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Can BISP be used for Poverty Reduction?

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Abstract

The overall purpose of this research is to understand the dynamics of the social safety nets (Benazir Income Support Program, BISP) under the present circumstances of Pakistan, the role in the economy, the designing of the program and impact on poverty alleviation. The further the study evaluates if the program BISP has achieved its objectives and analyses its designing, payment mechanism, targeting techniques, the capacity and quality of the organization. This research implements a mix of qualitative and quantitative techniques. For the quantitative part, the researcher conducted a field study to collect data. The specific objectives of the study may be summarized as to make a thorough review of different social safety nets being run in different countries across the globe with special reference to Pakistan; to analyse the benefits of the program and to see how these could be maximized; and to find out the gaps in the current social safety net program (BISP) and to improve it through provisioning of policy measures and recommendations.

Keywords: Poverty, Poverty reduction, Poverty alleviation, Benazir income support program, BISP, Pakistan.

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Introduction

Poverty alleviation is one of the slogans and aims of all governments in the world. Pakistan has no exception regarding this goal. Even paving the way of independence, poverty alleviation had been among main concerns of the nation. For instance, the founding father of Pakistan Muhammad Ali Jinnah expressed his opinions regarding the state's responsibility towards poverty in a speech at session of All-India Muslim League where he served there as a leader:

"There are millions and millions of our people who hardly get one meal a day. Is this civilization? Is it the aim of Pakistan? Do you visualize that millions are exploited and cannot get one meal a day. If that is the idea of Pakistan I would not have it" (Jinnah, 1943).

Jinnah was very clear in his vision about poverty and the state's responsibility towards descending it. As serving the leader of the nation, he has termed this as uncivilized and exploiting behaviour of those who are in power.

After her independence, Pakistan constitutionalized being a social state by expressing:

"Provide for all persons employed in the service of Pakistan or otherwise, social security by compulsory social insurance or other means; provide basic necessities of life such as food, clothing, housing, education and medical relief, for all such citizens, irrespective of sex, creed, caste, or race, as are permanently or temporarily unable to earn their livelihood on account of infirmity, sickness or unemployment; reduce disparity in the income and earnings of individuals." (Article 38, Constitution of Pakistan, 1973).

However, even politicians' intention, poverty has been there since beginning. According to a report of World Bank (2009), almost 2/5th of Pakistanis are assumed as poor due to non-availability of resources to meet their basic needs on food, health, & education. The pauperism is almost the same as it was at the time of independence of Pakistan in 1947. However, today the number of poor people has exceeds the total population at the time of independence (Irfan, 2003). The emergence of impoverishment and deprivation coupled with stagnant economic growth called upon the need to shield people through social safety nets (SSN). SSN may have various forms and shapes in terms of institutional and structures of different development towards poverty alleviation (Irfan, 2003).

As I expressed before, poverty alleviation is one of the slogans of all governments in the world. To make realize their objectives, governments initiate short & long term strategies and programs. Different programs have different objectives, impact and effectiveness. The programme itself, its eligibility criteria, selection or targeting of beneficiaries, ways and means of cash transfer, impact of programme and alternatives are the main topics to be discussed in this paper. BISP (Benazir Income Support Program) was started as developing safety net for the poor. This program was lately designed on Proxy Means Testing basis for selection of beneficiaries. However the involvements of political actors are still there on priority selection of localities/towns to be surveyed and selection of segment of community.

The global melt down and macroeconomic crisis provided the basis for introduction of social safety net program like BISP on priority basis. Hence, Benazir Income Support Program (BISP)² was introduced by newly elected government of Pakistan in 2008. The introductory allocation for the Program was PKR34 billion which constitute 0.3 % of the GDP for the year 2008-2009. The primary aim was to provide relief to the poorest class. High level of inflation and sharp increase in energy fuel prices in the world market made

² Former Prime Minister Benazir Bhutto (served in 1988-1990; 1993-1996) was assassinated in December 2007 while she was on a rally for 2008 general elections. The new elected government named this program to honour its leader posthumously.

the lives of the poor very difficult. This sharp increase in fuel prices triggered the inflation to run into double digit. Therefore the purchasing power of the poor segment of the society has reduced to almost half. To offset a portion of that impact, the Government of Pakistan has introduced this program. This program was designed to provide PKR 1000 per family per month. This increment would be about 20% increase in average income of PKR 5000 of a family per month. The family constitutes here the husband, wife and dependent children & other members of close relatives living together. BISP covers the whole of Pakistan including Punjab, Sind, KPK, FATA, FANA, AJK & ICT.

The hugeness of the BISP can be well evaluated from the reality that the total outlay on the two main SSN programs in Pakistan – the *Zakat* Programme and the PBM – was 0.14% of GDP in 2004/05. In 2006/07, the PBM Food Support Scheme and the *Guzara* or Subsistence Allowance under the *Zakat* Program together covered 3.2 million families corresponding to about 13% of the population. Conversely, in 2008/09 apportioning to the BISP alone got doubled the federal government's SSN spending from 0.3% of GDP in 2003/04 to 0.6% in 2008-09, with the program forecast to cover approximately 25% of the country's total population as against 22.3-28.8% of the country's poor, contingent upon which price index is utilized to account for inflation (World Bank, 2010).

Eligibility requirements of BISP beneficiaries:

- Possession of computerised national identity card (CNIC) by female applicant/recipient.
- Monthly family income is less than Rs.6000.
- Widowed/divorced women, without adult male members in the family.
- Any physically or mentally retarded person(s) in the family.
- Any family member suffering from a chronic disease.

The fact signifies my study that this is the flagship program solely aim to reduce poverty, which at current estimates is nearly 37% (World Bank Group, 2009), which is the most important problem of present era. As the figure shows that we have limited resources while the challenge is huge. It is about our fellow humans and our future generation. We are short of energy, resulting closure of businesses, increase in unemployment, crime rate and eventually falling economic growth for all of us. We are at the forefront of war on terror and have a huge problem of internally displaced persons. A major area of our land is in state of lawlessness where the writ of the land is not applicable. We need to support our fellow men, women and children with our limited resources and through research we can at-least be more efficient in distribution process and hence more people are fed with the same amount of resources.

The overall purpose of this research is to understand the dynamics of the social safety nets (BISP) under the present circumstances of Pakistan, the role in the economy, the designing of the program and impact on poverty alleviation. The further, this study evaluates if the program BISP has achieved its objectives and analyses its designing, payment mechanism, targeting techniques, the capacity and quality of the organization. The research implements a mix of qualitative and quantitative techniques. For the quantitative part, the researcher conducted a field study to collect data. The specific objectives of the study are as below:

1. To make a thorough review of different social safety nets being run in different countries across the globe with special reference to Pakistan.
2. To analyse the benefits of the program and to see how these could be maximized.
3. To find out the gaps in the current social safety net program (BISP) and to improve it through provisioning of policy measures and recommendations.

Literature Review

In their study, Lesley Adams and Emebet Kebede (2005) examine the use of cash and vouchers in emergencies in Ethiopia. The study is revolved around three contexts; the traditional relief aspect, development approach, and the interaction between these two. This research examines the process design, implementation, monitoring of the program and how this program was evaluated. It also describes the impact of cash transfers on families & community. The study highlights the challenges and provides its recommendation for cash transfer program.

The World Bank report (2009) shows how poor communities can be safeguarded from the risk they face. What strategy should be followed to make these communities less vulnerable and what kind of safety nets, social protection, pension funds etc would be introduced that help these to cope up with existing threats & risks. This study argues that all sectors of economy have a definite role to play to prevent the human development loss to the economy for sustainable development.

Ahmed and Bouis (2002) develop a targeting technique to maximize the benefit of food distribution to needy people. It develops a proxy means testing which differentiate between more needy and less poor so that more subsidies of food goes to more needy and vice versa. It also shows how it best suited the administratively and politically to the prevailing environment. This testing technique also demonstrates how the cost of food subsidy declines.

Alderman (2002) examines a range of safety net subsidies ranging from tax rebate to targeted quotas. The study evaluates the cost of distribution of all these programs. However the main focus remains on the food subsidy and its comparison with energy subsidy. This also considers the achievement of ultimate objective of nutrition and stabilization. The paper also discusses the intervention of market forces intervention and the role of policy makers to handle it. Finally the reforms are discussed in the end.

Heinrich (2005) studies on the Programa Nacional de Becas Estudiantiles which is a conditional cash transfer program designed to develop human capital for current and future development of Argentina and to reduce poverty level in the country. Propensity score matching methods are used with a comparison group of students who were excluded due to quotas to estimate the average and marginal impacts of the Becas program on students' attendance and grade repetition, completion of their secondary education, and performance (average grades in school). Different level methods are also utilized to ascertain the program management and school characteristics to explain fluctuation between schools in outcome. Conditional cash transfer programs are viewed as a demand-side intervention-i.e., reducing opportunity costs and increasing access and incentives for human capital.

Hofmann (2005) conducted a study in Afghanistan and focused on social protection. The study provides a complete picture of the background to the debate involving around the food- and the cash-based responses by different INGO soon after the diminishing of the Taliban regime in the country power corridor, and it also gives an overwhelming overview of the front line humanitarian activist organizations who are involved in these program.

Food-for-work (FFW) programs are widely touted for their capacity to target poor population effectively with a reliable safety net, thereby reducing vulnerability due to downside risk exposure, while at the same time investing in the output or sustenance of valuable public goods necessary to accelerate productivity and thus increase in mass incomes. The empirical grounds are mixed, however, to the efficaciousness of FFW in whatsoever of these dimensions. Advocators cite events in which FFW seems to have executed as destined, although opponents manifest of its failures. The organizations associated with the development community need to safe-guard against noncritical credence of either naïve or hostile claims about FFW and to develop a more beneficial agreement of how, when and why FFW

programs can surely scale down vulnerability. This paper drives to encourage such understanding (Barrett et al., 2004).

Research Methodology

My study includes both probabilistic and non-probabilistic approach to capture the real facts of the topic. This would help me to achieve the objectives of my study and to analyse in a multidisciplinary fashion. The data used is primary one and the researcher has collected it through field survey in the Islamabad & Rawalpindi area. This research includes both primary and secondary data collection and analysis.

Research Basis

1. Field Visit

For a good research based on facts, it is important to get good sound knowledge through field survey and interview with the respondent. Further, use of well-developed tools, techniques, and methodologies to be utilized for analysis of data.

2. Survey Design

During the study, the researcher has used both formal and informal survey techniques. It also includes Participatory Reflection and Action Techniques to get good knowledge at the first hand. Further, key information survey, direct observations, group discussion, transaction walks and triangular methods were adopted.

For sampling technique, the researcher has used two staged purposive sampling random technique. It includes division of the study area into observing area i-e Rawalpindi & Islamabad then these are further divided into circles, and finally these circles were further divided into smaller circles to get maximum responsiveness of the population. In all 100 respondents were interviewed and have discussion to know more on the subject of the study. The respondent were equally divided into those who are registered with BISP and are getting funds on monthly basis, it also includes those who are poor but they are not getting funds from BISP on monthly basis. The study analyses the contrast of both two segments having common grounds of poverty but why one is a beneficiary and other is not getting money.

3. Data Format and Questionnaire

A questionnaire was developed using the PMT score card pattern which was developed by World Bank. It also includes social and demographic portions to know more about the dimensions of the respondent.

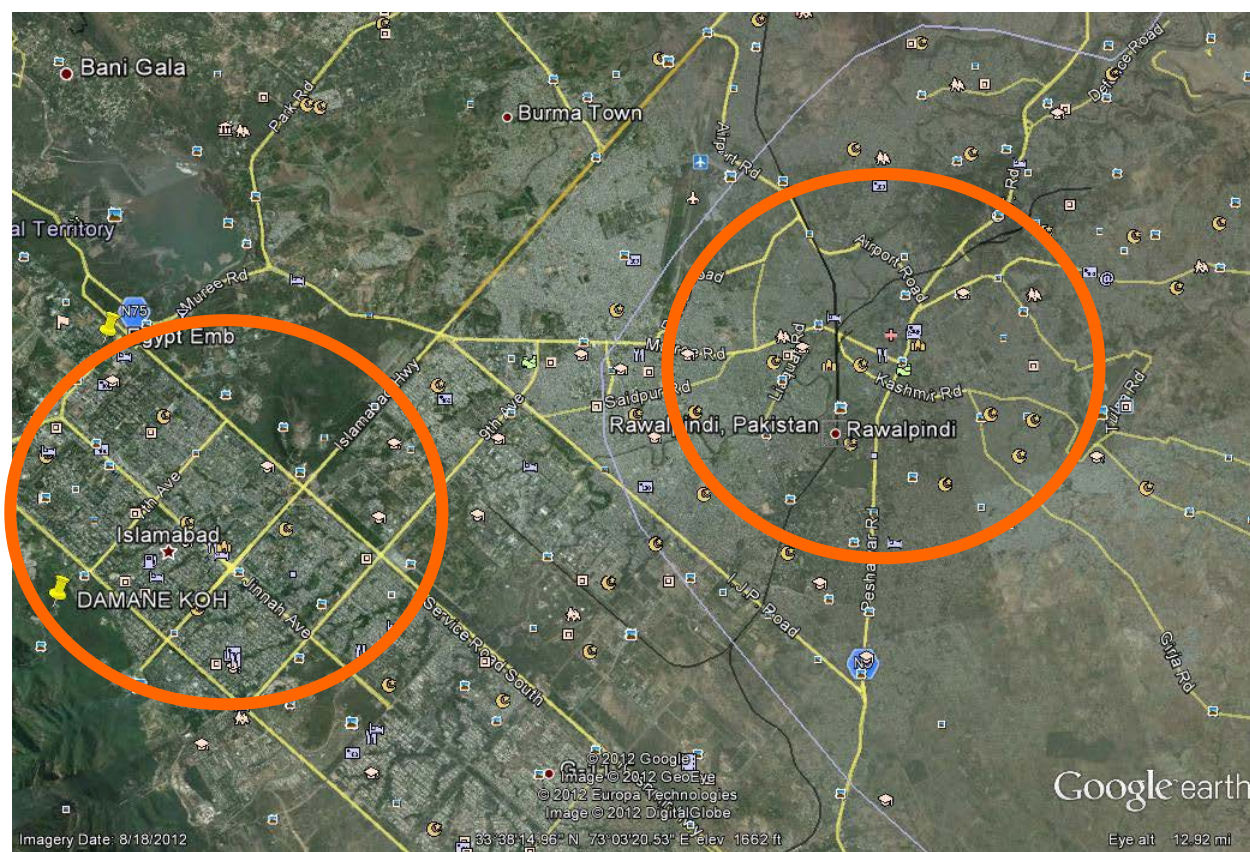
4. Data Analysis

The data analysis is carried out utilizing Microsoft Excel and Statistical Packages for Social Science (SPSS) software. To further analysis the graphical representation is used to know the results in a quick way. Further, in non-formal way other techniques were used to multidisciplinary view of the research. These include LFA (Logical Framework Approach).

5. Area of Study

The study area is comprised of two major cities of Pakistan, which is Rawalpindi and Islamabad. The combined population of both cities is around 5.0 million inhabitants. Islamabad is the capital of Pakistan while Rawalpindi is called the Garrison city due to the fact that the General Headquarters of Pakistan Army

is situated here. Both cities have mix trend of rich and poor people. Poor people mostly live in squatters situated in different parts of the study area.



Analysis & Results

1. Qualitative Analysis

The researcher has used Logical Framework Approach (LFA) to evaluate and analyse the objectives of BISP program. In order to analyse I have used Log-frame Matrix (hereafter referred as LFM). The structure of the LFM is sort of tree where in its simplest imprint incorporates the objectives statements which are generally positive. The LFM shows a need-ends relationship and signify which mean would be used to satisfy which end or objective or goal.

ACTIVITY DESCRIPTION	INDICATORS	MOV	ASSUMPTIONS
<p>Goal /Impact:</p> <p>1. To heighten the financial capacity of the poor families.</p> <p>2.To implement policies & targeted programs for the well being of Vulnerable</p>	<p>1.Increase in Consumption</p> <p>2. Lessen Economic Hardship.</p> <p>3. Education Improvement</p>	<p>1. Through Field Survey (Beneficiaries)</p> <p>2. Through Field Survey</p> <p>3. World Bank Data on completion of Primary School completion/School enrolment Rate</p>	<p>The beneficiaries have responded correctly.</p>

3. Poverty Alleviation and to support equal distribution of wealth.			
Purpose or Outcome: To provide cash transfer to vulnerable in order to increase income/consumption level.	1. Poverty Survey 2. Targeting Methodology 3. Payment Mechanism	1. Survey –shows it was conducted in whole of Islamabad/Rawalpindi. 2. Survey- Shows PMT designed by World Bank was used for Targeting 3. Survey- shows Payment through Pakistan Post	The survey includes all communities across Pakistan. The PMT is well designed by BISP and accurately filled by respondent. The payment mechanism is continuously evaluated for further improvement
Component Objectives: Establishment of BISP	Legal enactment	The Gazette of Pakistan Act No. XVIII of 2010	The Act would remain enforce
Outputs: Payment of 1000/month	Confirmation of receipt of money.	Signatures of Recipients on Money orders receipts & smart card server confirmation.	The signatures are of the beneficiaries.

2. Objective Analysis

While conducting analysis I make sure that

- Objectives statements are clear and without ambiguity.
- The link between all statements is strong enough to show logical order.
- The statements are complete and no additional statement needed to be jot down.
- Actions are positively & logically related to each other as we move upward.
- Risk factors are under control while achieving the sustainable outcomes.

3. Quantitative Analysis

Marital Status

Registered persons have 92% married and 94% married persons belong to not registered persons. 6% single & 2% divorced are registered but on opposite side 5% single & 1% divorced. Report expose that not registered have more married than registered.

Number of Dependent

The analysis shows that 74% registered persons have 4 to 6 number of dependent and data for persons not registered shows that 70% have 4 to 6 persons. Report upshots that only 4% registered have 10 to 15

dependent and 7% not registered have 10 to 15 dependents. The analysis of data shows that 20% registered persons have 7-9 dependent while for unregistered the percentage is 15%.

	Registered Person	Un-Registered Person
Mean	5.83	5.69
Variance	11.32	9.12
Standard Deviation	3.364	3.021

Occupation

Report illustrates that 80% registered doing labour level jobs and 78 % not registered persons are also doing labour jobs. Persons who are not registered have 4% more semi skilled person than those who are registered beneficiaries. Registered beneficiaries persons have 2% more street vendor than not registered. However there is one common ground for both the unregistered and the registered beneficiary's i-e 1% from both categories are involved in irregular jobs.

Income Pattern

Survey report shows that 4% registered and 8% not registered earning Rupees 6000 to 10000 each month. 42% registered beneficiaries have earning from 5001 to 6000 & 43% un-registered person's earning is rupees 4001 to 5000 per month. In lowest income range of Rupees 0-3000 registered beneficiaries have 8% and un-registered have 12% persons.

	Registered Person	Un-Registered Person
Mean	4530	3994
Variance	2706025	2134521
Standard Deviation	1645	1461

Political Affiliation

Survey analysis report concludes that maximum number of surveyed persons from both segments i-e registered & un-registered are affiliated with PPP respectively 75% & 60%. It also shows that people who are registered & unregistered have political affiliation 23% and 14% respectively. While both segments have lowest affiliation with ANP as 2% registered & 1% un-registered. Un-registered have comparatively more percentage than registered affiliation with PMLN, PMLQ & MMA.

Consumption Pattern

Registered beneficiary of BISP consumption pattern shows that 42% of beneficiaries consume the BISP amount on utilities as maximum consumption head and the lowest 2% consumption is for education. Registered beneficiaries mainly focused on utilities than 36% on their kitchen items, 12% spend this amount on their business, 8% people consume BISP amount for medical treatment & medicines and lowest 2% spend the amount on education of their family dependent.

Hardship Level Before BISP

Report brings out that no one beneficiary was facing hardship before BISP as excellent and good. The analysis shows that 90% beneficiaries were in very bad shape before the BISP enrolment, 9% were in a bad shape and remaining 1% disclosed that their state of economic affairs were fair.

Level of Better Off

The survey data analysis indicates that 77% respondent beneficiaries have said that they have felt a slight improvement in their economic hardships after BISP enrolment and getting the payment transfer and not a single person has reported that their economic hardships has been highly improved after registration with BISP. The analysis shows that 13% have stated that they have not felt any improvement after registration with BISP. Only 8% responded that they have improved and 2% said that their improvement is of satisfactory level.

Why Not Registered

Report disclosed that main reason of not registered is HI score which calculated as 37%. POL affiliation is secondly main reason of not registration which is 28%. 17% don't know the reason of not registration while 18% unable to respond

Conclusion

The program is being run for the sole benefit of the needy & vulnerable poor of the country. The evaluation and data analysis results show that there is ample evidence that shows the worthiness of this program. It has greatly touched the negative impacts of the inflation on the poor but it has been able to show some grey lines of hope that the poor would one day be enabled enough to come out of poverty's vicious cycle. However we don't see the end of this program and how long the needy would be given this cash transfer. The graduation strategy of the program is not very clear as how it would help the extreme poor to jump into safe bracket viz-a-viz the current economic situation prevailing in the country. The payment mechanism also has pitfalls and need improvement as in one particular month the rate of delivered money orders was only 17%. There is also immense evidence while comparative analysis of those getting money and those not getting money while having same characteristics. The anomalies may also be given due attention and be rectified at the earliest as this may lead to frustration among the masses.

The Government has taken initiative very well but looking at the economic situation and availability of financial resources, besides the capacity and technical issues in designing, targeting & implementation, the problem is huge.

Policy Measures and Recommendations

1. The program doesn't see any end and perpetual continuation of such a program without meaningful and sustainable results seems inconvenient. Hence the study strongly recommends that this program should be conditional such as to education, as without putting certain conditions to this program sustainable results are not possible.
2. The study results strongly recommend taking seriously the graduation strategy of the program. This is the right time to come up with the final strategy, further it would be good exercise to implement this strategy as a pilot project in some parts of the country before a rolling out the final version of the strategy. This would help the strategy flawless and all bottlenecks would be removed by the time the appropriate

strategy is ready to roll out nationwide. This strategy should be well planned and would bring sustainable future for the poor.

3. The PMT is well designed but still have a flaw, as it is not following a multidisciplinary approach. Therefore there are chances of Type 1 error. To remove that we must give another thought to it and made it on multidiscipline basis.

4. Currently we are facing hyper inflation and it has also impacted negatively on the amount of cash transfer to the vulnerable. The inflation has eaten up almost 27% of the total amount of Rs1000/- so far and now in real terms people are getting only Rs.730/ per month. The government which initially has thought of provisioning of basic necessities like flour, pulses or similar eatable items through BISP is now becoming a dream. The estimated lasting days against the amount of Rs.1000/- have been eroded now. Therefore the government should raise this amount to PKR.1500/month to enable the poor to come out of poverty instead getting the cash and still remains in poverty.

5. The program is federally administered which is against the devolution of power and provincial autonomy. Further, the survey and implementation of the program is not being done uniformly. Some areas are included earlier while some are still waiting to be surveyed. The provinces may have implemented it more quickly and poverty stricken areas might get earlier surveyed. By this strategy the most vulnerable could be reached much earlier before the lots of damage is done to their lives.

6. All SSN programs (containing some form of Cash Transfers) currently running under various names should have some synchronizing mechanism to avoid double counting. All these programs including Zakat, Pakistan Baitul Maal & BISP should be under one organizational management control. This would greatly help in reducing the cost of operations and it would help in utilizing the skills and expertise of all these separate entities to better target and achieve the role of poverty alleviation in general.

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