

**THE IMPACT OF UNCONDITIONAL
CASH TRANSFER ON SOCIAL
CAPITAL: A CASE STUDY OF BISP**



Submitted By

Fatima Mahmood

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Discipline: M.Phil. Economics

Supervised By

Dr. Nasir Iqbal

Co-Supervisor

Dr. Saima Nawaz

Department of Economics and Econometrics

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Pakistan Institute of Development Economics

CERTIFICATE

This is to certify that this thesis entitled: “**The Impact of Unconditional Cash Transfer on Social Capital: A case study of BISP**” submitted by Ms. Fatima Mahmood is accepted in its present form by the Department of Economics & Econometrics, Pakistan Institute of Development Economics (PIDE), Islamabad as satisfying the requirements for partial fulfillment of the degree of **Master of Philosophy in Economics**.

External Examiner:

Dr. Muhammad Arshad Khan
Associate Professor
Department of Economics, COMSATS
Islamabad

Supervisor:

Dr. Nasir Iqbal
Associate Professor
PIDE, Islamabad

Supervisor:

Dr. Saima Nawaz
Assistant Professor
Department of Economics, COMSATS
Islamabad

Head, Department of Economics & Econometrics:

Dr. Karim Khan
Associate Professor/Head
Department of Economics & Econometrics
PIDE, Islamabad

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Abstract

Multitudinous studies of literature highlight prompt effects of cash transfer on varied economic indicators yet its social impact suffers dearth of literature. This study investigates the impact of Benazir Income Support Program (BISP) on social capital especially female households. The eligibility criteria in this program is determined by a poverty score or cutoff that allows approximation of causal effect by utilizing regression discontinuity design (RDD). The findings demonstrate positive effect of BISP cash transfer on bonding and bridging social capital but also indicates to negative effects by inducing feelings of envy, jealousy and disrespect for recipients. When we expand estimates to gender analysis, strong evidence show that social capital of female household has affected more compared to male household. Findings show that the indicator trust is either insignificant or is positive. Results also show that norm of reciprocity or helpfulness are also significant revealing that augmented economic status due to BISP, allows beneficiary households to collaborate and participate in societal activities. Indicator of civic engagement is also significant and beneficiary households are now more inclined to engage in voluntary work. They are now motivated to do community work, stay involved in community services as an empowered citizen.

Chapter 1

Introduction

1.1 Background

Since the beginning of economics, ample research has been staunch to uncovering the determinants of economic growth and prosperity. Classical perspective of economic growth regards relative stock of human and physical capital as primary factors to economic growth (Solow, 1957). Later, in the beginning of 1970's, conventional economic literature highlighted factors such as technological magnitude of economies, managerial skills of business and state leaders, potential to generate knowledge and innovation and liberalization of markets as key factors to economic development.

Despite these remarkable efforts, no consensus reached (Levine and Renelt, 1992) and economists rewarded less attention to social regulations that promote reforms and development (Christoforou, 2004). Researchers also overlooked the potential of institutions, networks, trust, norms, social organizations and cooperation among individuals and institutions to have an influence on economic growth.

Forty years after the origination of human capital concept in the entity of economics, related concept of social capital was propagated via Coleman (1988). Innumerable papers with diverse definitions of social capital appeared since the introduction of the term by Glenn Loury (1977) such as (e.g, Mohr and Dimaggio, 1985; De Graaf and Flap, 1986; Bourdieu, 1986; Fratoe, 1988 & Coleman, 1988). At present, social capital is considered to be crucial for economic development (Knack and Keefer, 1998); finance advancement (Guiso et al., 2004); greater education (Coleman, 1988); better innovation (Ackomak and ter Weel, 2009); soaring value formation by companies and organizations (Nahapiet and Ghoshal, 1997) and improved public health (Kawachi et al., 1997).

Researchers such as Fukuyama (1995) stressed upon the need of conscious efforts of promoting norms, values, trust and skills by group development (Baum, 1990 and Mackie, 1995). There exist no direct channels prescribed by researchers to attain social capital rather it needs to be built through conscious efforts. Building social capital implies to improved social attitudes, social structure and social values. On an individual level, it involves intentions, willingness and actions of individuals. On the contrary, at the community level, it refers to social organization and structure of a society that changes overtime.

Individuals need to invest in their social relationships to acquire social capital through social belonging which promote trust and reciprocity amidst strangers in a community, for example, an individual may feel this belonging when he meets a person belonging to his town or village elsewhere (Mackie, 1995). Participatory approach also promote social learning. In this approach, a group of people is required to solve a situation as a team. This leads to cooperation, respect, adjustment with each other's opinion, formation of common values, norms and helps to collaborate to achieve a common goal (Argyus and Schon, 1978). Such collaborations develop skills of self-organization as members of the group need to create power via relationships in a social network to solve problems in a sustainable way. On a community level, members must improve ways to interact, cooperate and collaborate with each other. Civil societies, state and organizations need to promote socially acceptable norms and values that motivate members of the society to interact leading to creation of social capital. Physical layout of village and cities may also encourage or discourage social interaction of people hence effecting the creation and formation of social capital (Baum, 1990).

Social protection programs especially cash transfer has earned accentuating attention across policy makers, states & civil society members since 1990's. They are contemplated as crucial policy

response not only to chronic poverty but also to elevate social cohesion, inclusion and social justice (Devereux et al., 2011). These programs indulges beneficiaries into active social engagements such as involvement in group activities, attending training programs and participation in social events which precipitate sensitivity of mutual support, higher dignity and solidarity (Narayan, 1999). Regular cash payments by the state boost recipient's confidence and trust on government and on other formal institutions leading to better economic outcomes (Babajanian, 2012). According to Department of International Development (2011), volatile and low income is the premier problem for the poor, however, poverty is multidimensional. Adequate regular transfer of stipend from cash transfer, aids poor households in lean period to maintain consumption by enabling them to spend on food, healthcare and schooling without taking debt or selling assets. Later, these transfers would further enable household to have better access to credit, strengthen human capital and amass productive assets (see causal pathways in Appendix A figure 1A). Extensive research has been conducted to determine the spillover effects of cash transfer (shown in Table 2A in Appendix A) and it has been manifest that they have influential social ingredients and therefore may influence social capital.

1.2 Motivation of the Study

United Nation Human Development report (2015) ranked Pakistan at 147th out of 188 countries indicating that poor people in Pakistan are vulnerable to shocks and gets disproportionately affected by them. In order to promote equitable distribution of wealth, to reduce poverty and to enhance financial capacity of this vulnerable group of the society, also to promote inclusion of this excluded segment of the society and to uplift status of these vulnerable and underprivileged people, government of Pakistan initiated the Benazir Income Support Program (BISP) in 2008 (Ghazdar, 2011). BISP offers both conditional and unconditional cash transfer programs. In conditional cash

transfer, assistance for primary education is dispensed and approximately around 2 million families are covered across Pakistan and unconditional cash transfer program provides quarterly cash payments directly to female beneficiaries of eligible households (Nawaz & Iqbal, 2020). Initially, a total of over Rs.16 billion was disbursed to 1.76 million eligible families in 2008-09 (BISP, 2010) which increased to Rs.102 billion covering almost 5 million eligible families across Pakistan by 2018 (BISP, 2018). It is considered to be the largest social safety program not only in Pakistan but also in South Asia (Watson et al., 2017).

BISP targeting performance is also phenomenal and is considered to be in top five social safety network programs in the world (BISP, 2017) as about 84% of the beneficiaries belong to the poorest three quintile (Iqbal & Nawaz, 2019). Eligibility criteria in BISP is based on a mechanism that rely on a cutoff score or poverty score which is calculated using 23 assorted variables and households are unaware of the construction of eligibility criteria using the cutoff (Economic Survey of Pakistan, 2019). Targeting of BISP beneficiaries has evolved under two transitional phases. At the time of program commencement (2008-09), beneficiaries were nominated by parliamentarians on the basis of community assessment (Nawaz & Iqbal, 2020). A second phase was introduced in 2010-11 by utilizing Proxy Means Test (PMT) to identify beneficiaries on the basis of 23 variables taken from PSLM. The cut-off score is currently set at 16.17 (Afzal et al., 2019).

In order to attain transparent disbursement mechanism and efficiency, five different payment methods have been implemented overtime including manual payment via Pakistan Post, BISP Smart Card, Debit Card, Mobile Phone Banking and biometric verification system. These in turn has provided an opportunity for poor household to enter into formal sector which would improve and enhance their financial and social cohesion as well as trust on the formal sector (DFID, 2015).

Also allowing those to have technological integration as nearly 93% of BISP beneficiaries withdraw cash grant using electronic payment method which aid to attain the smooth exercise of payment disbursement, minimize transection cost and leakages (Nawaz & Iqbal, 2020).

Apart from reducing poverty (Afzal et al., 2019; Nayab & Farooq, 2014 and Shehzad, 2011), better education and health services (Duflo, 2012) and improved consumption (WeT, 2013), BISP has embarked viable social impacts on its beneficiaries (Cheema et al., 2016). Due to BISP grant, women are more likely to attain a national ID card which enables them to vote and increase their political participation (Ghazdar, 2011), they now have permission to visit friends alone and to freely make decision about how to spend money (World Bank, 2017). Beneficiary women now relish greater mobility in markets and within their communities, also their autonomy in decision making has increases and they now enjoy better social status within their community (BISP, 2019).

The study seeks to find the following:

- Despite being the largest cash transfer program in the country, does BISP have transformative potential to promote social inclusion of the marginalized group of the society especially females by increasing their social capital?
- What is its effect on bonding and bridging social capital?
- Does it fuel intra-community agitations and cause envy, jealousy and unjustness?

1.3 Objectives of the Study

- To examine BISP impact on social inclusion, social capital and community collaboration among the excluded segment of the society.
- To identify BISP effect on community dynamics and relations namely bonding and bridging social capital.

1.4 Significance of the Study

The influential effect of cash transfer on social capital and the overall well-being of a person cannot be repudiate. Broad literature is available about social capital but finite efforts have been made in this context especially in case of Pakistan. Our study compasses the importance of mentioned dimension of cash transfer and attempts to evaluate the effectiveness of BISP cash transfer on social capital of poor households in Pakistan, as this will increase their ability to enjoy benefits by being members of social networks and social structures. This type of research would be helpful to design appropriate parameters of social protection programs away from typical focus of controlling poverty to elevating ampler constructive changes on social relations of poor households which in turn would enhance their social intervention accelerating their capacity to acquire improved social and economic sequels.

1.5 Data and Methodology

Primary data is used in the study where unit of analysis are households. Instrument employed to collect data was questionnaire using Stratified Random Sampling Method. The empirical analysis is based on primary data collected in 2019 through a household survey called “Social Policy Survey (SPS)”. To quantify the impact of BISP cash transfer on social capital, Regression Discontinuity Design (RDD) approach will be used.

1.6 Design of the Study

Chapter (1) is preliminary part of the study followed by chapter (2) which is based on review of relevant literature. Chapter (3) highlight the dynamics of social protection programs in Pakistan. Chapter (4) is comprised of the methodological framework including conceptual map, analytical framework, data and description, econometric model, estimations technique, descriptive statistic and estimations of the data for full sample. Findings and interpretations are discussed in chapter (5) followed by conclusion and discussion.

Chapter 2

Review of Literature

2.1 Introduction

In this chapter, we will review literature on social capital. Many researchers and policy makers have used the idea of social capital according to their notional and analysis interest and ample of conceptual and empirical analysis are done on social capital. The henceforth review proceed in the following manner; first we will discuss the conceptual development of social capital and in the second section empirical evidences on the effect of cash transfer on social capital will be demoed.

2.2 Conceptual Development of Social Capital

The notion ‘social capital’ is not fresh, rather its history can be sketched back to early economists for instance Adam Smith, John Mill and Max Weber who laid out the cultural elucidation of economic phenomenon.

Lyda J. Hanifian (1916), was first to invoke the abstraction of social capital when he tried to describe the significance of community participation in school performance. Later, the idea faded and after a long disappearance it was revived by many researchers namely; by a Canadian Sociologists team when they were studying about urban communities (Seely et al., 1956), by Jacob (1961) while debating about neighbourliness and urban life, for a theory of social interaction by (Homans, 1961)and by Loury (1977) while surveying on income distribution. They all stressed upon preserving social networks as they can be of great value to any society. Gradually, the idea of social capital procured an accelerating pace in 90’s and since then has been a hype in social

sciences. This popularity can be illustrated by the number of hit journal publications which increased from 10 in 1994 to 223 by 2005 (Beugelsdijk & Schaik, 2005).

Despite the apparent popularity, the idea of social capital lacks convergence in definition and measurement. Since the concept has multidimensional character, therefore, the standard definition and a reliable measure of social capital is still absent (Fukuyama, 1995; Durlauf & Fafchamps, 2004). Over the period, researchers have built diverse frameworks to understand the social aspects of this phenomenon. Theoretically, these frameworks have gained much attention during last decades and across the globe many researchers such as Coleman (1988); Putnam (1995) etcetera have added significant contribution to enhance people's understanding and knowledge about social capital.

2.2.1 Expounding Social Capital

On a micro level social capital is interpreted by literati as:

“An individual's personal social network, and all the resources he or she is in a position to mobilize through this network...” (Flap and De Graaf, 1986, p. 145)

“...someone's network and all the resources a person gets access to through this network can be interpreted more specifically as his social capital..” (Sprengers et al., 1988, p. 98)

“Social capital is the aggregate of the actual or potential resources which are linked to possession of a durable network of more or less institutionalized relationship of mutual acquaintance and recognition - or in other words, to membership in a group- which provides each of its members with the backing of the collectivity owned capital, a “credential” which entitles them to credit, in the various senses of the word.” (Bourdieu, 1986, p. 210)

“...social capital refers to friends, colleagues, and general contacts through whom you receive opportunities to use your financial and human capital...” (Burt, 1992, p. 09)

“...resources embedded in a social structure which are accessed and mobilized in purposive actions” (Lin, 2001, p. 29)

“...investment in social relations by individuals through which they gain access to embedded resources to enhance expected returns of instrumental and expressive actions” (Lin, 2001, p.17)

“...social capital mean interpersonal networks... a network remain inactive or be put to use in socially destructive ways. There is nothing good or bad about interpersonal networks; other things being equal, it is the use to which a network is put by members, that determines its quality.” (Dasgupta, 2005, p. S10)

The above portrayal of social capital emphasizes that it is formed by harnessing social networks. Individuals deliberately invest in social relations keeping in mind the expected return but this return could be positive or negative. They spend in social relations to enhance information exchange and gain favourable perks such as better job opportunities and status (Lin, 2000), social control (Coleman, 1988) and access to resources (Portes, 1993). This indicates that presence of social capital in a community reckons on existing social configuration prevailing in a society, offered resources and individual's action (Lin, 2000). In conclusion resources in a society are embedded in social connections and are produced by the relationship amidst actors. Quibria (2003), evaluated these contrasting definitions and concluded that social capital is a resource possessed by people achieved from approaching networks and connections.

Social capital, on the macro level, is described as:

“Social capital is defined by its function. It is not a single entity, but a variety of different entities having two characteristics in common: They all consist of some aspect of a social structure, and they facilitate certain actions of individuals who are within the structure.....social organization constitutes social capital facilitating the achievement of goals that could not be achieved in its absence or could be achieved only at a higher cost.” (Coleman, 1990, p. 304)

“...features of social organization, such as trust, norms and networks that can improve the efficiency of society by facilitating coordinated actions.” (Putnam et al., 1993, p. 167)

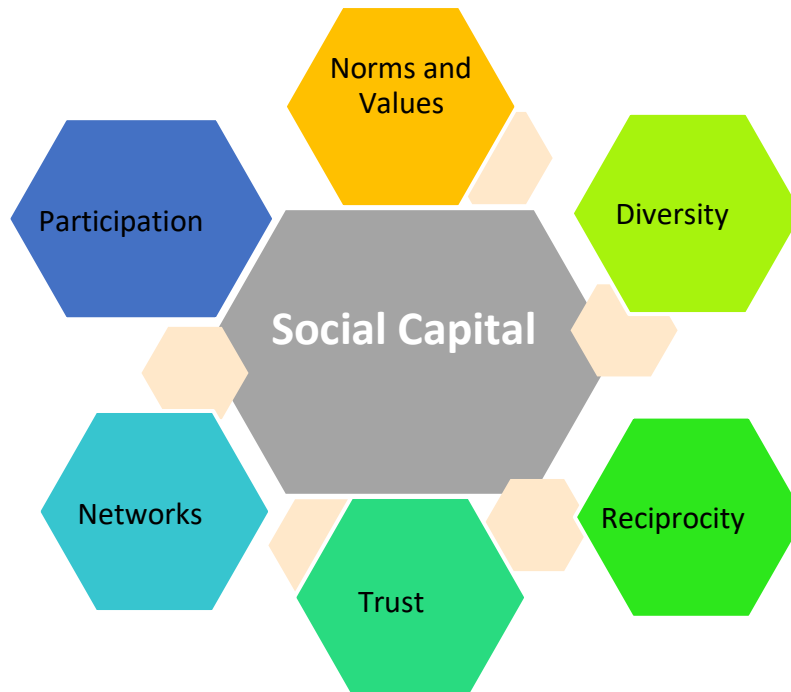
“...Social capital is a capability that arises from the prevalence of trust in a society or in certain parts of it. It can be embodied in the smallest and most basic social group, the family, as well as the largest of all groups, the nation, and in all the other groups in between. Social capital differs from other forms of human capital insofar as it is usually created and transmitted through cultural mechanisms like religion, tradition, or historical habit.”(Fukuyama, 1996, p. 26)

“Social capital is the institutions, relationships and norms that shape the quality of a society’s social interaction, thus social capital is explicitly relational.” (World Bank, 2000, p. 13)

“Social capital generally refers to trust, concern for ones associates, a willingness to live by the norms of one’s community and to punish those who do not.”
(Bowles and Gintis, 2002, p. F419)

Above conceptualization considers norms, cohesion, trust, and values as prime supply of social capital based on social association or networks. Trust enables people in groups or organizations to work in collaboration to achieve common goal. It is believed that there lies some informal values and principles amidst members of the society which enables co-operation and mutual trust. In conclusion, different views agree on basic foundation of social capital that these are social relations which yields individual and collective benefits for the community. Components and scope of social capital in accordance with the above definitions is presented in figure1.

Figure 1: Components of social capital



Source: Social Capital Framework adapted from Helpern (2005)

According to Putnam (1993) definition, norms and values play an important role in building social capital. Norms are basically the unwritten rules of conduct of a certain group (or community) of people. They are the elaborations of the group's values and ethical principles that lie at the roots of cultures. Putnam has a special attention for norms of generalized reciprocity. These norms refer to "a continuing relationship of exchange that is at any given time unrequited or unbalanced, but that involves mutual expectations that a benefit granted now should be repaid in the future" (Putnam 1993, p. 172). Besides these norms of generalized reciprocity, Putnam (1993) also considers a broader range of norms of civic co-operation. These norms of civic co-operation and generalized reciprocity are inherently 'good'. They tell you to be honest, to be fair, to be trustworthy, to care for the weak, to help people in need, to obey the law, to bring back the lost wallet that you found to the rightful owner, not to steal, not to harm other people, and so forth and so on. Furthermore, networks of civic engagement nourish the norm of generalized reciprocity and encourage social trust that allow communication, coordination and collective action to resolve an issue.

He argues that social networks lead to general reciprocity and social trust. Furthermore, all kinds of associations in which people interact with each other exert positive external benefit for the society, because co-operation built within association spillover outside the association as well to other parts of the society, hence nurturing individual's social capital. Trust, is also a vital component of individual social capital because the reputation of being trustworthy yields considerable benefits to an individual and improves his/her ability to socially interact with others (Rose, 2007).

Researchers also classify social capital into different categories based on its characteristics and functions.

2.2.2 Varieties of Social Capital

Based upon various functions, dimensions and characteristics of social capital, literature assort it into different groupings. The common groupings of social capital are stated below:

(a) Cognitive and Structural Social Capital:

Norman and Wijayaratna (2000) gave this classification of social capital. **Structural social capital** aids in achieving mutually beneficial collective actions augmented by a set of rules and procedure providing stability and structure to social transections (Hitt et al., 2002). It includes social networks and structures such as clubs, associations, cultural group and that shape a society. Its facilitation to collective action lowers transaction cost and motivate collaboration, exchange and cooperation in the society (Van Bastelaer and Grootaert, 2002). It is tangible and corresponds to the entire networks of relations enclosed by a society, providing information about the number of ties an individual has and their strength. It also acts as a facilitator amid miscellaneous parties for transfer of knowledge and increased opportunities. People can easily collaborate and participate to mutually beneficial actions with minuscule transection cost following a set of rules by means of structural social capital.

Cognitive social capital refers to common values, norms, behaviour and beliefs that incline individuals to carry on collective actions for mutual benefit (Krishna and Uphoff, 2002). It is in fact a social setting which directs individuals on how to act properly in a social system. It reduces the opportunistic behaviour, provides harmony within the society (Hitt et al., 2002) and lays out a set of values and norms of socially passable behaviour (Uphoff and Wijayaratna, 2000).

(b) Vertical and Horizontal Social Capital:

It can also be classified as horizontal and vertical social networks (Narayan and Woolcock, 2000).

Horizontal social capital allude to relations among individuals having same power and status within community and it operates by shared norms and principles. These are informal ties among family, friends, relatives, neighbours etcetera (Bhandari and Yasunobu, 2009). It is argued by Putnam (1995) that these are voluntary associations that facilitates cooperation, maintain social capital within society and bring equal power and status to all. They are important in forming and maintaining a society because collaboration within is equivalent.

On the other hand, **vertical social capital** denotes to associations amidst asymmetric people from different hierarchy possessing dissimilar status and power (Bhandari and Yasunobu, 2009). This encourage formal hierarchical relations and construct circumstances for social change through laws by linking common citizens to leaders, civil servants and decision makers (Putnam, 1995).

(c) Bonding, Bridging and Linking Social Capital:

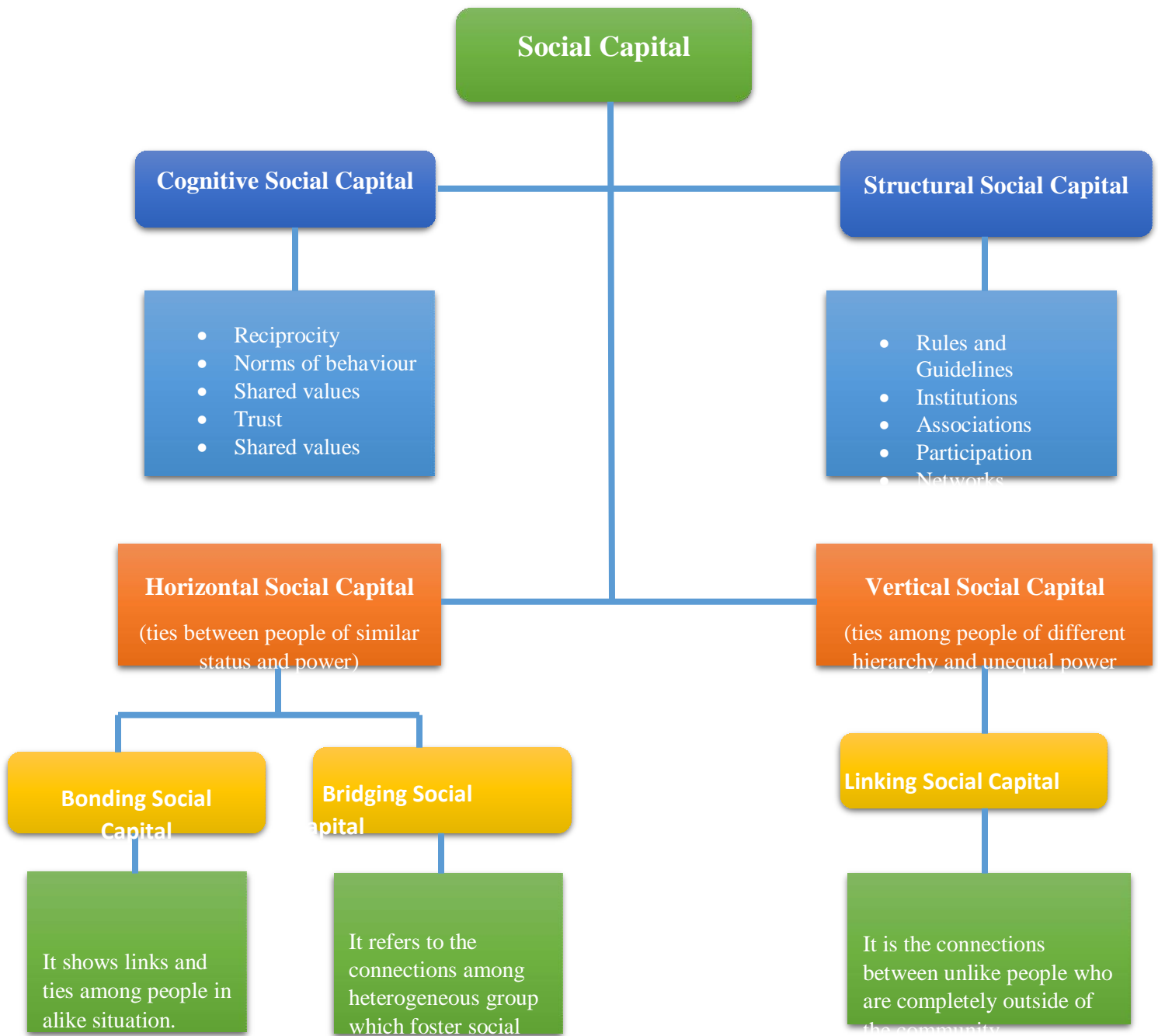
This is a common classification of social capital. **Bonding social capital** speak of associations among persons having similar sociological characteristics and resources. It endures among people who are very close to each other and shares high degree of network closure, for instance, immediate family, relatives, neighbours and close friends (Bhandari and Yasunobu, 2009). Portes (1998) altercate that bonding networks may yield negative countenance such as exclusion, bullying, parochialism and mistrustfulness for outsiders.

Bridging social capital is an outward-looking approach that contracts gap among varied communities and also helps in resolving community issues (Bhandari and Yasunobu, 2009). It prevails between people having different social groups, race, religion, social class, age, gender and

ethnicity (Ferlander, 2007) such as loose friends, colleagues, distant family and acquaintances (Ferlander, 2007) having thin trust and reciprocity as a driving force (Wallis, 1998). It possesses heterogeneous connections that incorporate individuals across the social groups (Field, 2003). It is crucial for community solidarity, achieving common goals, information exchange, mobilizing community resources and building relationships (Bhandari and Yasunobu, 2009).

Linking social capital connects individuals which are up and down the social scale and is a blend of formal and informal connections (Woolcook, 2001). It connects communities with states and other paramount agencies stating norms and networks of relationship among people having unlike social position and power (Kendall, 2002). Figure 2 shows types of social capital.

Figure 2: Classification of social capital



Source: Types of Social Capital adapted from Islam et al., (2006)

2.2.3 Menacing Social Capital

Although social capital is expected to capitulate advantages derived by collaboration among individuals and various groups of the society, the other side of it shows that it could be detrimental to the society and could bring about negative consequences. Olson (1982), argues that stable societies may lead to the formation of collusion and cartels that may collude to enforce the unnecessary reforms by undermining state's power. Further consequences include curtailment of individual's freedom, restriction to opportunities, imprudent claim on successful group member to help the weaker ones and prohibition of outsiders (Portes, 1998). Dominant and strong knitted social groups may also be formed by social capital who can shape unions to practice corruption (Evans, 1989; Fukuyama, 1995 and World Bank, 1997).

2.2.4 Criticism on Social Capital

Social capital is being widely criticized by many scholars for its vagueness and unpredictability. The dominant criticism is the continuing debate over how the ambiguous and multidimensional social capital concept can be explained, measured and conceptualized (Wakefield & Poland 2005). This shortfall in conceptual clarity indicates that indicators and definitions of social capital differs from research to research (Macinko & Starfield 2001). To operationalize social capital, researchers often use existing dataset and proxies which are not basically planned to estimate social capital (Baum & Ziersch 2003). It's also not clear about the quality or quantity of social capital that possess more important for development of a nation. Lofty quantity but inferior quality may lead to an undesirable social capital (Neira et al. 2008). But it is also claimed that high quality with low quantity is also not sufficient to brace the trust and required social networks among society to process economic growth (Woodcock, 2000).

In spite of all these shortcomings, empirics claim that social capital contributes to development significantly (Putnam et al., 1993; Beugelsdijk & Schaik, 2010; Knack & Keefer, 2013; Horvaith, 2012; Wiesinger, 2007 and Neira et al., 2008).

2.2.5 Momentous of Social Capital in Economic Growth

Economic outcome of social capital have been continually articulated in the literature. Commercial activities that demand individuals to rely on the future act of other party are consummate at lower cost in higher trust environments. According to Arrow (1972), “Virtually every commercial transaction has within itself an element of trust, certainly any transaction conducted over a period of time. It can be plausibly argued that much of the economic backwardness in the world can be explained by the lack of mutual confidence.”

Assorted studies on social capital concludes that discrepancy among countries and regions for economic development is mainly due to social capital. Conclusive positive relation is identified between social capital and economic performance of a country (Helliwell and Putnam 1999; Krishna and Uphoff, 1999; Neira et al, 2008 and Tortosa, 2015). These studies advocate that a greater collaboration among individuals aids in acquiring communal goals of a community and curtail transaction cost hence resulting in higher economic growth.

Nearly all the economic activities are linked to a web of social relations and social capital helps in accomplishing productivity at both micro and macro level. Informal relations do not only surge material welfare but also helps in obtaining prosperity and solidarity (Evans, 1996). Therefore, policy makers and administrators of development projects cannot negate the role of social capital as it yields favourable economic outcomes (Dasgupta, 2000).

Christoforou (2003) emphasizes on trust and cooperation within individuals, companies, institutions and state and considers collaboration among individuals as the key to attain social welfare. Trusting societies offer higher incentives for innovation and accumulation of physical and human capital (Galor & Zeira 1993). They are less likely to be dependent on formal institutions for compelling agreements. Government officialdom might be recognized as honourable and their policies being highly probable which aids in developing institutional development (Bjornskov, 2012).

Thus, we can conclude as, social capital is the outcome of social relations having spillover effect on market and state compelling the agents in formal and informal sector to procure collective actions for the attainment of higher social efficiency and economic growth.

2.3 Empirical Evidences

Magnificent surveys and reports of literature highlights immediate effects of cash transfer on poverty (Soares et al.,2006; Kyophilavong, 2011; Wu & Ramesh, 2014, World Bank, 2014 and Afzal et al., 2019), health (Angeles et al., 2019; Smith et al., 2019; Aizawa, 2020; Evans et al., 2019 and FAO, 2013), education (World Bank, 2017; Garcia et al., 2019; Sabates et al., 2019; Yusuf, 2018 and Baird et al., 2014) and human development (Bastagli et al., 2016; Zanker, 2016; Millan et al., 2019; Dietrich et al., 2020 and Saavedra, 2016), however, dearth of literature is observed to its outcome on wider social subtleties.

DFID (2012) study used qualitative and participatory approaches to investigate the common perspective of beneficiaries and non- beneficiaries about cash transfer programs in 5 different countries namely; Mozambique, Kenya, the Occupied Palestinian Territories (both Gaza and West Bank), Yemen and Uganda. Overall, the main highlights of the findings state that recipients

recognize these grants as pivotal element enabling them to not only solve economic problems but also social and psychosocial amenities. Qualitative and participatory research approaches provided a detailed insight of its effects on inner household authoritative relations, psychological amenities, inter community relations as well as social cohesion and formation of social capital. Numerous respondents especially females and disabled considered these dimensions more crucial as compared to economic amplitudes.

Effects of indigenous cash transfer program on social inclusion, social cohesion, community empowerment and social capital was investigated by Pavanello et al., (2016). His findings showed both positives and negatives by exhibiting convincing results on deepening bonding social capital and collapsing the patterns of exclusion and by intensifying feelings of envy, jealousy and unfairness within the community.

Attanasio et al., (2009) proposed public good game ‘voluntary contribution mechanism (VCM)’ for capturing trust and readiness to cooperate in two alike neighbourhoods in Colombia; one of which is targeted by a cash transfer program and the other one where the program is about to start. The results showed higher cooperation in the treated community than control community.

Taylor (2016) shed light on the effectiveness of the “Ethiopia Social Cash Transfer Pilot Program (SCTPP)” with the primary objective to increase social capital in the beneficiary households for the Tigray Region. The evidences show that the program succeeded in this regard, and that higher social capital created income benefits in addition to the cash grant in treated households generating income spillovers that add to the multiplier effect of the SCTPP. Zambia study establishes that other members of the community were willing to grant loan to program beneficiaries indicating the revaluation in the social position of recipients inside the community (Wietler, 2007).

On the contrary, substantiation from Kenya, Zimbabwe and Malawi propose that lack of transparency may lead to dilemma of disgrace (MacAuslan & Riemenschneider, 2011).

2.4 Concluding Remarks

Prevalent evidence illustrates twosome effect (positive and negative) of cash transfer on social capital. Overall, evidences reflect effectiveness of cash transfer and underline its potential privileges for beneficiaries. Majority of the studies with statistically significant outcomes are in the direction policy-makers intend to achieve.

However, beneficiaries and community stakeholders also reported feelings of covetousness, resentment and bitterness amidst beneficiaries and between recipients and non-recipients. The reason behind this could be dearth of information regarding program transforms, objectives, targeting structure and criteria which make community struggle to understand the determinants of poverty level. This in turn, constitute feeling of confusion, which propagates the perceptions of grievances and intra-community tensions.

2.5 Gap of the Study

Above literature exhibit that limited work is being done to analyze the impact of cash transfer on social capital especially in case of Pakistan. Our study compasses the importance of mentioned dimension of cash transfer and attempts to evaluate the effectiveness of BISP cash transfer on social capital of poor households in Pakistan, as this will increase their ability to enjoy benefits by being members of social networks and social structures.

Chapter 3 Dynamics of BISP in National Cash Transfer Program in Pakistan

3.1 Introduction

Over the last decade, successive governments in Pakistan has focused on the vision to formulate a comprehensive social protection program to safeguard the lagging society from environmental, social and economic shocks. The official poverty measure approach used in Pakistan is Cost of Basic Needs (CBN) approach and it reveals a declining trend in percentage of households or people living below the poverty line to 24.3% in 2015-2016 from 50.4% in 2005-2006. Moreover, a persistent decline in poverty head count has also been noticed in Pakistan. The Human Development Report (2018) of United Nations Development Program has ranked Pakistan at 150th out of 189 countries having HDI value of 0.562 out of 1. To improve HDI ranking and to clinch SDG goal of no poverty by 2030, the current government of Pakistan has lengthened the treatment of social protection programs and has taken crucial measures to protect the vulnerable marginalized community. Many social safety net initiatives are carried out in Pakistan to accelerate efforts to reduce poverty effects on chronic people of the community. Some highlighted initiatives are discussed beneath.

Pakistan Poverty Alleviation Fund (PPAF)

It is an institution facilitating public-private joint venture to achieve a mutual goal of eradicating multidimensional poverty. It was established in the year 2000 and since then has disbursed around Rs.222.037 billion in 137 districts to its partner organizations across the country. Overall, approximately 388,310 poor populations, out of which 58% are women, has been benefited through various interventions and projects. Achievements of PPAF are shown in table 3.1 below:

Table 3.1 Core Achievements (July 2018-March 2019) of PPAF

S. No	Program Component	Financial Progress (in Rs million)
1.	Social Mobilization and Institutional Development	245
2.	Livelihood Enhancement and Protection	153
3.	Infrastructure and water projects	186
4.	Education, Health and Nutrition	123
5.	Interest Free Loan	49
	Total	756

Source: Pakistan Economic Survey 2018-2019

During July 2018 to March 2019, PPAF has disbursed approximately 756 million rupees to its partner organizations under various PPAF supported programs. During the same period, 245 million rupees were disbursed and a total of 808 Community Organizations were formed and 3,591 community staff members were trained (55 percent women) under Institutional Development and Social Mobilization component. Similarly, under Livelihood Enhancement and Protection (LEP) component, 153 million rupees were distributed and 2,310 individuals received skills/entrepreneurial trainings (40 percent women) and 556 productive assets were transferred to ultra and vulnerable poor (39 percent women). 169 water and infrastructure sub-projects were completed and benefitted 100,790 persons (54 percent women). Under health and education component, 123 million rupees granted and 6 educational facilities were supported during the reporting period, 475 students (36 percent girls) were enrolled and 221,655 patients (57 percent women and girls) were treated under various ailments. 59,438 interest free loans (69 percent women) were disbursed through this scheme (Economic Survey of Pakistan, 2018-2019).

Pakistan Microfinance Network (PMN)

It is an association working in membership with around forty-six providers of microfinance. It works in three principal areas:

1. Serves as information center for microfinance sector and provide data and assorted analysis on microfinance.
2. Take initiatives to encourage healthy environment for microfinance in the country.
3. Provide training and human resource development possibilities for the sector.

Zakat

It plays a pivotal role in redistribution of wealth and helps in curtailing possibilities of economic recession. These funds are utilized to assist poor, widows, orphans, disabled and needy Muslim population.

Pakistan Bait-ul-Mal

It is working significantly for alleviation of poverty by providing assistance to widows, indigent, orphans and needy people irrespective of gender, religion and cast. It is working through various projects such as child support program, individual financial assistance, women empowerment centers, institutional rehabilitations, old homes etcetera.

Benazir Income Support Program (BISP):

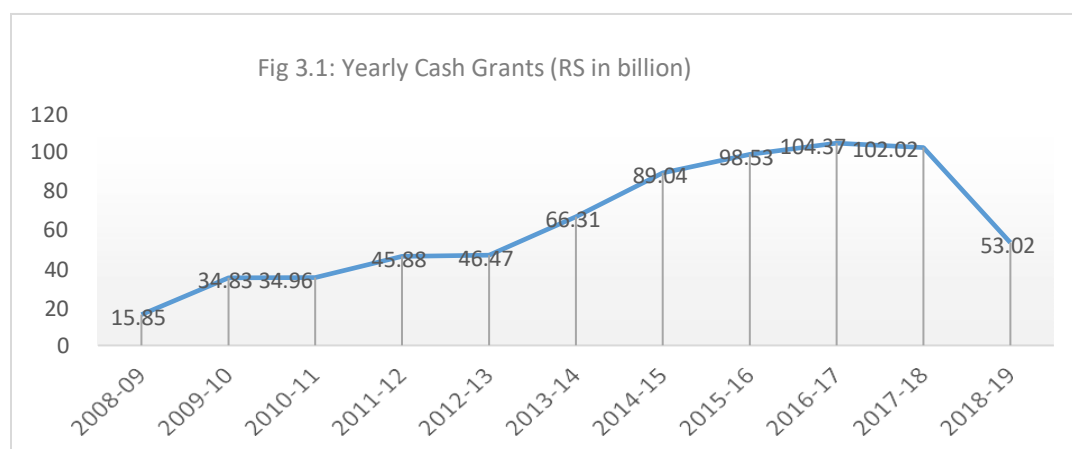
BISP is a national cash transfer program initiated to eradicate chronic poverty and to empower women through social protection. BISP achievements since its formation till 2019 are shown in table 3.2 beneath.

Table 3.2: BISP Achievements

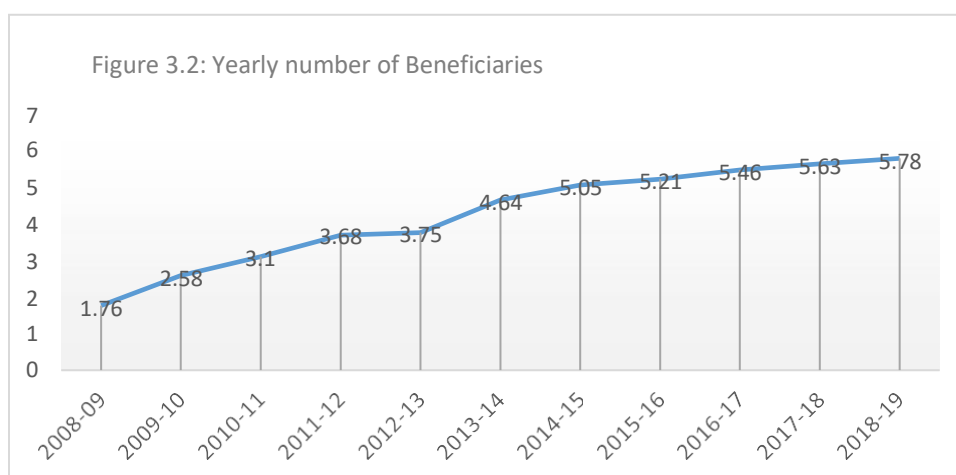
Year	Total Cash Grants (in RS. Billion) (CCT+UCT)	Conditional Cash Transfer (CCT)	Unconditional Cash Transfer (UCT)	Total number of Beneficiaries (in Million)
2008-2009	15.85	0.04	15.81	1.76
2009-2010	34.83	2.89	31.94	2.58
2010-2011	34.96	5.30	29.66	3.10
2011-2012	45.88	4.28	41.60	3.68
2012-2013	46.47	3.17	43.30	3.75
2013-2014	66.31	1.20	65.11	4.64
2014-2015	89.04	0.45	88.59	5.05
2015-2016	98.53	1.88	96.65	5.21
2016-2017	104.37	2.27	102.10	5.46
2017-2018	102.2	3.20	99.00	5.63
2018-2019	53.02	1.02	52.00	5.78
Total	691.46	25.7	665.76	-
Till April, 2019				

Source: Pakistan Economic Survey 2018-2019

This can also be shown by figure 3.1.



BISP's targeting performance falls in top five social safety net programs in the world. The quarterly cash grant has gradually been increased by the successive governments. The number of beneficiaries now stands at 5.8 million which was 1.7 million at the time of its establishment (shown in figure 3.2). Since inception, BISP has disbursed Rs. 691.5 billion as cash transfers to poor households.



BISP is a neutral non-political program whose transparency stands at 5th social safety network programs in the world (BISP, 2017). It is considered to be the biggest national cash transfer program having regional offices in all provinces and federal areas. The program applies the automation system under which approximately 98.5% of beneficiaries receive cash grant via biometric verification system (Pakistan Economic Survey, 2019).

3.2 Conclusion

Among various social safety net programs carried out in Pakistan, performance of BISP is phenomenal and transparent. In the next chapter, we will move towards the methodological section of the study.

Chapter 4

Methodology

4.1 Relatedness of Cash Transfer and Social Capital: A Conceptual Framework

Social protection programs especially cash transfer has earned accentuating attention across policy makers, states & civil society members since 1990's. They are contemplated as crucial policy response not only to chronic poverty but also to elevate social cohesion, inclusion and social justice (Devereux et al., 2011).

Scholars have been engaged in drawing theoretical linkages between cash transfer and social capital and to evaluate the potential of social protection programs to address exclusion and social injustice (Babajanian, 2012), however, dearth of literature has been observed in this regard (GIZ, 2012). Nevertheless, growing empirical evidences bequeaths various insights on the corollaries of cash stipends on the overall community. Assorted studies feature a range of channels how these regular stipends increase individual's ability to indulge into familial, aesthetic and societal endeavors (Hypher, 2011).

Ressler (2008) observed in his study that beneficiaries in Kenya were able to re-enter the prevailing social networks through participation in community and cultural events. Availability of resources through cash grants enable beneficiaries to bolster social ties and break isolation. In addition, cash transfers foster social cohesion which is crucial for peace building, conflict deterrence and harmony in a country which in turn harness economic growth (Ritzen, 2000; World Bank, 2005; Ferroni, 2008 and Hayami, 2009).

These programs indulges beneficiaries into active social engagements such as involvement in group activities, attending training programs and participation in social events which precipitate sensitivity of mutual support, higher dignity and solidarity (Narayan, 1999). Regular cash payments by the state boost recipient's confidence and trust on government and other formal institutions leading to better economic outcomes (Babajanian, 2012).

In accordance with existing literature, there are four leading paths by which these cash transfers might influence social capital.

Channel 1: Research findings indicate that cash transfers support economic empowerment by helping beneficiaries to build their assets and start new small-scale businesses (FOA, 2015). This helps in poverty alleviation leading to socio-economic development of a nation (Musa et al., 2019). This augmented economic status of household further effects their capability to collaborate in essential communal undertakings which helps in promoting and bolstering the norm of reciprocity (Babajanian, 2012). Available literature also exhibit that cash transfer add to the spending ability of beneficiaries to expenses allied to societal & ceremonial commotions (Babajanian and Handayani, 2012). Evidences from Kenya demonstrates that cash transfers boosted recipient's social networks through participating in community events further strengthening their social capital (Ressler, 2008). Also in Uganda, studies substantiate that elderly corroborate their social networks and connections through cash transfer by touring friends and families living afar, and by providing assistance in funerals, cultural and religious festivals and various other societal events (Bukuluki & Watson, 2012).

Channel 2: Cash transfer programs improvise access to health care services, skill training and education which in turn enhance human capital (Sen, 1990). Considerable evidences from various studies validate that after receiving cash transfer, household spends extra on health care and education (Adato and Bassett, 2009). In Gaza, beneficiaries of cash transfer reported that through

cash transfer, their confidence has elevated to meet friends and family and to interact with other members of the community because they are now able to acquire personal hygiene items such as soap for cleaning and proper attire to move in the society. This has abetted in strengthening their social ties and networks (DFID, 2012).

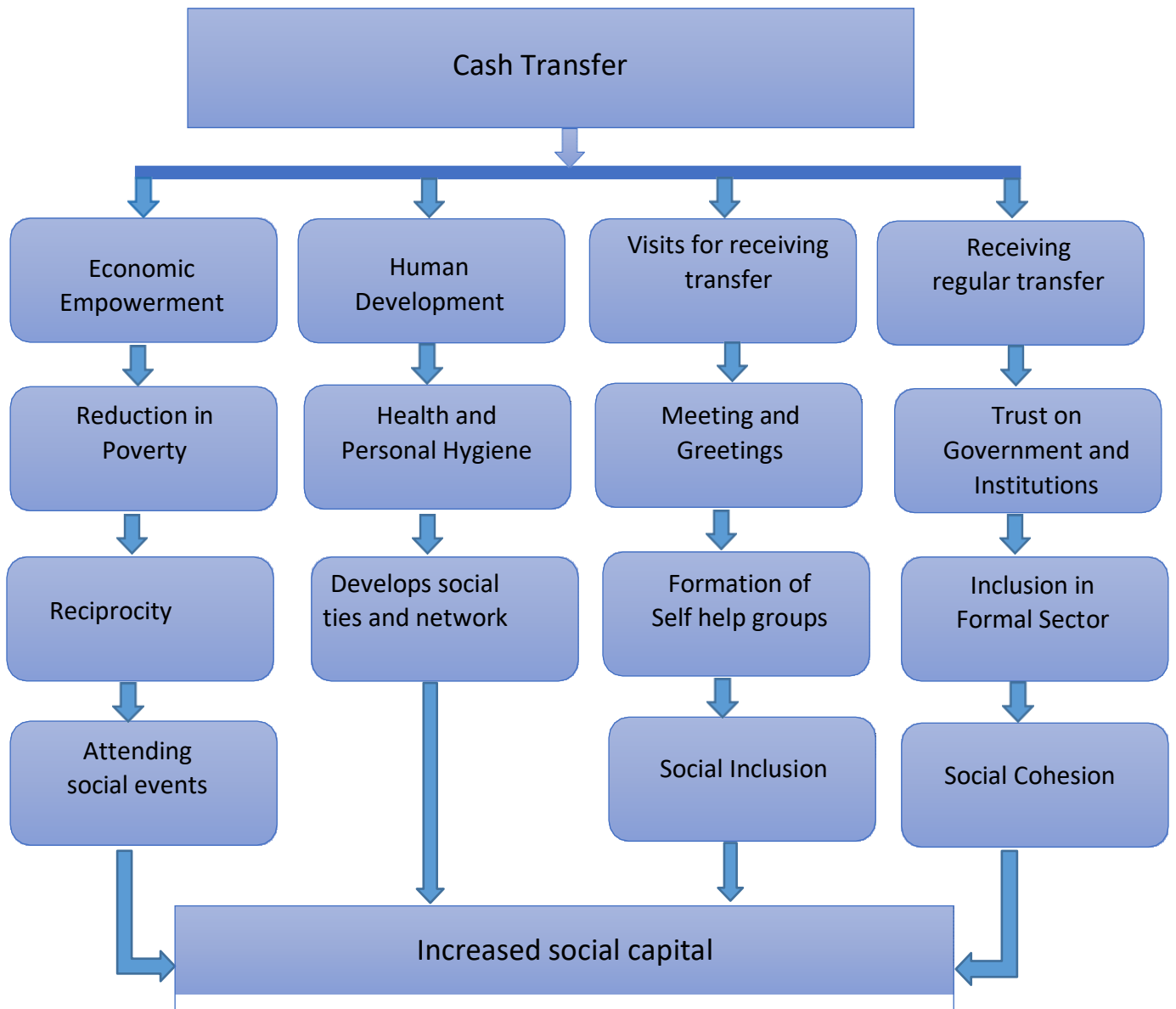
Channel 3: According to Transforming Cash Transfers (2010), female beneficiaries proclaimed that while traveling to cash disposal points, they were able to interact with alike female beneficiaries. They shared life experiences, divulged their problems and exchanged useful information about miscellaneous available assistance to others. These conversations and connections nurtured comfort, solidarity and sense of belonging or inclusiveness whilst lessening feelings of isolation and enhancing social networks. It is also argued that social protection programs such as cash transfer bolster beneficiary's future income by providing assistance in accumulating productive assets (Barrientos and Scott, 2008; Alderman and Yemtsov, 2012).

Samson (2012), claims that in Nepal, social pensions are considered as a provision of adequate assistance in future. According to DFID (2012), elderly people in Kenya including widows has commenced self-help clusters who save and put a proportion of transferred money. Later, this pooled fund assist one of the member of the group for the acquisition of livestock. Countries in Sub-Saharan African such as Malawi, Zimbabwe, Lesotho, and Ethiopia confirms that cash transfer has enabled beneficiaries to increase their social capital by re-entering into prevalent social networks and relish social inclusion (FAO, 2013).

Channel 4: Social cohesion is thought to be integral for harmony, stability, trust, belongingness, and absence of which may lead to civil conflict, instability and crime (OECD, 2012). Appropriately designed and implemented social programs influence social cohesion and empower relations of

reciprocity, trust and respect between citizens and formal institutions as well as between citizens and state (Pavanello, 2016). In turn, state enforces legal norms to ensure citizen's entrance to formal sector and sustain citizen's rights to social protection (Babajanian, 2012). In case of Pakistan, BISP provides cash transfer to a female having authorized CNIC in eligible household. These females automatically enters into formal transfer system after confirmation for eligibility and poverty score (Ambler & Brauw, 2017). Such enforcement of legal norms have led to the entrance of excluded segment of the society into the formal sector contributing to build and strengthen social cohesion in the society (ILO, 2011). Based on the above conceptualization we hypothesize that BISP cash transfer has an impact on social capital. The above channels are shown through analytical framework in figure 4.1

Figure 4.1: Analytical Framework



Source: Author's own depiction

4.2 Data and its Description

4.2.1 Estimation Technique

Regression Discontinuity Design

The study will employ Regression Discontinuity Design (RDD) to assess and quantify effects of BISP cash transfer on social capital. RDD is a vital method used by applied researchers to unveil causal effects of range of plan and policies such as effects of remedial plan on academic achievements, medical strategies to health outcomes, and unionization on employment etcetera. This method was first utilized by Campbell and Thistlethwaite in 1960 in order to assess the causative effect of merit award on academic future outcomes and later in 2010 was excellently reviewed by Lee and Lemieux. In this design control and treatment assignment are not selected randomly rather selection is based on a clear threshold (cutoff point) of variable being observed and causal effects are inferred after comparing groups of individuals on each side of threshold. In RDD we have treatment Group, refers to individuals who are just above the cutoff point and receive treatment while control group denotes individuals just below the cutoff point and did not receive the ministrations.

RDD is a functional approach to assess the effectiveness of a program by comparing individuals resting near or close to the threshold. The cutoff score approach is handy and suitable when a program is targeted to the most deserving and is popular for eliminating selection bias by using discontinuity around the eligibility cutoff in the eligibility criteria.

Assumptions for RDD:

1. Eligibility index should not have jumps and must be continuous around the cutoff point i.e; all factors determining outcome effect (Y) must be continuous with respect to treatment assignment (X).

2. Individuals or groups near the cutoff point should be nearly alike. This will guarantee the comparison between individuals who have just narrowly secured the treatment with those who have just narrowly did not attain the treatment.

Types of Regression Discontinuity Design:

- i) **Sharp RDD:** In this, probabilities vary from 0-1. It is applied when treatment assignment is a determinative function of running variable hence every individual below the cutoff is non-receptive and every individual above cutoff is receptive of the treatment. For example, if a health card is issued to all households with income below a certain threshold or another example is election returns in which cutoff point is fifty percent. Fifty-one percent means you have won and forty-nine percent means you lost.
- ii) **Fuzzy RDD:** There is no definite degree of probability 0 to 1 in fuzzy RD. In this, we have imperfect compliance or imperfect implementation of the program where few eligible units are neglected to be treated and few non-eligible receive treatment. It is functional when treatment assignment is an irregular function of running variable. For example, a scholarship award is granted to learners who score above cutoff test score 90 percent but not all students who scored above threshold score received the scholarship award then treatment status show probabilistic assignment rule rather than perfect.

Lee and Lemieux (2010) interpretations consider C as cutoff value and X as treatment assignment and Y as an outcome variable. So individuals with $X > C$ are eligible for the treatment whereas individuals with $X < C$ are not eligible for treatment. Let's denote recipient of treatment by a dummy variable D , so $D=0$ if X is less than C and $D=1$ if X is greater than C .

There is no inspiration to expect relationship between X and Y before the treatment assignment is discontinuous at X=C, hence at C average treatment effect can be expressed as:

$$Z = \lim_{x \downarrow c} E[Y_i | X_i=c] - \lim_{x \uparrow c} E[Y_i | X_i=c] \dots\dots (i)$$

$$= E [Y_i (1) - Y_i (0) | X=c] \dots\dots (ii)$$

Above continuity condition would help us to compare average outcomes of those who did not receive the treatment with those who received it.

Many studies and researches have utilized RDD approach to quantify the effects of social protection programs (e.g, Firpo et al., 2014; Amber and de Brauw, 2019; Nawaz and Iqbal, 2020). BISP uses Proxy Mean Test (PMT) targeting methodology between 0-100 to identify beneficiaries on the basis of 23 variables taken from PSLM and the poverty score (16.17) is set as a threshold for an eligibility criteria (Pakistan Economic Survey, 2019; Afzal et al., 2019). This cutoff score enable us to use regression discontinuity design as an assessment approach where ineligible households just above 16.17 serve as a comparison group for those eligible households whose PMT score is less than or equal to 16.17. We assume that difference amidst these two groups is due to BISP cash transfer program since no other social program uses the same cutoff in Pakistan as BISP so this assumption cannot be violated.

Fuzzy RDD is used because discontinuity in BISP program is not sharp implying that there are chances that not all households below cutoff receive treatment and not all households above the cutoff do not receive the treatment. Another important choice needed to be made in RDD analysis is the selection of range of values of poverty score termed as bandwidth which are used to practice estimations. In our study, estimates are presented adopting fixed bandwidth of 4 (Nawaz & Iqbal, 2020) to balance the selection bias on both sides of the cutoff.

Treatment Group: Beneficiary households, whose PMT score lies between 12.17 to 16.17.

Control Group: Non-beneficiary households having PMT score between 16.17 to 20.17.

We present average treatment effect of BISP cash transfer at the cutoff using fuzzy RDD in linear regression framework controlling variable of gender, marital status, education and employment to lessen the variance of estimates and to embellish accuracy.

4.2.2 Sampling Framework

The empirical analysis is formulated on primary data attained through a household analysis called “Social Policy Survey (SPS) (2019)”. The survey covers 1200 households that were selected using a stratified random sampling method. For stratified random sampling, administrative data was obtained, namely the National Socio-Economic Registry (NSER), from BISP that covers detailed information on the beneficiary and non-beneficiary households. BISP shared data set which contains PMT scores for households 4 points above and below the 16.17 eligibility cutoff for the 12 districts (six districts Sindh and six from Punjab). In the first stage, two districts from each province: one from high poverty districts (HPD) and one from low poverty districts (LPD) were selected. In the second stage, a tehsil was randomly hand-picked from each district and within each tehsil, two union councils were picked randomly. In the third stage, 75 beneficiary households and 75 non-beneficiary households from each union council were chosen and two respondents were interviewed per household: the head of household (male) and the spouse (BISP beneficiary in case of household is under BISP net). This sample produces robust results with 5% margin of error and 95% confidence of interval.

4.2.3 Questionnaire Development and Data Collection

A questionnaire was constructed to amass information on individual demographics, household assets, payment and finances and environmental and social capital. The questionnaire was pre-tested before the start of survey using computer assisted personal interviewing (CAPI) method to collect data through Android based tablets. To this end, the questionnaire was digitized using the survey designer application developed by the World Bank. A “Survey Solution” platform devised by the World Bank was employed to synchronize real time data on the server. Eight enumerators (four males and four females) were hired along with a supervisor in 2019 to regulate a survey using the face-to-face interview method.

4.2.4 Construction of variables to measure social capital

There is unanimous agreement by scholars and researchers that it is strenuous to measure social capital with validity. Its direct measurement is implausible, however, it can be inferred through different determinants. We will measure social capital using varied proxies which have theoretical linkages to social capital and are used by many other surveys, reports and studies (supported table for indicators based on past literature is attached in Appendix B table 1B). This study will adopt following proxies as indicator of social capital by using few questions from the questionnaire.

TRUST: Deployment of trust as foremost measure of social capital can be traced back to the theoretical debate of Putnam (1993). Trust is considered to be a widely used variable of social capital (World Value Survey; European Value Survey; General Social Survey; World Bank Integrated Questionnaire for the Measurement of Social Capital; World Bank’s Social Capital Assessment Tool (SOCAT); Global Social Capital Survey; South Wales Study (2000); Beugelsdijk & Van Schaik, 2005a, 2005b; Knack & Keefer, 1997). In SPS survey, the respondents were asked: “Do you usually trust people from enlisted groupings or not?”

Interpersonal Reciprocity/Helpfulness: Helpfulness/Reciprocity is also used to measure social capital in varied studies (Glynn, 1981; Julian et al., 1997; World Social Capital Monitor; South Wales Study (2000); SOCAT; World Bank Integrated Questionnaire for the Measurement of Social Capital). In SPS survey, the respondents were asked: “How often do people in your village/neighborhood help each other out these days? Utilize a three point scale, where 1 means always helping and 3 means never helping.”

Sense of belonging to community/social status: Glynn,(1981); Bachrach and Zautra, (1985) & Perkins et al., (1990) used this determinant to quantify social capital in a community. In SPS survey, the respondents were asked: “In your opinion, how is your social status in your village/town now compared to 5 years ago?”

Civic Engagement: Social capital is widely reputed as a mean of understanding and structuring community participation for the betterment of whole community. It is in that context that numerous studies have used it as a determinant of social capital (European Value Survey; South Wales Study (2000); World Bank Integrated Questionnaire for the Measurement of Social Capital; Doolittle & MacDonald, 1978; Glynn, 1981; Julian et al.,1997 & Eng and Parker, 1994). In the survey, the respondents were asked: “In the last 12 months, did you or any member of your family do any following activities (Yes/No)

4.2.5 Control Variables

Several covariates are deployed to grip the socioeconomic profiles of respondent households. These comprise gender, marital status, employment and education of head of household. An ample of studies have used similar variables to grasp the socioeconomic profiles of the households (Hanna and Oliva, 2015; Nawaz and Iqbal, 2019). Gender, marital status, literacy and employment

are comprehended as 1 if the head of household is a male, married, literate, and employed and 0 otherwise.

4.2.6 Econometric Model

To measure the efficacy of BISP cash transfer program on social capital, the Regression Discontinuity Design (RDD) has been employed. The main advantage of RDD is that it removes selection bias by making use of the discontinuity in the eligibility criterion around the program eligibility threshold. The econometric model is shown in equation (iii) beneath:

$$SC_i = \alpha_0 + \alpha_1 D_i + f(PMT) + \sum \alpha_i Z_i + \mu_i \dots\dots(iii)$$

Where SC_i is an outcome variable i.e. Social Capital. $D_i \in \{0,1\}$ equal to 1 if the household is below the BISP eligibility cutoff (16.17) and 0 otherwise. Z_i is a vector of control variables, and μ_i is an error term. The α_1 measures the impact of the program, and $f(PMT)$ is a flexible running variable and $\sum \alpha_i Z_i$ apprehends the impact of control variables.

4.2.7 Inclusive Depiction of Social Capital

Estimations begin with table 4.1 that presents the overall assessment of social capital using the specified indicators in this chapter from Social Policy Survey (2019).

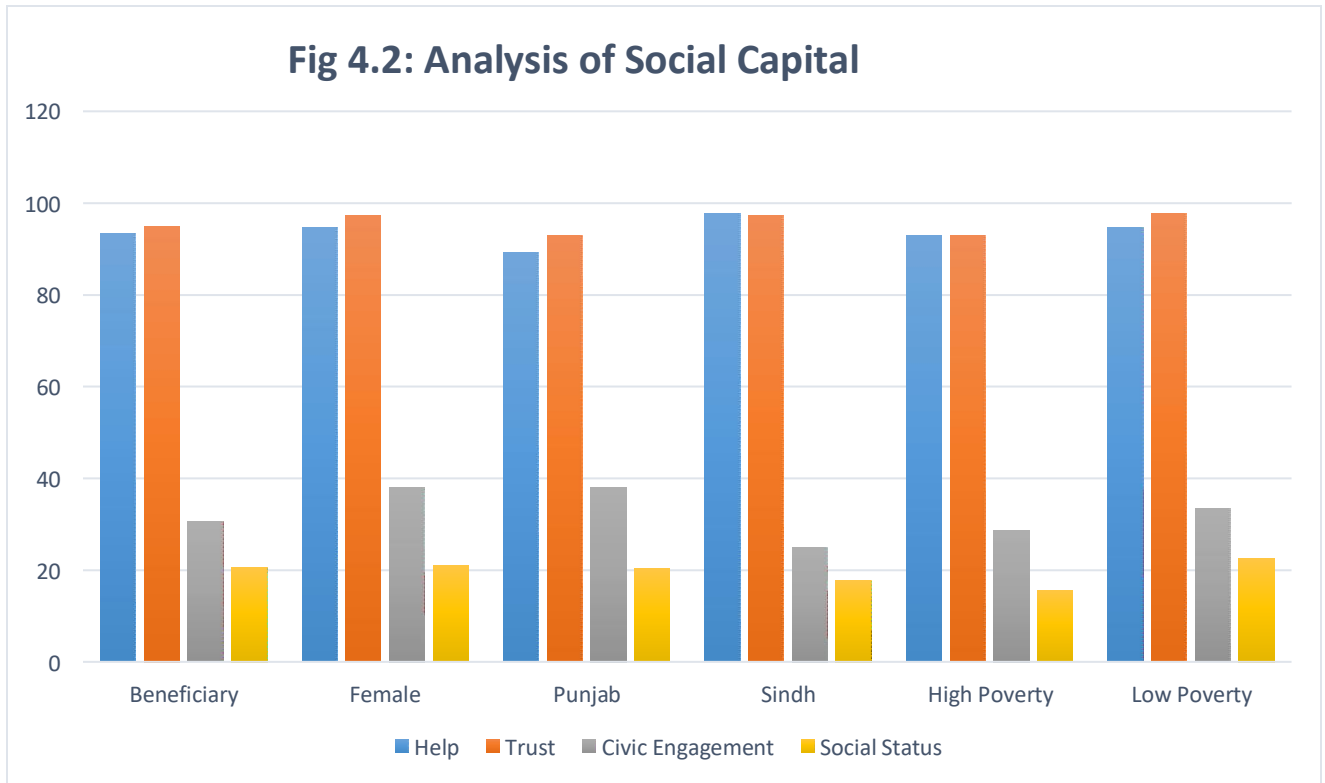
Table 4.1: Inclusive Depiction of social capital based on SPS (2019)

Indicators/ Unit of Analysis	Trust		Helpfulness		Civic Engagement		Social Status	
	Yes	No	Yes	No	Yes	No	Yes	No
Beneficiary	1,119	60	1,100	79	360	819	244	935
(in percentage)	94.9	50.9	93.30	6.70	30.53	69.47	20.70	79.30
Non-beneficiary	1,111	51	1,095	67	367	795	201	961
(in percentage)	95.61	4.39	94.23	5.77	31.5	78.42	17.30	82.70
Male	1,047	77	1,042	82	264	860	188	936
(in percentage)	93.15	6.85	92.70	7.30	23.49	76.51	16.73	83.27
Female	1,183	34	1,153	64	463	754	257	960
(in percentage)	97.21	2.79	94.74	5.26	98.4	61.96	21.12	78.88
Punjab	1,024	78	984	118	418	684	225	877
(in percentage)	92.92	7.08	89.29	10.70	37.93	62.70	20.42	79.58
Sindh	1,206	33	1,211	28	309	930	220	1,019
(in percentage)	97.34	2.66	97.74	2.26	24.94	75.60	17.76	82.24
High poverty district	1,091	84	1,091	84	336	839	183	992
(in percentage)	92.85	7.15	92.85	7.15	28.60	71.40	15.57	84.43
Low poverty district	1,139	27	1,04	62	391	775	262	904
(in percentage)	97.68	2.32	94.68	5.32	33.53	66.47	22.47	77.53

Source: Author's own formulation based on the SPS (2019) data

The above analysis is also shown in figure 4.2 below. Among beneficiary 1,119 (94.91%) trust other members of the community, 1,100 (93.30%) people are willing to help others, 360 (30.53%) people do community work and 244 (20.70%) people think that their social status has improved over the time. On the contrary, among non-beneficiary, 1,111 (95.61%) trust other members of the community, 1,095 (94.23%) people are willing to help others, 367 (31.50%) people do community work and 201 (17.30%) people think that their social status has improved over the time. The percentage of beneficiary households who have engaged themselves in community work is higher than the non-beneficiary households. Comparison of male and female show that 1,047 (93.15%) males and 1,183 (97.21%) females trust other members of family, town and community, 1,042 (92.70%) males and 1,153 (94.74%) females help other members of the community, 264 (23.49%) male and 463 (38.4%) female participate in community work, and 188 (16.73%) male and 257 (21.12%) female respondents believe that their social status has improved. The data reveals that women who receive cash grant are more inclined towards trusting and helping others as compared to men. They have also volunteered themselves in various community work and believe that their social status within the community is uplifted after the cash grant. Provincial data shows that 1,024 (92.92%) people trust others, 984 (89.29%), help others, 418 (37.93%) do voluntary work and 225 (20.42%) respondents' social status has improved over time in comparatively more developed province Punjab which could be due to various reasons such as better literacy rate, better social infrastructure, more accessibility due to technology and better economic well-being. Labour force Survey, 2017-2018, Pakistan Statistic Bureau shows that literacy rate in Punjab has increased to 64.7 % in 2017-2018 from 61.9 in 2014-2015. Whereas literacy rate in Sindh has declined from 63% in 2014-2015 to 62.2 % in 2017-2018. Improved literacy yields individual as well as social benefits. It may boost self-esteem, confidence, empowerment and civic engagement (Robinson, 2008).

Figure 4.2: Inclusive Depiction of social capital based on SPS (2019)



Data of province Sindh shows that 1,206 (97.34%) individuals trust other people, 1,121 (97.74%), help others, 309 (24.94%) do voluntary work and 220 (17.76%) respondents' social status has improved over time which is less than Punjab. Lastly, district analysis according to poverty reveal that 1,091 (92.85%) people in high poverty district and 1,139 (97.68%) people in low poverty district trust other members of family, town and community, 1,091 (92.85%) people in high poverty district and 1,104 (94.68%) people in low poverty district help others, 336 (28.60%) people in high poverty district and 391 (33.53%) people in low poverty district participate in community work, and 183 (15.57%) people in high poverty district and 262 (22.47%) people in low poverty district respondents believe that their social status has improved over time. In the next chapter, we will present the empirical analysis using RDD technique.

Chapter 5

Results and Interpretation

5.1 Empirical Analysis

In the previous chapter, details of appropriate econometric model and estimation technique were discussed. In this chapter, we turn to the main question about the impact of BISP cash transfer on social capital. Tables in this chapter are assembled with fixed bandwidth 4 as used by Nawaz & Iqbal (2020) using the same data set. Judgment of statistically significant RDD estimates can be inferred using p-value. Estimations begin with table 4.2 that covers the aggregate analysis of BISP impact on social capital followed by table 4.3, 4.4 and 4.5 which represent gender, provincial and district analysis respectively.

Table 4.2: Aggregate Analysis of Social Capital using SPS (2019)

VARIABLES	(1) Trust	(2) Helpfulness	(3) Civic Engagement	(4) Social status
Fixed bandwidth=4				
RD estimates (Bias-corrected)	0.048 (0.153)	0.563 (0.145)***	0.663 (0.192)***	-0.796 (0.147)***
Sample size left of the cutoff	1033	1033	1033	1033
Sample size right of the cutoff	1306	1306	1306	1306
Control variable	Yes	Yes	Yes	Yes
Cluster effect	Yes	Yes	Yes	Yes

Standard errors in parentheses
*** p<0.01, ** p<0.05, * p<0.1

In the above table 4.2, impact of BISP cash transfer is estimated across the SPS 2019 data. This analysis present an overview about how BISP effect on households' social capital. Coefficients of 3 indicators of social capital namely helpfulness, civic engagement and social status are statistically significant. Coefficients of helpfulness and civic engagement virtually represent that BISP has positive statistically significant impact on beneficiary households' willingness to help other members of the community and doing voluntary community work such as plantation and clean-up activities while coefficient of social status is negative but statistically significant implying that BISP has embarked a negative impact on their social status within the community. However, coefficient of trust is statistically insignificant meaning that BISP has no impact on trust.

Table 4.3: Gender Analysis of Social Capital using SPS (2019)

Variables	Trust		Helpfulness		Civic Engagement		Social Status	
	Male	Female	Male	Female	Male	Female	Male	Female
Fixed bandwidth=4								
RDD estimates (bias corrected)	0.003 (0.351)	0.083 (0.043)*	0.380 (0.292)	0.737 (0.081)***	0.515 (0.231)**	0.498 (0.253)**	-0.696 (0.310)**	-1.040 (0.231)***
Sample size left of the cutoff	489	544	489	544	489	544	489	544
Sample size right of the cutoff	635	671	635	671	635	671	635	671
Control variables	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Cluster effect	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes

Standard errors in parentheses

*** p<0.01, ** p<0.05, * p<0.1

The preceding table 4.3 represent the gender analysis and here we find very interesting results. As we know that BISP provides cash grant to female household so the coefficient of all indicators of social capital for female are statistically significant, however, coefficient of social status is negative. On the contrary, coefficients of trust and helpfulness for male are statistically insignificant while civic association and social status are statistically significant with negative impact of BISP on social status.

Table 4.4: Provincial Analysis of Social Capital using SPS (2019)

Variables	Trust		Helpfulness		Civic Engagement		Social Status	
	Punjab	Sindh	Punjab	Sindh	Punjab	Sindh	Punjab	Sindh
Fixed bandwidth=4								
RDD estimates (bias corrected)	-0.150 (0.393)	-0.064 (0.035)*	1.206 (0.273)***	-0.146 (0.039)***	0.612 (0.465)	0.857 (0.082)***	1.075 (0.341)***	-0.908 (0.085)***
Sample size left of the cutoff	470	563	470	563	470	563	470	563
Sample size right of the cutoff	631	675	631	675	631	675	631	675
Control variables	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Cluster effect	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes

Standard errors in parentheses

*** p<0.01, ** p<0.05, * p<0.1

In the above table 4.4, impact of BISP transfer on social capital is estimated across two provinces of Pakistan namely Punjab and Sindh. The results show that coefficients of all indicators for Sindh province are statistically significant implying that BISP has an impact on social capital of beneficiary households in Sindh, however, its impact on social status is negative. Other province, Punjab, shows that coefficient of trust and civic engagement are statistically insignificant while coefficients of helpfulness and social status are statistically significant but here also coefficient of social status is negative.

Table 4.5: District Analysis of Social Capital using SPS (2019)

Variables	Trust		Helpfulness		Civic Engagement		Social Status	
	High poverty	Low poverty	High poverty	Low poverty	High poverty	Low poverty	High poverty	Low poverty
Fixed bandwidth=4								
RDD estimates (bias corrected)	0.179 (0.304)	0.083 (0.043)*	0.878 (0.338)***	0.737 (0.081)***	0.414 (0.455)	0.498 (0.253)**	-0.898 (0.149)***	-1.040 (0.231)***
Sample size left of the cutoff	498	535	498	535	498	535	498	535
Sample size right of the cutoff	675	631	675	631	675	631	675	631
Control variables	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Cluster effect	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes

Standard errors in parentheses
*** p<0.01, ** p<0.05, * p<0.1

We further expand the level of our analysis to district level by choosing high and low poverty districts from each province shown in table 4.5. All coefficients of low poverty district are statistically significant with negative coefficient of social status. This implies that BISP has an impact on social capital in treated household in low poverty district. Whereas, coefficients of trust and civic engagement are statistically insignificant in high poverty district and coefficient of helpfulness and social status are statistically significant. Treated households are inclined towards helping each other due to BISP cash transfer in both districts but their social status within the society has been negatively affected by this cash transfer.

5.2 Discussion and Conclusion

As we hypothesized in chapter 4 that BISP cash transfer has an impact on social capital of treated households, the aggregate analysis confirms our hypothesis. Findings show that the indicator trust is insignificant in most of the analysis, however, it is positively affected by BISP in 2 analysis i-e, for female in gender analysis and for low poverty district in district analysis. It is also negatively affected for province Sindh in provincial analysis. This imply that BISP has no statistically significant effect on level of trust of beneficiary households. Results also reveal that norm of reciprocity or helpfulness are also significant and are affected by BISP cash transfer. This is align with our conceptual mapping that augmented economic status due to BISP, allows beneficiary households to collaborate and participate in ceremonial and societal activities. Although, BISP cash transfer is petite still it empowers beneficiary households to help other members in their community even if it's like a drop in the bucket. Indicator of civic engagement is also significant except for Punjab province and high poverty district. Beneficiary households are now more inclined to engage in voluntary work and participate in societal activities. Cash grants has enabled them to acquire skill training and education. Their confidence to meet friends, family and other community members has elevated indicating their social inclusion. They are now motivated to do community work, stay involved in community services as an empowered citizens.

A common notion among scholars and researchers is the up reared of social status of poor household due to social protection program, however, our inferences differ from this argument. Results show that social status at all level of analysis is negatively affected by BISP cash transfer except for Punjab province. BISP disbursements have intensified the feelings of envy, jealousy, resentment, hatred and unfairness within community members and has accelerated intra community tensions. People belonging to same community who did not receive the treatment feel

jealous of treated household and this may lead to social exclusion of recipient (Babajanian, 2012; Roelen et al., 2011). Another reason could be that households who receive grants are disrespected and receive disgrace by other society members as they are thought to have low self-esteem, pride, dignity and self-respect. This may also happen from targeting-related issues. A study of MacAuslan & Riemenschneider (2011) suggests that where cash transfers are means-tested or lack transparency, they can lead to the problem of social exclusion of the beneficiary households. BISP may have targeted some households that do not deserve it and may have excluded a few others which are deserving. Favoritism and nepotism might be the cause of resentment and tensions between people in the study area.

It is important to highlight the results of gender analysis as BISP aims to target females belonging to the poorest strata of the community and to uplift their social status via economic inclusivity. Results indicate that BISP has an impact on female social capital more strongly than males. This may be because now women enjoy economic empowerment, greater mobility in markets and also opportunities to meet friends and family. They now participate in community activities that has increased their social inclusion within the community.

To conclude, we can say that out of 4 proxies used to measure social capital, trust is statistically insignificant, whereas, helpfulness, civic engagement and social status are statistically significant. Results show that BISP cash transfer has increased the ability of household beneficiaries to help other members of the community and to participate in social, cultural and familial activities hence allowing beneficiaries to re-enter the existing social networks and strengthen their informal social protection system. That said, results also reveal that BISP cash transfer has embarked negative impact on the social status of beneficiary households leading to the problem of social exclusion of the recipients. It has intensified the feelings of envy, jealousy, resentment, hatred and unfairness

within community members and has accelerated intra community tensions may be due to targeting-related issues. When targeting is not transparent and is influenced by village heads then resentment occurs within society (Idris, 2017).

5.3 Policy Implications

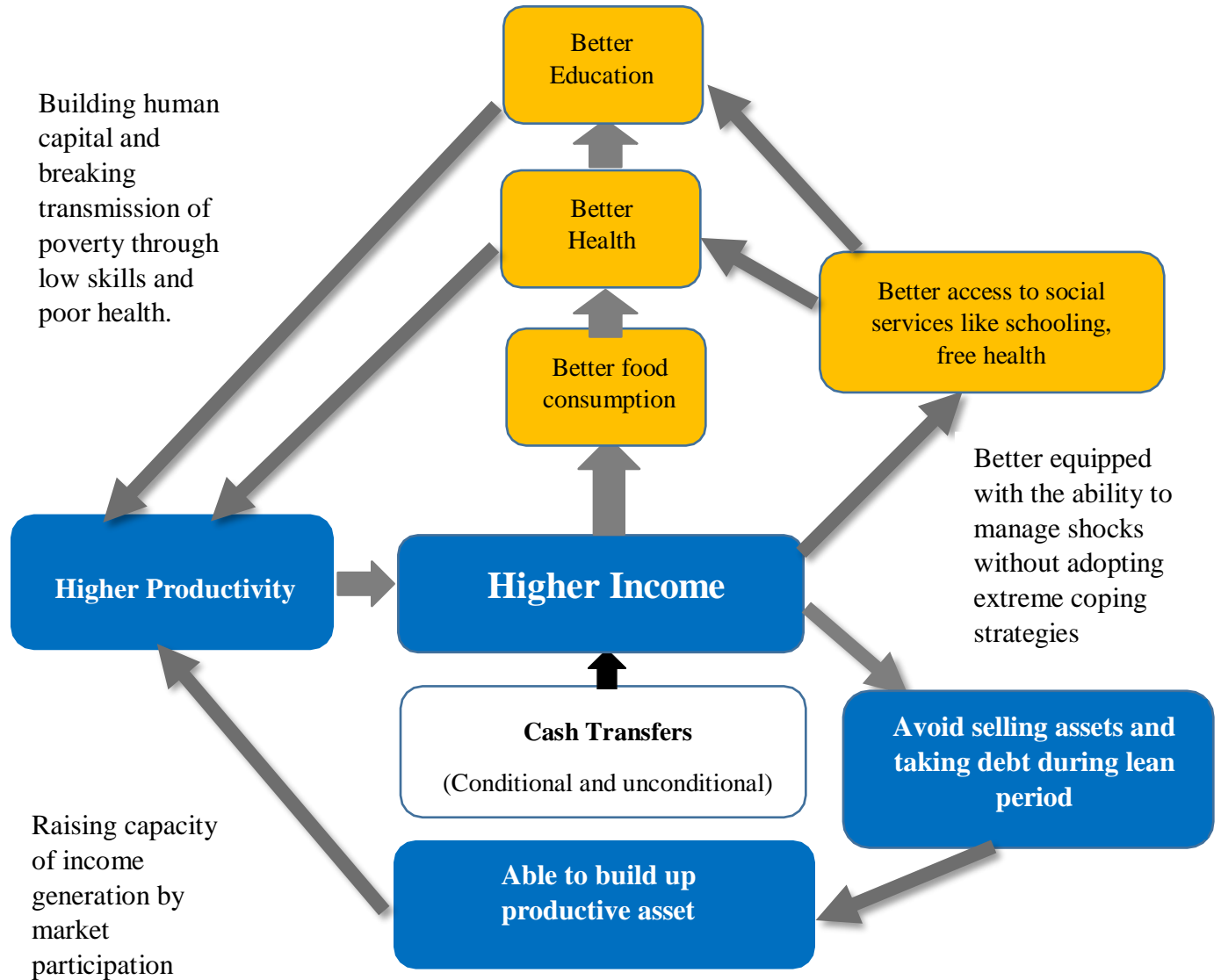
Fostering greater social capital is considered pivotal to achieve inclusive and equitable society. Many studies, reports and researches including this have taken social capital as a broad umbrella and estimated various components of it. The strength of our study is the analysis of social outcomes of BISP cash transfer at the micro level. The qualitative findings highlighted that how cash transfer such as BISP can help to strengthen the social capital and can contribute to achieve more cohesive society. Our findings highlight some of the key points to be taken into consideration by development partners and national-policy makers to support more inclusive community and to strengthen social relationships at community level. To reduce conflict and intra community tensions, design and implementation of BISP cash transfer program should have transparent targeting criteria and selection processes along with appropriate mechanism to avoid targeting related issues. BISP unconditional cash transfer does not demand beneficiary household to invest in community participation to strengthen their social networks. Particular attention may be paid to community participation of beneficiary household in order to strengthen their social capital which will further have spillover effects between the social and individual spheres in future.

5.4 Limitations and Way Forward

- Analysis could not be done at macro level as data did not include indicators for linking social capital directly.
- Span of data was only spread to 1200 household from two provinces of Pakistan. Further analysis could be expanded across Pakistan.
- Due to various proxies of social capital, impact of RDD is inconsistent. Social capital index can be constructed by combining all four proxies to get more meaningful results.
- SPS (2019) data only covered four components of social capital. Other main components as indicators can also be added in the questionnaire for further analysis.

Appendix A

Figure 1A: Causal pathways through which household welfare can be improved by cash transfer



Source: adapted from DFID (2011)

Table 1A: Conceptual framework for portrayal of cash transfer

Portrayal	Objective	Concentrate on	Instrument
Precaution	act as precaution to prevent shocks from damaging the human development and productive capacity of vulnerable households.	the vulnerable group with variable income	cash transfer, social insurance, school feeding, unemployment benefits, public works
Safeguard	raising living standard of poor people to a minimum sustainable standard.	the chronic people	food transfer, vouchers, school feeding, public works, cash transfer
Elevation	to raise vulnerable household's capabilities and provide them opportunities to work their way out of poverty.	near-poor people	subsidies, school feeding, cash transfer, public works
Inclusion	to eliminate power game that exclude some social groups from economic opportunities on the basis of age, gender and ethnicity.	excluded or socially marginal groups	legislative protection, education, equitable legal system, minority guard, cash transfers

Source: adapted from (2004)

Appendix B

Table 1B: Standard Indicators of Social Capital

	Indicators from Social Policy Survey Questionnaire	Dimension of Social Capital	Similar Indicators from Literature	References
1.	NA1. In the last 12 months, did you or any member of your family do any following activities? (Clean up, plantation, water purification etc.)	<ul style="list-style-type: none"> -Have a sense of civic duty -Participation in the local community -Proactivity in a social context - Civic engagement 	<ul style="list-style-type: none"> -Did you do voluntary work in the last 6 months? -On average, how many times per month do you volunteer in community activities? -Do you help out a local group as a volunteer? -Have you ever picked up other people's rubbish in a public place? - In the past 12 months, have you worked with others in your village/neighborhood to do something for the benefit of the community? -Have a sense of civic duty -People feel they have an active role in making community function 	<ul style="list-style-type: none"> -European Value Survey -Global Social Capital Survey (2001) -New South Wales Study (2000) -World Bank Integrated Questionnaire for the Measurement of Social Capital -Doolittle and MacDonald, 1978; Glynn, 1981; Julian et al.,1997 -Eng and Parker, 1994
2.	NB2. How often do people in your village/neighborhood help each other out these days?	- Helpfulness/ Reciprocity	<ul style="list-style-type: none"> - People can depend on each other/willing to help - Helpfulness across the people? - Would you say that most of the time people are just looking out looking out for themselves, or they are trying to be helpful? - Can you get help from friends when you need it? - Most people in this village / neighborhood are willing to help if you need it. - How well do people in your village/neighborhood help each other out these days? 	<ul style="list-style-type: none"> -Glynn, 1981; Julian et al.,1997 -World Social Capital Monitor -Global Social Capital Survey (2001) -New South Wales Study (2000) - World Bank's Social Capital Assessment Tool (SOCAT) -World Bank Integrated Questionnaire for the Measurement of Social Capital
3.	NB4. Do you usually trust people from following groups or not? (family, neighbor, etc.)	- Trust	<ul style="list-style-type: none"> - Generally speaking, would you say that most people can be trusted or that you need to be very careful in dealing with people? - Do you agree that most people can be trusted? - Do people in this community generally trust one another in matters of lending and borrowing? -In the last three years, has the level of trust improved, worsened, or stayed the same? 	<ul style="list-style-type: none"> -World Value Survey; European Value Survey; General Social Survey; Global Social Capital Survey & World Bank Integrated Questionnaire for the Measurement of Social Capital -New South Wales Study (2000)
4.	NC2. In your opinion, how is your social status in your village/town now compared to 5 years ago?	<ul style="list-style-type: none"> - Sense of belonging to community -improved social status 	<ul style="list-style-type: none"> - Do you feel valued by society? - Feel that I am an important part of this community 	<ul style="list-style-type: none"> -New South Wales Study (2000) -Glynn,1981; Bachrach and Zautra, 1985; Perkins et al., 1990

Source: Author's own formulation

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