Activity Name: Social Safety Nets Policy in Pakistan (BISP)
Trust Fund Allocation Amount: US$ 3.150.000
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1 Outputs and outcomes

With the overarching objective of “strengthening the safety net systems in Pakistan”, activities under this trust fund are aligned with the PRSC pillar two ‘protecting the poor through a better targeted safety net’. These activities are also consistent with the on-going IMF fiscal program for Pakistan, which acknowledges the need to protect vulnerable groups through increased safety net spending and by improving the pro-poor targeting performance of social safety net programs.

In order to cushion the negative effects of the food and fuel price crisis on the poor, the government had introduced the Benazir Income Support Program (BISP) to deliver better targeted cash transfers to the ultra poor in the country. Given the importance and scale of BISP as the national safety net program and its nascent implementation capacity, the World Bank is intensively supporting the development, field testing, and refinement of the targeting, administration, and monitoring systems of BISP by focusing on the following areas:

a) Supporting an appropriate legal and institutional set up for BISP;
b) Testing the Proxy Means Test (PMT) based poverty scorecard as the targeting tool for BISP by developing, *inter alia*, public information campaign, operational manual and guidelines, materials, quality checks, etc;
c) Designing M&E systems for BISP, including quality controls (spot checks), process evaluation and impact evaluation (baseline); and
d) Providing capacity building and support for BISP management; and
e) Improving the payment system of BISP through survey work and design of alternatives (e.g. smart cards).

As a result of this technical assistance, to date, the following main outcomes have been achieved that are designed to promote pro poor policies and procedures in the country:

a) Promulgation of Ordinance by the President of Pakistan establishing Benazir Income Support Program as an autonomous authority to implement safety net programs;
b) Launching of PMT based national targeting system, through a test phase of poverty scorecard survey in 15 districts of Pakistan, and developing and accompanying its national roll out.
c) Setting up of BISP’s organizational structure and development of management systems, processes, and procedures to ensure effective delivery of the safety net programs;
d) Designing and testing of data verification and processing system to streamline a robust targeting system for the national rollout of poverty scorecard; and
e) Development and testing of MIS to track timely delivery of payments as well as reconciliations.
f) Designing of a responsive case management system to cater to the grievance redressal needs of the potential beneficiaries.
g) Assessing effectiveness of present payment systems and developing alternatives for payment of benefits with a view to ensure transparent, cost-effective and client –friendly delivery of cash.
h) Support to Planning Commission in its role of facilitating the review and update of the National Social Protection Strategy.
2 Progress

Consistent with the Inception Note of the trust fund, activity-wise progress is being presented below:

2.1. Development of a Communication Strategy for BISP

As a first step, a firm was hired to design and implement the Public Information Campaign for the Poverty Score Card based test phase survey in 15 districts. Communication consultants also supervised the Public Information Campaign in consultation with BISP. Printing of campaign material (posters and brochures) for launch of the test phase was completed and handed over to the Partner Organizations. Electronic media campaign was also broadcasted to ensure local level awareness of the PSC survey.

Consequently, a team of communication consultants was engaged to undertake formative research to develop the BISP’s Communication Strategy. The Strategy has been finalized and BISP is in the final stages of engaging a consulting firm for implementation of the strategy.

2.2 Support the national roll-out of the poverty scorecard

(i) Setting up a data management system:
An international consultant was hired to provide technical assistance to NADRA for the development of the poverty scorecard based targeting module for BISP. Though NADRA was directly contracted by BISP, technical assistance for designing, testing, and finalization of the targeting module was provided through the TF. The MIS for targeting was tested and operationalized. NADRA has been further engaged by BISP for the development of the complete MIS, catering to payment, grievance redressal and monitoring/reporting requirements. An international consulting firm had been hired through the TF to develop the detailed MIS requirements and to provide quality assurance of the final MIS. The user requirements have been finalized by the firm and handed over by BISP to NADRA for the development of the payment, case management and program monitoring requirements. Based on the feedback from the test phase, the user requirements for the targeting module have also been adjusted to include the lessons from the test phase and meet the needs of the national roll-out of the survey. NADRA will be designing and testing the complete database by September 2010.

(ii) Supporting collection of score card information:
A team of international consultants with vast experience of designing and implementing cash transfer programs has been contracted for setting up the administrative system for the BISP. The Operational Manual with detailed annexes covering a variety of components of the cash transfer program has been developed and is now implemented. Thus far, the draft operational manual with targeting, verification, grievance redressal, payment and M&E processes has been completed. The manual and its annexes have been updated based on the test phase learning. The Operations Manual is designed as a living document, which would be continually improved based on feedback from different stakeholders of the program. The engagement of the consultants is extended throughout the beginning of the national roll-out phase to ensure continued learning and adjustment of the system. A series of training workshops were organized to train the BISP operations team as well as their Partner Organizations (RSPN, PPAF, and PCO) on the targeting process. These trainings prepared master trainers who in turn conducted second and third tier trainings to their respective survey teams.

In order to ensure quality and inform the design of national roll-out, a Spot Check survey and a Process Evaluation of the test phase were also carried out. Two firms were hired to carry out in-depth
analysis of the scorecard survey being carried out by the BISP Partner Organizations vis-a-vis the targeting manual. The resultant findings were used to gauge the performance of each PO, analyze their strengths and weaknesses, and assist with preparation for a realistic nationwide roll-out plan.

The Process Evaluation (GHK) firm has submitted its final report and lessons learnt from the test phase have already been discussed by BISP with POs, and fed back into the program design through revisions in the Operations Manual. Main findings include the need for better public information through a professional communications firm at the national level and targeted information at the local level through POs and local stakeholders. Furthermore, the training activities of the POs need to be intensified and monitored since the cascading of learning was insufficient (like “Chinese whisper”). Quality of enumerators was also very varied, and supervision (including by BISP) largely absent. Finally, communication from Headquarters to local offices and organizations was overall weak.

The Spot Check (IDS) firm has recently submitted the final report. To guide these two processes, an international consultant was hired with the objective of providing regular technical backstopping and quality assurance. The consultant has also assisted BISP in finalizing the training module based on the revisions in the processes recommended by the test phase Process Evaluation and Spot Checks. BISP regional staff and trainers were then trained by the consultant to ensure effective monitoring of the survey roll-out of survey, starting in Balochistan through PCO.

In addition to the above, a Rapid Assessment of the MNA-based targeting mechanism was carried out by applying the score card to beneficiaries selected through the parliamentarian based system. The objective of this exercise was to assess how well the existing system was targeted and also to have a preliminary idea on how effective the score card targeting is. The rich data and analysis drawn from the Rapid Assessment exercise has also assisted in designing the graduation programs for the families who might exit the ongoing cash transfer program post poverty score card based selection. The Rapid Assessment carried out through the TF further helped to analyze the issues related to the payment mechanism (through Pakistan Post) and the case load expected when switching from the MNA based beneficiary lists to the poverty scorecard lists.

(iii) Production of material for scorecard roll-out
The enumerators and supervisors guidelines contained in the targeting manual were translated and printed in local languages as a comprehensive handbook for the survey teams. The targeting forms were designed, translated and printed to kick start the test phase survey by RSPN.

(iv) Assess current payment mechanism
Discussions held with the BISP team and with their input, the Terms of Reference for the assessment of the existing payment mechanism through Pakistan Post have been developed. Based on these, BISP had initiated an assessment of institutional capacities of Pakistan Post as well as the efficiency and effectiveness of the existing Money Order based payment system. The technical assistance team completed the analysis and incorporated the findings in the Payment System Annex of the Operational Manual.

Parallel to the above, discussions were also initiated with BISP on alternate, innovative, and technology-based payment system such as the Smart Card and cellular technologies. On BISP's request, a well reputed Pakistani organization (Shorebank) was hired (in collaboration with CGAP) to explore the feasibility of alternate payment mechanisms by looking into, among others, NADRA, United Bank Limited (UBL), and Telenor's initiatives of providing cash benefits to targeted beneficiaries. The final report has provided BISP with an overview of the existing electronic G2P benefit transfer options and their suitability and potential coverage. The report has also provided BISP with a roadmap to further explore these options through pilot testing. BISP has now asked UBL to
introduce the smartcard as payment method in 4 of the pilot districts. In July, an international consultant will review the implementation experience and help BISP develop further alternative payment methods.

\(v\) Promote scorecard in other social programs

In addition to BISP, Pakistan Bait-ul-Mal under Ministry of Social Welfare has also adopted the Poverty Scorecard for its Child Support Program (CCT). The Child Support pilot was expanded to 8 additional districts, where poverty scorecard based targeting has been completed. The PBM is being technically supported through hiring of an international firm entrusted with the task of fine tuning the CSP Operational Manual in accordance with the lessons from the new targeting, payment, and compliance monitoring systems. Accordingly, adjustments have been made in the CSP MIS.

2.3 Support the management of BISP until other arrangements for institutional capacity building are put in place

Since BISP has been established quite recently, technical assistance is being provided to help the organization in delivering its gigantic mandate. The technical assistance through the trust fund was used as a stop gap arrangement till the World Bank technical assistance funds are received by the BISP. To ensure proper coordination of various activities and inputs, a team coordinator was put in place. The coordinator provided technical back stopping, local contextualization and quality assurance for various design inputs.

Under the trust fund, technical assistance has been provided for development of BISP procurement manuals/guidelines/plan, and the financial guidelines. Three consultants were engaged for BISP to help them in developing these guidelines/procedures. An MIS team of three persons was also hired to develop a module to cater to the immediate need for a grievance redressal system for the existing parliamentarian based selectees. The team also developed a payment reconciliation module to ensure transparency in the public transfers. Both these modules are now functional and information on beneficiary applications and payments is now being provided to the beneficiaries. The payment reconciliation module has helped BISP in making periodic reconciliation of payments made through the Pakistan Post.

To oversee the test phase field activities, a targeting coordinator was hired to assist BISP in coordinating various field based work and to liaise between the Partner Organization and the Process Evaluation Firms. The Targeting Coordinator also provided direct feedback to the World Bank's technical team and BISP management based on field observations of the test phase survey. Interim feedback from the process evaluation firm and the targeting coordinator acted as eyes and ears for the BISP management in locations where it had no regional presence.

In order to acquaint the relevant stakeholders with replicable best practices of cash transfers and health financing programs, an exposure visit to Brazil and Mexico was arranged for the representatives of BISP, Ministry of Finance, Planning Commission, Ministry of Health, and Economic Affairs Division in July 2009. The delegation comprised of two senior officials from BISP and one each from other organizations.

The process evaluation report of the test phase, amongst other findings, also highlighted some institutional weaknesses of BISP (see above). To enhance BISP's capacities for effective national roll-out of the safety net program, an institutional development consultancy was designed. A firm has been contracted through the TF that has started its institutional review to identify strengths and weaknesses and define an institutional structure commensurate with the future requirements of the safety net programs. In extension of the recently passed BISP Act, the institutional consultancy will also help BISP develop its
Rules & Regulations. The institutional development exercise is expected that the whole exercise will be completed by end of November 2010.

2.4 Analytic work and data collection

(i) Preparation for nationwide rollout for the poverty score card
To analyze the characteristics of households and to identify the cut off point for beneficiaries post poverty scorecard based information, it was absolutely necessary to have an in-depth analysis of the test phase survey data. In addition, there were certain important decisions to be taken regarding verification linkages and mandatory information for the data analysis. For this purpose, two experienced statisticians were hired to look into both the CSP and BISP data. This analysis helped in informing the policy decisions on the future shape of the safety net programs.

To set the stage for the national rollout of the cash transfer program and to draw conclusions leading to related policy decisions, a workshop was arranged out of the Trust Fund. All important stakeholders including BISP, Finance Division, Economic Affairs Division, NADRA, PPAF and Planning Commission were represented to ensure a consultative and mutual agreement on important policy decisions. The objectives of the workshop were twofold; a) discuss lessons learnt from the test phase targeting and; b) come up with an actionable national rollout plan. Findings from the Rapid Assessment, Process Evaluation, Spot Checks and PSC performance analysis were presented in the workshop to provide a scientific basis for informed decision making.

(ii) Development of Policy Note to clarify and consolidate the roles of various social assistance programs
The World Bank, at the request of the Finance Division, has commissioned a Social Protection Policy Note. The TF supported research is analyzing the country’s vulnerability to food crisis as well as current programs that could serve as poverty exit or graduation programs for the income support beneficiaries.

(iii) Preparation of policy paper to identify potential graduation strategies
To analyze and identify local and international best practices on graduation strategies, a policy paper was initiated by engaging the former head of the Oportunidades program of Mexico. This international consultant was assisted by a local consulting firm to carry out an analysis of potential graduation programs for BISP. The Graduation Strategy has been finalized in consultation with the BISP management, and serves now as the institution’s basis for designing graduation programs.

(iv) Establish a baseline for the evaluation of the roll out implementation
An independent international firm has been hired to finalize the monitoring frame for the safety net program and to carry out a baseline survey. The firm is now in the process of initiating the baseline survey and mobilizing its team on the ground.

(v) Health Financing for the poor
A workshop on Health Financing was arranged in Bangkok in January 2010 to share regional experiences on health financing for the poor to protect their income from catastrophic health expenditures. The workshop assisted the GoP (federal and provincial stakeholders) in gaining insights on the issues and challenges in designing and implementing health financing interventions based on various models relevant to Pakistan. To have broad ownership, participation of 12 officials from the Ministry of Health, provincial health departments, Planning Commission, BISP, Ministry of Finance, SECP, and NADRA were solicited. Relevant officials from the Governments of India and Bangladesh dealing with implementation of similar interventions for the poor also attended the workshop and advised GoP officials on defining a roadmap in Pakistan.
Ever since, BISP has shown keen interest in starting a health insurance program for its beneficiaries. To assist BISP in taking an informed decision in this regard, a technical advisor was engaged to mobilize thinking within BISP, Ministry of Health, and other stakeholders to reach a consensus on suitable model to dispense health insurance to BISP beneficiaries. The model conceived for health insurance provision in Pakistan was shared in a multi-stakeholder dialogue, including Provincial health sector representatives from Pakistan, BISP, and a team of international experts and RSBY representatives (Indian health insurance model) in Bangkok in January 2010. Based on the conclusions of the dialogue, the technical advisor developed a strategic roadmap for health insurance provision to BISP beneficiaries. The health insurance design process is now at the stage of finalizing the basic design parameters and developing a detailed implementation plans for a pilot in selected districts where the poverty score data has already been collected. Once the implementation plans have taken a final shape, consultations will be taken to the provinces for feedback.

An actuarial expert was also hired to facilitate with actuarial estimates of health insurance provision to BISP beneficiaries. The actuarial expert will conduct analyses to propose various premium options and their associated benefit packages, which will facilitate BISP in estimating total cost of health insurance provision, also provide the background information necessary to negotiate with health insurance companies.

(vi) Update of the National Social Protection Strategy

National Social Protection Strategy was developed in 2007 as a framework for social protection reforms and interventions in the country. With changing priorities and recent mainstreaming of the social protection agenda, there is need to review and update the NSPS to bring it in line with the realities of time. Through the TF, a consultant was engaged to facilitate the Planning Commission initiating the provincial consultations process and support the Planning Commission (Member Social Sectors) in drafting a National Social Protection Policy. Five consultations were concluded in May 2010 and covered all four provincial capitals as well as combined consultation for Gilgit, Baltistan, AJK and FATA. The consultant has shared the provincial reports with the Planning Commission and is now in the process of helping the government draft the National Social Protection Policy.

For the first time, the GoP has decided to include a Social Protection Chapter in the 10th Five Year Plan. At the request of the Planning Commission, a consultant was hired to help draft the chapter. Since this is the first attempt to plan and budget for the sector through the development budget, the SP Chapter involved detailed stocktaking of current and historic interventions in social protection and also challenges faced, in addition to providing the conventional compendium of federal and provincial projects and resources required by the sector. The draft chapter has been submitted to the Planning Commission which will now go through due government protocol.

3. Working with Government of Pakistan

All the activities under the trust fund are being designed and implemented with close coordination and agreement of the Government of Pakistan. In addition to BISP & PBM, all relevant stakeholders including the Ministry of Finance, Ministry of Health, Economic Affairs Division and Planning Commission have been engaged to provide input and support to meet the desire objectives.

4. Training

Training of GoP staff is constantly ongoing. The consultants hired under the TF are sitting in government offices and working with them on a day to day basis. In fact, BISP management has established specific counterparts for different consultants according to the technical area. Counting “on the job training” is
impossible and the number of trained staff can therefore not be quantified. In addition, the Bank team and consultants hold regular videoconferences with relevant counterparts on relevant technical topics during which presentations are made to make expert knowledge available on an ongoing basis (e.g. on Health Insurance, Targeting Systems Development etc.).

In addition to the daily capacity building and training activities, an exposure visit was arranged for a six member delegation comprising of the key safety net stakeholders including the BISP, Planning Commission, Ministry of Finance, Economic Affairs Division, and Ministry of Health. During the visit, the delegation was exposed to successful cash transfer and health insurance design and delivery models being followed by Mexico and Brazil. This exposure visit is expected to provide impetus to social sector reforms agenda and safety net operations in Pakistan.

At least 25 BISP operational staff were trained in a Training of Trainers (ToT) organized on the targeting and survey methodologies/processes.

5. **Contribution to donor programs**

There is a growing interest amongst the donor community in the safety net programs. The trust fund activities are setting the platform for improved donor coordination through information sharing and funding the complementary programs. In addition to regular exchanges with DfID, on requests, the World Bank is arranging BISP related briefings for key bilateral donor partners such as JICA, USAID, KfW, and EU.

6. **Expenditures**

From a total TF allocation of US$ 3,150,000, to date (July 20, 2010) US$2,147,647.41 have been disbursed and in addition US$566,358.86 have been committed with a remaining balance of US$ 435,993.73 to be committed and disbursed by December 31, 2010.