

Third Annual Golden Plough Award for Excellence in Project Supervision**Empowerment And Poverty Reduction Through Infrastructure And Service Provision In Rural Pakistan****BY QAZI ASMAT ISA, NAILA AHMED, AND GUNNAR LARSON**

Poverty in Pakistan is overwhelmingly rural. Some two-thirds of Pakistan's population, and over 60 percent of the country's poor, live in rural areas. In 2005, average per capita expenditures in rural areas were 31 percent lower than in urban areas.¹ This inequality between urban and rural areas is re-enforced by inequality within and between rural areas. Owing to uneven access to land and useable water, most of the increased income

that results from agricultural production accrues to higher income farmers—who typically spend a disproportionate amount of their income on urban goods and services. This inequality seriously limits the impacts of agricultural growth on rural poverty, and is a major cause of sustained poverty and low productivity among small farmers and rural nonfarm households. It also points to the importance of effectively targeting the poor in contexts in which resources intended for them are likely to be captured by more privileged groups.²

Inequality between geographic locations is compounded by inequality within households, generally to the disadvantage of women, and often to their severe disadvantage. Women's employment is limited by the same cultural restrictions that limit their access to education and health services, and these impose serious constraints on their autonomy, mobility, and on the types of livelihoods that are available to them. Their lack of access to education and resulting low-skill levels limits their opportunities for employment further. Among those who do work, labor market participation is characterized by a much narrower array of occupations than are available to men. These occupations tend to be low wage and tend to keep women close to or even inside the home. Women in rural areas are almost twice as likely to work as women in urban areas, and their occupations tend to be concentrated around agriculture.³ The constraints on their mobility and access to resources has long been recognized as contributing to their low levels of agricultural productivity—and to their higher levels of poverty and vulnerability.⁴ With respect to livelihood opportunities, over half of the women in Pakistan suffer "poverty of opportunity" compared to one-third of men.



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Providing the poor—and poor women in particular—with access to resources and services is therefore a strategic priority for increasing agricultural productivity, expanding nonfarm rural employment, and reducing rural poverty. It also requires capacity building among the local government agencies and non-governmental organizations (NGOs) that deliver services to the poor. If these services are to be demand driven, organization and mobilization among poor producers and communities are required to develop the kind of social capital that will increase their voice in articulating what services they require.⁵ Should the delivery of services and provision of infrastructure be sufficient to raise their incomes and expand their purchasing power, then increasing consumer demand among these groups will be more likely to attract private investment, which up to now has often found little incentive to serve them. This will also require improvements in the rural investment climate in many parts of the country, where investment rates are insufficient to support the kind of growth needed to reduce poverty. Investment in infrastructure is important both to establish the conditions for a vital rural economy and to improve human development outcomes, and much of the initial investment in water supply and sanitation, irrigation, transport, and education infrastructure will necessarily be public. Much of this public investment will need to focus on natural resources, especially irrigation and groundwater, on which rural populations are the most directly dependent. Pakistan's land and water resources are closely related and, in addition to saline and waterlogged lands, the effects of rangeland degradation and pollution from agricultural runoff are disproportionately felt by the rural poor.⁶

THE PAKISTAN POVERTY ALLEVIATION FUND PROJECTS I AND II

In August 1999 the World Bank's Pakistan Poverty Alleviation Fund Project became effective, with the Pakistan Poverty Alleviation Fund Company (PPAF) serving as the implementing agency. The project's objectives were to increase incomes among poor households by providing them with loans and technical support; to increase their access to physical infrastructure in order to improve their livelihood opportunities; and to develop the capacity of the PPAF and participating NGOs, which were "seen as conduits for transferring resources to the poor."⁷ While the PPAF was officially the implementing agency for the project, its role was to serve

as a coordinating "apex" institution. In this capacity it was responsible for appraising, supporting and monitoring the progress of the poverty reduction programs of participating NGOs. These "partner organizations" were in reality responsible for implementing project activities. They were selected based on eligibility criteria that reflected their track records in carrying out interventions that effectively reduced poverty.

While the PPAF monitored the performance of its partner organizations, a World Bank supervision team periodically monitored the PPAF and was impressed by the governance structure of the PPAF Board of Directors and their objectivity and independence from political influence. Their impressions were generally confirmed by the findings of the project's implementation completion report, which was completed in June 2004, six months after the project itself came to a close. Well before the project closed, therefore, World Bank project staff and their counterparts in the PPAF began developing the concept for the PPAF II project. The concept was formally reviewed in April 2003 and approved by the World Bank Board of Directors the following December. The project became effective in April 2004, just four months after the close of the first project.

Like its predecessor, PPAF II would employ an integrated approach to build institutions of the poor, develop their capacity, and then provide them with micro-credit grants for small-scale infrastructure projects; training and skill development; and social-sector interventions. It would concentrate even further on women and their skills, human capital, and livelihoods. By 2008, the project would impact over 10 million people, and mobilize over 66,000 community organizations in 27,000 localities across 111 districts. More than 13,000 village projects were implemented. The Project would issue 1.5 million microcredit loans of an average US\$150, expanding Pakistan's microfinance sector from 60,000 borrowers to more than 1,250,000.⁸

SUPERVISION

The geographic scale of the PPAF II and the multiple sectors that its operations focused on entailed daunting challenges for supervision. The scope of its activities generated a massive volume of information. Adding to the challenges of analyzing and acting upon this information are the challenges of coordinating the activities of PPAF's far-flung network of partner organizations, and of monitoring qualitative aims that are difficult to capture with existing indicators.



Compounding these demands was the addition of recovery efforts following the October 2005 Kashmir Earthquake, which the project team had to respond to rapidly.

The World Bank project team adapted its structure to meet these challenges in a number of ways. The task team leader and almost all of the safeguards, financial management, and procurement personnel are based in-country, where they can respond to issues quickly. 360° feedback and immersion activities were two innovative practices introduced to foster cohesiveness and to facilitate a more intimate understanding of the project's qualitative impacts. Every six months a supervision mission is undertaken, beginning at the national level to review overall progress before moving to the provincial level to meet with select partner organizations and review the issues they have experienced in implementing project activities.

The 360° feedback process, in particular, was instrumental in developing trust and mutual understanding with partner organizations. The process was carried out by an independent consultant using questionnaires, and this proved to be very effective in cultivating transparency and the perception that monitoring was impartial. Neither World Bank nor PPAF personnel attended the meetings to encourage the partner organizations to be open in discussing their concerns and providing feedback about their experience working with PPAF and the Bank. At a subsequent workshop, partner organizations, PPAF, and Bank staff met to discuss the findings and to develop a deeper understanding of each others' visions. This enabled them to develop objectives for project teams and to identify solutions to prevailing problems and constraints. PPAF now regularly holds 360° feedback processes with partner organizations and beneficiaries and as a result has been able to foster a collegial and purposeful working environment.

Immersion activities have also proved to be invaluable in enabling the project team to better understand their clients and the conditions they face. During each supervision mission, Bank, PPAF, and partner-organization staff spend, on average, two days and two nights residing in the homes of beneficiaries. They receive no special privileges except for bottled water, sharing the resources and company of their hosts. In these informal settings, hosts speak openly about issues close to their hearts—how they spend their days, their hopes and fears, the challenges they face, and their experiences participating in the project. PPAF developed guidelines and questionnaires to facilitate discussions. Visiting teams

photograph and subsequently write about their hosts in order to record their experiences, providing the basis for case studies. The combination of questionnaires and photographs document conditions and eventually provide reference points with which to measure future outcomes. Immersion activities have usefully supplemented other monitoring activities and has been instrumental in chronicling qualitative changes in the lives of the poor that cannot be fully captured by quantitative indicators.

SUSTAINABILITY

The sustainability of PPAF outcomes is a prominent practical priority among project objectives, and is pursued by building a strong network of practitioners and institutions that will endure long beyond the life of the project. Close and intense supervision has resulted in PPAF II consistently receiving satisfactory and above performance ratings and high scores on governance issues. PPAF II is the first project in the World Bank's Pakistan portfolio to be allowed disbursements based on financial management reports. The additional US\$238 million of the earthquake recovery component in 2005 tested the resilience of the Project and its partner organizations. According to local news sources, they more than met the test.

PPAF is not only the first institution in the country to complete the first fully reconstructed school as a permanent structure in the earthquake affected areas, but it is also the first agency in the country to complete comprehensive damage assessment through a house-to-house survey.

*Pakistan Poverty Alleviation Fund
disburses Rs 4 billion in AJK, NWFP*

*Nida Butt, Special Correspondent,
Pakistan Times, October 20, 2006*

The use of strict monitoring and house-to-house damage assessment of those affected by the earthquake also helped to identify and discard 23,000 bogus compensation claims, a measure that saved some US\$55 million. Outcomes like this have established the PPAF's reputation with beneficiaries, partner organizations, government officials, and donors. The International Fund for Agricultural Development (IFAD), for instance, now channels significant funds for micro-financed and earthquake reconstruction through the



PPAF, and employs it to supervise a number of its projects. Immersion activities and 360° feedback have also been helpful in cultivating the ownership among borrowers and stakeholders that will be crucial for the sustainability of PPAF outcomes. PPAF has now established formal, regional-level partner organization development networks, including the Balochistan Partner Organization Network, the Sindh Coastal Development Network, and the Earthquake Rehabilitation and Reconstruction Network. All of these are using the 360° feedback process in their work. In the future, the lessons learned during the immersion visits will be brought together in a “reverse immersion” to inform the preparation of the next phase of PPAF. This will ensure that the voices of the poor are well-represented in the design of the follow-up project to PPAF II—a project that will be remembered as a project of the people, by the people, and for the people.

REPLICABILITY

PPAF techniques and methods are already being replicated in other developing countries and in other business lines. A World Bank staff member from the Kecamatan Development

Program in Indonesia joined a PPAF supervision mission and was sufficiently impressed by the experience to introduce the immersion program in that Program. In addition to lending operations, a Bank team working on analytic and advisory activities to study the effects of drought on communities in this country began using the PPAF immersion model as one of their principal investigative methods.

In March 2008, the PPAF II Project team received the Agriculture and Rural Development Department’s Golden Plough Award for Excellence in Project Supervision. Supervision is exceptionally challenging in emergency situations, and the Project adjusted its supervision schedule from biannual to quarterly missions, maintaining constant contact with client communities to ensure responsiveness to needs and priorities as they arose. Candidate projects needed to “regularly identify challenges in implementation and to demonstrate how they resolved them while building government and stakeholder ownership in the project.” They also needed to “develop supervision approaches that could easily be replicated by other projects.”

- 1 *Pakistan: Promoting Rural Growth and Poverty Reduction*. World Bank Sustainable Development Unit, South Asia Region. Report 39303-PK. March 30, 2007.
- 2 Project Appraisal Document on a Proposed Credit to the Islamic Republic of Pakistan for the Second Poverty Alleviation Fund Project. Report No: 27176. October 31, 2003.
- 3 *Pakistan Country Gender Assessment: Bridging the Gender Gap – Opportunities and Challenges*. Environment and Social Development Sector Unit, South Asia Region, The World Bank. Report No. 32244-PAK. October 2005.
- 4 *Women in Pakistan: An Economic and Social Survey*. World Bank Country Study. 1989.
- 5 *Pakistan: Joint Staff Assessment of the Poverty Reduction Strategy Paper*. Staffs of the International Development Agency and the International Monetary Fund. Report No. 27625-PK. February 12, 2004
- 6 *Country Assistance Strategy for the Islamic Republic of Pakistan for the Period FY06-09*. Report No. 35718-PAK. April 4, 2006. The World Bank.
- 7 *Implementation Completion Report on a Credit in the Amount of US\$90 Million to the Islamic Republic of Pakistan for a Poverty Alleviation Fund Project*. June 15, 2005. Report No: 32513. Finance and Private Sector Development Unit, South Asia Region. The World Bank.
- 8 *The World Bank Pakistan Newsletter*, March 2008, Issue 2

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