

**PROGRAM-FOR-RESULTS INFORMATION DOCUMENT (PID)
APPRAISAL STAGE**

Report No.:PIDA0084978

Program Name	National Social Protection Program
Region	South Asia
Country	Pakistan
Sector	Social Protection & Labor
Lending Instrument	Program for Results
Program ID	P158643
Parent Program ID	n.a.
Borrower(s)	Islamic Republic of Pakistan
Implementing Agency	Benazir Income Support Program (BISP)
Date PID Prepared	December 1, 2016
Estimated Date of Appraisal Completion	December 21, 2016
Estimated Date of Board Approval	March 14, 2017

I. Country Context

1. **Pakistan is the world's sixth most populous country with an estimated population of 192 million people and a per capita income of US\$ 1,560 in 2015/16,¹ classified as a lower-middle income country.** While the GDP grew by 4.7 percent in FY15/16, compared to 4.2 percent in the previous year,² the country's growth rates remain below the required levels to improve living standards and accelerate jobs creation. Poverty rates remain high with nearly one third of the population could be categorized as poor. According to the recently revised national poverty measurement methodology, the share of the population below the national poverty line fell from an estimated 64.3 percent in 2001/2002 to 29.5 percent in 2014.³

2. **Human development indicators also continue to lag and opportunities for human capital development remain bleak particularly for the poor and vulnerable.** Pakistan did not meet education and health related targets under the Millennium Development Goals (MDG) by 2015. The incidence of stunting and wasting for children below the age of 5 is 44 percent and 15 percent respectively.⁴ The primary education attainment is amongst the lowest in the world, with only about a half of the country's population having completed primary education.⁵ The country has one of the largest out-of-school populations worldwide with an estimated number of 6.7 million children, and a large gender disparity in both school enrolment and attendance. The country is also subject to provincial disparities in growth, poverty, and human development with poverty rates ranging from almost 57 percent in Baluchistan to 25 percent in Sindh.⁶ Gender gaps persist on access to resources, education, and jobs. Less than 3 percent of women have an account at a formal financial institution, far below the regional average of over 25 percent.⁷ Poverty and low literacy also contribute to limited awareness of legal rights and remedies among women.

¹ Pakistan Economic Survey 2015/16 Chapter 1: Overview of the Economy, Ministry of Finance, Government of Pakistan.

² Pakistan Economic Survey 2015/16 Chapter 1.

³ The Planning Commission adopted in 2016 a new poverty line based on the Cost of Basic Needs approach.

⁴ National Nutrition Survey 2011, Government of Pakistan.

⁵ Pakistan Social and Living Standards Measurement (PSLM) 2014-15, Pakistan Bureau of Statistics.

⁶ World Bank 2016

⁷ Global Financial Development Database, World Bank 2014

3. **Vulnerability to shocks remains a significant challenge in Pakistan.** These include covariate shocks such as price increases, floods, droughts, earthquakes, and militancy in some parts of the country, as well as idiosyncratic shocks such as illness, death in the family, and loss of employment. The poor are disproportionately affected by these shocks, and in many cases adopt harmful coping mechanisms such as reducing food intake, decreasing education related expenses, or sending children to work.⁸ At the same time, the dynamics in and out poverty are quite large, especially around the poverty line, indicating that households' welfare status is volatile and vulnerable to even small shocks.⁹

II. Sectoral (or multi-sectoral) and Institutional Context

4. **Over the last nine years, Pakistan has taken significant strides to develop modern national safety net systems for the poor.** The Pakistan's National Social Protection Strategy (NSPS) approved in 2007, acknowledged challenges to the sector and provided various options for improvements supported by enhanced financing and strengthened institutions. This policy commitment was operationalized in 2008 with the launch of the Benazir Income Support Programme (BISP) as the country's flagship national social safety net program. The short-term objective of BISP was to cushion the adverse impact of food, fuel and financial crises on the poor, but its broader objective was to meet the redistributive goals by providing a package of minimum income support and opportunities for human development to all poor and vulnerable in the country.

5. **With implementation of BISP, the coverage of safety nets increased significantly.** BISP's main intervention is the provision of predictable basic income support cash transfers (US\$ 45 per quarter) to the poorest families for consumption smoothing. Benefits are paid to the female representatives of eligible families, enabling them to address basic needs of their families.¹⁰ As of June 2016, BISP has disbursed cash transfers to over 5.3 million families (about 17 percent of the country's population).

6. **The rapid expansion of BISP was accompanied by development of fundamental building blocks of a robust safety net system.** This includes creation of the National Socio Economic Registry (NSER), which was developed through a door-to-door survey using a Proxy Means Test (PMT) based Poverty Score Card (PSC), completed from 2009-11. The NSER contains information on more than 27 million households (approximately 167 million people) and is being used to objectively target the poor. The targeting performance of BISP compares well with other similar programs in the world. Three out of four BISP beneficiaries come from the bottom two quintiles. The beneficiaries' enrolment in the program is based on eligibility verification from the NSER and biometric verification with the country's National ID database, maintained by the National Database and Registration Authority (NADRA). BISP has also strengthened the transparency of its operations by implementing technology based payment and grievance redressal systems. A Management Information System (MIS) supports the program administration whereas regular process and impact evaluations strengthen the accountability.

7. **In 2012, the Government introduced *Waseela-e-Taleem* (WeT), a Co-responsibility Cash Transfer (CCT) program for incentivizing primary education of BISP beneficiaries' children.** WeT is currently being implemented in 32 districts across Pakistan. With a top up benefit of approximately US\$ 2.5 per child per month, as of June 2016, more than 1.3 million children have been enrolled in primary schools under the WeT. Payments are being paid after verification of compliance with co-responsibilities of admission and 70 percent attendance. Starting with the CCT districts, BISP Beneficiary

⁸ Pakistan: Towards an Integrated National Safety Net System, World Bank 2013

⁹ World Bank 2013

¹⁰ In defining eligible beneficiaries, BISP recognizes the 'family' as the main unit rather than 'household'. The "family" unit is defined in relation to an ever-married woman over the age of 18 by using NADRA's National ID database.

Committees (BBCs), comprising of beneficiary mothers have also been created and trained by the program. The BBCs serve as an important mechanism to extend BISPs' outreach and reinforce compliance with co-responsibilities.

8. **While the NSER, besides BISP, has started serving various social programs in the country to target the poor, an update of the household welfare information in the NSER is essential.** According to provisions in the BISP's Operational Manual, the eligibility of its beneficiaries must be re-assessed after every five years. The current NSER which was developed five years ago is almost outdated due to changes in the socio-economic landscape, variations in poverty and vulnerability, and loss of livelihood and assets due to various natural disasters. In addition, the PMT that was designed in 2008, also estimated the poverty scores of the urban poor with less accuracy. Thus, through a consultative process, the Government has decided to update the registry with a revised PMT formula using the latest household survey data to maintain its utility and performance.

9. **The implementation arrangements of WeT need to be consolidated and strengthened.** While the program has demonstrated success in boosting primary school enrolment,¹¹ most of its activities are outsourced by hiring a partner firm— an arrangement that has limitations for the institutional sustainability of the program, particularly with respect to partnership with the provinces that are responsible for education service delivery. The experience of other well-functioning CCT programs suggest that various roles currently outsourced under WeT are usually delivered by working with a combination of actors, including the program staff, local authorities, and where necessary, implementing partners. BISP aims to internalize selected program functions, improve administration, and strengthen the role of the provincial and district education departments as partners. This implies a revised WeT implementation structure, including further strengthening of its own capacity and better coordination with the provincial education departments at various administrative levels.

10. **The Government's basic cash transfer program is loosely integrated with other social and productive services to facilitate beneficiaries' transition towards self-sufficiency.** While regular cash transfers provide a minimum level of lifeline support, beneficiaries also need access to aforementioned services. In the past, BISP piloted complementary initiatives such as micro loans (*Waseela-e-Haq*), skills training (*Waseela-e-Rozgar*), and health insurance (*Waseela-e-Sehat*). However, these were fraught with various design and implementation challenges. The BISP Board decided to discontinue these programs and advised the management to explore linkages with other agencies that are delivering similar services. Multiple programs are already using the NSER data to target their respective services to the poor. However, the coordination and integration between BISP and these programs remains weak and mostly ad-hoc.

11. **BISPs' capacity for service delivery needs to be enhanced as the complexity of its mandate increases.** Despite being a relatively young organization, BISPs' institutional capacity and outreach are better than other comparable institutions in the country. However, ensuring adequate numbers and quality of human resources remains a challenge, particularly at BISPs' Tehsil (sub-district) offices that serve as the main point of interaction with the beneficiaries. A recently conducted field office capacity assessment recommended re-structuring of BISPs' operational structure for increased staff at Tehsil offices to manage incremental activities through an improved performance monitoring.¹² In particular, if BISP has to successfully implement a beneficiary centric operating model, it needs adequate human resources with appropriate capacity at the local level.

12. **The 18th amendment to Pakistan's constitution, approved in 2010, devolved various social**

¹¹ See Technical Assessment Summary and Annex 4: Technical Assessment Summary (Economic Analysis) for more details.

¹² Ernst and Young, *Draft Report on Capacity Assessment of BISP Field Offices*, September 2016.

sector and service delivery responsibilities to the provinces. However, there is limited clarity in understanding the federal and provincial roles and responsibilities in the social protection sector, which was absent from the concurrent list of the subjects of devolution. Given substantial inter-provincial disparities in the prevalence of poverty as well as provincial governments' capacity in relation to public policy solutions, there is a need to further federal government's stewardship role in setting standards, monitoring performance against poverty alleviation goals, and ensuring provision of equitable social protection services to all poor in the country. Provincial governments have shown keen interest in using the existing and updated NSER data; and will benefit from a nationally equitable basic income support program and targeting modality laying the foundation for supplementary provincial interventions. Institutional and programmatic strengthening at the federal level will also benefit provincial social protection systems, especially, in areas related to CCTs (communication, targeting, payments and M&E). Lastly, a robust NSER will provide needed impetus to efforts aimed at doing away with untargeted provincial subsidies, which were traditionally hampered by, besides others, lack of a credible and politically sensitive targeting methodology.

III. Program Scope

13. The Government's vision for social protection, as elaborated in 2007 National Social Protection Strategy, was to develop an integrated and comprehensive social protection platform focused on the needs of the poorest and most vulnerable groups The critical areas of investment are reflected in the Vision 2025 document, which aims to enhance the effectiveness of social protection instruments through strengthened administration and expanding the scope of the Government's income support program.¹³ In line with this vision, the immediate outlook is focused on an updated and dynamic NSER for beneficiary identification and targeted subsidies, modern payment delivery systems, consolidated federal and provincial partnerships for equitable service delivery, expansion of the WeT program, and refinement of complementary initiatives for helping the poor exit out of poverty.¹⁴ In 2016, the Technical Advisory Committee for Social Protection led by the Federal Planning Commission approved a new Social Protection Policy Framework which outlines the institutional arrangements and fundamental elements of the national system to provide targeted support to the poor. These include a unified targeting system managed by the federal government, technology-based service and payment delivery, and a shift from universal subsidies towards targeted programs.

14. The Government's income support program, executed by BISP, is composed of: (i) The basic cash transfer program; (ii) the WeT program to incentivize primary school enrolment of BISP beneficiary families' children; and (iii) complementary initiatives for income support beneficiaries. The last element includes: a) delivery of complementary initiatives directly by BISP; and b) facilitation support to improve BISP beneficiaries' access to complementary services.

15. The Government is making substantial investment in the Program. Since 2012, the GoP has been investing on average of US\$ 950 million per year in BISP (US\$ 1.1 billion in FY 2015/16) – representing about 0.4% of GDP and half of the total social protection expenditure, excluding subsidies. This figure is comparable to the average expenditures on mainstream social assistance programs in the middle income countries. According to the government's Medium Term Budget Estimates, the Program budget will increase to US\$1.3 billion in FY 2018/2019,¹⁵ to accommodate an increase in benefit value¹⁶ to protect its purchasing power, and the further expansion of the WeT program.

¹³ Pakistan Vision 2025, Ministry of Planning, Development and Reform, Government of Pakistan.

¹⁴ Pakistan Economic Survey 2014-15 Chapter 15: Social Safety Nets.

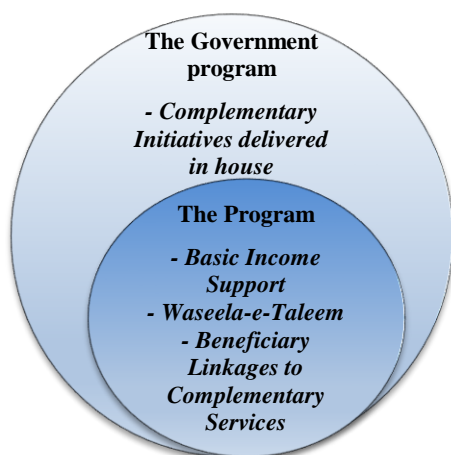
¹⁵ Federal medium term budget estimates for service delivery 2016/17 to 2018/2019, Ministry of Finance, Government of Pakistan.

16. **The Program’s impacts and performance remain impressive.** Impact evaluations of the basic cash transfer program have been regularly carried out.¹⁷ The latest impact evaluation (2016) finds positive effects on reducing wasting – a measure of short-term malnutrition – amongst girls (aged 0-59 months).¹⁸ It also shows a significant and positive increase of 11 percent on the value per adult equivalent monthly consumption expenditures.¹⁹ In addition, the Program is found to have positive effects on variables associated with women’s empowerment. The data indicates that women are more likely to have obtained a national ID card, more likely to have permission to travel alone to various locales in the community, and that they are more likely to report being able to vote.²⁰ The impact evaluation finds no work disincentive effects on overall household labor supply, which is in line with findings from other countries implementing similar programs. Furthermore, there is evidence that the Program is enabling households to save and to invest in small livestock.²¹ In addition, the impact evaluation of WeT found that it has a positive impact on school enrolment. The full package of the BISP basic cash transfers and WeT benefits has increased primary school enrolment by 10 percentage points, with the marginal impact of the WeT program leading to a 9 percentage point increase in primary school enrolment.²²

17. **The Program’s theory of change** is a strengthened safety net system that protects the poorest against falling into destitution, helps them to break the intergenerational cycle of poverty by investing in the human capital of their children, and facilitates pathways towards improved welfare and economic self-sufficiency.

Figure 1. Program Boundaries

Transfer program, delivered by BISP; (ii) The WeT program to incentivize primary school enrolment of BISP beneficiary families’ children; and (iii) facilitation of beneficiaries’ access to complementary social and productive services.



18. **The PforR will support three elements of the Government program (Figure 2):** (i) The Basic Cash

19. **Specific interventions to be supported by the Program fall into the following two result areas:**

(i) *Institutional and Systems Development* including update of the NSER, and strengthening administration and service delivery of BISP programs.

(ii) *Income Support for Human Development and Access to Complementary Services* including consolidation and expansion of the WeT program, and facilitating beneficiaries’ access to complementary social and productive services.

IV. Program Development Objective(s)

20. **The Program Development Objective is to strengthen the national social safety net systems for the poor to enhance their human capital**

¹⁶ In the last 3 years, the government has regularly revised the benefit transfer amount for basic cash transfers vis-à-vis inflation, with the latest increase in effect as of July 2016.

¹⁷ The impact evaluation takes advantage of the BISP poverty score, which implies eligibility below the threshold. Consequently, the impacts of the program were evaluated using regression discontinuity design at the threshold. Three rounds of impact evaluations were carried out in 2013, 2014, and 2016.

¹⁸ A reduction by more than one third in the proportion of girls aged 0-59 months who are wasted.

¹⁹ BISP Final Impact Evaluation Report, Oxford Policy Management, 2016. More details in Technical Assessment Annex 4.

²⁰ Ambler and de Brauw “Impacts of Pakistan’s Benazir Income Support Program on Women’s Decision-making Power within Households”, forthcoming

²¹ Oxford Policy Management, 2016

²² BISP Draft WeT Impact Evaluation Report, Oxford Policy Management, 2016

development and access to complementary services.

21. **The Program will advance strengthening of safety net systems, which in turn will:**
 - a) Consolidate the achievements, and ensure effective delivery of basic income support and cash transfers linked to education co-responsibilities, which collectively demonstrated impact on promoting the human capital development of children by reducing short term malnutrition and improving enrolment and attendance to basic education.
 - b) Improve beneficiaries' access to complementary services with the ultimate goal of providing the poor with opportunities to achieve self-sufficiency over the longer run.
22. **The progress towards achieving the PDO will be measured by the following indicators:**
 - a) Percentage of BISP beneficiary households from the bottom two expenditure quintiles
 - b) Percentage of WeT districts with Tehsil offices using integrated MIS to handle case management of basic income support and CCT programs
 - c) Number of WeT beneficiary children complying with enrolment and attendance co-responsibilities for at least two consecutive quarters (*DLI*)
 - d) Number of BISP beneficiary families enrolled in at least one complementary service (*DLI*)

V. Environmental and Social Effects

23. **An Environmental and Social Systems Assessment (ESSA) was conducted on the social aspects of the Program.** The assessment concluded that the Program poses no environmental risks.
24. **The assessment concluded that the Program will lead to positive social benefits for poor households, especially women.** Benefits include, but are not limited to, greater coverage of the poor through the potential inclusion of new poor households in the NSER, not covered in the previous survey; greater proximity of the poor to the Program through improved service delivery systems; and greater payment accessibility through a new payment model.
25. **BISP must define eligibility criteria for marginalized, vulnerable people and Indigenous Populations (IP).** While the PMT is the most relevant targeting tool for the country, it cannot adequately capture the above population groups. The IP community, for example, have a peculiar and distinct poverty that does not coincide with mainstream definitions that place emphasis on asset ownership as a source of income. Their assets have a transient quality, and are neither permanent nor a source of regular income. Further, their definition of households is also transient.
26. **BISP must place emphasis on social mobilization as an overarching strategy for its core and complementary programs.** Social mobilization leads to increased local ownership of programs, enables greater information sharing and transparency, and should be the basis of beneficiary engagement and trust building. However, social mobilization needs to be supported by clear institutional capacity and vision. For this purpose, BISP needs to place dedicated staff within the relevant unit to oversee the social mobilization process, and incorporate social concerns in all operational and M&E processes. In the context of the Program interventions, the assessment also recommended training and capacity building of BISP staff, beneficiaries, and other stakeholders for improved grass roots level communication and community engagement; improved case management through demand side (understanding beneficiary constraints to access) and supply side (strengthened information systems) interventions; and promotion of mutually accountable partnerships with new payment service providers.

27. **Communities and individuals who believe that they are adversely affected as a result of a Bank supported PforR operation, as defined by the applicable policy and procedures, may submit complaints to the existing program grievance redress mechanism or the WB’s Grievance Redress Service (GRS).** The GRS ensures that complaints received are promptly reviewed in order to address pertinent concerns. Affected communities and individuals may submit their complaint to the WB’s independent Inspection Panel which determines whether harm occurred, or could occur, as a result of WB non-compliance with its policies and procedures. Complaints may be submitted at any time after concerns have been brought directly to the World Bank’s attention, and Bank Management has been given an opportunity to respond. For information on how to submit complaints to the World Bank’s corporate Grievance Redress Service (GRS), please visit <http://www.worldbank.org/GRS>. For information on how to submit complaints to the World Bank Inspection Panel, please visit www.inspectionpanel.org

VI. Financing

Table 1: Program Financing (FY 2017/2018 - FY 2020/2021)
(US\$ Million)

Source	Amount	% of Total
Government ²³	5,276	98
IDA	100	2
Total Program Financing	5,376	100

VII. Program Institutional and Implementation Arrangements

28. **BISP, an autonomous authority working under the Ministry of Finance (MoF), is the main implementation agency for the Program.** BISP is headed by a Chairperson supported by a Management Board, which includes the governmental and non-governmental members. The Chairperson provides strategic guidance and ensures implementation of the program in accordance with the Board’s decisions. The key functions of the Board include approving the eligibility criteria for financial assistance; approving organization’s policies, regulations, and budget; oversee monitoring of organization’s transparently. The Secretary of the program is appointed by the Federal Government who also officiates as the Principal Accounting Officer of the organization as well as the ex-officio Member/Secretary of the Board.

29. **The Secretary BISP heads the Management, which includes several Director Generals (DGs) at the headquarters as well as four provincial and two regional levels.** The provincial/regional offices are the main coordinating entity for their respective geographic areas and are responsible for implementing policies and plans in accordance with procedures defined by the program’s operational manuals and guidelines. They supervise 33 divisional offices and 383 functional tehsil offices nationwide.

30. **BISP has a dedicated NSER unit headed by the DG NSER with a technical team to support various functions.** For the NSER update, BISP will procure the services of several partner organizations such as NADRA, NGOs and private firms. In addition, BISP will hire the services of a firm to conduct spot checks and process evaluations for quality assurance in the NSER data collection process. The partnership with NADRA will continue for verification of National IDs and other data. The operational procedures and other protocols will be defined by BISP’s own staff, which will also monitor and supervise all partners.

31. **The implementation of the WeT program is led by a unit under the supervision of the**

²³ BISP estimate, based on Federal Medium Term Budget Framework with projection of 6.3 percent increase in 2019-2020 and 2020-2021

Director WeT with other technical and operational staff. BISP will adjust and strengthen its operational structure and capacity in order to be able to interact more with the beneficiaries. While the MOUs with Provincial education departments are already in place, going forward the roles of various education offices (Provincial/Regional/District/Tehsil) as provided in the MoUs will be materialized through an improved coordination mechanism. BISP may continue outsourcing of limited set of tasks which are either non-recurring or where BISP does not have a comparative advantage (for example, social mobilization) while maintaining its coordination and supervision role.

32. **Presently, headed by a DG, BISP has a small unit for management and coordination of Complementary Initiatives.** The Program will support a strengthened governance and institutional structure for the management of linkages with complementary services.

33. **Procurement and Financial Management.** BISP's Procurement Unit, headed by a Procurement Director, will be responsible for all procurement activities under the Program using Federal Public Procurement Rules for all Program activities. The Unit leads the procurement planning process in consultation with technical wings. BISP's Finance and Accounts (F&A) unit, headed by a DG F&A, will support all financial matters of relevance to the Program. Under the TA component, the Program will provide support to strengthen BISP's fiduciary capacity including annual fiduciary performance reviews. The Program will procure the services of an IVA to verify all DLI and DLR evidence.

VIII. Contact point

World Bank

Contact 1: Iftikhar Malik

Title: Sr Social Protection Specialist

Tel: 1 (202) 458-4439

Email: mmalik@worldbank.org

Contact 2: Lucian Bucur Pop

Title: Senior Economist

Tel: 1 (202) 458-2874

Email: lpop@worldbank.org

Contact 3: Amjad Zafar Khan

Title: Sr Social Protection Specialist

Tel: 92-51-909-0136

Email: akhan16@worldbank.org

Borrower/Client/Recipient

Contact: Tariq Bajwa

Title: Secretary, Economic Affairs Division

Tel: 092-92519210

Email: n.a.

Implementing Agencies

Name of Agency/ies: Benazir Income Support Program (BISP)

Contact: Yasmin Masood

Title: Secretary

Tel: 92-51-9090318

IX. For more information contact:

The InfoShop

The World Bank

1818 H Street, NW

Washington, D.C. 20433

Telephone: (202) 458-4500

Fax: (202) 522-1500

Web: <http://www.worldbank.org/infoshop>