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Enabling poor rural people  
to overcome poverty

## **Islamic Republic of Pakistan**

### **Country strategic opportunities programme**

Executive Board — Ninety-sixth Session  
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For: **Review**

## **Note to Executive Board Directors**

This document is submitted for review by the Executive Board.

To make the best use of the time available at Executive Board sessions, Directors are invited to contact the following focal point with any technical questions about this document before the session:

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## Abbreviations and acronyms

AsDB	Asian Development Bank
AJK	Azad Jammu and Kashmir
CBO	community-based organization
CCB	Citizen Community Board
COSOP	country strategic opportunities paper
CPE	country programme evaluation
CPI	consumer price index
CPMT	country programme management team
DFID	Department for International Development (United Kingdom)
EAD	Economic Affairs Division (Government of Pakistan)
FAO	Food and Agriculture Organization of the United Nations
FATA	federally administered tribal areas
FY	fiscal year
IRAI	International Development Association Resource Allocation Index
MTDF	medium-term development framework
NGO	non-governmental organization
NWFP	North West Frontier Province
PAR	project-at-risk
PBAS	performance-based allocation system
PRSP	poverty reduction strategy paper
SBP	State Bank of Pakistan
SO	strategic objective
SDC	Swiss Agency for Development and Cooperation
WFP	World Food Programme

## Summary of country strategy

1. This new country strategic opportunities programme (COSOP) for Pakistan has been developed within an operational environment that has been undergoing rapid changes since the adoption of IFAD's last country strategy in 2002. An IFAD country programme evaluation (CPE) was conducted in 2007, and the agreement at completion point was signed in September 2008. The CPE brings together instructive lessons from IFAD's experience in Pakistan that should be integrated into the country programme in order to enhance its relevance and its impact on rural poverty. The COSOP builds on the CPE findings and seeks to define the strategic direction of the Fund's country programme in an evolving context over the next five years (2010-2014).
2. Nearly one quarter of the population in Pakistan is classified as poor (October 2006). About 80 per cent of the poor, or approximately 35 million people, live in rural areas. Although the poverty rate has declined by about 10.6 per cent from its 2001 level of 34.5 per cent, non-income measures of welfare related to health and education are low in comparison with those of other countries in South Asia. The socio-economic indicators for women are the lowest in the subregion. The increase in international food prices seen in the initial months of 2008 has had a very negative impact on the poor. As a result of food price inflation in Pakistan, it is believed that the poorest households are now spending more than 70 per cent of their incomes on food. About 17 million people are feared to have joined the ranks of the food-insecure (60 million), which now account for about half of the population in Pakistan.
3. The COSOP will support the Government's strategies and initiatives for rural poverty reduction. Two strategic objectives have been proposed: (i) enhancing the access of poor rural men and women to productive assets, skills, services and improved technologies, with particular emphasis on productivity enhancement; and (ii) strengthening the capacity of the rural poor to engage in and benefit from local development processes. These objectives are in full alignment with IFAD's Strategic Framework 2007-2010.
4. In order to ensure that its country programme has a sustained impact on rural poverty reduction, IFAD support will target areas which have a high incidence of poverty or which suffer from specific development problems due to their geographic locations. Within the selected areas, IFAD's targeting approach will be designed to encourage the self-selection of poor and vulnerable households. Particular attention will be devoted to: (i) small farmers (including small livestock herders and fishers) with limited land and livestock ownership, (ii) landless farmers 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. Gender equality and the empowerment of women will be a special area of focus, as will the challenge of climate change. Greater efforts will be made to pursue the important agenda of innovation, policy dialogue and knowledge management.



# Islamic Republic of Pakistan

## Country strategic opportunities programme

### I. Introduction

1. The country strategy which currently guides IFAD's country programme for Pakistan was approved in November 2002. In recent years, however, major economic, political and administrative changes have occurred in the country in a broad spectrum of areas. An IFAD country programme evaluation (CPE) was conducted in July 2007, and this was followed by a CPE national round-table workshop in July 2008. An agreement at completion point was signed in September 2008. The CPE brings together useful lessons from IFAD's experience in Pakistan. The overall contextual changes referred to above have necessitated the development of a new country strategic opportunities programme (COSOP) that builds on the CPE findings and defines the strategic direction of the Fund's country programme in light of the evolving challenges for rural poverty reduction in Pakistan. This COSOP follows IFAD's results-based guidelines, according to which the expected outputs and outcomes are to be clearly identified and monitored throughout the implementation period. It will cover the five-year period starting in 2010 and ending in 2014. The COSOP preparation and consultation/validation process, which was initiated in September after the July 2007 CPE mission, included the following main steps (see appendix I): (i) September 2007: establishment of a country programme management team (CPMT); (ii) October 2007: preparatory studies and consultations; (iii) October-November 2007: COSOP mission for extensive consultations with in-country stakeholders and partners at all levels; (iv) January-March 2008: consultations with the in-country CPMT on the initial findings of the COSOP mission; (v) October 2008: review of the draft COSOP with the in-country CPMT and other stakeholders; and (vi) November 2008: in-country COSOP wrap-up meeting.

### II. Country context

#### A. Economic, agricultural and rural poverty context

##### Country economic background

2. After having grown steadily ever since 2004/05, the Pakistani economy took a dramatic turn for the worse at the start of 2008. The perception of a looming economic crisis pervaded the initial months of fiscal year 2009 (FY09) as foreign direct investment declined, trade deficits increased, inflation rose and the Pakistani rupee depreciated. The prospect of an economic crisis had visibly eased by November 2008, however, as the Government moved to address the most immediate risks and entered into a macroeconomic stabilization programme to support medium-term reforms under the aegis of the International Monetary Fund.<sup>1</sup> For 2008/09, real GDP growth is estimated to be in the range of 3.5-4.5 per cent, as compared to the original annual target of 5.5 per cent.<sup>2</sup> Both fiscal and current account deficits are, however, expected to decline in FY09. Inflation is expected to drop back to single digits in 2010, and growth should pick up to over 5 per cent per annum by 2011.<sup>3</sup>
3. The rise in international food prices that began to be seen in early 2008 had a significant impact on the Pakistani economy in general and on the poorer segment of its population in particular. Pakistan was listed among the 40 countries facing food-price crises at the time. Rising domestic food prices have been one of the principal

<sup>1</sup> State Bank of Pakistan (SBP). "The State of Pakistan's Economy. First Quarterly Report for FY09".

<sup>2</sup> SBP.

<sup>3</sup> Economist Intelligence Unit.

factors in a steadily rising overall inflation rate, with the consumer price index (CPI) reaching 24.7 per cent in November 2008 as against 8.7 per cent in November 2007.<sup>4</sup> Although international commodity prices have decreased substantially since mid-2008, the CPI inflation trend suggests that the pass-through of the effect on the domestic economy appears to be very slow.<sup>5</sup> During the last cropping season, which ended in March 2008, significant increases – from 30 per cent for wheat to 88 per cent for rice – were noted in the prices of staples.<sup>6</sup> This trend could potentially push a growing segment of the population below the poverty line.

### **Agriculture and rural poverty**

4. Agriculture is still the mainstay of Pakistan's economy. It accounts for 23 per cent of GDP, employs 43 per cent of the labour force, and provides 60 per cent of the country's export earnings. Arable crops represent 65 per cent of agricultural GDP, livestock 31 per cent, and fishing and forestry 4 per cent. Irrigated land produces 90 per cent of Pakistan's total farm output. Over 65 per cent of the population lives in rural areas. There are over 4 million family farms, with an average farm size of 4.7 hectares. Currently, 50 per cent of farmers are owner-operators and 26 per cent are pure tenants; the size of the landless (wage-labour) segment has not been accurately determined, however. Irrigation water is a critical factor for agriculture in most of the country. Nearly 80 per cent of the cropped area is irrigated, and agriculture is by far the largest user of water, consuming on average about 95 per cent of Pakistan's available water resources. Despite the fact that such a large area is under irrigation, the sector is still quite vulnerable to climatic factors and pest attacks.
5. The Government's agricultural policy is aimed at enhancing farm profitability and competitiveness by realizing the existing productivity potential of crop and livestock production. Key challenges faced by the agricultural sector include: (i) stagnating yields, (ii) wide yield gaps between progressive and average farmers, (iii) an inadequate supply of water and the inefficient use of available water resources, (iv) the poor quality and inadequate supply of inputs, (v) inefficient research and extension services, (vi) poor rural infrastructure, (vii) frequent insect and pest attacks, (viii) a high incidence of crop and livestock diseases, (ix) a lack of capital and financial resources and (x) the lack of international competitiveness of some agricultural commodities, such as fruits, vegetables and flowers. The production base for horticulture is very weak.
6. Remittances have played a key role at both the macro and micro levels. In the 1970s and early 1980s, remittances were at their peak (about US\$37 billion) and, at the macroeconomic level, were used to finance 97 per cent of the trade deficit and 85 per cent of the current account balance. At the micro level, migrants were remitting about 78 per cent of their total earnings to families in Pakistan.<sup>7</sup> These funds were used for current consumption, for the payment of debts and for house repairs.<sup>8</sup> Remittances covered about 13 per cent of private consumption expenditures. In the mid-1980s, remittances began to decline, and today they amount to less than 10 per cent of their 1983 level. Studies indicate that the decrease in remittance inflows is a major contributing factor to the increase in poverty observed in Pakistan during the 1990s.<sup>9</sup> Several reasons have been proffered for the drop in remittances. Some suggest that it may be due to the sharp fall in the nominal dollar value of wages in the Middle East. Others posit that it may be partly because remitters began to decide to hold back savings abroad and partly to their increased use of informal, rather than formal, channels for remitting funds.

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<sup>4</sup> SBP.

<sup>5</sup> SBP.

<sup>6</sup> Ministry of Food, Agriculture and Livestock. 2008.

<sup>7</sup> Siddiqui, Rizwana and Kemal, A.R. (2002): Remittances, Trade Liberation and Poverty in Pakistan: The Role of Excluded Variables in Poverty Change Analysis. *The Pakistan Development Review* 3 45 (2006): pp.383-415.

<sup>8</sup> Kazi Shahnaz, Domestic Impact of Remittances and Overseas Migration. Pakistan. ILO (working paper 7) 1988.

<sup>9</sup> Siddiqui, Rizwana and Kemal, A.R. (2002). Op cit.



7. Poverty in Pakistan is predominantly a rural phenomenon. After a decade of moderate economic growth but little change in the rural poverty trends in Pakistan, agricultural output, rural incomes, rural poverty and social welfare indicators all showed marked improvements between 2001/02 and 2004/05.<sup>10</sup> The Government reports that the poverty rate came down from 34.5 per cent in 2000/01 to 23.9 per cent in 2004-2005. In absolute numbers, the poverty headcount fell from 49.23 million in 2001 to 36.45 million in 2004/05.<sup>11</sup> While some experts dispute these figures, the Government maintains that this substantial decline in poverty has been made possible by robust economic growth, combined with rising levels of expenditure on the pro-poor sectors identified in the poverty reduction strategy paper (PRSP).<sup>12</sup> These improvements notwithstanding, non-income measures of welfare related to health and education are low in comparison with those of other countries in South Asia.
8. Nearly one quarter of the population in Pakistan was classified as poor in October 2006. The Government estimated that 23.9 per cent of the people were living below the poverty line. The increase in the international prices of major food commodities at the start of 2008 has had a very negative impact on the poor. As a result of food-price inflation, it is believed that the poorest households are now spending more than 70 per cent of their incomes on food.<sup>13</sup> It is feared that about 17 million people<sup>14</sup> have joined the ranks of the food-insecure (60 million) as a result of food-price inflation in 2008.<sup>15</sup> Furthermore, a panel of Pakistan's top economists has hinted that the country's two-year economic stabilization programme may push approximately 8 to 10 million more households below the poverty line and may send another one million persons to the unemployment line in 2008/09.<sup>16</sup>
9. **Gender dimensions of rural poverty.** Pakistan's ranking on the Human Development Index is higher than it is on the Gender Development Index. This reflects the inequalities between men and women that persist in Pakistani society. The country's socio-economic indicators relating to the status of women are the lowest in all of South Asia. The rise of fundamentalism has created additional problems for women, especially in the northern part of the country. Women play a critical role in the agricultural sector, particularly in the management of livestock. Unless the socio-economic position of women changes, poverty alleviation efforts can have no more than a limited impact in the country.
10. **Causes of rural poverty.** A major cause of rural poverty is the highly unequal distribution of assets (particularly land and access to water) that exists in Pakistan.<sup>17</sup> Because of this skewed distribution of ownership and access to productive assets, much of the direct gains in income from crop production, particularly in the case of irrigated agriculture, accrue to higher-income farmers. Other causes of rural poverty include a lack of education, poor access to health services, large family size, gender discrimination, and vulnerability to environmental degradation and deterioration of the natural resource base, given that the poor tend to be heavily dependent on such resources.<sup>18</sup> Although agriculture is at the heart of the rural economy, many rural poor are neither tenant farmers nor farm owners and depend upon non-farm sources for their income. It is therefore crucial to develop the non-farm sector, particularly

<sup>10</sup> Pakistan Promoting Rural Growth and Poverty Reduction. Report No. 39303-PK. March 2007. World Bank.

<sup>11</sup> Ensuring a Demographic Dividend: Unleashing Human Potential in a Globalized World. Draft summary of the PRSP II Ministry of Finance. 2007.

<sup>12</sup> Ibid.

<sup>13</sup> World Bank. August 2008.

<sup>14</sup> The 2008 population is estimated at 160 million, 65.9 per cent of which is rural (FAO, IFAD).

<sup>15</sup> Pakistan: Initiative on Soaring Food Prices. FAO. August 2008.

<sup>16</sup> Dawn. 30 November 2008.

<sup>17</sup> According to the 2000 agricultural census, only 37 per cent of rural households owned land, and 61 per cent of these landowning households owned fewer than 5 acres, or 15 per cent of the total land.

<sup>18</sup> Shah, Marshul Ali. The Growth of Poverty in Pakistan – Issues and Causes Presented. AsDB. October 2002. NIPA, Lahore.

rural microenterprises. Key file 1 provides an overview of rural poverty and agricultural rural-sector issues.

## **B. Policy, strategy and institutional context**

### **National institutional context**

11. Constitutionally, agriculture is a provincial responsibility (with the exception of national issues such as the import and export of agricultural inputs and products, price setting, standardization and quarantine issues, national research and interprovincial issues such as the rehabilitation, operation and maintenance of primary irrigation infrastructure). The main interlocutor for IFAD in Pakistan has been the Economic Affairs Division (EAD) of the Government of Pakistan, as all assistance to the Government is coordinated by this Division. EAD is expected to provide an analysis of the funding gaps in the country and to coordinate donor financing in line with those needs. Through EAD, IFAD also cooperates with other key federal agencies and sectoral ministries such as the Planning Commission; the Finance Division; and the Ministry of Food, Agriculture and Livestock. In recent years, as a result of the move towards devolution, provincial governments have been assuming greater responsibility for development. In this context, while EAD will remain the main agency through which IFAD coordinates its country programme, the Fund will need to interact with the provincial governments much more directly and closely.
12. IFAD-financed projects have primarily been implemented through provincial government line agencies. These agencies generally have strong technical skills. They are, however, limited by a lack of community orientation, low motivation and limited resources for outreach to rural areas. As part of its overall institutional reform, the Government is increasingly taking steps to make its line agencies more performance-oriented. Key file 2 gives an overview of the strengths and weaknesses of the different partner institutions.
13. Most recently, IFAD has partnered with the Pakistan Poverty Alleviation Fund (PPAF) in the implementation of microfinance projects and in support for earthquake-affected communities in the Northern Areas and Azad Jammu and Kashmir. For the current COSOP period, PPAF will remain a key partner for projects and programmes in the microfinance sector. As a rapidly expanding organization with a wide set of responsibilities, PPAF is faced with the institutional challenge posed by the growing need for specialization as the level, range and sophistication of its operations increase.
14. Civil society organizations, particularly NGOs, have been a key partner in most IFAD-financed projects and have been chiefly responsible for the implementation of community mobilization and small-scale village infrastructure initiatives. They are also the principal vehicle for implementing the microfinance components of IFAD projects. NGOs have proved to be reliable partners in many cases, but their capacity and outreach are limited, and a handful of NGOs (such as the National Rural Support Programme) dominate the sector. The potential exists for building alliances with other organizations that have been set up as section 42 (non-profit) companies, such as the newly established Pakistan Dairy Development Company. Such organizations could become important partners if they are able to develop the capacity for outreach to rural areas and rigorous poverty targeting criteria.
15. Community-based organizations in which both men and women participate have been the main vehicle for the delivery of goods and services by IFAD projects at the village level. They have proved to be an important instrument for poverty targeting, gender empowerment, and the efficient and transparent use of funds. They also have the potential to become local self-governing institutions with the capacity to lobby government resources and services in the long-term.

16. The private sector has had an important role to play in the agricultural sector. Many new initiatives, especially in the dairy and agro-industries, are being undertaken in partnership with the private sector. This sector has been the principal channel for the dissemination of new agricultural technologies and for the supply of seed, fertilizers and pesticides.

#### **National rural poverty reduction strategy**

17. The key policy documents outlining the national poverty reduction strategy in Pakistan are "Vision 2030", the Medium-Term Development Framework 2005-2010 (MTDF) and the poverty reduction strategy paper II (PRSP-II).<sup>19</sup> "Vision 2030" outlines ambitious plans for poverty reduction and seeks to have "eliminated extreme poverty in all its manifestations much before 2030."<sup>20</sup> The MTDF document provides a framework for translating "Vision 2030" into action with an emphasis on "sustained long-term growth". The PRSP-II presents a strategy designed to ensure that growth is broad-based and leads to effective poverty reduction. It underscores the important role of the agricultural and rural non-farm sector in terms of employment generation. Within the agricultural sector, the paper identifies a potential for increasing yields, diversifying cropping patterns, producing high-value crops and investing in livestock and dairy development. The Government's rural development objectives include the improvement of the quality of life of rural people by strengthening the rural economy and enhancing living conditions in the villages through increases in agriculture productivity and in the supply of water resources, an improvement in rural infrastructure, the delivery of social amenities and the implementation of productive projects to meet local communities' needs.

#### **Harmonization and alignment**

18. IFAD is a committed participant in the United Nations reform effort, particularly through its close engagement in the "One UN" initiative, for which Pakistan is one of the pilot countries. IFAD plays an active role in the United Nations country team's activities, especially in its Agriculture, Rural Development and Poverty Alleviation Thematic Group, and has been working with the Food and Agriculture Organization of the United Nations (FAO) and the World Food Programme (WFP) on joint programmes to ensure complementarity. IFAD is a member of the informal donor group on microfinance and closely coordinates its microfinance-related project support with key donors in this group, such as the Department for International Development (DFID) of the United Kingdom, the Swiss Agency for Development and Cooperation (SDC) and the Asian Development Bank (AsDB). IFAD has partnered with the World Bank and AsDB in project cofinancing with a view to leveraging the available resources for rural poverty reduction and ensuring complementarity. In all cofinanced projects, IFAD has fully harmonized the procedures for procurement, supervision and reporting with its cofinancing partners. IFAD's assistance is aligned with Government strategies and initiatives for poverty reduction.

### **III. Lessons from IFAD's experience in the country**

#### **A. Past results, impact and performance<sup>21</sup>**

19. Since the start of its operations in Pakistan in 1978, IFAD has approved 22 loans for a total of US\$422.5 million, which represents 14 per cent of IFAD's regional lending. This makes Pakistan the Fund's fifth-largest borrower in the Asia and Pacific region (after China, India, Bangladesh and Indonesia). The total cost of IFAD's programme in Pakistan amounts to US\$1.7 billion. Fifteen projects have been completed and seven are ongoing. In addition to loans, IFAD's country programme also entails technical assistance grants, policy dialogue, knowledge management and partnerships.

<sup>19</sup> The process of finalizing the full PRSP-II is at an advanced stage and has focused on areas such as education, health, water and sanitation, employment generation, and globalization and its impact on Pakistan's economy.

<sup>20</sup> Vision 2030. Planning Commission.

<sup>21</sup> IFAD, Pakistan Country Programme Evaluation. July 2008.

20. The CPE revealed that, over the last 17 years, IFAD has made an important contribution to agriculture and rural development in Pakistan. This has been achieved despite the relatively low overall level of IFAD investments in Pakistan compared with the Government's investments in the agricultural and rural sectors and those of other donors such as AsDB and the World Bank. IFAD operations have covered some of the country's most remote and marginalized areas, where infrastructure and services are limited, access to inputs and markets is uncertain, and institutional capabilities are often inadequate.
21. The CPE noted that IFAD has focused on pursuing largely agricultural-based interventions as the principal vehicle for improving rural livelihoods. While this approach has resulted in some achievements, insufficient attention has been paid to environmental issues, livestock development and the promotion of high-value crops that offer major opportunities for the landless and small farmers. The CPE also observed that IFAD could have achieved even better results had it given greater consideration to, and invested more in, non-farm activities and employment.
22. Good results were achieved in the area of social mobilization and in the building of community-based organizations, which are of fundamental importance in promoting country ownership and the sustainability of benefits. However, insufficient attention was devoted to strengthening government at the local level, elected councils and grassroots entities and partnerships with the private sector.
23. The CPE rated the performance of IFAD-funded projects in remote, disadvantaged and conflict-affected areas as moderately satisfactory. It underlined that careful consideration should be given to any future IFAD assistance to these areas. In particular, both IFAD and the Government should adopt a more differentiated approach than in the past for project design and implementation in these zones. The CPE also called for greater emphasis on sustainability, innovation, non-lending activities (i.e., engagement in policy dialogue, forging of partnerships and knowledge management), better linkage between loan- and grant-funded projects, and enhanced country presence arrangements.
24. The CPE made five overarching recommendations: (i) to develop a better balance between agricultural and non-farm investments; (ii) to provide capacity development support to decentralized entities and other bodies working at the local level; (iii) to continue to support the Government in its engagement in disadvantaged, remote and conflict-ridden areas while taking a more differentiated approach; (iv) to strengthen IFAD's capacity to promote innovations; and (v) to adjust IFAD's operating model in accordance with the size and specificities of its programme in Pakistan. Appendix V provides the text of the CEP agreement at completion point.

## **B. Lessons learned**

25. As revealed by the CPE as well as IFAD's self-review (2007), key lessons learned from IFAD's operations in Pakistan include the following:
26. **Economic growth and poverty alleviation:** (i) greater attention should be given to livestock and high-value crops that would provide higher returns and have a greater impact for the rural poor; (ii) measures should be strengthened for improving environmental and natural resource management; (iii) investments in small-scale village infrastructure, especially in the case of water resources, has had the most immediate and significant impact in terms of poverty alleviation in rural areas; (iv) innovative financial products with returns-linked repayment arrangements have a significant impact in terms of poverty alleviation; (v) in order for agricultural productivity to rise, reliable sources of agricultural inputs are required; (vi) investments in enhancing the marketability of rural products is key to increasing rural incomes; (vii) a more effective strategy for enterprise development is required in order for rural income gains to be realized; and (viii) a greater focus is

called for on non-farm sources of income generation through skill development and vocational training.

27. **Capacity support:** Social mobilization and the strengthening of community-based organizations (CBOs), local NGOs and rural civil society in general should receive continued attention. While most, if not all, projects have had a community participation strategy which works effectively during the period of project implementation, little work has been done on developing a long-term strategy for the institutional sustainability of established CBOs. The possibility of transforming them into effective credit unions, agriculture or dairy cooperatives, or other such organizations should be explored.
28. **Engagement in disadvantaged, remote and conflict-ridden areas:** Continued support for the Government's engagement in such areas should be based on a much more differentiated approach, i.e., one that is both flexible and adapted to the context of such areas. The mobilization of expertise, particularly in tribal affairs, conflict resolution and peacebuilding, is essential. Similarly, ensuring the commitment of provincial and federal governments is a key to the successful implementation of projects in these areas.
29. **Innovations:** Strengthening IFAD's capacity to promote innovations that can be scaled up and replicated by the Government, donor organizations and the private sector is an area of endeavour that merits more attention and resource allocations. A more systematic approach to identifying, piloting, documenting and sharing innovative approaches to agriculture and rural development is called for, as are additional resources and a greater capacity for policy dialogue and the careful selection of partner institutions. Increased synergies among the mix of instruments available and a wider use of those tools are also needed.
30. **Project design and implementation, including financial management:** The following elements have proved to play a crucial role in successful project design and implementation: (i) a strong commitment on the part of stakeholders to project objectives; (ii) a differentiated approach to implementation, i.e., one that is both flexible and adapted to a particular context; (iii) strong, competent and stable project leadership and key personnel; (iv) sufficient levels of remuneration for government staff which are linked to their levels of responsibility and performance; (v) procedures for undertaking impact assessments and beneficiary monitoring at the outset; (vi) intensive support for implementation and for monitoring and evaluation; and (vii) a functional financial management system, including sound arrangements for the flow of funds, procurement and auditing, as well as timely and close follow-up on auditing issues.
31. **Policy impact:** A greater policy impact can be produced by: (i) aligning with partners who are pursuing policy issues; (ii) providing technical assistance to agencies advocating specific policy changes aimed at benefiting poor households in rural areas; (iii) ensuring enforcement of existing policies through project interventions; (iv) using pilot projects to ensure significant impetus for policy reform; and (v) systematically reviewing and analysing IFAD's experience in Pakistan with a view to drawing lessons and sharing them across projects and, more importantly, with the Government and other development partners.

## IV. IFAD country strategic framework

### A. IFAD's comparative advantage at the country level

32. IFAD has been true to its origins in designing its programmes in Pakistan and has focused on combating poverty in rural Pakistan through an emphasis on agricultural development. Both the Government and the donor community in Pakistan recognize the value of IFAD's work by virtue of its: (i) focus on poverty alleviation in vulnerable and remote areas; (ii) emphasis on community participation; (iii) ability to identify opportunities for innovation in rural poverty reduction initiatives; and

- (iv) ability to structure institutional arrangements that capitalize upon the strengths of partnerships between the public and private sectors.
33. IFAD is aware of the growing importance of the non-farm sector, including that of the development of rural microenterprises. In line with IFAD's Strategic Framework 2007-2010, a key strategy for addressing the needs of poor rural households (especially those relying on the non-farm sector for their livelihoods) will be to focus on skill enhancement, vocational training and access to financial services. This will help to provide wider opportunities to the rural poor and to promote their linkages and integration with markets and the private sector. In order to broaden the productive potential of rural households, additional opportunities for productive investment will be explored. As part of this line of action, steps will be taken to assess the current use of remittance income and ways to enhance the revenue stream from the productive investment of remittances. This dimension will be particularly useful for women who receive remittances from the Middle East and do not have opportunities or the necessary information base to achieve a sustainable increase in their income stream.
34. In order to enhance the relevance of the country programme, IFAD will incorporate the following key considerations into its programme design: (i) working with institutions and institutional arrangements which are likely to remain in place beyond the life of the project; (ii) exploring and maximizing the potential synergies among IFAD's various projects within the country; (iii) concentrating on subsectors which are crucial for rural poverty alleviation for both women and men; and (iv) combining its lending instruments and non-lending activities in a way that will enhance their impact in terms of rural poverty alleviation. IFAD will focus on areas which it did not emphasize in the preceding COSOP, such as high-value crops, livestock development and market access. Due importance will be accorded to the challenge of climate change, with a focus on climate adaptation. Where applicable, IFAD-funded projects will support the adoption of sustainable land management approaches that take into consideration predicted climate-change scenarios and their impact on populations and ecosystems.

## **B. Strategic objectives**

35. The IFAD country programme will support the Government's poverty reduction initiatives and assist in stimulating the growth of the rural economy. It is premised on the need to enhance the productivity of rural livelihoods and facilitate market linkages as potent instruments of poverty alleviation. A principal constraint in rural areas is the lack of access to productive resources, key inputs, skills and services. In addition, there is an institutional vacuum in many poor areas. In view of these country needs, and building on the CPE findings, the COSOP proposes two strategic objectives for the country programme: (i) to enhance the access of poor rural men and women to productive assets, skills, services and improved technologies, with particular emphasis on productivity enhancement; and (ii) to strengthen the capacity of the rural poor to engage in and benefit from local development processes.
36. **Strategic objective 1 (SO1): Enhancing the access of poor rural men and women to productive assets, skills, services and improved technologies, with particular emphasis on productivity enhancement.** A large number of small farmers are resource-poor and do not have access to credit, certified seeds, training, farm equipment, appropriate extension advice, etc. There is considerable scope for productivity enhancement if these key constraints, as well as those listed in paragraph 5 above, are addressed. Increasing productivity without increasing the opportunities for marketing would have a limited impact in alleviating poverty. Support should also be provided in order to enhance the opportunities for marketing through investments in marketing infrastructure, such as small rural roads, post-harvest storage, rural market facilities, etc.

37. **Strategic objective 2 (SO2): Strengthening the capacity of the rural poor to engage in and benefit from local development processes.** Relatively few institutions are working in rural areas, and unless the existing institutions are strengthened and new ones are established, the rural poor will have very limited access to the services and skills they need in order to tackle rural poverty. IFAD will continue to help strengthen the capacity of government line agencies at the local level, especially of those working in remote and vulnerable areas. NGOs provide a wide range of services, but their outreach to rural areas is dependent upon the availability of donor financing. CBOs are effective vehicles for managing rural development initiatives, especially in the identification and implementation of community infrastructure, and for helping to mobilize community savings and disburse loans. However, the institutional sustainability of CBOs is a major challenge. IFAD will strive to help strengthen the capacity of these pro-poor institutions to have a sustainable impact on poverty reduction in rural areas. The overall efforts to be made in pursuing SO2 will be undertaken in close coordination with other development partners to ensure complementarity and value-added and to avoid duplications.

### **C. Opportunities for innovation**

38. The country programme will seek to actively pursue the innovation agenda based on these two strategic objectives. With regard to SO1, there are several opportunities available to IFAD for innovation in its work aimed at increasing access to productive resources: (i) Pilot scheme on land distribution: IFAD has been invited by the Government of Punjab to test an innovative land distribution scheme in southern Punjab; (ii) New microfinance products: IFAD's ongoing and planned projects in the microfinance sector are expected to lead to innovation in the range of financial products being 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.
39. In pursuance of SO2, IFAD has the opportunity to promote innovative ways of bringing about pro-poor institutional change by helping transform the ways in which some of the key government line agencies engage with communities at the grassroots level. It can capitalise on its experience in this connection to encourage government line agencies to adopt a more participatory approach in their planning and implementation of rural and agricultural development programmes. It can also draw upon its experience in working with the Barani Area Development Agency to influence the way in which potential implementation partners, such as the Coastal Area Development Authorities and the Pakistan Dairy Development Company, work with local communities. There is also scope for institutional innovation at the grassroots level through the growth of community organizations and their development into credit unions, agricultural and dairy cooperatives, and other such organizations.

### **D. Targeting strategy**

40. The targeting strategy of the country programme will be in full conformity with the IFAD Policy on Targeting. IFAD assistance will target areas which have a 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). The selection of these localities is consistent with the Government's view of where poverty-targeted programmes need to be implemented. Within the selected areas, community organizations will organize poor households and identify the most vulnerable among them.
41. The main target groups for future IFAD projects are: (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. The 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 specifically focus on gender mainstreaming to promote equality and the empowerment of women and to help address the issues of exclusion and marginalization.

## **E. Policy linkages**

42. In relation to SO1, there are two broad policy areas in which IFAD will strive to provide support. They are: (i) land distribution schemes, and (ii) enhanced access to microfinance. In the first case, although land reform has been pursued as an important policy objective, there has been little effective reform in this area. However, the Government of Punjab is interested in pursuing a land distribution project which, if successful, can contribute to the development of a realistic strategy for enabling poor households to gain access to land. The land reform agenda is politically too contentious for IFAD to pursue on its own. The most appropriate course of action for IFAD would be to assist with the implementation of innovative projects, such as the one in Punjab, and then disseminate their results. In the second instance, the provision of greater access to microfinance services in rural areas is a key area of endeavour for IFAD. As part of its efforts in this regard, IFAD will pursue policy reforms leading to greater participation by formal-sector institutions in microfinance and to the creation of a more enabling environment for existing providers such as NGOs. IFAD will pursue this objective with the help of its implementing partners, which have engaged actively with the State Bank of Pakistan in helping build a conducive environment for financial inclusion of the rural poor. In this endeavour, IFAD will work actively with key partners such as DFID and AsDB, which have ongoing financial inclusion programmes in Pakistan. IFAD will use a varied set of instruments and activities, such as research grants, technical assistance and knowledge dissemination, in order to influence policy.
43. With regard to SO2, IFAD will strengthen the country programme's policy linkages by: (i) supporting institutional change in organizations such as line agencies with a view to ensuring their performance orientation, community participation and employment of women; (ii) determining whether or not there is a need for legal changes in order to assist community organizations to convert themselves into credit unions, into marketing, dairy or fisheries cooperatives, etc.; and (iii) closely following the progress and opportunities for reform of the microfinance sector through its participation in the Informal Donor Group on Microfinance. The inclusion of the representative of the State Bank of Pakistan in this group will facilitate the policy dialogue.

## **V. Programme management**

### **A. COSOP management**

44. The COSOP results management framework outlined in appendix III identifies relevant outcome and milestone indicators for the COSOP in 2010-2014. These indicators are based on the expected results from the ongoing and new projects likely to be implemented during the current COSOP period. The targets and indicators of the results management framework will be further refined during the design of the new projects to be selected from the project pipeline (see appendix VI).
45. From 2010 onward, a COSOP annual implementation progress report will be prepared by the CPMT. The progress report will include the following specific information: (i) the impact on poverty reduction; (ii) an assessment of the extent to which COSOP strategic objectives have been achieved; (iii) targeting performance; (iv) performance of the project portfolio; and (v) client feedback reviews. The progress report will be presented for review and discussion at a joint annual review



meeting to be attended by the Government, IFAD and concerned stakeholders. A mid-term review of the COSOP will be undertaken in late 2012.

## **B. Country programme management**

46. The CPMT will be the main instrument for country programme management. It consists of representatives of the Government's focal-point agency for IFAD (i.e., EAD), other key federal agencies and ministries (e.g., the Ministry of Finance, the Planning Commission, the Ministry of Food, Agriculture and Livestock, etc.), provincial government and project-management representatives, donor and United Nations agencies, NGOs and other civil society organizations, the private sector, and IFAD headquarters and country staff responsible for the country programme. In the case of the ongoing portfolio, the existing semi-annual country portfolio review meeting, chaired by EAD and attended by IFAD, will continue to serve as the forum for portfolio management and project performance review.
47. With the exception of two ongoing projects which are cofinanced or linked with initiatives funded by the World Bank, all project supervision is carried out directly by IFAD. Closer involvement in project implementation is expected to provide greater opportunities for IFAD to work more closely with the Government, project management teams and cofinanciers to address operational and policy issues arising from project implementation in a more effective and timely fashion, as well as to improve mutual learning and knowledge management.
48. IFAD has had a proxy country presence in Pakistan since 2005, and this has helped IFAD to position itself in the country. This capacity has been supplemented from time to time through the engagement of additional national technical assistance in the areas of agriculture, rural development and gender. In accordance with the proposal approved by the Executive Board at its ninety-fifth session in December 2008 (document EB 2008/95/R.9), the proxy country presence will be upgraded in the course of 2009 into a country office. Apart from continued dialogue with the Government and the donor community, the country office will place much greater emphasis on supporting the effective implementation of ongoing projects through mechanisms such as project supervision, follow-up missions, the quarterly project status monitoring system, and knowledge management efforts. Two areas of particular focus will be the country portfolio's project-at-risk (PAR) rating and the status of problem projects.

## **C. Partnerships**

49. **Partnership with national stakeholders.** In order to enhance the poverty impact of the country programme, IFAD will endeavour to expand its partnerships with national stakeholders, including NGOs and other civil society organizations, research institutions and universities, and the private sector.
50. **Partnership with United Nations agencies.** IFAD is engaged in the "One UN" pilot programme and participates in all the United Nations country team activities. It also plays an active role in the Agriculture, Rural Development and Poverty Reduction Thematic Group and is working together with the other United Nations agencies, especially FAO and WFP, in support of common objectives in the agricultural sector. IFAD continues to collaborate with FAO and WFP to explore potentials for joint programmes, as well.
51. **Partnership with other development partners.** IFAD has cofinanced projects with the World Bank and AsDB, and it will explore opportunities for collaboration with these agencies and other international financial institutions, such as the Islamic Development Bank. IFAD will enhance the dialogue being conducted with bilateral donors, both within the context of the informal donor group on microfinance and on an individual basis in, for example, its ongoing dialogues with the Italian development cooperation arm of the Government of Italy, SDC, and others. IFAD is collaborating with the International Center for Agricultural Research in the Dry Areas

(ICARDA), which is implementing an IFAD-funded grant programme in support of participatory research in smallholder livestock production. A main focus will be ways to ensure that better linkages are formed between the grant and loan-funded projects. In order to deal with the challenge of climate change, IFAD will explore the possibility of working with the Global Mechanism to advance implementation of the United Nations Convention to Combat Desertification and the United Nations Framework Convention on Climate Change.

#### **D. Knowledge management and communication**

52. Under this country programme, knowledge management and communication will be carried out in line with the IFAD Strategy for Knowledge Management. Knowledge management activities will be organized in a more systematic and structured manner, starting with the formulation of a strategic action plan. A primary focus will be on areas that contribute to the attainment of COSOP strategic objectives, as well as those dealing with topics of generic relevance for rural poverty reduction (e.g., land-lease arrangements for private-sector investments). Knowledge management activities will be organized at two levels. At the country programme level, existing knowledge management arrangements, such as the country programme newsletter, special studies, and the use of local expertise to assist in the exchange of experience at the intra-programme and inter-development-sector levels, will be continued and improved. The linkage with networks such as the Knowledge Networking for the Asia/Pacific Region (ENRAP) will be further enhanced to ensure that knowledge is shared among a wider audience. At the project level, all future loan and grant projects will be designed to include a knowledge-management or learning agenda. Inter-project exchange of knowledge will be promoted through events such as exchange visits, workshops, etc.

#### **E. PBAS financing framework**

53. The performance-based allocation system (PBAS) determines the amount of IFAD funding that can be made available for Pakistan during the period covered by the current COSOP. The annual country allocation is based on a number of variables, including an assessment of the sectoral framework for rural development and a PAR rating, the International Development Association's Resource Allocation Index (IRAI) and final scores. During the proposed COSOP period of 2010-2014, the indicative total country allocation available for Pakistan is approximately US\$87.5 million. It is expected that this resource allocation will be used to finance from two to three projects. As was decided at the COSOP wrap-up meeting organized jointly by the Government of Pakistan and IFAD in November 2008, these two or three projects will be selected in due course by the Government from the five proposals listed in appendix VI (project pipeline for the COSOP period). Funding under the IFAD grant programme will also be explored to support small strategic projects implemented by NGOs, private-sector organizations or other appropriate institutions. It is expected that the availability of IFAD grant financing will help encourage innovation, risk-taking, policy engagement and partnership-building. In the design of grant proposals, particular attention will be given to linking these grants with the loan projects.

Table 1  
**PBAS calculation for COSOP year 1**

<i>Indicators – COSOP year 1</i>	<i>Rural sector scores</i>
A. (i) Policy and legal framework for rural organizations	3.80
A. (ii) Dialogue among Government and rural organizations	4.00
B. (i) Access to land	3.40
B. (ii) Access to water for agriculture	3.14
B.(iii) Access to agricultural research and extension services	3.00
C. (i) Enabling conditions for rural financial services development	4.75
C. (ii) Investment climate for rural businesses	4.00
C. (iii) Access to agricultural input and produce markets	4.00
D. (i) Access to education in rural areas	3.33
D. (ii) Women's representation	3.75
E. (i) Allocation and management of public resources for rural development	4.00
E. (ii) Accountability, transparency and corruption in rural areas	3.78
<b>Sum of combined scores</b>	<b>44.95</b>
<b>Average of combined scores</b>	<b>3.75</b>
<b>PAR rating – 2008</b>	<b>3.50</b>
<b>IRAI rating – 2006</b>	<b>3.62</b>
<b>Country score – 2007</b>	<b>3.62</b>
<b>Annual allocation in millions of United States dollars (2009)</b>	<b>17.50</b>

Table 2  
**Relationship between performance indicators and country score**

<i>Financing scenario</i>	<i>PAR rating (+/-1)</i>	<i>Rural sector performance score (+/-0.3)</i>	<i>Percentage change in PBAS country score from base scenario</i>
Hypothetical low case	2.5	3.45	-25%
<b>Base case</b>	<b>3.5</b>	<b>3.75</b>	<b>0%</b>
Hypothetical high case	4.5	4.05	28%

## F. Risks and risk management

54. The overall country situation, especially in security terms, could strongly influence the feasibility of attaining the proposed strategic objectives as well as the poverty impact of IFAD's operations. Based on IFAD's own experience, continued project support in certain areas and localities of the country may pose significant risks in terms of both design and implementation. Other risks are related to the macroeconomic situation and to factors of an operational nature; in this latter regard, the main considerations are institutional capacity and commitment. Table 3 identifies the main risks for the COSOP strategic objectives and the risk management measures to be taken.

Table 3  
**Factors constraining achievement of COSOP strategic objectives**

<i>Strategic objectives</i>	<i>Risk</i>	<i>Risk management</i>
SO1 and SO2	Uncertain security situation and political environment	<ul style="list-style-type: none"> <li>• Identify project areas which are relatively secure and stable for project design, implementation and supervision</li> <li>• Further enhance coordination with development partners to ensure harmonization and complementarity</li> </ul>
SO1 and SO2	Macroeconomic instability	<ul style="list-style-type: none"> <li>• Projects to focus more on community-based initiatives</li> </ul>
SO1	Lack of commitment on the part of the relevant government line agency and other partner organization	<ul style="list-style-type: none"> <li>• Ensure that project initiatives are owned by local stakeholders and that these partners are not being forced to participate</li> <li>• Ensure the appointment of competent project management staff</li> </ul>
SO2	Limited capacity of local implementing partners	<ul style="list-style-type: none"> <li>• Sufficient opportunities for capacity-building are built into the project design</li> <li>• Ensure that implementing partners are able to strengthen capacity by hiring additional staff</li> </ul>

## COSOP consultation process

### 1. September 2007 – Initiation of the COSOP formulation process

In light of the preliminary findings of the Country Programme Evaluation (CPE) mission in July 2007, the process for developing a new COSOP for Pakistan was initiated in September 2007 when an initial COSOP formulation plan was prepared and a team was identified to undertake the preparation of preliminary studies, organization of the COSOP workshop and development of a programme for the COSOP mission. To enhance country ownership, preliminary meetings were held with the Economic Affairs Division (EAD) of the Government of Pakistan (GOP) in October, 2007 in which Government representatives were briefed about the COSOP process, the composition and TORs of the CPMT. GOP agreed to co-host the COSOP workshop planned for November 2007.

### 2. September 2007 – Establishment of a country programme management team (CPMT)

A CPMT for Pakistan was formed in September 2007 which included key stakeholders for IFAD in Pakistan and at IFAD to provide guidance and feedback when required during the entire cycle of COSOP design and implementation. Letters were sent to all in-country members of the CPMT informing them about the COSOP purpose and process and requesting their participation. These letters were followed up by individual meetings with each member of the CPMT.

The in-country component of the CPMT originally consisted of representatives from:

- GOP – key officials and focal points from Economic Affairs Division (GOP's focal point ministry for IFAD), Ministry of Finance, MINFAL, Project Directors of all ongoing IFAD projects
- IFI and UN system – the World Bank, AsDB, UNDP, FAO, WFP
- Other partners – National Rural Support Programme (NRSP), Kashf Foundation, SAFWCO, Nestle Pakistan, Pakistan Poverty Alleviation Fund
- IFAD proxy country presence

The core of the CPMT's in-house component consists of the CPM, the responsible legal counsel and the loan officer. Depending on the nature of the country programme activities, the in-house component of CPMT may also include IFAD staff from other divisions (Technical Advisory, Policy, Communications, etc.) on a case by case basis.

### 3. October 2007 – Preparatory studies and consultations

The data requirements and availability for updating COSOP were mapped and reports on the agriculture and livestock sectors, rural development and a gender sensitive Baseline Poverty Analysis were commissioned in early October 2007. This also involved a review of key Government documents such as the Poverty Reduction Strategy Paper II, the Medium Term Development Framework (2005-2010) and the Vision 2030, etc.

### 4. October-November 2007 – COSOP mission<sup>22</sup>

Taking into account the preliminary findings of the CPE mission in July 2007, a COSOP mission was fielded from October to November 2007 to hold in-country consultations with the focal points of the government, donor agencies, project staff and selected civil society organizations. The mission met with the Federal and all provincial Governments to learn about their future priorities and assess how IFAD could address these in keeping with its own Strategic Framework 2007-

<sup>22</sup> The COSOP mission consisted of Ms. Maliha Hamid Hussein (mission leader), Mr. Agha Imran Hamid (rural development specialist), Mr. Zhaour Alam (agricultural specialist), Mr. Rahid Khan (infrastructure specialist), Ms. Rashda Syed (gender specialist), and Mr. Qaim Shah (IFAD country presence officer).

2010. This helped to identify government priorities, assess the strategic direction and projects of other donors and synchronize the IFAD programme to capitalize on the available opportunities. In line with the policy of the One UN Reform Programme, the mission held extensive meetings with the UN Resident Coordinator, UNDP and FAO to identify how best to assist in furthering this agenda and how to shape IFAD's future programme in line with the identified priorities.

**5. January-March 2008 – Consultations with the in-country CPMT on the findings of the COSOP mission**

The findings of the COSOP mission, in the form of a draft COSOP mission report, was forwarded in January 2008 to the all members of the in-country CPMT for reflection.

**6. October 2008 – Reviews of draft COSOP by CPMT**

Upon the conclusion of the CPE process after the National Round-Table Workshop (NRTW) in July 2008, the initial findings of the COSOP mission was developed into a draft COSOP which was worked out in September 2008. It builds on (i) the CPE findings and the views and recommendations of the CPE NRTW, (ii) the draft COSOP mission report; and (iii) comments of some of the CPMT members. The draft COSOP was circulated to the in-country CPMT and the Pakistani Embassy in Rome for review and comments.

**7. November 2008 – In-country COSOP wrap-up meeting**

The GOP/IFAD COSOP wrap-up meeting was held on 27 November 2008 to validate the COSOP. The meeting was chaired by GOP, and was participated by the concerned ministries and agencies of the federal government, the provincial authorities, civil society organizations, and representatives from the private sector and the academia. The meeting unanimously supported and endorsed the two proposed COSOP strategic objectives and the COSOP documentation. Prior to the meeting, country stakeholders at both federal and provincial levels provided written comments on the draft COSOP, which were communicated to IFAD by EAD.

The following are the main suggestions of the wrap-up meeting:

- IFAD projects should be closely aligned with the MTFD and ongoing government initiatives for rural poverty reduction and agricultural development to avoid overlap of support.
- Future project design should also ensure close coordination with other development partners, to avoid duplication of efforts and effective use of available resources. One area of particular attention is the support for capacity building at the local level (for line departments), where there are major, ongoing projects / programmes of other donors such as DFID etc.
- IFAD support could focus on regions and sub-sectors that are particularly disadvantaged or neglected. IFAD could initiate project activities to deal with specific constraints linked to water shortage, post-harvest losses, women's access to credit, social capital, high value crops, new technology / technical innovation, etc. Gender and post-project sustainability should be adequately dealt with during project design.
- Greater efforts are needed in putting in place the system for monitoring project impact. For the purpose of establishing a baseline, poverty mapping should be undertaken as part of the project design.
- To ensure a broader participation, the CPMT membership should preferably be expanded to include representation of the provincial governments (apart from the project directors).

## Country economic background

<b>Land area (km<sup>2</sup> thousand) 2006 1/</b>	771	<b>GNI per capita (USD) 2006 1/</b>	800
<b>Total population (million) 2006 1/</b>	159.00	<b>GDP per capita growth (annual %) 2006 1/</b>	5
<b>Population density (people per km<sup>2</sup>) 2006 1/</b>	206	<b>Inflation, consumer prices (annual %) 2006 1/</b>	8
<b>Local currency</b> Pakistan Rupee (PKR)		<b>Exchange rate: USD 1 = PKR 79</b>	
<b>Social Indicators</b>		<b>Economic Indicators</b>	
Population (average annual population growth rate) 2000-2006 1/	2.4	GDP (USD million) 2006 1/	126 836
Crude birth rate (per thousand people) 2006 1/	26	GDP growth (annual %) 1/	
Crude death rate (per thousand people) 2006 1/	7	2000	4.3
Infant mortality rate (per thousand live births) 2006 1/	78	2006	6.9
Life expectancy at birth (years) 2006 1/	65	Sectoral distribution of GDP 2006 1/	
Number of rural poor (million) (estimate) 1/	n/a	% agriculture	19
Poor as % of total rural population 1/	n/a	% industry	27
Total labour force (million) 2006 1/	59.59	% manufacturing	19
Female labour force as % of total 2006 1/	27	% services	53
<b>Education</b>		Consumption 2006 1/	
School enrolment, primary (% gross) 2006 1/	84	General government final consumption expenditure (as % of GDP)	11
Adult illiteracy rate (% age 15 and above) 2006 1/	n/a	Household final consumption expenditure, etc. (as % of GDP)	75
<b>Nutrition</b>		Gross domestic savings (as % of GDP)	14
Daily calorie supply per capita	n/a	<b>Balance of Payments (USD million)</b>	
Malnutrition prevalence, height for age (% of children under 5) 2006 2/	37	Merchandise exports 2006 1/	16 930
Malnutrition prevalence, weight for age (% of children under 5) 2006 2/	38	Merchandise imports 2006 1/	29 825
<b>Health</b>		Balance of merchandise trade	-12 895
Health expenditure, total (as % of GDP) 2006 1/	n/a	Current account balances (USD million)	
Physicians (per thousand people)	n/a	before official transfers 2006 1/	-17 825
Population using improved water sources (%) 2004 2/	91	after official transfers 2006 1/	-6 795
Population with access to essential drugs (%) 2/	n/a	Foreign direct investment, net 2006 1/	4 163
Population using adequate sanitation facilities (%) 2004 2/	59	<b>Government Finance</b>	
<b>Agriculture and Food</b>		Cash surplus/deficit (as % of GDP) 2006 1/	-4
Food imports (% of merchandise imports) 2006 1/	10	Total expenditure (% of GDP) 2006 1/	n/a
Fertilizer consumption (hundreds of grams per ha of arable land) 2006 1/	1 913 a/	Total external debt (USD million) 2006 1/	35 909
Food production index (1999-01=100) 2006 1/	117	Present value of debt (as % of GNI) 2006 1/	26
Cereal yield (kg per ha) 2006 1/	2 553	Total debt service (% of GNI) 2006 1/	2
<b>Land Use</b>		Lending interest rate (%) 2006 1/	11
Arable land as % of land area 2006 1/	28 a/	Deposit interest rate (%) 2006 1/	4
Forest area as % of total land area 2006 1/	3 a/		
Irrigated land as % of cropland 2006 1/	85 a/		

a/ Data are for years or periods other than those specified.

1/ World Bank, *World Development Indicators* database CD ROM 2008

2/ UNDP, *Human Development Report*, 2007/2008

## COSOP results management framework<sup>23</sup>

Country strategy alignment	COSOP Strategic Objectives	COSOP Outcome Indicators	COSOP Milestone Indicator	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>
<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>

<sup>23</sup> The baseline data and target indicators will be refined during the design of the new projects for the COSOP period.



## Previous COSOP results management framework

	Situation Before the COSOP	Situation After the COSOP	
<b>A. Strategic Objectives of the Country</b>			
Sustainable economic growth and poverty reduction.	GDP per Capita US\$ (2001) People living in poverty 34.4% (2001) Life Expectancy at birth 63 (2001) Primary school enrolment 74 (2001) Access to improved water sources 88 (2001) External Debt US\$ 32 billion (2000)	GDP per Capita 926 (2006) People living in poverty 23.9% (2006) Life Expectancy at birth Primary school enrolment Access to safe water Access to health services External Debt	
<b>B. Strategic Objectives of the COSOP</b>			
	Situation Before the COSOP	Situation After the COSOP	Lessons Learnt
Strengthening the capacity of the rural poor and their organizations.	The general perception in the country was that the poor were incapable of intelligently thinking about their own development and as such top down approaches were used with little or no involvement of local men and women.	<p>There has been considerable progress in Pakistan regarding community participation for more equitable and sustainable social development.</p> <p>One of IFAD's main contribution's to the capacity building of the poor was gaining acceptance for the principle that the poor must participate in identifying, designing, implementing and managing project interventions.</p> <p>IFAD only provided valuable opportunities for skill development and changed the way in which extension training and skill development was conceived and subsequently delivered. It is estimated that close to 100,000 people were trained under the completed IFAD projects in Pakistan.</p> <p>The government has introduced participatory approaches in many aspects of its service delivery and has completed transformed the system of local governance.</p> <p>The Rural Support Programmes have been the leaders in forming village-based community organizations which collectively identify, implement and maintain village level projects.</p>	<p>The rural poor are capable of leading their own development if given the opportunity and resources.</p> <p>There is need to transform the orientation and operating procedures of government line agencies with respect to their engagement with local communities for meaningful participation.</p> <p>For sustained improvement in local capacity there is a need to transfer development resources and real decision-making authority to local communities.</p> <p>Innovative arrangements need to be established for strengthening the capacity of rural poor.</p>
Improving equitable access to productive natural resources and technology.	The main reason for poverty in rural Pakistan is limited access to land and water resources. Almost half of the poor do not have access to land and those in rain-fed areas have limited access to water or other productive resources.	<p>IFAD financed projects helped in increasing poor farm household's access to land and water. While IFAD did not increase the landholding of farming families, it helped to increase the cultivated area.</p> <p>IFAD assisted in the development of irrigation systems and</p>	

	<p>Out of 79.61 million hectares of total area only about 22 million hectares is cultivated.</p>	<p>on-farm water management. As a result, there was a reduction in inequity in water supply between head and tail users and a dramatic reduction in litigation within the farming communities.</p> <p>IFAD helped in the construction of mini-dams and ponds under the Second Barani Area Development project which has transformed many parts of the project area.</p> <p>At the individual farmer's field, the quantum of water available for irrigation was increased substantially and encouraged farmers to adopt improved on-farm management practices.</p> <p>IFAD financed projects have generally had a positive impact on yields, cropping intensities and diversification in the agriculture sector. This has been due largely to the "use of high yielding seed variety, supplementary irrigation, fertiliser application, etc.</p> <p>The benefits of those projects which adopted low-cost measures for soil and water conservation have spread to a large number of farmers in IFAD's target groups.</p>	
<p>Increasing access to financial services and markets.</p>	<p>The micro-finance sector was at a nascent stage of development in 2003.</p> <p>The overall reach of the sector was under 50,000 active clients.</p> <p>There were only a few NGOs delivery micro-finance on a limited basis and a few State owned banks which had been forced into forming partnerships with donors.</p> <p>While the Government had announced the Micro-Finance Ordinance designed to encourage the entry of banks and up-scaling of NGOs, there was limited capacity to make use of this supporting regulatory framework in the country.</p> <p>The major partner in IFAD projects were State owned Banks which were not interested in delivering financial services and as such this was one of the weakest components of IFAD investments in Pakistan.</p>	<p>The overall outreach of the sector is close to one million active clients. However, this is still well below potential and the range of financial products is limited. Nevertheless, the micro-finance sector is poised for rapid expansion.</p> <p>Six new micro-finance banks have been established even though their outreach is limited.</p> <p>While some NGOs have grown exponentially there are capacity and financing constraints for their future growth. However, two NGOs are poised to transform into Micro-Finance banks.</p> <p>The entry of commercial banks in the sector is still highly limited and while a few banks such as Standard Chartered, National Bank of Pakistan and CresBank are running micro-finance banks, their outreach is limited.</p>	<p>Effective partnerships for the delivery of micro-finance require a strong commitment to delivery of rural credit as an important and sustainable line of business.</p> <p>The long-term development of the sector requires growth on a sustainable basis with access to commercial sources of funds.</p> <p>There is need to place emphasis on capacity building of the sector institutions and human resources employed in the sector.</p>

## CPE Agreement at Completion Point

### Background

In 2007/2008, IFAD's Office of Evaluation (OE) conducted a Country Programme Evaluation (CPE) in Pakistan. The main objectives of the CPE were to: (i) assess the performance and impact of IFAD's strategy and operations in Pakistan; and (ii) develop a series of findings and recommendations that would serve as building blocks for the preparation of the new IFAD results-based country strategy and opportunities programme (COSOP) for Pakistan. The COSOP would be formulated by the Asia and Pacific Division (PI) of IFAD in close collaboration with the Government of Pakistan.

This Agreement at Completion Point (ACP) includes the key findings and recommendations contained in the CPE. It also benefits from the main discussion points that emerged at the CPE national roundtable workshop, organized in Islamabad on 17-18 July 2008. This ACP captures the understanding between the IFAD management (represented by the Programme Management Department) and the Government of Pakistan (represented by the Ministry of Economic Affairs and Statistics) on the core CPE findings, and their commitment to adopt and implement the evaluation recommendations contained in this document within specified timeframes.

### The main CPE findings:

The Fund has made an important contribution to agriculture and rural development in Pakistan, the significance of which is highlighted given the current food crisis. This has been achieved despite IFAD's relatively small level of total investments in Pakistan, and in spite of the lack of a permanent country presence until recently. IFAD's results are particularly noteworthy as several of its operations have covered the most remote and marginal areas of the country which manifest amongst the lowest social indicators in the country, and where infrastructure and services are limited, access to input supply and markets is uncertain and institutional capabilities are often inadequate.

A number of achievements support the aforementioned overarching conclusion of the CPE, for example, the Fund's instrumental role in scaling up the successful Aga Khan Rural Support Programme (AKRSP) model to grassroots development and adapting it to a government implementation model. IFAD has also contributed to strengthening community-based organizations (CBOs), to women's empowerment and to improving agricultural productivity of small farmers. These achievements are the result of IFAD's focus on agricultural-based interventions including the strengthening of research and extension capabilities, promoting pro-poor agriculture technology, and building community infrastructure. However, insufficient consideration has been given to areas such as the environment, market linkages, livestock development and the promotion of high value crops – which offer crucial opportunities for landless and small farmers.

Notwithstanding the above, the CPE concludes that IFAD could have achieved greater results through a wider consideration of and investments in non-farm activities and employment, including attention to the development of rural microenterprises with adequate linkages to financial services.

Enhanced attention in project design to the consequences of migration would have been useful. This is particularly relevant in light of Pakistan's categorization as a transforming country with a modest 40 percent contribution of agriculture to rural incomes.

Good results are to be found in social mobilisation and in building CBOs, both of which are fundamental for promoting country ownership and sustainability of benefits. However, the CPE concludes that the Fund could have taken a more broad-based approach to support decentralization and Pakistan's devolution plan of 2000, particularly the strengthening of local governments. A more proactive approach to seek partnerships with the private sector could have been beneficial in ensuring growth in the agriculture and rural development sector.

IFAD has worked in various remote, disadvantaged and conflict-affected areas including the Federally Administered Tribal Areas (FATAs), parts of the North West-Frontier Province (NWFP) and Azad Jammu and Kashmir (AJK). Despite the difficulties, the performance of IFAD-funded activities in these areas has been moderately satisfactory, and future IFAD assistance deserves serious consideration. While the CPE noted the strong desire of the Government to ensure the Fund's continued engagement in such areas, the Fund cannot continue working in these areas without a differentiated approach.

Two overarching factors require special attention by the Fund. First, sustainability – an institution-wide issue for IFAD – is of concern also in the Pakistan portfolio. Second, despite various examples of innovations in the portfolio, such as the introduction of new agricultural products (horticulture and fruits), innovation has not been conspicuous in Pakistan.

Moreover, evidence of replication and upscaling of innovations remains weak. The latter can be partly attributed to the inadequate attention to non-lending activities, namely IFAD's engagement in policy dialogue, partnership building and knowledge management, as well as the poor links between grants and loans.

Until 2008, none of IFAD's operations in Pakistan were under direct supervision. Supervision and implementation support by cooperating institutions focused on fiduciary aspects, to the detriment of project implementation. Furthermore monitoring and evaluation systems were weak. The establishment of a country presence in 2005 has contributed to a better positioning of IFAD in Pakistan.

## **Recommendations**

### **Recommendation 1: Better balance between agricultural and non-farm investments**

The need to develop a better balance between agricultural and non-farm investments in the rural sector in Pakistan. This is important, as most (57 per cent) of the rural poor are from non-farm households (that derive their income from activities other than crop and livestock production) and more off-farm opportunities are now being offered by the country's growing business environment. The CPE recommends that more resources be devoted to non-farm opportunities, including small agri-businesses and family-based rural microenterprises. It also stresses the importance of promoting wider market linkages for both agricultural and non-farm outputs. In addition, further developing rural financial services and products for agriculture and non-agricultural activities is central to ensuring that the poor have access to financing for rural poverty alleviation initiatives. In terms of agricultural activities, greater attention should be paid to livestock development and high-value crops such as fruit, vegetables and flowers that provide higher returns on investments. Agricultural land investments should be accompanied by measures aimed at improving environmental and natural resource management, such as integrated catchment management and increasing the efficiency of water use under rainfed conditions, and to instituting environmental assessments for infrastructure constructed by projects.

**Recommendation 2: Capacity development support to decentralized entities**

Provide capacity development support to decentralized entities and other bodies working at the local level to complement the work of other larger development partners. This requires that continued attention be given to social mobilization and the strengthening of CBOs, local NGOs and rural civil society in general. At the same time, the Fund should take a more inclusive approach to supporting decentralization by establishing the building blocks for a more service orientated relationship between governments and local organizations. This entails building up the capacity both of local governments (at the district, tehsil and union levels) and of representatives of elected bodies (e.g. village councils, local legislative assemblies, etc.) that play an important role in planning and resource allocation for rural poverty alleviations at the grass-roots level and in promoting accountability and transparency of local administrations involved in IFAD-supported projects. Greater participation by private-sector groups of farmers and enterprises is also warranted to ensure better results.

**Recommendation 3: Working in disadvantaged, remote and conflict-ridden areas**

The CPE recommends that the Fund continue to support the Government in its engagement in disadvantaged, remote and conflict-ridden areas such as the NWFP, AJK and the FATAs. However, this requires a much more differentiated approach which is flexible and adapted to such challenging areas, paying careful attention to the specific social context, culture and priorities of the rural people living there. The importance of ensuring the commitment and ownership of provincial and federal governments to IFAD's efforts in these areas cannot be overemphasized. In addition, it will be also essential to mobilize specific expertise for project design, implementation and supervision. In fact, IFAD could play a complementary developmental role – in support of the rural poor – to the Government's own initiatives and those of other donors working in such environments. The interventions should be given more time in project execution, without having negative impact on country PBAS score

**Recommendation 4: Promote innovations**

The strengthening of IFAD's capacity to promote innovations that can be scaled up and replicated by the Government, donor organizations and the private sector, merits increased attention and resources in Pakistan. This will include a more systematic approach to identifying and piloting innovative approaches to agriculture and rural development; better documentation; the sharing of successfully tested innovations; greater resources and capacity to engage in policy dialogue (e.g. on local governance issues, rural finance outreach, pro-poor agricultural policies); and carefully selecting partner institutions with a good track record both in introducing and nurturing innovations and in working with the rural poor in similar IFAD priority areas. This will also call for greater synergies between, and the wider use of, the mix of instruments (loans, grants, policy dialogue, etc.) available to the Fund as well as enhanced country involvement in and ownership of grants. Innovative approaches are needed in a number of areas such as remittances (savings accounts, investment opportunities); migration (improving the value of landless people on the employment market through vocational training and helping them find employment in small towns, urban centres and overseas); promotion of local governance; and the use of grants (as opposed to loans) to support efforts by larger development actors in conflict areas such as FATAs.

**Proposed timeframe to implement the recommendations 1-4**

The recommendations will be taken into account in formulating the new results-based COSOP and new operations in Pakistan.

**Key partners to be involved**

Government of Pakistan (especially the Economic Affairs Division), IFAD, and the concerned technical and financial partners at both the federal and local levels.

**Recommendation 5: Adjust IFAD's operating model**

The Fund's overall development effectiveness would be further enhanced by adjustments to its operating model that take account of the size and specificities of its programme in Pakistan. This includes establishing a more consolidated and permanent country presence in line with Executive Board approved policies and budget allocation (one option to strengthen country presence in Pakistan is to outpost the Country Programme Manager from Rome); undertaking direct supervision and implementation of IFAD-funded projects and programmes which, in fact, IFAD has already started since the beginning of 2008; and making efforts to improve both knowledge management and project- and country-level monitoring and evaluation systems.

**Proposed timeframe to implement the recommendations 5**

2009 onward.

**Key partners to be involved**

Government of Pakistan and IFAD.

## Project pipeline for the COSOP period

The PBAS country allocation available for the Pakistan country programme during 2010-2014 will be used to finance 2-3 projects. As decided by the COSOP wrap-up meeting in November 2008, these 2-3 new projects would be selected by GOP from the 5 proposals listed below. The Economic Affairs Division of GOP, as the government's focal agency, will coordinate the selection process on the basis of consultations with all the concerned stakeholders, at both federal and provincial levels.

### **Project proposal 1: Land allocation scheme for poverty eradication in Southern Punjab**

**(with possibility of including districts in Sindh where similar province is planned)**

**Possible geographic area of intervention and target group:** The project shall initially be implemented on a pilot basis in the southern districts of Bahawalpur, Bahawalnagar, Muzaffargarh and Rajanpur. In each district, initially 500 poor landless tenants and farm labourers will probably be considered for inclusion in the project.

**Justification and rationale:** Punjab Province is pre-dominantly an agrarian economy and the mainstay of its inhabitants is agriculture. The population of Punjab is 87.548 million (2006), out of which 59.829 million (69%) live in the rural areas. The latest available estimates reveal that 21 per cent of Punjab's population (i.e. 18.4 million) were living below the poverty line during 2005-06. The government is providing a two kanal 'House-cum Garden Plot' to the poor households in the rural area for growing vegetables, orchards and rearing of livestock. In addition to arranging free of cost land for the intervention, the government would also provide necessary socio-economic infrastructure and required training to the beneficiaries.

**Key project objectives:** the overarching objective of the project is to reduce poverty, increase own assets and bridge the gap between the rich and poor. Specific objectives include: (i) to distribute land for developing small gardens, growing vegetables, rearing livestock, etc and to improve/increase the monetary and social security of the land-less poor households; (ii) to increase food security by increasing the consumption of nutritious fruits, vegetables, grains; (iii) to encourage independent living by reducing the dependency on others for their livelihood; and (iv) to reduce migration, which is happening mainly due to non-availability of work in rural areas.

**Ownership, harmonization and alignment:** The scheme is included in the MTFD 2007/08 – 2009/10 (Vol-I at General Serial No.32697).

**Components and activities:** Possible components will include: (i) land distribution, (ii) infrastructure development, (iii) microfinance, and (iv) agriculture and livestock extension advise.

**Costs and financing:** The state land will be provided free of cost, and IFAD will provide technical assistance and access to improved technologies and on-farm infrastructure on a cost sharing basis. Total project cost will be up to US\$50 million, with the possibility of including districts of Sindh province where similar initiative is planned.

**Organization and management:** The necessary socio-economic infrastructure would be provided by the government. Micro-finance would be implemented through the Rural Support Network. The Agriculture and Livestock & Dairy Development Departments would be associated to impart necessary training to the beneficiaries.

**Monitoring and evaluation indicators:** Implementation of the scheme shall be monitored by the concerned provincial departments and district governments, whereas, Punjab Economic Research Institute, P&D Department will be entrusted the responsibility of evaluating the scheme. The project Director, Bahawalpur Rural Development Project (BRDP) will also be involved for further preparation and coordination of the intervention as two of the four proposed districts already lie within the scope of responsibilities of Project Management Unit, BRDP.

**Risks:** The district governments may not be able to find suitable land for distribution.

**Timing:** 2010 onwards.

## **Project proposal 2: Chitral and Northern Areas Development Programme**

**Possible geographic area of intervention and target group:** The Project will be targeted at the poor households of Chitral District of NWFP and the six Districts of the Northern Areas. Agriculture is the main source of income of these rural communities. However, the land and irrigation base is narrow and the productive potential is limited by the high altitude of these mountain valleys. Most villagers practise mixed mountain agriculture by growing agricultural and horticulture crops along with livestock, mainly for subsistence rather than cash income. Poverty is widespread due to small holding and limited productivity. Off-farm employment opportunities are limited in the villages in the project area. Survey of the socio-economic profile of the Chitral District by AKRSP showed that at least 36% of the households were categorized as poor and 11% were categorized as very poor and there are questions

**Justification and rationale:** IFAD has successfully managed two projects previously in the same project area; The Chitral Area Development Project (1987) and the Northern Areas Development Project (1997). The Chitral Area Development Project proved to be a watershed for IFAD's programme in Pakistan. This was the first truly participatory multi-sector development project. The Northern Areas Development Project is due to close in June 2008. Chitral and the Northern Areas have suffered particularly because of the unstable situation in Afghanistan and rising trend towards fundamentalism in the country. The benefits of the rapid growth have not been shared equitably with these mountain communities. As such there is strong justification for IFAD to continue its support to these regions.

**Key project objectives:** The main objectives of the project would be to (i) boost agricultural production and incomes of poor households (ii) enhance their access to basic services (iii) enhance access to financial and marketing services (iv) strengthen the capacity of local communities to manage their natural resources (v) provide support to selected village and women's organizations to transform into innovative enterprises (vi) improve the status of women.

**Ownership, harmonization and alignment:** There is a strong Government commitment to continuing its support in these areas due to the fact that these areas have received limited development financing. The Asian Development Bank is also interested in continuing its support to these areas. Although the ADB has decided to discontinue most of its rural development projects in the country it is strongly committed to supporting these areas. IFAD and AsDB will likely co-finance this project with IFAD focusing on small-scale community oriented development projects, agriculture and livestock development and supporting micro-finance by building synergies with its on-going MIOP and PRISM projects.

**Components and activities:** The project is likely to consist of investments in (i) community organizations (ii) small-scale village level infrastructure (iii) credit



(iv) agriculture and livestock development. AsDB will finance hydro-power projects and in the improvement of the road network.

**Costs and financing:** AsDB's share of the financing will be around US\$100 and IFAD investments will be in the range of up to US\$30 million.

**Organization and management:** The project will have a dual implementation mode with the Chitral area activities being implemented through the Planning and Development Department, Government of NWFP and the Northern Areas component being administered directly by the Federal Government through the Ministry of Kashmir Affairs and Northern Areas (KANA).

**Risks:** The security situation in the northern parts of the country may hinder road access to Chitral.

**Timing:** 2010 onwards.

### **Project proposal 3: Piloting Community Livestock Farms**

**Possible geographic area of intervention and target group:** The Pakistan Dairy Development Company is active through the whole country, wherever dairying is practiced. However, given the livestock holding pattern in the country it is likely that this project will be implemented in Punjab, Sindh and NWFP. The target group for this programme is very small dairy farmers, having between 1- 4 animals. The participating households are likely to be landless or own very small plots of land. The project will be targeted primarily at women.

**Justification and rationale:** There are several rationales for the project:

- The Government of Pakistan wishes to develop the dairy sector, and through the dairy sector, drive rural development and achieve poverty alleviation. For these objectives to be met, programmes which reach the smallest farmers must be designed and implemented.
- The pressing need within the dairy sector is for basic farm management practices to be modernised and made much more productive. It is very difficult to reach the huge numbers of smallholder and landless farmers, but by grouping these into community based organisations, more effective and efficient technology transfer can be achieved.
- The Community Farm Programme is intended to demonstrate that by co-operating as a group, the lot of community members can be improved, and stakes in society can be built.
- It is intended that formal finance be used to fund part of the Community Farm development, hence bringing cheaper credit within the reach of some of the poorer elements of society.

**Key project objectives:** The key objective is to develop and demonstrate models for the establishment of profitable community managed farms.

**Ownership, harmonization and alignment:** This project is consistent with the Government of Pakistan's Medium Term Development Framework, in which the development of the livestock sector is given as a priority. A PC-1 has been submitted to the Government of Pakistan for pilot testing this idea by establishing 100 farms at a cost of US\$10 million. The Pakistan Dairy Development Company has discussed collaboration with the Governments of Sindh and Punjab. DFID has also shown interest in the idea and may invest in Punjab.

**Components and activities:** The components are likely to include social mobilisation, land acquisition, development of farms, technical assistance, training in livestock management and farm business operation.

**Costs and financing:** The costs of the project will depend upon the number of farms developed. Over a five year period 300 model farms will be established at a cost of US\$30 million. Equity of US\$4 million is expected from the community member.

**Organisation and management:** The implementing agency for this programme will be the Pakistan Dairy Development Company. This Company has been established under the Federal Ministry of Industries, Production and Special Initiatives. PDDC will have a team dedicated to the Community Farm Programme. Social Mobilisation skills will be contracted out by PDDC to organisations with the relevant skills and experience.

**Monitoring and evaluation indicators:** No of farms established. The different type of models established cooperative, individual, community, etc. Change in production techniques and production quantities. Profit margins from different business models. Farm management measures including profitability, fertility, disease, morbidity etc. Effectiveness of training in animal, farm and business management. Cash flow for members, and ability to re-pay loans. Participation of women.

**Risks:** Lack of willingness of community members to establish community farms.

**Timing:** PDDC intends to commence its own Community Farm Programme shortly. This will provide the concept prior to any IFAD funding, and in addition means that PDDC will be able to scale up its activities in a timely manner by the time IFAD funding becomes available.

**Project proposal 4: Sindh Coastal Area Development Project**  
**(with possibility of merging with proposal 5 below)**

**Possible geographic area of intervention and target group:** The coastal communities of Sindh living in the districts of Thatta and Badin. It is estimated that there around 1.2 million households in the coastal Talukas of Sindh. The ones in the most vulnerable Talukas with a potential to develop fishery, livestock or other sources of livelihoods in the area will be supported through this intervention.

**Justification and rationale:** The coastal areas of Sindh which were once thriving sea ports have deteriorated rapidly in the current century into deserted outposts. These have suffered particularly as a result of both man made and natural disasters. The rapid deforestation of the mangroves, salt water intrusion, flooding, cyclones, water scarcity, ill-planned investments such as the Left Bank Outfall Drain Project have further exacerbated the problems of the area. The local communities are unable to cope with these growing problems and have shifted from farming to livestock to fisheries to wage employment. Targeting these areas is needed to help the marginalized communities in disaster prone areas of the country

**Key project objectives:** To rehabilitate the livelihoods of these vulnerable communities by investing in basic social and economic infrastructure and providing access to skills, financial and marketing services and access to productive technologies and resources. To strengthen the institutions working in the area such as the Sindh Coastal Area Development Authority and NGOs so that they are able to provide more effective services to local communities for a more sustained impact on poverty alleviation.

**Ownership, harmonization and alignment:** There are several initiatives which are being undertaken in the coastal areas of Sindh. The Government has established the Sindh Coastal Areas Development Authority with the specific responsibility of focusing on these areas. The Asian Development Bank has approved a US\$40 million for the Sindh Coastal Area Development Programme. The World Bank is considering a programme for

the coastal areas. The Pakistan Poverty Alleviation Fund (PPAF) is implementing an initiative to support communities in the coastal belt and the LBOD backwash areas. PPAF is already using some of the funds from MIOP to pilot test an approach to target the ultra poor on a pilot basis. There is a potential to co-finance this programme with agencies such as the World Bank, with IFAD focusing on components which are of specific interest to IFAD

**Components and activities:** The programme is likely to include the following components: (a) improving access to basic services such as drinking water supply; (b) increasing incomes through improved crop, fisheries and livestock production; (c) securing access to, and better management of, coastal areas natural resources; (d) forming viable community organizations that are inclusive, well governed, and can operate in partnership with the public and private sector; (e) small infrastructure grants (f) micro-credit; (vi) promoting technological and institutional innovations, particularly the use of solar and wind energy for pumping water and generating electricity;

**Costs and financing:** The project is expected to cost up to US\$30 million over a five year period,

**Organization and management:** While AsDB has chosen to work with the Sindh Coastal Development Authority and the World Bank has chosen to work with the PPAF's Water Management Centre, IFAD's approach will be to try and bring these two together in partnership in the implementation of the project.

**Risks:** The level of motivation of the Sindh Development Authority may not be commensurate with the motivation required to manage such a programme.

**Timing:** 2010 onwards.

**Project Proposal 5: Fisheries Development in the Coastal Areas of Balochistan (with possibility of merging with proposal 4 above)**

**Possible geographic area of intervention and target group:** The Project will be targeted at the two coastal districts of Balochistan, namely Gwadar and Lasbela along the Mekran Coast. There area bout 1129 kms between the Hub River and the Iranian Border in the West. It is estimated that there are about 40 fishing towns and villages in this area with about 40,000 active fishermen.

**Justification and rationale:** The fishing sector is one of the most neglected sectors in Balochistan. There is considerable potential to development this sector to its potential and use it as a vehicle for poverty alleviation. The sector currently produces about 200,000 metric tones of fish. However, the ability of the fishing community to properly store and process this fish is limited due to ill-equipped boats, lack of proper equipment and facilities and lack of knowledge. This limits the demand for this fish and was the main reason behind EU's banning imports of fish from Pakistan.

**Key project objectives:** The key project objective is to develop the production and marketing potential of local fisheries resources for poverty alleviation in the coastal communities through investment in infrastructure, processing and storage facilities, access to credit and training, public private partnership and institutional strengthening of the Fisheries Department.

**Ownership, harmonization and alignment:** The Ministry of Food and Agriculture in Islamabad is committed to the development of the fisheries resources of the Balochistan Province. The Ministry has recently approved a training center in Gwadar. There is strong

commitment to the project at the provincial level and the Planning and Development Department has indicated its strong support for fisheries development and has also indicated it as a high priority project in its Vision 2030 and outlined its importance in its Economic Development Report.

**Components and activities:** The components of the Balochistan Coastal Fisheries Development Project will include (i) establishment of fishery Cooperatives (ii) small-scale community infrastructure projects (iii) investment in fishing and marketing equipment and facilities (iv) credit (v) training in fish processing, storage and marketing and (vi) institutional development of the Balochistan Fishery Department.

**Costs and financing:** The project is likely to cost up to US\$30 million.

**Organization and management:** The Project will be implemented as a model of public-private sector partnership between the Fisheries Department and an NGO which will be selected through competitive bidding from among the National Rural Support Programme or the Balochistan Rural Support Programme.

**Monitoring and evaluation indicators:** The principal monitoring mechanisms will be number of fishing cooperative established, participation of women, increase in fish production and marketing, increase in incomes, etc.

**Risks:** The main risk to the project is the limited capacity of the Fisheries Department and the inability of the NGO and the Department to forge a partnership.

**Timing:** 2010 onwards.

## Key file 1: Rural poverty and agricultural/rural-sector issues

Priority Areas	Affected Group	Major Issues	Actions Needed
Rural Poverty	35 million rural poor	<ul style="list-style-type: none"> <li>The proportion of the population below the poverty line remains high.</li> <li>Despite recent indications of improvement, social and living standards remain well below countries with similar incomes and growth rates.</li> <li>Widespread structural inequity leads to the exclusion of the poor from both owning and accessing assets and services.</li> <li>Although agriculture is at the heart of the rural economy, the majority of Pakistan's rural poor are neither tenant farmers nor farm owners.</li> </ul>	<ul style="list-style-type: none"> <li>Sustain economic growth performance.</li> <li>Ensuring that economic growth translates into reduction of income and non-income poverty on a sustainable basis.</li> <li>Undertake measures that will lead to a more equitable distribution of land and water resources.</li> <li>Initiate programmes that will help in improving the access of the poor to skills, credit, employment and social services.</li> <li>Empowering the poor and protecting the most vulnerable through, safety nets and transfer payments.</li> </ul>
Rural organizations	The rural poor	<ul style="list-style-type: none"> <li>There is lack of organizations serving the poor in rural areas.</li> <li>There is little accountability and motivation of government line agencies to serve in poor rural areas.</li> <li>The outreach of formal sector financial institutions in rural areas is either non-existent or very low.</li> <li>NGOs lack resources to serve in rural areas.</li> <li>The private sector offers limited services in rural areas.</li> <li>The Citizen Community Boards formed under the Local Government ordinance have a limited mandate and resource allocation to them is highly dependent on the attitude of the District Nazim.</li> <li>The broad based village organizations established by many rural development initiatives are not sustainable beyond the project period.</li> <li>There has been little investment in helping village and community organizations transform into modern day enterprises that will enhance productivity, access to markets and generate incomes for its members.</li> </ul>	<ul style="list-style-type: none"> <li>Greater accountability and performance incentives for service delivery by government line agencies to poor rural areas.</li> <li>Especially targeted and subsidized programmes for rural areas by NGOs unable to develop effective models.</li> <li>Institutional strengthening of community organizations.</li> <li>Experimenting with innovative models for establishing agriculture, dairy, cooperatives and transforming.</li> <li>Assessing the feasibility of transforming village banks into credit unions through pilot initiatives.</li> <li>Investment in communication and marketing infrastructure in rural areas.</li> <li>Enhancing the effectiveness and governance of rural institutions.</li> </ul>
Agriculture sector.	Small farmers and tenants.	<ul style="list-style-type: none"> <li>Average crop yields in Pakistan are low.</li> <li>Salinization of many irrigated areas;</li> <li>land degradation, particularly in the rain-fed areas and rangelands;</li> <li>Ineffective support services;</li> <li>Rural poor lack access to land and irrigation water.</li> <li>Lack of access to timely credit for purchase of improved agriculture inputs.</li> <li>High variation in agriculture prices over the year.</li> <li>Lack of storage and other marketing infrastructure.</li> </ul>	<ul style="list-style-type: none"> <li>Improve productivity of crops.</li> <li>Diversification into higher-value crops.</li> <li>Improved water use efficiency.</li> <li>Improved access to land.</li> <li>Improved access to micro-finance services.</li> <li>Investment in marketing infrastructure.</li> <li>Programmes to combat desertification.</li> </ul>
Water sector	Small farmers,	<ul style="list-style-type: none"> <li>Rapid population growth particularly in urban areas, depleting</li> </ul>	<ul style="list-style-type: none"> <li>Improvements in water delivery (including investments in</li> </ul>

Priority Areas	Affected Group	Major Issues	Actions Needed
	tenants and tail end users.	<p>existing reservoirs storage capacities and lack of augmentation of water resources;</p> <ul style="list-style-type: none"> <li>• Inadequate information data base on water resources planning, development and management at National level;</li> <li>• Limited private sector and stakeholders participation in development, management, operation and maintenance of water resources.</li> <li>• Pakistan has demonstrated extremely low irrigation efficiencies, creating problems related to water conservation and water logging and salinity;</li> <li>• The current estimated irrigation efficiency in Pakistan is 35.5%.</li> <li>• Inefficiency in the allocation of water within canal systems causing lower crop productivity at both the head ends of canals due to over-use of water and water-logging and at the tail ends due to water shortages;</li> <li>• Lack of access to water saving technologies.</li> </ul>	<p>drainage, control structures and conveyance mechanisms);</p> <ul style="list-style-type: none"> <li>• Better water management (through strengthening of water course organizations, farmers organizations, area water boards or professional canal management agencies);</li> <li>• Greater efficiency of water use at the farm level (crop choice and adoption of water saving technologies).</li> </ul>
Livestock sector	Small livestock farmers and women.	<ul style="list-style-type: none"> <li>• Lack of improved feed;</li> <li>• Lack of veterinary services;</li> <li>• Limited access to credit and improved technology;</li> <li>• Limited attention to increasing productivity and efficiency of tasks that women undertake.</li> <li>• Inefficient marketing infrastructure and marketing channels for dairy products;</li> <li>• Lack of rural organizations;</li> </ul>	<ul style="list-style-type: none"> <li>• Increasing livestock's commercial potential through breed improvements, proper feeding, increasing the milk yield per animal and further value addition, disease control, improved market infrastructure, higher access to credit and insurance arrangements.</li> <li>• Better veterinary services;</li> <li>• Establishment of vertically integrated cooperatives that deliver both the requisite technology, veterinary and marketing services to small farmers;</li> <li>• Designing effective programs that pay attention to the cultural and economic constraints facing rural women, who play a major role in the care of livestock, including the collection of fodder, cleaning of sheds and the processing of animal products.</li> </ul>
Fisheries sector	Coastal communities of Sindh and Balochistan	<ul style="list-style-type: none"> <li>• Lack of basic services.</li> <li>• Lack of improved fishing technologies.</li> <li>• Lack of marketing facilities.</li> </ul>	<ul style="list-style-type: none"> <li>• Improvements in post-harvest handling (chilling, refrigeration, preservation and hygienic conditions).</li> <li>• Establishing new hatcheries.</li> <li>• Soft loans for fish farms.</li> <li>• Development of sea-food processing industry,</li> <li>• Strengthening of extension services</li> <li>• Introduction of new fishing methodologies and development of value added products.</li> </ul>
Non-farm rural sector	Landless labourers, small entrepreneurs	<ul style="list-style-type: none"> <li>• The development of the non-farm rural economy is critical for poverty alleviation as a major share the incomes of the rural poor emanate from this sector.</li> </ul>	<ul style="list-style-type: none"> <li>• Investment in the rural and small-town non-farm sector.</li> <li>• Creating an enabling environment for the rural non-farm sector.</li> </ul>

Priority Areas	Affected Group	Major Issues	Actions Needed
	including women.	<ul style="list-style-type: none"> <li>• Lack of access to credit;</li> <li>• Lack of skills for more refined production and design.</li> <li>• Lack of access to modern production techniques.</li> <li>• Lack of links with markets.</li> <li>• Inadequate infrastructure especially roads, electricity, gas, transport, marketing, etc.</li> </ul>	<ul style="list-style-type: none"> <li>• Improvement in rural public service delivery in infrastructure, health and education.</li> <li>• Skill training and vocational training for rural men and women.</li> <li>• Facilitating access to productive assets and new technology through access to micro-credit, leasing services and information.</li> <li>• Improving links with markets.</li> </ul>

## Key file 2: Organizations matrix (strengths, weaknesses, opportunities and threats [SWOT] analysis)

ORGANISATION	STRENGTHS	WEAKNESSES	OPPORTUNITIES	THREATS
<b>Enablers</b>				
The Economic Affairs Division (EAD) is expected to provide an analysis of the funding gaps in the country and coordinate donor financing in accordance with those needs.	<ul style="list-style-type: none"> <li>The Economic Affairs Division (EAD) is the main coordinating agency for all donor funds including IFAD and is able to identify areas of duplication.</li> <li>EAD has generally been very supportive of IFAD initiatives in the country.</li> </ul>	<ul style="list-style-type: none"> <li>Current trends towards greater decentralisation at the provincial level lead to EAD not always being able to play its role effectively.</li> <li>EAD is unable to play its role effectively due to lack of information of key financing gaps.</li> <li>Lack of field experience and lack of understanding of key constraints and development issues on the ground.</li> <li>Frequent changes in the staff of EAD leads to lack of continuity.</li> <li>Limited capacity to keep abreast of changes and development needs at the provincial level.</li> </ul>	<ul style="list-style-type: none"> <li>To build a good understanding and rapport with EAD of country needs and position the IFAD COSOP to help address those needs.</li> <li>The COSOP consultation process also provided an opportunity for EAD to interact with provincial governments to better understand their development priorities.</li> </ul>	<ul style="list-style-type: none"> <li>EAD may not be fully aware of government financing needs and situation on the ground to play an effective role in donor coordination.</li> <li>Lack of staff continuity can lead to problems with relationship management.</li> </ul>
The Ministry of Finance (MOF) deals with the subjects pertaining to finance of the Federal Government and financial matters affecting the country as a whole, preparation of annual budget statements and supplementary excess budget statements for the consideration of the parliament.	<ul style="list-style-type: none"> <li>Finance Division maintains financial discipline through financial advisors organization attached to each Ministry/ Division etc.</li> <li>The Ministry of Finance is perceived as one of the most powerful Ministries due to its control of finances.</li> <li>The Ministry of Finance generally has strong leadership.</li> </ul>	<ul style="list-style-type: none"> <li>Lack of field experience and lack of understanding of key constraints and development issues on the ground.</li> <li>Frequent changes in the staff of MOF leads to lack of continuity.</li> </ul>	<ul style="list-style-type: none"> <li>To build a good understanding and rapport with MOF of country needs.</li> </ul>	<ul style="list-style-type: none"> <li>The reporting relationships between different Government agencies like EAD and MOF can delay approvals.</li> <li>Lack of staff continuity can lead to problems with relationship management.</li> </ul>
Ministry of Food, Agriculture and Livestock (MINFAL) and agriculture	<ul style="list-style-type: none"> <li>The government has outlined a new Agriculture Strategy which outlines a clear investment path</li> </ul>	<ul style="list-style-type: none"> <li>The Ministry of Food, Agriculture and Livestock is fragmented on the basis of</li> </ul>	<ul style="list-style-type: none"> <li>There is considerable scope to work closely with the Ministry to assist in helping to increase</li> </ul>	<ul style="list-style-type: none"> <li>While Government has a clearly articulated strategy these priorities</li> </ul>



ORGANISATION	STRENGTHS	WEAKNESSES	OPPORTUNITIES	THREATS
and livestock departments at the provincial level.	<p>for the sector.</p> <ul style="list-style-type: none"> <li>The government is playing a minimal role in establishing price controls or providing subsidies and is allowing market forces to operate in the country.</li> </ul>	<p>different commodities and is unable to play an effective role or comprehensive role.</p> <ul style="list-style-type: none"> <li>At the policy and investment level some commodities like wheat have been given an overwhelming importance to the neglect of others such as dairy development.</li> <li>At the provincial level the agriculture and livestock departments are weak and agriculture extension services have been under-resourced and have provided limited services.</li> <li>The provincial departments suffer from lack of a performance orientation, weak accountability and poor performance.</li> </ul>	<p>the productivity of the sector.</p> <ul style="list-style-type: none"> <li>To help identify investment opportunities which will redress the imbalance between the crop and dairy sector.</li> <li>The MINFAL is keen to invest in the coastal areas to develop the fishery resources of poor coastal communities.</li> </ul>	<p>are subject to change on the ground in view of the dynamic marketing environment.</p> <ul style="list-style-type: none"> <li>Pakistani commodities are unable to meet the growing quality standards and export controls which can limit the income and employment potential of IFAD investments.</li> </ul>
<b>Service Providers</b>				
<p>The Pakistan Poverty Alleviation Fund (PPAF) was established in 1997 by the Government of Pakistan as an innovative model of public private partnership. PPAF is incorporated under section 42 of the Companies Act 1984 and follows the regulatory requirements of the Securities and Exchange Commission</p>	<p>PPAF has developed into a successful apex fund with a good strategy for outreach to rural areas through its Partner NGOs.</p> <p>PPAF also finances community physical infrastructure and social sector investments on a cost-sharing basis.</p> <p>PPAF has been able to develop a micro-finance programme based on subsidized loans to its Partner Organizations. This has helped to grow the sector exponentially.</p> <p>PPAF has been able to attract a large number of donors chief among whom are the World Bank, USAID, UNDP, IFAD, etc.</p> <p>PPAF has built a huge resource base and has established a healthy</p>	<p>Due to growth in the microfinance sector and enhanced absorptive capacities of partner organisations, PPAF is constrained by shortage of funds to meet the needs of the sector and to facilitate in sustaining the current growth rate.</p> <p>PPAF has weak monitoring and evaluation capacity and has been unable to attract qualified staff for its M&amp;E section.</p>	<p>IFAD has in partnership with PPAF designed several new initiatives designed to enhance rural outreach, encourage new players, diversify financial products, develop links with commercial sources of credit, help organizations become more sustainable, reduce donor dependence, etc.</p>	<p>The Government may redefine PPAF's mandate and limit its role.</p> <p>DFID's investment in the micro-finance sector may crowd out some of the potential opportunities PPAF is envisaging at this stage.</p>

ORGANISATION	STRENGTHS	WEAKNESSES	OPPORTUNITIES	THREATS
	revenue stream.			
Coastal Area Development Authority of Sindh and Balochistan	<p>Coastal Area Development Authorities have been established in Sindh and Balochistan by the Government in order to focus attention on the specific development challenges of coastal areas.</p> <p>These coastal authorities have been allocated special budgets to focus on the poor communities of Thatta and Badin in Sindh and the Mekran Coast in Balochistan.</p> <p>The Sindh Coastal Authority has been able to build an effective partnership with the Asian Development Bank. The Sindh Coastal Development Authority has been able to build a partnership with NRSP for its community oriented projects.</p> <p>These institutions can help to achieve sustainable improvements in the livelihoods of coastal communities.</p>	<p>These authorities work like government line agencies and do not have a high performance orientation.</p> <p>These authorities are primarily coordinating agencies and while, in a few cases, they also have implementation responsibility, this is limited.</p> <p>These authorities do not have a community orientation or capacity for social mobilisation.</p>	<p>There is an opportunity to work closely with these authorities in close cooperation with other donors to redress the gaps in existing capacity and programming and make a long lasting impact on poverty in coastal communities.</p> <p>There is an opportunity for IFAD to help develop the fishery cooperatives in coastal communities and transform the institutional base of these communities on a sustainable base.</p>	<p>The bureaucratic nature of the Sindh and the Balochistan Coastal Authorities may not be very open to considering innovation.</p> <p>The lack of a performance orientation may lead to a very slow pace of implementation of identified opportunities.</p>
Pakistan Dairy Development Company (PDDC) has been established under the Ministry of Industries as a section 42 company.	<p>The PDDC is focusing on the neglected dairy industry in Pakistan.</p> <p>The PDDC has strong technical capacity to deal with dairy management issues.</p> <p>The PDDC has developed a range of technical packages for enhancing the productivity of the dairy industry such as helping to build fences, provision of cooling tanks for the collection of milk</p>	<p>It has not established a programme which will result in a revenue stream for its operations. Thus it will be continually dependent upon financing from an outside source.</p> <p>It has not developed a good strategy or criteria for targeting poor households or for outreach to rural areas.</p>	<p>PDDC can play a significant role in helping small livestock owners increase their productivity and incomes from the dairy sector. PDDC has an opportunity to develop a programme which recognises the critical role that women play and help to increase their productivity and incomes from the sector.</p> <p>There is considerable scope for innovation in the community livestock farming component which PDDC is planning to initiate.</p>	<p>The principal threat for PDDC is that it will be unable to secure government financing for its ambitious programme.</p> <p>PDDC will be unable to develop a programme with an effective outreach to rural areas or to poor households.</p> <p>While PDDC's approach is technically sound it may not fully appreciate the social dynamics within which its programmes have to operate.</p>

ORGANISATION	STRENGTHS	WEAKNESSES	OPPORTUNITIES	THREATS
Non-Governmental Organizations (NGOs)	<p>NGOs have become an expected partner in rural development in Pakistan. Government and donors have both expected that NGOs can play a critical role in community mobilisation, development of small scale community infrastructure and micro-finance.</p> <p>The government has formalised new opportunities for the citizen sector to contribute to national development. Some of the major NGOs in the country have received endowment funds from the government such as the National Rural Support Programme, the Punjab Rural Support programme and the recently established Sindh Rural Support Organization.</p> <p>NGOs have also been asked to participate in innovative experiments in the delivery of social sector services such as in the management of the government's primary health care services in the Punjab.</p> <p>Some like the Aga Khan Rural Support Programme, the National Rural Support Programme, Kashf, SAFWCO, TRDP have developed innovative approaches to increasing the access of services to rural areas and understanding specific problems of vulnerable areas.</p> <p>NGOs are generally performance and target oriented and are able to infuse a high level of motivation into project implementation.</p>	<p>The number of good NGOs is limited and the same four or five are often relied on excessively.</p> <p>The rural outreach in terms of coverage of households is limited.</p> <p>NGOs are generally staffed by people with strong skills and orientation towards social development, their technical skills are limited.</p> <p>The absorption capacity of NGOs is limited and their technical capacity does not grow as rapidly as their responsibilities.</p> <p>NGOs do not have sufficient financing for institutional strengthening.</p> <p>Most NGOs are not financially sustainable and are donor dependent.</p>	<p>The Poverty Reduction Strategy Paper recognises the contribution that the NGOs sector can make in social development and poverty alleviation in Pakistan.</p> <p>The Medium Term Development Framework 2005-2010 recognises the contribution of some of the leading NGOs to the delivery of social sector and micro-finance sectors and envisages a key role for them in social mobilisation.</p> <p>NGOs ability to organize communities for development of a wide range of programmes such as community infrastructure, micro-finance and skill development is invaluable for any rural development initiative.</p>	<p>NGOs are perceived as being Western sponsored and promoting Western ideas especially about women's empowerment and flaunting local traditions. As a result there is growing opposition to them in areas where there has been an emergence of fundamentalism.</p>
<b>Client Organisations</b> Citizen Community Boards (CCBs) are the mechanism	The CCBs are a good mechanism for helping communities build small infrastructure projects at the village level.	Where CCBs have been registered, there are some apprehensions about their legitimacy given that any 25 members can get organised as a CCB.	The experience of the CCBs can be used to experiment with innovative arrangements for local level investments.	The Nazims often view the CCBs as a parallel competing institution and often refuse to allocate financing to them.

ORGANISATION	STRENGTHS	WEAKNESSES	OPPORTUNITIES	THREATS
<p>contemplated in the Local Government Ordinance 2001 to extend community participation broadly. It is envisaged that the Citizens Community Boards will participate in project implementation for which they will receive development funds equivalent to 80% of the project costs and will be expected to provide the remaining 20% from their own resources.</p>	<p>There are specific funds allocated for the CCBs which do not lapse at the end of the financial year.</p> <p>It is estimated that by the end of 2008 the total number of CCBs would be around 50,000.</p>	<p>Some view the CCBs as a supply driven process and feel that they are likely to be opportunistic institutions which will be project driven and are not likely to generate any sustained level of interest beyond the project completion.</p>	<p>The CCBs provide a good opportunity for local communities to interact with local government institutions.</p>	
<p>Village and community men and women's organizations have been established by many rural development initiatives as a pre-requisite to undertaking development activities at the village level.</p>	<p>These organizations are a good precursor to village level governance and a good mechanism for poverty targeting.</p> <p>These organizations have proved to be a very effective mechanism for reducing the transactions cost of delivering services and skills at the village level.</p> <p>These organizations have proved to be one of the most effective mechanisms for identifying and implementing small scale infrastructure projects at the village level.</p> <p>Some of the village organizations have worked effectively as village banks and have also undertaken cooperative marketing ventures.</p>	<p>These organizations atrophy quickly at the end of the Project period.</p> <p>There has been little investment in long-term institutional development and transformation of these organizations into modern day dairy or agricultural marketing cooperatives.</p> <p>While many projects have experimented with using the community organizations as village banks few have taken a long-term approach to transforming these into a credit union model.</p>	<p>These organizations provide a good mechanism for reducing the transactions costs of projects at the village level.</p> <p>These organizations are a good instrument for poverty targeting and the participation of women.</p> <p>Greater innovation is required to assess if it is possible to transform these into agriculture and dairy cooperatives as well as developing some of them as credit unions.</p>	<p>The massive investment in these organizations will be lost because of failure to develop a strategy for their sustainability.</p>

### Key file 3: Complementary donor initiative/partnership potential

Agency	Priority sectors and areas of focus	Period of current country strategy	Complementarity/Synergy Potential
<p><b>World Bank</b> <sup>24</sup> A flexible IBRD/IDA lending program of up to US\$6.5 billion (approx US\$3.1 billion IDA and US\$3.4 billion IBRD) is proposed in support of the PRSP. Pakistan's IDA allocation has been increased under IDA 14, with the three-year envelope set at SDR 1.5 billion (equivalent to about US\$725 million per year). In addition Pakistan will have access to additional IDA on hard terms estimated at SDR 130 million.</p>	<ul style="list-style-type: none"> <li>• Immediate priority is to assist in addressing the impact of the October 2005 earthquake – up to US\$1 billion in IBRD/IDA commitments are being used to support reconstruction and recovery.</li> <li>• Bank Group program priorities will retain considerable continuity with the FY03-05 CAS, focusing on the areas which are most critical for poverty reduction.</li> <li>• The three inter-linked and mutually reinforcing pillars of the current CAS correspond to the strategic priorities of the PRSP: (i) sustaining growth and improving competitiveness; (ii) improving government effectiveness and service delivery; and (iii) improving lives and protecting the vulnerable.</li> </ul>	<p>2006-2009</p>	<ul style="list-style-type: none"> <li>• Reconstruction and Recovery in <b>earthquake affected areas</b>. The World Bank and IFAD are already coordinating efforts in the earthquake affected areas. The IFAD financed REACH project is being coordinated closely with the World Bank which is also supervising this programme for IFAD.</li> <li>• A key pillar of the World Bank strategy in Pakistan is improving lives and protection of the vulnerable. As part of this endeavour the World Bank is testing innovative approaches to micro-insurance to address life cycle risks and <b>micro-finance</b> through the PPAF. IFAD is closely coordinating its micro-finance investments with those of the World Bank by using PPAF as the implementing partner and appointing the World Bank as its supervisor in the MIOP Project.</li> <li>• The Bank will also support the Government's newly announced program for rural poverty alleviation through <b>social mobilization</b>. There might be some potential here for collaboration with IFAD which has always laid stress on strengthening the capacity of the rural poor. However, IFAD will wait to see how the Bank's programme unfolds before determining the exact potential for partnership.</li> <li>• The World Bank is planning support to the <b>irrigation and drainage</b> programme through a range of instruments including development policy lending in support of key reforms as well as through investment lending to finance infrastructure and institutional development. There maybe scope for collaboration and for IFAD to add value to past investments in the water sector by assessing the extent to which it can help to strengthen water user associations and water use efficiency in the country.</li> <li>• The World Bank is also experimenting with an <b>innovative safety nets</b> programme which is in response to the negative fall out of its investments in the National Drainage Programme and the Left Bank Outfall Drain Programme. This programme is being tested on a pilot basis with funding from CGAP in the <b>coastal areas of Sindh</b>. While MIOP funds may also be used to help supplement the financing from CGAP, IFAD could consider a full fledged programme for coastal areas building on this experience. PPAF is managing a Sindh Coastal Area Development Project (SCAD) with World Bank social mobilization funds.</li> </ul>

<sup>24</sup> Country Assistance Strategy for Pakistan. FY 2006 to 2009. The World Bank. Report No. 35718-PAK. April 2006.

Agency	Priority sectors and areas of focus	Period of current country strategy	Complementarity/Synergy Potential
			<ul style="list-style-type: none"> <li>IFAD has been in negotiations for the financing of a minor irrigation project in Balochistan. Discussions regarding this investment have stalled because of delays by the Bank in the initiation of this investment.</li> </ul>
<b>Asian Development Bank<sup>25</sup></b>	<p>The focus of the country strategy and program (CSP) approved in May 2002 is to support poverty reduction in Pakistan through interventions in the following three areas: (i) supporting good governance (devolution, legal, judicial, and police reforms, as well as sector- and province-based reforms); (ii) sustainable pro-poor growth (rural development and employment generation); and (iii) inclusive social development (education, health, water supply and sanitation, and social protection). The major focus of the CSP is good governance. In addition, sub-regional cooperation, sustainable environmental management, and gender and development were identified as crosscutting themes in the CSP.</p> <p>Under the country strategy and program update, CSPU (2005–2006), endorsed by the Board in September 2004, ADB supported the Government's shift in emphasis towards higher sustained growth. ADB had concluded that given the favourable economic and political situation, the strategy updated in CSPU (2005–2006) continues to be relevant. AsDB's strategic focus on social sectors will continue to support progress towards attainment of the Millennium Development Goals (MDGs) and improvements in social development outcomes.</p> <p>The emphasis on lending for economic infrastructure will be continued, which is consistent with the high priority attached to it in the Government's Medium-Term Development Framework (MTDF). AsDB's support for economic infrastructure development will be mainly, but</p>	<p>2006-2008. AsDB has developed a new CSP for 2007-2011 which is in the process of approval.</p>	<ul style="list-style-type: none"> <li>AsDB's strategic focus on <b>social sectors</b> will continue to support progress towards attainment of the Millennium Development Goals (MDGs) and improvements in social development outcomes. Recommendations in the Sector Assistance Programme Evaluation SAPE "as the need to promote public private partnerships in delivery of basic services" are being incorporated in designing the new DSSP for Balochistan.</li> <li><b>Governance</b> continues to be mainstreamed in all AsDB operations. The focus will be on ensuring effective implementation of the Access to Justice Program (AJP) and the Decentralization Support Program (DSP), as well as on provincial resource management programs (RMPs).</li> <li>AsDB supports expanding the outreach of <b>small and medium-sized enterprises</b> and <b>microfinance</b> services and strengthening institutions with private sector participation. ADB currently has a portfolio of equity investments, loans, and complementary cofinancing loans in power generation, cement production, export finance, and venture capital, among others. Consideration is being given to supporting private sector investment projects in water, power, and energy infrastructure, mining, and local currency financing. In addition, ADB is currently processing a Private Partnership in Infrastructure Development (PPID) Project.</li> <li>AsDB can play a catalytic role in promoting and strengthening <b>regional cooperation</b> in South and Central Asia. In addition to support for the feasibility studies of the Turkmenistan–Afghanistan–Pakistan Gas Pipeline Project (TAP) and projects to improve regional connectivity among Pakistan, Afghanistan and the Central Asian Republics, new road projects are proposed.</li> <li>In view of AsDB's decision to discontinue its rural development and agriculture sector projects, the only scope for collaboration with ADB are the two area development projects it is considering in the Northern Areas and Chitral. IFAD has been in discussion with ADB about these projects.</li> </ul> <p>AsDB is lending \$36 million to reduce poverty and improve environmental management in six coastal sub-districts of Sindh,</p>

<sup>25</sup> Country Strategy and Program Update. 2006-2008. Pakistan. Asian Development Bank. August 2005.

Agency	Priority sectors and areas of focus	Period of current country strategy	Complementarity/Synergy Potential
	<p>not exclusively, in the areas of water resources, power, transport and communications, and urban renewal and development. AsDB views itself as one of Pakistan's strategic development partners for infrastructure development. The capacity building and strategic planning technical assistance (TA) loans for infrastructure (power, water resources, and energy), rural modernization and mega city renewal included in the 2005 assistance program will provide an overall strategic framework to further strengthen and promote long-term partnership in these sectors. The TA loans will, among other things, support sector assessments, preparation of projects, and capacity building in these sectors.</p> <p>AsDB had also undertaken an Agriculture Sector Reform Programme (US\$ 350 million) with the MINFAL. This was intended to lead to a more efficient market based system. However, AsDB feels that it did not achieve the success which it expected in this programme due to the resistance from provincial governments. For the future it has decided to deal directly with provincial governments in this regard.</p> <p>The recently concluded Country Programme Evaluation of AsDB's assistance to Pakistan was very critical of its investments in the agriculture and rural development sectors. It concluded that AsDB had spread itself too thin and recommended closing down all its area development projects based on their performance ranking. As such AsDB will not be undertaking anymore agriculture and rural development projects in Pakistan. The only exception to this will be the area development projects in Northern Areas and Chitral due to a long standing government request for these.</p> <p>For the future, AsDB expects that it will focus on two sectors; (i) water resource and irrigation and (ii) investments in agriculture value chains.</p>		<p>Pakistan. The loan is the first to be approved by AsDB's Board of Directors in 2007. The project focus includes job creation, community-driven development, and methods for households to cope with environmental degradation in parts of Thatta and Badin districts, where million people live in poverty. While it is to late for IFAD to consider co-financing this project, there maybe a potential for IFAD to finance some of the gaps in the available financing such as for livestock investments and focusing programmes on women.</p>

Agency	Priority sectors and areas of focus	Period of current country strategy	Complementarity/Synergy Potential
	To this end it is thinking of investing in agric-business and establishment of an agriculture business support fund from which it will make equity contributions. AsDB is also helping MINFAL in the development of a National Agriculture Strategy.		
<p><b>DFID (UK)</b><sup>26</sup> DFID's aid to Pakistan has risen dramatically since 2001. The current level is £70 million per annum rising to £90 million in 2007/08.</p>	<ul style="list-style-type: none"> <li>• Increased incomes for the poor</li> <li>• Improved delivery of education and health services to the poor</li> <li>• Greater accountability of the state to its citizens.</li> </ul>	<p>2005 to 2007</p> <p>DFID plans to continue to focus on North West Frontier Province and Punjab. It is also thinking about expansion to FATA and perhaps Balochistan. However, it also continues to support federal initiatives, particularly in key areas such as service delivery in health and education and macroeconomic reforms.</p> <p>DFID plans to work with civil society to strengthen the capacity of poor people to take an active part in decisions affecting their lives.</p>	<ul style="list-style-type: none"> <li>• DFID is recognized as an influential donor in <b>health and population, education, sustainable livelihoods, governance and social policy</b>. DFID feels it should support those in Pakistan working towards equitable economic growth and <b>poverty reduction</b>, focusing in particular on the Millennium Development Goals which are going to be hardest to reach and where DFID has particular strengths.</li> <li>• More recently DFID's large commitments and policy engagements have been at federal level. It proposes to shift this balance so that more work and programming is done at provincial and district level supporting the Pakistan Government's commitment to <b>devolution and strengthening institutions</b> and systems which work closer to the point of access or delivery for the poorest. DFID proposes to complement this engagement at all tiers of government by working with civil society organizations, non-governmental organizations, research and advocacy organizations and the media, and support government policy to promote public-private partnerships.</li> <li>• DFID also plans to consider the case for further <b>poverty reduction budget support</b> at federal level and also at provincial level.</li> <li>• As a result of recent reorganization DFID has three main thrusts in Pakistan; <b>Growth and Governance</b>, focus on <b>basic services</b> and policy issues. It has initiated two large projects in Pakistan. The first is its <b>Financial Inclusion</b> (UK 50 million) Project which is similar in some respects to IFAD's recently approved PRISM Project. There are opportunities for DFID and IFAD to continue to work closely in the area of micro-finance to ensure that the potential synergies and complementarities in this area are fully captured.</li> <li>• DFID is also contemplating a <b>Punjab Poor Areas Development Programme</b> (UK 30million) which will try and identify the poorer districts in Punjab to work on value chains, land issues, markets. DFID plans to undertake a sector base approach. However, the design mission for this project is expected in November 2007 and as such the specific design of this Project has not been finalised.</li> </ul>

<sup>26</sup> Country Assistance Plan. 2005-2007. DFID. January 2005.



Agency	Priority sectors and areas of focus	Period of current country strategy	Complementarity/Synergy Potential
<b>UN Agencies</b>	<p>Some 19 UN entities have operational activities in Pakistan, disbursing nearly \$400m per annum. Each entity has a distinct mandate and different management systems.</p> <p>In Pakistan, the UN is planning to <b>build one programme</b> at UNDP while preserving the identity of the individual UN agencies. The UN agencies will “deliver as one” at the country level centred around four ‘ones’: one leader, one programme, one budget, and whenever appropriate, one office. This is the ultimate objective of UN reform in Pakistan.</p> <p>Reform will start from programmatic coherence and efficiency, driven by content more than by structure and process. The UN agencies believe that a successful pilot will have country-level leadership.</p> <p>Five Thematic Working Groups (TWGs) have been created to develop relevant Joint Programmes to better support the MDGs in the country: Agriculture, Rural Development &amp; Poverty Reduction [MDG 1], Education [MDG 2], Health and Population [MDGs 4, 5 &amp; 6], Environment [MDG 7], Disaster Management [country specific].</p> <p>Four issues will cut across all Joint Programmes: Gender equality [MDG 3] Human rights, Civil society participation and Refugees.</p> <p>Under the stewardship of the Resident Coordinator several thematic working groups have been identified one of which is Agriculture and Rural Development (ARD).</p>		<p>UNDP is considering working in Southern NWFP with SRSP especially in the area of water conservation. After its successful experience with the Lachi Project it is considering expanding to seven other southern districts of NWFP.</p> <p>UNDP has also got an Area Development Project in Balochistan which expects to cover nine districts. This covers a range of integrated development activities including seed improvement, irrigation, breed improvement, nursery development, etc. UNDP is looking for assistance to bridge the financing gap in this project.</p> <p>UNDP is also considering working on a salinity control programme in Punjab through biological means. It is also looking for a partner in this project to bridge its financing gap.</p> <p>UNDP is implementing an innovative programme in the Livestock sector in collaboration with two of the largest private sector partners in Pakistan ENGRO (Sindh) and NESTLE (Punjab). Training of women livestock workers is the key component of this project.</p> <p>IFAD is a member of the Agriculture and Rural Development (ARD) thematic group and will keep abreast of the type of investment opportunities that might arise. In addition, IFAD will explore the possibility of collaborating with some of the innovative project ideas outlined above.</p>
<b>European Delegation.</b> The EC has committed, since 1976, a total of euro 365 million in grants.	The EC has continued to fund projects to strengthen Pakistan’s institutional and infrastructure base, though its programme has in accord also with the shifts in the Government of Pakistan’s own policies, placed greater emphasis		IFAD will keep in close touch with EU’s investments in the country and identify opportunities for collaboration and coordination as they arise. In particular, IFAD will share lessons and experiences with EU in the country.

Agency	Priority sectors and areas of focus	Period of current country strategy	Complementarity/Synergy Potential
	on human development and on environmental management. Projects are being designed to take into account the gender dimensions of development and also to promote closer participation of local communities.		
<p><b>USAID<sup>27</sup></b> The mission's program budget is around US \$75 million a year.</p>	<p>After a seven-year pause due to US-imposed nuclear non-proliferation sanctions, USAID reopened its Mission in Pakistan in July 2002. Its program focused on four sectors: education, health, governance and economic growth. The just completed three-year USAID/Pakistan Strategy in the four sectors was as follows:</p> <ul style="list-style-type: none"> <li>• Increase Knowledge, Training, and Infrastructure to Develop High Quality education Programs for Girls and Boys throughout Pakistan"</li> <li>• More Participatory, Representative, and Accountable Democracy in Pakistan"</li> <li>• Increased Economic Opportunities for the Poor</li> <li>• Improve Health of Vulnerable Population in Pakistan.</li> </ul> <p>For the future USAID is planning two major programmes. One programme of economic growth is valued at US\$ 110 to 200 million over a five year period. This will be for investments across the country. The other will be a US\$ 750million livelihoods programme. This is FATA specific. It will have a large capacity building component and will include community infrastructure, finance and payment for work. Through the Development Credit Authority, USAID is also considering providing a Guarantee Facility to Kashf and Tameer Bank who have approached it for the purpose.</p>	<p>Interim Strategic Plan 2003 to 2006.</p> <p>Future Plans</p>	<p>For the future USAID is considering focusing on FATA. The FATA Secretariat has recently developed the FATA Sustainable Development Plan (SDP) with an allocation of just over US\$ 2 billion or Rs. 124 billion in order to bring improvements in the areas of education, health, roads, bridges, industries, tourism, commerce and agriculture to the tribal and frontier regions over a nine-year span. The financing requirements needed for the project will be met by the government which intends to spend \$1 billion through Public Sector Development Program (PSDP) and the remaining financing will be bridged in the shape of financial assistance from donors. USA has committed \$750 million for FATA development over the next five years.</p> <p>There may not be too many opportunities for investment in partnership with USAID. While IFAD has an on-going programme in FATA, progress on this has been slow due to the poor security situation. It will be increasingly difficult for IFAD to work in these areas through the Government line agencies as the relationship between the Government and local tribal leaders has become strained in the last few months.</p>

<sup>27</sup> USAID Pakistan Interim Strategic Plan May 2003 to September 2006. USAID. May 2003.

Agency	Priority sectors and areas of focus	Period of current country strategy	Complementarity/Synergy Potential
<p><b>CIDA (Canada).</b> In 2004-2005, CIDA development funding to Pakistan totalled \$18.56 million. Overall Canadian Official Development Assistance funding to Pakistan for that same year was of \$49.78 million.</p>	<p>The objectives of CIDA's current Country Programme Framework for Pakistan are:</p> <ul style="list-style-type: none"> <li>• To promote democratic local governance through support to devolution and effective citizen participation, especially that of women.</li> <li>• To improve the quality and delivery of social services, especially for the female population, and to increase access to those services by the poor.</li> <li>• To contribute to the improvement of women's human rights, health and education, and economic empowerment.</li> </ul>	<p>CIDA's Pakistan Country Program Framework (2000/01 - 2005/06).</p>	<p>A major focus for CIDA's program in Pakistan is to promote the role of women improving their access to health care, education, and income opportunities; to support them in their new roles in local politics; and to assist them in their advocacy work with the government and the general public. CIDA also supports the Government of Pakistan's devolution program, helping develop policies and implement programs that benefit the poor, fostering public participation, and sensitizing local governments to community needs and priorities.</p>
<p><b>SDC (Switzerland)</b></p>	<ul style="list-style-type: none"> <li>• Improving Governance and Devolution</li> <li>• Investing in Human Capital</li> <li>• Targeting the Poor and Vulnerable.</li> </ul>	<p>2003-2007</p>	<ul style="list-style-type: none"> <li>• The overall goal of SDC's cooperation programme in Pakistan is to reduce poverty through promoting a people-driven, equitable and ecologically sound development. The programme is structured around three broad domains: Improving Governance, Increasing Income, and Reconstruction and Rehabilitation, underlined by a Human Rights Based Approach. Gender and HIV/AIDS are mainstreamed throughout the programme. SDC is cooperating with a broad range of public and private sector as well as international partner organisations.</li> <li>• Micro-finance: SDC and IFAD are both active members of the Donor group on finance and both institutions try and coordinate their support.</li> </ul>

## Key file 4: Target group identification, priority issues and potential response

Typology	Poverty Level and Causes	Coping Actions	Priority Needs	Support from Other Initiatives	COSOP Response
<b>Small farmers and livestock herders</b>	<ul style="list-style-type: none"> <li>• Small farmers vulnerable to extreme weather conditions.</li> <li>• Lack of access to education.</li> <li>• Lack of access to adequate land and water.</li> <li>• Lack of access to competitive financial sources.</li> <li>• Lack of access to technology that will enhance yields such as good quality seed, fertiliser.</li> <li>• Lack access to market information or marketing infrastructure that will help to enhance profits.</li> </ul>	<ul style="list-style-type: none"> <li>• Migration</li> <li>• Employment with Army, daily wage labour or as domestic servants.</li> <li>• Diversify sources of income from agriculture, labour and livestock.</li> <li>• Sale of livestock.</li> <li>• Sale of wood and grasses scavenged from common lands.</li> <li>• Credit from relatives and moneylenders.</li> </ul>	<ul style="list-style-type: none"> <li>• Access to social sector services.</li> <li>• Access to improved agriculture technology and services.</li> <li>• Access to financial services.</li> <li>• Access to marketing facilities and infrastructure.</li> </ul>	<ul style="list-style-type: none"> <li>• Agricultural and livestock extension programmes.</li> <li>• Land and water resources development programmes.</li> <li>• Micro-credit from NGOs.</li> </ul>	Small and marginal farmers are target group for agricultural technology support, micro-finance for increasing the productivity and marketability of their produce.
<b>Landless households depending on non-farm sector in rural areas.</b>	<ul style="list-style-type: none"> <li>• Lack of education and skills.</li> <li>• Lack of access to productive resources.</li> <li>• Lack of access to markets and market information.</li> </ul>	<ul style="list-style-type: none"> <li>• Daily wage labour.</li> <li>• Sale of wood and grasses scavenged from common lands.</li> <li>• Employment with Army or as domestic servants.</li> <li>• Borrow from relatives and moneylenders.</li> <li>• Reduce consumption.</li> </ul>	<ul style="list-style-type: none"> <li>• Access to social sector services.</li> <li>• Access to improved agriculture technology and services.</li> <li>• Access to financial services.</li> <li>• Access to marketing facilities and infrastructure.</li> </ul>	<p>The Government has established a Small Enterprise Development Bank. However, this does not deal with the small loans required by those engaged in the non-farm rural sector. Furthermore, the rural outreach of SMEDA is limited.</p> <p>Rural development initiatives by donors have started allocating support for non-farm rural enterprises but this support has been limited. NGOs have limited experience of dealing with this sector and apart from some forays into skill development they do not have the expertise to deal with this sector.</p>	Small rural entrepreneurs are a target group for enterprise development

<p><b>Women and women headed households</b></p>	<ul style="list-style-type: none"> <li>• Lack of access to social sector services.</li> <li>• Denial of land and property rights.</li> <li>• Lack of access to productive resources.</li> <li>• Disproportionate share of domestic burden.</li> <li>• Lack of remuneration for productive work.</li> <li>• Most time spent on scavenging for water, fuel and fodder for animals.</li> <li>• Restrictions on mobility.</li> <li>• Restrictions on types of productive employment that women can assume.</li> </ul>	<ul style="list-style-type: none"> <li>• Reduce consumption.</li> <li>• Sell eggs.</li> <li>• Sale of wood and grasses scavenged from common lands.</li> <li>• Borrow from relatives and friends.</li> </ul>	<ul style="list-style-type: none"> <li>• Right to decision-making.</li> <li>• Liberty to travel and freedom to work.</li> <li>• Right to own and inherit property.</li> <li>• Access to social sector services.</li> <li>• Access to financial services.</li> <li>• Access to marketing facilities. .</li> </ul>	<p>A National Plan of Action has been prepared through a consultative process, with focus on literacy, education, reproductive health, family planning, economic empowerment and violence against women.</p> <p>A Gender Reforms Action Programme is being implemented with an agenda to align policies, structures and procedures for enabling the government to implement its national and international commitments on empowerment of women. Mainstreaming gender issues into policies, development plans and programmes is stated to be one a key development strategy to promote gender equity in Pakistan.</p> <p>The Pakistan Poverty Alleviation Fund (PPAF), the First Women Bank Limited (FWBL), Rural Support Programmes and many NGOs provided micro-credit and training to women to increase their income potential.</p> <p>Poverty Alleviation Programmes initiated by the current Government combines public works, food support, Usher and Zakat, micro credit and social services as an integrated package for poverty alleviation. For poor women, the programme has recommended provision of micro-credit, establishment of crisis centres, skill development centres, effective utilisation of funds for women in distress and detention, and support from the Bait ul Mal and the Zakat and Usher System.</p> <p>Donors have provided support to women and emphasized gender mainstreaming in their programmes. Many NGOs are also making a special effort to target women especially to provide women access to micro-finance services.</p>	<ul style="list-style-type: none"> <li>• Women will be an important target group for IFAD and 30% to 50% of all benefits will be targeted at them.</li> </ul>
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