Report Number : ICRR0020724

1. Project Data

Project ID	Project Name	
P105075	PK: PPAF III	
Country	**Practice Area(Lead)**	**Additional Financing**
Pakistan	Agriculture	P123557

L/C/TF Number(s)	Closing Date (Original)	Total Project Cost (USD)
IDA-45990	31-Jan-2015	250,000,000.00
Bank Approval Date	**Closing Date (Actual)**	
04-Jun-2009	31-Mar-2016	

	IBRD/IDA (USD)	Grants (USD)
Original Commitment	250,000,000.00	0.00
Revised Commitment	250,000,000.00	0.00
Actual	255,815,560.37	0.00

Prepared by	Reviewed by	ICR Review Coordinator	Group
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2. Project Objectives and Components

a. Objectives

To empower the targeted poor with increased incomes, improved productive capacity and access to services to achieve sustainable livelihoods.

Source: Financing Agreement: June 9, 2009

(The wording in the PAD is identical)

b. Were the project objectives/key associated outcome targets revised during implementation?

No

c. Will a split evaluation be undertaken?

No

d. Components

1. Social Mobilization and Institution Building
(Cost estimated at Appraisal: US$38.5 million. Actual cost: US$33.95 million)
Empowering the poor by organizing community organizations, village organizations and union councils for effective interphase with local government bodies, other development programs and markets; and intensification of coverage within the existing Pakistan Poverty Alleviation Fund (PPAF), including forming inclusive community organizations and intensification of support targeting the poor.

2. Livelihood Enhancement and Protection
(Cost estimated at Appraisal: US$85.3 million. Actual cost: US$89.74 million)

Lending, grants and technical support to increase assets, productivity and incomes, including identification and implementation that identifies and supports innovative micro-enterprises and value chains; business operations, and promotion of linkages with private and public sectors and not-for-profit service providers.

3. .Micro-Credit Access
(Cost estimated at Appraisal: US$40.1 million. Actual cost:US$44.76 million)

Improving the availability and access of the poor to micro-finance, and enhancing their capacities, productivity and returns to facilitate access to funds sourced from both PPAF and other financial organizations. The majority of the funds (82 percent) were earmarked for micro-credit sub loans. The remainder would support capacity building of the Partner Organizations, with focus on their ability to work in less-developed parts of the country. The component also supported PPAF's objective to establish an autonomous micro-financing agency, splitting micro-finance from grant funding, thereby facilitating expansion of micro-financing on a larger scale.

4. Basic Services and Infrastructure
(Cost estimated at Appraisal: US$79.85 million. Actual cost: US$81.11 million)

A broad-based program to upgrade basic services and community infrastructure for the poor, including improving health and education facilities, potable water, sanitation, irrigation, and innovative projects such as alternative energy.

5. Project Implementation Support
(Cost estimated at Appraisal: US$6.25 million. Actual cost: US$6.25 million)

(I) Assessment of community institutions and union councils for their institutional growth, integrity, governance, transparency and participation; and
(ii) Monitoring by PPAF to include an integrated Management Information System.

e. Comments on Project Cost, Financing, Borrower Contribution, and Dates

Objectives. PPAF-III's objectives were not changed.

Project costs and financing: Total project costs were US$255.81 million, about 2 percent above the appraisal estimate of US$250 million (the difference between the appraisal estimate and the actual project costs of the project were due to exchange rate gains, ICR pp. 37). The project received a Credit of US$250 million, which were fully disbursed. There were no co-financers.

Restructuring in project scope: A restructuring was undertaken on 03/13/2015 to revise the intermediate outcome indicators and outputs under the livelihood program. Following the mid-term review, the livelihoods program was adjusted on 03/13/2015 towards more community engagement, with integrated planning and development and involving more training and related small infrastructure.

Restructuring for project period extensions. PPAF-III was approved on 06/04/2009 and closed on 03/31/2016, a project duration of 6 ¾ years. The extensions, amounting to 1 year and 3 months in total were through two restructurings: (i) the closing date was extended by 8 months on 05/28/2014; and (ii) on 9/30/2015 the closing date was extended by 6 months to 3/31/2016. The first restructuring was to give more time for project implementation, especially for the livelihoods program. The second restructuring was to facilitate utilization of additional funds from exchange rate gains, to enable full achievement of project components.

3. Relevance of Objectives & Design

a. Relevance of Objectives

The Third Pakistan Poverty Alleviation Fund project (PPAF-III) supported a need recognized as a priority by both Government and the Bank – persistent poverty and increasing vulnerability of the poor. This was in spite of Pakistan's economic growth at about 6 percent per annum (2007), not far from the average South Asia Regional GDP growth of 8,5 percent. This was due in part to rising prices, including of fuel and food. But persistent limitations in access to basic services such as integrated provision of small-scale infrastructure, social services and credit, were the more entrenched impediments to improving welfare of the poor. This was particularly so in rural areas, and for vulnerable (low income) groups such as the landless and women. The project was, thus, well aligned with the Bank's and Government's development strategies.

The Bank's Country Partnership Framework (2014-2019), the strategy relevant at the time of project closure, emphasizes inclusive approaches to development, and devolution of governance. Specific objectives include developing human and social capital, and achieving sustained and equitable growth; the CAS at the time of project appraisal targeted "Improved lives and protection of the vulnerable;" a priority also espoused in government strategy documents. The Government's present strategy, outlined in its "Vision 2025," is an ambitious plan to eliminate extreme poverty by 2025, and the PPAF program is an integral part of this plan and a key poverty alleviation vehicle at the national level. PPAF-III's Objectives were Substantially Relevant, although the objectives might have been more precisely articulated (for instance, "access to services" might have been better understood if it had been framed as "access to basic productive and social services."

Rating

Substantial

b. Relevance of Design

PPAF-III was the third project supporting the Pakistan Poverty Alleviation Fund, created in 1999 as an institutional and financial vehicle for providing services and infrastructure to the poor and vulnerable. Appropriately, PPAF-III largely continued the institutional and development approach of its predecessors. In particular, this included using the institutional base that had been mostly effective under the first two projects: The design approach was to build interactions and communications with and between Partnership Organizations, which in turn organized Community Organizations, Village Organizations and Local Support Organizations. These served as a platform for rural people to access financing, skills, infrastructure, health, education, development of their own communities, and for interaction with government. But more measures in project design to improve the viability of field organizations could have received more attention (section 7). The main institutional change introduced by the project was to delink PPAF-III's micro-finance operations from its grant activities in order to improve access to microfinance. Implementation experience proved this was a sound adjustment.

Review of the PAD indicates a clear vision of the project objectives and how, through design of the project components, institutional structure and implementation modalities, the project would seek to achieve the objectives. However, this is implicit in the text rather than through a summary causal chain linking inputs, outputs and outcomes. (The log-frame at Annex 2 of the PAD stipulates desired intermediate outcomes and indicators to assess achievement against the intermediate outcomes, but does not link outcomes to project actions). Nevertheless, the design was in most respects sound, and formed an effective base for project implementation. PPAF-III's Relevance of Design was Substantial.

Rating

Substantial

4. Achievement of Objectives (Efficacy)

Objective 1

Objective

Empower the targeted poor to achieve sustainable livelihoods.

Rationale

Note: The three objectives discussed in this Section all aim at ultimately promoting sustainable livelihoods.
Outputs
The number of institutions created – 65,400 Community Organizations, 5,600 Village Organizations, and 380 Local Support Organizations – exceeded targets, and a high proportion of the community organization members – 86 percent – belonged to the “poor and poorest” (not defined) income groups. The ICR comments that participation in preparation of Village Development Plans, helped create ownership of community needs.

Impact (Outcome)
A survey of community organizations found that 98 percent of these institutions reported “strong participatory processes.” The extra services provided through the project (refer below) would have improved the welfare of communities and individual families generally, but had greatest impact on the poor. Project participants were predominantly poor - 68 percent of the participants were in the “targeted poor” category. And 82 percent were in the “poorest” welfare category.

Female Empowerment
The high degree of women’s empowerment was a strong achievement. Participation of women was well above the project’s already ambitious targets: 64 percent of community organization members were women (the target was 30 percent); women received 72 percent of micro-credit loans (target 25 percent); and 55 percent of beneficiaries of infrastructure, health and education investments were women (target 40 percent). (Further details and discussion are in section 11). While specific data on the income and welfare impact for women is not available, the achievements above are likely to reflect significant improvements in women's' welfare.

The project’s Efficacy at Empowering the Targeted Poor was High.

Rating

High

Objective 2

Objective

Increase incomes and improve productive capacity.

Rationale

ICR findings (based on a number of independent studies by domestic and international consultants) are that the various actions under the project – from micro-credit and the livelihoods enhancement program, to infrastructure, training and development of market linkages – provided the knowledge, institutional capacity and financial means for PPAF-III's community organizations and families to increase incomes and, by implication, to increase productivity as well. However, for some outputs the increases were small. Thus, 61 percent of PPAF III micro-credit borrowers experienced a positive change in their incomes over a two-year project period (ICR page 17). But this is not much above the percentage for non-borrowers of 59 percent, Also, while the average household income increased by 22 percent for borrowers under PPAF III, it is only slightly above an also buoyant growth for non-borrower incomes of 17 percent (ICR page 18). On the other hand, repayment rates for microcredit (97 percent reimbursement) and the livelihoods program (98 percent recovery) were high, which would be consistent with good growth of productivity and incomes from the investments made.

Information on the specific impacts of other project activities is limited though indicators suggest strong appreciation where data is presented. For instance, for skills training, 97 percent of recipients reported using their skills productively. And the productive assets recipients reported productive use of the assets.

Overall, while more direct data would have been desirable, and there are some inconsistencies, the community interest in each project activity implies positive impact on incomes and productivity. However, project achievements are attenuated by viability issues for the community organizations. A survey found that 67 percent of the community organizations were "viable and sustainable." (ICR page iv). This exceeded the target of 60 percent, but it still raises concern regarding the sustainability of the institutions remaining (PPAF uses a multi-scoring system to assess viability, with financial sustainability part of the assessment). Weak community organizations might reduce potential for growth in incomes and improving productivity, moderating the overall impact of the project. Therefore, PPAF-III's Efficacy at increasing incomes and improving productive capacity was Modest.

Rating

Modest

Objective 3

Objective

Improve access to services.

Rationale

Outputs

A central theme of the project was to establish linkages between communities and the private sector or government services. “Services” could be in the form of establishing market linkages between community organizations and private buyers; establishing the micro-credit program, thus providing access to loans; infrastructure such as for drinking water, irrigation, and road improvements; access to the livelihoods program; basic health facilities and schools; and training and technical advice. For most project activities, achievements exceeded targets.

Impacts (Outcome)

Data from various qualitative surveys indicate a significant project impact on accessing services, both from the project and - the more important long-term linkages - with external services such as from local institutions and the private sector. About 75 percent of community institutions reported an improvement in access to municipal/local services. And 50 percent had developed “effective” market linkages. Nearly all community organizations (96 percent) had signed MOUs with local councils, establishing rights and responsibilities for services and infrastructure of each party. Impacts for some activities are also available: Some 37 percent of community members considered that road infrastructure had improved their access to markets; 93 percent were “satisfied” with the PPAF-III supported schools or health facilities. And, particularly remarkable for a training program, 97 percent of the recipients of skills training reported using their training productively.

The financial markets have also improved. At the beginning of the project, 12 percent of community organizations had accessed funding from other sources for infrastructure. By project completion, funding from independent sources had increased to 24 percent, and direct funding from the project had reached 42 percent (the target was 50 percent). While part of these increases might be ascribed to a general mobilization of the economy, the increases, over less than four years, point to a significant impact of PPAR III through the grass-roots institutions, infrastructure and interlinkages that the project established. Efficacy in improving access to services was Substantial.

Rating

Substantial

5. Efficiency

The following provide indicators of efficiency from different perspectives:

<u>Speed of Implementation</u>: The project was implemented at a slower rate than targeted at appraisal, taking 6 ¾ years between approval and project closure, about 23 percent above original intentions, but outputs were

greater than targets (refer below).

Achievements. For virtually all physical, institutional and financial implementation targets, achievements exceeded targets, substantially so in a number of areas, including: (i) higher involvement than expected of the targeted poor; (ii) much larger women's involvement; (iii) productive usage of skills training; (iv) linkages between community organizations, markets and the private sector; and (v) high beneficiary satisfaction (93 percent) with health and education facilities (also, refer to section 4: efficacy).

Cost Efficiency. Net benefits generally exceeded expectations due to the project's higher than targeted implementation achievements within project budget. The ICR cites studies that found that community built infrastructure was of higher quality and lower cost than comparable infrastructure built by the public sector.

Viability
Separate economic rates of return were calculated for most project components: institution building, an ERR of 58 percent; livelihoods activities, ERR of 138 percent; irrigation ERR of 36 to 52 percent; health services, ERR of 73 percent; and schools. ERR of 22 percent. The calculation methodology described in the ICR follows standard analytical procedures (an overall project ERR was not estimated in both the ICR and the PAD, which is a gap in an otherwise strong analysis. While there would be some difficulties in weighting by relative costs of each component, a broad assessment of the overall ERR, by relative costs of each component, would have been possible).

Overall Efficiency
Although project implementation took longer than planned, the project was cost-effective, achieved output targets within budget, and, for those components where an ERR was calculated, rates of return were good. PPAF III's Efficiency was Substantial.

Efficiency Rating
Substantial

a. If available, enter the Economic Rate of Return (ERR) and/or Financial Rate of Return (FRR) at appraisal and the re-estimated value at evaluation:

	Rate Available?	Point value (%)	*Coverage/Scope (%)
Appraisal		0	0 ☐Not Applicable
ICR Estimate		0	0 ☐Not Applicable

* Refers to percent of total project cost for which ERR/FRR was calculated.

6. Outcome

PPAF-III's Objective was Substantially Relevant. It responded well to Bank and Government strategy, recognizing that the pervasive poverty in Pakistan's rural areas could be addressed through a socially inclusive, community-based approach to build productive capacity and improve services. The project's Design was also Substantially Relevant. The emphasis on institutional and community outreach was appropriate for a program with multiple institutional layers highly codependent on each other, and involving widely dispersed villages. The institutional model for the successful micro-credit program was the first microfinance pilot in Pakistan's financial sector. The Efficacies of the objectives to improve services and target empowerment of the poor were Substantial, particularly in the case of women's empowerment. But the Efficacy of the objective to improve incomes and productive capacity was Modest as there were only small gains for some activities, and about one-third of the community organizations had not yet achieved "functionality" by project closure. PPAF-III's Efficiency was Substantial as it achieved implementation targets within project costs, was cost-effective, and economic rates of return for most project components showed clear viability. Overall, PPAF-III's Outcome was Satisfactory.

a. Outcome Rating

Satisfactory

7. Rationale for Risk to Development Outcome Rating

The financial (and institutional) viability of the project's field organizations presents the greatest risk to development outcome. (Microfinance does not appear to present significant risks – the program has got off to a good start with high demand and repayment rates.) The Local Support Organizations, which provide or facilitate access to technical support for the community organizations, depend for their funding on Partner Organizations, international donors and Government, but funds are not guaranteed.

A number – possibly the majority – of the Local Support Organizations are not accessing sufficient funds to be effective or even to cover operating costs. (ICR, page 30). Linked to this is the financial health of the productive centers, established to ensure sustainability of affordable services to beneficiaries. The productive centers depend on effective oversight by the Local Support Organizations and are also dependent on funds that appear insufficient. About half of the productive centers make monthly incomes barely enough to cover salary costs. Technical capability of the productive centers is also concerning. The ICR reports that a recent survey found that a majority of the productive centers were operating "less than satisfactorily." A survey ranked productive centers by a combined grading of technical capacity and financial strength. Encouragingly, 60 percent of the centers were either excellent or good. But the rest (40 percent) were less than satisfactory. The Local Support Organizations and productive centers are core elements in PPAF's interphase with communities, and, unless financial and technical capacity improve, their fragile institutional and financial base presents a significant risk.

In addition, the capacity and financial situation of the community organizations - the ultimate clients of the project is also somewhat precarious. The ICR reports that an independent survey, with a sample of 446 community organizations across all four of Pakistan's provinces, found that 67 percent of community organizations were performing "satisfactorily." That is, measured on a multi-criteria evaluation, including viable revenues, ability to keep savings (bank accounts), frequency of audits, and records of meeting proceedings. But this still leaves about one-third of the community organizations which are not performing well (ICR, page iv, development indicator 1).

Having acknowledged these risks, the Implementing Agency PPAF continues supporting the community institutions. The ICR report mentions a number of efforts undertaken by PPAF to develop a strategy that would set community institutions on a sustainable path, both financially and institutionally. Specifically, PPAF commissioned an independent review of community institutions to identify key areas that would need to be addressed and supported post project completion. Given PPAF's strong financial and institutional standing, the organization has continued to support LSOs to strengthen their internal management systems, procurement, financial management including monitoring and evaluation. Additional support to community institutions has continued through a EUR 40 million Trust Fund provided by the Italian Government. Furthermore, a Memorandum of Understanding (MoU) was signed with Pakistan's Food and Agriculture Organization (FAO) to provide technical support to Production Centers and communities engaged in productive investments and income generating activities on an ongoing basis. These efforts were all meant to ensure that that community institutions are further strengthened and attain long term sustainability. This progress is indicative of PPAF's demonstrated capacity to anticipate many of the risks associated with community institutions, to take proactive steps to mitigate them and has remained committed to providing continuous support in improving their overall capacity.
Therefore, PPAF III's Risk to Development Outcome is Modest.

a. Risk to Development Outcome Rating

Modest

8. Assessment of Bank Performance

a. Quality-at-Entry

PPAF-III's design was well suited to achieving the project's strategically important objectives, and was also practical, based on much of the learning, institutional structure, processes and technical knowledge developed under the earlier projects. The economic viability of the project was estimated to be good. But the risk assessment (PAD, page 17) did not review the financial viability of the field organizations and, in particular, the community organizations, which emerged as the project's main issue. Another issue was the lack of specialists in education and health - resultantly these two programs got off to late starts.

Arrangements for financial management and procurement were possibly sufficient at the beginning of project implementation, but in subsequent experience they deteriorated, with Bank guidelines not always followed. However, from the ICR (ICR pp 12) weaknesses with financial management and procurement received significant attention by the Bank team.

Notably successful was the design of the community empowerment approach, involving layered institutions with clear roles. This framework not only implemented the project's livelihood and financial components, but in itself formed a powerful platform for access to outside services, finance and government. Another successful thrust was the gender inclusion program, but this was designed during project implementation.

Plans for the establishment of the independent microfinance program started with modest intentions. The PAD discussed the strategic goal of de-linking micro--finance from PPAF's poverty alleviation funds, putting micro-finance under a separate micro finance entity, and the PAD limited the project's role to providing technical assistance to PPAF to consider the organizational restructuring required. Delinking under the project was not specifically targeted, though was considered desirable. PAD, pp 8). This might be considered a sensible lower risk option, but in the event, PPAF and the Bank supervision team moved much faster, creating the entity and establishing its financing practices during project implementation.

Quality at Entry was Moderately Satisfactory.

Quality-at-Entry Rating

Moderately Satisfactory

b. Quality of supervision

Supervision was advantaged by task management being located in the country. This helped drive the project forward to exceed implementation and most institutional targets within planned costs. A notable achievement, facilitated by the task team, was the high degree of women's participation. Another was the preparation, launching and supervision of the micro-finance program. Team skills were broad (including, for instance, specialists in social development, rural development, micro-finance, institutions, water and sanitation, agriculture, nutrition and environment), which was appropriate for this diverse project. However, the lack of specialists in health and education in the Bank team continued until later in project implementation, and start-ups and quality of these activities was delayed (ICR pp 32).

Another gap was that the restructuring of the livelihoods component came very late even though the revised program had been prepared much earlier The ICR considers that this affected performance of this component (ICR pp. 32). Supervision was also variable in quality, and there were some delays in addressing issues and implementation bottlenecks. Such problems were also noted in the borrowers ICR. – "There were some instances where the quality of implementation support veered off course." (ICR Borrower's ICR and comments on Bank draft ICR, pp 80). Also the borrower ICR remarks that there were "some missed opportunities to support PPAF to better implement its evolving strategy." Nevertheless, overall, the borrower (PPAF) comments favorably on the Bank's role (Borrowers ICR, Annex 7, pp 80): "The role of the World Bank has been very positive, and the considerable success of PPAF would not have been possible without the support from the World Bank.”).

An overall assessment of the quality of supervision must balance the task team’s success in facilitating project progress, and the innovative gender and microfinance programs against the shortcomings noted above. In a number of respects supervision has been satisfactory, but the shortfalls noted above lead to a Quality of Supervision rating of Moderately Satisfactory.

Quality of Supervision Rating
Moderately Satisfactory

Overall Bank Performance Rating
Moderately Satisfactory

9. Assessment of Borrower Performance

a. Government Performance

Government was fully committed to the project and the PPAF program in general. It helped resolve policy and institutional issues, and provided cross-sectoral support when needed. It promoted PPAF’s efforts to establish a micro-finance program, ultimately leading to the new institution for handling micro-finance independent of government. Government confidence in PPAF was high, which enhanced all its support activities to PPAF. Government’s Performance was Satisfactory.

Government Performance Rating
Satisfactory

b. Implementing Agency Performance

The achievement of meeting or exceeding all of the project's implementation targets is notable and attests to PPAF’s dedication and overall competence in managing a difficult program. The dedication of the Community Organizations, and the Local Support Organizations, which had to learn the project’s implementation processes and implement their programs in a relatively short timeframe, is also noteworthy. PPAF was the primary implementing body for establishment of the micro-finance company – a new departure for Pakistan requiring care and innovation during design, and intensive monitoring and technical assistance by PPAF during early implementation. The success with women’s participation was founded on a major drive by PPAF and the Community Organizations.

There were several weaknesses, mostly in procurement, in part due to the familiarization time needed for new procedures introduced in a revised operations manual. Procurement practices were inconsistent, especially related to hiring of consultants, monitoring of procurement was weak, and some procurement practices were deviant from Bank guidelines. Also, PPAF's views on the recommendations of a management performance review commissioned by the Bank had not, at the time of issuance of the ICR in June 2016, been conveyed. This was one and a half years after project closure (March, 2016).

These issues attenuate an otherwise strong performance by PPAF, and, thus, the Performance of the Implementing Agency is rated Moderately Satisfactory.

Implementing Agency Performance Rating

Moderately Satisfactory

Overall Borrower Performance Rating

Moderately Satisfactory

10. M&E Design, Implementation, & Utilization

a. M&E Design

An M&E unit, separate from the operational units, was established for monitoring of project progress. A framework of monitoring intentions was established, using the project's results framework as a guide. An MIS system was also designed. This was a good start, although outcome indicators could have been further developed.

b. M&E Implementation

Initially, quarterly monitoring reports, provided information on a number of output targets, but without a systematic overview of progress against outputs and outcomes. M&E was accordingly adjusted to align better with the results framework. The PPAF also made arrangements with independent research centers such as the Lahore School of Economics, and these assisted in developing more robust measurement techniques. M&E was adjusted towards assessing project outputs and outcomes. By project end, a number of independent assessments had been completed, and a credible system had been established for measuring progress towards the project Objective.

c. M&E Utilization

PPAF used the M&E data to improve the quality of its activities. It developed a "Maturity Index" to assess the viability and effectiveness of Community Organizations, and to target project assistance. For instance, the degree of community participation was identified as needing more attention, and PPAF field activities were, accordingly, intensified. The M&E system was also used to assess the sustainability of sub-projects, using the Maturity Index as a data source.

M&E Quality Rating
Substantial

11. Other Issues

a. Safeguards

For both environmental and social safeguards the project was in compliance, although each started late. The environmental safeguards program took time to establish staffing, and initially monitoring was incomplete. The social program was in part affected by security problems, which delayed finalization of the social assessment.

<u>Environment</u>

PPAF-III was a category B project, and an Environmental Management Framework was developed. To steer the environmental program, an Environmental and Social Management group was established. Environmental monitoring started slowly, but picked up with training of the Partner Organizations. The environmental management processes and screening became integrated in the PPAF programs, and monitoring reports, initially delayed, became regularly provided. No indications are given in the ICR of environmental impact.

Social

While not specifically discussed in the ICR’s social section, inclusive results for poverty alleviation are apparent from the monitorable indictors. By project completion, 68 percent of the “targeted poor,” and 82 percent of the “poorest” households were members of community organizations (the baseline was 45 percent for each).

<u>The women’s participation program</u>.
The project’s gender program was particularly well handled. A Social Assessment was carried out at the beginning of the project which found low women’s participation. To improve this situation a gender action plan was drawn up and retrofitted into the project. Emphasis was placed on establishing an Institutional capacity to implement the gender program: creation of a central Gender Committee, gender “focal points” in all operational units, nomination of gender resource persons in the community organizations, and training of staff and partner organizations. This was effective. 64 percent of community organization members are now women (target 30 percent). And 46 percent of recipients of the livelihoods grants are women (no original target). (Additional data are in section 4, Efficacy)

b. Fiduciary Compliance

Financial Management

Financial management was satisfactory at the beginning of the project, though inconsistent later on, substantially due to confusion with a new Operational Manual. Nevertheless, all financial reporting requirements were fulfilled, a financial management information system was developed, and funds utilization at Partner and Community Organization levels was tracked. This was put under strain when the new operational manuals and procedures were introduced. This affected performance, and disbursements slowed down in 2011 and 2012. A third party financial performance review was commissioned by the Bank which found weaknesses in organizational management - recommendations for improvement were made, but the report has not yet been recognized by the borrower as commented on in the ICR (pp 12),

Procurement

Procurement was mainly implemented through the Partner Organizations, primarily using national shopping procedures. Standard ex-post reviews of contracts, in accordance with Bank procedures, and systematic review of Partner Organization procurement plans were also undertaken. The technical proficiency of project staff was adequate, but procurement practices were uneven and an Independent Procurement Review was commissioned. The review found a number of weaknesses in procurement practices and monitoring, which were addressed. The main thrust of the changes was that procurement processes were made clearer, and centered on beneficiary participation using community driven procurement practices, and with tightened monitoring by PPAF. The ICR advises that by project completion, procurement was satisfactory (ICR, p. 13).

c. Unintended impacts (Positive or Negative)

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d. Other

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12. Ratings

Ratings	ICR	IEG	Reason for Disagreements/Comment
Outcome	Satisfactory	Satisfactory	---
Risk to Development Outcome	Modest	Modest	---

Bank Performance	Moderately Satisfactory	Moderately Satisfactory	---
Borrower Performance	Moderately Satisfactory	Moderately Satisfactory	---
Quality of ICR		Substantial	---

Note
When insufficient information is provided by the Bank for IEG to arrive at a clear rating, IEG will downgrade the relevant ratings as warranted beginning July 1, 2006.
The "Reason for Disagreement/Comments" column could cross-reference other sections of the ICR Review, as appropriate.

13. Lessons

The project has provided a number of lessons (ICR pp. 33-35), including the following lessons adapted by IEG:

1 . *Effective inclusion of women in a development project is facilitated by making gender an integrated part of project design, and proactive engagement during project implementation.*

Once started (after project approval), WID became a joint priority for both PPAF and the Bank, with adaptations in project design, staff training, adjusted implementation processes, and staff engagement. These concerted actions stimulated high women's participation, leadership and benefits.

2. *An appropriate range of specialist skills can critically affect project implementation, adaptation and outcomes of a project.*

This was well illustrated in the PPAF III team. This complex project required a wide range of specializations, and most such needs were covered by relevant Bank staff and consultants. But during project preparation there were no specialists in education and health, and both the education and health programs only commenced towards the end of implementation.

3. *Innovative approaches can help reach the poor and remote villages.*

PPAF trained young members in the community to become Community Resource Persons, acting as motivators and providing basic extension messages.

4. *Success with community driven development can be facilitated by an integrated project design, and proactive support during project implementation.*

In addition to PPAF-III's social mobilization component, much of the other two operational components (livelihoods and microfinance) was technical assistance to the communities. The emphasis on social mobilization improved technical capacity and was the primary driver of the project's largely successful community development achievements.

5. *Performance monitoring using a defined scoring system can help targeting assistance.*

A "Maturity Index" was used to identify performance of all participating communities. (Financial viability, social cohesion and governance were amongst the criteria used). This helped monitor overall project performance and identify where additional assistance was needed.

6. *Significant change and economic development can be facilitated by a long-term commitment*.

PPAF was created in 1999, with funding and support from the Bank. PPAF-III, closing in January 2015, thus completed 14 years. Even under PPAF-III the PPAF program was still developing, and in a number of respects, bringing in further innovations and large changes such as in micro-finance.

14. Assessment Recommended?

Yes

Please explain

As an example of innovative approaches for poverty alleviation; and for development of a successful women's empowerment program.

15. Comments on Quality of ICR

The ICR is thorough, well structured, and clearly written. It is fact oriented, with much of the discussion accompanied by data (e.g. the discussion of efficacy and efficiency on pages 16-25; and in Annex 2 (Outputs by component). Data were obtained from independent surveys (though a commentary on the quality of the surveys and of the key survey findings would have helped gain better understanding of the reliability of the data). Also, some of the data from Annexes 2 to 3 (efficacy and efficiency) might have been included in the main text (especially regarding incomes and productivity) to further bolster achievements against this objective.

The ICR's analysis is generally satisfactory, with a particularly thorough economic analysis in Annex 3. Most of the ICR text is results oriented and reflective, significantly contributing to the quality of the report. But this could have been complemented by outlining a more structured diagnostic based on an overview causative framework – i.e. from project design, to outputs and to outcome. Another gap is in the reporting on the sustainability of farmer organizations, a number experiencing difficulties, and only two-thirds of them assessed as viable. This issue receives only minor attention, and is not in the risk to development outcome.

The report could also have been strengthened with more analysis and commentary on women's participation. The remarkable progress of women under the project is well shown in terms of results, but there is little background on what was done and how the results were achieved. Such a discussion might be informative given the gender inclusion program's good results.

Overall, though, the ICR is a thoughtful, issues-oriented report, and its quality is Substantial.

a. Quality of ICR Rating

Substantial