transfers and supply-side weaknesses by incentivizing subnational governments that were primarily responsible for providing public education and/or health services. Cases in point are Mexico's Popular Health Insurance program described above and Brazil's Fund for Maintenance and Development of Basic Education and Appreciation of Teachers (FUNDEF). Both programs offered per capita-based block grants to states (and municipalities in the case of FUNDDEF) to encourage expansion of service supply.

BISP has so far been careful in selecting districts in which to enter with WeT by ensuring an adequate level of supply of primary education. But the data presented above strongly suggest that even in a district that on average may show relatively acceptable level of supply conditions, the actual levels vary considerably across tehsils (and mostly like within each tehsils) at the school level. Furthermore, the time series data show weak efforts by the provinces to amplify supply. WeT currently operates in 32 districts and BISP's plan is to expand the coverage to 50 districts. But Pakistan has 157 districts and without pro-active and concerted measures to amplify supply of primary education, a prospect of extending WeT to the entire country effectively would be dim. While Pakistan's current fiscal reality might make options similar to Brazil's FUNDEF a difficult proposition, it would be worth considering a more pro-active approach from the federal government (i.e., BISP) to further stimulate increasing supply of primary education (though not always via public provision), for example, by strengthening the terms of the federal-provincial MOUs with a detailed action plan to improve supply on a district-by-district basis based on the types of analysis explored in this note.

To the extent provinces wish to run their own social protection programs, the most obvious options include building their programs around BISP's existing initiatives, the basic cash transfers and WeT, similar

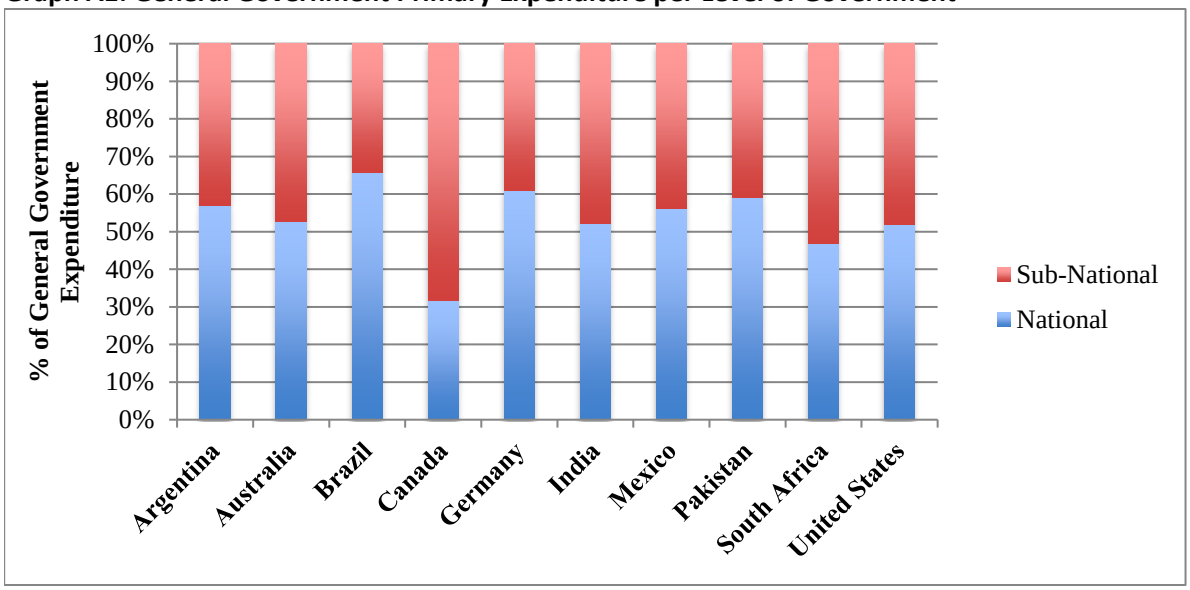
[93] This analysis is based on data from the Punjab and Sindh Education Management Information Systems (EMIS). Both EMIS data are supposed to be consistent with the figures reported in the Pakistan Education Statistics but we have noted discrepancies. For this reason, the analysis presented here should be taken as a heuristic exercise, accuracy and validity of which should be verified. We believe, nonetheless, that the data are likely to be depicting a general pattern of supply shortage in primary education services more or less accurately.

to subnational social protection interventions in the number of examples cited in this paper. Because BISP set the target number of beneficiaries on the basis of the federal government's fiscal capacity when the program was launched, there are still a number of households who fall below the official poverty line and yet do not have access to BISP benefits. Provinces could use portions of their own resources to extend the household coverage so that more of the poor households could benefit from the same income support to which other similarly poor households have had access. A similar logic could apply to WeT. The provinces could adopt the same eligibility rules and benefit level and expand the effective coverage of the program to a larger number of families.

Annex 1: Fiscal Federalism Compared

Before entering details on how different federal countries are organized in social protection, this section presents an overview of fiscal decentralization in selected federal countries.[94] Canada stands out for its high level of expenditure decentralization but the other countries, including Pakistan, assign roughly similar levels of total expenditures to subnational governments. Most sub-national governments are responsible for health and education expenditures, which constitute a large portion of their expenditures. For example, in Argentina, India, Mexico, South Africa and the United States, education is the largest expenditure of sub-national governments. In Australia and Canada, health is the largest sub-national expenditure.[95]

Graph A1: General Government Primary Expenditure per Level of Government*

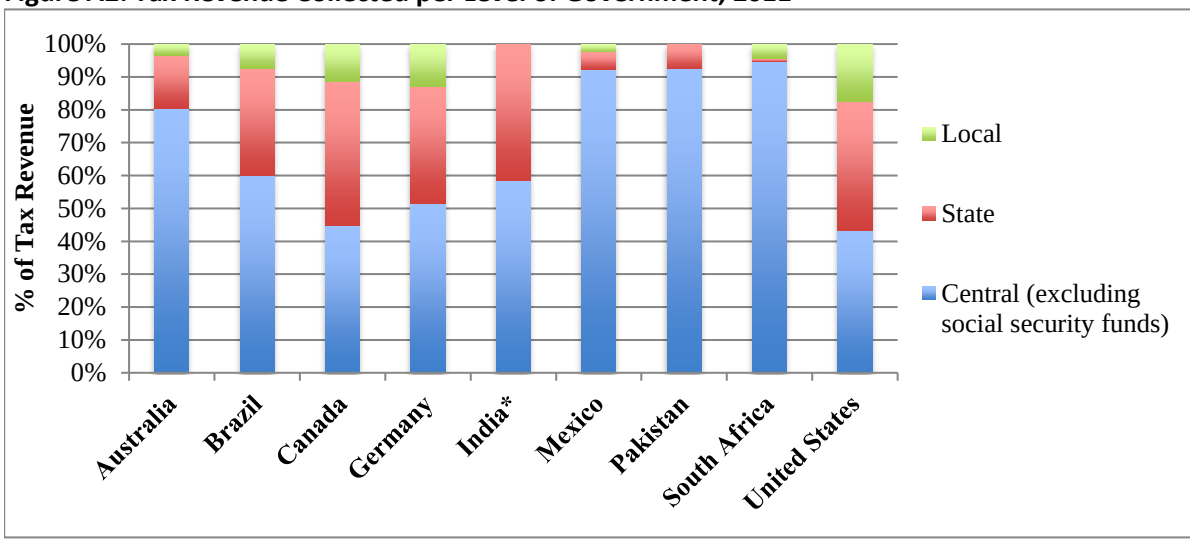


*All data from 2011/12, except Pakistan and Brazil data, which is from 2011/2012. Figures also exclude debt payments, except for India.
Source: OECD Fiscal Decentralisation Database for Canada, Mexico, Germany, and the US. IMF Article IV Consultations for Brazil, India, and Pakistan. Australian Bureau of Statistics, National Treasury of South Africa, and the National Budget and Office of Fiscal Coordination for Argentina.

On the revenue side, Pakistan, along with Mexico and South Africa, stands out for its low level of subnational contribution to the revenue pool. This increases the importance of revenue sharing/fiscal transfers from the national to the subnational governments.

[94] South Africa is included in the sample even though it is not officially a federation.
[95] Government Finance Statistics, Australia, 2012-13. Australian Bureau of Statistics. State Government Finances: 2012 2012 Annual Survey of State Government Finances. US Census Bureau. http://factfinder2.census.gov/faces/nav/jsf/pages/searchresults.xhtml?refresh=t; India Source: (current & development expenditures have both been included) India Public Finance Statistics 2012-2013

Figure A2: Tax Revenue Collected per Level of Government, 2011



*Local government tax revenue for India not available.
Sources: IMF Government Finance Statistics Database. For United States local government and Mexico state and local governments figures are from the OECD Decentralisation Database, Table 8. For Mexico central government, revenue data taken from the IMF's Article IV Consultation, November 2013, Table 2. For Pakistan, sources are the Federal Annual Budget Statement 2013-2014 and White Papers and Budget Statements from each province.

Federal Transfer

Federal transfers can be classified into two main methods: 1) tax-revenue sharing and 2) intergovernmental grants.

Tax-revenue Sharing: Tax revenue is divided into two ways: 1) vertically between the different levels of government and 2) horizontally among the different jurisdictions of one level of government. Tax-revenue sharing is commonly non-earmarked so that sub-national governments can spend their portion as they choose. Allocations of tax revenue to the different levels of government are often stipulated in a country's constitution or in legislation. For example, in Brazil, the Constitution stipulates that the national government must allocate 21.5% of national revenue to states and the Federal District and 22.5% to municipalities.[96] Furthermore, states and municipalities are required to spend 25 percent and 15 percent of their revenues (including from the revenue sharing) on education and health, respectively. In Mexico, 20% of total national revenue is directly transferred to states and then states must transfer at least 20% of their share of national revenue to municipalities, according to the Fiscal Coordination Law.[97]

When tax revenue is divided horizontally, it is often based on defined criteria with the goal of horizontal equalization across provinces/states. Table 1 provides the distribution criteria for tax-revenue among the country cases. Each country employs different criteria to distribute national revenue to sub-national levels of government. The U.S. is unique in that it does not share federal revenue; [98] however, states have a high degree

[96] In Brazil, although sub-national levels of government have the autonomy to use their share of tax revenue as they choose, at least 10% must be spent on healthcare and 25% on education. Satyro (2014)
[97] Nishikawa-Chavez (forthcoming)
[98] From 1976 to 1986, the U.S. did share federal revenue, but this was discontinued due to rising federal debt and pressure to limit tax increases; instead, block grants were adopted to distribute federal funds. "End of Federal Revenue Sharing Creating Financial Crises in Many Cities"

of fiscal autonomy and collect their own taxes, of which amounted to 50% of sub-national revenue in 2011.[99] In all countries, some aspect of fiscal capacity of sub-national governments is considered when distributing national tax revenue. Australia and South Africa are distinct from the other examples given that sub-national expenditure is taken into account by looking at the cost of service provision. In South Africa, provinces' key role in education and health are evidenced by the need to delivery these services being the largest criteria for revenue-sharing.[100] In India, level of infrastructure plays a role in the distribution criteria, while in Mexico the growth of revenue at the sub-national level is a heavily weighted measure. In Germany, joint taxes constitute 70% of all tax revenue and federal, state, and local governments have shared rights to this revenue. Joint taxes are mostly composed of personal income tax and value-added tax (VAT), which constitute 30% and 24% of joint taxes, respectively.[101]

Table A1: Distribution Criteria for Tax-Revenue Sharing Between States/Provinces

	Tax-Revenue Sharing Distribution Criteria
Argentina	• Based on province's population and level of development
Australia	• Assessment of state's revenue raising capacity and cost of service provision based on data from 3 most recent years
Brazil	• Directly proportional to population and surface area; indirectly proportional to per capita income of a state
Canada	• Assessment of provinces fiscal capacity by looking at per capita revenue provinces could generate using average tax rates for 5 major revenue sources
Germany	• Personal income tax revenues distributed based on residence of individuals • Corporate taxes are distributed based on location of employees in the company • VAT distributions based on 75% allocated to states on per capita basis, 25% allocated to states deemed "poor" based on the difference between personal and corporate income tax revenues raised per capita compared to the national average*
India	• Formula based 62.5% income; 10% population; 7.5% area; 7.5% index of infrastructure; 7.5% fiscal discipline; 5% tax effort
Mexico	• 60% State GDP growth; 30% local revenue growth; 10% local revenue level
Pakistan	• Formula based on 82% population; 10.3% on poverty and backwardness; 5% revenue collection/generation; 2.7% on inverse population density
South Africa	• Formula based on 48% education need; 27% health need; 16% population; 5% institutional component; 3% poverty; 1% economic output**
US	• N/A

*States in Germany are deemed poor if their total actual tax revenues fall below their average fiscal capacity (AFC). AFC is defined as total tax revenue of all states weighted by their population

**Education is based on the size of the school-age population (ages 5 to 17) and the number of learners (Grade R to 12) enrolled in public ordinary schools. The health need is based on the risk profile of each province and its health system case load. Population is derived from ech province's share of the national population. The institutional component is divided equally between the provinces. Poverty is based on income data; this component reinforces the redistributive bias of the formula. An economic output component is based on regional gross domestic product produced by Statistics South Africa. "2014 Division of Revenue Bill."

[99] Barnett and Vidal (2013)

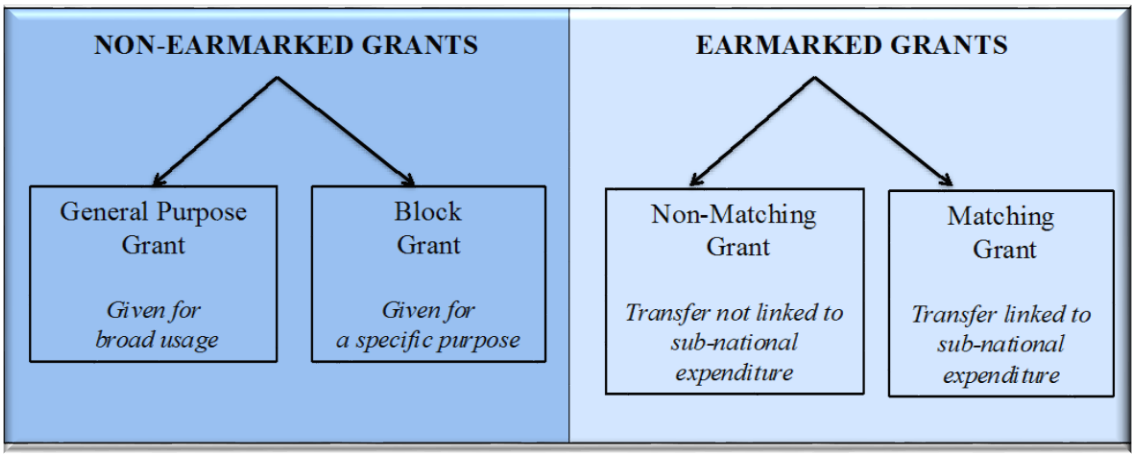
[100] "2014 Division of Revenue Bill." National Treasury of South Africa

[101] Clemens and Veldhuis (2013)

Intergovernmental Grants: While distribution of tax revenue to sub-national governments is critical to ensure sub-national governments can meet all their spending requirements, it is the design and allocation of intergovernmental grants that can have more direct impact on the provision of social assistance.

There are two types of grants: earmarked and non-earmarked. Earmarked grants are given under the condition that they can only be used for a specific purpose, and non-earmarked grants can be used as the subnational government chooses.[102] Earmarked grants can further be divided into matching and non-matching grants, depending on whether the transfer is linked to a subnational government's expenditure or not. Matching grants create a co-financing arrangement and generally lower the cost for subnational governments to provide public services since the national government covers part of the cost.[103] Non-earmarked grants are divided into general purpose grants and block grants. Block grants are given for a specific purpose, while general purpose can be used more broadly; however, in practice because both are non-earmarked, the sub-national government's actual use of the grant is not controlled.[104] (See Figure A3)

Figure A3: Types of Intergovernmental Grants



Grants for Social Assistance Programs: The types of grants and the distribution criteria for transfers related to social assistance greatly vary among the selected countries in Table A3. Both Brazil and Canada distribute social assistance-related grants using non-earmarked block grants, but Brazil's distribution criteria are performance-based with the aim to improve local government's implementation of social assistance, while Canada's distribution is an equal per capita basis with the rationale that every Canadian should have access to the same quality of services. In India, different distribution criteria are used depending on the target population and policy objectives of a specific social assistance program. For example, the Indira Awaas Yojana program that provides housing to the rural poor, assesses factors that relate to rural poverty & housing provision, while for the non-contributory old age pension program, the state-specific poverty rates are the criteria by which grants are allocated.[105] Transfers for social assistance in Argentina also depend on the specific program and ministry implementing the program. Federal ministries in Argentina issue discretionary earmarked non-matching transfers directly to provincial and municipal governments to implement national programs based on annual agreements.[106]

[102] Bergvall et al. (2006)
[103] Blöchliger and Vammalle (2009)
[104] Bergvall et al. (2006)
[105] World Bank (2011)
[106] Horacio Cao et al. "Federalismo Fiscal"

In the U.S., non-earmarked block grants are used for two of the country's largest social assistance programs; however, for the Temporary Assistance for Needy Families (TANF), the grant also requires a maintenance-of-effort requirement, or minimum expenditure, on behalf of states to ensure a specified level of funding from states' own resources is used before the federal government covers their portion. This is similar to a matching grant; however, unlike matching arrangements in which higher sub-national expenditure is met with higher national transfers, maintenance of effort requires states to spend a minimum level before receiving national transfers.

Pakistan and South Africa represent unique cases in terms of social assistance financing. In Pakistan, the national social assistance program, the Benazir Income Support Program (BISP), is highly centralized and administered and financed by the national government. Provinces have the *de jure* autonomy to administer their own social assistance programs as per the 18th Amendment that was passed in 2010. Transfers from tax-revenue sharing are meant to provide provinces with adequate funding to run local programs. However, in practice programs managed by national ministries that were devolved to the provinces are still being administered by the national government.[107]

Provinces in South Africa do not receive social assistance-related grants because the social assistance system is highly centralized. With the adoption of *The Social Assistance Act* and *The South African Social Security Agency Act* in 2004, social assistance became centrally managed and financed by the South African national government. Prior to 2004, provinces were responsible for administering social grants and received block grants from the national government that were then distributed to beneficiaries through the use of private companies. However, a review of this system revealed numerous problems with provincial administration, such as fraudulent grants, delays in grant application approvals, and challenges in accessing payment.[108] In 2004, the social assistance was reformed and an Inspectorate of Social Assistance was established to monitor disbursement of cash transfers and investigate fraud and a single federal agency, the South African Social Security Agency (SASSA), was established to manage social assistance cash transfers.[109]

Table A2: Types of Social Assistance-Related Grants and Distribution Criteria in Selected Countries

	Main Type of Grant for Social Assistance	Distribution Criteria for Social Assistance-Related Transfer
Argentina	• Earmarked non-matching grants	• Varies based on the program and parties involved (i.e. federal ministry, provincial-level ministry, and municipal-level ministry)
Australia	• Earmarked non-matching grants	• Population
Brazil	• Non-earmarked block grant	• Performance-based
Canada	• Non-earmarked block grant	• Equal per capita basis
Germany	• Earmarked non-matching grant (for benefit*) • Earmarked matching grant (for cost of housing)	• Eligible population / beneficiary population – federal government obliged to finance all transfer payments to eligible beneficiaries

[107] By the completion of the transition to the new devolved state (expected to be by 2015), the provinces are expected to be fully empowered to make decisions pertaining to the policy formulation for service delivery planning, design, regulation and institutional structures.
[108] Samson, MacQuene, van Niekerk (2006)
[109] "Our Mandate and Objectives"

India	• Earmarked matching grants	• Varies based on type of assistance; for example, old age pension allocations are based on 100% of state-specific poverty rates vs. for the rural housing program allocations are based on 50% of state rural poverty estimates and 50% on housing shortage
Mexico	• Earmarked non-matching grants**	• Social Vulnerability Index
South Africa	• N/A	• N/A
U.S.	• Non-earmarked block grants (maintenance of effort required for TANF)	• TANF = covers portion of costs remaining after states cover their expenditures, which must be at least 75% of level before 1996*** • SNAP = 50% of State's Admin costs

* Refers to Germany's ALG 2 Basic Income Support (Social Code 2) benefit for work-able adults, different system for Social Assistance Benefit (Social Code 12) for non-workable beneficiaries

** Mexico's largest social assistance program, Prospera, is highly centralized; therefore, grants are not issued to sub-national governments for financing the program. However, earmarked non-matching grants are largely used to fund other social expenditures at the sub-national level, such as education and health that ensure states provide services related to the conditionalities of Prospera.

*** Prior to 1996, States received matching grants, so the more they spent on cash assistance, the more money they received from the federal government. This was changed to "maintenance-of-effort" requirements with state spending set at 75% of pre-1996 spending.

Transfers and Incentives: Incentives associated with these types of grants are important to consider given potential implications for the implementation of social assistance programs. Matching grants can incentivize subnational governments to prioritize spending on social assistance. However, if matching grants are linked to the actual costs, not the standard or norm costs, of a social assistance program, they may incentivize sub-national governments to overspend and/or keep spending without improving efficiency and/or pushing for beneficiary graduation/exit since higher spending is matched by higher federal transfers. [110]

Conversely, while matching grants may incentivize over-spending on a program and inefficiencies, non-earmarked block grants may limit spending on a program. Block grants may incentivize sub-national governments to limit the coverage or services of a program so that they do not exceed the amount of the block grant and have to use their own resources. However, an advantage of block grants is that it provides sub-national governments with freedom to choose how they spend the transfer and may allow for greater adaptability to local conditions.

[110] Blöchliger and Vammalle (2009)

Annex 2: Ranking of Tehsils in According to the Share of Congested Schools

Punjab

Tehsil	District	Total Schools	Schools with STR>40	%
Ferozwala	Sheikhpura	123	98	80%
Tandlian Wala	Faisalabad	235	186	79%
Chunian	Kasur	329	228	69%
Renala Khurd	Okara	161	111	69%
Pakpattan	Pakpattan	353	243	69%
Toba Tek Singh	Toba Tek Singh	236	161	68%
Jaranwala	Faisalabad	442	300	68%
Jatoi	Muzaffargarh	238	160	67%
Kasur	Kasur	406	272	67%
Vehari	Vehari	313	207	66%
Muzaffargarh	Muzaffargarh	527	344	65%
Depalpur	Okara	532	346	65%
Pir Mahal	Toba Tek Singh	47	30	64%
Kallur Kot	Bhakkar	206	131	64%
Sahiwal	Sahiwal	408	255	63%
Okara	Okara	345	215	62%
Phalia	Mandi Bahauddin	245	150	61%
Samundari	Faisalabad	160	97	61%
Faisalabad Saddar	Faisalabad	248	149	60%
Rojhan	Rajanpur	182	109	60%
Kot Radha Kishan	Kasur	107	64	60%
Faisalabad City	Faisalabad	119	71	60%
Pattoki	Kasur	225	134	60%
Burewala	Vehari	321	191	60%
Pindi Bhattian	Hafizabad	301	179	59%
Kotadu	Muzaffargarh	630	374	59%
Minchinabad	Bahawalnagar	339	201	59%
Chaubara	Layyah	283	167	59%
Kot Chutta	DG Khan	153	90	59%
Taxila	Rawalpindi	70	41	59%
Layyah	Layyah	566	326	58%
Chak Jhumara	Faisalabad	139	80	58%
Arifwala	Pakpattan	288	165	57%
Lodhran	Lodhran	193	110	57%
Malikwal	Mandi Bahauddin	139	79	57%
D G Khan	DG Khan	630	358	57%
Mailsi	Vehari	411	232	56%
Sarai Alam Gir	Gujrat	111	62	56%

Jahanian	Khanewal	113	63	56%
Liaqatpur	Rahimyar Khan	638	355	56%
Karor Lalisan	Layyah	412	228	55%
Hazro	Attock	82	45	55%
Safdarabad	Sheikhpura	131	71	54%
Darya Khan	Bhakkar	241	128	53%
Mandi Bahauddin	Mandi Bahauddin	182	96	53%
Bahawalnagar	Bahawalnagar	383	202	53%
Kamalia	Toba Tek Singh	199	104	52%
khanewal	Khanewal	180	94	52%
Sheikhupura	Sheikhpura	443	231	52%
Jalalpur Pirwala	Multan	189	97	51%
Ahmad Pur Sial	Jhang	201	103	51%
Gojra	Toba Tek Singh	224	114	51%
Sillanwali	Sargodha	114	58	51%
Muridke	Sheikhpura	269	136	51%
Alipur	Muzaffargarh	190	96	51%
Rahimyar Khan	Rahimyar Khan	702	351	50%
Sadiqabad	Rahimyar Khan	534	266	50%
Lahore City	Lahore	219	109	50%
Sharaqpur	Sheikhpura	115	56	49%
Shorkot	Jhang	226	109	48%
Kot Momin	Sargodha	193	93	48%
Shahkot	Nankana Sahib	50	24	48%
Khanpur	Rahimyar Khan	502	238	47%
Jampur	Rajanpur	425	200	47%
Mian Channu	Khanewal	160	75	47%
Sangla Hill	Nankana Sahib	52	24	46%
Mankera	Bhakkar	185	85	46%
Hafizabad	Hafizabad	244	110	45%
Multan City	Multan	206	92	45%
Chichawatni	Sahiwal	307	135	44%
Lahore Cantt	Lahore	442	194	44%
Fort Abbas	Bahawalnagar	292	128	44%
Khairpur Tamewali	Bahawalpur	111	48	43%
Kharian	Gujrat	370	159	43%
Karor Pacca	Lodhran	148	63	43%
Bhakkar	Bhakkar	407	172	42%
Shahpur	Sargodha	172	72	42%
Multan Sadar	Multan	375	153	41%
Haroonabad	Bahawalnagar	366	146	40%

Gujranwala	Gujranwala	255	101	40%
Qaidabad	Khusab	150	59	39%
Rajanpur	Rajanpur	388	152	39%
Shuja Abad	Multan	239	93	39%
Dunyapur	Lodhran	230	89	39%
Taunsa	DG Khan	602	232	39%
Isa Khel	Mianwali	305	117	38%
Kabirwala	Khanewal	298	112	38%
Sargodha	Sargodha	370	139	38%
Narowal	Narowal	258	96	37%
Ahmadpur East	Bahawalpur	447	166	37%
Noorpur Thal	Khusab	183	67	37%
Hassanabdal	Attock	74	27	36%
Gujrat	Gujrat	503	180	36%
Bahawalpur	Bahawalpur	348	123	35%
Kamoke	Gujranwala	286	99	35%
Bhalwal	Sargodha	312	108	35%
Noshera Virkan	Gujranwala	232	80	34%
Piplan	Mianwali	236	81	34%
Sahiwal	Sargodha	177	60	34%
Jhelum	Jhelum	124	42	34%
Daska	Sialkot	330	109	33%
Chishtian	Bahawalnagar	343	113	33%
Zafarwal	Narowal	260	85	33%
Jhang	Jhang	882	279	32%
Pasrur	Sialkot	491	134	27%
Sialkot	Sialkot	465	122	26%
Sambrial	Sialkot	199	49	25%
Yazman	Bahawalpur	326	79	24%
Fateh Jhang	Attock	193	45	23%
Wazirabad	Gujranwala	359	83	23%
Pind Dadan Khan	Jhelum	132	30	23%
Mianwali	Mianwali	538	111	21%
Chakwal	Chakwal	361	73	20%
Pindi Gheb	Attock	173	34	20%
Khusab	Khusab	327	64	20%
Dina	Jhelum	104	20	19%
Jand	Attock	224	42	19%
Attock	Attock	107	20	19%
Rawalpindi	Rawalpindi	281	52	19%
Choa Saidan Shah	Chakwal	61	11	18%

Hasilpur	Bahawalpur	273	45	16%
Kotli Sattian	Rawalpindi	128	20	16%
Sohawa	Jhelum	189	28	15%
Shakargarh	Narowal	412	60	15%
Kallar Syedan	Rawalpindi	146	20	14%
Naushera	Khusab	55	7	13%
Talagang	Chakwal	280	32	11%
Kahuta	Rawalpindi	152	17	11%
Gujar Khan	Rawalpindi	343	30	9%
Murree	Rawalpindi	164	13	8%
Kallar Kahar	Chakwal	94	7	7%
18-Hazari	Jhang	1	0	0%

Sindh

Tehsil	District	Total Schools	Schools with STR>40	%
Miro Khan	Kambar	162	131	81%
Saleh Pat	Sukkur	148	116	78%
Ubauro	Ghotki	360	278	77%
Johi	Dadu	469	346	74%
Kharo Chann	Sujawal	19	14	74%
Sobhodero	Khairpur	239	174	73%
Daharki	Ghotki	397	289	73%
Mehar	Dadu	440	320	73%
Dadu	Dadu	591	418	71%
Sijawal Junejo	Kambar	180	125	69%
K N Shah	Dadu	466	320	69%
Tangwani	Kashmore	587	397	68%
Thana Bula Khan	Jamshoro	175	118	67%
Jhando Mari/ Piro Lund	T.A Yar	251	169	67%
Ghorabari	Thatta	284	190	67%
Khan Garh	Ghotki	184	122	66%
Shahdadkot	Kambar	198	131	66%
Bakrani	Larkana	243	158	65%
Rato Dero	Larkana	298	188	63%
Sindhri	Mirpur Khas	447	277	62%
Warrah	Kambar	277	171	62%
Qubo Saeed Khan	Kambar	172	106	62%
Pano Akil	Sukkur	512	315	62%
Ghotki	Ghotki	444	272	61%
Matiari	Mitiari	366	223	61%
Daur	Benazirabad	857	519	61%
Saeedabad	Mitiari	291	175	60%

Samaro	Umerkot	267	160	60%
Bulri Shah Karim	T.M Khan	373	223	60%
Chamber	T.A Yar	266	159	60%
Mehrabpur	N Feroze	270	161	60%
Nagarparker	Tharparkar	596	354	59%
Manjhand	Jamshoro	137	80	58%
Kashmore	Kashmore	501	290	58%
Dokri	Larkana	173	99	57%
Khanpur	Shikarpur	253	143	57%
Kambar	Kambar	368	208	57%
Kazi Ahmad	Benazirabad	631	356	56%
Nara	Khairpur	311	175	56%
Hala	Mitiari	200	112	56%
Jam Nawaz Ali	Sanghar	186	104	56%
Kandhkot	Kashmore	305	170	56%
Diplo	Tharparkar	864	472	55%
Kunri	Umerkot	332	180	54%
Gambat	Khairpur	275	149	54%
Pithoro	Umerkot	325	175	54%
Hussain Bux Mari	Mirpur Khas	219	116	53%
Shikarpur	Shikarpur	277	145	52%
Nawab Shah	Benazirabad	321	168	52%
Rohri	Sukkur	310	162	52%
Tando Ghulam Hyder	T.M Khan	321	167	52%
Tando Allah Yaar	T.A Yar	225	116	52%
Khairpur Mirs	Khairpur	322	166	52%
Bhirya	N Feroze	356	183	51%
Thull	Jacobabad	637	324	51%
Moro	N Feroze	569	289	51%
New Sukkur	Sukkur	101	51	50%
Garhi Yasin	Shikarpur	365	184	50%
Golarchi/S.F.Rahu	Badin	533	268	50%
Mithi	Tharparkar	964	483	50%
Mirpur Mathelo	Ghotki	444	221	50%
Garhi Khairo	Jacobabad	351	174	50%
Sujawal	Sujawal	389	189	49%
Naushero Feroze	N Feroze	501	242	48%
Jhuddo	Mirpur Khas	261	126	48%
Sanghar	Sanghar	624	298	48%
Chachro	Tharparkar	1295	618	48%
Shah Bundar	Sujawal	198	94	47%

Sakrand	Benazirabad	595	282	47%
Jacobabad	Jacobabad	341	158	46%
Sehwan	Jamshoro	287	132	46%
Kingri	Khairpur	309	142	46%
Badin	Badin	766	349	46%
Mirpur Sakro	Thatta	459	209	46%
Mirpur Bitoro	Sujawal	563	256	45%
Kotri	Jamshoro	114	51	45%
Hyderabad	Hyderabad	461	199	43%
Jati	Sujawal	419	180	43%
Larkana	Larkana	318	134	42%
Talhar	Badin	278	114	41%
Mirwah	Khairpur	722	293	41%
Keti Bundar	Thatta	90	36	40%
Thatta	Thatta	589	230	39%
Koy Diji	Khairpur	508	198	39%
Faiz Ganj	Khairpur	446	173	39%
Kandiario	N Feroze	413	155	38%
Tando Mohd Khan	T.M Khan	256	95	37%
Lakhi	Shikarpur	278	101	36%
Bin Qasim Town	Karachi	140	50	36%
Umerkot	Umerkot	1156	410	35%
Orangi Town	Karachi	122	43	35%
Kiamari Town	Karachi	126	44	35%
Tando Bago	Badin	613	212	35%
Jamshed Town	Karachi	122	42	34%
Gadap Town	Karachi	365	123	34%
Saddar Town	Karachi	129	41	32%
Shahdadpur	Sanghar	638	199	31%
Kot Ghulam Mohd	Mirpur Khas	402	125	31%
Sinijhoro	Sanghar	513	157	31%
Baldia Town	Karachi	72	21	29%
Mirpur Khas	Mirpur Khas	321	93	29%
Khipro	Sanghar	680	191	28%
Naseerabad	Kambar	159	43	27%
New Karachi Town	Karachi	125	30	24%
Korangi Town	Karachi	80	19	24%
Lyari Town	Karachi	115	26	23%
SITE Town	Karachi	99	22	22%
Landhi Town	Karachi	150	32	21%
Qasimabad	Hyderabad	48	10	21%

Digri	Mirpur Khas	324	67	21%
Gulberg Town	Karachi	75	15	20%
Tando Adam	Sanghar	296	55	19%
Gulshan-e-Iqbal Town	Karachi	72	11	15%
Liaquatabad Town	Karachi	120	17	14%
North Nazimabad town	Karachi	54	7	13%
Malir Town	Karachi	100	11	11%
Latifabad	Hyderabad	111	11	10%
Shah Faisal Town	Karachi	89	7	8%
Hyderabad City	Hyderabad	109	7	6%
Sukkur	Sukkur	29	0	0%

Annex Table 3: Percentage of Schools with 0 or 1 Teacher, by Tehsil

Punjab

Tehsil	District	Total Schools	0 teacher	%	1 teacher	%	0 or 1 teacher	%
Pindi Bhattian	Hafizabad	301	7	2%	119	40%	126	42%
Rojhan	Rajanpur	182	9	5%	67	37%	76	42%
Jampur	Rajanpur	425	5	1%	138	32%	143	34%
Chaubara	Layyah	283	6	2%	88	31%	94	33%
Khairpur Tamewali	Bahawalpur	111	4	4%	31	28%	35	32%
Depalpur	Okara	532	15	3%	151	28%	166	31%
Minchinabad	Bahawalnagar	339	12	4%	91	27%	103	30%
D G Khan	DG Khan	630	9	1%	161	26%	170	27%
Layyah	Layyah	566	9	2%	141	25%	150	27%
Ahmadpur East	Bahawalpur	447	12	3%	97	22%	109	24%
Sarai Alam Gir	Gujrat	111	2	2%	25	23%	27	24%
Karor Pacca	Lodhran	148	4	3%	32	22%	36	24%
Taunsa	DG Khan	602	10	2%	136	23%	146	24%
Khanpur	Rahimyar Khan	502	6	1%	115	23%	121	24%
Qaidabad	Khusab	150	6	4%	30	20%	36	24%
Kotadu	Muzaffargarh	630	3	0%	141	22%	144	23%
Phalia	Mandi Bahauddin	245	0	0%	56	23%	56	23%
Karor Lalisan	Layyah	412	2	0%	91	22%	93	23%
Liaqatpur	Rahimyar Khan	638	13	2%	128	20%	141	22%
Rahimyar Khan	Rahimyar Khan	702	10	1%	144	21%	154	22%
Rajanpur	Rajanpur	388	4	1%	81	21%	85	22%
Sadiqabad	Rahimyar Khan	534	6	1%	108	20%	114	21%
Kallur Kot	Bhakkar	206	1	0%	42	20%	43	21%
Yazman	Bahawalpur	326	6	2%	62	19%	68	21%
Muridke	Sheikhpura	269	4	1%	52	19%	56	21%
Chishtian	Bahawalnagar	343	4	1%	67	20%	71	21%
Bahawalnagar	Bahawalnagar	383	7	2%	72	19%	79	21%
Pindi Gheb	Attock	173	2	1%	33	19%	35	20%
Noorpur Thal	Khusab	183	0	0%	36	20%	36	20%
Sohawa	Jhelum	189	0	0%	37	20%	37	20%
Lodhran	Lodhran	193	4	2%	33	17%	37	19%
Darya Khan	Bhakkar	241	1	0%	45	19%	46	19%
Jand	Attock	224	4	2%	38	17%	42	19%
Hasilpur	Bahawalpur	273	6	2%	44	16%	50	18%
Fateh Jhang	Attock	193	4	2%	31	16%	35	18%

Pakpattan	Pakpattan	353	9	3%	55	16%	64	18%
Hafizabad	Hafizabad	244	6	2%	38	16%	44	18%
Renala Khurd	Okara	161	3	2%	25	16%	28	17%
Mailsi	Vehari	411	6	1%	65	16%	71	17%
Malikwal	Mandi Bahauddin	139	1	1%	23	17%	24	17%
Kot Momin	Sargodha	193	6	3%	27	14%	33	17%
Kot Chutta	DG Khan	153	1	1%	25	16%	26	17%
Pasrur	Sialkot	491	8	2%	75	15%	83	17%
Sheikhupura	Sheikhpura	443	4	1%	70	16%	74	17%
Jalalpur Pirwala	Multan	189	2	1%	29	15%	31	16%
Isa Khel	Mianwali	305	7	2%	42	14%	49	16%
Okara	Okara	345	6	2%	48	14%	54	16%
Kamoke	Gujranwala	286	1	0%	43	15%	44	15%
Bahawalpur	Bahawalpur	348	6	2%	47	14%	53	15%
Fort Abbas	Bahawalnagar	292	4	1%	40	14%	44	15%
Sillanwali	Sargodha	114	3	3%	14	12%	17	15%
Jhelum	Jhelum	124	0	0%	18	15%	18	15%
Safdarabad	Sheikhpura	131	0	0%	19	15%	19	15%
Muzaffargarh	Muzaffargarh	527	5	1%	71	13%	76	14%
Narowal	Narowal	258	4	2%	33	13%	37	14%
Jatoi	Muzaffargarh	238	0	0%	34	14%	34	14%
Mandi Bahauddin	Mandi Bahauddin	182	0	0%	26	14%	26	14%
Arifwala	Pakpattan	288	6	2%	35	12%	41	14%
Kabirwala	Khanewal	298	6	2%	36	12%	42	14%
Mankera	Bhakkar	185	0	0%	26	14%	26	14%
Kot Radha Kishan	Kasur	107	1	1%	14	13%	15	14%
Haroonabad	Bahawalnagar	366	4	1%	47	13%	51	14%
Zafarwal	Narowal	260	2	1%	33	13%	35	13%
Shahpur	Sargodha	172	3	2%	20	12%	23	13%
Kotli Sattian	Rawalpindi	128	1	1%	16	13%	17	13%
Sharaqpur	Sheikhpura	115	0	0%	15	13%	15	13%
Chichawatni	Sahiwal	307	8	3%	32	10%	40	13%
Jaranwala	Faisalabad	442	2	0%	55	12%	57	13%
Naushera	Khusab	55	0	0%	7	13%	7	13%
Talagang	Chakwal	280	2	1%	33	12%	35	13%
Pattoki	Kasur	225	4	2%	24	11%	28	12%
Tandlian Wala	Faisalabad	235	2	1%	27	11%	29	12%
Khusab	Khusab	327	7	2%	33	10%	40	12%
Noshera Virkan	Gujranwala	232	1	0%	27	12%	28	12%
Vehari	Vehari	313	0	0%	37	12%	37	12%

Mianwali	Mianwali	538	5	1%	58	11%	63	12%
Kharian	Gujrat	370	2	1%	41	11%	43	12%
Sahiwal	Sahiwal	408	8	2%	39	10%	47	12%
Piplan	Mianwali	236	0	0%	27	11%	27	11%
Dunyapur	Lodhran	230	4	2%	22	10%	26	11%
Shuja Abad	Multan	239	0	0%	27	11%	27	11%
Chunian	Kasur	329	1	0%	36	11%	37	11%
Bhalwal	Sargodha	312	0	0%	35	11%	35	11%
Kasur	Kasur	406	2	0%	43	11%	45	11%
Alipur	Muzaffargarh	190	0	0%	21	11%	21	11%
Wazirabad	Gujranwala	359	1	0%	38	11%	39	11%
Chak Jhumara	Faisalabad	139	1	1%	14	10%	15	11%
Burewala	Vehari	321	2	1%	32	10%	34	11%
Shakargarh	Narowal	412	4	1%	39	9%	43	10%
Sahiwal	Sargodha	177	0	0%	18	10%	18	10%
Chakwal	Chakwal	361	1	0%	35	10%	36	10%
Sialkot	Sialkot	465	0	0%	45	10%	45	10%
Ahmad Pur Sial	Jhang	201	0	0%	19	9%	19	9%
Multan Sadar	Multan	375	0	0%	34	9%	34	9%
Daska	Sialkot	330	0	0%	29	9%	29	9%
Dina	Jhelum	104	1	1%	8	8%	9	9%
Gujranwala	Gujranwala	255	1	0%	21	8%	22	9%
Shorkot	Jhang	226	2	1%	17	8%	19	8%
Bhakkar	Bhakkar	407	1	0%	33	8%	34	8%
Pind Dadan Khan	Jhelum	132	0	0%	11	8%	11	8%
Mian Channu	Khanewal	160	1	1%	12	8%	13	8%
Sargodha	Sargodha	370	3	1%	27	7%	30	8%
Faisalabad Saddar	Faisalabad	248	1	0%	19	8%	20	8%
Gujrat	Gujrat	503	5	1%	35	7%	40	8%
Kahuta	Rawalpindi	152	0	0%	12	8%	12	8%
Jhang	Jhang	882	2	0%	67	8%	69	8%
Sambrial	Sialkot	199	2	1%	13	7%	15	8%
Lahore City	Lahore	219	7	3%	8	4%	15	7%
Murree	Rawalpindi	164	0	0%	11	7%	11	7%
Choa Saidan Shah	Chakwal	61	0	0%	4	7%	4	7%
Attock	Attock	107	0	0%	7	7%	7	7%
Lahore Cantt	Lahore	442	1	0%	27	6%	28	6%
Jahanian	Khanewal	113	1	1%	6	5%	7	6%
Hazro	Attock	82	0	0%	5	6%	5	6%
Sangla Hill	Nankana Sahib	52	1	2%	2	4%	3	6%
khanewal	Khanewal	180	0	0%	10	6%	10	6%

Hassanabdal	Attock	74	0	0%	4	5%	4	5%
Multan City	Multan	206	3	1%	8	4%	11	5%
Kallar Kahar	Chakwal	94	0	0%	5	5%	5	5%
Kamalia	Toba Tek Singh	199	0	0%	10	5%	10	5%
Samundari	Faisalabad	160	2	1%	6	4%	8	5%
Ferozwala	Sheikhpura	123	0	0%	6	5%	6	5%
Toba Tek Singh	Toba Tek Singh	236	0	0%	11	5%	11	5%
Rawalpindi	Rawalpindi	281	1	0%	12	4%	13	5%
Kallar Syedan	Rawalpindi	146	0	0%	6	4%	6	4%
Shahkot	Nankana Sahib	50	1	2%	1	2%	2	4%
Gujar Khan	Rawalpindi	343	2	1%	10	3%	12	3%
Faisalabad City	Faisalabad	119	1	1%	3	3%	4	3%
Pir Mahal	Toba Tek Singh	47	0	0%	1	2%	1	2%
Gojra	Toba Tek Singh	224	0	0%	4	2%	4	2%
Taxila	Rawalpindi	70	0	0%	1	1%	1	1%
18-Hazari	Jhang	1	0	0%	0	0%	0	0%
Punjab Total		**36165**	**398**	**1%**	**5242**	**14%**	**5640**	**16%**

Annex Table 2: Percentage of Schools with 0 or 1 Teacher, by Tehsil

Sindh

Tehsil	District	Total Schools	0 teacher	%	1 teacher	%	0 or 1 teacher	%
Tando Ghulam Hyder	T.M Khan	321	93	29%	187	58%	280	87%
Bulri Shah Karim	T.M Khan	373	153	41%	162	43%	315	84%
Nara	Khairpur	311	89	29%	146	47%	235	76%
Golarchi/S.F.Rahu	Badin	533	103	19%	286	54%	389	73%
Talhar	Badin	278	37	13%	163	59%	200	72%
Badin	Badin	766	156	20%	392	51%	548	72%
Kunri	Umerkot	332	65	20%	172	52%	237	71%
Chamber	T.A Yar	266	46	17%	140	53%	186	70%
Samaro	Umerkot	267	35	13%	148	55%	183	69%
Jhuddo	Mirpur Khas	261	7	3%	171	66%	178	68%
Faiz Ganj	Khairpur	446	7	2%	295	66%	302	68%
Hussain Bux Mari	Mirpur Khas	219	8	4%	140	64%	148	68%
Saleh Pat	Sukkur	148	35	24%	64	43%	99	67%
Daharki	Ghotki	397	111	28%	153	39%	264	66%
Khipro	Sanghar	680	13	2%	428	63%	441	65%
Jhando Mari/ Piro Lund	T.A Yar	251	47	19%	114	45%	161	64%
Gambat	Khairpur	275	13	5%	163	59%	176	64%
Keti Bundar	Thatta	90	0	0%	57	63%	57	63%

Manjhand	Jamshoro	137	18	13%	68	50%	86	63%
Sobhodero	Khairpur	239	15	6%	134	56%	149	62%
Khan Garh	Ghotki	184	42	23%	69	38%	111	60%
Sindhri	Mirpur Khas	447	43	10%	226	51%	269	60%
Ubauro	Ghotki	360	56	16%	160	44%	216	60%
Diplo	Tharparkar	864	132	15%	386	45%	518	60%
Nagarparker	Tharparkar	596	72	12%	285	48%	357	60%
Hala	Mitiari	200	66	33%	52	26%	118	59%
Mehar	Dadu	440	101	23%	158	36%	259	59%
Pano Akil	Sukkur	512	81	16%	219	43%	300	59%
Jam Nawaz Ali	Sanghar	186	11	6%	96	52%	107	58%
Dadu	Dadu	591	182	31%	152	26%	334	57%
Umerkot	Umerkot	1156	78	7%	571	49%	649	56%
Daur	Benazirabad	857	132	15%	348	41%	480	56%
Tando Mohd Khan	T.M Khan	256	32	13%	111	43%	143	56%
Rato Dero	Larkana	298	99	33%	67	22%	166	56%
Kashmore	Kashmore	501	25	5%	254	51%	279	56%
Kazi Ahmad	Benazirabad	631	66	10%	282	45%	348	55%
Bakrani	Larkana	243	83	34%	51	21%	134	55%
Chachro	Tharparkar	1295	101	8%	597	46%	698	54%
Gadap Town	Karachi	365	24	7%	172	47%	196	54%
Sijawal Junejo	Kambar	180	23	13%	73	41%	96	53%
Matiari	Mitiari	366	65	18%	130	36%	195	53%
Mithi	Tharparkar	964	39	4%	473	49%	512	53%
Johi	Dadu	469	140	30%	109	23%	249	53%
Shah Bundar	Sujawal	198	8	4%	97	49%	105	53%
Shahdadkot	Kambar	198	51	26%	54	27%	105	53%
Saeedabad	Mitiari	291	75	26%	78	27%	153	53%
Kot Ghulam Mohd	Mirpur Khas	402	11	3%	197	49%	208	52%
Tando Bago	Badin	613	56	9%	261	43%	317	52%
Miro Khan	Kambar	162	33	20%	50	31%	83	51%
Thana Bula Khan	Jamshoro	175	34	19%	55	31%	89	51%
Mirpur Sakro	Thatta	459	7	2%	226	49%	233	51%
Pithoro	Umerkot	325	18	6%	145	45%	163	50%
Qubo Saeed Khan	Kambar	172	20	12%	66	38%	86	50%
Digri	Mirpur Khas	324	1	0%	160	49%	161	50%
Ghotki	Ghotki	444	86	19%	134	30%	220	50%
Mirwah	Khairpur	722	34	5%	322	45%	356	49%
Mehrabpur	N Feroze	270	34	13%	99	37%	133	49%
Thull	Jacobabad	637	4	1%	308	48%	312	49%
Moro	N Feroze	569	77	14%	201	35%	278	49%

Rohri	Sukkur	310	17	5%	134	43%	151	49%
Bhirya	N Feroze	356	36	10%	137	38%	173	49%
Naushero Feroze	N Feroze	501	46	9%	193	39%	239	48%
Hyderabad	Hyderabad	461	13	3%	205	44%	218	47%
Mirpur Mathelo	Ghotki	444	69	16%	140	32%	209	47%
Mirpur Bitoro	Sujawal	563	9	2%	248	44%	257	46%
Ghorabari	Thatta	284	3	1%	125	44%	128	45%
Kingri	Khairpur	309	11	4%	128	41%	139	45%
Sanghar	Sanghar	624	27	4%	251	40%	278	45%
Khairpur Mirs	Khairpur	322	14	4%	127	39%	141	44%
Sujawal	Sujawal	389	22	6%	147	38%	169	43%
K N Shah	Dadu	466	81	17%	121	26%	202	43%
Koy Diji	Khairpur	508	6	1%	213	42%	219	43%
Tando Allah Yaar	T.A Yar	225	20	9%	76	34%	96	43%
Tangwani	Kashmore	587	7	1%	243	41%	250	43%
Bin Qasim Town	Karachi	140	6	4%	53	38%	59	42%
Sinijhoro	Sanghar	513	20	4%	194	38%	214	42%
Thatta	Thatta	589	1	0%	241	41%	242	41%
Jacobabad	Jacobabad	341	17	5%	123	36%	140	41%
Sakrand	Benazirabad	595	45	8%	193	32%	238	40%
Jati	Sujawal	419	1	0%	162	39%	163	39%
Khanpur	Shikarpur	253	30	12%	67	26%	97	38%
Nawab Shah	Benazirabad	321	30	9%	93	29%	123	38%
Kiamari Town	Karachi	126	9	7%	39	31%	48	38%
Dokri	Larkana	173	34	20%	31	18%	65	38%
Kambar	Kambar	368	20	5%	117	32%	137	37%
Shahdadpur	Sanghar	638	15	2%	218	34%	233	37%
Larkana	Larkana	318	32	10%	81	25%	113	36%
Sehwan	Jamshoro	287	12	4%	88	31%	100	35%
Garhi Khairo	Jacobabad	351	3	1%	118	34%	121	34%
Kandhkot	Kashmore	305	3	1%	101	33%	104	34%
Kandiario	N Feroze	413	13	3%	127	31%	140	34%
Mirpur Khas	Mirpur Khas	321	1	0%	105	33%	106	33%
Jamshed Town	Karachi	122	34	28%	6	5%	40	33%
Kharo Chann	Sujawal	19	0	0%	6	32%	6	32%
Warrah	Kambar	277	30	11%	55	20%	85	31%
Tando Adam	Sanghar	296	4	1%	80	27%	84	28%
Orangi Town	Karachi	122	18	15%	16	13%	34	28%
Garhi Yasin	Shikarpur	365	23	6%	77	21%	100	27%
Saddar Town	Karachi	129	26	20%	8	6%	34	26%
Kotri	Jamshoro	114	10	9%	20	18%	30	26%

Naseerabad	Kambar	159	7	4%	34	21%	41	26%
New Karachi Town	Karachi	125	14	11%	17	14%	31	25%
Lyari Town	Karachi	115	14	12%	12	10%	26	23%
Lakhi	Shikarpur	278	11	4%	42	15%	53	19%
Gulberg Town	Karachi	75	8	11%	6	8%	14	19%
Shikarpur	Shikarpur	277	11	4%	39	14%	50	18%
Korangi Town	Karachi	80	4	5%	10	13%	14	18%
SITE Town	Karachi	99	6	6%	11	11%	17	17%
Malir Town	Karachi	100	3	3%	14	14%	17	17%
New Sukkur	Sukkur	101	2	2%	14	14%	16	16%
Landhi Town	Karachi	150	10	7%	13	9%	23	15%
Gulshan-e-Iqbal Town	Karachi	72	2	3%	9	13%	11	15%
Baldia Town	Karachi	72	4	6%	6	8%	10	14%
North Nazimabad town	Karachi	54	4	7%	3	6%	7	13%
Liaquatabad Town	Karachi	120	8	7%	7	6%	15	13%
Shah Faisal Town	Karachi	89	4	4%	7	8%	11	12%
Latifabad	Hyderabad	111	0	0%	5	5%	5	5%
Hyderabad City	Hyderabad	109	0	0%	3	3%	3	3%
Qasimabad	Hyderabad	48	0	0%	0	0%	0	0%
Sukkur	Sukkur	29	0	0%	0	0%	0	0%
Sindh Total		**41039**	**4223**	**10%**	**16236**	**40%**	**20459**	**50%**