

to provide for the establishment of the Pakistan Ehsaas Targeted Subsidies Riayat Programme

Whereas it is necessary to provide for the establishment of the Pakistan Ehsaas Targeted Subsidies Programme as a targeted subsidy program of the Government, to further the goal of social protection and poverty alleviation, and to create an efficient and agile mechanism to channel subsidies to low-income households for essential items such as food, medicine and other commodities and services;

It is hereby enacted as follows:-

1. Short title, extent and commencement. - (1) This Act may be called the Pakistan Ehsaas Targeted Subsidies (Riayat) Programme Act, 2023.

(2) It extends to the whole of Pakistan.

(3) It shall come into force at once.

2. Definitions. - In this Act, unless there is anything repugnant in the subject or context,-

(a) "Beneficiary" means a low-income household that is eligible for subsidies under this programme;

(b) "Commodities" means food and non-food items, as notified by the Programme from time to time;

(c) "Digital voucher" means the digital system established for the targeting of the subsidized commodities and medicines and reimbursement of shopkeepers for the cost of subsidized items provided to beneficiaries under this Act;

(d) "Essential medicines" means a list of medicines deemed as essential by the World Health Organization determined by the Programme as essential for the treatment of common illnesses, including on priority, but not limited to non-communicable disease medication;

(e) "Government" means the Federal Government of Pakistan;

(f) "Network of pharmacies" means the network of private sector pharmacies engaged by the Ministry for the dispensing of subsidized essential medicines to beneficiaries under this Act;

(g) "Programme" means the Ehsaas Targeted Subsidies Programme;

(h) "Services" means amenities and facilities, as notified by the Programme from time to time;

(i) "Steering Committee" means the Committee established by the Government to provide leadership, strategic direction and institutional oversight for the Programme and initiatives launched and operated thereunder; and

- (j) "Subsidy" means the financial assistance provided to the eligible households under this program.

3. Establishment of Programme. - (1) There shall be a Programme of the Government to be known as the Pakistan Ehsaas (Riyat) Targeted Subsidies Programme for carrying out the purposes of this Act.

(2) The Programme shall be a body corporate having perpetual succession and a common seal with powers, subject to the provisions of this Act, to acquire and hold movable and immovable property, and to sue and be sued in its name.

(3) The principal office of the Programme shall be at Islamabad, and additional offices of the Programme may be established at any other places in the country with approval of the Steering Committee.

4. Objective and purposes of Programme. - The objective and purposes of the Programme shall be to:

- (a) provide subsidies on food and /or non-food commodities and services to alleviate the impact of rampant inflation;
- (b) create an effective mechanism for targeting of subsidies to low-income households, to ensure the targeting of families that deserve the most;
- (c) provide subsidized essential medicines to low-income families in order to ensure that they have access to basic healthcare, and to prevent them from falling into poverty due to the high cost of healthcare;
- (d) reduce inequalities in the access to medicines;
- (e) complement any health insurance program running in the country which covers costs of inpatient treatment, by providing coverage for medicines, if it is not included in insurance program;
- (f) expand the network of locations where subsidized medications are available, beyond public hospital pharmacies, by leveraging digitized private sector pharmacies;
- (g) build an open digital plug-and-play ecosystem whereby qualified and eligible merchants, department stores, superstores, minimarts, chain grocery stores and network of pharmacies may be commissioned as subsidy providers after passing required eligibility checks;
- (h) promotes financial inclusion of both, beneficiaries and merchants and leverages digital payments and cashless transactions where possible;
- (i) employ modern technology and data analytics, develop and maintain databases and invest in effective governance, to insulate government subsidy programmes from abuse and malpractices, misuse of discretion and political interference and to enhance efficiency, responsiveness, transparency and merit-based delivery;

- (j) pave the way for graduation from untargeted to totally targeted delivery of Government subsidies;
- (k) enter into contracts and agreements with other organizations in the public as well as private sector to utilize the required expertise, technologies and databases available with them; and
- (l) reduce inefficiencies and redundancies in current public sector subsidy provisioning and create the opportunities to route other Government subsidies through the Programme.

5. Governance and administration of Programme. - (1) The Programme shall be administered by a Programme Management Unit established in the assigned Ministry.

(2) The Programme Management Unit shall be responsible for the implementation, monitoring and evaluation of the Programme in coordination with the relevant Government departments and agencies.

(3) The Ministry shall provide the Programme Management Unit with the necessary staff and resources to deliver on its mandate.

(4) The aforementioned staff may be existing permanent Ministry officials operating with additional charge, or dedicated contractual resources hired for the Programme Management Unit.

6. Establishment of Steering Committee for leadership and institutional oversight. - (1) A Steering Committee shall be constituted by the Government to provide leadership, strategic direction and institutional oversight for smooth execution of the Programme and initiatives launched and operated thereunder.

(2) The Steering Committee shall be responsible for the following:-

- (a) approval of Programme design, the strategy and policy for its implementation;
- (b) identification and notifying the commodities and services to be subsidized;
- (c) launching or adoption of any ongoing projects and setting up institutions to deliver the subsidized commodities and services;
- (d) determination of the rate of subsidy in the provision of notified commodities and services;
- (e) development of criteria for the determination of the beneficiaries for various subsidies;
- (f) formulating mechanisms for the supply of various subsidized commodities and services;

- (g) conduct of periodic performance reviews for institutional oversight;
- (h) provision of guidelines and specific directions for mid-course corrections as and when required;
- (i) authorization of annual budget and approval of operational plans of the Programme; and
- (j) building the capability and capacity to scale up the Programme across the entire country.

7. Eligible persons or families for financial assistance. - All low-income individuals or families that fall below a poverty threshold as determined by the Federal Government, shall be eligible to receive notified assistance from the Programme.

8. Disbursement procedure. - Funds of the Programme shall be applied towards providing assistance and support to eligible persons and families in the form of digital vouchers and shall be made via a national network of participating merchants including network of pharmacies, with the entitlement for each family maintained in a digital ledger.

9. Budget of Programme. - The Programme Management Unit in consultation with the assigned Ministry shall, in respect of each financial year, prepare the annual budget estimates of the Programme and submit the same to the Steering Committee for approval in accordance with such financial procedures as may be approved by the Steering Committee.

10. Indemnity. - No prosecution, suit or other legal proceedings shall lie against the Programme, Steering Committee, Members, Officers and other employees of the Programme for anything done in good faith for carrying out the purposes of this Act or rules, regulations or orders made or issued thereunder.

11. Maintenance of accounts and internal control.-The Programme shall maintain complete and accurate books of accounts in connection with the discharge of its responsibilities as may be prescribed by the Auditor General of Pakistan.

12. Audit. - (1) The accounts of the Programme shall be audited every year by the Auditor General of Pakistan in such manner as may be prescribed by him.

(2) The internal audit of the Programme shall be carried through an independent internal audit officer who shall report directly to the Steering Committee and the internal audit reports shall be presented to the Steering Committee for comments and follow up on the remedial actions.

13. Annual report.- The dedicated/assigned Ministry shall approve the annual report of the Programme and cause such report to be laid before the National Assembly of Pakistan.

14. Redressal of grievance. - (1) The Programme shall provide channels for members of the public, including program beneficiaries and participating merchants, to register grievances.

(2) These channels for grievance redressal may include, but not be limited to a helpline or complaint portal or dedicated SMS Account.

(3) Any person or family aggrieved by a decision involving the eligibility under the Programme may, within thirty days of the decision by the assigned Ministry, prefer an appeal to the prescribed authority of such Ministry in such manner as may be prescribed by the rules.

15. Act not to prejudice other laws. - The provisions of this Act shall be in addition to and not in derogation of any other law for the time being in force.

16. Power to make rules. - The Government may make rules, not inconsistent with the provision of the Act, for carrying out the purposes of this Act.

17. Power to frame regulations. - (1) The Steering Committee may frame regulations, not inconsistent with the provision of the Act or rules made thereunder, for carrying out the purposes of this Act.

(2) Without prejudice to or limiting sub-section (1), the regulations shall provide, inter alia, for matters involving financial assistance, payment schedule, grievance redressal, social audits and operation of all schemes established and implemented under the Programme.

18. Removal of difficulties. - If any difficulty arises in giving effect to the provisions of this Act, the Government may make such order, not inconsistent with provisions of this Act or any other law regulating the implementing agencies, as is necessary or expedient to remove such difficulty.

STATEMENT OF OBJECTS AND REASONS

Inflation rates are at a record high in Pakistan. Food inflation has hit 36.4%, while retail prices of medicines have been increased by 20% for general medicines and 14% for essential ones. Since wages have failed to increase at the same rate as the cost of living, most families' purchasing power has significantly eroded. Hardest hit have been poor and vulnerable families, who are struggling to put food on the table. In contrast, the Government spends hundreds of billions of rupees each year in subsidizing rich mill owners, large landowners, and other wealthy business. These untargeted subsidies are a burden on the national exchequer and do not reach the poor people who need them the most.

2. This Bill aims to reform the mechanism through which government subsidies are disbursed, creating a digital channel for targeting subsidies to the most vulnerable families, to provide them with a buffer against rising inflation.

**SENATOR SANIA NISHTAR
MEMBER IN CHARGE**