

Initial Poverty and Social Analysis

Country:	Pakistan	Project Title:	Social Protection Development Project
Lending/Financing Modality:	Project	Department/Division:	CWRD/CWPF

I. POVERTY IMPACT AND SOCIAL DIMENSIONS

A. Links to the National Poverty Reduction Strategy and Country Partnership Strategy

The proposed project is consistent with the National Social Protection Strategy (NSPS) of 2007, and the Poverty Reduction Strategy Paper II (PRSP-II) of 2008. The NSPS aims to: (i) support and protect chronically poor households against destitution, food insecurity, exploitation, and social exclusion; (ii) protect poor and vulnerable households from the impacts of adverse shocks to their consumption and well-being; and (iii) promote investment in human and physical assets by poor households to ensure their resilience in the medium run, interrupting the intergenerational cycle of poverty. The PRSP-II developed a poverty profile and a road map for reducing poverty. It identified 9 areas of intervention for poverty reduction, including Protecting the Poor and the Vulnerable. The Benazir Income Support program (BISP) is the main social protection program of the country for the very poor. The Pakistan government planned a budget allocation of Prs60, 70 and 80 billion for FY2013 to FY2015 under its Medium Term Budgetary Framework to support approximately 4, 4.5 and 5 million families, respectively each year.

ADB's country partnership strategy (CPS) 2009-2013 for Pakistan supports the aims of the PRSP-II and the NSPS to protect the poor and the vulnerable by supporting the strengthening and expansion of coverage of the social safety net system. ADB's CPS envisages support for Pakistan's economic transformation and the need to address short-term policy distortions, specifically by reducing and eventually abolishing inefficient subsidies and targeting subsidies to benefit the poor and vulnerable. The proposed project is therefore a direct contribution to the inclusive growth pillar and the overall poverty reduction objective of ADB's overall long term strategic framework (Strategy 2020).

BISP targets the 40% of the poorest families in the country. 7 million families were identified through an poverty survey and based on a cut off score of 16.17. The ADB financed project will help broadening the social protection coverage through cash transfers and additional development programs from currently 60% of the eligible families to about 95%. The PPTA will explore the possibility to pilot and upscale development oriented social protection schemes in the field of social insurance, health and vocational training.

B. Targeting Classification

General Intervention Individual or Household (TI-H) Geographic (TI-G) Non-Income MDGs (TI-M1, M2, etc.)

The project provides additional income to 95% of the very poor families in Pakistan. It is only targeted to the extreme poor (those below the national poverty threshold). While the project may have little immediate impact on income poverty in the short run, it is expected to substantially reduce the incidence of consumption poverty among the very poor over time.

The project also contributes to an improvement in the MDGs, as it is proven that expenditures in the hands of the very poor women will be used mainly for human capital formation including food, health and education improvements of the children, and improvements in the housing and living conditions of families.

C. Poverty and Social Analysis

Poverty incidence in Pakistan remains high. Between 2002 and 2006, there was a fall in the incidence of severe poverty from 34.5 percent to 22.3 percent due to sustained economic growth. Sharp rise in international food and fuel prices in 2007-08, worsening security situation and repeated natural disasters and persistent (and even rising) inequalities and exploitations especially in the rural areas meant since then no progress in addressing severe poverty. Furthermore, vulnerability to poverty is very high with more than 56% of the population living under the international \$2 poverty line, and the growth process is weak and barely inclusive so that income poverty among the vulnerable poor remain high and is not declining.

Pakistan has also been lagging on progress in non-income poverty targets, as expressed under the Millennium Development Goals (MDGs) 2-7: Net enrollment in primary school remains at 56 percent, with continuing lower enrollment for girls, particularly in Khyber Pakhtunkhwa and Balochistan provinces. Almost half of the children that enroll in primary school do not complete their education. While overall birth registration of children under the age of 5 is at 27 percent in Pakistan; for the poorest households it is at 18 percent. Obtaining birth certificates and child registration with the National Database and Registration Authority (NADRA) provides the starting point for coverage of all children in child protection measures, including for health and education. Financial inclusion for the poor, in particular the rural poor is very low in Pakistan; 2 percent of the poor have access to micro finance and only 14 percent of the rural population is banked whereas 67 percent lives in rural areas.

BISP provides a cash transfer of PRs1,000 per month – about 20% of a poor family's income - to the beneficiary families. The funding is directly given to the female head of the family thereby contributing to gender empowerment. It is used for human capital investments, especially for children's food, health and education and for improving the living conditions of the very poor (cloth and housing investments). While the project is actually not designed to reduce the incidence of poverty (income generating and employment programs may be more suited to do so), it reduces the depth of poverty and vulnerability, and improves human capital and living standards of the Pakistani poor families, especially for children and women.

Following the 18th amendment of the Constitution, policy-making responsibilities for health, education, labor and social welfare have been devolved to provincial government level. Nevertheless, the federal government continues to maintain a very well functioning social protection system for the very poor, the BISP. The PPTA will assess how features of the provincial social protection activities for the very poor can be harmonized with the national program. It will also explore possibilities to widen social protection assistance in response to further rationalizing of budgetary subsidies in other sectors. In addition, the PPTA will assess opportunities to add development oriented social protection components in the cash transfer system and how this needs to match supply side interventions in health, education, and social insurance. Finally, the social protection review will assess the governance structure of the BISP and how it will be supported under possibly changing political systems after the national elections 2013.

In case the project will be expanded into a sector development program loan, further sector dialogue with provincial governments and further policy conditions are needed. The PPTA will provide background analysis for a possible programmatic approach on social protection.

II. GENDER AND DEVELOPMENT

A key feature of the project is the exclusive distribution of the cash transfer funding to the women head of the family. Women heads of beneficiary families will be the primary beneficiaries of the proposed project. The proposed project includes measures for women empowerment (supporting the obtaining of the computerized national identity card (CNIC)) and protection for children (primary school enrollment).

Studies show that women spend the money mainly on their children (food, education, health) and on services that lighten the burden of women. This project feature could be further strengthened by also including gender dimensions in the design of the social insurance, health, and vocational training components. Several key gender issues will be relevant to the proposed project, including intra-household gender roles, limited economic empowerment of women, primary school enrollment for girls, financial literacy among poor women and social, economic and political voice of women through citizenship rights. CNIC Registration of women remains significantly lower than men and so does the primary school enrollment rate for girls.

Does the project have the potential to make a contribution to the promotion of gender equity and/or empowerment of women: Yes No

The project will contribute to the promotion of gender equity and/or empowerment of women by providing women's access to and use of opportunities, services, resources, assets, and participation in decision making. The impact channels on women and on gender equity will be assessed during the PPTA and implications for project design will be highlighted and integrated.

A July 2011 USAID survey on the use of the BISP funding found that while 99% of the BISP cash grant was received by the female head of the family, 60.3% of the spending decisions were done by the senior female member of the house. The project would look into ways to increase this number to contribute further to the empowerment of women.

3. Could the proposed project have an adverse impact on women and/or girls or widen gender inequality?

Yes No

4. Indicate the intended gender mainstreaming category:

GEN (gender equity theme) EGM (effective gender mainstreaming)
 SGE (some gender elements) NGE (no gender elements)

III. PARTICIPATION AND EMPOWERMENT

The main discussions during fact finding will be with BISP as executing agency. Other discussions will be held with Ministry of Finance, Ministry of Planning, social insurance agencies, provincial governments involved in education, health, labor and welfare, poor women as beneficiaries of the BISP, industry associations (on the vocational training part), rural support programs (on outreach to the poor) and other development partners.

The project will empower women to handle funding and thereby make decisions on their living situations. The very poor are the beneficiaries of the project.

NGOs and other civil society organizations are involved in the implementation of the BISP (rural support programs were contracted for the poverty scorecard survey and Pakistan Poverty Alleviation Fund is hired to support small

business development), as well as in the support of the poor for grievance redressal (through outreach activities by the rural support programs). This system will be assessed and if necessary suggestions to improve it will be included in the project design. A specific governance assessment will be done during PPTA phase. During the PPTA, a baseline survey of the beneficiaries will be undertaken including for preparing social and poverty analyses. This will include consultation with beneficiaries.

Information generation and sharing Consultation Collaboration L/NA Partnership

4. Are there issues during project design for which participation of the poor and excluded is important? What are they and how shall they be addressed? Yes No for effective grievance redressal (see above).

IV. SOCIAL SAFEGUARDS

A. Involuntary Resettlement Category A B C FI

1. Does the project have the potential to involve involuntary land acquisition resulting in physical and economic displacement? Yes No

2. What action plan is required to address involuntary resettlement as part of the PPTA or due diligence process?

Resettlement plan Resettlement framework Social impact matrix

Environmental and social management system arrangement None

B. Indigenous Peoples Category A B C FI

1. Does the proposed project have the potential to directly or indirectly affect the dignity, human rights, livelihood systems, or culture of indigenous peoples? Yes No

2. Does it affect the territories or natural and cultural resources indigenous peoples own, use, occupy, or claim, as their ancestral domain? Yes No

3. Will the project require broad community support of affected indigenous communities? Yes No

4. What action plan is required to address risks to indigenous peoples as part of the PPTA or due diligence process?

Indigenous peoples plan Indigenous peoples planning framework Social Impact matrix

Environmental and social management system arrangement None

Indigenous people (IPs) may be one group of the rural poor that are beneficiaries of the BISP. However, the BISP is not targeted to support IP only; rather it has a livings standard approach and IPs and other poor people are treated equally. The PPTA will assess the extend in which IPs are beneficiaries of the BISP, and if appropriate will make recommendations for supporting IPs, for example, through identifying specific trades in the vocational training component where IPs are more prevalent. Otherwise it will follow the "treat all poor equally" approach of the BISP.

V. OTHER SOCIAL ISSUES AND RISKS

1. What other social issues and risks should be considered in the project design?

Creating decent jobs and employment Adhering to core labor standards Labor retrenchment

Spread of communicable diseases, including HIV/AIDS Increase in human trafficking Affordability

Increase in unplanned migration Increase in vulnerability to natural disasters Creating political instability

Creating internal social conflicts Others, please specify _____

None of the above mentioned risks apply in the project. The proposed project will reduce the opportunity costs for parents in school enrollment. The vocational training social protection component will make some contribution to improve employment opportunities for the very poor

VI. PPTA OR DUE DILIGENCE RESOURCE REQUIREMENT

1. Do the terms of reference for the PPTA (or other due diligence) contain key information needed to be gathered during PPTA or due diligence process to better analyze (i) poverty and social impact; (ii) gender impact, (iii) participation dimensions; (iv) social safeguards; and (vi) other social risks. Are the relevant specialists identified?

Yes All the PPTA consultants deal with poverty reduction issues, as the project is a core poverty reduction project classified as TI-H.

3. What resources (e.g., consultants, survey budget, and workshop) are allocated for conducting poverty, social and/or gender analysis, and participation plan during the PPTA or due diligence? All the PPTA consultants deal with poverty reduction issues, as the project is a core poverty reduction project classified as TI-H.