



# Technical Assistance Report

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Project Number: 45233-004  
Transaction Technical Assistance (TRTA)  
December 2020

## Islamic Republic of Pakistan: Preparing the Integrated Social Protection Development Program

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Asian Development Bank

## **CURRENCY EQUIVALENTS**

(as of 6 November 2020)

Currency unit	–	Pakistan rupee/s (PRe/PRs)
PRe1.00	=	\$0.0062
\$1.00	=	PRs159.4

## **ABBREVIATIONS**

ADB	–	Asian Development Bank
BISP	–	Benazir Income Support Program
CCT	–	conditional cash transfer
COVID19	–	coronavirus disease 2019
PAP	–	program action plan
RBL	–	results-based lending
TA	–	technical assistance
UCT	–	unconditional cash transfer

## **NOTES**

- (i) The fiscal year (FY) of the Government of Pakistan ends on 30 June. “FY” before a calendar year denotes the year in which the fiscal year ends, e.g., FY2019 ends on 30 June 2019.
- (ii) In this report, “\$” refers to United States dollars.

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## TRANSACTION TECHNICAL ASSISTANCE AT A GLANCE

<b>1. Basic Data</b>		<b>Project Number:</b> 45233-004
<b>Project Name</b>	Preparing the Integrated Social Protection Development Program	<b>Department/Division</b> CWRD/CWPF
<b>Nature of Activity</b>	Project Preparation	<b>Executing Agency</b> Benazir Income Support Program
<b>Modality</b>	Regular	
<b>Country</b>	Pakistan	
<b>2. Sector</b>	<b>Subsector(s)</b>	<b>ADB Financing (\$ million)</b>
✓ Public sector management	Public expenditure and fiscal management	0.19
	Social protection initiatives	0.19
Education	Pre-primary and primary - social protection initiatives	0.19
Health	Nutrition	0.19
	<b>Total</b>	<b>0.76</b>
<b>3. Operational Priorities</b>	<b>Climate Change Information</b>	
✓ Addressing remaining poverty and reducing inequalities	GHG Reductions (tons per annum)	0
✓ Accelerating progress in gender equality	Climate Change impact on the Project	Low
✓ Strengthening governance and institutional capacity	<b>ADB Financing</b>	
	Adaptation (\$ million)	0.00
	Mitigation (\$ million)	0.00
	<b>Cofinancing</b>	
	Adaptation (\$ million)	0.00
	Mitigation (\$ million)	0.00
<b>Sustainable Development Goals</b>	<b>Gender Equity and Mainstreaming</b>	
SDG 1.3	Gender Equity (GEN)	✓
SDG 2.2	<b>Poverty Targeting</b>	
SDG 4.1	General Intervention on Poverty	✓
SDG 5.c		
SDG 10.4		
SDG 16.6		
<b>4. Risk Categorization</b>	Complex	
<b>5. Safeguard Categorization</b>	Safeguard Policy Statement does not apply	
<b>6. Financing</b>		
<b>Modality and Sources</b>	<b>Amount (\$ million)</b>	
<b>ADB</b>	<b>0.75</b>	
Transaction technical assistance: Technical Assistance Special Fund	0.75	
<b>Cofinancing</b>	<b>0.00</b>	
None	0.00	
<b>Counterpart</b>	<b>0.01</b>	
Government	0.01	
<b>Total</b>	<b>0.76</b>	
<b>Currency of ADB Financing:</b> US Dollar		



## I. THE PROPOSED PROJECT

1. Pakistan, the world's fifth-most populous country, is a lower-middle-income country with a gross national income per capita of \$1,383 in 2019. The country faces severe poverty challenges. While the poverty rate fell from 36.8% in 2011 to 24.3% in 2016, 24.3% of the population (or around 50 million people) live below the national poverty line. In addition, another 20 million people are near poor and highly vulnerable to shocks that could pull them below the poverty line. Persistent cycles of low human capital investment, especially for women, and poor health outcomes are the main factors behind this chronic intergenerational poverty and continued gender inequality.<sup>1</sup> Despite its lower-middle-income status, Pakistan remains one of the lowest performers in human capital development in South Asia. Health outcomes in Pakistan remain poor, with one of the highest maternal mortality ratios in the region at 178 per 100,000 live births. It ranks third in global stunting and wasting and has the highest stunting rate in South Asia—about 45% of children under five are stunted. Health care expenditure remains a critical risk factor for keeping people in poverty or pulling people into poverty. Out-of-pocket health care expenditure, for example, accounts for two thirds of all health care expenditure in Pakistan. In addition, almost 23 million children are out of school and only about half of the population has completed primary education. Net enrollment rates for lower and higher secondary education remain low at 49% and 31% respectively. Only 12% of Pakistan's youth graduate beyond grade 12.<sup>2</sup> Spending on health, nutrition and education is 3.0% of Pakistan's gross domestic product, lower than most countries in Asia. This situation has worsened as a result of the coronavirus disease 2019 (COVID-19) pandemic and the subsequent pressure on the public health system, as well as the economic slowdown and loss of incomes and jobs. Since the onset of the pandemic, there is a high likelihood that the poverty trend could be reversed in the future.

2. The COVID-19 pandemic has amplified the need to improve, expand, and scale-up the coverage and financial assistance provided under Pakistan's social protection programs, including the Benazir Income Support Program (BISP). BISP, Pakistan's flagship social protection program and one of South Asia's largest safety net initiatives, was established in 2008 as an autonomous organization to provide financial assistance to the poor through the implementation of targeted programs to reduce poverty and promote equitable distribution of economic resources. These include an unconditional cash transfer (UCT) program, called *Kafaalat*, to provide a financial cushion for the poor and improve household nutritional consumption, and a conditional cash transfer (CCT) program, called *Waseela-e-Taleem*, to incentivize enrolment of children from beneficiary families into primary schools. In 2019, the government launched its social protection and poverty alleviation program, *Ehsaas*, to create a comprehensive welfare state.<sup>3</sup> Its main pillars include: (1) addressing elite capture and making the government system work for equality, (2) safety nets, (3) human capital development, and (4) jobs and livelihoods. BISP supports pillar 2, which support cash transfer and poverty graduation programs. BISP is also expanding its support to pillar 3, with CCTs for education, health, and nutrition being explored. In addition, the government, with support from development partners, has also been utilizing BISP to counter the detrimental impacts caused by COVID-19.

3. The Asian Development Bank (ADB) will maintain support for social protection and poverty alleviation to build the resilience of vulnerable families and individuals in Pakistan. ADB is assessing the viability of a \$300 million results-based lending (RBL) program to provide further women-focused support to *Ehsaas* for system strengthening and improved governance, and

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<sup>1</sup> ADB. Forthcoming. *Islamic Republic of Pakistan: Country Diagnostic Study*. Manila.

<sup>2</sup> <https://pakistangrowthstory.org/2016/12/11/understanding-and-responding-to-disadvantage-in-education/>

<sup>3</sup> Government of Pakistan, Prime Minister's Office. 2019. *Ehsaas: Prime Minister's Policy Statement*. Islamabad.

human capital development. The indicative program scope will include: (i) institutional and organizational capacity for social protection under UCT and CCT strengthened, (ii) CCT for primary education expanded; and (iii) the design and implementation of pilot CCT for nutrition evaluated. The impact of the program is aligned with *Ehsaas* to “*alleviate poverty, reduce inequality and achieve inclusive and sustainable human capital development*”. The outcome will be “*increased social protection coverage and access to education, health services and nutrition requirements for poor households*”. The overall *Ehsaas* expenditures are estimated to be \$5.6 billion from FY2020 to FY2024. The proposed RBL program (FY2021–FY2024) is estimated to cost \$1.3 billion, among which ADB loan will contribute \$300 million (23.1%) through ADB’s ordinary capital resources (regular loan). The proposed RBL program and transaction technical assistance (TA) are aligned with (i) ADB’s Strategy 2030, which emphasizes addressing remaining poverty by supporting social protection, reducing gender inequalities and strengthening governance and institutional capacity;<sup>4</sup> (ii) pillar 2 from the forthcoming country partnership strategy, 2021–2025, that is, building resilience by strengthening human capital and social protection;<sup>5</sup> (iii) the forthcoming country operational business plan, 2021–2023;<sup>6</sup> and (iv) ADB’s Social Protection Operational Plan, 2014–2020. A transaction technical assistance (TA) is required to prepare the RBL program. The due diligence work and assessments to be conducted under the TA include: (i) the design of the RBL program; (ii) the soundness of BISP’s investment program, results and links with disbursements under the RBL program, expenditures and financing, and implementation arrangements; (iii) fiduciary and financial management systems; (iv) safeguard systems (environmental, social, gender and climate change); (v) procurement systems; (vi) monitoring and evaluation systems, and (vii) lessons learned from implementation of previous ADB engagement. As a result of the assessments, a program action plan (PAP) will be developed, including strengthening of BISP staff capacity. A program result framework and matrix will also be prepared with clear result indicators, including those to be chosen as disbursement-linked indicators. The TA will commence activities in December 2020 and be completed by December 2021.<sup>7</sup>

## II. THE TECHNICAL ASSISTANCE

### A. Justification

4. The proposed program will be financed under the RBL modality which supports government-owned sector programs, and links disbursements directly to the achievement of program results. The TA is required to conduct due diligence as required for the RBL modality, prepare the preliminary design of the program and assess the scope and scale for cofinancing and partnerships. The design of the RBL program include ex ante assessments of the program and its systems, aligning the results framework with the government’s overall strategy in the sector, and identification of measures and actions for systematic institutional development. The TA will assess the soundness of the government’s comprehensive social protection and poverty alleviation program, *Ehsaas*, and its suitability as the basis for the proposed RBL program.

5. The TA will: (i) conduct sector and institutional analysis; (ii) undertake fiduciary (financial management, procurement, and anticorruption), safeguard (social and environmental), and expenditure framework, poverty, social, and gender assessment, results framework and

<sup>4</sup> ADB. 2018. [Strategy 2030: Achieving a Prosperous, Inclusive, Resilient, and Sustainable Asia and the Pacific](#). Manila.

<sup>5</sup> ADB. Forthcoming. *Pakistan Country Partnership Strategy 2021-2025*. Manila.

<sup>6</sup> ADB. Forthcoming. *Pakistan: Country Operations Business Plan (2021–2023)*. Manila.

<sup>7</sup> The TA can be further tapped on for attracting supplementary financing, if needed, to support capacity building during the RBL program implementation.



development coordination, and program soundness assessments; (iii) conduct due diligence on legal and institutional arrangements; (iv) prepare detailed program deliverables and costing, including disbursement-linked indicators; (v) prepare integrated risk management plan; (vi) identify institutional and capacity gaps for the implementing agency and stakeholders and prepare a program action plan (PAP); (vii) prepare the program implementation document; and (viii) recommend technical and system improvements to the government program.<sup>8</sup>

## B. Outputs and Activities

6. The major outputs and activities are summarized in Table 1.

**Table 1: Summary of Major Outputs and Activities**

Major Outputs	Delivery Dates	Key Activities with Milestones
1. Sector and institutional analysis report prepared	April/May 2021	1.1 Stakeholder analysis and consultations 1.2 Sector and subsector assessment 1.3 Institutional assessment for the EA and IA 1.4 Prepare development coordination matrix
2. RBL program scope and boundary defined	May 2021	2.1 Assess the relevance, adequacy and appropriateness of the government's national program and its implementation arrangements 2.2 Define subproject's eligibility criteria for the proposed program 2.3 Define the program boundary and results framework (including the DMF outcomes and outputs, and other results)
3. Due diligence reports prepared	May 2021	3.1 Conduct assessment of fiduciary system, identify fiduciary risks, program's ability to manage the risks, and provide reasonable mitigation measures <sup>a</sup> 3.2 Assess the program environment safeguard system in accordance with RBL guidance and develop action plans to address the gaps and recommend measures 3.3 Conduct social, gender and poverty reduction assessment. Assess the government's program from gender and social perspective and identify impacts on the poor and vulnerable 3.4 Conduct due diligence and prepare program safeguards system assessment for involuntary resettlement 3.5 Review existing monitoring and evaluation systems and propose enhancement measures
4. Integrated risk assessments mitigating measure matrix prepared	May 2021	4.1 Conduct risk assessment for the program and prepare a matrix with risk mitigation measures
5. Expenditure framework and financing plan prepared	May 2021	5.1 Examine appropriateness of result framework and the program contribution to national program results 5.2 Identify and prepare a schedule of DLIs and define process indicators 5.3 Identify gaps and risks and develop a program monitoring and evaluation system

<sup>8</sup> Technical: standards and strategy, expenditure and financing framework, results and links with disbursements. Systems: monitoring and evaluation, fiduciary, safeguards, and human resources management.

Major Outputs	Delivery Dates	Key Activities with Milestones
6. Program action plan and project implementation document prepared	May 2021	6.1 Prepare program action plan and program implementation document
7. Prior results assessment supported (if any)	December 2021	7.1 Support the assessment of the achievement of prior results, if any

DLI = disbursement-linked indicators, DMF = design and monitoring framework, EA = executing agency, IA = implementing agency, RBL = results-based lending.

<sup>a</sup> Internal control, fund flow, accounting and financial reporting, independent audit, anticorruption risk assessment and fraud and corruption risk assessment.

Source: Asian Development Bank.

### C. Cost and Financing

7. The TA is estimated to cost \$757,000 equivalent, of which \$750,000 will be financed on a grant basis by ADB's Technical Assistance Special Fund (TASF 6). The detailed cost estimates are presented in Appendix 1. The government's contribution is estimated at \$7,000. The government's support will be in the form of counterpart staff, office space where available, communication facilities for consultants, data sources, and other in-kind contributions. The government is informed that approval of the TA does not commit ADB to finance any ensuing program or project.

### D. Implementation Arrangements

8. ADB's Public Management, Financial Sector, and Trade Division of the Central and West Asia Department will administer the TA and select, supervise, and evaluate consultants; procure goods and services; and organize workshops. ADB's Social Sector Division and Pakistan Resident Mission of the Central and West Asia Department will assign staff to support TA management and implementation. BISP will be the executing and implementing agency. To promote local participation and commitments, the TA will follow participatory consultation with a wide range of stakeholders to finalize the design of the program and complement the activities of other development partners active in the sector.

9. The implementation arrangements are summarized in Table 2.

**Table 2: Implementation Arrangements**

Aspects	Arrangements		
Indicative implementation period	December 2020 – December 2021		
Executing agency	Benazir Income Support Program		
Implementing agency	Benazir Income Support Program		
Consultants	To be selected and engaged by ADB		
	Individual: individual consultant selection	International expertise (26 person-months) National expertise (26 person-months)	\$665,000
Procurement	To be procured by consultants or executing agency		
	Request for Quotation	Equipment, workshops, small office supplies, and outreach	\$15,000

Aspects	Arrangements	
		media services (video).
Disbursement	The TA resources will be disbursed following ADB's <i>Technical Assistance Disbursement Handbook</i> (2020, as amended from time to time).	
Asset turnover or disposal arrangement upon TA completion	Equipment purchased under the TA will be transferred to the executing agency upon TA completion.	

ADB = Asian Development Bank, TA = technical assistance

Source: Asian Development Bank.

10. **Consulting services.** ADB will engage the consultants following the ADB Procurement Policy (2017, as amended from time to time) and its associated project administration instructions and/or staff instructions. The TA will finance approximately 26 person-months of international consultant inputs and 26 person-months of national consultancy services from a total of 15 consultants, to be engaged individually. Lump-sum payments and/or output-based contracts will be considered for consulting services under the TA when appropriate.<sup>9</sup> The TA consultant will support the preparation of the design of the proposed program and the following assessments:

- (i) **Program Soundness.** The consultants will assess the program soundness and analyze strengths and weaknesses of institutional framework, program budget and expenditure framework, including governance and capacity assessment of BISP, implementing partners such as the Department of Education and the Department of Health and Nutrition under the provincial governments of the selected districts (on CCT) and the Pakistan Poverty Alleviation Fund, and other key agencies involved in the sector and in the implementation of *Ehsaas*. Based on the findings, the consultants will design the RBL program focusing on results.
- (ii) **Technical.** Consultants will be engaged to assess the technical capacity of BISP and implementing partners in planning, designing, implementing and monitoring RBL program objectives, that is, (i) institutional and organizational capacity for social protection under UCT and CCT strengthened, (ii) CCT for primary education expanded; and (iii) the design and implementation of pilot CCT for nutrition evaluated. The consultants will identify capacity gaps, prepare a capacity development plan to establish a robust community-based management practices for improving key stakeholders technical capacity at the local level.
- (iii) **Economic analysis.** The consultants will assess the cost-efficiency of the program including the economic rationale; appropriateness of the design standards; demands and prioritization criteria; adequacy and cost efficiency of selected technical options; and complementary measures to maximize the investment impact, including operation and maintenance of BISP systems.
- (iv) **Expenditure, financing, and fiduciary.** The consultants will assess the program's fiduciary systems and identify risks and recommend measures to improve the program's efficiency, effectiveness, adequacy, and sustainability. The consultants will assess and confirm the adequacy of the RBL to complete the program activities. The consultants will also assess the procurement and project administration capacity assessment of the program's implementing partners, the Department of Education and Department of Health and Nutrition under the Provincial Governments of the selected districts and the Pakistan Poverty Alleviation Fund. The overall output will be a fiduciary systems assessment and a procurement system assessment, which will assess financial management, procurement and

<sup>9</sup> Terms of Reference for Consultants (accessible from the list of linked documents in Appendix 2).

corruption risks and recommend mitigating measures, including capacity-development activities for inclusion in the PAP with clear results and monitoring mechanisms.

- (v) **Safeguards and Gender.** The consultants will conduct poverty, social, and gender analysis to identify social benefits and measures to increase equity in access to BISP services. The consultants will also conduct due diligence and prepare a program safeguards system assessment for involuntary resettlement safeguards. Consultants will also be engaged to assess the program environment safeguard system in accordance with RBL guidance and develop action plans to address the gaps and recommend measures for using the national environmental regulations in accordance with the principles of ADB's Safeguard Policy Statement (2009). A screening checklist will be prepared to ensure category A activities for involuntary resettlement and environmental safeguards are screened out.
- (vi) **Results, links with disbursement, and monitoring and evaluation.** The consultants will assess the monitoring and evaluation system of BISP and identify gaps. Based on the assessment, the consultants will design an effective monitoring and evaluation system, link outputs and outcomes to disbursements, and PAP. For ensuring smooth program implementation, the consultant will prepare an integrated risk assessment and management plan.

## **E. Governance**

11. The TA will review *Ehsaas* and recommend measures to reinforce and strengthen the BISP's system for delivery of social protection and poverty alleviation services, building on sound fiduciary system, creating accountability across all tiers of the system, fostering joint efforts among key stakeholders, and promoting sound environmental and social management practices. The TA will conduct social and poverty analysis to ensure public engagement and participation of women and the vulnerable so that they benefit from the proposed program. The TA will provide support for due diligence on fiduciary system to ensure financial sustainability and value for money of the investment and create a platform for efficient resource allocations at the local level.

**COST ESTIMATES AND FINANCING PLAN**  
(\$'000)

Item	Amount
<b>A. Asian Development Bank<sup>a</sup></b>	
1. Consultants	
a. Remuneration and per diem	
i. International consultants	471.0
ii. National consultants	194.0
b. Out-of-pocket expenditures	
i. International and local travel	38.0
2. Surveys	10.0
3. Workshops, training, seminars, and conferences	10.0
4. Equipment <sup>b</sup>	5.0
5. Miscellaneous administrative and support costs <sup>c</sup>	2.0
6. Contingencies	20.0
<b>Total</b>	<b>750.0</b>

Note: The transaction technical assistance (TA) is estimated to cost \$757,000, of which contributions from the Asian Development Bank are presented in the table above. The government will provide counterpart support in the form of counterpart staff, office spaces, and other in-kind contributions. The value of government contribution is estimated to account for 1% of the total TA cost.

<sup>a</sup> Financed by the Asian Development Bank's Technical Assistance Special Fund (TASF 6).

<sup>b</sup> Equipment purchased under the TA will be transferred to the executing agency upon TA completion. Key equipment to be procured under the TA include computers and a photocopy machine.

<sup>c</sup> Includes interpretation and translation services.

Source: Asian Development Bank estimates.

**LIST OF LINKED DOCUMENTS**

<http://www.adb.org/Documents/LinkedDocs/?id=45233-004-TARreport>

1. Terms of Reference for Consultants.