Graduating the Poor: The Role of BISP

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Outline

- Background: Poverty at Glance
- Ending Poverty: Role of Social Protection (SP)
- BISP
- Public Spending on SP
- Transformation from CT to Graduation
- Need for Graduation Framework
- Proposed Models
- The way forward
 - Reforming the Social Protection & Financial Sustainability

Background

- Multifaceted phenomenon
- Income Poverty
 - Over 50 million people live in poverty
- Social Poverty
 - Over 75 million people are deprived of basic needs such as health, education and shelter.
 - Pakistan's human capital index (HCI) was lower than the average for its region and income group.
 - Pakistan ranked 134 while India ranked 115, Bangladesh 106 and Sri Lank 74 out of 157 countries
 - Social exclusion and significant infrastructure gaps
 - Unemployment (1.5 million jobs every year)
- Environmental Poverty
- Institutional Poverty

The incidence of poverty in Pakistan								
	2016 poverty line (2013 PPP)	2012 poverty line (2005 PPP)	1990	1998	2005	2010	2013	similar to the Pakistan poverty score system
low income	\$6.10	\$4.00	97.5%	92.4%	90.6%	88.7%	84.3%	PSC 50
vulnerable	\$4.60	\$3.00	94.9%	85.0%	81.4%	75.8%	69.1%	PSC 34
poor	\$3.20	\$2.00	87.2%	66.0%	59.4%	47.8%	39.7%	PSC 30
							12.0%	PSC 16.17 (UCT poverty line)
very poor	\$1.90	\$1.25	59.0%	28.7%	16.5%	8.2%	6.1%	PSC 11
	low income vulnerable poor very poor	poverty line (2013 PPP) low income \$6.10 vulnerable \$4.60 poor \$3.20	poverty line (2013 PPP) (2005 PPP)	2016 2012 1990	2016 poverty line (2013 PPP) (2005 PPP) low income \$6.10 \$4.00 97.5% 92.4% vulnerable \$4.60 \$3.00 94.9% 85.0% poor \$3.20 \$2.00 87.2% 66.0%	2016 poverty line (2013 PPP) (2005 PPP) low income \$6.10 \$4.00 97.5% 92.4% 90.6% vulnerable \$4.60 \$3.00 94.9% 85.0% 81.4% poor \$3.20 \$2.00 87.2% 66.0% 59.4%	2016 2012 1990 1998 2005 2010	2016 2012 1990 1998 2005 2010 2013

Source: World Bank PovCalNet (download: 4 Nov 2017)

Aim: Ending poverty in all forms and dimensions by 2030: Solution?

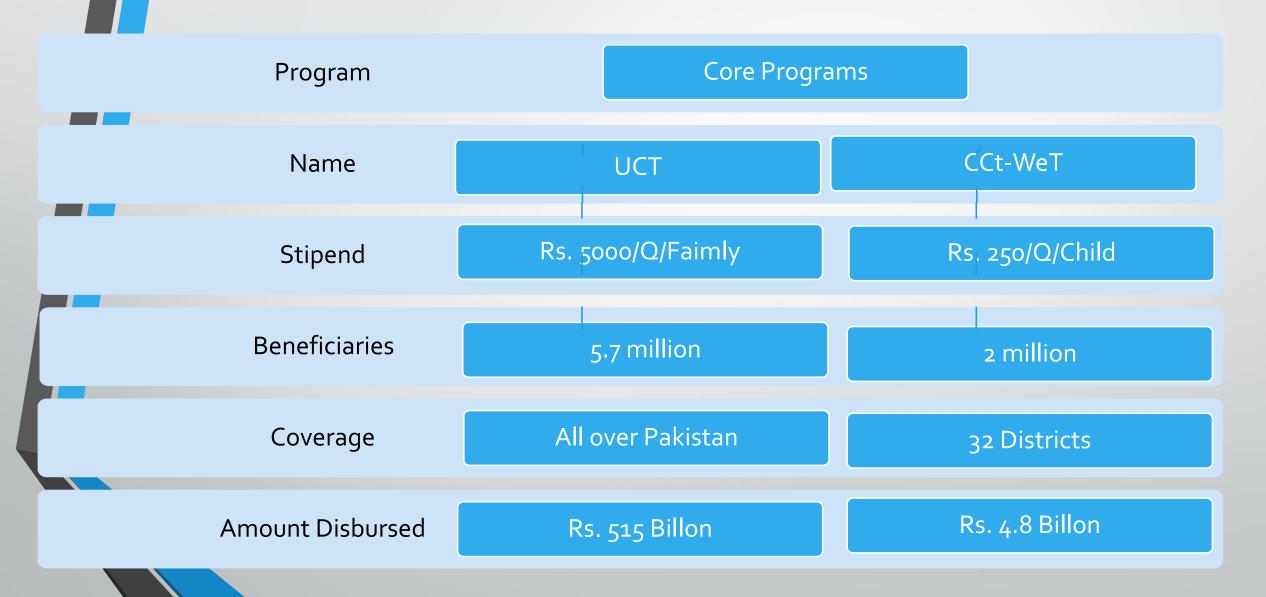


- This involves targeting the most vulnerable, increasing access to basic resources and services, and supporting communities affected by conflicts and climaterelated disasters.
- Implementation of adequate social protection systems
 - Global focus on social protection (SP)
 - Number of developing countries with SSN doubled in last two decades from 72 to 149 countries
 - Impact: SSNs lift 69 million people from absolute poverty; &, 97 million people are uplifted from relative poverty
 - Spending: Globally, 1.6% of GDP spending on SSN
- Sound policy frameworks based on pro-poor and gender-sensitive development strategies, to support accelerated investment in poverty eradication actions

Instruments of SP

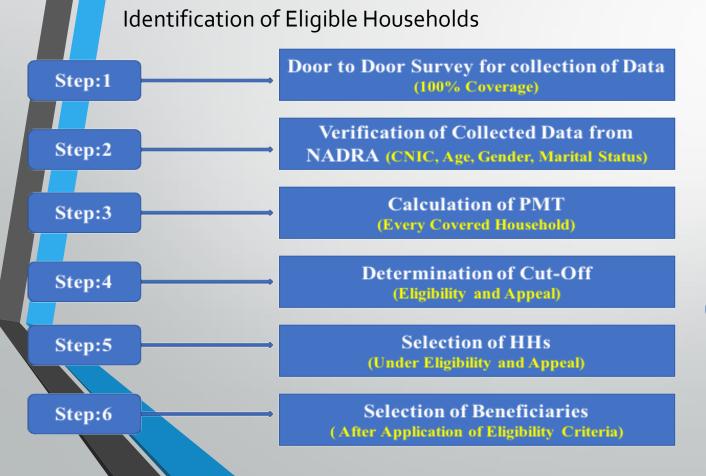
- Cash transfers (CT) programs are the main instruments for SP.
 - 77% countries have implemented unconditional cash transfers (UCT) programs
 - 42% have conditional cash transfers (CCT) programs.
- BISP as the National Cash Transfers Program (NCTP).
 - Serving more than 5.5 million poor families under UCT
 - Around 2 million families under CCT grant for primary education.

Program Design

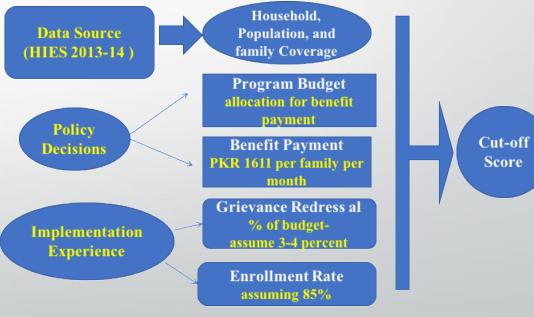


Targeting Method Targeting Phase Phase-III Phase-I Phase-II Parliamentarian in 2008 National Socio-Economic Registry 2017-18 Poverty Scorecard Survey 2010-11 8000 forms given to each Use of CAPI for data collection **Use of Poverty Scorecard** MNA/MPA Desk based registration in 4 districts D₂D survey of entire country 4.2 millions forms D₂D survey in 10 districts 27 million households surveyed 7.7 2.2 million families found million declared eligible eligible National rollout in June 2018 5.7 million are paid stipend

Identification of Eligible Households and Eligibility Criteria



Determination of Cutoff Score

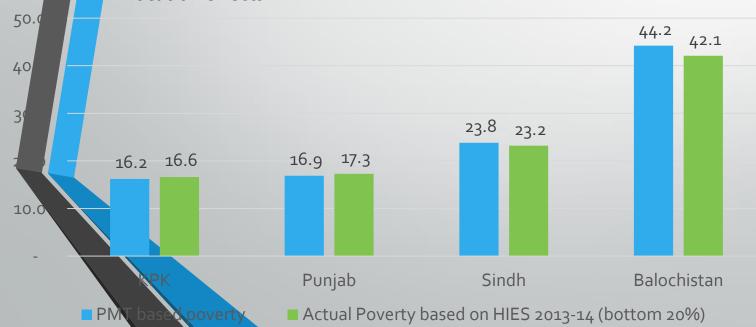


Identification of Eligible Households and Eligibility Criteria

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	Eligibility Criteria					
	Old Eligibility Criteria	New Eligibility Criteria				
	✓ Ever Married Women with CNIC	 ✓ Ever Married Women with CNIC ✓ Never Married Women above age of 40 years with CNIC ✓ Transgender above 18 years with CNIC 				
	Appeal Criteria					
	 ✓ Presence of senior citizen with age> 65 ✓ Presence of one disabled/differently abled family member, ✓ Presence of four or more children between ages [5 -12 years] ✓ Household size 3 or less 	 ✓ Presence of one or more senior citizen with age > 65 ✓ Presence of one or more disabled/differently abled family member, ✓ Presence of widow 				

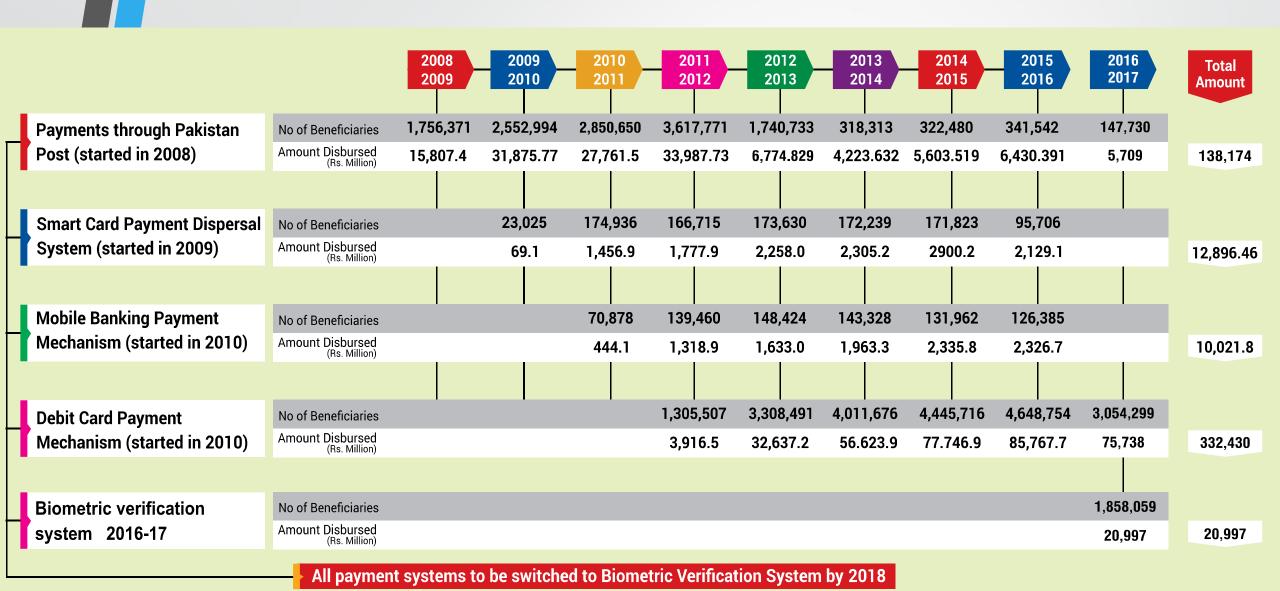
Identification of Eligible Households and Eligibility Criteria

- Proxy Means Test (PMT) is one of the best method to identify target group.
 - Existing PMT formula is based on HIES 2007-08 which include 23 indicators which determines welfare status of household on a scale [0-100]. Using this formula, 7.7 million HH were identified as eligible who had score less than 16.17
- Need for updating PMT Formula
 - Under-representation of urban poor
 - Outdated proxy indicators and weights
 - Location effects



	New PMT	Old PMT
Categories	Indicators	Indicators
Demographics	8	3
Education	1	5
Dwelling		
Characteristics	5	5
Durables Assets	11	6
Productive Assets	4	4
Geographical Location	8	0
Interactions	8	0
Total Indicator	45	23

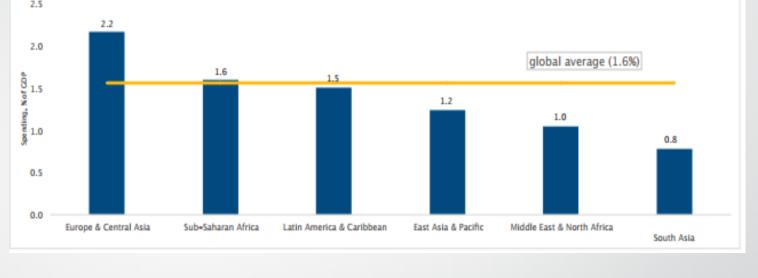
Payment Mechanism



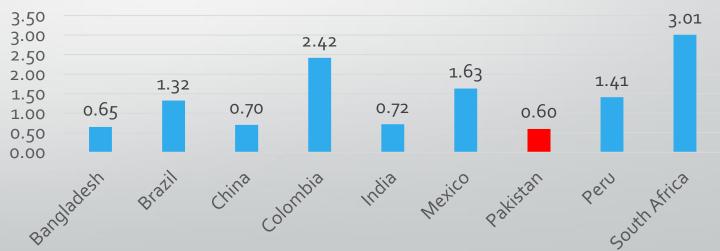
Public Spending

Spending on SSNs across the regions and countries, % of GDP

 Globally, 1.6% of GDP spending on SSN



Pakistan spend only o.6% of GDP



Transformation from CT to Graduation

- Cash Transfers (CT) are not enough to reduce income poverty
 - CT do not generate livelihoods to sustain improved conditions beyond the duration of the program.
- Transformation from unconditional to conditional CT
 - Furthermore, global experience suggests that transfer programmes has been more successful and sustainable, when they are combined with complementary, well-sequenced interventions on the uptake of education, health and nutrition services, and when there are additional livelihood support for the poor
 - Most countries i.e. Brazil, Bangladesh, Mexico, Colombia, India etc. in the world are moving from direct income transfers to programs and interventions that contribute to break the poverty traps
- These initiatives provide an opportunity for beneficiaries to move beyond financial dependency and embrace more sustainable livelihood.
- Hence, for making poor people economically better off, in addition to an inclusive economic policy, specifically targeted poverty reduction programs that create income for the poor are needed.

Why Graduation Framework?

- Growth does seldom trickle down, and poverty reduction has to be made
- CCTs are mostly successful than UCT
- Income generating programs are very effective to reduce poverty: Experience from developing countries like Bangladesh, India
- Microfinance is not the panacea; TVT does not create jobs, the poor are typically not entrepreneurs (self employment is very risky)
- Large scale Public Works Program are very useful (Example India- NREGA)
- Innovation in poverty reduction programs: Inclusive Business, use of technology,
- A committed, powerful and effectively organized poverty reduction and social protection agency

Why Graduation Framework?

- Graduation Program: Creating Pathways out of Extreme Poverty into Sustainable Livelihoods
 - Enable the cash grant recipients to eventually transform into income earning individuals through self-employment and/or wage employment.
- Innovations for addressing income poverty through programs beyond selfemployment

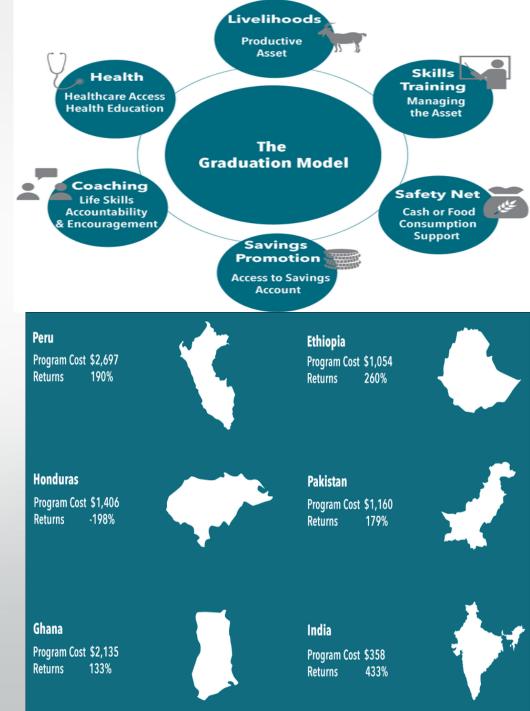
Proposed Graduation Programs

- 1) BISE Model: Business incubation and asset transfer for self employment among the poor
- 2) DC Model: Direct Cash for start up business for the urban poor with some business coaching
- 3) PWP Model: Public work programs to create temporary income and at the same time address environmental poverty.

BISE Model

The BISE model for self-employed is based on the assumption that poor can graduate out of poverty through intensive business coaching for sustainable livelihoods, asset transfer, skills training, and income security during the transition to become a self-entrepreneur

- Business training and specific technical skill trainings
- Transferring assets
- Income generating grants
- Community investment fund (CIF)
- Mandatory long-term saving
- Health insurance schemes
- Market linkages



Direct Cash Model (DC model)

- Direct Cash for start up business with some business coaching
- Simple in implementation
- **Scalable**, to ensure that the largest number of beneficiaries, who have the potential to graduate, are given the opportunity to do so .
- Allows beneficiaries to voluntarily self-select into graduation program
- Global Evidence
 - SriLanka: one-time CT produced substantial and lasting returns (income)
 - Kenya: CT increased consumption, investments, assets, and income-generating activities
 - Uganda: Cash grants coupled with business training and follow-up resulted in economic gains

Public Work Programs (PWP)

- Create employment for the poor
- Such programs are well known and have been implemented successfully in at least 50 countries, including OECD countries.
- Public work programs are very relevant for creating community based infrastructure to protect against floods
- The program creates major additional benefits through rural infrastructure and climate adaptation at community level
- India experimented with public employment programs since 1970s, and institutionalized this in 2005 following the promulgation of the National Rural Employment Guarantee Act (NREGA) as a right of the poor to get up to 100 days of work per year.

The way forward

Reforming the Social Protection

- BISP: Comprehensive Poverty Reduction and Social Protection Agency
 - Income programs for the addressing rural and urban poor and the youth
 - Addressing income poverty beyond the extreme poor
 - Social protection beyond UCT

Proposed Reforms

- Gradually shifting from UCT to CCT (UCT only target specific segments of the society)
- Expanding CCT for education
- Introduce CCT for health
- Explore other social protection programs
- Innovative graduation programs
- Engaging Provinces
- Fiscal Space
- Capacity at BISP

Financial Sustainability

- Financial stability is the key to deliver planned activities under any SSN.
- Governments often face hard choices about the type, affordability, and sustainability of social protection initiatives.
- At this stage, more than 90% budget is allocated by GoP.
- To ensure financial stability, there is a need to engage the international community and local philanthropists through creating an endowment fund.
 - BISP has already initiated the process to establish the BISP Endowment Fund. This should be formalised on a priority basis

Can this solve the problem?

- Institutional poverty is the source of underdevelopment
 - Weak institutions provide room for the exploitation of public resources by politicians and government officials for their own interest.
 - Corruption and ineffective governments lead poverty by increasing income inequalities
- To achieve the goal of no poverty, it is necessary to address institutional poverty along with income poverty.
 - The reformed institutional framework guarantees equitable distribution of resources and the provision of social and economic services to all citizens
- Institutional reforms may require the restructuring and improvement of the legal framework, taking a carrot-and-stick approach to ensure accountability and transparency, enforcing rule of law and ensuring political stability.
 - Without addressing institutional poverty, the dream of no poverty can never materialise

Thank you