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IMPLEMENTATION COMPLETION AND RESULTS REPORT
(3834 PAK)

ON A

CREDIT

IN THE AMOUNT OF SDR 375.2 MILLION
(US\$567.46 MILLION EQUIVALENT)

TO

ISLAMIC REPUBLIC OF PAKISTAN

FOR THE

SECOND POVERTY ALLEVIATION FUND PROJECT

December 2011

Agriculture and Rural Development Unit
Sustainable Development Department
South Asia Region

CURRENCY EQUIVALENTS

(Exchange Rate Effective 2 December 2011)

Currency Unit =		Pakistani Rupee (PKR)
PKR 1.00	=	US\$0.0113
US\$1.00	=	PKR 88.73

FISCAL YEAR

July 1 – June 30

ABBREVIATIONS AND ACRONYMS

AJK	Azad Jammu and Kashmir	KP	Khyber Pakhtunkhwa (NWFP province renamed)
CAS	Country Assistance Strategy	LSO	Local Support Organization
CDD	Community Driven Development	M&E	Monitoring and Evaluation
CED	Credit and Enterprise Development Unit	MER	Monitoring, Evaluation and Research Unit
CNIC	Computerized National Identity Card	MIS	Management Information System
CO	Community Organization	MTDF	Medium Term Development Framework
CPI	Community Physical Infrastructure	MTR	Mid-Term Review
DCA	Development Credit Agreement	NGO	Non Government Organization
DECR	World Bank Development Research group	NRSP	National Rural Support Programme
DMPP	Drought Mitigation and Preparedness Project	NWFP	North West Frontier Province
ERD	Evaluation, Research and Development Unit	O&M	Operation and Maintenance
E3RP	Emergency Relief, Rehabilitation and Reconstruction	PDO	Project Development Objective
FATA	Federally Administered Tribal Areas	PDS	Project Design Summary
FY	Financial Year	PKR	Pakistani Rupee
GIS	Geographical Information System	PO	Partner Organization
GOP	Government of Pakistan	PPAF	Pakistan Poverty Alleviation Fund
H&E	Health and Education	PPF	Project Preparation Facility
HID	Human and Institutional Development	PRSP	Poverty Reduction Strategy Paper
MER	Monitoring, Evaluation and Research Unit	ROI	Return on Investment
ERR	Economic Rate of Return	SCAD	Sindh Coastal Areas Development
ERRA	Earthquake Reconstruction and Rehabilitation Authority	SSDP	Small Scale Development Project
FRR	Financial Rate of Return	SSIP	Small Scale Infrastructure Project
H&E	Health and Education	SMC	Social Mobilization Component
HH	Household	SME	Small and Medium Enterprise
IAUP	Integrated Area Upgradation Programme	SMT	Social Mobilization Team
IFAD	International Fund for Agricultural Development	TIP	Technical Innovation Project
ICR	Implementation Completion and Results Report	US\$	United States Dollar
ISR	Implementation Status and Results Report	USDA	United States Department of Agriculture
KfW	Kreditanstalt für Wiederaufbau	VO	Village Organization
		WMC	Water Management Centre

Vice President:	Isabel M. Guerrero
Country Director:	Rachid Benmessaoud
Sector Manager:	Simeon K. Ehui
Project Team Leader:	Kevin John Crockford
ICR Team Leader:	Mohammad Imtiaz Akhtar Alvi

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DATA SHEET

A. Basic Information			
Country:	Pakistan	Project Name:	Second Poverty Alleviation Fund Project
Project ID:	P082977	L/C/TF Number(s):	IDA-38340, IDA-38341, IDA-38342, IDA-38343, IDA-38344, TF-90416
ICR Date:	07/16/2009	ICR Type:	Core ICR
Lending Instrument:	FIL	Borrower:	GOVERNMENT OF PAKISTAN
Original Total Commitment:	XDR 168.1M	Disbursed Amount:	XDR 375.2M
Revised Amount:	XDR 375.2M		
Environmental Category: F			
Implementing Agencies: Pakistan Poverty Alleviation Fund Project			
Co-financiers and Other External Partners:			

B. Key Dates				
Process	Date	Process	Original Date	Revised / Actual Date(s)
Concept Review:	04/18/2003	Effectiveness:	08/15/2003	04/15/2004
Appraisal:	06/09/2003	Restructuring(s):		
Approval:	12/04/2003	Mid-term Review:	12/31/2006	12/11/2006
		Closing:	07/31/2008	06/30/2011

C. Ratings Summary	
C.1 Performance Rating by ICR	
Outcomes:	Satisfactory
Risk to Development Outcome:	Moderate
Bank Performance:	Satisfactory
Borrower Performance:	Satisfactory

C.2 Detailed Ratings of Bank and Borrower Performance (by ICR)			
Bank	Ratings	Borrower	Ratings
Quality at Entry:	Moderately Satisfactory	Government:	Satisfactory
Quality of Supervision:	Satisfactory	Implementing Agency/Agencies:	Satisfactory
Overall Bank Performance:	Satisfactory	Overall Borrower Performance:	Satisfactory

C.3 Quality at Entry and Implementation Performance Indicators

Implementation Performance	Indicators	QAG Assessments (if any)	Rating
Potential Problem Project at any time (Yes/No):	No	Quality at Entry (QEA):	Moderately Satisfactory
Problem Project at any time (Yes/No):	No	Quality of Supervision (QSA):	None
DO rating before Closing/Inactive status:	Satisfactory		

D. Sector and Theme Codes

	Original	Actual
Sector Code (as % of total Bank financing)		
Irrigation and drainage	5	8
Micro- and SME finance	70	52
Other social services	10	19
Roads and highways	5	1
Water supply	10	20

Theme Code (as % of total Bank financing)		
Gender	23	23
Improving labor markets	22	22
Micro, small and medium enterprise support	11	11
Rural services and infrastructure	22	22
Urban Services and Housing for the Poor	22	22

E. Bank Staff

Positions	At ICR	At Approval
Vice President:	Isabel M. Guerrero	Praful C. Patel
Country Director:	Rachid Benmessaoud	John W. Wall
Sector Manager:	Simeon Kacou Ehui	Joseph Del Mar Pernia
Project Team Leader:	Kevin John Crockford	Qazi Azmat Isa
ICR Team Leader:	Mohammad Imtiaz Akhtar Alvi	
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F. Results Framework Analysis

Project Development Objective

The objective of the project was to alleviate poverty by improving the access of the rural and urban poor to economic resources and services (DCA¹).

Revised Project Development Objective

The PDO did not undergo any revisions.

PDO Key Performance Indicator(s)

Baseline Values from Project Outcome Indicators/Date of Value (from approval documents)

Project Development Indicators

PDO Indicator	Baseline Value	Original Target Values (from approval documents)	Formally Revised Target Values	Actual Values Achieved at Completion or Target Years
Indicator 1	Higher income levels of poor households through provision of loans and skill development.			
Value (quantitative or qualitative)	ROI on credit: 30% (Gallup I ²)	Income/asset levels increase at least by 20%	ROI on microcredit: 30%	ROI on credit: 78% (Gallup II ³)
Date achieved	Dec. 2002	Oct. 2003	Jan. 2007	June 2009
Comments (incl. % achievement)	Fully achieved. Source: Gallup-II Survey 2009 (82% of borrowers experienced positive ROI with average net amount of 78% calculated by deducing estimated cost of financing).			
Indicator 2	Better standards of living for the poor through the provision of community level infrastructure.			
Value (quantitative or qualitative)	Not applicable	Not stated	ERR: 20 % FRR: 30 %	ERR: 23.8% FRR: 24.3% (mission estimate)
Date achieved		Oct. 2003	Jan. 2007	Dec 2011
Comments (incl. % achievement)	Fully achieved. Source: Mission estimates based on data collected from 52 cases of CPIs implemented by 15 POs in 16 districts.			
Indicator 3	Empowerment of the poor, especially women.			
Value (quantitative or qualitative)	Women clients: 20%	Women clients: 50%	Overall women clients: 60% Minimum women clients per PO: 33% Inclusion of poor esp. women in	Women clients: 51% (microcredit) 52% (CPI) 56% (Health) 55% (Education). Minimum women clients per PO:

¹ See "Development Credit Agreement", January 20, 2004, pg 19, Schedule 2, Description of the Project.

² An external outcomes assessment of PAF I micro-credit (sub-borrowers) carried out by Gallup Pakistan in 2001.

³ An external outcomes assessment of PAF II micro-credit (sub-borrowers) carried out by Gallup Pakistan in 2009.

PDO Indicator	Baseline Value	Original Target Values (from approval documents)	Formally Revised Target Values	Actual Values Achieved at Completion or Target Years
			decision making	45 POs have over 33 % women (incl. those receiving 90% of credit funds) 11 POs less than 33%.
Date achieved	Jan. 2004	Dec. 2003	Jan. 2007	June 2011
Comments (incl. % achievement)	Approximately 85% achieved. PPAF fully achieved the original target of 50% women clients, which was subsequently raised to 60% during MTR. Source: PPAF monitoring data. No data available on the role of women and poor in decision making.			
Indicator 4	Improved institutional capacity and financial sustainability of communities, POs as well as PPAF			
Value (quantitative or qualitative)	POs (no.): 30 COs (no.): 20,000 Borrowers: 180,000	Barrowers: 0.5 million	Borrowers: 0.5 million Repayment Rate: 98%	Borrowers: 4.7 million. Repayment Rate: 100%.
Date achieved	June 2003	Dec. 2003	Jan. 2007	June 2011
Comments (incl. % achievement)	Fully achieved. Source: PPAF Monitoring data. 6 POs now considered 100% sustainable in existing operating areas. Two POs are considered more than 90% sustainable. Note: The 0.5 million current borrower target is repeated under Intermediate Outcome Indicator 1.			
Indicator 5	Provide quality primary health care and formal primary education, ensuring maximum outreach to girls and women in order to address gender disparities.			
Value (quantitative or qualitative)	Not applicable	Not stated	Schools: 63 Health Facilities: 22	Schools: 962 Enrollment: 129,494 (55% girls) Health Facilities: 369 Health Beneficiaries: 4,574,814 (56% female)
Date achieved		Oct. 2003	Jan. 2007	June 2011
Comments (incl. % achievement)	Fully achieved. Source: PPAF monitoring data. It includes additional school and health facilities established under social mobilization component.			
Indicator 6	Skilled, unskilled labor and home owners given housing reconstruction training in order to rebuild their houses seismically and to ERRA guidelines.			
Value (quantitative or qualitative)	Not applicable	Not applicable	Skilled and Unskilled: 12,000	Staff trained: 577 Skilled Labor trained: 17,475 Homeowners trained:

PDO Indicator	Baseline Value	Original Target Values (from approval documents)	Formally Revised Target Values	Actual Values Achieved at Completion or Target Years
				86,299 Army Engineers trained: 527
Date achieved			June 2006	June 2010
Comments (incl. % achievement)	Fully achieved. Source: PPAF monitoring data. PPAF-financed seismically safe structures in earthquake areas have now been adopted by ERRA as benchmark models for assessment of other infrastructure.			
Indicator 7	Damaged and partially damaged houses received housing compensation and rebuilt according to ERRA guidelines, with priority given to vulnerable households.			
Value (quantitative or qualitative)	Completely Damaged: 109,705 Partially damaged: 10,123	Not applicable	Houses: 112,132 restored	Completely destroyed houses reconstructed: 110,534 Partially damaged houses restored: 10,000 Please note: 1 st payment by PPAF: 100% completed, 2 nd payment: 98% completed. 3 rd payment 80% completed (13,000 cases are <i>sub judice</i>)
Date achieved	June 2006		May 2007	June 2010
Comments (incl. % achievement)	Target fully achieved in terms of completely destroyed houses reconstructed. Not all properties received 3 full payments (partial damage, ineligibility). Source: PPAF monitoring data.			
PDO Indicator 8	Enhanced capacity of communities to take charge of their own rehabilitation and development.			
Value (quantitative or qualitative)	COs: 429 (10,057 members) in AJK and 235 COs (7,014 members) in KP		POs mobilize 70% of communities in 34 Union Councils to form COs	Over 70 % of affected HHs affected mobilized. 3,346 COs formed (KP 1,874; AJK 1,472)
Date achieved	Oct. 2005		May 2007	June 2010

PDO Indicator	Baseline Value	Original Target Values (from approval documents)	Formally Revised Target Values	Actual Values Achieved at Completion or Target Years
Comments (incl. % achievement)	Fully achieved. Source: PPAF monitoring data			
Indicator 9	Restored access and use of damaged community physical infrastructure.			
Value (quantitative or qualitative)	Community infrastructure damaged in 34 Union Councils	Restore 1000 damaged community infrastructure schemes	Restore 676 damaged community infrastructure schemes	676 damaged community infrastructure schemes completed
Date achieved	October 2005	June 2006	Nov. 2008	June 2010
Comments (incl. % achievement)	Target fully achieved. Source: PPAF monitoring data			

Social Mobilization Component

PDO Indicator	Baseline Value	Original Target Values (from approval documents)	Formally Revised Target Values	Actual Values Achieved at Completion or Target Years
Indicator 10	An additional 50,000 COs formed by PPAF and Partner Organizations			
Value quantitative or qualitative	3,346 COs formed	50,000 COs	-	72,134 COs
Date achieved	August 2008	February 2008	-	30 June 2011
Comments (incl. % achievement)	Fully Achieved: 22,134 COs additional to the formally revised target were formed; <i>showing 144% achievement.</i> PPAF monitoring data			
Indicator 11	65% of all CO members are from the poor and poorest households			
Value quantitative or qualitative	Not applicable	65%	-	96%
Date achieved		February 2008	-	30 June 2011
Comments (incl. % achievement)	Fully Achieved: The result of 96% of all CO members being from poor or poorest households was derived from a sample survey of 5,000 COs, spread over 26 districts. Source PPAF report.			
Indicator 12	More than 40% of overall memberships is female			
Value quantitative or qualitative	Not applicable	40%	-	30%
Date achieved		February 2008	-	30 June 2011
Comments (incl. % achievement)	PPAF fell short of the target for this indicator. Overall achievement is 75%			

PDO Indicator	Baseline Value	Original Target Values (from approval documents)	Formally Revised Target Values	Actual Values Achieved at Completion or Target Years
Indicator 13	25% of CO leadership and / or managerial positions are held by poor and poorest households			
Value quantitative or qualitative	Not applicable	25%		Figures not available
Date achieved		February 2008		30 June 2011
Comments (incl. % achievement)	A comprehensive exercise on status of CO Leadership is currently underway by the PPAF.			
Indicator 14	65% of COs federated into village organizations (VOs)			
Value quantitative or qualitative	Not applicable	65%	-	75%
Date achieved		February 2008	-	30 June 2011
Comments (incl. % achievement)	Fully achieved (115% achievement) , Source: PPAF Monitoring Data			
Indicator 15	25% of these are federated at UC level as LSOs to access private and public sector services and resource			
Value quantitative or qualitative	Not applicable	25%		26%
Date achieved		February 2008		30 June 2011
Comments (incl. % achievement)	Fully achieved. Source PPAF monitoring data.			
Indicator 16	55% of COs, VOs, and LSOs rated as good, or above in the annual performance audit in terms of transparency and accountability			
Value quantitative or qualitative	Not applicable	55%		75%
Date achieved		February 2008		30 June 2011
Comments (incl. % achievement)				
Indicator 17	25% of COs engaged in larger scale innovative development activities with local government and private sector			
Value quantitative or qualitative	Not applicable	25%	-	29%
Date achieved		February 2008	-	30 June 2011
Comments (incl. % achievement)	Fully Achieved: 29% of federated COs are reporting linkages or larger scale innovative development activities with local government and other development partners. Source PPAF report. However, an adequate definition			

PDO Indicator	Baseline Value	Original Target Values (from approval documents)	Formally Revised Target Values	Actual Values Achieved at Completion or Target Years
	of 'large scale' is required.			

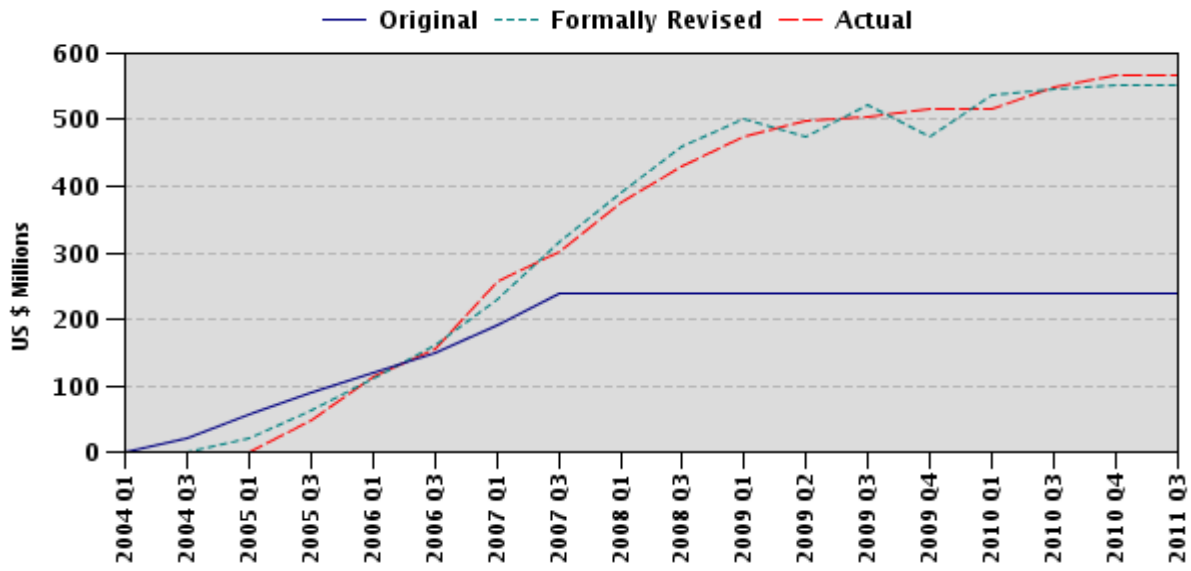
G. Ratings of Project Performance in ISRs

No.	Date ISR Archived	DO	IP	Actual Disbursements (USD million)
1	06/15/2004	Satisfactory	Satisfactory	0.00
2	12/21/2004	Satisfactory	Satisfactory	32.45
3	06/03/2005	Satisfactory	Satisfactory	84.12
4	12/22/2005	Satisfactory	Satisfactory	130.78
5	06/23/2006	Satisfactory	Satisfactory	185.60
6	12/22/2006	Satisfactory	Satisfactory	284.05
7	06/01/2007	Satisfactory	Satisfactory	301.91
8	12/26/2007	Satisfactory	Satisfactory	416.69
9	06/14/2008	Satisfactory	Satisfactory	468.23
10	12/27/2008	Satisfactory	Satisfactory	497.04
11	05/27/2009	Satisfactory	Satisfactory	505.60
12	11/30/2009	Satisfactory	Satisfactory	550.55
13	05/26/2010	Satisfactory	Satisfactory	550.55
14	12/08/2010	Satisfactory	Satisfactory	567.46

H. Restructuring (if any)

Not applicable

I. Disbursement Profile (system generated graph)



Project Context, Development Objectives and Design

Context at Appraisal

1. Pakistan Poverty Alleviation Fund, incorporated under the Companies Ordinance, was set up in 2000 by the Government of Pakistan, with World Bank financing through PPAF-1 project, as an apolitical, autonomous, performance driven institution to provide resources and services to the poor through partner civil society organizations.

2. The Second Pakistan Poverty Alleviation Fund project (PPAF-2) like its predecessor, continued to support an apex-body that employed a “lean and cost-efficient” institutional mechanism of channeling funds, grants and technical assistance through a national network of locally based Partner Organizations, NGOs mandated by PPAF to work with local communities to implement development activities aimed at improving the lives and livelihoods of targeted poor.⁴ In terms of developmental activities, however, PPAF-1 focused more on building the Pakistan Poverty Alleviation Fund as a pro-poor institution that could work nation-wide and provide access to finance for the rural and urban poor through micro-credit.

3. At appraisal in 2003, poverty in Pakistan continued to persist at more or less the same levels since the nineties, and two-thirds of the poor resided in rural areas where their poverty and vulnerability was more deep and severe than urban poverty. The rural poor struggled with low incomes, powerlessness, poor health and malnutrition, insufficient skills, and lack of access to basic needs - such as clean drinking water, proper sanitation, basic health and education. Recurring natural calamities, high inflation, rising levels of ethnic and religious strife, and rising food and fuel prices pushed the poor below the poverty line and increased their vulnerability to unprecedented levels. Similarly, weak governance structures in the country continued to exclude the poorest and most vulnerable, particularly women, from decision making processes.

4. Formal financial institutions shied away from supporting the poor due to high transaction costs, while the effective annual interest rates in the informal sector ranged from 80 to 120 percent per annum, proving very expensive for the poor—resulting in little or no savings and high levels of life-long indebtedness.

5. During the appraisal for PPAF-2, it was clear that a multi-dimensional and multi-sectoral approach to poverty reduction was necessary if PPAF was to have a meaningful

⁴ Through the rest of the document, the acronyms PPAF-1 and PPAF-2 refer to the first and second phases of the World Bank funded Pakistan Poverty Alleviation Fund projects. The acronym PPAF refers to the Pakistani institution supported by those projects.

and sustainable impact at the community and household levels. Therefore, the second project placed a stronger focus on provision of microcredit, infrastructure, social services, skills enhancement and training to the poor and low income, especially women and in rural and drought prone areas.

6. PPAF-2 aligned with the Bank's Country Assistance Strategy (CAS) of 2004⁵ which had the primary goal of reducing poverty in Pakistan through "pro-poor and pro-gender-equity" policies. It was also consistent with the Government's Poverty Reduction Strategy Paper (PRSP) and with the Millennium Development Goal of reducing the proportion of people living in extreme poverty. The project sought to build access to finance through micro-credit grants and insurance and to basic services through demand-driven community infrastructure. It also worked to improve non-farm incomes through skills development and improve access to social services, such as basic health and education.

7. During the five years of PPAF-2 implementation, PPAF proved to be a flexible, vibrant and inventive institution that was able to disburse funds quickly, and, more importantly, those funds reached the intended beneficiaries. The Government of Pakistan and other donors also began to channel funds through PPAF.

8. When disasters, such as the 2005 earthquake, floods in 2010 and the Sindh and Balochistan floods in 2011 struck, PPAF was well positioned to respond because they already had a presence, a transparent and accountable disbursement system, and a multi-sectoral team in place. PPAF-2 received three additional financings for two new components: (1) Emergency Relief, Rehabilitation and Reconstruction (E3RP) in 2005 and 2007 to finance the earthquake response; and (2) Social Mobilization Component (SMC) in 2008. The context of these additions was in complete congruence to the above stated four goals of the CAS. E3RP provided the much needed support for restoring lives and livelihoods of people adversely affected by the earthquake. The SMC enhanced access of poor to economic resources and services by deepening the process of organizing communities into COs, and further ensuring that the COs federate into Local Service Organization (LSOs) at the Union Council or higher levels.

9. Taking on new mandates—such as responding to emergencies—stretched the capacities of PPAF and its POs; however, PPAF has since incorporated these experiences into its organization by forming new units and hiring more staff to work on disaster response and reconstruction since this appears to be an ongoing need.

⁵ Document number: 24399-PAK (June 24, 2004).

Original Project Development Objective (PDO) and Key Indicators

10. The PDO of the PPAF-2 as stated in the Development Credit Agreement remained the same as the PPAF-1 objective: to alleviate poverty by improving the access of the rural and urban poor to economic resources and services.

11. Nevertheless, according to the PAD, the development objective was to reduce the incidence of poverty in the country through provision of resources and services to the poor and low income, particularly women. Although, the emphasis on women in the PAD was not mentioned in the Development Credit Agreement, throughout the project implementation including the Mid-Term Review (MTR), the importance of gender issues was emphasized. The key indicators are as follows:

Key PDO indicators agreed in the PAD

- Income/asset levels increase at least by 20% on average during the project period;
- Maintain a 98% repayments rate;
- Operational subsidy as a proportion of the loan disbursed maintained on average at 10%;
- Increased number of micro-credit loans;
- Increased number of community members participating in skill development activities;
- Significant improvement in community infrastructure; and
- Access of poor to social services including education and health facilities.

With the addition of Social Mobilization Component, the following key indicators were added:

- An additional 50,000 COs formed by PPAF and Partner Organizations;
- 65% of all CO members are from the poor and poorest households, with more than 40% of overall membership is female;
- 25% of CO leadership and/or managerial positions are held by poor and poorest households;

- 65% of COs federated into village organizations (VOs) and 25% of these are federated at UC level as LSOs to access private and public sector services and resources;
- 55% of COs, VOs, and LSOs rated as ‘good’ or above in the annual performance audit in terms of transparency and accountability; and
- 25% of COs engaged in larger scale innovative development activities with local Government and private sector and 55% of COs, VOs, and LSOs rated as good, or above in the annual performance audit in terms of transparency and accountability

Revised PDO and Key Indicators, and reasons/justification

12. The PDO remained unchanged, but the indicators were revised following the Mid-Term Review (January 2007) as well as those added at the time of additional financing in August 2009. The agreed new indicators were:

- Higher income levels of poor households through provision of loans and skill development;
- Better standards of living for the poor through provision of community level infrastructure;
- Empowerment of the poor, especially women;
- Improved institutional capacity and financial sustainability of communities, POs as well as PPAF; and
- Provision of quality primary healthcare and formal primary education, ensuring maximum outreach to girls and women in order to address gender disparities.
- 2000 infrastructure schemes completed with mature institutions of poor and the communities are maintaining infrastructure.

13. In order to increase the focus on four chronically poor coastal districts of Sindh and to include finance for physical and economic interventions in addition to social mobilization, an amendment was made in August 2009 and following additional indicators were added to the Social Mobilization Component:

- The number of CO reaches 1,050 in the selected 750 settlements of the SCAD districts and at least 65% of them federate into Village Organizations (VOs) and 25% of the VOs federate at the UC level;

- 65% of all CO members are from the poor and poorest households and more than 40% of overall memberships is female;
- 25% of CO leadership and/or managerial positions are held by poor and poorest households;
- Over 1200 new infrastructure schemes including 975 conventional CPIs have been completed.
- At least 1000 poorest families benefitted from improved health and education under the Social Sector Development Projects (SSDPs).
- At least 1000 poor individuals trained to improve their productive skills and increase their incomes either through strengthening of their existing income sources or through gaining employment.
- At least 20% of federated COs report effective linkages with markets and private sector.

Main Beneficiaries

14. The primary beneficiaries of the project were the poor and disadvantaged of the country, especially women. Since the project also played an important role in providing support to Pro-Poor Civil Society Organizations, other key beneficiaries included Partner Organizations (POs).

Original Components

15. The project started out with a large number of components, six in all, posing considerable implementation challenges given that implementation spread across a country of 170+ million people. The introduction of two new components added more complexity and challenged PPAF⁶ to provide quick relief followed by restoration and rehabilitation of a large number of communities that were adversely affected by the unprecedented earthquake of 2005. Finally, another social mobilization component was added as bridge financing for the new PPAF-3 project for building institutions of the poor (namely community organizations, or COs) with the support of the POs using strong social mobilization processes that established group norms - such as, strong participation; inclusion of the poorest, disabled, and women; and transparent decision making processes. These COs were to become the platform through which the project benefits could be

⁶ PPAF was not meant to act as a disaster management agency, it was a new role entrusted on PPAF. PPAF did a splendid job.

distributed in an equitable manner across regions and groups and implemented in a sustainable manner

16. **Component 1: Micro-Credit and Enterprise Development (MED) Loans (IDA: US\$158 million, Reflows: US\$100 million; Revised Reflows, US\$600 million; Total component cost at completion: US\$758 million).** This was the largest component of the PPAF-2 and comprised lending to POs (as a credit) for on-lending to individuals or groups of individuals meeting the eligibility criteria of PPAF. The goal was to provide one million new loans for over 0.5 million borrowers by disbursing US\$235 million for micro-credit and an additional US\$23 million to cover the delivery costs incurred by POs.

17. **Component 2: Small Scale Infrastructure Projects (IDA: US\$58 million, Community Contribution: US\$13 million-Revised: IDA US\$69 million, Community contribution: US\$22 million; Total component cost: US\$91 million).** The component provided grants on a cost sharing basis to finance small-scale infrastructure projects identified by Community Organizations (COs). It was estimated that US\$65 million would be used for project civil works (59 percent for conventional projects⁷ and 32 percent for new initiatives⁸) while the remainder were allocated to cover POs capital and operational costs.

18. **Component 3: Education and Health Projects (IDA: US\$5 million; Revised IDA: US\$19 million).** This component provided grant money to make quality education and health services available to the poor, especially women. It aimed to finance operational and capital costs as well as training, skills and capacity development. It prohibited the use of funds for purchase of land and vehicles and required beneficiary communities to share capital/renovation and operational costs.

19. **Component 4: Training and Skill Development (IDA: US\$9 million; Revised IDA: US\$14 million).** This component provided grants for operational support and the training of communities and staff of POs and PPAF. It was intended to support the expenses of PPAF-organized workshops/seminars and the costs to set up and operationalize a Management Information System (MIS).

20. **Component 5: Capital and Operating Costs of PPAF (IDA: US\$15 million; Revised IDA: US\$21 million).** This component was meant to provide funds for (i) civil works required for the construction of PPAF's office in Islamabad (US\$1.8 million); (ii) capital cost to equip the new building (US\$ 0.7 million); (iii) consultancies for baseline socioeconomic data collection, post intervention impact assessments and technical assistance for improving data management and financial systems (US\$ 3.4 million); and

⁷ Drinking water supply, irrigation, sanitation, link roads and bridges, flood protection works

⁸ New Initiatives aimed at integrated development, dissemination of low-cost, appropriate technologies such as micro-hydels, desalination, windmill and solar pump projects, and drought mitigation and preparedness plans.

(iv) incremental operating costs of PPAF-2 on a declining basis with PPAF covering all costs by the end of PPAF-2 (US\$ 2.1 million).

21. **Component 6: Equity for PPAF (Government of Pakistan: US\$10 million).** As per the PPAF-2 DCA, GOP provided a second injection of equity into the endowment intended ensure the sustainability of PPAF operations in future.

Revised Components

22. The six project components were not revised; however, three subsequent components were added.

Other significant changes

23. In 2005, Pakistan was hit by the worst earthquake it has ever experienced killing at least 73,000 people, severely injuring another 70,000 and leaving 2.8 million people without shelter, especially in Azad Jammu and Kashmir (AJK) province and eastern Khyber Pakhtunkhwa (KP) province.⁹ This required rapid response and in view of PPAF's exceptional track record and existing presence in the areas, it was entrusted with the responsibility to provide immediate relief to affected communities and to help restore their lives and hope. It led to the addition of two new components:

- **Component 7: Disaster Recovery (IDA: US\$ 5 million).** In order to support the relief efforts in the earthquake affected areas in Khyber Pakhtunkhwa (KP) and AJK, IDA agreed to divert US\$ 5 million from the Small Scale Infrastructure Projects (Component 2).
- **Component 8: Emergency Relief, Rehabilitation and Reconstruction (E3RP) - (IDA: US\$ 238 million).** Responding to the 2005 Earthquake in KP and AJK, a component was added through two amendments to the original DCA (Dec 2005 and May 2007) to address the needs of restoration, rehabilitation and reconstruction of earthquake affected villages and communities. It included (i) reconstruction of low-cost seismically housing in earthquake hit village of KP and AJK; (ii) rehabilitation and reconstruction of village level infrastructure; (iii) Restoration & Revitalization of Communities; and (iv) disaster recovery assistance.

24. **Component 9: Participatory Development through Social Mobilization (IDA: US\$ 75 million; Revised IDA: US\$ 25 million).** Despite the fact that both PPAF-1 and 2 were CDD projects, it did not have a component for mobilizing the poor. The groups were

⁹ Executive Summary, page 2, Pakistan Earthquake Preliminary Damage and Needs Assessment, Prepared by Asian Development Bank and World Bank

formed around microcredit and infrastructure in which not enough attention was being paid on building the institutions of the poor to empower them, to give them voice to raise their concerns and issues, and to use collective resources to enhance their incomes and productivity.

25. The results and achievement of PPAF-2 on one hand reinforced the view that there was a value in investing greater resources in mobilizing people and forging institutions of the poor to unleash their potential and imagination. On the other hand, the Bank and Government of Pakistan agreed in principle for a follow up operation PPAF-3, which was not likely to become effective by the time PPAF 2 was coming to an end. The Interim period provided a good opportunity to initiate social mobilization as a start up to PPAF-3.

26. Accordingly, in December 2007, a new component was added to PPAF-2 for mobilizing poor households, especially ultra poor, marginalized groups and women into existing and new community organizations and to help them federate COs into Village Organizations and Local Support Organizations (LSOs) at the union council level (US\$ 75 million). In August 2009, the Financing Agreement was amended to incorporate the use of additional funds for: (a) SSIPs and SSDPs and; (b) inclusion of Sindh Coastal Areas Development (SCAD) districts of Karachi, Badin, Thatta and Tharparker.

1 Key Factors Affecting Implementation and Outcomes

Project Preparation, Design, and Quality at Entry

27. The project design was satisfactory. The PDO was clear; however, the original indicators prepared in the PAD were not always well defined and there are discrepancies between the indicators given in the text and those in the Project Design Summary (PDS). A number of indicators given in the PDS do not provide targets, only elements to be measured. These factors led to a revision of indicators during the Mid-Term Review (MTR). Given the fact that the project was follow-on to PPAF-1, those indicators could have been better defined at conception.

28. The introduction of two new components for emergency relief, rehabilitation, and reconstruction added another US\$238 million, equal to the original allocation for PPAF-2. The additional financing design was satisfactory, but it added complexity to the original project design and challenged PPAF to deliver in the face of an unparalleled human tragedy.

29. The Social Mobilization Component (SMC) design was satisfactory. The process of organizing communities followed the well-tested participatory approach that has proved to be very successful in Pakistan and in other SAARC countries. Furthermore, the experience

of AKRSP and the World Bank-supported Andhra Pradesh Rural Poverty Reduction Program in India showed that, for substantial and sustainable impacts on poverty, ‘blanket coverage’ of a district is required and COs need to be federated into larger organizations capable of: (a) accessing services and resources from public and private sectors; and (b) articulating their demands and priorities to local and provincial governments.

Implementation

30. PPAF-2 was a complex project with several “moving parts”, and implementation took place in extremely challenging and in some ways unprecedented circumstances. Several factors affected implementation, particularly the devastating earthquake of 2005; colossal floods in 2010; significant deterioration in the macro-economic environment; and rising conflict, insecurity, and political instability across the country. The earthquake response almost doubled the amount of financing channeled through PPAF. This was unanticipated at preparation and considerably increased the strain on PPAF’s institutional capabilities. PPAF proved to be an essential and extremely applied instrument for responding to urgent needs in a challenging environment.

31. The deteriorating security situation, particularly in Balochistan and KP, made monitoring and supervision at community level more difficult for PPAF. Deterioration in the macro-economic situation has been more recent, and comments from the interviewed POs indicate that it is becoming increasingly important in accessing funds and the ability of borrowers to repay loans. Similarly the number of disasters - both seasonal and large scale - negatively affected the ability of the poor to repay due to lower wages or distress migration out of the operational area. Financial products that cater to disaster prone areas could be developed and more insurance products could also be offered.

32. The key determining factor in the implementation of the SMC was its duration. The component, added in 2007, aimed to build institutions of the poor and create a hierarchy of community organizations to give the voice and collective bargaining forums. Once the community groups were formed, the challenge was to keep the groups mobilized and motivated in the transition period between the closure of PAF-2 and start of PPAF-3, and to help them build productive linkages with the local government, government departments, market and other development partners.

33. Initially, when social mobilization component as well as the main PPAF-2 operation was under implementation, there was a window of eight months to mobilize COs/VOs/LSOs (from social mobilization funds) and provide community infrastructure schemes and health and education services in response to priority community needs, through the main project. After the closure of main PPAF-2 project, community groups continued to be formed under social mobilization component but without any CPIs or health and education services. PPAF and POs felt that social mobilization process would

have been further strengthened, if a provision was made in the social mobilization component to respond to priority community needs in CPIs and health and education services. Accordingly PPAF requested the Bank for an amendment, and in August, 2009 provision of CPIs and health and education services was allowed and 4 chronically poor coastal districts were added.

34. While the social mobilization component was extended by one year till June 30 2011, giving the project implementation a cumulative period of three years in two phases. The request for an extension was made in the last six month before project closure and it had its ramifications as opposed to an operation with a continued implementation period of three years from the start.

Monitoring and Evaluation (M&E) Design, Implementation and Utilization

35. Progress was slow during the start up phase in establishing an integrated monitoring and evaluation systems that could be shared between PPAF and POs and this affected the quality of M&E operations, as noted in several ISRs. A subsequent web-based reporting system was introduced that improved the ability of the Monitoring, Evaluation, and Reporting (MER) section to process and analyze data and generate reports. At the beginning, PPAF monitoring focused on outputs rather than outcomes, but continued to improve over time and more attention as paid on monitoring of outcomes. M&E improved significantly during the implementation of social mobilization component.

36. The scale and scope of PPAF-2 activities and its multi-sectoral nature generated a massive volume of information. Adding to this were the challenges of data collection, analysis, regular reporting in order to make timely management decisions, collection and coordination of data for activities of over 80 Partner Organizations based in cities, villages, and remote, conflict-affected, and disaster prone areas. The demands on the M&E system and unit were compounded with the addition of the earthquake relief and reconstruction work. Tens of thousands of houses and infrastructure in remote areas of KP and AJK were assessed for damages by social mobilizers and engineers within a tight time-line to verify the extent of damage. Data was collected on a daily basis and fed back to Islamabad for verification. Compounding these demands was the poor or damaged infrastructure that impeded access to the affected area and the urgency of getting rush to get tents out and houses built before the onset of winter.

37. Amid the push to respond to the earthquake disaster, PPAF placed strong emphasis on the accuracy of data collected to prevent fraud (by people claiming grants twice, falsifying land-records, claiming they owned damaged houses, elite capture, etc). PPAF established an innovate verification system (consisting of photographs, GIS coordinates, house-to-house damage assessment, and involving the local *patwari*) which eventually

helped to identify and discard over 20,000 bogus compensation claims, a measure that saved over US\$40 million.

38. The SMC has an effective M&E system based on outcome indicators, which are measurable, precise, time-bound and direct. Besides the MER unit, each operating unit in PPAF is responsible for carrying out monitoring and supervision visits. SMC activities were carried out in close coordination with PPAF's Finance Unit. For instance, funds are released only when a PO is cleared by MER, Human and Institutional Development Unit, and the relevant operational unit. Therefore, regular field visits are mandatory and intervention is monitored more than once in its life time.

39. For better implementation assistance, the MER unit tracks all interventions with the GIS coordinates. The coordinates and interventions are validated by PPAF field visits to ensure accurate reporting. During field visits, check lists are used to review POs, community groups, and the quality of interventions.

Safeguards and Fiduciary Compliance

40. An environmental and social management framework was in place and capacity building events were organized for PO staff. Any environmental and social concerns regarding the community managed SSIPs and SSDPs were of low significance and temporary in nature. Environmental and social safeguards were fully complied with, as were the covenants regarding governance and operations. Fiduciary covenants required that no more than 25% of outstanding loan amounts and 20% of CPI expenditure was received by any single PO. NRSP's - the largest partner organization of PPAF - share of outstanding loans only once breached the covenant limit of 25% of outstanding loan. For this, a PPAF request in advance for a one time waiver was granted by the Bank on 5 August 2007. All audits reports, submitted on time, were unqualified.

41. A further financial covenant required that average operational subsidies to all POs not exceed 10 percent. The average subsidy for all components (credit, CPI, and H&E) across all POs was only 4.5 percent.

Post-completion Operation/Next Phase

42. Several important factors will influence post completion and transition arrangements. Social Mobilization component continued for another two years and provided bridge financing to PPAF-3, which became effective in July 2009. The use of reflows from microcredit operations enabled PPAF to increase loan amounts substantially (US\$ 600 million over the initial estimate of US\$ 100 million), as well as it provided capital for on-lending to POs after the closure of post PPAF-2. The successful track record of PPAF led to new partnerships with and financing from multilateral and bilateral

organizations and corporate sector including IFAD, USDA, KfW, Italian Development Cooperation, USAID, Unilever, Citibank, Shell, Engro Corporation, Tetra Pak and Sharkang. Finally, PPAF-3 – a five year operation with 250 million dollar funds - will keep the work going until January 2015.

2 Assessment of Outcomes

Relevance of Objectives, Design and Implementation

43. The overall PDO is considered appropriate and relevant to Pakistan. Almost 60% of total initial PPAF funding (i.e. excluding credit reflows) was accounted for by four partner organizations, a further 62 POs each accounted for less than 1%. PPAF and the Bank implementation support missions appear to have accepted the need for more generalized support to promising NGOs, with extensive training programs, internships and similar capacity building measures.

44. While large NGOs have greater outreach with relatively lower cost of delivery, there could a tendency to keep the communities dependent on them. In contrast, smaller NGOs keep their operating costs low and enhance sustainability in the long run. In the areas prone to conflict and militancy, home grown indigenous NGOs - which usually employ local staff - proved to be more successful in earning the local trust and acceptance and we able to continue their operations relatively uninterrupted. In comparison, large NGOs, were seen to be outsiders who could not earn the local trust and had to close their operations and withdraw their staff for longer periods.

Achievement of Project Development Objective

45. The bulk of PDO has been fully achieved – as measured by PDO indicators - despite significant additions to these targets through new components in a challenging environment arising from the deteriorating security, reoccurring natural disasters and poor macro-economic situation. In case of SMC, all outcome indicators have been fully achieved except the one related to leadership positions held by poor and poorest households, which, is likely to be achieved in due course given the interest and commitment of the POs. As far as 8 additional indicators for SCAD districts are concerned, the achievement rate was 75%. Despite unprecedented floods in 2010 which brought wide scale destruction, six indicators were fully met. A lot of progress achieved was destroyed and POs had to regroup to restore and rehabilitation lives and livelihoods of the affected communities.

46. As a whole, more than 5 million people benefitted from the project. 82% of the 4.7 million microcredit borrowers experienced positive return on investment with average net

amount of 78%. Economic rate of return on CPIs was 23.8%. Women constituted at least 50% of the beneficiaries. More than 129,000 children were enrolled in schools; of them 55% were girls.

Efficiency

47. No specific studies of the efficiency of PPAF funding in comparison with that derived from the State or other donors has been undertaken. However, the preliminary findings of an as yet unpublished study undertaken by the Bank's DECRG group in relation to the 14,164 CPIs built by POs, states that they *'have proven to be more pro-poor (beneficiaries are poorer on average) and less exclusionary (more likely to have non-excludable elements) than comparable government schemes in the same villages. Infrastructure schemes through this program are also in a better condition 5 years after completion than comparable government schemes in the same villages. They are also completed in a timely manner and have better maintained records'*. This finding is supported by the economic and financial analysis of the data gathered by the ICR mission during field visits to 52 CPI schemes¹⁰ implemented by 15 POs in 16 districts. The analyses, as summarized in Annex 3, indicate that aggregate weighted economic internal rate of return (EIRR) is estimated at 23.8% and financial internal rate of return (FIRR) as 24.3%. The 14,164 CPIs have benefited a total of 4.2 million people, of which 52% were women.

48. The considerable level of demand for PPAF-financed micro-credit provision also demonstrates the much greater beneficiary interest in these products than for credit through the formal banking system, which is perceived as cumbersome, difficult to access and with substantial informal costs.

Justification of Overall Outcome Rating

Rating: Satisfactory

49. A strongly positive rating for overall outcome is justified not only by PPAF meeting or exceeding most indicator targets in a very large and complex series of activities, but also by the ability demonstrated by PPAF as an institution to successfully adapt to significant changes in financing and the challenging environment in which it operates. PPAF was able to effectively respond to several emergency situations such as earthquake 2005, internal displaced persons, and floods in 2008 and 2010. In addition, operating costs for PPAF activities were held at extremely low levels, indicating effective and efficient management of resources.

¹⁰ Data were updated for 33 CPIs schemes completed prior to the addition of SMC, while 19 CPIs schemes initiated and completed after June 2009 were visited by the ICR mission of December 2011.

50. Indicator 3 (Empowerment of the poor, especially women). The overall female participation of 53% is impressive. It is derived from the following sector specific rates: microcredit 51%; SSIP 52%; health 56% and education 55%. It could be argued that when beneficiaries numbers touched millions (4.7 million in microcredit and 4.2 million in CPIs although these numbers are mutually inclusive) and entire communities were benefiting, achieving female participation in access of 50% become a stiff challenge. An interesting example is the high percentage of female beneficiaries in health (70%) and education (80%) sectors prior to the induction of SMC (as of September 2008). At that time, the scale of interventions was 30 health centers and 132 schools. At the completion of SMC, female beneficiary ratio in health dropped to 56% whereas the number of health centers increased to 369. Similarly, female beneficiary ratio came down to 55% whereas the number of schools established increased to 962. In summary, the MTR should not have raised the bar from 50% to 60%.

51. Microcredit accounts for the largest proportion of total beneficiaries 4.7 million. The gender ratio for loans varies by season, with the late months of the year comprising primarily agricultural loans which are heavily dominated by male borrowers, whereas summer months tend to be dominated by livestock loans which have much higher female beneficiary rates.

52. A challenging subset of the same indicator (# 3, “a minimum of 33% of all PO credit clients being female”) was 80% achieved. Out of a total of 53 POs, 42 met the benchmark. It is important to note that 90% of credit funds went to POs which exceeded this target.

Overarching Themes, Other Outcomes and Impacts

Poverty Impacts, Gender Aspects, and Social Development

53. The overarching themes of poverty reduction, gender aspects and social development are central to PPAF-2 and have been largely achieved.

Institutional Change/Strengthening

54. The overarching theme of institutional change and strengthening has also been a central tenet of PPAF-2 (despite the relatively limited focus in the PDOs) and has been well implemented.

Other Unintended Outcomes and Impacts (positive and negative)

55. A key unintended outcome of the successful implementation of PPAF-2 has been the considerable interest that the institution and many of its participating POs have attracted

from other donors, including in the corporate sector. This is clearly a very positive outcome, although not without some danger of overwhelming institutional capacity.

Summary of Findings of Beneficiary Survey and/or Stakeholder Workshops

56. Three extensive beneficiary surveys were undertaken as part of the PPAF-1 and 2 projects; the most recent in 2009 *PPAF Micro Credit Financing: Assessment of Outcomes*. Gallup, Pakistan, 2009. This study, of approximately 2,100 beneficiary and 2,100 control households in 31 Districts across the country, found statistically significant benefits arising from the credit activities supported by the project, including positive changes in personal, household, enterprise and livestock income, as well as increased consumption of key food items and improved social status (partially held). It should be noted, however, that the survey looked at the impact in 2009 of the loans utilized in 2006-7.

57. Roundtable and stakeholders' workshops were held with a representative sample of POs, following which all 75 POs and 20 POs implementing SMC were contacted by e-mail in 2009 and 2011 respectively to complete a survey form. A total of 40 (in 2009) and 13 (9 in 2011) responses were eventually received, which are discussed in detail in Annex 6.

58. Almost two thirds of responding organizations were participating in PPAF financed credit operations and a similar percentage in community infrastructure provision. Less than one third were involved in health and education activities and 10% in earthquake recovery. Overall, the POs were strongly positive about their working relationship with PPAF, with 36% completely satisfied and 64% proposing some improvements to further strengthen the partnership.

59. A large majority received PPAF support for institutional strengthening and in technical areas. As a consequence, POs' outreach to COs increased by over 40%. POs were critical of, in their view, inadequate operational funds PPAF provided for CPI component.

60. With the completion of social mobilization component, three workshops were held with the POs and LSO representatives. In addition two LSO conferences were also arranged.

61. A hierarchy of community organizations (COs, VOs and LSO) was successfully established according to the agreed criteria with high priority to inclusion of women and poor and marginalized households. A shortfall was note in CO leadership held by the poor or the poorest of households. This is understandable though, as the leadership, conventionally claim people who are highly vocal and dominant. The poor and the poorest, overwhelmed by poverty, tend to be shy and timid. Nevertheless, given the system of encouraging and ensuring active participation of all members in CO meetings, and focused

support by POs, a change towards equal opportunity for leadership to all is expected to transpire over time. As yet not enough time has passed for the COs to enter this phase of social transition.

62. Modest progress has been made to engage COs in larger scale and innovative development activities with local government and private sector. So far linkages with COs and local governments were primarily focused on conventional and small scale interventions. There were exceptions though. These were cases of two government run schools and one health center adopted by the CO. The three facilities were extensively rehabilitated and optimally functional to the extreme satisfaction of the community.

3 Assessment of Risk to Development Outcome

Rating: Moderate

63. The assessment derives from project performance in relation to previously identified, and new, risk factors. Risks to the sustainable achievement of development outcomes that were anticipated at design included: (a) bureaucratic and political interference; (b) PPAF management commitment; (c) the ability of PPAF and POs to maintain focus on key activities; and (c) the capture by local elites of project benefits. While there have been some cases of the influence of local elites on the selection and location of CPI schemes, these appear to have been isolated events, and the other risk factors do not appear to have been significant.

64. Factors not identified at appraisal but which must be considered to present some future risk for the project outcomes include: (a) a continued and serious deterioration in the security situation, natural disasters and weak economy could threaten the ability of PPAF, the POs, and the beneficiary communities, to maintain their achievements overtime; (c) the small size and vulnerability of many POs supported by PPAF carries the risk that small POs may not be sustainable should PPAF funding cease; and (d) in the case of SMC, focus on quantitative targets—i.e., formation of multitier community organizations within a ‘fixed’ timeframe - may undermine the quality of the institutions of the poor formed, which requires an ‘evolutionary’ approach—communities evolving a hierarchy of organizations as a result of a hierarchy of priority needs and benefits.

4 Assessment of Bank and Borrower Performance (relating to design, implementation and outcome issues)

Bank Performance

Bank Performance in Ensuring Quality at Entry

Rating: Moderately Satisfactory

65. Bank performance in ensuring quality at entry is rated moderately satisfactory despite the generally good overall project design due to the lack in some cases of a clear definition of some PDOs, and discrepancies between PDO indicators in the text and PDS sections of the PAD.

Quality of Supervision

Rating: Satisfactory

66. The quality of Bank supervision is rated as satisfactory as supervision missions have been conducted regularly, constructive recommendations have been provided through these missions (including the modification of PDO indicators), and the Bank response to the earthquake was relatively rapid and substantial. In case of E3RP, initially quarterly mission were carried out to ensure rapid response to the affected communities. However, it is noted that the use of a 15 person team on a supervision mission might be considered excessive (e.g. November 2008), although some were engaged in pre-preparation activities for PPAF-3.

Justification of Rating for Overall Bank Performance

Rating: Satisfactory

67. In light of the strengths of the project and the generally constructive support provided through design and supervision, the overall Bank performance is considered satisfactory.

Borrower Performance

Government Performance

Rating: Satisfactory

68. Government performance in PPAF-2 was largely limited to the provision of endowment funds and the transfer of Bank financing to PPAF. Both of these were accomplished satisfactorily, although it should be noted that the opening of a Special Account in the State Bank of Pakistan took more than 13 months.

Implementing Agency or Agencies Performance:

Rating: Satisfactory

69. PPAF exceeded the targets in most cases, operating costs were kept extremely low (accounting for less than 1% of costs overall and less than 3.5% of total costs for earthquake response measures), strong support was provided to POs, and a strong commitment to the project objective. The negative factors identified were at times slow recruitment and training of PPAF staff in the early stages of implementation and initially slow rate of disbursement of funds for social mobilization.

Justification of Rating for Overall Borrower Performance

Rating: Satisfactory

70. Given a complex project with a diverse range of activities, the extremely challenging environment in which PPAF and partner organizations must function, reoccurring natural disasters and emergencies, and almost tripling of fund flows over those initially anticipated at project design, the performance of the borrower has been commendable.

5 Lessons Learned (both project-specific and of wide general application)

71. The strong performance of PPAF and its achievement of most target indicators provide significant evidence that the approach used for PPAF-2 is appropriate and effective in the context of Pakistan.

72. An emerging need for PPAF is to combine various stand-alone databases and the SMC MIS to an effective integrated Management Information System (MIS) that will allow more rapid updating and retrieval of key data and analysis. For such a system to be efficient, it should be effectively linked with the web-based data entry system now in use by several POs. Inclusion of a GIS with the coordinates of interventions would be useful for effective monitoring and reporting.

73. Community participation—through cash or labor contribution, managing their own finances, and procuring materials and equipment—ensured strong community ownership of SSIPs and SSDPs. Such experiences in managing a complete project cycle approach gives voice to the poor, creates a path for community members to increase self-confidence and demonstrate that the poor, marginalized, and women can make a difference.

74. A 20 percent minimum community contribution to total project costs promotes community participation and ownership. Nevertheless, it may discourage larger-scale interventions and exclude the ultra poor, minorities, marginalized households, and deprived

communities. A more flexible approach to co-financing could promote inclusion and encourage larger interventions that will benefit more poor households.

75. It is advised to review the use and application of compulsory savings programs within COs, which often appear reluctant to start internal lending and prefer using these funds as a means of meeting community contributions to CPI schemes. While this is not in itself a bad thing, it does mean that a strong culture of regular savings as a means of capital formation may not yet exist and little or no experience is being gained at the community level in operating and managing credit funds.

76. Despite the satisfactory loan recovery rate shown by PPAF, significant risk still exists for POs lending to CO members. Life insurance is almost universally included by POs in all microfinance loans, and health insurance is becoming more widely available. Drought losses, in particular, have given rise in the past to significant repayment problems faced by POs in Balochistan and KP province. In view of increased incidences of natural disasters, PPAF should explore the introduction of disaster insurance for borrowers.

77. An assessment is recommended of the risks and benefits associated with the PPAF approach to health and education where recurrent costs are partially met through PPAF funding. While there is some initial evidence of a successful transition to sustainable financing (either through corporate sponsorship or beneficiary contributions), more options need to be explored for their long term sustainability.

78. While a model-neutral approach to community organization—whereby each PO has the freedom to employ its own approach to community organization—is appreciated, a certain set of principles need to be agreed upon for a common thread of core values for community organization. The principles for organizing communities at the grassroots are reasonably well established; however, values and principles for second and third tier organizations—a recent development for most POs—are still evolving. PPAF should review its experience thus far with the goal of codifying a set of core values and principles for POs for forming multi-tier institutions of the poor.

79. Instead of forming VO/LSO quickly to meet project targets, higher level community organizations should be formed only when the community feels the need and notices a value in a representative institution at the village or Union Council level. A set of priority needs must be identified, that should then perforce advocate the need for forming a higher level of organizations to actualize such needs. The respective roles, responsibilities and functions of a CO, VO and LSO should be clearly spelled out and a transparent governance system should be endured.

80. In the early stages of CO formation, usually conventional leaders come to the fore as the CO president or manager. A system needs to be strengthened that provides for

substituting the conventional leadership, through fostering a culture to make this transition a regular feature. While training courses have been developed to impart a set of skills to the CO president and manager, POs need to focus more on the capacity building of CO itself so that members can better manage the CO office bearers and its corresponding hierarchies and establish a system to make them accountable to the general body.

6 Comments on Issues Raised by Borrower/Implementing Agencies/Partners

(a) Borrower/implementing agencies:

81. To be completed after borrower reviews draft ICR.

(b) Cofinanciers:

82. Not applicable

(c) Other partners and stakeholders (e.g. NGOs/private sector/civil society):

83. The key issues raised by stakeholders (POs) are discussed in Section 3.6 and presented in detail in Annex 6. Main points include: (a) the importance of increased operations cost for SSIPs; the average allowance was currently 17% while actual costs were estimated by POs at 24%; (b) there was a considerable demand for more training of PO staff, particularly in project management, field engineering, experience sharing and social issues, and; (c) some POs reported delays in receiving funds with 10% claimed that such delays were frequent.

84. In the context of social mobilization, the POs have the impression that they must develop a three-tier organization i.e. CO, VO, and LSO. Some POs were not comfortable with the concept of a VO, especially peri-urban settlements which are more urban in nature than rural. In contrast to a rural settlement, peri-urban settlements are less homogenous and VO formation did not bode well. Rather than going for a three-tier system in all cases, hierarchy should be determined by the hierarchy of community needs and corresponding hierarchy of community response to the needs.

Annex 1. Project Costs and Financing

Project Cost by Component (in US\$ million equivalent)

Components	Appraisal Estimate A	Appraisal Estimate (incl. amendments) B	Actual /Latest Estimate C	Percentage D=C/B
1. Microcredit/Enterprise Development Loans*	258	758	764	101%
2. Small Scale Infrastructure Projects	71	91	112	123%
3. Education & Health Projects	5	19	22	117%
4. Training & Skill Development	9	14	11	80%
5. Capital & Operating Costs of PPAF	15	21	14	65%
6. Disaster Recovery**	-	5	5	100%
7. Equity for PPAF	10	10	10	100%
8. Earthquake E3RP***	238	238	242	102%
9. Support for participatory development through social mobilization (Social Mobilization Component)****	75	25	25	100%
Total Baseline Cost	681	1,181	1,205	102%
Physical Contingencies	-	-	-	
Price Contingencies	-	-	-	
Total Project Costs	681	1,181	1,205	102%
Project Preparation Facility (PPF)	-	-	-	
Front-end fee (IBRD only)	-	-	-	
Total Financing Required	681	1,181	1,205	102%

* Includes reflows of US\$ 600 million

** IDA had reallocated US\$ 5 million from Grants for Small Scale Infrastructure Projects to Disaster Recovery in order to provide immediate relief to the earthquake affected communities and households. The amended agreement was signed on December 06, 2005.

*** Support for emergency relief, rehabilitation and reconstruction of communities affected by Earthquake. IDA approved US\$ 238 million for support of relief rehabilitation & reconstruction of communities affected by earthquake of October 8, 2005 by signing two amending agreements. The first amendment agreement for US\$ 100 million equivalent was signed on December 06, 2005. The second amendment agreement for US\$ 138 million equivalent was signed on May 02, 2007. The closing date of these amended agreements was July 31, 2010.

**** IDA approved US\$ 75 million for support of participatory development through social mobilization. The amendment agreement was signed on December 7, 2007 for which the closing date was extended by one year to June 30, 2011.

Financing

Source of Funds	Type of Financing	Appraisal Estimate (US\$ million)	Actual/Latest Estimate (US\$ million)	Percentage of Appraisal
Government	Endowment	10	10	100%
IDA	Project Costs	551	568	103%
Community Contribution	Share in SSIPs	13	22	169%
Loan reflows (PPAF)	Microcredit	600	600	100%
PPAF Contribution	Share in operating & capital expenditure	7	5	71%
TOTAL		1,181	1,205	102%

Annex 2. Outputs by Component

Introduction

The PPAF-2 project initially comprised six components, which were later increased to nine through two amendments to the DCA and through a separate financing agreement. The components were:

- Microcredit and Enterprise Development Loans
- Small Scale Infrastructure Projects
- Education and Health Projects
- Training and Skills Development
- Capital and Operating Costs of PPAF
- Disaster Recovery
- Equity for PPAF
- Emergency Relief, Rehabilitation and Reconstruction
- Support for Participatory Development through Social Mobilization

Of these components, numbers 6, 8 and 9 were not foreseen in the original PAD or DCA.

Cost of Delivery. A study conducted in 2008 of delivery costs for all PPAF-funded field activities, both within PPAF and among a sample of 18 of the largest POs¹¹ found that, on aggregate, delivery cost amounted to 6.8% of the total intervention amount. By far the highest delivery costs related to FATA, where over one third (35.5%) of disbursed amounts were absorbed by delivery costs. At the other extreme, Southern Punjab, which accounts for the highest share of all disbursements, required only a 1.7% share of disbursements.

Geographical Distribution. The province of Sindh accounts for 33.9% of all CPIs by value, followed by Punjab 28.4% (including 3.9% in Southern Punjab), KP 17.5%, Balochistan 14.5%, AJK 3.9% and Gilgit Baltistan 1.8%.

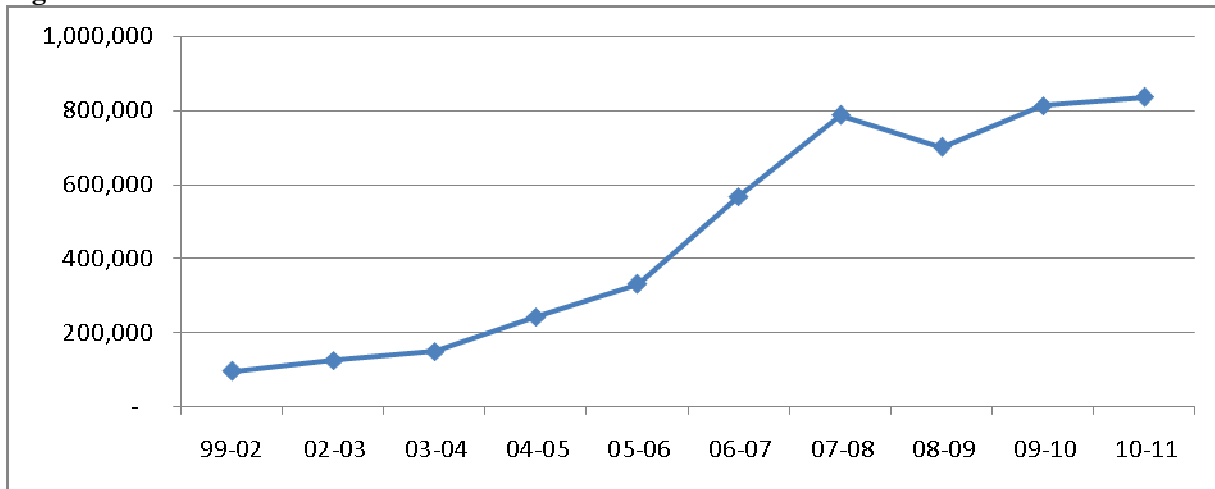
Component 1: Micro-Credit and Enterprise Development Loans

As on June 30, 2011, 58 POs entered into financing agreements with PPAF for participation in Credit and Enterprise Development (CED) activities, of which 47 were active partners. With an overall disbursement of PKR 52,628 million since inception, 11,898 million rupees were disbursed through 4.58

¹¹ *Cost of Delivery of Development Intervention*, Innovative Development Strategies, Islamabad. April 2008

million loans to 846,021 beneficiaries in the last financial year July 2010–Jun 2011. The number of active clients was 846,021 with an outstanding portfolio of PKR 11.77 billion as of June 2011.

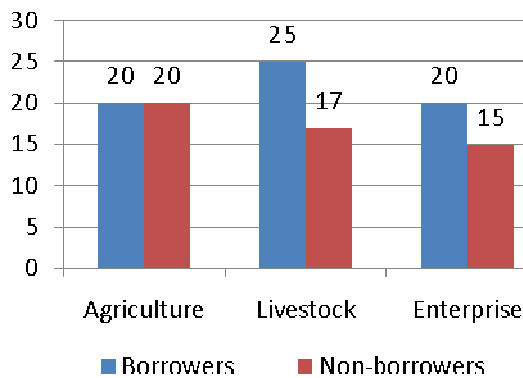
Figure 1. Annual Microcredit Borrowers



Source: PPAF

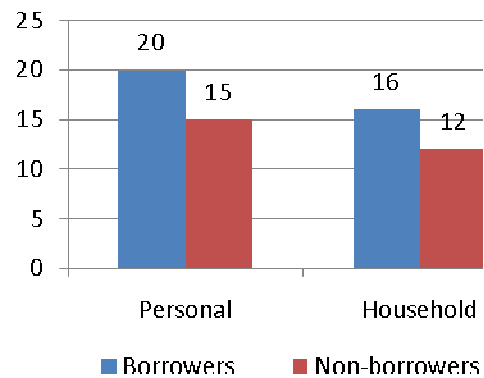
The findings of Gallup Pakistan (2009), commissioned to carry out an assessment of credit outcomes, indicated that the ratio of borrowers experiencing positive change in their personal and household income was significantly higher than that of non-borrowers (see Figure 2). The study noticed a similar trend in sector-wise income changes from agriculture, livestock, and enterprise (see Figure 3).

Figure 2. Change in Mean Income



Source: Gallup 2009

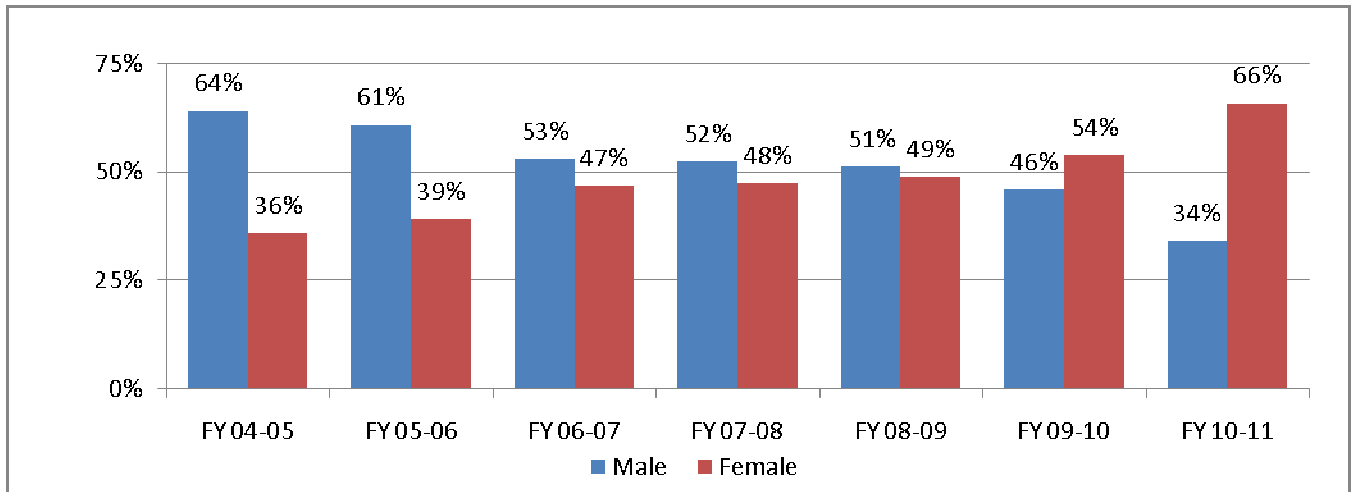
Figure 3. Change in Mean Income by Sector



Source: Gallup 2009

Gender Focus. The target population was poor, rural and urban communities across Pakistan with a special emphasis on social inclusion, especially gender equality and empowerment of women. The ratio of women clients was recorded at 66% as of June 30, 2011. In FY 2011, PPAF microcredit support to women beneficiaries crossed 2.3 million loans, with over 686,327 women clients in the current year alone.

Figure 4. Annual Microcredit Borrowers by Gender



Source: PPAF

Geographical Distribution. Microfinance services was expanded to 91 districts, with a significant focus in Punjab and Islamabad (36 districts) and Sindh (21 districts), both cumulatively accounting for 63% in terms of district coverage.

Recovery Rate: PPAF has 100% recovery from POs.

Component 2: Small Scale Infrastructure Projects

Overall performance. PPAF financed a total of 14,164 completed SSIP projects including 13,403 conventional schemes, 158 Integrated Area Upgradation Projects (IAUP), 599 Technology Intervention Projects (TIP) and 4 Drought Mitigation & Preparedness Projects (DMPPs). In total, these interventions benefited 858,063 households comprising almost 4.2 million people of which over 52% were female beneficiaries. Overall component cost was approximately PKR 6.74 billion while the community contribution was estimated at PKR 1.3 billion, or 19% of the total project costs.

Table 1. Infrastructure Schemes by Project Type

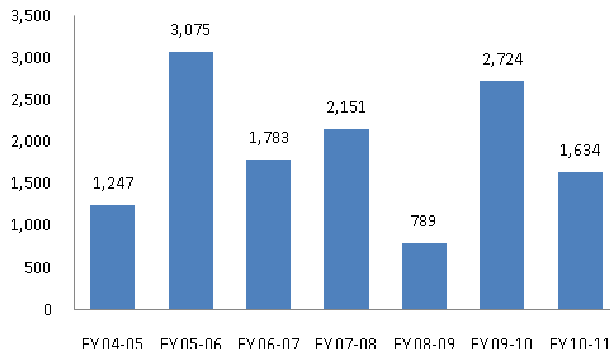
	Conventional	DMPP*	IAUP	TIP	Overall
Estimated planned projects (PAD 2003)	7,000	4	300	130	7,434
Estimated (revised) projects (A-M Sept 2007)	8,500	4	125	130	8,759
Completed projects (June 2011)	13,403	4	158	599	14,164

*4 DMPP Projects comprised 327 Subprojects

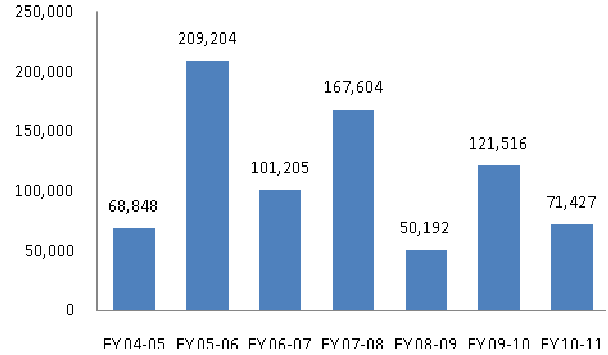
Source: PPAF Monitoring data

Figure 5. Number of Completed Conventional CPI Projects

Figure 6. Number of Project Beneficiary HH

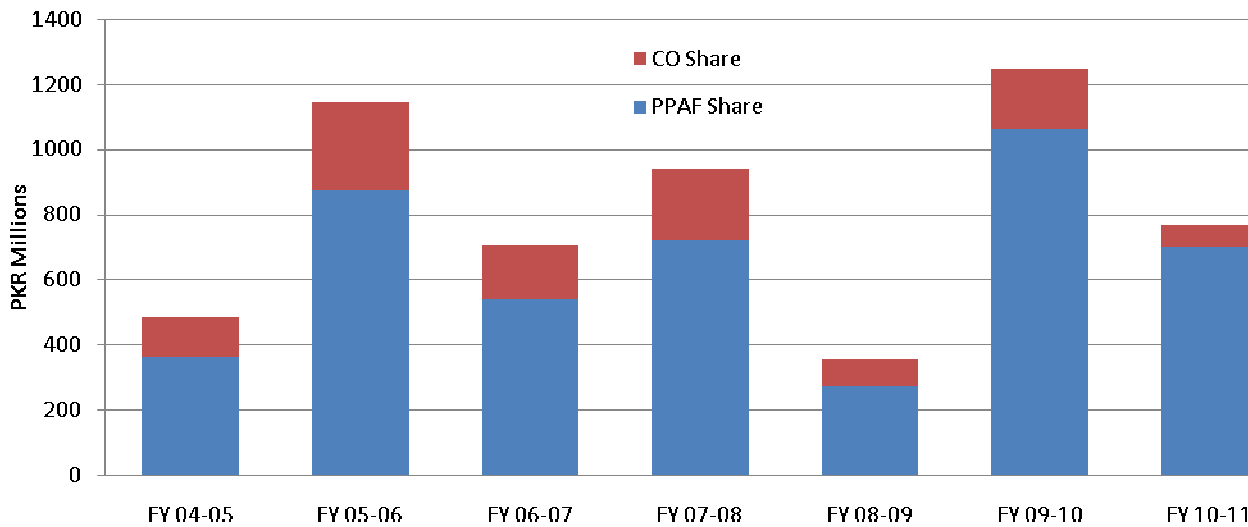


Source: PPAF



Source: PPAF

Figure 7. Proportion of Community Share in CPI



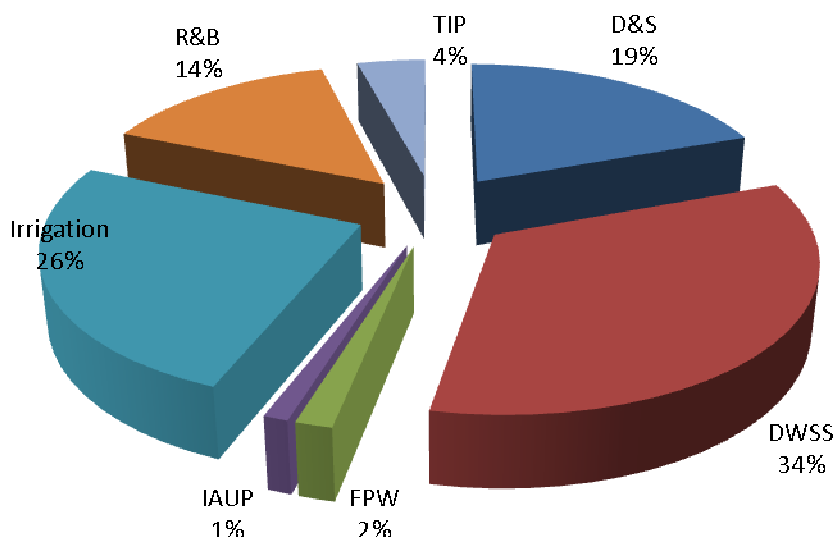
Source: PPAF

Among the conventional CPIs, 34% schemes provided safe drinking water. DECRG’s preliminary findings estimated that these projects saved women on average 3 to 4 hours per day from fetching water from distant sources. The study estimated that irrigation schemes increased yields by 20-30%. The roads and bridges led to monthly saving of US\$ 15-23 per household, arising from the reduced cost of transporting goods.

Cost of Delivery. According to the study quoted in the introduction to this Annex, the cost of small scale infrastructure delivery averaged 10% of total amount disbursed over the period 2006-2007 but varied widely, from 4.1% in AJK to 35.5% in FATA.

Geographic Distribution: CPIs were provided in 119 districts, including 24 districts in Balochistan, 25 in KP & FATA and 12 in AJK & Gilgit-Baltistan. Punjab/Islamabad and Sindh provinces together accounted for more than 66% of all conventional infrastructure projects.

Figure 7. Sectoral Distribution of CPI



Source: PPAF

Table 2. Geographical Distribution of Infrastructure Scheme by Type

Province	D& S	DWSS	FPW	IAUP	Irrigation	R & B	TIP	DMPP*	Total
AJK	5	232		1		126			364
Balochistan	256	668	157	6	1,017	29	113	1	2,253
FATA	8	59			4	1			72
GB	2	169	19	7	58	41			296
ICT	47	16		11		13			87
KP	672	530	30	47	145	264	42	1	1,731
Punjab	1,208	225	3	49	2,026	720	19	1	4,251
Sindh	614	2,921	25	37	205	888	425	1	5,116
Total	2,812	4820	234	158	3455	2,082	599	4	14,164

*4 DMPP Projects comprise 327 Subprojects

Source: PPAF

Note: D&S: Drainage & Sanitation, DWSS: Drinking Water Supply Scheme, FPW: Flood Protection Works, R&B: Roads and Bridges, IAUP: Integrated Area Upgradation Programme, TIP: Technical Innovation Programme

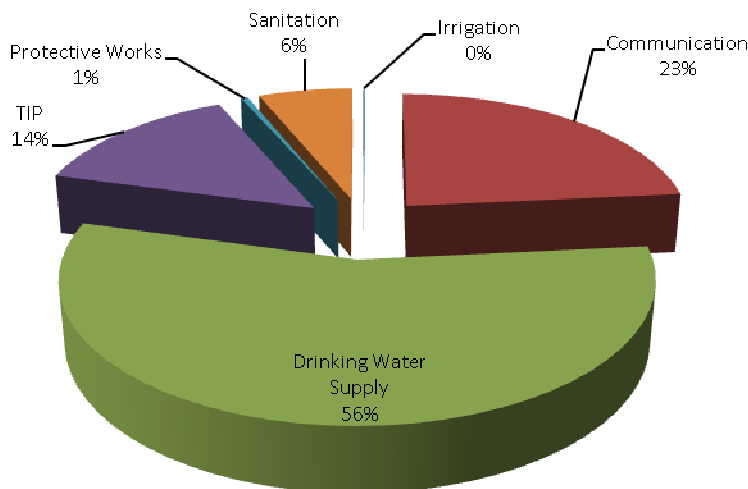
CPI's Integrated Approach. While a large majority of CPI schemes were conventional, the project adopted a holistic approach and initiated Integrated Area Upgradation Programme (IAUP) as well as Technological Innovations Projects (TIP). A typical IAUP included three to six mutually complementary infrastructure schemes. The purpose was to allow the poor to access more efficient, cost effective and sustainable technologies. It involved the use of renewable energy technologies, for example, wind and solar energy. In total the project financed 158 IAUPs and 606 TIPs.

Furthermore, PPAF introduced **Drought Mitigation and Preparedness Project (DMPP)** with an aim to provide holistic solutions for four drought affected areas. Each DMPP covered one to three union councils and comprised, on average, a hundred sub-projects. These typically included delay action/check dams for restoring water recharge, rehabilitation of aquifers, efficient water management for irrigation, and others. DMPPs receive additional funds from United States Department for Agriculture (USDA) which led to the establishment of Water Management Centre (WMC) to enhance

PPAF's long term strategy against water related disasters. The project financed four DMPP interventions (comprising 327 sub-projects) at a cost of PKR 201.4 million.

Sindh Coastal Areas Development (SCAD) Program was another approach that aimed at complementing conventional CPIs by interlinking healthcare, education, livelihood support and the provision of financial services in four districts of Badin, Karachi Thatta and Tharparkar. In total 2,201 projects were financed at a cost of PKR 1,147.15 million.

Fig. 8: CPIs in Sindh Coastal Area Development



Source: PPAF

There is no study available to measure the impacts of these integrated schemes/projects. However, anecdotal evidences gathered by the ICR mission through visiting some of project areas suggest that the integrated project approaches proved to be efficient in terms of costs and time as well as the level of beneficiaries' satisfaction.

Component 3: Health and Education (H&E)

Overall performance. Primary healthcare was provided to 3.6 million people (60% females) through 300 healthcare facilities. A total of 111,205 students were enrolled in 846 schools. These services were provided to the rural areas and poorest district where health and education indicators, particularly with respect to women and girls, were well below the corresponding national averages as per GOP's Medium Term Development Framework (MTDF).

A total of 189 facilities (132 schools and 54 health centers), mostly community based, were provided. It included rent for school/health center buildings, repair & renovation, utilities, furniture, uniform, teacher and health staff training, sports material, TBA training, staff salary and teaching learning material, equipments for health centers and medicines. Under SMC, PPAF worked with 24 POs in the 25 poorest districts and established 714 schools and 246 health centers. For this, a total of PKR 1,490 million (PKR.820 million for education and PKR 670 million for health) were disbursed.

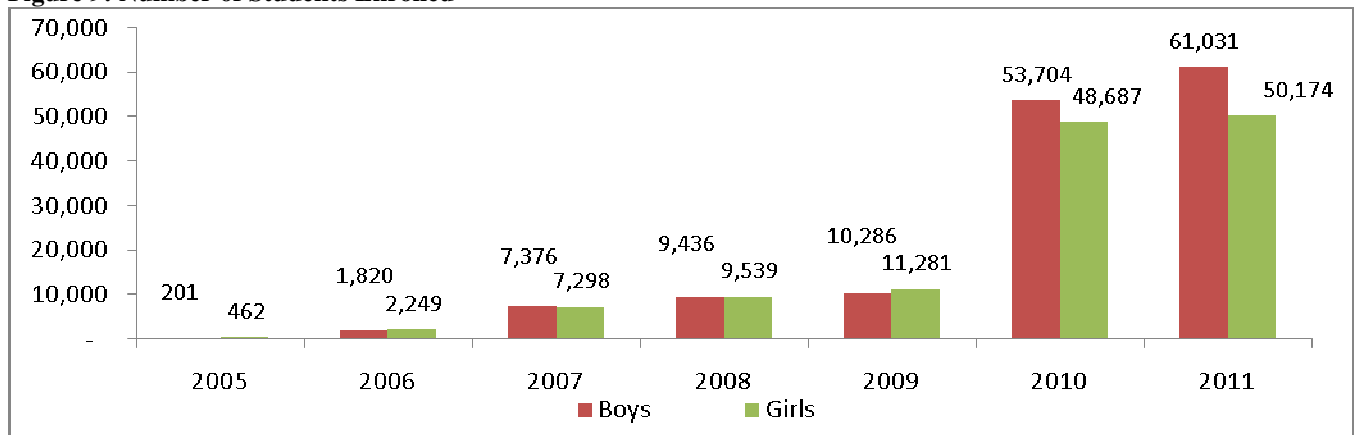
In case of education services, primary focus was on hardware and infrastructure. It would be useful to accord a higher priority to the qualitative aspects of education, such as teacher training, teaching materials, and quality of instructions to students. Focus should be on developing intellectual,

social and emotional skills of children not as a byproduct but as a direct outcome. Indicators of quality education should be drawn up and regularly monitored.

In case of health, the primary focus is curative, while preventive aspects are optional, only open to the patients who seek treatment at the facility. There is enough evidence available to argue that 80% of the disease burden has its roots in prevention. Therefore, in future PPAF health program should consider a more inclusive approach with a higher focus on prevention and community outreach, as a distinct activity complementing the curative services provided at the health centers.

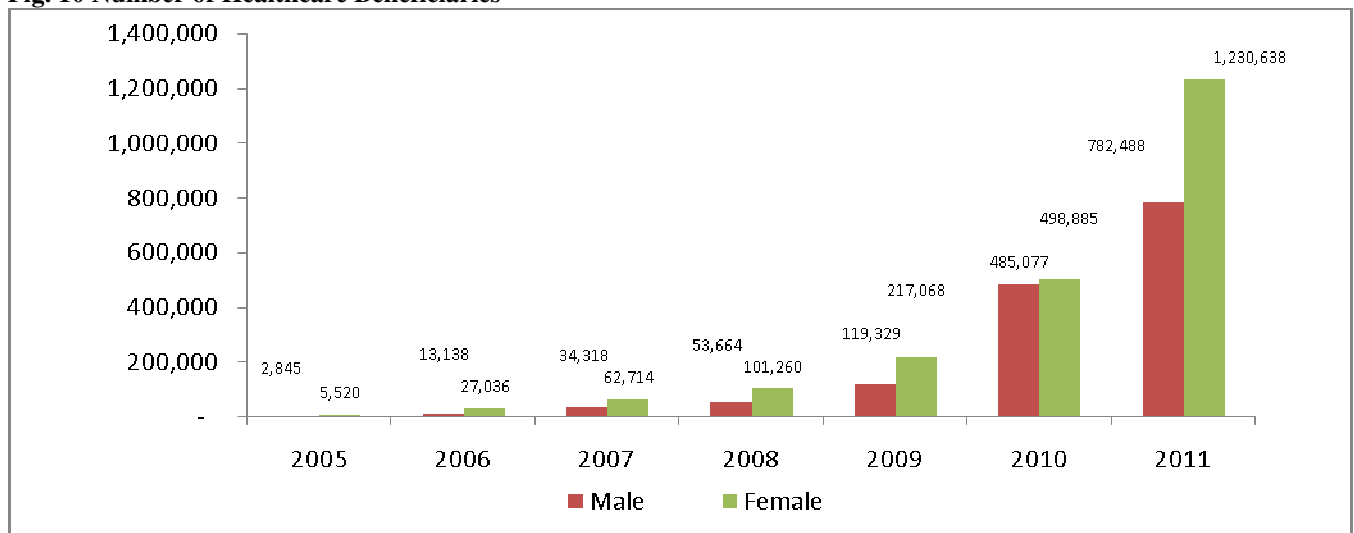
Delivery Costs. The cost of delivery of health and education interventions was the most expensive, on a proportional basis, of all sector activities funded by PPAF according to a 2008 study previously quoted, averaging almost 23% of total disbursements over the period 2006-2007.

Figure 9: Number of Students Enrolled



Source: PPAF

Fig. 10 Number of Healthcare Beneficiaries



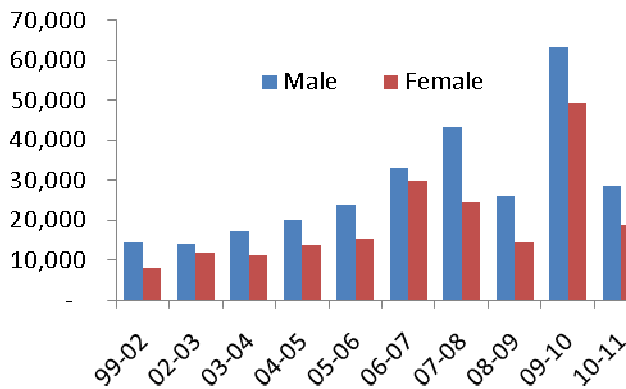
Source: PPAF

Geographic Distribution. The services were provided in 52 districts of which Punjab accounted for 30%. Sindh was on top with 470 facilities (371 schools and 99 health centers) followed by KP and Baluchistan with 296 and 288 facilities respectively.

Component 4: Training and Skill Development

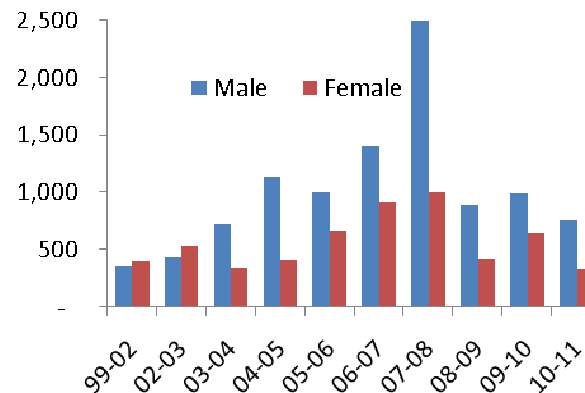
Overall performance. Funds were provided for POs' recurrent and non-recurrent expenses, as well as for training of PO staff and CO members. As of June, 2011 more than 480,616 CO members had received training (Figure 11), while some 15,790 PO staff including PPAF staff had participated in training courses (Figure 12).

Figure 11. No. of Community Members Trained



Source: PPAF

Figure 12. Number of Staff Trained



Source: PPAF

Although there is no study available to measure the effectiveness of training provided to both CO members and PO staff, anecdotal evidences through ICR field visits and interviews of PO staff support the impression that investment in capacity building for CO members contributed to the successful completion SSIP and SSDPs, to identify and address staff training needs, and for improved management and utilization of resources.

The DECRG evaluation found that investments in capacity building of the poor via programs that offer livelihood related training (business knowledge and skills) significantly increased new business investment among poor rural households. Although the ratio of female CO trainees (40%) is less than that of male trainees, the DECRG's preliminary study also indicates that the effects of training have proven to be much greater for women who now have access to business and skills training.

Component 5: Capital and Operational Costs of PPAF

It included four expenditure categories; (a) US\$ 2 million for civil works to construct a new PPAF office in Islamabad; (b) US\$ 2 million for equipment to refurbish the office building; (c) US\$ 8 million for consultancies, assessments and technical assistance, and; (d) US\$ 8 million to cover incremental operating costs of PPAF on a declining basis.

Actual expenditures were much less than originally budgeted. Due to delays in obtaining an appropriate office site from GOP, no PPAF building was constructed during the implementation period. In total, only US\$ 10 million of the original US\$ 20 million budgets were expended by June 2011.

Table 3: Budget and Expenditures against Component 5 (US\$ million)

Expenditure Category	Original Allocation	Utilized to 30/06/2011
Civil Works	2.00	0.00
Equipment & Vehicles	2.00	1.00
Consultancies	8.00	7.00

Operating Costs	7.00	2.00
TOTAL	20.00	10.00

Component 6: Disaster Recovery

Following a severe earthquake that brought widespread destruction in parts of KP and AJK in October 2005, the decision was made to reallocate US\$ 5 million from Component 2. These funds were later supplemented by an additional Financing Agreement which created Component 8.

Component 7: Equity for PPAF

As part of the DCA for PPAF-2, GOP agreed to provide a second injection of equity into the endowment intended to ensure PPAF's long term sustainability. Specified in the DCA of 20 January 2004 at PKR 500 million, this amount was equivalent to USD 10 million at the time of appraisal. The overall sum was released to PPAF by GOP in three tranches at the beginning of financial years 2005, 2006 and 2007 (PKR 150m, 150m and 200m respectively). However, due to changes in exchange rates between the time of the DCA being signed and the receipt of the funds, these monies were recorded in the Bank system as only USD 8 million.

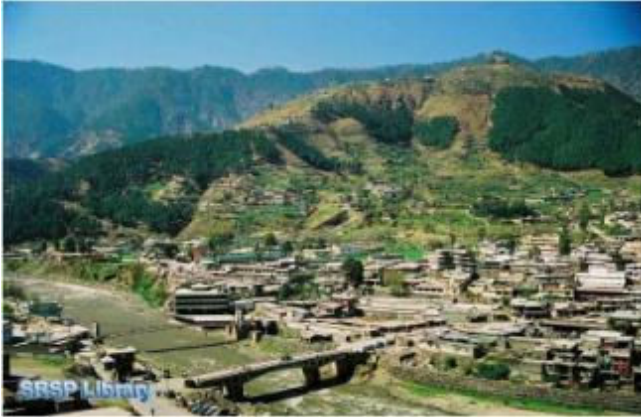
Component 8: Emergency Relief, Rehabilitation and Reconstruction (E3RP)

The work carried out by PPAF under this component can be divided into three phases: (i) Rescue and Relief (ii) Damage Needs Assessment, and (iii) Rehabilitation and Reconstruction. As an immediate step, PPAF set up a Disaster Management Centre (DMC). To support the relief efforts, World Bank agreed to reallocate US\$ 5 million from Component 2. In all, 500 truckloads of relief goods carrying around 3,000 tents, 35,000 beddings, and 50,000 liters of milk, were transported. With help from the US Air Force, PPAF with the assistance of POs transported a total of 150,000 corrugated galvanized iron (CGI) sheets to provide safe temporary shelters against frost and snow, particularly at high altitudes. The sheets were subsequently reused for roofing of new and repaired houses.

Under the coordination of Earthquake Reconstruction and Rehabilitation Authority (ERRA), PPAF was tasked to cover 36 Union Councils in six districts. In parallel, with holding damage assessment training workshops, PPAF prepared the damage assessment guidelines and a computer database that enabled the third phase to initiate. During the second phase, 110 Social Mobilization Teams (SMTs) completed the assessment of more than 122,000 houses and data on potential beneficiaries was stored into the database.

The affected communities were also facilitated by the reconstruction of small scale infrastructure projects including drinking water supply schemes, drainage systems and link roads. Overall, 652 CPI schemes were completed including 202 projects in 23 UCs of Azad Jammu & Kashmir and 450 projects in 16 UCs of Khyber Pukhtunkhwa. A total of US\$ 7.72 million were utilized for completion of 502 drinking water supply schemes, 104 link roads, 43 sanitation and 3 irrigation projects. It benefitted 331,087 persons belonging to 43,952 households. The communities were proactively involved during the implementation process and took O&M responsibility for the completed schemes.

Photos 1 and 2: Before and After the Earthquake



As a result, this component achieved the reconstruction of over 78,500 houses, including three payments to a total of over 276,000 payments for certified beneficiaries during the third phase.

Photo 3 and 4: New houses constructed through project support, 2008.



Component 9: Support Participatory Development through Social Mobilization

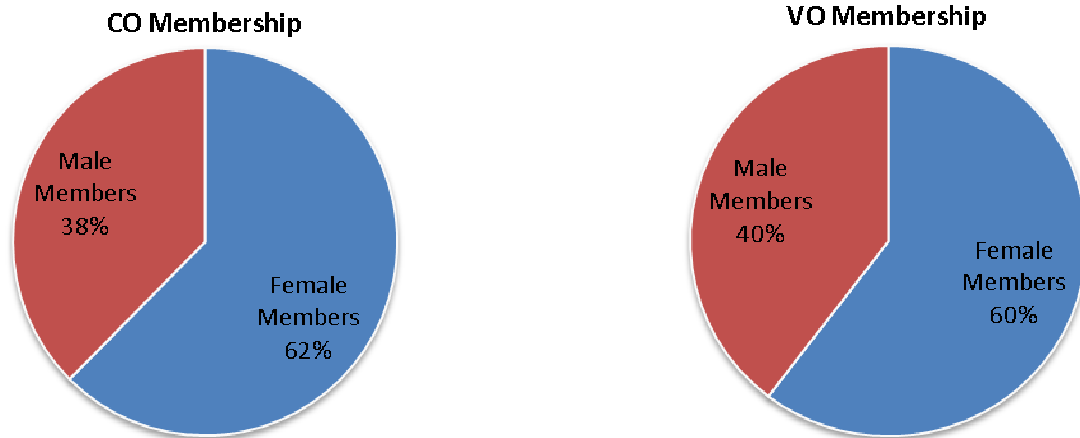
Government of Pakistan (GOP) recognizes that Social Mobilization is essential to the delivery of its Poverty Reduction Strategy, which is an integral part of the Mid Term Development Framework (MTDF). The government is cognizant of the fact that she will not be able to achieve its poverty reduction goals unless community organizations are formed to manage their own development and act as a bridge between the rural poor and local government and private sector service providers.

An additional financing, signed in December 2007, with a closing date of 30 June 2010, provided a further US\$ 75 million for social mobilization of community organizations (COs), including the creation of new COs with a focus on poor households and women and federating COs into Village Organizations and Local Support Organizations (LSOs) at Union Council level. Initially there were 24 program districts and SCAD initiative working in 4 deprived districts of Badin, Karachi, Thatta and Tahrparkhar was added through an amendment in August 2009. A total of 20 Partner Organizations were engaged in the project with 10 in SCAD areas and 10 in the remaining districts. In June 2010 the closing date was extended by one year to June 30, 2011.

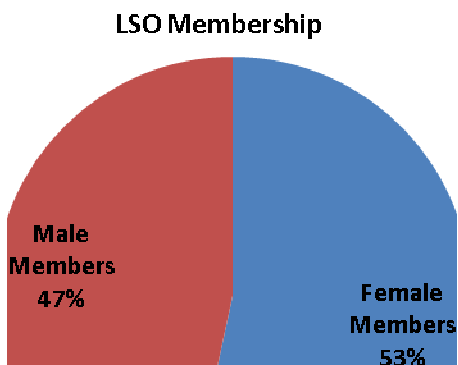
Overall Performance: A total of 72,134 COs (against a target of 50,000) were formed in the 28 districts covering 78 Union Councils. The COs comprised 1,287,860 members, of which 62% were female members. 16% COs were using their savings for internal lending. As regards the proportion of CO

membership from the poorest of the community, PPAF was carrying out a study which was expected to be completed in the first quarter of 2012.

Seventy five percent of COs (against the target of 65%) were federated into 8971 VOs at the village level, comprising 89,032 members, 60% of which were female members.



A total of 232 Local Support Organizations were formed at the Union Council level with a membership base of 5,984 persons. Out those, 53% were female members.



As the SM component was based on the tried and tested social mobilization approach in Pakistan and South Asia, the results in terms of number of COs, VOs and LSOs formed were impressive. There are, however, two points of concern with respect to the quality of social mobilization. Firstly, the SM component was not allocated adequate time in one go. Initially it was two years and a considerable amount of time was lost due to slow start in the first year. One year extension materialized in April 2010, two months prior to the project closing date. Nevertheless, PPAF-3 project with a five year timeframe has provided the much needed time and support to further strengthen institutions of the poor. Secondly, notwithstanding the benefits of second and third tier community groups, in several cases the focus on VOs and LSOs formation was seen more as the PPAF agenda than a need of the community. PPAF should take special measures to inculcate the benefits of VOs and LSOs in the community so that the community feels and appreciates its need and importance in improving their lives. Otherwise, there is a risk that VOs and LSOs will be organizations for organization sake - alive but surviving on a life

support system - and will not be able to emerge at dynamic representative institutions of the poor and meeting a corresponding hierarchy of needs of the communities.

The PPAF Model-Neutral strategy for SM has its advantages and disadvantages. At the CO level the model adopted by Rural Support Program Network (RSPN) and other POs have a long history of success. The VOs and LSO models are in evolution and have yet to be tested to its efficacy in the local context. PPAF needs to identify the principles for second and third tier organizations so that the POs, are able to adapt them and take the chain of model-neutral to its logical consequences at all levels.

Exposure Visits: Several exposure visits for community groups with special focus on youth were organized. The exposure to diverse cultures, values, customs, languages and ethnicity helped to open their minds and broaden their vision. It was a good step in nation building, breaking social barriers and creating bonds of friendships.

Gender Empowerment: Formulation of multi-tiered institutions of the poor had a positive effect on poverty, gender, and social development. LSO representative stated that the forum was most effective in conflict resolution, accessing services from line departments and other donors operating in the area. Women empowerment was a special focus, to the extent that two major POs - NRSP and SRSWO - focused only forming female COs. As a result, women representation improved considerably at the VO and LSO level. Women proactively sought computerized national identity cards (CNIC) and registered themselves as voters. Registration of newly born babies, which was almost non-existent in some areas, got underway. Women also responded to the polio campaigns. In contrast in conservative districts like Kohistan, the PO could only form male VOs. The opportunity of attending conferences and seminars by women was highly appreciated by the women members of the community and helped bolster their confidence and self esteem to a very high degree.

M& E System: SM component developed an effective M&E system based on outcome indicators that were measurable, precise, time-bound, and direct. An MIS was developed and was made operational at the PO and PPAF level. Besides a separate MER unit which has the mandate for monitoring evaluation and research, each operating unit has the responsibility to monitor and review implementation of respective component by the PO and ground. Another positive aspect was that release of funds to a PO was subject to clearance by the HID, MER and the relevant operating unit. Consequently, a certain frequency of monitoring visits becomes mandatory for the PPAF staff. The MER unit had begun to use GIS to record coordinates of each community group and intervention for validation by the PPAF monitoring teams.

Knowledge Management: Right based dimensions of social mobilization were introduced. To get the desired quality in the process of social mobilization awareness raising material was printed and published by the Social Mobilization unit in collaboration with their partner organizations. The detail of this is as under:

Manuals: Social Mobilization: Implementation Manual; Social Mobilization Manual Forms; Social Mobilization Guide Book;

Booklets: Budget importance; benefits and its appropriate utilization; access to social protection system; Village development planning; Awareness campaign for women, especially ID card, Birth and death certificate, Voters' registration, right of heritage, post-martial rights, marriage deed registration and cancellation of marriage deed; Linkages development and resource mobilization; Civil and constitutional rights; Disaster risk management at community level; Promotion of hygiene practices and Importance of female education; Preparation and formulation of project proposal

Pamphlets: Institutional development through social mobilization; Environmental sensitization at community level, Basic civic and constitutional rights, Garbage disposal and management, Importance of VDP, Saving and its Utilization

Documentary: Documentary Film on concept of social mobilization

Other activities:

- Development of Impact Assessment framework for CO, VO & LSO;
- Finalization of standard contents of CMST. Designing of CMST module in Urdu.
- Preparation of Knowledge Management Framework.
- Formation of standard format for Monitoring visits regarding COs, VOs and LSOs.
- Development of flyer about CNIC and its importance.

Following an amendment in 2009, in order to increase the focus on four chronically poor in coastal districts of Sindh and to include finance for physical and economic interventions in addition to social mobilization, additional Indicators were added to the Social Mobilization Component are as follows. The performance against additional indicators is as follows:

ADDITIONAL INDICATORS

PDO Indicator	Baseline Value	Original Target Values	Formally Revised Target Values	Actual Values Achieved
		(from approval documents)		at Completion or Target Years
Indicator 1	Number of CO reaches 1,050 in the selected 750 settlements of the SCAD districts			
Value quantitative or qualitative	Not applicable	Not applicable	1,050 COs	3,183 in 2,454 settlements
Date achieved			August 2009	30 June 2011
Comments (incl. % achievement)	Fully achieved (303% achievement). Source: PPAF monitoring data			
Indicator 2	At least 65% federate into Village Organizations			
Value quantitative or qualitative	Not applicable	Not applicable	65%	26%
Date achieved			August 2009	30 June 2011
Comments (incl. % achievement)	40% achieved. Source: PPAF monitoring data.			
Indicator 3	25% of these federate at the UC level			
Value quantitative or qualitative	Not applicable	Not applicable	25%	10%
Date achieved			August 2009	30 June 2011
Comments (incl. % achievement)	40% Achieved: Source: PPAF monitoring data			
Indicator 4	65% of all CO members are from the poor and poorest household			
Value quantitative or qualitative	Not applicable	Not applicable	65%	44%

PDO Indicator	Baseline Value	Original Target Values	Formally Revised Target Values	Actual Values Achieved
		(from approval documents)		at Completion or Target Years
Date achieved			August 2009	30 June 2011
Comments (incl. % achievement)	67% achieved. Source: PPAF monitoring data			
Indicator 5	More than 40% of overall memberships is female			
Value quantitative or qualitative	Not applicable	Not applicable	> 40%	30%
Date achieved			August 2009	30 June 2011
Comments (incl. % achievement)	75% achieved. Source: PPAF monitoring data.			
Indicator 6	25% of CO leadership and / or managerial positions are held by poor and poorest households			
Value quantitative or qualitative	Not applicable	Not applicable	25%	Figures not available
Date achieved			August 2009	30 June 2011
Comments (incl. % achievement)	A comprehensive exercise on status of CO Leadership is currently underway by the PPAF.			
Indicator 7	Over 1200 new infrastructure schemes including 975 conventional CPIs completed			
Value quantitative or qualitative	Not applicable	Not applicable	1,200 CPIs	2,202
Date achieved			August 2009	30 June 2011
Comments (incl. % achievement)	Fully achieved (183% achievement). 2,202 CPIs include 1,891 conventional CPIs, and 311 Technological Innovation Projects (TIP). Source: PPAF monitoring data.			
Indicator 8	At least 1000 poorest families benefitted from improved health and education under SSDP			
Value quantitative or qualitative	Not applicable	Not applicable	1,000 families	20,000 families
Date achieved			August 2009	30 June 2011
Comments (incl. % achievement)	Fully Achieved. As a whole 496,335 persons benefitted from 62 health centers while 25,032 children benefitted from education programs. Source: PPAF monitoring data			
Indicator 9	At least 1000 poor individuals trained to improve their productive skills to increase their incomes			
Value quantitative or qualitative	Not applicable	Not applicable	1,000	2,152
Date achieved			August 2009	30 June 2011
Comments (incl. % achievement)	Fully achieved (215% achievement). Source: PPAF monitoring data			

PDO Indicator	Baseline Value	Original Target Values	Formally Revised Target Values	Actual Values Achieved
		(from approval documents)		at Completion or Target Years
Indicator 10	At least 20% of federated COs report effective linkages with markets and private sector			
Value quantitative or qualitative	Not applicable	Not applicable	20%	57%
Date achieved			August 2009	30 June 2011
Comments (incl. % achievement)	Fully achieved (285% achievement) , Source: PPAF monitoring data			

Annex 3. Financial and Economic Analysis

Summary

Aggregate *economic internal rate of return* (EIRR) of CIPs relating to irrigation, drinking water supply, drainage and sanitation, link roads etc. completed by the 5 major partner organizations is 53%. The share of these POs in financial cost is 52.4% of all the CPIs implemented¹².

Aggregate weighted *economic internal rate of return* (EIRR) is estimated at 23.8% and FIRR as 24.3%. The highest contribution to economic return rate is found in irrigation schemes (9.3%) followed by drinking water supply (4.8%), roads & bridges (3.8%) and drainage & sanitation (2.8%).

Based on the information provided by PPAF, the project has benefited a total of 6.08 million people comprising 48% male and 52% female.

A total of 14,164 CIPs have been implemented including drinking water supply (34%), irrigation (24.4%), drainage & sanitation (19.9%) roads & bridges (14.7%). The total cost of CIPs was Rs 6.74 billion.

Twenty seven percent of the cost of all SSIPs was spent on irrigation, followed by 23% on drinking water supply, and 17% each on drainage & sanitation and roads & bridges. The average cost per scheme is PKR 0.476 million (USD 5,471 at current rate of exchange) and the average number of beneficiary households per scheme is 61.

Average cost per beneficiary household is Rs 7,859 or Rs 1,108 per beneficiary.

Background

PPAF-2 completed a total of 14,164 CPI schemes by June 30, 2011, with a total expenditure of PKR 6,740 million. There are a number of in-house reports available with PPAF covering 8,970 CPIs with a cost of PKR 4,453 million by the IFAD team in Feb 2009. Since then 4,709 CPIs have been completed under the Social Mobilization component. In view of substantial works undertaken under the additional funding, the project impact is being judged on the basis of available material, processed or un-processed, supplemented by field visits to randomly selected CPIs and discussion with the beneficiaries.

Major POs involved in CPI implementation

A total of 52 POs were involved CPI implementation (Appendix 1). Five major POs - NRSP, PRSP, TRDP, SAFWCO, and SRSP - implemented 53.9% of schemes and utilized 52.4% of funds. NRSP implemented the largest number of DWSS, IIUP, Irrigation and Roads & bridges. Whereas PRSP implemented highest number of drainage and sanitation schemes. TRDP took lead in the implementation of TIP schemes.

Table 1. Number and Cost of CPIs Implemented by Five Major POs

PO Name	Dr & Sanit	DWSS	Flood Prot Works	IAUP	Irrigation	Roads & Bridges	TIP	% of Total
CPIs implemented - % of total schemes								
NRSP	12.7%	21%	6.6%	28.5%	27%	31.3%	6.2%	21%
PRSP	23.7%	0.5%	-	5.7%	22.7%	17.2%	1%	13%

¹² Based on MIS data supplied by PPAF. These included NRSP, PRSP, TRDP, SAFWCO, and SRSP.

TRDP	0.3%	18.3%	0.9%		1%	5.2%	11.8%	7.9%
SAFWCO	4.4%	11.1%	1.4%	8.9%	0.6%	7%	8.0%	6.3%
SRSP	9.1%	4.5%	4.7%	8.9%	3.5%	3.6%	5.7%	5.1%
Total	50.3%	55.5%	13.7%	51.9%	54.9%	63.3%	32.7%	53.9%
100=No	2,812	4,820	234	158	3,455	2,082	603	14,487
Cost - % of total cost								
NRSP	14.9%	17.7%	4%	24.4%	25.8%	29.5%	4.2%	18.0%
PRSP	15.3%	0.2%	-	6.7%	19%	10.8%	0.2%	14.8%
TRDP	0.5%	12.4%	0.7%	-	2.2%	7.5%	12.2%	5.9%
SAFWCO	504%	13.9%	1.2%	7.2%	0.3%	7.2%	7.8%	6.7%
SRSP	13.1%	8.3%	4.2%	13.2%	5.8%	4.9%	18.2%	7%
Total	49.3%	52.5%	10.2%	51.6%	53.1%	59.9%	42.5%	52.4%
100- Mil Rs	1,165	1,570	180	447	1,762	1,160	456	6,740

Source: PPAF data

Methodology

Secondary data was collected for all CPIs from PPAF. It was sorted by CPI types for various aspects like number of schemes, cost, beneficiaries, etc. for each PO involved. A total of 52 CPIs implemented by 15 POs in 16 districts of the country were finally selected for field visit (Appendix 2). The selection was based on the criterion that: (i) all major POs were represented; (ii) a range of different geographical areas was included, and; (iii) a range of various types of CPIs was included.

The secondary data provided by the client was used to have a list of all schemes implemented by the POs. It was used to select the schemes based on criterion like representation of various geographical areas, a mix of POs functioning in those areas and overall representation of all types of schemes. The scheme documents prepared by the POs for approval pertaining to the demand of beneficiaries, demographic aspects, cost estimates, time of implementation etc. was collected for all schemes before going to the field. Primary data was collected by group discussion with the beneficiaries using a pre-structured set of questions for all selected CPIs. It was analyzed to derive meaningful inferences in the light of ICR requirements.

Parameters of Selected Schemes

The selected CPIs included irrigation (12), link roads (9), flood protection (1), delay action dam (1), drinking water supply (12), drainage & sanitation¹³ (8) and TIPs represented by solar lights & wind turbines (9).

Capital cost

CPIs were constructed at different period of time. Since the impact assessment was made in November 2011, the nominal costs were brought at this level by using the inflation rates for the relevant period. The construction indices varied from 5.2 to 7.8 in last few years. Therefore, the costs incurred in the past were escalated using the annual escalation as announced by State Bank of Pakistan¹⁴. The CO

¹³ Two schemes of N M Jarwar, Community latrines and Waste water Disposal Station were merged together.

¹⁴ The annual inflation is taken as 12% for FY 2009, 21.8% for FY 2010 and 11.7% for FY 2011.

share in capital cost and annual O&M expenditure (as % of capital cost) is as in Appendix 3, for each selected CPI. It may be mentioned that in disaster areas (coastal belt), the CO share was capped at 5% and can be as negligible as even 1%.

O&M

To ensure sustainability of implemented schemes, COs were responsible for operation or maintenance. The likely expenditure on O&M was taken as a proportion of capital cost and shown in Appendix 3.

Returns on Investment for selected CPIs

The analysis has been made to have an idea of returns on investment (ROI) using financial and economic prices. The assumptions are as follows:

- The scheme lifespan was taken as 10 years for all CPIs.
- Although there would be some salvage value for almost all schemes, it was taken as zero.
- For Economic analysis:
- Standard wage rate (SWR) for unskilled labour was 0.75 but was taken at par for skilled labour.
- Standard conversion factors (SCF) for each scheme was based on the individual SCFs of itemized cost.
- Economic prices for tradables (for irrigation schemes) was based on average of January to October 2011 Commodity Prices issued by World Bank (pink sheet)¹⁵ in Appendix 4.
- Financial benefits were multiplied with SCF of 0.9 for use in Economic analysis unless derived by using economic prices.

Diesel or kerosene value was multiplied by 0.58 considering the government tax as 40% and diesel price is taken as PKR 80 per liter.

Types of Benefits

The CPIs are small low cost investments. These schemes are of great importance to the poor groups as they actively participate in planning and execution. The schemes are comparatively sustainable attributed to the community contribution in cost and involvement of beneficiaries in implementation and O&M. The benefits accruing are:

- **Irrigation**: assured water availabilities leading to higher command area, higher cropping intensity and better yields.

¹⁵ There is negligible variation in economic prices of cotton for Sindh attributed to lesser transportation charges from the port that has not been accounted for.

- Drinking Water Supply: availability of drinking water at or close to the doorstep leading to time savings and its productive use in other income generating activities, comparatively better quality of water, improved health and thus savings in medical bill on account of illness.
- Street Pavement: lesser seepage of water from stagnant ponds in adjoining walls, smooth flow leading to lesser or no spillage of produce from *tractor trolleys* and *carts*, less transport and haulage charges etc.
- Community Latrines: improved hygiene and cleanliness, and better health resulting in decreased medical bills, time saving that can be productively used.
- Flood Protection Works: security against intrusion of flood water, lesser losses to infrastructure including houses, easy access to communities affecting transportation charges.
- Link Roads: easy access to metallic road, opening up areas for enhanced economic activities, savings in commuter time, reduction in transport/haulage rates, productive use of saved time, etc.
- Delay Action Dam: savings in flood occurrence, higher seepage in adjoining areas and thus, control of continuous decrease of water table due to increased pumping of ground water.
- Solar Lights/ Wind Turbines: savings in the cost of kerosene oil and wax used for light during night time, income generation due to extra work at night time.

The country experienced unprecedented floods in 2010. Subsequently, monsoon of 2011 triggered heavy floods in Sindh and Balochistan. During the field visit, it was observed that several CPIs were fully or partially damaged due to floods and required rehabilitation. Link roads and bridges were affected due to erosion of road surface due to water seepage/loose sub soil. One advantage reported by the beneficiaries was that the road links made it possible for them to evacuate their belongings to nearby elevated spots. The overall impact of floods was roughly 1% decrease in the returns on investment.

Returns from Selected CPIs

The weighted average overall ERR is 23.8% and FRR is 24.3%. Irrigation is by far the major contributor to overall returns (9.3%) followed by drinking water supply (4.8%), roads & bridges (3.8%) and drainage & sanitation (2.8%).

Based on the above, benefits were calculated for each type of intervention. The financial costs were converted to economic costs using shadow prices for various items of construction cost derived on the basis of 2011 prices. Various measures of project worth were developed and used for each CPI.

A sum of PKR 6740 million was invested on various CPIs as of June 30, 2011. Out of this a sum of Rs 4,082 was spent till 2009 and remaining amount under the Additional Support programme. The nominal cost of Rs 6740 million has been brought to 2011 level using the inflation rate. The present value at 2011 level is thus, Rs 8,590 million. Weighted average ERR is 23.7% and FRR of 26.5%. Irrigation is by far the major contributor to overall returns followed by drinking water supply, roads & bridges and drainage & sanitation.

Table 2: Cost effectiveness for various CPIs implemented by PPAF-2

CPI Type	For Selected CPIs			Investment	Weighted by Investment			
	NPV	B:C	IRR		NPV	B:C	IRR	
Economic								
Dr & Sanitation	0.43	1.04	16.54%	1406.2	13.15	0.18	2.8%	
DWS	2.57	1.15	20.95%	1894.1	105.97	0.26	4.8%	
Flood Prot Works	0.24	1.22	23.6%	207.1	1.07	0.03	0.6%	
IAUP	1.20	1.10	20.8%	580.9	15.14	0.08	1.5%	
Irrigation	4.47	1.45	33.6%	2301.5	224.20	0.40	9.3%	
Roads & Bridges	1.73	1.20	22.9%	1382.5	52.20	0.20	3.8%	
TIP	0.20	1.03	16.1%	537.7	2.40	0.07	1.0%	
Total				8310	414.13	1.21	23.8%	
Financial								
Dr & Sanitation	3.42	1.31	25.5%	1562.4	0.58	0.22	4.3%	
DWS	2.02	1.11	19.32%	2104.5	0.46	0.25	4.4%	
Flood Prot Works	0.41	1.36	29.0%	230.1	0.01	0.03	0.7%	
IAUP	8.13	1.37	28.5%	645.5	0.57	0.10	2.0%	
Irrigation	1.73	1.16	21.9%	2557.3	0.48	0.32	6.1%	
Roads & Bridges	2.52	1.26	25.2%	1536.2	0.42	0.21	4.2%	
TIP	5.27	1.75	39.8%	597.5	0.34	0.11	2.6%	
Total				9233.4	2.86	1.247	24.3%	

Returns on Credit

The returns on the use of credit were calculated for two representative categories: i) credit use for purchase of goats, and ii) use of credit for additional stocking of a village level grocery shop.

Purchase of Goats

A loan of PKR 15,000 was sufficient to purchase one mature and one young goat (Table 3). With average milk yield of 1.2 kg per day valued at PKR 40 per kg generated an income of PKR 5,760 for an average lactation period of 4 months. The value of young goat and with two newly born 2 baby goats, was PKR 11,000 at year end. Average expenditure on feed and fodder and labor was around 40% of milk value. Thus the incremental income attributed to credit availability was PKR 21,804 or PKR 3,804 after repayment of principal and interest. In summary, there was a 47% rate of return on the amount borrowed.

Table 3: Returns on Credit use for purchase of Goats

Credit sought – Rs	15000
Loan used for purchase of	
Mature goat (milking) – No	1
Young goat – No	2
Milk production per day – Rs	1.2
Lactation period – months	4
Milk price - Rs/kg	40
Gross value of milk – Rs	5760

Net value @ 40% of gross revenues	2304
Value of goats at year end – Rs	
Adult goat bought in the beginning	8500
Young one bought at the beginning	5500
Young stalk born (2.8 #)	5500
Total receipts	21804
Interest paid at year end @ 20% - Rs	3000
Total payment including capital refund	18000
Net income – Rs	3804
Rate of return	25%

Credit Utilized for Expanding Grocery Shop Inventory

Financial constraints faced by the shopkeeper usually lead to limited stocking and higher number of trips to the nearby towns. With credit availability the benefits as discussed with credit uses are in the form of reduced trips and time saving that can be productively used. The returns after payment of principal amount and interest were estimated as 33% as shown in Table 4.

Table 4: Returns from Credit used for Grocery Shop

Loan amount – Rs	15000
Fare for bringing grocery items before seeking credit	
Trips per month	4
Expenditure per trip	150
Annual expenditure per year	7200
Fare for bringing grocery items after seeking credit	
Trips per month	2
Expenditure per trip	225
Annual expenditure per year	5400
Savings on account of lesser trips - Rs	1800
Time saved due to lesser trips - days/year	10
Income by productive use of saved time @ Rs 350 per day - Rs	3500
Total benefits – Rs	5300
Interest paid @ 20%	2000
Rate of return	33%

Appendix 1: Relative Implementation by various POs

No./ Cost -Mil Rs	2,812	4,900	234	158	3,688	2,089	606	14,487	1,129	1,561	169	448	1,824	1,155	458	6,743	
S.No	PO Name	Percent share in Number of Schemes implemented								Percent share in Cost of Schemes incurred							
		D&S	DWSS	Flood Pt	IUP	Irrig	Roads & TIP	Total	D&S	DWSS	Flood Pt	IUP	Irrig	Roads & TIP	Total		
1	NRSP	12.5	20.8	6.4	28.5	26.4	29.6	6.1	21.1	14.5	17.3	4.0	24.4	25.1	28.1	4.1	20.0
2	PRSP	23.8	0.6	-	5.7	23.0	18.0	1.2	13.4	15.2	0.2	-	6.7	19.3	11.8	0.2	10.3
3	TRDP	0.3	17.6	0.9	-	0.9	4.8	11.7	7.4	0.5	11.7	0.7	-	2.1	7.1	12.1	5.4
4	SAFWCO	4.3	11.1	1.3	8.9	0.5	7.1	7.9	6.2	5.4	14.0	1.1	7.2	0.3	7.3	7.7	6.5
5	SRSP	9.2	4.4	4.7	8.9	3.4	3.7	5.6	5.1	13.1	8.2	4.3	13.2	5.5	4.9	18.1	8.6
6	TF	6.3	2.9	30.3	3.2	6.5	0.9	2.8	4.6	5.0	3.4	23.9	4.1	6.5	0.6	2.9	4.5
7	BRSP	1.0	2.9	9.0	-	9.6	0.2	6.8	4.1	1.2	3.7	7.0	-	13.5	0.4	5.6	5.3
8	PIDS	0.7	3.7	3.0	-	7.2	-	0.3	3.3	0.5	2.5	2.0	-	4.5	-	0.1	2.0
9	SRSO	5.9	1.5	-	0.6	2.5	3.2	-	2.7	8.1	0.7	-	0.5	1.6	2.5	-	2.4
10	AKPBSP	5.3	0.5	3.0	6.3	-	0.4	16.8	2.1	5.3	1.1	3.7	5.9	-	0.7	15.8	2.8
11	BB	-	5.9	-	-	-	-	-	2.0	-	3.3	-	-	-	-	-	0.8
12	SPO	0.7	3.6	2.1	-	0.4	2.9	2.3	2.0	0.8	4.0	2.4	-	0.3	3.8	3.6	2.1
13	SAP-PK	2.1	0.2	-	2.5	2.5	5.7	-	2.0	3.9	0.3	-	2.5	3.1	6.7	-	2.9
14	IRP	-	2.3	-	-	2.6	0.2	9.2	1.9	-	1.2	-	-	1.6	0.3	2.9	1.0
15	AKPBSP (N	-	4.6	-	5.1	0.0	-	-	1.6	-	11.5	-	6.0	0.1	-	-	3.1
16	SCOPE	0.5	3.2	0.9	-	-	0.1	4.8	1.4	0.3	3.4	0.2	-	-	0.2	4.3	1.2
17	AKRSP	-	0.2	15.4	1.3	2.0	3.4	1.3	1.4	-	0.3	22.3	2.6	4.1	7.9	3.6	3.5
18	IET	0.9	1.5	-	2.5	-	1.0	11.7	1.3	0.7	0.7	-	2.5	-	1.3	8.1	1.2
19	RCDS	2.2	0.1	-	1.3	2.8	1.0	-	1.3	3.1	0.1	-	1.4	3.0	1.0	-	1.6
20	HADAF	3.2	1.2	-	-	-	1.4	-	1.2	2.7	0.9	-	-	-	0.9	-	0.8
21	SUNGI	2.5	1.1	-	4.4	0.1	1.9	-	1.2	0.9	1.2	-	3.7	0.1	1.7	-	1.0
22	GBTI	3.7	0.3	0.9	-	-	1.3	-	1.0	2.9	0.3	0.4	-	-	0.7	-	0.7
23	CMDO	1.0	1.9	-	-	0.3	0.2	-	1.0	1.1	1.9	-	-	0.3	0.1	-	0.7
24	BRDS	-	1.1	0.9	-	-	2.6	3.5	0.9	-	1.1	2.0	-	-	2.9	3.4	1.0
25	CUP	2.3	0.7	-	10.1	-	0.5	-	0.9	2.7	0.7	-	9.9	-	0.4	-	1.3
26	HDF	1.0	0.7	3.8	1.3	0.7	0.4	-	0.8	1.4	0.7	3.5	1.2	0.8	0.4	-	0.9
27	SVDP	-	0.2	-	-	2.6	0.1	-	0.7	-	0.4	-	-	2.3	0.1	-	0.7
28	SDF	2.0	0.6	-	-	0.1	0.9	-	0.7	1.7	0.3	-	-	0.0	0.9	-	0.5
29	WWOP	0.1	0.9	-	-	-	2.8	-	0.7	0.0	0.7	-	-	-	2.1	-	0.5
30	BEEJ	0.5	0.3	5.1	-	1.1	0.2	0.3	0.6	0.4	0.5	3.9	-	0.9	0.1	0.3	0.6
31	FDO	1.3	0.2	-	-	0.9	0.5	-	0.6	1.4	0.1	-	-	0.9	0.5	-	0.6
32	Sindh-RSP	0.0	0.7	0.9	-	-	0.5	5.6	0.6	0.0	0.5	2.3	-	-	0.2	5.9	0.6
33	HANDS	-	0.9	0.4	-	-	1.5	-	0.5	-	0.9	0.4	-	-	1.9	-	0.5
34	BRDRS	-	0.4	11.1	-	0.8	0.0	-	0.5	-	0.3	15.9	-	0.8	0.0	-	0.7
35	JWS	1.7	-	-	-	0.5	0.0	-	0.5	1.8	-	-	-	0.5	0.0	-	0.4
36	SOS	1.3	0.0	-	0.6	-	0.2	-	0.3	1.4	0.0	-	0.7	-	0.3	-	0.3
37	HRDS	0.5	0.1	-	4.4	0.2	0.3	-	0.3	0.7	0.1	-	3.6	0.2	0.3	-	0.5
38	WSO	-	-	-	-	1.1	-	-	0.3	-	-	-	-	1.1	-	-	0.3
39	SWWS	0.1	0.1	-	-	0.2	0.9	-	0.3	0.1	0.1	-	-	0.2	0.8	-	0.2
40	VFO	0.5	-	-	2.5	0.4	-	0.2	0.2	0.7	-	-	2.0	0.5	-	0.1	0.4
41	SABAWO	0.2	0.2	-	-	0.1	0.2	-	0.2	0.2	0.2	-	-	0.1	0.2	-	0.1
42	AWAZCDS	0.6	-	-	-	0.1	0.1	-	0.2	0.5	-	-	-	0.1	0.0	-	0.1
43	YCHR	0.2	-	-	1.9	0.2	-	-	0.1	0.3	-	-	2.1	0.2	-	-	0.2
44	IRC	0.4	-	-	-	0.2	-	-	0.1	0.5	-	-	-	0.2	-	-	0.1
45	KWO	-	0.2	-	-	-	0.3	-	0.1	-	0.1	-	-	-	0.2	-	0.1
46	APWA	0.1	0.2	-	-	-	0.1	-	0.1	0.1	0.2	-	-	-	0.1	-	0.1
47	GCO	-	-	-	-	0.1	-	1.8	0.1	-	-	-	-	0.1	-	1.1	0.1
48	OAKDF	0.1	0.1	-	-	-	0.4	-	0.1	0.1	0.1	-	-	-	0.3	-	0.1
49	SHER	0.3	-	-	-	0.1	-	-	0.1	0.3	-	-	-	0.1	-	-	0.1
50	HWF	-	0.2	-	-	-	-	-	0.1	-	0.8	-	-	-	-	-	0.2
51	YPS	0.4	-	-	-	-	-	-	0.1	0.4	-	-	-	-	-	-	0.1
52	MGPO	0.1	0.0	-	-	-	-	-	0.0	0.1	0.2	-	-	-	-	-	0.1

Appendix 2: List of Schemes visited for ICR

Type	District	Scheme
Irrigation	1 Badin	Dost M. Jarwar
	2 Hyderabad	Mohammad Bux Samoon
	3 Tharparkar	Ramnagar
	4 Attock	Shamsabad
	5 Sheikhpura	Allahyar Samulana
	6 Khushab	Uchhali
	7 Bahawalnagar	Jhok Jonia
	8 Bahawalpur	Dera Farooq
	9 Khushab	Ladhal Fateh Sher
	10 Multan	Kainat
	11 Muzaffargarh	Al-Shahbaz
	12 Tharparkar	Jago Parkar
Flood Protection	13 Thatta	Haji Abu Jat
Delay Action DWS	14 Khushab	Kaila
	15 Karachi (West)	Abdullah
	16 Thatta	Haji Abu Jat
	17 Badin	Abdul Ghafoor Arain
	18 Badin	Haji Noor Mohd Jarwar
	19 Mirpur Khas	Al-Hussaini
	20 Tharparkar	Malho Bheel
	21 Attock	Kisran
	22 Khushab	Anga
	23 Badin	Ahmed Mallah
	24 Tharparkar	Birdho Ji dhani
	25 Thatta	Aachar Sholani
	26 Muzaffargarh	Budhay Wala
	Drainage & Sanitation	27 Badin
28 Nankana		Kot Hussain
29 Karachi (West)		Abdullah
30 Thatta		Haji Abu Jat
31 Badin		Haji Noor Mohd Jarwar
31 Badin		Haji Noor Mohd Jarwar
32 Badin		Mohammad Ali Mendhro
33 Multan		Khushal
Road	34 Muzaffargarh	Qaim Wala
	35 Thatta	Raj Shaikh Bachal Begna
	36 Badin	Jam Muradani
	37 Badin	Dilawar Chandio
	38 Tharparkar	Mitho Khan Chandio
	39 Attock	Shahpur
	40 Badin	Hoot Khan Kapri
	41 Layyah	Nawan roro KC
	42 Muzaffargarh	Al Momin
	43 Thatta	Haji Qasim Wadhelo
TIP	44 Karachi (West)	Juma Hameed
	45 Karachi	Nabi Bux Lal Muhammad
	46 Karachi	Manjhar Ismail Muhalla
	47 Karachi	Essa Village
	48 Karachi (West)	Abdullah
	49 Karachi (West)	Seth Khamoon IIUP
	50 Karachi (West)	Juma Hameed
	51 Karachi (West)	Gabo Bhatt
	52 Thatta	Raj Shaikh Bachal Begna

Appendix 3: CO Share in Capital cost and O&M

Type	District	Scheme	Total cost - PKR	CO Share - PKR	CO Share - %	O&M - % of cost
Irrigation	Badin	Dost M. Jarwar	261,245	41,100	15.7%	15%
	Hyderabad	Mohammad Bux Sar	310,627	80,627	26.0%	15%
	Tharparkar	Ramnagar	881,528	178,926	20.3%	10%
	Attock	Shamsabad	289,872	57,974	20.0%	15%
	Sheikhupura	Allahyar Samulana	732,000	219,600	30.0%	15%
	Khushab	Uchhali	516,027	152,982	29.6%	15%
	Bahawalnagar	Jhok Jonia	666,522	133,710	20.1%	15%
	Bahawalpur	Dera Farooq	504,343	100,869	20.0%	15%
	Khushab	Ladhal Fateh Sher	260,804	52,450	20.1%	15%
	Multan	Kainat	209,576	41,915	20.0%	10%
	Muzaffargarh	Al-Shahbaz	498,316	149,495	30.0%	15%
	Tharparkar	Jago Parkar	561,871	111,871	19.9%	5%
Flood Protection	Thatta	Haji Abu Jat	612,000	122,400	20.0%	10%
Delay Action	Khushab	Kaila	357,540	357,540	100.0%	5%
DWS	Karachi (West)	Abdullah	957,100	191,778	20.0%	10%
	Thatta	Haji Abu Jat	703,021	267,725	38.1%	10%
	Badin	Abdul Ghafoor Ara	634,282	70,900	11.2%	10%
	Badin	Haji Noor Mohd Jar	676,286	16,000	2.4%	10%
	Mirpur Khas	Al-Hussaini	1,086,489	187,650	17.3%	10%
	Tharparker	Malho Bheel	1,256,484	251,485	20.0%	10%
	Attock	Kisran	273,629	54,726	20.0%	10%
	Khushab	Anga	780,790	156,158	20.0%	10%
	Badin	Ahmed Mallah	848,280	22,000	2.6%	10%
	Tharparkar	Birdho Ji dhani	346,984	68,984	19.9%	10%
	Thatta	Aachar Sholani	303,026	15,151	5.0%	10%
	Muzaffargarh	Budhay Wala	200,400	100,200	50.0%	10%
Age & Sanitation	Badin	N M Jarwar	1,555,913	112,000	7.2%	5%
	Nankana	Kot Hussain	800,000	99,443	12.4%	10%
	Karachi (West)	Abdullah	1,140,300	322,900	28.3%	5%
	Thatta	Haji Abu Jat	616,700	80,000	13.0%	5%
	Badin	Haji Noor Mohd Jar	457,807	32,000	7.0%	5%
	Badin	Haji Noor Mohd Jar	633,867	48,000	7.6%	10%
	Badin	Mohammad Ali Me	1,175,432	116,993	10.0%	5%
	Multan	Khushal	109,924	22,335	20.3%	10%
	Muzaffargarh	Qaim Wala	468,235	-	0.0%	5%
	Road	Thatta	Raj Shaikh Bachal B	890,806	9,000	1.0%
Badin		Jam Muradani	381,331	53,500	14.0%	10%
Badin		Dilawar Chandio	822,321	166,321	20.2%	10%
Tharparkar		Mitho Khan Chand	409,689	54,690	13.3%	10%
Attock		Shahpur	182,074	36,415	20.0%	10%
Badin		Hoot Khan Kapri	924,751	23,000	2.5%	10%
Layyah		Nawan roro KC	630,801	63,080	10.0%	10%
Muzaffargarh		Al Momin	418,601	-	0.0%	10%
Thatta		Haji Qasim Wadhele	1,104,394	55,220	5.0%	10%
TIP		Karach (West)	Juma Hameed	688,672	141,978	20.6%
	Karachi	Nabi Bux Lal Muham	753,850	126,250	16.7%	5%
	Karachi	Manjhar Ismail Muk	428,710	1,675	0.4%	5%
	Karachi	Essa Village	220,232	45,232	20.5%	5%
	Karach (West)	Abdullah	260,634	70,634	27.1%	5%
	Karachi (West)	Seth Khamoon IIUP	161,420	3,750	2.3%	10%
	Karachi (West)	Juma Hameed	537,897	40,265	7.5%	10%
	Karachi (West)	Gabo Bhatt	528,851	39,664	7.5%	10%

Annex 4. Bank Lending and Implementation Support/Supervision Processes

Task Team members

Names	Title	Unit	Responsibility/ Specialty
Lending (The system pulls from Task Team in PAD Data Sheet, if any.)			
Kevin Crockford	Senior Agriculture Specialist	SASDA	
Imtiaz Alvi	Senior Institutional Development Specialist	SASDA	
Asif Ali	Senior Procurement Specialist	SARPS	
Shamsuddin Ahmed	Fin. Sector Specialist	SASFP	
Javaid Afzal	Environment Specialist	SASDI	
Naila Ahmad	Consultant	SASDA	
Saeeda Sabah Rashid	Fin. Management Specialist	SARFM	
M. Omar Khalid	Consultant	SASDI	
Tahira Syed	Operations Analyst	SASDA	
Afzal Mahmood	Program Assistant	SASDO	

Supervision/ICR (The system pulls from Task Team Members in all archived ISRs.)

Imtiaz Alvi	Senior Institutional Dev. Specialist	SASDA	
Kevin Crockford	Senior Agriculture Specialist	SASDA	
Javaid Afzal	Senior Environment Specialist	SASDI	
Samina Islam	Consultant	SASDS	
Amer Zafar Durrani	Senior Transport Specialist	SASDT	
Saeeda Sabah Rashid	Senior Fin. Management Specialist	SARFM	
Khalid bin Anjum	Procurement Specialist	SASPR	
Anwar Ali Bhatti	Disbursement Officer	SACPK	
Farhanullah Sami	Senior Water and Sanitation Specialist	TWISA	
Masroor Ahmad	Water and Sanitation Specialist	TWISA	
Tahira Syed	Operations Officer	SASDA	
Afzal Mahmood	Program Assistant	SASDO	

Staff Time and Cost (from SAP)

(The system pulls data available for all fields)

Stage of Project Cycle	Staff Time and Cost (Bank Budget Only)	
	No. of Staff Weeks	US\$ Thousands (including travel and consultant costs)
Lending		
FY04	21.75	44,169
FY05	0.70	914.76
FY06		
FY07		
FY08		
FY09		
FY10		
TOTAL:	22.45	45,083
Supervision/ICR		
FY04	4.0	15,980
FY05	29.38	84,443
FY06	25.51	60,666
FY07	34.58	94,032
FY08	48.51	84,697
FY09	36.47	92,340
FY10	27.78	56,845
FY11	22.76	53,046
FY12	5.60	12,437
TOTAL	234.59	540,104

Annex 5. Beneficiary Survey Results (if any)

A large number of beneficiaries representing COs, VOs and LSOs participated in the two workshops held in Islamabad and Hyderabad. A total of 32 male and 5 female members representing a total of 16 COs/VOs/LSOs from Khyber Pakhtunkhwa province participated in the Islamabad meeting. In the Hyderabad meeting, a total of 60 members comprising 48 females and 15 males representing 20 COs, 16 VOs and 8 LSOs took an active part. It was followed by field visits and meetings with smaller beneficiary groups and individual households. While financial and economic is reported in Annex 3, the key messages and observations emerging out of plenary discussions and groups work are as follows:

Social mobilization leading to formation of community, village and union council level organizations has injected a new interest, energy, enthusiasm and vision at grassroots. Initially CO members were not sure about the benefits of forming apex groups at the village and union council level and received it with some doubts and concerns. It took them time to first become active at the CO level and then convince COs to come together and form a higher level group. But once formed, they were able to see the value and benefits of organizing them. The most visible impact was the collective voice it has given to the poor and disadvantaged, the confidence they have gained in approaching a government office. The kind of response an LSO representing a union council received from the same government department was something they had never experienced before.

Most of the interventions by the POs were local community specific interventions such as rehabilitation of health centers, and school, drinking water supply, water channel for irrigation, latrines, street pavement, and use of solar energy for generating electricity. For notable intervention was vocational training and asset transfer, especially for females and disabled. The interventions were highly appreciated by the communities, especially school and health facility. These interventions were implemented in poor communities, and served the community as a whole thus benefitting the poor by default

Women members were very vocal - oozing with confidence - and considered the opportunity of CO meetings, training events and conferences as means to develop their self esteem. In the case of Khyber Pakhtunkhwa, due to cultural constraints and security concerns, the number of female COs formed was much less than the number of male COs. The women members from Khyber Pakhtunkhwa were not as vocal as their counterparts in Sindh and Punjab;

An increased attention to inclusion of ultra poor, minorities and disadvantaged groups has paid dividends. Several cases of women, minority member and extreme poor holding key CO positions were narrated. It included a beggar becoming president of a CO, and a poor women leading a large and active LSO.

Anecdotal evidence of COs having productive linkages - crucial for their sustainability - with other development organizations such as National Commission on Human Development, Devolution Trust for Community Empowerment, Earthquake Rehabilitation and Reconstruction Authority and NGOs were found.

The spillover effects were evident in other fields of community engagement like sports tournaments, theatre, awareness campaigns and cultural events - good examples of the use of creative techniques to involve communities in the process of development.

In view of the widespread poverty and unemployment especially in rural areas, skill training was among the highly appreciated interventions. Members identified by the community groups received extensive training and ultra poor were given a onetime asset transfer to help them kick-start a viable means of livelihood. The participants from Khyber Pakhtunkhwa reported that the trained members were earning more than PKR 6,000 every month.

Special focus on the disabled was well received by the community groups, especially by the persons with disabilities. Not only an increasing number of disabled were becoming community members, in Khyber Pakhtunkhwa they have formed separate COs as well and received vocational and enterprise development training to earn their livelihoods. There were several examples of disabled engaged in gainful vocations including grocery store, tailoring shop, cellular phone repair, electronic repair, etc.

In several cases, community groups were actively linked with the government departments, especially for accessing government run health and education services. Their affiliation with the government facilities were in the form of local community representation for managing the affairs of health and education facilities such as parent teacher council and health committees. Linking community groups with the public sector delivery mechanisms has a huge potential not only for improving access and quality of service on a sustainable basis. For all such interventions support activities and sub interventions could easily be standardized and perfected for low cost, effective and accelerated implementation for each province/district. It would be useful for PPAF and PO to accord a higher priority standard for forging productive community linkages with the local government, nation building departments and other development projects and organizations.

Annex 6. Stakeholder Workshop Report and Results

Three workshops were organized in Islamabad, Karachi and Hyderabad in which 53 staff members representing 20 partner organizations participated. It was followed by visits to the PO field offices and discussions with the PO staff in the field. The significant comments and observations are as follows:

- A hierarchy of community organizations (COs, VOs, and LSO) was successfully established and the criteria established for their formation were diligently followed;
- Special attention was accorded to the inclusion of women, poor households and minorities;
- The number of poor members holding CO leadership positions was small, but with encouraging trends. A gradual change towards equal opportunity for leadership to all was expected to occur over time;
- Engagement of the COs in larger scale and innovative development activities with the local government and the private sector had begun. The linkages with COs and local governments had resulted in conventional and small scale CPIs until then;
- COs, VOs and LSOs were playing a useful role in resolving local disputes and bringing community groups together around collective issues and benefits.

POs' Partnership with PPAF

The POs were extremely appreciative of their partnerships with PPAF. They showed a high level of satisfaction and confidence in PPAF and the support and help they received from PPAF over time, especially the assistance provided to improve PO systems and procedures including financial management, procurement, preparation of project proposal and budgets, strengthening of monitoring and evaluation system, improvement of communication systems, social mobilization, and staff training. POs identified following areas of concern requiring further improvements:

Delays in project implementation were experienced due to late release of funds by PPAF, especially during the start up phase. PPAF response time for the queries raised by POs should be improved. It causes unnecessary delays in project implementation. In some cases, short deadlines given by PPAF became a hurdle in the way of effective implementation of the project activities, especially social mobilization activities;

The budget provided for working in remote, mountainous, sparsely populated and difficult to access districts was insufficient considering the challenging terrain, poor road network, non-existent transport infrastructure, population spread over large areas, and deteriorating law and security situation;

Partner organizations should be given the flexibility to select the number and nature of interventions according to the specific needs of the local communities. Any cuts in the budget proposed by the PO should be made in consultation with the PO on the basis of ground realities. PO staff should be provided training on Natural Resource Management. Area allocation to POs shall be based on geographical basis and overlaps with other POs should be avoided.

Experiences and Challenges of Working at the Grassroots

Ongoing militancy and fundamentalist movements, especially in FATA, Balochistan and Khyber Pakhtunkhwa created major hurdles and delays in effective project implementation. At times the PO staff had to pull out a troubled area, suspend work temporarily and close the field office. The partner organization which were seen to belong to the same area and employed local staff with links and roots in the local communities were able to work relatively uninterrupted. Militant groups monitored their activities closely and once they were able to ascertain through their local contacts that the work being carried out by the PO is not a threat to their interests in any way, they let them operate relatively freely. Similarly it was important for PO to maintain a contact with the local administration and security forces and inform them about their work in those areas. It was a delicate balance they had to maintain to allow them work with the people who were in dire need of assistance and help due to the ongoing insurgency in those areas;

Another major hindrance is the prevalent extremely rigid and conservative local traditions and practices and any imitative out of the ordinary is received with negative propaganda and suspicion. Through hit and trial, POs were able to make inroads by molding the religious and political elements in the favor of development and welfare of people by means of approaching them, sensitizing them and involving them in community groups. The activities involving female participation were the most affected by these elements. Resultantly, POs successfully achieved, rather exceeded, the target of formation of male COs but fell short of the target of formation of female COs;

POs yet have to achieve the level where it could be confidently declared that the COs, VOs and LSOs formed have achieved self sufficiency. This was mainly due to the time constraint they had to work with the local groups;

Youth were involved in the project activities to train them as future leaders. Visits to other parts of the country and the exposure they received in the process have changed their outlook and have brought a new realism and hope to their future. POs saw it as a good step to reduce militancy. Youth development Centers should be developed which should focus on providing training in management skills. In addition to this, local employment exchanges should also be developed;

Vocational training, computer literacy and exposure to social media tools and provision of microcredit have generated employment and enterprise development opportunities for the youth. The duration of vocational training should be increased with more focus on practical learning and internship;

Social mobilization has created a big potential for capable community leadership. With greater female participation, females were feeling empowered. As a result women sought computerized national identity cards, got registered as voters and took an interest in registration of new birth, and polio campaigns. Local Support Organizations should be linked with linked with the Social Welfare Department for the purposes of regular monitoring and facilitation.

Presentations

The key message emerging out of PO presentations are as follows:

Social Mobilization before launching incentive based projects has proved to be a very useful tool. Three-tier model of community institutions has proved extremely helpful for deep penetration in community and for keeping community based institutions active & vibrant at hamlet and village level. These institutions introduced accountability factor in society in different projects. Introduction of community resource persons from local communities proved helpful in achieving huge targets well on

time with limited resources. By taking political and other major stakeholders on board work in project area proved very effective.

Disaster risk management should be made an integral part of the program to cope up with disasters in an effective way. Capacity building of staff and community on DRM should be made part of the program.

Community trainings proved very effective in terms of understanding the basic theme of the program. Awareness trainings on Nikkah Nama, CNIC registration, birth certificates & voter registration proved extremely helpful in softening people's stance regarding female members of the community. Skill and vocational trainings created good number of skilled persons at the local level fulfilling technical needs of local and adjoining union councils. Exposure visits of activists to the successful models of community institutions were of great worth in enhancing their skills and to mobilize them to replicate new experiences in their respective areas. Youth entertained under HID should be linked with industry/market. A policy need to be formulated at PO/PPAF level to be designed as job creation platform. Active and real inclusion of women inclusion can be ensured only by creating activities of women specific activities.

Factor of fluctuating security situation should be kept in mind while planning target activities.

Annex 7. Summary of Borrower's ICR and/or Comments on Draft ICR

The PPAF-2 project provided a unique and innovative opportunity within the overall PPAF framework of community driven development. Its twin strategic objective enabled PPAF to (i) focus on empowering poor, marginalized and women by giving them confidence and voice by fostering multi-tiered grass root institutions/communities across the poor parts of the country, especially in the 29 poorest districts ii) help poor groups improve their lives and productivity by responding to their priority needs through small scale physical infrastructure and health and education services, iii) provide microcredit and enterprise development training and support to the needy poor to help them move out of abject poverty and iii) allowed real time effective response to a large scale national disasters (earthquake 2005 floods in 2011). Social Mobilization additional financing provided a seamless bridge between the Second and Third Poverty Alleviation Fund projects of the World Bank. It further strengthened a productive engagement in the true spirit of partnership (past and ongoing) between PPAF and World Bank.

In our opinion the bi-annual supervision and end of project review provide effective, continuous assessment and feedback. The lesson learning is especially useful for course correction and quality assurance. An external perspective is a particularly useful tool for strategic planning and programme implementation.

We would like to renew our commitment to Mission recommendations that core values of inclusion and empowerment and a demand driven approach to projects and sub projects is central to successful outcomes. This is now clearly articulated in the new strategic framework of PPAF consisting of customized approach to various regions and provinces given diversity and heterogeneity of Pakistan. Real-time knowledge, information and data is the key ingredient for decision making. In line with its importance, a specialized expertise is being acquired for development of a comprehensive PPAF wide management information system. Going forward PPAF is instituting a dedicated focus on inclusion especially of youth (and their skill development), women, persons with disabilities, poorest and most marginalized with a view to their mainstreaming. These groups are being afforded special consideration in line with national demographics and mandate of PPAF.

Annex 8. Comments of Co-Financiers and other Partners/Stakeholders

The ICR mission carried out two exercises comprising stakeholder workshops and a PO survey in 2009 and 2011. The 2009 exercise was carried out at a time when Social Mobilization Component was still under implementation. Therefore, it did not take into account SM, whereas 2011 exercise was carried out after the completion of SM Component in June 2011. In order to keep the both exercises consistent, the survey questionnaire used in 2009 was updated for 2011 survey. The findings of 2009 survey are presented in Part A and the findings of 2011 survey are presented in Part B.

Part A. Survey Findings

Following the PO stakeholder roundtable held in Islamabad with eight participants from seven POs, the ICR mission conducted a PO questionnaire survey. It aimed at gathering PO's views regarding the Project in general including PPAF's support to POs and performance of each of project components. The ICR mission sent out the questionnaire (Appendix 3) to all 75 POs through e-mail. Three staff members of PPAF were tasked to assist the mission including the development of a database for analysis. In total, 40 POs (53%) responded by the deadline set by the mission.

This annex intends to provide an overview of respondents' views on PPAF including their needs and recommendations based on the survey. Appendix 1 of this annex includes an analysis of 40 PO's views and PO performance data supplemented by the use of other data made available by PPAF. Key results of the survey on a PO by PO basis are given in Appendix 2.

The result reveals that, overall, POs were positive about the Project and PPAF. It also became clear, however, that several POs were heavily dependent on PPAF for their institutional survival in terms of both funding sources and institutional support. Diversification of PO income sources and enhancing PO's institutional capacity appeared to be an important issue for the development of sustainable civil society in the country.

35% POs were "Completely Satisfied" with PPAF's operation and the support they received (Q30). The remainder 65% made recommendations to PPAF for the development of PO capacity and to further strengthen the working partnership with PPAF. Table 1 shows PO's views on "PPAF's Future Challenges". (Q31).

A sum of PKR 6740 million was invested on various CPIs as of June 30, 2011. Out of this a sum of Rs 4,082 was spent till 2009 and remaining amount under the Additional Support programme. The nominal cost of Rs 6740 million has been brought to 2011 level using the inflation rate. The present value at 2011 level is thus, Rs 8,590 million. Weighted average ERR is 23.7% and FRR of 26.5%. Irrigation is by far the major contributor to overall returns followed by drinking water supply, roads & bridges and drainage & sanitation.

Recommendations	No	%
1 PO Capacity Building	16	16.3%
2 Project Approach	15	15.3%
3 Financial	13	13.3%
4 Communication/Coordination	10	10.2%
5 Experience Sharing	7	7.1%
6 M&E	7	7.1%
7 PPAF's Management	7	7.1%
8 PPAF's Culture Change	6	6.1%
9 Other	5	5.1%
10 H&E	4	4.1%
11 CED	3	3.1%
12 CPI	3	3.1%
13 Community Development	2	2.0%
Total	98	

PO capacity building topped the list of recommendation 16%. It appeared that the request came primarily from middle to small scale POs. It was followed by the need for improvements in PPAF's project approach such as *“provide support to the POs to carry out research and development (R&D) and carry out innovative projects for community benefits”* and *“provide support to POs in non PPAF's conventional areas, including natural resource development (agriculture, forestry and livestock sector), and environment and climate change projects”*.

Provision of further financial support ranked third at 13%, followed by a request to increase communications and coordination between PPAF and POs as well as among POs. It appeared that many POs had concerns about duplication of work and overlap in work areas with other POs. It further confirmed the discussion at the stakeholder roundtable, especially POs - working in the same area - providing microcredit with different interest rates. Another important area identified for PPAF improvement was the promotion of “Experience Sharing” among POs. This also supports the view of the ICR mission formed during the field trip.

In terms of project management, further improvements in PPAF operations were sought for M&E, both in PPAF's own M&E system as well as providing further support to PO's M&E systems. POs also recommended improvement in PPAF's approach to dealing with POs. Some related examples are as follows. PPAF should:

- Increase the focus on small and medium POs;
- Conduct realistic assessment/evaluation of needs (both credit and capacity building) rather than applying a standard benchmark or similar approach towards all POs;
- Reduce documentation and extensive paper work;
- Refine the procedures and shorten the period between initial appraisal to final disbursement;
- Consult with partners in setting up program policies and strategies;
- Improve long term planning that is sometimes weak and needs serious attention; and

- Behave like a partner not as Donor/Lender.

PO's Training Needs

The need for training to increase PO institutional and human resource capacity was ranked first (Table 2). Many POs were keen to develop their institutional management capacity, including finance as well as capacity building in M&E and CPI project management. For CPI, POs requested improvements in project management, engineering, and computers/GIS and experience sharing.

Table 2. Human and Institutional Development

	Training Subjects	No	%
1	Management	26	20.5%
2	Finance	15	11.8%
3	M&E	15	11.8%
4	Project Management	15	11.8%
5	Other	13	10.2%
6	Community Organization	10	7.9%
7	Communication	8	6.3%
8	Engineering	4	3.1%
9	Enterprise Development	4	3.1%
10	Exchange Visit	4	3.1%
11	Gender	4	3.1%
12	Fund raising	3	2.4%
13	Micro credit	3	2.4%
14	Computer	2	1.6%
15	Disaster Management	1	0.8%
Total		127	

Table 3. PO Capacity Development for CPI

	Training Subjects	No	%
1	Project management	22	23.9%
2	Engineering	14	15.2%
3	Experience Shairing	14	15.2%
4	Social Issues	10	10.9%
5	GIS	8	8.7%
6	Computer	5	5.4%
7	Environment	5	5.4%
8	Sanitation	5	5.4%
9	Integrated Approach	3	3.3%
10	M&E	3	3.3%
11	Energy	2	2.2%
12	Disaster Management	1	1.1%
Total		92	

Appendix 1: PO Performance and PO Survey Results

Basic Information

The majority of PPAF's funds were channeled to the five major POs (Table 1). NRSP received approximately 35% of all PPAF disbursements.

Table 1. PPAF's Total Disbursement and PO's Share¹⁶

PO		Total US\$	Share
Big 5	NRSP	77,514,907	34.55%
	TRDP	21,383,640	9.53%
	PRSP	20,468,674	9.12%
	KASHF	13,244,007	5.90%
	TF	9,745,243	4.34%
Middle 10		47,618,872	21.22%
Small POs		34,392,581	15.33%
Total		224,367,925	

Source: PPAF

In relation to the dependence of POs on PPAF, 35% POs' dependence on PPAF was more than 50% of their total budget (Figure 1). Almost 60% of POs considered that the cessation of PPAF funding would threaten (3) and/or be serious (20) for their institutional survival. It is noted, however, that the outcomes of these two questions did not sustain statistical correlation.

Figure 1. PPAF's Budget Share

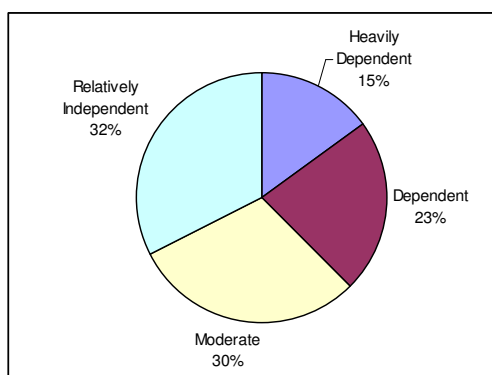
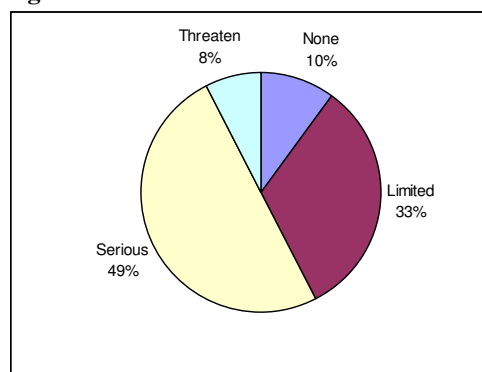


Figure 2. Influence of PPAF if ceased



Note: Heavily dependent: more than 80% = PPAF fund / PO total budget
 Dependent: 50-80%, Moderate: 20 – 50%, Relatively Independent: 1- 20%

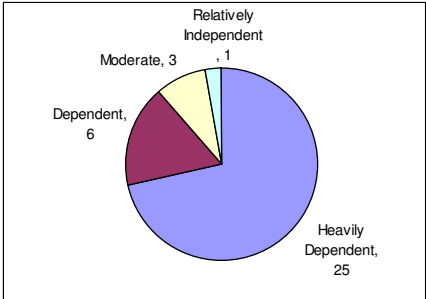
Credit and Enterprise Development

According to PPAF data of September 2008, 35 POs participated in PPAF's CED component, handling PKR 7.7 billion in total. A total of 24 of 35 POs had other funding sources for their microcredit operations, with a total of PKR 5.6 billion in outstanding portfolio. In total, the 35 POs handled PKR

¹⁶ TRDP: Thardeep Rural Development Programme, PRSP: Punjab Rural Support Program, Kashf Foundation, TF: Taraqee Foundation

13.2 billion outstanding portfolio as of September 2008. The average PPAF share of total lending was 57%. Nevertheless, 25 POs were heavily dependent on PPAF for credit operations; only 4 POs stated that their dependency on PPAF was moderate or that they were relatively independent.

Figure 3. PO's PPAF Dependency



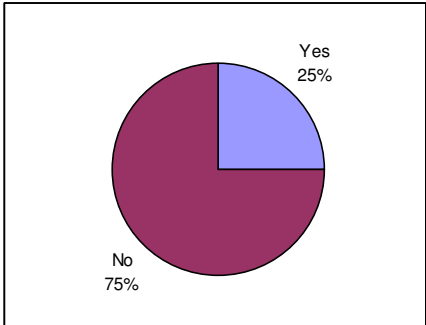
Note: Heavily dependent: more than 80% = PPAF portfolio / Total Outstanding Portfolio
 Dependent: 50-80%, Moderate: 20 – 50%, Relatively Independent: 1- 20%

The survey (Q6&7) revealed that the average annual interest rate(s) charged by the 23 POs to borrowers was 19%, while the average interest rate(s) required by POs to cover operational costs was estimated at around 24%. It was clear that the operation of microcredit entailed a subsidy element from PPAF; this was especially true for middle to small-size POs. There were only three POs that charged higher interest rates to borrowers than required to cover operational costs. These included two major POs, NRSP and Kashf Foundation. It should be noted that PPAF’s CED contracts with both NRSP and Kashf foundation did not include the CED operational subsidy and they appeared to maintain a sustainable revenue stream from the microcredit operation. The survey results also showed that the interest rate(s) charged by 6 POs to borrowers were set at the same level as estimated operational costs, while the rate(s) of a further 14 POs were set lower than required to cover operational costs.

Community Physical Infrastructure

PPAF data from December 2008 showed that there were 49 POs engaged in implementing CPI projects. Of these, 25 - or approximately 50% - responded to the ICR survey. The majority (18 POs) opined that PPAF financial support was not sufficient to carryout CPI projects while 6 respondents regarded the support as sufficient. The CPI operational cost provided to POs was calculated by PPAF based upon the size of POs, and the location (i.e. remoteness) of their working areas. As a result, the overhead percentage (operational cost) approved for CPI activities varies substantially, ranging from 10% to 70% of total of project costs. The average percentage applied to responding POs was 17% (Q10).

Figure 4. Sufficiency of CPI Operational Cost from PPAF



Delay in the disbursement of funds from PPAF appeared to occur occasionally (Q11&12). However, the magnitude of this issue was not considered serious, as confirmed during the stakeholder roundtable.

There appeared to be a need for further research on the participation of POs in training provided by PPAF; 7 POs (30%) stated that they had not received PPAF training (Q13). On the other hand, the figures provided by PPAF as of December 2008 showed that more than 14,000 PO staff was trained by PPAF and all POs appeared to have been invited to participate in PPAF organized training whenever relevant. It may be that some POs received extensive training while others get none.

Figure 5. Participation in PPAF Training

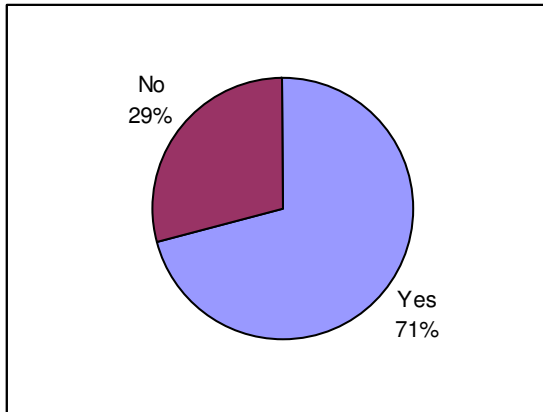
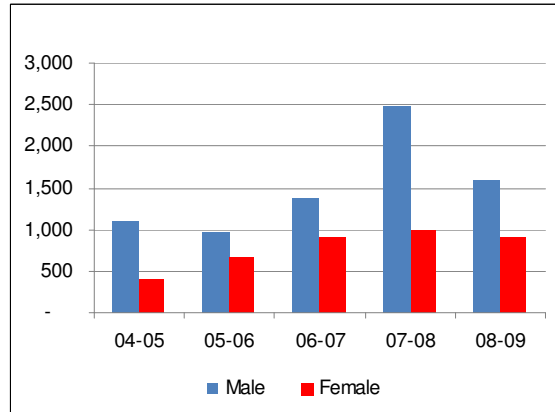


Figure 6. Participation in PPAF Training



Note: FY 08 - 09 data is for two quarters

It appeared that the level of PPAF’s support for technical assistance was incomplete (Q15). According to the survey, approximately half of POs appeared not to have received any technical assistance at all from PPAF in design aspects for CPI projects.

It is worth noting that enhanced capacity to deal with gender issues was not raised by responding POs in the survey, despite the fact that 35% of POs hadn’t received any specific guidance on gender issues in carrying out CPI projects (Q18). Nevertheless, the ICR mission’s anecdotal findings as well as PPAF’s data suggest that pro-gender activities were widely applied by many POs, and in fact, some POs dealt only with women.

Figure 7. Technical Assistance from PPAF

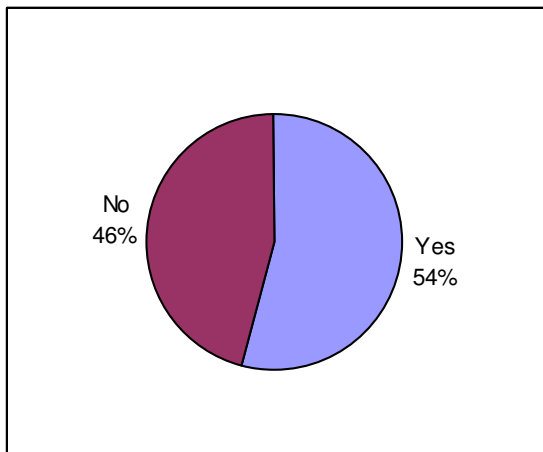
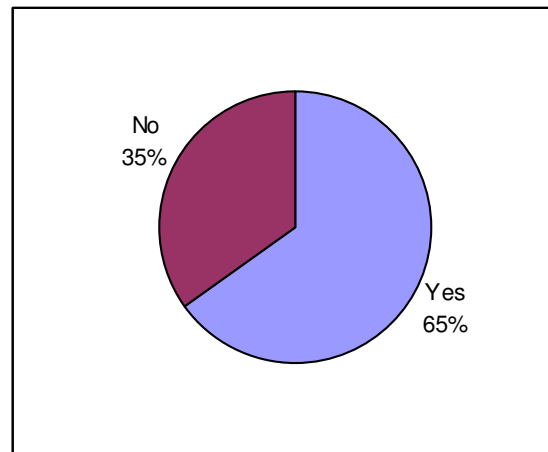


Figure 8. PPAF Specific Guidance on Gender

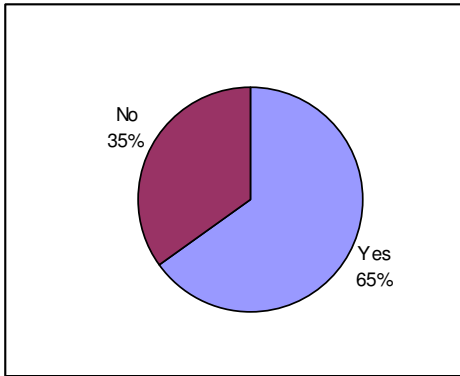


Human and Institutional Development

Although a majority of PO recognized PPAF’s proactive role in strengthening POs’ institutional capacity, 13 POs (35%) were unsatisfied with the PPAF support for human and institutional

development. It appeared that middle size POs in particular shared this view, whereas the opinions of small scale POs on this issue appeared to be more mixed.

Figure 9. PPAF’s Support to Institutional Development



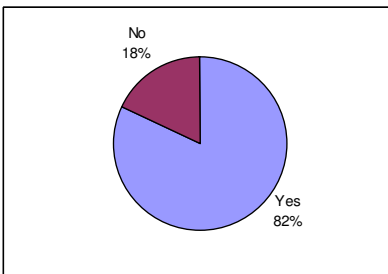
Monitoring and Evaluation

Aide Memoires as well as the Bank MTR report explicitly expressed concern with respect to the weakness of M&E; especially the lack of standard formats for monitoring. As far as a standard monitoring format is concerned, this now appears to be resolved; all respondents stated that they used a standard PPAF monitoring format.

PPAF had introduced a web-based reporting system to a certain number of POs. Although the majority of survey respondents (21 POs out of 39 POs) stated that they hadn’t adopted the system as yet (Q23), the ICR mission confirmed that the system was being gradually adopted by POs¹⁷.

Finally, more than 80% of PO indicated that they were able to meet PPAF requirements on the basis of their own reporting capacity. Only 7 POs considered that they needed further capacity development for reporting.

Figure 10. PO’s Capacity on Reporting



Support from PPAF

Responding POs expressed the need to develop their institutional and technical capacity and they felt that PPAF should provide additional support. While more than 60% POs had other opportunities for training (Q27), as we confirmed during the ICR mission, the role of PPAF was dominant and POs expected more from PPAF. This was confirmed by the finding that more than 80% of POs preferred to turn to PPAF for help in case they faced a major institutional problem (Q28).

Figure 11. Other Source of Training

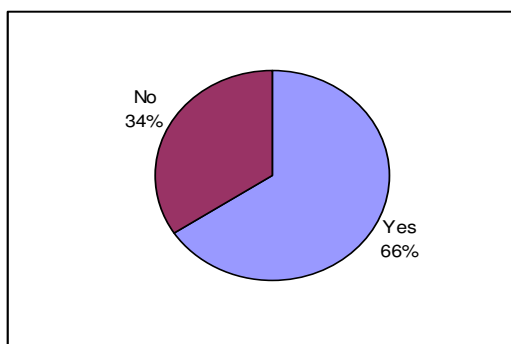
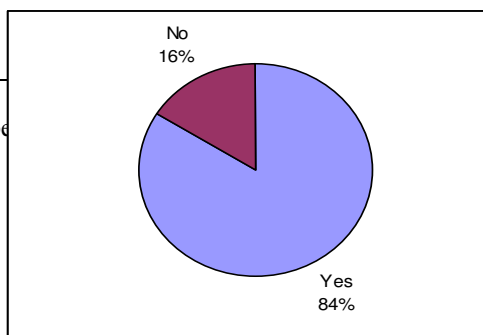


Figure 12. PPAF would be the First Help

as reported to be



Part B: Findings of the PO Survey Carried out in November 2011

Following the three PO workshops held in Islamabad, Karachi and Hyderabad with 53 participants from 20 POs, the ICR mission conducted a PO questionnaire survey. The questionnaire (Appendix 3) was sent through e-mail to all 20 POs involved in the implementation of Social Mobilization Component. In total, 13 POs (65% of the total) responded by the deadline. Appendix 2 of this annex includes an analysis of 13 PO's views and PO performance.

Main Findings

Overall, POs were positive about the Project and PPAF. It became clear, that 70% POs were dependent on PPAF's financial support, while 30% POs were either relatively independent or moderately dependent on PPAF funds. It also correlated with 69% POs' acknowledgment to have received adequate support from PPAF for institutional development.

46.2% POs responded "Completely Satisfied" with PPAF's operation as well as its support (Q36). The remainder (53.8%) felt that PPAF operations and support functions could be enhanced. They suggested various improvements to PPAF including development of PO capacity and mutual partnership with POs. Table 1 shows PO's views on "PPAF's Future Challenges".

Table 1. List of Recommendations and PPAF's Future

Recommendations regarding PPAF's support functions	Number	Percentage
Financial	7	29.17%
M&E	5	20.83%
Coordination	4	16.67%
Training and Capacity Building	4	16.67%
Documentation	1	4.17%
Social Mobilization	1	4.17%
Networking	1	4.17%
Partnership process in other funding areas	1	4.17%

Increased financial allocation for project activities emerged as the top most support (29%) required by the POs. Support to strengthen M&E function of the POs came out as the second major (21%) requirement. It was in line with the recommendations of the stakeholder workshops where PO staff shared the concern over limited budgetary provision for M&E activities as well as a need to increase the frequency of PO staff's field monitoring visits.

Suggestions for improved coordination and PO capacity building and training stood at 17% each. It was followed by a need to improve POs' capacity in documentation and information management. Next on the list were training and capacity building in social mobilization and improved networking.

POs Training Needs

The need for training and capacity building to enhance POs' institutional and human resources emerged as the top priority (table 2). POs were keen to strengthen their management and systems, including finance, planning, management and managerial skills, and development of operational staff (Q26). The development of managerial skills (such as training of trainers, skills in using PRA techniques, proposal writing) was highly ranked at 25%. It was followed by organizational capacity

building (21%) in general management, monitoring and evaluation (10%), and sector specific training (10%) such as natural resource management, livestock management, gender, health and education. Other priority training areas included finance, planning, and institutional development and community development

Table 2. Human and Institutional Development

Training Subjects	Number	Percentage
Managerial Skills development	12	25%
Management	10	20.83%
M&E	5	10.42%
Thematic areas / sectors	5	10.42%
Finance	4	8.33%
Planning	4	8.33%
Institutional Development	3	6.25%
Community Development	2	4.17%
Other	3	6.25%

In case of small scale community physical infrastructure (CPI), 40% POs favored further staff training (Table 3), especially in low cost housing, dam construction, water efficient irrigation, hydro power, sanitation and water supply. Next in line were project and general management, engineering, and computers/GIS (Q14). These are followed by managerial skills, financial management, and monitoring and evaluation.

Table 3. PO Capacity Development for CPI

Training Needs	Number	Percentage
Thematic areas / sectors	17	40.48%
Management	7	16.67%
Technical	6	14.29%
Managerial Skills Development	5	11.90%
Financial	3	7.14%
M&E	3	7.14%
Others	1	2.38%

In case of training need in education sector, the major focus (50%) was on school management, multi-grade teaching, teaching methodologies, assessment, quality education, and home school education. In case of training needs in health sector a large proportion (52%) identified epidemics control, health standards, emergency health, pharmacy and lab management, primary healthcare, and waste management. It was followed by capacity building in general themes like management, M&E, social mobilization and managerial skills with a specific focus on health and education.

Fig. 1 Education Training Needs

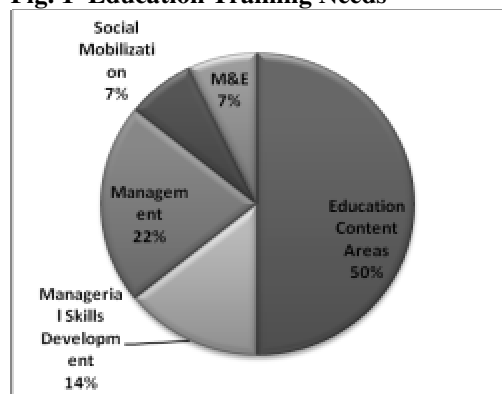
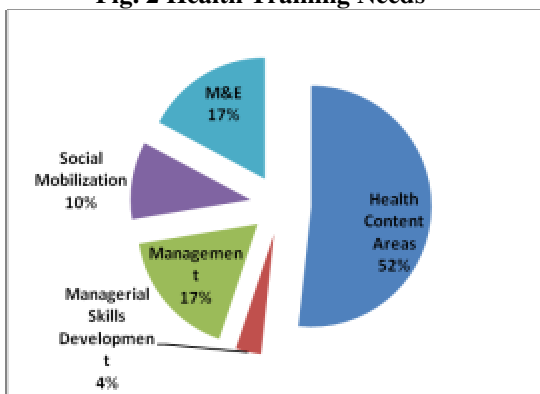


Fig. 2 Health Training Needs



Appendix 2: PO Performance and PO Survey Results

Basic Information

Details of total annual budget of the PO with PPAF budget share and percentages are given in table 1. However, it must be noted that 7 POs did not respond to the survey by the cut-off date, and the results are based on the 13 responses received.

Table 1. PPAF's Total Disbursement and PO's Share

Serial No.	Name of PO	Total Annual Budget	PPAF's Share	Percent of PPAF Share
1	NRSP	13,544,870,000	4,865,700,000	36%
2	PRSP	456,717,453	456,717,453	100%
3	HANDS	1,500,000,000	261,056,986	17%
4	SAFWCO	984,280,901	202,950,798	21%
5	CMDO	189,768,869	95,790,844	50%
6	BRDRS	120,000,000	90,000,000	75%
7	SWWS	100,000,000	67,708,271	68%
8	ADO	63,957,510	63,957,510	100%
9	PIDS	100,647,925	62,929,488	63%
10	SCOPE	50,000,000	22,000,000	44%
11	AWAZCDS	9,413,250	6,687,590	71%
12	SAP-PK	220,000,000	16,033,144	7%
13	AKPBS	1,259,737	970,000	77%
	TOTAL	17,340,915,645	6,212,502,084	

PO dependence on PPAF was analyzed on the basis the proportion of their annual budget coming from PPAF. It appeared that only 30% POs were relatively independent as they raised 75% of their annual budget from other sources and PPAF contribution was not more than 25% of their total annual outlay. The remaining 70% POs are largely dependent on PPAF (Figure 1).

Almost 85% POs felt that the cessation of PPAF funding would have a limited impact on their institutional survival, while 16% POs considered it either serious or threatening to their survival (Q4). It is noted, however, that the outcomes of these two questions did not sustain a statistical correlation. It may be due to the enhanced capacity of the POs as an outcome of the partnership with PPAF that even though they were dependent on PPAF they felt positive and confident about their future.

Figure 1. PPAF's Budget Share

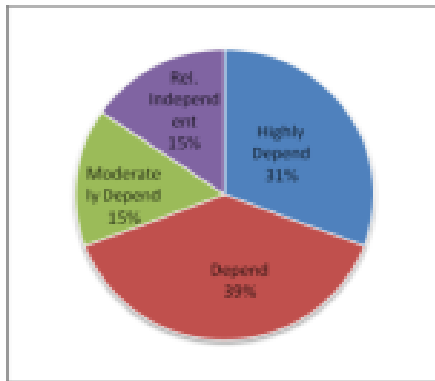
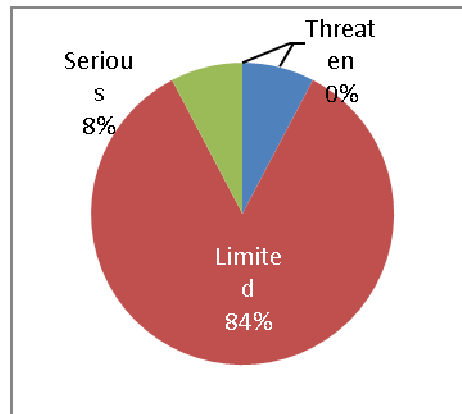


Figure 2. Influence of PPAF if ceased



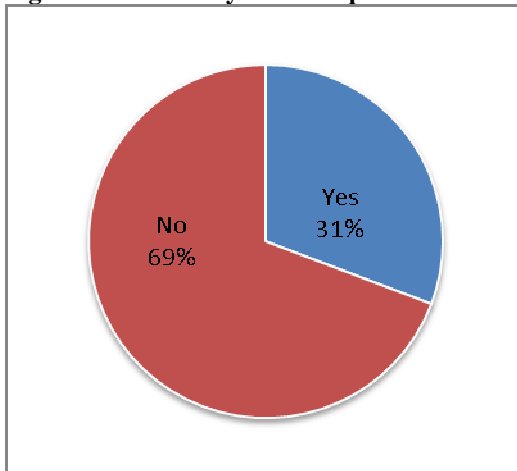
Credit and Enterprise Development

Microcredit disbursements made by the POs and disbursements using PPAF funds revealed that the average PPAF share of total lending by the POs was just over 50%. Out of total disbursement of PKR 11 billion reported by the POs, approximately 50% disbursements were made with the PPAF funds (Q5). The average annual interest rate POs charged to borrowers was 20.8%, while the average interest rate required by PO to cover operational costs was estimated at around 24%.

Community Physical Infrastructure

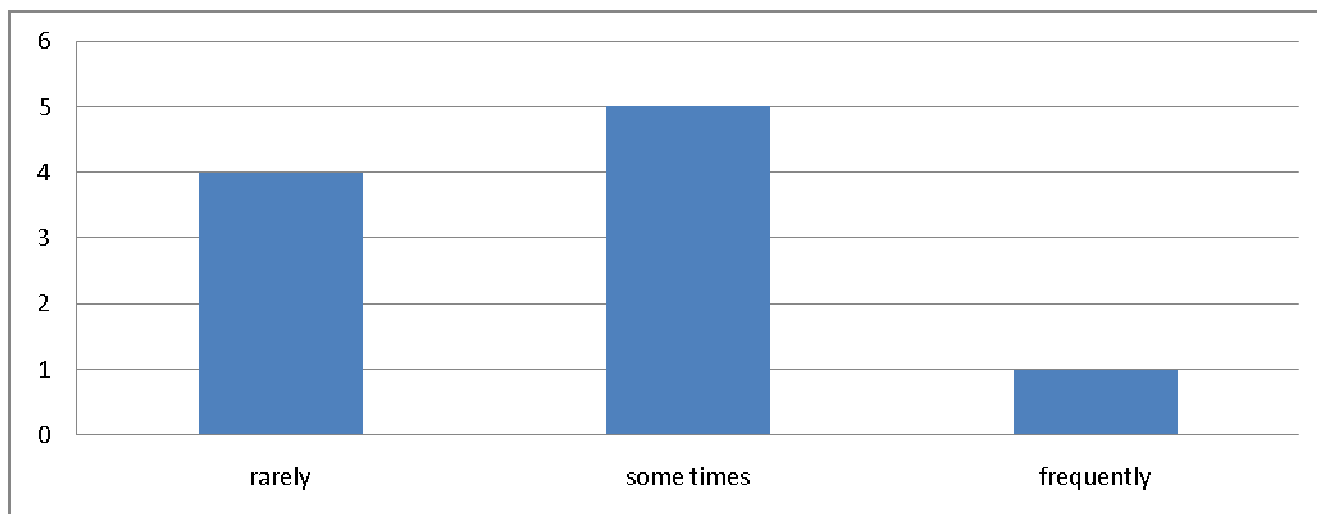
A majority of POs, 69%, felt that the financial support received from PPAF was not sufficient to carry out CPI projects, while 31% POs regarded the support as sufficient. The CPI operational cost provided to POs was calculated by PPAF based upon the size of PO, and the location (i.e. remoteness) of the project area. As a result, the overhead percentage (operational cost) approved for CPI activities varied. The average percentage applied to responding POs was 17.75%.

Figure 3. Sufficiency of CPI Operational Cost from PPAF



Delays in the disbursement of funds from PPAF occurred occasionally. This issue also came up in the stakeholder workshops as it delayed project implementation and at times the work had to be suspended temporarily.

Figure 4. Delay in release of funds from PPAF



All POs benefitted from the training PPAF arranged for better preparation and implementation of community physical infrastructure schemes. Among the key training needs identified by POs, 41% concerned CPIs such as CPI project design, environment, water, sanitation, low cost housing and social mobilization.

Table. 2 Training Needs for CPI

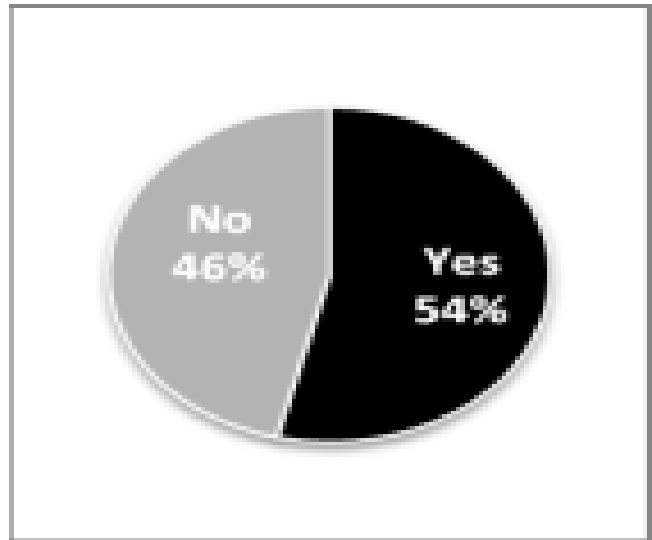
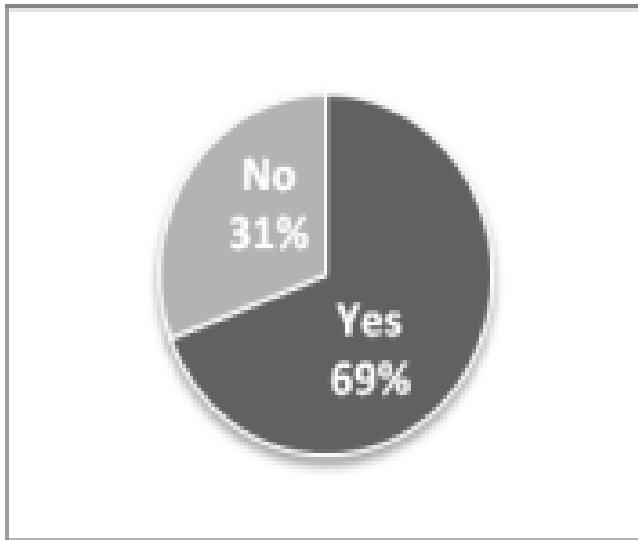
Training Needs	Number	Percentage
Thematic areas/sectors	17	40.48%
Management	7	16.67%
Technical	6	14.29%
Managerial Skills Development	5	11.90%
Financial	3	7.14%
M&E	3	7.14%
Others	1	2.38%

It appeared that the level of PPAF’s support for technical assistance and training in CPI needed better coverage as one third of the POs reported that they did not receive any technical assistance and training from PPAF.

It was noted that capacity building in gender did not come up in the PO survey or in the stakeholder workshops, despite the fact that 31% of POs did not receive any guidance on gender aspects in preparation and implementation of CPI projects. Nevertheless, there was enough evidence found during the field visits and the workshops held with beneficiaries and POs that partner organizations were paying greater attention to organizing and mobilizing female groups. The extent to which POs sensitized males about gender disparities and the need to empower and encourage greater women participation in local development needed to be examined further.

Figure 6. Technical Assistance from PPAF

Figure 7. PPAF Specific Guidance on Gender



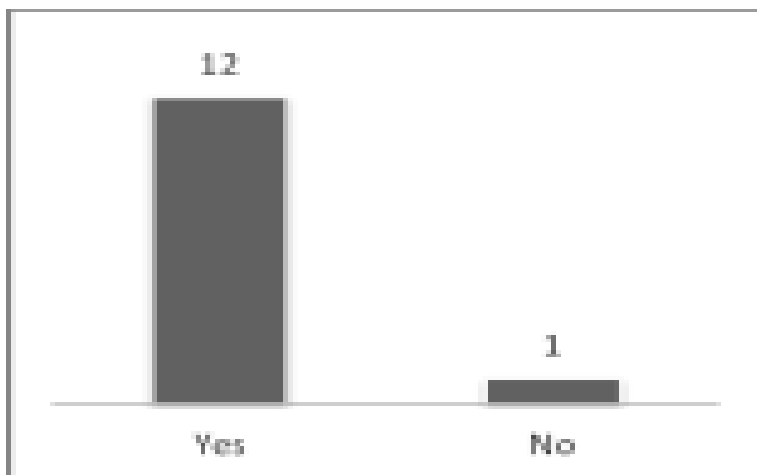
Health and Education

Almost two thirds of the POs, engaged in providing health and education services, reported that they benefitted from training PPAF arranged in health and education sectors. As far as capacity building needs in health and education were concerned, training in core subjects of health and education was a priority. It was followed by building institutional and professional capacities to manage health and education projects effectively such as project management, financial management, monitoring and evaluation and impact assessment.

Social Mobilization

Majority of POs, 92%, benefitted from the training PPAF organized in social mobilization. The POs formed a total of 200,436 community groups. Of these 92% were formed by them after becoming a PPAF partner. Whereas the COs, VO and LSOs POs formed under the social mobilization component were 28%, 10% and 10% of the total community groups formed.

Fig. 8 Training by PPAF on Social Mobilization



Priority training needs in social mobilization, identified by POs, included 33% in community development tools like PRA, TNA, community needs assessment,

social mobilization, and advocacy and 31% in project thematic areas such as livelihood, disaster risk management, resource mobilization, enterprise development and value chains. Other training needs included networking, monitoring and evaluation, and planning and management.

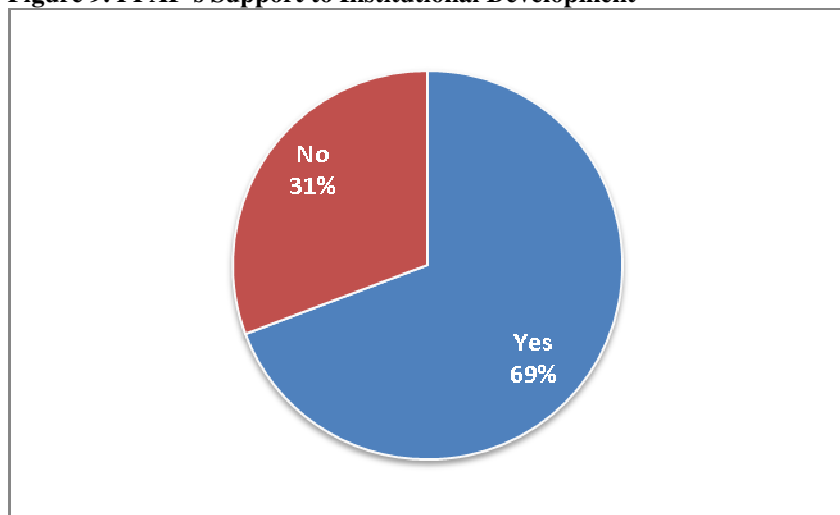
Table. 3 Training Needs for Social Mobilization

Recommendations	Number	Percentage
Community Development Tools	17	32.69%
SM Content knowledge	16	30.77%
Capacity Building	4	7.69%
Networking	3	5.77%
M&E	3	5.77%
Managerial Skills Development	3	5.77%
Planning	2	3.85%
Management	1	1.92%
Other	3	5.77%

Human and Institutional Development

While POs appreciated PPAF’s proactive role in supporting the POs’ institutional capacity, 31% were dissatisfied with the extent of PPAF support for human and institutional development. It appeared that middle sized POs, in particular shared, this view. Opinions of smaller POs appeared to be mixed.

Figure 9. PPAF’s Support to Institutional Development



The training needs identified by POs for the purposes of human and institutional development included managerial skills development 25%, Management 21%, M&E 10% and sector specific trainings 10%. It was followed by financial management, planning, and community development.

Table 4 Training Needs for Human and Institutional Development

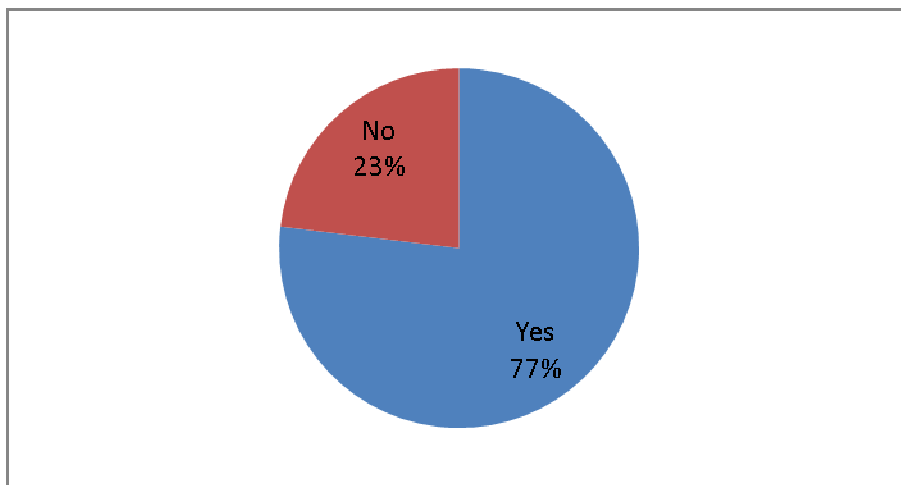
Training Needs	Number	Percentage
Managerial Skills	12	25%

development		
Management	10	20.83%
M&E	5	10.42%
Project themes	5	10.42%
Finance	4	8.33%
Planning	4	8.33%
Institutional Development	3	6.25%
Community Development	2	4.17%
Other	3	6.25%

Monitoring and Evaluation

An overwhelming majority of 92% POs reported that they used standard PPAF formats for progress reporting. 69% POs were using the web-based reporting system introduced by PPAF. 77% PO had adequate capacity to meet PPAF reporting requirements. Seven POs needed further training and capacity building for reporting.

Figure 10. PO's Capacity on Reporting



Support from PPAF

All POs needed to bolster their institutional and

technical capacity and required from assistance from PPAF. 85% POs had access to other opportunities for training. Nevertheless, an overwhelming majority of 85% POs would turn to PPAF as the first call of help if they faced a major institutional crisis. It showed that the POs valued their partnership with PPAF and had greater confidence in PPAF in case of crises.

Figure 11. Other Source of Training

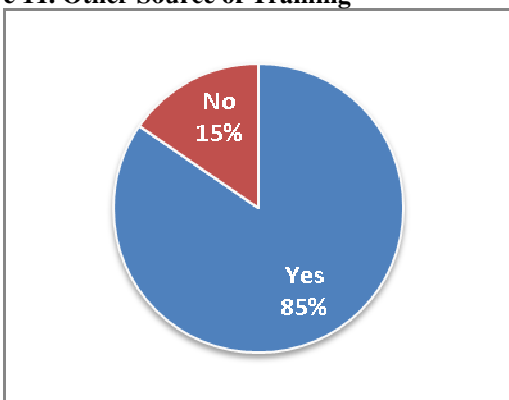
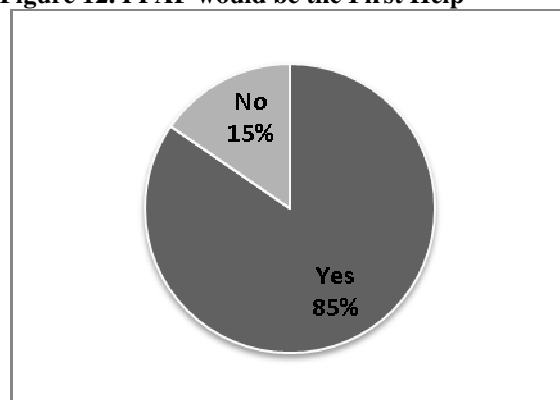


Figure 12. PPAF would be the First Help



Appendix 3: Circulated Questionnaire

A. Basic Information

Name of PO		Headquarters location	
Total annual budget (2008)	Rs.	Amount provided by PPAF	Rs.
Total no. of staff		No. of social mobilizers	
No. of credit staff		No. of engineers	

Which of the following PPAF funding areas does your organization collaborate in:
 Credit & Enterprise (CED) _____ Infrastructure (CPI) _____ Health/Education (H&E) _____
 Earthquake Relief _____

Has your organization added any of these funding areas since first joining PPAF?

Yes / No

Has your organization requested participation in additional activities but not yet received approval? Yes / No

Would your organization face financial or operational difficulties if PPAF were to cease operations?
 None _____ Limited _____ Serious _____ Would threaten the survival of the organization _____

B. Credit & Enterprise Development (please skip if you have no credit activities)

Please indicate the scale of annual lending activities (using PPAF or other funding sources) undertaken by your organization in your latest financial year.

Total Amount Disbursed	Rs.	Total Amount Disbursed using PPAF credit fund	Rs.
------------------------	-----	---	-----

What annual interest rate(s) does your organization charge to borrowers? _____ %

What interest rate is required by your organization to cover operational costs? _____ %

C. Community Physical Infrastructure (please skip if you have no infrastructure activities)

Please indicate the scale of annual infrastructure activities (using PPAF or other funding sources) undertaken by your organization in your latest financial year.

Total Amount Disbursed	Rs.	Amount disbursed using PPAF CPI funding	Rs.
------------------------	-----	---	-----

Does your organization receive enough funds from PPAF to cover operational expenses for CPI activities? Yes / No

What percentage of CPI cost is provided by PPAF for operational expenses to deliver a CPI sub-project, and how does this compare with your actual average delivery cost?

(i) Current % provided by PPAF	%	(ii) Actual average delivery cost as a %	%
--------------------------------	---	--	---

Have you ever experienced late disbursement from PPAF? Yes / No

If the answer is “Yes” in question No.11, does it occur: rarely / sometimes / frequently
 Have your organization and staff ever received training in implementing CPI? Yes / No
 If you could have more opportunities to receive training in **CPI implementation**, what sort of training needs does your organization have? Please list up to four areas of training needs.

(i)	(ii)	(iii)	(iv)
-----	------	-------	------

Has your organization received technical assistance from PPAF in design aspects for CPI sub-projects e.g. engineering, surveying and mapping? Yes / No
 Does your organization operate or contract out the operation of a dedicated computer-based Geographic Information System (GIS)? Yes / No
 Has your organization ever received any GIS information from PPAF? Yes / No
 Has your organization received specific guidance from PPAF in how to take into account gender issues in carrying out CPI? Yes / No
 How many of the COs that your organization works with have been established since your organization became a PPAF partner organization?
 Total no of COs supported by your organization _____
 No. of COs created since joining PPAF _____

D. Human and Institutional Development

Do you believe that PPAF has provided enough support in strengthening your institutional capacity? Yes / No

If you could have more opportunities to receive training **to strengthen your institutional capacities**, what sort of training would you consider most important? Please list up main four areas of training needs.

(i)	(ii)	(iii)	(iv)
-----	------	-------	------

E. Monitoring and Evaluation

Does your organization use PPAF standard formats to report the progress of project activities? Yes / No

Does your organization submit quarterly reports through PPAF’s web-based Management Information System (MIS)? Yes / No

Do you believe that your current capacity to report project progress to PPAF is sufficient to meet PPAF’s information management requirements? Yes / No

F. Communications/Coordination with other Organizations

How often per year does your organization participate in PPAF organized events to meet with other POs to exchange experiences/lessons learned? Ave. number of events per year attended _____

Independently of PPAF, how often – if at all - does your organization meet with the following to discuss or coordinate work activities and experience? Please insert typical number of meetings per year.

(i) Other local POs _____	(ii) Non-PPAF NGOs _____	(iii) Local Govt. _____	(iv) Provincial Govt. _____
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G. Support from PPAF

Has your organization received technical assistance or training in carrying out your activities from any organization other than PPAF? If so, please indicate the source(s) of this help.

Yes / No

Source(s)

If your organization faces a major institutional problem, will PPAF be the organization that you turn to first for help? Yes / No

If the answer to Question 28 is no, to whom would you turn?

H. Future Challenges

Is your organization completely satisfied with the performance and role of PPAF?

Completely satisfied _____ Can be improved _____

If the answer to Question 30 was 'can be improved', please indicate the areas that in your opinion should be considered for change or strengthening

(i)
(ii)
(iii)
(iv)
(v)

Please insert any other comments which you would like to make about PPAF and your relations with that organization.

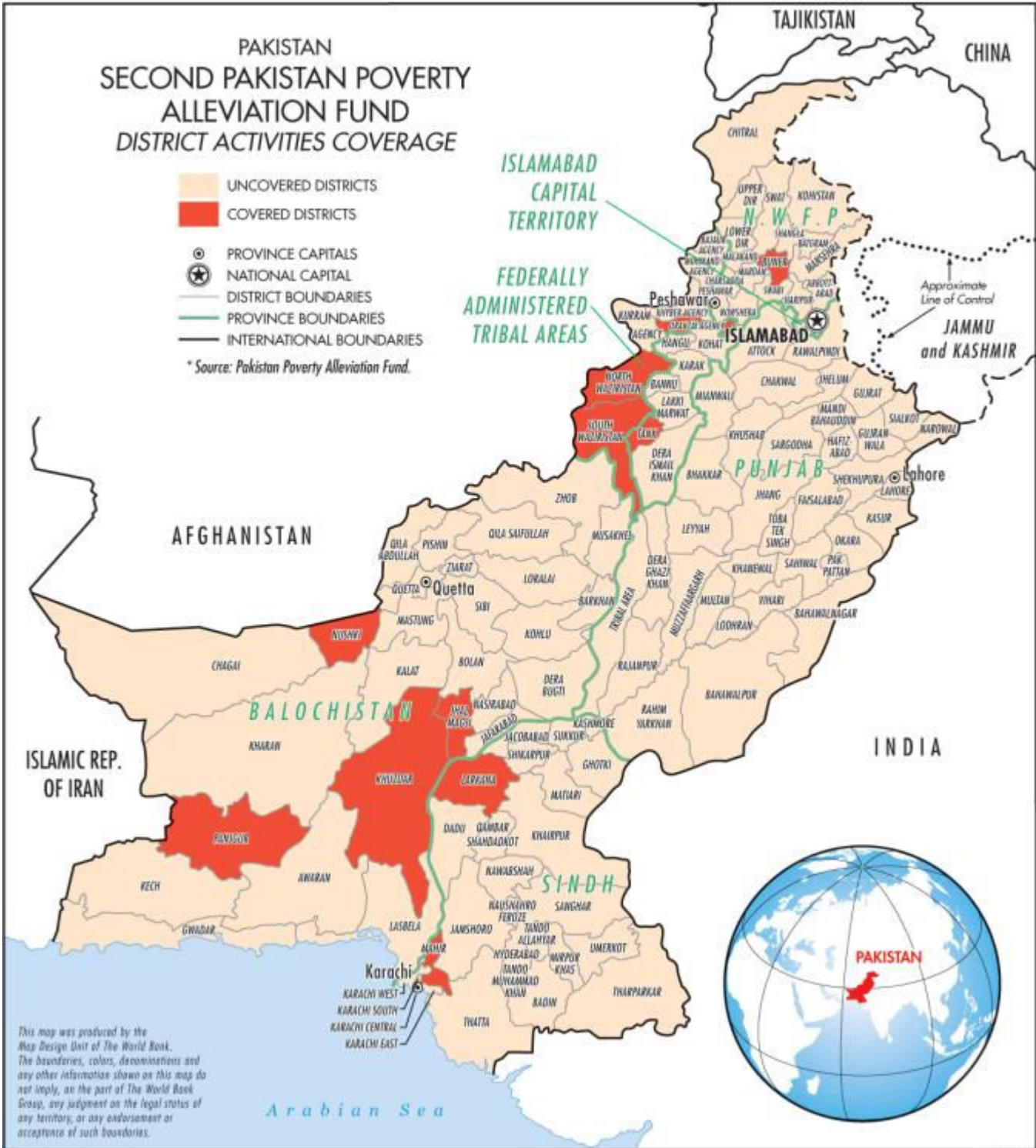
Annex 9. List of Supporting Documents

Gallup Pakistan (2002) PPAF Microcredit Financing – Assessment of Outcomes.
Gallup Pakistan (2005) PPAF Microcredit Financing – Assessment of Outcomes.
Gallup Pakistan (2009) PPAF Microcredit Financing – Assessment of Outcomes.
IMF (2004) Pakistan – Poverty Reduction Paper, IMF Country Report No. 04/24
Islamic Republic of Pakistan and International Development Association (2004) Development Credit Agreement
Islamic Republic of Pakistan and International Development Association (2005) Agreement Amending the Development Credit Agreement
Islamic Republic of Pakistan and International Development Association (2007) Second Agreement Amending the Development Credit Agreement
Islamic Republic of Pakistan and International Development Association (2007) Project Agreement (Additional Financing for the Second Poverty Alleviation Fund Project to support Participatory Development through Social Mobilization)
Islamic Republic of Pakistan and The World Bank (2007) Financing Agreement (Additional Financing for the Second Poverty Alleviation Fund Project to support Participatory Development through Social Mobilization)
Additional Financing for the Second Poverty Alleviation Fund to support participatory development through Social Mobilization, Amendment to the Financing Agreement.
Additional Financing for the Second Poverty Alleviation Fund to support participatory development through Social Mobilization, Revised Performance Monitoring Indicators
PPAF (2007) Disaster Mitigation and Preparedness Plan Soan Valley Pilot Project, Volume II. Final Report.
PPAF (2008) In the Vanguard – A chronicle of PPAF response to earthquake of 2005
PPAF (2008) Annual Report 2008
PPAF (2001) Community Physical Infrastructure Project Manual
PPAF (2008) Operational Policies Manual for Portfolio Management and Support Services
PPAF (2008) Manual for Environmental Assessment
PPAF (2008) Financial Statements
PPAF (2008) Request Letter on Amendments to Development Credit Agreement
The World Bank (2002) County Assistance Strategy. Document Number 24399-PAK, June 24, 2002
The World Bank (2003) Project Appraisal Document on a Proposed Credit in the Amount of US\$ 238 Million to the Islamic Republic of Pakistan for the Second Poverty Alleviation Fund Project
The World Bank (2006) Preliminary findings of Development Research Group (DECRG), Evaluating Relative Performance of Existing RSP and Government Sponsored Community Physical Infrastructure Scheme
The World Bank (2007) Project Paper for a Proposed Additional Financing Credit in the Amount of SDR 49.1 (US\$75 Million Equivalent) to the Islamic Republic of Pakistan for the Second Poverty Alleviation Project, Credit 3834-PAK
The World Bank (January 2007) Aid Memoire for the Mid-Term Review
The World Bank (September 2008) Aid Memoire
The World Bank (May 2008) Aid Memoire for a mission to review the progress of the Emergency Relief, Rehabilitation and Reconstruction Project (E3RP)
The World Bank (August 2009) Aide Memoire for a mission to review the progress of Second Pakistan Poverty Alleviation Fund Project: Social Mobilization Additional Financing

The World Bank (April 2010) Aide Memoire for a mission to review the progress of PPAF-3 and Social Mobilization Additional Financing;
The World Bank (November 2010) Aide Memoire for a mission to review the progress of PPAF-3 and Social Mobilization Additional Financing;
The World Bank (May-August 2011) Aide Memoire for a mission to review the progress of PPAF-3 and Social Mobilization Additional Financing;
The World Bank (November/December 2008) Aid Memoire
The World Bank, Implementation Status and Results

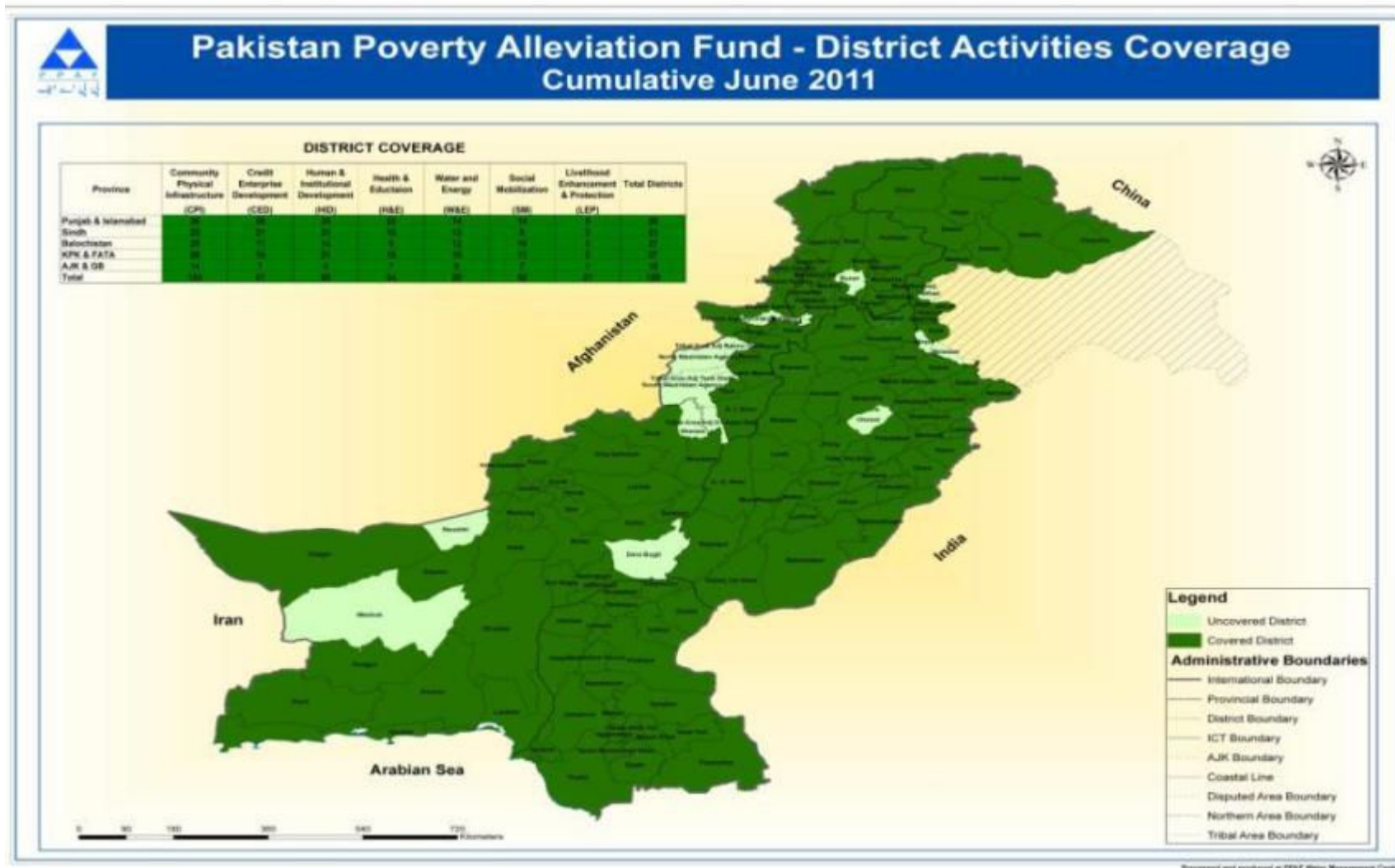
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JULY 2009

PPAF MAPS





Pakistan Poverty Alleviation Fund - Coverage of Districts Cumulative June 2011

Community Physical Infrastructure (CPI)



Credit and Enterprise Development (CED)



Water and Energy (W&E)



Human & Institutional Development (HID)



Health and Education Unit (H&E)



Social Mobilization (SM)



Livelihood Enhancement & Protection (LEP)



