Asset transfers help poor households graduate from poverty, but without resilience to shocks, many risk falling back

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- The National Poverty Graduation Programme NPGP raised incomes (↑49%), consumption (↑55%), and graduation rates (84% of ultra-poor above PSC 16).
- Yet, only 58% achieved *sustainable graduation* (PSC > 23).
- Climate shocks—especially the 2022 floods—caused widespread losses, with 30% of households losing programme assets.
- Women's empowerment gains were modest and need stronger complementary actions.
- Graduation is possible, but sustainability requires climate resilience, gender sensitivity, and stronger market linkages.

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Background

The National Poverty Graduation Programme (NPGP) was launched in 2017 by the Government of Pakistan with IFAD support. It shifted social protection from short-term transfers (for example, BISP) to a graduation approach, combining productive assets, vocational training, loans, and community mobilisation. Operating across 21 districts in all provinces, NPGP is one of Pakistan's largest poverty programmes, aligned with Vision 2025 and the SDGs. The policy note provides action-oriented recommendations to scale up the programme based on medium-term assessment on various dimensions, including:

- Economic outcomes: income, consumption, diversification
- Resilience: asset accumulation, coping with shocks, and financial inclusion
- Social impacts: women’s empowerment, health, food security

The NPGP: An overview

Launched in 2017 and running through June 2025, the NPGP is one of Pakistan's largest poverty alleviation initiatives, jointly funded by the Government of Pakistan (USD 50 million) and the International Fund for Agricultural Development (IFAD) (USD 82.6 million), with a total financing envelope of USD 32.6 million. Implemented by the Ministry of Poverty Alleviation and Social Safety (MoPASS) through local partner organisations, the programme spans 307 union councils across 21 districts, directly reaching over 1.08 million households. Its central goal is to enable ultra-poor and poor households—particularly women and youth—to graduate from poverty sustainably, while also strengthening resilience to economic and climate shocks.

The programme provides a comprehensive package of support, including productive asset transfers, vocational and business skills training, interest-free loans, and community mobilisation. By June 2024, NPGP had provided productive assets to more than 148,000 households (mainly livestock—cows and goats—valued between PKR 20,000 and PKR 60,000), and disbursed 175,791 interest-free loans to help beneficiaries invest in income-generating activities. In total, more than 324,000 households had been reached across 23 districts. These assets were designed to serve both as a source of income and nutritional support through milk production.

While asset transfers proved highly effective in raising incomes and consumption during normal periods, the 2022 floods highlighted their vulnerability: with one-third of the country submerged, 33 million people were affected, nearly 8 million displaced, and economic losses reached USD 15.2 billion (GoP, 2023). Alarmingly, around 30% of NPGP households lost their productive assets during the floods, underscoring the urgent need to integrate climate resilience and shock-responsive mechanisms into poverty graduation models.

Methodology: Data and analysis

The findings presented in this policy brief are based on Household Survey covering 6,886 households across five districts from Sindh and Punjab.

Key findings

Graduation from Ultra-Poverty: Approximately 84% of treatment households improved their Poverty Scorecard (PSC) scores above the ultra-poverty threshold (PSC > 16.17), indicating significant graduation from ultra-poverty. However, regional disparities persist: Punjab outperforms Sindh, where the graduation rate is lower. This may reflect differences in institutional delivery, CRP engagement, or baseline socio-economic conditions. Households starting with a higher initial PSC (closer to 17) had a much higher probability of graduating, highlighting the importance of initial conditions in poverty dynamics.

Higher Well-being (PSC > 23): Over 57.7% of treatment households transitioned above the PSC 23 threshold, indicating resilience and sustained graduation. Punjab again leads in achieving this benchmark, showing better institutional and infrastructure support for low-income households. Despite these gains, a significant proportion of beneficiaries remained just above the ultra-poverty line, calling for targeted follow-up interventions.

Food Security: While treatment households showed marginally lower food insecurity levels, differences were statistically insignificant. This suggests that while asset transfers may contribute to improved food security, additional interventions (e.g., food assistance, nutritional support) are needed to yield more pronounced impacts.

Women's empowerment: Empowerment indicators such as household decision-making, mobility, and independent income generation showed modest improvements among female respondents**.** For instance, 44% of treatment women reported complete say in decisions related to children’s education and household purchases. The Programme enhanced women's role in economic decisions, but social and cultural barriers continue to constrain full empowerment.

Climate Resilience and Adaptation: NPGP has played a critical role in strengthening households' awareness, response capacity, and resilience to climate change. An overwhelming majority of respondents—both treatment and control—perceived major shifts in climate patterns, particularly prolonged summers and erratic rainfall. However, NPGP beneficiaries were significantly more likely to adopt climate-adaptive practices, including:

- Modified farming techniques (+9.9 percentage points),
- Water conservation (+5.8 pp),
- Infrastructure strengthening (+4.0 pp), and
- Use of early warning systems (+4.4 pp).

While the adoption of livestock and technology-based adaptations was more modest, the intervention clearly contributed to a mindset and behavioural shift toward safe and proactive adaptation. Importantly, beneficiaries were more likely to receive adaptation knowledge through local leaders, suggesting that Programme-led community engagement (CRPs) played an important awareness-building role. Weak

Coping with Climate Shocks and Flood Fallout: Nearly 47% of surveyed households reported being directly affected by the 2022 floods, with devastating consequences across multiple dimensions:

- 73% reported property damage, with two-thirds reporting major destruction.
- 52.9% experienced crop loss, while 72.1% faced livestock loss.
- Employment and income were severely affected, with over 75% reporting reduced working hours or wages.
- A concerning 30% of households lost their NPGP-provided asset, highlighting the urgency of post-disaster recovery mechanisms.

Coping strategies largely relied on informal networks (friends, loans, and savings), while only 0.7% sold their NPGP asset, reflecting a strong inclination to preserve productive tools. These findings highlight both the vulnerability of poor households to climate shocks and the protective value of productive assets, reinforcing the need for scalable safety nets and climate-integrated social protection.

Health Behaviour and Transition to Formal Care: One of the key behavioural shifts observed in the treatment group was the move from informal to formal health services. While 87% of all households reported a recent episode of illness (cold, fever), the treatment group showed:

- A higher tendency to use hospitals (93.2% vs. 90.8% in control, $p < 0.01$),
- Lower use of faith healers, homoeopathy, and pharmacies, indicating growing trust in professional care.

This transition is vital in breaking the cycle of health-related poverty. NPGP beneficiaries were more likely to access better care due to increased incomes, greater awareness through CRP sessions, and enhanced trust in institutions.

Relevance and Market Responsiveness of Asset Transfers: Feedback from beneficiaries suggests high satisfaction with the asset delivery and design process:

- 98% received their demanded asset; 90% found it relevant to their local context.
- 85% reported the asset was useful in supporting livelihoods.
- 70% were able to sell products derived from their assets, though 30% faced market barriers.
- However, only 60% believed in the long-term sustainability of the Programme's benefits, suggesting that follow-up support and market facilitation are still needed.

These insights confirm that asset-based interventions, when well-targeted and demand-driven, can catalyse livelihood improvements and long-term economic empowerment.

Impact on Household Consumption and Income (RD Results): The RD estimates provide robust evidence of NPGP's positive economic impacts:

Total consumption increased by PKR 10,510 (significant at 5% level), with gains in:

- Food (+PKR 3,728),
- Clothing (+PKR 2,120), and
- Education (+PKR 1,733).

Total Household Income increased by PKR 10,367, with substantial gains in:

- Salaries (+PKR 8,602),
- Agricultural income (+PKR 4,303), and
- NPGP-related income (+PKR 2,039).

These findings underscore the Programme's ability to raise incomes and stimulate welfare-enhancing consumption. However, business and social protection incomes remained statistically unchanged, indicating that entrepreneurship and external support mechanisms may require further programmatic attention.

Policy implications

i. Integrated Programming: Graduation from poverty is multi-dimensional. Asset transfer alone is not sufficient; complementary investments in health, nutrition, and financial services are necessary. Programmes should also focus on post-graduation support to prevent a reversal into poverty.

ii. Regional Adaptation: Results vary considerably across provinces. Programme implementation must be tailored to address local challenges in delivery, infrastructure, and climate vulnerability. Community-driven targeting and active engagement with local institutions can enhance ownership and improve results.

iii. Focus on Women and Youth: The success of interventions depends on inclusive participation. Future Programme must systematically engage women and youth not only as beneficiaries but as stakeholders in design and implementation. Special modules for capacity building and business support for female entrepreneurs can strengthen household resilience.