

SUMMARY POVERTY REDUCTION AND SOCIAL STRATEGY

Country:	Pakistan	Project Title:	Social Protection Development Project
Lending/Financing Modality:	Project	Department/ Division:	Central and West Asia Department/ Public Management, Financial Sector, and Trade Division

I. POVERTY AND SOCIAL ANALYSIS AND STRATEGY

Targeting classification: The project is classified as targeting poverty among very vulnerable households (TI-H) based on the government poverty scorecard system (using 179 indicators of living standards) where the chronically poor score less than 16.17.

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

Pakistan's economy has been characterized by low growth of 2.1% since 2009 and inadequate inclusiveness of this growth to benefit lower-income groups. While poverty declined substantially from 35.9% in 2001 to 22.3% in 2006, relatively little progress was made in poverty reduction during 2006–2011. Since 2011, the Government of Pakistan has measured poverty through a scorecard system based on a comprehensive household survey of 90% of all households in the country. The scorecard system assessed 19 indicators of living standards. Two poverty cutoffs (16.17 and 20.00) have been used, with 7.2 million households identified under the 16.17 cutoff and an additional 2.5 million under the 20.00 cutoff line. The National Social Protection Strategy has been in place since 2007 and, together with the Poverty Reduction Strategy Paper, provides the policy framework for social protection. The medium-term growth framework for 2011 encourages employment growth. The Asian Development Bank (ADB) Country Partnership Strategy, 2009–2013 does not explicitly mention social protection, but emphasizes assistance to reduce market distortions and institutional bottlenecks, improve public financial resource management, develop the private sector, and bring about structural transformation.^a It pays special attention to gender mainstreaming, capacity building, governance, and fiduciary standards as key themes; and stresses the importance of sustainable and inclusive growth in Pakistan. The strategy encourages developing public policy that emphasizes employment growth.

Poverty in Pakistan is mainly related to lack of income opportunities, health risks, inequalities, and gender equity concerns. The government's major poverty reduction program since 2008 has been cash transfers, under the Benazir Income Support program (BISP), to women in targeted chronically poor families (under the 16.17 cutoff point of the poverty scorecard survey), costing about 2.7% of the budget and 0.4% of the gross domestic product (GDP). In addition, federal and provincial governments maintain other social protection, such as food and electricity subsidies and poverty reduction programs amounting to 3%–5% of GDP; they are not as well targeted to the poor and are less effective. In contrast, women effectively use the BISP transfers to invest in better food, health, and child education. To further reduce the incidence of poverty, the BISP needs to be complemented with other social programs and employment policies (the skill training and health insurance proposed under the ADB support for the BISP will contribute to this), and a more inclusive growth path.

B. Results from the Poverty and Social Analysis during PPTA or Due Diligence

1. Key poverty and social issues. The project directly contributes to poverty reduction and is therefore classified as targeted intervention (TI). Transfers increase the income and opportunities of identified poor families. The project is therefore classified as targeting poverty of the very poor at the household level (TI-H). However the overall impact of the project is its systemic contribution to poverty reduction and inclusive growth in the country through its approach, targeting gender imbalances and social risks of many poor households. The project has an impact on the Millennium Development Goals (MDGs), especially through the gender focus (MDG 3); the spending behavior of the poor, which increases household expenditures for housing and water (MDG 7); and education of children (MDG 2). The project also has an impact on the poor's access to the labor market and social protection (MDG 1b and 1c). The health insurance program will have some impact on maternal and child health (MDG 4+5).

2. Beneficiaries. The project targets only poor households, with a high degree of accuracy confirmed by external evaluations. It currently covers 4.8 million poor households, and with the ADB investment this will be expanded to an additional 2.4 million difficult-to-reach chronically poor families, and possibly a further 2.5 million poor households with poverty scores of 16.17–20.00. The main BISP beneficiaries are women, because the BISP transfers money only to women in targeted poor households. Community-based training is more likely to draw women participants. The most significant item for health insurance utilization is maternal health expenditures (40%).

3. Impact channels. Studies on the use of the BISP cash transfers show that women invest the money mostly to improve the living conditions of their children—both boys and girls—for better food (32%), improved mother and child health (23%), better clothing (7%), debt payments (10%), and investments in education (5%) and savings (3%). BISP beneficiaries receive the money (in more than 90% of the cases) directly, and in most cases also make or share the decision on the use of the money. Women now feel more validated in family and society as they are responsible for bringing in some regular income in addition to their unpaid household work.

4. Other social and poverty issues. The project improves the health conditions of women and children, especially related to prenatal health issues. Furthermore, it improves the employability of poor women and men (aged 18–35) through participation in skills training.

5. Design features. The project provides social protection for the chronic poor to cushion the impact of economic and health shocks. It provides a cash transfer (about 7% of a family's income) to support consumption. In addition it provides, on a pilot basis, insurance against catastrophic health shocks for all family members up to a yearly limit. It provides, on a pilot basis, opportunities for poor women and men to increase their family income and reduce income poverty by providing skills relevant to the job market.

II. PARTICIPATION AND EMPOWERING THE POOR

Participatory approaches and strengthening inclusiveness and empowerment of the poor and vulnerable in project implementation. The selection of beneficiaries is based on an elaborate poverty scorecard survey that covered 90% of all households in the country. In addition, the BISP has established a well-functioning subdistrict (tehsil) grievance redressal mechanism, which is used well by the poor. Civil society representatives, especially nongovernment organizations, will be involved in the community-based skills training component. Implementation makes use of a strong community mobilization methodology.

M Information gathering and sharing **M** Consultation **H** Collaboration **L** Partnership

Participation plan The project will not include a separate participation plan. Existing grievance mechanisms for attending to poor people's voices are sufficient. Yes No

III. GENDER AND DEVELOPMENT

Gender mainstreaming category. The project, in addition to reducing poverty, contributes to gender empowerment as its major thematic purpose. Specific gender targets are included for impact, outcome, and outputs; related indicators are included in the project design. Hence the project is classified as gender equity theme (GEN). In addition to integrating gender dimensions in all project components and results statements, the gender-related activities are summarized in the Gender Action Plan. The project design is based on gender analysis of many sources including an extensive BISP baseline, evaluation studies, and focus group discussions.

Key issues. A strong gender focus in the project is required in three main areas:

1. The BISP is a women-focused program that provides cash transfers to women. Women also benefit from acquisition of a bank account and a computerized national identity card, both of which confirm their identity and opens up possibilities for other forms of civil participation. Issues remain regarding reaching women in the remaining 2.4 million poor households in remote areas that may have strong cultural values against gender equality.

2. Project component 2 is designed to reduce health shocks and increase health service utilization among the poor. In addition to the cultural requirement for a male escort, the transport costs are one of the main impediments for women to access hospitals for reproductive health problems. Awareness campaigns—for both women and men but with different content—are needed to increase demand among women for health services. Finally, improvements on the supply side are needed to allow poor women to access the health benefits. Thus the project will pay for transport costs.

3. Appropriate training courses targeted to the needs of poor women need to be developed, and the reach of the skills development component increased from the current 33,000 women to a minimum of 500,000. Women express a strong preference for training close to home in order for them to be available to their families. Low literacy among women has restricted the type of training they have been eligible for to date, however entry requirements have not been applied equally between districts. Hence the type, requirements, content, and quality of training courses need to be redesigned to better focus on poor women's needs and capacity. This component has a gender target of 50%, and deepens training beyond traditional cooking and sewing options. The share of female training beneficiaries is expected to increase with the addition of community-based training of relatively shorter duration (approximately 1 month compared with the 4–6 month duration of current center-based courses).

B. Key actions. Gender dimensions are integrated in the project objective, and for all four project outcomes implemented under the three main project components: (i) to expand the cash transfer benefits to poor women in hard to reach areas and hard to reach situations, the project will support the National Database Registration Authority to issue computerized national identity cards to women and increase their understanding of the use and benefits of the cards, and the BISP in transferring cash grants to these female heads of poor families; (ii) project component 2 is designed to reduce the impact of catastrophic health shocks, 40% of health visits are related to reproductive (maternal and neonatal) health; it includes a cash payment for transport to increase demand for health services; (iii) component 3 (skills development) has specific targets for women's enrollment (50%), and includes most skills training courses as short-term community-based training and local company training options; and (iv) component 4 relates to financial and institutional strengthening and includes support for the provision of gender sensitive, proactive, evidence-based policy advice. The detailed gender-related actions taken in this project are summarized in the Gender Action Plan.

Gender action plan

IV. ADDRESSING SOCIAL SAFEGUARD ISSUES	
A. Involuntary Resettlement	Safeguard Category: <input type="checkbox"/> A <input type="checkbox"/> B <input checked="" type="checkbox"/> C <input type="checkbox"/> FI The project will not support any physical infrastructure intervention, as such no land acquisition is needed.
B. Indigenous Peoples	Safeguard Category: <input type="checkbox"/> A <input type="checkbox"/> B <input checked="" type="checkbox"/> C <input type="checkbox"/> FI Program beneficiaries are selected based on the results of a poverty scorecard survey using proxy means testing. No questions are included on ethnicity, religion, or language to ensure participation and/or inclusion of indigenous peoples including tribes and subtribes and any minority groups. Targeting is household, not community-based. Broad community consent is not triggered. With no impacts on indigenous peoples, no strategy or plan is needed.
V. ADDRESSING OTHER SOCIAL RISKS	
A. Risks in the Labor Market	The project has a specific labor market component through skills training. Women in particular have a low labor force participation rate of 19%, which is both a cause and a consequence of their very low status in society. The major impact is on reducing the underemployment rate and increasing the family income through cash transfers to, and skill training for, women. Retrenchment issues are not relevant for this project. The training courses with companies and institutions include some awareness-raising sessions on core labor standards. However no active policies are being pursued to enhance core labor standards, as this is not the role of the BISP and skills training cannot ensure that companies actually follow core labor standards. L unemployment H underemployment NR retrenchment L core labor standards
Labor market impact. Through the project, 577,294 people aged 18–35 years from the targeted 7.2 million poor BISP households will be trained over 5 years, of which 50% are women. Training will mainly be on skills relevant for self-employment of the poor and engagement with the informal and agriculture sectors. The project therefore may not contribute significantly to reducing the formal sector unemployment rate.	
B. Affordability: No issues relate to affordability.	
C. Communicable Diseases and Other Social Risks NA Communicable diseases NA Human trafficking NA Others	
VI. MONITORING AND EVALUATION	
<p>1. Targets and indicators. Reduce extreme income poverty from 33% in 2012 to 30% in 2023. Reduce expenditure on health for the poorest quintile of the population from 2.56% in 2012 to 2.00% in 2023. Increase utilization of health insurance by BISP families from 0.39% in 2012 to 1.37% in 2018. Increase enrolment of eligible women in the BISP from 70% in 2012 to 95% by 2018. Ensure 2.4 million newly registered women receive cash transfers regularly and on time from a baseline of zero in 2012. Increase enrolment of female BISP recipients in Waseela-e-Sehet from 37,525 in 2012 to 786,423 in 2018. Increase number of beneficiaries completing skills training from 56,600 in 2013 to 577,294 in 2018, of which 50% are women. Conduct engendered research in line with a research framework relevant to the project by 2018 (baseline zero). Data sources are BISP program records, government figures.</p> <p>2. Required human resources. BISP staff resources (existing) plus about 20 project-provided positions for research, skills training, and audit and financial management.</p> <p>3. Information in the Project Administration Manual. A project monitoring and evaluation system is outlined in the Project Administration Manual, as well as the full Gender Action Plan.</p> <p>4. Monitoring tools. The project includes development and commissioning of an electronic management information system.</p>	

^a ADB. 2009. *Country Partnership Strategy: Pakistan, 2009–2013*. Manila.