



Cash Transfer Programs for Poor Women in Pakistan

Economic Growth and Poverty Reduction

In 2008, Pakistan was hard hit by the impact of the energy and food crises that resulted in double digit inflation, high trade and fiscal deficit, as well as falling savings and investment rates. The poor and vulnerable groups were particularly hard hit by these crises, as the bulk of their expenses go to food and fuel.

In response, the Government launched a new major social safety net program in October 2008—the Benazir Income Support Program (BISP),¹ a cash transfer program intended to smoothen the impact of the food and fuel crises for the poor. The BISP provides cash transfers of 1,000 Pakistan rupees (PRs) (\$13) per month to the female head of eligible families whose monthly income is less than PRs6,000 per month. This amount has been estimated to be sufficient to finance 20–25 days of flour needs for 5–6 family members. The Government allocated around \$415 million for FY 2009, targeting 3.5 million families. This was the third largest allocation in the budget and constituted 0.3% of the gross domestic product.

To quickly launch the BISP, the parliamentarians were asked to identify beneficiary families. All parliamentarians, irrespective of party affiliation, were provided with an equal opportunity to recommend eligible families. Each politician received 8,000 forms to be distributed to the poor and needy in their constituency, based on a 13-point criteria. The National Database and Registration Authority (NADRA) is used to verify the eligibility of applicants based on a specified criteria. On the other hand, Pakistan Post is contracted by BISP to deliver benefit payments through money orders to the homes of verified applicants upon production by the female head of households of her computerized national identity card (CNIC). BISP

payments are delivered at home without collection cost for the recipient. Pakistan Post has a network of 12,340 post offices, hence can reach BISP beneficiaries. A website has been created for the program where individual applications and benefit payment status can be tracked. However, since it is unlikely that many targeted individuals have internet access, constituents submit their grievances through their parliamentarians. A management information system was also installed to provide information on the updated applications and payment status of the applicants and beneficiaries.

ADB's Intervention²

The Asian Development Bank (ADB) is supporting Pakistan in this endeavor through its cluster program Accelerating Economic Transformation Program (AETP). In June 2008, under the first subprogram, AETP supported BISP in its start-up and the development of clear criteria to identify the beneficiaries. After the start-up, the BISP decided to improve its targeting method through the adoption of a poverty scorecard, based on a “proxy means testing” approach. At the initial stage, the poverty scorecard was tested on a pilot basis. Based on the lessons

The Accelerating Economic Transformation Program supports the empowerment of women under the Benazir Income Support Program which enables the female head of the family to play a greater role in the household decision-making process.



learned from the pilot project, the poverty score card will be rolled out to all 130 districts in Pakistan. In June 2009, under the second subprogram, AETP provided \$150 million funding to BISP to finance the benefit payments under the new targeting system.

AETP also supports the empowerment of women under the BISP. The female head of the family are the primary recipients of the BISP, enabling them to play a greater role in the household decision-making process. At the same time, the program helps women to obtain national identification cards, a precondition to receiving BISP benefits. The national identification card provides women with a legal identity, enabling them to play a greater role in society. The BISP benefits are targeted to women. Women are only entitled to the BISP benefit when they have national identification cards.

In addition, the AETP assists the Government in extending the coverage of the BISP beneficiaries. The BISP, with the assistance of AETP's support of the budget, covered up to 3.5 million families in FY 2009, and is expanding its coverage to at least 5 million families in FY 2010. The World Bank likewise provides assistance to BISP in terms of strengthening its program administration and fiduciary structure as well as in the establishment and implementation of a monitoring and evaluation system, including a grievance redress system.

Overall, the program supports the Government in the development and implementation of an effective social safety net program for poor households with the objective of increasing effectiveness of social protection interventions in terms of both poverty alleviation and human capital development

Endnotes

- ¹ Asian Development Bank. 2009. *Report and Recommendation of the President on the Proposed Loans for Subprogram 2 Accelerating Economic Transformation Program (Pakistan)*, Appendix 6. Manila.
- ² ADB. 2009. *Report and Recommendation of the President on the proposed Loans for Subprogram 2 Accelerating Economic Transformation Program (Pakistan)*. Manila.

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