



# Project Information Document (PID)

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Concept Stage | Date Prepared/Updated: 14-Feb-2022 | Report No: PIDC33485



**BASIC INFORMATION**

**A. Basic Project Data**

Country Pakistan	Project ID P178532	Parent Project ID (if any)	Project Name Supporting Human Capital Investments in Sindh (P178532)
Region SOUTH ASIA	Estimated Appraisal Date Aug 08, 2022	Estimated Board Date Nov 21, 2022	Practice Area (Lead) Social Protection & Jobs
Financing Instrument Investment Project Financing	Borrower(s) Islamic Republic of Pakistan	Implementing Agency Planning and Development Board Government of Sindh Karachi.	

**Proposed Development Objective(s)**

Strengthen social protection service delivery system to increase access to basic services for poor and vulnerable populations at prioritized stages of the life cycle in target districts.

**PROJECT FINANCING DATA (US\$, Millions)**

**SUMMARY**

<b>Total Project Cost</b>	200.00
<b>Total Financing</b>	200.00
<b>of which IBRD/IDA</b>	200.00
<b>Financing Gap</b>	0.00

**DETAILS**

**World Bank Group Financing**

International Development Association (IDA)	200.00
IDA Credit	200.00

Environmental and Social Risk Classification

Concept Review Decision



Moderate

Track I-The review did authorize the preparation to continue

Other Decision (as needed)

## B. Introduction and Context

### Country Context

1. Pakistan has made significant progress over the last two decades toward reducing poverty. Over 47 million people escaped poverty between 2001 and 2015, making Pakistan one of the most successful South Asian country in reducing poverty. Nonetheless, challenges remain. Human capital outcomes are poor and stagnant, with high levels of stunting at 38 percent and learning poverty at 75 percent. Per capita GDP growth has also been low, averaging around 1.8 percent annually. Economic growth has historically been fueled by private and government consumption, with productivity-enhancing investments and exports contributing relatively little. Consumption-led growth has been associated with frequent macroeconomic imbalances. Achieving sustained economic growth is important to reduce inequality and increase shared prosperity.

2. Economic activity contracted in FY20 due to COVID-19 but recovered in FY21. Due to low-base effects and recovering domestic demand, real GDP growth (at factor cost) is estimated to have rebounded to 3.5 percent in FY21 from a contraction of 0.5 percent in FY20.<sup>1</sup> However, in light of emerging external imbalances and higher domestic inflation, fiscal and monetary tightening is expected to resume in FY22. Output growth is projected to ease to 3.4 percent in FY22 but strengthen to 4.0 percent in FY23 on reform dividends such as those from sustaining macroeconomic stability and increasing competitiveness. Inflation is projected to edge up in FY22 with domestic electricity tariff hikes and higher oil and commodity prices before moderating in FY23. The current account deficit is projected to widen to 2.5 percent of GDP in FY23 as imports expand with higher economic growth and oil prices. Despite fiscal consolidation efforts, the deficit (excluding grants) is projected to remain high at 7.1 percent of GDP in FY22 and widen to 7.2 percent in FY23 due to pre-election spending. Implementation of critical revenue-enhancing reforms, particularly the harmonization of the General Sales Tax, will support a narrowing of the fiscal deficit over time. Public debt will remain elevated in the medium term, as will Pakistan's exposure to debt-related shocks. This outlook assumes that the International Monetary Fund Extended Fund Facility program will remain on track.

3. Human capital indicators are expected to deteriorate in the wake of the COVID-19 pandemic. Health indicators are expected to decline due to lower utilization of non-COVID-19 health care from income constraints and fear of contagion. The pandemic has also resulted in an increase in the number of out-of-school children as school closures and the economic burden have kept children out of school despite the reopening of schools. As a result, Pakistan's human capital,<sup>2</sup> which has improved over the past years, is expected to remain low, constraining long-term growth. Before the COVID-19 pandemic, the World Bank Human Capital Index indicated that if no improvements in health and education service delivery and utilization take place, a Pakistani child born today is expected to be only 40 percent as productive as s/he could be by the age of 18. A high share of births take place outside health facilities, and low immunization rates deprive children from a strong start to life. Stunting among children under the age of five; low literacy; and low school participation, mainly among girls, are also of concern. Provincial disparities are also significant. Sindh and Balochistan have the lowest human capital accumulation, whereas Khyber Pakhtunkhwa (KP) has the highest gender disparity.

<sup>1</sup> World Bank estimate (October 2021). The Government's revised growth estimate for FY21 is 5.4 percent (constant basis prices of 2005-06, January 2022).

<sup>2</sup> Human capital consists of the knowledge, skills, and health that people accumulate over their lives and is considered a central driver of sustainable growth and poverty reduction.



4. Despite the challenges, Pakistan has adopted a holistic approach to accelerate human capital accumulation and is an early adopter of the World Bank Human Capital Project. The holistic approach entails a set of reforms and interventions, including (a) the launch of a national poverty alleviation program: Ehsaas;<sup>3</sup> (b) the launch of the revamped National Socio-Economic Registry (NSER); (c) the expansion of quality primary health care for improved health, nutrition, and population outcomes through a ‘life cycle’ approach; (d) a focus on learning in primary education to decrease learning poverty by half in a decade; and (e) the revision of legislation for women empowerment and increased participation in the labor force. In addition, it promotes direct investment from development partners to provinces, which allowed the World Bank to provide direct support to provinces to build capacity, increase investment, and boost development at the province level while bringing together core interventions aligned with the policy reform of the Government of Pakistan (GoP).

#### Sectoral and Institutional Context

5. The province of Sindh faces numerous socioeconomic challenges, negatively affecting education, health, early childhood development, nutrition, and labor market outcomes, leading to noticeable declines in planning targets and national averages. Existing evidence suggests that there are several key areas that require a policy focus in the short to medium term. These include the absence of a comprehensive social protection strategy and weak delivery capacity, as well as the underutilization and low quality of key health services and limited quality and supply of early childhood education (ECE). As a result, there are high rates of stunting and wasting among children, lagging ECE and early education outcomes, and gender disparities.

6. An effective social protection, and its delivery system (social protection system), helps individuals and households manage risks and volatility while protecting and promoting their human capital accumulation. A functional system protects people from poverty and promotes access to basic services. Moreover, the delivery system, including poverty and vulnerability targeting, digital payment mechanism, monitoring and evaluation (M&E), and grievance redress mechanism (GRM), can be used in the aftermath of climate-related disasters, such as floods or drought, by timely responses to post-crisis cash and food needs of the affected population. Hence, this system can protect people from irreversible losses caused by shocks while providing a foundation for inclusive growth and social stability and increasing resilience of the poorest and most vulnerable households.

7. Sindh’s social protection system and initiatives are fragmented across several line departments and have limited coverage. As noted in the World Bank report ‘Sindh: Public Expenditure Review (2017),<sup>4</sup> there is no central entity to plan, consolidate, coordinate, and monitor interventions. As a result, Sindh’s social protection portfolio is characterized by duplication, potentially high undercoverage and leakage, and administrative inefficiencies. There is little or no meaningful consideration of risks and vulnerabilities or unifying social protection objectives. The existing social protection programs also lack adequate funding.

8. Hence, the limited social protection policy and service delivery capacity and underdeveloped systems, introduce inefficiencies, lack of transparency, and accountability, which hamper the existing programs’ effectiveness. This trend is particularly prominent in food-based programs, but cash-based programs are not exempt. Major negative outcomes of administrative inefficiency include beneficiary duplication and benefit leakage. Duplication is commonplace with the limited program-specific management information systems (MISs), which allow digitized documentation, tracking, and cross-referencing of program-level data. Social accountability is also either weak or inexistent.

9. Underutilization and low quality of key health services is an immediate source of lagging human capital outcomes among vulnerable households. Key health services that are critical for the health of mothers and young children (at least

<sup>3</sup> In 2019, the Prime Minister launched a new poverty alleviation program, Ehsaas (Compassion, in Urdu), consolidating the role of safety nets in protecting the most vulnerable. It also includes investments in human capital with a focus on improving health care and nutrition and supporting women and youth employment and entrepreneurship.

<sup>4</sup> <https://openknowledge.worldbank.org/handle/10986/29264>.



four antenatal care checkups, birth delivered by a skilled attendant, timely counselling for mothers, and children's immunization) are not adequately used by low-income households, predominately in the rural regions of Sindh. There are substantial financial and nonfinancial barriers to availing health services among women in poor households, such as a lack of money, opportunity costs for both patients and those accompanying them, the burden of household chores and childcare, and low perceived benefits from using services due to poor quality. Furthermore, health facilities are not equipped to provide quality care. As a result, food insecurity and malnutrition are prevalent in Sindh.<sup>5</sup>

10. Progress in the education system is unbalanced, and girls, especially from rural and vulnerable households, are less likely to initially participate, and continue to progress, in their education. Data before the COVID-19 pandemic indicated that girls lagged behind boys in rural areas in primary net enrollment ratio (NER) by 18 percentage points. Girls' overall primary completion rates in Sindh also are low at 27 percent, compared to 39 for boys. Likewise, the children of mothers with higher levels of education have clearly benefited from higher rates of ECE enrollment. Further, demand-side constraints feature prominently in adolescence, especially for girls, with wider male-female gaps in secondary school attendance than in primary school attendance. These overall conditions have serious implications on children's readiness for school—for example, student assessment evidence just before COVID-19 indicated that only 23.5 percent of grade 3 students in Sindh could read a simple Urdu or Sindhi sentence (compared to the national average of 45.3 percent).

11. Vulnerability to shocks is significant and climate change has increased occurrence of certain shocks due to climate change. According to Idris (2021),<sup>6</sup> the common natural disasters are floods, droughts, cyclones, earthquakes, landslides, and avalanches. Repeated disasters have led to depletion of assets; displaced civilian populations; and caused massive damage to property, crops, and infrastructure, setting back development and growth. Sindh has suffered significantly from climate change, natural disasters, and food insecurity, as key population groups especially at risk are the poor and landless and women. The poor lack the capacity to adapt or recover from climate change impacts and natural disasters, face difficulties in accessing adequate food, and often live/work in conditions that promote transmission of COVID-19. Sindh experiences climate change-induced shocks due to incidences of severe droughts and flooding that cost between US\$1.2 and US\$1.8 billion annually. On average, annually 3 million people are affected by floods (the dominant hazard with 77 percent of the population affected), drought (14 percent of population affected), and earthquakes (4 percent of population affected). Heatwaves and cyclones are also a concern for the Sindh province. All these events have caused physical damages in basic service and consequently significant economic and human capital losses, as well as food insecurity.<sup>7</sup> For example, (a) school building damages generate loss of school days due to school inaccessibility and influence perceptions around student safety when in school; (b) health center damages affect provision of maternal and child health care as well as institutional delivery; and (c) monsoon rains and a massive desert locust infestation in Sindh have caused extensive damages to crops, with negative effects on food availability and accessibility.

12. The proposed project aims to coordinate, consolidate, and monitor social protection initiatives spread across different departments, which are vulnerable due to low human capital and exposure to natural shocks, while offering improved quality and access to early years interventions to protect and boost human capital of children under 5 years old.

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<sup>5</sup> According to the FAO et al. (2020) "Pakistan Overview of Food Security and Nutrition: Improving Access to Food -2019. Food and Agriculture Organization (FAO), World Food Programme (WFP), World Health Organization (WHO), United Nations Children's Fund (UNICEF) and Ministry of National Food Security and Research (Government of Pakistan). <https://reliefweb.int/report/pakistan/pakistan-overview-food-security-and-nutrition-improving-access-food-2019>", Sindh had the second highest prevalence among all provinces in Pakistan of both moderate or severe food insecurity (33.3 percent and 14.7 percent, respectively), second highest prevalence of stunting (45.5 percent), and highest prevalence of childhood wasting and Underweight prevalence.

<sup>6</sup> Idris, Iffat. 2021. *Areas and Population Groups in Pakistan Most Exposed to Combined Effects of Climate Change, Food Insecurity, and COVID-19*. GSDRC, University of Birmingham, Helpdesk Report K4D - Knowledge, Evidence and Learning for Development.

<sup>7</sup> Satterthwaite, David, Diane Archer, Sarah Colenbrander, David Dodman, Jorgelina Hardoy, and Sheela Patel. 2018. "Responding to Climate Change in Cities and in their Informal Settlements and Economies." International Institute for Environment and Development, Paper prepared for the Intergovernmental Panel on Climate Change (IPCC) for the International Scientific Conference on Cities and Climate Change in Edmonton, March 2018.



Moreover, as Sindh’s School Education Sector Plan and Roadmap for Sindh (SESP&R) 2019–2024 focused on increasing access and quality of ECE and care to secondary education, the proposed program will provide support to (a) improve the operationalization of its 2015 Early Childhood Care and Education Policy; (b) improve ECE enrollment and retention, (c) improve ECE quality standards; (d) increase the ECE labor force; and (e) improve the cognitive, psychosocial, and nutritional/health readiness of preschool children to increase overall primary school readiness. By addressing both the social protection system, through coordination, consolidation, M&E, and capacity building, and increased access to quality ECE, the project will support improving human capital of children in the selected districts, which in turn can decrease vulnerability and proactively increase resilience of the poorest confronted by the impact of climate change.

13. This project will complement the existing national programs, and the Sindh social protection system builds on the NSER. As Pakistan has substantial investments in programs such as Kafaalat,<sup>8</sup> Waseela-e-Taleem (WeT), a conditional cash transfer (CCT) linked to primary school attendance, and a new health and nutrition-focused CCT linked to maternal and child health, this project will ensure complementarities and coordination to reduce duplication and improve overall programs effectiveness. The project will also benefit from the NSER by creating interoperability to ensure that province-level systems can also be used to provide up-to-date information of program beneficiaries’ and improve the NSER data quality, while improving system dynamism. Moreover, it will ensure alignment with the Pakistan Crisis-Resilient Social Protection Program (CRISP) (P174484), Sindh Integrated Health and Population Project (SIHPP) (P178530), and Sindh Early Learning Enhancement through Classroom Transformation (SELECT) (P172834).

#### Relationship to CPF

14. The proposed program is fully aligned with the World Bank’s Pakistan Country Partnership Strategy (CPS) (P146208) for FY15–FY20 and supports several of its focus areas. The project most strongly supports the following areas: ‘reaching out to the underserved, neglected, and poor’ through development of a sound social protection system and a CCT for women and youth in the poorest districts while promoting resilience and adaptation to shocks and ‘accelerating improvements in services’ through improvements in quality and access of ECE services and promoting higher utilization of available health services to safeguard human capital during the first 1,000 days of life.

### **C. Proposed Development Objective(s)**

Strengthen social protection service delivery system to increase access to basic services for poor and vulnerable populations at prioritized stages of the life cycle in target districts.

#### Key Results (From PCN)

- Establishment of unified beneficiary registry and integrated SP MIS
- Percent of the CCT beneficiaries who receive benefits payment in a timely manner
- Percentage increase in institutional delivery
- Number of districts with improved ECE service delivery capacity, meeting minimum quality improvement and assurance standards

### **D. Concept Description**

15. The proposed operation is aligned with the development objectives of the GoP and the Government of Sindh (GoS) that aim at increasing investment in people, by focusing on lagging regions and populations. It builds on the understanding that accelerated improvement in human capital outcomes in Sindh require interventions to improve access to and demand for social services. Low uptake of social services is regarded as a key reason for poor human capital outcomes, especially in the lagging geographical areas and households in the bottom two income quintiles. The GoS is preparing a law to establish a Social Protection Authority (SPA) to oversee the social protection initiatives in Sindh and monitor progress. The SPA, which will build on the Sindh Social Protection Strategy Unit (SPSU), will coordinate with the

<sup>8</sup> A cash transfer program managed by the Benazir Income Support Program (BISP) covering 4.6 million regular beneficiaries.



disaster management authorities that manage the early warning systems (ESWs) to ensure coordination and data sharing protocols to support planning of pre- and post-shock interventions using the SPA delivery system.

16. The project’s beneficiary population are the poor and vulnerable households in selected districts of Sindh. The proposed project will focus on women and children in lagging districts with regard to human capital indicators in the province, with a great focus on rural areas. An integrated social protection system will support the government in designing and implementing different programs for the poor and vulnerable population in the province, including responding to disaster risk mitigation needs. The project’s geographic scope will be selected based on the latest multidimensional poverty index (MPI) of Sindh. Currently, the following 13 districts are under consideration and will be finalized by appraisal (in descending order of MPI): Umerkot, Tharparkar, Tando Muhammad Khan, Sujawal, Thatta, Badin, Kashmore, Mirpur Khas, Jacobabad, Sanghar, Kambar Shahdadkot, Tando Allah Yar, and Ghotki. With greater incidence of poverty and inequality in the shock-exposed desert and Indus Delta, more than half of the proposed districts are ranked ‘extremely high’ or ‘high’ on the climate shock vulnerability index in accordance with the GoP (2019)<sup>9</sup> vulnerability maps.

Table 1. Geographic Scope and Likelihood of Shocks

Districts	Floods	Drought	Cyclone	Districts	Floods	Drought	Cyclone
1 Badin		Moderate		8 Sujawal			
2 Ghotki				9 Tando Allah Yar			
3 Jacobabad				10 Tando Muhammad Khan			
4 Kambar Shahdadkot				11 Tharparkar		Severe	
5 Kashmore				12 Thatta		Moderate	
6 Mirpur Khas		Moderate		13 Umerkot		Severe	
7 Sanghar							

1. Description

17. **Component 1: Strengthen Provincial Social Protection System (US\$35 million).** This component will support the establishment of an appropriate institutional framework to improve functional consolidation and coordination, policy planning, and monitoring of social protection interventions (especially those aimed at bolstering access and demand and changing social norms) while also strengthening administrative capacities. It will support measures to strengthen Sindh’s social protection policy and research function and focus on the creation of an Integrated Social Protection Information System (SPIS) linked to the NSER.

18. **Component 2: Mother and Child Support Program (US\$145 million).** The component focuses on the key area of human development along the life cycle where risks and needs are high, but programmatic responses are weak—birth and early childhood. The main objective of this component is to create demand for health and nutrition services and promote behavioral change to increase uptake of the services focusing on the first 1,000 days of life.

19. **Component 3: Strengthen Early Childhood Education (ECE) (US\$20 million).** The project will help strengthen ECE and foundational learning systems in Sindh by improving the ECE quality; strengthening and expanding the ECE labor force; improving ECE monitoring data and systems; and initiating activities to increase ECE access, which could be scaled up in later programs.

<sup>9</sup> GoP. 2019.. “National Disaster Response Plan 2019.” <https://app.adpc.net/resources/national-disaster-response-plan-2019-ndrp-2019/>.



Legal Operational Policies	Triggered?
Projects on International Waterways OP 7.50	No
Projects in Disputed Areas OP 7.60	No

Summary of Screening of Environmental and Social Risks and Impacts

20. Environmental standards risk is Low. The proposed activities are limited toward targeting the ‘demand’ by influencing the social impacts associated with behavioral and perceptive affinity toward availing health (Component 2) and education services (Component 3). Component 2 would therefore not involve any physical works or procurement of goods but would be limited to provision of the CCT to pregnant and lactating women, thus improving the health of newborns and mothers alike. To cater to the risk of spread of communicable diseases, including COVID-19, standard operating procedures (SOPs) (in accordance with the World Health Organization [WHO] and World Bank guidelines) will be developed for facilities where the CCT will be collected by the beneficiaries. Component 3 is expected to involve minor rehabilitation works and no new construction is envisaged. To adequately address the environmental and social risks and impacts of the project, the Environmental and Social Assessment of the project has been initiated. During implementation, once the exact number and location of facilities where rehabilitation works will be carried out is known, screening checklists will be developed to assess the associated minor risks and impacts due to generation of small amounts of construction waste, use of personal protective equipment, and use of chemicals/solvents. The associated impacts are expected to be temporary, localized, and reversible in nature, which can easily be mitigated by implementation of mitigation measures.

21. Social standards risk is Moderate. One of the main social safeguard risks in both health and education components to be implemented in the selected districts pertain to the likelihood of exclusion of vulnerable and marginalized groups from the project benefits. Risks related to the outreach and participation of communities in remote, difficult-to-reach areas where vulnerability is high, are typically characterized by the absence of such services to meet the CCT conditionalities. Risks related to lack of meaningful engagement with women and vulnerable groups (for example, religious and ethnic minorities, seasonal migrants, people living with disabilities, and so on) could affect access to project benefits. Sexual exploitation and abuse (SEA) and sexual harassment (SH) risks could emerge for different community groups including children and women, women health care workers (including LHWs) in and around health centers, and at the household-level of beneficiaries. These risks will be mitigated by enhancing the capacity of different stakeholders and raising awareness at the community level of potential gender-based violence (GBV) risks and redress measures. A Social Management Framework (SMF) will be developed and disclosed before project appraisal, followed by development of a Social Management Plan (SMP) during the project implementation phase. The SMP will include measures to avoid, minimize, and mitigate any potential negative social impacts and risks on the health and safety of project beneficiaries, including communities living close to health centers and schools where project interventions will be carried out. A Stakeholder Engagement Plan (SEP) will be developed and will include the GRM to be established for the project and related community awareness raising measures. A community mobilization and behavioral change communication strategy will be developed, which is expected to further strengthen engagement and sensitization regarding the rights and entitlements of beneficiaries and foster capacity building, and for the delivery of the behavior change communication measures.



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**APPROVAL**

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**The World Bank**

Supporting Human Capital Investments in Sindh (P178532)

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