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3rd INTERNATIONAL
CONFERENCE
ON RESEARCH
& LEARNING

Beyond ACTION,
towards
TRANSFORMATION

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Pakistan Poverty Alleviation Fund

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ACRONYMS

AJK	Azad Jammu & Kashmir
AKRSP	Agha Khan Rural Support Programme
AVI	Audio Video Interleave
BISP	Benazir Income Support Programme
CEO	Chief Executive Officer
CIF	Community Investment Fund
CRP	Community Resource Persons
CNIC	Computerized National Identity Card
CO	Community Organization
CPEC	China Pakistan Economic Corridor
DFID	Department for International Development
FAO	Food and Agriculture Organization
GB	Gilgit Baltistan
GDP	Gross Domestic Product
GEM	Global Entrepreneurship Monitor
ICRL	International Conference for Research & Learning
IFAD	International Fund for Agricultural Development
IT	Information Technology
LSE	Lahore School of Economics
LSO	Local Support Organization
LUMS	Lahore University of Management Sciences
MMO	Mutual Marketing Organizations
NRSP	National Rural Support Programme
PIDE	Pakistan Institute of Development Economics
PO	Partner Organization
PPAF	Pakistan Poverty Alleviation Fund
RCT	Randomized Control Trial
RSP	Rural Support Programme
SMEs	Small Medium Enterprises
SOPs	Standard Operating Procedures
TTO	Third Tier Organization
UCT	Unconditional Cash Transfer
UN	United Nations
UNICEF	United Nations Children's Fund
VDP	Village Development Plan
VO	Village Organization
VSO	Village Support Organization

INTRODUCTION

Pakistan Poverty Alleviation Fund (PPAF) is an apex institution that serves the most disadvantaged households and communities by developing and implementing core poverty alleviation initiatives that facilitate access to resources and opportunities to the poorest households. PPAF acts as a platform and facilitator for grassroots development, independent of the government, with sufficient resources to back its approach of a community-based framework. To enable bottom up development through grassroots strengthening of institutions, PPAF has inculcated an inclusive policy framework that targets sustainable and long term growth. It delivers a range of development interventions at the grassroots/community level that include mobilizing communities, livelihood development, access to credit, infrastructure, energy, education, health and disaster management. PPAF encourages elements of civil society to coalesce together and bring together their varied resources and talents to serve the underserved and help people out of the handicap of poverty.

Valuing the importance of research and learning, PPAF commissions independent studies to assess the quality and impact of their work. To better understand how their interventions have led to transforming lives of underserved communities, PPAF held their Third International Conference on Research and Learning titled 'Beyond Action, Towards Transformation' on the 30th and 31st of October in 2019 at Aura Grande in Islamabad. The conferences have been an opportunity for PPAF to showcase some of its high quality external research with a diverse audience to help reflect, grow and improve. This conference allowed participants to discuss issues in a comparative and global context, with the aim of generating knowledge that could bring positive changes in and across the development sector. It presented an opportunity to develop new collaborations that could ultimately translate into more sustainable programmes and policies

The event was attended by PPAF staff, representatives of partner organizations of PPAF, academia, government officials and guests from corporates, embassies, institutes and international development organizations. A majority of the audience (62%) were from think tanks, embassies, corporates and other development agencies while 19% were from PPAF's partner organizations and 12% were academia. 38% of the participants were women.

GUEST CATEGORY

Participation
& Percentage

Academia

13 12%

Government

8 7%

Corporates, embassies, institutes, internal development agencies, others

66 62%

Basic

20 19%

Other than developing further dimensions in knowledge, the purpose of this conference was to assess how PPAF's interventions for the poor have led to transforming lives and communities. This year's event shared outcomes of completed and ongoing studies as well as new initiatives by PPAF that laid the ground for interesting panel discussions. The conference was divided into four sessions:

Session 1

Poverty Graduation

The first session titled 'Poverty Graduation' was a continuation of a study presented in the last conference, specifically, Dr. Imran Rasul's end line research on what form of social assistance has longer term gains for the ultra-poor: asset or unconditional cash transfers. This was followed by a key note address by Dr. Sania Nishtar (Special Assistant to the Prime Minister on Social Protection and Poverty Alleviation) followed by a panel discussion on Imran Rasul's presentation and whether the graduation model is a sustainable route to poverty alleviation.

Session 2

Components of Graduation

The second session explored the 'Components of Graduation', testing variations of the components and how they link together to create the best benefit for households. It included a presentation by Dr. Imran Rasul on his new research study looking at the psycho-social impacts of such programmes, a presentation by Rehan Rafay Jamil which looked at Benazir Income Support Programme (BISP) from a social policy perspective and whether it increases citizens engagement with the state. This was followed by a panel discussion on Small Medium Enterprises (SMEs), the final transformation in the graduation model and the importance of supporting their development.

Session 3

Piloting Innovation

The third session focused on 'Piloting Innovations' highlighted some of PPAF's new innovative projects that boost eco-tourism and digital hubs in rural areas. PPAF stressed that innovations are essential to support their current programming. It also generated a debate on importance of micro, small and medium enterprises in rural economy.

Session 4

Community Governance and Social Capital

The final session on 'Community Governance and Social Capital' put a spotlight on additional findings from Kate Vyborny's research study on Third Tier Organizations (TTO) followed by a panel discussion on the sustainability of these organizations and their ability to create linkages and engage with the local political landscape to generate social capital. It also included a presentation by Dr. Salman Khan on the role of micro enterprises in generating social capital. The final panel discussion looked at transforming social capital in the rural economy, where points on TTOs, their sustainability and role in the rural economy were further debated.

Mr. Qazi Azmat Isa, PPAF's Chief Executive Officer (CEO), made the closing remarks of the conference, thanking everyone for their participation and emphasising the importance of research to PPAF's work and some of the important findings and points that had been made during the presentations and discussions.

WELCOME ADDRESS



Ms. Samia Liaquat Ali Khan

Senior Group Head – Graduation Group

Programme Director – National Poverty Graduation Programme

Pakistan Poverty Alleviation Fund

In the opening address, Ms. Khan welcomed the audience with a special acknowledgement to Dr. Sania Nishtar and PPAF's board members, donors and partners. She said PPAF has focused on research since 2006 and it has had high payoffs in terms of a better understanding of how they can improve on their work. The focus of the research has been on i) ensuring enhanced inclusion of the poorest households, including women and people with disabilities ii) improving their demand driven approach, iii) providing effective and quality based access to basic services and infrastructure, iv) identifying requirements and providing households with financial inclusion and shaping their interventions in deprived and lagging regions that have high levels of poverty.

She proceeded to give a brief overview of previous conferences; starting from the first held in 2014, which showcased study findings from their PPAF III programme with the World Bank that provided essential information on how to improve community

“Development is changing and frankly needs to change ...social impact investments, innovative start-ups in both urban and rural areas, technology as a means to innovate and do good, this is the next generation and we at PPAF want to be at the heart of it”

_Samia Liaquat Ali Khan

mobilisation and grassroots institutions and the role of microfinance and the inclusion of women. They also collaborated with the Lahore School of Economics (LSE) and Kate Vyborny to understand how governance in third tier organisations could be improved. The conference also shared midline results from an IFAD (International Fund for Agricultural Development) targeting the ultra-poor pilot which was part of a larger evaluation of a global study on the effects of asset transfer to ultra-poor households. She recalled it being a breakthrough for PPAF and helped them develop their graduation approach, which is now a key element of the Government's Ehsaas strategy. Not content with just one type of validation, PPAF also moved forward with Dr. Imran Rasul on a second Randomised Control Trial (RCT) to assess whether asset transfers or unconditional cash transfers are more beneficial to poor households over a period of time.

A key focus of the second conference was identifying regions lagging in poverty graduation. She said Kate and her team at the LSE were able to provide insight on governance and inclusion within TTOs which provided PPAF with a better understanding on women and disabled populations within institutions and convinced them to apply mandates for inclusion. This also led to the launch of PPAF's own Tabeer-o-Tameer Fund, with a focus on TTOs in marginalised districts. She expressed her gratitude for

having Dr. Rasul with them again to present the final results from his study, which would show the impact of households four years after they were provided with the initial asset or cash transfer.

Ms. Khan stated that the Third International Conference on Research & Learning is proof on how consistent effort can lead to the kind of transformation PPAF longs to see. It has been ten years since PPAF has been investing in ultra-poor households using the graduation approach and research has strengthened their belief in the work they do as well as the need to continuously learn. It has also opened up other opportunities for PPAF, including supporting the growth of local economies, value chain and Small Medium Enterprises (SMEs).

She concluded by saying she looks forward to spending the next two days with attendees debating, thinking and being inspired so that people return with new ideas and hopes and willing to take up the new opportunities that come before them.



SESSION 1

POVERTY GRADUATION

PRESENTATION:

The Design of Social Protection Programs for the Poor

**Dr. Imran Rasul**

Professor of Economics, University College London, Co-Director Centre for the Microeconomic Analysis of Public Policy, Institute for Fiscal Studies. Research Co-Director, Entrepreneurship Research Group, International Growth Centre, UK

Study Background

Does it matter how social assistance is provided to the poor?

Professor Imran Rasul started by giving a brief introduction of the ongoing collaborative study with PPAF and putting forth the main objective of designing social protection policies for the poor as this is a key debate in developing countries. Having recently completed a 12-year evaluation in Bangladesh on a similar asset transfer graduation programme, (to assess intergenerational impact on ultra-poor households), he noted there had been tremendous gains in terms of a lasting impact on these households.

Throughout this study however, the question always arose whether in cash transfers would have been just as successful in having a long-term impact, and this formed the basis of the study with PPAF, comparing household responses to two different forms of social assistance, asset transfers against unconditional cash transfers (UCT). In the previous conference, Dr. Rasul shared the two-year impact findings and this year he presented the four-year impact of the same study.

The Study

The study sample was taken from 100 villages in southern Punjab, approximately 3000 of the poorest households (with a poverty score card between 0 to 18) were randomly split into three groups; the first were provided a menu of assets and complimentary skills to choose from equivalent to PKR 62000¹. A market assessment is carried out prior to the transfers to determine which types of assets will generate the largest return to households. The second was given the same options including an unconditional cash transfer to use as they pleased. This amount is approximately half the value of the household's annual consumption, about 2/3 of the household heads earnings and 100% of the value of livestock these houses may currently own. The third was the control group to evaluate changes in outcomes over time. Both assets were provided to households, not to individuals in households. The mapping of this study began in 2012 and assets were transferred in 2014, with impacts measured in 2016 and 2018. The characteristics of the households were similar before the intervention. A three-tier survey was conducted at the household, community and market levels to assess the impact of the intervention.

Example of a Village Asset List

Livestock	Retail	Crop Farming	Non-Livestock Production
Goat Raising (One Goat @ 15k)	Grocery Shop (Material up to 50k)	Cultivation of Cotton (Seeds 20k + fertilizer 15k)	Tailoring (Sewing machine 6k + table 4k)
Dairy Farming (One Cow @ 48K)	Fruit Stall (Stall @ 5k + Fruit up to 45k)	Pesticides @ 50k	
Calf Rearing (One Calf @ 25k)	General Store @ 50k		
Fodder @ 50k	Barber Shop @ 35k		
Veterinary Medical Store @ 50k	Carpenter Shop @ 30k		
Animal Breeding Shop @ 40k	Cycle Repairing Shop @ 35k		

¹ Prices are from 2014.

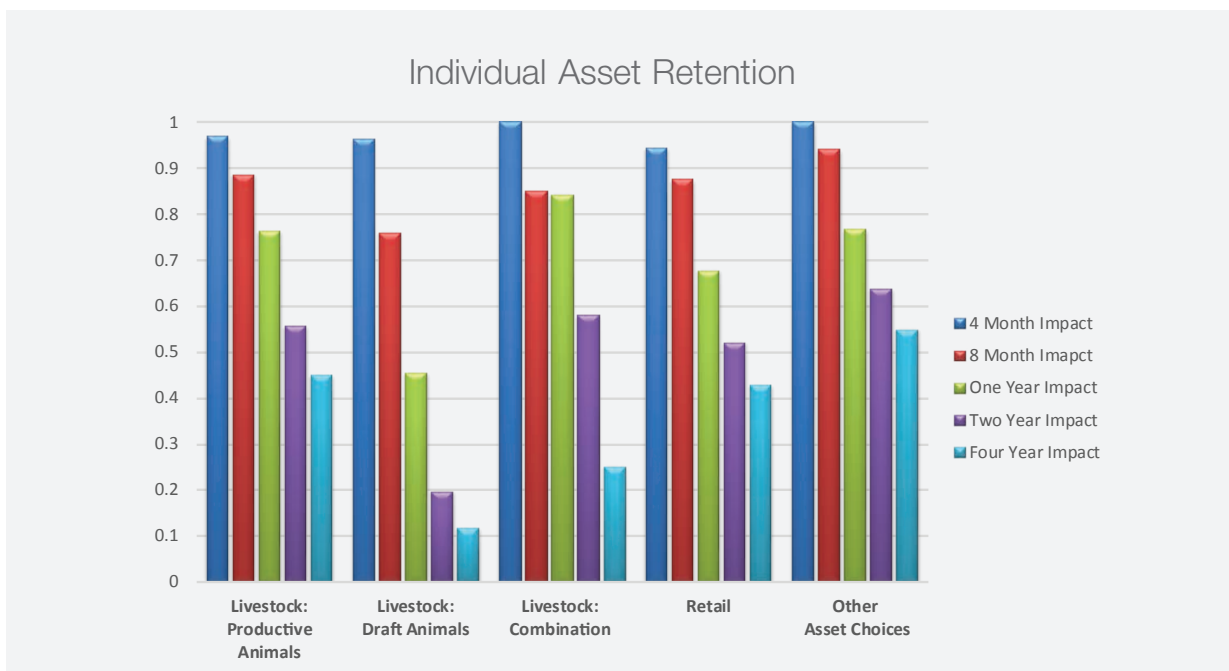
Economic theory suggests that in a perfect market with standard decision-making processes, both kinds of transfers should have the same impact, the standard implication being a household can never do worse with an unconditional cash transfer. Factors that impact differences in returns include market imperfections (such as varying distance and time involvement, different skills and lack of information), decision making differences in households due to differing individual and psychological preferences. Another policy factor is that in-kind transfers are more expensive to implement than unconditional cash transfers as they require more cost to verify individuals and households.

Dr. Rasul said that the impact findings gave interesting insights on how local economies can transform as a result of asset/cash transfers. In the asset transfer group, 75% opted for livestock whereas in the second group, 96% of households opted for the UCT even though 75% said they intended to use the cash for livestock. However, only 47% eventually ended up purchasing livestock. The average price paid for livestock by the second group was the same as that for the in-kind asset transfer group but with a higher variation in prices and quality of livestock.

Findings:

In terms of asset retention, 96% of households from the first group had retained their asset (livestock) 4 months after while 45% continued to retain the same asset four years later.

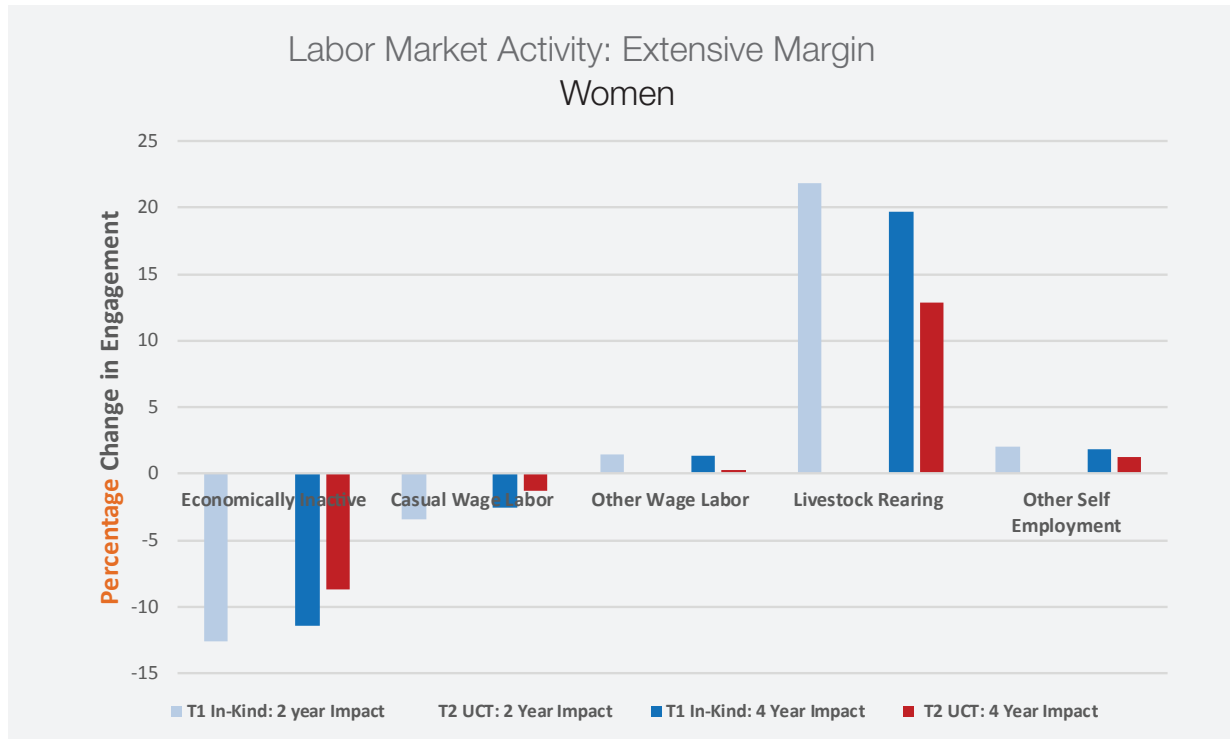
Dr. Rasul said this was an interesting result and suggested the ultra-poor have a long term thought process. For retail assets, there was a slight decline four years later but 40% of households still had them and some had bought more.



When looking at the gender differences on impact on income earned, changes in consumption, savings and investment for both groups, there was an extensive marginal difference for the first group engaged with livestock rearing compared to the second group. The differences were smaller for other types of self-employment.

For the small percentage of households where men were economically inactive before the transfer, unemployment reduced by 2% in both groups. Men were also seen moving away from casual wage labour in both groups two and four years later. Livestock rearing activities were being engaged by 31% of men at baseline, and that rises by about 20-25% 2 years later and 20% four years later for households from the first group. However, with cash transfers, the impacts are smaller, which shows that the form in which transfers are provided does make a difference.

Since many women were not engaged in any form of economic activity before the transfers (52%), a large reduction of economic inactivity to productive livestock rearing was observed in both groups. However, the percentage of women engaged in livestock rearing was higher and more sustained in the asset group but smaller in the UCT group.



Note: The figures given in brackets are baseline mean percentages of occupational engagement.

In terms of labour market activity, both groups are working more hours 4 years later but men that got cash transfers were working less hours than they did before. This suggests that giving men large unconditional cash transfers has caused them to reduce their labour supply. For women, there is an increase of hours in labour supply in both groups. However, the number of hours that the households work is higher in both cases, which indicates that social assistance sustains four years later.



It also means other members of the family could be involved in productive working hours as a result of these transfers. Earnings as a result rise in both groups. A 22% of impact on earnings was observed two years later, which sustains at 20% four years later in the asset transfer group and 15% in the UCT group. Overall, this shows the earning impacts are large and are sustained.

Consumption also rises in comparison to the control group. Savings rise through both interventions as well as investments in business assets both two and four years later. The impacts of investments rise slightly after 4 years compared to 2 years. This shows these houses are moving permanently out of poverty.

Interestingly, four years later, money becomes less important to those households that were given asset transfers, whereas money has sustained as being more important for the cash transfer group. Trust rose for both groups in the first two years but this begins to die out four years later.

KEY NOTE ADDRESS



Dr. Sania Nishtar

*Special Assistant to the Prime Minister of Pakistan
Federal Minister, Poverty Alleviation and Social Safety Division*

Dr. Nishtar began her address by appreciating PPAF’s focus on research and said her division is committed to basing decisions on experimental but also process learnings.

‘I fundamentally believe that one of the smartest investments any government can do is invest in data systems- and ensure data is collected, collated and packaged as information for policy in a timely fashion’

_Sania Nishtar

Referring to Dr. Rasul’s presentation, Dr. Nishtar noted the evidence was ‘loud and clear’ and would be reflected internally when devising Ehsaas strategies. She proceeded to give an overview of current policy shifts that she felt resonated with what was shared in the study. The government inaugurated a PKR 42



billion national poverty graduation initiative in July this year, with the largest component being interest free loans. While the aim would be for households to move out of poverty instead of being financially dependent, there was certainly a place for unconditional cash transfers and also room to expand the base of graduation.

In order to ensure self-reliance and sustainability, she shared the governments ‘one woman, one bank account’ initiative. She believes once women have access to mobile phones, bank accounts and digital hubs, their ability to become self-reliant and benefit from financial and digital inclusion will be enhanced. The government hopes to create another ecosystem of agricultural value chains that are digitally underpinned to benefit 6 million women. She also shared that she had revived an MoU with US based private sector enterprises to assist Ehsaas with finding livelihood opportunities for women. She revealed that over 134 policies and initiatives were being started under the Ehsaas Programme, all aimed under promoting human capital, social safety nets and lifting people out of poverty. She also said the Ehsaas strategy had been put in the public domain for comment and welcomed feedback from academics in the room. 34 federal agencies have been tasked to implement Ehsaas and Dr. Nishtar and her team have been tasked with the safety net pillar, with more than 34 actions and initiatives to undertake. She highlighted some of the foundational work they have done over the last ten months, which have included bringing various departments and institutions under the Ehsaas umbrella (including PPAF), creating a governance structure comprising of a steering committee chaired by the Prime Minister and herself as a vice-chair and four Chief Ministers (other committees have been created under this). They have set aside PKR 190 billion for the programme despite the government being under severely austere conditions.

She has personally set out to look at the new national economic survey that is ongoing- but there have been problems in implementation. She stressed this was essential as the survey is the backbone on which the entire interventions will be built. Another initiative of personal importance is the governance and integrity policy, which includes 32 measures of governance that has already been approved by the cabinet. She added a policy to engage the private sector in the Ehsaas ecosystem would also soon be released.

The other points were related to technology, including a digital payment system for cash transfers, putting up a data portal with the World Bank that can be launched in districts so they can use data for decision making, investing in securing IT (Information Technology) systems for BISP and creating a one window Ehsaas app. Currently, there are 189 programmes through which benefits of all kinds are given, through the one window app there will be complete visibility on all initiatives.

Dr. Nishtar concluded by saying that Ehsaas is an ambitious initiative and she expressed her gratitude to the audience to bring it this far. She said the whole purpose of building an eco-system was to do things in a sustainable way, which is why the evidence of Professor Rasul's study is important. She thanked PPAF for their partnership and looked forward to deepening it further.



PANEL DISCUSSION:

Graduation: A Route to Sustainable Transformation?



Mr. Isa called Dr. Rasul’s presentation a ‘feast for the mind’, which gave PPAF further validation of its work but also highlighted that it requires them to do some course correction. He then asked the panellists for their opinions.

Dr. Nabi laid out the ‘macro-context’ in which the discussion would take place, citing a research assistant that had tracked macro-variables in Pakistan over the last 20 years and found that each government comes with a bankrupt treasury, spends the first three years under a tight international monetary fund programme, 2 years into the programme, all the indicators improve and the next two years the government puts you back to bankruptcy. However, three indicators remain the same:

- 1) Investment to Gross Domestic Product (GDP) ratio is low and remains unchanged
- 2) Export to GDP ratio continues to fall over the last 20 years
- 3) Tax to GDP ratio remains unchanged

These core structural weakness result in going back to the fund over and over again. He said all these programmes were dependant on the government’s ability to fund them. That ability is uncertain because people are not willing to pay taxes to the government because they do not trust the government to spend it



wisely. However, Pakistan is an outlier in terms of charity. For their level of income, they give more charity than other countries so he stressed that Dr. Rasul’s work needs to be replicated for the government to win the peoples trust. He pointed out that graduating out of poverty would require more than just an asset or cash transfer, it would require generating employment and investment opportunities. He posted two questions to Dr. Rasul: **one was the administrative cost of these transfers and how they were managed. He noted that the retention for non-livestock assets was also relatively high and wondered if something could be made of**

that and stressed the importance of designing interventions that are consistent with a country’s’ administrative capabilities.

Mr. Boirard’s questions related to the efficiency of cash vs asset transfer. In IFAD, he shared the ultimate goal is to get people to graduate from poverty. **He wanted to know how many families had graduated out of poverty at the end of the study. Noting that most households in the 0-18 scorecard category did not have land, he questioned if there was flexibility in the asset menu in relation to off farm activities.**

In response to Mr. Boirard’s first question, Dr. Rasul said the results depended on the outcomes being observed. For example, for consumption, the type of asset given does not have such an impact. In terms of graduation or permanent moves out of poverty, he noted that the sustained impacts are more likely to come

from asset transfers. *“Whichever way you want to try to design the programme, what really is important there is a strong science credibility given to them because of the research methods used. The results are the facts. That should be the start of the discussion points”*. He pointed out that it was clear that either intervention was better than doing nothing. His biggest fear in this programme is that it requires a long term collaboration that many academics may not be interested in. When speaking about the cost of implementing these programmes, he emphasised the next generation of studies should look at whether it is possible to leverage local resources, systems or communities to pay for these programmes themselves. He observed the poor are good at identifying who are the actual poor in their villages, as opposed to score cards. This could reduce administration costs as one would not need scorecards. However, information needs to be collected on the supply side/ local market as well to link interventions with the supply chain. This is something they have done in his study to link their households with the supply chain to urban markets.

Dr. Rasul concluded by saying one criticism of RCTs are that they tend to focus on small interventions and thus small-scale policy lessons. RCTs can try to bridge this gap by looking at the types of interventions that they have designed and

combining it with how it’s being multiplied within the economy and the market as a whole as there is where they will find changes that drive economic development. He felt new research has started bridging the gap between the small, local interventions and the bigger economic landscape.

Questions and Answers

In response to a question on whether cash or asset transfers would be more preferable for a country like Pakistan, Dr. Rasul said there was no doubt that cash transfers have an overall benefit but the answer is not that straightforward and it would really depend on the outcome being observed. If one looks at overall earnings, building an asset base or the inclusion of women, then evidence points to asset transfers doing slightly better in the short and long term. However, that does not mean policy should only focus on asset transfer programmes. Dr. Nabi added that the instruments used depend on the capabilities of the country implementing them. For example, if you have poverty models at a very local level, then administrative costs could be minimized.



A member of the audience expressed concern on the diversity of such programmes, saying they should also include people like street vendors and questioned how organizations could motivate people to think about moving out of poverty, as many would just want money to exist within the same status. How does one motivate people to start thinking about graduation?

In response to this, Mr. Shoaib Sultan, the founder of the Rural Support Networks, stressed the importance of community mobilisation and organizing households to be able to make their own micro investment plans as a foundation. The question depends on the capacity of the poor and how they can use the asset or cash. Dr. Rasul said there was always an option to expand asset choices but households were always given a few choices and chose livestock. He suggested one reason may be that wealthier households might be involved in livestock activities, so they want to replicate that, maybe there is more support available to them for it rather than start something completely new. Livestock has key characteristics that cause people to favour it to other forms, including immediate gains like milk that can be beneficial for the household and children.

Mr. Isa (the chair) concluded by saying it was very validating to know asset transfers have had a large impact on a multitude of markets and that these impacts have been large and have retained. He noted the movement away from casual labour restored hope in communities as they felt they were independent and could now think of a future for their families. He was especially pleased that gains had been seen for both men and women, building on their values of inclusion, and that all indicators showed that PPAF's approach was making a difference.



Next Steps: Towards Transformation

Important to find ways to assess:

- How do these results differ depending on household and marketing characteristics?
- What are the differences on the villages as a whole, including supply side impacts?
- What has been the impact on children on the asset transfer/UCT groups?
- How does one ensure these impacts sustain?
- Next generation of studies should look at whether it is possible to leverage local resources, systems or communities to pay for these programmes themselves.



SESSION 2

COMPONENTS OF GRADUATION

PRESENTATION: The Psycho-Social Impacts of Poverty Alleviation Policies on the Poor



Dr. Imran Rasul

Professor of Economics, University College London, Co-Director Centre for the Microeconomic Analysis of Public Policy, Institute for Fiscal Studies. Research Co-Director, Entrepreneurship Research Group, International Growth Centre, UK

How is this study different?

Dr. Rasul started this session with explaining that although a lot of evidence has been developed evaluating the impacts of social protection interventions, most have been done against a control group, focusing on outcomes related to economic circumstances, livelihoods and skills, not necessarily comparing one form of social protection with the other.

The current study is being done in collaboration with PPAF and IFAD and will compare and contrast studies against each other and also take a broader range of social and psychological outcomes that are impacted by anti-poverty policies.

The Study

The study will compare four different poverty alleviation strategies in the same context: Unconditional cash transfers, in kind asset transfers, microfinance (interest free loans) and skills training. A sample of 10,000 households has been taken from 800 villages in Thatta and Sajawal in Sindh and Layyah in Punjab. All households are ultra-poor and have a poverty score between 0-18. The RCT will divide groups into 2000 households and will randomly assign one of these four policies and the fifth would be a control group of 2000 households.

Group	Poverty Score Eligibility
T1 – Asset Transfer Tangible (ATT)	0 – 16.17
T2 – Unconditional Cash Transfer (UCT)	0 – 16.17
T3 – Asset Transfer Intangible/Vocational & Technical Trainings (VTT)	16.18 – 18
T4 – Interest Free Loans (IFL)	For evaluation: 12 – 18 Overall: 12 – 40
Control Group	0 – 18

Poverty Alleviation Policies and Eligibility

Dr. Rasul stated the focus of the study will be on the on the psycho-social outcomes on all these households including happiness, well-being, stress/mental health, their perceptions to risk and vulnerability and intra-household spousal bargaining. The study would also be looking at conflict within households along with cooperation once these policies have been implemented, to help explore the gender dynamics.

The second category of outcomes include perceptions about the world and return to investments. Would these households want to invest in skills for their children once they have been provided with skills? Will their beliefs change about return on skills? What impact will it have on their short and long term aspirations, for themselves and their

families? Dr. Rasul pointed out that the poor usually have low aspirations because they do not expect to do well in life and this leads to a self-fulfilling prophecy where they do not try to improve their lives as they feel it will not help. He wishes to explore whether this cycle of low levels of aspirations leads to low levels of investment.

The third category will look at the broader psychological and anthropological impacts of these policies. For example, how do households locus of control change? Do they attribute achievement down to luck or their effort? Is it in their hands or beyond their control? What about morals and values? In his last study, Dr. Rasul found the big difference between in kind transfers and cash transfers, is that in kind transfers get women to engage more in the market economy. Does that type of engagement with the market change people's values and opinions? If so, what are the long-term implications of this?

He said another outcome that will be explored is how households view informal versus formal institutions (trust in state, NGOs and other actors) do they engage more with the state or feel they are more independent so disengage? How has trust in these institutions changed? He commented that another interesting dynamic is how changes in the labour market impact the marital market. As people's identity becomes less important in labour market it seems to become more important in marital markets-social relations.

In terms of attributions and causal chains; the study will explore if people think their lives are better after the transfer. If lives are better, do they recognise the impact the intervention has had? He stressed that it was an important first step to understand because unless households recognise the benefits of the policy, it would be hard for them to advocate for that policy. He also made clear that while some psycho-social indicators will improve with interventions, others will have a negative impact (like level of responsibility for the family).

When evaluating the households, the study will look at which interventions works best and what are the social and psychological impacts? A subset of households will aspire improved along with the form of anti-poverty policy treatment. This is to observe if the policies have a larger impact if you can raise peoples aspirations at the time of the transfer. Households will be shown a motivational documentary that tries to change their beliefs about what they think is possible and success stories will be shown.

Next Steps

As a closing remark, he appealed for assistance for funding needed in 2020 to short list the ten thousand households. The study still requires funding to conduct two and four year evaluations to understand the longer term dynamics and see whether these psycho social impacts fade away or have a similar pattern as economic indicators shared in the earlier presentation. He concluded by saying these dynamics are important and can generate a huge amount of knowledge.



PRESENTATION:

An Insight into BISP supported Households: Social Policy & Changing Citizenship Boundaries in Pakistan



Rehan Rafay Jamil

PhD Candidate, Brown University, U.S.A

Mr. Jamil commenced his presentation by introducing his dissertation and research work and then proceeded to give a brief background on cash transfers. Cash transfers have been one of the fastest growing types of social policy in the global south, 130 low and middle-income countries have unconditional cash transfer programmes, and 63 have conditional cash transfer programmes. Numerous evaluations have shown that cash transfers are a cost-effective and accurate way to target poverty as they directly impact poverty alleviation, human development (health & education), gender empowerment and state citizen affiliation.

Can social policies like cash transfers increase citizens' engagement with the state?

Mr. Jamil said the Benazir Income Support Programme (BISP), Pakistan's first largest federal social safety net with close to 6 million beneficiaries nationwide, with an objective targeting criteria for poverty. He felt that BISP targeting women was extremely important as for many of the beneficiaries, it would be their first direct interaction with the state. As obtaining a national identity card is one of the prerequisites of the programme, one of the positive spill overs has been a huge surge of rural women in Pakistan obtaining computerised national identity cards (CNICs). This has also led to an increase in electronic transfers, bank accounts and a significant increase in federal expenditure on social protection. In many ways, this is the first condition for accessing basic citizenship rights in Pakistan.

Research question, design and methodology

He proceeded to give an outline of his presentation and dissertation, saying the first part looked at the political origins and institutionalisation of BISP while the second explored the implications for democratic citizenship and rights, and this is what his focus of discussion would be today. A quasi-experimental design was used for his study, using semi-structured qualitative interviews, two focus groups with BISP beneficiaries and a large household survey with over 2300 respondents, comparing BISP beneficiaries with ones that has narrowly missed the programme.



The qualitative field survey they conducted focused on two outcomes: citizenship rights as a bundle of rights and people's knowledge of these rights. Are they learning about other policies and programmes? What is their attitude towards the state and social welfare? The survey was conducted in Thatta, which is a very high poverty district in lower Sindh. Semi-structured interviews were conducted with 20 rural and 10 urban BISP beneficiaries.

Political Rights	Civic Rights	Social Rights	Political Attitudes & Knowledge
Voting in national, provincial and local elections	Visiting district courts	Obtaining other federal or provincial social policy programs	Knowledge about other rights and entitlements
Joining a political party	Registering Police/ FIR Reports	Enrollment of household members in public schools	Knowledge about BISP (entitlements and delivery)
Petition to a politician	Registering child births, marriage or divorce at Union Council	Using public hospitals & basic health units	Attitudes towards political parties
Attending a political party rally	Visiting a Union or District Council	Obtaining a government microfinance loans	Attitudes towards the state
Attending public protests		Immunization of households in public health campaigns	Attitudes towards women's political participation

Findings

When studying women's mobility and financial inclusion he found that the vast majority of women reported obtaining cash themselves. Thousands of rural women were travelling to their district capital in a group of a family member as the scheme requires biometric data for disbursement. This was a positive sign that despite women's traditional limited mobility, they were travelling at least four times a year to receive these payments. Most of them have never been to school but there is a level of awareness on the cash amounts, obtaining process and middle man cuts. Mr. Jamil had observed that middlemen remain pervasive and extract a service cut between PKR 300-500. In terms of attitude towards the state, he also found that women had limited engagement with the local state and their citizenship claims are constrained by the institutional environment. Most said they do not go to their union council because that is where the men go. Men on the other hand had a much wider range of interaction.

Interesting gender differences were found in perceptions of BISP and how they saw the programme. Women associated the programme with Benazir Bhutto- many of them thought she had left funds for them. Men on the other hand a more diverse range of answers, some associated with Benazir or the PPPs, while others said it was the federal government or donors. They were a high level of grievances from poor families who just missed the target, although everyone acknowledged there is a high level of transparency in the selection process and 'safarish' cannot be used.



When looking at whether BISP reinforces or undermines clientelism, both men and women in the households reported high levels of voting in the national elections over the last ten years. Despite their close association with BISP and Benazir Bhutto, voting patterns were split between PPP and independent candidates. In terms of dignity outcomes for social welfare, many, including the male household members reported feeling of pride at being targeted by the state, suggesting that poverty targeted social welfare does not appear to create a social stigma.

Indicator	BISP Beneficiary (%)	n	Non-Beneficiary (%)	n
Votied in 2018 election	89.59	542	85.60	517
Votied in 2013 election	81.32	492	74.17	448
Votied in 2008 election	61.65	373	51.16	309
Attended a rally/ <i>Jalsa</i>	6.28	38	3.64	22
Member of a political party	2.64	16	1.82	12
Participated in a protest	4.67	28	7.08	42

These were qualitative results from one district. Mr. Jamil then focused on a larger end survey that he had just completed in four districts in Sindh and Punjab where he sampled households who were four points above the criteria that did receive cash transfer and households four points below the eligibility criteria. To look at intra district variation, the districts chosen were Faisalabad, Muzaffargarh in Punjab and Hyderabad and Thatta in Sindh. 75 households were randomly selected that received the cash transfer and the rest that narrowly missed it.

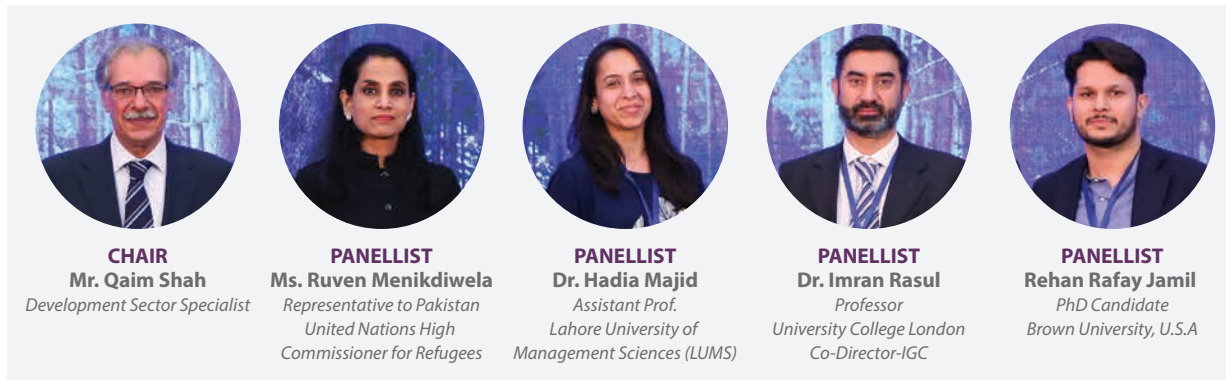
When looking at the responses of women, both the control and treatment group had high levels of illiteracy, equal levels of unemployment (roughly 30%) and owning CNICs (although beneficiaries had slightly more than non-beneficiaries).

Even though these households were from the ultra-poor, half the households in both groups owned televisions and at least one member of the household owned a mobile phone. As one would expect, most were landless. Most households had access to water and electricity but the numbers diminished for gas and sanitation.

In terms of interaction with the state, 40% in both groups said they had no interaction with the state. 20% said they have had some form of interaction with informal institutions like *Jirgas* and *Panchayats*. However, in both groups, growing levels of voting was observed. When asked about the perceptions of BISP and the state, a high number of beneficiaries and non-beneficiaries were able to respond that the main purpose was poverty alleviation. 60% however, still associated BISP being financed by Benazir Bhutto or the PPP. As was observed in Thatta, the beneficiaries of the BISP programme were happier with the selection process as opposed to the non-beneficiaries. However, even here, the control group said the selection process was transparent and you could not use 'sifarish' to get into the programme.

Mr. Jamil concluded his presentation by putting forward some observations of BISP for policy makers. Ten years into the programme, beneficiaries have a high level of awareness on how to access the programme and its purpose. However, women's exposure to the local state at district and UC level remains low. Women have few forums outside the family network for collective action and local government remains inaccessible. Women do not have access to basic public services and more information about basic rights and state services are needed. Lastly, he noted that a lot of core human development outcomes are still pretty bleak for women, despite this programme. Since there is a large intra-district variation in outcomes, policy makers should think about sub national approaches to policymaking as Pakistan is a very diverse landscape.

PANEL DISCUSSION:

Combining Interventions for Sustainable Graduation:
What Works and What Doesn't

Mr. Shah opened the session by commenting on the presentations and expressing concern with the finding that vulnerability and poverty levels remain high among BISP beneficiaries. **He wondered whether combining such programmes with health and education would have a larger impact and then asked panellists to give their comments on the presentations.**

Ms. Menikdiwela shared her experience on how the graduation model has worked for refugees, as they are one of the most marginalised populations in a country with Pakistan being the second largest host of refugees in the world. The UNHCR adopted the graduation approach in Costa Rica in 2013 and in Pakistan only a year ago. Social mobilisation has been fairly successful-community based organizations have helped identify beneficiaries as it is transparent and creates collective ownership. The flip side is there is inevitably tensions between haves and have nots, despite a clear transparent process, they had to spend time explaining why non-beneficiaries did not get the programme.



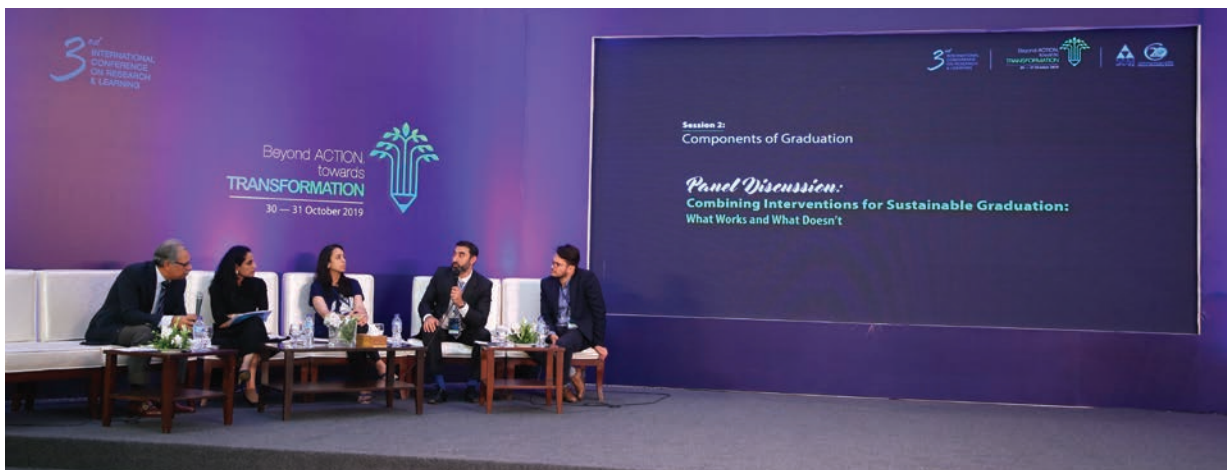
Cash transfers were not part of their model as they did not want to create a 'dependency syndrome' in an already vulnerable/dependent community. She said the livelihoods and skill program has worked well, especially for women in Pakistan. As the Afghan refugee community is very conservative, being part of this programme empowered them and give them a voice and allowed them to participate more in the community. The skill transfer enabled them to develop a skill that would directly benefit them, even if they moved back to their country. She explained that refugees have unique difficulties with in-kind transfers as there is a limit to what they can own, for example, they are not allowed to own vehicles but can own livestock. The focus of the assets was to create mobile assets that they could take back with them. She clarified that UNHCR does not use the micro credit component as they feel it only adds to their financial burden. She concluded by sharing an important fact: **64% of refugees are under 24 years so more interventions need to be youth focused.**

Dr. Rasul admitted that none of the populations he had studied were refugees but said they are studies that show their exposure to conflict influences their perceptions and their willingness to take risks so it would be difficult to say how the impacts of such programmes might differ for them. He felt that social mobilisation was a central component for PPAF and is a critical aspect to many of the positive results they find (even though this could not be directly proved).

Stressing that these are large scale transfers that change people's lives as somebody else is being overtaken and this inevitably leads to social tensions that can be mitigated by social mobilisation.

Dr. Majid wondered if there was a burn out for recipients, particularly if they were going through multiple programmes? What do the recipients think if they are not able to graduate out of poverty despite these interventions? She was interested in how these programmes impact the marriage market and labour market and how this impacts aspirations for girls. When commenting on intra household bargaining, she noted that when women participate in asset/cash transfer programmes, women gain agency in some areas but lose it in others. She asked if Dr. Rasul had observed this in his sample areas.

Referring to Ms. Menikdiwela's concern about dependency, Dr. Rasul said this was always a concern with social protection programmes. One way he planned to look at that was to look at individuals either side of the eligibility criteria (similar to what Mr. Jamil did in his sample). If it is found that it reduces their entrepreneurship or desire to do things for themselves, such programmes may have less of a positive impact on such groups. Have these beneficiaries been able to graduate out of BISP? If so, those groups may yield even more positive results than the current sample so there are lots of interesting aspects to look at.



Responding to Dr. Majid's questions, Dr. Rasul felt that even a four-year period was too short a time to observe changes in the marriage market but aspirations for marriage could be looked at. He conceded it was difficult to measure intra household bargaining but that was certainly something that economists were working towards.

Mr. Shah commented that when reading studies on the cost effectiveness of cash versus asset transfers, the cost effectiveness was justified in terms of rate of return on per dollar spent in the range of 147-400% and also increases in household income from 7 to 25%. He emphasised that poverty graduation is a process, not just about cash or asset transfers. ***'Even when beneficiaries graduate, they are still in the 'vulnerable' category, it still has to continue till the beneficiaries are out of poverty and have a sustainable development status.'*** Referring to Mr. Jamil's finding that there was no significant change in poverty or vulnerability of BISP beneficiaries, he stressed that the poverty graduation programme would only be successful if both skills and assets were provided as it is a combined approach. He also felt that land ownership did matter, citing an example from an IFAD funded South Punjab Poverty Alleviation Programme, where ultra-poor women were given plots felt more independent and were able to diversify their sources of income once they had a house. He noted almost all those families which receive assets, they started sending their children to school.

Questions and Answers

A member of the audience observed the global dropout rate of poverty graduation models is almost 30%. He asked what are the causes of this, what happened to these drop outs and whether any gender differences were observed.

Dr. Rashid Bajwa found the housing option a costly option because in South Punjab they had to buy the land and then construct a house on it. Contrary to this, the cost of housing in Sindh was much lower and the land was given by the people but the results were the same. He said livestock as an asset was sufficient, but there were other issues around it, most of which would be addressed if beneficiaries had a house as an asset. It may not be productive, but once people are able to get a house then their ability and psycho-social needs are massively addressed.

In response to this question, Dr. Rasul said a body of work has been done on asset transfer programmes and all studies find an internal rate of return 10-20%. The results vary slightly but these are high rate of returns for development programmes. The reason for conducting long term evaluations is to observe how many households manage to graduate out of poverty and what's the process that happens. In his study, he did not show the results of asset accumulation. The process starts by people using the assets to create additional assets and this mechanism helps graduate them from poverty. *"It is important to make a distinction between poverty and poverty traps. A better way to measure households vulnerability is the assets and skills they have as it helps them become more resistant to shocks"*. In terms of land, ultra-poor households in Bangladesh were purchasing land at the end of the programme compared to the control group, which is a big market as it is the best protection against shocks. His final point

related to comments asking to combine health and education with such programmes, he was of the opinion that flooding households with multiple interventions tends to be less effective than targeted interventions.

Mr. Jamil concluding remarks on the session were despite their being three changes in government since the establishment of the BISP programme, each government continues to expand the programme despite routine criticism from opposition parties. Therefore, *"BISP is an important example of policy continuity in Pakistan"*.

Next Steps Towards Transformation:

- Land as an asset needs to be further explored
- Longer term studies are needed to better assess if such programmes are helping households graduating out of poverty
- Policy makers should think about sub national approaches to policymaking as Pakistan is a very diverse landscape.



PANEL DISCUSSION:

From Households to SMEs: Supporting Growth of Local Economies



CHAIR
Mr. Yasir Ashfaq
Chief Executive Officer
Pakistan Microfinance
Investment Company (PMIC)



PANELLIST
Ms. Farrukh Iqbal
Executive Director
Institute of Business
Administration (IBA)



PANELLIST
Mr. Marcel Stallen
Chief Technical Advisor
Project Manager
Food & Agricultural Organization (FAO)



PANELLIST
Ms. Mehr Shah
Director Knowledge Management
& Communication
Karandaaz

Small Medium Enterprises (SMEs) are an important part of providing graduating households with sustainability. Local markets need to be flourishing in order to help these households eventually become part of the mainstream economy. One way to do this is to build rural SMEs. Mr. Ashfaq (the chair) initiated the session by providing some interesting facts on SMEs: **55% of GDPs in the world is contributed by SMEs while 40% in Pakistan comes from micro, small and medium enterprises.** They are critical for any country because for anyone who is graduating out of poverty first graduates out of a microfinance loan and then into a small organization with the ultimate objective to grow into medium sized organizations.

“The most important aspect of asset and cash transfer programmes that it has created hope amongst people and drove them to achieve other objectives.”

_Yasir Ashfaq

He asked Mr. Marcel Stallen from his experience with rural economies, what were the contributing factors, especially for people that are at the bottom of the pyramid, to help them graduate into micro and small enterprises?

Mr. Stallen first shared the Food and Agriculture Organization (FAO) ten-year experience with working in remote areas in Balochistan mobilising poor communities through agriculture, livestock and poultry activities. Their Balochistan Development Model has focused on community mobilisation, moving to farmers market associations and marketing collectives, which lead to improved productivity and quality. These can develop to mutual marketing organizations (MMOs) that make small investments together to reach economies of scale. It is part of value chain and market development. The final part would be adding value facilities to raw products. Some of the impediments he felt were that SMEs do not exist in Balochistan, micro enterprises do exist but perhaps MMOs and farmers market associations could be considered as SMEs as they play a similar role. The environment for SMEs is non-conducive in the province, because of difficulties in opening a bank account, for distance to the market among other factors. The chair asked to hear more about agriculture sector difficulties: as yields are lower in Pakistan compared to other countries as a lot of produce is lost in transportation and there are no proper storage facilities. Mr. Stallen said that it is important to admit that most products in Balochistan are not competitive with any of the markets in Pakistan because of low productivity and limited access to markets. **“Productivity needs to be increased as does waste reduction. For example, despite Pakistan being one of the largest date producers, they gain the lowest value. 40% are lost in waste. Investments in the value chain need to be made, only then are we able to capture the benefits of CPEC”.**

Mr. Ashfaq then shifted the conversation to Karandaaz. As a unique organization specifically working on SMEs, he asked Ms. Shah to share her experience and the success factors of SME initiatives.

Ms. Shah said one of Karandaaz's key objectives was to improve access to finances for SMEs. It was assumed that as the micro finance sector grows they will turn from micro enterprises to small entities but this has not happened. There is a large difference between access to finance for SMEs and micro-lending, so one has to look at the factors that can help micro entities transition into the next stage. ***One cannot only move ahead with supply side initiatives; demand side initiatives need to be explored as well.*** Lessons could be learnt from some of the graduation programmes like BISP mentioned today, when looking at how to move the ultra-poor into the micro group to SMEs. It is clear that this transition is not automatic, while the State Bank of Pakistan has allowed for up to a million rupees per borrower, the average loan size for the industry remains less than 50,000 and 100,000 for SME groups. ***Micro-finance banks tell us this is new market segment that needs to be further explored.***

Mr. Ashfaq mentioned that Karandaaz also focuses specifically on women entrepreneurs, and asked what specific initiatives they have taken for women to start and expand their businesses.

Ms. Shah said improving access to finance for women is an integral part of their digital and SME finance programmes. A women entrepreneurship challenge is held every year, which allows women to compete and put their businesses forward for a panel of judges to look at. Karandaaz mentors short listed applicants and simplifies funding requirements, the primary objective being to encourage and promote women led enterprises and to encourage others to come forward. They have had a positive response so far but need to grow and scale the initiative.

Mr. Stallen mentioned a programme being run in Balochistan by the FAO that works exclusively with women to give them numeracy training and market exposure to establish their own small businesses. They have focused on only those activities where women do not need to compete with men. Trades include poultry raising, apricot drying, and small grassroot development training which women have been very responsive of. Mr. Ashfaq also observed that in his experience with PMIC, over 10,000 women who have received loans, those who have got training have a better idea on how to expand their businesses.

Mr. Ashfaq then asked Dr. Iqbal for his opinion on the challenges of establishing small/micro enterprises in urban areas?

Dr. Iqbal commenced by giving an important macro perspective: ***only 3% of the population forms new enterprises every year in Pakistan (for an average developing country its 9%).*** Referring to the Global Entrepreneurship Monitor (GEM), specific database that tries to compare entrepreneurship activities around the world, divides early entrepreneurship into two categories: opportunity based and need based. Many formed are out of necessity (need based), which is a very different type of mindset from the type one normally associates with start-ups.

Reasons for entrepreneurship being low include: taxes on small business, infrastructures services for small businesses, burden of regulation and not placing enough emphasis on entrepreneurship at the school level. Mr. Iqbal speculated that another reason why it could be low was because of a negative attitude towards it. ***"If we discourage our female population from going into business, we are cutting of 50% of the population right there. There is still a barrier for them to engage in entrepreneurship activities. So, the issue of attitude is important."*** In order to change attitudes, entrepreneurship study needs to be started at the middle school level (according to the GEM survey).



Does the lack of a risk-taking attitude impact entrepreneurship?

Dr. Iqbal said entrepreneurship rates are highest among poor countries and lowest among relatively rich countries because in those economies large scale firms exist that are much more efficient than small firms and individuals can find careers in those firms that are much more attractive and lucrative. At the same time, if there are no opportunities in the economy, then people are not really going to take the plunge and invest, therefore it is also linked to domestic economic conditions. Need based entrepreneurship rises when domestic economic conditions fall but opportunity based entrepreneurship falls in a bad economy.

Mr. Ashfaq commented that given the current economic environment, the cost of doing business has increased, especially for SMEs. Data shows in the last quarter, almost 65% of the funding from SMEs went to working capital and a very small amount into new machinery/assets etc. ***In the current environment can micro SMEs can really flourish?***

Dr. Iqbal admitted that the current economic conditions were 'fairly dismal', a majority of need based SMEs may rise but will not flourish. He felt that agriculture should do very well and dominate exports around the region as well as provide domestically, as it has the largest amount of domestic inputs.

Ms. Shah said her organization had been talking to some of the financial institutions and while many of them do not plan to expand their SME lending, existing clients will still have their lines of credits available to them, so hopefully lending will pick up.

Questions & Answers

Sohaib Jamali from the business recorder wanted to know why opportunity based entrepreneurship is so low? Dr. Iqbal, quoting the GEM report, said the top three constraints listed by SMEs are electricity, corruption and crime, commenting that the electricity and crime situation may have improved but not corruption. The lack of access to finance does not usually come in the top five reasons of most surveys of small industries.

Another participant, asked if backward and forward linkages are a hurdle in entrepreneurial activities in places like Balochistan?

Mr. Stallen said there is a lot to be done on forward and backward linkages to link women to markets and this cannot be done in two or three years. Small seed companies, fertilizer companies, suppliers amongst other factors are required to create market linkages, especially support from the government

Next Steps towards Transformation

Graduating the poorest into micro and smaller enterprises is not an easy task – research needs to continue as to how to address gaps that impedes the development and flourishing of those enterprises. More research on demand side initiatives to help households move from micro to SMEs. PPAF needs to look at these challenges and see how it impacts their beneficiary households PPAF's work could contribute to further educating practitioners and institutions in policy and project design.





SESSION 3

INNOVATION
FOR CHANGE:
LESSONS FROM
PPAF PILOTS

PRESENTATION: Inclusive Social Impact: PPAF's Pilots in Innovation



Neelam Azmat
Innovation Specialist
Pakistan Poverty Alleviation Fund

Ms. Azmat began the session by explaining how PPAF defined innovation as 'doing things better'. PPAF's approach to innovating is building on existing work, with three main drivers to innovate: 1) to create exponential impact 2) as inclusion is one of their core values and they work towards it being intersectional rather than binary through technology, which is a huge leveller; and 3) to create a human centric design where feedback is taken from communities during the design phase of a programme so changes can be made during the pilot (also known as iterative snowballing)

Innovative Pilot Interventions

She proceeded to introduce some of PPAF's pilot innovations: starting with two community led tourism projects in Neelam Valley in Azad Jammu & Kashmir (AJK) and in Hunza and Nagar, in Gilgit Baltistan (GB). The objective was to empower local communities to actively earn from the fast growing tourism industry. 130 households in GB were given a micro-credit loan (PKR 75,000) and Standard Operating Procedures (SOPs) on how to renovate a room in their house to short let it to tourists. In Neelam Valley, 19 households were given a slightly larger loan of PKR 125,000 for the same purpose and both places reported an average occupancy of 45%. Households in GB made 147% of their money back in the first season while in AJK 115% was reported. Two other positive outcomes in GB were that 84% of customers rated their services as good or excellent and eight additional business started off as a result of this venture, which included hiring more waiters, cooks, musicians, story tellers and drivers, an overall increase in employment and business.

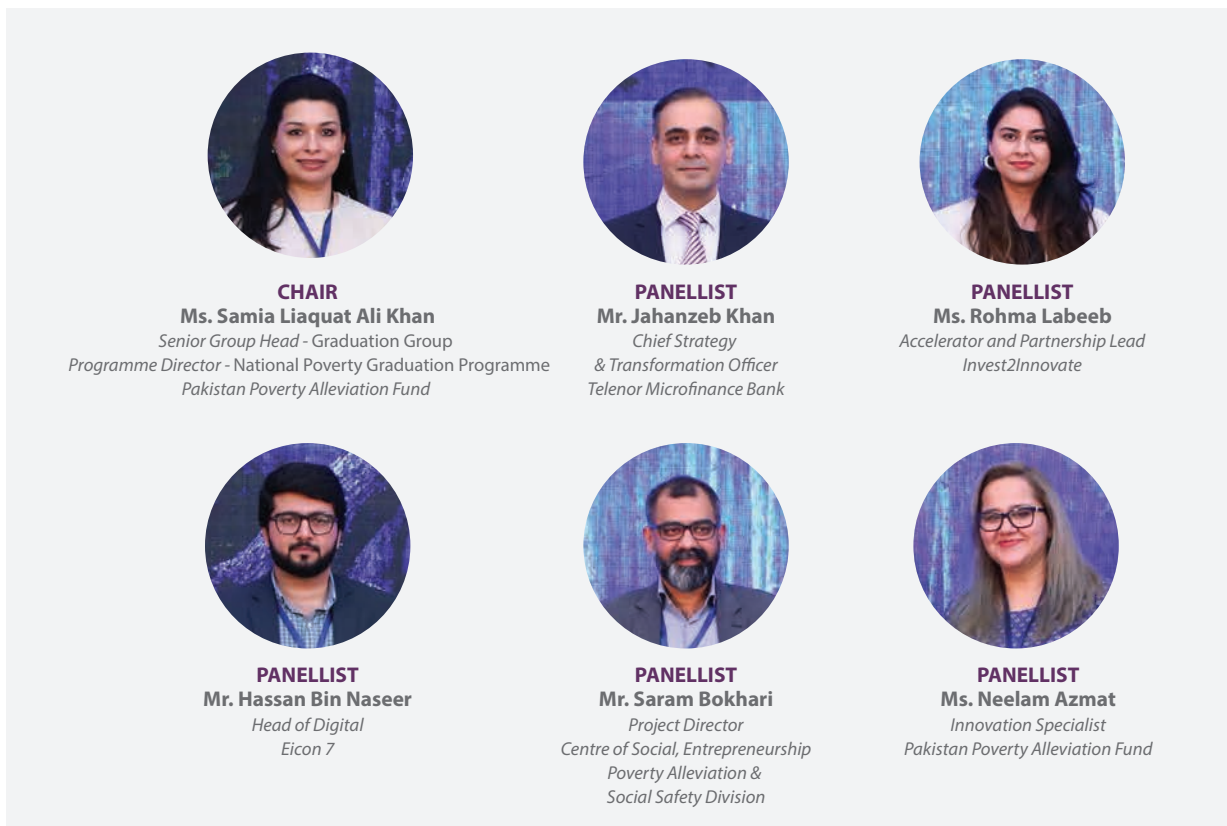
The second innovative project she spoke about was an art residency programme that will be tested in January next year. The pilot aims to empower indigenous artists to graduate out of poverty by finding ways in which they can make money off a skill set that they already have and preserve the craft. A two week residency programme that will initially include 20 artists, with an aim is to increase the income of these musicians and to give them broader active networks to help them promote their businesses through trainings in technology, business and personality development.







The third pilot was safe creative spaces for rural youth. In 2016, PPAF made 400 livelihood platforms across Pakistan of which 84 were digital hubs. In 2018, they conducted a six month assessment of these hubs to understand what potential they had for the future. PPAF decided to make second generation safe spaces that will provide additional services that were identified with the communities. It will be a physical space that will be safe, inclusive and accessible (to everyone including those with disabilities and minorities). It would serve as a space for youth to discuss ideas as well as a creative space for artists. They would also be digitally enabled and growth focused as PPAF wants rural youth to engage in entrepreneurship and prepare them for digital and life skills for the future.

Ms. Azmat concluded the session by highlighting the need for more research in the innovation space which could be achieved by collaborating with incubators and accelerators for supporting start-ups that are focused on alleviating multi-dimensional poverty.

PANEL DISCUSSION:

Innovation for Change: Lessons from PPAF Pilots



 CHAIR Ms. Samia Liaquat Ali Khan Senior Group Head - Graduation Group Programme Director - National Poverty Graduation Programme Pakistan Poverty Alleviation Fund	 PANELLIST Mr. Jahanzeb Khan Chief Strategy & Transformation Officer Telenor Microfinance Bank	 PANELLIST Ms. Rohma Labeeb Accelerator and Partnership Lead Invest2Innovate
 PANELLIST Mr. Hassan Bin Naseer Head of Digital Eicon 7	 PANELLIST Mr. Saram Bokhari Project Director Centre of Social, Entrepreneurship Poverty Alleviation & Social Safety Division	 PANELLIST Ms. Neelam Azmat Innovation Specialist Pakistan Poverty Alleviation Fund

Ms. Khan shared PPAF was aware that the development sector is changing and realise it will not be business as usual, which is why they have been testing the waters when it comes to social impact investing. *“We believe there is a new, tech enabled generation out there who is looking to do social good but also to make money and we find that quite exciting.”*

She complimented the previous session saying it was good to understand the environment and challenges start-ups face in Pakistan and for PPAF to understand the opportunities and challenges for rural and urban start-ups.

Ms. Khan asked Mr. Jahanzeb Khan for his view on the potential for technology to create equal access for groups, especially youth

Mr. Khan said Pakistan is currently blessed with a youth bulge, 64% of the population is under 30, which means there is plenty of capability. The country has the fourth largest number of free lancers, (9% of the global market). It shows that Pakistan has the intellect and capability but needs to build the capacity of its youth to be able to deliver their services digitally across the globe. This requires re-training to develop a new skill set to the current market which is a culmination of digital, physical and biological emersion of technologies (what he referred to as the fourth industrial revolution). Air BnB is a good example of where the intellect capital is more valuable than the capital required for assets. He said several things will need to be done to enable PPAF to make these programmes scalable and sustainable to make them self-propelling.

Referring to PPAF’s digital hubs, he suggested partnering with technologies to create an open Audio Video Interleave (AVI) platform where anyone can reach out via mobile broadband and can self-service and provide services through the digital platform, to help make it scalable and sustainable. *“Pakistan should focus on leveraging such platforms that will self-enable youth to provide their services via specialised market places of tourism, creative spaces but these should be digital platforms where people can self enrol”.*

Ms. Khan felt that the digital hubs could have some basic incubation level opportunity but asked Ms. Labeeb how PPAF could take ideas from their rural youth and build them up into start-ups and potentially bigger business in the future?

Ms. Labeeb felt the youth bulge has brought out a lot of tech savvy people, greater innovation and increase in tech let start-ups. Less than a decade ago, they were only 2 incubators and accelerators and this year they are over 22, which shows that the eco-system has developed. She felt the challenge is how to distinguish between the different types of entrepreneurship, start-ups, micro entrepreneurs. She stated they are many organizations working in silos and support organizations need to collaborate as they are all working towards the same goal: economic growth and job creation. She agreed with Jahanzeb about having a shared economy model that enables you to access many services with 'one click', but she said the bigger issue is how to take these kind of technologies to rural communities, as a lot of them need support organizations or investors.

Ms. Khan asked Mr. Bokhari how these technology and services could be provided to rural communities.

Mr. Bokhari said that there was no right answer to it. *I believe they are 100 million mobile users in Pakistan, but the question is what are these people using the internet for? We need to educate our people in using the internet past just social media*. People have access to the internet but they are not using it for educational or health purposes. He referred to the key note address about creating 500 digital hubs across Pakistan and said it is the first step in raising awareness. The government has recently launched eight programmes, some of which focus primarily on tech and digitization of the economy. The first one focuses on a digital platform for education (grades 1 till 12) which will be accessible to children who are studying while another gives micro-credit from an online platform. He felt there needs to be a wider behavioural change effort to get people to use technology which requires the whole ecosystem needs to work together. For example, tele-medicine is also growing in Pakistan which shows there is movement in the right direction but more needs to be done.



Mr. Khan added that 80% of adults have access to a mobile phone but unfortunately, the three aspects that are critical for any human (access to education, health and financial freedom) are lacking. Despite a high level of connectivity, only 1 in 5 individuals have access to basic financial services or credit which is unfortunate for a country that has such a high tele density. Leveraging digital technologies to reach out to these

populations is the only way to get these basic services including financial services which some organizations have started to do. He said while moving in this direction is positive, to have a greater impact there needs to be other organizations that focus on education, distance learning and health via broadband as there are plenty of opportunities to provide basic health services through digital means at a low cost.

Ms. Khan said PPAF has tried tele health and tele education, but whatever they have tried so far is very expensive, it is not scalable or sustainable. **She asked Mr. Naseer, whose organization is linked to Ali Baba, and brings local entrepreneurs onto a global platform, how it can connect and bring out entrepreneurs from rural areas**

Mr. Naseer responded by saying they are lots of challenges and opportunities. 65% of Pakistan's population are living in rural areas. When E-bay launched in China, Ali baba was under threat because it was doing well in rural china, even though people in rural areas did not have access to the internet or banking channels. Ali Baba established digital hubs in these areas and enabled rural populations to get involved in e-commerce. People started going to digital centres where they could sell and buy products. **This helped rural china lift 33 million people out of poverty.**

Ms. Khan asked the panellists about the practicalities of bringing digitization in rural areas?

Mr. Bokhari stated access to the internet in rural areas is not such an issue anymore, as they are 4G and LTE services across Pakistan. Ms. Khan felt sustained internet connectivity is an issue but Mr. Bokhari stressed that more thought needs to be put in on how to get people to use the internet for the right purposes, so they know they can use the internet for educational, medical or tele health purposes. Once people start using these services, a behavioural change may be seen.

Jahanzeb Khan agreed the quality of internet services needs to be improved but even if that is done, unfortunately, women are still excluded. In Pakistan, each household is allowed five sims, but typically the male of the household will purchase all five sims and give it to the women. Most of the government services are built around the identification of sim ownership, so if the sim is the name of the male member, the woman will not be able to use her mobile to open an account because the sim ownership is a requisite to open the account. Work needs to be done with the government to figure out the verification of households to include women.

His company provides tele agri-services to rural farmers and learnt to provide basic agri weather forecasting and other services. An individual can call a number and listen to information on a particular crop, and these basic agri response services have attracted over 5 million farmers. He felt the appetite is there but these services should be provided in a very simple format for these rural populations according to their needs. *The solutions need to be extremely simple and we need to work with the policy makers to help bring women into the mainstream*. If the SIM is not owned by women, they are not able to access services that some of the private sector companies are able to provide to them.

Ms. Khan then asked Ms. Labeeb to share experiences where start-ups had been able to successfully reach rural communities.

Ms. Labeeb said there were many solutions out there, many that had been developed to be user friendly. Internet access is not the issue but the founders themselves not being able to market it themselves or customise a solution. She felt it all comes down to training the user to actually use the technology to access a service or start up. Another issue is scaling, even if you've figured out how to cater to one community you may not be able to replicate that model into another one. Because of this, I21 has started developing a scale and readiness toolkit, especially to scale impact. When scaling and moving to new communities a challenge is how do start-ups move their impact (in terms of quality and job creation) into new communities.

The chair then asked Ms Azmat about digital hubs and her vision for what services they can provide and how they can potentially uplift rural communities



Ms. Azmat stressed she was a huge believer in technology creating a level playing field because there is no lack of intellect and capability in rural areas, only a lack of access and technology helps minimise this barrier.

Working with the rural communities, she observed that there is traction to use internet but there is a lack of access to information on how to make it beneficial for them. Digital hubs hope to do this, by helping rural communities engage with technology in meaningful ways that enable them graduate out of poverty. The hubs would give people access to services, including those from urban service providers. Globally, people are now realising that urban centres are really saturated, the market lies in rural areas. In her opinion, in five to ten years urban sector providers will want to expand to rural markets. Ms. Labeeb also observed that there is a lack of tech hubs in rural areas based on a recent report that I2I has just launched so PPAF was moving in the right direction.

The chair then asked Mr. Naseer how could peoples' perceptions towards using the internet be changed.

Mr. Naseer stated that there is no platform or service that is bad itself it depends on how people use it. He pointed out that people use social media to sell their products or market their businesses and are doing well. He agreed that people need to be taught how to use the internet for livelihood or educational purposes and perceptions can be changed by compiling case studies of people that have used the internet for such purposes.

Ms. Azmat felt when people have access to opportunities and information, they do use it to their benefit.

Questions & Answers

Ms. Vyborny observed that male members of households acted like 'gatekeepers' for access to women's phones. Given the emphasis on inclusion in this discussion, it is important to ensure women can actually access this information because this could be seen as a threat to the men that want to control them. She noted that a service like tele health is more effective if it interacts with agents within the community that are already trusted like lady health workers. Perhaps this will help build trust and allow women access.

Mr. Qazi Azmat Isa asked panellists what role they envisaged for PPAF for facilitating their access to rural communities.

Mr. Bokhari suggested linking interest free loan programmes to services that be provided at the digital hubs. For example, if someone took an interest free loan they would be able to get a consult with a tele health provider. Data could be collected that PPAF could use for evidence based policy interventions.

Ms. Labeeb said I2I has already worked with PPAF on an exchange programme and saw potential for PPAF to contribute to customer research and customer persona. Many start-ups do not understand these rural dynamics so PPAF could provide their insight and experience and this would help to give them access.

Mr. Naseer said PPAF should explore agri tech start-ups and partner with telecom operators as they have the data, technology and connectivity which combined could help



boost the agricultural productivity in Pakistan. Mr. Khan suggested focusing on certain sectors which fulfil the needs of the population. The first challenge would be attracting people to use the hubs and this could be done by fulfilling their basic needs, health-education and jobs. Strong public private partnerships are needed that provide literacy services in these areas. From the financial perspective it would be banks, from a health perspective, there could be knowledge bases around where people could gain basic health information. From the education perspective it could be around distance learning. The number one focus is fulfilling basic needs and the second is highlighting success stories.

Ms. Khan thanked the panellists and said PPAF would be reaching out to them to develop partnerships for scalability and sustainability.

Towards Transformation:

More research on innovation in start-up initiatives through collaborating with existing incubators and accelerator programmes.

Larger focus on impact investment is needed; could be in the form of bonds, grants and investments.

Explore the services that can be provided through digital hubs, including accessing interest free loans.

Explore public-private partnerships that would provide literacy services in rural areas.



SESSION 4

COMMUNITY GOVERNANCE & SOCIAL CAPITAL

PRESENTATION:

Incentivizing Development: A Research Programme with PPAF and Third Tier Organizations in Pakistan

**Dr. Kate Vyborny**

Postdoctoral Associate

Department of Economics Duke University, USA

Study Background

Ms. Vyborny started by giving a brief background on her study on Third Tier Organizations (TTOs), a key piece of PPAF's strategy towards community development. Third Tier Organizations, also known as Local Support Organizations, cover the Union Council, an area with average population 30,000. There are now over 1,000 TTOs active across Pakistan. These organizations are active in health, education, micro finance, human rights, infrastructure, and other sectors. The objective of this project is to help PPAF and its partner organizations learn more about what makes TTOs successful, and to test the effectiveness of non-financial incentives to improve their effectiveness and broaden inclusion. The study was originally started in 2014 with a baseline of 851 TTOs covering the entire country, and data has been collected on their governance, leadership, finance, inclusion and decision making. The first phase of follow up data has been collected, so the presentation outlined the preliminary results of the Randomised Control Trial (RCT) testing the approaches to TTO reporting and recognition and select findings from the first phase of research on how these organizations have evolved in the last five years, specifically looking at changes in leadership and activities and women's inclusion in leadership.

Preliminary Findings*Changes in TTO Leadership and Activities*

When looking at changes in leadership of the executive bodies of TTOs over time, Ms. Vyborny highlighted that 16-18% of the organizations have had the same people leading them since 2014, while in 10%, the entire leadership body has left. For the majority, 26-50% of original members have remained since the baseline. The second phase of the study will focus on the process of how individuals joined the leadership. The geographic patterns of changes in leadership were also studied.

At baseline, all 851 TTOs were active and doing at least one activity in a year, over 60% were engaged in some activity in health followed closely by human/legal rights, education. Some organizations specialized while others were engaged in a variety of sectors. Some were more active over time, while others were less. In Balochistan, an increased level of activity was observed since 2014.

Changes in Women's Inclusion in Leadership

At baseline, many of the organizations were all women, and this was done explicitly in Sindh and Sothern Punjab. In KPK and Balochistan, many of the TTOs were predominantly male and a mix of male and female in Punjab and the northern parts of the country. Baseline data found that those organizations with more women leaders were also serving more female beneficiaries. This suggests female leadership is important because maybe they value serving women or it is easier for them to deal with women. Similarly, all male TTOs were serving a larger proportion of men.

In terms of membership, she noted some interesting patterns emerged from the baseline and end line, organizations with all male members found a 20% increase in the number of women while conversely, those that started off as all women TTOs, 13% now included men, showing gender integration on both sides. Ms. Vyborny observed that some organizations increased women's inclusion while it decreased in others, despite working in the same geographical location. She noted this would be investigated further in the second phase.

Goal of RCT

Ms. Vyborny went on to discuss the goal of the RCT, which is to pilot different ways for PPAF and its partners to engage with TTOs effectively. Specifically, PPAF wanted to

- 1) motivate the TTOs to improve inclusion and service delivery
- 2) Involve TTOs in assessing their own performance (self-reporting vs monitoring)
- 3) Develop sustainable long term engagement and information sharing

Methodology

Two alternative sets of 4 Key Performance Indicators were developed, with the criteria being they should be few and simple, comprehensive and concrete and verifiable to minimize misreporting issues. The survey looked like a scorecard and the treatment group was asking to only report on one set of indicators; for example, either a governance set (how many men and how many women were actively involved) or service delivery group while looked at how many services were delivered to men and women. One group was given incentives while the other was asked not to fill the report. In both treatment groups; services and governance were further divided into two sub groups; incentive and reporting. LSOs in the service incentive group and governance incentive group, were registered in the competition where the top scoring LSO would win and receive recognition for its work. Whereas, LSOs in the service reporting group and governance reporting group would not enter into competition with other LSOs. Once they submit their scores, they are simply entered into a lucky draw and the winner selected through the draw gets recognized. Therefore, the incentive group had the incentive to outperform other LSOs and win, while the chances of LSOs winning from the reporting group were probabilistic based on the draw.

The organizations in the control group were given training on self-reporting and provided a workbook on how to track and report their progress, as self-assessment is an important tool for sustainability. TTOs would get follow up assistance from community resource persons and were required to do these reports every six months (5 rounds over three years) and the reports went to a special hotline.

Ms. Vyborny explained that one of the purposes of the study was to look at this reporting process and see if incentives would have an impact on achievement and motivation. On submitting scores, LSOs in the incentive group were registered into a competition where the top scoring LSOs would win and get recognized for their work. Whereas, in the reporting group, LSOs were registered into a lucky draw upon submitting scores. The LSOs selected randomly through the draw would win and get recognized. Through this process, the results from the incentive group and reporting group would allow us to analyse whether these non-financial incentives have an impact on LSO's work.

Mechanisms

This design allows us to separately identify:

1. The effect of being asked to focus on, track and report key performance indicators
2. The effect of governance versus service delivery indicators
3. The pure effect of recognition (random winners in reporting and control group)
4. The effect of winning recognition in a competition (RDD between loser of a high pool and winner of a lower pool)
5. The effect of different prospective probabilities of audit
6. The effect of being audited on subsequent activity

Those that were selected for recognition were part of a one on one ceremony held at the district headquarters and every member of the executive body was invited to attend and given a certificate and shield for their participation and TTOs were given institutional recognition. She discussed some of the misreporting/overreporting that could occur when collecting data, especially since the organizations were self-reporting. Therefore, organizations were assigned a moderate or low probability of an audit (1 in 20 or 1 in 100 will be checked). The messaging was the scheme will only be fair if you do not over report and that there would be consequences for those over reporting including getting disqualified.

Findings

Ms. Vyborny explained some of the impacts the RCT treatments had on different groups. They found incentives increased reported achievements, but verification was key. The increase in performance was actually seen in organizations with low probabilities of verification (they were told there was 1/100 chance they would get audited). The control group had no significant impact in terms of increased performance.

The impact of recognition for reporting (by random draw) increases the survival rate of TTOs. For the organizations that did not win the lucky draw, 6% of them disbanded at the end line while the disbanding rate drops to under 1% for those that have won. She was excited to find that giving organizations recognition for their work increases their chances of activities and the number of people they are serving, even if they have no funding. This is an important finding for self-sustainability and not relying on partner or PPAF funds. There was no impact of recognition observed in the control group, impact was only seen in groups where they were asked to report.

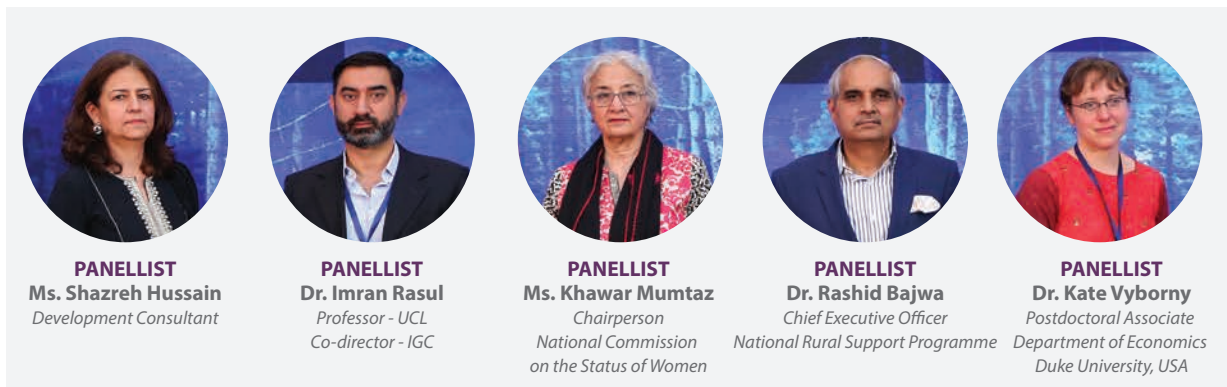
Conclusion

To summarise her session, Ms. Vyborny went over the findings from the first phase of data:

1. High-powered incentives lead TTOs to respond, but may encourage inflated reporting
2. Structured verification can make reporting and monitoring more effective and can help combat over-reporting. If verification possibility and consequences are clearly communicated, just a moderate chance of verification appears to discourage over-reporting and is also cost effective.
3. Recognition seems to be a powerful tool to encourage TTO performance - and even survival.
4. Random recognition in the control group, with no reporting, is not effective. This might suggest that recognition must be combined with a sense of accountability or ownership over achievements.

PANEL DISCUSSION:

Grassroots Institutions: Changing the Political Landscape?



Ms. Hussain, the chair, provided an outline for the session, asking the panel to look at different aspects of the way in which TTOs fit into the political landscape and the degree to which they are representative of communities, the communities' perception of their politics and the degree of their social inclusion.

Ms. Hussain asked Dr. Bajwa to comment on the extent TTOs have impacted grassroot organisations and what, in his experience, has been their contribution to the political landscape?

Dr. Bajwa recalled when they first started the social mobilisation movement, Dr. Akhtar Hammed Khan would call the activists 'idealists' and would say they are the drivers of development. When visiting India, they found that these activists were used as community resource persons (CRPs). Similarly, the TTOs that are very active today have a larger number of community resource persons/activists. The second learning from India was that they were 'specialist' CRPs in various activities and the third learning was that TTOs led and managed by women were more effective in all activities. He gave an example of financial management, if women are given that responsibility he found they are much more effective than the ones governed by men.

Similarly, when looking at the political side of things, he felt that TTOs managed by women have a larger chance of mainstreaming their women into the political discourse. Many female TTO members hold union council seats, which shows the potential of moving into second tier of political leadership in Pakistan (depending on how the political landscape unfolds in the country).

Ms. Hussain then asked what impact these findings have on the work NRSP is doing. Dr. Bajwa said the foremost issue, particularly with TTOs, was sustainability, although they have found that women led TTOs outlive their male counterparts and are less dependent on the RSPs or partner organizations. They are also more responsible so if given a task, they do a far better job. He admitted NRSP thought it would be difficult to work with women and it was not until they visited Uttar Pradesh in India that they realized the barrier was mostly a psychological one, within the NRSP staff. Once they overcame this barrier, their biggest breakthrough has been in South Balochistan where they are well managed, women led, TTOs, even in 'no go' areas. This could be a big breakthrough in the local level development they do.

“the future in Pakistan lies with women led organizations. The kind of development which we do, in future, this whole movement will be led by women (Poverty Alleviation) will be led by TTOs and will be far more effective”.

_Dr. Rashid Bajwa

Ms. Vyborny added that creating government linkages is a 'first order' issue that comes up a lot in discussions with PPAF and partner organizations. Is the vision for these organizations to advocate to government to give them resources or should they try and create these resources themselves? Do TTOs compliment what the government does or substitute it? Different communities have different visions but ideally, she would hope they complement it, in the form of holding them accountable or by co-implementing projects, which has been seen in her study.

Ms. Hussain then invited Ms. Mumtaz to comment on the potential TTOs have for developing social, economic and political capital.

When looking at TTOs as a manifestation of social capital, Ms. Mumtaz stated social and human capital are closely linked and combine to form political capital. Commenting on Ms. Vyborny's presentation, she said women's desire to improve was their biggest motivator and organizing them at grassroots level allows them to improve their conditions. The potential of women is not channelled or captured and TTOs are a platform for channelling that potential. Women at the lower tiers driving participation at the third tier level needed to be explored as from Kate's presentation; the baseline showed that women in executive bodies are fewer in numbers unless they are all female TTOs. She felt they needed to look at the leadership formation at the community level that can enhance their leadership. *While the third tier is important, the culture and capacity has to come from the grassroots and that needs equal amount of attention.*

As observed earlier, when women get organized, it also opens the way for political participation, especially at the union council level and women should be encouraged to take this pathway because by providing access to those avenues as the can change their lives more substantially and the community overall. She said the capacity to be able to participate at the political level is equally important and perhaps this aspect could be studied in phase two of the study. She expressed interest to know the composition of the organizations with a high turnover (whether they were all male, mixed or female) and who took their place when they left, or if the organization would eventually close due to the high turnover. Was there a gender difference in turn over and what were the kind of obstacles women faced? She noted that mobility was a tangible obstacle.

Ms. Hussain asked what more institutions could do to promote the inclusion of women to which Ms. Mumtaz responded, women always perform better in numbers so having one woman on a board would not have much of an impact. TTOs should be required to have a certain number of women and their leadership training should inculcate a democratic culture so women and men listen to each other and make collective decisions. Women should be facilitated in becoming specialised CRPs in certain areas, especially in financial management as women are better financial managers, having to look after the household food basket with minimal resources. When talking about capital, one also has to look at the institutions that mediate this capital. She said organization needs to take place at the local level so that women have access to institutions that mitigate risks and shocks.



When asked for his comments, Dr. Rasul praised the study, stating two reasons why it was important: NGOs around the world (at least the more effective) ones have some kind of social mobilization, so it was good to start seeing the evidence being built on that to help people understand how they work effectively. He asked what vision PPAF had for these TTOs, in terms of what they want them to be doing and to the extent they want them to be independent and engaging in the political process.

When looking at the map of service delivery in the presentation, he observed it was rising in some places but not others and was interested to know what drives that variation. He said the presentation placed a lot of emphasis on service delivery and inclusion, and inclusion is an old question. Why do we want inclusion? One view is because it is intrinsically good to have people in society be represented but also to study causal impact on outcomes and service delivery. This is a difficult question and not something the RCT could suggest. He pointed out that there was a lot of correlation that suggests when women are on committees outcomes might be better but scientifically, this is not a causal relation.

There is very little data on the composition of committees and their function. He referred to a paper by Asim Khawaja about rural participation of communities in the construction of wells in Pakistan. He found that in communities where the wells were more complex, having more community engagement made the wells unsuccessful because for complicated projects expertise is required, not necessarily inclusion. This shows there can be costs to inclusion as well and those costs might vary depending on the complexity of projects. Therefore, it is important to know what role the TTO will have to decide whether it is better to have inclusion or technocrats as part of the organization. It would be useful to see what is the extent of the correlation to women engagement and the quality of services of developed? The intrinsic inclusion is important but more needs to be done scientifically to develop evidence for this.

In reference to organizations becoming demotivated to report when verification increases, Dr. Rasul suggested including a trust component with recognition that shows the partner organization trusts them. However, he asked if PPAF wants to continuously provide recognition to these communities or do they want to develop a more bottom up approach where PPAF will no longer need to engage with them because they will be grow organically and be independent.

Ms. Mumtaz commented on the study mentioned by Dr. Rasul and the question of inclusion. She said the question of inclusion did not necessarily need to be about having technical expertise but it was more about an inclusive decision making process in interventions when deciding locations of the community wells, for instance. A disabled person or women should have a voice on where it should be placed. She praised the importance of PPAF's interventions as they go to the least served and the most deprived people and this sets the organization apart as the government does not go to such areas. Finally, she felt there was a process of graduation out of dependence from funding from PPAF. These are informal organizations and once they are formalized and registered, they eventually do become independent.

Questions & Answers

Shoaib Sultan reiterated that even the poorest households have tremendous potential to come out of poverty. Speaking about the three tier structures of community mobilisation, he said TTOs are representative of the majority of households but without financial viability, there is no sustainability. The RSPs have asked the government for a community investment fund for TTOs amounting to 10 million on an average, this will help make it sustainable. In Sindh, the government has created joint development committees including district departments and women representing TTOs, which has increased their role in decision making. In my experience, where we have been to foster this kind of institutions it has helped empower communities and alleviate poverty. Akhtar Hameed said there are three conditions for this approach to be successful: the willingness for communities to organize; an honest and competent leader and a support organization to guide them initially and link them with government organizations and funding.

Shandana Khan, shared that in RSPN have looked into the interface of women LSOs and the local government in Sindh (as it is the first provincial government to have a specific strategy on community development). In RSPN's experience, mixed organizations have not been very successful as the women's voice often got 'drowned out' and in some areas it was impossible to have mixed organizations. She observed that better developed TTOs have more interface with government and their formalization is key because that is where one starts getting accountability, participation and democracy and the RSPN is in that stage in some places.



Ms. Liaqat Ali Khan added that PPAF in its study with the World Bank had looked at mobilisation for empowerment, looking specifically at village organizations to understand inclusion. The results showed that where women were presidents and secretaries, changes were seen in terms of what priorities were being identified but also in terms of perceptions in terms of women participation in the public space. One of the biggest issues for women to go up to the UC level is mobility, they have much less access at the union council level despite being back to become presidents at village level organizations. She asked if Ms. Vyborny would be looking at women's access to the government and other services and how the link between TTOs and Vos can be strengthened.



Ms. Mumtaz wondered how the results of the study would get integrated into the national reporting system. She felt many things that are being reported do not become part of the national data. Despite hearing so much about women's participation, it somehow does not lead to a tangible result.



Dr. Imran Rasul said there has been *"a lot of conversation globally about women's participation: One narrative is that it's a zero sum game: as women gain, men will necessarily lose. To counter that we need the other economic argument to be countered with scientific evidence that everyone gains as you have more inclusion"*. When we talk about what is the impact of inclusion on outcomes, it depends very much on context.

Dr. Bajwa, referring to comments made on the participation of men and women, he reminded the audience that TTOs are a representation of households, it is just a question of who is representing the household but the entire household gains. The ultimate test of TTOs will be when they start engaging and creating public demand for goods and services and how the government responds to those demands. He felt Pakistan has the critical mass that can get the ball rolling.

Next Steps Towards Transformation

- Outlining the vision for TTOs is important in terms of their sustainability, and dependence on funding
- Facilitating TTOs with creating linkages to become part of the political process
- For the second phase of the study, more data on institutional capacity, different forms of inclusion and differences of regional variation could be included
- Would research be able to identify the tangible and intangible essential ingredients for sustainability?

PRESENTATION: Micro-Enterprises, Social Capital and Local Governance in Pakistan



Dr. Salman Khan

*Post-Doctoral Researcher, Centre for Enterprise and Economic Development
Research Business School, Middlesex University London, UK*

I want to be provocative and raise issues that have not been raised.

Introduction

Dr. Khan initiated his presentation by saying there had been a lot of discussion about micro-enterprises, community governance and social welfare associations but not much has been said about the interlinkages between them. He gave three submissions that laid the groundwork for his presentation.

Speaking about the RCT's, he referred to a paper by Abhijit Banerjee titled 'Economic lives of the poor' where he warned against romanticising 'penniless entrepreneurs' for whom efforts are being made to graduate out of poverty. The second point he made was micro enterprises generate social capital. For this to be understood, market places also need to be looked at and this led to his third submission about informal market places that he would further highlight in his presentation.

One of the objectives of his presentation was to demonstrate how micro enterprises generate social capital for marginalised groups and communities and to raise key questions for future research and development interventions aimed at micro enterprise development and social capital generation in Pakistan. He referred to two of his studies for this presentation:

Governance, Marketplaces and social capital: the role of Batkhela Bazaar in the evolving governance of the Malakand region of Pakistan (Khan, 2019).

Conflict, displacement, State and Civil society: the role of micro enterprises in the rehabilitation of internally displaced religious minorities (Khan, 2019 forthcoming)

He defined social capital as networks of relations and norms of cooperation such as trust and reciprocity. (Putnam 1993,1995) but said it needs to be viewed as a 'meso level concept', taking into account geographic variabilities that shapes the operations of associations and different spheres of governance. This will help explain why in some areas organizations are more inclusive and why some do better in one area but not in another. He stressed the role of interpersonal networks saying small grassroot organizations are not homogenous entities because their members have different types of networks that are used to facilitate the work of these organizations. A piece that had been missing in the discussions thus far was the systemic factors which is the quality of government and the power relations. When we talk about women, this is key, especially when looking at the space and power inequalities in which these organizations operate.

When defining micro enterprises, it is important to focus on the qualitative aspects. In the context of market places, is to look at these micro enterprises from when they transform from retail to wholesale and from a mixed business to purely wholesale, which shows how the economic conditions of these businesses changes.

Methodology

Dr. Khan presented data from two of his studies, both had three stated sequential data agenda. The first stage consisted of analysing existing surveys and data to study existing literature. The second stage involves conducting an exploratory survey to generate a baseline on micro enterprises which looks at post conflict governance and the third stage is generating qualitative data through in-depth interviews and to generate all the available documentary evidence. This included going through a list of all social welfare offices, contacting every organization on the list and sifting through the active and non-active organizations and selecting those that were of interest to the study.

He clarified that he would only be presenting selective findings from the study, that related to how micro enterprises generated social capital for organizations working on education for vulnerable children. In the case of Peshawar, they looked at children from internally displaced Sikh communities and orphan children in the case of Malakand.

Findings

Do micro enterprises really graduate people out of poverty?

He found that people do graduate out of poverty but graduation is a long term process dependant on two factors, entrepreneurial skills and the available social capital of individual entrepreneurs. In this case, they saw social capital more as an outcome of economic development as social capital by itself does not do anything but is contingent on a range of capitals and the outcome of social capital depends on what purpose it is being used for.

What types of loans to micro enterprise owners use and why?

He clarified the micro enterprises in these studies were not start ups or dependent on loans and had funding from other resources, including social networks and their suppliers on credit. A small percentage did not get loans because they were not aware of any micro finance institutions and thought the amount given would not be enough for their businesses to benefit.

How micro enterprises generate economic and social capital that benefit social welfare associations?

Mr. Khan explained micro enterprises are embedded in the social welfare mix which is comprised of the state, civil society, markets, social capital and religion, which are all interlinked in the local governance structure. In terms of resources, they rely on zakat (Islamic religious obligation to give to the poor 2.5% of their surplus income annually) and daswandh (religious obligation practiced by Sikh micro enterprise owner to give to the poor a 10th of their income) in the Sikh community.

What implications does it have for local governance?

Mr. Khan observed the active and non-active status of social welfare organizations generates a question of trust as people want to donate but they do not want to donate to grassroots organizations because they do not have trust in them and the organisations do not have the interpersonal networks in the market place to generate that trust. The findings of the study showed the bigger the size of the organization, the more donors they attract and the more donations they are willing to pay. This is especially the case in Al Khidmat in foundation in their orphan care programme. The government is not providing any services to orphans despite Pakistan having the 11th highest number of orphans in the world. Grassroot social welfare associations with the support of micro enterprises is doing more than what the government is doing in terms of generating social capital.

Conclusion and Future Directions

Besides providing finances to micro enterprises, how do we generate awareness among traders on the costs and benefits of formal and informal credit?

Mr. Khan stated that traders do not use microfinancing as they rely on loans from their suppliers or other traders. However, in doing this, their choices from buying things from the market becoming limited, they can only choose items that their supplier offers. Raising awareness on the benefits of microenterprises provided through formal channels and micro enterprises through informal challenges would be very constructive in understanding sustainability and graduation in the long term.

Questions & Answers

Are we interested in setting up small businesses without a long term vision for their sustainability?

Mr. Khan reiterated that microenterprises do help people graduate out of poverty. According to a World Bank study in 2018, there are 448 small towns, with micro enterprises at the centre where he said many success stories could be found, with people who may have started from being street vendors to becoming whole sale owners who are supplying to other businesses.



PANEL DISCUSSION: Transforming Social Capital in the Rural Economy



CHAIR

Ms. Samia Liaquat Ali Khan
Senior Group Head - Graduation Group
Programme Director - National Poverty Graduation Programme
Pakistan Poverty Alleviation Fund



PANELLIST

Dr. Allah Nawaz Samoo
Chief Executive Officer
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PANELLIST

Dr. Kate Vyborny
Postdoctoral Associate
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PANELLIST

Ms. Muqaddisa Mehreen
Child Protection Specialist
United Nations Children's Fund



PANELLIST

Dr. Tariq Hussain
Development Consultant



PANELLIST

Dr. Salaman Khan
Post-Doctoral Researcher,
Centre for Enterprise and Economic Development
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In the context of the discussion topic, Ms. Khan asked the panellists to comment on what they thought transformation means for TTOs.

Dr. Tariq Hussain

Dr. Hussain commented that Dr. Khan's second study on the informal economy in Pakistan. Calling it a lively piece of research, bubbling with interesting findings on the informal economy and what it does for poor people. He noted the findings were consistent with his experience and research confirms that progress in the informal sector is organic, incremental and self-sustaining, and takes place largely without help from the state or the donor community. He added that progress would take time as people develop their human, financial, physical and social capital over the years, leading to sustainability.

He clarified that Dr. Khan's studies were not about poverty alleviation in the context that PPAF, RSPs and similar organizations view the concept, as the paper talks about graduation being related to the size of business, its customer base, and its actual income generation. The specific indicator on which it reports is "retailers becoming wholesalers". This does not relate to the poverty graduation approach which has indicators such as income or the poverty score card. At the higher level, it is clear from this and other research that entrepreneurs contribute to public services for the poor where the state is lacking, but the question is to what extent are they also engaged in governance. The findings are suggestive and could be strengthened. Another question he said was whether they should expect state policies to help the informal economy, given that the state is directly operative only in the formal sector and the informal sector shies away from engaging with the state.

Dr. Khan's first paper confirms that the most active TTOs are able to benefit from linkages with at least some of the government departments and NGOs. He observed that such activities and linkages are not systematically reported by donors and NGOs, saying projects are not claiming the benefits of linkages. The reason is that project log frames and the like focus on the results of their own resources and this is an incomplete approach when it comes to linkages. The activities in which the TTOs are engaged with the government are those that

the government has annual targets and funds for which they need community involvement. For example, voter registration campaign, polio campaign, tree plantation campaign, in these cases government agencies need the involvement of the LSO and village organizations.

His final question was for PPAF where he asked what they would want from TTOs? During a project, TTOs are expected to do what is in the project design and after the project they want them to be sustainable. They are two possible pathways to sustainability: micro credit or community investment fund that keeps them engaged and the other is linkages mainly with the government, line departments are the biggest but they don't have operational funds.

Having known the RSPs since 1982, Dr. Hussain felt it was important to accept that elected local and political representatives have been the biggest opponents of community institutions for obvious reasons. There is a political economy at work because if the community works on things like infrastructure, they would not be able to make their cuts. He said one cannot expect the government to engage the community in anything that entails procurement or infrastructure. Governments can be engaged in activities where engagement is required from communities or areas where TTOs can provide technical assistance but for this they would need funds to ensure sustainability.

Dr. Allah Nawaz Samoo

Dr. Soomro outlined three key factors which have impacted TTO structures in the last three to five years. The magnitude of this change is distinguished by the fact that it is both at the macro and micro level.

The first factor is information technology. The State Bank has reported that 271 billion PKR worth of transactions have taken place through mobile phones. TTOs have given communities the opportunity for financial inclusion. By having new regulations and technical and financial infrastructure through digitised payments, it is creating a new ecosystem for enterprise development. This is the biggest incentive seen in the last few years.

The second factor is the strong support systems of the institutions. They have the reach to technology and skills transfer and will to break the glass ceiling, especially for women. This gives an important incentive and momentum to micro enterprises in a local context.

The third factor relates to a paper recently published from Dr. Junaid Rehman's from PIDE, where he is creating a new model called CSOP: Consumer Stock Ownership Plan where he coins a term called 'Prosumer' where a consumer transcends into producer, with the help of technology and storage capacity. That creates a new value chain. For example, in the northern areas where there is a surplus of hydro power energy, they are able to sell it down country. This provides a big incentive to manage micro-enterprises in their areas.

In Pakistan, only 1% of women have a chance for entrepreneurial opportunity and these are only for women who are literate. There are home based solutions which involves engaging with the local market. If there is demand and level of production within a union council, that creates another incentive in the rural economy.

He concluded by saying transformation is a non-linear process. There are many things they are happening; trust, reciprocity mutual transfer of goods and services, cutting down the procedures, overcoming barriers of distance, factoring in technology. A new domestic market is coming up which entails social entrepreneurship.

Ms. Muqaddisa Mehreen

Ms. Mehreen began by looking at the larger canvas, stating 134 million Pakistanis live in rural areas, which is more than 60% of the population. When we talk about transformation, she said we should think about transform who and transform to what? Social capital is organic and fluid and often difficult to quantify but is also critical in gluing people together. She commended PPAF for putting out a discourse that is unexplored but essential to give meaning to what we connect in terms of sustainability.

When commenting on the empirical evidence and the studies put forward by the authors, she said the recommendations were commendable but large data sets are needed for trends analysis. In terms of collective action, she agreed it was important to have inclusion but it was important to draw the line between agency and collective action. Similarly, in the case of transformation, she felt it is important for agency to come forward. There may be representation but in terms of the people being represented, they should feel they have a say. Representation versus participation is an important element in transformation.

She said some were more cushioned against economic shocks than others but one has to larger scale ups in terms or services and systems. For TTOs, transformation would then mean looking upscaling. Scaling up will require buy in from the ones who will be scaling it up (these are institutions with resources) She then asked the panel: how do we invest an ecosystem that can sustain the work they are doing.

Dr. Kate Vyborny

Ms. Vyborny said there was a lot of beneficial activity already happening in informal social networks as well as a potential role for the government. When looking at the kind of third sector funding PPAF does, it seems like the optimal thing is to crowd in the beneficial action of others rather than crowding them out. It is important such funding does not reduce the role of informal social networks.

When speaking of transformation and sustainability, she said there are potential trade-offs for TTOs. Some panellists argued that TTOs will always need funding while others have made a different but on the one hand we might have an objective of financial independence while on the other we want adequate representation of the poor, so it could be harder for the poor to raise resources locally. This is an example of a trade-off that we might face for transformation. Another example would be introducing a requirement for more democratic representation into community institutions had a lot of beneficial effects but in the short term there was some evidence of conflict. There might be a trade-off between greater diversity and effectiveness of working together.

Ms. Khan commented to Dr. Salman that there seemed to be a sharp divide between the micro entrepreneurs and members of community institutions. It seems many of these members may have their own micro enterprises and could potentially support the actions of TTOs. She asked Dr. Khan what his research showed in the Malakand division.

In terms of the role of microenterprises, Dr. Khan admitted it was a small study but provides an understanding of the process, which is not very different from the findings of the RCT, as micro enterprises also reduce casual wage labour and change the power structure of local politics and creates more inclusion. When looking at the networks of such micro-enterprises, he noted they have networks with both religious and non-religious organizations as well as traders. During the Swat crisis in 2009, traders were not able to open their stores because of a security curfew and children were not able to go to school. These traders decided to set up schools for children and arranged place and fee of teachers, and this initiative took off, while the bazar was sealed for months. Those traders then continued this activity and formed a grassroot organization which worked for two years but was divided on whether they should seek funding from other organizations or retain their model of generating their own funds. what are you trying to transform and how are you trying to transform?

Answering the question, Ms. Khan said PPAF works towards poverty alleviation, not just economic but empowerment that leads to agency. Referring to Dr. Samoo and Ms. Mehreen's point on technology, saying it could be the change that breaks these communities into the next dimension of what they can do. She asked Dr. Soomro and Ms. Mehreen to comment on how technology would impact agency and collective action in these communities.

Dr. Samoo said technology had a tremendous impact on the cost benefit analysis and creating a new dimension of flow of goods and services. Social media has influenced people in making new choices and preferences and this has changed market demand. Community organizations are generating new collective forums because of commonality in interest and purpose by using technology in their favour. The participation of women is a critical factor, literacy is the main barrier in accessing financial and educational services but technology is now allowing them to access these services. The availability of technology and how it would be observed in the field, for this eco-system to exist social capital is needed.



Ms. Mehreen stressed that providing access to technology is only an enabler. If there is no confidence in the person using it, it cannot enable or give agency. Literacy rates are very low for the masses so when using technology, one has to look at the entire design, who it is being given to. When looking at engaging youth, the real 'win-win' would be to design the initiative that ensures each component holistically supports each other. Youth might have the required understanding and capacity but one should be cognisant that technology is an enabler but not the ultimate solution, as the solution lies in the user. The more you deconstruct the profile of the user and are able to facilitate them, that is what is critical. The chair concluded the session by highlighting the main points of discussion and thanking panellists and presenters for their time.

Next Steps to Transformation:

- What role does PPAF envisage for TTOs in the political landscape and how should they facilitate this
- Scaling up TTOs and understanding the difference between what we expect from TTOs and the realistic constraints
- Creating an eco-system that supports TTOs to mature and self sustain
- Create a micro-entrepreneur eco system which could facilitate social entrepreneurships that could benefit the larger society

CLOSING REMARKS



Mr. Isa thanked the panellists, presenters and audience and said it was a privilege and honour to be part of this journey with them. He said PPAF wanted to know what were the outcomes of the work they are doing and research by third party institutions have helped put them on this track and prevents them from hubris- thinking they know it all and the learning is no longer there. He felt a lot of institutions in Pakistan have deteriorated because they have not recalibrated and stayed relevant to the people's needs, which is essential. He felt research also validates the work PPAF is doing and he was humbled to see some of the findings from Dr. Rasul's first presentation as it showed their work was having an impact. This is the journey they would like to continue.

He then went on to thank the government of Pakistan, especially Dr. Sania Nishtar, whose presence gave them hope that they can influence policy. He recalled that PPAF started with 2000 households in 2008 and have now scaled up to 100,000. He thanked PPAF's board and general body for their guidance and was especially grateful to the chairperson, Madam Khursheed Bharucha. He said it was an honour to have Shoaib Sultan with them and individually thanked all the panellists and presenters, saying it was a privilege to have them here share their insightful research and expertise. He noted the panel chairs did a remarkable job in giving everyone's point of view and the panellists added substance and gravitas to the conversation.

Moving forward, He wanted PPAF to look at other dimensions discussed that would help broaden their research. He stressed that development must be about social transformation as it is fundamental and this is why PPAF is looking not just at economic benefits but also other social benefits and behavioural change. He was also cognisant of the fact that PPAF must ensure inclusion in all the work that they do. He said Dr. Rasul's work was very validating as it showed the graduation approach has traction and size and rate of returns seven years on. This is the second highest rate of return that he had seen but it also brought about other things that need to be explored like meso markets and how those could be transformed to make them more accessible to communities. He affirmed this research will help create new avenues and changes to the PPAF is doing business. It will not only be about giving an asset but making sure that asset is transformative. He said the impacts on women was also heartening to see and enforces their belief of 'leaving no one behind'. He pointed out that Pakistan is becoming an incredibly uneven country, especially in variations in poverty and these inequalities should be not be acceptable to us as a nation.

He said the foundation of PPAF's work will remain social mobilization as they are the bed rock to all interventions. In reference to micro enterprises, he shared when PPAF started working in micro-finance, they had 60,000 borrowers and four of five institutions and their theory of change was based on strengthening institutions that served the people and were of the people to see an impact. Now PPAF has 60 institutions that are providing financial access. This shows that development is incremental. Mentioning Neelam's point of going from incremental to exponential was very profound, he said that's where PPAF needs to be headed. They have the critical mass and the government could use this for great impact.

Mentioning PPAF's symbol containing Ishq and ilm- he said they were propelled from this ilm and will translate it into action. He thanked everyone for their time and participation.





عشق علم عمل
پی پی اے ایف کی بنیادی اقدار اور اس کے کام کی اصل روح ہیں۔

The emblem denotes three words: **Ishq, Ilm, Aml**
meaning profound love, knowledge, action
the spirit of the institution

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