

## DEVELOPMENT COORDINATION

### A. Major Development Partners: Strategic Foci and Key Activities

1. **Asian Development Bank.** The Asian Development Bank (ADB) has been supporting the Benazir Income Support Program (BISP) since its inception in 2008. Under the Accelerating Economic Transformation Program, Subprogram 1 (\$500 million), ADB supported the launching of the BISP to mitigate the social impact of the food and fuel crises of 2007 and 2008.<sup>1</sup> Under the Accelerating Economic Transformation Program, Subprogram 2, ADB allocated \$150 million was allocated for the BISP to support beneficiaries identified under the proxy means test-based poverty scorecard survey.

2. In 2013, ADB approved the Social Protection Development Project for \$430 million to support BISP female beneficiaries and their families. The original closing date for the project of 30 June 2019 has been extended until 30 June 2020. The project originally had four outputs, but, after discussions between the BISP and ADB in 2018, these were updated. The current project has the following three outputs: (i) cash transfer program coverage expanded, (ii) BISP graduation program implemented, and (iii) financial management and control systems and improved policy research improved. Because of special drawing right (SDR) devaluation, the total loan amount has been reduced to \$394.5 million equivalent.

3. **World Bank.** World Bank support to the BISP started with \$60 million in technical assistance during 2008–2009 for capacity building and policy support. During 2012–2016, the World Bank approved \$150 million of additional financing for restructuring and scaling up of the Social Safety Net Project. This World Bank project used disbursement-linked indicators (DLIs) to support a small part of the cost of unconditional cash transfers (UCTs) for their rollout to up to 5.5 million beneficiaries and the introduction of a conditional cash transfer (CCT) program for primary education.

4. In 2017, the World Bank approved \$100 million in loans for the National Social Protection Program, of which \$90 million is linked to DLIs and \$10 million is allocated to technical assistance, with support ending in 2021. This program focuses on updating the National Socio-Economic Registry (NSER) for beneficiary identification, provision of targeted subsidies, development of modern payment delivery systems, consolidation of federal and provincial partnerships for equitable service delivery, expansion of Waseela-e-Taleem (education program), and refinement of complementary initiatives for helping the poor to exit poverty.

5. **Department for International Development of the United Kingdom.** During 2008–2009, \$4.5 million in trust fund resources from the Department for International Development (DFID) of the United Kingdom were used to assist in the early development of the BISP. In September 2012, DFID approved a £300 million project (including £21 million for technical assistance), providing parallel financing to the World Bank Pakistan Social Safety Net Project using the same DLI results framework. The DFID Pakistan National Cash Transfer Project ends in March 2020 but may be extended for another year on a no-cost extension basis. During the first phase of this program, DFID supported systems reforms, the expansion of the UCT program, the NSER, and the CCTs for Waseela-e-Taleem. During the second phase, DFID no

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<sup>1</sup> In this linked document, ADB projects are not footnoted when they are referred to in the text. Projects are described in detail in the table.

longer supports UCTs and is focusing on NSER update completion, improvement in biometric verification processes, communications and development of call centers, financial management, training of field officers, and expansion of the Waseela-e-Taleem CCT.

### Major Development Partners

Development Partner	Project Name	Duration	Amount (\$ million)
<b>Public Sector Management – Social Protection Initiatives</b>			
ADB	Social Protection Development Project	2013–2020	430.0
DFID	Pakistan National Cash Transfer Program	2012–2020	450.0
	Technical Assistance	2012–2020	30.0
World Bank	Pakistan Social Safety Net Project	2012–2016	150.0
	National Social Protection Program	2017–2021	100.0

ADB = Asian Development Bank, CFDP = China Foundation for Peace and Development, DFID = Department for International Development of the United Kingdom, USAID = United States Agency for International Development.  
Source: ADB.

## B. Institutional Arrangements and Processes for Development Coordination

6. The three main donors, ADB, DFID, and the World Bank, work in close coordination with the BISP. DFID and the World Bank share the same DLI results framework, with the World Bank monitoring 8 DLIs and DFID 11. DFID and the World Bank have been supporting improved payment mechanisms and an improved and updated NSER. In cash transfers, both are focusing their support more on the CCT initiatives, Waseela-e-Taleem being rolled out in 50 districts. ADB is focusing its support on improving institutional strength and on continued support for the UCT component of the BISP. While DFID and the World Bank work with the BISP to improve the NSER, ADB is planning to work with the BISP to improve its in-house capacity (through a policy research unit) to analyze and utilize the data that the NSER generates, and to facilitate links with other departments and organizations that would like to use the data.

7. The BISP has developed education and nutrition CCT committees that meet regularly and include members from ADB, DFID, the World Bank, and United Nations agencies, as well as relevant federal and provincial departments in health and education. Designs for initial pilots for education and health CCTs have been developed with joint input of the members of these committees. Through these committees, development partners are able to link BISP work plans to ongoing social sector plans being supported at the provincial level, like the Punjab Health and Nutrition CCT Program being supported by the World Bank.

8. DFID has supported the BISP in developing a framework for error, fraud, and corruption, including key activities and a timeline (that extend beyond DFID's current support program). ADB and the World Bank are both using the same framework in identifying and supporting the BISP in this area.

9. ADB, as part of the small-scale technical assistance with this additional financing, is proposing to support the BISP in the development of a strategic business plan with clearly identified priority actions and timelines for each of the departments of the BISP. This business plan will assist with future coordination of support to the BISP.

10. The government recently established its new Division of Poverty Alleviation and Social Safety to help implement and monitor its Ehsaas poverty alleviation program. The new division houses the BISP and the Pakistan Poverty Alleviation Fund, which has been tasked with implementing the government's graduation programs. This new division will allow development partners to coordinate broader social support initiatives across various departments.

## C. Achievements and Issues

11. The proposed intervention is strongly in line with ADB's forthcoming country operations business plan for Pakistan, 2020–2022<sup>2</sup> and with operational priority 6 of ADB's Strategy 2030, which focuses on strengthening governance and institutional capacity, and emphasizes the importance of strong financial management systems and controls for successful development outcomes.<sup>3</sup> As such, it provides an excellent example of ADB supporting its overarching goal of addressing poverty in ways that fully complement its efforts in supporting inclusive economic growth, in concert with the Government of Pakistan, which is heavily focused on—and investing in—improving poverty alleviation and providing social protection.

12. Current World Bank support ends in 2021 and DFID support ends in 2020 (with the possibility of a no-cost extension for 1 year). Neither partner is currently able to clarify which areas it will continue supporting in their new cycles. However, the BISP remains a priority program for the government, which is expanding its support for both the BISP and for broader social sector support under the Ehsaas program. The government increased the budget allocated to the BISP to about \$1 billion in fiscal year 2019 (ended June 2019) (around 0.4% of gross domestic product and half of the total social service protection expenditure).

13. The BISP is working to improve the NSER to improve targeting and expand the coverage of UCTs, but it also recognizes that UCTs—while providing an essential financial cushion for the poor—have limited impact on poverty reduction. The BISP is expanding its approach and is looking at alternate modalities that target the improvement of human capital, including poverty graduation programs, direct cash programs, and CCTs, based on global best practices. It will be critical that the BISP develop evidence-based and cost-effective interventions that will have impact on poverty, through education, health, and nutrition. Through this intervention, ADB proposes helping the BISP to develop an in-house policy research unit that can support proper development, implementation, and evaluation of new modalities.

## D. Summary and Recommendations

14. Development partners are closely coordinating their support to the BISP to ensure complementarity and prevent overlap. The proposed additional financing will help the Government of Pakistan continue to support the BISP against the backdrop of the difficult macroeconomic situation the country faces.<sup>4</sup> The support will (i) enable disbursement of UCT payments to eligible BISP beneficiaries; and further improve BISP's capacity for financial management and control, and policy research, data analytics and intervention design. The additional financing modality is considered appropriate given strong links with the original project in terms of design and implementation arrangements and resultant productivity gains.

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<sup>2</sup> ADB. Forthcoming. *Country Operations Business Plan: Pakistan, 2020–2022*. Manila.

<sup>3</sup> ADB. 2018. [Strategy 2030: Achieving a Prosperous, Inclusive, Resilient, and Sustainable Asia and the Pacific](#). Manila.

<sup>4</sup> Asian Development Bank (ADB). 2019. [Asian Development Outlook 2019: Strengthening Disaster Resilience](#). Manila.