



Islamic Republic of Pakistan

COSOP completion review

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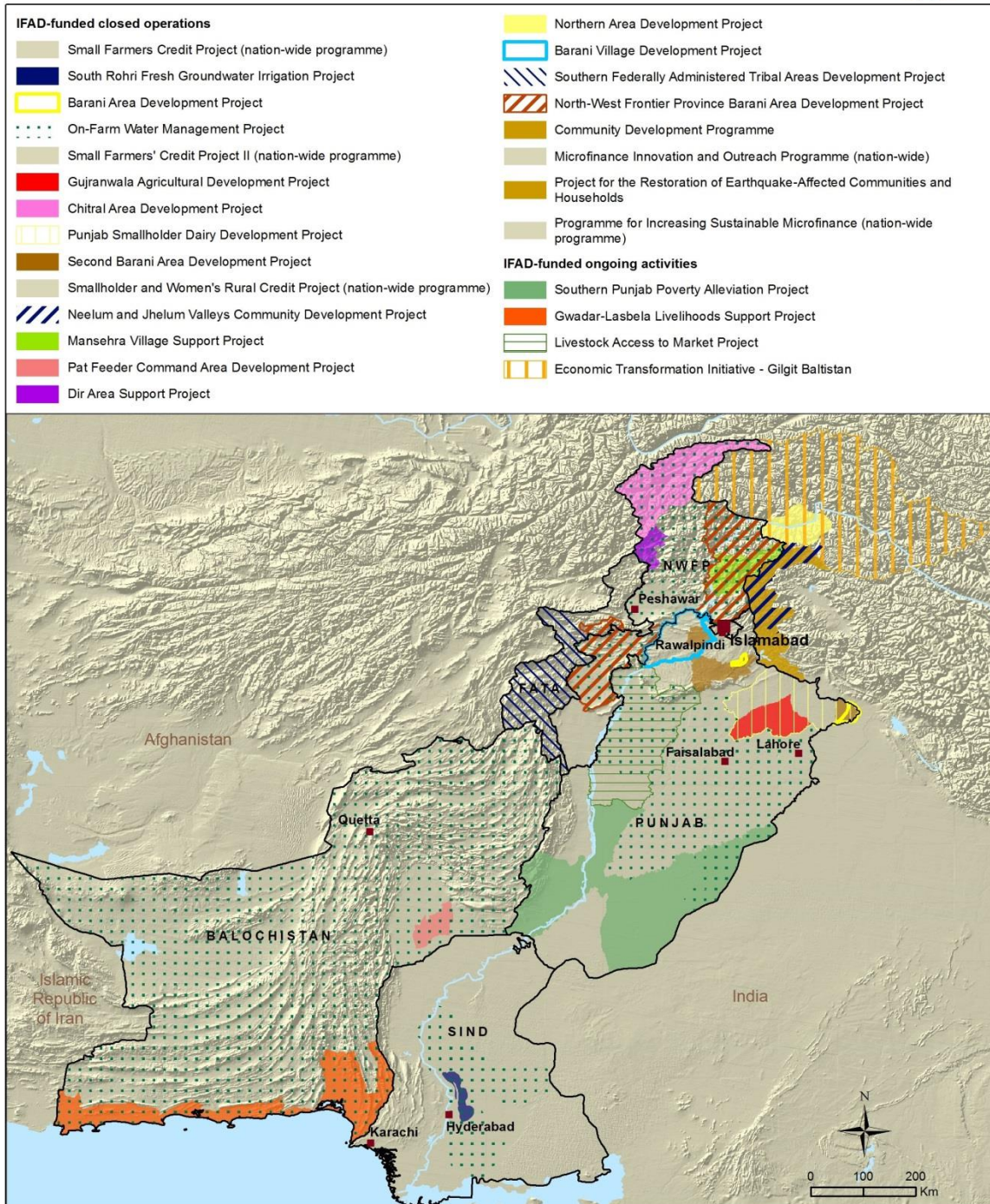
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Abbreviations and acronyms

ACTED	Agency for Technical Cooperation and Development
CCR	RB-COSOP Completion Review
CDP	Community Development Project
CO	Community Organisation
DPAP	Diامر Poverty Alleviation Programme
EAD	Economic Affairs Division
ETI-GB	Economic Transformation Initiative - Gilgit-Baltistan
GLLSP	Gwadar-Lasbela Livelihoods Support Project
IFAD	International Fund for Agricultural Development
IOE	Independent Office of Evaluation (of IFAD)
LAMP	Livestock and Access to Markets Project
M&E	Monitoring & Evaluation
MIOP	Microfinance Innovation and Outreach Programme
MTR	Mid-term Review
NGO	Non-Governmental Organisation
PCR	Project Completion Report
PPA	Project Performance Assessment
PKR	Pakistani Rupee
PMD	Programme Management Department
PPAF	Pakistan Poverty Alleviation Fund
PRISM	Programme for Increasing Sustainable Microfinance
PSC	Poverty Score Card
RB-COSOP	Results-Based Country Strategic Opportunities Programme
SO	Strategic Objective
SPPAP	Southern Punjab Poverty Alleviation Programme
SSN-TUP	Social Safety Net– Targeting Ultra-Poor

Map of IFAD-funded operations in the country

Islamic Republic of Pakistan
IFAD-funded operations



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Islamic Republic of Pakistan

COSOP completion review

I. Assessment of programme performance

A. Introduction

1. The previous Results-Based Country Strategic Opportunities Programme (RB-COSOP) for Pakistan, covering 2010-2015, was approved by the IFAD Executive Board in April 2009. The RB-COSOP had two strategic objectives (SOs): enhancing the access of poor rural men and women to productive assets, skills, services and improved technologies, with particular emphasis on productivity enhancement, and strengthening the capacity of the rural poor to engage in and benefit from local development processes. It had eight outcome and 12 milestone indicators, but the projects monitored only 11 of these 20 indicators, with some information available on five of the remaining nine. Data on impacts and achievement of project objectives were also lacking, which was an additional challenge in assessing project and programme results. Subject to these limitations, the RB-COSOP Completion Review (CCR) assesses seven loan-funded projects listed in Table 1, including the four that were approved and the three that closed during this period. It also includes two grant-funded projects approved during the period.

Table 1
List of projects covered by the CCR

<i>Project Name</i>	<i>Board Approval</i>	<i>Effective</i>	<i>Closing</i>	<i>Project Cost (in million US\$)</i>	<i>IFAD Loan (in million US\$)</i>	<i>IFAD Grant (in million US\$)</i>	<i>Percent Disbursement¹</i>
Community Development Programme (CDP) ^a	Dec. 2003	Sep. 2004	Mar. 2013	30.74	21.77		100%
Microfinance Innovation and Outreach Programme (MIOP) ^a	Dec. 2005	Sep. 2006	Mar. 2012	30.50	26.46		100%
Programme for Increasing Sustainable Microfinance (PRISM) ^a	Sep. 2007	May 2008	Mar. 2014	52.04	35.00		100%
Southern Punjab Poverty Alleviation Programme (SPPAP) ^b	Dec. 2010	Sep. 2011	Mar. 2018	49.12	30.17		97%
Additional financing	Dec. 2015				10.00		0%
Gwadar-Lasbela Livelihood Support Project (GLLSP) ^b	May 2011	Jan. 2013	Sep. 2019	38.27	30.00	3.00	35%
Livestock and Access to Markets Project (LAMP) ^c	Dec. 2013	Feb. 2015	Sep. 2021	40.83	34.50	0.59	3%
Economic Transformation Initiative Gilgit-Baltistan (ETI-GB) ^c	Apr. 2015	Sep. 2015	Mar. 2023	120.15	67.00		2%
Total				361.65	254.90	3.59	

Notes:

^a Closed project, assessed with reference to all Independent Office of Evaluation (IOE) evaluation criteria.

^b Ongoing project, assessed with reference to all IOE evaluation criteria, with effectiveness, rural poverty impact and sustainability assessments based on performance to date and likely performance.

^c Implementation not yet started; project assessed with reference to the relevance criterion. Efficiency issues, as observed to date, also included.

¹ Disbursement rates as of 10 October 2016.

2. The review period was characterised by significant institutional and economic developments in the country, as well as growing concern for social indicators and climate change². The country's governance became increasingly consolidated at the provincial level, with devolution from the federal government³ and substantial roll-back of local government powers. Growth in agriculture remained around three per cent per annum, as farmers experienced increased cost of production and low returns in addition to persisting problems such as lack of innovation, infrastructure, services and inputs, and a restrictive business environment.
3. Inability to generate a dividend from the demographic transition attracted growing attention to low labour productivity and its links to basic, technical and vocational education and consequences such as rural-urban and gender gaps and unemployment among rural youth. Social safety nets expanded considerably, guided by sharply-focused pro-poor targeting through the Poverty Score Card (PSC). Microfinance services also witnessed a large expansion. Reports and initiatives appearing in 2015 and 2016, in particular, highlighted food security, under-nourishment and the effects of climate change as pressing challenges for large segments of the population, particularly the poor and vulnerable.

B. Portfolio analysis

1. Rural poverty impact

4. CDP, SPPAP and GLLSP are area-based, multi-sector rural and agricultural development projects, while MIOP and PRISM were national microfinance initiatives, focusing on rural areas. The area-based projects invested in community mobilisation as a foundation for delivering assets and services to communities, households and individuals, while MIOP and PRISM supported the Pakistan Poverty Alleviation Fund (PPAF) and its partner organisations in expanding the outreach, range and sustainability of financial services. CDP, SPPAP and GLLSP adopted a combination of geographic and household targeting, which enabled interventions to focus increasingly sharply on three categories of the rural poor (extremely poor, chronically poor and transitory poor) after the introduction of the PSC approach (described in Appendix I). MIOP and PRISM did not include mechanisms for household targeting, except in MIOP's pilot Social Safety Net-Targeting Ultra Poor (SSN-TUP) Programme.
5. SSN-TUP provided assets (62 per cent of which were livestock), training for using these assets, a subsistence allowance (PKR 1,000 per month for 10-12 months), and health insurance to 1,000 households in 85 villages, which was one-half of a group of poor households, and compared the status of the treatment and control groups through a survey at the end of the programme⁴. Beneficiaries' incomes increased by 178 per cent during 2008-2012, compared with an increase of 41 per cent among non-beneficiaries, and their assets increased by 189 per cent, compared with 90 per cent for non-beneficiaries. At least 44 per cent of the treatment households (according to the survey), and possibly more (according to the implementing partners) graduated out of poverty.

² The country context, including the Poverty Score Card approach, is described in detail in Appendix I.

³ The loan approved for the Crop Maximisation Programme was cancelled because of the devolution of relevant responsibility from the federal government to the provinces.

⁴ "Assessment Survey of the PPAF's Social Safety Net-Targeting Ultra Poor (TUP) Programme," by Innovative Development Strategies, Islamabad, 2012. The sample consisted of 200 beneficiaries and 100 non-beneficiaries.

6. An *ex post* impact evaluation of MIOP and PRISM⁵ generated mixed findings about the impact of microfinance on poverty, showing a positive impact on poverty reduction in Sindh Province, but not in Punjab. Assessing project design and relevant literature, the evaluation observed that access to microcredit is insufficient to move households out of poverty. The Project Completion Reports (PCRs) for MIOP and PRISM cited anecdotal data (and, for PRISM, a Gallup Pakistan study⁶) that income and assets had increased as a result of these projects. The *ex post* evaluation, however, discounted the study's findings that income and agricultural productivity had increased, on the grounds that the study suffered from methodological weaknesses. The study also reported that beneficiary household assets did not increase.
7. Survey-based impact assessments are not available for other projects. The CDP Project Performance Assessment (PPA) and SPPAP and GLLSP reports show, however, that these projects provided assets including poultry, livestock, orchards, plant and fish nurseries, plots of land and low-cost houses to 40,072 households. The CDP PPA reported that goat and chicken distribution improved the incomes of the poorest households and kitchen gardening was a popular activity replicated by women. SPPAP and GLLSP distributed goats to 28,000 poor households and a SPPAP report⁷ found that goats multiplied well, increased household milk consumption, and encouraged women to plan increases in assets and income. SPPAP also reported increased production and income for poor households from kitchen gardening, the reclamation of saline land through gypsum application, and provision of farm implements through community service providers.⁸ These observations are consistent with the findings of a previous evaluation in Punjab, which estimated high rates of return for investments in land rehabilitation through gypsum application, community-based implement pools, and kitchen gardens.⁹
8. None of the five projects monitored agricultural productivity and food security indicators. The MIOP PCR observed anecdotally that the project led to increased productivity and the PRISM PCR asserted that the project would have contributed to increased food security. There are stronger, evidence-backed indications in the CDP PPA and SPPAP reports that crop and livestock productivity as well as food security improved as a result of various interventions, including 164 irrigation schemes and eight productivity-enhancement interventions for 13,538 households in SPPAP.
9. The MIOP and PRISM PCRs did not report on the community organisations (COs) engaged through these projects. The CDP PPA and SPPAP and GLLSP reports show that these projects mobilised 167,182 rural men and women in 8,629 COs. The CDP PPA rated the project as satisfactory in terms of human and social capital and empowerment, while noting that there was lack of clarity in the targeting approach and no effective strategy or tools for targeting the poorest. In SPPAP and GLLSP, community mobilisation has effectively laid the basis for including the poorest, and interventions are matched with specific groups of the poor by applying the PSC criteria. The three area-based projects also created substantial human capital by

⁵ "Measuring the Impact of Microfinance in Pakistan," by the Agency for Technical Cooperation and Development (ACTED), Islamabad, August 2016. The sample consisted of 1,800 beneficiary households and 2,160 in the control group.

⁶ "PPAF Micro Credit Financing: Assessment of Outcomes," Gallup Pakistan, Islamabad, May 2013.

⁷ Report on the impact on the lives of the beneficiaries, by National Rural Support Programme (NRSP), 2015. The income generating impact of goats for the rural poor in southern Punjab is confirmed by a research study, "Goat Production in Rural Areas in Pakistan: A Detailed Survey through Participatory Rural Appraisal," International Livestock Research Institute, n.d. (<http://pr.hec.gov.pk/Chapters/2610S-3.pdf>).

⁸ *Op. cit.* and report on the impact of Community Service Providers, by NRSP, n.d.

⁹ "Mid-term Review of the Government of Punjab-UNDP Project for the Rehabilitation of Salt-affected and Waterlogged Lands – Bio-saline-II," February 2009, by Eduardo Quiroga, Tariq Husain and Zakiullah Mian.

training approximately 6,500 men and women in improved agriculture and livestock management, and more than 38,000 men and women in various productive skills.

2. Project performance

Relevance

10. The objectives of the seven projects were closely aligned with the RB-COSOP SOs¹⁰. All project designs were aligned with the prevailing IFAD Strategic Framework and policies and strategies. They also addressed the key recommendations of the 2008 Country Programme Evaluation, particularly those calling for a differentiated approach in selecting project areas, greater emphasis on non-farm income sources for the rural poor, and greater attention to sustainability.
11. Project designs also paid attention to the government's high-level plans and strategies, including Vision 2030, the Medium-Term Development Framework 2010-2015 and the Poverty Reduction Strategy Paper II, as well as specific provincial priorities. The designs reflected in-depth situation analysis of the respective project areas, including the resource base, sources of livelihood, local needs, and the roles and capacities of relevant government, non-government, community and private sector institutions.
12. The two microfinance projects responded creatively to the lack of product innovation and donor funding that afflicted the sector at the time, taking a sector-wide approach to engage non-governmental organisations (NGOs), commercial institutions, and government regulators and policy makers. The area-based projects (including LAMP and ETI-GB) were designed to cover a wide range of relevant institutional and technical interventions for agricultural (including livestock) development, with particular emphasis on value chains in ETI-GB. The CDP PPA observed, however, that the objective to "lay the basis for a successful devolution process" was disconnected from existing national legal and institutional framework, and that resources (particularly for agriculture and livestock) were spread too thinly to have a pronounced impact. The SPPAP design also included two sub-components with a large number of technology and agricultural interventions that spread resources thinly and were dropped at the Mid-term Review (MTR).
13. The RB-COSOP noted that specific target groups for a given project would be defined through poverty mapping exercises undertaken as part of the project design. For targeting at the household level, four of the projects (PRISM, SPPAP, GLLSP and LAMP) were designed to identify categories of the rural poor through the PSC approach. In the case of ETI-GB, the design calls for focusing on smallholders with an average landholding of less than one hectare and women-headed and landless households, because PSC data are not available in most of the project area.
14. The RB-COSOP also called for gender mainstreaming to promote equality and the empowerment of women and address the issues of exclusion and marginalisation. Project designs introduced specific interventions and targets for women and (in the area-based projects) emphasised women's inclusion in COs. Loans and training for women in productive skills were consistent and important themes in project design. The ETI-GB design as well as entrepreneurship training in SPPAP also emphasised the inclusion of youth.

Effectiveness

15. The objectives¹¹ of the five projects that were closed or approved during the review period focused on increased access to microfinance (in MIOP, with a wider range of

¹⁰ The objectives and other key features of the RB-COSOP are summarised in Appendix II.

¹¹ This refers to objectives as stated in the President's Report.

products, and PRISM), enhanced income and/or livelihoods (CDP, SPPAP and GLLSP), increased agricultural productivity and production (CDP and SPPAP), enhanced employment potential (SPPAP), and improved social and economic infrastructure (CDP). Income and agricultural productivity are also impact domains that have been discussed above. Increased income and productivity were not among the objectives of MIOP and PRISM, and the evidence is insufficient that such changes materialised in these projects. They did, however, achieve stated objectives: the PCRs reported 23 innovation and outreach projects completed and 16 products and approaches successfully scaled up in MIOP, and 250,000 incremental microcredit clients through the two projects. MIOP and PRISM PCRs acknowledged PPAF's role as a competent and efficient apex institution as key to the projects' achievements. The PRISM PCR also highlighted the pivotal role played by commercial banks and NGOs in contributing to a revitalised microfinance sector.

16. CDP, according to its PPA, improved the access of rural communities to social and economic infrastructure. GLLSP, due to inadequate resources, had to abandon the construction of jetties and allied infrastructure for landing fish, and this has made it challenging for the project to achieve its objective of increasing the incomes of fishers. In CDP, SPPAP and GLLSP, the large-scale distribution of agricultural and livestock assets mentioned in the impact section reportedly led to increased production and income, thereby contributing to project effectiveness. It is also evident that the wide range of productivity-enhancement interventions in CDP and SPPAP generated improvements in agricultural productivity. In relation to SPPAP's employment objective, the project reports that 60 per cent of those (11,593) who received vocational training and were included in a follow-up (7,157) were gainfully employed, 15 per cent of those (3,081) who received entrepreneurship training had started a new business, and 60 per cent had increased their business.
17. The targeting approach in MIOP and PRISM, judging from the PCRs, mainly focused on women through financial products, women-only lending partners in MIOP, and project-level targets for women clients in PRISM. The CDP PPA noted some conscious targeting of vocational training, goat and chicken packages, etc. on the poor and disadvantaged, especially women, and the absence of strategy and tools for targeting the poorest. In SPPAP and GLLSP, pro-poor targeting has been highly effective (according to the SPPAP MTR and 2015 GLLSP supervision mission) because of the identification of specific categories of rural poor and poor women through the PSC, interventions focused on these categories, and the responsibility given for community mobilisation and targeting to NRSP, which is one of the most experienced poverty alleviation organisations in the country.

Efficiency

18. The relevant costs for the seven projects, as designed, are shown in Table 2. The management cost as a percentage of total project cost was 4-15 percent at design, the higher percentages reflecting the more decentralised and spread out implementation arrangements in SPPAP and LAMP. The cost per beneficiary varies from USD 24 in MIOP to USD 330 in GLLSP. MIOP relied for management on a network of NGOs, whereas GLLSP included high-cost fisheries-related infrastructure and a population thinly spread over a large area. Economies of scale are also evident, the management cost per beneficiary decreasing with an increase in the number of beneficiaries.

Table 2
Project costs per beneficiary and management costs in total project cost at design

Cost and relevant data heading	Project						
	CDP	MIOP	PRISM	SPPAP	GLLSP	LAMP	ETI-GB
	<i>Closed</i>	<i>Closed</i>	<i>Closed</i>	<i>Ongoing</i>	<i>Ongoing</i>	<i>Effective</i>	<i>Effective</i>
Total project cost (USD million)	30.74	30.50	52.04	49.12	38.27	40.83	120.15
Number of beneficiary households	123 000	180 000	160 000	80 000	20 000	112 500	100 000
Average size of household ^a	7	7	7.5	8.0	5.8	6.8	7.2
Number of beneficiaries	861 000	1 260 000	1 199 000	640 000	116 000	765 000	720 000
Project cost per household (USD)	250	169	325	614	1 914	363	1 202
Project cost per beneficiary (USD)	36	24	43	77	330	53	167
Management cost as percent of total project cost	12	6	4	12	7	15	7

Notes:

^a Average household size is assumed to be 7.5 in PRISM and 8 in SPPAP because a specific number for the project area is not given in the project design report or project completion report.

19. As observed in the Country Programme Issues Sheets for 2011-2015 and supervision reports, the following factors have adversely affected project start-up and implementation:
 - delays in start-up due to lengthy and complex project approval procedures, slow recruitment of staff, and delays in procurement resulting in cost over runs;
 - frequent turnover of key project staff due to government postings/transfers and lower salary packages than competitive market remuneration;
 - weak financial management of projects and inadequate accounting software; and,
 - overdue government audit reports and incorrect application of government rules for procurement and financial management.
20. These factors adversely affected the efficiency of three of the projects approved under the RB-COSOP (SPPAP, GLLSP and LAMP). Delays in SPPAP led to a partial loan cancellation after the 2015 MTR, but project performance improved remarkably and the cancelled amount was restored to support performing activities. Delays have persisted in GLLSP, and LAMP and ETI-GB have experienced similar bottlenecks that delayed GLLSP.

Sustainability of benefits

21. Project design documents proposed elaborate arrangements for sustainability, including capacity building of local government and community institutions and linkages with the private sector. However, evidence of sustainability beyond project life is not available for any of the projects included in the CCR.
22. The CDP PPA observed community infrastructure schemes for which COs had made notable arrangements, including management committees and bank accounts for user charges, for operations and maintenance (O&M). The 2015 SPPAP supervision mission also reported that communities were successfully undertaking the O&M of community infrastructure. Similar results can be expected in GLLSP because of similar approaches to community mobilisation and infrastructure O&M. The sustainability of COs, however, was questioned in the CDP PPA. There may be better prospects in SPPAP and GLLSP because NRSP has worked in the project areas for a long time and is expected to continue its presence in support of the COs.
23. According to the MIOP PCR, continued support for sustainability, including equity injections, is required by the small and local PPAF partners that were nurtured through the project. The PRISM PCR reported that sustainability prospects were

very high and the project helped seven additional NGOs reach more than 100 per cent operational self-sufficiency.

3. Other performance criteria

Gender equality and women's empowerment

24. As noted above, project design and implementation emphasised women's inclusion in COs and other interventions by focusing certain interventions on women and setting targets for women's participation. The CDP PPA rated the project as satisfactory on gender equality and women's empowerment, noting, in particular, that 44 per cent of the CO members were women, and women benefited from asset transfers and training to a considerable extent. A similar approach has been followed in SPPAP and GLLSP, with the addition that the PSC has been used to target the poor and the poorest among women (including those heading their households) and the assets (particularly goats in both projects, and plots of land and low-cost houses in SPPAP) are much more valuable.
25. The MIOP PCR reported that the project designed innovative products specifically for women or women dominated enterprises and included many partner organisations that focused on women borrowers. The PRISM PCR observed that 73 per cent of the project's incremental borrowers were women. The ACTED study on MIOP and PRISM cited above concluded that microfinance had a positive impact on women's empowerment in both Punjab and Sindh.

Innovation and scaling-up

26. The RB-COSOP mentions three opportunities for innovation (refer to Appendix II). One of these (new microfinance products) is articulated clearly enough to be assessed with reference to the microfinance projects included in the CCR. As mentioned above, MIOP was designed with this objective in mind and achieved its objective with 23 innovations, including 16 that were scaled up. Innovation was not an objective for PRISM, but it also developed new products such as livestock insurance and index-based crop insurance, according to the ACTED study. The main innovation in SPPAP is the use of the PSC for targeting, supported by validation at the community level, an approach that was also adopted in GLLSP and sharpened pro-poor targeting.

Environment and natural resources management

27. CDP included a component for natural resources management (NRM) and a related objective, and the PPA rated it as moderately unsatisfactory because of its limited contribution. The SPPAP MTR rated the project as moderately satisfactory, while reporting that household latrines have high demand and reduce open defecation, leading to improved sanitation conditions. In GLLSP, large ponds have been built for preserving rainwater in Gwadar, where underground water is not available, and the overall focus on the environment is judged to be moderately satisfactory.

Adaptation to climate change

28. The 2015 GLLSP supervision mission and the SPPAP MTR assessed the projects' focus on climate as moderately satisfactory. The CDP PPA rated the project as moderately unsatisfactory, observing that crop diversification could have contributed to adaptation to climate change but was not included in the project.

C. Assessment of non-lending activities

1. Policy dialogue

29. The RB-COSOP highlights five policy linkages under its two SOs (refer to Appendix II). Evidence is available on one of them, namely, enhanced access to microfinance in rural areas: the MIOP PCR reported that the project facilitated policy dialogue to enhance standards, initiatives and policy design in microfinance, and PPAF

partnered with the State Bank of Pakistan and the Pakistan Microfinance Network to establish policy fora. The SPPAP project design speaks of generating knowledge to influence future investment decisions and policy making on agricultural, livestock and rural development initiatives. The GLLSP design included a reference to the need for a policy decision allowing direct export of fish from Gwadar in order to end the monopoly of exporters from Karachi. The MTRs and supervision reports have not reported on these policy issues.

30. At a higher level, however, the portfolio review forum chaired by the Economic Affairs Division (EAD) of the federal government contributed significantly to sharing experiences and converting learning into actions. Policy level issues were raised at various high level fora, including the Pakistan Development Forum and donor groups on poverty, aid harmonisation and microfinance, as well as the United Nations Heads of Agencies/Country Team and the United Nations thematic working group on agriculture, rural development and poverty alleviation.

2. Knowledge management

31. The RB-COSOP identified the following priorities for knowledge management: (i) formulate strategic action plan; (ii) focus on areas that contribute to RB-COSOP SOs, plus those of generic relevance for rural poverty reduction; (iii) at country level, use local expertise to exchange experiences at intra-programme and inter-development-sector levels; (iv) at the project level, include knowledge management or learning agenda in design. The last point is reflected in project design, generally linked to monitoring and evaluation (M&E). For example, SPPAP and GLLSP were designed to produce product profiles, case studies and learning notes to be disseminated reports and workshops and seminars. Knowledge management activities in MIOP extended across the microfinance sector to develop innovative loan products and improved governance and efficient operations among PPAF partners.
32. A learning process spanning design and implementation was also in evidence at the project level and across projects. During implementation, supervision missions and the MTRs picked up on the need for course correction and modified approaches accordingly. Examples include: the modification of the asset transfer interventions, by eliminating poultry and restricting asset transfer to goats, and adding low-cost housing to the small plot of land transferred to very poor women; and dropping two sub-components judged to generate low impact and adding food banks and revolving funds for agricultural inputs. Learning based on previous projects was also reflected in the design of new projects. Examples include the use of the PSC and the importance given to asset transfers for the poor in projects designed after SPPAP.

3. Partnership building

33. The RB-COSOP speaks of the need to expand IFAD's partnerships with national stakeholders, including NGOs, other civil society organisations, research institutions and universities, and the private sector, as well as the United Nations and various bilateral and multilateral development agencies. IFAD maintained regular interaction with relevant government agencies and participation in donor fora and the United Nations Country Team meetings. It also maintained regular interaction with bilateral and multilateral development partners for coordination and possible co-financing, one result of which was supplementary financing for GLLSP from the Saudi Fund for Development (which has not yet been utilised). At the project level, partnership with national partners was considered to be satisfactory with PPAF (in MIOP and PRISM) and satisfactory (in SPPAP) and moderately satisfactory (in GLLSP) with NRSP.

4. Grants

34. The following grants are assessed here:
- USD 200,000 for Support for Institution-Building of the Diamer Poverty Alleviation Programme (DPAP), awarded to the DPAP (located in Gilgit-Baltistan), which became effective in December 2010 and was completed in December 2013; and,
 - USD 340,000 for Measuring the Impact of Microfinance in Pakistan, awarded to ACTED), which became effective in December 2014 and was completed in 2016.
35. The DPAP grant had four objectives aimed at strengthening DPAP to promote the sustainability of 604 village organisations formed through the (closed) IFAD-assisted Northern Areas Development Project and their linkages to service providers and markets. These objectives are consistent with the SOs. The purpose of the ACTED grant was to inform policy making and programming in rural microfinance on the basis of lessons from IFAD-funded interventions. This is also consistent with the RB-COSOP. Available information available is insufficient for assessing grant effectiveness.

D. COSOP performance

36. The RB-COSOP demonstrated a keen awareness of the development context prevailing in Pakistan when it was formulated. It was consistent with relevant national strategies and plans that prevailed at the time and also took note of the five overarching recommendations of the 2008 country programme evaluation. It provided a set of clear guidelines for targeting, including the identification of specific groups of women and other rural poor, while giving flexibility during project design to propose project-specific approaches, an approach that enhanced the relevance of project design and implementation to poverty and gender targeting. It also identified opportunities for innovation, policy linkages, a strategy for knowledge management, and potential partnerships.
37. The COSOP results framework is reproduced in Appendix III. It has eight outcome indicators, five of which were not monitored, but some relevant information is available on two of them. There are also 12 milestone indicators, four of which were not monitored, but some relevant information is available on three. Available information is summarised in Appendix IV and shows substantial outcome-level achievements in access to microfinance and increase in household assets, with evidence also pointing to increased agricultural productivity and increased contact between farmers and extension agencies. In terms of milestones, it shows widespread engagement of target groups through community organisation, microfinance and related innovative approaches, and agricultural, entrepreneurial and vocational training, with evidence also pointing to improved access to markets.
38. As discussed in the portfolio analysis, microfinance overall had a mixed impact on poverty (positive in one of the two main provinces) and a positive impact on women's empowerment. Asset transfers to the poorest, particularly in the form of livestock and land, worked in the direction of lifting the poor out of poverty and increasing production and incomes. There is also evidence of increased productivity from irrigation schemes and agricultural interventions, but the depth and scale of impact could not be assessed. The indications are that vocational and entrepreneurial training can enhance employment and earnings, but the limited amount of available evidence does not include post-project follow-up. Increased access to markets and services through roads is also a realistic expectation. Effective targeting of women and the rural poor, and their mobilisation at the community level, were major contributors to the effectiveness of the country strategy. The sustainability of COs raises questions, but the risk is mitigated where the social mobilisation partner is expected to continue operations when the project ends.

39. Among non-lending activities, policy dialogue was evident in MIOP and high-level government and donor fora not linked to specific projects. Knowledge management in MIOP contributed demonstrably to innovative loan product development and strengthening of microfinance institutions. More broadly, learning in design and implementation was evident as a result of supervision missions and MTRs. In terms of partnership-building, tangible outcomes were achieved as a result of IFAD-government cooperation, particularly in portfolio review and facilitating improved performance. Project-level partnerships among implementers in government departments and NGOs were also strong.

II. IFAD's performance

40. IFAD paid considerable attention in project design to targeting, inclusion of women, selection of interventions appropriate to women and specific categories of the rural poor, and implementation and coordination arrangements commensurate with institutional roles and capacities. Recent project designs sought to be innovative and proposed measures for enhancing sustainability. They also included provisions for M&E, knowledge management and, in the two recent projects (LAMP and ETI-GB), specific sub-components and resources for policy dialogue. Challenges remain in strengthening project M&E capacities and supporting investment projects with relevant and adequately-resourced non-lending activities.

III. Lessons learned and recommendations

41. Social mobilisation, combined with the use of the PSC, 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. The RB-COSOP's approach of providing a clear framework for targeting, including specific groups of women and other rural poor, while leaving flexibility during project design and implementation, allowed the inclusion of relevant geographic and socio-economic targeting criteria in project design and relevant household-level criteria during implementation.
42. Asset creation for the extremely poor and the chronically poor, particularly women, is a promising instrument for sustainable poverty reduction and the empowerment of poor, women and youth. SPPAP has demonstrated a workable model in a challenging operating environment, which could be replicated and scaled-up by ongoing and future projects. However, SPPAP needs to be assessed as a whole to determine how best to combine asset transfer with other potentially high-impact interventions.
43. New technologies are important for increased agricultural productivity and production but need to be assessed carefully at the design stage in view of their resource requirements. Project design and implementation should focus on a few appropriate technologies that can attract a large number of small and resource-poor farmers in a relatively short time. Similarly, training activities expected to enhance productivity and employment should also be included selectively, based on critical analysis.
44. Access to markets and a value chain approach to agriculture and livestock production with the private sector would be useful for enhancing the possibilities open to the rural poor. It may be challenging to create and sustain value chains in a cost-effective manner, particularly in relatively remote and neglected areas, but active private sector participation and appropriate financing could make it possible in selected activities.
45. The identification of policy issues that are linked directly to project objectives, as in the LAMP and ETI-GB designs, tends to create synergy between policy dialogue and other project activities with the country programme. Providing resources to achieve

desirable policy outcomes would improve the effectiveness of policy dialogue as well as the projects concerned.

46. In order to add value to policy and operations, knowledge management needs to be operationalised systematically as knowledge for management at various levels. As such, it could focus on one or more of three types of products, namely, promotional, operational and inspirational, while recognising that there will be some overlap in their contents.
47. M&E systems have generally succeeded, albeit, with difficulties in staff recruitment, in reporting at the input and output levels but have struggled, without much success, in assessing impact and outcomes. This is a continuing countrywide challenge that suggests the need for creative approaches to capacity building. It also suggests the need for greater clarity in project design and implementation for using suitable quantitative and qualitative approaches, which would also require capacity building.
48. The devolution of powers from the federal to provincial governments points towards provincial rather than national projects in the future, unless exceptional circumstances call for the latter. Within provinces, partnerships with provincial governments, selected NGOs that mobilise and build community capacities, and private sector institutions that enhance value added and sustainability represent potential synergy. Building on tested partnerships to enhance impact in a known operating environment is an attractive choice.

Appendix I: Country background

1. **Economic growth.** Pakistan's economy grew slowly during 2010-11 to 2014-15, with the annual GDP growth rate increasing from 3.6 per cent to 4.0 per cent, and projected to reach 4.7 per cent in 2015-16¹². An annual population growth rate of 1.9 per cent suggests that per capita GDP growth has been small. The services sector contributed the most to GDP growth during this period and agriculture the least, the latter growing at less than 3 per cent.
2. **Agriculture sector challenges and government response.** The government's most recent assessment of the agriculture sector's performance¹³ identifies several problem areas, including the slow rate of technological innovation, limited adoption of new farming techniques, problems with the quality, quantity and timeliness of input supply, limited investment in construction and maintenance of infrastructure, marketing and trade restrictions, pest and livestock disease problems, and limited amounts of credit for agricultural production and processing. The government is cognisant of the low returns to farmers because of the increased cost of production and considers value addition at the farm level and industrial linkages as solutions. The government is also supporting rural youth in acquiring new skills for establishing agro-based businesses linked to livestock, horticulture and fisheries as well as non-farm enterprises.
3. **Long-term structural and productivity trends.** Initiatives for agricultural value addition, skill development and agro-based and non-farm enterprises have a long-term structural context. Long-term trends indicate that Pakistan's economy is evolving from an agricultural base to services, largely bypassing industry¹⁴. The economy is agricultural in terms of employment (agriculture's share is 44 per cent) and a service economy in terms of the structure of output (59 per cent of the GDP is from services)¹⁵. Growth in services labour productivity has been lower than in agricultural and industrial labour productivity, which has constrained the average rate of growth of the economy because of the large share of services in the GDP¹⁶.
4. **Productivity and education.** Moreover, the overall level of labour productivity has increased very slowly since the 1970s. This suggests that improvements in the average levels of literacy and education¹⁷ have not translated adequately into productivity gains. This is consistent with the widespread view that the overall quality of education in Pakistan has deteriorated steadily for more than a generation. Moreover, rural areas have been left behind in terms of human capital formation, and this affects the prospects for rural people, particularly the youth, to get out of poverty¹⁸. More broadly, the expectation that the demographic transition

¹² This information is taken from the Asian Development Outlook Update, September 2016 (<https://www.adb.org/sites/default/files/publication/197141/ado2016-update.pdf>), which is based on official Government of Pakistan sources, including the Ministry of Finance, Pakistan Economic Survey 2015-16 (<http://www.finance.gov.pk>) and State Bank of Pakistan Economic Data (<http://www.sbp.org.pk>).

¹³ Ministry of Finance, Pakistan Economic Survey 2015-16 (<http://www.finance.gov.pk>), chapter 2 (Agriculture).

¹⁴ Asian Development Outlook 2015 (<https://www.adb.org/sites/default/files/publication/154508/ado-2015.pdf>), p. 200.

¹⁵ Ministry of Finance, Pakistan Economic Survey 2014-15, Statistical Appendices (http://www.finance.gov.pk/survey_1415.html), Table 12.11 for employment share and Table 1.2 for GDP.

¹⁶ Jesus Felipe, "A Note on Competitiveness and Structural Transformation in Pakistan;" Manila: Asian Development Bank, ERD Working Paper No. 110, December 2007. The report includes analysis of trends in labour productivity during 1973-2002.

¹⁷ As highlighted, for example, by G. M. Arif and Nusrat Chaudhry, "Demographic Transition, Education and Youth Unemployment in Pakistan," n.d.

¹⁸ Arif and Chaudhry, *op. cit.*

that started in the mid-1990s could yield a dividend through higher per capita output remains questionable¹⁹.

5. **Productivity and skills.** In the government's assessment, a number of factors (skills) other than education also contribute to the productivity of workers and have received insufficient attention in the past²⁰; these are described in terms of the skills pyramid:
 - Advanced technical and professional skills, which involve substantial investment in learning and are of value to employers in a wide range of industries.
 - General and specific skills, which are skills (such as computer literacy) that are transferable across employers.
 - Basic skills, which include analytical skills such as calculation and problem solving.
 - Foundational skills, which include literacy, numeracy and citizenship.
6. **Technical and vocational education.** There are 1,647 public and private Technical and Vocational Education and Training (TVET) institutes in Pakistan²¹. TVET in Pakistan has operated largely through public sector institutions and to a lesser extent through the private sector's apprenticeship system in companies. All the provinces have a Technical and Vocational Education and Training Authority (TVETA) and a Trade Testing Board for testing and certification of all vocational courses offered by public and private sector institutes. The National Vocational and Technical Training Commission (NAVTTTC) is the apex body at the federal level. The principal sources of TVET are public sector programmes, skills training provided to staff by employers, training provided by non-governmental organisations, training offered by for-profit providers, and informal training such as the *ustad-shagird* (apprenticeship) tradition. Although a major source of funding for TVET, public funding provision is small, serving about 7 per cent of the population aged 15-24 years. Additionally, there is a mismatch between the outcomes of the training programmes and the needs of the employers in the current system. Public investment is low and irregular and there is a lack of quality standards and national certification arrangements.
7. **Social safety initiatives.** There is also a growing, federally-coordinated social safety initiative in the country, which the government describes in terms of the following institutions and activities²²:

¹⁹ As a result of declining fertility and mortality rates, Pakistan has been experiencing a demographic transition since the mid-1990s that is projected to last until 2040. During this phase, the proportion of working age adults (15-64 years old) in the population and of young persons in the working-age population will increase. This is viewed as a potential demographic dividend because it could lead to higher per capita output. The key assumption is that society will invest in education and human resource development to produce a more skilled, technically qualified and educated workforce among the large cohort of young people. Based on trends in the level of education, the evidence is mixed on the issue of whether society has made the investment required to benefit from the demographic dividend (Arif and Chaudhry, *op. cit.*). See also Rashid Amjad, "Why Has Pakistan Not Reaped Its Demographic Dividend?" chapter 4 in Zeba A. Sathar, Rabbi Royan and John Bongaarts (eds.), *Capturing the Demographic Dividend in Pakistan*; New York: The Population Council, 2013.

²⁰ Pakistan Employment Trends 2007 – Skills, p. 19; Islamabad: Government of Pakistan, Ministry of Labour, Manpower and Overseas Pakistanis, Labour Market Information and Analysis Unit.

²¹ This paragraph is based on "Skills for Growth & Development, A Draft National Technical and Vocational Education and Training (TVET) Policy Consultation Document of the National TVET Policy Task Group," Government of Pakistan, November 2014 (http://planipolis.iiep.unesco.org/upload/Pakistan/Pakistan_National_TVET_Policy_Draft_Consultation_2014.pdf).

²² Ministry of Finance, Pakistan Economic Survey 2015-16 (<http://www.finance.gov.pk>), chapter 15 (Social safety nets).

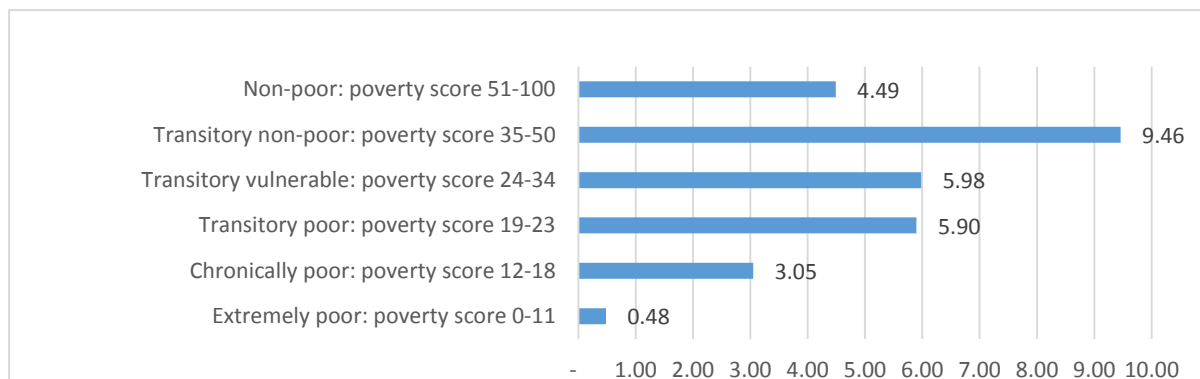
- the Pakistan Poverty Alleviation Fund (PPAF), an apex non-profit organisation for community-driven development working throughout the country with 129 non-governmental partner organisations. PPAF aims to be the leading catalyst in improving the quality of life, broadening the range of opportunities and socio-economic mainstreaming of the poor and disadvantaged, especially women, through microfinance, employment and enterprise development, and wide range of community infrastructure and training activities;
 - the Benazir Income Support Programme (BISP), which is the largest cash transfer programme in Pakistan, with a projected 5 million beneficiaries in 2014-15. It provides PKR 1,500 (approximately US\$15) per month to the poorest of the poor and also provides stipends for enrolling children in school, vocational training, self-employment among women, and health care;
 - Zakat and Pakistan Bait-ul-Mal, which are smaller programmes focused on the poor with contributions based on religious obligations; and,
 - the Employees Old Age Benefit Institution (EOBI) and the Workers Welfare Fund (WWF).
8. The government also considers the microfinance industry to be part of the social safety net and reports significant increases in micro-credit, micro-savings and micro-insurance in recent years. By the first quarter of 2016, there were more than 4 million microfinance borrowers, 13.7 million savers and 5.5 million micro-insurance policy holders²³. The penetration rate reported by the Pakistan Microfinance Network was 19.5 per cent (for the estimated market of 20.5 million). The network includes 11 microfinance banks (which are licensed and regulated by the central bank), 16 microfinance institutions providing specialised microfinance services, 6 multi-sector Rural Support Programmes, and 18 other organisations providing microfinance services as part of multidimensional operations.
9. **Poverty targeting and estimates.** BISP developed an objective targeting system using a door-to-door-based census, called the Poverty Scorecard Survey (PSC), in 2010-11, which resulted in the National Socio-Economic Registry (NSER) with a database of 27.4 million households. The PSC approach classifies households into six categories, according to scores ranging from 1 to 100, and the lowest three of these categories are considered poor. The categories and corresponding scores are:
- non-poor (poverty score 51-100);
 - transitory non-poor (poverty score: 35-50);
 - transitory vulnerable (poverty score: 24-34);
 - transitory poor (poverty score: 19-23);
 - chronically poor (poverty score: 12-18); and,
 - extremely poor (poverty score: 0-11).
10. The 2013 estimates were that 9.43 million (32 percent) households out of a total of 29.36 million were poor, distributed across three categories as illustrated in Figure 1. The government revised the poverty line in 2015, as a result of which 59 million (30 per cent) of the population are considered to be poor and an additional 20 million as vulnerable.
11. The NSER's targeting performance compares well with the world's top ranked programmes of similar nature²⁴. At present, more than 38 federal and provincial organisations are using this registry to improve the pro-poor orientation of their social sector programmes. The BISP has recently launched an update of the NSER

²³ Pakistan Microfinance Network, MicroWatch, Issue 39, Quarter 1, January-March 2016 (<http://www.pmn.org.pk/assets/articles/67c46230ff56934efe801fd0e1c4b25f.pdf>).

²⁴ This paragraph is based on a newspaper article written by the BISP chairperson: "Pakistan's National Socio-Economic Registry: a national asset," by Marvi Memon, *The Express Tribune*, 20 September 2016 (<http://tribune.com.pk/story/1185259/pakistans-national-socio-economic-registry-national-asset/>).

with the objective of transforming it into a dynamic registry to ensure that it remains the most credible database on the socio-economic status of the households in the country.

Figure 1.
Household distribution by poverty status, 2013 estimates (million households)



Note:

Based on monetised consumption/caloric intake (PKR per capita, per month), with a poverty line of PKR 1,959 per capita, calculated by using an average national household size of 6.3.

Source: CPLPM (Masim, QAU).

12. **Food security and nutrition.** Nutrition and year-round access to adequate food are also major challenges for most of the population, particularly the rural poor. In 2016, Pakistan ranked 78 out of 113 on the Global Food Security Index and 22 per cent of the population was undernourished²⁵. The prevalence of stunting among children in 2015 was 45 per cent; Pakistan ranked 125 out of 132 countries on this indicator and 180 out of 185 on the prevalence of anaemia²⁶. Limited food access remains the main constraint on household food security²⁷. Two-thirds (66.7 per cent) of Pakistani households are unable to afford the nutritious diet with their current food expenditure. On a positive note, food prices, particularly of staples stabilised during 2015-16, thus easing pressure on economic access, especially for the poor and food insecure households.

13. **Climate change.** Changing patterns of snowmelt and precipitation have had unsettling effects on the lives and livelihoods of the population in recent years, including frequent floods, unseasonal torrential rains and prolonged droughts in arid zones. Lack of environmental flows to the deltaic area is likely to expose approximately 2.3 million mainly poor people to water scarcity, rising sea levels and food insecurity. In the mountainous north, however, areas around the river are threatened by Glacial Lake Outburst Floods²⁸. Moreover, Pakistan is moving from a water-stressed to a water-scarce country due to anthropogenic activity and the changing climate, with consequences for the country's agricultural and energy production.

²⁵ Economist Intelligence Unit, Global Food Security Index 2016 (<http://foodsecurityindex.eiu.com/Country/Details#Pakistan>).

²⁶ International Food Policy Research Institute, Global Nutrition Report, 2016 (<http://ebrary.ifpri.org/utils/getfile/collection/p15738coll2/id/130354/filename/130565.pdf>).

²⁷ World Food Programme, Vulnerability Analysis and Mapping Unit, Pakistan Food Security Bulletin Issue 4 – July 2015-June 2016 (September 2016: <http://reliefweb.int/report/pakistan/pakistan-food-security-bulletin-issue-4-july-2015-june-2016-september-2016>).

²⁸ Ali Hassan Shabbir, University of Agriculture, Faisalabad, Pakistan, "Climate change and its realities for Pakistan" (<http://agrihunt.com/articles/pak-agri-outlook/climate-change-and-its-realities-for-pakistan-2/>).

14. **Devolution from federal to provincial governments.** The Eighteenth Constitutional Amendment of April 2010 devolved major responsibilities for service delivery to the provinces and re-aligned Pakistan's multi-level governance at the federal, inter-provincial and provincial level. The state is now a predominantly decentralised federation. While 17 federal ministries or divisions were abolished²⁹, the pace of change has varied across provinces and sectors, and some of the federal-provincial issues, particularly in inter-provincial coordination and reporting on international obligations, remain to be resolved. Since 2010, there has also been substantial roll-back in the devolution from provincial to local governments that was introduced by a military government in 2001. As a result of these two trends, there has been a transfer of authority from both the federal and local governments in favour of the provinces, leaving them with more responsibilities and powers than ever before in the country's history.

²⁹ The abolished ministries and divisions were responsible for food and agriculture, livestock and dairy development, environment, health, education, social welfare and special education, tourism, special initiatives, population planning, local government and rural development, Zakat and Ushr, youth affairs, culture, sports, women development, minorities' affairs, and labour and manpower.

Appendix II: Key elements of the Pakistan COSOP, 2009

<i>Key element</i>	<i>Description</i>
General and strategic objectives	<p>There is no explicitly stated general objective in the COSOP but the first sentence under the heading of strategic objectives says that "The IFAD country programme will support the Government's poverty reduction initiatives and assist in stimulating the growth of the rural economy." This is followed by two strategic objectives (SOs):</p> <ul style="list-style-type: none"> • SO1: Enhancing the access of poor rural men and women to productive assets, skills, services and improved technologies, with particular emphasis on productivity enhancement. • SO2: Strengthening the capacity of the rural poor to engage in and benefit from local development processes.
Main categories of intervention	<p>Project-based interventions:</p> <ul style="list-style-type: none"> • Under SO1: (i) access to credit, certified seeds, training, farm equipment, appropriate extension advice, etc.; (ii) investments in marketing infrastructure, such as small rural roads, post-harvest storage, rural market facilities, etc. • Under SO2: strengthen the capacity of: (i) government line agencies at the local level, especially of those working in remote and vulnerable areas; and, (ii) community-based organisations. <p>Policy linkages:</p> <ul style="list-style-type: none"> • Under SO1: (i) land distribution schemes, linked to a land distribution project which, if successful, could contribute to a realistic strategy for poor households to gain access to land; and (ii) enhanced access to microfinance in rural areas, which is a key area of endeavour for IFAD. • Under SO2: (i) support institutional change in organisations such as line agencies with a view to ensuring their performance orientation, community participation and employment of women; (ii) determine whether there is need for legal changes in order to assist community organisations; and (iii) closely follow progress and opportunities for reform in microfinance sector through participation in the Informal Donor Group on Microfinance. (The RB-COSOP does not provide any further explanation for these.) <p>Opportunities for innovation:</p> <p>(i) Test pilot scheme on land distribution at invitation of Government of Punjab; (ii) new microfinance products: ongoing and planned projects expected to lead to innovation in financial products made available (e.g., micro-savings, micro health insurance, etc.), as well as to promote the creation of links between microfinance NGOs and commercial banks; and (iii) market access.</p> <p>Knowledge management:</p> <p>(i) Formulate strategic action plan; (ii) focus on areas that contribute to COSOP strategic objectives, plus those of generic relevance for rural poverty reduction (e.g., land-lease arrangements for private-sector investments); (iii) at country level, use local expertise to exchange experiences at intra-programme and inter-development-sector levels; (iv) at project level, include knowledge management or learning agenda in design.</p>
Targeting approach	<ul style="list-style-type: none"> • Target areas with high incidence of poverty or which suffer from specific development problems due to their geographic location (e.g., mountainous regions, the coastal belt and low-rainfall areas). • Within the selected areas, community organizations will organize poor households and identify the most vulnerable among them. • Main target groups: (i) small farmers with limited land and livestock ownership; (ii) landless farmers (including small livestock herders and fishermen) whose survival strategy is based on a combination of on-farm and off-farm wage employment; and (iii) women-headed households and women in poor households who have little access to resources, services or assets of their own.

- Specific target groups for a given project will be defined on the basis of poverty mapping exercises undertaken as part of the project design.
- For all country programme activities, IFAD will focus on gender mainstreaming to promote equality and the empowerment of women and to help address the issues of exclusion and marginalisation.

Main implementing partners	EAD and provincial governments.
Country programme management	<ul style="list-style-type: none">• COSOP annual implementation progress report will be prepared by the Country Programme Management Team (CPMT).• Existing semi-annual country portfolio review meeting, chaired by EAD, will continue to be the forum for portfolio management and project performance review• COSOP mid-term review will be undertaken in late 2012.

Appendix III: COSOP results management framework (at design)

Country strategy alignment	COSOP Strategic Objectives	COSOP Outcome Indicators	COSOP Milestone Indicators	COSOP Institutional/Policy Objectives (in partnership mode)
<p><u>Vision 2030</u> A key pillar of this policy document is economic justice in which the State is an enabler for access to essential public goods such as education, employment, health and safety.</p> <p><u>MTDF (2005-10)</u> The MTDF's rural and agriculture development strategy emphasizes enhancing the asset ownership of the poor by improving access to land, water and livestock; provision of agricultural inputs; access to new technologies, agricultural credit; marketing infrastructure, etc.</p> <p><u>PRSP</u> It gives a key role to the rural sector in accelerating growth and reducing rural poverty, playing major emphasis on employment generation.</p> <p><u>Baseline Data</u> Proportion of population below 2350 calories (poverty line) per day is 23%.</p> <p>Proportion of children under 5 years who are underweight for their age is 35%.</p> <p>Almost 50% of rural households own no land.</p> <p>Only 1 out of 10 poor people who need credit have access to it.</p>	<p>SO1: Enhancing the access of poor rural men and women to productive assets, skills, services and improved technologies, with particular emphasis on productivity enhancement</p>	<p>Increased access to financial services for 100,000 rural households.</p> <p>50% of the 200,000 households participating in the IFAD programme report improvement in household assets by 2014.</p> <p>70% of the 120,000 rural households participating in the IFAD programme report an increase in productivity by 2012 and 200,000 by 2014.</p> <p>Less than 20% of the children under five are underweight in the 120,000 participating households by 2012 and 200,000 participating households by 2014.</p> <p>About 90% of the participating households have a dietary energy consumption of more than 2,350 calories per day.</p>	<p>80% of the rural men and women in the participating communities are organized into 8,500 community organizations.</p> <p>About 50,000 households benefit through investments in small scale infrastructure projects.</p> <p>Increased skills for 10,000 men and women.</p> <p>About 100,000 men and women have access to financial services and 75,000 have received loans.</p> <p>Increased market access for 100,000 rural households.</p> <p>10,000 men and women have received training in improved agriculture and livestock management.</p> <p>3,000 men and women have received training in vocational and enterprise development.</p> <p>100,000 men and women are selling their produce in the market.</p>	<p>Advocacy for increase in female extension workers from the current 1% to 5% in Government line agencies especially the livestock extension department.</p> <p>Collaborate with Government of Punjab to test its land reform initiative</p> <p>Closely engage in micro-finance policy issues through participation in the Informal Donor Group to advocate specific policy issues such as cash flow based lending, debt-equity ratio cap, etc.</p>

Appendix III

<p><u>Vision 2030</u> Wider participation of rural population in the development of their communities through their own associations and organizations together with local government and facilitating private sector participation.</p> <p><u>MTDF (2005-10)</u> The MTDF sees the participation of local communities, local government agencies, NGOs, the civil society and the private sector as key for balanced development in rural areas.</p> <p><u>Baseline Data</u> Only 50,000 CCBs have been registered so far and less than 20% of the rural poor are organized into community groups.</p> <p>There is limited service delivery by government agencies and the private sector in rural areas.</p>	<p>SO2: Strengthening the capacity of the rural poor to engage in and benefit from local development processes</p>	<p>50% of the 600 IFAD project villages are informed about new agriculture and livestock management practices by 2012 and 1,000 villages by 2014.</p> <p>At least 3 NGOs become sustainable and the overall outreach of the micro-finance sector reaches 3 million by 2012 and 5 million by 2014.</p> <p>At least 30% of the 5,000 community organisations (COs) and 15% of the 1,000 women's organisations (WOs) in IFAD villages are able to sustain themselves beyond project life.</p>	<p>About 100 government line agency staff trained.</p> <p>About 15 NGOs provided capacity building support and 50 staff members imparted specialised training.</p> <p>6,000 community organizations provided capacity development support.</p> <p>About 1,000 COs and WOs undertaking innovative initiatives such as village banking, cooperative dairy farming, agricultural marketing and enterprise development.</p>	<p>Advocate institutional reform to ensure a more participatory system of planning and engaging of line agencies with community organisations.</p>
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Appendix IV: COSOP results management framework: progress since COSOP results review³⁰

<i>COSOP Outcome Indicators</i>	<i>COSOP Outcome Achievements (June 2016)</i>	<i>COSOP Milestone Indicators</i>	<i>COSOP Milestone Achievements (June 2016)</i>
SO1: Enhancing the access of poor rural men and women to productive assets, skills, services and improved technologies, with particular emphasis on productivity enhancement.			
Increased access to financial services for 100,000 rural households.	Increased access for more than 250,000 households (though the rural-urban break-up was not monitored in PRISM).	80% of the rural men and women in the participating communities are organized into 8,500 community organisations (COs).	Percentage not monitored in all 5 projects, and number of COs not monitored in MIOP and PRISM. Remaining 3 projects organised 167,182 rural men and women in 8,629 organisations.
50% of the 200,000 households participating in the IFAD programme report improvement in household assets by 2014.	Indicator not monitored. Survey of PPAF-PRISM did not find increase in beneficiary assets. 3 projects reported giving assets including poultry, livestock, orchards, plant and fish nurseries, plots of land and low-cost houses to 40,072 households.	About 50,000 households benefit through investments in small scale infrastructure projects.	Indicator is relevant for 3 projects, which have benefitted at least 19,000 households directly.
70% of the 120,000 rural households participating in the IFAD programme report an increase in productivity by 2012 and 200,000 by 2014.	Indicator was not monitored in all 5 projects, but productivity is likely to have increased in CDP and SPPAP because of various productivity-enhancement interventions.	Increased skills for 10,000 men and women.	Indicator is relevant for 3 projects, which engaged more than 38,000 men and women in skill development.
Less than 20% of the children under five are underweight in the 120,000 participating households by 2012 and 200,000 participating households by 2014.	[Indicator not monitored in all 5 projects.]	About 100,000 men and women have access to financial services and 75,000 have received loans.	More than 260,000 received loans, including some un-determined double counting.
About 90% of the participating households have a dietary energy consumption of more than 2,350 calories per day.	[Indicator not monitored in all 5 projects.]	Increased market access for 100,000 rural households.	Indicator not monitored but access would have increased in CDP and SPPAP because of the link roads completed.
		10,000 men and women have received training in improved agriculture and livestock management.	Indicator is relevant for 2 projects, which engaged 6,492 men and women in this training.
		3,000 men and women have received training in vocational and enterprise development.	Indicator is relevant for 4 projects, which engaged more than 23,000 men and women in this training.

³⁰ Project-specific details and sources for the 5 closed and ongoing projects are given in the tables that follow this table, together with comparisons with the RB-COSOP.

COSOP Outcome Indicators	COSOP Outcome Achievements (June 2016)	COSOP Milestone Indicators	COSOP Milestone Achievements (June 2016)
		100,000 men and women are selling their produce in the market.	Indicator not monitored in all 5 projects.
SO2: Strengthening the capacity of the rural poor to engage in and benefit from local development processes.			
50% of the 600 IFAD project villages are informed about new agriculture and livestock management practices by 2012 and 1,000 villages by 2014.	The indicator is not relevant in 3 projects and was not monitored in 2 (CDP and SPPAP), in which there are indications that contact between farmers and extension agencies increased.	About 100 government line agency staff trained.	Only 10 line agency staff reported trained (in CDP).
At least 3 NGOs become sustainable and the overall outreach of the micro-finance sector reaches 3 million by 2012 and 5 million by 2014.	PRISM helped 7 additional NGOs reach more than 100% operational self-sufficiency. ^c There were 2 million active microfinance borrowers in December 2012 and 2.8 million in December 2014.	About 15 NGOs provided capacity building support and 50 staff members imparted specialised training.	27 NGOs received capacity building support. Numbers not reported in PRISM PCR but reasonable to assume that 45-60 staff from new, rural NGOs were trained during the project period.
At least 30% of the 5,000 community organisations (COs) and 15% of the 1,000 women's organisations (WOs) in IFAD villages are able to sustain themselves beyond project life.	[Indicator not monitored in all 5 projects.]	6,000 community organisations provided capacity development support.	Indicator is relevant for 3 projects, which provided capacity development to approximately 8,000 COs.
		About 1,000 COs and WO's undertaking innovative initiatives such as village banking, cooperative dairy farming, agricultural marketing and enterprise development.	Indicator not monitored in all 5 projects. In MIOP, 23 innovation and outreach projects completed, and 16 products and approaches successfully up-scaled, according to PCR. In PRISM, a number of innovations, products and services relevant for poor clients introduced, according to PCR.

Project-specific details, sources and comparison with RB-COSOP Mid-term Review, 2012 (in two tables)

COSOP Outcome Indicators	Achievements						
	CDP^a	MIOP^b	PRISM^c	SPPAP^d	GLLSP^d	Total	
						CCR	RB-COSOP MTR
SO1: Enhancing the access of poor rural men and women to productive assets, skills, services and improved technologies, with particular emphasis on productivity enhancement.							
Increased access to financial services for 100,000 rural households.	[Indicator not monitored]. PPA: Some CO members had increased access to microcredit.	PCR: An increase of 73,796 rural clients through PPAF.	PCR: Incremental number of active clients funded through PRISM was 176,288; 73% were women, > 50% target, and 40%	[Not relevant.]	PMU data: 710 beneficiaries of microcredit.	Increased access for more than 250,000 households (though the rural-urban break-up was not monitored in PRISM).	Increased access to financial services for more than 200,000 households.

COSOP Outcome Indicators	Achievements						
	CDP^a	MIOP^b	PRISM^c	SPPAP^d	GLLSP^d	Total	
						CCR	RB-COSOP MTR
			poor in PSC terms. [Rural number not monitored.]				
50% of the 200,000 households participating in the IFAD programme report improvement in household assets by 2014.	[Indicator not monitored.] PPA: 3,074 poultry and livestock recipients. PCR: Also 776 demonstration orchards, 65 nurseries and 4,033 fish seed nurseries. Total: 7,948.	[Indicator not monitored, except in SSN-TUP under MIOP through a small sample survey.]	[Indicator not monitored.] PCR mission's observation: Beneficiaries created physical assets. PCR quoting Gallup Study on PPAF: No significant improvements regarding possession of household assets.	[Indicator not monitored.] PMU data: 30,079 poor households received goats and poultry, 1,303 landless women received plots, and 850 of them received houses.	[Indicator not monitored.] PMU: 742 men and women given goats.	Indicator was not monitored. Gallup Study of PPAF-PRISM did not find increase in assets of beneficiaries. 3 projects reported giving assets including poultry, livestock, orchards, plant and fish nurseries, plots of land and low-cost houses to 40,072 households.	Increase in asset ownership was not measured for all participating households. However, some of the projects which were directly distributing assets such as livestock and reconstructing houses estimate that they have benefited 23,000 households.
70% of the 120,000 rural households participating in the IFAD programme report an increase in productivity by 2012 and 200,000 by 2014.	[Indicator not monitored.] PPA: Productivity likely to have increased [in a wide range of crops and livestock, but indicator not monitored].	[Indicator not monitored.]	[Indicator not monitored.]	[Indicator not monitored.] PMU data: productivity is likely to have increased from 164 irrigation schemes (3,527 beneficiaries) and 8 productivity enhancement initiatives (10,011 beneficiaries), total 13,538 beneficiaries.	[Indicator not monitored and there is no sign of productivity enhancement.]	Indicator was not monitored in all 5 projects, but productivity is likely to have increased in CDP and SPPAP because of various productivity-enhancement interventions.	NADP and REACH are the only two projects which reported on increase in productivity in any significant manner. NADP reported that more than 127,000 people experienced increase in productivity.
Less than 20% of the children under five are underweight in the 120,000 participating households by 2012 and 200,000 participating households by 2014.	[Indicator not monitored.]	[Indicator not monitored.]	[Indicator not monitored.]	[Indicator not monitored.]	[Indicator not monitored.]	[Indicator not monitored.]	None of the projects have reported on this indicator.

COSOP Outcome Indicators	Achievements						
	CDP^a	MIOP^b	PRISM^c	SPPAP^d	GLLSP^d	Total	
						CCR	RB-COSOP MTR
About 90% of the participating households have a dietary energy consumption of more than 2,350 calories per day.	[Indicator not monitored.]	[Indicator not monitored.]	[Indicator not monitored.]	[Indicator not monitored.]	[Indicator not monitored.]	[Indicator not monitored.]	None of the projects have reported on this indicator.
SO2: Strengthening the capacity of the rural poor to engage in and benefit from local development processes							
50% of the 600 IFAD project villages are informed about new agriculture and livestock management practices by 2012 and 1,000 villages by 2014.	[Indicator not monitored.] PPA: Contact between farmers and extension agencies increased.	[Not relevant.]	[Not relevant.]	[Indicator not monitored.] PMU data suggest: Contact between farmers and extension agencies increased.	[Not relevant.]	The indicator is not relevant in 3 projects and was not monitored in 2 (CDP and SPPAP), in which there are indications that contact between farmers and extension agencies increased.	Participants in 1,126 project villages were informed about new management practices.
At least 3 NGOs become sustainable and the overall outreach of the microfinance sector reaches 3 million by 2012 and 5 million by 2014.	[Not relevant.]	[Not relevant.]	PCR: 10 of the participating MFIs operate at above 100% operational self-sufficiency. 3 were sustainable at design. Microfinance reached 2.6 million borrowers by September 2013.	[Not relevant.]	[Not relevant.]	PRISM helped 7 additional NGOs reach more than 100% operational self-sufficiency. ^c There were 2 million active microfinance borrowers in December 2012 and 2.8 million in December 2014 ^e .	PRISM has not reported on this aspect. The outreach of the sector was reported to be more than 2 million at the end of December 2011.
At least 30% of the 5,000 community organisations (COs) and 15% of the 1,000 women's organisations (WOs) in IFAD villages are able to sustain themselves beyond project life.	PPA: Sustainability not certain [but indicator not monitored].	[Indicator not monitored.]	[Indicator not monitored.]	[Indicator not monitored.]	[Indicator not monitored.]	[Indicator not monitored.]	The projects report that 1,700 COs and 130 WOs reported being able to sustain themselves.

Sources:

^a IOE, Community Development Programme Project Performance Assessment (PPA), April 2015; Project Completion Report, July 2012.

^b Aide memoire of the Project Completion Mission, November-December 2011, Annex 1 (Results Framework – Updated Status).

^c Project Completion Report, September 2014 (mission date November 2013).

^d Information provided by the Project Management Unit.

^e Pakistan Microfinance Review 2014 (<http://microfinanceconnect.info/assets/articles/6a6d84c7346aa2f278887b911b1fe1d7.pdf>).

COSOP Milestone Indicators	Achievements						
	CDP ^a	MIOP ^b	PRISM ^c	SPPAP ^d	GLLSP ^d	Total	
						CCR	RB-COSOP MTR
SO1: Enhancing the access of poor rural men and women to productive assets, skills, services and improved technologies, with particular emphasis on productivity enhancement.							
80% of the rural men and women in the participating communities are organised into 8,500 community organisations (COs).	[Percentage not monitored.] PPA: 2,960 COs with 73,265 members [but indicator denominator not monitored]. PCR: 2,983 COs with 72,923 members.	[Indicators not monitored.]	[Indicator not monitored.]	[Percentage not monitored.] PMU data: 3,755 COs formed and strengthened for 63,117 households.	[Percentage not monitored.] PMU data: 1,914 COs formed or revitalised for 30,800 households.	Percentage not monitored in all 5 projects, and number of COs not monitored in MIOP and PRISM. Remaining 3 projects organised 167,182 rural men and men in 8,629 organisations.	More than 500,000 households had benefitted from project activities and 7,500 COs had been formed.
About 50,000 households benefit through investments in small scale infrastructure projects.	PPA: Many more than 73,265 members [implies at least 10,465 households].	[Not relevant.]	[Not relevant.]	PMU data: Approx. 6,000 households have benefitted from small scale infrastructure.	PMU data: 2,517 beneficiaries of 71 completed schemes, assuming average of 35 households taken from March 2015 supervision.	Indicator is relevant for 3 projects, which have benefitted at least 19,000 households directly.	It was estimated that more than 173,000 households had benefitted from infrastructure projects.
Increased skills for 10,000 men and women.	PPA: Training provided to > 20,000 persons, including possible double counting.	[Not relevant.]	[Not relevant.]	PMU data: approx. 14,800 women engaged in skill development.	PMU data: 3,586 engaged in skill development (2,619 CO office bearers trained in CMST and FMST, 316 in vocational skills, 114 in productivity enhancement, and 537 in O&M.)	Indicator is relevant for 3 projects, which engaged more than 38,000 men and women in skill development.	More than 40,000 households had benefitted from increased skills.
About 100,000 men and women have access to financial	PPA: 17,074 loanees, including repeat	PCR: An increase of 73,796 rural clients through	PCR: Incremental number of active clients funded	[Not relevant.]	PMU data: 710 beneficiaries of microcredit.	More than 260,000 received loans, including some un-	More than 300,000 households were reported to have

COSOP Milestone Indicators	Achievements						
	CDP ^a	MIOP ^b	PRISM ^c	SPPAP ^d	GLLSP ^d	Total	
						CCR	RB-COSOP MTR
services and 75,000 have received loans.	borrowers.	PPAF.	through PRISM was 176,288. [Rural number not monitored.]			determined double counting.	access to increased financial services.
Increased market access for 100,000 rural households.	[Indicator not monitored.] PPA: Access likely increased because of roads and relevant training.	[Not relevant.]	[Not relevant.]	[Indicator not monitored but market access would have increased through 71 completed link roads.]	[Indicator not monitored. No roads completed.]	Indicator not monitored but access would have increased in CDP and SPPAP because of the link roads completed.	More than 300,000 households reported benefitting from market access.
10,000 men and women have received training in improved agriculture and livestock management.	PPA: Training provided but [data not cited]. PCR: 6,378 men and women trained.	[Not relevant.]	[Not relevant.]	[Not relevant – sub-component dropped at MTR.]	PMU data: 114 men trained in productivity enhancement.	Indicator is relevant for 2 projects, which engaged 6,492 men and women in this training.	More than 22,800 men and women reported receiving this training.
3,000 men and women have received training in vocational and enterprise development.	PPA: Training provided [but data not cited]. PCR: 3,626 trained through TEVTA, 4,594 through Soc. Welf. & Wom. Dev. Dept. [possible duplication].	[Not relevant.]	PCR: PPAF gave enterprise and technical skills training to borrowers [but numbers not reported.]	PMU data: 14,741 women given entrepreneurial and vocational training.	PMU data: 316 trained in vocational skills.	Indicator is relevant for 4 projects, which engaged more than 23,000 men and women in this training.	More than 17,000 men and women had received vocational and enterprise development training.
100,000 men and women are selling their produce in the market.	[Indicator not monitored.]	[Not relevant.]	[Not relevant.]	[Indicator not monitored.]	[Indicator not monitored.]	Indicator not monitored in all 5 projects.	No systematic reporting of this indicator.
SO2: Strengthening the capacity of the rural poor to engage in and benefit from local development processes							
About 100 government line agency staff trained.	PPA: Government staff trained [but data not cited]. PCR: 10 line agency staff.	[Not relevant.]	[Not relevant.]	[Not relevant.]	[Not relevant.]	Only 10 line agency staff reported trained (in CDP).	1,877 government staff were trained.
About 15 NGOs provided capacity building support and 50 staff members	[Not relevant.]	[Not relevant.]	PCR: 27 POs received support under the Technical Support	[Not relevant.]	[Not relevant.]	27 NGOs received capacity building support. Numbers not reported in	[This cell is blank in the MTR.]

COSOP Milestone Indicators	Achievements						
	CDP ^a	MIOP ^b	PRISM ^c	SPPAP ^d	GLLSP ^d	Total	
						CCR	RB-COSOP MTR
imparted specialised training.			and Institutional Strengthening component. Small, rural new POs were given training through consultants for key periods, particularly for quarterly reviews, annual budgeting, accounts and audit processes [but staff numbers not reported.]			PRISM PCR but reasonable to assume that 45-60 staff from new, rural NGOs were trained during the project period.	
6,000 community organisations provided capacity development support.	PPA: Capacity development undertaken [but data not cited]. PCR: Managerial training for 2,889 men and 1,820 women, total [suggests CD for approx. 2,355 COs]	[Not relevant.]	[Not relevant.]	PMU data: 3,755 COs formed and strengthened through CD.	PMU data: 1,914 COs formed or revitalised, and strengthened through CD.	Indicator is relevant for 3 projects, which provided capacity development to approximately 8,000 COs.	3,000 COs provided capacity support.
About 1,000 COs and WOs undertaking innovative initiatives such as village banking, cooperative dairy farming, agricultural marketing and enterprise development.	PPA: No innovation. [Indicator not monitored.]	PCR: 23 innovation and outreach projects completed. 16 products and approaches successfully up-scaled. [Number of COs not monitored.]	[Indicator not monitored.] PCR: Designed and tested a number of innovations, products and services which are very relevant for poor clients, in particular in the domains of insurance, value chain development and finance,	[Indicator not monitored.]	[Indicator not monitored.]	Indicator not monitored in all 5 projects. In MIOP, 23 innovation and outreach projects completed, and 16 products and approaches successfully up-scaled. In PRISM, a number of innovations, products and services relevant for poor clients	No systematic reporting of this indicator.

COSOP Milestone Indicators	Achievements						
	CDP ^a	MIOP ^b	PRISM ^c	SPPAP ^d	GLLSP ^d	Total	
						CCR	RB-COSOP MTR
			branchless banking, and others. Some of these await scaling up.			introduced.	

Sources:

^a IOE, Community Development Programme Project Performance Assessment (PPA), April 2015; Project Completion Report, July 2012.

^b Aide memoire of the Project Completion Mission, November-December 2011, Annex 1 (Results Framework – Updated Status).

^c Project Completion Report, September 2014 (mission date November 2013).

^d Information provided by the Project Management Unit.

Appendix V: Ratings matrix (in line with IOE evaluation methodology)

Assessment of country program	Rating (1-6 scale)
– Rural poverty impact	4.0
– Relevance	5.0
– Effectiveness	4.5
– Efficiency	4.0
– Sustainability of benefits	4.0
– Gender equality	4.5
– Innovation and scaling up	4.0
– Natural resource management	4.0
– Adaptation to climate change	4.0
– Policy dialogue	4.0
– Knowledge management	4.0
– Partnership building	4.0
Overall country programme achievements	Rating 4.2
Assessment of performance	Rating 4.2
– IFAD performance	4.0
– Borrower performance	4.0

Appendix VI: Comments from the Borrower



No.1 (3) IFAD/2008
GOVERNMENT OF PAKISTAN
Economic Affairs Division

Section Officer (WB-II)
Ph:9206556

Islamabad, 15th November, 2016

Subject: **IFAD Result Based Country Strategic Opportunities Programme Completion Review report.**

Economic Affairs Division, Government of Islamic Republic of Pakistan presents its compliments to International Fund For agriculture Development (IFAD) and has the honour to refer to IFAD's letter dated 19th October, 2016 on the subject.

2. Economic Affairs Division is pleased to endorse the review report on the RB-COSOP 2010-15 and also advises to consider the following issues to address.

- i. Issue of slow disbursement under IFAD funded projects need special attention and close monitoring at higher level. It needs to strengthen capacity of IFAD local office to better monitor the projects. Example LAMP, ETI-GB projects.
- ii. For the effective and better implementation of the project a provision may be made in financing plan of the project to reimburse the TA/DA if Economic Affairs Division's official participates in the monitoring of the projects.
- iii. It may be assumed that future IFAD Projects may be design with close consultation with relevant stakeholders so that later modifications in the project design and possibility of cancellations of funds may be avoided. Examples GLLSP and SPPAP projects.
- iv. IFAD uses the international best practices but care need to be taken for modifying according to the local requirements to avoid later changes which leads toward time overrun and cost overrun.
- v. IFAD operations are in the marginalized areas where lack of capacity is the big issue. Therefore special attention required to tackle the capacity issue in priority basis.

5. Economic Affairs Division, Government of Islamic Republic of Pakistan avails itself of this opportunity to renew to the International Fund for Agriculture Development the assurances of its highest consideration.

Yours Sincerely,

Shaista Gul

Mr. Hoonae Kim,
Director, Asia & Pacific Region,
International Fund for Agriculture Development
Italy.

CC: Mr. Qaim Shah, Country Programme Officer, IFAD Country Office, Park Road NARC, Chak Shehzad, Islamabad (copy enclosed of the Annexure).