Webinar
Brief 25:2021

Unpacking Poverty
and Poverty Graduation

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Pakistan Instituteof
Development Economics

Unpacking Poverty and Poverty Graduation

SYNOPSIS

Building on PIDE's 'Breaking Out of the Poverty Trap' webinar with Nobel Laureate Dr. Abhijeet Banerjee, this webinar will look closely at Poverty Graduation Models in Pakistan. The webinar will unpack what defines lived poverty and how current poverty graduation models, like NPGP's and BRAC's, are impacting lives and livelihoods of the ultra-poor. It will also present where these models need rethinking in their designs to sustain and amplify their graduation targets. This timely webinar will provide a critical look at how poverty alleviation is being approached in South Asia, especially in a Covid-impacted world.

STRUCTURE OF THE WEBINAR

- Introduction and Opening Remarks:
  Mr. Nadeem-ul-Haque
- Presenters:
  Dr. Imran Rasul
  Ms. Samia Liaquat Ali Khan
  Dr. Shujaat Farooq
- Discussion and Q&A:
- Closing Remarks:

WEBINAR

07:00 - 8:30 PM PST
02 FEBRUARY 2021

MODERATOR

Dr. NADEEM UL HAQUE
VC, PIDE

SPEAKERS / PRESENTERS

Dr. Imran Rasul
UCL, CERP

Ms. Samia Liaquat Ali Khan
PPAF

Dr. Shujaat Farooq
PIDE

ORGANIZERS

PIDE:
Pakistan Institute of Development Economics is a premier policy think-tank in Pakistan since 1957, leading on development economics through a particularly rich variety of knowledge products. Especially in response to Covid-19, PIDE has accelerated its initiative of congregating development sector's thought innovators from across countries and regions for its widely watched webinars and podcasts.

PPAF:
Pakistan Poverty Alleviation Fund is the lead apex institution for community-driven development in Pakistan, set up by Government of Pakistan as a fully autonomous not-for-profit private sector organization. PPAF delivers across a range of development interventions at grassroots/community level through a network of more than 100 Partner Organizations across the country.

SCAN TO JOIN WEBINAR

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Background

Pakistan Institute of Development Economics (PIDE) and Pakistan Poverty Alleviation Fund (PPAF) co-hosted a webinar titled 'Unpacking Poverty and Poverty Graduation" on 2nd February 2021. The webinar was a follow-up to the discussion that took place during PIDE's Distinguished Lecture Series webinar where Dr. Abhijit Banerjee outlined his thoughts on poverty graduation. The objective of the current webinar was to bring together researchers and practitioners who have conducted relevant research on the state of poverty in Pakistan, the nature of Pakistan's social security frameworks, and the possible strategies that could be employed to make these programs conducive to reducing poverty through enabling people to graduate out of poverty.

Introduction

- The webinar started with Vice-Chancellor PIDE, Dr. Nadeem Ul Haque welcoming the participants with his opening remarks. The task of session moderation was then handed over to Dean PIDE, Dr. Nisar Iqbal. Dr. Iqbal in his introduction reiterated the fundamental question that leads all policymakers to drive towards reducing poverty in any society. According to him, the ultimate aim is to "create a society with happy and contented people". He stated that unfortunately in Pakistan there are about 50 million people who are income-insecure and about 75 million people who are experiencing other various forms of "social poverty" which includes limited access to adequate health and educational opportunities. The result is that a significant section of Pakistan's population faces what is called "multi-dimensional poverty." The question, according to Dr. Iqbal, is that how can we then "break the vicious circle of poverty" that many find themselves entrenched in? – One answer that has come to dominate the policy space over time is that of Social Security/Safety Net (SSN) Programs. Pakistan also has a very famous SSN program called the 'Ehsaas Program' (formerly known as BISP). The issue with Ehsaas and all SSN programs is that the real challenge lies in making these programs scalable and sustainable in the long run. A key point is to devise the programs as such so that recipients of SSN assistance can eventually graduate out of poverty and not be dependent on SSN transfers indefinitely.

- Once Dr. Nasir Iqbal had set up the webinar discussion through his introduction, he moved towards giving the floor to the speakers of the webinar who were to present their views and research on the topic of the day.

Dr. Shujaat Farooq, Assitant Professor, PIDE

Dr. Farooq started his presentation by enumerating the various fundamental issues that lie at the heart of all social security net (SSN) programs. According to him, although these programs serve the purpose of helping the poor through a "redistributive" mechanism, if left alone without there being complementary competitive markets and adequate macroeconomic conditions, these SSN programs have limited success at helping beneficiary households graduate out of poverty.

- In his view, for an effective integrated poverty reduction approach to be both scalable and sustainable while helping people graduate out of poverty it needs to have the following three dimensions:

  I) Enabling effective economic opportunities in the shape of markets that drive growth.
  ii) Facilitating access to opportunities particularly for those groups that are socially excluded such as the ultra-poor.
  iii) Social Safety Net (SSN) Programs.

- A quick look at the numbers for the Ehsaas Program (formerly BISP) reinforces Dr. Farooq's point. Despite being touted as a success story, the percentage number of beneficiaries still under the poverty line in the BISP database has barely changed since 2011. (See Figure 1)

https://pide.org.pk/pdf/brief/Breaking-Out-Of-The-Poverty-Trap-Webinar-Brief-13.pdf

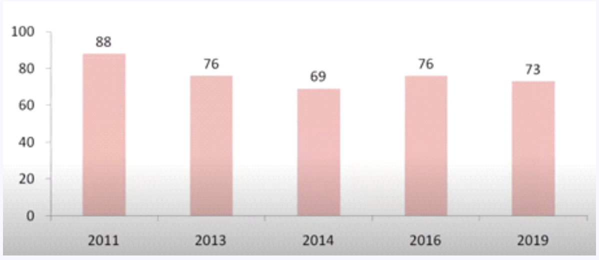

Figure 1: Headcount Poverty Rates Among BISP's Beneficiaries (percent)

- Dr. Farooq was the opinion that a more effective strategy would be to combine the Ehsaas unconditional cash transfer program with conditional/in-kind asset transfers.
- Other issues that Dr. Farooq highlighted were the following:

i) Dependence on international donors who control the policymaking of SSN programs and often implement strategies that don't make sense in the institutional framework that Pakistan has in place.

ii) Data targeting issues.

Coordination issues – Ehsaas/BISP program is administered largely by the Federal Government and there is a coordination gap between the center and the provincial governments. Furthermore, in absence of local governments, the process of frontline service delivery is less than efficient.

Dr. Imran Rasul, Professor of Economics, University College London

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Dr. Rasul initiated his presentation by delineating the specifics of a study that he is conducting in collaboration with PPAF. The study is set in 4 districts of Punjab, Pakistan, and is tracking 20,000 households in about 100 villages throughout 7-8years. The purpose of the study is to through a Randomized Control Trial (RCT) investigate whether in-kind assets transfers to the poor have any significantly different effect on lifting poor households out of poverty when compared to simple unconditional cash transfer programs. The study has 3 groups with the following intervention specifications:

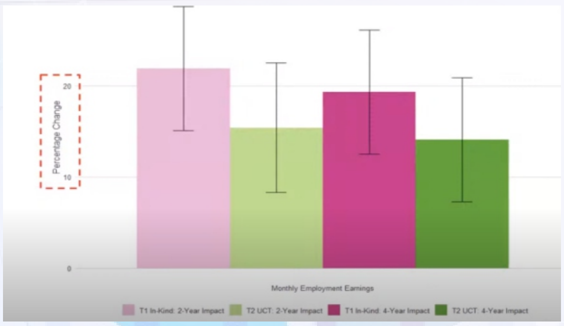
i) T1: The ultra-poor households in this group received in-kind asset transfers (mostly livestock) coupled with assets-related skills training.

ii) T2: Households in this group received Unconditional Cash Transfers of the equivalent value to in-kind assets transferred to households in T1.

iii) T3: Control Group. The households in these groups received no treatment/intervention.

- According to Dr. Rasul, the medium-term evidence of the intervention suggests that there is a high return to assets transfers as compared to unconditional cash transfers. Figure 2 summarizes the average percentage change in observed monthly employment earnings for T1 (assets transfer) and T2 (cash transfer) groups at 2-years and 4-year intervals.

- Another important piece of evidence is that those households that are given the assets transfers spend less of their total generated annual income on current consumption at both 2-years and 4-year intervals. This means that part of their income is being saved and/or re-invested into further capital accumulation. This is significant as saving and re-investment hold the key to helping these households graduate out of poverty.



Samia Liaquat Ali Khan, Senior Group Head, Pakistan Poverty Alleviation Fund (PPAF

Ms. Liaquat at the beginning of her presentation gave an organizational overview of the Pakistan Poverty Alleviation Fund (PPAF) – she mentioned how PPAF started as a small pilot project back in 2008 in the days when the BISP program had not yet started. The objective of PPAF was to test intervention strategies targeted at the ultra-poor in Pakistan and help them escape the cycle of poverty.

She mentioned since the 'poverty scorecard' numbers used by BISP and other social safety net programs were not present back then, the PPAF pilot employed what she called a “participatory wealth ranking” system at the grassroots to select their target beneficiaries.

Ms. Liaquat then gave a brief overview of a more recent program that PPAF has implemented in collaboration with the World Bank called the PPAF III program. (2013-2018) In this program, households were given in-kind assets along with complementary skills training related to the transferred assets. Midline results of this study have shown that households that receive in-kind asset transfers have higher savings and re-investments rates i.e. not all their income is spent on current consumption. The saving and investment here are the key ingredients to these households potentially graduating out of the program and out of poverty in general.

She reiterated the point that other speakers had already made in the webinar on how it is important to differentiate between interventions that provide only 'social security' to the poor and those interventions that provide 'social security but also in the meanwhile enable them to successfully escape the poverty trap in the medium to long-term.

Towards the end of her presentation, Ms. Liaquat gave an introduction to PPAF's most recent venture which is called the 'National Poverty Graduation Program' (NPGP). The NPGP program is funded by the Government of Pakistan (GOP) and the International Fund for Agricultural Development (IFAD).

The NPGP according to Ms. Liaquat is not a mere social safety net program but rather is a 'poverty graduation program' which through innovative interventions will help the poor from a wide spectrum on the poverty index to grow and become more income secure. The poverty graduation approach of the NPGP is summarized in the figure below. (See Figure 3)

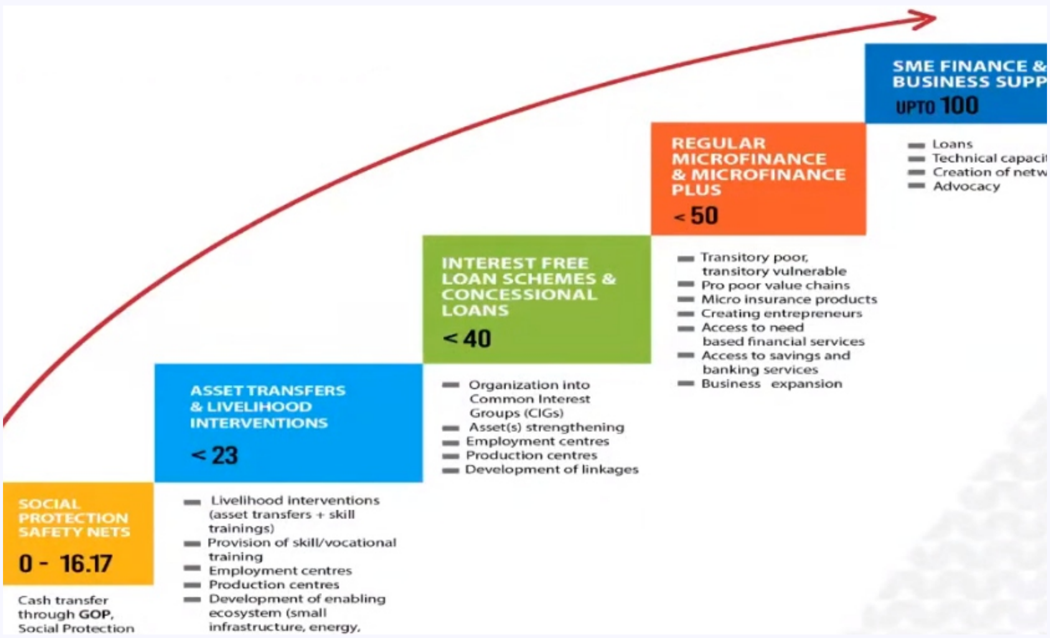


Figure 3: National Poverty Graduation Program (NPGP) Model (Poverty Scorecard Levels)

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