

SESSION 6

LATEST INTERVENTIONS IN SOCIAL PROTECTION

Building Block 4: Programmes and Delivery Systems for Adaptive Social Protection

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Karandaaz DFS – Theory of Change

Building Blocks

Policy and Regulation

- Enabling Regulations (including consumer protection regulations)
- Oversight/Supervision
- Policies To Drive Usage

Digital Public Infrastructure

- Connectivity
- Instant Payment Systems (L1P)
- ID Systems
- Effective distribution/service network
- Data sharing and exchange mechanisms

Private Sector Engagement

- Product & Business Innovation Enablement
- Reduced barriers to adoption & scale
- Consumer Centricity & Protection
- Ecosystem Development

Product Outcomes

DFS products & services that are:

Accessible: Users in our target population can easily acquire and use DFS services

Reliable: Users' money and information are secure and available for use; features and pricing are clear; systems deter money laundering and terrorist financing

Valuable: There is a clear CVP for the poor to use DFS rather than cash or other traditional services

Affordable: End users are willing and able to pay for the cost of preferred products and receive value in excess of cost

Profitable: DFS providers earn sustainable margins

Usage Outcomes

Usage of DFS is ubiquitous by the Poor

By 2030, 80% of adults worldwide and 60% of sub \$2/day adults have and actively use a digital account to make payments and to access additional products beyond P2P

Usage of DFS is ubiquitous by Women and Girls

The gender gap in usage has been eliminated

Financial Deepening & Diversification of Usage

Individuals and MSMEs use an effective range of financial tools to leverage economic opportunities and reduce vulnerabilities.

Impact Outcomes

Financial Health + Poverty Alleviation

Fewer people slide into poverty, more people move out of poverty, and economic productivity is increased because of their use of DFS products and services:

Reduced Vulnerabilities

Individuals are better able to manage and recover from economic shocks

Productive Investment

Individuals are enabled to acquire productive assets or become productive, enabling economic mobility.

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~242 M

Total Population



117 Million
registered mobile wallets
~20M* Unique Individual Active

18% female-owned



648,000 BB Agents
~250,000* Unique Active
(1 Transaction / Month)

Aged 15+
~144 M

49.8%
Female

50.2%
Male

Financial Inclusion
~30%
(~43 M unique)

13%
Female

47%
Male



Mobile Broadband

137 M



Internet Banking

11 M



Raast IDs

41 M



Internet Broadband

142 M



ATMs

18.5 k



POS Machines

120 K

Current State of Financial
Inclusion in Pakistan

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Source: Karandaaz Data Portal and KFIS (2022)

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Current Engagements



Benazir Income Support Program (BISP)



Pakistan Bait-ul-Mal



Punjab Social Protection Authority (PSPA)



Our Approach

Karandaaz

Interventions:

BISP

- BISP launched a pilot program for Kafaalat beneficiaries, developed with KRN.
- KRN supported BISP in the development of their digital strategy, data governance and security frameworks and certification.
- Designed and developed a pilot program for delivering financial literacy trainings to BISP beneficiaries
- Discussions around RAAST connectivity and a pilot of hybrid social protection scheme (HSPS) are underway.

MOPASS (Pakistan Bait-ul-Mal)

- Technical assistance for the development of a digital transformation strategy and road map for the institution.

PSPA

- Technical assistance for implementing a targeted commodity subsidy program, Ehsaas Roshan Riayat Program (ERRP).
 - Total Applications: 15.7 million
 - Total Subsidiary Disbursed (PKR): 5.59 billion
 - Beneficiaries Transacting: 774K
 - Total Transactions: 2.2 million

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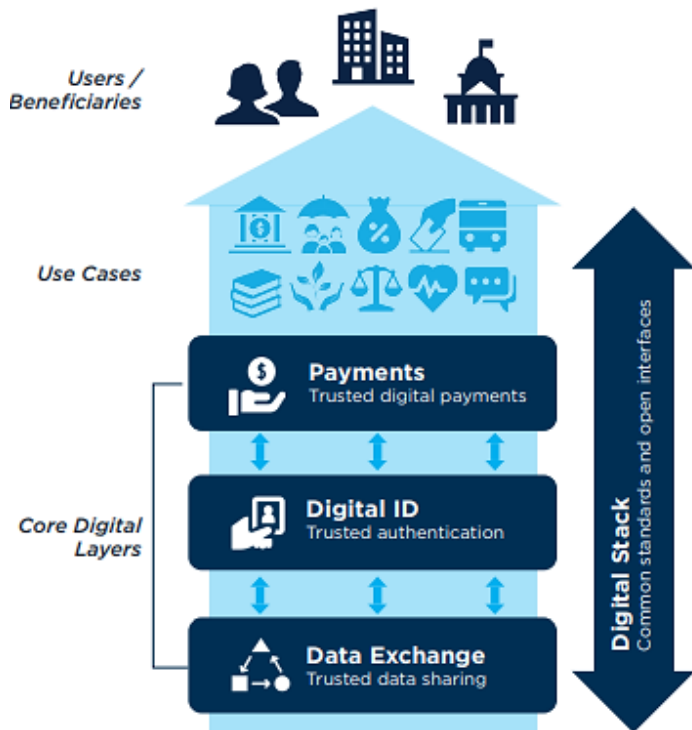
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Karandaaz DFS – Digital Innovation in Social Protection

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Digital Public Infrastructure

Figure adopted from World Bank, 2022, *A DIGITAL STACK FOR TRANSFORMING SERVICE DELIVERY: ID, PAYMENTS, AND DATA SHARING*



1 in 5 people lack access to social safety nets due to limited interoperability between public systems



Data-based & Smart Disbursement Mechanisms

- Integration of digital IDs, e-KYC, and open data policies ensures precise **beneficiary targeting and enhances efficiency**.
- Automated audits, real-time monitoring, and public dashboards **minimize leakages, prevent fraud, and strengthen transparency**.
- Smart contracts and automated fund releases ensure payments are disbursed only upon meeting predefined conditions, **reducing misallocation and corruption**.
- Secure data-sharing frameworks **protect beneficiary information** while **enabling interoperability with financial institutions**.
- Monitoring impact metrics can show efficacy and impact fullness of social protection initiatives, which can **inform future programming**.



1.4 billion people remain unbanked



Digital Payments & Integrated Services

- Instant, low-cost G2P transfers via Raast provide **seamless fund disbursement**, particularly for remote populations.
- Financial identities created through digital transactions **foster inclusion, enabling access to credit, insurance, and savings tools**.
- Integration with banks, fintech, and mutual funds allows beneficiaries to **invest, secure financial stability, and drive economic empowerment**.
- Digital Infrastructure enhances the **reach and economic efficiency of financial services for social protection programs**.



850 million people do not have any official form of ID



Digital Identification & Intractability

- Streamlined digital KYC and verification eliminate the need for manual paperwork, **reducing delays and bureaucratic inefficiencies**.
- Centralized beneficiary database and digital infrastructure enables secure, direct interaction between social protection institutions and beneficiaries, **minimizing reliance on intermediaries and ensures aid reaches the right people**.
- Digitalized identification and intractability make service delivery scalable and inclusive which ensures **seamless access to welfare programs for all underserved communities**.