

Document of  
The World Bank

Report No: ICR00004166

IMPLEMENTATION COMPLETION AND RESULTS REPORT  
(IDA 4589-PK AND IDA 5042-PK)

ON A CREDIT

IN THE AMOUNT OF SDR 40.2 MILLION  
(US\$60 MILLION EQUIVALENT)

AND AN

ADDITIONAL CREDIT

IN THE AMOUNT OF SDR 96.7 MILLION  
(US\$150 MILLION EQUIVALENT)

TO THE

ISLAMIC REPUBLIC OF PAKISTAN

FOR A

SOCIAL SAFETY NET PROJECT

DECEMBER 27, 2017

Social Protection and Jobs Global Practice  
South Asia Region

CURRENCY EQUIVALENTS  
(Exchange Rate Effective December 31, 2016)

Currency Unit = Pakistani Rupee (PKR)  
PKR 104.37 = US\$1.00  
US\$1.00 = SDR 0.74

FISCAL YEAR  
July 1 – June 30

ABBREVIATIONS AND ACRONYMS

AF	Additional Financing
BISP	Benazir Income Support Programme
CBN	Cost of Basic Needs
CCT	Conditional Cash Transfer
CMS	Case Management System
CNIC	Computerized National Identification Card
CPS	Country Partnership Strategy
CSP	Child Support Program
DFID	U.K. Department for International Development
DLI	Disbursement Linked Indicator
DO	Development Objective
DPC	Development Policy Credit
FEI	Food Energy Intake
GDP	Gross Domestic Product
GoP	Government of Pakistan
ICR	Implementation Completion and Results Report
IPF	Investment Project Financing
M&E	Monitoring and Evaluation
MIS	Management Information System
MPI	Multidimensional Poverty Index
NADRA	National Database and Registration Authority
NSER	National Socio-Economic Registry
NSPS	National Social Protection Strategy
NSPPF	National Social Protection Policy Framework
OPM	Oxford Policy Management
PDO	Project Development Objective
PPAF	Pakistan Poverty Alleviation Fund
PSC	Poverty Scorecard
PMT	Proxy Means Test
SSN	Social Safety Net
SSN DPC	Social Safety Net Development Policy Credit
SSN TA	Social Safety Net Technical Assistance
TA	Technical Assistance
UCT	Unconditional Cash Transfer
WeT	Waseela-e-Taleem

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**ISLAMIC REPUBLIC OF PAKISTAN**  
**Social Safety Net Project**

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**DATA SHEET****A. Basic Information**

Country:	Pakistan	Project Name:	Pakistan: Social Safety Net Project
Project ID:	P103160	L/C/TF Number(s):	IDA-45890, IDA-50420, TF 57796
ICR Date:	10/24/2017	ICR Type:	Core ICR
Lending Instrument:	Specific Investment Loan	Borrower:	ISLAMIC REPUBLIC OF PAKISTAN
Original Total Commitment:	XDR 40.20 million	Disbursed Amount:	XDR 136.89 million
Revised Amount:	XDR 136.90 million		

**Environmental Category: C****Implementing Agencies:**

Benazir Income Support Programme (BISP)

**Co-financiers and Other External Partners:** U.K. Department for International Development (DFID)**B. Key Dates**

Process	Date	Process	Original Date	Revised / Actual Date(s)
Concept Review:	05/23/2007	Effectiveness:	08/04/2009	08/04/2009
Appraisal:	04/17/2009	Restructuring(s):		26-Mar-2012 09-Jan-2013 08-May-2015 09-Feb-2016 14-Nov-2016
Approval:	06/18/2009	Mid-term Review:	10/20/2014	10/20/2014
		Closing:	07/31/2013	06/30/2017

**C. Ratings Summary****C.1 Performance Rating by ICR**

Outcomes:	Highly Satisfactory
Risk to Development Outcome:	Substantial
Bank Performance:	Satisfactory
Borrower Performance:	Satisfactory

**C.2 Detailed Ratings of Bank and Borrower Performance (by ICR)**

Bank	Ratings	Borrower	Ratings
Quality at Entry:	Satisfactory	Government:	Satisfactory
Quality of Supervision:	Highly Satisfactory	Implementing Agency/Agencies:	Satisfactory
<b>Overall Bank Performance:</b>	Satisfactory	<b>Overall Borrower Performance:</b>	Satisfactory

**C.3 Quality at Entry and Implementation Performance Indicators**

Implementation Performance	Indicators	QAG Assessments (if any)	Rating
Potential Problem Project at any time (Yes/No):	Yes	Quality at Entry (QEA):	None
Problem Project at any time (Yes/No):	No	Quality of Supervision (QSA):	None
DO rating before Closing/Inactive status:	Highly Satisfactory		

**D. Sector and Theme Codes**

	Original	Actual
<b>Major Sector/Sector</b>		
Social Protection		
Social Protection	100	100
<b>Major Theme/Theme/Sub Theme</b>		
Social Development and Protection		
Social Protection	100	100
Social Safety Nets	100	100

**E. Bank Staff**

Positions	At ICR	At Approval
Vice President:	Annette Dixon	Isabel M Guerrero
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## F. Results Framework Analysis

### Project Development Objectives (from Project Appraisal Document)

Enhance the operation and management of a nationwide effective and transparent safety net system for the poor in Pakistan.

### Revised Project Development Objectives (as approved by original approving authority)

Revised on 6-Mar-2012 with the approval of the Additional Financing.

*Support the expansion and strengthen the administration and performance of the country's safety net with particular focus on the BISP program as the national safety net platform.*

#### (a) PDO Indicator(s)

Indicator	Baseline Value	Original Target Values (from approval documents)	Formally Revised Target Values	Actual Value Achieved at Completion or Target Years
<b>Indicator 1:</b>	Percentage of disbursed BISP cash transfers received by beneficiaries in quintiles 1 and 2			
Value (Quantitative or Qualitative)	46%	70%	—	75%
Date achieved	17-Apr-2009	17-Apr-2009		30-Jun-2017
Comments (including % achievement)	Editorial revision on March 6, 2012; surpassed			
<b>Indicator 2:</b>	Number of households to which the poverty scorecard has been applied (in millions)			
Value (Quantitative or Qualitative) (number, millions)	0	10	27	27.36
Date achieved	17-Apr-2009	17-Apr-2009	6-Mar-2012	30-Jun-2017
Comments (including % achievement)	Target value revised March 6, 2012. Surpassed.			
<b>Indicator 3:</b>	Percentage of participating tehsils in which BISP beneficiary lists are publicly available at the BISP offices			
Value (Quantitative or Qualitative)	0	80%	90%	100%
Date achieved	17-Apr-2009	17-Apr-2009	6-Mar-2012	30-Jun-2017
Comments (including % achievement)	Revised March 6, 2012 Surpassed.			

<b>Indicator 4:</b>	Percentage of beneficiaries satisfied with program implementation			
Value (Quantitative or Qualitative)	n.a.	80%	70%	97%
Date achieved	17-Apr-2009	17-Apr-2009	6-Mar-2012	30-Jun-2017
Comments (including % achievement)	Target value revised March 6, 2012. Surpassed at both original and revised target. (Satisfied at 80%; Somewhat satisfied at 17%; Total: 97%)			
<b>Indicator 5:</b>	Integrated Monitoring System for Federal and Provincial Social Protection Programs established and used for policy dialogue			
Value (Quantitative or Qualitative)	n.a.	Monitoring System for policy dialogue used	—	Established
Date achieved	17-Apr-2009	17-Apr-2009	6-Mar-2012	30-Jun-2017
Comments (including % achievement)	Revised 6-Mar-2012; partially achieved; system is established; however, there are no objective criteria to demonstrate the evidence of its use for policy dialogue.			
<b>Indicator 6:</b>	Number of paid BISP beneficiaries (basic cash transfer) eligible under the Poverty Scorecard (in millions)			
Value (Quantitative or Qualitative) (million)	2	5.5	5.2	5.6
Date achieved	6-Mar-2012	6-Mar-2012	8-May-2015	30-Jun-2017
Comments (including % achievement)	New from March 6, 2012; surpassed			
<b>Indicator 7:</b>	Number of children by gender attending school under the Waseela-e-Taleem program (in millions)			
Value (Quantitative or Qualitative) (million)	n.a.	0.5	—	1.3
Date achieved	6-Mar-2012	6-Mar-2012		30-Jun-2017
Comments (including % achievement)	New from March 26, 2012; surpassed. This indicator reports the overall number of the WeT Program's beneficiary children that ever attended and received payment for attending a school.			
<b>Indicator 8:</b>	Beneficiaries: Program beneficiaries (in millions, estimated number of family members: 5)			
Value (Quantitative or Qualitative) (million)	10	26	—	28.5
Date achieved	6-Mar-2012	6-Mar-2012		30-Jun-2017
Comments (including % achievement)	New core indicator from 6-Mar-2012; surpassed. This indicator takes the number of female beneficiaries (Intermediate Indicator 2) and multiplies it by 5, which is the estimated average family size.			

**(b) Intermediate Outcome Indicator(s)**

Indicator	Baseline Value	Original Target Values (from approval documents)	Formally Revised Target Values	Actual Value Achieved at Completion or Target Years
<b>Indicator 1:</b>	Percentage of Districts covered by targeting process			
Value (Quantitative or Qualitative)	5	70	90	99.5
Date achieved	17-Apr-2009	17-Apr-2009	6-Mar-2012	30-Jun-2017
Comments (including % achievement)	Surpassed			
<b>Indicator 2:</b>	Number of female beneficiaries that receive payment			
Value (Quantitative or Qualitative) (million)	2	4	5.2	5.6
Date achieved	17-Apr-2009	17-Apr-2009	8-May-2015	30-Jun-2017
Comments (including % achievement)	Achieved			
<b>Indicator 3:</b>	Number of signed MOUs with provinces/regions regarding collaboration for Waseela-e-Taleem			
Value (Quantitative or Qualitative)	n.a.	6	—	6
Date achieved	6-Mar-2012	6-Mar-2012		30-Jun-2017
Comments (including % achievement)	New from March 6, 2012; achieved			
<b>Indicator 4:</b>	Percentage of grievance redressal claims settled within three months of application			
Value (Quantitative or Qualitative)	n.a.	50%	70%	72%
Date achieved	17-Apr-2009	17-Apr-2009	6-Mar-2012	30-Jun-2017
Comments (including % achievement)	Achieved			
<b>Indicator 5:</b>	BISP stratified communication campaign for Waseela-e-Taleem is finalized and rolled out			
Value (Quantitative or Qualitative)	n.a.	Campaign Roll-out in all participating districts	—	Information campaign has been rolled out in all districts where CCT application process has been initiated

Date achieved	6-Mar-2012	6-Mar-2012		30-Jun-2017
Comments (including % achievement)	New from March 6, 2012; achieved			
<b>Indicator 6:</b>	Percentage of planned BISP positions that are filled in headquarters and tehsil offices that are open			
Value (Quantitative or Qualitative)	n.a.	80	—	74% HQ, 52% Divisional
Date achieved	17-Apr-2009	17-Apr-2009		30-Jun-2017
Comments (including % achievement)	Revised formulation on March 6, 2012; partially achieved			
<b>Indicator 7:</b>	Number of reports published on BISP website which disseminate the results of impact, process and spot check evaluations			
Value (Quantitative or Qualitative)	n.a.	n.a.	12	38
Date achieved	17-Apr-2009	17-Apr-2009	6-Mar-2012	30-Jun-2017
Comments (including % achievement)	Revised formulation on March 6, 2012; surpassed			
<b>Indicator 8:</b>	Number of pilots implemented for exit strategies			
Value (Quantitative or Qualitative)	n.a.	2	—	2
Date achieved	17-Apr-2009	17-Apr-2009		30-Jun-2017
Comments (including % achievement)	Achieved			
<b>Indicator 9:</b>	Regular spot checks and follow up actions on the findings			
Value (Quantitative or Qualitative)	1	2	8	8
Date achieved	17-Apr-2009	17-Apr-2009	6-Mar-2012	30-Jun-2017
Comments (including % achievement)	Revised March 6, 2012; achieved			
<b>Indicator 10:</b>	Percentage of payments to BISP beneficiaries made through technology based mechanisms			
Value (Quantitative or Qualitative)	n.a.	70%	—	97%
Date achieved	17-Apr-2009	6-Mar-2012		30-Jun-2017
Comments (including % achievement)	Officially introduced on March 6, 2012. Surpassed.			
<b>Indicator 11:</b>	Mapping of federal and provincial social protection programs completed			

Value (Quantitative or Qualitative)	n.a.	Mapping report available		National Social Protection Framework has been approved by Federal Technical Advisory Committee (TAC).  Literature review with comprehensive mapping of social protection programs completed.
Date achieved	6-Mar-2012	6-Mar-2012		30-Jun-2017
Comments (including % achievement)	New from March 6, 2012; achieved; replaced dropped indicator “Revised NSPS approved by Cabinet.”			

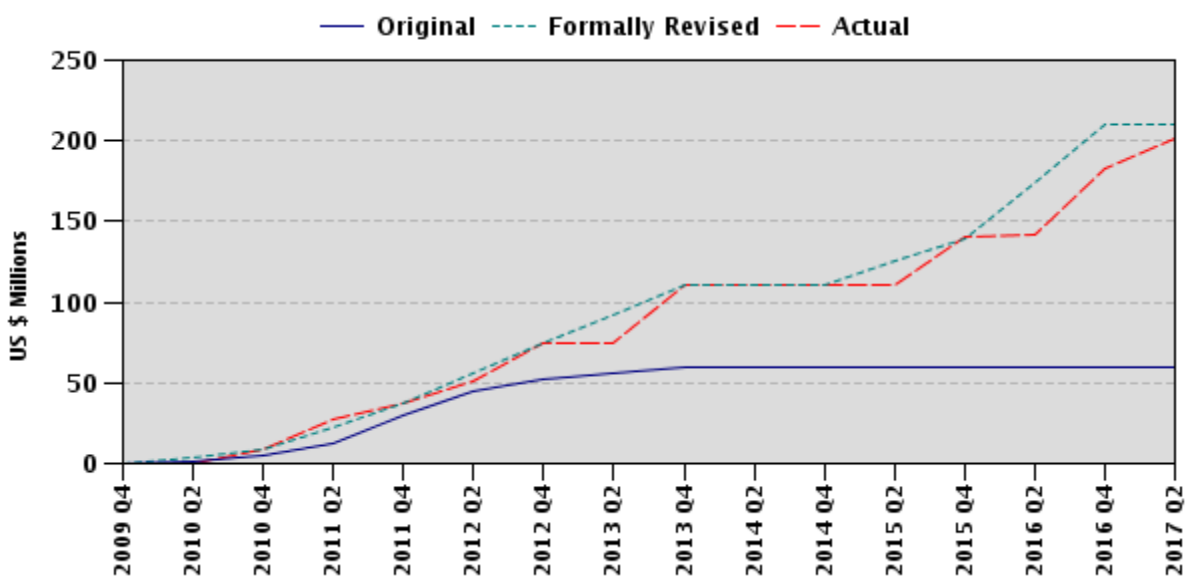
### G. Ratings of Project Performance in ISRs

No.	Date ISR Archived	DO	IP	Actual Disbursements (US\$, millions)
1	10/29/2009	Moderately Satisfactory	Moderately Satisfactory	0.00
2	02/26/2010	Moderately Satisfactory	Moderately Satisfactory	8.29
3	05/12/2010	Satisfactory	Satisfactory	8.29
4	06/02/2010	Satisfactory	Satisfactory	8.29
5	12/17/2010	Satisfactory	Satisfactory	26.94
6	06/21/2011	Moderately Satisfactory	Moderately Satisfactory	37.59
7	11/12/2011	Satisfactory	Moderately Satisfactory	37.90
8	02/05/2012	Satisfactory	Satisfactory	50.84
9	08/18/2012	Satisfactory	Moderately Satisfactory	75.21
10	03/31/2013	Satisfactory	Moderately Satisfactory	95.48
11	08/07/2013	Satisfactory	Moderately Satisfactory	110.22
12	12/16/2013	Satisfactory	Moderately Satisfactory	110.22
13	04/02/2014	Satisfactory	Moderately Satisfactory	110.22
14	10/05/2014	Satisfactory	Moderately Satisfactory	111.21
15	12/29/2014	Satisfactory	Moderately Satisfactory	111.21
16	06/22/2015	Satisfactory	Moderately Satisfactory	140.46
17	11/05/2015	Satisfactory	Moderately Satisfactory	140.46
18	04/25/2016	Satisfactory	Satisfactory	168.71
19	10/31/2016	Highly Satisfactory	Satisfactory	190.40

## H. Restructuring (if any)

Restructuring Date(s)	Board Approved PDO Change	ISR Ratings at Restructuring		Amount Disbursed at Restructuring in US\$, millions	Reason for Restructuring and Key Changes Made
		DO	IP		
26-Mar-2012	Y	S	S	34.80	Additional Financing
09-Jan-2013		S	MS		Correction of the discrepancy in the project documents
08-May-2015	N	S	MS	111.21	Changes to some of the results indicators
09-Feb-2016		S	MS		Extension of the closing date of the project to December 31, 2016
14-Nov-2016		HS	S		Extension of the closing date to June 30, 2017

## I. Disbursement Profile



# 1. Project Context, Development Objectives and Design

## 1.1 Context at Appraisal

### Country and Sector Issues

1. At the time of project appraisal in 2009, poverty reduction in Pakistan was still seen to be at risk of being reversed in the wake of financial crises and an uncertain macroeconomic context. Between 2001/02 and 2005/06, a sustained period of economic growth saw a fall in the national poverty rate by more than 11 percentage points. Yet appraisal estimates showed that nearly a quarter of Pakistan's population remained poor, with a significant population clustered around the poverty line. Aside from low levels of income, vulnerability to adverse shocks was a concern. Both aggregate shocks, for example, the global food, fuel, and financial crises and natural disasters and idiosyncratic shocks, for example, health and unemployment—had imposed significant costs on households, particularly the rural poor. Shocks such as the food crisis of 2008 and the impacts of the global financial crisis were expected to reverse the declining trend unless policy measures were taken to protect poor and vulnerable households from adverse shocks.

2. Existing publicly financed social protection programs in Pakistan were limited in their coverage, administration, targeting efficiency, and ability to respond to shocks. Until the introduction of the Benazir Income Support Programme (BISP) in 2008, Pakistan's safety net system (that is, noncontributory transfers targeted to the poor) comprised basically two cash transfer programs, namely Zakat and the Food Support Program administered by Bait-ul Maal. Both Bait-ul-Maal and Zakat are inadequately targeted to the poor: only 46 percent of Bait-ul-Maal's total expenditures (and 43 percent of Zakat's total expenditures) reached the poorest 40 percent of the population.<sup>1</sup>

3. In light of the need to strengthen the country's social protection mechanisms, the Government of Pakistan (GoP), with support from the World Bank and other donors, developed 'A Social Protection Strategy to Reach the Poor and the Vulnerable', approved by the Cabinet in June 2007. The cornerstone of the strategy was to use cash transfers targeted to poor households as a starting point to protect them against the impacts of adverse shocks and promote human development. Additional core instruments such as conditional cash transfers (CCTs) and skills development were also foreseen to promote investment in human and physical assets of the poor. In this context, the identified vulnerable groups include households with high dependency ratios, particularly those headed by single women, as well as socially excluded groups defined along the lines of religion, language gender, access to land, occupation (for example, construction), and disability.

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<sup>1</sup> World Bank (2007).

4. During the second half of 2008 the GoP launched the BISP<sup>2</sup> as a flagship government initiative. The program provided cash transfers of PKR 1,000<sup>3</sup> per month to eligible families and was at the time expected to cover 3.4 million families in 2008/09. The short-term objective of the BISP was to cushion the adverse impact of the food, fuel, and financial crisis on the poor. Its broader objective—in line with the National Social Protection Strategy (NSPS)—was to establish a nationwide safety net program, marked by effective and transparent targeting and delivery mechanisms.

5. Given the evolving food and financial crises, combined with weak existing targeting capacity, the Government started the BISP in mid-2008 through a legislator-based targeting system,<sup>4</sup> which had its limitations. With the support of the World Bank and other donor agencies, the GoP moved on to consolidate its safety net reforms through a combination of activities that were expected to strengthen program targeting, operations, and management.

### **Rationale for Bank Involvement**

6. The World Bank supported the strengthening of safety net systems in Pakistan for several years, widening its engagement considerably to include:

- Analyses of the efficiency of social protection expenditures
- Technical assistance (TA) to formulate an NSPS that was approved by the Federal Cabinet in June 2007
- Analytic work on the targeting performance of existing social assistance programs and the development of a poverty scorecard (PSC)-based on a Proxy Means Test (PMT) formula
- Policy dialogue with provincial governments on social protection policy and programs
- Support for social care services for the disabled
- TA to support the design and implementation of a pilot Child Support Program (CSP) and a federal CCT scheme under the Ministry of Social Welfare.

7. The introduction of a national income support program presented an ambitious reform agenda, which the World Bank was positioned to support through a programmatic mix of interventions, including this project (at the time named Social Safety Net Technical Assistance [SSN TA]), a Social Safety Net Development Policy Credit (SSN DPC), and a Poverty Reduction and Economic Support Operation (PRESO) as a budget support operation. Informing these interventions, the World Bank drew from previous experiences of social protection, including the

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<sup>2</sup> In the project documentation, as well as in this Implementation Completion and Results Report (ICR), the BISP is used interchangeably to mean the BISP itself, as well as the implementing agency as an administrative structure. The ICR tries to be clear in the text as much as possible, by using 'BISP' and 'BISP agency' whenever feasible.

<sup>3</sup> This amount was US\$12 at the 2008 exchange rate. The monthly stipend for beneficiaries has been increasing steadily, recently reaching Rs. 4,700/quarter in FY 2015-16 (approximately US\$45 per quarter, or US\$15 per month).

<sup>4</sup> Members of Parliament were able to identify potential beneficiaries in their constituencies, which were filtered by applying eligibility rules using the national identity database.

cash transfers project in the earthquake-affected areas of Pakistan, the Pakistan Poverty Alleviation Fund, and the National Social Protection Policy in Pakistan (strategic advice in the development policy framework, including economic and sector work, and support of national dialogue).

8. In addition, the World Bank established international expertise in the design and implementation of social safety net (SSNs), including the following:

- Provision of strategic advice in developing a unified targeting system building on objective and transparent mechanisms
- Substantial expertise in the design, implementation, and evaluation of safety net programs and interventions, including cash transfer programs
- Advice on best practices on a system of controls and accountability mechanisms for safety net programs, which in turn would enhance the program’s impact on the poor
- Access to international experience with exit strategies and complementary measures such as linking benefits to human development measures, providing innovative mechanisms for enhanced youth employability, and so on

## 1.2 Original Project Development Objectives (PDO) and Key Indicators

9. The original approved PDO was to enhance the operation and management of a nationwide, effective, and transparent safety net system for the poor in Pakistan. It had the following Key Performance Indicators, listed in Table 1.

**Table 1. Key Performance Indicators of the Original Project**

Key Performance Indicators	Target values	
	Baseline <sup>a</sup>	End of Project
Targeting: Percentage of disbursed BISP cash transfers received by beneficiaries in quintiles 1 and 2 (40 percent poorer households)	46 <sup>b</sup>	70
Coverage: Number of households to which the poverty scorecard has been applied	0	At least 10 million households
Accountability: Percentage of participating tehsils in which beneficiary lists are publicly available	0	80
Beneficiary satisfaction: Percentage of beneficiaries satisfied with program implementation, measured by beneficiary assessment	n.a.	80
Sensitivity of selected safety net programs to vulnerable groups: NSPS reports that include information on vulnerable groups	n.a.	Safety net monitoring reports available with information on vulnerable groups

Note: a. Baseline data are from March 2009.

b. This figure is based on data from the Pakistan Safety Net Survey, a nationally representative survey which shows that only 46 percent of Bait-ul-Maal’s total benefit expenditures reach the poorest 40 percent of the population, while 43 percent of Zakat’s total expenditures reach the same population group.

### **1.3 Revised PDO (as approved by original approving authority) and Key Indicators, and Reasons/Justification**

10. At the time of approval of the project Additional Financing (AF) in March 2012, the PDO was revised to the following: to support the expansion and strengthen the administration and performance of the country's safety net with particular focus on the BISP program as the national safety net platform.

11. The Key Performance Indicators were also revised at that point, to the following:

- Percentage of disbursed BISP cash transfers received by beneficiaries in the bottom quintiles 1 and 2 (revised)
- Number of households to which the poverty scorecard has been applied (original)
- Percentage of participating tehsils in which beneficiary lists are publicly available at the respective BISP offices (revised)
- Percentage of beneficiaries satisfied with program implementation (original)
- Integrated Monitoring System for Federal and Provincial Social Protection Programs established and used for policy dialogue (new)
- Number of paid BISP beneficiaries eligible under the Poverty Scorecard (new)
- Number of children by gender attending school under the Waseela-e-Taleem program (new)

### **1.4 Main Beneficiaries**

12. According to project documentation, the project beneficiaries are 'the poor in Pakistan'. While there is no special section on beneficiaries in the Project Appraisal Document for the original project, the poor are mentioned as a target group in the PDO itself. The project aimed at strengthening the administration and performance of the country's safety net with a particular focus on the new BISP as the national safety net platform. Using cash transfers, the BISP planned to reach up to 7 million families living below the poverty line, located in rural and urban areas in all districts of the country. By reaching 7 million families, it would roughly cover 35 million people or about 22 percent of the population. Payments were to be made to the female head of the family every two months,<sup>5</sup> providing families with PKR 12,000 (about US\$150 at the time of appraisal) income support per year, which is about 26 percent of the poverty line level income.

### **1.5 Original Components**

13. There were four original components: (a) establishment of a national targeting system; (b) strengthening safety net operations; (c) enhance safety net program management, accountability, and evaluation; and (d) developing the social protection policy and strategy monitoring. The project planned to provide funds for TA, equipment, materials, training, operational costs, and refurbishment of offices over a four-year period. The Government counterpart funds would finance the cash grants in full, some equipment, and the essential staff at the central, provincial, and local levels. The nascent BISP agency would be the implementing agency for the entire project.

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<sup>5</sup> Initially it was every two months, which was later changed to quarterly payments as the program made a shift to technology-based payments.

However, given the Planning Commission's mandate to advance the social protection policy, it was tasked with providing technical and strategic guidance for the implementation of the fourth component, while the BISP agency would be responsible for the administration of that component.

**Component 1: Establishment of a National Targeting System (appraised at US\$34.6 million; actual US\$152.5<sup>6</sup> million)**

14. This component supported the rollout of the national targeting system based on the experience and lessons learned from the targeting test phase, which was supported under a U.K. Department for International Development (DFID) trust fund managed by the World Bank. The component included the finalization and update of the targeting design, data collection with the PSC at the national level, data processing and cross-checking with existing databases as needed, administration of targeting appeals, and maintenance of the database.

**Component 2: Strengthening Safety Net Operation (appraised at US\$12.9 million; actual US\$33.9)**

15. This component provided support for the BISP to operate the program smoothly and transparently at the central and provincial/local levels. It supported the implementation of a communications strategy, improvement of beneficiary selection and program enrollment process, strengthening of mechanisms for payment provision and reconciliation mechanisms, implementation of grievance redressal and monitoring, establishment of field offices, and establishment of social accountability mechanisms.

**Component 3: Enhance Safety Net Program Management, Accountability, and Evaluation (appraised at US\$10.8 million; actual US\$14.3)**

16. This component provided funding for establishing and operating the safety net management information system (MIS), strategic staffing and capacity building; the establishment of effective controls (including audits, 'spot checks', cross verification with other programs, and so on); process and impact evaluations; and analytical and pilot work on program graduation strategies and links to human development services.

**Component 4: Developing the Social Protection Policy and Strategy Monitoring (appraised at US\$1.7 million; actual US\$0.4)**

17. This component supported the design of the institutional and legal framework for execution of the NSPS and design and implementation of a monitoring and evaluation (M&E) system of the NSPS. It also provided training and capacity building for policy makers and implementing agencies in social protection policy and program implementation.

*Theory of Change*

18. The theory of change for this project, including the original project and the restructured project PDO, relates the objective of strengthening the administration, performance, and expansion of the country's safety net system to the provision of a regular and supplementary cash income to

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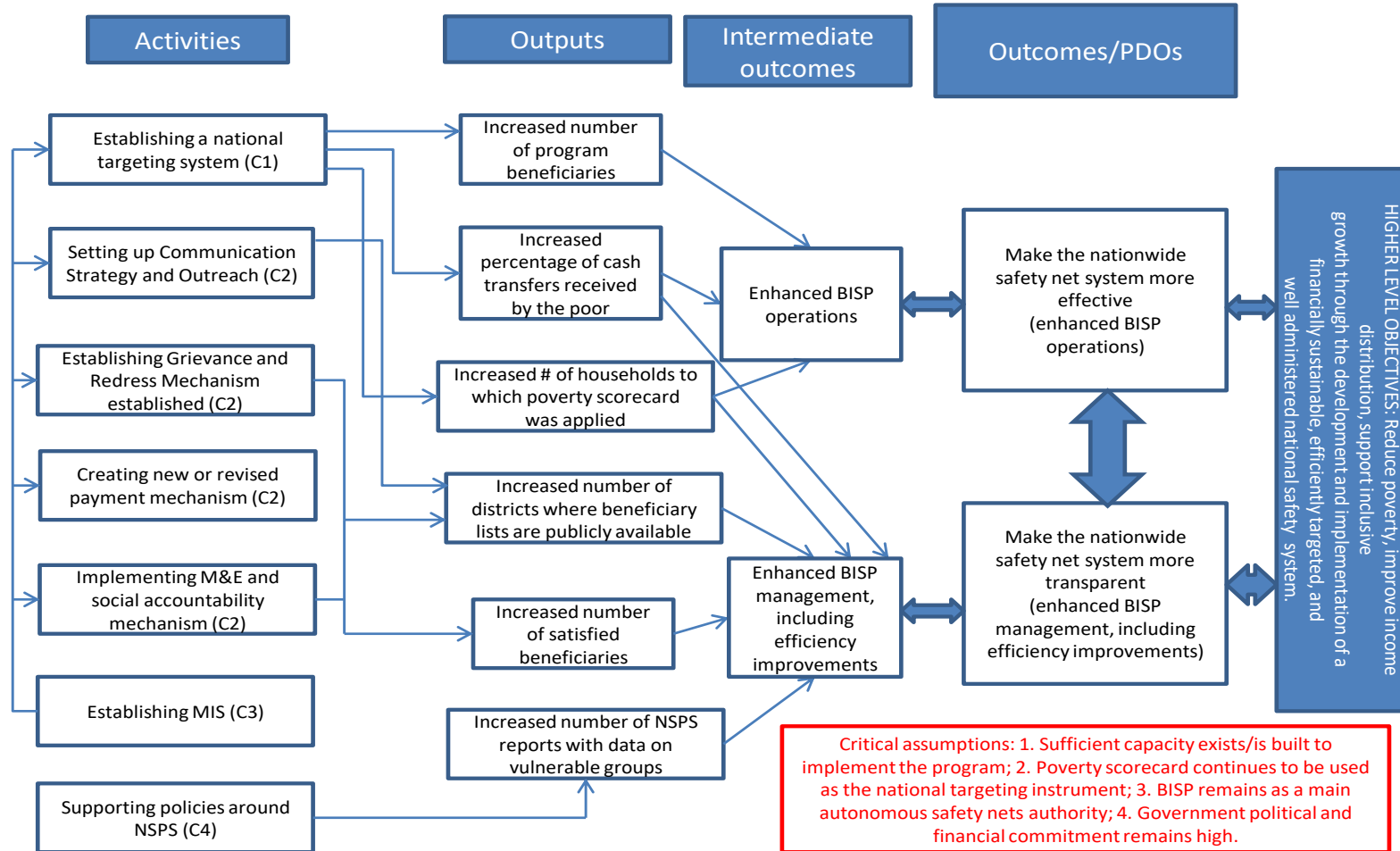
<sup>6</sup> The actual numbers include the amounts from the Additional Financing.

poor people. The BISP would support basic consumption needs and protect households from fluctuations in prices of necessities.

19. In the longer term, the BISP payments would allow beneficiary households, at their own discretion, to make ‘desirable’ investments in nutrition, education, health, and productive assets, among others. These investments in human and physical capital in turn would be expected to support poor households to permanently graduate out of poverty. There is an evergrowing body of evidence on the effectiveness of unconditional cash transfers (UCTs) in addressing not only poverty mitigation but also long-term poverty reduction and human development goals (such as increased school attendance, child nutrition, and women’s empowerment). Diagram 1 shows the Theory of Change for the original project development objective. The original PDO supports 1) effective and 2) transparent safety net system, through enhancing BISP operations and management. The revised PDO, “to support the expansion and strengthen the administration and performance of the country’s safety net with particular focus on the BISP program as the national safety net platform” does not fundamentally change the logic of the change mechanism. Effectiveness and transparency are still parts of the implied objective, through the “performance” and “strengthened the administration” of the safety net system. The PDO, however, has a stronger focus on the expansion into a nationwide program, which is reflected in some new activities and expanded coverage under the original activities.

Theory of Change Diagram

**Pakistan SSN Project Original PDO: *Enhance the operation and management of a nationwide effective and transparent safety net system for the poor in Pakistan.***



## 1.6 Revised Components

20. An AF *for scale-up and restructuring* was approved on March 26, 2012, and provided additional support to the original project Components 1, 2, and 3 as follows:

21. **Component 1: Establishment of a National Targeting System (+ additional IDA Credit of US\$31.5 million and potential DFID co-financing of US\$59 million).**<sup>7</sup> The component name was changed to Establishment of a National Targeting System and Expanding Coverage of the Basic Safety Net System, because the AF supported the expanded coverage of the BISP targeted cash transfers.

22. **Component 2: Strengthening Safety Net Operations (additional IDA Credit of US\$97.5 million and potential DFID co-financing of US\$37 million).** The AF supported the BISP in (a) strengthening the BISP communications campaign, including for the education-linked co-responsibilities, (b) expanding the scope of the updates and grievance redressal system, (c) supporting the social mobilization of beneficiaries, and (d) introducing and scaling up of cash transfers with primary education co-responsibilities.

23. **Component 3: Enhance Safety Net Program Management, Accountability, and Evaluation (additional IDA Credit of US\$21 million and potential DFID co-financing of US\$9 million).** The AF supported the (a) enhancement of the MIS, including for the public domain, (b) scale-up of technology-based payment mechanisms, and (c) evaluation of the program.

24. **Component 4: Developing the Social Protection Policy and Strategy Monitoring (US\$1.7 million)** remained unchanged.

## 1.7 Other Significant Changes

25. In addition to the revised PDO and indicators (see section 1.3), the AF from March 2012 applied some other changes to the original project. Most importantly, the lending instrument was changed from a TA Loan to a Specific Investment Loan to reflect the expanded scope of the project under the AF, including the introduction of a results-based financing mechanism (disbursement linked indicators [DLIs]). The following other changes were also applied to the project:

- (a) Changes in the project components, including a revision of the original SSN TA component costs
- (b) An extension of the closing date until June 30, 2016, to implement the proposed additional and restructured activities
- (c) A change in the project name, to reflect the changes in the project activities (The name of the project changed from Social Safety Net Technical Assistance Project to Social Safety Net Project.)

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<sup>7</sup> DFID aligned its DLI Framework for the Pakistan National Cash Transfer Program with the World Bank SSN Project under a parallel financing arrangement, which is reflected here in the component costs. In addition, DFID had a partnership with the World Bank through a World Bank-executed trust fund, which provided TA to support strategic reforms in the BISP.

26. The total project implementation time period was from May 8, 2009 until June 30, 2017. Besides the restructuring that took place as part of the AF in March 2012, the project underwent three other restructurings:

- (a) A second restructuring from April 2015 made changes to some of the results indicators. This restructuring also reallocated the project proceeds among DLIs based on the lessons from implementation and rationalized some of the targets.
- (b) A third restructuring, from February 9, 2016, extended the closing date of the project by 6 months, to December 31, 2016.
- (c) A fourth restructuring extended the closing date for a second time by 6 months, to the final closing date of June 30, 2017. With this, the total cumulative project extension was three years and eleven months, but that includes the time added with the AF.

## **2. Key Factors Affecting Implementation and Outcomes**

### **2.1 Project Preparation, Design, and Quality at Entry**

27. The original project design was based on a TA credit. The initial TA was coupled with a DPC (Development Policy Credit), and the two operations were submitted to the World Bank's Board of Executive Directors within two months of each other. The two operations were seen as complementing each other on objectives, policy dialogue advancement, and capacity and institutional building. While the SSN Project was designed to support the establishment of the national targeting system; strengthen the BISP operations, management, accountability, and M&E systems; and advance analytical and data work for implementing and monitoring the NSPS, the SSN DPC was approved in September 2009 as a further means of supporting the reform and providing budgetary assistance to the Government. The objective of the DPC was to support the establishment of an appropriate policy framework for an efficient safety net system, including the development of sound institutions for the effective implementation of the safety net programs. The DPC aimed, among other things, to increase the share of beneficiaries enrolled in the BISP using the new targeting mechanism, increase the share of total benefit expenditures reaching the poorest 40 percent of the population, improve the program's governance and administrative efficiency indicators, and so on. In addition, a set of medium-term process-related objectives and milestones were defined in the DPC, reflecting the broader goal of building a national safety net. They provided the link between the DPC prior actions and the subsequent institution building that was supported under the SSN.

28. The original TA credit was later restructured, during the time of the AF, into an Investment Project Financing (IPF) with DLIs. Restructuring a TA operation into an investment operation with results-based indicators is quite unique and evidences the creativity and flexibility of the World Bank and Government teams who worked on the project. The move from TA to IPF with AF and DLIs provided more flexibility to the project, increased the project leverage toward meeting the PDO, and helped advance the policy dialogue on the areas covered by the project. At that time a decision was also made to revise the PDO to better reflect the expanded project and the potential of the new instrument.

29. While a new project was discussed as an option, a decision was eventually made in favor of having an AF. This had technical and political reasons. A new project to the same agency (the

still young BISP) was considered a politically sensitive decision. At the same time, an IPF with DLIs would allow the project to continue with advancements of the policy agenda while also providing the needed financing for capacity-building efforts. With the expansion of the program, the capacity-building financing increasingly contained investment-type expenditures and an IPF was the right tool to satisfy this need.

## 2.2 Implementation

30. Overall, the implementation of the project was satisfactory with most of the targets over achieved. The project was under implementation for 7 years, and during that period underwent a transformation from a TA operation into an IPF with disbursement-linked indicators. This transformation, while rare, in this case, successfully supported the client in building and expanding the coverage of the new BISP institution and program. At the beginning, the US\$60 million TA operation accompanied a US\$340 million government of Pakistan program, providing needed capacity support to launch the BISP-led social safety net system. Initial implementation was swift, with US\$50 million (out of US\$60) disbursed over the course of the first 15 months of implementation. The SSN project was a **flagship operation** that was a key to opening up the program for Government and other donors' support. Across its lifespan, this project totaling US\$210 million managed to leverage another US\$1.2 billion from other donors and US\$4.0 billion from the Government of Pakistan.

31. The project was extended by a total of 47 months, but the larger part of the extension is directly explained by the adding of funds through the AF. De facto, only 12 months can be counted as “additional time” that was used to wrap up activities. While a number of the earlier project ISRs rate implementation as Moderately Satisfactory, the project was not at risk at any time throughout implementation. Considering that a very young institution was implementing the project and building a system from scratch, the Bank team's MS ratings can be viewed as a way to stimulate progress rather than as a description of suboptimal progress.

32. A number of external factors also influenced implementation:

- a) The Government has pursued a program design that combines international best practice by putting in place separate agencies<sup>8</sup> to conduct the data collection for the targeting process, determine program eligibility, and pay benefits, all under the BISP umbrella. It has included extensive monitoring, evaluation, and other control and accountability mechanisms as integral elements of the reform. Finally, it has adopted the PSC as an objective national targeting instrument to identify safety net beneficiaries through a door-to-door census approach (which was a unique feature of the BISP supported by the project).
- b) A strong governance structure with broad representation ensured a high degree of national consensus about the program.
- c) IDA support was based on prior analytical work that included a report on social protection in 2007,<sup>9</sup> which spelled out the main pillars of intervention and was subsequently reflected in the SSN Project and the DPC.

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<sup>8</sup> That is National Database and Registration Authority (NADRA) and the BISP, with separation of specific functions like data collection, calculation of PMT, and so on.

<sup>9</sup> World Bank Safety Net Report (2007) and the Government's National Social Protection Strategy (2007).

- d) The pairing of the SSN with the SSN DPC project and the subsequent transition to results-oriented investment operation was an effective means of maintaining reform momentum in implementing policy initiatives and facilitating continuity of policy dialogue themes.
- e) As a national platform, the BISP has been able to attract other donors' participation (DFID, United States Agency for International Development, and Asian Development Bank) and harmonize their support with that of IDA around the common objective of putting into place a coherent national program. DFID is contributing £229 million to 18 DLIs. DFID aligned its DLI Framework for the Pakistan National Cash Transfer Program with the World Bank's SSN Project under a parallel financing arrangement.
- f) The political, economic, and implementation risks to the SSN and the DPC that were considered substantial at the time of appraisal, did not materialize.

33. During the implementation period, several notable milestones were achieved that should be highlighted and were directly assisted by the project. They are presented in detail, by component, in Annex 2.

### **2.3 Monitoring and Evaluation (M&E) Design, Implementation, and Utilization**

34. The BISP monitoring consisted of a broad set of measures designed to provide timely and accurate information on program implementation. The program had internal monitoring systems that were put in place to provide oversight to its cash transfer programs, as well as external third-party monitoring mechanisms. For the internal monitoring systems, the most important element was a comprehensive MIS. The BISP had a dedicated M&E unit to support the monitoring of its programs. A computerized appeals and complaints system and social accountability mechanisms were also put in place. For monitoring of the CCT component, school admissions-related information for the children of the CCT beneficiaries was collected on the basis of data entry admission cards, which were verified by the school staff and then handed over to the BISP tehsil offices, through collection and delivery agents. The CCT implementation partner firms were initially hired by DFID and then continued under a BISP-financed contract to carry out these functions. In parallel, the pilots were tested to work with education department structures to collect co-responsibility data, but as such this mechanism is yet to be adopted as the compliance monitoring system for the program.

35. The BISP tehsil offices also coordinated with the provincial education departments to obtain the co-responsibility monitoring data related to children's schooling. The BISP tehsil offices additionally monitored all processes of the CCT program implementation and provided this data to the BISP regional and national office teams. The BISP undertook field supervisory missions, to enhance M&E reporting mechanisms and to further strengthen the MIS modules for efficient monitoring of enrollments, compliance, payments, and grievances.

36. Third-party assessments were also implemented, including spot checks and continuous process evaluations. A multiple-round Impact Evaluation<sup>10</sup> was undertaken for the BISP cash

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<sup>10</sup>After the baseline was set, there were three annual measurements for UCT and one for CCTs. The process evaluation and spot checks (for National Socio-Economic Registry [NSER] data collection and UCT payments) and operational review for the CCTs were also financed by the project.

transfer program. It assessed the impact of transfers on the socioeconomic condition of the beneficiary families and the allocation of the additional income among education, food, health, and other expenses. It also assessed the impact of transfers on enrollment and school attendance of children between 5 and 12 years of age supported under the CCT. These assessments showed that the cash transfers had an impact on promoting the human capital development of children by reducing short-term malnutrition and improving enrollment and attendance in basic education.

## 2.4 Safeguard and Fiduciary Compliance

### *Environmental and Social Safeguards*

37. Both the original project and the AF operation were classified as environmental category 'C', with no need of environmental assessment or mitigation measures. The original operation was TA only, and the AF, while expanding the project, only financed some cash transfers and no civil works. Therefore, the project did not have an environmental monitoring requirement and had no negative impacts on the environment.

38. With regard to social impact, the project had significant positive effects. These are covered in the sections on outcomes and broadly include the reduction in gender disparities, increased spending on health, education, food security, and economic investment by households.

39. As part of the social safeguards and ensuring protection for the beneficiaries, a functioning grievance and redress mechanism was put in place. There are two main types of grievance and redressal tools at the BISP:

- **Beneficiary grievance redressal.** Also called the case management system (CMS), this is the main mechanism that allows the existing and potential BISP beneficiaries to lodge complaints, appeals, and requests for data updates. There is also a separate CMS that caters complaints and requests related to CCT/Waseela-e-Taleem (WeT).
- **Procurement grievance redressal.** The second mechanism relates to the procurement-specific complaints that existing or potential service providers lodge in the system either through a web link or through e-mail and letters.

40. **The institutional arrangements for grievance redressal included three separate streams:** (a) survey/service-related grievances/requests, (b) payment CMS, and (c) CCT/WeT grievances. The program beneficiaries' CMS became fully functional in mid-April 2012. As of July 31, 2016, the BISP had received 2,951,957 cases, out of which 2,907,834 were processed by the BISP.

### *Fiduciary Compliance*

41. Procurement and financial management arrangements have been largely within the satisfactory range throughout the project life, with moderate shortcomings identified and addressed by the World Bank and the client. Most procurement activities were funded under the TA stream of financing, while the AF mainly disbursed for the DLIs. At closing, the project status report rated the fiduciary aspects as Moderately Satisfactory. An integrated fiduciary assessment, conducted in mid-2016, concluded that the finance and accounts and internal audit teams were adequately

staffed with experienced and qualified professionals. An asset management system was in place and periodic spot checks were being regularly conducted by internal auditors. A budgetary framework for the BISP was developed and automated using the existing systems. The payment verification system was also tested and used for the first time in processing the March 2016 payments for enhanced financial assurance. Some minor issues were raised in some of the annual audits, but have been addressed by the implementing agency.

42. The Procurement unit was also found to be adequately staffed, with good capacity built since the project start. An adequate procurement manual was developed and put in place. However, significant delays in processing the payments under a number of signed contracts were reported to the World Bank and ICR teams. While the World Bank specialists provided advice to the BISP agency to help improve the internal processes that caused delays on the Government side, the delays still seemed to persist over time.

## **2.5 Post-completion Operation/Next Phase**

43. A new project—National Social Protection Program-for-Results (P158643) was approved in March 2017. Its Program Development Objective (PDO) is to strengthen the national SSN systems for the poor to enhance their human capital and access to complementary services. The Program builds on the SSN Project and will advance the strengthening of safety net systems. This, in turn will, (a) consolidate achievements and ensure effective delivery of basic income support, as well as cash transfers linked to education co-responsibilities and (b) improve beneficiaries' access to complementary services with the ultimate goal of providing the poor with opportunities to achieve self-sufficiency in the longer run. Collaboration with DFID (by using the common DLIs under the current project) continues for the new National Social Protection Program-for-Results.

## **3. Assessment of Outcomes**

44. This ICR applies the split evaluation methodology to the assessment of the outcomes before and after the March 2012 restructuring with AF, when the PDO was modified.

### **3.1 Relevance of Objectives, Design, and Implementation**

Overall Relevance Rating<sup>11</sup>: High/High

*Relevance of Objectives: High/High*

45. Both before and after the restructuring, the project has been highly consistent with the current (at closing) World Bank Country Partnership Strategy (CPS) for 2015–2019<sup>12</sup> (approved by the World Bank's Board of Executive Directors on April 14, 2014). The project supported the achievement of the CPS's Outcome 3.2: Reduced Vulnerability for Groups at Risk by supporting expanded coverage and primary education CCTs. The PDO is also relevant to the World Bank's earlier CPS for 2010–2014. The 2010–2014 CPS midterm review from 2011 notes that the World Bank's engagement has made a significant contribution to strengthening the country's safety net

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<sup>11</sup> Shows ratings *Before/After* the restructuring of the PDO (this footnote is valid for all ratings showing as *before/after*)

<sup>12</sup> World Bank. 2014. *Country Partnership Strategy (CPS) for the Islamic Republic of Pakistan*. Report No. 84645-PK.

system and names the Social Protection Development Policy Credit (DPC) (Cr. 4594) and SSN TA Project (Cr. 4589). The report also calls the BISP achievements “remarkable” and places “Pakistan at the forefront of safety net design in the South Asia region.”

46. The PDO is also relevant in the current context of Pakistan, defined by the GoP’s Vision 2025 and the National Social Protection Policy Framework (NSPPF), which was prepared in 2016 through the World Bank support and approved the same year. The project design supported the PDO very strongly, as exemplified through various independent assessments and evaluations and the positive results achieved by the project. The NSER established under the project is now the single most comprehensive and credible source of socioeconomic data in the country and is being used by more than 70 public and private organizations for their pro-poor programs. In addition, the project has enabled the BISP to incentivize beneficiaries’ investment in human capital development and converting key operations (payments, grievance redress, and so on) from manual to technology-based systems.

*Relevance of Design: High/High*

47. The overall project design (original and later on - restructured) was built on the World Bank’s value added as a provider of policy and technical knowledge and has been highly relevant. Project logic and causal chain (explained in the Theory of Change section) was sound both for the TA period of the project and for the investment lending with DLIs. The World Bank’s support was initially formulated as a TA credit (combined with the DPC), aimed to build institutions and mechanisms for the delivery of support to the poorest segments of society by providing cash transfers to the poor. The initial TA was seen as relevant because of the stage of institutional development and the need for hand-holding and capacity building. The main portion of the financing for actual transfers was provided by the Pakistani Government and the World Bank financing was used to build the BISP, which is the implementing agency for the cash transfers. Later on, in 2012, the World Bank provided an AF to the project while restructuring it into an IPF, with DLIs. This change was viewed as a natural evolution toward outcomes and to allow the World Bank provide more seed funding for transfers. At the time, another activity was also added to the project’s Component 2 (and to the BISP’s portfolio)—this was the WeT program, which provides the CCTs linked to school attendance. The WeT program is a CCT program that targets women who are identified as the BISP UCT recipients and have children in the age bracket of 5 to 12 years. Such women are given a one-time cash grant on the successful enrollment of eligible children into primary schools and then quarterly payments of PKR 750 per child, contingent on the successful maintenance of at least 70 percent quarterly school attendance. The program involved the use of implementing partner firms who helped with training, awareness, social mobilization, and registration. This was one of the unique features of the WeT program that proved a useful test of this mechanism, which was evaluated positively by external reviews.

48. IDA support was based on prior analytical work that included (a) a report<sup>13</sup> on social protection in 2007 which spelled out the main pillars of intervention, subsequently reflected in the SSN TA and the DPC, and later in the restructured AF; (b) a study on the design and implementation of effective safety nets (2008); (c) a CSP rapid assessment (2009); and (d) a Poverty and Social Impact Assessment (2009). The pairing of the SSN with the DPC project was

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<sup>13</sup> World Bank Safety Net Report (2007).

an effective means of maintaining reform momentum in implementing policy initiatives and facilitating continuity of themes that were supported under the SSN DPC. The SSN TA Project had a particular focus on objective targeting, M&E, governance, and innovations in payments and graduation paths for beneficiaries out of poverty. The AF allowed continued support for the expansion of the basic cash transfer program to eligible poor families and the introduction of CCT for the BISP beneficiaries linked to primary education, as well as further strengthening of the program institutions.

*Relevance of Implementation: Substantial/Substantial*

49. Relevance of implementation was Substantial before and after the AF with restructuring.

50. Before the restructuring, in the initial period of project implementation, there were some implementation delays and moderate issues related to procurement and financial management. These are explained by the fact that the institution was young and its capacity was still being built and the client team was still adapting to the new rules and approaches of doing business required by the World Bank. However, referring back to that period, the TA operation needs to be reviewed in pair with the SSN DPC (more details in sections 2.1 and 3.1), which successfully advanced the policy reforms needed to start the program. In June 2012 the DPC was evaluated as Highly Satisfactory for achievement of its outcomes. The ICR for the SSN DPC states that *“the SSN AF that continued and expanded on the SSN TA project reflects satisfactory progress on program implementation.”* The DPC ICR also explains well the inherent connection between the two projects, and respectively, between their results: *“**The pairing of the SSN DPC with the SSN TA project** was an effective means of maintaining reform momentum in implementing policy initiatives and facilitating continuity of themes that were supported under the SSN DPC. The SSN TA project has a particular focus on objective targeting, monitoring and evaluation, governance, and innovations in payments and graduation paths for beneficiaries out of poverty. The Additional Financing provided for that project will allow continued support for the expansion of the basic cash transfer program to eligible poor families, and the introduction of CCT for BISP beneficiaries linked to primary education, as well as further strengthening of the program institutions.”*

51. Here, we conclude that while the operation’s implementation was going well, there was a body of **growing knowledge** of the development problems being tackled and of the developing situation in terms of policy and implementation needs. With the DPC successfully disbursed and the TA credit advancing, the Bank and Government teams, therefore, chose the path of this opportunistic restructuring coupled with the AF. The restructuring (including the change in the instrument) allowed for changes that could further improve outcomes and impacts.

52. Later, after the restructuring, component implementation further picked up, with the major activities advancing at a steady pace. Procurement and financial management capacity improved, with the respective units gaining experience and undergoing trainings. These aspects are discussed in more detail in the section on Fiduciary Compliance (section 2.4). With the changes, restructurings and the AF the Government and the Bank managed to keep implementation relevant over the life of the project.

### **3.2 Achievement of Project Development Objectives**

Rating: Substantial/High

53. The efficacy of the project PDO achievements—before the restructuring that modified the PDO in March 2012—is Substantial. The original PDO can be viewed in two parts: 1) Make the nationwide safety net system more effective (enhanced BISP operations); and 2) Make the nationwide safety net system more transparent (enhanced BISP management, including efficiency improvements).

54. Progress towards enhancing the operation and management of a nationwide, effective, and transparent safety net system for the poor in Pakistan was made at a steady pace. The BISP, as the project’s implementing agency, had already received the mandate as the country’s main safety net institution, working with a variety of partners toward the goal of providing income support to the poor and helping them graduate from poverty over the medium term. The BISP Act was approved by the Parliament in August 2010. The BISP made substantial progress in the nationwide rollout of the PSC survey and started making payments exclusively to beneficiaries based on the PSC. However, the component that was designed to facilitate the social protection policy dialogue in the country (Component 4) and was managed by the Planning Commission through the BISP was moving slower than the rest of the project. This was also one of the reasons to look for project restructuring options that would improve policy dialogue and provide higher impact on policy development. It should also be noted that, as explained in detail in sections 2.1 and 3.2, the SSN TA credit from the initial stage of implementation and the SSN DPC need to be looked at as a package, and while it is difficult to assign exact attribution of the common results to one or the other, it also seems unnecessary to attempt to do so.

55. As regards the restructured PDO and as explained in the *Theory of Change* section, the effectiveness and transparency are still parts of the implied objective, through the “performance” and “strengthened the administration” of the safety net system. The new PDO, however, has a new (third) element: the expansion. It is therefore important to explain the additionality brought in to the outcomes achievement by the AF. The expansion of program coverage had been recognized as a major priority, given the harsh shocks (global financial crisis, food price increases, massive floods, etc.) that were expected to increase poverty levels. After the nationwide roll-out of the Poverty Scorecard Survey (PSC), it was estimated that the total number of beneficiary families would increase to around 7 million. The original cut-off point of the PSC had been set to identify only 5 million poorest families in the country. In accordance with the original estimate, the GoP had approved the budget for BISP to cover with cash transfers to approximately 3.5, 4 and 4.5 million families, respectively in 2012-13-14. As it was seen unlikely that the GoP would be able to provide additional funds and that would possibly leave millions of eligible families without the income support. Therefore, donor support had been requested to ensure that all eligible families can be provided with the basic income support. The AF provided part of that expansion in coverage.

56. In addition, the need to improve access to educational services for beneficiary families also emerged as a priority during the initial phase of BISP. It was, therefore, decided to link the basic cash transfers to primary education service delivery for families with school-aged children – the Waseela-e-Taleem program.

57. Respectively, the target value for the indicator “Number of households to which the poverty scorecard has been applied” was significantly raised from original target of 10 million to 27 million, and that was surpassed at the end of the project. Indicators were also added to measure

the expansion: “Number of paid BISP beneficiaries eligible under the Poverty Scorecard” and “Number of children attending school under the Waseela-e-Taleem program”. The targets for both of these indicators were surpassed at the closing of the project (see below).

58. As a result, project efficacy after the restructuring of the PDO is High. This assessment is based on the extent to which the project’s Key Performance Indicators were achieved, as well as on the achievement of the DLIs introduced for that second phase. The analysis of the Key Performance Indicators below is looking at achievement of each part of the development objective parts as demonstrated by respective KPIs’s: 1) Effectiveness; 2) Transparency; and 3) Expansion.

#### *Key Performance Indicators*

59. The project was highly effective based on its overachievement of targets for PDO indicators, as briefly explained in the following paragraphs.

#### *PDO Part 1: Effectiveness*

60. **Outcome Indicator 1: Percentage of disbursed BISP cash transfers received by beneficiaries in quintiles 1 and 2 (surpassed).** About 75 percent (as compared to end target of 70 percent) of the BISP beneficiaries are from the bottom 40 percent of the population, out of which nearly half are from the poorest quintile. The PMT-based beneficiary targeting performance of the BISP compares well with other internationally acclaimed programs of similar nature. The BISP launched an update of the NSER in June 2016 and the revised PMT is expected to further improve targeting efficiency and the regional distribution of beneficiaries.

61. **Outcome Indicator 2: Number of households to which the poverty scorecard has been applied (surpassed).** A total of 27.36 million households were covered by the nationwide PSC survey during 2010/11 supported through the project. This is slightly more than the revised end target of 27 million households (and, as mentioned in paragraph 57 above, significantly higher than the original target of 10 million) and accounts for about 87 percent of the country’s population.

#### *PDO Part 2: Transparency*

62. **Outcome Indicator 3: Percentage of participating tehsils in which BISP beneficiary lists are publicly available at the BISP offices (surpassed).** These lists are now available electronically in every functioning tehsil office of the BISP across the country. Initially, it was planned to display printed lists on notice boards but after the installation of an online payment complaint management system and a CMS at the BISP’s countrywide tehsil offices, the lists are now available electronically. The performance against this indicator is 100 percent against the revised end target of 90 percent (and even higher than the original target of 80%).

63. **Outcome Indicator 4: Percentage of beneficiaries satisfied with program implementation (surpassed).** The Impact Evaluation reports have shown that 80 percent of beneficiaries are ‘Satisfied’ and 17 percent are ‘Somewhat Satisfied’ with program implementation for a total of 97 percent against the end target of 70 percent. At the time of the AF, this target was revised from an original 80%, but the end result surpassed both the revised and the original target.

64. **Outcome Indicator 5: Integrated Monitoring System for Federal and Provincial Social Protection Programs established and used for policy dialogue (partially achieved).** The Technical Advisory Committee for Social Protection Policy, led by the Federal Planning Commission, approved the NSPPF, which outlines the institutional arrangements and fundamental elements of the national system to provide targeted support to the poor. These include a unified targeting system managed by the Federal Government, technology-based service and payment delivery, and a shift from universal subsidies toward targeted programs. The preparation of the framework was supported through Component 4 of the project which also supported the development of an Integrated Monitoring System for Federal and Provincial Social Protection Programs.

#### *PDO Part 3: Expansion*

65. **Outcome Indicator 6: Number of paid BISP beneficiaries (basic cash transfer) eligible under the Poverty Scorecard (surpassed).** The number of active BISP beneficiaries is slightly above 5.6 million, which is substantially higher than the end target of 5.2 million. Initially, the BISP registered a much lower number of beneficiaries due to the limited possession of CNICs among potential beneficiary women who belonged to the poorest families in the country where the prevalence of CNICs is generally low. However, with rigorous social mobilization and partnership with NADRA, the BISP was able to overachieve the project's end target.

66. **Outcome Indicator 7: Number of children by gender attending school under the Waseela-e-Taleem program (surpassed).** Against the end target of 0.5 million children, the project supported the school enrollment of 1.3 million children in primary schools in 32 districts across all provinces and regions. This was made possible through rigorous social mobilization; the contracting of implementing partner firms; and effective partnerships with provincial governments, local government officials, and local communities. In addition, over 50,000 BISP beneficiary committees were established to provide voice and agency to the mostly illiterate mothers.

67. **Outcome Indicator 8: Core indicator, Program Beneficiaries (estimated number of family members: 5) (surpassed).** This target was also overachieved and the BISP is benefitting 28.5 million persons in relation to the end target of 26 million.

#### *DLIs*

68. In addition to the results demonstrated by the KPIs, BISP delivered on all 19 DLIs, and DLI-linked project funds were fully disbursed by the project closing date. A full list of the DLIs is provided in annex 2, after the project outputs. The results that followed the achievement of the DLIs are visible in the target achievements for the main KPIs (above) and included the following:

- (a) Increased coverage of the national safety net
- (b) Introduction of co-responsibilities for families with primary school-aged children, benefiting from the BISP Basic Cash Transfer
- (c) Effective targeting and communications and outreach
- (d) Enhanced governance and management

### **3.3 Efficiency**

Rating: Substantial/Substantial

69. Efficiency was Substantial both before and after the restructuring.

#### *Administrative Costs*

70. Administratively, the BISP is a highly cost-efficient safety net compared to other programs of similar nature in other countries. Its administrative costs include (a) service charges for cash transfers (paid mostly to commercial banks and Pakistan Post), (b) research and consultancy, (c) communication and awareness campaigns, (d) salaries of the BISP staff, and (e) other related expenses. The present cost-to-transfer ratio is around 2.5 percent. However, this low overhead is also based on the fact that field offices are managed with modest budgets, at times resulting in less than optimal performance. Thus, even if the BISP were to invest more on these offices, its overhead would still remain well below internationally accepted ratios, while the outcomes would potentially improve even further.

#### *Program Efficiency*

71. Beneficiaries are expected to receive a total of PKR 18,800 annually in quarterly instalments. In the final BISP Impact Evaluation,<sup>14</sup> sample beneficiaries self-reported that 87 percent of beneficiaries received at least three of the four expected payments, receiving, on average, PKR 13,906 in the 12 months preceding the survey. Beneficiaries reported that the direct costs of collecting the transfer remain relatively low, amounting to just 2 percent of the value of the quarterly transfer, with beneficiaries taking, on average, just over half an hour to reach a collection point. However, almost 20 percent of the beneficiaries reported that they could not withdraw cash on their first attempt, leading to them making multiple trips. The main reasons cited for this phenomenon were long queues or a lack of funds at the collection point. Some beneficiaries reported indirect costs of collecting the transfer, with 18 percent of the beneficiaries reporting that they had to unwillingly pay a ‘fee’ to collect the transfer. Results from the quantitative survey suggested that this was usually to guards or staff at the collection point. Despite the evidence that only a third of beneficiary women reported that they collected their transfer themselves, over three-quarters reported that they retained control over how the BISP cash transfer was spent. Qualitative research indicates that men and women in the BISP households are accepting the ‘woman focused’ nature of the BISP. Additionally, to ensure that the beneficiaries collect the money themselves, the BISP started the biometric verified system for payments, which is currently operational in 43 districts.

#### *Additional Financing and Component Costs*

72. The AF added financing strictly in accordance with its stated purpose – to expand coverage, while preserving and further developing the safety nets institutions. Component 1 (US\$34.6 million), which originally only envisaged TA for establishing the system, was doubled to allow the inclusion of more beneficiaries (see section 3.2 above). Component 2 (originally US\$12.9 million) received an additional US\$97.5 million – or more than 7 times the original amount – to support the conditional cash transfers linked to school attendance. While at the end, the costs had

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<sup>14</sup> Oxford Policy Management (2016).

shifted between the two components – with US\$107.6 that have gone to Component 1 and US\$32.2 to Component 2 – these two largest additions were efficiently utilized, judging by the results achievements, as discussed in the section on outcomes.

### *Project Extensions*

73. The original project duration was envisaged as 4 years and 3 months with US\$60 million of financing. The project was extended three times for a total of 3 years and 11 months, while the total financing reached US\$210 million, leveraging US\$1.2 billion of other donor financing and US\$4.5 billion of Government financing. Increased end-of-project outcome achievements and the high level of leverage confirm the project as efficient in terms of overall duration vis-à-vis costs and results.

### **3.4 Justification of Overall Outcome Rating**

Rating: Highly Satisfactory

74. US\$34.77 million was disbursed at the time of the restructuring of the PDO. The original project cost was US\$60 million and the AF was US\$150 million, totaling US\$210 million. The amount disbursed at the time of the March 2012 restructuring/AF represents approximately 17 percent (16.55 percent) of the total project financing from the World Bank for the whole duration of the project life. Tables 3 and 4 show the calculation of the split evaluation process determining the final rating for outcome.

**Table 2. Split Evaluation of Relevance, Efficacy, and Efficiency**

Category	Relevance			Overall Relevance	Efficacy	Efficiency	Overall Outcome
	of Objective	of Design	of Implementation				
Rating before the Restructuring	High	High	Substantial	High	Substantial	Substantial	Satisfactory
Rating after the Restructuring	High	High	Substantial	High	High	Substantial	Highly Satisfactory

**Table 3. Weighted Rating of Outcome**

		Against Original PDO	Against Revised PDO	Overall
1	<b>Rating</b>	Satisfactory	Highly Satisfactory	—
2	<b>Rating value<sup>a</sup></b>	5	6	—
3	<b>Weight (% disbursed before/after PDO change)</b>	17	83	100
4	<b>Weighted value (row 2 × row 3)</b>	0.85	4.98	6 (rounded)
5	<b>Final rating (rounded)</b>	—	—	Highly Satisfactory

Note: a. Values to be assigned for each rating: Highly Satisfactory = 6, Satisfactory = 5, Moderately Satisfactory = 4, Moderately Unsatisfactory = 3, Unsatisfactory = 2, and Highly Unsatisfactory = 1 (Independent Evaluation Group Guidelines).

75. The PDO rating is assessed as ‘Highly Satisfactory’ because of the achievement of all targets of PDO and intermediate indicators in the Results Framework, with some being overachieved, and the delivery on all 19 DLIs and the disbursement in full of project proceeds. Accordingly, the components ratings are Highly Satisfactory and Satisfactory. The implementation progress ratings by ISRs have been in the satisfactory range over the entire life of the project. The project has consistently improved its performance and addressed the issues highlighted by various supervision missions and third-party assessments and evaluations.

76. It can be noted that as the disbursed amount before the restructuring has a relatively small share of the total disbursements, the final assessment of the outcome is the same as it would have been if only the revised PDO were evaluated, that is, Highly Satisfactory.

### **3.5 Overarching Themes, Other Outcomes, and Impacts**

#### **(a) Poverty Impacts, Gender Aspects, and Social Development**

##### *Poverty Impact*

77. The BISP has continued to have an effect on increasing the per adult equivalent monthly level of consumption expenditure of the BISP beneficiary households, with the final Impact Evaluation indicating an increase of PKR 187. In May 2016, the GoP adopted a new approach to calculate the poverty line in Pakistan, changing from a Food Energy Intake (FEI) approach to a Cost of Basic Needs (CBN) approach. This change combined with a recalibration of the basic basket of consumption needs has increased the poverty line by 33 percent. The impact on poverty depends on which poverty line is used as a reference. Using the FEI poverty line, the BISP reduces the poverty rate by 7 percentage points but has a smaller impact on the poverty gap. Using the CBN poverty line as a reference, the BISP is associated with a reduction in the poverty gap by 3 percentage points but no statistically significant impact on the poverty rate.

##### *Women Empowerment*

78. As in many other cash transfer programs, the BISP transfers are distributed solely to women, with the broad goal of improving women’s status within the household. Evaluations found some evidence of impacts on outcomes related to women’s empowerment in Pakistan because of the receipt of the BISP transfer. Specifically, the transfer appears to cause wives to report that they are less likely to tolerate being beaten and that men are more likely to agree that they should be expected to help around the house. Women also become more likely to report that they can visit friends without permission and they become more likely to vote. Finally, the proportion of women with a CNIC substantially increased between 2011 and 2013, particularly for women below the poverty score threshold. In the data set, the percentage of married women who reported having a CNIC number increased from 82 percent in 2011 to 89 percent in 2013. While that increase cannot solely be attributed to the presence of the BISP transfer, it is highly unlikely that the increase would

have been so large without the BISP.<sup>15</sup> Anecdotal evidence collected by the ICR interviews confirms this thesis.

79. Given that women's status is perceived to be lower in Pakistan relative to many other countries, and that women's empowerment is correlated with economic growth (Duflo 2011), any increases in women's empowerment are a good sign for Pakistan's economy in the future. As the cash transfers have increased in size since the data for the latest evaluations was collected and the transfers have also increased in regularity, some of the impacts may have also become stronger since 2013.

### **(b) Institutional Change/Strengthening**

80. Institutional strengthening was one of the main objectives of this project, which started off as a TA operation for the purpose of building institutions. These aspects are covered in detail in the discussion of the outcomes (section 3 ).

### **(c) Other Unintended Outcomes and Impacts (positive or negative)**

#### *Food Consumption and Nutrition*

81. The Impact Evaluation found evidence that the BISP is leading to an increase in per adult equivalent monthly food consumption (PKR 69), driven by high-quality protein, which can be expected to lead to significant improvements in the quality of diet. In child nutrition, the BISP has led to a reduction in the proportion of girls, but not boys, who are wasted.

#### *Living Standards*

82. The beneficiary profile notes significant deprivations against indicators of living standards among the average BISP beneficiary household. The Impact Evaluation found that the BISP has led to a decrease in these deprivations, particularly in the quality of flooring in their households and the quality of cooking fuel used.

#### *Livelihoods*

83. The BISP led to a change in the livelihood strategies adopted by beneficiaries. The BISP has contributed to an overall reduction in the dependence of beneficiary households on casual labor as the main source of income. This finding is driven by the conclusion that the BISP has resulted in a reduction in the proportion of men engaged in casual labor, with an associated increase in the proportion of men engaged in agricultural activities, including caring for livestock. Simultaneously, the BISP has resulted in a reduction in the proportion of women engaged in unpaid family labor, and while there is no clear evidence of what women are replacing this activity with, there is no evidence that they are stopping economically productive activities. In line with the finding that an increased proportion of men are engaging in agricultural activities, including caring for livestock, the BISP has resulted in an increase in the proportion of beneficiary households that own small

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<sup>15</sup> If the overall number of women with identification cards is used and the timeline is taken from the start of the BISP, then the number of women with CNIC double between 2008 till 2013. Some portion of that increase is potentially due to the BISP approach.

livestock, including sheep and goats. Potentially supporting this purchase of small livestock, there is improved financial access among beneficiary households, with the BISP leading to an increase in the proportion of beneficiaries with savings, with the increase in savings being driven by an increase in formal savings.

### **3.6 Summary of Findings of Beneficiary Survey and/or Stakeholder Workshops**

84. An Impact Evaluation containing beneficiary survey elements was conducted toward the end of the project. Its results are provided in more detail in annex 5. Overall, the evaluation established good targeting: a high proportion of beneficiary households are poor or remain vulnerable to poverty whether assessed from a monetary poverty perspective or a multidimensional poverty perspective. The assessment also found that the targeted households still faced high deprivations against a range of dimensions, including the following:

- (a) **Education.** Just 69 percent of boys and 59 percent of girls ages 5–12 years were attending school at the time of the survey
- (b) **Nutrition.** Severe rates of malnutrition among infants and young children ages 0–59 months, with levels of wasting and stunting that are at emergency levels
- (c) **Access to safe drinking water and sanitation.** High levels of deprivations in water and sanitation, with 38 percent of beneficiaries lacking access to improved toilets and 17 percent lacking access to safe drinking water
- (d) **Housing conditions.** Large deprivations on indicators relating to the condition of the house with 63 percent of households having earth floors and 71 percent using cooking fuels that are associated with harmful health effects.

85. With regard to results, the evaluation found that the program has an effect on increasing the per adult equivalent monthly level of consumption expenditure of BISP beneficiary households. There is also evidence that the BISP is leading to an increase in the per adult equivalent monthly food consumption. The BISP has led to a decrease in the deprivations, particularly in the quality of flooring in their households and the quality of cooking fuel used. Women empowerment is also visible, with female status increasing in the household, women enjoying greater mobility, and more women voting. In addition, fewer families depend on casual labor and more have obtained livestock.

## **4. Assessment of Risk to Development Outcome**

Rating: Substantial

86. The risk to the development outcome is Substantial, based on a combination of risks including institutional, political, and macroeconomic.

87. **Institutionally**, the BISP is a well-established program that has been growing in strength and outreach since its inception. However, it now faces a number of modifications in its core functions and associated operational mechanisms that are expected to strengthen its ability to serve as a federal SSN platform but also require time and investment.

88. **Politically**, Pakistan is subject to potential sudden changes that may distract policy makers, risking shifts in priorities. With elections scheduled in 2018, there is a need to make substantial progress on/or complete tasks that require political will. Political branding of the BISP poses a risk by distorting its image. Results from a recent political economy analysis, however, point toward broad ownership of the program across political actors and civil society.

89. **Macroeconomic risks are also substantial.** Significant fiscal deficit and increased spending linked to security and natural disasters, as well as slower-than-expected progress on some structural reforms make macroeconomic indicators vulnerable to external shocks.

## **5. Assessment of Bank and Borrower Performance**

### **5.1 Bank Performance**

#### **(a) Bank Performance in Ensuring Quality at Entry**

Rating: Satisfactory

90. The operation preparation and appraisal stages used the knowledge and experience that had been gathered through prior analytical work and collaboration with the Government on developing an NSPS. This ensured that the TA and the development results promoted by the project were aligned with needs and the country's long-term development goals. The operation was further strengthened by the fact that it complemented the SSN DPC, which had larger policy-related goals. Efforts to collaborate with other key donors, such as DFID and the International Monetary Fund, also contributed to the timely preparation and relevance of the operation.

#### **(b) Quality of Supervision**

Rating: Highly Satisfactory

91. The World Bank supervision of the operation was proactive and involved a high degree of continuity and coordination among related operations. The team responsible for the SSN Project was also the one leading the DPC operation that started at about the same time and closed in 2012. Thus, despite the cancellation of the second tranche of the DPC due to an unfavorable macroeconomic assessment, the World Bank was able to come up with an arrangement (AF for the SSN Project) to support the continued need for capacity building and policy dialogue of the BISP. The fact that the same IDA team oversaw all three operations provided an additional level of insight into issues and continuity and credibility with the Government authorities. The World Bank team was also structured in a unique way, with three task team leaders overseeing different expert areas of the project.

#### **(c) Justification of Rating for Overall Bank Performance**

Rating: Satisfactory

92. Overall, the World Bank performance is Satisfactory. The quality at entry processes were backed by analytical work and in-depth knowledge of client country needs and political processes. The supervision that followed was proactive and at a very high technical level.

## **5.2 Borrower Performance**

### **(a) Government Performance**

Rating: Satisfactory

93. Strong Government commitment and political will were demonstrated and were instrumental in moving the safety net reform agenda forward in Pakistan. The Government has taken politically difficult but necessary decisions, including phasing out parliamentarian-based beneficiary identification in favor of an objective, PSC-based beneficiary identification. In its desire to achieve broad-based approval of the program, the Government also appointed nonpolitical members to the BISP Board. Legal and administrative reforms were also initiated to further strengthen the BISP and make it a nationwide safety net mechanism.

### **(b) Implementing Agency or Agencies Performance**

Rating: Satisfactory

94. The implementing agency (BISP) is a statutory body formed under the BISP Act, 2010. It has grown exponentially during the life of the project to become the largest safety net in the country and also within the South Asia region. It is governed by an independent Management Board that works in accordance with the BISP Act. The Secretary of BISP, who is an ex officio member of the Board, is Secretary of the Board and principal accounting officer of the BISP. A Project Management Unit, headed by a qualified project manager, has been in place since the early days of the project and was later fully integrated in the structure of the BISP agency. Several individual consultants support respective director generals and directors in achieving the project's results. The BISP has been regularly preparing half-yearly progress reports with the World Bank besides facilitating supervision and technical missions and following up on mutually agreed actions. Efforts to continuously improve procurement and M&E are also in place.

### **(c) Justification of Rating for Overall Borrower Performance**

Rating: Satisfactory

95. Throughout the life of the project, the Government has shown strong commitment to the project objectives and to timely and quality implementation. Political and budget support were in place to ensure that the project objectives were met. The implementing agency has also been growing into a strong institution, with good understanding of the project objectives and following a path of constant improvement of administrative and fiduciary processes.

## **6. Lessons Learned**

96. Political leadership and ownership, combined with clear organization structures and coordinating mechanisms, are key to program acceptability and sustainability. International experience suggests that successful implementation and institutionalization of cash transfer programs require both strong support from the highest level of the Government and a sound operational design with clear institutional responsibilities for program coordination and implementation. The limitations of safety net interventions in Pakistan in the past stemmed from inadequate institutional settings and lack of coordination on the part of individual agencies and programs working in this area. With the BISP, a government-financed program is now in place with donors' support, introducing innovations and implementation improvements by learning from

international experiences. Programs of this type should start by analyzing the policy environment, planning for needed policy improvements, and then providing for sufficient technical assistance for the needed institutional setup.

97. Linking a DPC to TA or investment operations with a strong emphasis on TA ensures sustainability of policy changes. In the case of the SSN, this further evolved in the restructuring of the project into an IPF with results-based indicators (DLIs) to continue to carry the effective policy dialogue. Sometimes a single financing instrument is not enough to provide for the advancement of both policy development agenda, and investment costs. Combining instruments or using innovative instruments could provide the solution in such cases.

98. A robust analytical basis (in particular the documentation of the weak performance of the previous safety net programs and the development of a PMT for Pakistan) and prior collaboration between the World Bank and the Government is important in facilitating operations of this nature, in particular the relatively rapid introduction of reforms that involve difficult institution-building challenges.

99. Maintaining the World Bank team with necessary operational knowledge, technical expertise, and political sensitivity throughout the process of preparation and implementation of a program helps develop a strong relationship between the World Bank and the client. The knowledge that the World Bank team is able to build and the interactions that develop between the team and the Government counterparts facilitate the development of complex institutions. In such big operations that involve TA, policy and investment support it is important for the World Bank to provide significant and high-level presence in the country.

100. Coordination with other donors can be particularly useful if done well and on time. In this case, DFID support was important in getting early traction in developing the PSC and providing rapid TA, which was central to advancing the overall effort. Other donors (Asian Development Bank, United States Agency for International Development, International Monetary Fund, and DFID) also used the common framework to further the results agenda and the collaboration also included joint implementation support missions and joint provision of TA. The harmonization of donor support was key to the BISP, and the project provided a platform for that, including for parallel financing arrangements.

101. Testing and innovating are important for projects that are building systems. In the case of SSN, one such innovation was contracting out the PSC survey for the NSER in 2010/11 or the extensive use of operational audits by third parties. Another example is the cooperation with other donors and the use of a single Results Framework to implement parallel financing.

## **7. Comments on Issues Raised by Borrower/Implementing Agencies/Partners**

### **(a) Borrower/implementing agencies**

Not applicable.

### **(b) Cofinanciers**

Not applicable.

**(c) Other partners and stakeholders**

Not applicable.

## Annex 1. Project Costs and Financing

### (a) Project Cost by Component (in US\$, Million equivalent)

Components	Appraisal Estimate (US\$, millions) Original Financing	<sup>a</sup> Actual Expenditure/ Latest Estimate (US\$, millions) Original Financing	Appraisal Estimate (US\$, millions) AF	<sup>a</sup> Actual Expenditure/Latest Estimate (US\$, millions) AF
1. Establishment of a National Targeting System	34.6	44.88	31.50	107.630
2. Strengthening Safety Net Operations	12.9	1.61	97.50	32.270
3. Enhance Safety Net Program Management, Accountability, and Evaluation	10.8	14.22	21.00	0.045
4. Developing the Social Protection Policy and Strategy Monitoring	1.7	0.38	—	—
<b>Total Baseline Cost</b>	60.0	61.10	150.00	139.940
Physical Contingencies				
Price Contingencies				
<b>Total Project Costs</b>	60.0	61.10 <sup>c</sup>	150.00	139.940 <sup>b</sup>
Front-end fee Project Preparation Fund				
Front-end fee IBRD				
<b>Total Financing Required</b>	60.00		150.00	

Note: a. It includes actual expenditure up till project closure date of June 30, 2017.

b. This total is due to losses on account of U.S. dollar and SDR parity over the life of the SSN Project. In reality, the entire SDR amount was consumed.

c. This total is due to gains on account of U.S. dollar and SDR parity over the life of the SSN TA Project. In reality, the entire SDR amount was consumed.

### (b) Financing

Source of Funds	Appraisal Estimate (US\$, millions)	Actual/Latest Estimate (US\$, millions)	Percentage of Appraisal
Borrower	0.00	0.00	0.00
International Development Association (IDA)	210.00	201.04 <sup>a</sup>	95.73
IDA Grant	0.00	0.00	0.00
Other source [name]			

Note: a. This total is due to losses on account of U.S. dollar and SDR parity over the life of the SSN Project. In reality, the entire SDR amount was consumed.

## **Annex 2. Outputs by Component**

### *Summary of Outputs*

1. The project outputs include various consultancies/consultancy reports, goods, and services—all outputs which were financed from the SSN TA Project. Following is the list of major outputs achieved during the life of the project using project funding:

(a) **Establishment of a National Targeting System - Poverty Survey of 2010/11**

2. The BISP is the custodian of the NSER, which is the national database of social economic characteristics of approximately 27 million households. The adoption of the NSER represents an institutional milestone for targeting eligible beneficiaries using a scientific method. This component of the SSN TA Project supported the rollout of the national targeting system based on the experience and lessons learned from the targeting test phase, which started in March 2009, and was also supported by the DFID trust fund managed by the World Bank. This component included finalization of the targeting design, data collection with the PSC at the national level, data processing, and the maintenance of the database. The use of PSC based on the NSER for selection of eligible beneficiaries' families proved to be the main strength of the BISP. The BISP is currently updating the NSER to reassess the welfare status of the existing beneficiaries and their eligibility, to allow selection of new or additional households as beneficiaries.

(b) **National Social Protection Policy Framework (NSPPF)**

3. Developing the social protection policy and its strategic monitoring was one of the components of the SSN TA Project, which aimed to support the design of an institutional and legal framework for execution of the NSPS and design and implementation of an M&E system of the NSPS. This component also provided training and capacity building for policy makers and implementing agencies in social protection policy and program implementation. The BISP was the implementing agency for the four project components. However, the Planning Commission, in its role to advance the social protection policy, was given the lead in providing technical and strategic guidance for the implementation of this component. The BISP furnished its views/input to the Planning Commission as and when it was sought during the implementation period of the project.

(c) **Impact Evaluations by Oxford Policy Management**

4. One of the components of the project pertained to enhancing the safety net program management and accountability and evaluation. This component provided funding for the establishment of effective controls including audits, spot checks and Impact Evaluations, and so on. A series of Impact Evaluations were conducted by the Oxford Policy Management (OPM). The final Impact Evaluation Study, conducted by the OPM in 2016, assessed outcomes for beneficiaries against key objectives, including poverty reduction, women's empowerment, improved household, and child nutrition. The OPM released its third report in December 2016, while the previous reports were released in 2014 and 2015, respectively. According to the report,

(a) The BISP cash transfers were estimated to have contributed to reducing poverty among beneficiaries by 7 percentage of points, relative to non-beneficiaries having similar characteristics;

- (b) The BISP continued to have an impact on increasing the per adult equivalent monthly level of consumption expenditure of beneficiary households reporting an increase of PKR 187;
- (c) The BISP led to an increase in the per adult equivalent monthly food consumption (PKR 69) driven by high-quality protein, which can be expected to lead to significant improvements in the quality of diet;
- (d) The BISP led to a decrease in deprivations particularly in the quality of flooring in households and the quality of cooking fuel used; and
- (e) The BISP continued to influence a change in the way women were viewed in the households.

### **M&E Outputs of the Project**

- (a) Process Evaluation by M/S Mott MacDonald (funded by DFID and listed for completeness)
  - All the three rounds highlighting operational issues and corresponding recommendations have been completed.
  - Course correction measures were framed and presented to the concerned wings for necessary course correction. The response and actions performed by the concerned wings were then documented and reported to DFID.
- (b) Impact Evaluation of UCT and CCT by M/S OPM
  - The evaluation was completed. The final evaluation reports of UCT and CCT were received. The President of Pakistan launched the final Evaluation Report. The reports have been placed on the BISP's website.

### **Internal M&E**

- An operations review was carried out using 'spot checks' and 'process evaluation' of the NSER update through desk-based self-registrations. Similarly, the operations review of the door-to-door survey was conducted in different districts.
- Oversight of the activities of the operations review firm of the NSER update through desk-based and door-to-door registrations. The focus is on the selection and implementation of representative samples for verification of coverage and data quality.
- The verification of desk-based data in four desk-based UCs of Haripur has been concluded. Similarly, another verification model was piloted in seven UCs of Bahawalpur.
- Implementing the M&E of the payment process through tehsil offices. An M&E plan was developed and implemented to monitor payment across Pakistan. The plan uses 'spot checks' and 'process evaluation' methods for monitoring the process of payments to beneficiaries throughout the country.

- Joint monitoring (by banks and the BISP) of beneficiary payments has been piloted and initiated.
- Internal evaluation of the WeT pilot of 2016 was undertaken and the findings along with recommendations were submitted.
- Development of the WeT monitoring plan to shadow the activities of implementing partner firms is in progress.

5. The World Bank financed the following:

- (a) Finalization of targeting design.** This included updating of manuals, materials, and other targeting tools, as well as training to stakeholders to keep the targeting database updated and arrange for any necessary adjustments.
- (b) Nationwide rollout of targeting survey.** The project provided support for training for targeting activities, service contracts and operational costs for targeting data collection, and service contracts for data processing and cross-checking with existing databases.
- (c) Administration of targeting appeals.** During the test phase, the processes, systems, and manuals for targeting related appeals were developed. The project assisted in providing services for the necessary changes and administration of appeals for timely responses to any inquiries.
- (d) Maintenance of targeting database.** This included processing of updated information from beneficiaries and any incoming requests and applications.

### *Detailed Outputs by Component*

#### **Component 1: Establishment of a National Targeting System**

6. This component supported the rollout of a national targeting system based on the experience and lessons learned from the test phase that was started in March 2009. Based on the international best practices, the Government adopted a PSC to gauge the poverty levels on a scientific basis. The test phase of PSC started with contracting of partner organizations. With support from the World Bank, implementation guidelines were developed and training modules for field workers, logistic plans, and so on were prepared. The survey districts were selected based on poverty criteria, accessibility, and presence of partner organizations.

#### *Improved Targeting Mechanism*

7. The BISP registry of the poor was established through a poverty census which was carried out in 2010 with the technical collaboration of the World Bank. The PMT formula was applied to scientifically determine the PSC of the poor households. All families having a poverty score between 0 and 16.17 were eligible to receive stipend. In light of the global practice to update the registry every five years in the wake of the demographic and other socioeconomic changes in the beneficiary households, the BISP Board decided to update the status of its registry to make it

dynamic. An updated NSER is expected to provide accurate and politically neutral data on poverty, which would serve as the central registry at the federal level and the gateway for any targeted intervention by any SSN Program at the federal and provincial levels. The BISP made substantial progress in the overall performance of the program and key actions agreed upon with the World Bank, particularly on the NSER update and successful implementation of Payment Verification Interface. Keeping in view the transient nature of population around the poverty line and the internationally accepted phenomenon of change in households' demographic profile over time, an update of the NSER was decided in 2015. It was decided that the NSER update will be carried out in two phases, that is, a pilot phase and the national rollout. In the pilot phase, the BISP conducted a survey in 16 districts, including 4 districts in which the desk approach has been tested with an objective of making the NSER a dynamic registry.

## **Component 2: Strengthening Safety Net Operation**

8. This component supported implementation of safety net program beyond the targeting process. It provided assistance for the program cycle of cash transfer program, starting with strategic design and implementation of a public information campaign that was directed at beneficiaries to inform them about program implementation, social accountability mechanism, general public about program objectives, progress and participating players, and selected stakeholders who were targeted. The project supported all aspects of public information campaign, including materials, training, TA, and so on.

9. The project supported verification of collected data, application of PMT, and selection and enrollment of beneficiary families. This process was carried out by NADRA with oversight by the BISP. Payments to beneficiaries were made through post offices. An agreement was signed between the BISP and the postal services to make payments to eligible families through money orders.

10. Key activities included the following:

- (a) **Implementation of a public communication strategy.** The project financed services and materials to implement a communication strategy and design and produce accompanying communication materials, training for government and partner organizations, and printing of materials and so on.
- (b) **Improvement of beneficiary selection and program enrollment processes.** The project financed consultancies to develop the necessary protocols to access beneficiary eligibility information within the national targeting database and provide updated beneficiary information collected during the selection and enrollment processes, hiring of temporary support field staff and rental of goods, including hardware.
- (c) **Strengthening of mechanisms for payment provision and reconciliation mechanisms.** The project financed assessment of options for optimal distribution of payments at national level, design of a revised payment system, pilot experimentation, and evaluation of new technologies for provision of payment services.

- (d) **Establishment of BISP field offices.** The project supported the establishment of field offices to ensure access and client responsiveness of the program at the local level.
- (e) **Implementation of grievance redressal (for payments) and monitoring.** The project financed the operation of a grievance redressal process and monitoring and supervision mechanism to oversee and provide timely feedback and corrective actions for the BISP operations.
- (f) **Establishment of social accountability mechanisms.** The project financed the establishment of a hotline and training of staff and support for social accountability mechanisms at the local level.

### **Component 3: Enhance Safety Net Program Management, Accountability, and Evaluation**

11. This component sought to build institutional capacity for national SSN platform. It supported safety net administration by providing an integrated MIS that linked the targeting database with the selection of beneficiaries, payments, and grievance redressal mechanism and provided timely information and reports on the physical as well as financial progress of the program. Furthermore, the World Bank project provided financing for critical staffing at the central and provincial levels. To further develop the safety net program conceptually and operationally, the project also provided TA, training, and materials to design and pilot key interventions that helped beneficiaries graduate from the program—from safety net to safety ladder. This could take the form of piloting co-responsibilities for beneficiaries and training for youth from families receiving income support. The project aimed to finance the initial stages of these pilots with a view to engage other development partners in their expansion and further implementation.

12. To strengthen the management of the safety net program, a set of tools was developed and financed, including operational audits/spot checks, process and impact evaluation, and financial and possibly performance audits for which training was provided to competent authorities. The component consisted of the following activities:

- (a) **Design and rollout of MIS at the national level.** The project assisted in completing full design of the MIS, providing hardware at the necessary levels, servers and connectivity software, and licensing, including training.
- (b) **Strategic staffing and capacity building.** The project financed TA in the areas of project coordination, M&E, training, MIS, financial management, procurement and communications, capacity building and training of stakeholders, implementation of periodical spot checks, internal audits, control mechanisms, technical staff at the provincial and local levels and transportation, office equipment and furniture, and so on.
- (c) **Process and Impact Evaluations.** The project financed the development of methodological design, including the survey(s), sampling strategy for process and impact evaluation to collect and analyze baseline and follow-up survey data, and implementation of beneficiary and other assessments to learn about the quality of program implementation.

- (d) **Operational audits/spot checks.** The project financed biannual spot check surveys to audit selected elements of the program cycle.
- (e) **Safety net program-specific training for external auditors.** The project financed training related to auditing for safety net programs for the Office of the Auditor General in Pakistan.

#### **Component 4: Developing Social Protection Policy and Strategy Monitoring**

13. This component provided support for advancing the country's social protection policy agenda. Its implementation was led by the Planning Commission which was responsible for the technical content of the component. It included analyses of the institutional and legal framework of the overall social protection system of the country. Based on this analysis, an M&E system for monitoring the social protection system was established that included the evaluation of selected programs to inform the social protection policy-making process.

14. The component enabled key social protection stakeholders to access international knowledge on selected social protection topics and provided capacity building for social protection policy making. The component sought to strengthen institutional and legal framework for social protection, build an M&E system for the NSPS, and train and build capacity of policy makers and implementers in social protection policy. It concluded very successfully and produced a NSPPF through a participatory process involving all provinces and regions.

**Table 2.1. DLI Matrix According to the Project Paper**

<b>Results Area</b>	<b>Objective</b>	<b>Indicator</b>	<b>Total Amount (US\$, millions)</b>	<b>Tentative DFID Amount (US\$, millions)</b>	<b>IDA amount (US\$, millions)</b>
<b>(A) Increased coverage of national safety net.</b> (Component 1)	Ensure national coverage of Basic Cash Transfer for all eligible beneficiaries.	<b>A.1.</b> At any point in FY2011/12, BISP has enrolled and paid the Basic Cash Transfer to at least 3.5 million beneficiaries eligible under the Poverty Scorecard.	<b>20</b>	0	20
		<b>A.2.</b> At any point in FY2012/13, BISP has enrolled and paid the Basic Cash Transfer to at least 4.3 million beneficiaries eligible under the Poverty Scorecard.	<b>25</b>	20	5
		<b>A.3.</b> At any point in FY2013/14, BISP has enrolled and paid the Basic Cash Transfer to at least 5 million beneficiaries eligible under the Poverty Scorecard.	<b>25</b>	21	4
		<b>A.4.</b> At any point in FY2014/15, BISP has enrolled and paid the Basic Cash Transfer to at least 5.5 million beneficiaries eligible under the Poverty Scorecard.	<b>20</b>	18	2
		<b>Total A:</b>	<b>90</b>	<b>59</b>	<b>31</b>
<b>(B) Introduction of co-responsibilities for families with primary school-age children, benefiting from the BISP Basic Cash Transfer.</b> (Component 2)	Testing and expanding a co-responsibility cash transfer program (Waseela-e-Taleem) to promote primary education in families benefiting from the Basic Cash Transfer	<b>B.1.</b> At least 50% of CCT eligible beneficiaries in 4 districts are enrolled in Waseela-e-Taleem.	<b>15</b>	5	10
		<b>B.2.</b> At least 500,000 of existing BISP beneficiaries are enrolled and paid in accordance with their co-responsibility.	<b>20</b>	12	8
		<b>B.3.</b> At least 1 million of existing BISP beneficiaries are enrolled and paid in accordance with their co-responsibility.	<b>20</b>	12	8

Results Area	Objective	Indicator	Total Amount (US\$, millions)	Tentative DFID Amount (US\$, millions)	IDA amount (US\$, millions)
		<b>B.4.</b> At least 1.5 million children of existing BISP beneficiary families are attending school, are monitored, and the respective families are paid in accordance with their co-responsibility.	30	0	30
		<b>B.5.</b> At least 3 million children of existing BISP beneficiary families are attending school, are monitored, and paid in accordance with their co-responsibility.	25	0	25
		<b>Total B:</b>	<b>110</b>	<b>29</b>	<b>81</b>
<b>(C) Effective targeting and communications and outreach.</b> (Component 2)	Strengthen quality of social service delivery	<b>C.1.</b> <sup>a</sup> A technology based grievance system for CCTs is functional and applied in at least 4 districts.	5	0	5
		<b>C.2.</b> BISP has designed a pilot Social Mobilization Plan for potential beneficiaries of the Waseela-e-Taleem program and initiated the piloting of such a Social Mobilization Plan.	5	0	5
		<b>C.3.</b> At any point in FY2013/14 after July 1, 2013, 50% of BISP beneficiaries understand the basic program design (Cash Transfer + CCT)	5	4	1
		<b>C.4.</b> At any point FY2013/14, 70% of the grievances and appeals attended and resolved through technology based systems	5	4	1
		<b>Total C</b>	<b>20</b>	<b>8</b>	<b>12</b>
<b>(D) Enhanced governance and management</b> (Component 3)	Strengthen transparency and accountability	<b>D.1.</b> BISP has publicized the PSC data sharing protocol and shared with at least 2 entities accordingly	5	0	5
		<b>D.2.</b> 40% of payments to BISP beneficiaries (basic cash transfers) are made through technology based mechanisms	10	3	7
		<b>D.3.</b> 70% of payments to BISP beneficiaries (basic cash transfers) are made through technology-based mechanisms <sup>b</sup>	10	6	4
		<b>Total D:</b>	<b>25</b>	<b>9</b>	<b>16</b>
<b>Total Amount DLIs:</b>	245	105	140	—	—

Note: \*The DFID amounts are indicative.

a. Technology-based grievance system for basic transfer in at least 80 percent of the districts will be a dated covenant.

b. Technology based means smart card-, debit card-, and/or phone-based payment instruments.

### **Annex 3. Economic and Financial Analysis**

1. The original project's Economic and Financial Analysis did not employ ERR/IRR analysis, but rather looked at the BISP program's effects on consumption and income levels of beneficiaries. The analysis looked at the following potential impacts:

(i) *Reductions in poverty*: By receiving regular cash transfers households were expected to increase their food intake resulting in less food insecurity and the maintenance of productive assets. This was expected to have a positive effect on consumption smoothing. The average transfer benefits from the program were seen as substantial, reaching an equivalent of US\$150 per families per annum at time of appraisal. It was estimated that up to 5 million families were to receive US\$150 worth of transfers during the first year, providing a total of US\$750 million. This was expected to reduce both income poverty and income inequality due to the redistributive effect of targeting the transfer to the poorest families within the households.

(ii) *Improvement in health and nutrition*: Improvements in the health and nutrition outcomes of children and the wider family were expected due to the income effects of the transfer (e.g., increased food consumption, dietary diversity). In addition to the direct welfare benefits arising from improved health status, gains were also expected through increased schooling levels, improved cognitive achievement as well as productivity, earnings and income for adults.

(iii) *Income generation*: The program was expected to increase income generation capacity among poor households, particularly by mitigating consumption expenses and negative coping strategies in response to shocks. Shock related expenses represented 54 percent of annual consumption for ultra-poor households, 27 percent for poor households and 18 percent for non-poor households. Households in rural areas spent 37 percent of their annual consumption coping with shocks compared to 30 percent for urban households in this group.

2. The BISP transfer was also expected to impact on human development, particularly amongst children given that transfers were focused on the family unit. Based on comparable programs elsewhere, the project appraisal assumed that families may devote up to 15% of the transfer to education, which would have the potential to increase school enrollment.

### **Fiscal Implications of BISP Expansion**

3. The Government set the benefit amount for the BISP at PKR 1,000 per month per family in the second half of 2008, which corresponded to about US\$12 at the time, with the ultimate objective of covering 5 million families in the medium term—about 18.7 percent of the population. The 2008/09 budget allocation of PKR 34 billion to the BISP doubled the Federal Government's SSN spending from 0.3 percent in 2003/04 to 0.6 percent of gross domestic product (GDP). The safety net spending is expected to stabilize at around 1 percent of GDP in the medium term, which is roughly the average amount that developing countries with similar GDP per capita as Pakistan allocate for safety nets.

4. This coverage goal is also reflected in the DLI matrix in year 2 and the BISP's year 5 coverage goal of at least 6 million families. To date, however, no adjustments have been made to the per-family benefit amount even though the Federal Bureau of Statistics data reveal that the consumer price index increased by 13.6 percent in 2009 and a further 13.4 percent in 2010. This

means that the present cash transfer is worth only 75 percent of the original benefit amount in real terms. With the introduction of the co-responsibility cash transfer benefit, the total benefit amount per family could go up to PKR 1,600 for those BISP families who have more than two children in the primary school age group who attend school regularly. The DLI matrix envisages (at least) 500,000 BISP beneficiaries to be enrolled and paid in accordance with the CCT co-responsibility by year 2. Assuming that there is no further inflation until FY2012/13 and that all these 500,000 families were paid the maximum amount of PKR 1,600 and that 4.3 million families were paid at the PKR 1,000 level, the total expenditures would correspond to 74.5 percent of the total transfer amount in real terms (2008) PKR 1,000 per family level. As a result, with the gradual introduction of the CCT, the Government would—in real terms—keep the benefit amount only slightly above the original (2008) program benefit amount for those families who comply with their co-responsibilities, without increasing the program budget allocation.

5. BISP's budgetary allocation has more than doubled from 2012/2013 to 2015/2016 and was further raised to US\$1.1 billion in FY2016/2017. The GoP provided 86 percent of total program spending in FY2015/2016, with development partners contributing the remainder. The NSER update and other improvements in the systems will raise the total administrative cost of BISP from 6 percent to 7.5 percent on average over four years. This compares well with international experiences, and confirms the high efficiency of the program, especially when combined with its good targeting performance.

### **Fiscal Sustainability**

6. The availability of the PSC database can potentially lead to more efficient use of resources, to the extent that provincial governments use this information source to better target and coordinate their social programs (including those that facilitate the poor households to graduate from poverty). The presence of a well-targeted, administered, and monitored safety net program would allow the Government to reduce price subsidies on wheat, power, and so on, which in turn would assist with the safety net funding requirements in the future. Such price subsidies are significant, for example, wheat price subsidy alone made up 0.14 percent of GDP in 2006.

### **System Improvements**

7. The systems enhancements supported by the project improved efficiency, reduced costs for beneficiaries, and enhanced BISP impacts. BISP now has a transparent and well-functioning payment system, with more than 95 percent of beneficiaries being paid through technology-based payment mechanisms. New payment models are under development with Bank support, to introduce biometric verification and increase the number of points of service. Similarly, BISP has a solid MIS, equipped to provide end-to-end solutions for the complete program delivery.

### **Targeting**

8. The current BISP targeting performance compares well with international experience, with about 75 percent of beneficiaries belonging to the bottom 40 percent of population. The PMT formula is being updated, with which the coverage of the urban poor is expected to increase even further and the distribution of beneficiaries by province will be brought closer to the actual distribution of poverty.

9. The evaluation of WeT reveals that the program has a positive and significant impact of 9 percentage points on the proportion of children enrolled in primary school, with a similar impact for girls and boys. The results of a cost-benefit analysis conducted for the World Bank *National Social Protection Program-for-Results (P158643, approved in March 2017)* suggest that the schooling benefits expected from the scale-up of WeT yield high returns, with an internal rate of return (IRR) ranging from 19 percent to 22 percent.

### **User Costs of the Transfers**

10. Under the original design of the program, the BISP beneficiaries were paid money orders through the Pakistan Post, which delivered the cash transfer to the beneficiaries' doorsteps. Since 2013, however, this mode of payment has been phased out and has been replaced with the BISP debit card. The vast majority of cash transfers are now received in this manner (93 percent of beneficiaries). Beneficiaries who use the BISP debit card can withdraw their cash transfer at any ATM in Pakistan. To further facilitate access to the transfer, the banks also provide branchless banking services, allowing the BISP beneficiaries to withdraw their transfers from point of sale machines with a registered network of banking agents. The BISP debit card is managed by six partner banks.

#### *Costs of Transport*

11. The final evaluation suggests that across all provinces there are sufficient collection points to serve needs, with the average time taken to travel being just 33 minutes. There is not much variation across the provinces, although the beneficiaries in Balochistan had to travel slightly further, taking, on average, 45 minutes to reach a collection point. The direct transport costs of collecting the transfer also seemed relatively low, with beneficiaries spending, on average, PKR 96 or 2 percent of the quarterly value of the transfer on transport to collect the transfer. However, despite the success on aggregate some communities in more remote regions were not well served by ATM infrastructure.

#### *Local-level Costs (Costs of Withdrawal)*

12. The final evaluation reported that 18 percent of the beneficiaries had unwillingly paid a fee to receive their transfer across Pakistan. There is, however, significant regional variation in this phenomenon, with a third of beneficiaries in Sindh reporting having to pay a fee to collect the last transfer. For those who had to pay fees, the average fee paid for the last transfer that was collected was PKR 192. This amounts to 4 percent of the value of the quarterly transfer demonstrating that, while clearly an inconvenience for some beneficiaries, it is rather a low-level local leakage. The qualitative research noted that this type of local-level leakage was reducing as women (or their proxies) became more comfortable with using the ATMs and still maintained that the ATM system was more transparent than, and thus preferred to, the previous mechanism whereby the cash was delivered by the Pakistan Post.

## Annex 4. Bank Lending and Implementation Support/Supervision Processes

### (a) Task Team members

Names	Title	Responsibility/Specialty	Unit
Iftikhar Malik	Team Leader (ADM Responsible)	Sr. Social Protection Spec.	GSP06
Amjad Zafar Khan	Team Leader	Sr Social Protection Specialist	GSP06
Khalid Bin Anjum	Procurement Specialist (ADM Responsible)	Senior Procurement Specialist	GGO06
Akmal Minallah	Financial Management Specialist	Sr Financial Management Specialist	GGO24
Afzal Mahmood	Team Member	Program Assistant	SACPK
Umbreen Arif	Team Member	Sr Education Specialist	GED06
Anwar Ali Bhatti	Team Member	Financial Analyst	SACPK
Daisy Lopez Zita	Team Member	Finance Analyst	WFALN
Juan Carlos Alvarez	Counsel	Senior Counsel	LEGES
Martin Serrano	Counsel	Senior Counsel	LEGES
Lansong Zhang	Team Member	Operations Analyst	GSP02
Lucian Bucur Pop	Team Leader	Sr Social Protection Specialist	GSP01
Cem Mete	Team Member	Lead Economist	GSPDR
Andrea Vermehren	Team Member	Lead SP Specialist	GSPDR
Chau-Ching Shen	Team Member	Senior Finance Officer	WFALN
Inaam Ul Haq	Team Member	Program Leader	SACPK
Javaid Afzal	Safeguards Specialist	Senior Environmental Spec.	GENDR
Mohammad Aslam Malik	Team Member	Program Assistant	SACPK
Naoko Ohno	Team Member	Operations Officer	GHNDR
Quanita Ali Khan	Team member	E. T. Consultant	GSPDR
Shahzad Sharjeel	Team Member	Senior Communications Officer	SAREC
Theresa Jones	Team Member	Consultant	GSP06
Gul Najam Jamy	Team Member	Consultant	GSP06
Sumaira Sagheer Toor	Team Member	Consultant	GSP06
Maria Concepcion Steta Gandara	Team Member.	Sr. Social Protection Spec	GSP04
Samia Ausaf	Team Member	Consultant	GSP06

**(b) Staff Time and Cost**

Stage of Project Cycle	Staff Time and Cost (Bank Budget Only)	
	No. of staff weeks	US\$, thousands (including travel and consultant costs)
<b>Lending</b>		
FY07	36.73	183,309.77
<b>FY08</b>	67.97	255,055.69
<b>FY09</b>	104.99	525,241.73
<b>Total</b>	<b>209.69</b>	<b>963,607.19</b>
<b>Supervision/ICR</b>		
FY10	65.93	242,731.39
FY11	115.55	123,025.73
FY12	64.81	386,682.52
FY13	42.38	202,374.03
FY14	27.17	136,688.61
FY15	121.56	360,719.56
FY16	26.58	125,243.50
FY17	22.05	85,988.22
FY18	5.95	50,914.61
<b>Total</b>	<b>491.98</b>	<b>1,714,368.17</b>

## Annex 5. Beneficiary Survey Results

1. The project evaluation conducted by the OPM<sup>16</sup> includes a qualitative part that contains elements of a beneficiary assessment. The report is based on fieldwork that was conducted from February to May 2016. The following paragraphs summarize the report's findings with regard to the beneficiaries' characteristics.

### Experience of Beneficiaries with the Transfer

2. Beneficiaries are expected to receive a total of PKR 18,800 annually in quarterly instalments. In the evaluation sample, beneficiaries self-reported that 87 percent of beneficiaries received at least three of the four expected payments, receiving, on average, PKR 13,906 in the 12 months preceding the survey. Beneficiaries reported that the direct costs of collecting the transfer remain relatively low, amounting to just 2 percent of the value of the quarterly transfer, with beneficiaries taking, on average, just over half an hour to reach a collection point. However, almost 20 percent of the beneficiaries reported that they could not withdraw cash on their first attempt, leading to them making multiple trips. The main reasons cited for this phenomenon were long queues or a lack of funds at the collection point. Some beneficiaries reported indirect costs of collecting the transfer, with 18 percent of beneficiaries reporting that they had to unwillingly pay a 'fee' to collect the transfer. Results from the quantitative survey suggested that this was usually to guards or staff at the collection point. Despite only a third of beneficiary women reporting that they collected their transfer themselves, over three-quarters reported that they retained control over how the BISP cash transfer was spent. Qualitative research indicates that men and women in the BISP households are accepting the 'woman focused' nature of the BISP.

### Profile of a Beneficiary Household

3. The report finds that a high proportion of beneficiary households are poor or remain vulnerable to poverty whether assessed from a monetary poverty perspective or a multidimensional poverty perspective. The report assessed the deprivations that the average beneficiary household faced and found high deprivations against a range of dimensions, including the following:

- **Education.** Just 69 percent of boys and 59 percent of girls ages 5–12 years attending school at the time of the survey
- **Nutrition.** Severe rates of malnutrition among infants and young children ages 0–59 months, with levels of wasting and stunting that are at emergency levels
- **Access to safe drinking water and sanitation.** High levels of deprivations in water and sanitation, with 38 percent of beneficiaries lacking access to improved toilets and 17 percent lacking access to safe drinking water

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<sup>16</sup> Oxford Policy Management 2016.

- **Housing conditions.** Large deprivations on indicators relating to the condition of the house with 63 percent of households having earth floors and 71 percent using cooking fuels that are associated with harmful health effects.

## **High Rates of Poverty**

4. The GoP has recently updated the official poverty line (expressed in monthly per adult equivalent consumption expenditure). Under the previous methodology, FEI, the poverty line indexed to this survey was PKR 2,400. The updated methodology, CBN, has delivered a poverty line that has increased by 33 percent to PKR 3,244. Focussing on the CBN poverty line, the report finds that 91 percent of the BISP beneficiaries were either ultra poor, poor, or vulnerable to being poor in 2016, with the remainder defined as quasi non-poor, as defined by the Pakistan Bureau of Statistics.<sup>17</sup>

## **Poverty as a Multidimensional Concept**

5. While the monetary-based measures of poverty provide a useful overview into the situation of a BISP beneficiary household, multidimensional measures of poverty such as the Multidimensional Poverty Index (MPI) can provide rich insights for poverty policy. The MPI recognises that monetary-based poverty is just one type of deprivation that households face, with the MPI revealing the combination of various deprivations that afflict a household at the same time across three dimensions: education, health, and living standards. In this respect, 65 percent of the BISP beneficiary households were MPI-poor or vulnerable to MPI poverty in 2016. The rate of MPI poverty among the subgroup of beneficiary households with a poverty score of 11.17 or less is higher at 80 percent. This demonstrates that the BISP beneficiary households are poor not only in a monetary sense, but that they continue to face deprivations on a wide variety of dimensions, each of which is discussed in further detail in the following paragraphs.

## **Beneficiaries Face Multidimensional Deprivations**

### *Deprivations in Education*

6. The BISP households are significantly deprived against the two indicators measuring the education dimension of multidimensional poverty. The report finds that 18 percent of the BISP households do not have a single member who has completed primary school, an indication of the type of labour market opportunities that may be inaccessible to this group of households. Furthermore, school attendance is a significant driver of multidimensional poverty with almost of half of the BISP beneficiary households having at least one child who did not attend school in 2016.

7. Access is also a concern. Only 69 percent of primary age boys and just 59 percent of primary age girls were attending school at the time of the 2016 evaluation survey. As would be expected in the subgroup of beneficiary households with poverty scores less than 11.17, fewer

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<sup>17</sup> Ultra poor: those less than 75 percent of the poverty line; poor: those between 75 percent and 100 percent of the poverty line; vulnerable: those between 100 percent and 125 percent of the poverty line; quasi non-poor: those between 125 percent and 200 percent of the poverty line; and non-poor: those at more than 200 percent of the poverty line.

children are attending school: 59 percent of primary age boys and just 47 percent of primary age girls.

### *Deprivations in Health*

8. In terms of health, child nutrition is a particularly important driver of observed rates of MPI poverty, with almost a fifth of households having a malnourished child between 0 and 59 months.

9. Infant and child nutrition security relates critically to the longer-term goals of the BISP in protecting a vulnerable population from chronic poverty. There is a strong body of literature that indicates that poor infant and child nutrition is an important driver of the intergenerational transmission of poverty. Undernourished children do not perform well in school and drop out early, while lower school achievement is linked with lower lifetime earnings.

10. The challenge faced by the BISP beneficiary households is huge. The rate of stunting for children ages 0–59 months is at 46 percent, with stunting indicating long-term malnutrition, meaning that over the course of a child’s life, the child has not had exposure to sufficient quantities of protein, energy, and micronutrients or has been exposed to frequent episodes of infection or disease. This rate of stunting is 16 percentage points above the threshold that the World Health Organization would describe as a crisis<sup>18</sup> for the prevalence of stunting in a population.

### *Deprivations in Living Standards*

11. Significant proportions of the BISP beneficiaries did not have access to improved toilets with **Error! Reference source not found.** reporting that 38 percent of the BISP beneficiaries were deprived with regard to sanitation. There are substantial links between this indicator and other deprivations faced by the BISP beneficiaries, particularly to child health. This situation is exacerbated by the 17 percent of BISP beneficiaries who do not have access to safe drinking water.

12. **Flooring** reflects the quality of housing in which beneficiary households live, with a household being deprived in this indicator if the household’s floor is made of earth. A total of 63 percent of beneficiaries are deprived in this indicator, providing a rudimentary indication of the poor quality of housing affordable to them. The large deprivations with respect to cooking fuel are also indicative of the poor quality of housing. Furthermore, chronic conditions in children, like asthma, can result from exposure to unsafe cooking fuels.

### *Main Source of Household Income*

13. The BISP beneficiary households are characterized as having dependence on casual labour, with 44 percent of the BISP beneficiaries reporting that this was their main source of income. Furthermore, for 24 percent of the BISP households, this was the only source of income available to the household. Dependence on casual labour is commonly associated with those toward the bottom of the income distribution. Casual labour is often indicative of poor job quality, low wages,

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<sup>18</sup> The World Health Organization classification for the degree of malnutrition within a population of children ages 0–59 months. Rates of wasting higher than 15 percent and rates of stunting higher than 30 percent are considered to be very high, indicating a child nutrition crisis,

as well as being vulnerable to cyclical and seasonal shifts. The report also finds that this dependence is common across both the average beneficiary household and the subgroup of beneficiary households with a poverty score less than 11.17.

## **Annex 6. Stakeholder Workshop Report and Results**

Not applicable.

## **Annex 7. Summary of Borrower's ICR and/or Comments on Draft ICR**

(This annex includes the Executive Summary of the Government's completion report. The full report is available upon request.)



### **Pakistan Social Safety Net Project (P103160)**

### **Project Completion and Assessment Report (ICR)**

**May 24, 2017**

**Benazir Income Support Program (BISP)  
Block- 'F' Pakistan Secretariat,  
Islamabad**

## Executive Summary

1. Pakistan's social protection regime comprises safety nets, social security, employment promotion, and protection. Government-financed social protection programs remained limited in their coverage, administration, targeting efficiency, and ability to respond to shocks. Until the introduction of the BISP in 2008, Pakistan's safety net system comprised basically two cash transfer programs, namely Zakat and the Food Support Program administered by Bait-ul Maal; both these programs had inadequate targeting.

2. The GoP, with the support from the World Bank, started a collaborative process in 2006 to develop 'Social Protection Strategy to Reach the Poor and the Vulnerable', which was approved by the Federal Cabinet in June 2007. With the objective to cushion severe food, fuel, and financial crisis, the Government launched the BISP as its flagship social safety net program to cushion the negative effects of food crisis and inflation on the ultra poor. Through the BISP, the GoP aimed to achieve its long-run vision of an effective social safety net program that could promote human capital development and contribute to inclusive economic growth in Pakistan.

3. The SSN Project was consistent with the Government's objectives of reducing poverty and improving income distribution, as well as human capital development. The Government sought to support inclusive growth through development and implementation of a financially sustainable, efficiently targeted and well administered national safety net system. The safety net system was aimed at providing chronic and transient poor with both basic income support. The SSN TA Project supported these efforts by building foundations for a national, unified targeting system that could progressively be used for a defined set of targeted programs, strengthening institutional capacity to roll out an efficient and transparent national safety net system and supporting evolution of the NSPS through the establishment of an M&E system. The project was seen as the beginning of a long-term engagement to establish structures and systems for better social protection of the poor in the country.

4. The SSN TA Project aimed at strengthening the performance of country's flagship safety net. Through UCT, the BISP sought to reach up to 7 million families living below the poverty line, located in rural and urban areas. In reaching 7 million families, the BISP aimed to roughly cover 35 million people or about 22 percent of population. The project included four components, namely establishment of a national targeting system; strengthening safety net operations; enhance safety net program management, accountability, and evaluation; and developing the social protection policy and strategy monitoring. The SSN Project provided funds for TA, equipment, materials, training, operational costs, and refurbishment of offices over a four-year period. The SSN Project was consistent with Government's objectives of reducing poverty and improving income distribution, as well as human capital development, as outlined in Pakistan's NSPS. Within these broad objectives, Government sought to support inclusive growth through development and implementation of a financially sustainable, efficiently targeted, and well-administered national safety net system in Pakistan. The SSN TA Project supported these efforts by building foundations for a national, unified targeting system that could progressively be used for a defined set of targeted programs, strengthening institutional capacity to roll out and manage an efficient and transparent national safety net system and supporting evolution of the NSPS through the establishment of an M&E system. The project was seen as the beginning of a long-term engagement to establish

structures and systems for better social protection of the poor in the country—rather than a one-off project.

5. The SSN TA was implemented through a set of DLIs which were 19 in total. All of these DLIs were successfully met by the BISP. But work in critical areas such as the NSER, WeT, MIS strengthening, and complementary initiatives is still in progress and it is essential that these ongoing initiatives are supplemented and scaled up as far as the BISP future road map is concerned. The BISP has earned global recognition for its scientific targeting methodology and automated payment system due largely to the consistent technical support from its development partners, including the World Bank.

6. Before the SSN TA was closed, IDA financing was approved and became effective from April 28, 2017. The loan amount of US\$100 million will use DLI mechanism within a Program-for-Results approach. Fundamentally, the World Bank supported the BISP to build a strong and sustainable platform for delivery of social protection policies and programs. It was important that the World Bank continued to support and transform the BISP to be as good as or better than long-established and successful programs in other parts of the world.

7. The BISP, over a short span of nine years, earned the repute of being the most reliable and transparent social protection arm of the Government. This is reflected in the Government's Vision 2025 document which seeks to strengthen administration and expansion of the basic income support program. During the next four years, the BISP will embark on an ambitious agenda of reforms and system improvements with a focus on an updated and dynamic NSER, a biometric verification payment system, expansion of CCT, effective M&Es, and enhancing capacity of the tehsil offices. There is also greater realization within the Government of the need to develop institutional linkages between the BISP and provincial social protection initiatives. In 2016, the Technical Advisory Committee for Social Protection led by Federal Planning Commission approved a Social Protection Policy Framework, which proved a good starting point for furthering work with the provinces.

8. Vision 2025 aimed for Pakistan to reach middle-income status by 2025. In this context, the BISP created opportunities for better living standards for the poor. Bringing the disadvantaged into the economy contributes to growth. The BISP impacts include increased ownership of productive assets, as well as a diversification in economic activities. At the sectoral policy level, the NSPPF promotes the alignment of federal and provincial pro-poor programs through the use of common systems for identification and service delivery. Consistent with this objective, the program's support for update and maintenance of NSER will further strengthen its relevance and credibility to serve as a common platform for socioeconomic programs delivered by the federal and provincial governments.

9. Political leadership combined with clear organization structures and coordinating mechanisms were key to program acceptability and sustainability. International experience suggested that successful implementation and institutionalization of cash transfer programs required both strong support from the highest level of the Government and a sound operational design with clear institutional responsibilities for program coordination and implementation. The limitations of safety net interventions in Pakistan were due to inadequate institutional settings and lack of coordination on the part of individual agencies and programs working in this area.

10. The institutional collaboration between the BISP and the World Bank is as old as the BISP itself and actually dates back to 2009. It would not be out of place to maintain that the AF and restructuring of the SSN Project in 2012 proved a major milestone in the evolution of the program. This restructuring also represented a shift from building the basic blocks for a national safety net toward supporting an integrated safety net system focused on results. One of the major Development Objectives of the SSN TA Project was to ‘enhance the operation and management of a nationwide, effective and transparent safety net system for the poor in Pakistan’. The World Bank-BISP collaboration, starting in 2009, gradually evolved and was further consolidated in the form of AF and restructuring of the project in 2012 and enabled the BISP, during the years of project implementation, to achieve major milestones in the form of an objective targeting mechanism, an inbuilt M&E structure, improved governance, innovations and transparency in payments, and enhancement of institutional capacity for the program to embrace the challenges ahead. The BISP has globally been recognized for its scientific and reliable PSC based on the internationally recognized PMT formula applied for the selection of beneficiary families. The update of NSER has been supported by the World Bank in its Pakistan National Social Protection Program which will be implemented during 2017–2021.

## **Annex 8. Comments of Cofinanciers and Other Partners/Stakeholders**

Not applicable.

## Annex 9. List of Supporting Documents

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