

profile

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Islamic Republic of Pakistan Country Programme Evaluation

Pakistan is a semi-arid country encompassing a total area of approximately 800 000 km². Around 67.5 per cent of its total population and 80 per cent of the poor live in rural areas. The majority (57 per cent) of the rural poor are from non-farm households (excluding agricultural labourer households, which are a minority), with the poorest 40 per cent of rural households deriving only 30 per cent of their income from agriculture. According to the 2008 World Development Report, Pakistan is categorized as a 'transforming country', where agriculture is no longer a major contributor to economic growth and poverty remains largely a rural phenomenon. Remittances amounted to US\$5.5 billion in fiscal year 2006-2007, representing 9 per cent of total rural income. Pakistan has one of most developed irrigation systems in the world. Only 20 per cent of the cropped areas are still rainfed (*barani*).

Agriculture's contribution to gross domestic product has declined from slightly over 25 per cent in 1990 to 19 per cent by 2008. Average annual official development assistance (ODA) commitments to agriculture and rural development during the period covered by the evaluation (1990 to 2007) amounted to US\$146 million. IFAD's average annual commitment in the period 2001-2005 was US\$11.2 million, equivalent to 7.7 per cent of ODA dedicated to the same sector. Overall, since the start of its operations in 1978, IFAD has approved 22 loans for Pakistan for a total of US\$422.6 million. This corresponds to 14 per cent of IFAD's lending in the region, making Pakistan IFAD's fifth largest borrower in Asia and the Pacific. An additional US\$810 in government counterpart funds and US\$468 million from co-financiers brings the overall portfolio to a total of US\$1.7 billion.

Two strategic papers governed IFAD's programme in Pakistan during the period 1990-2006. The first, formulated in 1991, identified two broad areas for involvement: *barani*, dry and upland zones, and remote valleys where land and other resources were limited and poverty alleviation most challenging. The second strategy, expressed in the 2003 Country Strategic Opportunities Paper, aimed at eradicating poverty and enhancing household food security through sustainable, self-managed agricultural and rural development in a gender-balanced institutional and legal environment. Poverty was to be eradicated in a strategic niche of remote and disadvantaged areas, particularly tribal areas, by means of activities that would enhance the productivity of the poor. Such activities would be supported by policy dialogue aimed at securing access by the poor to natural resources. Assistance was to be provided to enhance agricultural and rural development, women's empowerment, access to resources, decentralization, household food security and diversification of production.

Main findings

The evaluation found that, overall, IFAD had made an important contribution to agriculture and rural development in Pakistan in the 17-year period under consideration. This was achieved despite the Fund's limited total investment compared with overall public spending in the agriculture and rural sectors and contributions from other donors such as the Asian Development Bank and World Bank. IFAD's contribution was particularly noteworthy, however,



A farmer pumps water from a tubewell to irrigate his small farm.
IFAD photo by Giuseppe Bizzarri

PAKISTAN AT A GLANCE

Population: 159.0 million (2006)

Population growth (annual %): 2.1

GDP growth (annual %): 6.9

GNI per capita (current US\$): 800.0

Agriculture, value added
(% of GDP): 19

Inflation, GDP deflator
(annual%): 9.3

Life expectancy at birth: 65 years

Total IFAD lending
(1978-2007): US\$422.6 million

Total IFAD grants
(1990-2007): US\$12 million [US\$0.3 million in technical assistance grants (TAGs) and US\$11.7 million in regional TAGs]

Source: World Bank, "World Development Indicators Database (July 2008)"

given that its operations focused on some of the country's most remote and marginal areas, where infrastructure and services are limited, distances to and from markets are considerable, institutional capacity is largely underdeveloped.



Women use a hand pump to draw water from a tubewell constructed by the project in Chakwal
IFAD photo by Giuseppe Bizzarri

IFAD-supported operations contributed to replicating and scaling up the Aga Khan Rural Support Project model and adapting it in such a way that it could be implemented by the Government. IFAD-assisted operations significantly strengthened community-based organizations and their focus on poverty issues, encouraged and enabled the rural poor to play a more proactive role in their own development planning, emphasized the importance of women's empowerment and development, and increased the availability of microfinance services to rural communities. It could, however, have played a more

proactive role in the decentralization processes, particularly after 2001, by contributing more to strengthening the capacity of sub-national levels of government, particularly at the local level. Moreover, the possibility of improving access to markets and linkages with the private sector was not sufficiently explored.

The agriculture focus could have paid more attention to environmental issues, livestock development and promotion of high-value crops. In particular, livestock warranted greater priority because in Pakistan it is a main source of livelihood of the rural poor than other agricultural activities. Moreover, as the programme began to place greater emphasis on microfinance, it could have done more to help improve the financial performance of microfinance providers so that their operations were financially more robust and less dependent on subsidy.

Despite the priority accorded in the strategy, non-lending activities such as policy dialogue, partnership building and knowledge management were not strong areas of the programme. This was mainly due to the limited human and financial resources specifically devoted to support these activities. Even though limited in terms of resources and authority, the establishment of a proxy country presence in 2005 has had a positive effect, with improvements both in dialogue with government and in donor coordination, timelier follow-up on implementation issues affecting projects, and better communication between projects and the Federal Government.

Key recommendations

Five overarching recommendations were made by the evaluation:

- The need for a **better balance between agricultural and non-farm investments** in the rural sector. The evaluation recommends that more resources should be devoted to non-farm opportunities, and underlines the importance of promoting rural financial services and wider market linkages for both agricultural and non-farm outputs. In terms of agricultural activities, greater attention should be paid to livestock and high-value crops that would provide higher returns on investments, as well as to domestic production of edible oil that would provide an opportunity to reduce imports and enhance food security.
- **Provide capacity-development support to decentralized entities and other bodies working at the local level.** This will call for continued attention to social mobilization and to the strengthening of community-based organizations, local NGOs and rural civil society in general. At the same time, the Fund should take a more inclusive approach to supporting decentralization by establishing the building blocks for a more service-orientated relationship between local governments and organizations. This entails building up the capacity of local governments and representatives of elected bodies that play an important role in planning and resource allocation for rural poverty alleviation at the grass-roots level. Greater participation of private-sector groups of farmers and enterprises would also ensure better results.
- The Fund should **continue to support the Federal Government in its engagement in disadvantaged, remote and conflict-ridden areas** of the country – but taking a more differentiated approach, that is, one that is both flexible and adapted to the context of such areas. The mobilization of expertise, particularly in tribal affairs, conflict resolution and peace-building, is essential. The importance of ensuring the commitment of the provincial and federal governments to continued IFAD support in these areas cannot be over-emphasized.
- **Strengthening IFAD's capacity to promote innovations that** can be scaled up and replicated by government, donor organizations and the private sector, merits more attention and resource allocations. This includes a more systematic approach to identifying, piloting, documenting and sharing innovative approaches to agriculture and rural development. Replication and upscaling of successfully tested innovations should be emphasized, for which greater attention and resources need to be devoted to non-lending activities that are essential for the innovation promotion process.
- The Fund's overall development effectiveness would be further enhanced by **adjusting its operating model** in accordance with the size and specificities of its programme in Pakistan. This includes establishing a more consolidated, permanent and better-funded country presence, undertaking direct supervision and implementation support of IFAD-funded projects and programmes, and finding ways and means to enhance project- and country-level monitoring and evaluation systems.

Further information:

Islamic Republic of Pakistan, Country Programme Evaluation, Report #2005-PK, October 2008, Office of Evaluation, IFAD, Via Paolo di Dono 44, 00142 Rome, Italy. The full report, Profile and Insights are available online at www.ifad.org/evaluation; email: evaluation@ifad.org.