insights

ISLAMIC REPUBLIC OF PAKISTAN
COUNTRY STRATEGY AND PROGRAMME EVALUATION

For inclusive sustainable growth – beyond asset transfer and skills training

Pakistan has made significant progress in reducing the poverty level of its population over the past two decades; however, about one quarter of the population still lived under the national poverty line in 2015[1] and about 39 per cent faced multidimensional poverty in 2016.[2] There are wide disparities in poverty/wealth levels – between urban and rural areas, and between and within provinces or districts. With a vision to create a "welfare state",[3] the current Government, formed in 2018, launched the Ehsaas programme in 2019 as a major umbrella initiative, with the objective "to reduce inequality, invest in people, and lift lagging districts".[4]

The Government has supported a number of pro-poor initiatives, including one of the largest social protection programmes in the world: the Benazir Income Support Programme (BISP). Since 2008, BISP provides basic income support to the poorest households (reported to be about 5.7 million households in 2016)[5] to help with basic consumption needs. BISP now operates under the Ehsaas programme.

The poverty scorecard for targeting

The Government adopted the "poverty scorecard" (proxy means test) as the main targeting tool for BISP. It is based on 10 simple indicators used to estimate the likelihood of a particular household having expenditure below a poverty line. Household welfare status is scored on a scale between 0 and 100 against indicators such as type of housing and toilet facilities, household assets, agricultural landholding, livestock ownership, education and household size. Poverty scores for households were generated based on a survey conducted in 2010-2011 and updating of the data has been ongoing since 2017/2018. A threshold

score of 16.17 was set for BISP, with the intention to target the poorest 20 per cent of the households. The poverty scorecard has also been used for targeting in other poverty alleviation programmes in Pakistan, including those supported by IFAD.

Asset transfer and skills training to improve livelihoods

In Pakistan, IFAD has been expanding its investment on asset transfer and skills training to poor households, identified based on the poverty scorecard, under the label of "poverty graduation approach". In most cases, the "assets" transferred were livestock, in particular goats, whereas other assets included fishnets (in the fishing communities in Balochistan) or supplies for general shops. Popular skills trainings have included tailoring, embroidery, beautician services, electricians, driving, and motorcycle repair, not necessarily linked to the asset transferred nor to the beneficiaries of the asset transfer. With a strong poverty focus, the projects have principally targeted households in the range of poverty scores between 0 and 23 for asset transfer and skills training.

The IFAD country strategy and programme evaluation found that the transfer of livestock and other productive assets has improved the income opportunities and the resilience of beneficiaries, many of whom were women. For example, during the evaluation's field visits in southern Punjab, women showed great pride in their small ruminants, which they considered as an important asset that they can sell during medical emergencies, for critical expenditures such as investing in children's education or for re-investment.

Opportunities for more strategic approaches?

Notwithstanding the cases of positive impact at household level, a fundamental question is whether the approach of identifying eligible individual households based on the poverty scorecard, and distributing livestock or other materials, is adequate and sufficient for future development programmes. This approach is based on the assumption that poor households can escape poverty if they have access to productive assets and skills (and finance/credit). However, this overlooks a broader perspective on structural constraints (e.g. access to advisory and other services, regulatory frameworks) and context-specific opportunities for

leveraging changes in the local economy (around agriculture and food systems) that could benefit the rural poor by creating a push-and-pull effect. Meanwhile, skills trainings could be better aligned with local market demands: for example, the evaluation's field visit found that many women trained in tailoring or embroidery tended to practice the skills only infrequently as an income-generating activity.

Possible limitations in poverty scorecard based targeting

When the state distributes cash or productive goods/materials, determining eligibility in a transparent manner becomes particularly important: at global level, there have been debates on the accuracy and effectiveness of proxy means testing for targeting.[6] On the other hand, reliance on the poverty scorecard alone as a means for targeting for development initiatives has not reflected the fact that poverty is dynamic, and that many households move in and out of poverty. Furthermore, the poverty scorecard may not necessarily be an accurate reflection of households' capacity for sustainable livelihoods. For example, one of the indicators is the ownership of any type of land; however, the method cannot take into consideration the owner's liabilities, such as indebtedness, or the utility of lands (e.g. lack of access to water, soil fertility). Similarly, the distribution of an asset may upgrade the poverty score of an individual household, but this would not mean that the household has escaped the poverty.

Looking ahead

Looking ahead, it is important that the IFAD country programme place greater emphasis on inclusive market systems development, with due attention to climate resilience and natural resource management. Depending on the nature of interventions, consideration should be given to diversifying the basis for household targeting, instead of strictly relying on the poverty scores, recognizing the dynamic and transitory nature of poverty. The first entry point could be a careful consideration of the potential thematic foci and value chains/market systems in the agriculture, livestock, fisheries and forestry sectors that are most relevant to the rural poor (on- and off-farm). The selection of priority geographic areas could be informed not only by the poverty rate or the number of poor households, but also by other factors – such as vulnerability, causes of poverty and opportunities for inclusive economic development – which IFAD would be well-placed to support.

1   https://databank.worldbank.org/data/download/poverty/33EF03BB-9722-4AE2-ABC7-AA2972D68AFE/Global_POVEQ_PAK.pdf
2   Government of Pakistan. 2016. Multi-dimensional poverty in Pakistan.
3   A welfare state is a concept of government where the state protects and promotes the economic and social well-being of its citizens, based on the principles of equal opportunity, equitable distribution of wealth, and public responsibility for citizens who are unable to avail quality of life. (https://www.britannica.com/topic/welfare-state).
4   https://www.pass.gov.pk/
5   https://bisp.gov.pk/ProjectDetail/ZDZjYzY3ZDAtZTQ2OS00NGRhLTliNmItMzJmMzdiYTY3ZDE0
6   For example, see AusAid. 2011. Targeting the poorest: an assessment of the proxy means test methodology; and Kidd. Stephen, Bjorn Gelders, and Diloá Bailey-Athias. 2017. Exclusion by design: an assessment of the effectiveness of the proxy means test poverty targeting mechanism.