

Pakistan
Benazir Income Support Programme
Zeba Ke Kahani

Background

The Government of Pakistan launched the Benazir Income Support Programme (BISP) in July 2008. BISP originated in the face of rapid food price inflation, during which food, grain and fuel prices reached a 30-year high. BISP's long-term objectives included meeting the targets set by Sustainable Development Goals (SDGs) to eradicate extreme and chronic poverty and empowerment of women. The program had an immediate objective of consumption smoothing and cushioning the negative effects of slow economic growth.

The BISP architecture was designed to keep women at the center of the process, as it was envisioned that women's economic empowerment would set a direct path towards poverty alleviation. This started by making CNIC (NADRA's Computerized National Identity Card) a mandatory prerequisite for disbursement, giving the woman beneficiaries the right to vote. It is believed that by disbursing cash to the women increases their mobility, brings a sense of financial dignity in the family, and most importantly places the woman of the household in the driver's seat to making financial decisions for savings and food and nutrition for the family.

BISP currently has over 5.4 million active beneficiaries who receive unconditional quarterly payments of PKR 4,834 (~US\$36). In addition, BISP also has four complementary conditional cash transfer components for its existing beneficiaries:

- Waseela-e-Taleem (Primary Education) aims to encourage beneficiary families with children aged 5 to 12 years to send their children to school.
- Waseela-e-Rozgar (Technical & Vocational Training) aims to empower beneficiaries to become economically independent through demand-driven vocational skill and technical education.
- Waseela-e-Haq (Microfinance) aims to break the cycle of poverty through provision of interest-free loans of PKR 300,000 (~US\$2,500) to a randomly selected beneficiary from each commune. The selection of these families was through computerized transparent balloting, however this program is no longer active.
- Waseela-e-Sehat (Life & Health Insurance) aimed to protect beneficiaries from economic consequences of health shocks and catastrophic illnesses by providing health insurance. The pilot started in one district of Faisalabad offering insurance coverage to all beneficiaries of a maximum of PKR 25,000 per annum per family.

BISP started its funds distribution through Pakistan Post in the form of money orders. In order to remove delays in delivery through post offices, eliminate leakages, achieve transparency, enable real-time reconciliation and include the beneficiaries in formal financial sector, BISP launched multiple digital disbursement channels over time. Currently there are 6 financial institutions which are providing disbursement services for BISP. These include: Bank Alfalah Ltd., Telenor Microfinance Bank (previously Tameer Microfinance Bank), UBL Bank, Summit Bank, HBL Bank and Sindh Bank.

The majority of disbursements (94%+) are taking place through Benazir Debit Cards (BDC). BISP also introduced the BVS (Biometric Verification System) disbursement mechanism in 2016. It is expected that by the introduction of BVS disbursement, a number of issues related to BDC (card replacement, PIN reissuance, etc.) will be resolved. An estimated 35% to 40% of the disbursement now takes place through BVS mechanism and it is estimated that the 90%+ disbursement through BVS will be achieved by the end of 2019.

The introduction of DFS channels, especially BVS, brought numerous benefits for BISP and the beneficiaries. It was believed that in many cases the BDC & PIN of the women beneficiaries were obtained by the male family members or the powerful men of the area/village, who then deprived the beneficiaries of their payment. With the introduction of BVS, the disbursement can now only be withdrawn by the beneficiary herself.

Although there have been various advantages of the technological rollout of disbursement processes, it also created a number of constraints for the beneficiaries.

- BISP opened limited mandate accounts (LMA) for the beneficiaries to receive their quarterly tranche. The LMA is a withdrawal-only account, where the beneficiary cannot perform any transaction except cash withdrawal from an ATM or agent POS machine. Though these accounts enabled minimal financial inclusion, beneficiaries are prevented from accessing other financial services from the banks (i.e. savings products, loans, etc.). Even further, if the beneficiary doesn't withdraw the money within 30 days of disbursement, the LMA allows the disbursing bank to remove the funds from beneficiary's account and transfer it back to BISP. As a result, LMA prevents beneficiaries from using the accounts as a formal savings instrument.
- As the women recipients are largely illiterate or partially-literate, they lack technical knowledge to use mobile phones, BDC and ATM machines. After the launch of BDC card, fraudulent activities started to take place. Touts would appear outside ATMs on disbursement days and offer cash withdrawal services against a service fee or commission. The women beneficiaries would often hand over their BDC card and PIN to the touts, who would then scam the beneficiary with partial payment or confiscating the card for

future use. There were also a high number of instances where people started to scam the beneficiaries by purchasing the BDC card & PIN from the beneficiaries at a premium amount. The beneficiaries, not realizing that the card is reusable in the future, got deprived of subsequent BISP tranches.

- Beneficiaries also faced major hurdles in the replacement of BDC cards. The beneficiaries did not understand what to do in the event of the card being lost or stolen. Consequently, beneficiaries were deprived of payments before they could report to BISP officials. Even further, having no KYC information available to the beneficiary, it was a hassle to get a new BDC card reissued, get PIN reset or to get card unblocked.

Program Overview

The World Bank in collaboration with UKAID/DFID and Pakistan Microfinance Network (PMN) initiated a project on financial literacy in 2012, called Zeba Ke Kahani. The overall objective of the project was to enhance financial literacy and inclusion among beneficiaries of government-to-person (G2P) cash transfer programs. Two G2P projects were initially included in the program, namely BISP and the Citizen Damage Compensation Program (CDCP), which targeted populations affected by the 2010 floods.

The pilot included development of the financial literacy course material, capacity building of the master trainers who would implement these courses, and a limited launch in 4-5 districts of the country. The budget for the pilot phase of US\$400,000, and was funded by the World Bank.

As part of the pilot, the training course material was developed by PMN. Aurat Foundation (a not for profit women's right organization) was selected for social mobilization efforts and to train the beneficiaries. Initially around 150 master trainers were trained, these included BISP officials, partner disbursing financial institutions, NADRA and Aurat Foundation. During a 'train the trainer' exercise, stakeholders were given online training of almost 10 hours. After successfully completing the online training, the master trainers went through 3 days of in-person trainings.

The training included educating the beneficiaries about their financial health, household financial behavior, credit absorption capacity, how to conduct financial transactions and knowledge about the financial products & services available to them. The training included:

- Benefits and process of opening a bank account/mobile wallet
- Rights and responsibilities of account holders
- Financial services
 - Debunking myths related to financial institutions
 - Services available at the financial institutions
- Managing financial needs

- Managing money on day-to-day basis
- Build savings over long term
- Making a monthly home budget (i.e. grocery, utility bills, etc.)
- Transactional trainings
 - Features of ATM/Debit Card
 - Use of ATMs
 - Use of POS
 - Cash Withdrawal
 - Purchase of goods

Ultimately, the program aimed to ensure BISP recipients learned to use cash transfers more effectively, and thereby develop an interface with the formal financial system. The project concluded after the pilot phase, was never evaluated, and was not able to scale due to lack of funding. The Trust Fund allocated for the countrywide launch of the training, funded & managed by UKAID/DFID, had expired by the time pilot phase had completed and was not renewed.

Program Outcomes

The program outcomes can be summarized along the four dimensions of the analytical framework.

Effectiveness

While the training was never evaluated, one notable aspect of the program was the topics included. These ranged from the benefits and process of opening a bank account/mobile wallet to transactional trainings (use of ATMs/POS), addressing the digital illiteracy of the beneficiaries. In addition, the training included “debunking myths” and some basic management of household finances.

Efficiency

The training pilot included BISP field officers as “master trainers,” however it is unclear if the rollout of the program would have leveraged existing structures of the G2P program. Overall, the model appears to be fairly high-cost, which may be a contributing factor to why it was never funded for roll-out.

Scale

Similarly, the fact that the training was never rolled out (nor is information about the number reached through the pilot available) does not indicate strong results in terms of ability to scale.

Environment

The fact that neither BISP, nor the payment service providers, saw a role for training beneficiaries, is indicative of the overall supporting structures in place. Further, the fact that the payments are made through a Limited Mandate Account, allowing only withdrawals and no long-term store of value, does not promote the financial inclusion of beneficiaries, despite the fact that it is a stated objective of the G2P program.

Alignment with the Principles

The program learnings support the principles in several ways:

1) Create an enabling environment through committed stakeholders

Despite having a National Financial Inclusion Strategy, a Nationwide Financial Literacy Program, and financial inclusion as a stated objective of the Benazir Income Support Programme (BISP), financial training has not been a priority for the G2P program. The only significant attempt to implement financial training for the recipients was through a pilot project in 2012, which was neither led nor funded by the government.

2) Prioritize three essential components of capacity building

The “Zeba ke Kahani” pilot did include many of the essential components, including the benefits and process of opening a bank account/mobile wallet, rights and responsibilities of account holders, debunking myths related to financial institutions, managing financial needs and transactional trainings (ATM, POS). However, given the fact that the training was never rolled out, it is impossible to know whether it would have achieved the learning outcomes.

3) Embed capacity building into the G2P program delivery model

Aurat Foundation (a not for profit women’s right organization) was selected for social mobilization efforts and to train the beneficiaries. Some BISP officials were trainers as master trainers, however the training was not envisioned to be embedded in BISP, which has no training department.

4) Engage recipients through teachable moments along the user journey

At the time of onboarding, women beneficiaries were given a pictorial leaflet in Urdu language displaying the process to use the debit card. In addition, BISP field officers would verbally explain the withdrawal process or play small clips on their monitors which provided very high level instructions about usage of ATM machine. However, no additional information or training was provided at any other touch points along the user journey.

Appendix 1: List of Individuals Interviewed

- Noor Rehman Khan, Additional Director General, BISP
- Quanita Ali Khan, World Bank
- Rehan Akhtar, Director DFS, Karandaaz Pakistan
- Tughral Ali, Head – Branchless Banking, FINCA Pakistan
- Jaffar Jassim, Head of Research, Pakistan Microfinance Network (PMN)
- Maida Zaffar, Social Responsibility Analyst, Pakistan Microfinance Network (PMN)
- Yasir Riaz, Head – G2P Payments, Bank Alfalah Ltd
- Fazal Ahmad, Regional Manager – Financial Services, Telenor Pakistan / Telenor Microfinance Bank