Equity, social justice and the social sector

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The NEWS International | Monday, June 22, 2009


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Governance

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Anti-poverty policies have their limitations in reducing unjust social disparities and therefore action beyond the poor is needed to deliver social services as a public good. An all-encompassing social policy, overall responsibility for implementing the policy and clarity in relation to several normative parameters

The Finance Bill 2009, which gives effect to the financial proposals of the federal government for a year, is the government's key instrument of fiscal policy and in many ways, a reflection of its policy stance to achieve stated endpoints in many state domains. Within that remit, the purpose of this comment is to bring to the fore some considerations relevant to equity, social justice and the social sector, with a view to generating a debate on the subject, within the context of the forthcoming parliamentary sessions that will now convene to deliberate on the Finance Bill. Three points are being articulated in this connection.

First, it is important to recognise the value of budgetary empirics; within that ambit, a paradox is evident straight away. Last year, we had the largest-ever cuts in public-sector development expenditure (PSDP). This year we have the largest-ever PSDP allocations. From the information in the public domain, it can be deciphered that last year's PSDP scale-back, though partly the result of unforeseen crises could also be attributed to overestimated projections of foreign assistance; this time round, development appears to be financed through foreign assistance to a large extent and there appear to be no guarantees in place to ensure that the budgetary outlay will not be met with the same fate, as the year before.

By and large, some level of attempt to target welfare is evident in this budget. Technical limitations notwithstanding, this is manifest in the following: a) social security to another segment of the population—haris and the internally displaced—and health security envisaged through the recently announced health insurance scheme; b) income support to low-income households through a scale-up of the Benazir Income Support Programme, broadening the numeric base of microfinance and launching of the one-person-per-household-trained scheme; and c) the emphasis on infrastructure through the public works programme. A careful analysis is needed to examine if the impact of indirect taxes—for example, the carbon levy—outweigh the envisaged benefits of these interventions. In many ways, it is the social impact of policies in other domains that are more important in determining social outcomes.

Within the ambit of empirics, the budget is—and has always been—oblivious to improving returns on spending; the quality of expenditures, equity in utilisation and effectiveness of targeting are equally, if not more important considerations compared to aggregate allocations. The allocation-disbursement-expenditure anomalies, which negatively impact the ability to expend and the quality of expenditures—decision-making delays and lack of accountability thereof, centralisation of decision-making, onerous finance and administrative procedures—deeply impact performance of the social sectors; in addition, graft and systemic pilferages compromise public expenditures in a highly-constrained environment. Unless there is a system of gaining insights from an ongoing process of astute impartial analysis of the fiscal policy cycle, factors that undermine the impact of fiscal inputs cannot be appreciated.

Secondly, the potential within a Finance Bill to promote equitable allocation of resources cannot be fully harnessed, given that the country does not have a consolidated all-encompassing Social Policy Framework. This points merits further elaboration.

Pakistan has a range of policy guidelines, which constitute the individual elements of a social policy; these include respective policies on housing, labour protection, environment, health and education. However, Pakistan does not have a consolidated social policy embodied within a social justice framework, which addresses the range of dimensions sets forth and mitigates against the impact of policies in other sectors on social outcomes. Those in the establishment can argue against the aforementioned argument, "Pakistan does not have a social policy," by referring to the Social Protection Strategy of the ministry of social welfare, stating that the government's obligation to chart a social policy has been fulfilled or by referring to social sector programs and the delivery of services.

A social policy is much more overarching and all-embracing than each of these. Programmes in the social sector and services are just one component of the framework. Social protection is a concept embodied within a social policy, but it is not a substitute for it and the latter is clearly more overarching. Pakistan's Social Protection Strategy, is focused on "supporting vulnerable households in managing hazards and risks." Although it is true that the original motivation for the expansion of welfare services should be to help the poor, welfare does not have to be restricted to the poor. It is now well established that anti-poverty policies have their limitations in reducing unjust social disparities and therefore action beyond the poor is needed to deliver social services as a public good. An all encompassing social policy, overall responsibility for implementing the policy and clarity in relation to several normative parameters—range of services and their coverage; the choices concerning those services, the means of their provision and mechanisms of their financing are therefore a prerequisite before the potential within a budget statement can be leveraged to target equity through expenditures. One expects these points to be raised on the floor of the Parliament instead of the deeply polarised, politicised and charged discussions, which usually characterise parliamentary debates.

In the third place, and most importantly, the success of a fiscal policy implemented through a budget instrument is deeply dependent on the quality of governance and institutional ability to effectively and transparently implement policies in their stated spirit. This is where the biggest gap lies in Pakistan. Exceptions notwithstanding, issues of capacity and performance are widely recognised in Pakistan's public management process; years of under-funding of state institutions and the culture of patronage and collusion have eroded the technical capacity of our ministries. Limited accountability, poor governance and mismanagement have led to the institutionalisation of a number of behaviours detrimental to equitable deployment of resources. As a result, evidence-guided choices are bypassed, motivations other than welfare of the people dominate decisions and considerations other than equity and social justice become the cornerstones of institutional performance.

These considerations can impact the performance of any program—the Benazir Income Support Programme is not structurally immune from political patronage, even through a well-designed scoring and evaluation system appears to be in the pipeline for deployment; the envisaged health insurance scheme will be serviced by a crumbling state health machinery; the public works scheme will be implemented by agencies where graft is common and though fiscal measures have been promoted for agriculture in the current budget, they are likely to get increasingly skewed towards the elite, if measures are not taken to build conscious safeguards.

In sum, therefore, we need to be pragmatic with our expectations with respect to what the Finance Bill can achieve by way of improving the social outcomes. Though there have been aggregate increases earmarked, they aren't sustainable and guaranteed revenue sources. Moreover the policy and institutional parameters, which enable the translation of fiscal policy commitments into outcomes, suffer from many gaps particularly in the present environment of governance. Unless these change, major strides cannot be made in the social sectors.

In the run-up to its adoption, the Finance Bill will undergo many changes, particularly as they relate to prerogatives, permissions, tariffs, subsidies, etc. Those that have the ability and access to voice their opinion in the corridors of power are likely to get their interests protected. However, majority of those who need direly to benefit from Pakistan's fiscal policy are neither aware of its existence nor have the means of voicing their concerns. The barest minimum we can do for this segment of the population is to protect the social sector budget from a scale back, which usually transpires during the course of the year as a result of fiscal deficit constraints.

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