## BASIC INFORMATION

### A. Basic Project Data

<table>
<thead>
<tr>
<th>Country</th>
<th>Project ID</th>
<th>Parent Project ID (if any)</th>
<th>Project Name</th>
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<tbody>
<tr>
<td>Pakistan</td>
<td>P164785</td>
<td></td>
<td>Punjab Human Capital Investment Project (P164785)</td>
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<thead>
<tr>
<th>Region</th>
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<th>Practice Area (Lead)</th>
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<tr>
<td>SOUTH ASIA</td>
<td>Apr 25, 2019</td>
<td>Sep 10, 2019</td>
<td>Social Protection &amp; Labor</td>
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<table>
<thead>
<tr>
<th>Financing Instrument</th>
<th>Borrower(s)</th>
<th>Implementing Agency</th>
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<tr>
<td>Investment Project Financing</td>
<td>Islamic Republic of Pakistan</td>
<td>Punjab Social Protection Authority</td>
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### Proposed Development Objective(s)

The Project Development Objective (PDO) is to increase access to human capital investment for poor and vulnerable populations.

## PROJECT FINANCING DATA (US$, Millions)

### SUMMARY

<table>
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<tr>
<th></th>
<th>400.00</th>
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<tr>
<td>Total Project Cost</td>
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<td>Total Financing</td>
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<tr>
<td>of which IBRD/IDA</td>
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<td>Financing Gap</td>
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### DETAILS

**World Bank Group Financing**

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<tr>
<th>International Development Association (IDA)</th>
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<td>IDA Credit</td>
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**Non-World Bank Group Financing**

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<tr>
<th>Counterpart Funding</th>
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<tr>
<td>Local Govts. (Prov., District, City) of Borrowing Country</td>
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### B. Introduction and Context

#### Country Context

Pakistan’s economy is steadily improving with GDP growth reaching 5.3 percent in FY2017 and is expected to continue accelerating, reaching 5.8 percent in FY19, but development challenges remain. Pakistan is the world’s sixth most populous country with an estimated population of 207 million people and a per capita income of US$1,641 in 2017/18.\(^1\) However, the country continues to face daunting development challenges. Even though the poverty headcount (based on a poverty line established in 2014) has fallen from 64.3 percent in FY02 to 29.5 percent in FY14, inequality (measured as the share of the bottom 40 percent in total GDP) has increased somewhat over the past decade and a half.\(^2\) Rural poverty remains about double urban poverty (35.6 percent versus 18.2 percent in FY14) and also decreases less rapidly.

Pakistan continues to face significant human development challenges including high levels of stunting and wasting, and nutrition indicators have shown only slow improvement. Pakistan ranks 150\(^{th}\) out of 188 countries on the 2017 UNDP Human Development Index and its human development indicators (health, education, and gender) are below the regional average for South Asia. Pakistan was unable to meet education and health related targets under the Millennium Development Goals by 2015. Although the stunting rate has declined as per preliminary results from the Demographic Health Survey, it remains considerably high at 37.6 percent.\(^3\) Only about 50 percent of Pakistan’s population has completed primary education.\(^4\) An estimated 22.8 million children are out of school, and school enrollment and attendance are especially concerning for girls. Low investment in human development is producing a workforce lacking the skills needed to compete in global markets.

In Punjab, the most populous province of Pakistan, despite overall poverty reduction, human capital indicators especially among poor and vulnerable populations and resilience to poverty remains weak. Although poverty declined more within Punjab than nationwide over the past decade (from 61 percent to 25 percent), Punjab remains the home of the country’s 23 million poor people (about 48 percent of total number of poor individuals in the country). A large proportion of Punjab’s population is clustered around the poverty line and hence remain vulnerable to poverty, especially during shocks and crises such as floods and climate change induced risks. Also, Punjab is one of the most unequal provinces in Pakistan, with its Gini coefficient of 0.3 in FY16 compared to 0.25 in Khyber Pakhtunkhwa (KP). There are huge variations in human capital indicators by household income and districts within Punjab. Close to half of children under age five are stunted among households in the bottom 20 percent of the income distribution while the same figure is about 17 percent among households in the highest 20 percent. The poverty rate in South Punjab (38.7

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\(^1\) Economic Indicators 2018, Pakistan Finance Division
\(^2\) In Punjab, income growth of the bottom 40 percent as compared to the upper 60 percent is faster in periods of lower growth but slower in times of more rapid growth.
\(^3\) Pakistan Demographic and Health Survey, 2017-18.
percent) is almost twice high as the rate of the rest of the province. Targeting these groups to provide access to better human capital investment is critical for overall improvement in human development outcomes.

Sectoral and Institutional Context

**Human capital challenges along the lifecycle, among poor and vulnerable populations, are daunting in Punjab.** At birth and early childhood stage, mothers and children are faced with huge health risks. Maternal and child mortalities in Pakistan are significantly higher than those of the regional average and progress has been slow.\(^5\) Access to health care services could further improve especially for the poor. As Figure 1 (left) shows, a significantly smaller share of women in lower income quintiles use pre- and post-natal care services compared to their better-off counterparts. Poor maternal and child health, weak educational outcomes and economic opportunities for women, early marriage and limited health care services, lead to poor nutritional outcomes among children. Under five stunting and underweight are highly prevalent in Punjab especially among the low-income households (figure 1, right). For school aged children, human capital challenges continue. Net enrollment in primary school among children (ages 6-10) is less than 50 percent, and close to 40 percent of students drop out before completing primary school, among households in the bottom 20 percent of the income distribution. School dropout rates are significantly higher for girls. This situation is especially concerning in South Punjab where intermittent cycles of drought and flooding have affected climate-sensitive crops that are sources of rural household incomes and are essential nutrients for children.

**Figure 1. Use of healthcare services and nutrition outcomes by income quintiles in Punjab**

![Graph showing healthcare services and nutrition outcomes by income quintiles in Punjab.](image)

**Labor market prospects for adolescent and young individuals with poor educational attainment are not bright in Punjab.** Almost half of Punjab’s population is out of the labor force, and over 30 percent of Punjab’s youth (ages 15-24) fall in the category of Not in Employment, Education, or Training (NEET). Even among those active and working, the share of paid employment in non-agricultural sector is very small and wage workers in Punjab earn less than workers in Balochistan and KP.\(^6\) Poor labor market outcomes are far more prominent among women, as gender gaps in quality employment, access to financial services, and nutrition and health outcomes, as well as social and cultural norms, persist and continue to disadvantage women. The overall female Labor Force Participation (LFP) rate at 32% is low, and that of young women is not higher despite their better educational outcomes. Most women remain employed in informal, unpaid, or low-value adding jobs especially in agriculture in rural areas. The youth unemployment rate among urban women is more than

\(^5\) Ahmed at al. 2018. Pakistan@100 human capital note.
\(^6\) Jobs Diagnostic, World Bank 2016-17
double those of men and rural women. The lack of quality jobs, barriers to entry into employment, constraints to mobility and transport, lack of access to financial services and credit, low literacy levels, high work burden inside the home, and lack of sufficient opportunities are among the factors that create gender gaps in employment in the province.

The Government of Punjab (GoPunjab) has already recognized these human capital challenges and is taking steps to address them. After the Eighteenth Constitutional Amendment in Pakistan, Punjab assumed a greater role in addressing the province’s human development challenges. The importance of investment along the life cycle stages including childbirth and early childhood, adolescence and youth, adulthood, and old age, is highly recognized. For instance, Punjab’s Social Protection policy adopts the lifecycle approach to identify the areas of policy intervention. Several initiatives are currently underway in Punjab to respond to human development challenges – in particular health and education, to ensure the supply-side of service delivery. A few key areas include: improving health sector services through Basic Health Units (BHU) and Lady Health Workers (LHWs), enhancing the quality and outreach of primary and secondary education, and expanding skills development opportunities through technical and vocational education and training (TVET). In addition, in 2015, GoPunjab established a Punjab Social Protection Authority (PSPA) to strengthen its efforts to support poor and vulnerable households in the province.

Despite these efforts, demand side programs to facilitate poor families to utilize health, education, and skills development opportunities, invest in human capital, and engage in productive labor market activities, are significantly limited. Making services available does not automatically lead to greater utilization and investment in human capital among individuals and families. For instance, the poor in Punjab, especially women, face difficulties in accessing health services because of their socio-economic conditions, thus requiring demand-side interventions. Some programs do address such access problems -- such as Benazir Income Support Program (BISP)’s Waseela-e-Taleem (WeT) (conditional cash transfer for primary schooling) and Punjab’s Zevar-e-Taleem (ZeT) (conditional cash transfer for secondary girls education). There are various other small-scale initiatives including livestock support, Zakat, and subsidy programs. However, there is a great need to fill the gap where the needs are great but programmatic interventions are limited, and provide support along the overall lifecycle. Similarly, programs that address the effects of climate shocks including natural disasters on human development outcomes in Punjab are generally top-down and focus on the supply-side. There is a need to help build capacity and strengthen resources on the demand-side so that poor communities are resilient and are able to access services and maintain livelihood stability during periods of climate-induced vulnerability.

Moreover, various programs in Punjab are implemented in a fragmented way with a great loss of efficiency. Each program has its own way of identifying and selecting beneficiaries with their own delivery mechanisms. A systematic mechanism for the identification of the poor and vulnerable populations, citizen engagement and empowerment, monitoring and evaluation (M&E) of program outputs and results, and payment and reconciliation, is missing. Lack of citizen engagement results in weak social accountability which discourages citizens from exercising their rights and corresponding responsibilities in ensuring public programs deliver their intended outcomes. Program beneficiaries, especially the poor, widowed, and persons-with-disabilities, often have limited awareness of programs and the procedures to access these services and receive benefits. The use of technology in this regard can improve efficiency and provide measures for more active citizen engagement and transparency. Weak beneficiary identification systems also limit the speedy delivery and effectiveness of services to the poor during periods of additional risk such as floods and other natural disasters that afflict parts of Punjab. These issues are systemic and cut across all implementing ministries and undermine the ability of government support programs to provide resilience and be adaptive.

The Punjab Social Protection Authority (PSPA) was established as per the PSPA Act in 2015, with an aim to ensure adequate pro-poor and inclusive programming in the province. Since established, PSPA has promoted a coherent policy and institutional framework to consolidate, coordinate, and monitor pro-poor interventions. These reforms envisage a
reduction in program fragmentation and an increased pace towards achieving improved human development outcomes. Following this mandate, PSPA has been closely coordinating with key departments in Punjab, such as Health and Education, and also with the BISP, to support pro-poor programs. At the same time, PSPA has been strengthening its capacity including in areas of research, M&E, information system, and citizen engagement.

**Relationship to CPF**

*The proposed project is fully aligned with the World Bank Group’s Country Partnership Strategy (CPS) for FY2015–FY2019.* The project contributes directly to Pillar 2 of the CPS – Improved Human Development and Reduced Vulnerability and its sub-outcome 2.2: Reduced Vulnerability through Effective Safety Nets. It also contributes to results area 2.3: Enhanced Delivery of Health, Nutrition, and Population Services through its support to a health-related CCT in collaboration with the Health Department of Punjab. The project indirectly impacts results area 2.4: Enhanced Rural Livelihoods through its third component focusing on employment services and rural youth and women.

**C. Proposed Development Objective(s)**

The Project Development Objective (PDO) is to increase access to human capital investment for poor and vulnerable populations.

**Key Results (From PCN)**

Progress towards the achievement of the PDO would be assessed using the following results indicators (*the proposed indicators will be refined during the course of Project preparation*):

1. **Improved access to health and nutrition services**
   - Total number of pregnant and lactating mothers accessing health and nutrition services
     - Share of those who take up pre- and post-natal checkups
     - Share of skilled birth
     - Share of those regularly participating in health and information sessions
     - Share of those taking up the nutrition package
     - Immunization rate

2. **Improved participation in productive activities**
   - No. of women and youth returning to school
   - No. of women and youth participating in second chance programs
   - No. of women and youth participating in active labor market programs
   - No. of women and youth active in the labor market.

**D. Concept Description**

The proposed operation is aligned with the development objectives of the Government of Pakistan and the
The proposed operation focuses on two key areas of human development along the life cycle where risks and needs are high, but programmatic responses are weak -- birth and early childhood, and adolescence and youth. And it aims at improving access and utilization of services, leading to increased human capital investment and better livelihood opportunities. It addresses these two human development goals by a) incentivizing behavioral changes and use of health and nutrition services by pregnant women, mothers, and children from poor households; and b) incentivizing returning to school, receiving second chance skills training (e.g., adult literacy programming), and improving access to new and better jobs for improved labor force participation and increase in income for poor women and youth. In addition, the operation also supports a service delivery platform to provide overall support to pro-poor programs in the province. In focusing on these areas, the proposed operation supports the improved efficiency and effectiveness of the social sector service delivery, so households build effectively builds resilience to risks and shocks (e.g. health risks, labor market shocks, climate-induced disasters and shocks).

Scope: The program’s target group are the poor and vulnerable in Punjab, with a great focus on women and youth; and target areas are lagging regions in the province, with a great focus on South Punjab.

Component 1: Improved Health and Nutrition at Birth and Early Childhood (Proposed: $100 million)
This component aims to incentivize behaviour change to promote improved health and nutrition practices, and increase utilization of health and nutrition services, by pregnant women and children living in poverty. For that purpose, an existing health and nutrition focused conditional cash transfer (CCT), currently at a pilot stage for two districts in Punjab, will be scaled up to fifteen districts starting with South Punjab. The CCT is designed to incentivize pregnant and lactating mothers to receive regular health check-ups, skilled birth, growth monitoring, and immunization of children under 2 years of age, as well as participate in self-help sessions for better ECD, through regular and predictable cash transfers within targeted poor and vulnerable households.

The pilot program was developed jointly by the PSPA and the Punjab Department of Health, and the proposed component will also be delivered under the same institutional arrangement. Poor and vulnerable beneficiaries will be identified using the National Socio-Economic Registry (NSER) household data. This service delivery process will include beneficiary outreach through information campaign, social mobilization, and Lady Health Workers and Basic Health Units to ensure its effectiveness. It responds directly to the daunting challenge of weak health and nutrition outcomes of women and children in Punjab. In doing so, and focusing specifically on pregnant and lactating mothers, the project also hopes to reduce the gender gap in these outcomes in the province. Moreover, due to limited access to formal financial channels, the poor often tend to save ‘in kind’, which makes their assets more vulnerable to various disasters and shocks. Cash transfers would help increase the disposable incomes of poor households and can be utilized during periods of natural

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7 Health sector reform, Primary education reform, Skills development, and National SP project
8 Lady Health Visitor (LHV) is based at each BHU level, primarily responsible to promote community health by working with individuals, families and communities for the welfare of mother and children through MCH's static and out-reach domiciliary services. She is responsible for pre, intra and postnatal care to the expectant mothers including TT immunization advise them on appropriate family planning methods, good breastfeeding practices, nutrition and growth monitoring, treatment of minor diseases and referrals in case of complications
Component 1: Subsistence (Proposed: $50 million):
Disasters have unprecedented consequences for agricultural and non-agricultural livelihoods. The component aims to reach approximately 100,000 households to provide diversified sources outside food crops and to fulfill subsistence needs. This component aims to reach approximately 400,000 households over five years.

Component 2: Productive Inclusion of Adolescence and Youth (Proposed: $50 million):
The main objective of this component is to respond to the challenges of young people – poor learning, school drop-out, early marriage, challenging school to work transitions, lack of labor market opportunities, and the substantial gender gap in labor market outcomes in Punjab. This component focuses on incentivizing young individuals to continue/return to education, receive second chance skills development opportunities, and participate in labor market activities or programs to promote such activities. Investments in key areas of the labor market in Punjab to support women and youth.

This component will be designed in close collaboration with the PSPA’s Women’s Income Growth and Self-Reliance (WINGS) program supported by DFID. Approximately $ 50 million grant will be provided, and a fund for WINGS will be established under PSPA. The fund then provides financial support to government departments, NGOs, social enterprises, and private sector organizations to design and implement livelihood interventions for poor and vulnerable women in Punjab. Through this fund, the goal is to have extremely poor women achieve greater control over productive assets, incomes, and decision making within households; and for PSPA to improve its capacity and system to finance and sustain livelihoods and income generating activities for economically disadvantaged women.

Given the overlapping scope of common activities and intervention for common beneficiary groups, and aligned timeline, this component and the WINGS initiative will be designed together for coherency and greater impact. Under this component, various measures can be introduced. For instance, the secondary girls stipend program (ZeT) has scope for vertical or horizontal expansion; community based skills development (e.g., literacy, life skills, financial skills) for out-of-school children; youth employment program with job placement services or entrepreneurship package, can be considered. In designing and delivering these services, not only individuals, but also communities and families (especially of young women) will be engaged. Through this component, the operation aims to reach about 50,000 households over five years.

Component 3: Service Delivery Platform (Proposed $50 million)
In order to make Punjab’s intervention for poor and vulnerable households achieve envisaged objectives efficiently and to ensure sustainability beyond the life of the project, all relevant institutions in the Government of Punjab (Department of Health, Department of Education, etc) will be supported through a Service Delivery Platform developed under this operation. The purpose of this platform is to improve the demand, utilization, effectiveness and efficiency of service delivery in major programs and initiatives supporting poor and vulnerable households in Punjab. Through this platform, in collaboration with BISP, an objective and clear targeting mechanism for beneficiaries will be developed. Also, this component will include technical assistance and capacity building, investment in a Management Information System to streamline beneficiary identification and delivery of services, citizen centers, the roll-out of “Khidmat” and “Sehat Insaaf” cards to ensure robust payment mechanism systems, and social mobilization activities. This platform will also include mechanisms to address citizen grievances.

SAFEGUARDS

A. Project location and salient physical characteristics relevant to the safeguard analysis (if known)

The project will be implemented in the less developed and poverty prone areas i.e. southern Punjab targeting the poor and vulnerable groups with a great focus on women and youth specifically.
B. Borrower’s Institutional Capacity for Safeguard Policies

The Departments of Health and Education with coordination with PSPA which will implement the projects. The PSPA has the capacity to implement the designed project activities since they already implementing the similar activities in Punjab.

C. Environmental and Social Safeguards Specialists on the Team

Rahat Jabeen, Environmental Specialist
Babar Naseem Khan, Social Specialist

D. Policies that might apply

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<th>Safeguard Policies</th>
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<th>Explanation (Optional)</th>
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<tr>
<td>Environmental Assessment OP/BP 4.01</td>
<td>No</td>
<td>The project will finance the activities consisting of CCT, support livelihood, skill development incentivizing the young girls and boys for continuing the education etc. Since the project interventions will not involve any physical and civil works and focusing to improve the overall situation of poor sections of the society and populated areas to improve the human development challenges of the province. Therefore, the project safeguards category is assessed as C with low risk and no other safeguard document preparation are required by the project.</td>
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<tr>
<td>Performance Standards for Private Sector Activities OP/BP 4.03</td>
<td>No</td>
<td>This policy is not triggered as Private sector will not involve.</td>
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<tr>
<td>Natural Habitats OP/BP 4.04</td>
<td>No</td>
<td>No project interventions will be carried out in natural habited areas. Therefore, this policy is not triggered.</td>
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<tr>
<td>Forests OP/BP 4.36</td>
<td>No</td>
<td>No project interventions will be carried out in forested areas. Therefore, this policy is not triggered.</td>
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<tr>
<td>Pest Management OP 4.09</td>
<td>No</td>
<td>The project will not be involved directly or indirectly to use of Pesticides. Therefore, this policy is not triggered.</td>
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<tr>
<td>Physical Cultural Resources OP/BP 4.11</td>
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<td>The project interventions related to the human and social development therefore, this policy is not triggered.</td>
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<tr>
<td>Indigenous Peoples OP/BP 4.10</td>
<td>No</td>
<td>None of the social policies are triggered under the project, while the project by design is inclusive and targets the marginalized communities.</td>
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<tr>
<td>Involuntary Resettlement OP/BP 4.12</td>
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<td>None of the social policies are triggered under the project, while the project by design is inclusive and targets the marginalized communities.</td>
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<td>Safety of Dams OP/BP 4.37</td>
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<td>Projects on International Waterways OP/BP 7.50</td>
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<td>Projects in Disputed Areas OP/BP 7.60</td>
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### E. Safeguard Preparation Plan

Tentative target date for preparing the Appraisal Stage PID/ISDS

**Apr 19, 2019**

Time frame for launching and completing the safeguard-related studies that may be needed. The specific studies and their timing should be specified in the Appraisal Stage PID/ISDS

**TBD**

### CONTACT POINT

**World Bank**

Yoonyoung Cho, Sohail Saeed Abbasi
Senior Economist

**Borrower/Client/Recipient**

Islamic Republic of Pakistan
Syed Ghazanfar  Abbas Jilani
Secretary
secretary@ead.gov.pk

**Implementing Agencies**

Punjab Social Protection Authority
Sohail Choudry
Chief Executive Officer
sohail.anwar.ch@gmail.com
FOR MORE INFORMATION CONTACT
The World Bank
1818 H Street, NW
Washington, D.C. 20433
Telephone: (202) 473-1000

APPROVAL

<table>
<thead>
<tr>
<th>Task Team Leader(s):</th>
<th>Yoonyoung Cho, Sohail Saeed Abbasi</th>
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**Approved By**

<table>
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<tr>
<th>Safeguards Advisor:</th>
<th>Maged Mahmoud Hamed</th>
<th>28-Sep-2018</th>
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<tr>
<td>Practice Manager/Manager:</td>
<td>Stefano Paternostro</td>
<td>28-Sep-2018</td>
</tr>
<tr>
<td>Country Director:</td>
<td>Melinda Good</td>
<td>03-Oct-2018</td>
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