
Islamic Republic of Pakistan
Country strategic opportunities programme
2023–2027

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Action: The Executive Board is invited to review the country strategic opportunities programme 2023–2027 for the Islamic Republic of Pakistan.

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Executive summary

1. The country strategic opportunities programme (COSOP) covers the 2023–2027 period and builds on the strong partnership with the Government of the Islamic Republic of Pakistan, IFAD’s comparative advantage and lessons learned. It sets out IFAD’s strategy to support the Government in transforming smallholder agriculture and eradicating rural poverty, within a systematic framework to build climate resilience, adaptation, mitigation and response.
2. Pakistan is the fifth most populous country in the world, with an estimated population of 229.5 million people in 2022, 63 per cent of whom live in rural areas. The agriculture sector is central to economic growth, and especially to food security, employment generation and poverty alleviation. The sector employs 39 per cent of the national labour force,¹ and 65 per cent of rural people are directly or indirectly dependent on agriculture for their livelihoods. Demographically, Pakistan is also a young country as 64 per cent of the population is younger than 30.
3. Poverty in Pakistan remains persistent, with 38.3 per cent of the population ranked as poor and 21.5 per cent of the population in severe multidimensional poverty;² rural multidimensional poverty stands at 49.8 per cent. The key challenges for poverty alleviation include erratic performance of the agricultural sector, youth constraints (limited employment and income opportunities, and market readiness), food insecurity and malnutrition, climate change and environmental vulnerabilities.
4. The COSOP theory of change is premised on integrated and synergistic interventions related to natural resource management in a climate-sensitive manner and extended off-farm economic activities. It posits that diversification is achieved in the rural economy through two mutually reinforcing pathways:
 - **Pathway 1:** Diversification of smallholder agriculture under a demand- and market-driven approach whereby farmers are organized into clusters of professionally-run organizations for economies of scale and sustainability; and
 - **Pathway 2:** Enabling the rural poor to graduate out of poverty by acquiring relevant skills, productive assets and start-up capital to take advantage of the employment and business services opportunities offered by agribusiness development.
5. The overall goal of the COSOP is to contribute to inclusive and accelerated rural poverty reduction and enhanced food security in a gender, youth, nutrition and climate change sensitive manner. It is aligned with and contributes to national policies and strategies for poverty reduction and agricultural development, and anchored in Sustainable Development Goals (SDGs) 1, 2, 5, 8, 9, 10, 13 and 14. The COSOP is also aligned with the United Nations Sustainable Development Cooperation Framework for Pakistan for the 2023–2027 period.
6. The COSOP goal is underpinned by two strategic objectives (SOs):
 - **SO1:** Enhancing the productivity and profitability of smallholder farmers through climate-resilient diversification and an agribusiness approach; and
 - **SO2:** Fostering inclusion of the landless and ultra-poor households through an economic graduation approach.
7. IFAD’s assistance will focus on small farmers and rural people living in extreme, chronic and transitory poverty. The mainstreaming themes (women, youth,

¹ Pakistan Economic Survey 2020–2021, Ministry of Finance, Government of Pakistan.

² Charting pathways out of multidimensional poverty: Achieving the SDGs/Global MPI: United Nations Development Programme and Oxford Poverty and Human Development Initiative, 2020.

nutrition, climate change, persons with disabilities and Indigenous Peoples) will be pursued through policy engagement and dedicated actions embedded in all projects. About 1.5 million poor rural households will be targeted during this COSOP period.

8. Strong emphasis will be placed on developing partnerships and building synergies with relevant bilateral and multilateral development partners, and the private sector (in particular for agribusiness development), to promote investments in rural people.
9. The COSOP will cover two cycles of the performance-based allocation system (PBAS), corresponding to the Twelfth Replenishment of IFAD's Resources (IFAD12) and IFAD13. For IFAD12, the PBAS allocation is US\$104.1 million on blend terms and an indicative US\$7 million under the Borrowed Resource Access Mechanism (BRAM) on ordinary terms. Assuming satisfactory performance, approximately an additional US\$120 million could become available for the period 2025–2027.

Islamic Republic of Pakistan

Country strategic opportunities programme

I. Country context and rural sector agenda: key challenges and opportunities

1. The Islamic Republic of Pakistan is the world's fifth most populous country with a population of 229.5 million in 2022 that is expected to reach 280 million by 2030, forty-fourth largest economy with estimated GDP of US\$347 billion in 2021 and thirty-sixth largest country in terms of area (796,096 m²).
2. Pakistan is a federal parliamentary republic consisting of four provinces and four federally administered territories. Since 2008, decentralization to the provincial level has been fully effective and all key sectors related to IFAD's mandate are now fully devolved to the provinces.
3. Pakistan is a lower-middle-income country, with an average income per capita of US\$1,641. The economy is based mainly on the services sector (59 per cent), followed by agriculture (21 per cent) and industry (20 per cent).
4. The country's macroeconomic situation has worsened in recent years due to high fiscal and current account deficits, low levels of reserves, and the negative impact and consequences of COVID-19 and the conflict in Ukraine. Heavy losses of lives, property and infrastructure due to the recent heavy floods, as well as ballooning import bills, will further strain Pakistan's economy. Following a contraction of around 0.5 per cent during the pandemic in 2020, the economy rebounded in fiscal 2021 with 5.4 per cent growth. Projections of GDP growth are 4 per cent in 2022 and 4.5 per cent in 2023. Inflation has remained in the double digits since 2019 and is likely to remain elevated in 2022. Remittances from overseas Pakistanis represent approximately 9 per cent of the country's GDP. In 2022, Pakistan's public debt stood at 80.2 per cent of GDP.
5. The medium-term economic outlook continues to be subject to considerable uncertainties due to COVID-19, the conflict in Ukraine and recent and extensive flood damages. Pakistan remains vulnerable to possible flare-ups of the pandemic, tighter international financial conditions, a rise in geopolitical tensions and delayed implementation of structural reforms. The conflict in Ukraine will also play a role in slowing down development in Pakistan, causing food insecurity and pushing the rural population further into poverty.
6. **Agriculture and rural development.** The agriculture sector, despite its declining share of GDP, is central to the overall growth of the economy. The sector employs 39 per cent of the national labour force³ and 65 per cent of rural people are directly or indirectly dependent on agriculture for their livelihoods. Over the last two decades, agriculture sector performance has suffered from low public investment, a lack of diversification, weak market linkages, smallholder market isolation, climate change and water scarcity. This has resulted in low yields and stagnant productivity, food insecurity, limited off-farm employment, stagnant wages and a slow pace of rural transformation.
7. Agriculture in Pakistan is dominated by small-scale farmers, with about eight million smallholder farms and 90 per cent of all farms under 5 ha. These smallholder farmers largely suffer from market isolation and a lack of information, leaving them unable to adjust to changes in market conditions and overly dependent on local contractors and middlemen to sell their produce. Smallholders are furthermore prevented from active participation in value addition and other income-generating opportunities associated with value chain and agribusiness

³ Pakistan Economic Survey 2020–2021, Ministry of Finance, Government of Pakistan.

development. Constraints such as limited value chain integration, value chain gaps, a lack of enabling policies and regulations, and inadequate infrastructure need to be overcome with an integrated approach encompassing institutions (especially farmer and producer organizations), infrastructure (transportation and market) and incentives.

8. **Rural poverty, gender and youth.** Poverty in Pakistan remains persistent. The country's multidimensional poverty index is 0.198 with 38.3 per cent of the population ranked as poor, 21.5 per cent living in severe multidimensional poverty and 49.8 per cent in rural multidimensional poverty.⁴ The extremely and chronically poor suffer from intergenerational poverty, a lack of land and productive assets, and limited access to credit, extension services, markets, training and information.
9. In rural Pakistan, women and youth are particularly disadvantaged in terms of their access to basic social services and livelihood opportunities, despite their contribution to the labour-intensive agricultural sector. Around 9.1 million female agricultural workers play a substantial role in food production and food security, but are largely unpaid, suffer from greater time poverty and are more vulnerable to exploitation.
10. Pakistan's youth (people between the ages of 15 and 29) account for 64 per cent of the population, and more than 50 per cent of rural youth (women and men) are involved in agriculture and livestock, mostly as unpaid family workers. Despite their contributions, both women and youth continue to be disadvantaged with little managerial control over agricultural decisions, limited access to productive resources, limited awareness of improved technologies, lack of skills for value addition and marketing, and limited access to extension and financial services.
11. **Climate vulnerability.** Pakistan is ranked among the world's top 10 most climate vulnerable countries, and agriculture is significantly affected by short-term climate variability and longer-term climate change. Periods of severe drought followed by devastating floods are common and have contributed to low crop yields, loss of livestock, damage to irrigation infrastructure and food shortages in recent years. Water security for both agriculture and domestic use is becoming crucial, and water management (including infrastructure) will be critical.
12. During the period from July to September 2022, melting glaciers and an extreme monsoon season with torrential rains caused devastating floods. One third of the country was left underwater, with over 1,500 dead and more than 33 million people affected, 6.6 million of them severely affected. According to initial estimates, the floods caused over US\$10 billion in damages to standing crops, livestock, houses and education, health, irrigation and road infrastructure. These erratic and dangerous weather patterns were exacerbated by climate change, as glaciers melt at an accelerated rate due to severe heat waves.
13. **Nutrition.** Nutrition and year-round access to adequate food are major challenges for the rural poor. Poverty, recurring disasters, and political and economic volatility drive undernutrition and food insecurity in some areas of Pakistan.
14. **Information and communications technologies for development (ICT4D).** The country's tele-density of 87 per cent and internet penetration of 54 per cent offer opportunities to adopt ICT4D for technology transfer, services, market access and linkages to financial services.

II. Government policy and institutional framework

15. **Pakistan's poverty reduction and agriculture policies and strategies** aim to halve poverty and attain upper-middle-income status. They represent and

⁴ Charting pathways out of multidimensional poverty: Achieving the SDGs/Global MPI: United Nations Development Programme and Oxford Poverty and Human Development Initiative, 2020.

articulate the government's commitment to achieve the Sustainable Development Goals (SDGs) on poverty reduction, education, gender equality, women's health, mother and child health, and environmental sustainability.

16. The Poverty Reduction Strategy focuses on poverty graduation and was recently updated to mount a response to crisis situations such as COVID-19 in the form of social assistance, and to safeguard and build human capital. The National Food Security Policy aims at achieving reductions in poverty, malnutrition and food insecurity by achieving average agriculture sector growth of 4 per cent. Notably, the policy calls for shifting the current emphasis on strategically important crops towards crop diversification and agribusiness development.
17. Other relevant and key policies and strategies include: the National Gender Policy Framework 2022; the National Youth Development Framework 2020; the National Climate Change Policy; and the National Sustainable Development Goal Framework. The United Nations Sustainable Development Cooperation Framework (UNSDCF) for Pakistan (2023–2027) and the National Pathways for Food Systems Transformation in Pakistan 2021 further reflect Pakistan's priorities and are aligned with IFAD and the United Nations system collaborative support.
18. **Pakistan's institutional framework** is governed by its federal structure. Since 2008, decentralization to the provincial level has been fully effective and responsibility for agriculture and rural development now lies with the provinces. The Ministry of Economic Affairs (MoEA) is the main interlocutor at federal level; the provincial planning and development departments, headed by the Additional Chief Secretary and Chairperson of the Planning and Development Board, are the main counterparts for programme development and generally serve as executing agency. Other relevant government line departments and nongovernment agencies serve as service providers.
19. Pakistan's civil society consists of a wide range of NGOs including rural support programmes (RSPs), community-based organizations, think tanks, trade unions, cultural groups and informal citizen organizations. The largest development network in Pakistan consists of 10 national and provincial RSPs covering the entire country. The RSP movement pioneered community-driven development (current outreach is 149 of 159 districts) and has established over 500,000 community organizations with a membership of over 8.5 million households.
20. The microfinance sector has experienced exponential growth since 2006; microfinance banks and microfinance institutions have 3,800 branches located in 139 of the country's 159 districts. Current active borrowers total about 8 million with a gross loan portfolio of PKR 392.6 billion (about US\$2 billion).

III. IFAD engagement: lessons learned

21. Since 1977, IFAD has invested US\$780 million under 28 projects for a total cost of US\$2.58 billion benefiting 2.8 million households. Today the IFAD-funded portfolio in Pakistan is composed of five projects: Economic Transformation Initiative Gilgit-Baltistan (ETI-GB), Southern Punjab Poverty Alleviation Project (SPPAP), National Poverty Graduation Programme (NPGP), Khyber Pakhtunkhwa Rural Economic Transformation Project (KP-RETP) and Gwadar-Lasbela Livelihoods Support Project II (GLLSP-II), for a total amount of US\$451 million covering several territories and focusing mainly on agribusiness development, poverty graduation, youth employment, rural infrastructure and community-led development.
22. A country strategy and programme evaluation (CSPE) of IFAD-funded projects in Pakistan covering the period 2000 to 2020 has provided valuable lessons for the formulation of the country strategic opportunities programme (COSOP). The CSPE recommendations relate to: (i) inclusive market systems development, with due attention to climate resilience and natural resources; (ii) innovations and scaling up for greater rural poverty impact; (iii) strengthening and linking with institutions,

policies and systems for greater likelihood of sustainability; (iv) a flexible and differentiated approach in targeting and programming; and (v) partnerships with other development agency partners and non-governmental actors while upgrading the IFAD Country Office (ICO) and its support systems.

23. The COSOP is also informed by lessons learned:
24. **Larger and provincial projects tend to achieve better development outcomes.** IFAD co-investments like the US\$120 million ETI-GB or the US\$185 million KP-RETP covering the entire province allow for greater equity in terms of development, promote better regulatory framework and policies, and improve programme outreach, impact and cost efficiency.
25. **Professional farmers' organizations (FOs),** operating with a market-driven business model and business plan for commercial profit and with professional management teams, have demonstrated relevance and impact in access to markets and net additional income at farmer level, as evidenced with the support of an IFAD grant (Asian Pacific Farmers' Programme). Furthermore, value chain and agribusiness development with support to FOs is a successful approach for improving the rural economy and empowering women.
26. **Poverty graduation.** Combining skills development, productive asset-based income generation and access to start-up capital for the extremely and chronically poor, particularly women, with unconditional grants under social protection programmes, is a promising instrument for sustainable poverty reduction and the empowerment of the poor, women and youth.
27. **Youth engagement and women's rural employment.** The pursuit of specific strategies and approaches for youth and women's involvement in project implementation provides significant and sustainable opportunities for employment or self-employment in rural areas. These include: vocational and entrepreneurial training responding to local labour-market demand, business plan and start-up capital facilitation, negotiation of public-private partnerships and organization of the youth and women as business entities.
28. **Gender integration.** Adopting an integrated and inclusive household approach in a culturally acceptable manner provides an entry point for gender mainstreaming. Nuanced self-targeting of interventions, together with appropriate organizational structures, create an enabling environment and space for effective gender mainstreaming and economic empowerment.
29. **Social mobilization,** based on the poverty scorecard, is an effective approach to poverty targeting, women's inclusion and empowerment, community ownership of activities led by women and the poor, linkages with government and private sector service providers, and the sustainability of benefits of local-level investments.
30. **Nutrition.** Investing in rural children and women's improved nutrition generates both health and economic benefits.
31. **Climate-smart agriculture.** A market-oriented approach to agriculture should be complemented by investments in climate-smart technologies for sustainable crop and dairy productivity. Adaptation to climate change needs to be mainstreamed in agriculture. The rural agro-economy requires the introduction of new seeds, methods and modern technologies for smallholders to increase their incomes. Overall, a systematic approach to disaster risk management and preparedness with resilience-building and institutional strengthening is key, particularly in view of recurring natural disasters (particularly floods) due to climate change.

IV. Country strategy

A. Comparative advantage

32. During 40 years of partnership with Pakistan, IFAD has successfully demonstrated its comparative advantage in inclusive and sustainable rural development, supporting the achievement of national objectives in a sustainable manner, in some of the poorest and most remote areas of Pakistan. This was made possible with successful innovations in approach, targeting, implementation arrangements and partnership-building, as well as by integrating women and youth into the rural economy.
33. A market-oriented approach to smallholder agriculture with agribusiness development, and poverty scorecard-based targeting as part of a poverty graduation approach with effective mainstreaming of nutrition, gender and climate change concerns, have emerged as areas where IFAD's value addition and comparative advantage has been widely recognized. Flexibility and mid-course corrections have also been key.

B. Target group and targeting strategy

34. The COSOP will target 1.5 million poor rural households (representing nearly 10 million rural people), comprising: (i) rural households living in chronic poverty;⁵ and (ii) small-scale farmers.
35. The targeting strategy will maintain a focus on women and youth (young women and men) within the target group, identifying their differentiated needs and opportunities, as well as persons with disabilities, to ensure they benefit from programme interventions. As recommended by the CSPE, and while continuing the use of the scorecard for household targeting, the approach will be complemented with other observable factors to formulate comprehensive criteria for validating results at the community level in order to limit the exclusion of otherwise qualified households. Nutrition and food security status and climate change vulnerabilities will be factored into targeting, while complying with the applicable Social, Environmental and Climate Assessment Procedures (SECAP) standards.

C. Overall goal and strategic objectives

36. **Theory of change** (see graph in appendix XIII). The theory of change is premised on integrated and synergistic interventions for natural resource management in a climate-sensitive manner and extended off-farm and non-farm economic activities. It will reinforce diversification at the farm household, farming system and rural economy levels, supported by two mutually reinforcing pathways:
- (i) **Pathway 1** underscores diversification of smallholder agriculture into higher value crops within a demand- and market-driven approach, with farmers organized into clusters of professionally-run organizations for economies of scale and sustainability. Balancing product mix and volumes, these organizations enter into mutually beneficial public-private-producer partnership (4P) agreements. This arrangement is facilitated through access to public and private sector financing, production technologies and market information; and
 - (ii) **Pathway 2** aims at enabling the landless poor within these clusters, including women and youth, to graduate out of poverty by acquiring relevant skills, productive assets and start-up capital to take advantage of the employment and business service opportunities offered by new value chains developed by cooperatives and FOs, or to start their own small business enterprises.

⁵ Using the Government's definition, the corresponding IFAD target groups in Pakistan fall within the poverty scorecard rankings of 0 to 40, with a special focus on those ranked 0 to 23.

37. Both pathways will be underpinned by a supportive policy and regulatory environment, through effective engagement with relevant public and private sector organizations. Nutrition, gender, youth and climate change will be mainstreamed and integrated into the organization of farmers' cooperatives and their business plans.
38. Key interventions under the current portfolio and linkages with the two pathways are summarized below:

Pathway	Interventions	
	Ongoing projects	Future directions
Diversification of smallholder farming systems	<p>ETI-GB: economic infrastructure (irrigation, land, farm to market roads) and value chain investment under FOs and 4Ps</p> <p>GLLSP-II: Fisheries value chain development (fisheries cooperatives formation, value addition, market linkages)</p> <p>KP-RETP: Agribusiness development (through FOs and 4Ps)</p> <p>NPGP: Innovative business pilots of village social enterprise, 4Ps, digital inclusions</p> <p>SPPAP: Access to improved machinery through service providers, irrigation infrastructure, training</p>	Scaling up and consolidation of inclusive value chain development, market linkages, integrating youth in agriculture, agribusiness and service provision
Poverty graduation	<p>GLLSP-II: Asset provision, skills development, access to finance and markets</p> <p>KP-RETP: Youth market readiness, start-up capital</p> <p>NPGP: Asset provision, vocation and entrepreneurship training, access to finance, social inclusion</p> <p>SPPAP: Asset provision, skills development, infrastructure, social and financial inclusion</p>	<p>Consolidation, scaling up and replication of successful models, innovative approaches to cover additional (poorest) districts</p> <p>Consolidation of the poverty graduation model under the SPPAP umbrella</p>

39. The COSOP goal is to contribute to inclusive and accelerated rural poverty reduction and enhanced food security in a gender, youth, nutrition, and climate change sensitive manner. This goal is anchored in SDGs 1, 2, 5, 8, 9, 10, 13 and 14 and fully aligned with the nationally-owned UNSDCF for Pakistan 2023–2027, which advances the 2030 Agenda for Sustainable Development and reflects Pakistan's national development priorities. In particular, this COSOP will contribute to achieving outcome 4 (sustainable and inclusive economic growth and decent work), outcome 2 (gender equality and women's empowerment) outcome 3 (climate change and the environment) and outcome 1 (basic and social services).
40. The COSOP strategic objectives are:
- (i) **SO 1: Enhancing the productivity and profitability of smallholder farmers through climate-resilient diversification and an agribusiness approach.** The main outcomes expected are organized and business-oriented groups or clusters of smallholder farmers with diversified high-value production systems, leading to: enhanced incomes for the farmers; job and enterprise opportunities (on-farm and off-farm) for youth and women; better climate change resilience and improved food security and nutrition in beneficiary communities; and
 - (ii) **SO 2: Fostering inclusion of the landless and ultra-poor households through an economic graduation approach.** The main outcomes expected are the graduation of severely poor households to self-sustaining decent livelihoods through a combination of skills, productive assets, start-up capital

for enterprises and engagement in remunerative employment in cooperative agribusinesses, supported under SO1.

41. The COSOP also addresses the following Twelfth Replenishment of IFAD's Resources (IFAD12) and IFAD13 priorities:
- (i) **Gender.** Gender will be mainstreamed across the portfolio, addressing key transformative priorities and women's participation. IFAD projects will prioritize targeting of women for productive assets, vocational and technical skills, and access to finance. IFAD will also partner with others as part of the community-driven approach to strengthen women's organizations and groups, empowering women to hold managerial positions and participate in decision-making affecting their lives.
 - (ii) **Youth.** The COSOP promotes youth employment and non-farm opportunities by providing vocational and technical training, access to start-up capital and facilitated engagement with farmers' cooperatives and production clusters to become service providers within the value chain.
 - (iii) **Food security and nutrition.** Increased incomes from COSOP interventions (improved agricultural productivity, better paying jobs following aforementioned training, enterprise development) and better nutrition knowledge through capacity-building activities will serve to improve food availability, access and utilization, and nutritional and feeding practices. Linkages with government and donor-funded nutrition programmes will be actively sought.
 - (iv) **Climate change.** Climate change resilience and mitigation, and coping strategies for climate change-induced impact in agriculture and the rural economy will be mainstreamed in project planning, interventions, crop selection, capacity-building activities, rural infrastructure development and project monitoring and evaluation (M&E) systems.
 - (v) **Private sector engagement.** The COSOP strongly endorses and operationalizes the principles of private sector engagement by promoting 4Ps and agribusiness development. In this approach, the private sector comprises farmer cooperatives and organizations, financial institutions and agri-companies as effective partners.

D. IFAD interventions

42. The COSOP builds on the packages of tailored interventions used in ongoing projects, lessons learned and international best practices. Key elements of the COSOP menu of interventions include:
- (i) **Ongoing interventions mix.** Accelerate implementation of the existing portfolio and seek additional resources to sustain and expand positive results, by reinforcing agribusiness promotion, FOs, poverty graduation, and youth and women's economic empowerment.
 - (ii) **Investments.** Mobilize financing from the IFAD12 and IFAD13 performance-based allocation system (PBAS) allocations, the Borrowed Resource Allocation Mechanism (BRAM) and non-state organization windows with possible cofinancing by international and domestic development partners for two or three new projects.
 - (iii) **Leverage grants-based financing.** IFAD, Asia Pacific Farmers' Programme (APFP), Farmer Organizations for Asia (FO4A), Asian Farmers' Association for Sustainable Rural Development (AFA): Assuring Resiliency of Family Farmers (ARISE), climate adaptation funds such as the Global Environment Facility, enhanced Adaptation for Smallholder Agriculture Programme (ASAP+) or other partners such as the European Union and bilateral donors, to support the achievement of the SOs.

43. **Country level policy engagement.** Agriculture, rural development, social protection and poverty reduction are guided by policies mandated to the provinces, with overall coordination by the Federal Government. IFAD's engagement, in particular by the ICO and project teams, spans both provincial and federal platforms. Key areas of evidence-based country level policy engagement (CLPE) will include support for: (i) institutional, legal and fiscal frameworks in support of FOs and 4Ps; (ii) land titling (in Gilgit-Balkistan); (iii) institutional reforms for accelerated poverty graduation (national level); (iv) rural youth economic inclusion strategy; and (v) marine fisheries conservation policy (Balochistan and Sindh). The ICO will facilitate the development of knowledge products as evidence-based contributions to policy forums, identify gaps in existing policies and formulate recommendations for reform. CLPE will also prioritize strategic partnerships and participation in collaborative efforts under UNSDCF and the United Nations Rome-based agencies (RBAs), the Agriculture Development Partners Working Group, Pakistan Agriculture Transformation Plan, microfinance, FinTech, AgriTech and other networks.
44. **Capacity-building.** IFAD will pursue a multi-layered approach to build capacity at beneficiary, executing agency and policy levels through project investments and specific training opportunities. Particular emphasis will be on capacity-building for the mainstreaming of nutrition, gender, youth, climate change, M&E and ICT4D. In parallel, the ICT4D approach of digital agricultural extension and advisory services, as successfully tested under a previous IFAD-supported grant,⁶ can also be replicated, with farmers receiving tailored crop-related advice from agricultural specialists throughout each stage of the cropping cycle.
45. **Knowledge management** will be supported through a resourced knowledge management strategy and action plan at country level and across all ongoing and future projects. Knowledge management activities will be directly linked to national and provincial-level projects, policy needs and IFAD's comparative advantage. The ultimate goal will be to build evidence for replication and scaling up of successful innovations and high impact interventions tested in IFAD projects and to provide high quality input for policy reforms. Data and information collected through project M&E systems, in accordance with COSOP performance indicators, will contribute to the documentation of lessons learned and best practices for wider dissemination.
46. **South-South and Triangular Cooperation (SSTC).** There is considerable scope for SSTC, especially in connection with IFAD regional grants for the promotion of FOs - the main focus will be within the South Asian Association for Regional Cooperation, but also with the Africa and Latin America regions.
47. **Communication and visibility** actions will help inform beneficiaries, decision makers and other target groups about achievements, while making special mention of the role of the Government, IFAD, cofinanciers and other development partners. Communication activities, in addition to informing stakeholders of the impact of IFAD-funded programmes, will aim to disseminate information on key topics among the target groups using media ranging from print to television and the internet; topics include nutrition, gender empowerment and grievance redress mechanisms.
48. Beyond IFAD's core intervention areas, partnership opportunities will be explored with the Asian Development Bank (ADB), World Bank, RBAs and others to expand the scope of IFAD's support, including in such areas as water and sanitation infrastructure, and institutional strengthening, especially women's institutions and organizations.

⁶ The Digital Agricultural Advisory Services for Smallholder Farmers in the Context of COVID-19 project received IFAD grant financing in the amount of US\$1.5 million, reaching more than one million farmers; the project lessons and successes can be replicated within the country programme.

V. Innovations and scaling up for sustainable results

49. **Innovations.** IFAD has an established track record in Pakistan for pursuing innovations in microfinance, poverty score card-based targeting, poverty graduation, low-cost housing, value chain development through farmer cooperatives, participatory and cost recovery-based irrigation infrastructure and land development, and gender and youth engagement. Successful innovations will be leveraged under the COSOP - in particular, value chain development as part of a cluster-based agriculture diversification and agribusiness approach, poverty graduation models as part of an inclusive cluster-based approach, to assist youth and women from landless poor families to sustainably move out of poverty to be active participants in the supported value chains of diversified high-value crops.
50. **Scaling up.** IFAD's evidence-based experiences and lessons are being scaled up. The programmatic approach adopted during the previous COSOP period enabled IFAD to scale up innovations in SPPAP and GLLSP-II, and successful innovative approaches to value chain development in ETI-GB; and youth and women's engagement have informed the design of the recently approved KP-RETP. IFAD's innovative approach to poverty graduation was scaled up by the Government in 2019 through the National Poverty Graduation Initiative (NPGI), and the SPPAP model was expanded into another 10 poorest districts. The targeting, graduation and FO approach is being replicated by other development partners. This COSOP will adapt and scale up further the successful innovations tested in ETI-GB, GLLSP and KP-RETP for capitalization of FO business plans, private sector engagement, women and youth engagement in value addition and service provision.

VI. COSOP implementation

A. Financial envelope and cofinancing targets

51. The COSOP will cover two cycles of the performance-based allocation system: IFAD12 (2022–2024) and IFAD13 (2025–2027). For IFAD12, the indicative PBAS amount is US\$104.1 million on blend terms and an indicative US\$7 million under BRAM on ordinary terms). Assuming satisfactory performance, approximately the same amount may become available for the period 2025–2027. To promote investment in rural people, IFAD will proactively identify cofinancing opportunities.

Table 1
IFAD financing and cofinancing of ongoing and planned projects
 (Millions of United States dollars)

Project	IFAD financing	Cofinancing		Cofinancing ratio
		Domestic	International - gap	
Ongoing				
SPPAP grant	151 669 2 900	28 941		
ETI-GB	67 000	30 171	22 980	
NPGP	82 600	49 900	17 300	
GLLSP-II Asia and the Pacific Division grant Grant from Saudi Fund for Development (SFD)	60 155 3 000 3 000	9 646		
KP-RETP	84 192	78 017	15 913	
Resilience-building of poor and vulnerable households – Rural Poor Stimulus Facility (RPSF) grant	2 371			
SSTC facility for Pakistan - grant	500			
ARISE regional grants	200			
Planned for IFAD 12				
To be determined	61 500			
Total	516 477	196 675	56 193	1:0.48

52. Cofinancing from the European Union (KP-RETP) and Italian cooperation (ETI-GB) is expected to be effective in 2023. Additional cofinancing with ADB, the World Bank and other bilateral donors will be explored for the IFAD12 and IFAD13 projects. The government counterpart funding is expected to remain at the same level.

B. Resources for non-lending activities

53. The IFAD country team will take proactive steps in targeting additional non-lending financing opportunities to complement and support IFAD's investment envelope. These may include RPSF, APFP/FO4A/ARISE grants, SSTC and ASAP+ or the Global Agriculture and Food Security Program.

C. Key strategic partnerships and development coordination

54. The strategic partnership for cofinancing and development coordination will be further strengthened with the objective to leverage investments in poor rural people. Strategic partnerships for resources will be pursued, particularly with the Government to increase counterpart funding and scaling up, and with the European Union, ADB, World Bank, Asian Infrastructure Investment Bank, SFD, Italian cooperation and other bilateral partners for possible cofinancing and collaborative actions.
55. At the national level, MoEA will continue to be the main interlocutor for IFAD in the country. Existing engagements will be further reinforced with the Poverty Alleviation and Social Safety Division for poverty graduation, with National Food Security and Research and with relevant provincial departments and private sector for agricultural transformation.
56. IFAD is engaged in close and strategic partnerships with the United Nations agencies operating in Pakistan under the UNSDCF 2023–2027, and its contribution is aligned with four out of the five outcomes. The RBA collaboration will focus on climate-smart agriculture and resilience-building with direct impact on nutrition and food security.

D. Beneficiary engagement and transparency

57. The COSOP approach to beneficiary engagement and transparency will include: engaging specialized institutions for social and business mobilization, supporting youth market readiness, institutional development, provision of other appropriate technical assistance, setting up grievance redressal and feedback mechanisms (at project, ICO and IFAD levels), overall awareness creation and training, with regular communication across project and programme actors. In addition to participatory M&E, all of the projects will be subject to periodic independent evaluations.
58. Procurement strategy includes adopting the IFAD Project Procurement Guidelines, and the IFAD Project Procurement Handbook will be customized and adopted by the IFAD-funded programme. This includes adoption of IFAD standard procurement documents, including the standard bidding documents. The project will be required to retain full time procurement professionals supported by procurement assistants, while the Pakistan ICO will retain an accredited procurement specialist to support the overall operations. IFAD anticorruption polices and Social, Environmental and Climate Assessment Procedures (SECAP) safeguards (as applicable) will be identified and adopted. As part of long-term institution capacity development, programmes will be required to participate in capacity development initiatives, which include BuildProc and other national procurement training courses. While the overall inherent procurement risk is substantial, the net risk rating post adoption of mitigation measures remains between medium and low. Based on the identification of risk, IFAD will undertake independent procurement review missions on a yearly basis supported by a follow-up mission supplemented by IFAD end-to-end procurement systems.

E. Programme management arrangements

59. The COSOP will be implemented under the guidance of the ICO, led by a country director based in the country, with the active involvement of MoEA and provincial lead ministry or department at federal or provincial level. The country director will be supported by the ICO staff in Islamabad and independent consultants. Country programme implementation will also receive support from IFAD headquarters on thematic issues.

F. Monitoring and evaluation

60. Progress towards the COSOP strategic objectives and outcomes will be tracked using the COSOP results framework. The performance indicators of ongoing and new projects will be aligned, to the maximum extent possible, with the COSOP. A COSOP midterm review will be undertaken in 2025 to assess the relevance and validity of the strategic objectives, assess progress against expected outcomes, and identify lessons and recommendations to improve performance. The findings will be used as a basis for an assessment of the portfolio approach and interventions to enhance impact and policy dialogue.
61. Projects will be assisted to develop M&E systems in line with the COSOP results indicators, for reporting on both lending and non-lending activities. Executing agencies will be assisted to adhere to provincial and national M&E systems. Technical support will be provided to provincial and national level focal agencies to monitor and internalize successful models piloted under IFAD's portfolio on poverty graduation, crop diversification, climate change resilience, and gender and youth empowerment.

VII. Risk management

62. Table 2 below summarizes the key programme risks and mitigation measures:

Table 2
Risks and mitigation measures

<i>Risks</i>	<i>Risk rating</i>	<i>Mitigation measures</i>
Political instability	Medium	<ul style="list-style-type: none"> Constitutional backing of international agreements Provincial anchoring of projects Constant monitoring of evolving socio-political situation for adjustments
Macroeconomic instability and high inflation	High	<ul style="list-style-type: none"> Support the Government in poverty reduction, food security, nutrition and agriculture diversification Support investments in initiatives to assist ultra-poor households and small farmers to mitigate impact of high inflation
Security	Medium	<ul style="list-style-type: none"> Continuous monitoring of security situation with appropriate responses should security deteriorate in any area Regular liaison with national and United Nations security services and the United Nations Department for Safety and Security Engagement of local service providers, use of participatory approaches with involvement of community networks (opportunities to offset security risks)
Support strategies and policies	Medium	<ul style="list-style-type: none"> Provide support to federal and provincial governments for policy and strategy review and formulation on food security, nutrition and small farmers agribusiness development
Institutional capacity	Medium	<ul style="list-style-type: none"> Oversight, policy level guidance at the federal and provincial levels Provide implementation support and adequate resources for technical and managerial capacity-building under the operations
Fiduciary – financial management	High	<ul style="list-style-type: none"> Training of finance teams on IFAD financial management systems Review implementing partners' progress quarterly against targets while making payments against statements of expenditure Field inspections by finance teams of implementing partners ensure robust progress reporting and internal controls are working Proper review of audit findings to identify and recover ineligible expenses promptly
Fiduciary procurement	Medium	<ul style="list-style-type: none"> Adopt IFAD Project Procurement Guidelines and IFAD Project Procurement Handbook (customized) Use IFAD standard procurement documents Establish effective project level complaint handling mechanisms and mitigation measures Promote competitive procurement processes with exceptions requiring clearance by senior regional procurement officer Compliance with IFAD anticorruption policy and SECAP safeguards Capacity development through participation in BuildProc accreditation Independent procurement assessment missions based on risk along with follow-up missions
Environment and climate	Medium	<ul style="list-style-type: none"> Promote climate-smart agriculture innovations, use of renewable energy along value chains Implement environmental and social management frameworks and impact assessments, associated mitigation and management plans
Social	High to medium (for gender mainstreaming)	<ul style="list-style-type: none"> Application of culturally sensitive approaches Inclusive development approach in a culturally acceptable manner for gender mainstreaming and youth engagement
Overall	Medium	<ul style="list-style-type: none"> Ensure ownership and commitment by engaging federal, provincial and sub-provincial level stakeholders, including civil society organizations, in programme design and implementation

COSOP results management framework

Country strategy alignment	Related SDG and UNSDCF outcomes	Key COSOP results			
<p>National SDG Framework (2018) – Long term Prioritized National Goals</p> <ul style="list-style-type: none"> • Introduce innovation in skills development curricula • Adaptation strategy at community level to mitigate the impact of climate change • Community stewardship in conservation and sustainable practices • Changes in land use planning • Develop synergies through enhanced policy coherence <p>Vision 2025</p> <ul style="list-style-type: none"> • Pillar I: People First: Encompasses poverty eradication and gender empowerment • Pillar IV; Energy, Water & Food Security. Establishment of Rural Business Hubs (RBHs). • Pillar V: Private Sector & Entrepreneurship Led growth: Rural job schemes or business support loans • Pillar VI: Developing a Competitive Knowledge Economy through Value Addition. Cluster based development approach to stimulate rural economic growth Endowment Fund will be created to finance modernization of agriculture. 		<i>Goal and Strategic objectives</i>	<i>Lending and non-lending activities for the COSOP period</i>	<i>Outcome indicators</i>	<i>Milestone indicators</i>
		Contribute to inclusive and accelerated rural poverty reduction and enhanced food security in a gender, youth, nutrition, and climate change sensitive manner.	• All	<ul style="list-style-type: none"> • Poverty rates in target population • Stunting rates in target population 	<ul style="list-style-type: none"> • 10% lower than the comparable groups • 20% lower than the comparable groups
	<p>Sustainable Development Goals: SGD 1; SDG 2; SDG 5; SDG 8; SDG 13; SDG 17</p> <p>UNSDCF (2023-2027): Basic Social Services (Outcome 1); Gender Equality and Women Empowerment (Outcome 2); Climate Change and Environment (Outcome 3); Sustainable Inclusive Economic Growth and Decent Work (Outcome 4).</p>	Enhancing productivity and profitability of smallholder farmers through climate resilient diversification and an agribusiness approach	<ul style="list-style-type: none"> • Lending/investment activities • Ongoing: ETI-GB; GLLSP II; KP-RETP and NPGP. • Indicative: IFAD/ADB Sindh Coastal Resilience Project (SCRP) and Punjab Rural Employment and Agriculture Project) • Non-lending/non-project activities • Ongoing: Farmer Organisation Framework Reforms; Secure Land Titling and Fisheries Regulation Reforms in Sindh and Baluchistan • Partnerships • (i) ADB under SCRPs, Italian Cooperation under ETI-GB; EU under KP-RETP; FAO/WFP under GLLSP II; Private sector under 4Ps; and, World Bank/ADB/ IFPRI/FAO etc. on Agriculture Sector Policy Support • SSTC • Knowledge sharing, technology transfer and public and private sector partnerships for collaboration • Knowledge management • Just in Time Policy Notes under Partnership for Agricultural Transformation; Media Engagement and Analytical Studies 	<ul style="list-style-type: none"> • Number of new jobs created • (Number) Percentage of supported rural enterprises reporting an increase in profit • (Number) Percentage of rural producers' organizations engaged in formal (partnerships/ agreements or contracts with public or private entities • (Number) Percentage of persons/ households reporting improved physical access to markets, processing and storage facilities 	<ul style="list-style-type: none"> • 500 000 jobs (200 000 by midterm) • 60% • 50% • 70%

<p>National Food Security Policy</p> <ul style="list-style-type: none"> Promote Sustainable food production systems (crop, livestock and fisheries) by achieving an average growth rate of 4% per annum Make agriculture more productive, profitable, climate resilient and competitive. <p>Ehsaas Programme</p> <ul style="list-style-type: none"> Social safety nets and poverty graduation <p>National Youth Development Framework</p> <ul style="list-style-type: none"> Mainstreaming marginalised youth Employment and economic empowerment 	<p>Sustainable Development Goals: SGD 1; SDG 2; SDG 5; SDG 8; SDG 13; SDG 17</p> <p>UNSDCF (2023-2027): Basic Social Services (Outcome 1); Gender Equality and Women Empowerment (Outcome 2); Climate Change and Environment (Outcome 3); Sustainable Inclusive Economic Growth and Decent Work (Outcome 4).</p>	<p>Fostering inclusion of the landless and ultra-poor households through an economic graduation approach</p>	<ul style="list-style-type: none"> Lending/investment activities Ongoing: ETI-GB; GLLSP II; SPPAP and NPGP. Indicative: IFAD/ADB Sindh Coastal Resilience Project; and, Pakistan Rural Youth Mainstreaming and Employment Support Programme (RYMES) Non-lending/non-project activities: Farmer Organisation Framework Reforms; Secure Land Titling and Fisheries Regulation Reforms in Sindh and Baluchistan Partnerships EU through KP-RETP; ADB for Sindh; FAO and WFP for policy support, agribusiness, food security and nutrition – GLLSP II; Private sector under 4Ps SSTC Knowledge sharing, exposure visits, technology transfer platforms and public and private sector partnerships for collaboration Knowledge management Just in Time Policy Notes under Partnership for Agricultural Transformation; Media Engagement and Analytical Studies 	<ul style="list-style-type: none"> Number of households provided with productive assets and skills for employment (Number) Percentage of persons/ households reporting an increase in production (Number) Percentage of persons/ households reporting adoption of environmentally sustainable and climate-resilient technologies and practices (Number) Percentage of women reporting improved quality of their diets 	<ul style="list-style-type: none"> 1 000 000 (350 000 by mid-term) 60% 70% 70%
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Transition scenarios

1. Pakistan is a lower-middle-income country and remains vulnerable to possible flare-ups of the natural and human induced disasters. Recent challenges faced by the nation include the Covid pandemic, flash floods 2022, tightening conditions governing international financing, continuing geopolitical tensions, as well as delay in implementation of reforms. The Ukraine-Russia conflict exerts its own pressure and could result in slowing down the development in Pakistan and further increase food insecurity.
2. The country's economy is set to continue recovering in FY 2022, with a real GDP growth projected at around 4 per cent. Inflation has been unprecedentedly high and is expected to continue rising this year. High demand pressures and rising global commodity prices resulted in double-digit inflation and a significant increase in the import bill. Rising food and energy prices, due to the disruptions in the supply chains owing mainly to the Russian-Ukraine war, continue to pose a challenge. It is projected that inflation and economic slow-down combined with the recent flood will reduce the households' actual purchasing power significantly, and more so, disproportionately affecting the poor and vulnerable segments. This will drastically impact nutrition and food security, a segment which spend at the biggest proportion of their income on food products. Public debt as a share of GDP is projected to stay high, but to gradually decline over the period of the COSOP 2023-27. In the context of the country in general and rural areas in particular addressing multidimensional poverty, and climate change will remain key challenges in the country during this COSOP period of 2023-27.
3. The country is preparing through short, medium and long term strategies to reduce poverty and food insecurity caused by the recent floods and given the Russia-Ukraine war, and in particular is exploring alternate import channels for wheat to fill the food deficit. Secondly, to insure consumption smoothing, the social safety net has been scaled-up to promote well-being.
4. This annex is sketched out with a view to align intervention strategies under possible scenarios based on disasters, risks and capacity gaps such as the COVID19 pandemic, floods and conflicts. The following table presents the macro-economic variables under different scenarios. For the purpose of IFAD engagement in Pakistan, the base-case scenario is the most likely one.

Table 1
Projections for key macroeconomic and demographic variables

Case	base	High	Low
Average GDP growth (2022- 2026)	4.2%	4.9%	3%
GDP per capita, US\$ per PPP (2022-2026)	6,470	7,510	6.180
Public debt (% of GDP) (2022- 2026)	65.4%	70.7%	65.7%
Debt service ratio (2022, US\$ m)	19.3%	21.9%	13.7%
Inflation rate (%) (2022-2026)	7.5%	5.2%	9.4%
Rural population	2020: 138,797,696 2026: 144,655,000 Annual growth rate: 3.94%		
Investment climate for rural business	4/6 The 2021 RSPA overall score for Pakistan stands at 3.6. IFAD's Rural sector performance assessment (RSPA) measures the quality of countries' policies and institutions in the rural sector, for achieving rural development and rural transformation benefitting the poor. Pakistan scored relatively stable score of 3.6 in the RSPA index respectively in adapting to environmental policies and practices, legal frameworks, access to markets, gender and nutrition sensitive projects and lacks in indicators related to macroeconomic policies for rural development		
Vulnerability to shocks	4.5/6 Based on the ND-GAIN index score of 39 (combining a score of 0.530 on vulnerability and a score of 0.311 on readiness), The high vulnerability score and low readiness score of Pakistan places it in the upper-left quadrant of the ND-GAIN Matrix. It has both a great need for investment and innovations to improve readiness and a great urgency for action. Pakistan is the 35th most vulnerable country and the 43 rd least ready country		

Footnotes:

^a Data sources: Economic Intelligence Unit (EIU) "Country Forecasts" with 4-year projections. IMF Country Report No. 21/260 Pakistan 2021 Article IV Consultation

^b Rating (1-6), Source Rural Sector Performance Assessment IFAD 12, RSPA 12

^c Rating (1-6), ND-GAIN Country Index-Pakistan, <https://gain.nd.edu/our-work/country-index/>

5. Base case scenario - During the period from 2022-2027, a 4.2 per cent increase in real GDP is anticipated. Under the relatively high inflation, that will limit people's purchasing power, and GDP per capita at PPP would remain above \$6 000. Due to rising inflation, private sector investment is projected to remain low. It is also anticipated that appropriate trade policy, export growth and stronger fiscal discipline may help narrowing down the current account over the timeline of the COSOP. Continued adherence to a market-determined exchange rate and a prudent macroeconomic policy mix will assist in alleviating external pressures. Government investments in food security and climate change mitigation as well as resilience building to shocks is expected to rise especially in the aftermath of the devastating floods (2022). In 2022, producer prices are projected to remain high due to a weak currency, supply-chain disruptions, and high commodity prices. Producer prices will decelerate between 2023 and 2026, to an average of 4.9 per cent, due to lower global oil and commodity prices and the relaxation of supply-side pressures. Remittances are likely to be reasonably high over the COSOP period.
6. High case scenario- Overall GDP growth would average 4.9 per cent over the COSOP period. Agriculture production growth is expected to grow by 3 per cent in 2026 gradually from actual rate of 2.7 per cent in 2021. Debt levels are projected to continue their downward path with narrower twin deficits on the back of the planned fiscal adjustment and robust growth: public debt is projected to fall toward 70 per cent and total external debt to decline toward 35 per cent of the GDP by FY 2026. Stronger flows of remittances from the Gulf countries continue to support the average GDP per capita particularly in the rural population. Consumer price inflation will decelerate in 2023, reflecting the dissipation of domestic supply-side inflationary pressure and an easing of global oil and commodity prices. Overall, we

expect consumer price inflation to average 5.2 per cent a year in 2023-26, assuming stable energy tariffs and no introduction of new consumption taxes. By 2023, vaccination rollout is expected to accelerate its pace and about 80 per cent population will complete their complete initial protocol of 1st and 2nd doses. Despite supply chain disruptions in the Black Sea port, higher domestic production of wheat, maize, rice, and sugarcane in FY21 contributed to lower food price pressures in H1 FY22, and is expected to meet the domestic consumer demand until 2026 if supported by appropriate macroeconomic policies for the agricultural sector.

7. Low Case Scenario- Average inflation is expected to temporarily increase in the coming months and average 9.4 per cent in FY 2022 due to the recent terms of trade shock, continued energy price adjustments, and trade reforms. Consumer price inflation, while moderating slightly from 2021, will remain elevated in 2022, owing to high fuel prices and imported inflationary pressures stemming from the weakness of the currency. Macroeconomic risks remain very high. These include tighter global financing conditions, potential further increases in world energy prices, and the possible risk of a return of stringent COVID-19-related mobility restrictions. Vaccination rate will continue to be in the same pace and there will be a gap between partially and completely vaccinated population. Domestically, political uncertainty and policy reform slippages can also lead to protracted macroeconomic imbalances. In this scenario, GDP growth is expected to be significantly below the existing trend-line at 4.2 per cent over the COSOP timeline.
 - a) **Lending terms and conditions** - Pakistan is a lower middle-income country that is currently receiving loans under IFAD12, on blend terms (maturity period of 25 years, grace period of five years from the date of approval by the Executive Board). They bear a service charge on the principal amount outstanding, subject to a floor of 0.75 per cent per annum with adjustments made for single-currency loans. In addition, interest is payable on the principal amount outstanding at a fixed rate of 1.25 per cent with adjustments made for single-currency loans in US\$ and EUR, subject to a floor of zero per cent. The principal of loan is amortized at 5 per cent of the total principal withdrawn per annum from years 6 to 25.
 - b) **COSOP priorities and products (e.g. investment projects, policy engagement, reimbursable technical assistance)** - In the base line scenario, it is expected that COSOP priorities and associated products will remain highly relevant irrespective of transition scenarios. However, given the slightly less concessional resources available such as BRAM, the country might choose to forgo them totally or partially. In that case, the overall investment envelope still remains identical to the one in IFAD 11. This entails no major changes in the number and size of investment projects to be included in the pipeline over the COSOP period. Furthermore, given the country's current focus on charting sector-based pathways for post-pandemic and post-flood economic recovery, IFAD will need to be more proactive in policy engagement to better accompany the country's efforts towards a more sustainable and inclusive rural transformation and supporting macroeconomic policies aimed to strengthen rural development.
 - c) **Co-financing opportunities and partnerships**- Domestic co-financing and partnership opportunities should increase under the high scenario. The low case, on the other hand, would limit co-financing opportunities both domestically and internationally, which is not likely.

Agricultural and rural sector issues

Overview

1. Pakistan is a blend of landscapes varying from plains to deserts, forests, and plateaus ranging from the coastal areas in the south to the high mountains ranges of the Karakorum, Hindukush and Himalayas in the north. The country is broadly divided into three geographic areas: the northern highlands; the Indus River plain, with two major subdivisions corresponding roughly to the provinces of Punjab and Sindh; and the Baluchistan Plateau. Pakistan's society and agriculture economy are highly dependent on the surface and groundwater resources of the Indus River Basin. The total agriculture land (arable and forest land) as share of total area is 43% and total crop area (net area sown and area sown more than once) is 30% of total area⁷.
2. Pakistan is a lower-middle-income country with a gross national income per capita (Atlas method) of US\$ 1641 in 2022. The economy exhibits pattern of growth characterized by boom and bust periods due to several unresolved structural challenges that precipitate into fiscal and financial difficulties.
3. Pakistan's economy is dominated by services sector with a 61.7% share in GDP followed by agriculture at 19.2% and manufacturing 19.1%. Remittances in addition to being an important source of supplementary livelihood for poor households, financed over 97 percent of the country's trade imbalance thereby contributing to the foreign exchange reserves build-up and reducing the government's external financing requirements.
4. Pakistan population for 2022 is estimated at 229.5 million⁸ and is expected to reach 338 million in 2050. Around 63% of the population live in rural areas. Pakistan is a young country having 64% of the nation younger than 30 and 29% between 15 and 29. Poverty remains persistent, and the country's multidimensional poverty index (MPI) is 0.198 with 38.3% of the population ranked as poor while 21.5% of population is in severe multidimensional poverty in 2021⁹. Rural multidimensional poverty is 49.8%.

The agricultural and rural economy

5. **Agriculture remains the foundation of Pakistan's economy:** Despite the declining share in country's GDP, agriculture sector is central to the overall growth of economy, food security, employment generation and poverty alleviation. The sector employs 39% of the national labour force¹⁰ while 65% of rural population directly or indirectly dependent on agriculture for their livelihood.
6. **Agriculture sector's strong linkages with the rest of the economy:** While on the one hand, the sector is a primary supplier of raw materials to downstream industry and services sector, contributing to Pakistan's exports and value creation, on the other hand, it is a large market for industrial products such as fertilizer, pesticides, and agricultural machinery and implements. Agriculture has strong forward and backward linkages with the wholesale and retail trade in the form of marketing of output and purchase of inputs by the farming population and intermediaries. Overall, 53 percent of the net overall trading margin is linked to the performance of agriculture. Agriculture (rice, fish, meat, vegetables and fruit)

⁷ Land Utilisation Statistics 2019-2020, Pakistan Bureau of Statistics, Government of Pakistan.

https://www.pbs.gov.pk/sites/default/files/tables/agriculture_statistics/table_3_land_utilization_statistics.pdf.

⁸ <https://www.unfpa.org/data/world-population/PK>.

⁹ Charting pathways out of multidimensional poverty: Achieving the SDGs/Global MPI: United Nations Development Programme and Oxford Poverty and Human Development Initiative, 2020.

¹⁰ Pakistan Economic Survey 2020-2021, Ministry of Finance, Government of Pakistan.

together with agriculture based value added products (mainly textile and leather goods) constituted 80% of the country's total export earnings.

7. **Agriculture and rural economy are intertwined:** There is strong evidence that rural sectors are interdependent and rural economic growth is closely linked with agricultural growth. Agricultural growth contributions remain important to raise the incomes of small farmers and to generate growth linkages by increasing demand for nonfarm services and goods, and a vibrant nonfarm sector can increase demand for agricultural products. Pakistan's rural nonfarm economy plays a significant role in generating output and employment through a wide and diversified range of enterprises and services. Various estimates indicate that nonfarm incomes contributed between 40 and 57 percent to the total rural household income, and subsistence level farmers supplement between 36 percent and 51 percent of their household income from nonfarm rural sources.
8. **Farming Systems are evolving with changes in farm size and cropping pattern:** Pakistan has seen major change in the scale of its farm system in recent decades, with a massive rise in the number of small and very small farms, as well as a fall in the average size of those farms. Characteristically, agriculture in Pakistan is dominated by small farmers. There are about eight million smallholder farms and 90% of the total farms are under 5 hectare and they remain the backbone of Pakistan's economic and social fabric. Among the factors driving the ongoing increase in the number of small farms and the reduction in size of those farms are traditional inheritance practices and the limited supply of off and non farm job opportunities relative to the continuing increase in population. Small farmers typically follow a traditional mixed farming system, mainly crops and livestock with a subsistence approach and mostly sell surpluses just after harvest at farm gate and through the classical intermediary channels that often ensure them with access to credit and inputs. Typically, small farmer household supplement their income through off and non-farm employment.
9. **The role of women and youth is critical in the context of agriculture:** Agriculture employs 39 of the national labour force of which women employment rate is 68% compared to 25% for men. Most agriculture employment is informal on small family-owned farms, where young men and women, work as own account workers, casual workers or unpaid family workers. Since the rural economy is not yet equipped to absorb all workers into the labour market, an estimated more than 50 percent of rural youth women and men are involved in agriculture and livestock, mostly as unpaid family workers. One explanation for the high numbers of unpaid family workers in rural agriculture is the influx of youth into the labour force. The key factors defining the state of fragile labour markets in the agriculture sector are low agricultural income despite a high rate of agricultural employment, a lack of value chain development and crop diversification, and poor linkages to markets for agriculture and livestock.
10. **Pakistan's agriculture is labour intensive with women making essential contributions to the crop and livestock production and rural enterprises.** Women's contribution is particularly large in the case of livestock, where their labour contribution often exceeds 70% of total labour. Despite women labour contribution to productive activities, they have little or no managerial control over agricultural management decisions. Women have limited access and control over productive resources, low awareness of improved technologies and skills for value addition and marketing, and limited access to extension and financial services. Increased farm mechanisation is likely to force young women and men into less lucrative and more physically demanding tasks if they are not equipped with the skills and technology in agriculture and non agriculture sectors.

Agriculture growth and Development

11. **Performance and potential:** The performance of agriculture sector for the last two decades has fallen short of levels the targeted levels. Low public investments, lack of diversification due to focus on major crops, weak market linkages, impact of climate change, water scarcity, and access to finance limits the exploitation of due potential of the agriculture sector. Over decades, low yields, high post-harvest losses, limited off-farm employment opportunities, and stagnant wages are some of the attributes for slow rural transformation. Yield of crops and livestock are low, particularly for small farmers because of lack of access to technology, markets and knowledge, implying that about 50% of total cultivated land in small farm category is under performing.
12. **Structure and trends:** The agricultural sector is conventionally defined in Pakistan to include four subsectors: Major crops/ food and fibre crops (wheat, cotton, sugarcane, rice and maize) which accounts for 25.6 % in agriculture value addition; Minor crops (pulses, fruits and vegetables and oil seed crops contributes 11.1% value added to the agriculture sector); Livestock contributes 56.3 % value added to the agriculture sector; Fisheries plays an important source of export and accounts for 2.1 % in agriculture value addition. Pakistan's agriculture is characterized by the dominance of five crops i.e., wheat, cotton, rice, maize and sugarcane.
13. And the country has not been able to take advantage of the diversity of climate and land geographies. Yield gap reductions, mostly driven by increases in input use rather than technical change, and annual output targets for a few major crops have been the mainstay of agricultural policy in Pakistan, undermining the potential of the country's agricultural sector in terms of agro-climatic conditions, soil quality, water resource availability, landholding sizes and tenure status, input and output market development, and access to public services and infrastructure. Consequently, it has become a net importer of otherwise locally cultivable crops such as fruits, vegetables, pulses and oilseeds, among others. This also implies that the country spends enormous amounts of foreign exchange to import of edible oil, pulses, and seeds of many agricultural crops.
14. **Agriculture markets and marketing:** Pakistan's agricultural marketing has a complex set of intermediaries between small farmer and retailers. Markets are often dominated by intermediaries with limited active participation of farmers or retailers. Such markets increase the risks and cost for participants, and often operate with an unequal power balance between buyers and sellers. In Pakistan, smallholders in particular, are mostly isolated from markets and are dependent upon local contractors and middlemen to sell their produce. Smallholders are often severely cash constrained and sell rights to their crop well before harvesting, at low prices in return for financial services and inputs by intermediaries. This market isolation also reduces the flow of market information to smallholders and thus their ability to adjust to changes in market conditions.
15. **Governance and public service delivery:** The agriculture and livestock related institutions include a federal ministry of National Food Security and Research (MNFSR) with its attached departments and affiliated Pakistan Agriculture Research Council (PARC) and National Agricultural Research Centre (NARC). Post 18th Amendment to the Constitution of Pakistan, agriculture and livestock functions have been devolved to the provinces where dedicated departments and their sub-provincial formations provide extension and research services. The agricultural universities and institutes provide academic function. The extension system is largely supply driven and focused on major crops and predominantly aiming at progressive farmers. Additionally, the extension services follow a traditional productivity enhancement approach and its staff are neither focused nor trained to enable farmers to engage in diversification of crops and facilitate linkages with

private sector and markets. Effective linkage of extension services particularly with small farmers and women farmers is limited. A major casualty of this approach are women who has a major role in smallholder farming especially livestock management, are neither empowered nor trained sufficiently to play their roles effectively. The extension services for livestock which is an integral part of the small farmer source of livelihood, is limited to provision of veterinary services rather than production extension, resulting in low productive breeds, poor livestock management and an inefficient production system lacking growth and commercialization.

16. **Climate vulnerability:** Pakistan is ranked among the top ten most climate vulnerable countries in the world and is placed 8th on the Long-Term Global Climate Risk Index (GCRI) 2021. Agriculture in Pakistan is significantly affected by short term climate variability and longer-term climate change. Climate change threats are exacerbated in the country due to the arid climate and reliance on water from the glacial melt in the north. Periods of severe droughts, followed by devastating floods are common in the country and have contributed to low crop yields, loss of livestock, damage to irrigation infrastructure and food shortages in recent years. Changes in climate have been manifested through long-term reduction in rainfall in the semi-arid regions of the country and higher glacial melts that contribute to over 70% of river flows. Temperatures are also expected to increase more in winter than in summer in Pakistan. Changes in monsoons and increased temperatures are likely to bring considerable challenges to agriculture. Increases in temperature will likely speed up crop growth cycles and shorten the time between sowing and harvesting, affecting crop yields. Despite extensive irrigation infrastructure, gaps in water management infrastructure, such as dams, results in discharge of excess water into the sea, leaving the country in water-stressed situation for the large part of the year.

Revitalisation of the agriculture Sector:

17. Agricultural growth in Pakistan throughout most of the last three decades has depended to a large extent on the major crops (wheat, rice, cotton and sugarcane). While productivity increase in major crops is still critical, diversification of crops and livestock sectors together with competitiveness of small farmers is perceived as a prerequisite for sustainable agriculture development for poverty reduction, food security, employment generation and the overall growth and development of the country.
18. The agriculture sector can be transformed from a supply-driven to the demand-oriented to be able to competitive in local and international markets, and in the process, can make value addition, boost export especially of value-added products, substitute imports of high-value commodities, and create employment and income opportunities in rural areas by investing in institutional development of small farmers, crop diversification, promotion of agribusiness through private sector participation and investment and capacity building of farmers and strengthening delivery of economic service.
19. A shift from mainly subsistence farming to commercial, highly diversified production systems shall lead to increased incomes in predominantly small farmers context intensification resulting in increased rural employment, and agribusiness contributing to rural transformation through forward and backward growth linkages in the rural farm and non-farm economy. Historically, demand linkages ensuing from increased agricultural output and incomes have been the most important mechanism for spurring growth in the rural non-agricultural economy. As reported in a study undertaken by World Bank (1994) each 1% increase in per-capita agricultural growth leads to 1.5% increase in per capita growth in non-agricultural growth.

20. The livestock sub-sector (cattle, dairy, sheep, goats, and poultry), which is dominated by small holders, accounts for more than half of agricultural GDP, and is the fastest growing component of the agricultural sector. Because livestock ownership is more equitably spread across rural households than is land ownership or even access to land, productivity, gains in livestock are generally more pro poor than productivity gains of major crops. Traditionally, Women served as the major participant in livestock management and support livelihoods with the provision of multiple products for consumption and sale, the sector particularly has the potential to enhance the incomes and empowerment of women and help them deal with issues of food security, household nutrition and earn additional income.
21. **Organisational and Institutional Development of small farmers a key to competitiveness:** Promotion of competitiveness of smallholders is contingent upon organising small farmers. Development of smallholder farmer organisations is viewed as an integral part of broader strategies for achieving inclusive economic development in Pakistan. Investment in organisation and institutional development enable the small farmers to manage their resources efficiently, improve their access to input and output markets and information and knowledge effectively, and more importantly, resulting in economies of scale and aggregation, often at minimum attract private sector involvement, investment and extension of supply chains.
22. **Youth and gender mainstreaming:** Evidence from IFAD in Pakistan suggests that investment in institutional development/community and framers organisations, integrated value chains/agribusiness in rural areas, improved access to services and resources, improved technologies in crops and livestock, can make agriculture attractive and create sustainable and inclusive farm, off farm and non farm jobs for youth through appropriate technical and managerial skills development and financial services. IFAD approach and experience in Pakistan to incentives enhancing women's participation in producer and community organizations and capacity building training for women taking account of their cultural and economic constraints, have proven to be an effective and acceptable model for gender mainstreaming.

SECAP background study

Introduction

1. Pakistan is a diverse society having several ethnic groups. The country is characterised by low but increasing literacy rates, youth bulge mostly unskilled, gender imbalance in terms of access to socio-economic opportunities, recurring poverty trends and significant disparities between urban-rural areas and among different regions.
2. Pakistan ranked globally among the top 10 countries that have been impacted by climate change owing to its vulnerabilities. The economic losses due to natural hazards from 1999 to 2020 have been estimated at about US\$ 30 billion¹¹. The country witnessed 152 extreme weather events from 1999 to 2018¹². ADB's analysis shows that the socioeconomic costs of environmental degradation are considerable with climate adaptation needs ranging between \$7 billion and \$14 billion per year¹³.
3. The main objective of this background study of the Social Environment and Climate Assessment Procedures (SECAP) is to inform and strategically orient the COSOP on social, environmental and climate change issues. The study is mainly based on the analysis of data, review of reports and government policies and plans for addressing the concerned issues. It has covered all important elements including demographics, poverty, rural and urban divide, food and nutrition security, gender, youth, indigenous people, environment and climate, institutions, frameworks and policies.

Part 1 - Situational analysis and main challenges

Socio-economic situation and underlying causes

4. **Demographics.** The population of Pakistan is 229.5 million¹⁴ which ranks it the sixth most populous country in the world. Majority of the population (64 percent) is living in rural areas while 36 percent reside in urban areas. Male population is higher than that of female (Table 1). Khyber Pakhtunkhwa has highest rural population of 83 percent while more than two third (72 percent) of Baluchistan people are living in rural areas. Punjab has the highest total population of 110 million with 63 percent being rural. More than half of Sindh population is living in urban centres.

Table 1

Details of population of Pakistan and its provinces.

Country/Province	Population in millions				
	Total	Urban	Rural	Male	Female
Pakistan	207.77	75.58	132.19	106.45	101.31
Baluchistan	12.34	3.40	8.94	6.48	5.86
Federal Capital Territory	2.01	1.01	0.99	1.06	0.95
Khyber Pakhtunkhwa	35.53	5.87	29.65	18.02	17.50
Punjab	110.01	40.39	69.63	55.96	54.05
Sindh	47.89	24.91	22.98	24.93	22.96
Percent of total population		36	64	51	49

¹¹ Country Risk Profile Pakistan, ADB and WB, 2021.

¹² https://www.finance.gov.pk/survey/chapter_20/16_Climate_Change.pdf.

¹³ ADB 2017. Climate Profile of Pakistan, Manila.

¹⁴ <https://www.unfpa.org/data/world-population/PK>.

5. **Literacy rate.** Table 2 gives the literacy rate for 10 years and above education for the country and the provinces¹⁵. The overall literacy rate is 60 percent with male and female divide of 70 and 50 percent, respectively. The literacy rate is higher in urban areas (74 percent) than in rural areas (52 percent). Province-wise analysis suggests that Punjab has the highest literacy rate with 64 percent followed by Sindh with 58 percent, Khyber Pakhtunkhwa (including Merged Areas) with 53 percent, and Baluchistan with 46 percent. Rural and female rates are much lower than urban and male rates. Only 39 percent rural females are literate as compared to 64 percent males in Pakistan. In Sindh, rural women literacy is less than half of men while KP and Baluchistan are even worse. KP has 31 percent female with 10 years and above education while Baluchistan has only 22 percent.

Table 2

Literacy rate (10 years and above), Pakistan and provinces (percent).

Province/Area	2019-20		
	Male	Female	Total
Pakistan	70	50	60
Rural	64	39	52
Urban	79	67	74
Punjab	72	57	64
Rural	67	48	57
Urban	80	72	76
Sindh	68	47	58
Rural	53	23	39
Urban	79	66	73
Khyber Pakhtunkhwa (Including Merged Areas)	71	35	53
Rural	69	31	50
Urban	80	53	67
Baluchistan	61	29	46
Rural	55	22	40
Urban	76	47	63

6. **Poverty.** Pakistan assesses poverty using cost of basic needs (CBN) and multidimensional poverty index (MPI) approaches. CBN poverty headcount was at 24.3% in 2015-16. The country's MPI is 0.198 with 38.3% of the population ranked as poor while 21.5% of population is in severe multidimensional poverty in 2021¹⁶. According to the World Bank, poverty measured at the lower middle-income class poverty line of \$3.20 PPP 2011 per day is estimated to have declined from 37.0 percent in FY20 to 34.0 percent in FY21. Rising food and energy inflation is expected to diminish the real purchasing power of households, disproportionately affecting poor and vulnerable households that spend a larger share of their budget on these items¹⁷. **Food and nutrition.** Pakistan is an agrarian country and is self-sufficient in major staples – ranked at 8th in producing wheat, 10th in rice, 5th in sugarcane and 4th in milk production. Occasional shortages of staples and others like ghee, oil and tea are met through imports. But, only 63.1 percent of the country's households are "food secure", according to the Ministry of Health and UNICEF's National Nutritional Survey 2018. Across the provinces, Punjab, KP and Gilgit-Baltistan are relatively more food secure than Sindh and Baluchistan.

¹⁵ Pakistan Economic Survey: Education. 2020-21, Government of Pakistan.

¹⁶ Charting pathways out of multidimensional poverty: Achieving the SDGs/Global MPI: United Nations Development Programme and Oxford Poverty and Human Development Initiative, 2021.

¹⁷ Pakistan Development Update, April 2022, The World Bank.

Insecurity is most attributed to limited economic access, disruptions in the food chain and poverty, mainly in rural areas¹⁸.

7. **Gender.** About 64 percent of Pakistan population is rural and 49 percent of it are women. Around 9.1 million women agricultural workers play a substantial role in food production and food security, but they are largely unpaid, suffer from greater time poverty, and are far more vulnerable to exploitation than men. Women's ownership of land, and control over physical assets is minimal: only 2 percentage of women report owning a house or agricultural land as compared to 72 percentage men. Only 55 percentage of women have access to adequate healthcare, and 48.1 per cent of women and girls aged between 15 and 49 years in Pakistan, particularly in rural areas, have no say in decisions regarding their own health care.
8. **Youth.** Pakistan defines "youth" as people between the ages of 15 and 29 (National Youth Policy, 2009) About 64 percent of Pakistan population is below the age of 30 while 29 percent ages between 15 and 29 years which makes it one of the youngest countries in the world and second in south Asia after Afghanistan. Regarding literacy, 29 percent young people are illiterate and only 6 percent have more than 12 years of education. While 39 percent are employed (32 males and 7 females), 57 of 100 youth (16 males and 41 females) are neither working nor seeking jobs, only 4 percent are unemployed and actively looking for work ¹⁹. Provincial level education is not presenting a good picture. Rural female literacy rate (10 years and above) is less than half of urban in Sindh, KP and Baluchistan²⁰.
9. While the overall unemployment rate is 6.4 percent, among the population aged between 15-30 it is 8.5 percent. The country need more than a million new jobs to be generated each year to improve labour force participation. Generally, there is a wider gap between the quality and relevance of training offered and the skilled labour force that industry actually needs, in market relevant and demand driven trades.
10. **Indigenous people (IP).** There are many ethnic groups living in different parts of the country with their peculiar cultures, norms and living styles, however, most of them are not considered as indigenous but are referred to as tribes. They include Punjabis, Pashtuns, Sindhis, Seraikis, Muhajirs, Balochis and some small ones from Sindh like Jhabels, Kihals, Mores and Kutas. The tribal fishing people, the pastoral groups of the Middle Indus Valley, the Baloch tribes, fisher folk of coastal areas, tribal people of Sindh, tribal people of Gilgit-Baltistan, tribal people of Chitral Valley (Kalash) and tribal people of Pothohar Region²¹ are some of the groups confined to certain areas and valleys with limited exposure to the outside world. The most distinct people of the KP and arguably of Pakistan, are the Kalash, now confined to three small valleys in Chitral.
11. Main problems faced by IP comprise of poverty, landlessness, inadequate livelihood skills and opportunities, threatened culture, environmental degradation, gender inequalities, lack of access to basic government services, lack of sanitation, poor health, low educational levels and illiteracy, lack of infrastructure and lack of participation in decision making processes¹². Pakistan does not have national policies on indigenous and tribal people and has so far ratified only the ILO Convention 107 on Indigenous and Tribal Populations in 1960.
12. **Marginalised groups.** Pakistan is a plural country characterized by religious, sectarian and ethno-linguistic diversities. It is an overwhelmingly Muslim community which is divided into different groups. Different religious minorities are part of Pakistan's non-Muslim population. According to the 2017 Census, Muslims make up 96.2 percent of Pakistan's population, Hindus 1.6 percent, Christians 1.59

¹⁸ <https://www.sbp.org.pk/reports/quarterly/fy19/Third/Special-Section-2.pdf>.

¹⁹ <http://hdr.undp.org/en/content/unleashing-potential-young-pakistan#>.

²⁰ Economic Survey of Pakistan 2020-21.

²¹ Technical Note on Indigenous People Issues in Pakistan, IFAD, 2012.

percent, Scheduled Castes 0.25 percent, Ahmadis 0.22 percent, and other minorities 0.07 percent. Most Christians live in the Punjab, while Hindus and Scheduled Castes are overwhelmingly located in Sindh²².

13. **People with disabilities (PWDs).** According to the Bureau of Statistics of Pakistan, the total number of people with different disabilities is 371,833²³ and two-third of the disabled people live in rural areas but they are currently neglected²⁴ as there are almost no education, training or employment opportunities for such people in those areas. Pakistan introduced education and employment policies, set up special schools (mostly in urban centres) and quota-based employment system for PWDs, however, these policies have been mostly neglected.
14. Some of the recent initiatives for PWDs include Sehat Sahulat (Health Card) Programme for PWDs and their families in Pakistan in order to ensure their access to health facility from good hospitals. Women have been receiving financial assistance from the government while trainings are also being provided but mostly in cities.
15. **Nutrition.** Pakistan has produced more food than its population consumes but the poorest and most vulnerable cannot afford a sufficient and nutritious diet. Poverty, recurring disasters, and political and economic volatility drive undernutrition and food insecurity in some areas of Pakistan²⁵. According to the national nutrition survey 2018, the second highest rate of malnutrition in the region with 18 percent of children under 5 suffer from acute malnutrition, around 40 percent of the children in the same age group are stunted and 29 percent are underweight. All complementary feeding indicators are far below acceptable levels, only one in seven children aged 6–23 months receives a meal with minimum dietary diversity, with at least four different food groups, and around 82% children are deprived of the minimum number of the meals a day²⁶.
16. Table 3 shows the urban-rural and male-female distribution of children nutritional status under 5 years of age. More children are stunted, wasted and underweight in rural areas than urban while girls are doing better than boys for all indicators.

Table 3

Nutritional status of children under 5 years of age with locality and gender divide.

Indicator	Percentage of children			
	Urban	Rural	Boys	Girls
Stunted	34.8	43.2	40.9	39.4
Wasted	16.2	18.6	18.4	17
Underweight	24	31.6	29.3	28.4
Overweight	9.6	9.4	9.7	9.2

Source: National Nutrition Survey 2018, UNICEF Pakistan.

17. Infant and young child feeding practices are suboptimal with only half of the children aged under 6 months are exclusively breastfed, and only less than one in 20 children (3.6%) receive complementary feeding. Beside high undernutrition rates, overweight (9.5%) is emerging as a serious health hazard among young children, increasing from 5% in 2011 to 9.5% in 2018. Also, micronutrient deficiencies are highly prevalent among children. More than half of Pakistani children (53.7%) are anaemic. The proportion of children who are exclusively

²² Population by religion: <https://www.pbs.gov.pk/sites/default/files/tables/POPULATION%20BY%20RELIGION.pdf>.

²³ https://www.pbs.gov.pk/sites/default/files/disability/disability_data_28252021.pdf.

²⁴ Government of Pakistan Ministry of Social Welfare and Special Education National Plan of Action 2006 to implement the National Policy for Persons with Disabilities.

²⁵ USAID Pakistan, Food Assistance Fact Sheet, April 2020.

²⁶ World Food Program, Pakistan.

breastfed for the first six months of life is highest in KP (60.7 percent) and lowest in AJK (42.1 percent) and Baluchistan (43.9 percent) respectively.

Environment and climate context, trends and implications

Natural resources

18. **Land.** The total land area of Pakistan is about 796,096 square kilometres (196.7 m ac) with a highly varied landscape of mountains, deserts and the vast, irrigated Indus River Valley²⁷ (USAID Pakistan website). Agricultural land including irrigated, rain fed and rodkohi (spat) agriculture is about 20 percent (excluding fallow 10 percent). Rangelands covered over 27 percent areas, while rock outcrops occupied another quarter of the country. The snow/glacier coverage is about 2 percent, deserts are about 10 percent and other uses (built up area, waterlogged and saline land and water bodies together accounted for a little more than one percent)²⁸.
19. There are variations among the provinces. KP and Northern Areas, which are comparatively high altitude hilly regions, have higher rainfall and a higher level of snow and glacier coverage (13 percent), as compared to none in other provinces. KP also has higher forest coverage of about 17 percent against 4 Percent in Punjab, 1.5 percent in Baluchistan and some 6 percent in Sindh. Baluchistan has comparatively larger grazing area; besides rangeland providing forage for livestock. On the contrary, in Punjab (about half the area of the Province) and Sindh (about a third area of the Province) is agricultural land is predominant, primarily because of extensive system of canal irrigation which has developed through history and seen large expansion during British and post-independence period.
20. It is estimated that Pakistan has about 56.7 million goats, 26.3 million buffaloes, 24.2 million cattle, 24.9 million sheep, and 0.8 million camels. All these animals produced about 29.4 72 million tons of milk, ranking the country the world's fourth largest producer of milk (USAID Pakistan, 2018).
21. **Forests.** Forests cover approximately 4% of the total land area and serve as main source of paper, lumber, food, firewood, medicine, latex as well as serving as places of conservation for wildlife and ecotourism. Different types of forest spread out across Pakistan include the coniferous forests which are found in regions of altitude between 3,200 feet and 13,100 feet above sea level and subtropical dry forests which are found in areas of altitude of up to 3,200 feet above sea level. Other forests in the country include the tropical rainforests, the riverain forests, and the mangrove wetland forests. The country has 1.29 million hectares of state-owned forest and about 3.1 million hectares of private and communally owned forest. The country's forests are mostly located in KP province and Punjab. The primary forest type is coniferous (fir and spruce) and scrub forest, followed by juniper, chilghoza (native pine), riverine and mangrove forests.
22. **Water resources.** Majority of the country's available water comes from precipitation (rainfall and snowmelt) through the Indus River and its tributaries which has been distributed throughout the country through a contiguous irrigation system. Mean annual rainfall falls within a range of less than 100 millimetres to more than 1,500 millimetres in the mountains. Nearly 81 percent of river flow and 65 percent of precipitation take place during the three months of the monsoon. Pakistan is dependent on a single river, the Indus and its tributaries, for its surface water.
23. **Groundwater.** The Indus basin groundwater aquifer in Pakistan holds in storage at least eighty times the volume of fresh water held in the country's three biggest

²⁷ https://wedocs.unep.org/bitstream/handle/20.500.11822/9393/-Land_Use_Atlas_of_Pakistan-2009Pakistan_LandUseAtlas_2009.pdf?sequence=3&isAllowed.

²⁸ Land use Atlas of Pakistan, National Land Use Plan, Ministry of Environment, GoP, 2009.

- dams²⁹. Groundwater supplies 90 percent of domestic water in rural areas of Pakistan, 70 percent of domestic water nationally, and over 50 percent of agricultural water. It plays a pivotal role in mitigating the impacts of increasingly variable canal water supply and rainfall. Currently, 1.2 million private tube wells are working in the country, out of which 85% are in Punjab, 6.4% are in Sindh, 3.8% are in Khyber-Pakhtunkhwa, and 4.8% are in Baluchistan. The access to groundwater has helped farmers in securing food for the increasing population. However, unchecked groundwater exploitation is causing rapidly falling groundwater levels and soil salinization in some cases³⁰.
24. The country, both at national as well as provincial levels, has recently introduced different laws and regulations for the sustainable use and management of groundwater resources, but the success has so far been limited. Besides poor implementation of law, unavailability of needed data and information, lack of political will and institutional arrangements are the primary reasons for poor groundwater management. An integrated water resource management approach that brings together relevant government departments, political leadership, knowledge institutions, and other stakeholders could be an attractive option.
 25. Though, implementation of recent policies and laws has been limited; the development of groundwater management plans has been lingering on but, improved monitoring together with increasing awareness level are expected to help improved management of groundwater.
 26. **Biodiversity**³¹: With diverse land use and land scape, Pakistan is rich in Biodiversity. Riverine forests along rivers, mangrove forests in the Indus delta and the coast, corals are found Baluchistan coast. Variations in topography, land cover and climate has bestowed Pakistan with rich biodiversity and many ecosystems, habitats and species. The deserts, lakes and forests are home to different types of wildlife, shrubs, forests and aqua life. Pakistan has 195 mammal species (6 being endemic), 668 bird species (25 being endangered), 177 reptile species (13 being endemic), 22 amphibians (9 being endemic), 198 freshwater fishes (29 being endemic) and 5,000 species of invertebrates, as well as 5,700 species of flowering plants (over 400 being endemic). Pakistan has two breeds of buffalo, eight of cattle, one yak, 25 goats, 28 sheep, one horse, four camels and three poultry breeds.
 27. However, this biological diversity is now declining due to human activities and the degradation of natural habitats. In the upland coniferous forests, for example, a systematic study of the Siran area in the Hazara Division, revealed a 52% decline in forest resources between 1967 and 1992. Similar trends have been observed in some other forest areas of the country, to the extent that it is now feared that Pakistan is experiencing the world's second highest rate of deforestation. In particular, the mangrove forests of the Indus Delta, which constitute the largest arid zone mangrove forests in the world, are now quickly disappearing. In the last 20 years, mangrove cover has been halved from 2,600 square kilometres in the late 1970s to 1,300 square kilometres in the mid-1990s. This destruction is leading to the wholesale disappearance of trees, shrubs and ground flora, together with the vertebrate and invertebrate fauna they normally support.
 28. According to Pakistan's third national report, 20 mammal species, 25 bird species, 6 types of reptiles, 5 types of fish and 8 marine mollusks are presently threatened, but these figures are likely to be underestimated due to lack of data and financial capacity to conduct research. Pakistan's fish- and fishery-related sector engages one percent of Pakistan's population and generates one percent of Pakistan's GDP

²⁹ Groundwater in Pakistan's Indus Basin: Present and Future Prospects. World Bank 2021.

³⁰ A.S. Qureshi, Groundwater Governance in Pakistan; From Colossal Development to Neglected Management. International Center for Biosaline Agriculture (ICBA), P.O. Box, 14660 Dubai, UAE.

³¹ <https://www.cbd.int/countries/profile/?country=pk>.

earnings through the export of fishery products overseas. During the July 2003 to March 2004 period, 101,256 million tons (valued at 7.9 billion rupees) of fish and fishery products were exported to Japan, USA, United Kingdom, Germany, Middle East, Sri Lanka, China, etc. In particular, the total landings for small pelagic, large pelagics, demersal fish and shellfish in 2003 accounted for 566,203 million tons.

Agro ecological zones.

29. The total area of Pakistan is 79.6 mha where total crop area (net area sown and area sown more than once) is 30% of total area and out of that 80 percent is irrigated. Pakistan has a very diverse climate ranging from temperate sub-humid to humid climate with temperature mean minimum 4°C during December and January to maximum of 38°C during June and July. It has been classified into the following 10 agro ecological zones on the basis of climate, land and water use:
- **Indus delta** comprises of Thatta, Badin and Hyderabad where annual rainfall is 125 to 250 mm and soil is clay and silt. The main crops are sugarcane, rice and pulses.
 - **Southern irrigation plain** comprises of Sanghar, Dadu, Kahirpur, Larkana, Nawabshah, Jaccobabad, Sukar, Shikarpur, Sibi and Rahim Yar khan districts. Annual rainfall is 125 to 250 mm, soil is silt loam and silty clay while main crops are rice and wheat.
 - **Sandy desert** includes the districts of Bahawalnagar, Rahim Yar Khan, Tharparkar, Sanghar, Muzaffargarh, Nawabshah, Mianwali and Sargodha. Annual rainfall is 125 to 250 mm, soils are loam and sandy loam and main crops are wheat, castor, millet and guar.
 - **Northern irrigation plain** includes Bahawalnagar, Rahim Yar Khan, Multan, Vehari, Sahiwal, Lahore, Faisalabad, Jhang, Chiniot, Gujranwala, Sargodha, Gujrat, Peshawar and Mardan districts. Rainfall ranges from 125mm to 500 mm, soils loam, loam-clay and sandy and important crops are cotton, sugarcane, maize, and wheat, barseem.
 - **Barani lands** comprise of Bannu, Karak, DI Khan, Lakki Marwat, Mianwali, Attock, Rawalpindi, Jehlum, Gujrat, Sialkot, Mandi Bahaud-din, Islamabad, Bhakkar, Chakwal, and Narowal districts with an annual rainfall ranges from 1000mm in north-East and 2000 mm in South-West with different type of soils. Main crops are maize, wheat millet, sorghum, gram and lentils. Livestock is a key activity in most Barani Areas.
 - Wet mountains include the districts of Rawalpindi, Abbottabad, and Mansehra. Annual rainfall is 1000-3000 mm, soils are silty clay and clay loam. Main crops are maize, wheat and rice.
 - **Northern dry mountains** include Chitral, Dir, Swat, Malakand, Mohmand, Khyber and Tribble areas of Peshawar and Kohat. Annual rainfall is ranges between 300-1000 mm, soils are deep and clayey. Important crops are maize, wheat, and fodders.
 - **Western dry mountains** consist of Kohat, Bannu, North and South Waziristan, Zhob, Loralai, Kalat, Sibi, Quetta and Karachi districts. Annual rainfall ranges from 125mm southwest to 500 mm in North. Soil type is deep and loam. Main crops are wheat, maize and fodders.
 - **Dry western plateau**, It comprises of Karachi, Dadu, Mekran, Kharan, Chagai and Lasbela districts. Annual rainfall 150-200mm, soils are calcareous silt loam. Important crops are wheat, millet, maize, and sorghum
 - **Sulaiman piedmont includes** D.I Khan, D.G khan and Karachi districts. The annual rain fall is 125 to 250 mm) and main crops are wheat, millet and gram.

Sr. no.	Name of the zone	Geographical coverage	Soil types	Major crops
1.	Indus delta	Thatta, Badin	Clayey and Silty	Rice, Pulses, Sugarcane, Berseem, Banana
2.	Southern Irrigated Plains	Hyderabad, Sanghar, Dadu, Khairpur, Larkana, Sukkur, R.Y. Khan, Shikarpur, Jacobabad	Calcareous, Loamy, Silty, Clayey and Sandy	Cotton, Wheat, Rice, Sugarcane, Mustard, Sorghum, Berseem
3.	Sandy Desert (a)	Tharparkar, Nawabshah, Bahawalpur, Nodero Feroz, Mirpur Khas, Cholistan	Sandy, Clayey and Loamy	Guar, Millet, Wheat, Castor
4.	Sandy Desert (b)	Muzaffargarh, Layyah, Sargodha, Khushab	Calcareous, Sandy, Loamy	Gram, Wheat, Cotton, Guar, Sugarcane, Millet
5.	Northern Irrigated Plains (a)	Bahawalnagar, Multan, Khanewal,, Lodhran, Vehari, Sahiwal, Pakpattan, Okara, Lahore, Kasur, T.T. Singh, Faisalabad, Jhang, Sheikhpura, Gujranwala, Hafizabad	Sandy, Clayey, Calcareous, Siltloam	Wheat, Cotton, Millet, Sugarcane, Maize, Berseem, Citrus, Mango, Melons, Oilseeds
6.	Northern Irrigated Plains (b)	Peshawar, Mardan, Charsadda, Nowshehra, Swabi	Clayey, Moderately Calcareous	Sugarcane, Maize, Gram, Tobacco, Wheat, Millet, Berseem, Groundnut, Sugar beet, Pears, Plum
7.	Barani Lands	Bannu, Mianwali, Attock, Rawalpindi, Jehlum, Gujrat, Sialkot, Mandi Bahaud-din, Lakki Marwat, Islamabad, Bhakkar, Chakwal, Narowal	Silt loam, Silty clay loam, Clay loam	Wheat, Millet, Maize, Rice, Oilseeds, Pulses, Fodder crops
8.	Wet Mountains	Abbotabad, Hazar, Mansehra, Kohistan, Haripur, Battagram	Silt loam, Silty clays	Maize, Rice, Wheat, Apples
9.	Northern Dry Mountains	Chitral, Dir, Swat, Malakand, FATA, Bunair	Clayey, nonCalcareous and acidic (above 2100 altitude) Calcareous at lower altitude	Maize, Wheat, Rice
10.	Western Dry Mountains	Kohat, Karak, Tank, Zhob, Loralai, Kalat, Sibbi, Quetta, Kachhi, Pishin, Killa Abdullah, Nasirabad, Kohlu, Bolan, Tamboo, Jafarabad, Jhal Magsi, Musakhail, Burkhan, Ziarat, Kila Saifullah, Dera Bugti, Mastung	Calcareous loamy	Wheat, Maize, Apples, Peaches, Plums, Apricots, Grapes
11.	Dry Western Plateau	Kharan, Awaran, Chagai, Lasbella, Karachi, Mekran, Turbat, Khuzdar, Gwadar, Panjgoor	Strongly Calcareous, Silt loams	Wheat, Sorghum, Millet, Melons
12.	Sulaiman Piedmont	D.I. Khan, D.G. Khan, Rajanpur	Loamy, Clayey, Strongly Calcareous	Wheat, Sorghum, Millet, Gram, Mustard, Rice

Source: OASIS Country Report 3, Review of Available Knowledge on Land Degradation in Pakistan, March 2012, ICARDA and Government of Pakistan

Climate change

30. Pakistan has been ranked globally in the top ten countries most affected by climate change in the past 20 years owing to its geographical location. The annual mean temperature has increased by roughly 0.5°C during the last 50 years. The number of heat wave days per year has increased nearly fivefold in the last 30 years. Annual precipitation has historically shown high variability but has slightly increased in the last 50 years. Sea level along the Karachi coast has risen approximately 10 centimetres in the last century³². By the end of this century, the annual mean temperature in Pakistan is expected to rise by 3°C to 5°C for a central global emissions scenario, while higher global emissions may yield a rise of 4°C to 6°C. Average annual rainfall is not expected to have a significant long-term trend but is expected to exhibit large inter-annual variability. Sea level is expected to rise by a further 60 centimetres by the end of the century and will most likely affect the low-lying coastal areas south of Karachi toward Keti Bander and the Indus River delta³³.
31. The economic losses due to natural hazards from 1999 to 2020 have been estimated at about US\$ 30 billion³⁴ and witnessed 152 extreme weather events from 1999 to 2018³⁵. The ADB analysis shows that the socioeconomic costs of environmental degradation are considerable with climate adaptation needs ranging between \$7 billion and \$14 billion per year³⁶.
32. Pakistan is expected to experience significant impacts on its hydrology and agriculture. Due to change in the pattern and intensity of precipitation and variations melting of glaciers, river flows variability will increase, demand for irrigation water may increase due to higher evaporation rates while yields of wheat and basmati rice are expected to decline and may drive production northward, subject to water availability. Water availability for hydropower generation may decline. Frequency of floods and droughts will also depend upon variation in weather. Other important challenges include water pollution particularly from raw sewage, industrial wastes and agricultural chemicals, desertification, soil erosion and deforestation³⁷.

Part 2 - Institutions and legal framework

Institutions

33. Climate Change Ministry and EPA: The Climate Change Ministry has been established in April 2012. The Ministry has three attached organizations:
 - i) Pakistan Environmental Protection Agency (Pak EPA)
 - ii) Zoological Survey Department, and
 - iii) Global Change Impact Studies Center (GCISC)
34. The environment wing of the ministry is responsible for the Multilateral Environmental Agreements (MEAs) including the United Nation Framework Convention on Climate Change (UNFCCC) and Kyoto Protocol. The Ministry of Climate Change has prepared Framework for implementation of Climate Change Policy (2013), which provides priority based adaptation and mitigation measures in Pakistan to cope with adverse impacts of climate change and to control and reduce Green House Gases (GHG) emissions during 2014-2030.
35. Ministry of Food Security at the federal level, Departments of Agriculture and Forest at the provincial level are responsible for food security. Ministry of Poverty

³² Climate Change Profile of Pakistan 2017, Asian Development Bank.

³³ Climate Change Profile of Pakistan 2017, Asian Development Bank.

³⁴ Country Risk Profile Pakistan, ADB and WB, 2021.

³⁵ https://www.finance.gov.pk/survey/chapter_20/16_Climate_Change.pdf.

³⁶ https://www.finance.gov.pk/survey/chapter_20/16_Climate_Change.pdf.

³⁷ <https://www.worldatlas.com/articles/what-are-the-major-natural-resources-of-pakistan.html>.

- Alleviation and Social Safety (PASS) administers different programs for poverty alleviation in the country.
36. National and Provincial Disaster Risk Management Authorities. The role of these authorities is to coordinate and take measure for mitigation and adaptation regarding the impact of climate change, improve preparedness and management of natural disasters—floods, droughts, earthquakes, cyclones etc.
 37. Provincial Environmental Protection Agencies (EPAs). All the four governments have established EPAs which are responsible for the protection, conservation, rehabilitation and improvement of environment, for the prevention and control of pollution, and promotion of sustainable development.
 38. Other government organizations involved in water management, flood and drought control are Ministry of Water Resources, Federal Flood Commission (FFC), Indus River System Authority (IRSA), Water and Power Development Authority (WAPDA), the Provincial Irrigation/Water Management Departments and Water and Sanitation Authorities (WASA) in provinces.
 39. Key government public institutions like Pakistan Agriculture Research Council (PARC) and its subsidiaries, Pakistan Council of Research on Water Resources (PCRWR), Pakistan Meteorological Department (PMD) are involved in climate and environmental research. Important non-governmental organizations include World Wide Fund for Nature (WWF), International Union for Conservation of Nature (IUCN), UNO, Himalayan Wildlife Foundation, Sustainable Development Policy Institute (SDPI) and many public and private universities.
 40. The Pakistan Poverty Alleviation Fund (PPAF), National Rural Support Program (NRSP) and Provincial Rural Support Program (RSPs) make good partners for poverty alleviation and rural development. A number of international non-governmental organisations are also actively supporting communities in resilience and relief activities as and when need arise.

Policies and Legal Frameworks

41. The following Acts and laws have been enacted and policies formulated at the country and provincial level for the protection of climate and environment, poverty alleviation, food security, gender and youth development.
 - Climate Change Policy 2012
 - Climate Change Act 2017
 - Framework for Implementation of Climate Change Policy (2014-2030)
 - National Environment Policy 2005
 - National Agriculture Policy and Provincial Agriculture Policies of Punjab (2018), KP- A Ten Year Perspective 2015-25, Sindh Agriculture Policy (2018-30) and Baluchistan.
 - National Water Policy 2018 and Punjab Water Policy 2018. KP Water Act 2020, KP Drinking Water Policy, Sindh Drinking Water Policy 2017.
 - National Forest Policy 2017
 - National Youth Policy 2008, KP Youth Policy 2016, Punjab Youth Policy 2012, Sindh Youth Policy 2018,
 - National Biodiversity Strategy and Action Plan 2015. KP Wildlife and Biodiversity Act 2015, Sindh Wildlife and Protected Areas Act 2010.
 - Biodiversity Action Plan of Pakistan - 2000, KP Biodiversity Act 2015.
 - National Action Program to Combat Desertification 2017
 - Poverty Reduction Strategy and program like Ehsaass, Kamyab Jawan Program and Benazir Income Support Program
 - Protection for Women (Criminal Law Amendment) Act, 2006

- The Protection Against Harassment of Women at the Workplace Act, 2010
 - The Prevention of Anti Women Practices - Criminal Law (Third Amendment) Act, 2011
 - Domestic Violence (Prevention and Protection) Act, 2012
 - Criminal Law (Second Amendment) Act, 2011 specifically deal with the offence of hurt being caused by *acid* a crime which women are the most common victim of.
 - The Acid Control and Acid Crime Prevention Act, 2011
 - Prevention of Anti-Women Practices Act, 2011
 - Criminal Law (Amendment) (Offense of Rape) Act 2016
 - Criminal Law (Amendment) (Offences in the name or pretext of Honour) Act, 2016
 - Prevention of Electronic Crimes Act, 2016
 - Hindu Marriage Act, 2017
42. **Policy initiatives.** The National Action Plan (NAP) has prioritized three environmental areas for priority actions: Nature-based Solutions (NbS), Land Use Change & Forestry, and Community Infrastructure³⁸. The proposed interventions will enhance the adaptive capacity and resilience while giving several socio-economic, health and mitigation co-benefits. Some of the adaptation measures under the three priority areas include the following.
43. **A. Nature-based solutions.** Eco-system Restoration Initiative (2019-2030), Protected Areas Initiative (2020-23), Miyawaki Forests, Recharge Pakistan, Ten Billion Tree Tsunami and Transforming the Indus Basin with Climate Resilient Agriculture and Water Management (2019-2026).
44. **B. Land Use Change and Forestry.** Some of the measures are Sustainable Land Management Project, Sustainable Forest Management Project, National Biodiversity Strategy and Action Plan, REDD+ Indus delta (2019-2030 Delta Blue Carbon Phase I and Restoring mangrove forests (1990-ongoing).
45. **C. Community Infrastructure,** The adaptation measures include Glacial Lake Outburst Flood II (2017-2022), Pakistan Snow Leopard and Ecosystem Protection Program (PSLEP, 2018-2023), Pakistan Hydromet & Climate services project (2018-24) and a few others.
46. **Climate Financing.** Pakistan is highly vulnerable to climate change and has undertaken several initiatives to mitigate the impacts. The financial needs for decarbonizing the economy are quite high. But, the country has been receiving limited international climate financing and will increase this access deliver the NDC. It has received one project from Adaptation Fund, three from Green Climate Fund (GCF), and completed 15 projects (approved 19) from Global Environment Fund (GEF). Pakistan has thus far not accessed Climate Investment Funds (CIFs), major bilateral climate funds, or facilities—except for one project from Nationally Appropriate Mitigation Actions (NAMAs).
47. Pakistan has identified market and non-market-based approaches to help diversify the funding sources, including Nature Performance Bonds, Green/Blue Bonds, Carbon Pricing Instruments, etc. Pakistan encourages the private sector to play a crucial role in implementing its climate ambition across sectors and the development of NbS that address its mitigation and adaptation potential.
48. **International Conventions/Treaties/Protocols** (ICTPs) in the Field of Environment to which Pakistan is a Party include: Paris Agreement of the United Nations Framework Convention on Climate Change (UNFCCC), Convention on Biological Diversity (CBD), Framework Convention on Climate Change (FCCC), Vienna Convention for the Protection of Ozone Layer, Convention on International

³⁸ Nationally Determined Contributions 2021, Government of Pakistan.

Trade In Endangered Species of Wild Fauna and Flora (CITES), Ramsar Convention: Convention on Wetlands of International Importance Especially as Waterfowl Habitats 1982, United Nations Convention on the Law of the Sea, International Convention for the Prevention of Pollution from ships, Convention of Protection of Marine Life.

49. **International Agreements.** Pakistan ratified the Kyoto Protocol (KP) in 2004 and the Paris Agreement in 2016, both containing mandatory goals for the signatories.

Programmes and partnerships

50. Under the Nationally Determined Contributions (NDC) targets, Pakistan aims to shift to 60 percent renewable energy and 30 percent electric vehicles by 2030 and ban coal imports as well as expand nature-based solutions. The updated NDC has also added new sectors and new gases for enhanced contributions. The revised NDC envisages a broader approach to adaptation, addressing adaptation needs in several sectors such as agriculture, biodiversity and ecosystem, disaster risk management, forestry, health, waste and water³⁹.
51. Pakistan is adapting several measures for mitigating climate change impacts by promoting smart input and management practices in agriculture and livestock sector. The famous one billion and 10 billion tree tsunami and measures like improved irrigation and water management practices, climate resilient agriculture and agroforestry to be implemented by the federal and provincial departments.
52. Pakistan is collaborating with several development partners in the field of Agriculture, Climate Change and Environment, Education and Health, Poverty reduction and Gender. Major development partners in Pakistan are the WB, ADB, IFAD, UN agencies, AAIB, JICA, USAID, UK Aid (FCDO) and Australian Government (DFAT). Main federal level ministries dealing with poverty reduction and agriculture and rural development are The Ministry of Economic Affairs, Ministry of Planning, Development and Special Initiatives, Ministry of Poverty Alleviation and Social Safety and Ministry of National Food Security & Research (MNFSR) and its affiliates like , National Agricultural Research Centre (NARC), National Disaster Management Authority (NDMA), Pakistan Agricultural Research Centre (PARC) and Pakistan Space and Upper Atmosphere Research Commission (SUPARCO). The key provincial departments include the Planning and development Departments and Departments of Agriculture, Food, Livestock, Fisheries, Forestry, Local Government and Rural Development, Social Welfare, Irrigation and Public health.
53. **The United Nations agencies** integrate their programmes under the United Nations sustainable development framework (UNSDF) which advances the 2030 Agenda with 5 priority outcomes chosen through extensive national consultations: Basic social services; Gender equality and women empowerment; Climate change and the environment; Sustainable inclusive economic growth and decent work; and Governance.
54. **FAO** is working with the government in key priority like Zero Hunger: Healthy, Safe and Nutritious Food for All, Climate Smart Resilient Agriculture and Sustainable Ecosystems including Forests, Fisheries, Livestock, Rangeland and Water Management, Inclusive and Efficient Agriculture and Food Systems⁴⁰. Funding for projects under these programs is coming from sources like JICA, DFID, USAID and Australian Government (DFAT). Partners in these programs are Ministry of National Food Security & Research (MNFSR), National Agricultural Research Centre (NARC), National Disaster Management Authority (NDMA), Pakistan Agricultural Research Centre (PARC) and Pakistan Space and Upper Atmosphere Research Commission (SUPARCO).

³⁹ Pakistan National Determined Contributions 2021, Government of Pakistan.

⁴⁰ <https://www.fao.org/pakistan/programmes-and-projects/programmes/en/>.

55. **WFP** in Pakistan focuses on activities that contribute to lifting the people most in need out of poverty and food insecurity, providing the building blocks for realizing gender equality, and improving the nutrition outcomes of the current generation in order to exponentially reduce malnutrition in future generations. It provides the foundation for sustainable and inclusive growth, reducing gender and demographic gaps. WFP aims to put in place fundamental systems and structures for accelerate progress towards SDG 2, along with experience and expertise to share with other countries through South–South cooperation. WFP receive support from different international funding partners like governments of [United States](#), [Canada](#), [Japan](#), [United Kingdom](#), [European Union](#), [Pakistan](#), [Denmark](#), [Sweden](#), [Netherlands](#), [Italy](#), UAE and [Saudi Arabia](#).
56. **UNDP** is working on different programs including climate change, adaptation and mitigation-II, youth empowerment, eco-tourism, policy support, merged areas governance project, Strengthening Electoral And Legislative Processes (Increasing the representation of women, youth, and minorities), Snow Leopard and Ecosystem Protection Program, Institutional Strengthening Project for the Implementation of Montreal Protocol - Phase IX, and Scaling-up of Glacial Lake Outburst Flood (GLOF) risk reduction in Northern Pakistan.
57. **The World Bank** in its under preparation Country Partnership Framework 2022-2026 (CPF) which is informed by Systematic Country Diagnostic (SCD)⁴¹, proposes (i) promoting equity and inclusion is a key priority to sustain poverty reduction moving forward and to counter the negative impact of the COVID-19 crisis and (ii) unlocking growth in agriculture and its potential for boosting inclusion by catering to the needs of small farmers and women as well as addressing environmental sustainability. Pathways include (i) improving productivity in the agriculture sector (crop diversification, market access, security of tenure, access to credit and ability to adapt to climate change and water scarcity); (ii) strengthening financial inclusion; (iv) supporting women’s socioeconomic empowerment; and (v) improving the efficiency and equity of spending on poverty reduction.
58. **The Asian Development Bank** operations in Pakistan has a strong focus on social protection programme and boosting competitiveness and private sector development. The support for social protection programme includes expansion of safety nets under BISP; human capital development; and provision of jobs and livelihoods. The focus on engaging public and private sectors is to invest in rural infrastructure, strengthen agricultural value chains, improve connectivity, and increase access to finance.
59. **United States Agency for International Development (USAID)** works with the Government of Pakistan in agriculture to boost private sector development, enhance agricultural productivity, and improve trade and the business-enabling environment. It is working on gender equality in the fields of education, health, agriculture, energy and entrepreneurship. Partners include federal and provincial governments and some work through private contractors.
60. **UK Aid/FCDO** is working on Education, Humanitarian, Water Resources, Resilience and Economic Development⁴².
61. **Australia’s Aid Programme/DFAT** is supporting Generating sustainable growth and employment through increased trade and investment, and improvements to agricultural productivity, water resources management and industry and investing in Pakistan's people through health and education where the emphasis is also on women's empowerment, stability and governance in Pakistan⁴³.

⁴¹ LEVELING THE PLAYING FIELD, Systematic Country Diagnostic, September 16, 2020, World Bank.

⁴² <https://devtracker.fcdo.gov.uk/countries/PK/projects>.

⁴³ <https://pakistan.embassy.gov.au/islam/cooperation.html>.

62. **Germany** has committed 129 m euros fresh financing to different projects including Digital Governance Pakistan, Social Protection, Promotion of Startups in Pakistan, promotion of Solar Energy, Self-Employment of Women in Private Health Sector, and Development of Hydropower and Renewable Energy⁴⁴. The European Union (EU) provides Pakistan with about €100 million annually in grants in its efforts to tackle poverty, increase education, promote good governance, human rights, rule of law and ensure sustainable management of natural resources. EU-funded projects cover all of Pakistan with a special focus on Sindh and Baluchistan⁴⁵.
63. **The EU** is launching a Multi-Annual Indicative Program (MIP) 2021-27 to support Pakistan in three following priority areas: (I) Green Inclusive Growth; (ii) Human Capital; and (iii) Governance, including the Rule of Law and Human Rights. The MIP covers all the country, however, fragile provinces of Baluchistan and Khyber Pakhtunkhwa, and the territory of Gilgit-Baltistan will be more focused⁴⁶.
64. **JICA** is assisting Pakistan in the development of quality economic infrastructure and support efforts in value-addition and improving quality of its products, while recognizing the potential of women and youth to lead economic growth. JICA investments focus on improvement of productivity in livestock and agri-commodities, product diversification and value addition and strive to mobilize its experiences and technologies in improving disaster preparedness, and enhance the disaster management system in Pakistan, aiming at building resilience against natural disaster.
65. **Grievance redress mechanism.** In Pakistan, the redress mechanism mostly lies at the Federal Ombudsman office that hears all sorts of complaints. Similarly, the Prime Minister Office Citizen Portal also addresses public complaints. The Ministry Climate Change has developed Grievance Redress Mechanism Framework but has not adopted that so far. Many donor funded projects have project level redress mechanism but these have not been institutionalized so far.

Part 3 - Strategic recommendations

Lessons learnt

66. IFAD has been working in Pakistan for a long time now and has always successfully used participatory approach for its programme design and implementation. The involvement of women has always been there, but the extent of their participation has been varying from region to region and project to project due to low female literacy rate and traditional and cultural constraints. Additionally, IFAD has been working with rural poor and in remote areas in many cases where women exposure and economic empowerment are very limited, however, the programme has always played its role to bring them forward to participate and involve in beneficial activities. There has been a lot of change due to various donor funded projects and social media and there are opportunities for designing projects ensuring greater women participation and involvement. Bringing this change in behaviour will require rigorous social mobilization and more resource allocation targeted at women.
67. **Youth engagement.** Projects like SPPAP, NPGP and the new RETP-KP have successfully demonstrated youth involvement for economically productive asset development, skills development and capacity building for landless and ultra-poor. Upscaling the lesson learnt, and experience gained, rural female youth should be the next with increased targets and specifically designed activities and plans suiting local environment and market demand.

⁴⁴ <https://ead.gov.pk/NewsDetail/YjEwYmFiNjktMjcxOS00ZGI1LTk3MjktZTg4N2QxMmUyOWM3>.

⁴⁵ UNICEF Pakistan, July 2021. <https://www.unicef.org/pakistan/press-releases/eu-unicef-sign-agreement#:~:text=>

⁴⁶ https://ec.europa.eu/international-partnerships/system/files/mip-2021-c2021-8992-pakistan-annex_en.pdf.

68. **Nutrition.** The assessment of rural communities in preceding sections showed that children have been suffering from malnutrition and improvement overtime has been slower. IFAD's active involvement in nutrition and food security for children and women is important not only from health point of view but has essential economic value for life including education. Investing in rural children and women better nutrition will have health as well as economic benefits.
69. **Climate smart agriculture.** IFAD has successfully implemented the markets and marketing approach through farmer groups and cooperatives, but the productivity aspect of crops and dairy needs has not received the required focus. Most farmers especially, small holders are still using traditional seeds, methods, practices and equipment resulting in more effort, labour and much lower productivity than potential. Similarly, the climate change impact on agriculture and adaptation to it need to be mainstreamed in the overall approach. Boosting rural agro-economy will require introduction of new seeds, methods and modern technology for small holders to increase their incomes. However, it needs to be adopted at larger scales than demonstrations to encourage replication and participation of interested farmers.
70. **Value chain development** and farmer organizations is a successful approach for improving rural economy, empowering women and actually realize the rural potential.

Strategic orientation.

71. The government has been implementing the pro-poor BISP throughout the country, which is specially designed for the ultra-poor, orphans, widows, the homeless, the disabled, those who are at risk of health shocks, jobless, poor farmers, laborers, sick, undernourished and students. All provinces and region with more focus on poorer parts are included. Programs like Ehsaas Nashonuma for health and nutrition-centred conditional cash transfer and specialized nutrition food for mothers and children up to 2 years, Ehsaas Interest Free Loans, Ehsaas Kafaal for differently abled persons and Sehat Card- a health insurance scheme is part of the overall larger program. Similarly, the respective departments have programs of food security, climate adaptation, gender, for persons with disabilities and youth skills development and vocational trainings.
72. Similarly, UN agencies like UNDP, WFP, FAO, WFP and UNICEF are involved in programs aimed at reducing poverty, empowering women, climate change, environment, climate smart agriculture, nutrition and biodiversity conservation. UNDP is focusing on climate change adaptation and mitigation, youth empowerment, eco-tourism, and policy support, etc. WFP is involved in nutrition, disaster preparedness and social protection while UNICEF is working on WASH, education, nutrition, and health. FAO priority areas are zero hunger, healthy, safe and nutritious food for all and climate smart agriculture, etc.
73. There are a number of programs directly under the government or international partners for poverty alleviation, social safety/protection, nutrition, gender empowerment, youth skill development, interest free loans for youth and poor. There are multiple opportunities with national and international partners where IFAD can strengthen its linkages and partnerships as per objective and goal of the program and project.

Strategic actions and targeting

74. **Climate smart Agriculture.** Majority of the 63 percent rural populace depends upon agriculture and most of them are small holders. Women and youth are an integral part of agriculture (crops and livestock), but the productivity is very poor due to primitive practices and techniques and are, therefore, unable to get the potential benefits. Working with these communities in agriculture with modern tools, equipment, new climate sensitive crop varieties with high yields and

introduction of high value agriculture can change their fates. Trainings and capacity building with new technology and technologies should be part of the design.

75. **Gender.** NPGP and SPPAP are successfully empowering women through assets, skills development and inclusive value chain development. Scaling up is possible in across the country except where cultural barriers are still hampering progress. It will be possible country wide with a strong social mobilization, capacity building and behaviour change communication.
76. **Nutrition.** Stunting is more pronounced in rural areas than urban. IFAD investment already mainstream nutrition in partnership with government counterparts. A multi-sectoral approach will be required for scaling up nutrition..
77. **Skill development** is already part of the IFAD assistance to Pakistan. Skills development will continue to be part of new designs and plans ensuring employability of the rural youth. A reconnaissance of the rural areas and the markets for skilled workforce will go hands in hand.

Monitoring

78. The COSOP results framework will be used to monitor the progress of the strategic objectives. For easy monitoring, IFAD programme indicators will be aligned with COSOP indicators for consistency. Annual review of the results framework and indicators will be carried to see the progress and any issues affecting the progress. Detailed midterm review will be conducted to confirm the continued relevance and validity of strategic objectives, assess progress against expected outcomes, identify lessons and make recommendations to improve performance.
79. At the programme level, IFAD will support local and international partners in identifying indicators for monitoring and progress and develop their capacity in terms of M&E and will adhere to the agreed schedules and indicators. Monitoring of both lending and non-lending activities such as policy dialogue and knowledge management will be required and reported.

Agreement at completion point

Introduction

1. The Independent Office of Evaluation of IFAD undertook a country strategy and programme evaluation (CSPE) in Pakistan in 2020. The CSPE covers the period 2009-2020. Three key dimensions of the country strategy and programme were assessed in the CSPE: (i) the loan portfolio; (ii) non-lending activities, namely knowledge management, partnership-building and country-level policy engagement; and (iii) performance of IFAD and the Government. Building on the analysis on these three dimensions, the CSPE assessed the relevance and effectiveness at the country strategy and programme level.
2. This agreement at completion point contains recommendations based on the evaluation findings and conclusions presented in the CSPE report, as well as proposed follow-up actions as agreed by IFAD and the Government.

Recommendations and proposed follow-up actions

3. **Recommendation 1: Integrate a strategy to support inclusive economic development – primarily around natural resources (agriculture, livestock, fisheries, forestry) – with a market systems development lens, while also exploring ways to respond to basic needs.**

This could entail an identification of potential subsectors or thematic foci that are most relevant to the rural poor in different geographical areas or value chains/market systems, also in light of the priorities of counterpart provincial governments and current and planned support by other donors. This should be followed by a diagnostic analysis of constraints and opportunities for strategic programming. The programme should integrate more deliberately the aspects of climate resilience, disaster risk reduction and natural resources management (particularly water use efficiency), with due attention to innovative practices. Where relevant, it would be important that such investment be accompanied by support for addressing basic needs, in the project or through other complementary initiatives.

Proposed Follow-up: *IFAD and the Government of Pakistan agree with this recommendation and will integrate this recommendation in the next COSOP 2023-2028⁴⁷ by ensuring a coherent pathway to support inclusive economic development, basic needs, access to basic and economic services to its target groups, a greater focus on climate and natural resources, while always keeping in view the need for strategic alignment with priorities at national and provincial levels.*

Responsible partners: IFAD and Government of Pakistan (national and provincial)

Timeline: COSOP 2023-2028 period

4. **Recommendation 2: Strategize and articulate how IFAD-Government partnerships can generate greater rural poverty impact, with attention to innovations and scaling-up pathways.**

Given the relatively smaller resource envelope compared to many other development agencies, IFAD, in consultation with the Government, should better articulate how it plans to add greater value for a country programme, with a deliberate focus and synergy. Rather than financing the scaling-up of initiatives or repeating the similar approach in consecutive projects, there should be a stronger emphasis on introducing innovations (approaches, practices and technologies) with high-potential impact on inclusive rural economic development, with a strategy to promote scaling-up by the Government and other partners. For this, greater attention should be given to leveraging resources and capacity, through strategic partnerships, for identifying

⁴⁷ COSOP period after the CSPE was revised to 2023-2027 to align with PBAS cycles.

opportunities for innovations, designing and piloting innovations, and generating and disseminating knowledge – within the project framework and/or utilizing grants. This will require the significant strengthening of IFAD’s non-lending activities in Pakistan.

Proposed Follow-up: *IFAD and the Government of Pakistan agree with this recommendation and will integrate this recommendation in the next COSOP 2023-2028, and in future projects. Effort will go towards exploring additional partnerships, with attention to innovations and scaling up. In line with the recommendation, IFAD county office will showcase innovation to the Government at provincial and national levels as well as to the broader development partners. With respect to the non-lending side, the lessons learned from South-South and Triangular Cooperation will be leveraged for innovative development solutions under the IFAD portfolio as well as disseminated among development partners.*

Responsible partners: IFAD Country Office, Government of Pakistan, relevant project management units and development partners

Timeline: COSOP 2023-2028 period

5. **Recommendation 3: Place more emphasis on strengthening and linking with institutions, policies and systems for greater likelihoods of sustainability.**

Working with, strengthening and preparing the institutions, policies and systems that will continue to exist after the projects should be given priority. This would also mean more systematic engagement of stakeholders right from the project conceptualization phase for greater ownership and creating sufficient space and budget allocation for their meaningful participation in project implementation, monitoring and evaluation, and oversight. It is imperative that the right entry points (in terms of partner institutions, policy and systems issues to be addressed) be identified at project design stage and complemented by IFAD’s investment in policy engagement. IFAD should also develop a strategy for closer involvement of and stronger oversight by project steering committees.

Proposed Follow-up: *IFAD and the Government of Pakistan agree with this recommendation and will integrate this recommendation in the next COSOP 2023-2028 and in future projects. Efforts will go towards strengthening the links between IFAD-funded projects and beneficiary organizations with institutions, policies and systems for greater sustainability. IFAD’s new stakeholder engagement policy will be applied for new designs to ensure greater ownership. Entry points for policy engagement will be identified in new designs. The IFAD Country Office will also explore partnerships with development partners for co/parallel financing and seek complementarities with other development partners.*

Responsible partners: IFAD, Government of Pakistan (national and provincial), national institutions and development partners

Timeline: Immediate and ongoing

6. **Recommendation 4: Adopt a more flexible and differentiated approach in targeting and programming.**

Selection of geographical areas for interventions could be informed not only by the poverty rate or the number of poor households but also by other factors such as vulnerability, causes of poverty and opportunities for inclusive economic development which IFAD would be well-placed to support. Depending on the nature of interventions, consideration should be given to diversifying the basis for household targeting from strictly relying on the poverty scores, also recognizing the dynamic and transitory nature of poverty. There should be continued attention to inclusiveness of institutions of the targeted population, based on the analysis of social-cultural contexts and power relations, but leaving flexibility for adapting the forms and approaches based on the main purposes and a long-term vision for such institutions and the contexts. Furthermore, in-depth differentiated analysis on the actual/potential roles in value chains and market economy of different categories of

the rural poor (men, women, young men and women, other vulnerable groups) is needed for effective targeting. Where relevant, non-traditional employment/income opportunities for women should be explored.

Proposed Follow-up: IFAD and the Government of Pakistan agree with this recommendation and will integrate this recommendation in the next COSOP 2023 – 2028 and subsequent projects. Efforts will go on studying how to adopt a more flexible and differentiated approach in targeting and programming. The targeting approach at a macro as well as micro target group level will be defined and clarified in the COSOP 2023-2028.

Responsible partners: IFAD, Government of Pakistan (national and provincial)

Timeline: COSOP 2023-2028 period formulation

7. **Recommendation 5: Broaden and strengthen partnerships with other development agency partners and non-governmental actors while upgrading the IFAD country office and its support systems.**

IFAD should seek out opportunities for exchange, coordination and collaboration with other development partners. This could be for: knowledge exchange in areas where IFAD has accumulated experience; collaboration in analytical work and policy engagement; or better capitalizing on the work and lessons from others. IFAD should also explore opportunities to diversify non-governmental partners for different purposes beyond contracting as service providers – for example, to build the capacities of smaller civil society organizations to provide services to the rural poor; or strengthen advocacy role and representation; or for research and technical assistance. These would also require strengthening of the IFAD country office in terms of human resource capacity and/or the technical support systems from its subregional hub or the headquarters.

Proposed Follow-up: *IFAD and the Government of Pakistan agree with this recommendation and will integrate this recommendation in the next COSOP 2023-2028. Efforts will go towards exploring the possibility of broadening and strengthening partnerships with other development agency partners and non-governmental actors and at the same time upgrading the IFAD country office and its support systems. As an immediate step to building human resource capacity, an additional national officer is under recruitment to be based in the country office in Islamabad. As soon as the host country agreement is signed, the Country Director will join the office. IFAD will seek to increase integration within the UN Country Team as well as strengthen collaboration and cooperation with the Rome-based agencies.*

Responsible partners: IFAD Country Office, IFAD headquarters and Government of Pakistan

Timeline: immediate

COSOP preparation process

1. The COSOP consultation process was shaped by the following key contextual factors, pertaining both to Government and IFAD:
 - Because COVID 19 travel restrictions, preparation of COSOP was postponed to 2022 from the originally planned in 2020. Subsequently, the COSOP 2016-2021 was extended by one year.
 - The CSPE which was undertaken in 2020 provided key areas of strategic important to reorient
 - Concurrent preparation of CCR (2016-2021) provided lesson learned
2. The COSOP is a culmination of consultation processes with the key government ministries and agencies involved in the proposed COSOP thematic areas, civil society organizations, and development partners including UN Resident Coordinator, UNCT, WFP, FAO, EU, WB and ADB and key bilateral agencies
3. A COSOP validation workshop lead by the Ministry of Economic Affairs, was held on 30th May 2022. The workshop gathered a wide range of stakeholder including representatives of the Government of Pakistan; UN agencies; donors; civil society organisations/Rural Support Programmes; FAD project management staff; and private sector representatives.
4. A dedicated debrief was organised for the representatives of the diplomatic missions in Pakistan of the member countries of the IFAD executive board.
5. **The COSOP Preparation Process:** The COSOP preparation process was kicked off by the county programme management team, led by the Country Director, meeting with the Ministry of Economic Affairs of the Government of Pakistan which is main interlocutor for donors including IFAD at the federal level. Consultations were also held with MOF, PASS, MoNFS&R, and MoPD&SI. The meetings identified a broad framework, priorities, and IFAD support for implementation of government policies and strategies for poverty reduction and agricultural development. The country team also deliberated with the provincial government representatives notably the provincial Planning and Development Departments and identified pipeline projects for the COSOP period.
6. A comprehensive review of literature and programmes implemented by development partners relevant to the mandate was also carried out.
7. The Country Director formulated a team consisting of the following for the preparation of the draft COSOP 2023-2027
 - Hubert Boirard, Country Director and Team Leader
 - Mohammad Fida, Country Programme Officer and Co Team Leader
 - Qaim Shah, Consultant, Agriculture and Rural Development and Rural Institutions Specialist
 - Rab, Nawaz, Consultant, Governance and Policy Specialist
 - Mohammad Hakeem Khan, Consultant, Infrastructure and Environment Specialist
 - Arsalan Haneef, Consultant, Financial Management and Procurement Specialist
 - Sumaira, Country Programme Analyst
 - Martina Huonder, Programme Liaison Associate
8. The first draft of COSOP was submitted for in-house review and comments during the first week of May 2022. A review meeting was held with IFAD HQ on 19 May 2022.

9. A revised draft of COSOP reflecting feedback and incorporating recommendations of the review meeting was prepared and shared with key relevant ministries of the government on 23 May 2022.
10. On 30 May, the draft was shared for the Economist Network's review and at the same time, a workshop with the Government of Pakistan was held in Islamabad.
11. Another workshop with the donor community was held in Islamabad on 13th June.
12. The OSC meeting took place on 4 July at IFAD HQ and the final President's Report was submitted to SEC on 25 October 2022 for presentation to the EB in December 2022.

Strategic partnerships

<i>Partnering objectives</i>	<i>Partners/networks/platforms</i>	<i>Partnership results and outcomes</i>	<i>Justification for partnership</i>	<i>Monitoring and reporting (to be completed for CRR and CCR)</i>
Engaging in policy and influencing development agendas	<ul style="list-style-type: none"> Ministry of Economic Affairs Ministry of National Food Security and Research Provincial Agriculture Departments Ministry of Climate Change 	<ul style="list-style-type: none"> Effective policies and public investments in agribusiness development and social inclusion - especially for women and youth National and provincial policy reform to promote high value demand driven small holder agriculture - Identification and notification of clusters for promotion of high value agriculture through organized farmers Climate proofing investments 	<ul style="list-style-type: none"> Sustainability and ownership of policies and investments Coordinated efforts in building climate change resilience 	
	<ul style="list-style-type: none"> Poverty Alleviation and Social Security Division (PASSD) BISP 	<ul style="list-style-type: none"> IFAD poverty graduation model internalized and replicated by government programmes BISP assisted to develop a tracking system to monitor assistance to BISP beneficiaries from other projects and their graduation out of poverty 	<ul style="list-style-type: none"> PASS Division is the mandated lead agency for social protection and poverty graduation under EHSAAS Programme BISP assisted to improve targeting, inclusion and graduation out of the programme 	
Leveraging Cofinancing	<ul style="list-style-type: none"> Provincial Agriculture Departments Asian Development Bank World Bank Asian Infrastructure Investment Bank (AIIB) Italian Cooperation Saudi Fund for Development 	<ul style="list-style-type: none"> Scaling up of proven approaches in poverty alleviation, agribusiness development Jalalpur Canal Command Area Development Integrating small rural infrastructure (water and sanitation) at household and community level 	<ul style="list-style-type: none"> Synergies and coordinated donor efforts Significantly increased mobilisation of funds Improved monitoring and sharing of data and information 	

Enabling coordinated country-led processes	<ul style="list-style-type: none"> • UNCT • RBAs – FAO and WFP 	<ul style="list-style-type: none"> • UNSDCF (2023-2027) operationalized • Climate smart and resilient agricultural initiatives • Gender mainstreaming, strengthened women’s organizations • Improved social inclusion 	<ul style="list-style-type: none"> • Enhanced coordination and synergy with government efforts • Improved and coordinated donor efforts • Improved monitoring and sharing of data and information 	
Developing and brokering knowledge and innovation (including SSTC)	<ul style="list-style-type: none"> • Asian Farmers Organization Platform • APFP/FO4A • China • Sri Lanka 	<ul style="list-style-type: none"> • Knowledge/ thematic networks built • Good practices and best technologies disseminated • Exchanges for strengthening of women’s (farmer) organizations 	<ul style="list-style-type: none"> • Large regional coverage of the FO programmes capturing wide ranging lessons learned and best technologies/ approaches • Opportunities for cross-exchanges • Strengthened learning culture • Opportunities to pilot innovations for future scaling up 	
Strengthening private sector engagement	<ul style="list-style-type: none"> • Microfinance sector institutions • Exporters • Engaging Meat Processing industry with organized groups of small ruminant beneficiaries in SPPAP 	<ul style="list-style-type: none"> • Sustainable agribusiness development financing • Improved market-oriented and commercialised agricultural production 	<ul style="list-style-type: none"> • Private sector is highly attuned and responsive to the market 	
Enhancing visibility	<ul style="list-style-type: none"> • RBAs/ UNCT • Farmer Organisations/ FO4A 	<ul style="list-style-type: none"> • Wide dissemination and communication coverage 	<ul style="list-style-type: none"> • Joint programming and coordinated efforts for higher and more widely recognized visibility • FO network coverage spans millions of farmers a national, regional and global levels 	

South-South and Triangular Cooperation strategy

Introduction

1. South-South and Triangular Cooperation (SSTC) is recognized as a key area of work in IFAD's Strategic Framework 2016-2025. SSTC offer opportunities for delivering relevant, targeted and cost-effective development solutions and other resources to beneficiaries and partners across the globe. IFAD has history of sponsoring exchanges between regional countries through Pakistan portfolio involving Sri Lanka, Pakistan, Maldives, Afghanistan and Vietnam to share experiences particularly in participatory development, 4-P partnerships and value chain development approaches.
2. In view of the comparative advantage of IFAD in the core area of its mandate of promoting sustainable and inclusive rural transformation through investments in smallholder agricultural development, there is a scope to pursue South-South and Triangular Cooperation in a strategic manner, and through mainstreaming across country programme.

Opportunities for rural development investment promotion and technical exchanges

3. Regional and international Cooperation: A good base exists in Pakistan to further build on this cooperation through the SSTC, especially with the availability of IFAD regional grant for promotion of Farmer Organizations. The main focus will be within the South Asian Association for Regional Cooperation region, but also with the Africa and Latin America regions, in the areas of value chain development (China, Nicaragua), cash transfer and poverty graduation (Brazil, Mexico), climate change resilience (Ecuador), or women-and youth-centred rural development and income generation (Cambodia, Peru).
4. Cooperation with China: The agricultural sector of Pakistan is the backbone of the national economy and the Government of Pakistan has been actively seeking to engage for learning from Chinese experience of agricultural development and poverty reduction. Cooperation with China through SSTC can help Pakistan to revitalise the agriculture sector and rural economy for poverty reduction and food security through improved small farmer's incomes. Revitalisation and diversification of agriculture sector on the other hand could also provide opportunities for boosting agriculture commodities export to China.

SSTC engagement rationale

5. During the COSOP 2016-2022 IFAD supported South-South knowledge-sharing activities with China at the country level, through a corporate-level facility, but implementation suffered due to COVID 19. During COSOP 2023-2088, SSTC will be pursued and strengthened with China for knowledge exchange including agriculture research, production technology and product quality; promote participation and investment of private sector and for joint ventures and trade; facilitating business to business linkage of farmers organisations and prospective investors and traders ; and improving policy environment through capacity building support to policy makers (parliamentarians, federal and provincial level key officials of concerned ministries, representatives of communities/framers organisations etc.)

Partnerships and initiatives

Rural technology (training and technology transfer)
 Rural water
 Rural finance
 Rural energy
 Rural roads (market access)

Nutrition

6. Interactions and exchange with IFAD funded projects: During the COSOP period project and programmes in the region and beyond, will be prioritised/identified for exchange visits of staff, project beneficiaries, community organisations and farmers organisations to augment strategies, approaches and activities.
7. Collaboration under Asian Pacific Farmers' Organisation Programme. Pakistan country team will explore the possibilities of increased collaboration among the national implementing agencies of the FO programme in the Asia Pacific Region and among different FOs depending on their comparative advantage. The possibility of developing a digital platform will be explored to facilitate networking and joint initiatives. This will be further corroborated through exchange visits and joint capacity building activities.
8. Collaboration through IFAD Regional Offices. Under the decentralisation drive of IFAD, cooperation at the regional level on issues pertinent to Pakistan portfolio will be promoted in a manner that each country showcases its best practices for mutual benefit.
9. Imbedding SSTC in Project Designs: A major constraint experienced in pursuit of SSTC activities has been availability of adequate financial resources. Attention will be paid during next COSOP to allocate adequate resources within new project budgets for SSTC related interventions. Possibility will be explored for review of ongoing project budgets to allocate resources for SSTC activities.

Conclusion

10. The COSOP 2023-2027 offers considerable opportunity to advance its SSTC and is envisaged as a complementary development modality to the overall country programme. The Government of Pakistan is aware of and is keen to learn from global experiences and lessons in cash transfer and poverty graduation approaches and to acquire the good practices and new technologies that other countries have to offer for climate resilient diversification of agriculture sector including crops, livestock and fisheries.
11. The COSOP 2016-2022, supported the South-South knowledge-sharing activities with China, through a corporate-level facility, but implementation suffered due to COVID 19. During the COSOP consultations, the stakeholders, particularly the government in view of successful poverty reduction, the overall transformation of agriculture sector, agribusiness development and growing trade relationships, requested to pursue cooperation with China for sharing experiences and good practices on innovative development policies and solutions for poverty reduction and agriculture and rural development.
12. During COSOP 2023-2027, SSTC will be pursued and strengthened particularly with China, for knowledge exchange including agriculture research, production technology and product quality; transfer of technologies; promote participation and investment of private sector; joint ventures and trade; facilitating business to business linkage of farmers organisations and prospective investors and traders ; and improving policy environment through capacity building support to policy makers (parliamentarians, federal and provincial level key officials of concerned ministries, representatives of communities/framers organisations etc.).

Country Portfolio Summary

Region	Asia & the Pacific	Member of Country Groups :	
Country	Pakistan	Least Developed country	No
Current Financing Terms	Blend	Low-income, food deficit	No
Ranking all Countries	4	HIPC DI Eligible	No
Ranking within region	4		

Country Indicator	Value	Year	Source
Agriculture, value added (% of GDP)	22.88	2017	World Bank
GNI per capita, Atlas method (current US\$)	1,580.00	2017	World Bank
Human development index (HDI) value	0.56	2017	UNDP
Population, total	197,015,955.00	2017	World Bank
Rural population	125,219,401.00	2017	World Bank

Key Dates

Last RB-COSOP Approved AVP/PMD	19 Oct 2016
First Project Approved	27 Jun 1979
Last Project Approved	30 Dec 2021

IFAD Interventions

	Number of Projects	IFAD Approved USD ('000)
Available for Disbursement	4	377,324
Financial Closure	23	452,560
Entry into Force	1	84,192
Total IFAD commitment	28	914,076

IFAD Interventions Summary

Project Number	Financing Instrument ID	Currency	Approved Amount	Disbursed	Loan/Grant Status	Project Status	Board Approval	Cooperating Institution
1100000018	1000002042	XDR	23,750,000	100%	Closed	Closed	27 Jun 1979	WB
1100000033	1000002209	XDR	12,400,000	37%	Closed	Closed	19 Dec 1979	ADB
1100000048	1000002375	XDR	9,800,000	48%	Closed	Closed	03 Dec 1980	ADB
1100000083	1000002637	XDR	10,500,000	85%	Closed	Closed	17 Dec 1981	WB
1100000138	1000001996	XDR	23,200,000	100%	Closed	Closed	13 Dec 1983	WB
1100000162	1000002023	XDR	8,650,000	100%	Closed	Closed	12 Dec 1984	ADB
1100000209	1000002075	XDR	8,700,000	78%	Fully Repaid	Closed	10 Sep 1987	ADB
1100000234	1000002103	XDR	12,050,000	47%	Fully Repaid	Closed	30 Nov 1988	ADB
1100000257	1000002128	XDR	15,200,000	71%	Fully Repaid	Closed	19 Apr 1990	ADB
1100000265	1000002137	XDR	19,000,000	8%	Fully Repaid	Closed	02 Oct 1990	WB
1100000288	1000002162	XDR	11,900,000	94%	Fully Repaid	Closed	04 Sep 1991	UNOPS
1100000319	1000002197	XDR	10,350,000	64%	Fully Repaid	Closed	03 Dec 1992	UNOPS
1100000353	1000002235	XDR	20,250,000	60%	Fully Repaid	Closed	19 Apr 1994	ADB
1100000524	1000002315	XDR	11,350,000	91%	Closed	Closed	11 Sep 1996	IFAD
1100001042	1000002346	XDR	10,750,000	87%	Closed	Closed	11 Sep 1997	IFAD
1100001077	1000002389	XDR	11,150,000	96%	Closed	Closed	03 Dec 1998	IFAD
1100001078	1000002458	XDR	13,400,000	27%	Closed	Closed	07 Dec 2000	IFAD
1100001182	1000002462	XDR	11,150,000	55%	Closed	Closed	26 Apr 2001	ADB
1100001245	1000002537	XDR	15,250,000	94%	Closed	Closed	18 Dec 2003	IFAD
1100001324	1000002601	XDR	18,300,000	99%	Closed	Closed	13 Dec 2005	WB
1100001385	1000002614	XDR	18,350,000	100%	Closed	Closed	20 Apr 2006	WB
1100001413	1000002929	XDR	22,850,000	100%	Closed	Closed	12 Sep 2007	IFAD
1100001514	1000003962	XDR	26,350,000	100%	Disbursable	Disbursable	15 Dec 2010	IFAD
1100001514	2000001443	XDR	7,290,000	100%	Disbursable	Disbursable	17 Dec 2015	IFAD
1100001514	2000001985	USD	25,000,000	100%	Disbursable	Disbursable	28 Sep 2017	IFAD
1100001514	2000002541	USD	2,900,000	68%	Disbursable	Disbursable	13 Sep 2018	IFAD
1100001514	2000002542	USD	36,500,000	50%	Disbursable	Disbursable	13 Sep 2018	IFAD
1100001514	2000004258	USD	50,000,000	0%	Approved	Disbursable	14 May 2022	IFAD
1100001515	1000004020	XDR	18,550,000	97%	Closed	Closed	11 May 2011	IFAD
2000000836	2000001114	XDR	48,550,000	66%	Disbursable	Disbursable	22 Apr 2015	IFAD
2000001467	2000001958	USD	82,600,000	54%	Disbursable	Disbursable	14 Sep 2017	IFAD
2000002331	2000003417	XDR	43,687,000	2%	Disbursable	Disbursable	08 May 2020	IFAD
2000002331	2000003416	XDR	2,179,000	16%	Disbursable	Disbursable	08 May 2020	IFAD
2000002333	2000004111	EUR	74,090,000	0%	Signed	Entry into Force	30 Dec 2021	IFAD

Projects in Pipeline

Current Phase	Number of Projects	IFAD Proposed Financing USD ('000)
Pending	1	61,500
Total	1	61,500

Financial management issues summary

FINANCIAL MANAGEMENT ISSUES SUMMARY



COUNTRY	Islamic Republic of Pakistan	COSOP 2023/2027
A. COUNTRY PORTFOLIO PERFORMANCE		
Country – FM KPIs:		
<i>FM Inherent Risk:</i>	High	<p>TI: The 2021 CPI score for Pakistan ranked it 140th out of 180 countries as compared to the 2020 score where it was 124th over 180. The 2021 CPI score is 28, a decrease of 3 points from the 31 points in 2020. The main reason for this decline continues to be those of corruption perceptions in the executive, legislature, and judiciary branches. Legal and institutional frameworks to prevent and control corruption remain weak. This means that an additional layer of checks and balances should be included in the mission reviews, in line with IFAD's procedures.</p> <p>The RSP rating increased to 3.6 compared to 3.5 in 2020.</p> <p>PEFA. The last publicly disclosed PEFA Assessment is that of 2012. PFM weaknesses still persist that include: (i) variations between budget and actual expenditure; (ii) weak linkages between policy and the budget arising primarily because of weaknesses in preparation of projects (iii) inefficient and underutilization of available development funds; (iv) use of both manual and IT-based accounting systems with negligible focus on service delivery; (v) weak internal audit function; and (vi) delays in the legislative scrutiny of the reports. Further assessments were disclosed in 2017 for the Baluchistan and Khyber Pakhtunkhwa provinces and more recently for the Punjab Province.</p> <p>Ongoing PFM Reforms: The country is implementing a six- pillar PFM Reform Strategy (2018-2027) to improve budgeting, accounting, financial reporting, and auditing. A long-term National Procurement Strategy and Training Plan (2017-2021) is also under implementation. The enactment of the PFM Act 2019 accelerated the pace of reforms with concrete actions initiated thereunder including decentralized payment process, establishment of internal auditing regime, delegation of full financial powers to Principal Accounting Offices (PASOs), roll out of e- procurement regime, and introduction of Audit Management Information System (AMIS) in government auditing⁴⁸. These are replicated at provincial levels and a Fiscal Coordination Committee (FCC) is established for this in each province. The World Bank is providing financing for PFM reforms.</p> <p>The IMF Executive Board concluded the 2021 Article IV Consultation and 6th review of the Extended Fund Facility (EFF) for Pakistan in February 2022⁴⁹. Pakistan's economy continued to recover despite the COVID-19 pandemic, but imbalances have widened and risks remain elevated. Overall, timely and consistent implementation of policies and reforms remain essential for stronger and more sustainable growth. Some external pressures started to emerge in 2021 and Pakistan remains vulnerable to possible flare-ups of the pandemic, tighter international financial conditions, a rise in geopolitical tensions, as well as delayed implementation of structural reforms. External debt sustainability to GDP</p>
<i>*Country Disbursement Ratio (rolling-year)</i>	20.50%	
<i>Outstanding Ineligible Expenditure</i>		
<i>Outstanding Advances (Projects in Expired Status)</i>		
<i>Applicable PBAS cycle:</i>	IFAD12	
<i>IFAD 12 PBAS Available allocation:</i>	104,120,955	
<i>Utilised to date: SPPAP IV</i>	50,000,000	
<i>Available allocation</i>	54,120,955	
<i>BRAM resources (indicative)</i>	7,000,000	

⁴⁸ <http://documents1.worldbank.org/curated/en/479191608670275485/pdf/Disclosable-Version-of-the-ISR-PFM-and-accountability-to-support-service-delivery-PforR-P157507-Sequence-No-05.pdf>.

⁴⁹ <https://www.imf.org/en/News/Articles/2022/02/02/pr2221-pakistan-imf-executive-board-concludes-2021-article-iv-consultation-completes-6-review-of-efl>.

		<p>ratio projections provided for 2021 and 2022 are 39.1 and 40.6 respectively. Bilateral non-concessional debt is reported to be 10% of GNI while private creditors NCB is reported as 4.1% of GNI.</p> <p>The Open Budget Index (OBI) that gauges transparency in public sector governance, for Pakistan has gone down substantially from 44 in 2017 to 28 in 2019 on a scale of 0-100. The score remains intact as per the latest estimation by the Open Budget Survey 2021 and reflects very limited public access to information on how the government is mobilizing and using public money. Pakistan has a public participation score of 4 (out of 100) which means public participation in decision-making is virtually non-existent. Pakistan's Parliament provides limited oversight during the planning stage and weak oversight during budget execution (score of 36 out of 100). Audit oversight by the Auditor General Office has an adequate score of 61 out of 100⁵⁰.</p>
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*Corporate Disbursement Ratio Methodology considers ASAP, AFD, IFAD, KFW and SPA financing sources only.

CURRENT LENDING TERMS	Blend - As per IMF recent reports, the estimated GDP per capita for 2020/2021 was US\$ 1394.10. Projections for 2022 and 2023 are at 4% and 4.5 % respectively. The GNI per capita for 2020 was US\$ 1,280 and Pakistan continues to be eligible for PBAS and BRAM under IFAD12. Eligibility for IFAD resources in IFAD13 will depend on its income category status and debt sustainability status.
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B. PORTFOLIO, FM RISK & PERFORMANCE

Existing Portfolio:

Project	Financing instrument	FLX Status (2)	Lending Terms	Currency	Amount (million)	% Disbursed	Completion date
SPPAP - PK	200000144300	DSBL	HIGHLY CONCESSIONAL TERMS 0.75 pc	XDR	7.29	99.91	30/09/2023
SPPAP - PK	200000198500	DSBL	HIGHLY CONCESSIONAL TERMS 0.75 pc	US\$	25	100	30/09/2023
SPPAP - PK	200000254100	DSBL	LOAN COMPONENT GRANTS	US\$	2.9	68.26	30/09/2023
SPPAP - PK	200000254200	DSBL	BLENDED TERMS	US\$	36.5	50.33	30/09/2023
SPPAP - PK	200000425800	APPR	BLEND TERMS BY CURRENCY	US\$	50	0	30/09/2028
SPPAP - PK	L-I--825-	DSBL	HIGHLY CONCESSIONAL TERMS 0.75 pc	XDR	19.3	100	30/09/2023
ETIGB - PK	200000111400	DSBL	HIGHLY CONCESSIONAL TERMS 0.75 pc	XDR	48.55	66.35	30/09/2022
NPGP - PK	200000195800	DSBL	HIGHLY CONCESSIONAL TERMS 0.75 pc	US\$	82.6	53.74	31/12/2023
GLLSP II	200000341600	DSBL	LOAN COMPONENT GRANTS	XDR	2.18	16.24	30/06/2027
GLLSP II	200000341700	DSBL	BLEND TERMS BY CURRENCY	XDR	43.69	2.43	30/06/2027
GLLSP II	200000421300	APPR	SUPPLEMENTARY FUNDS GRANTS	US\$	3	0	25/06/2026

⁵⁰ For details, please see the report at <https://www.internationalbudget.org/open-budget-survey/open-budget-index-rankings/>.

KP-RETP	200000411100	SIGN	BLEND TERMS BY CURRENCY	EUR	74.09	0	31/12/2029
RPV RPSF	200000382200	DSBL	SUPPLEMENTARY FUNDS GRANTS	US\$	2.37	90	30/06/2022

Project	Project FM risk rating	Performance Score: Quality of Financial Management	Performance Score: Quality & Timeliness of Audit	Performance Score: Disbursement Rate	Performance Score: Counterpart funds
SPPAP - PK	Substantial	Moderately Satisfactory	Mod. satisfactory	Moderately Satisfactory	Moderately Satisfactory
ETIGB - PK	Substantial	Moderately Satisfactory	Mod. satisfactory	Moderately Unsatisfactory	Moderately Unsatisfactory
NPGP - PK	Substantial	Moderately Unsatisfactory	Satisfactory	Moderately Unsatisfactory	Moderately Satisfactory
GLLSP II	Substantial	Not Specified	Not Specified	Not Specified	Not Specified
KP-RETP	Substantial	Not Specified	Not Specified	Not Specified	Not Specified
RPV RPSF	Moderate	Not Specified	Not Specified	Not Specified	Not Specified

The only loan approved that is not yet signed is SPPAP IV Additional financing recently approved on 14 May 2022. KP-RETP project Financing Agreement was signed on 5 May 2022.

FM inherent risk of existing projects is rated as substantial due to the country's low CPI score. ICP is operational at each project. All donors use the country public financial management (PFM) system for budgeting, fund flow, accounting and external auditing. Under the PFM Act 2019, a system of decentralized financial management with strong internal controls—including internal audit at federal level is being established. The provinces are also being encouraged to adopt the similar system. Quality and timeliness of audit reports improved for reports due by 31 December 2021 on all ongoing existing projects, except GLLSP I where delays continued. Overall, project portfolio performance has been mixed with SPPAP performing well, ETIGB scoring moderately unsatisfactory in some areas in the last supervision mission and NPGP project being at risk. For the latter, there was a change in Implementing Agency in 2022 together with an audit that is being carried out with respect to past operating and program costs claimed by the previous agency.

Control Risks

- Well-qualified and experienced FM staff are not recruited in time—thereby causing start-up delays;
- A sub-optimal accounting software is being used that does not permit timely and properly accounting and financial reporting;
- Projects don't properly review quarterly deliverables targets while examining SOEs and this increases project delivery risks;
- Internal controls over Implementing Partners (IPs) that use IFAD's funds not subject to continuous and effective oversight; and
- Audit reports are not submitted on time and ineligible expenditure is not being promptly identified, reported, and recovered based on audit reports.

Mitigation Strategy

- Projects should establish the PMU, fund flow, internal controls and reporting arrangements at the earliest;
- An appropriate accounting software should be procured as part of the start-up phase;
- The retroactive financing/start up advances should be built into Financing Agreements to implement start-up actions;
- FM teams should carry out field inspection of Implementing Partners to monitor and strengthen internal controls;
- FM teams should review the IPs' progress against contractual quarterly deliverables targets as part of their SOEs' review; and
- Projects should maintain a close liaison with the external auditor to improve the timeliness of audit reports, minimize the backlog of audit observations to minimize risk of the amounts involved in audit observations being declared ineligible by IFAD;

Poverty graduation diagram



Consultative Workshop on
IFAD COUNTRY STRATEGIC OPPORTUNITIES PROGRAMME
(COSOP) 2023-2027
Monday, 30th May, 2022 (10:00 AM to 01:30 PM)
Opening Remarks

By Senior Joint Secretary (WB/IFAD), EAD

Country Director, IFAD
 Honorable Guests,
 Government Colleagues,
 IFAD Team,
 Ladies & Gentlemen;

Assalamu Alaikum and Good Morning

It is indeed a great pleasure for me to welcome you all to this Consultative Workshop jointly organized by Ministry of Economic Affairs and IFAD. The purpose of the workshop is to discuss and seek feedback from key stakeholders on the new IFAD Country Strategic Opportunities Programme (COSOP) for Pakistan for the period of 2023-2027. Formulation of COSOP is a key step in the process of IFAD's strategic programming decisions.

At the outset, let me acknowledge and extend my appreciation to IFAD for its continuous support and assistance to Pakistan. Government of Pakistan and IFAD have a long history of collaboration and a common goal of eradicating poverty through development projects having a special focus on rural and remote areas of the country. Through our partnership several innovations and best practices have been introduced by IFAD under its portfolio. Pakistan being founder member of IFAD, has always contributed IFAD replenishments and considerably enhanced its contribution notably toward IFAD 11 and IFAD 12 replenishment. This demonstrates our strong commitment.

Since inception, IFAD has co-financed 28 projects /programs in Pakistan worth US\$ 2.797 billion with IFAD commitment of around US\$ 851 million. Today, the IFAD funded portfolio in Pakistan is composed of 5 projects (ETI-GB; SPPAP, NPGP, KP-RETP, GLLSP II) for a total amount of US\$ 399 million covering all the territory and focusing mainly on agri-business development, poverty graduation, youth employment, rural infrastructure and community led development. In addition to this an additional financing of US\$ 50 million for SPPAP is also ready for signing.

Ladies and Gentlemen,

Since our joining the IFAD, Government of Pakistan with the assistance of IFAD has always supported policies and institutional strengthening including changing trajectory of development and pro poor policies. For the future, based on IFAD mandate and IFAD recent evolution in terms of reorganization and financial tools, the current COSOP 2023-2027, shall continue focus on rural development and poverty reduction in full alignment with government priorities and the Agenda 2030. Taking opportunities of this consultation I would suggest that deliberation shall focus on;

- Provincial and national consultation priorities shall be brought forward during the course of this workshop;
- There is a strong need for development partnership between Government and IFAD but also among the broader development agencies to achieve synergies;
- Through such consultation we should advocate and strengthen the key mainstreaming themes particularly youth, women, climate change and nutrition;
- IFAD shall continue its focus especially on the inclusive economic development and explore opportunities for agriculture transformation, agriculture value chain development, agribusiness promotion and building resilience of smallholder farmers;

- Innovate and target the most vulnerable in order to ensure the best efficiency and impact of the funds in terms of sustainable poverty alleviation of IFAD co-investments

Ladies and Gentlemen,

Through today's workshop, we invite your suggestions and feedback on the IFAD Strategy based on your rich experience and expertise in the field.

At the end, let me once again congratulate IFAD, the Design team for preparing a comprehensive document in short time. I thank you all for your very precious time, hope that you can actively participate and have a meaningful dialogue and discussion about the COSOP 2023-27 and how we can further improve it.

Thank you very much.

Theory of change

