ADB ASIAN DEVELOPMENT BANK

Pakistan: Social Protection Development Project

Project Name	Social Protection Development Project
Project Number	45233-001
Country	Pakistan
Project Status	Approved
Project Type / Modality of Assistance	Loan
Source of Funding / Amount	**Loan 3049-PAK: Social Protection Development Project** Asian Development Fund — US$ 430.00 million
Strategic Agendas	Inclusive economic growth
Drivers of Change	Governance and capacity development
Sector / Subsector	**Education** - Technical and vocational education and training **Health** - Health insurance and subsidized health programs **Public sector management** - Social protection initiatives
Gender Equity and Mainstreaming	Gender equity
Description	The project will support the Government of Pakistan's national social safety net program, the Benazir Income Support Program (BISP). The project will enable the expansion of the cash transfer program (paid to the female head of targeted poor families) by registering an additional 2.4 million eligible families and financing the first few quarters of their cash transfers. In addition, it will support the strengthening and phased expansion of the pilot health insurance and skills development programs to increase income and good health for targeted families. The project will provide technical support and finance part of the scaling-up costs of both programs using a performance-based allocation. The substantial fiduciary risk of the project will be mitigated through the strengthening of BISP financial management systems and capacity.

Project Rationale and Linkage to Country/Regional Strategy	The last official estimates of poverty incidence were released in Pakistan in 2005/2006, with the headcount index for poverty reported at 22.3%. Since 2007 the Government of Pakistan has faced difficult challenges, including external and domestic economic shocks, economic uncertainty, and security problems. Annual gross domestic product (GDP) growth rates post-2007 averaged about 3%, while inflation averaged 13.8%, resulting in lower living standards. A recent study, using district-based poverty profiles, estimated poverty incidence for all households in the country at 33%. Starting in 2007, the government significantly increased its spending on social protection, established a new institutional framework, and approved the National Social Protection Strategy. In October 2008 the government launched the BISP as the national social safety net program. The immediate objective was to decrease the adverse impact of food, fuel, and financial crises on low-income families. The broader goal was to implement the government's redistributive policy by providing regular cash income support to the poor. The main BISP intervention is a cash transfer program providing PRs1,000 per month to the female head of the family. The government's social safety net spending increased from 0.3% of GDP in FY2004 to 0.9% in FY2011 after introducing the BISP. The BISP uses a transparent and objective methodology to select beneficiaries. It identified 7.2 million eligible poor families (23% of the total population) on the basis of a nationwide poverty scorecard survey using a proxy-means test approach. Initial evaluation findings demonstrate that it is a credible targeting system, covering a substantial number of the poorest in Pakistan. However, 2.4 million eligible poor families are not yet receiving the cash transfer because the female head does not hold a CNIC, which is the key eligibility criterion. Pending families are the most difficult to reach and likely to be the most destitute. The introduction of a national safety net program and the availability of the poverty scorecard database can potentially lead to more efficient use of resources and better targeting and coordination with the provincial social safety net programs. A well-managed targeting system will enable the replacement, over time, of other inefficient social safety net programs and untargeted subsidies that are still pervasive in Pakistan. The BISP piloted several graduation initiatives for health insurance, skills development training, small business development loans, and primary education co-responsibility cash transfers. These programs aim to support human development and economic opportunities for beneficiaries, and reduce the likelihood of intergenerational transfer of poverty. The first two of these graduation initiatives are of special relevance for social protection: (i) Almost 70% of total health expenditures are paid out-of-pocket by families, driving about 4% of the population into poverty every year. Unexpected severe health problems are the most prevalent shock for families. In addition to income loss from being unable to work, medical costs alone can push households into poverty. Health insurance for the poor that covers catastrophic risks and major costs such as births can provide significant financial relief and protection to the most vulnerable families, while improving access to health facilities. (ii) More than 53% of the target population depends on casual labor as their major source of income it is insecure and risky. Beneficiary family members have extremely low literacy and numeracy, affecting confidence and social participation. Rural employment opportunities (both wage employment and self-employment) could be enhanced through skills training. This will improve poor families' income-generating capacity and boost their resilience to shocks. In April 2012, the BISP launched a health insurance program, Waseela-e-Sehet (WES), on a pilot basis to provide protection against catastrophic health expenditure to registered beneficiary families in Faisalabad district in Punjab Province through the State Life Insurance Corporation. The insurance package covers full hospitalization for all age groups with an annual maximum benefit cap of PRs25,000 per family. It covers preexisting conditions as well as hospitalization for maternity and child health. So far, 37,575 families have been insured and provided access to WES registered private hospitals on a cashless and paperless basis. Of these expenditures, 40% were maternity related. The Waseela-e-Rozgar (WER) was launched in July 2011 to provide center-based formal skills training to any selected family member of a beneficiary. In FY2013, 56,600 trainees graduated from training centers providing 4 6 month programs. The current WER is very costly; the average cost of PRs53,000 limits outreach of the program. Most courses are taught beyond the absorptive capacity of BISP potential nominees, who are largely illiterate or semiliterate. Training delivery and competency assessment and certification have fundamental problems. While the impact of current training provision on employability is likely very limited, the reputational risks of training delivery arrangements and the lack of effective monitoring are high. Under the 18th Constitutional Amendment (30 June 2011), several subjects including health, education, and social welfare became a shared responsibility of the federal government and the provinces. The federal government continues to play a critical role in ensuring that long-term poverty reduction and social protection goals are met. A centrally operated safety net program is better placed to ensure equal chances for the poor to qualify for the cash transfer program, and to coordinate consistent program standards for provincial graduation programs. The provinces play a key role to develop and implement complementary graduation programs, especially highly customized graduation interventions.
Impact	Reduced income poverty and nonincome poverty for poor families in Pakistan

Project Outcome	
Description of Outcome	Increased resilience of female BISP beneficiaries and their families
Progress Toward Outcome	
Implementation Progress	

Description of Project Outputs	Cash transfer program coverage expanded Health insurance program refined and rolled out Skills development program strengthened Financial management and control systems, and policy research improved
Status of Implementation Progress (Outputs, Activities, and Issues)	The project became effective on 24 June 2014. FY2014-15 cash transfer payments were paid from project resources as scheduled. A redesign in under preparation, including support for health insurance and skills development
Geographical Location	7 million eligible BISP beneficiaries, spread across the different provinces and districts, were idenfiied based on the cut-off score of a poverty scorecard survey

Safeguard Categories	
Environment	C
Involuntary Resettlement	C
Indigenous Peoples	C

Summary of Environmental and Social Aspects	
Environmental Aspects	The program involves no infrastructure development activity nor has any secondary impacts on the environment.
Involuntary Resettlement	Since the project will not support any physical intervention, no land acquisition will be required.
Indigenous Peoples	The BISP is an inclusive program that does not discriminate based on indigenous status. The program beneficiaries are selected based on the results of a poverty scorecard survey using proxy means testing. No questions are included on religion, language, or ethnicity, to ensure participation and inclusion of all poor irrespective of tribe, subtribe, or minority status.
Stakeholder Communication, Participation, and Consultation	
During Project Design	The main discussions during fact finding were with BISP as executing agency, and its contracted implementing partners. Other discussions were held with Ministry of Finance, Ministry of Planning, 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.
During Project Implementation	BISP has established a well-functioning grievance redressal mechanism at the sub-district (tehsil) level, which is used well by the poor. Civil society representatives, especially NGOs, will be involved in the community-based skills training component. Implementation also makes use of a strong community mobilization methodology.

Business Opportunities	
Consulting Services	The inputs of 18 consulting firms and 9 individual consultants, for a total of 637 person months (97 international, 540 national) are required to assist in the design and implementation, and for the monitoring and evaluation of the project activities. Consulting firms will be engaged using the quality- and cost-based selection (QCBS) method with a standard quality-cost ratio of 80:20.
Procurement	IT Equipment for PMU: estimated cumulative value of $25,000 with multiple contracts, under shopping procurement method Office Administration: estimated cumulative value of $50,000 with multiple contracts, under shopping procurement method

Responsible ADB Officer	Michiel Van der Auwera
Responsible ADB Department	Central and West Asia Department
Responsible ADB Division	Public Management, Financial Sector and Trade Division, CWRD
Executing Agencies	*Benazir Income Support Program* *TAHIR.NOOR@BISP.GOV.PK* *F-Block, Pak Secretariat*

Timetable	
Concept Clearance	28 Feb 2013
Fact Finding	11 Jun 2013 to 24 Jun 2013
MRM	16 Jul 2013
Approval	22 Oct 2013

Last Review Mission	-
Last PDS Update	14 Sep 2015

Loan 3049-PAK

Milestones					
Approval	Signing Date	Effectivity Date	Closing		
			Original	Revised	Actual
22 Oct 2013	25 Nov 2013	24 Jun 2014	30 Jun 2019	-	-

Financing Plan		Loan Utilization			
	Total (Amount in US$ million)	Date	ADB	Others	Net Percentage
Project Cost	578.30	Cumulative Contract Awards			
ADB	430.00	22 Oct 2013	43.58	0.00	11%
Counterpart	148.30	Cumulative Disbursements			
Cofinancing	0.00	22 Oct 2013	86.22	0.00	21%

Status of Covenants						
Category	Sector	Safeguards	Social	Financial	Economic	Others
Rating	Satisfactory	-	-	Satisfactory	-	Satisfactory

Project Page	http://www.adb.org/projects/45233-001/main
Request for Information	http://www.adb.org/forms/request-information-form?subject=45233-001
Date Generated	10 October 2015

ADB provides the information contained in this project data sheet (PDS) solely as a resource for its users without any form of assurance. Whilst ADB tries to provide high quality content, the information are provided "as is" without warranty of any kind, either express or implied, including without limitation warranties of merchantability, fitness for a particular purpose, and non-infringement. ADB specifically does not make any warranties or representations as to the accuracy or completeness of any such information.