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How Pakistan tackled its largest-ever social-protection crisis

Dr. Sania Nishtar, the prime minister’s special assistant on poverty alleviation and social protection, led an emergency effort to make relief payments available to millions of vulnerable households.

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In late March 2020, just after Pakistan had officially recorded its 1,000th case of COVID-19, the government imposed a nationwide lockdown to try to arrest the spread of the disease. Although the threat of an uncontrolled outbreak had become too serious to ignore, the decision to lock down came with other risks. Nearly 25 million Pakistanis, more than 10 percent of the population, held informal, daily, or piece-rate jobs that the shutdown would imperil. A country that had halved its poverty rate from 2000 to 2015 faced the possibility that poverty would increase sharply, reversing much of this century's gain.[1]

Anticipating intense hardship, federal authorities announced within days of the lockdown that the government would issue unconditional cash transfers of 12,000 Pakistani rupees—approximately $70, enough to buy three months' worth of food staples—to 12 million vulnerable households.[2] The task would rest with Dr. Sania Nishtar, special assistant to the prime minister on poverty alleviation and social protection, who leads the federal social-protection program, Ehsaas. Ehsaas would make extra payments to 4.5 million families that were already enrolled in a long-standing cash-transfer program. Another 7.5 million households would receive money through a new initiative, Ehsaas Emergency Cash.

That initiative would require new capabilities and cross-sector collaboration. A digital system was built to process payment requests and notify applicants of their eligibility. Because Pakistan's population is spread out widely, with many people living in rural areas, Dr. Nishtar and her team worked with big private-sector banks and small businesses to establish cash-distribution points at more than 18,000 bank branches, shops, parks, and public buildings around the country. They also joined provincial officials, who'd been considering whether to create separate cash-transfer programs, in a coordinated effort to design and roll out the federal program.

"Many people were living on the brink, and then they went into an abyss, and it was my role to get them something," said Dr. Nishtar. "It was the most challenging thing I have ever done." She spoke with McKinsey's Gassan Al-Kibsi about the effort to launch what became Pakistan's largest-ever assistance program. An edited transcript of their conversation follows.

McKinsey: The COVID-19 pandemic has triggered job losses around the world, especially among low-income people. Can you help bring to life the initial impact on workers and households in Pakistan?

Dr. Sania Nishtar: There were 24 million breadwinners in the country who either earned a daily wage, were given piece-rate remuneration, or worked in Pakistan's very large informal economy. When you multiply this number by the average household size, you're talking about almost 160 million individuals, which is two-thirds of the country's population. Life for these 160 million individuals basically came to a standstill within days of the lockdown because they're earning on a daily basis.

Imagine the household of a daily-wage earner. He or she brings home 500 [Pakistani] rupees a day, and that's all they have: to eat, to save up, to pay rent, to pay their electricity bill, to buy whatever is required if their kids go to school. And if that income gets cut off, they have nothing to fall back on. It was not just the daily-wage workers and the hawkers[3] who were thrown out of work. It was also a whole range of blue-collar workers.

There were throngs of daily-wage laborers who couldn't even go back to their villages because of the suspension of interprovincial and intercity transport. They were in the big cities without work and with nothing to eat, just dependent on handouts. You could feel the tension, the deprivation on the streets of our major cities.

[1] *COVID-19 – Pakistan socio-economic impact assessment & response plan,* United Nations Development Programme, May 2020, undp.org.
[2] Later in 2020, Ehsaas extended the emergency-cash payments to nearly 5 million more households.
[3] Street vendors.

McKinsey: What did it take for Ehsaas to begin reaching vulnerable people?

Dr. Sania Nishtar: Over the past year, prior to when COVID-19 struck, Ehsaas had heavily invested time, money, energy, and effort in building the infrastructure to roll out multiple programs. As part of that infrastructure-building effort, we invested in digital capabilities. Three in particular came into play as we conceptualized and rolled out Ehsaas Emergency Cash.

The first capability was an SMS-based[4] request-seeking mechanism, which we had tested with our database-registration authority. We conceptualized how an SMS could trigger a series of events. If we asked people to send us their unique national identification number by mobile phone, then that number could hit different databases and eligibility messages could be generated.

That brought data analytics into play. In December 2019, we had cleaned up Pakistan's social-protection lists, and we removed 800,000 individuals from those lists based on an algorithm that linked their identity number to a whole host of big databases. The third thing that we brought into play was a biometric payment-verification system. In 2019, we had completed a procurement process and brought two commercial banks on board so that payments could be biometrically verified in real time.

McKinsey: How did people obtain their emergency payments?

Dr. Sania Nishtar: Once we pulled a thread through these three capabilities, we asked people to send us their identification numbers. They could fill out online applications, but largely we sought requests through an SMS short code. Once the identity numbers arrived on our servers, they would dip into different databases, and messages of eligibility would automatically generate. Individuals who were considered eligible would be sent SMS messages asking them to go on particular dates to payment sites to collect their money. They would go and queue up, and when they entered their biometric signatures, they would be enrolled into the program and be able to withdraw the money.

McKinsey: Did that process work the way it was supposed to?

Dr. Sania Nishtar: I remember the first week after we had launched, I was going out a lot to speak with people for whom this program was meant. I went to a laborers' camp, one of the places in every city where laborers sit with their equipment and wait for people to come and pick them up for daily wages. I asked how many had sent an SMS to 8171.[5] Half of them said they had. The other half were quiet. One of them came and whispered, "I don't have credit." Others came and said, "I want to SMS, but I don't know how to SMS." It was something so simple that we had not thought about.

Standing there, we made a call to volunteers. I said, "Whoever can help, please come to these camps. Send SMSs on their behalf. And then please tell them the response as well." I went back to the office, and we did all the necessary paperwork and whatever was required to make sure that the SMS code was made free of charge.

McKinsey: What other challenges arose?

Dr. Sania Nishtar: There are parts of the country where there isn't good connectivity, so we ran into connectivity issues. We ran into liquidity issues, at times, because bank branches were not open everywhere, and we had to move cash from banks to small retailers, who then disbursed the money. There was a 7 percent failure rate for biometric verification and a round of interventions to address that. Then there were the limitations of data-driven messaging—for example, if there's a head of the household who's eligible, but he has died and

[4] SMS stands for "short message service" and is used to send text messages from some mobile devices.
[5] This number was the SMS short code set up for contacting Ehsaas Emergency Cash.

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his daughter is actually messaging us, the data algorithm would still identify him as the one who must collect the cash payment.

McKinsey: How did your team respond to those difficulties?

Dr. Sania Nishtar: I had to constantly go on the radio and explain, in local languages, what the issues were and how to deal with the biometric failures. In the morning, I would go on the radio. In the afternoon, I'd come back and speak to the project team. In the evening, we'd speak to the banks. We devised new methods and SOPs[6] on the go, and then we would convene a board meeting. We would get the necessary approvals, and we would take them to the cabinet that week, or to the economic coordination committee.

Not once did we breach government protocols because this was an emergency. We did everything by the book. But it required a lot of agility and a lot of decisions on the go. We had extensive consultation with the provincial chief secretaries and the bank presidents about what we were going to do and how it would all come together.

McKinsey: What role did the private sector play in these efforts, and how did that affect the ability to scale your impact?

Dr. Sania Nishtar: We made a decision back in 2019 that for the original Ehsaas digital-payment system, we would not rely on the government's two treasury banks, but we would go to the open market. After a yearlong procurement process, we brought on board two commercial banks, which are now involved in making payments for Ehsaas Emergency Cash. It is not just the branches of the banks and the ATMs that we use for payments. It is also the branchless-banking retailers, the grassroots actors in very small shops where the banks place their biometric-verification devices so payments can be made.

McKinsey: What did it take for the collaboration to succeed?

Dr. Sania Nishtar: The execution model is heavily reliant on the private sector. I think that to have a successful public–private relationship, you need to be transparent and fair on both sides.

We went into deployment in a very difficult environment: the lockdown, the suspension of transport, the security environment. In the middle of that, the branchless-banking retailers were asked to open their shops and sit in our camps to execute for us. They said, “You charge 40 rupees' tax on our commission. That doesn't leave enough for us. You've got to make things better.” I went

[6] Standard operating procedures.

to the cabinet and got a waiver on the advance income tax and the sales tax that we were charging on their commissions. We got a cabinet waiver at the central level and at all four provincial levels.

McKinsey: What do you know about the hard impact of the emergency-cash transfers?

Dr. Sania Nishtar: We recently conducted a pulse survey, which told us that 93 percent of the money disbursed was spent on rations and food, as we had expected. Rations were the first priority—this money was meant to be for subsistence. It has been so powerful for people.

McKinsey: Looking back, what do you take away from this experience?

Dr. Sania Nishtar: We were rolling out the biggest social-protection program in the history of the country. We were aiming to reach half the households in Pakistan at a time of extreme uncertainty, when lockdowns were in effect, when curfews were in effect, when public transport was suspended. This was also a time when the spread of COVID-19 was a risk, so people were scared to come out of their houses. We were doing things that were completely new in a very difficult environment. We were taking huge risks along the way. All I can say is that it was a huge responsibility and it was deeply humbling.

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