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The Next Ascent

An Evaluation of the Aga Khan Rural Support Program, Pakistan



OPERATIONS EVALUATION DEPARTMENT

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An Evaluation of the Aga Khan
Rural Support Program, Pakistan



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Picture taken in 2000 of members of the Sost Women's Organization gathering fodder on land they were just beginning to cultivate in 1988. Although it turned out to have soil that was too poor for fruit trees (which they subsequently moved to better, sloping land), they continue to grow poplar and willow trees for fodder as well as alfalfa on this Women's Organization common land.

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Contents

v	Acknowledgments
vii	Foreword, Prefacio, Avant-Propos
xi	Executive Summary, Resumen, Résumé Analytique
xxix	Abbreviations and Acronyms
1	1. Introduction
	1 AKRSP Program Objectives
	2 Methods
	3 Findings of Previous Evaluations
5	2. Overall Program Assessment
	5 Relevance
	7 Efficacy
	8 Efficiency
	13 Institutional Impact
	17 Sustainability
19	3. Community Organizations
	19 Relevance
	21 Efficacy
	23 Efficiency
25	4. Programs
	25 Microfinance
	28 Productive Physical Infrastructure
	30 Natural Resource Management
	33 Marketing and Enterprise Development
37	5. Future Directions
	37 The Mission Is Valid, the Direction Needs to Change
	41 Future Strategy—Community Organizations

Annexes

- 47 Annex A. AKRSP Skills Seeding
- 49 Annex B. Responsiveness to Earlier OED Recommendations
- 51 Annex C. AKRSP Cost Comparators
- 55 Annex D. AKRSP Timeline
- 59 Annex E. Institutional Survey
- 63 Annex F. Villages Visited
- 65 Annex G. Computation of Subsidy Dependence Index for the
Microfinance Operations of the AKRSP
- 67 Annex H. AKRSP Economic Analysis
- 73 Annex I. The Karakoram Agricultural Research Institute for the Northern
Areas (KARINA)
- 75 Annex J. Statistical Tables
- 99 Annex K. Organizational Charts
- 101 Annex L. Main Programs
- 123 Annex M. Recent Donor Program Evaluations of the AKRSP: A Summary
of Main Conclusions

129

Endnotes

137

References

Boxes

- 2 Box 1.1. AKRSP Operations and Their Institutional Setting
- 6 Box 2.1. Unique Political Status of the Northern Areas
- 44 Box 5.1. The Cascading Impact of a New Vision

Tables

- 27 Table 4.1. Efficiency Comparisons
- 32 Table 4.2. Performance in NRM: Strengths and Weaknesses

Figures

- 11 Figure 2.1. Expenditure Categories as a Percentage of Total
- 38 Figure 5.1. Future Share of Development Capacity
- 45 Figure 5.2. Pakistan: The Aga Khan Rural Support Program



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FOREWORD

This is the fourth independent evaluation by the World Bank's Operations Evaluation Department of the Aga Khan Rural Support Program (AKRSP) in northern Pakistan. Requested and funded by the Aga Khan Foundation (AKF) and some of its co-donors, the evaluation was undertaken to assist the AKRSP in shifting its strategy to accommodate a changing environment and new challenges. It looked at both the period since the last, 1995 evaluation and the full period since program initiation in 1982.

Now in its nineteenth year, the program has spawned a number of similar programs both within Pakistan and elsewhere. This evaluation offers not only the AKF and the AKRSP, but also the global rural development community, including the World Bank, an opportunity to learn from an innovative and successful program that now covers about 90 percent of the households in the area it serves.

Some of the lessons from this experience have broad relevance for the rural development community:

- In rural areas, broad and sustained gains in economic and social welfare must be based on stable increases in output. Increased output requires that appropriate technology be available that yields relatively quick returns.
- The program has pursued a high input/high output strategy that has exploited complemen-

PREFACIO

Esta es la cuarta evaluación independiente que el Departamento de Evaluación de Operaciones del Banco Mundial realiza sobre el Programa Aga Khan de apoyo al sector rural (AKRSP, por su sigla en inglés) en el Pakistán septentrional. La evaluación, solicitada y financiada por la Fundación Aga Khan y algunos de sus codonantes, se llevó a cabo con el fin de ayudar al AKRSP a acomodar su estrategia a las nuevas circunstancias y desafíos. Se consideró tanto el período posterior a la última evaluación, en 1995, como todo el tiempo transcurrido desde la iniciación del programa, en 1982.

El programa, que cuenta ya con 19 años, ha generado una serie de iniciativas semejantes, tanto dentro de Pakistán como en otros países. Esta evaluación ofrece, no sólo a la Fundación Aga Khan y al AKRSP sino también a las instituciones de todo el mundo interesadas en el desarrollo rural, incluido el Banco Mundial, una oportunidad de aprender de un programa innovador y fructífero, que abarca ahora más del 90% de los hogares de la zona donde se está llevando a cabo.

Algunas de las enseñanzas de esta experiencia son muy valiosas para todos los interesados en el desarrollo rural:

- En las zonas rurales, los progresos amplios y sostenidos del bienestar económico y social deben estar basados en aumentos estables de la producción. Para aumentar la producción se requieren tecnologías adecuadas

AVANT-PROPOS

Ce rapport constitue la quatrième évaluation indépendante du Programme d'appui rural Aga Khan (PARAK) dans le nord du Pakistan, réalisée par le Département d'évaluation des opérations de la Banque mondiale. Commissionnée et financée par la Fondation Aga Khan (FAK) et certains de ses co-donateurs, l'évaluation a été entreprise dans le but d'aider le PARAK à réorienter sa stratégie afin d'accommoder un environnement en mutation et de nouvelles réalités. Il couvre non seulement la période depuis l'évaluation précédente de 1995, mais aussi toute la période écoulée depuis le lancement du programme en 1982.

Maintenant dans sa dix-neuvième année, le programme donne naissance à d'autres programmes similaires tant au Pakistan qu'ailleurs. La présente évaluation offre non seulement à la FAK et au PARAK, mais aussi à toute la communauté de développement rural, y compris la Banque mondiale, l'occasion de tirer des leçons d'un programme novateur réussi qui couvre aujourd'hui 90 % environ des ménages dans la région desservie.

Certaines leçons tirées de cette expérience présentent un grand intérêt pour la communauté de développement rural.

- Dans les zones rurales, les grands gains concernant le bien-être économique et social doivent être basés sur un accroissement stable du rendement. Ce rendement accru exige qu'une technologie appropriée

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tarities among the program components and efficiently used the region's scarce community facilitation and program management skills.

- Expansion (scaling up) is a slow process even

with skilled facilitators, as there are few economies of scale. However, expansion by grafting new programs into locations with similar circumstances offers substantial leverage.

- Partnerships—between government, civil society, NGOs, and the private sector—with actionable and measurable commitments should be formally agreed at the start of a program to ensure clarity of roles and to create incentives for performance.
- Eventual exit at the community level should be a phased process of increasingly differentiated but diminishing community support tailored to, and partly by, each community, with whom such strategies should be agreed up front.

This evaluation was largely completed before September 11, 2001. Clearly the subsequent events will have a substantial impact on the Northern Areas and Chitral, which have social and economic similarities to neighboring Afghanistan, and some of the findings here may be relevant to the reconstruction of Afghanistan. At least temporarily, this region may experience increased local sensitivity to sectarian issues, some initial diversion of government attention from development issues to security, and a significant increase in donor support for

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que permitan conseguir rendimientos relativamente rápidos.

- El programa ha adoptado una estrategia de altos insumos y producción elevada, que ha aprovechado las complementa-

riedades entre los componentes y ha utilizado con eficiencia la escasa capacidad de facilitación comunitaria y gestión de programas de la región.

- La expansión (reproducción en escala superior) es un proceso lento aun cuando se disponga de personal experimentado, ya que hay pocas economías de escala. No obstante, la expansión basada en la introducción de nuevos programas en lugares con circunstancias semejantes puede tener un considerable efecto multiplicador.
- Las asociaciones —entre el gobierno, la sociedad civil, las ONG y el sector privado— con compromisos aplicables y cuantificables deberían aprobarse por consenso al comienzo del programa, para garantizar la claridad de funciones e incentivar el desempeño.
- La estrategia de salida debería ser un proceso gradual de apoyo comunitario cada vez más diferenciado pero decreciente, de acuerdo con las necesidades de cada comunidad, con la que deberían aprobarse inicialmente dichas medidas.

Esta consulta se terminó en buena parte antes del 11 de septiembre de 2001. Obviamente, los acontecimientos posteriores tendrán notable repercusión en las zonas septentrionales y el distrito de Chitral, que presentan semejanzas sociales y económicas con el vecino

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soit disponible et engendre un retour sur l'investissement relativement immédiat.

- Le programme a poursuivi une stratégie de hauts intrants/hauts rendements qui exploite les

complémentarités des composants du programme et utilise efficacement les rares compétences de facilitation communautaires et de gestion du programme dans la région.

- L'expansion (augmentation graduelle) est un processus lent même avec l'aide de facilitateurs qualifiés, car les économies d'échelle sont peu nombreuses. Cependant, l'expansion par greffe de nouveaux programmes dans des contextes similaires a de grands avantages.
- Les partenariats — entre le gouvernement, la société civile, les ONG et le secteur privé — accompagnés d'engagements donnant droit d'action et de mesure devraient être conclus dès le début d'un programme afin d'assurer la définition claire des rôles et de créer des incitations à la performance.
- Le désengagement éventuel au niveau communautaire devrait être un processus échelonné de l'appui communautaire de plus en plus différencié mais déclinant adapté à, et en partie par, chaque communauté avec laquelle ces stratégies ont été convenues au départ.

Le DEO a consulté toutes les parties prenantes clés et a visité un village échantillon. Les points de vue, y compris les avis dissidents, ont été minutieusement considérés. Les opinions exprimées dans le pré-

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Pakistan. This does not substantially change the *direction* of the findings and recommendations, but the climate of uncertainty may call for greater flexibility regarding the *rate* of the shift. This does not necessarily mean a slow-down. Opportunities may be created that should be seized quickly, and it will be essential to remain in touch with the needs of the clients in the villages, particularly the needs of the various groups within villages and within community organizations.

OED consulted with all the key stakeholders and visited a sample of villages. Their views, including those in dissent, were carefully considered. The opinions expressed in this report do not necessarily represent the views of the AKF, the AKRSP, the other donor agencies, the government of Pakistan, or the World Bank.

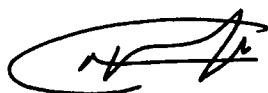
ESPAÑOL

Afganistán, y algunas de las conclusiones aquí ofrecidas pueden ser de interés para la reconstrucción de Afganistán. Al menos temporalmente, esta región puede experimentar una mayor sensibilidad local a las cuestiones sectarias, cierto abandono gubernamental de las cuestiones del desarrollo en aras de la seguridad, y un aumento significativo del apoyo de los donantes a Pakistán. Ello no cambia sustancialmente la *dirección* de las conclusiones y recomendaciones, pero el clima de incertidumbre puede requerir mayor flexibilidad sobre el *ritmo* del cambio. Todo esto no significa necesariamente una desaceleración. Pueden surgir oportunidades que deberían aprovecharse de inmediato, y será fundamental permanecer en contacto con las necesidades de los clientes en las aldeas, en particular con las necesidades de los distintos grupos dentro de las aldeas y dentro de la organización comunitaria.

El DEO ha consultado a todas las principales partes interesadas y ha visitado una muestra de aldeas. Se tuvieron muy en cuenta sus opiniones, aun cuando se mostraron en desacuerdo. Las opiniones recogidas en este informe no representan necesariamente las de la Fundación Aga Khan, el AKRSP, los otros organismos donantes, el gobierno de Pakistán o el Banco Mundial.

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sent rapport ne reflètent pas nécessairement les points de vue de la FAK, du PARAK ou d'autres organismes de donateurs, du gouvernement pakistanais ou de la Banque mondiale.



Robert Picciotto
Director-General, Operations Evaluation

EXECUTIVE SUMMARY

The Aga Khan Rural Support Program (AKRSP), like many a traveler before them in these high mountains, has reached a summit, only to see a greater peak ahead. For 18 years the AKRSP has helped community groups throughout the Northern Areas and Chitral District of Pakistan in a development effort that has become a model for rural programs throughout the country and across the globe. But donor fatigue is now raising the prospect of a leaner future, community and area development is becoming more complex, maintaining incentives for participation faces challenges, and the poorer areas and people the AKRSP is now focusing on need even greater creative effort to achieve success. As a new donor funding cycle approaches, the AKRSP is gauging the path of its next ascent, taking stock of its many accomplishments, and seeking to define its future relationship with all of its stakeholders. This evaluation, the fourth commissioned since 1986 from the Operations Evaluation Department (OED) of the World Bank, is intended to assist that process.

The evaluation assesses the development outcome of both the full 18-year life of the AKRSP and the 5-year period since the last evaluation. It focuses on four program components: community organizations, infrastructure development, natural resource management, and microfinance. The criteria that have been used to assess program performance

RESUMEN

El Programa Aga Khan de apoyo al sector rural (AKRSP, por su sigla en inglés), como muchos otros viajeros que le precedieron en estas altas montañas, ha coronado una cima, para encontrarse con una cumbre todavía más alta. Desde hace 18 años, el AKRSP ayuda a los grupos comunitarios de todas las zonas septentrionales y del distrito de Chitral (ZSC), en Pakistán, en una iniciativa de desarrollo que se ha convertido en modelo para programas rurales en el país y en todo el mundo. Pero la fatiga de los donantes está llevando ahora a plantearse la perspectiva de un futuro menos ambicioso, el desarrollo de las comunidades y regiones está adquiriendo mayor complejidad, el mantenimiento de incentivos para la participación se encuentra con importantes problemas y las zonas y personas más pobres en que el AKRSP está concentrando ahora su atención necesitan un esfuerzo todavía más creativo. Al acercarse un nuevo ciclo de financiamiento de los donantes, el AKRSP está tratando de determinar el itinerario de su próxima escalada, tomar nota de sus numerosos logros y aclarar su relación futura con todas las partes interesadas. Esta evaluación, la cuarta solicitada desde 1986 al Departamento de Evaluación de Operaciones (DEO) del Banco Mundial, tiene como objetivo contribuir a ese proceso.

En esta evaluación se determinan los resultados en términos de desarrollo tanto de los 18 años de vida del AKRSP como de los cinco años transcurridos desde la última evaluación. Se presta especial aten-

RÉSUMÉ ANALYTIQUE

Le Programme d'appui rural Aga Khan (PARAK), comme tant d'autres avant lui dans ces chaînes montagneuses, n'a atteint un sommet que pour en apercevoir un autre plus grand devant lui. Depuis 18 ans, le PARAK aide les groupements communautaires des zones du Nord et du district Chitral au Pakistan dans leur effort de développement qui est devenu un exemple de programme rural dans tout le pays et dans le monde entier. Mais la fatigue des organismes donateurs laisse à penser que l'avenir sera plus difficile ; en effet, le développement zonal et communautaire devient de plus en plus complexe, et le maintien des incitations à la participation pose des défis ; ainsi, les zones pauvres et populations ciblées par le PARAK devront bénéficier de plus grands efforts novateurs pour réussir. Alors que les donateurs entrent dans un nouveau cycle de financement, le PARAK explore le chemin à suivre pour sa prochaine ascension, tout en faisant le bilan de ses nombreuses activités et en cherchant à définir ses futures relations avec toutes ses parties prenantes. La présente évaluation (la quatrième commissionnée depuis 1986 par le Département de l'évaluation des opérations (DEO) de la Banque mondiale, a pour but de faciliter ce processus.

L'évaluation fait le bilan des résultats du développement à la fois pendant les 18 années de durée de vie du PARAK et la période de 5 ans qui s'est écoulée depuis l'évaluation précédente. Elle est centrée sur quatre composantes du programme : les organisations commu-

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are those used by OED for World Bank projects: relevance, efficacy, efficiency, institutional development impact, and sustainability.

The methods used in this evaluation consisted mainly of group and individual discussions in a sample of 24 villages selected to represent a spread of village types and capacities. It also included economic analysis; a microfinance staff workshop; application of four semiformal village questionnaires; an institutional survey of AKRSP staff; analysis of socio-economic survey data collected in 1991 and 1997; review of the extensive AKRSP literature, including other donor evaluations; an investigation of cost comparators of other rural development projects; and discussions with senior staff of the program components and the administrations.

To assess the challenges of this program it is necessary to understand that the Northern Areas (although not Chitral, which is part of North West Frontier Province) is militarily sensitive and politically different from the rest of Pakistan. For historical reasons, it is a federally administered area, under the jurisdiction of Pakistan's Federal Minister of Kashmir Affairs and Northern Areas and a Legislative Council, headed by a federally appointed chief executive and consisting of 24 locally elected members who elect a deputy chief executive. The people of the Northern Areas do not elect members to Pakistan's National Assembly, nor are they directly taxed, but they are provided a number of subsidies.

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ción a cuatro componentes del programa: organizaciones comunitarias, desarrollo de la infraestructura, gestión de los recursos naturales y microfinanciamiento. Los criterios utilizados para evaluar el desempeño del programa

son los empleados por el DEO para los proyectos del Banco Mundial: pertinencia, eficacia, eficiencia, efectos en el desarrollo institucional y sostenibilidad.

Los métodos empleados para esta evaluación han sido sobre todo conversaciones colectivas e individuales en una muestra de 24 aldeas seleccionadas en representación de una gran diversidad de tipos de aldeas y capacidades. Se han utilizado también los siguientes medios: el análisis económico, un taller sobre microfinanciamiento para el personal, la aplicación de cuatro cuestionarios semiformales en las aldeas, una encuesta institucional del personal del AKRSP, el análisis de datos socioeconómicos recopilados mediante encuestas entre 1991 y 1997, el estudio de las numerosas publicaciones del AKRSP (incluidas las evaluaciones de otros donantes), una investigación de los comparadores de costos de otros proyectos de desarrollo rural y conversaciones con el personal de rango superior sobre los componentes del programa y las administraciones.

Para evaluar los desafíos que presenta este programa es preciso comprender que las zonas septentrionales (aunque no Chitral, que forma parte de la Provincia de la Frontera Noroccidental) son de importancia crítica desde el punto de vista militar y políticamente diferentes del resto de Pakistán. Por razones históricas, se trata de una zona administrada federalmente,

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nautaires, le développement de l'infrastructure, la gestion des ressources naturelles et le microfinancement. Les critères utilisés pour évaluer la performance du programme sont ceux que le DEO utilise pour les projets de la Banque mondiale : pertinence, efficacité, impact sur le développement institutionnel et durabilité.

Les méthodes utilisées pour l'évaluation ont été principalement des discussions en groupes et individuelles dans 24 villages-échantillons sélectionnés de façon à représenter la diversité des villages et de leurs capacités. Elles ont également consisté en des analyses économiques, un atelier pour le personnel sur le microfinancement, l'application de quatre questionnaires villageois semi-formels, une enquête institutionnelle du personnel du PARAK, l'analyse des données de l'enquête socio-économique recueillies en 1991 et 1997, une revue de la vaste littérature sur le PARAK (y compris les évaluations effectuées par d'autres organismes donateurs), une enquête sur les comparateurs de coûts d'autres projets de développement rural, et des discussions avec les cadres responsables des composantes du programme et des administrations.

Avant d'aborder les défis de ce programme, il est nécessaire de comprendre que les zones du nord (sauf la zone Chitral qui est située dans la Province frontière nord-ouest) constituent une région critique en termes militaires et politiquement différente du reste du pays. Pour des raisons historiques, c'est une zone administrée par le gouvernement fédéral pakistanais sous la juridiction du ministre fédé-

Outcome

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The achievements of the AKRSP have been highly satisfactory. Results have been remarkable over both its 18-year life and its most recent 5-year period. While weaknesses have appeared

in some areas, they are matched by strengths rarely found in rural development interventions. Furthermore, based on the program's quick and creative responses to emerging problems in the past, the AKRSP can be expected to modify its strategy and tactics as new priorities and opportunities appear.

By adopting a flexible approach and learning from experience, the program has maintained substantial relevance to the development priorities of Pakistan and the Northern Areas and Chitral (NAC) since its inception in late 1982. More recently, however, its relevance has been threatened by continued weakness in government capacity; declining frequency of infrastructure investment at the village level that in the past served to bind community organizations in a common purpose; increased pluralism in community organizations; too little progress in bringing women into the mainstream; declines in saving and credit flows; and increased overdues in microfinance. These changes in the program environment, while challenging, also present renewal and partnership opportunities for the AKRSP.

Efficacy (achievement of objectives) has been fully satisfactory, in most respects highly satisfactory. Incomes have increased substantially, certainly beyond the

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bajo la jurisdicción del Ministro Federal de Asuntos de Cachemira y las Zonas Septentrionales y un Consejo Legislativo, presidido por un jefe ejecutivo de nombramiento federal e integrado por 24 miembros localmente

elegidos, que eligen a su vez a un jefe ejecutivo adjunto. La población de las zonas septentrionales no elige a los miembros de la Asamblea Nacional de Pakistán ni está sometida a impuestos directos, pero recibe algunos subsidios.

Resultado

Los logros del AKRSP han sido muy satisfactorios. Los resultados han sido notables tanto en sus 18 años de vida como en los cinco últimos años. Si bien se han detectado deficiencias en algunas esferas, están contrarrestadas por ventajas que rara vez se encuentran en intervenciones en favor del desarrollo rural. Además, habida cuenta de las rápidas y creativas respuestas del programa a los problemas aparecidos en el pasado, es de prever que el AKRSP modifique su estrategia y tácticas a medida que aparezcan nuevas prioridades y oportunidades.

Al adoptar un planteamiento flexible y aprender de la experiencia, el programa ha mantenido una pertinencia sustancial en relación con las prioridades de desarrollo de Pakistán y las zonas septentrionales y Chitral desde su comienzo, a finales de 1982. No obstante, más recientemente su pertinencia se ha visto amenazada por las persistentes deficiencias de la capacidad de gobierno; la menor frecuencia de inversiones en infraestructura en las aldeas, que en el pasado contribuyeron a unir a las organizaciones comunitarias en la búsqueda de un

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ral des Affaires du Cachemire et des zones septentrionales, et d'un Conseil législatif dirigé par un premier magistrat désigné au plan fédéral, qui comprend 24 membres élus localement et chargés d'élire un sous-

premier magistrat. Les populations des zones du nord n'élisent pas les membres de l'Assemblée nationale pakistanaise et ne sont pas soumises à l'impôt direct, mais elle bénéficie de subventions.

Résultats

Les résultats du PARAK sont très satisfaisants. Ils ont été remarquables aussi bien pendant ses 18 ans d'exécution que pendant sa période plus récente de 5 ans. Si on note des faiblesses dans certains domaines, elles sont amplement compensées par des forces rarement relevées dans les interventions de développement rural. De plus, si l'on se base sur la réaction rapide et novatrice du programme face aux problèmes émergents du passé, on peut anticiper que le PARAK sera en mesure de modifier sa stratégie et sa tactique à mesure qu'apparaîtront de nouvelles priorités et opportunités.

En adoptant une démarche souple et en tirant des leçons de l'expérience, le programme est demeuré en grande partie pertinent pour ce qui est des priorités du Pakistan et des Zones du nord/Chitral (ZNC) depuis son lancement en fin d'année 1982. Toutefois, sa pertinence a été mise en danger récemment en raison de la médiocre performance persistante du gouvernement, du déclin de la fréquence des investissements dans l'infrastructure villageoise qui autrefois liaient les organisations com-

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original target of a doubling in real terms. It is difficult to prove attribution at the aggregate level absent a "without program" control, but both the economic analysis and analysis of the 1991 and 1997 socio-economic

data suggest that a share of these benefits—more than sufficient to justify the cost—is attributable to the AKRSP. The program appears to have been very effective in enhancing beneficiary capacity and building social capital. The objective of replicability has been fully achieved, both within Pakistan and elsewhere, and in many respects the program has become a laboratory for rural development. About eight major programs or projects in Pakistan have drawn substantially from AKRSP experience, including the National Rural Support Program and the ongoing World Bank-supported Poverty Alleviation Project. Outside Pakistan, other programs—supported not only by the Aga Khan Foundation but by other donors as well—use community-based processes drawn substantially or partly from the AKRSP. While efficacy in achieving the AKRSP's earlier objective of "working itself out of a job" has been negligible, it is questionable whether this was a realistic objective at the time. Even today it is probably unrealistic at a program level, although it is realistic for an increasing number of more mature community organizations.

Efficiency has been satisfactory in terms of the costs of achieving these results. While the AKRSP is at the top end of a range of global and local comparators for operating costs per household,

ESPAÑOL

objetivo común; el mayor pluralismo de las organizaciones comunitarias; el escaso progreso en la integración de la mujer; el descenso de los flujos de ahorro y crédito, y el aumento de las deudas pendientes en las actividades

de microfinanciamiento. Estos cambios en el entorno del programa, si bien representan un desafío, ofrecen también oportunidades de renovación y asociación para el AKRSP.

La eficacia (logro de los objetivos) ha sido satisfactoria y, en la mayor parte de los aspectos, muy satisfactoria. Los ingresos han aumentado de forma sustancial, ciertamente más del objetivo original de duplicarlos en términos reales. Es difícil determinar la atribución en cifras globales, dada la ausencia de una hipótesis de control "sin programa", pero tanto el análisis económico como el estudio de los datos socioeconómicos de 1991 y 1997 parecen indicar que una parte de estos beneficios —más de lo suficiente para justificar el costo— es atribuible al AKRSP. Parece que el programa ha sido muy eficaz en lo que respecta a aumentar la capacidad de los beneficiarios e incrementar el patrimonio social. El objetivo de posibilidad de reproducción se ha conseguido plenamente, tanto dentro de Pakistán como en otros lugares, y en muchos sentidos el programa se ha convertido en un laboratorio para el desarrollo rural. Unos ocho grandes programas o proyectos de Pakistán se han basado ampliamente en la experiencia del AKRSP, incluido el programa nacional de apoyo rural y el actual proyecto de reducción de la pobreza respaldado por el Banco Mundial. Fuera de Pakistán, otros programas —patrocinados no sólo por la Fun-

FRANÇAIS

munautaires à leur but commun, le pluralisme croissant des organisations communautaires, le peu de progrès vers l'intégration des femmes dans le processus général, le déclin de l'épargne et de circulation du crédit, et les

arriérés de paiement du microfinancement de plus en plus nombreux. Bien que redoutables, ces changements dans l'environnement du programme sont aussi pour le PARAK des opportunités de renouveau et de partenariats.

L'efficacité (atteinte des objectifs) est très satisfaisante à bien des égards. Les revenus ont augmenté sensiblement, certes bien au-delà de la cible initiale de doublement en termes réels. Il est difficile d'en prouver l'attribution au niveau d'agrégat en l'absence de contrôle « sans programme » ; mais l'analyse économique et celle des données socio-économiques effectuées en 1991 et 1997 montrent qu'une partie de ces avantages — plus que suffisante pour en justifier le coût — est imputable au PARAK. Le programme semble avoir été très efficace en matière d'amélioration de la capacité des bénéficiaires et d'augmentation du capital social. L'objectif de duplication a été pleinement atteint aussi bien au Pakistan qu'ailleurs et, à bien des égards, le programme est devenu un laboratoire de développement rural. Au Pakistan, environ huit grands projets ont tiré des leçons de l'expérience du PARAK, dont le Programme national d'appui rural et le Projet de réduction de la pauvreté en cours cofinancé par la Banque mondiale. En dehors du Pakistan, d'autres programmes — cofinancés non seulement par la Fondation Aga Khan mais aussi par

ENGLISH

the estimated economic rate of return of at least 16 percent—probably closer to 25 to 30 percent if all benefits could be quantified and attributed—suggests the investment choices have been sound.

It should be possible, however, to improve efficiency even further through greater tailoring of community support to community self-help capacity, through increased collaboration within the Aga Khan Development Network (AKDN) family, and through a higher level of cost recovery for investments, particularly for private goods and for training.

Institutional Development Impact

Community organizations lie at the heart of the AKRSP approach. Village organizations started by the program have been the mechanism for developing social and human capital; creating infrastructure; carrying out savings and loan activities; improving agriculture, livestock, and forestry; and providing a convenient channel for government and other agencies to respond to village needs. The achievements have been impressive and, unlike many other donor-funded interventions, sustained. Currently, two main types of organizations are being supported: village organizations for men and women's organizations, although umbrella local development organizations are becoming increasingly important. Within the villages there is widespread acknowledgment of what these organizational structures have done for members, and there is survey evidence that

ESPAÑOL

dación Aga Khan sino también por otros donantes—utilizan procesos de base comunitaria inspirados en mayor o menor medida en el AKRSP. Si bien la eficacia en el logro del objetivo inicial de “llegar a no ser necesarios” ha sido insignificante, quizá este objetivo no era muy realista en aquellas fechas. Incluso hoy día es probablemente poco realista desde la perspectiva del programa, aunque puede serlo para un número creciente de organizaciones comunitarias más maduras.

La eficiencia ha sido satisfactoria en lo que respecta a los costos contraídos para alcanzar esos resultados. Si bien el AKRSP se encuentra en el extremo superior de una serie de comparadores mundiales y locales en lo que se refiere a los costos de explotación por hogar, la tasa de rentabilidad económica estimada de al menos el 16% —y probablemente más próxima al 25%-30%, si se cuantifican y atribuyen todos los beneficios— parece indicar que las decisiones de inversión han sido acertadas. No obstante, sería posible lograr una eficiencia todavía mayor mediante una mejor adaptación del apoyo comunitario a la capacidad de autoayuda de la comunidad, una mayor colaboración con la Red de Desarrollo Aga Khan (AKDN, por sus siglas en inglés) y un mayor nivel de recuperación de costos para las inversiones, sobre todo en lo que se refiere a los bienes privados y la capacitación.

Efectos en el desarrollo institucional

Las organizaciones comunitarias ocupan un lugar central en el planteamiento del AKRSP. Las organizaciones rurales iniciadas por el

FRANÇAIS

d'autres organismes donateurs — utilisent des processus communautaires tirés en tout ou partie du PARAK. Bien que l'efficacité pour atteindre l'objectif établi plus tôt et qui consistait à « ne plus rien avoir à faire » ait

été négligeable, il est maintenant présumé douteux qu'il ait été réaliste à l'époque. Même aujourd'hui, il est probablement chimérique au niveau d'un programme, mais il reste réaliste au niveau d'un nombre croissant d'organisations communautaires plus matures.

L'efficacité a été atteinte en termes de coûts pour arriver à ces résultats. Bien que le PARAK se place à l'extrémité supérieure d'une plage de comparateurs mondiaux et locaux des coûts de fonctionnement par ménage, le taux de rentabilité économique estimé à 16 pour cent au moins — probablement plus près de 25 à 30 pour cent si tous les avantages pouvaient être quantifiés et imputés — laisse à penser que les investissements choisis étaient solides. Il devrait toutefois être possible d'améliorer l'efficacité encore davantage à travers l'adaptation plus poussée de l'appui communautaire à la capacité d'entraide des communautés, grâce à une collaboration plus serrée au sein du groupe de Réseaux de développement Aga Khan (RDAK) et d'un plus haut niveau de recouvrement des coûts d'investissement, en particulier dans les biens privés et la formation professionnelle.

Impact sur le développement institutionnel

Les organisations communautaires sont au cœur de l'approche du PARAK. Les organisations villageoises établies par le programme ont

ENGLISH

being in a village with community organizations brings a range of benefits.

Based on the strength of the program's community orientation, these organizations, or their evolving forms, will likely remain

the locus of the AKRSP's development effort. In the future, however, resource constraints and sustainability goals will dictate an increasing degree of *differentiation* in the effort the AKRSP devotes to different types of organizations. For example, the AKRSP may have to choose between supporting high-fliers with good business skills relevant to the needs of the local economy; or organizations that have primarily social objectives, such as managing conflict resolution or canvassing for girls' education; or simply the most economically disadvantaged areas and villages. Designing an effective, differentiated approach will call for a good understanding of the differences in village institutional maturity, the reasons for those differences—the status of social capital, the needs of different groups—and for evaluation of the relative poverty impacts of alternative approaches.

The main weakness of the AKRSP, which owes its origin partly to the very success of the program, is related to institutional development and institutional sustainability in the broadest sense. If the AKRSP were to close tomorrow, there would be a large institutional gap in the NAC, a gap that other agencies, most significantly the district administrations, could not fill. While the AKRSP has contributed positively to gov-

ESPAÑOL

programa han sido el mecanismo utilizado para el desarrollo del capital social y humano, la creación de infraestructura, la realización de actividades de ahorro y préstamo, la mejora de la agricultura, la ganadería y la

silvicultura, y el establecimiento de un cauce válido para que el gobierno y otros organismos respondan a las necesidades de las aldeas. Los logros han sido impresionantes y, a diferencia de muchas otras inversiones financiadas por donantes, duraderos. En la actualidad, se presta apoyo a dos tipos principales de organización —organizaciones rurales para hombres y organizaciones de mujeres—, aunque cada vez están adquiriendo mayor importancia las organizaciones de desarrollo rural de carácter más amplio. Dentro de las aldeas se reconoce en general lo que estas estructuras organizativas han hecho por sus miembros, y en las encuestas hay testimonios de que el pertenecer a una aldea con organizaciones comunitarias representa una serie de beneficios.

Teniendo en cuenta la importancia de la orientación comunitaria del programa, estas organizaciones, o las que resulten de su evolución, continuarán siendo probablemente el núcleo de los esfuerzos de desarrollo del AKRSP. No obstante, en el futuro las limitaciones de recursos y los objetivos de sostenibilidad impondrán un grado cada vez mayor de *diferenciación* en el esfuerzo que el AKRSP dedicará a los diferentes tipos de organización. Por ejemplo, es posible que el AKRSP tenga que elegir entre apoyar a las personas más ambiciosas con dotes empresariales valiosas para la economía local o a las organizaciones que tienen fundamentalmente objetivos sociales,

FRANÇAIS

servi de mécanismes de développement du capital social et humain en créant l'infrastructure, en réalisant des activités d'épargne immobilière, en améliorant les secteurs de l'agriculture, de l'élevage et de la foresterie,

et en servant de réseau à la disposition des gouvernements et autres organismes donateurs pour répondre aux besoins villageois. Les résultats ont été impressionnants et, contrairement à d'autres interventions financées par des donateurs, ils sont durables. Pour l'instant, deux grands types d'organisations bénéficient d'un appui : les organisations villageoises masculines et les organisations villageoises féminines dans un milieu où les organismes ombrelles de développement rural deviennent de plus en plus importants. Dans les villages, on sait très bien ce que ces structures organisationnelles font pour leurs membres et, d'après les enquêtes, il est évident que le fait d'appartenir à un village doté d'organisations communautaires apporte toutes sortes d'avantages.

En raison de l'orientation communautaire solide du programme, il est probable que ces organisations (ou leurs formes évoluées) demeureront le locus de l'effort de développement du PARAK. Dans l'avenir cependant, les contraintes de ressources et la durabilité des résultats seront les préceptes du degré croissant de *différentiation* de l'effort consacré par le PARAK aux divers types d'organisations. Par exemple, le PARAK devra peut-être choisir entre l'appui aux « élites » possédant une expertise commerciale solide pour satisfaire les besoins de l'économie locale, l'appui à des organisations dont les objectifs seront

ENGLISH

ernment initiatives in the NAC, and even sought to influence national policy, it is more difficult to discern the AKRSP's handiwork in the line departments of government, the private sector, and provincial and national policymaking forums. Yet it is success in these arenas that will largely determine the course of the region's future progress. Without a marked improvement in the government's development capacity, long-run sustained progress in the NAC will remain elusive. While government performance is not the AKRSP's responsibility, a more equal partnership of all key players in the NAC should now be seen by the AKRSP, by AKRSP donors, by government, and by government donors as the essential locus of future development and the key instrument in best serving the future needs of the people of the NAC.

All in all, the AKRSP was found to be well managed—based partly on an institutional survey undertaken by the evaluation team. Some shortcomings in the AKRSP's human resource policies remain, however, especially the long-standing issue of gender imbalance. The AKRSP is rightly planning to make a number of organizational changes to better align itself to changes in its strategic focus. In reorganizing, the AKRSP should continue to be guided by organizational equity as in the past, but it should also be guided by the demands of the overarching goal of forging a development coalition in the NAC through interlocking partnerships with all key players. Reorganizing

ESPAÑOL

como lograr la resolución de conflictos o promover la educación de las niñas, o simplemente a las zonas y aldeas más desfavorecidas económicamente. La designación de un planteamiento eficaz y diferenciado requerirá una comprensión adecuada de las diferencias en la madurez institucional de las aldeas, las razones de esas diferencias —situación del patrimonio social, necesidades de los diferentes grupos— y una evaluación de los aspectos relativos que los distintos enfoques pueden tener en la pobreza.

La principal deficiencia del AKRSP, que debe su origen en parte al éxito mismo del programa, está relacionada con el desarrollo institucional y la sostenibilidad institucional en sentido más amplio. Si el AKRSP desapareciera mañana, habría una gran brecha institucional en las ZSC, brecha que otros organismos, en particular las administraciones de distrito, no podrían cubrir. Si bien el AKRSP ha contribuido positivamente a las iniciativas gubernamentales en las ZSC, e incluso trató de influir en las políticas nacionales, es más difícil determinar la labor del AKRSP en los departamentos sectoriales del gobierno, el sector privado y los foros de formulación de políticas nacionales y provinciales. No obstante, es precisamente su éxito en estas esferas lo que determinará en buena medida el curso del progreso futuro de la región. Sin una notable mejoría de la capacidad de desarrollo del gobierno, será imposible conseguir un progreso sostenido a largo plazo en las ZSC. Si bien el desempeño gubernamental no es responsabilidad del AKRSP, una asociación más igualitaria de todas

FRANÇAIS

principalement d'ordre social, tels que la gestion de la résolution des conflits ou le démarchage pour l'éducation des filles, et l'appui simplement aux zones et villages les plus démunis sur le plan économique. L'élaboration d'une approche différenciée efficace exigera une bonne compréhension des différences de maturité des institutions villageoises, les raisons de ces différences — le statut du capital social, les besoins des divers groupes — et une évaluation des impacts relatifs d'autres approches.

La principale faiblesse du PARAK, qui est en partie imputable à la réussite même du programme, se rapporte au développement et à la durabilité institutionnels dans le sens le plus large. Si le PARAK devait être abandonné demain, il y aurait un « trou » institutionnel dans les ZNC que les autres organismes ne pourraient pas combler, surtout les administrations au niveau des districts. Il est certes évident que le PARAK a contribué de manière positive aux initiatives gouvernementales dans les ZNC, et a même recherché à influencer la politique nationale, mais il est plus difficile de discerner les activités du PARAK dans les ministères concernés, le secteur privé et les forums nationaux et provinciaux de prise de décisions. Et pourtant, c'est la réussite dans cette arène qui déterminera en grande partie le cours de l'évolution future de la région. Sans amélioration marquée de la capacité de développement gouvernementale, les avancées durables à long terme dans les ZNC demeureront élusives. Bien que le PARAK ne soit pas responsable de la performance gouvernementale, un par-

ENGLISH

for partnership will call for arrangements that encourage the closest possible interaction with the key institutions in the NAC, especially with government and the AKDN. *It is this goal that should be given*

the greatest weight in framing the AKRSP's future organization.

Sustainability

The approach and development ideas of the AKRSP are sustainable, as demonstrated by their replication elsewhere. Many of the village organizations created by the program have matured and would likely survive without close AKRSP supervision—"it would be difficult, but we would manage," in the words of one community leader. The infrastructure built under the program is also sustainable because it was village-chosen, is well maintained, and provides a positive return. Sustainability of the microfinance program has been and remains good, despite recent operational failures, and the program is now being passed on to a new, AKRSP-controlled bank. There are, however, some notable sustainability risks.

The most obvious, but one that is shared with all non-endowment, donor-supported programs, is that the AKRSP is not financially sustainable. It relies on the continuing patronage of donors. Signs of donor fatigue may lead to reduced funding in the future (although recent events in the region may change that). If the AKRSP tightens its belt; if it vigorously pursues the goal of a development coalition; if it develops a new strategy pursuing effi-

ESPAÑOL

las principales partes interesadas en las ZSC debería ser considerada ahora por el AKRSP, por los donantes del AKRSP, por el gobierno y por los donantes del gobierno como elemento fundamental del desarrollo futuro

y como instrumento clave para atender mejor las necesidades futuras de la población de las ZSC.

En conjunto, se ha observado que el AKRSP está bien administrado, según resultados basados en parte en una encuesta institucional realizada por el equipo de evaluación. No obstante, continúan algunos de los inconvenientes en las políticas de recursos humanos del AKRSP, en particular el problema ya tradicional del desequilibrio entre el hombre y la mujer. El AKRSP está planificando la introducción de una serie de cambios organizativos para acomodarse mejor a las transformaciones de su orientación estratégica. En esa reorganización, el AKRSP debería seguir teniendo como norma la equidad, lo mismo que en el pasado, pero debería también tener en cuenta las demandas del objetivo global de establecer una coalición para el desarrollo en las ZSC mediante asociaciones mutuas con todos los participantes principales. Esta reorganización exigirá el establecimiento de mecanismos que alienten la interacción más estrecha posible con las instituciones clave de las ZSC, especialmente con el gobierno y la AKDN. *Este objetivo debería recibir la máxima importancia al configurar la organización futura del AKRSP.*

Sostenibilidad

El planteamiento y las ideas de desarrollo del AKRSP son sostenibles, como demuestra su aplicación en otros lugares. Muchas de las organi-

FRANÇAIS

tenariat mieux équilibré entre tous les acteurs clés des ZNC devrait être maintenant considéré par le PARAK et ses organismes donateurs, et le gouvernement et ses organismes donateurs, comme le locus essentiel du

développement à venir et l'instrument clé pour mieux répondre aux besoins futurs des populations des ZNC.

Somme toute, il a été déterminé que le PARAK avait été bien exécuté — selon, en partie, une enquête institutionnelle effectuée par l'équipe d'évaluation. On note encore cependant quelques insuffisances dans les politiques de ressources humaines, notamment la question ancienne déjà portant sur l'inégalité entre les sexes. Le PARAK prévoit à juste titre d'apporter quelques changements organisationnels afin d'être dans le droit fil de l'objectif de sa réorientation stratégique. Pendant sa réorganisation, le PARAK devra encore être guidé par l'équité organisationnelle, mais aussi par les exigences liées au but déterminant de forger une coalition de développement dans les ZNC à travers des partenariats réunissant tous les acteurs clés. La réorganisation en partenariats exigera des mesures d'encouragement à l'interaction la plus étroite possible avec les institutions clés dans les ZNC, notamment avec le gouvernement et le groupe RDAK. *C'est ce but qui devrait avoir le plus de poids dans l'élaboration de l'organisation future du PARAK.*

Durabilité

L'approche et les idées de développement du PARAK sont durables, comme l'a démontré sa duplication ailleurs. De nombreuses organisa-

ENGLISH

ciency; and if it sells itself increasingly as a laboratory for developing and testing creative new ideas on rural development, disseminating them, and helping others to learn its skills, then both the continued poverty

challenge within the NAC and these public good aspects of its work constitute a strong case for continued international donor assistance.

There are also challenges with sustaining incentives for collective action in what will inevitably become more pluralistic, function-based community organizations. With the low frequency of repeat traditional infrastructure investments (partly a result of the AKRSP's own strategy of limiting grants for infrastructure) and increased cost recovery, and with the floating of the new microfinance bank, the AKRSP and the AKDN family will need to listen carefully to evolving community needs. To maintain sustainability, the AKRSP will also need to forge improved links with the private sector, give priority to under-served women and women's groups, further build skills needed both locally and nationally, and offer natural resource management technology to under-served high-altitude areas and poorer households. Individual programs also face sustainability challenges. Microhydel schemes, in particular, need to make a greater effort at cost recovery. In the marketing and enterprise development program, the diverse activities have been uneven in their sustainability, suggesting the need to prioritize better in this area.

ESPAÑOL

zaciones rurales creadas por el programa han madurado y probablemente sobrevivirían sin necesidad de supervisión estrecha por parte del AKRSP: "Sería difícil, pero nos las podríamos arreglar", en palabras de un líder comunitario.

La infraestructura construida en el marco del programa es también sostenible, ya que fue elegida por las aldeas, está bien mantenida y tiene una rentabilidad positiva. La sostenibilidad del programa de microfinanciamiento ha sido y continúa siendo aceptable, a pesar de recientes problemas operacionales, y el programa se está transfiriendo ahora a un nuevo banco controlado por el AKRSP. No obstante, se observan algunos riesgos importantes en lo que respecta a la sostenibilidad.

El riesgo más obvio, compartido con todos los programas sin dotación y respaldados por donantes, es que el AKRSP no es financieramente sostenible. Depende del continuado patrocinio de los donantes. Los signos de fatiga de los donantes pueden dar lugar a una reducción del financiamiento en el futuro (aunque los acontecimientos recientes en la región podrían cambiar la situación). Si el AKRSP adopta medidas de austeridad, si persigue ordenadamente el objetivo de una coalición para el desarrollo, si instaura una nueva estrategia que promueva la eficiencia y si se vende cada vez más como laboratorio encargado de formular y ensayar nuevas ideas creativas sobre el desarrollo rural, y de difundirlas y ayudar a otros a adquirir conocimientos prácticos, tanto el continuado desafío de la pobreza dentro de las ZSC como los aspectos de su labor relacionados con los bienes públicos constituyen un fuerte argu-

FRANÇAIS

tions villageoises créées par le programme ont atteint la maturité et survivraient probablement sans la supervision rigoureuse du PARAK — « cela serait difficile, mais nous y arriverions », a dit un leader communautaire.

L'infrastructure construite dans le cadre du programme est également durable parce qu'elle a été choisie au niveau du village, est bien entretenue et assure un retour positif sur l'investissement. La durabilité du programme de microfinancement demeure bonne malgré quelques échecs opérationnels, et le programme est en cours de transfert à une nouvelle banque contrôlée par le PARAK. Cependant, la durabilité comporte des risques particuliers.

Le risque le plus manifeste, mais qui est commun à tous les programmes sans dotation soutenus par des organismes donateurs, est que le PARAK n'est pas durable sur le plan financier. Il dépend du patronage continu des donateurs. Tout signe de fatigue de la part des organismes donateurs peut mener à une réduction de financement dans l'avenir (bien que les événements survenus récemment dans la région puissent changer la situation). Si le PARAK « se serre la ceinture », s'il poursuit vigoureusement le but de former une coalition de développement, s'il développe une nouvelle stratégie axée sur l'efficacité, s'il se fait valoir comme laboratoire d'élaboration et d'essai d'idées novatrices en développement rural, s'il dissémine ces idées et aide les autres à assimiler ses compétences, le défi persistant de la pauvreté dans les ZNC et les aspects de ses travaux axés sur le bien public forment un argument irréfutable en faveur de la continuation de l'aide

Lessons for the Development Community

ENGLISH

The harsh and often remote high mountain valleys of the Western Himalayas, Karakoram, and Hindukush are among

the most demanding settings in the world for social and economic development. About 900,000 people in most of the 1,100 villages scattered over the rugged territory of the NAC are led by community-based organizations that have been inspired and assisted for 18 years by the AKRSP. Two thousand new irrigation, road, and other construction schemes have been completed. Thousands have been trained in productive skills, villagers have come together to manage their own affairs, thousands of small loans have been made and repaid, and new technology has spread widely. Incomes have risen, welfare improved, lives made a little easier, and a start made on helping women to realize their potential. As a result, word has spread, and the highly successful techniques of the AKRSP are being successfully used and adapted in similar social situations throughout Pakistan and elsewhere.

The experiences of the AKRSP will likely continue to influence community development throughout Pakistan, as well as in areas both nearby (especially in neighboring Afghanistan) and farther afield. This study identified several lessons worthy of note for the global development community. Some are old, none entirely new, but all are worthy of repetition.

- In rural areas, broad and sustained gains in economic and

mento para que continúe la asistencia de los donantes internacionales.

ESPAÑOL

Hay también problemas para mantener los incentivos a una acción colectiva en lo que llegarán a ser unas organizaciones comunitarias

basadas en la función y cada vez más pluralistas. Debido a la baja frecuencia de las inversiones repetidas en infraestructura tradicional (en parte, por la propia estrategia del AKRSP de limitar las donaciones para infraestructura) y a la mayor recuperación de costos, así como a la puesta en marcha del nuevo banco de microfinanciamiento, el AKRSP y la AKDN deberán estar muy atentos a las nuevas necesidades de la comunidad. Para mantener la sostenibilidad, el AKRSP deberá forjar también vínculos más estrechos con el sector privado, dar prioridad a las mujeres desatendidas y a los grupos de mujeres, desarrollar los conocimientos prácticos necesarios tanto a escala local como nacional y ofrecer tecnologías de gestión de los recursos naturales para las zonas altas desatendidas y los hogares más pobres. Los programas concretos deben afrontar también problemas de sostenibilidad. Los planes de energía hidroeléctrica en pequeña escala, en particular, deben realizar un mayor esfuerzo de recuperación de costos. En el programa de comercialización y desarrollo de empresas, las distintas actividades han logrado niveles muy diferentes de sostenibilidad, lo que demuestra la necesidad de establecer mejor las prioridades en esta esfera.

Enseñanzas para las instituciones de desarrollo

Los inhóspitos y remotos valles elevados del Himalaya occidental, Karako-

des organismes donateurs internationaux.

FRANÇAIS

Il existe également des défis au niveau du maintien des incitations à l'action collective dans les organisations communautaires qui seront inévitablement de plus en

plus pluralistes et basées sur les fonctions. Étant donné la faible fréquence des investissements répétés dans l'infrastructure (due en partie à la propre stratégie du PARAK visant à limiter les subventions pour l'infrastructure), la faible amélioration du recouvrement des coûts et le flottement de la nouvelle banque de microfinancement, le PARAK et le groupe RDAK devront prêter une attention particulière à l'évolution des besoins communautaires. Pour maintenir la durabilité, le PARAK devra également forger des liens avec le secteur privé, accorder la priorité aux femmes mal desservies et aux groupements féminins, renforcer les compétences nécessaires aux plans local et national, et offrir une technologie de gestion des ressources naturelles aux régions à haute altitude sous-desservies et aux ménages démunis. Les programmes individuels aussi font face à des défis de durabilité. Les thèmes Microhydel en particulier doivent faire un plus grand effort pour améliorer le recouvrement des coûts. Dans le programme de commercialisation et de développement des entreprises, la durabilité des diverses activités a été inégale, ce qui suggère la nécessité d'améliorer l'établissement des priorités dans ce domaine.

Leçons pour la communauté de développement

Les vallées ingrates et souvent éloignées dans les chaînes montagneuses

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social welfare must be based on stable increases in output. Increased output requires that appropriate technology be available to bring about relatively quick returns.

- There are ranges of intensity and coverage options in rural programs from low input/low output to high input/high output. (The tradeoffs warrant more exploration by the development community.) The object should be to maximize returns to the scarcest resource. Thus, where community facilitation and program management skills are scarce, as in the NAC, a high input/high output strategy, exploiting program complementarities while making efficient use of these skills, is a sound option.
- Direct, intensive targeting of the poorest of the poor, while useful for establishing processes and understanding needs, warrants careful monitoring if it is to be efficient. It can be very staff-intensive and may prove in the end to be less efficient than broader approaches.
- Expansion (scaling up) is a slow process even with skilled facilitators, as there are few economies of scale. (The number of households supported by this well-managed, multi-component program grew at about 10 percent per year—now, after 18 years, reaching close to 100,000 households.) However, expansion by grafting new programs into locations with similar circumstances offers substantial leverage.

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ram e Hindukush figuran entre los lugares más inadecuados del mundo para el desarrollo económico y social. Unas 900.000 personas de la mayoría de las 1.100 aldeas dispersas sobre el accidentado territorio de las ZSC están

dirigidas por organizaciones comunitarias, inspiradas y orientadas desde hace 18 años por el AKRSP. Se han terminado 2.000 nuevos planes de riego, carreteras y otras obras de construcción. Miles de personas han recibido capacitación en técnicas productivas, los habitantes han podido reunirse para resolver sus propios asuntos, se han otorgado y reembolsado miles de pequeños préstamos y las nuevas tecnologías se han difundido ampliamente. Los ingresos han aumentado, el bienestar ha mejorado, las condiciones de vida son un poco más fáciles y se ha comenzado a ayudar a la mujer a hacer realidad su potencial. En consecuencia, se ha divulgado la voz, y las rentables técnicas del AKRSP se están utilizando y adaptando con provecho en situaciones sociales semejantes de todo Pakistán y en otros países.

Las experiencias del AKRSP continuarán influyendo probablemente en el desarrollo comunitario de todo el país, así como en regiones próximas (sobre todo en el país vecino Afganistán) y en territorios muy distantes. En el estudio llevado a cabo se subrayan varias enseñanzas dignas de interés para las instituciones internacionales de desarrollo internacional. Algunas son antiguas, ninguna es del todo nueva, pero en cualquier caso vale la pena repetir las.

- En las zonas rurales, los progresos amplios y sostenidos del bienestar económico y social deben estar basados en aumen-

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ses de l'Himalaya occidental, du Karakoram et de l'Hindukush sont considérées comme des milieux parmi les plus exigeants du monde en termes de développement économique et social. Environ 900 000 personnes qui

habitent dans les 1 100 villages parsemés sur le territoire accidenté des ZNC sont gouvernées par des organisations communautaires inspirées et aidées pendant 18 ans par le PARAK. Deux mille nouveaux ouvrages d'irrigation, des routes et autres constructions sont terminés. Des milliers de personnes ont bénéficié d'une formation spécialisée, les villageois se sont réunis pour gérer leurs propres affaires, des milliers de petits prêts ont été accordés et remboursés, et la nouvelle technologie s'est répandue partout. Les revenus ont augmenté, le bien-être s'est amélioré, la vie est un peu plus facile et on commence à aider les femmes à exploiter leur potentiel. Ainsi, l'effet s'est répandu et les techniques très réussies du PARAK sont utilisées avec succès et adaptées selon les circonstances sociales au Pakistan et ailleurs.

Il est vraisemblable que les expériences du PARAK continueront d'influencer le développement communautaire dans tout le Pakistan, ainsi que dans des régions aussi bien proches (notamment chez son voisin l'Afghanistan) qu'éloignées. Cette étude a identifié plusieurs leçons méritoires pour la communauté de développement mondiale. Certaines sont déjà connues, aucune n'est entièrement nouvelle, mais toutes valent la peine d'être dupliquées.

- Dans les zones rurales, les gains durables doivent être basés sur un accroissement stable du ren-

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- Incentives for community action can change quite rapidly as programs evolve. Programs should continually analyze and adjust incentives, both economic and social, for different categories of households.
- Partnerships—between government, civil society, NGOs, and the private sector—with actionable and measurable commitments should be formally agreed at the start of a program to ensure clarity of roles and to create incentives for performance.
- Eventual exit should be a phased process of increasingly differentiated but diminishing community support tailored to, and partly by, each community, with whom such strategies should be agreed up front.

Directions for the Future

What sort of organization should the AKRSP seek to be in 10 to 15 years? Only the AKRSP itself can decide, but the evidence suggests it should be smaller and more embedded in an increasingly integrated AKDN family. It should become less indispensable to the NAC—or indispensable in an entirely different way—through a steady shift toward greater government, corporate sector, and civil society partnerships focused on achieving greatly enhanced development effectiveness among all the key institutions of the NAC. The AKRSP should become a relatively modest-sized player, but in a relatively larger and more institutionally pluralistic NAC team. It should be as much a think tank for new development ideas for the

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- tos estables de la producción. Para aumentar la producción se requieren tecnologías adecuadas que permitan conseguir rendimientos relativamente rápidos.
- En los programas rurales, hay distintas opciones de intensidad y cobertura, desde un bajo volumen de producción con escasos insumos hasta una producción elevada con abundantes insumos (las soluciones de compromiso entre las distintas posibilidades deben ser objeto de examen más detenido por las instituciones de desarrollo). El objetivo debe ser multiplicar los rendimientos con el mínimo de recursos. Por ello, cuando las técnicas de gestión de programas y de facilitación comunitaria son escasas, como ocurre en las ZSC, puede ser acertada la estrategia de abundantes insumos/producción elevada, que aprovecharía las complementariedades de los programas al mismo tiempo que utilizaría de manera eficiente esas capacidades.
 - La concentración directa e intensa en los más pobres, si bien útil para establecer procesos y comprender las necesidades, debe ser objeto de atenta supervisión para que resulte eficiente. Puede requerir personal muy numeroso y, a la larga, ser menos eficiente que otros planteamientos más amplios.
 - La expansión (reproducción en escala superior) es un proceso lento aun cuando se disponga de personal experimentado, ya que hay pocas economías de escala (el número de hogares que reciben ayuda de este programa con numerosos componentes y bien

FRANÇAIS

- dement. Le rendement accru exige une disponibilité de technologies appropriées pour assurer un retour sur l'investissement relativement immédiat.
- Il existe une grande gamme d'options d'intensité et de couverture pour les programmes ruraux, allant de faibles intrants/faibles rendements à hauts intrants/hauts rendements. (L'arbitrage mérite une exploration plus approfondie par la communauté de développement.) L'objet doit être de maximiser les rendements de la ressource la plus rare. Ainsi, là où la facilitation communautaire et les compétences de gestion des programmes sont rares, comme c'est le cas dans les ZNC, une stratégie basée sur le principe de hauts intrants/hauts rendements et l'exploitation des complémentarités des programmes tout en assurant l'utilisation efficace de ces aptitudes, est une option saine.
 - Bien que le ciblage soit utile pour établir des processus et comprendre les besoins, le ciblage direct et intensif des plus pauvres des pauvres requiert un suivi minutieux si l'on veut qu'il soit efficace. Il peut demander beaucoup de personnel et peut être, en définitive, moins efficace que des approches moins fines.
 - L'expansion (augmentation graduelle) est un processus lent même quand on dispose de facilitateurs qualifiés, car il existe peu de possibilité d'économies d'échelle. (Le nombre de ménages couverts par ce programme à multiples composantes bien gérées a augmenté d'environ 10 pour cent par an — maintenant,

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NAC and Pakistan as it is an area program, developing creative community development and policy options for government. It should aim for intellectual leadership in key areas of pro-poor development—for example, through creative experimentation, in a culturally sensitive way, to bring women more into the mainstream. It should see evaluation, learning, and transfer of lessons both within and outside Pakistan as an explicit part of its capacity development strategy. It should recover more of its costs, sell more of its services, and perhaps be supported by a core endowment. With its AKDN partners in particular it should focus even more on human capacity development. For its clients, in due course, it should become a demand-led service organization, ultimately relying on vastly improved telecommunications and better main roads. While current events may disrupt for a while, the AKRSP must paint on a broader canvas—a canvas that is informed by, but stretches well beyond, its past vision of creating and sustaining village organizations.

Recommendations

The AKRSP's comparative advantages lie mainly in community facilitation, program management, and human resource development at the village level; the linking of professional skills with local community skills; analytical skills related to monitoring and evaluation; to some extent, policy; and, above all, the capacity to "pull it all together." These comparative advantages can be exploited by a strategy that

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administrado creció aproximadamente un 10% al año: ahora, después de 18 años, se habría llegado a un total próximo a los 100.000 hogares). No obstante, la expansión basada en la introducción de

- nuevos programas en lugares con circunstancias semejantes puede tener un considerable efecto multiplicador.
- Los incentivos para la acción comunitaria pueden cambiar rápidamente, a medida que evolucionan los programas. Éstos deben analizar y acomodar constantemente los incentivos, tanto económicos como sociales, teniendo en cuenta las diferentes categorías de hogares.
 - Las asociaciones —entre el gobierno, la sociedad civil, las ONG y el sector privado— con compromisos aplicables y cuantificables deberían aprobarse por consenso al comienzo del programa, para garantizar la claridad de funciones e incentivar el desempeño.
 - La estrategia de salida debería ser un proceso gradual de apoyo comunitario cada vez más diferenciado pero decreciente, de acuerdo con las necesidades de cada comunidad, con la que deberían aprobarse inicialmente dichas medidas.

Orientaciones para el futuro

¿Qué tipo de organización debería tratar de ser el AKRSP dentro de 10 a 15 años? Únicamente el AKRSP puede decidirlo, pero los testimonios disponibles parecen indicar que debe reducir su tamaño e incorporarse progresivamente a una familia AKDN cada vez más integrada. Debería ser menos indispensable para las ZSC —o indispensable de

FRANÇAIS

après 18 ans, il couvre près de 100 000 ménages.) Cependant, l'expansion par greffe de nouveaux programmes dans des contextes similaires présente de grands avantages.

- Les incitations à l'action communautaire peuvent changer rapidement à mesure que les programmes évoluent. Les programmes doivent analyser et adapter continuellement les incitations d'ordre social et économique pour les diverses catégories de ménages.
- Les partenariats — entre le gouvernement, la société civile, les ONG et le secteur privé — accompagnés d'engagement donnant droit d'action et de mesure devraient être conclus formellement dès le début d'un programme afin d'assurer la définition claire des rôles et de créer des incitations à la performance.
- Le désengagement éventuel échelonné de l'appui communautaire devrait être un processus de plus en plus différencié mais déclinant, adapté à, et en partie par, chaque communauté avec laquelle ces stratégies avaient été convenues au départ.

Lignes Directrices Futures

Quelle sorte d'organisation le PARAK doit chercher à devenir d'ici 10 à 15 ans ? Seul le PARAK peut en décider, mais l'évidence laisse à penser qu'elle devrait être de moindre envergure et mieux imbriquée dans le groupe RDAK de plus en plus intégré. Elle devrait devenir moins indispensable dans les ZNC — ou indispensable d'une toute autre façon — grâce à une réorientation soutenue vers de plus grands partenariats avec le gouverne-

addresses the following recommendations.

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Fine-tune the approach to improving rural NAC livelihoods.

- Ensure attention to the poor and women in the new organizations. The shift to a more pluralistic, functions-based approach to community organizations is an appropriate and inevitable evolution, but it carries some risks for vulnerable people.
- Remain fully engaged in microfinance. The new microfinance bank notwithstanding, the AKRSP should ensure: (i) a continued explicit microfinance strategy, covering the poverty objective in particular; (ii) field coordination with the bank and maintenance of the important linkages between microfinance and other AKRSP program activities; and (iii) clear agreement on how the very risky emerging internal lending will be supervised by the new bank with AKRSP support.
- Improve efficiency through differentiation of support according to individual community needs—more for poor, more vulnerable communities, less for mature communities. This would call for village consultations, the development of a classification system, and guidelines for staff on graduation criteria and procedures.
- Increase cost recovery, review the grant/subsidy strategy, and prepare criteria and guidelines to ensure optimization of grant/subsidy impact.

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una forma totalmente nueva— gracias a un constante desplazamiento hacia una mayor asociación entre el gobierno, las empresas y la sociedad civil, con el objetivo de lograr una mayor eficacia en términos de desarrollo

entre todas las instituciones clave de las ZSC. El AKRSP debería convertirse en un protagonista relativamente modesto, pero dentro de un equipo de las ZSC relativamente mayor e institucionalmente más pluralista. Debería ser tanto un grupo de reflexión sobre los nuevos conceptos de desarrollo para las ZSC y Pakistán como un programa geográfico, que permita formular opciones creativas sobre políticas de desarrollo comunitario para el gobierno. Debería tratar de desempeñar una función de liderazgo intelectual en esferas clave del desarrollo favorable a los pobres —por ejemplo, mediante la experimentación creativa, en forma culturalmente flexible, para integrar más a la mujer. Debería considerar la evaluación, el aprendizaje y la transferencia de enseñanzas tanto dentro como fuera de Pakistán como parte expresa de su estrategia de desarrollo de la capacidad. Debería recuperar mayor parte de sus costos, vender más servicios y, quizá, contar con una dotación básica. En particular, junto con sus socios de la AKDN, debería centrarse todavía más en el desarrollo de la capacidad humana. Para sus clientes, cuando llegue el momento oportuno, debería convertirse en una organización de servicios impulsados por la demanda, basada en último término en servicios de telecomunicaciones inmensamente mejorados y en una red de carreteras principales de mayor calidad. Si bien los actuales acontecimientos

FRANÇAIS

ment, le secteur commercial et la société civile, partenariats axés sur l'amélioration de l'efficacité des institutions clés des ZNC. Le PARAK devrait devenir un acteur relativement modeste, mais faire partie d'une équipe ZNC plus grande

et davantage pluraliste au plan institutionnel. Il devrait jouer aussi bien le rôle de groupe de réflexion chargé de trouver de nouvelles idées de développement pour les ZNC et le Pakistan que le rôle de programme régional chargé du développement communautaire novateur et de l'élaboration d'options politiques pour le gouvernement. Il devrait faire appel au leadership intellectuel pour les zones clés de développement en faveur des pauvres — par exemple à travers l'expérimentation novatrice en tenant compte de la sensibilité culturelle dans le but d'intégrer davantage les femmes dans le processus général. Il devrait considérer l'évaluation, l'apprentissage et le transfert des leçons aussi bien à l'intérieur qu'à l'extérieur du pays comme partie explicite de sa stratégie de développement des capacités. Il devrait recouvrer une plus grande partie de ses coûts, offrir une plus grande quantité de services et peut-être bénéficier d'une dotation de base. Avec ses partenaires du groupe RDAK en particulier, il devrait centrer ses efforts davantage sur le développement des capacités. Pour ses clients, il devrait devenir, en temps utile, une organisation de services régie par la demande, qui en bout de ligne, pourrait s'appuyer sur des services de télécommunication nettement améliorés et un réseau de meilleures routes principales. Bien que les événements actuels puissent demeurer perturbants pendant quelque temps encore, le PARAK doit peindre sa vision sur une

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- Increase the gender content in data collection in both future socio-economic surveys and microfinance monitoring to improve understanding of gender issues.

• Carefully monitor the poverty pilot to test different levels of staff and resource intensity so that relative poverty alleviation efficiency in comparison with the core program can be evaluated.

Increase institutional capacity to sustain development for the long term through partnerships.

- Take the lead within the AKDN in developing a coalition with government. This coalition should aim to raise significantly government's development capacity in a specified period—with an increasing role for the corporate sector and other NGOs. (A workshop of potential partners leading to working committees would be one way to start.)
- Agree and implement a fully coordinated approach to development in the NAC with the other organizations in the AKDN, including looking at opportunities for cost sharing. Strongly support the incipient shift to devolution through capacity building (especially for women), policy work, and a joint monitoring partnership with government. Monitoring would feed back as the process moves forward. It would include monitoring and evaluation capacity development for government.

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pueden representar un trastorno provisional, el AKRSP debe adoptar una perspectiva más amplia, inspirada en el concepto anterior de creación y sostenimiento de organizaciones rurales, pero en un contexto mucho más

amplio.

Recomendaciones

Las ventajas comparativas del AKRSP consisten principalmente en la facilitación comunitaria, la gestión de programas, el desarrollo de los recursos humanos en las aldeas, la conexión entre capacidad profesional y capacidad comunitaria, los conocimientos analíticos relacionados con el seguimiento y la evaluación, las políticas —en cierto sentido— y, por encima de todo, la capacidad de “englobarlo todo”. Estas ventajas comparativas pueden aprovecharse mediante una estrategia que tenga en cuenta las siguientes recomendaciones.

Ajustar el planteamiento para mejorar los medios de vida de las ZSC rurales.

- Garantizar la atención a los pobres y las mujeres en las nuevas organizaciones. La orientación hacia un concepto de organización comunitaria más pluralista y basado en las funciones es una evolución adecuada e inevitable, pero conlleva ciertos riesgos para los grupos vulnerables.
- Mantener plenamente el compromiso con el microfinanciamiento. A pesar de contar con un nuevo banco de microfinanciamiento, el AKRSP debería ofrecer i) una estrategia continuada y explícita de microfinanciamiento, que abarque en particular el objetivo de la pobreza; ii) coordinación

FRANÇAIS

plus grande toile de fond — une toile de fond basée sur sa première vision, mais tendue au-delà de la création d'organisations villageoises durables.

Recommandations

Les avantages comparatifs du PARAK portent surtout sur la facilitation communautaire, la gestion du programme, le développement des ressources humaines au niveau villageois, le lien entre les compétences professionnelles et les compétences communautaires locales, les compétences analytiques en matière de suivi et d'évaluation, la politique dans une certaine mesure et, surtout, la capacité d'orchestrer tous ces éléments. Ces avantages comparatifs peuvent être exploités par le biais d'une stratégie qui aborde les recommandations suivantes :

Affiner l'approche en améliorant les moyens de subsistance rurale dans les ZNC.

- Prêter attention aux pauvres et aux femmes dans les nouvelles organisations. La réorientation vers une approche davantage pluraliste et basée sur les fonctions des organisations communautaires représente une évolution appropriée et inévitable, mais elle comporte des risques au niveau des populations vulnérables.
- Rester entièrement engagé dans le microfinancement. Nonobstant la nouvelle banque de microfinancement, le PARAK devrait assurer la mise en place : a) d'une stratégie de microfinancement explicite visant en particulier à atteindre l'objectif de pauvreté ; b) des activités de coordination sur le terrain avec

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Maximize the leverage of the acquired AKRSP skills both within Pakistan and externally.

- Develop an explicit strategy to guide the AKRSP's approach to sharing its knowledge both inside and outside Pakistan, set goals, and monitor achievements as with any other program component.
- Become leaders in Pakistan on the gender issue. Look at comparisons with other programs in the area of gender. Appoint a leader for the women's program at a senior level and experiment with a gradual shift away from the separate women's and men's organizations, and toward the inclusion of women in overall community decisionmaking. The Dehi Councils, depending on how they evolve, may present an opportunity for this through their women's membership.

Donors need to standardize monitoring and evaluation formats and processes and accept multi-donor evaluation reports.

A large amount of highly skilled AKRSP staff time is taken up trying to meet different requirements such as donor-specific log-frame formats. These resources could be better spent pursuing important evaluative questions such as the optimal strategy for cost-effectiveness in poverty alleviation or monitoring and giving feedback to government on the evolution of Dehi Councils.

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sobre el terreno con el banco y mantenimiento de vínculos importantes entre el microfinanciamiento y otras actividades del programa AKRSP, y iii) un claro acuerdo sobre la forma en que el

- nuevo banco supervisará, con apoyo del AKRSP, los nuevos préstamos internos, que presentan un alto nivel de riesgo.
- Mejorar la eficiencia mediante la diferenciación del apoyo de acuerdo con las necesidades comunitarias individuales —más en favor de los pobres, más para las comunidades vulnerables y menos para las comunidades maduras. Para ello habría que entablar consultas en las aldeas, elaborar un sistema de clasificación y ofrecer al personal orientaciones sobre los criterios y procedimientos de graduación.
- Aumentar la recuperación de costos, examinar la estrategia de donaciones/subsidios y preparar criterios y orientaciones para garantizar el máximo efecto de las donaciones y subsidios.
- Aumentar la atención a las diferencias entre los sexos en la recopilación de datos tanto en las futuras encuestas socioeconómicas como en la supervisión del microfinanciamiento, con el fin de llegar a una mejor comprensión de esas cuestiones.
- Supervisar atentamente la experiencia piloto sobre la lucha contra la pobreza con el fin de comprobar los diferentes niveles de dotación de personal y los recursos para poder evaluar la eficiencia relativa en el alivio de la pobreza, en comparación con el programa básico.

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la banque et le maintien des liens importants entre le microfinancement et les autres activités du PARAK ; et c) d'un accord bien articulé sur la supervision des nouveaux prêts internes à haut risque par

la nouvelle banque avec le concours du PARAK.

- Améliorer l'efficacité à travers la différenciation de l'appui selon les besoins communautaires individuels — plus d'appui aux pauvres communautés vulnérables, moins d'appui aux communautés matures. Ceci demandera des concertations au niveau du village, l'élaboration d'un système de classification et des directives à l'usage du personnel sur les critères de gradation et sur les procédures.
- Accroître le taux de recouvrement des coûts, examiner la stratégie relative aux dons/subventions, et préparer des critères et des directives pour assurer l'optimisation de l'impact des dons/subventions.
- Pour la collecte des données, tenir mieux compte de la sexospécificité tant lors des enquêtes socioéconomiques que du suivi du microfinancement, afin de mieux comprendre la problématique hommes-femmes.
- Surveiller minutieusement le projet pilote sur la pauvreté afin de tester les divers niveaux de personnel et l'intensité des ressources et d'évaluer l'efficacité de la réduction de la pauvreté par rapport au programme de base.

Augmenter la capacité institutionnelle à maintenir le développement dans le long terme à travers les partenariats.

ESPAÑOL**Aumentar la capacidad institucional para respaldar el desarrollo a más largo plazo mediante relaciones de asociación.**

- Tomar la iniciativa dentro de la AKDN para establecer una coalición con el gobierno. Esa coalición debería tratar de aumentar significativamente la capacidad gubernamental de desarrollo en un período previamente especificado —con una intervención creciente de las empresas y otras ONG (una manera de comenzar sería organizar un taller de posibles asociados, que podría dar lugar a comités de trabajo).
- Aprobar y aplicar un concepto de desarrollo plenamente coordinado en las ZSC, junto con otras organizaciones de la AKDN, lo que supondría también considerar las oportunidades de distribución de costos. Debería apoyarse decididamente el nuevo desplazamiento hacia la delegación de responsabilidades mediante el fortalecimiento de la capacidad (sobre todo para la mujer), los estudios sobre políticas y una asociación con el gobierno para las actividades de seguimiento. Los resultados de este seguimiento deberían aplicarse a medida que avance el proceso. En este contexto debería incluirse el desarrollo de la capacidad de seguimiento y evaluación por parte del gobierno.

Incrementar el efecto multiplicador de las técnicas adquiridas por el AKRSP tanto dentro de Pakistán como en el exterior.

- Formular una estrategia explícita para orientar al AKRSP a compartir sus conocimientos tanto

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- Prendre la tête de file du groupe RDAK pour établir une coalition avec le gouvernement. Cette coalition devrait tendre à rehausser sensiblement la capacité gouvernementale pendant une période déterminée

— le secteur des entreprises et d'autres ONG joueraient un plus grand rôle. (On pourrait commencer par organiser un atelier de partenaires potentiels qui conduirait à l'établissement de comités de travail.)

- Convenir d'une approche du développement dans les ZNC et l'exécuter de manière bien coordonnée, y compris la recherche d'opportunités de partage des coûts. Appuyer à ses débuts la réorientation vers le désengagement à travers le renforcement des capacités (des femmes en particulier), le travail d'élaboration des politiques et un partenariat de suivi conjoint avec le gouvernement. Le suivi permettrait de rendre compte du déroulement du processus. Il comprendrait le développement de la capacité gouvernementale en matière de suivi et d'évaluation.

Maximiser le développement des compétences du PARAK acquises aussi bien au Pakistan qu'à l'extérieur.

- Élaborer une stratégie explicite guidant l'approche du PARAK en ce qui concerne le partage de ses connaissances aussi bien au Pakistan qu'en dehors, établir les objectifs et suivre les réalisations comme pour tout autre composante d'un programme.
- Devenir les leaders de la problématique hommes-femmes au Pakistan. Nommer un leader de

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dentro como fuera de Pakistán, fijar objetivos y supervisar los logros, como cualquier otro componente del programa.

- Convertirse en pioneros de la defensa de la mujer en Pakistán. Buscar com-

paraciones con otros programas en lo que se refiere a la relación entre el hombre y la mujer; nombrar un dirigente de rango superior para el programa en favor de la mujer y experimentar con un abandono gradual de las organizaciones separadas para hombres y mujeres, en favor de la inclusión de estas últimas en los procesos generales de toma de decisiones de la comunidad. Los consejos de Dehi, según cómo evolucionen, pueden ofrecer una oportunidad para ello a través de la participación de las mujeres como miembros.

Los donantes deben uniformar los formatos y procesos de seguimiento y evaluación y aceptar informes de evaluación de varios donantes.

- Un elevado número de empleados especializados del AKRSP deben dedicar su tiempo a resolver diferentes trámites, como los formatos del marco lógico específicos de cada donante. Estos recursos podrían emplearse más provechosamente tratando de resolver cuestiones importantes de evaluación, como la estrategia óptima para una mayor eficacia en función de los costos en la reducción de la pobreza o la supervisión e intercambio de opiniones con el gobierno sobre la evolución de los consejos de Dehi.

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niveau supérieur pour le programme des femmes et tester une réorientation graduelle des organisations séparées de femmes et d'hommes vers l'inclusion des femmes dans le processus général de

prise de décisions communautaires. Selon la façon dont ils évoluent, les Conseils Dehi pourraient présenter une opportunité à ce sujet à travers leurs membres féminins.

Recommander aux donateurs de normaliser les formats et processus de suivi et d'évaluation, et accepter les rapports d'évaluation des multi-donateurs.

Le personnel hautement qualifié du PARAK passe une grande partie de son temps à essayer de satisfaire les diverses exigences, comme par exemple les formats d'enregistrement à cadre des organismes donateurs particuliers. Ces ressources pourraient être plus judicieusement utilisées en essayant de répondre à des questions évaluatives importantes telles que la stratégie optimale ou le suivi de la réduction de la pauvreté efficace par rapport au coût, ou encore le compte rendu au gouvernement de l'évolution des Conseils Dehi.

ABBREVIATIONS AND ACRONYMS

AKCS	Aga Khan Cultural Service
AKDN	Aga Khan Development Network
AKES	Aga Khan Education Service
AKHS	Aga Khan Health Service
AKF	Aga Khan Foundation
AKRSP	Aga Khan Rural Support Program
AKRSP IV	Aga Khan Rural Support Program, Phase IV
BACIP	Building and Construction Improvement Program
CAS	Country Assistance Strategy
CIMMYT	Centro Internacional para Mejoramiento de Maiz y Trigo (International Maize and Wheat Improvement Center)
DFID	Department for International Development (U.K.)
ECP	Enterprise Credit Program
ERR	Economic rate of return
FAO	Food and Agriculture Organization
FMU	Field Management Unit
GBTI	Ghaza Barotha Taragiati Idara
ICIMOD	International Center for Integrated Mountain Development
IDG	International Development Goal
IFAD	International Fund for Agricultural Development
IUCN	International Union for the Conservation of Nature
KARINA	Karakoram Agricultural Research Institute for the Northern Areas
LDO	Local development association
LSU	Learning Support Unit
MDGs	Millennium Development Goals
M&E	Monitoring and evaluation
MER	Monitoring, Evaluation, and Research Section
MIES	Mountain Infrastructure Engineering Services
MIS	Management information system
MLURI	Macaulay Land Use Research Institute
NAC	Northern Areas and Chitral
NARC	National Agricultural Research Center
NGO	Nongovernmental organization
NORAD	Norwegian Agency for Development Cooperation
NRM	Natural resource management
NRSP	National Rural Support Program
OED	Operations Evaluation Department, World Bank
PAF	Poverty Alleviation Fund
PPB	Participatory plant breeding
PPI	Productive physical infrastructure
PRSP	Punjab Rural Support Program
PVS	Participatory variety selection
R&D	Research and development
RPM	Regional program manager
RPO	Regional Program Office
SAM	Social accounting matrix

SAPAP	South Asia Poverty Alleviation Program
SDI	Subsidy Dependence Index
SMS	Safe minimum standards
SRSC	Sarhad Rural Support Corporation
UNDP	United Nations Development Program
VO	Village organization
WASEP	Water and Sanitation Education Program
WO	Women's organization
WSO	Women's social organizer
WWF	Worldwide Fund for Nature



Introduction

The purpose of this evaluation was to assess the development outcome of both the full 18-year Aga Khan Rural Support Program (AKRSP) and the 5-year period since the last evaluation by the Operations Evaluation Department of the World Bank. The performance criteria that have been used in the evaluation are relevance, efficacy, efficiency, institutional development impact, and sustainability.¹ The evaluation, requested by the Aga Khan Foundation (AKF) and the AKRSP, focused on four program components: community organizations, infrastructure development, natural resource management, and microfinance.

Given the timing—just before the next donor funding cycle—the evaluation team was asked to recommend future directions.

AKRSP Program Objectives

The original 1981 program proposal included the following statement: “with a program intended to affect the development of a region, its time horizon cannot be limited to two or three years. On the other hand, a primary purpose of the AKRSP should be to work itself out of a job.”²

Two years later, the first (1983) strategy paper articulated the program objectives as “to develop an innovative replicable model by a small [nongovernmental organization] acting as a catalyst of rural development through working with local people to identify and appraise project opportunities, to promote the provision of

needed services for tackling problems of high mountain areas.” By 1986, the objective had become “a doubling of the (rural) per capita income over a period of 10 years.” Later objectives statements tended to focus on enhancing people’s capacity. Thus, the current mission statement is: “To enhance the capacity of the peoples of the Northern Areas and Chitral to sustain and improve the quality of their lives. In particular, diversified, sustainable and equitable economic development will be promoted through building up the competence and confidence of local organizations/institutions and individuals, and through the provision of economic resources and opportunities.”

It is evident that the trend in the objectives statements has been away from both “working itself out of a job” and physical achievements,

and toward capacity building. The earlier focus both of the AKRSP and the Aga Khan Development Network (AKDN, see box 1.1) as a whole was in the Upper Hunza Valley—predominantly Ismaili communities. However, the intent from the outset was to serve all communities.

Methods

The methods used in this evaluation consisted of the following main elements:

- Group and individual discussions in a sample of 24 villages (see list of villages in Annex F). These were purposively selected from a frame developed by the AKRSP at the request of the evaluation team to achieve a representative spread of village types. The elements included region, district, Field Management Unit, and cropping zone (single-cropping, double-cropping, transitional) locational data; religious sect; rated relative strength of village institutions; rated intensity of AKRSP support; and rated relative strength of resource base. The sample included one non-AKRSP village and one with very little activity.
- The application of four semiformal, partly quantitative, partly qualitative questionnaires on community organizations, infrastructure, natural resource management, and microfinance. The purpose was to ensure consistency and coverage rather than to produce statistically significant analysis. The mission procedure within villages typically involved about 90 minutes of discussion at a meeting of the full village, followed by splitting up for a further 90 minutes to pursue small group or individual discussion, including discussion with groups of women, and visits to infrastructure and natural resource management sites. AKRSP staff were present for translation purposes most of the time, although the team had

Box 1.1

AKRSP Operations and Their Institutional Setting

The AKRSP is a private, noncommunal (that is, supporting all religious sects), nonprofit company established in 1982 by the Aga Khan Foundation. Its operations in the Northern Areas and Chitral are funded by a consortium of bilateral and multilateral donors with the objective of improving the quality of life of the people. It supports economic and institutional development of local communities in collaboration with government, elected bodies, and other development agencies. The major components of the program are social organization, women's development, natural resource management, development of physical infrastructure, human resource development, enterprise promotion, and credit and savings services. The program reaches some 900,000 people in about 1,100 villages and, over the past 5 years, has had an annual budget of about US\$6 million. (Annex D gives a timeline of main developments over the program period.)

The process at the village level typically has involved the formation of a village organization (VO) with a members' savings program, technical help, and grant support for an initial physical infrastructure project chosen and constructed by the VO (both as an incentive for community action and for its development impact), followed by support for improving agriculture, livestock, and forestry productivity and credit services for mainly agricultural inputs. In recent years, second infra-

structure investments have been sponsored, including larger schemes by clusters of VOs. Women's organizations are established to serve the special needs of women. Training of villagers has been an important element of the program. The savings and credit services are in the process of being devolved to a new bank.

The Aga Khan Development Network (AKDN) is a worldwide concept spanning all the Aga Khan development activities. It comprises three main groups of activities—economic development, social development, and culture. In Pakistan, the AKDN is generally taken to mean the AKRSP, Aga Khan Education Service (AKES); Aga Khan Health Service (AKHS); Aga Khan Building and Construction Improvement Service (BACIP), the largest part of which is the Water and Sanitation Program (WASEP); Aga Khan Cultural Service (AKCS); and the Aga Khan University in Karachi. The Aga Khan Foundation (AKF) has primary responsibility for the AKRSP, including helping to raise funds. AKF also assists the other agencies in fund raising. Some of the institutions are very old: the AKHS was established in 1923 and the AKES in 1946. The AKRSP commands an annual budget for development and operating costs of about Rs. 350 million, while the AKES has Rs. 90 million, the AKHS about Rs. 75 million, and WASEP about Rs. 50 million. (Exchange rate in 2001 = Rs. 59: US\$1.)

two members who spoke Urdu. The impression was of generally very open discussions with ranges of views expressed.

- Review of the extensive literature, including the reports of previous evaluation missions and the report of the Joint Review Missions (see Annexes B and M), and literature that was critical as well.
- Discussions with government both at the center and in the Northern Areas and Chitral (NAC), the Donor Liaison Group, the AKRSP Board, other institutions, banks, members of the AKDN family, and nongovernmental organizations (NGOs) such as the International Union for the Conservation of Nature (IUCN).
- An economic analysis drawn from case studies and data provided by the AKRSP. This was backed up by questions in villages visited on land value changes. The natural resource management coefficients used were reviewed by two specialists outside the AKRSP and outside the evaluation team.
- The application of an institutional survey to staff in the AKRSP at grade 4 and above to assess staff attitudes toward AKRSP goals; perceptions on competence, management processes, and procedures; motivation; recruitment practices; and management openness. This survey was conducted using sealed envelopes to protect anonymity.
- A tabulation of cost comparators with other rural development programs, including discussions with the Pakistan National Rural Support Program and exchange of information with the International Fund for Agricul-

tural Development (IFAD) and the India AKRSP.

- The use of industry standard comparators in microfinance.
- A modest amount of further analysis of the 1991 and 1997 socio-economic survey data, mainly aimed at seeking further evidence on attribution.
- The development of a “timeline” showing the main changes by program component since 1983.
- A workshop with AKRSP microfinance staff, conducted by the evaluation team.

Findings of Previous Evaluations

Annex B outlines the recommendations of the three previous OED evaluations and Annex M the recommendations of the main recent donor evaluations. Overall, adoption of those recommendations has been partial. A number of recommendations have been repeated several times in some form and feature again in this evaluation. These include the need to strengthen marketing linkages, the farm systems recommendations in their various forms, the need to address productive packages for women, and the need for improved linkages with other agencies. Reasons for the failure to adopt earlier recommendations include concerns about cost-effectiveness, skill gaps (for example, in the gender area), donor funding constraints, the difficulty of finding productive opportunities and accessing markets in such a challenging area, and limited specificity of the recommendations themselves.



Overall Program Assessment

The purpose of this section is to (i) provide an overall assessment of the program focusing on relevance, efficacy, and efficiency; (ii) place the AKRSP in the context of the institutional performance of the NAC as a whole; and (iii) evaluate the AKRSP as an organization. The focus is on evaluating achievements.

Recommendations to address the problems identified are developed in Chapter 5, “Future Directions.”

Relevance

Overall, the AKRSP’s achievement has been remarkable. It has remained substantially relevant to the overall goals of development in Pakistan, to the changing needs of the Northern Areas and Chitral (NAC), and to the objectives and mission statements as they have evolved. The AKRSP has sought to reduce poverty and improve peoples’ lives through broad-based rural development in an area where income levels are still below the poverty target set in the Millennium Development Goals (MDGs).¹ (By latest World Bank estimates, the poverty incidence in the rural areas is 37.9 percent for the Northern Areas and 46.5 percent for North West Frontier Province, placing both near the bottom of the Pakistan province/region ranking.²) However, there is now some danger of reduced relevance arising, not so much from failures by the AKRSP as from its successes, combined

with a changing external environment. Successful social and economic development have given rise to growing demands for improved services, and the capacity to articulate those demands is increasing pressure on both the AKRSP and government. Moves within the Aga Khan Development Network (AKDN) in Pakistan to enhance coordination and the expansion of mandates of those members with less coverage beyond the Ismaili community offer new strategic challenges. Funding prospects have been shrinking, and some donors have been pressing for reductions in scale and greater differentiation aimed at operational efficiency. If the AKRSP is to maintain its relevance and improve its development performance, it must respond successfully to these changing circumstances.

The AKRSP’s Comparative Advantage

Within Pakistan and the NAC, the AKRSP’s comparative advantage is rooted in its managerial expertise; its educated, skilled staff, mostly drawn from all over the program area; the knowledge

and contacts necessary for it to draw on outside expertise; its creativity in development and social organization; its 20 years of intensive experience; and its ability to mobilize funds. From the peoples' perspective, the AKRSP is the most competent development agent in the NAC. The team recorded frequent and eloquent testimony to this effect at many villages throughout the NAC. This is recognized by government, which recently called on the AKRSP to help set up Dehi Councils as a first stage in the reform of local government.³ The numerous village organizations fostered by the AKRSP (Annex J, table J.4) are now the foundation for other agencies' work, including government, the International Union for the Conservation of Nature (IUCN), and other members of the AKDN.

Within the AKDN, the AKRSP's comparative advantage lies in its rural focus, the goodwill it commands within government and into the farthest corners of the region, and its demonstrated organizational and managerial talents. Moreover, the AKRSP has more experience than most other members of the AKDN in working with non-Ismaili communities. It is also many times larger, measured by budgetary resources or geographic coverage, than any of the other AKDN members in Pakistan. These strengths are recognized within the AKDN. However, recognition does not translate into a ready willingness to allow the AKRSP to lead, much less dominate, the AKDN. The AKES and AKHS (see box 1.1) both have much longer traditions of working in Pakistan than the AKRSP does, and through their separate governing boards they have given rise to well-established ideas and procedures, and not a little resistance to change.

The AKRSP and Government

Although the AKRSP has an overwhelming presence in rural parts of the Northern Areas, it can never become a viable alternative to government with its far broader responsibilities. However, in rural development, the AKRSP *has* effectively substituted for government.⁴ The program embraces 98 percent of villages, where it provides many services usually supplied by government agencies (see Annex J, table J.1 for details of program coverage and achievements). For the most part, ordinary people regard the AKRSP with respect and gratitude as a guide and supporter, particularly in the Northern Areas, where the population lives under special political arrangements (box 2.1). In urban areas, in such aspects of development as large infrastructure, and in policymaking, the AKRSP's influence is modest.⁵

The evaluation team found no evidence of government activity to compare with the range, depth, and quality of the AKRSP's rural activities. Villagers commonly claim that they have had no contact with government agricultural officials for many years. Government officials themselves have difficulty remembering when they last engaged in fieldwork, having little means or incentive to leave their stations. Department of Agriculture staff throughout the NAC are numerous but ineffective. Over many years, a lack of funds for operations, absence of effective programs, outmoded procedures, and ineffective management have demoralized the public sector workforce.⁶

Overall, the AKRSP operates in a strongly supportive environment, drawing on a fund of government goodwill based on its performance (Joint

Box 2.1 Unique Political Status of the Northern Areas

To assess the challenges of the AKRSP it is necessary to understand that the Northern Areas (although not Chitral, which is part of North West Frontier Province) are militarily sensitive and politically different from the rest of Pakistan. For historical reasons it is a federally administered area under the jurisdiction of Pakistan's Federal Minister of Kashmir Affairs and Northern

Areas and a Legislative Council, headed by a federally appointed chief executive and consisting of 24 locally elected members who elect a deputy chief executive. The people of the Northern Areas do not elect members to Pakistan's National Assembly, nor are they directly taxed, but they are provided a number of subsidies.

Review Mission 1999, p. 76). But in parts of the NAC government establishment, the AKRSP is regarded with a mixture of admiration, envy, and even suspicion, usually because of its roots in the Ismaili community. This would be a handicap if it were not for the positive view of the AKRSP held by the most senior government officials who, recognizing their own limited capacity, see the AKRSP as complementing government activities.⁷ The AKRSP also commands respect and admiration in government circles in Islamabad, where the intellectual debt owed to the AKRSP and its founders is freely acknowledged at the very highest levels. Throughout government, however, there is a growing realization that it can no longer effectively abdicate its responsibility in the NAC to the AKRSP and the AKDN, that it must also become more responsive to the demands of communities. This change of circumstances is creating new opportunities and challenges for the AKRSP in its relationship with government.

Efficacy

Efficacy of the program is rated fully satisfactory, in most respects highly satisfactory, but there have been some areas of weakness. (The extent to which the AKRSP has been an effective *institution*—a connected but different question—is covered later under the section on institutional development.) For physical achievements, see Annex J, tables J.1 to J.11.

The main objectives over the program period, expressed in evolving but largely consistent objectives or mission statements, can be summarized as: increasing living standards and incomes, enhancing people's capacity through the development of skills and community organizations, the provision of economic growth opportunity, program replicability, and the oft-quoted "working itself out of a job" objective. How does the program rate against these objectives?

With respect to *living standards and incomes objectives*, average farm household incomes have certainly more than doubled. In real terms, between 1991 and 1997 alone they more than doubled, except in the more challenging Astore area. While some of these gains may not have been sustained, and while the trend probably was not so strongly evident in the pre-1991

period, it seems clear that objectives for income, and probably living standards as well, were achieved. The extent to which this is attributable to the AKRSP is less clear. While the original objectives did not claim that the anticipated income increases must be *wholly* attributable to the AKRSP (and there was probably an implicit assumption that some would not be), there is some evidence from the AKRSP socio-economic surveys that about one-third is attributable, although there remain methodological problems. Based on the economic analysis, the causal linkages are probably mainly through impacts of infrastructure and natural resource management (NRM) interventions on net farm incomes. In qualitative support of this finding, increased incomes *substantially* attributable to the AKRSP and greatly increased land values from infrastructure development were widely noted by villagers during mission field visits.

With respect to the *enhancing capacity objectives*, the program appears to have been very effective for men, but less so for women. Generally impressive community organizations have been created, at least for men (Annex J, tables J.1, J.3, and J.4), and there has been a substantial level of training of individuals in a wide range of skills (Annex J, tables J.10 and J.11). Village capacity to manage affairs and command resources is widely acknowledged within the villages to have been substantially enhanced by AKRSP support.

With respect to the objective of *economic growth*, progress has been quite strong in agriculture, livestock, and forestry, including the creation of about 48,000 hectares of new cultivable land—about a one-third increase in cultivable land area—and intensification of production on existing land. (Annex J, table J.5, but note some slowing in recent years, partly due to previous adoption.) But there has been less progress outside agriculture. However, it is apparent that the AKRSP's original mandate was mainly in the rural economy, especially agricultural production, such that any reach by the program beyond rural-based production may be reasonably considered a bonus.

With respect to the objective of *replicability*, achievement has been very impressive, with many programs within Pakistan—including the

large National Rural Support Program (NRSP) and the current World Bank-supported Poverty Alleviation Project—drawing their inspiration and design substantially from the AKRSP experience. (The issue of replicability is discussed more fully below.)

With respect to the objective of “*working itself out of a job*,” efficacy has been modest to negligible, but the relevance of this finding is questionable. The evaluation team supports the conclusions of some earlier evaluations that question the realism of that original objective, at least over the period proposed. Moreover, the objective was later dropped, or at least played down. Nevertheless, there have been weaknesses in the extent to which the AKRSP has pursued more *differentiated* support at the community level that would have used resources more efficiently.

Efficiency

Economic Rate of Return

The economic analysis was undertaken jointly with the AKRSP, but with the evaluation team commenting on and, where necessary, adjusting methodology and reviewing assumptions. The benefits of the AKRSP program are particularly difficult to quantify because of the range of benefit types and the difficulty of quantifying many of them. They include benefits from the following (some of which, if added together, would represent degrees of double-counting): infrastructure; natural resource management, including input supply; enterprise development; benefits for other local programs drawing on AKRSP experience, such as the NRSP; training impacts beyond those reflected directly in such interventions as infrastructure and agriculture; lowering the operating costs and improving efficacy for other AKDN institutions; benefits accrued by or through government, for example, in the recent support for training for Dehi Councils; benefits from microfinance—some reflected in natural resource management benefits, some lying elsewhere, as in health benefits arising from improved diets and consumption loans; reduced loss of life or improved health through improved road access

to hospitals; positive environmental externalities, for example through re-forestation, but some environmental negatives also; benefits from marketing support in improved prices; benefits in the area of non-farm employment; support to government in animal disease outbreaks; support related to tourism and biodiversity, such as the initial support for the IUCN program; broader institutional impacts, such as increasing service capacity for hydels in Chitral and growth of the related hydel manufacturing and service industries; and, more generally, increased social capital, some reflected in benefits listed above, and others additional.

The comparatively high per-household cost of the program appears to be justified by the benefits. Quantifying within the list above only the infrastructure and natural resource management benefits (which include NRM input-generated benefits triggered by microfinance), the estimated economic rate of return (ERR) from investments between 1982 and 1999 calculated by the mission is in the range of 16 to 24 percent (Annex H). However, alternative and very plausible scenarios go much higher, and the true ERR would be greater in any scenario if all unquantifiable benefits could be added. Briefly, the benefit stream leading to the 16 percent is conservative and is obtained by taking the AKRSP’s worst-case estimated net benefit streams for infrastructure, omitting one high outlier from the case studies in each infrastructure type, adding the AKRSP’s natural resource management net benefit estimate, but reducing that by 33 percent,⁸ and also attributing 5 percent of the estimated incremental non-farm income over the period to AKRSP interventions. These net benefits are then set against the AKRSP’s total costs.

The purpose of taking the worst-case infrastructure scenario and reducing the NRM stream was to adjust somewhat for the optimistic assumptions identified in the AKRSP estimates (although the NRM productivity coefficients were based on Food and Agriculture Organization [FAO] estimates) but, more important, to allow for some “without project” benefits. The “without project” scenario is particularly difficult to model in this case. First, the area, being a

desert, has virtually zero production when not irrigated. Second, NRM inputs such as the improved varieties provided through the AKRSP are unlikely to have been obtained in significant quantities through any other means.

Estimating the benefit stream using a different approach, through estimates of aggregate income increases over the program period and attributing 10 percent of net farm income increases to the AKRSP, plus the same 5 percent of non-farm income, gives a much higher ERR of 33 percent. The analysis suggests that one needs to attribute only about 9 percent of the average estimated incremental net farm benefits of participating households (excluding off-farm benefits) to the AKRSP up to the year 2010 to achieve an ERR that approximately equals the opportunity cost of capital. However, this economic analysis should be regarded as partial and indicative, and interpreted with great care, even though it is based on survey evidence, infrastructure case studies, other field investigations, and technology innovation models.

The NRM approach captures benefits only from infrastructure and natural resource management and there are a number of uncertainties about data and assumptions. With respect to irrigation infrastructure, there is some comfort that the models may not be too optimistic because the mission obtained estimates from farmers for increases in land values from irrigation that were significantly higher in real terms than those found by the AKRSP case studies. Moreover, these capitalized land values were found to match the projected production net benefit streams quite well, suggesting that farmers have a good appreciation of the value of land in relation to future income-generating capacity.

The lower 16 percent ERR case is moderately sensitive to cost and benefit changes, but, as noted above, this case is conservatively estimated. In the higher ERR scenarios, in the range of 24 to 33 percent, sensitivity is lower. ERRs in these ranges are well above the opportunity cost of capital—assumed, for Pakistan, to be 12 percent. (As a comparison, the average for World Bank-financed agriculture projects, where such analysis was attempted, was 22 percent over the

1996 to 2000 period, but very few of these would have been in such a challenging area.)

The Problem of Attribution

Notwithstanding the indicative economic analysis that provides part of the efficiency story, attribution of the AKRSP's impact on overall growth is still difficult to establish through the analysis of survey data. The AKRSP has now spread to almost every corner of the NAC, ruling out the collection of comparable "with and without" data. Benchmark studies were not conducted before the AKRSP began work. Moreover, even if evidence of change were available, it would still be necessary to separate the effects of the AKRSP from those of government and other players. These cannot be lightly discounted, as they include the construction of the Karakoram Highway and substantial commodity and power subsidies, as well as the consequences of extensive military investment.

Nevertheless, there is much anecdotal evidence of the economic benefits of AKRSP programs. Villagers often estimated that in the past five years, their incomes had increased (by 10 percent, 20 percent—and in some cases by 50 percent) due to AKRSP interventions. One group of villagers explained that deaths, especially deaths of women in childbirth, which had been particularly high in their area, have been much reduced by the completion of their access road. Now they can get to the hospital in two hours rather than two days.

Evidence of substantial increases in per capita incomes and expenditure in the NAC comes from household surveys conducted by the AKRSP's Monitoring and Evaluation Section. Between 1991 and 1997, the latest year of survey, real incomes per capita rose by about 2.6 times, although the changes before and after this period were probably much more modest. But, for the reasons noted earlier, income changes cannot be conclusively or wholly attributed to AKRSP interventions.

In an attempt to explore this issue, a modest amount of further analysis was carried out by a mission consultant on the 1991 and 1997 AKRSP farm household income expenditure surveys.⁹ The surveys were found to be generally of high

quality—an evaluative finding in itself. The consultant was able to replicate many of the results from the data files. Strengths include the extent of detail and level of disaggregation in the collection of data on costs, output, and values by crops. Weaknesses include the relatively small number of questions on non-farm income, which represents a substantial share of total income, and lack of recording of consumption from own production. There were some problems in tracking the coding. Main findings, which were quite robust, include the following:

- With respect to attribution, while, as noted, there are almost insuperable difficulties in the absence of “with” and “without” AKRSP support and “before” and “after” AKRSP control areas, the data suggests that total earnings growth in villages with village organizations is about one-third higher than those without, possibly with a stronger effect on land-poor households than land-rich households. This last finding, however, was generally true in percentage terms but not always in absolute terms, and the differences were only weakly significant. However, there was no significant effect of being a village organization (VO) household *per se*. This is probably because—as observed by the mission—benefits tend to spread to all village households, not simply VO members. In economic terms, there are free riders.
- There is not much higher household income under double-cropping than single-cropping, particularly in 1991. This is probably partly because land holdings in double-cropped areas are smaller, but also that length of growing season and fertility may be more the explanatory variables than simply the number of harvestable crops squeezed in.
- The decline found in the surveys in household expenditures is probably not of concern, since it shows a decline in total food expenditures, particularly fruit. With the rise in production, this probably suggests that fruit consumption has increasingly been coming from own production.
- Growth in livestock income appears to be at least partly attributable to the support provided to the community organizations, although forestry income growth appears to be negatively affected by the presence of a VO. This possibly arises from village organizations inducing more careful management of forest resources—observed by the mission—thus lowering short-term forest incomes for substantial longer-term benefit.
- A major source of income growth, at least for the land-poor households, is non-farm activity.
- With respect to Astore, an area of particular concern, exploration of attribution is even more difficult. There were no VOs in Astore in the 1991 survey, so comparisons seeking attribution comparing income differentials between VO and non-VO at the early stage of the program with VO and non-VO differentials at the later stage are not possible, although the VO/non-VO difference in Astore in 1997 (which may reflect both selection and treatment) is comparable to that in other regions. In the absence of good measures of infrastructure, it is also difficult to demonstrate the impact of poor infrastructure in Astore, although there is some evidence of lower initial fruit income and fruit income growth in Astore, which could partly reflect transportation problems.

Recommendations by the consultant for future surveys include: better recording of consumption from household own stocks, including consumption items such as schooling and clothing; recording of *gender assignable* goods such as women’s clothing, which would help to indicate intrahousehold allocation; dates of VO establishment and other local institutions and their areas of action; dates of provision of public goods (roads, schools, health centers, water resources); and distance to markets. In general, future data collection in both surveys and monitoring and evaluation (M&E) warrant more attention to gender.

Comparative Cost-Effectiveness

Comparing the AKRSP’s costs with those of similar organizations reveals another aspect of efficiency. The relevant data, summarized in Annex C, show that the AKRSP incurs *total costs* per beneficiary that, *on a 5-year basis*,

fall within the range of costs incurred by comparable projects. AKRSP total costs per household, including both investment and operating costs, are almost exactly the same as those of the average for the International Fund for Agricultural Development (IFAD), which specializes in supporting community-based programs for the rural poor. However, the AKRSP has been operating for a much longer period than most donor-funded projects. Consequently, on a full-program-period basis, regardless of program length, total costs per beneficiary are high compared with typically shorter programs.

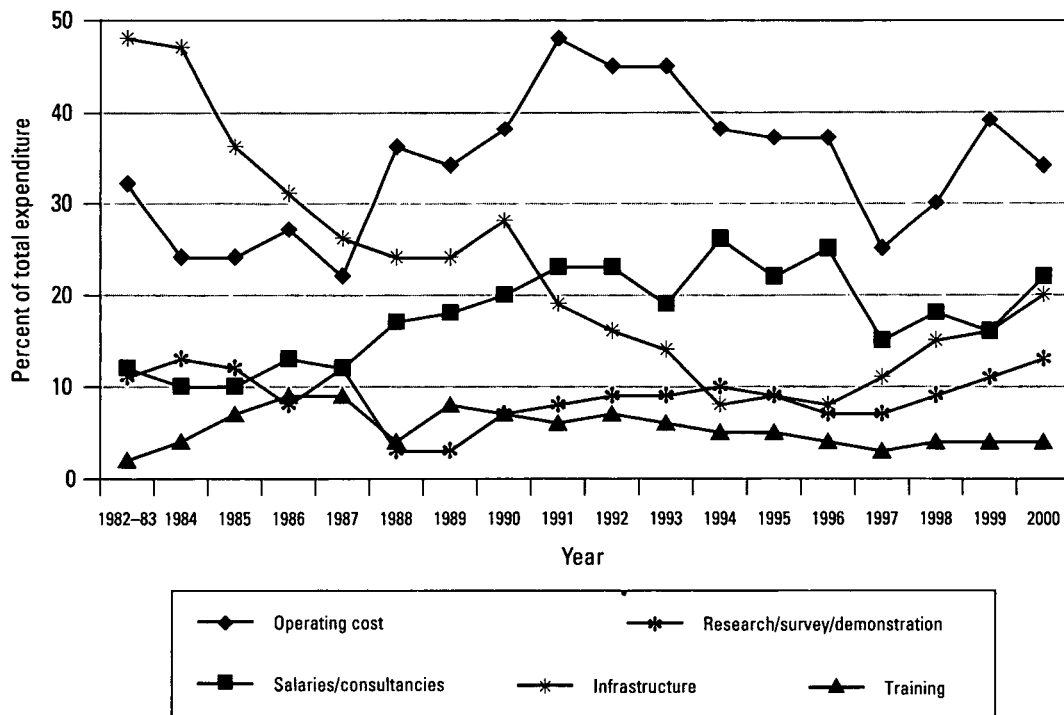
While it might seem justified to consider the time variable on the grounds that, for equity reasons, poor households should only receive a certain lifetime level of support, it could also be argued that very few 5-year donor projects represent the only external support that those households have received over, say, a 20-year period. *Operating costs* are much more difficult to compare. As concluded in a recent World

Bank OED study of social funds (World Bank 2002), comparable data are available in very few cases, given differences in benefits. However, at about US\$40 per household annually, the AKRSP is at the top end of the range.

Cost Trends Over Time

The balance of costs has changed over time, as shown in figure 2.1, but it is not easy to draw efficiency conclusions from this. Operating cost as a percentage of total cost has risen marginally, from a little below 30 percent in the first two years to a little above 35 percent in the most recent two years, but with a peak of nearly 50 percent in 1991. (Operating costs, as defined here, include capital costs for operation other than the program investments, salaries and consultancies, travel, administration, office maintenance, and vehicle operation. Total costs, as used in figure 2.1, include the disbursement figures for credit rather than the net credit figures.) The largest jump in costs was very early

Figure 2.1 Expenditure Categories as a Percentage of Total



in the program, from 1983 to about 1988, with an almost flat trend since that time (Annex J, table J.15). This increase occurred at a time of substantial program expansion, not only with respect to number of villages, but also to breadth of component coverage. The growth from the approximately 15,000 households served in 1982/83 to the approximately 95,000 served currently has involved going into increasingly challenging and remote locations. The substantial operating cost increase in 1999 is attributable to the purchase of all the vehicles for the current phase in that one year. Operating costs per household, in constant dollars, have been relatively flat since 1988. Infrastructure as a percentage of total cost has fallen from about 50 to about 20 percent. Salaries as a percentage of operating cost have risen. Training as a percentage of total costs has remained fairly steady and research, survey, and demonstration declined until about 1998, then rose again to about the current 15 percent.

The increase in operating cost as a percent of total peaked in 1991, while the share of infrastructure declined; this could be interpreted as a period of relative inefficiency. The improvement after 1991 could be interpreted as a period of improved efficiency. But interpreting efficiency from operating cost percentages in this type of an organization can be misleading. First, an organization with a focus on community mobilization and capacity building (as opposed to investment activities) could be deemed highly efficient even when operating costs are 100 percent of total costs, since all resources would be for operational activity. Second, although the AKRSP seems to be at the top of the range of costs per household among its comparators, the ERR justifies that cost. With respect to subsidy costs, NRM subsidies have declined significantly and there is now more focus on increasing village contributions in the infrastructure program.

Sectarian Allocation of Investments

AKRSP data indicate that the pattern of support to date for the approximately 73 percent non-Ismaili population has been 67 percent of the organizations (village organizations and women's organizations) formed, 66 percent of infrastruc-

ture projects funded, and 50 percent of credit disbursed—the latter based on effective demand with no restrictions. Given the early focus on Gilgit, which has a larger share of Ismaili population than Chitral or Baltistan (which has virtually no Ismaili population), and given the initial reluctance to partner with the AKRSP by some non-Ismaili villages, the overall balance at this stage does not seem to represent strong evidence of a sectarian bias in meeting demand. Recently, however, the AKRSP board has directed that, in Chitral—where sectarian resistance to the program has been strongest and the investment to date in non-Ismaili villages has been lowest—two-thirds of infrastructure investments should go to non-Ismaili communities. This will be helpful in improving the balance as well as in addressing poverty. Based on a categorization exercise of villages into poor and rich according to criteria that include land availability, livestock holdings, off-farm incomes, and access to services, the percentage of poor Ismaili villages in the program area is estimated at 45 percent and the percentage of poor non-Ismaili villages is estimated at 55 percent.

Subsidy Policy and Cost Recovery

At a broad level, the whole of the AKRSP's outlays constitute a subsidy to the rural economy of the NAC. Thus, and following standard economic principles justifying the public provision of economic goods, cost recovery should be a key element in the AKRSP's development strategy and financial plans. Within this broad accounting, the pattern of targeted subsidies and cost recovery for infrastructure, for some natural resource inputs, for technical support, and for training requires rationalization.

The current grant structure appears to have evolved rather than to have been chosen explicitly for efficiency, and grants are thus neither economically optimal nor based on a clear rationale. For example, one might expect to see lower levels of subsidy for infrastructure with more private good content, such as irrigation and microhydel (small-scale hydropower),¹⁰ than for infrastructure with more public good content, such as roads. Yet the reality is the reverse. The level of grant in 1998/99 averaged about 70 per-

cent for irrigation and about 85 percent for microhydel, compared with about 55 percent for roads.

While subsidies for public goods or public good elements can be justified, the AKRSP should not generally subsidize private goods. There would, however, be a case for such subsidy under the following circumstances: (i) where there are substantial positive economic externalities; (ii) on common property goods where community welfare is at stake;¹¹ (iii) where interventions reduce poverty, provided they are well targeted and do not create perverse incentives; and (iv) where there are environmental externalities.¹² But criteria need to be developed for termination when the criteria are satisfied.

A high grant element, and relatively the highest, on microhydels seems particularly difficult to justify. Economic analysis shows that these projects have the highest rates of return. Moreover, cost recovery in microhydel is less challenging than with many other types of infrastructure. The question is less whether a subsidy for microhydels is justified than whether those funds could be better used elsewhere, perhaps in the poorer, high-altitude villages for hard to obtain inputs or communications. In short, a review of subsidies measured against the full cost of provision is needed, followed by the formulation of a clear policy.

However, a clearly articulated subsidy policy is only part of a full approach to cost recovery. Many of the AKRSP's activities beyond the programs noted above are aimed at the provision of goods that are neither pure public goods nor open-access goods. These quasi-public goods, such as training in villages, can be internalized and used for private gain. Under those circumstances, people are often willing to pay at least part of the cost of provision. In formulating its financing plans, the AKRSP should also take this into account, as willingness to pay helps to signal the amount of such goods the AKRSP should supply, thereby helping to avoid waste.

In a similar vein, the AKRSP should review its entire program to identify all areas where full or partial cost recovery is possible. This exercise would help to arrive at a defensible estimate of the share of the AKRSP's costs that cannot legitimately and practically be recovered and must

be met by other means, such as donor grants or income from an endowment. With such estimates in hand, the AKRSP should develop a clearly differentiated and time-bound program of cost recovery and embed it firmly in its long-term financing plan.

Potential Gains in Efficiency from Increased Collaboration and Integration in the AKDN

The efficiency of the AKRSP and the AKDN could be increased by a planned, structured, but gradual process of integration. Although making better use of physical facilities, plant, offices, and equipment offers potential gains through reduced overheads, the most important gains would come from coordinated and integrated planning and implementation of schemes in which inputs are required from different AKDN agencies. Additional benefits from synergy effects of joint operations are likely to be substantial.

The AKDN has been slow to pursue this opportunity. At present each agency has separate offices, staff, vehicles, and equipment and thinks and acts separately.¹³ "We operate in silos," said the general manager of one AKDN agency. Yet all depend on the social infrastructure created by the AKRSP, have similar development goals, operate in overlapping areas, and serve the same people. Generally the people served do not distinguish between them. Moreover, as incomes rise and communities become more organized (largely in response to AKRSP-led development), the demand for better health care, water supply, and education rises. Other than some informal cooperation in the field, there is no mechanism within the AKDN that allows a coordinated effort to meet these demands. The AKRSP has an extensive presence and is actively engaged with village women—usually key players in matters of health and education. There is substantial opportunity for mutually beneficial gains in efficiency.

Institutional Impact

Addressed here are (i) the broader issue of the AKRSP's institutional impact on the NAC; (ii) the narrower issue of the effectiveness of the AKRSP as an organization; and (iii) the replicability of the program.

Overall, the AKRSP is an effective organization, willing to change and evolve to achieve its development goals. (See the timeline in Annex D showing major transition points by program component.) It learns from the past, reflects on its future, establishes clear objectives, and deploys skilled staff equipped with adequate resources. It has profited greatly from long-serving and consistently good general managers and key senior staff from its inception. As far as possible it has relied on recruiting senior staff from within the NAC, or has helped NAC staff grow into more senior positions. This staffing history will stand it in good stead as it confronts the challenges of the future.

Institutional Impact of the AKRSP in the NAC

As with all institutions, however, questions remain. The AKRSP's impact may have come at a broad institutional price. If the AKRSP were to be wound up tomorrow, there would be a large institutional gap in the NAC, a gap that other agencies, and most important the district administration, could not fill. While the AKRSP has contributed positively to government initiatives in the NAC, and even sought to influence national policy, overall, in the district administration, private sector development, and provincial and national policymaking forums, it is harder to discern the AKRSP's handiwork.¹⁴ Yet it is success in these arenas that will largely determine the course of the region's future progress.

AKDN organizations and government bodies have joint interests in responding effectively to people's needs. Like the AKRSP, these other institutions have the skills and knowledge to help build public sector capacity. Although it is likely that government's presence and program in the rural areas of the NAC (especially its agricultural presence) were slight before 1982, when the AKRSP was established, its presence and program are no greater now. Whether this is because the AKRSP has been so efficient and effective that it has displaced government's programs, giving government little incentive to act on its own account, or whether this is independent of the AKRSP's presence is difficult to prove.

Among AKDN agencies the institutional debt to the AKRSP is freely stated. Here, however, the

AKRSP's influence is to be found in the dependence of AKDN agencies on the social capital that the AKRSP has created over many years (Annex J, tables J.1 to J.5). For example, a rough estimate by Aga Khan Health Service suggests that their development costs would approximately double in the absence of the village organizations established by the AKRSP. It follows that some fraction of the benefits resulting from the activities of other AKDN agencies is properly attributable to the AKRSP. It is also reasonable to deduce that the AKRSP's success in working with mixed and non-Ismaili communities helped to bring about the broadened mandates of other AKDN institutions.

Among other agencies in the NAC, such as the IUCN, there is a strong appreciation of the AKRSP's pioneering work in social organization, which has enabled newer and valleywide environmental programs to make a much faster start than would otherwise have been the case.

Effectiveness of the AKRSP as an Organization

Organizational Restructuring. To address future challenges, the AKRSP is rightly proposing to adjust its current structure (see Annex K for current structure) to align it more closely with administrative districts. The evaluation team believes that these organizational changes must be guided by the substantial changes in direction and strategic focus that the AKRSP is being called upon to make, as well as by the new locational realities provided by improved communications through the Internet. This matter is discussed in greater detail in the "Future Directions" section.

An Institutional Survey. A survey of professional staff (see Annex E), carried out by the evaluation mission with substantial AKRSP assistance, reveals the AKRSP to be an effective organization with a healthy and broadly positive institutional climate. This is the first time that such a survey has been carried out within the AKRSP; partly for that reason, the results need to be interpreted with caution. Apart from a few weaknesses noted below, the survey reveals the AKRSP to be an organization staffed by people with a clear sense of purpose, a strong and shared commitment to its mission, the competence to

implement its programs, and a commitment to monitor and learn from their experiences.

There was little variation in response by grade (the survey covered grade 4 and above) or regional office—a strong indication of a highly homogeneous institution. Although the AKRSP's direction (mission and methods) is well understood, the perceived link between personal performance and institutional goals shows some relative weakness. Staff clearly believe that the AKRSP has high standards of openness and equity, and share these values themselves. However, there are signs that these values are unevenly practiced across the organization, suggesting the need for some improvement in performance. Women were more positive than men on this aspect.

The aggregate response on the human resource questions was lower than desirable, which indicates that staff think some human resource policies are unfair and that women are inadequately represented. The two concerns may well be interrelated. Similarly, although the group of questions on authority, responsibility, and accountability records a high score overall, there are indications of possible unfairness in the application of accountability and in the reporting of bad news. Management should consider an open, focused response to this.

The section on capability and competence reflects well on the AKRSP, but there are concerns about coordination and centralization. This may reflect current discussion about the role and performance of Field Management Units (FMUs; see Organizational Charts, Annex K). It also probably reflects the tension inherent in spreading the Core Office across two locations, Gilgit and Islamabad. There is some concern evident about the AKRSP's tendency toward introspection, but otherwise the AKRSP is clearly seen by staff to be a learning organization that is open and outward-facing.

Human Resource Development. As the results of the institutional survey suggest, the AKRSP has a competent and generally motivated staff. The AKRSP recruits actively and offers competitive remuneration.¹⁵ It also maintains close links with several overseas academic institutions for both training and advisory purposes.¹⁶ The AKRSP

invests heavily in training. As a result, professional staff spend a high proportion of time in training—just over 10 percent in the Monitoring, Evaluation, and Research Section, for example. Consultants, technical assistance, and high-quality volunteers are used judiciously. Staff turnover is modest despite the remote location.

The proportion of women among the AKRSP's professional staff (grade 4 and above) is about 14 percent, well below the AKRSP's target of 30 percent by 2003. For an organization that places a high priority on gender equity, this is an unsatisfactorily low figure, suggesting that the AKRSP's gender policy is not being pursued aggressively.¹⁷ Implementation of the gender objectives may also be uneven.¹⁸ Recruitment of women using conventional passive techniques is difficult and slow. Active recruiting and other techniques need to be used, and there must be a willingness to take risks, including hiring qualified women from “down-country.”

There are no women in the core team and no one (male or female) in the core team is responsible for the women's program. A woman should be appointed.¹⁹ The present lack of leadership leaves female staff with no one to talk to about issues they face. Some women also feel that their training and professional specialization is not being used, and they are there to support the women's program only. Last, there seems to be a reluctance to have men working for the women's program. Most organizations have roughly equal numbers of men and women working on gender issues. While such a ratio may still be unrealistic in Pakistan, greater experimentation is in order.

Funding, Financial Management, and the Budget. The AKRSP's annual expenditure has grown from Rs. 14.6 million in 1983 to Rs. 346.8 million in 2001. The donor share, excluding the Aga Khan Foundation, has grown from about 30 percent to 95 percent. The increasing contribution of donors has allowed the AKRSP to expand and deepen its program more quickly than would otherwise have been the case, but it has also created a risky dependency on external funding. Most donor programs are due to terminate by the end of 2002 unless new agreements are reached.

The AKRSP has a well-developed and well-managed budget process targeted at the fulfillment of its principal programs. The annual budget cycle begins in August with the issuance of budget guidelines to Field Management Units—the first level of accounting. From there the budget is discussed and built up through the regions and Core Offices into a consolidated whole, ready for the start of the ensuing fiscal year. Once framed, a comprehensive budget document is presented for board discussion. This budget process is complicated, however, by the need to fully integrate, yet separately account for, donor funds.

The chart of accounts needs to be thoroughly revamped to reflect the AKRSP's logframe of inputs, outputs, and outcomes. The annual budget document and the process by which it is generated is a major opportunity to adjust strategy in light of events and to plan tactics for the coming year. But this cannot be easily done unless the budget is framed and analyzed in terms of outcomes and results. At present the budget structure and analysis, although very competently done, is geared to expenditure analysis of programs and sections, reflecting an excessive concern with inputs rather than results-based management outputs.

Monitoring and Evaluation (M&E). The Policy and Research Section handling M&E is well managed, well staffed, valuable, and effective, but less so than it might be. Its reports are important instruments of learning within the organization and command a wide readership. The AKRSP has succeeded in hiring young, well-qualified social scientists, supplemented by consultants as needed. The unit occupies a key position in the Core Office, contributes substantively to strategy and policy formulation, and its manager is a trusted lieutenant of the general manager. Overall, the quality of the M&E work is good. As noted earlier, an independent U.S. researcher from a reputable university judged the quality of the data analysis in the 1997 Socio-economic Survey to be generally good. In the view of the evaluation team, however, some of the work lacks analytical depth and, like almost all similar units, has failed to grapple with the fundamental problem of attribution. There

should also be more attention to gathering data relevant to the gender program.

The M&E program should embrace more analytical tasks and experiment with newer evaluative methods such as beneficiary assessment and participatory evaluation. To achieve these aims, the M&E work program will need some restructuring to release resources. At present, progress and related reports for donors impose a heavy burden with high opportunity costs. Donors should simplify their information demands and agree on a single annual report. Such a step would free resources for more innovative M&E.

The proposed Policy Unit would lead to other changes in M&E. A sharper separation of monitoring from research and evaluation is suggested for the unit. Reflective and analytical tasks would be confined to the new unit, while monitoring in the field would take on more of a "progress-chasing" role. However, location is important. Experience in other countries suggests that the relevance of evaluation, research, and policy work in rural development declines as its contact with developments in the field weakens.

The Replicability of the AKRSP

The evidence suggests that the AKRSP is replicable, but the parts more than the whole. Annex J, table J.17 lists eight rural support projects that to some extent owe their basic approach and (sometimes) key staff to the AKRSP. These projects had established some 20,000 community organizations by 2000, about 5 times the number of AKRSP organizations. These conceptual successors are now active in nearly 50 administrative districts. AKRSP experience and skills have been used in the National Rural Support Program (NRSP),²⁰ the IFAD-supported Chitral Agricultural Development Project, Khushhali Bank, recent IUCN interventions, Sarhad Rural Support Corporation (SRSC), the Ghazi Barotha Taragiati Idara (GBTI), the South Asia Poverty Alleviation Program (SAPAP), the Punjab Rural Support Program (PRSP),²¹ and the activities of other AKDN organizations. The design of the government's new national Poverty Alleviation Program is also based on AKRSP experience. Several other programs and projects are less closely

modeled on the AKRSP but draw on its basic concepts. Staff trained at the AKRSP have moved on to many parts of rural development in Pakistan and beyond (see Annex A). Overseas, apart from similar Aga Khan Foundation rural programs in India, Kenya, Mozambique, and Tajikistan, AKRSP ideas have spread far and influenced the design of rural development on nearly every continent. None of the programs mentioned offer comprehensive economic analyses that attempt any attribution to the AKRSP. An evaluation of the NRSP, conducted in 1998, is largely positive in its assessment, but not quantitative (UNDP 1998). To the extent that these schemes are successful, some part of their benefits is attributable to the AKRSP. Attributing only a modest share of these benefits—were the data available—would greatly increase the rate of return to the investment in the AKRSP.

Sustainability

The AKRSP's sustainability can be evaluated along two main dimensions: institutional sustainability and financial sustainability. (The important broader institutional sustainability issue related to the vulnerability of the NAC to an AKRSP withdrawal was discussed earlier.)

Institutional Sustainability

The policy and development ideas that the AKRSP has developed are seemingly sustainable as they are applied and modified in an organic fashion elsewhere. In the NAC, many village institutions and their works fathered by the AKRSP have already matured and look set to have long lives, surviving independently of their progenitor, continuing to fill a void left by the decline of earlier political and social structures. Infrastructure works are likely to be sustained because they yield a substantial positive return and are well maintained. In this narrow sense, the AKRSP can be said to be institutionally sustainable.

Financial Sustainability

The AKRSP is not financially self-sustaining. As a private corporation, the AKRSP cannot tax the

people it serves. As a non-profit organization, it cannot trade for profit, and full cost recovery through commissions and service fees is not yet feasible, although significant moves in this direction can be made. From the beginning, the AKRSP has depended on funding by others, as intended. Table J.14 in Annex J shows the substantial annual and cumulative contributions made by international donors, including the Aga Khan Foundation (AKF), originally the largest contributor. But that has changed. Cumulatively the AKF has now contributed about 13 percent of the total. By 2001 its share of the annual budget was down to 5 percent.

Major donors, although gratified to have been associated with a successful venture, have been showing signs of fatigue, although recent events may alter this. If nothing is done, the AKRSP may soon face financial problems. Were this to happen, the AKRSP would be obliged to reduce staffing and the depth and range of its work. The extent to which other donors are waiting in the wings is unclear.

A task force examined the AKRSP's sustainability in 2000 and concluded that the program could not expect any increase in funding from its current six bilateral donors, but that other sources (bilateral, international, foundation, and private philanthropy) could be developed (Task Force on Sustainability 2000, p. 33). It also concluded that the AKRSP's financial future would be very tight, requiring it to strengthen financial management and increase cost recovery and fee income. It also proposed the establishment of an endowment fund that would yield sufficient income to cover at least some core costs.²²

But a narrow concern with self-financing may be misplaced. If the AKRSP tightens its belt, if it develops a new strategy pursuing efficiency, if it develops partnerships in a development coalition, and if it sells itself more as a laboratory for developing and testing creative new ideas on rural development,²³ then these public good aspects of its work constitute a strong case for continued international donor assistance.



Community Organizations

Community organizations lie at the heart of the AKRSP approach. Their achievements have been remarkable and, unlike many other donor-funded interventions, sustained. This success has been widely replicated in Pakistan, and, as noted, similar organizations elsewhere have emulated the AKRSP model. Two main types of organizations are currently being supported—village organizations for men (VOs) and women’s organizations (WOs) for women, although umbrella local development organizations (LDOs) are becoming increasingly important.

Annex J, table J.3, shows steady growth, to 85 percent of rural households with community organization membership by 2000, with the highest percentage in Gilgit (94 percent) and the lowest in Chitral (64 percent), the latter due partly to earlier reluctance to join the program. Within the villages there is widespread appreciation for what these organizational structures have done for members, and there is independent evidence that membership brings benefits. As one observer noted, “AKRSP has provided a platform.” Many villagers’ comments suggest that a main benefit is that it has empowered them to think and make decisions rather than simply receive. As one villager put it, “Before, people said, ‘Yes Sir;’ now people say, ‘Why Sir?’” However, the extent of ethnographic information describing internal village differences and patterns is still quite limited. This

section assesses the relevance, efficacy, and efficiency of community organizations, with a particular focus on women’s organizations because they appear to be in greatest need of redirection and offer the greatest potential for gain.

Relevance

Over the Period of the Program

The VOs have been highly relevant institutions. Fostered by the AKRSP from the outset in 1982, they built on local traditions of self-help and cooperation. For villagers they also proved an effective channel for accessing AKRSP assistance. From the perspective of the AKRSP, the organizations successfully embodied the dual objectives of the program: to build village institutions based on participation and to bring about economic development through Productive Phys-

ical Infrastructure (PPI). The organizations, particularly the men's, met both AKRSP and villager aspirations and formed an effective instrument for dialogue between male representatives of village communities and program staff.

Eighteen years later, many villages continue to have active organizations. In others they are less active, or in some cases dormant. In most areas VOs now coexist with a plethora of sub- and supra-village organizations, including LDOs, cluster organizations, and Social Welfare Societies. Some of these have arisen out of the need to coordinate mohallah-based (hamlets) VOs. Others have developed independently in response to specific functional interests or other funding sources.

Relevance Today

While it is difficult to assess the relevance of community organizations from brief visits, data confirm the continued relevance of many organizations. The 1998 Institutional Maturity Index Study estimates that roughly two-thirds of male members attend VO meetings regularly and slightly more than two-thirds of women attend WO meetings. This is a positive indication of relevance, as time is a highly valued resource in poor households. However, based on its field interviews, the evaluation team found reported meeting attendance quite variable. Where VOs have not retained their relevance to members and have disbanded, this may not be an indication of failure in institution building. It may be a *positive* indication that villagers have sufficient maturity and confidence in their improved social capital status to feel comfortable letting go of a particular organization that has outlived its usefulness—perhaps to spawn another one in a different guise, with a different objective.

Maintaining Relevance in the Future

VOs will continue to be highly relevant in some villages—for example, those in single-cropping, high-altitude zones isolated from markets and other funding sources, and where subsistence agriculture is still the norm, or where the AKRSP plans to offer further infrastructural support. However, the relevance of the original formulation of broad VOs may decline in villages as

more diverse and outward-looking livelihood options and new institutions such as function-based farmer interest groups take their place, but often with some of the same membership. Economic options have now expanded in the NAC, and the need to build alliances with down-country merchants will be more important. This is what is happening now, and what the AKRSP is planning for with its “functions-based” approach. To better understand this process and enable creative responses, the AKRSP needs to assess why some villages have more mature institutions than others. The evaluation team does not feel that the 1998 Institutional Maturity Study really achieved this.¹

Relevance of Women's Organizations

With few exceptions, all institutional diversification at the village level has been achieved by men in men-only groups. During evaluation team visits, not a single women's group planned a presentation; no woman got to her feet to make even the shortest speech on behalf of her organization. The contrast between the well-organized meetings held by the VOs and the meetings held with WOs could not have been greater. Whatever the cultural and religious justifications for the enormous discrepancy in women's ability to plan and manage activities, the twin-track approach has created an institutional process where one track (the men's organizations) has left the other track (the WOs) far behind.

This is not to suggest that almost 400 women's organizations have not been relevant to women (Annex J, table J.5). The problem, perhaps, is that they have been *too* relevant. They have responded to women's practical needs but not to their aspirations or potential as public citizens. The AKRSP may not have set its sights high enough in encouraging women to gradually increase their public profile and, with the support of men, create their own institutions, or in the right circumstances, join men in theirs.²

Relevance of Community Organizations for the Poorest

The relevance of community organizations to the poorest, who have never been members of them, appears to have been much less than for

their generally better-off participating neighbors. Many of these poorest are the destitute—widows, people with disabilities, the mentally handicapped, and immigrants with few resources. With little time to participate in collaborative work or with insufficient financial capital to honor reciprocal obligations, they are not easily drawn into the fold. Experience from elsewhere suggests that these groups often tend to be excluded. It has taken a long time for the AKRSP to address this social exclusion.³ Non-participating poor families have still benefited somewhat from the ability of the village organization to manage infrastructure and natural resources on behalf of the village. Traditions of equitably sharing out new land parcels have greatly helped equity. But as non-members, they have missed out in several ways. First, they will have had no opportunity to save and build up capital as a social safety net, or to use their collateral for borrowing in times of crisis, medical emergencies, or food scarcity. Second, they will have missed out on the development of social organization skills.

Relevance of the Pilot Poverty Program

The pilot poverty program—to test out more intensive, directed poverty approaches—has been operating for only one year, and so far in just a handful of villages. It was initiated in 1999 in both Gilgit and Baltistan as an outcome of the Training and Learning Program in Social Development, which has helped staff develop analytical skills.⁴ It is now enabling the poorest households to join VOs. This effort will need to be monitored. In one village (Gakuch Balla) it was not clear to the evaluation team that the targeted families had really wanted to join a community organization or that their better-off neighbors had welcomed them. Experience from other countries suggests that incorporating the poorest into well-established village organizations is very difficult, particularly if poverty is compounded by any form of disability (which is the case for some families in both the pilot villages visited). This is a reminder that high levels of social capital within a group are good for the group, but can make it exclusive and intolerant of outsiders who are noticeably different.⁵

Efficacy

Overall Efficacy of Village Organizations

Overall, VOs have been highly effective. They have been the mechanism for developing social capital, creating infrastructure, carrying out savings and loan activities, enhancing natural resource management, and developing human capital. However, for the future, resource constraints will dictate an increasing degree of *differentiation* among types of villages and organizations. Broad strategic questions related to differentiation—discussed further in Chapter 5—include: Should the AKRSP support high-fliers with good business skills? Or should it support organizations that have primarily social objectives, such as managing conflict resolution or canvassing for girls' education? Or should the AKRSP primarily support economically disadvantaged areas and villages? Designing an effective differentiated approach will call for a good understanding of the differences in village maturity, the reasons for those differences, and the status of social capital.

Overall Efficacy of Women's Organizations

The evaluation team focused particularly on understanding how members of WOs judged "effectiveness." Not unexpectedly, women appear to judge an activity to be effective if they think the time they put into it is justified by what they got out of it. The outcome might be broadly economic, or it might be social. Using people's own criteria for assessing effectiveness is difficult, but it needs to be tried. It stops outsiders from judging effectiveness only from their own perspective and ensures that the definitions of participants are also taken into account.⁶

Most WOs are seen as effective by their members. There is no doubt that for many women their organization is an important part of their lives—probably to a much greater extent than the VO now is for men. For one thing, it is still the only organization for women in the majority of villages, and their first and only experience of self-management. In most villages, WOs appear to provide sufficient social and economic returns for members to meet

regularly, usually weekly. The AKRSP is appreciated for the many opportunities it has provided for women through these organizations. In general, there was a “feel good” factor within well-established WOs where AKRSP support was seen to be making things happen. The converse was also true. In villages where the AKRSP has only very occasional contact because of religious opposition, debt default on the part of a VO, or where visits by women’s social organizers (WSOs) were very infrequent, there was often a feeling of abandonment. WOs continue to see themselves as dependent on AKRSP social and financial support. The relatively weak performance of regional women’s programs has been noted in recent donor reviews and actions proposed.⁷

Training Programs for Women

The AKRSP’s impact studies indicate that training programs through WOs have not always been effective in achieving significant or sustainable increases in incomes, notwithstanding the importance of basic numeracy and literacy. Training programs appear to work best when they add value to a product such as poultry rearing or vegetable production.⁸

Tailoring classes are common, but income returns are modest. Training appears to have flooded the market with medium-quality women’s garments with a limited village market, because everyone can now sew. To have any sustained financial impact, such training would need to be of sufficient duration to allow women to produce high-quality products (such as men’s wear) that are in demand.

Good financial advice is essential, and credit for start-up capital, perhaps with some grant element for the poor, would be an additional boost. Most important, training in marketing (including pricing, procurement of inputs, and different market channels) is essential. Women need practical help finding markets and engaging middlemen. The Enterprise Section (see Annex K, Organizational Chart) provides marketing advice, but to individuals and marketing groups, not to WOs. Learning Support Units (LSUs) therefore organize training in a “demand” vacuum.

AKRSP Social Sector Interventions and Staffing

Social service programs channeled through WOs appear to be only modestly effective. Two examples, water supply and women’s literacy, are addressed below.

Water supply schemes and community bathrooms are much in demand by WOs. Such programs are now being channeled through them, which indicates that the AKRSP clearly appreciates the value of making the WOs the conduit for village services. It will be important to ensure that women will manage these schemes and that men will not take over. The evaluation team was concerned about whether the AKRSP is organized and staffed to invest the time required at the village level to ensure this outcome. Men need to be helped to appreciate the reasons for the shift in policy, to support it, and to make the connection between women’s management of small-scale infrastructure and village development as a whole. The lack of women staff in technical departments is likely to be a constraint to their development of technical skills.

The scale of support for *women’s literacy* is impressive—48 women’s literacy centers were set up during the year 2000. The AKRSP is pursuing two models. One involves hiring existing, often male, teachers to provide classes for women and uses standard adult literacy techniques. The other, in Chitral, is developing and testing its own methodology and materials, and training its own teachers. It is highly participative, with strong functional objectives (materials aim to change health, hygiene, and nutrition behavior as well as to teach literacy and numeracy). The program is of high quality, but also reputedly of high cost.

The AKRSP could use the opportunity offered by these two approaches to explore a fundamental strategic question and reflect the answer in the strategy: What is the objective of providing literacy classes? Are classes intended to make women literate as a stepping-stone to other activities, or are they mainly for empowerment and awareness? Literacy, like all components of the women’s program, needs to fit into a larger strategic framework for village and regional (and not just women’s) development.

What Does the Success of Community Organizations Mean for Global Learning about Participation?

The success of community organizations in the AKRSP strongly supports other findings by OED in relation to participation (Blackburn, Chambers, and Gaventa 2000), including the importance of persistence; the need to avoid throwing large amounts of money at a problem over a short period, as in many large donor projects; the need to avoid having participation “bolted on” to a program design rather than having the design subservient to the participation needs; the risk of scaling up too rapidly; the need for NGOs, governments, and donors to adapt procedures to participation; and the need to use “champions” and alliances. One area where the AKRSP has not been as effective is in participatory monitoring.

Efficiency

Overall Efficiency of the Community Development Activity

The ability of community organizations to leverage a range of activities, including infrastructure, microfinance, natural resource management, and capacity building, and also support other AKDN activities, and that the overall rate of return appears to be satisfactory, suggests that the community component has probably been efficient. However, three particular areas will need attention to maintain efficiency in the changing environment: the need to differentiate village and organization support—putting less into the more mature organizations and more into the less mature and poor organizations; the need to bring women into the mainstream of decisionmaking, while also working with the proposed “functions-based” and supra-organizations—there may be some tradeoff here; and the need to monitor the efficiency of the poverty pilot activity, and then make decisions about the activity. The last is expanded on below.

The Need to Monitor the Efficiency of the Poverty Pilot

The AKRSP will need to carefully monitor the *efficiency* of the pilot poverty project, which, while it has commendable objectives, could result in suboptimal allocation of resources. The program is well conceived.⁹ It acknowledges that poverty and vulnerability result from a combination of factors: social exclusion, lack of material assets, and a lack of competencies resulting in limited livelihood options. But the opportunity costs of the program are considerable. One estimate was that a visit was required to pilot villages once a week for six months, an eight- to tenfold increase in reported “normal” frequency.

If the pilot poverty program is to be extended, the AKRSP may want to consider a dedicated team of staff seconded to this program. Those currently involved have learned a great deal, and it would be inefficient not to capitalize on their skills. Alternatively, an NGO could be contracted to oversee this program.

In any event, once any obvious potential management efficiency gains have been exploited, the AKRSP must ask of the monitoring data whether staff time is best spent on an expanded, separate poverty initiative or elsewhere in the program. Testing various levels of AKRSP support in different cases would help answer this question by offering more of a range of support intensity to test. It may be that the learning gained so far could be mainstreamed fairly quickly into other programs. The finding, discussed in Chapter 2, that being in a village with a VO had a greater effect on incomes than being a VO member is relevant to this poverty-alleviation efficiency issue.

In addition to evaluating the efficiency of the pilot poverty program itself—much of which, as noted earlier, helps the destitute—it would be important to monitor the distribution of credit by poverty quintile to assess the share reaching the poor. This may indicate opportunities for adjustment in the microfinance program. Ideally this should include monitoring the poverty impact of internal lending activities.



Programs

While community organizations are the main vehicle of development, the substance of support for sectoral growth is in four main program areas: microfinance, productive physical infrastructure, natural resource management, and marketing and enterprise development, together with the human resource development associated with these programs.

The evaluation team assessed each of the four program areas separately, again applying the standard OED evaluation criteria. This section summarizes the findings of that assessment, the details of which are in Annex I.

Microfinance

The microfinance component of the AKRSP's work is about to undergo a major change: the activities of the Microfinance Section will soon be taken over by a new national microfinance bank. The AKRSP will be a 60 percent shareholder in the bank (with the AKFED at 20 percent, and the International Finance Corporation [IFC] at 20 percent), which would operate both in the NAC and elsewhere in Pakistan. The evaluation mission did not appraise the new bank and limited its work to reviewing past microfinance performance and to offering findings that are relevant to the operation of the new bank and to the AKRSP's relationship with it.

The *objectives* of the Microfinance Program, as presented to the mission, were to:

- Create a *large capital base* through regular savings.
- Provide sustainable *access* to microfinance services.
- Devise *simple and appropriate* financial management systems for community organizations.
- Improve *financial and managerial* skills of the office staff of community organizations.
- Establish a *sustainable* financial institution.

These objectives are consistent with the overall AKRSP mission statement, except that they do not directly cover the equity issue. It is important that these objectives—but including the missing equity element—are carried over to the national microfinance bank.

The Microfinance Program Has Been Relevant, but Recent Significant Changes Will Affect Strategy. Since the last evaluation, important changes have occurred. Since 1997 annual loan disbursement has declined; lending within communities has increased; overdues have increased; and, in 2000, total savings declined for

the first time. These changes, together with the proposal for the new bank, require that objectives and target clientele be clarified, credit products be reviewed, and processes of coordination between the AKRSP and the new bank be established.

Efficacy of the Microfinance Program Has Been Substantial. The program has been an important complementary element in the development of VOs and WOs. From the outset, the AKRSP has stressed savings by community organizations as an investment in social organization and as the capital base for investments in productive opportunities. The processes established have been very effective in reducing transaction costs and mobilizing savings of poor households. While saving to a certain level was compulsory, the microfinance program was helped for some time by the differential interest rates and potential for arbitrage—borrowing at low rates, saving at high rates—that existed.

Savings and Credits. Recent changes in the savings and credit environment need to be addressed in the new strategy. Total savings declined in 2000 to Rs. 429 million from Rs. 431 million in 1999, although it was still rising for the newer WOs. The decline largely has been due to reduced volumes of compulsory savings as savings reserves have built up and to competitive opportunities elsewhere. However, by June 2001 savings had risen again to Rs. 432 million.

On the credit side, while the AKRSP's credit disbursements grew rapidly from Rs. 1 million in 1983 to Rs. 91 million in 1994, and to a high of Rs. 277 million in 1997, disbursements have declined since then to Rs. 224 million in 1998 (Rs. 253 million in outstanding loans), Rs. 163 million in 1999 (Rs. 201 million in outstanding loans), down to Rs. 127 million in 2000 (Rs. 142 million in outstanding loans). While increased interest rates on all credit products and a downturn in the national economy have contributed to the reduction in demand, it is mostly a product of increased internal lending within communities.

Internal Lending. Internal lending, earlier called village banking, is self-managed credit in which the community organization lends its savings to its own members. Lending terms and conditions are set internally by the community.

When internal loans are not repaid, the community organization is faced with a difficult choice, either deducting the payment from the borrower's savings, which some organizations are reluctant to do for fear of decapitalizing the community organization, or loan rescheduling, which many do, but which risks decline in lending discipline and erosion of savers' confidence. Both outcomes risk disintegration of the social capital that has been fostered over many years.

It is estimated that in the Gilgit region about 18 percent of the community organizations are undertaking internal lending, and in Hunza, close to 50 percent. While this is in keeping with the AKRSP objective of making villagers self-sufficient, there are doubts about whether it will be sustainable at present village skill levels. While the AKRSP has limited leverage in the internal decisionmaking of the organizations, it has been promoting a set of uniform internal lending guidelines and providing training.¹ This will need to be continued under the new bank.

Overdues and Write-Offs. Recovery performance has recently been under threat owing to a high ratio of overdues to loans outstanding—above 20 percent, with a high of 25 percent in 1999—and a loan loss ratio increase to 4.1 percent in 2000 from 1.7 percent in each of the two previous years.² Portfolio at risk³ peaked at 7.2 percent in 1999 but in 2000 came down to 5.6 percent.

There is a marked regional difference in the pattern of repayments: in 2000, Baltistan District had the highest ratio of overdues at 48 percent, Chitral the lowest at 16 percent. The increased overdue ratio is largely a legacy of a recent credit operation failure, mainly involving individual loans (previously called enterprise loans) for potato production in Baltistan, an enterprise that faced production and marketing problems. This is a consequence of an attempt in the mid-1990s to rapidly expand the AKRSP's credit portfolio through experimentation with lending products, but without proper appraisal procedures.

The AKRSP has been proactive in reevaluating its loan products and quick to terminate poorly performing products, however, and it has now amended its internal policies and procedures. Considering the regional differences in the overdue pattern, an adequately differentiated

approach, with particular attention to the Baltistan District, is required and appears to be well in hand. Its effect on repayment performance needs to be closely monitored.

Overall, Efficiency Is Substantial Compared with Pakistan and Global Standards. While the operating cost⁴ ratio over average portfolio outstanding increased to 11.3 percent in 2000 from 7.1 percent in 1998, this is well below the industry standard of 13 to 21 percent. The increase is a result of staff growth and improvement of the financial management system. The AKRSP's microfinance operations are not directly comparable with most microfinance NGOs in Pakistan because of the small size of their loan portfolios compared to the AKRSP, different implementation methodologies, and the limited time in operation.⁵ However, a comparison of the AKRSP with other NGOs in the Pakistan Microfinance Group⁶ indicates relative efficiency. Taking a global view, the efficiency of the AKRSP's Microfinance Program is better than the industry average of 114 microfinance institutions.

Institutional Development Impact of the Microfinance Program Has Been Substantial. The AKRSP has established an efficient microfinance system and substantially enhanced capacity at all levels through training. To deal with the emerging overdues issues and to prepare for the transition to the new bank, the AKRSP has strengthened its Microfinance Section. As a result, the operating costs of the Microfinance Program increased from Rs. 2.8 million in 1995 to Rs. 19.41 million in 2000. The changes over the past three years, aimed at portfolio quality improvement, have led to an increase in cost per unit of money lent and an increase in the cost

per borrower, while the average amount lent per borrower has gone down and the number of loans and the credit amount being overseen by each credit officer have decreased appreciably.

The program has been instrumental in developing local capacity in financial management. More than 3,700 people have been trained in bookkeeping and accounts, including many community organization managers. However, the new bank will present a new skills challenge, coming at a time when AKRSP microfinance is emerging from a period of some fragility.

Subsidy Is Modest or Zero Depending on Assumptions. With respect to *financial sustainability*, the AKRSP's own *Subsidy Dependence Index* (SDI) calculation shows a very favorable negative 130 percent (Annex G), indicating no subsidy. However, three coefficients used in the calculation bias it toward financial sustainability, depending on the interpretation of what the opportunity cost of funds has been, how to treat shared costs within the AKRSP, and how to treat earnings from investment of unused funds (discussed more fully in Annex L). Reworking the index calculation with alternative assumptions (see Annex G, right-hand column) shows an SDI for the year 2000 with about a zero subsidy. Less favorable alternative methodologies still do not show substantial subsidies. The new bank projections expect some cross-subsidy from other operations to the NAC for about 5 years.

The Future for Microfinance

Clarify the Strategy and Prevent Mission Drift. Both the new bank and the AKRSP need a NAC microfinance strategy. The evaluation team believes that to be consistent with the mission

Table 4.1 Efficiency Comparisons

	AKRSP Microfinance Program	MBB peer group in South Asia (n = 9)	MBB, all participants (n = 114)	Microfinance Group in Pakistan (n = 10)
Operating costs/average loan portfolio	12%	20%	31%	15%
Operating costs/borrowers	\$16	\$19	\$150	\$16
Borrowers/staff	389	229	111	N/A

Source: AKRSP 2000h.

statement of the AKRSP, the *microfinance program objective* for both the AKRSP and the new bank should: (i) maintain a focus on the poor, but not necessarily the poorest of the poor; (ii) maintain a focus on the NAC as the AKRSP client area; (iii) provide high-quality financial services to the identified clientele; and (iv) maximize the complementarities between the AKDN family of programs and the new bank. The establishment of a new bank should neither become the microfinance objective itself nor absolve the AKRSP from setting out a clear strategy for its microfinance support for the NAC, and continuing its central role in microfinance execution.

Divorcing microfinance activities from the other AKRSP program components, as the new bank will do, offers some benefits but also carries risks that need to be managed. In the past, the ability to integrate credit activities with technical assistance from other program components was thought to be an advantage. While under the particular circumstances of the AKRSP's well-coordinated program this may have been the case, global experience has shown that such a tie can actually hurt credit more than help it, providing the opportunity for borrowers to default on the grounds of faulty technical advice. With separate institutions—the AKRSP and the proposed new bank—the advantage of securing loan repayments as an incentive for further AKRSP investments at the village level could be weakened, but the intention appears to be to maintain close program links and to withhold investments from defaulting villages. In making projections it will be important to reflect realistic trends of internal lending and overdues. Getting these projections right, and keeping them realistic on the basis of performance, will be critical.

Clarify Respective Roles, Especially in Internal Lending. It will also be important to clarify AKRSP and bank roles with respect to guidance for communities on internal lending, perhaps even regaining some control over the situation. The new bank will need to address this with AKRSP help. Experience suggests that problems with internal lending will readily spill over into external accounts behavior. Delinquency problems identified early in internal accounts can sig-

nal problems with external accounts while they can still be fixed.

Conduct Marketing Studies. Mission discussions at village level found some dissatisfaction with loan products, suggesting that further market research is warranted to contribute to the design of new bank products, particularly regarding the credit needs of women. This is an opportunity to enter a new phase of product diversification and to move away from the earlier, more basic products, or at least to fine-tune existing products. At the end of 2000, and then again in October 2001, two new products have been introduced, so there is already evidence of increased diversification.

Productive Physical Infrastructure

The benefits and impact of the 2,000 small-scale infrastructure schemes completed so far (see Annex J, tables J.6 to J.9) are substantial and largely sustainable (about 50 percent irrigation; 25 percent roads, bridges, and other communications infrastructure; and about 15 percent microhydel). Ingenious *irrigation supply channels*, often over long, precarious routes across mountain slopes, have aided the development of 48,000 hectares of new land, about a one-third increase in cultivable land area, and intensified existing cropping. The hundreds of miles of *link roads* and 60 bridges constructed by village organizations have increased the impact of the expanding government trunk road system. *Microhydels* are making a major difference to quality of life, especially in Chitral. The great variety of other schemes chosen by villages indicates opportunities for more diversified infrastructure investments in the future.

PPIs Have Been Relevant. The objectives of the PPI program were highly relevant and consistent with the overall mission statement. They were: to provide the essential catalyst and social building block for village organization and to respond with technical assistance and grants to the expressed needs of the villagers to improve their lives by investment in physical works. Generally, investments have been equitably distributed. Government has demonstrated its appreciation of their relevance by providing funds for extra schemes to be overseen by the AKRSP.

Efficacy Has Been Substantial. The PPI program has continued to complete an average of about 120 schemes a year, and with the addition of 20 contract engineers, 154 schemes were completed in 2000. (But relevant to the question of incentives for sustaining community organizations is that, in 1987, after 5 years of the program, about 20 percent of the organizations had a PPI being initiated that year, whereas in 2000, with more than three times the number of organizations and some decline in number of PPIs initiated, it was about 5 percent.) Selection of projects by the whole community in open meetings conducted with AKRSP facilitators generally ensures that the highest-priority schemes are chosen. It also ensures collective commitment to provide a substantial share of the costs and labor. Only 4 percent of schemes have been abandoned as failures, most of them in Chitral and Baltistan.

However, the rate of completion of the land development elements of *irrigation projects* to make early use of available irrigation water is cause for concern. Reclassifying irrigation schemes as “land development schemes” raises the profile of the economically important land development phase, but it is not clear that this has yet translated into faster development rates.

Apart from some government construction of secondary roads, AKRSP *roads and bridges* have provided the bulk of the tertiary road system. These tertiary roads have greatly increased the impact of the Karakoram and Skardu highways.

The benefits of *microhydels* are numerous and far-reaching, but limited mainly to Chitral, which has the most schemes and the highest microhydel concentration in the world. Initially the main use of the schemes was for lighting to replace kerosene lamps and wood fires, and to power simple home appliances, but the newer schemes are creating opportunities for small enterprises such as stone polishing and agricultural processing, and for public facilities. There is scope in Chitral for many more such schemes.⁷ AKRSP microhydel staff have provided assistance to a variety of other schemes, even in other countries, projecting the AKRSP approach well beyond the program.⁸

Economic Analysis Suggests the Infrastructure Program Is Efficient. The economic and

social impact of the infrastructure program has been substantial: ERRs average 19 percent, based on AKRSP’s worst-case economic analysis scenarios (after the omission of one high ERR case study outlier in each PPI type). The benefits were confirmed in village discussions, which often stressed the health benefits and where estimates of land value changes collected by the mission were consistent with the capitalization of high private internal rates of return into land price. Costs are substantially lower than for traditional public works.

Evidence is mixed on the *allocative efficiency* of investments. Average ERRs by type fall in a relatively narrow range, suggesting reasonably sound overall allocation by PPI type. However, the range of ERRs *within* a PPI type is wider, suggesting there may be room for stricter selectivity within categories.⁹

Sustainability Is Likely, but Microhydels Have Some Potential Problems. The sustainability of infrastructure schemes is assessed as highly likely, but with reservations for some types of schemes. Village ownership of schemes was found to be excellent. Maintenance of infrastructure is of a generally high standard: the AKRSP reports that 92 percent of the infrastructure projects are effectively maintained, with a high figure of 98 percent for those in the Gilgit region.¹⁰ A recent study (Khwaja 2000) that looked at the determinants of collective success in the maintenance of AKRSP infrastructure projects found that adverse community-specific factors did affect standard of maintenance, but that this could be more than compensated for by better project design. No serious problems were reported during village meetings, and no major maintenance deficiencies were observed at project sites visited.

However, three sustainability issues are of some concern:

- Cost recovery in microhydel schemes generally just covers routine operation and maintenance, with no reserve for larger repairs or replacements. The current ad hoc levies for such large expenses seem to have worked so far, but cannot be sustained in the planned expansion to larger schemes. The Regional Program Office in Chitral is aware of the problem, and action is being taken to increase

tariffs (a similar problem is likely for domestic water supply).

- In some irrigation schemes there should be increasing attention to projecting labor constraint, especially where there are growing off-farm employment opportunities. In some cases, village land area increases substantially.
- Water use efficiency is becoming increasingly important, as some villages have experienced decreasing water supply. While this is not yet widespread, shortages could pose future sustainability problems for some irrigation investments.

The Future for PPI

Demand Should Be Met, but with Greater Cost Recovery. The NAC has a large unsatisfied demand for further investment in high-priority infrastructure, but it should be pursued within the framework of increased partnership with government, with greater differentiation between private and public goods, with increased focus on poorer areas, at scales that villages can maintain, and with less subsidy (a reduced grant element). The level of subsidy should be differentiated by community poverty, public and private goods categories (less to the latter), and by resource levels. However, the AKRSP should become more a social facilitator and technical assistance agency for infrastructure than a financier.

Differentiate More Between Public and Private Goods and Poor and Less-Poor Communities. The AKRSP should differentiate more between private and public goods, or the public and private elements of mixed goods, and make this explicit in funding decisions, with the grant element of private goods being reduced in stages. This would mean that land development schemes (including their irrigation supply) and microhydel would receive reduced capital subsidies, but roads and bridges would continue to be grant-financed at about current levels. But justifications should be reassessed as part of an overall AKRSP subsidy review. Levels of poverty should also be considered. The allocation of infrastructure investment should be a major tool in rebalancing the overall program more in favor of poorer and relatively under-served areas, but

as before, only in response to village demand and within village capacity.

The schemes taken up under the program should normally be limited to *those that can be implemented with no greater AKRSP input than the traditional village-based schemes* to date, and to those that villagers are willing and able to complete and maintain with their own resources. Thus, the prime determinant should be not size but pragmatism with respect to what villages can construct and maintain. Large infrastructure schemes identified by communities, but beyond their capabilities, should be implemented in partnership with government. The AKRSP should consider moving toward awarding PPIs on the basis of competitive proposals and the community record of implementation and maintenance, but with a poverty rating criterion also.

Natural Resource Management

Natural resource management (NRM) activities, encompassing agriculture, livestock, and forestry, have been highly *relevant* and have had a significant beneficial impact in the project area over the period of the program. NRM activities can be expected to remain relevant, as about 60 percent of household income comes from farming.

The NRM strategy calls for raising the living standards and incomes of the people of the NAC to a level comparable with the national average for Pakistan. It proposes *four priority areas*: increasing area under irrigation, wheat¹¹ and maize improvement, animal husbandry, and commercial agriculture. *Three strategic elements* serve as an overlay: increasing production from existing farmland by 66 percent; increasing cultivated area by 30 percent; and modestly increasing income through ancillary enterprises such as beekeeping, poultry farming, and trophy hunting. Greater agricultural production is expected to come from increased cropping intensity, new technologies, and improved supply of inputs. Forestry is being played down somewhat because of the substantial planting achievements and increase in private nurseries initiated with AKRSP assistance.

One premise of the strategy—that production must increase by 66 percent in line with population growth (2.55 percent)—warrants rethink-

ing. In an area as challenging as the NAC, neither efficiency nor sustainability calls for regional self-sufficiency in food production. Income transfer and non-farm income are fully acceptable elements in a strategy for sustainable livelihoods in rural areas. Food import may always be needed.

In the absence of a “control” program area it is difficult to prove that the AKRSP has substituted for government, but the total absence of government extension suggests that the AKRSP has probably substituted for government in technology dissemination. In research, with the AKRSP handling adaptive work only, mainly testing and demonstrating new varieties, the AKRSP contribution has been more complementary, but complementary to a still weak government program largely based on research stations. There is some evidence of recent improvements at the Karakoram Agricultural Research Institute for the Northern Areas (KARINA; Annex I). If this can be sustained, perhaps with donor assistance, it may provide a basis for more productive and sustainable partnership between government and the AKRSP in research.

*Efficacy of the NRM Component Has Been Highly Satisfactory.*¹² Over the only period for which good income data are available, per capita farm incomes increased 2.7 times, from Rs. 2,647 in 1991 to about Rs. 7,046 in 1997 (in real terms, 1999 prices). Before and after that period, data are inadequate, but income growth rates were probably lower, partly due to weak national economic growth. The lowest percentage increases have been in Astore, where infrastructure is a main constraint, and the highest have been in Chitral (AKRSP 2000c). Efficacy was particularly impressive in forestry.

Improved varieties of wheat and maize, 400 metric tons of which have been distributed since inception of the program, are acknowledged by villagers to have contributed to raising overall cereal production substantially. Based on the socioeconomic surveys, cropping intensity between 1991 and 1997 increased by about 15 percent. Growth in fruits, vegetables, and livestock has significantly contributed to increased farm income.¹³ Examples of relevant and successful technology innovations supported by the AKRSP include the introduction of exotic varieties

of cherries, apples, pears, and apricots; the huge increase in seed potato cultivation for down-country markets; and continued attention to increased forage production (alfalfa, oats, maize).

But Some Areas Need Attention. Notwithstanding the generally good performance, as with all programs, there are some signs of problems. *First*, while it is difficult to prove, the evaluation team believes some vision has been lost in natural resource management. Evidence for this includes the weak explicit linkage between NRM strategy and poverty objectives in project design, the continued lack of attention to the above-channel areas as an integral part of the system, and the partial response to earlier recommendations of both the OED and Joint Monitoring Mission Reports.

Second, the evaluation team observed some variability in performance of NRM interventions across villages and districts, which suggests there may be room for management improvements.

Third, the evaluation team had some doubts about whether there has been sufficient focus on technologies for the poorer households, and for those at high altitudes, although there has certainly been some attention in breed improvement and fodder security.¹⁴ The NRM program needs something similar to the targeted poverty program, with differentiation that would identify the particular needs of the poorer households in each identifiable zonal system.

Fourth, sustainability of gains in cash crops will be fragile if more attention is not given to addressing crop and livestock pest and disease problems—for example, disease problems in seed potato; understanding and linking marketing and production; and enhancing the capacity of the private sector input supply system.

Fifth, in double-crop areas there are some signs that productivity increases are reaching a plateau. This needs attention through integrated nutrient management approaches.

Relative Strengths and Weaknesses. Looking at AKRSP performance in NRM, the evaluation team assessed strengths and weaknesses with respect to five attributes generally considered important for technology development and dissemination. The findings are summarized in the table below.

The Farm Systems Recommendations of the Previous Evaluation. The evaluation mission's view is that the farm systems recommendations of the previous mission should have been implemented (see Annex B), although there may be room for debate about the appropriate intensity and scale.¹⁵ With the steady increase in off-farm incomes over time, additional focus on a broader livelihoods approach is warranted. Focus on this latter area should now lie within the remit of the NRM component, since there is no other suitable institutional home for it. Failure to adopt the systems approach appears to be explained by a combination of concerns about costs, lack of a comprehensive NRM strategy, lack of core leadership in NRM, and lack of strong management commitment to NRM relative to other priorities.

*Livestock Development in Above-Channel Areas.*¹⁶ The AKRSP's role has been important through the afforestation program and through facilitating contacts between communities and

NGOs such as the IUCN and the Worldwide Fund for Nature (WWF). But with respect to live-stock productivity, the AKRSP has focused on the below-channel area almost exclusively. Yet nearly all the weight gain of most livestock comes from above-channel forage, and livestock are the biggest components of farm income. More focus on this area, and the interactions with below-channel areas, is warranted. A shift in this direction by the AKRSP would complement the ongoing efforts of the IUCN and WWF.

Efficiency Has Been Satisfactory. The economic analysis of the NRM component alone, excluding the AKRSP overheads, which have been applied to the overall economic analysis, suggests a rate of return of 24 percent. This quite high rate of return is fairly typical of NRM interventions with a high level of technology content. The economic analysis also indicates that relatively modest shares of aggregate increases in net farm income attributable to AKRSP, on the order of 10 percent, would give an adequate ERR.

Table 4.2 Performance in NRM: Strengths and Weaknesses

Attribute	Strength	Weakness
Integration	All disciplines of crops, livestock, and forestry integrated into NRM; dissemination processes devolved to regional program offices.	Limited central leadership in NRM to play mentor as well as strategic planner.
Flexibility	Regional management empowered to make periodic reviews and change, when needed, resources allocated for specific activities; can be very responsive to the community needs.	Most NRM staff still target-oriented; little time left for creative activities or pursuing ideas that would lead to generating new technologies.
Relevance	A number of examples of relevant and successful technologies disseminated by the AKRSP can be found in the field.	A few areas/farming systems still do not have appropriate technical packages and associated support (single-crop zones/above-channel farming systems; remote communities with marketing problems).
Partnerships	Very strong in building partnerships with communities. Emerging capacity in building partnerships with private sector input suppliers.	Relatively weak in promoting partnership with government agencies.
Institutional support	Over the full program, solid support from management; transparent policies; goal-oriented.	Support for NRM declined somewhat in recent years.

Environmental Sustainability Is Largely Unknown. No broad study has been done of the environmental costs and benefits contributed by the people of the NAC to this nationally very important river basin. Such a study is needed to assess the net services provided. With respect to accelerated *soil loss* arising from land use practices, sustainability issues do not appear to be a major concern in comparison with the mass wasting of material arising from natural weathering and collapses of this geologically young mountain region. While interventions such as afforestation can temporarily hold more soil, and while indiscriminate tree cutting (arising from ill-considered new roads, for example) can do the reverse and also contribute to significant biodiversity loss, the likelihood is low of human activity raising or lowering the total silt load coming out of such areas by appreciable amounts. Nevertheless, a better understanding of the broad environmental relationships is warranted.

With respect to *pesticide use and fertilizer runoff*, there are no data. Training to prevent the indiscriminate use of inputs and further work on integrated crop management techniques should be pursued as much for profitability as for environmental reasons. However, the scale of fertilizer and pesticide use is still quite modest and it is unlikely to present a major problem *yet*. But the issue will need careful watching.

Future Directions for NRM

The following is a very brief summary of proposed future component program directions that are more fully covered in Annex L:

- Collaborate with government to initiate *Research Policy and Commodity Research Coordination Committees* (less challenging than zonal committees at this stage) and *Research Extension Liaison Groups* in each zone, with farmer, researcher, and NGO membership—including the AKRSP. Initiate a phased introduction of *Participatory and Collegiate Research*. Participatory research represents a stage beyond simple participatory variety testing, bringing farmers more into the experimental process.
- Revisit the farm systems recommendations and pilot a modified system. In addition,

increase attention to three areas of farming systems integration: *integrated soil management, integrated crop management, and integrated water management.*

- Extend the work in single-crop areas, especially in Astore. Develop it as a special, poverty-focused program using a low external inputs approach with a focus on improved varieties and seed multiplication and supply.
- Do more for the above-channel areas. While a decision to do more in these areas may be premature before most of the findings of the ongoing research program are in, this option should be given serious consideration as soon as possible.
- In partnership with others, carry out an analysis of the environmental costs and benefits of upstream activities in the river basins, measuring impact at the point of exit from the NAC. This may need to be done in stages, but the objective would be to contribute to an overall assessment of the net upstream environmental services provided by the people of the NAC.
- Give high priority to building the capacity of suppliers for provision of quality inputs and technical advice. Increasingly, suppliers should become an element in a more pluralistic extension service, gradually moving beyond their present limited roles toward becoming more substantial and stable enterprises.

Marketing and Enterprise Development

Marketing and Enterprise Development Is Relevant, but Objectives Need Clarification. Marketing and enterprise development is clearly relevant for a remote region in a diversifying economy. However, the objectives of this program component need to be clarified and linked more directly to the overall mission statement. Activities have ranged so widely that the approach appears to have been *ad hoc*, rather than guided by some clear principles. There is a need to maximize the AKRSP's leverage, but to be more efficient in picking the winners.

Achievements Have Been Modest. The original *marketing component* concentrated on reducing losses of perishable products—fruit (fresh and dried), livestock, and grains—and on input

stores. Farmer training and credit were provided, but much of the activity was undertaken by the AKRSP and directly primed with grant funding. Early results showed few successes and some spectacular failures, especially where the AKRSP took on an agency function in marketing perishable produce.

From the mid-1990s the emphasis swung toward *enterprise development*, with the range of activities broadening away from the AKRSP's rural roots. Given the diversifying economy, this was a relevant shift for the NAC, but it has taken activities into areas of lower AKRSP comparative advantage. Notable successes to date include apricot drying and packaging, which has greatly added to producer returns for this important crop; seed potatoes, which started well, but now has run into difficulties; vegetable seed production, which has grown to quite a large enterprise with contract growers, but is still a "project" striving for profitability and private ownership; the shu fabric/clothing enterprise, which also needs to become private; and agricultural input supply shops, which are already in private ownership.

The latest strategy, which the evaluation team supports, focuses on providing additional business development services for small- and medium-scale enterprises, mainly through partnership with existing business service agencies and the private sector. However, the limited efficacy of the program to date does raise the question of whether, for enterprise and marketing development, roads investment is not the most reliable bet. Value-added impact comparison would be instructive.

Efficiency Has Probably Been Modest. The mission did not have the resources to evaluate the efficiency of such a diverse collection of activities. But with many starts and limited successes, efficiency has almost certainly been modest. It is to be expected that this component would need a start-up subsidy as the AKRSP's traditional strategy emphasizes experimentation, trial and error, starting small, admitting failures, and moving on if needed. The marketing and enterprise development component has epitomized this approach. The new partnership approach should provide a more direct route to establishing viable

enterprises, with partners being selective in their choice of enterprises.

Institutional Development Impact Has Been Modest. The AKRSP faces its greatest enterprise development challenge in devising ways to ensure that its activities become *institutionally sustainable*. The earlier cluster marketing associations have tended to wither once the AKRSP is no longer the driving force. With skilled staff and ample initial resources, much can be achieved, but this is not development unless it is rapidly institutionalized, preferably as a profitable private enterprise or in partnership with a corporate patron. Within the AKDN there appears to be potential synergy in more closely allying AKRSP's enterprise development activities with AKFED resources.

The Way Ahead for Marketing and Enterprise Development

- *Evaluate the impact of training.* The AKRSP has provided a wide range of relevant training in enterprise skills such as business management, hotel management, bookkeeping, post-harvest management, broiler farming, fruit and vegetable processing, poultry feed and chick supply, embroidery, carpentry, auto mechanics, motor/generator rewinding, mining, gold panning, food processing, computer technology, cobbling, and mineral appraisal. The skills developed are not necessarily lost with the failures of individual enterprises. The impact of this training on income generation needs to be evaluated in order to prioritize future training activities.
- *Stay the course with agricultural marketing.* Marketing of agricultural products remains a primary constraint and should be reinvigorated to a level at least equal in priority with more recent enterprise initiatives. This may call for a staffing review to ensure the availability of appropriate skills.
- *Develop a decision framework.* A decision framework should be developed and kept updated to identify those sectors, subsectors, and product categories likely to be most competitive, as well as add the greatest value to the economy of the NAC. Greater prioritization is desirable, with more resources going

to fewer prime areas to avoid being spread too thinly. The use of a social accounting matrix is worth exploring.¹⁷

- *Tourism should be a priority area for AKDN coordination.* Tourism in the region's dramatic physical environment has grown in recent years, with some AKRSP assistance for village hotels, but it would be desirable to have a more defined strategy in the sector that embraces other relevant AKDN agencies. Apart from traditional trekking and climbing tourism, the region's natural wonders and biodiversity
- *Look outward at migration as part of the NAC strategy.* Focus increasingly on marketable skills for migration outside the NAC within a broader livelihoods strategy. As has long been the case, the future for a significant proportion of the population does not lie within the NAC. Support and assistance in employment information and in the migration process itself may be warranted.¹⁸



Future Directions

The Mission Is Valid, the Direction Needs to Change

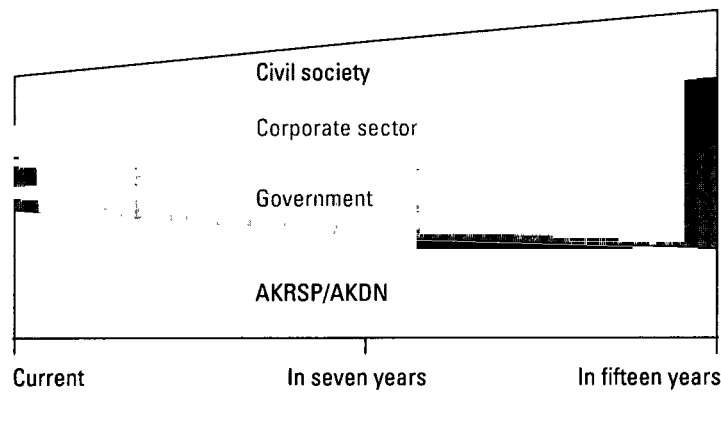
The AKRSP is engaged in an intensive dialogue on strategy both internally and with donors in preparation for the next phase of funding. A main purpose of this evaluation is to contribute to that dialogue. This stage in the AKRSP's evolution represents a significant watershed, coming at a time of increased donor fatigue and continued concerns about efficiency, impact, and future strategies; potentially far-reaching changes in the role of community organizations, including the establishment of Dehi Councils; and the creation of a new bank. After nearly 20 years of successful

work that has contributed greatly to the social and economic growth of the NAC, the AKRSP is asking itself, and being asked by its principal partners, to plot a course for the years ahead that is not simply a linear extension of the road just traveled. Although there has been great change for the better in the NAC there is still far to go, with most indicators of development still lagging those in Pakistan as a whole. *Based on 1998/99 data, the average person in the Northern Areas is still living on about 50 cents US per day.* Thus, there seems little reason to change the AKRSP's basic mission, most recently stated as "to promote equitable and sustainable improvement in the quality of life of the people of the Northern Areas and Chitral" (AKRSP 2000a, p. 3). But, given changes in the development and donor

environment, there is a need to adjust the approach to achieving that mission.¹

The route to sustainable growth of the NAC economy lies mainly through private sector development, an area where neither the AKRSP nor government has yet found a way to be effective. Both the AKRSP and government have roles to play; yet both need to learn how to foster the private sector without handing out extensive subsidies or encouraging investments that lack the economic prerequisites for success. As a part of this, out-migration and seasonal employment migration are long traditions. These behaviors are not only to be expected, but also to be encouraged and assisted, as part of the process of managing the employment problem with a national perspective.

Figure 5.1
Future Share of Development Capacity (indicative)



The foregoing points to the need for government capacity to be strengthened.² The aim should be to build public sector development capacity with the support of AKDN institutions. There is room for both, but the balance should change (as indicated in figure 5.1). The institutions of the AKDN and government have a joint interest in expanding public sector capacity³—expanding it to the point where it can respond effectively to the increasingly articulate demands of local communities, now widely organized into effective village-level bodies and the new Dehi Councils.⁴ In such a partnership, the AKRSP, because of its superior organizational skills, strong community-based record, and accumulated social capital, should lead the way.⁵

Form a Development Coalition

The change of direction would call for the following three strategic thrusts in response to three challenges:⁶

1. Agree and implement a common, coordinated approach to development in the NAC with the other organizations in the AKDN.⁷ This would call for attention by donors to the incentives for coordinated action.
2. Take the lead within the AKDN in agreeing and implementing a clearly defined, mutually dependent development coalition founded on a partnership with government and the private sector. The intention is to raise the de-

velopment capacity of the public sector within a set period, while simultaneously increasing the role for the corporate sector.⁸

3. Deliver both of the above while: (a) maintaining and enhancing the strength and vitality of an increasingly diverse range of community organizations that still lie at the core of future development, whether supported by the AKDN or the government, and (b) developing its own policy research and think tank role. Within this thrust there should be an element of “back to basics”—reemphasizing the original concept of empowering community organizations to improve the welfare of their members through their *own* efforts. This is a thrust that has been under some threat over the years from supply-led donor support.

This would leave the NAC more or less equally in the hands of the community institutions and the people they represent, the private and corporate sector (of which AKDN institutions are a part), and government—each enabled to pursue the development challenge in accord with its own comparative advantage. It would leave the AKRSP and the rest of the AKDN with a quantitatively smaller, but still pivotal, position in the NAC. The process itself would need to be initiated by a coalition workshop of all parties, with two or three readily achievable and measurable actions agreed in each area of operation. Ideally, the steps toward increased coordination and consolidation within the AKDN should be taken before the coalition is fully established. But taking these steps should not delay action on the coalition.

In parallel, the AKDN family, including the AKRSP, should increasingly be looking outward from the NAC, toward broader partnerships aimed at non-farm income sources—for example, facilitating rural/urban business partnerships, linking with small urban goods manufacturers, increasing artisanal training, getting national-level as well as NAC-level employment opportunity information into villages, and facilitating urban links, perhaps through city transit hostels.

As with all challenges, there are risks. In mission discussions, doubts were raised about the capacity of government to perform effectively as a partner. The concern is valid, but it is more rel-

evant to the rate of change than to its direction.⁹ Adequate coordination within the AKDN may remain elusive, and efficiencies may not be captured. Government may be inconsistent or weak in its commitment.¹⁰ National economic performance may be slow to improve, and the climate for private sector development or policy reforms may remain difficult. Such institutional failures are one of the challenges of development, *but they do not constitute a case for not making an energetic start.*

The International Year of Mountains in 2002 represents an opportunity to connect redirection and learning to broader global activities in geographically similar areas. To minimize risk,¹¹ plans and activities must be incremental, and discussed and agreed beforehand, and objectives must be kept to modest, actionable, and measurable steps. A pragmatic strategy is needed with a clear direction, an initially modest expectation, clearly defined monitorable steps in a limited number of program areas, and a focus on capacity building and devolution. The role of the board will be important.

Regular monitoring is particularly important where there are risks and uncertainties. The goal of building mutual trust and confidence among all the partners suggests that a joint monitoring unit should be created to measure and report on the coalition's progress. The government has no effective monitoring capacity; it would be prudent, therefore, to help strengthen government's capacity. For the most part, success would be judged by regular assessments by villagers themselves of their satisfaction with services provided by the principal agents in the coalition.

New skills in AKRSP and AKDN institutions may be needed. Goals and commitment will need frequent reinforcement from senior managers and governing bodies. There will also be need for crucial political and advocacy skills to be deployed by all sides, and especially by the Aga Khan Foundation.¹²

The donors should consider continuing aid to the AKRSP and other members of the AKDN for a further defined period. This support should have the following aims:

- Assist AKRSP efforts to help the NAC achieve some threshold of poverty achievement such

as the Millennium Development Goals or Pakistan poverty threshold.

- Establish a separate fund to be drawn down by government as it seeks to fulfill its share of the bargain.¹³ Without the application of external resources it is unlikely that the necessary changes in government commitment, behavior, and programs will be secured within a reasonable time.
- Support a major push on the lagging Astore area focused on infrastructure development.
- Where possible, contribute to the proposed endowment fund. But donors will rightly be unwilling to enter into an open-ended commitment. Hence, clear milestones would need to be jointly articulated.

Shaping the Strategy

The strategy should describe the Pakistan and NAC development context and outline a *vision* of what the AKRSP might be expected to look like in 10 to 20 years. Probably the AKRSP would have the following characteristics: it would be smaller, continue to assist communities to improve their own welfare through their own efforts, recover more of its costs from fees, focus even more on capacity development, be as much a creative think tank for new development ideas for NAC and Pakistan as it is an area development program, venture beyond Pakistan to seed social skills in other countries, develop creative policy options, be a player in a larger NAC team, and raise a significant share of its funding from consulting services. With its clients it would be more a "you call us," demand-led service organization (relying, in due course, on vastly improved communications) than a supply-led organization. Above all, the AKRSP would be significantly less indispensable to the NAC, or indispensable in an entirely different way. AKRSP size would be an outcome of strategy, local demand, and changing needs, and not an end in itself. Donor strategies may or may not coincide with the AKRSP strategy in the longer term. The objectives and the field of play of the two are different.

The strategy should emphasize two key *design principles*: efficacy and efficiency. *Efficacy* should increasingly have two dimensions—the efficacy of the AKRSP itself and the efficacy of the partnership as a whole. There would need

to be clear definition of the primary and subsidiary program and objectives, explicit statements about their relative importance, measurable indicators for each, and procedures for carrying out the measurement.

Efficiency would be pursued largely through differentiation according to individual community needs and comparative advantage within the AKDN family and within the partnership. Criteria agreeable to all parties would be developed that would allow effective differentiation of communities and would also address the problem that the most mature village organizations tend to be those with majority Ismaili populations and that, in Chitral especially, the left-out non-Ismaili villages are among the poorest. The support to be provided to Dehi Councils would be differentiated in step with their evolving role. This is a natural area of partnership with government.

Potential vehicles for the partnership element with government are the new generation of social services projects, such as the Poverty Alleviation Project, which channel public funding through NGOs. (The AKRSP is playing a delivery role in this project.) But government and donors need to provide support within these projects for government capacity building so that the future is not an unequal partnership.

Developing a Strategy for Enhancing and Sharing AKRSP Learning

The AKRSP should not rest on its laurels but should develop a deliberate strategy to broaden and share its learning more widely. Currently, the sharing of accumulated knowledge appears to be somewhat opportunistic, depending mostly on AKRSP staff moving on to other jobs (see Annex A) or on hosting interested parties from other agencies—although the internship program does represent an important element of a strategy. Sharing learning cannot simply be supply-driven.

The AKRSP should determine a target audience and develop a deliberate program to disseminate its knowledge, including areas in Central Asia outside Pakistan where similar geographical and social circumstances prevail. Expanding the internship arrangement toward exchange internships to other organizations worldwide would be

one approach with potential for a two-way flow of knowledge, which would also benefit the AKRSP through infusion.

The AKRSP can learn much from other practitioners, not least those who have adopted and modified the AKRSP approach. Such occasional “ground truthing” of its own practices in use elsewhere could be mutually beneficial (and could help to divert suggestions of AKRSP arrogance that are sometimes heard from observers). The 1999 Joint Review Mission noted that although external perceptions of the AKRSP are consistently positive and the development model is acknowledged as important, yet (still) the AKRSP should be open to learning from other development initiatives.

Organizing for Partnership

The AKRSP has been an institutional success partly because of wise leadership that, for 20 years, has emphasized close links to the field, where its principal clients live, and fostered a strong sense of internal organizational equity. These same values will serve the AKRSP well as it seeks to adjust its organizational structure to new realities. Current proposals include changes to the structure of field offices and the addition of a Policy Unit. This proposed unit has a wide remit and it would be prudent to rank its activities and initiate them progressively as staff with the requisite skills are identified.

The AKRSP is right to take the opportunity of a change in direction and strategic focus to adjust its organizational structure. In reorganizing, the AKRSP should continue to be guided by organizational equity, but also by the demands of the overarching goal of forging a development coalition in the NAC through interlocking partnerships with all the key players. Reorganizing for partnership will call for the closest possible interaction with the key institutions in the NAC, especially government and the AKDN. *This goal should be given the greatest weight in framing the future organization of the AKRSP.*

The proposed changes in the AKRSP's field staff management and greater devolution within the NAC thus seem appropriate, while dividing the Core Office between Gilgit and Islamabad seems inevitable given the differential pull of local

and wider objectives. However, giving greatest weight to partnerships and considering the mix of work during the next few years strongly suggests that most of the staff in the Core Office (including the Policy Unit, if created) should be based in Gilgit. In this respect, circumstances are changing rapidly. With the help of the Internet, activities that were once “location bound” are now “footloose.” This locational freedom allows activities and staff to be sited where their comparative advantage is greatest. Using these principles to guide organizational change will help ensure the AKRSP’s continued relevance to the development challenges of the NAC.

Social Accountability and Governance

Globally, the trend in rural development has been toward increased accountability and beneficiary participation to ensure that local needs are adequately reflected in program response. The new strategy being developed offers an opportunity for the AKRSP to shift toward a more open and transparent mechanism to improve the responsiveness of the program. This could be done at many levels—from, at the highest level, increased NAC representation on the board; to increased village representational presence at program management or component management meetings; to solicitation through surveys of individual views, which are likely to differ by gender, household, and income group at the village level. This could be a step toward some degree of membership-based spin-offs into new specialized organizations.

Future Strategy—Community Organizations

The proposed shift toward a “functions-based approach”—in which the choice of institution would be based on suitability for the functions proposed¹⁴—is an appropriate evolution, provided the needs of women and the poor are adequately addressed. There is some risk in a functions-based approach that such considerations will be sidelined. The AKRSP needs to develop a vision and strategy for community organizations that will bring women into the mainstream of village decisionmaking and determine the balance between support for or-

ganizations and support for enhancing individual competencies. It needs to pursue efficiency through differentiation of village and organization support and through selective withdrawal, and to better connect women’s development with other AKRSP and AKDN services. And it needs to address the absence of core leadership in the women’s program.

The Need for Incentives for Continued Community Participation

Continued community participation on the scale seen in the past will be unlikely unless incentives for participation can be maintained. This will call for even greater sensitivity and openness to community demand and demand of different subgroups, especially the poor. The simple environment of the past is changing. The initial flush of PPIs is past, microfinance is shifting to a new bank, and new community organization structures are evolving. Support and training in agriculture, livestock, and forestry will remain important incentives, but even here there is likely to be some trend toward individual rather than community motivation.

Nevertheless, there will be a number of emerging areas where the AKRSP can enhance incentives for community participation for the benefit of the poor and communities as a whole. These areas would include increased attention to women where AKRSP interventions are at an earlier evolutionary stage; increased facilitation of public funding, particularly in larger infrastructure; support for emerging organizations with new functions and different incentives, including Dehi Councils; increased focus on high-value-added commodities; continued selection by the group of individuals for training in new skills or for exchange visits; increased attention to skills relevant to migration and non-farm income and facilitation of migration to ease adjustment costs; continued attention to improving the efficiency of marketing chains; increased facilitation for other AKDN agencies to meet a broader array of community demands; support for federations to add incentives related to scale; child care for women going to village meetings; broader self-improvement training and activities; some of the increase in cost recovery

placed in a community pool to offer as matching funds; and increased support for links to the private sector—for example, for bulk input supply and marketing. In the new, more fluid environment, the analytical starting point for new initiatives needs to be community and household incentives that accommodate gender differences.

Differentiation and Withdrawal

There has been surprisingly little new *analytical* exploration of how to either revitalize support for village institutions or to withdraw from them or differentiate. On one hand, there seems to be impatience to get away from intensive village interactions and into work that is more urban, regional, and national, but there is also a feeling of responsibility to organizations that are not yet ready to stand on their own. A strategic question is how to balance the desire for creative institutional directions while not abandoning the still-needed support for the original community organizations. The answer, for the present, seems to be to allow different parts of the organization to provide support in different ways, with FMU staff continuing their work in the villages, leaving the regional and central policy departments to address new themes and challenges. This ought to be set more clearly within a strategic framework aimed at differentiation of support based on needs,¹⁵ with a 10- to 15-year vision shared by all players within the AKRSP and its associated partnerships.

Most well-established development programs have village withdrawal strategies. These are based on the notion that villages reach a point in their development where they can independently access resources (inputs, financial services, technical advice) through links with government or other institutions. Phased withdrawal from such villages allows agency resources to be redeployed to less-developed villages. The AKRSP still maintains services to well-established community organizations that indicated to the team that they could manage without further input, or at least with limited support.

There seem to be two difficulties for the AKRSP with withdrawal at the village level. One is that differentiation on the basis of need (gradual withdrawal from the villages most capable of accessing outside support for their own welfare)

would tend to graduate first those villages with majority Ismaili populations.¹⁶ The other is that the AKRSP has now diversified into enterprise advice that is inevitably aimed at an entrepreneurial class in better-off rural areas and in towns. The issue is whether it is possible to combine equity objectives, which would imply withdrawal from better-off villages in order to redeploy resources to poorer ones, with efficiency objectives, which would imply staying in many villages and offering enterprise or more generalized poverty support services according to need. Currently, the AKRSP seems to favor the latter strategy. In one sense, equity objectives are taking second place to efficiency objectives. Withdrawal is complicated by the uneven development of village and women's organizations. Even if the AKRSP agreed that it would no longer visit many organizations—but would continue a “you call us” service—this would not solve the problems for many women's organizations, which may be in the same village. Few women can easily visit the FMU to request services. But while withdrawal from villages may be difficult, there should be a withdrawal strategy *for groups*, regardless of the overall status of a particular village.¹⁷

Functions-Based and Supra Organizations Make Sense, but Gender Concerns Need Attention

With its budgetary pressures, the AKRSP cannot continue to support close to 4,000 individual community organizations to the same degree it did in the past, but it could build up the management capabilities of LDO representatives, who would in turn help village institutions.¹⁸ The AKRSP has concluded, correctly, that this process cannot be pushed too fast (the same was found in the India program), but that it is an appropriate direction. While appropriate, however, there are risks. The AKRSP should focus on ensuring that women gain rather than lose from such a shift toward LDOs—there is a risk that they would lose from power shifts to higher levels. This would need close monitoring.

Balance Community with Competency

A more radical option is for the AKRSP to shift away from supporting organizations, toward a

greater focus on the development of individual competences—leaving organizations with limited support to grow or die as they will, albeit benefiting from any individual skills imparted. To some extent the AKRSP is already moving toward such a competencies model—for example, in its enterprise work and somewhat in its proposed shift toward function-based groups. Competency models are knowledge-based, offering information, linkages, and skills. This is different from the organizational capacity development model. Currently, the AKRSP is doing both—it supports organizations while also responding to knowledge needs. Has the AKRSP got the balance right? The answer for now is probably “yes,” but the AKRSP should be aware that there are tradeoffs here. The strategy should acknowledge this and map out a position that may be different for villages at varying levels of maturity.

Influencing Devolution

There is a major role for the AKRSP in influencing devolution. The AKRSP is to be commended for responding quickly to government’s request to assist with the establishment of the Dehi Councils and—not without risk—to support the introductory training programs for Dehi councilors. The extent to which support for the Dehi Councils becomes integral to the program will have to be determined by the rate and direction of evolution of these councils. Depending on that direction, AKRSP support could go further.¹⁹ In partnership with government, it could monitor progress and provide feedback as the process evolves. It could do studies on Dehi Council evolution and attitudes of villages aimed at influencing policy. It could learn from devolution experiences in other parts of Pakistan and globally. It could support links between Dehi Councils and the AKRSP’s community organizations, which are already facilitated by many villagers holding positions in both organizations. It could further develop capacity building, including fostering training visits of skilled councilors to other villages. There are risks of excessive political influence from above on what should be a bottom-up process. This is not a reason to remain at arm’s length; it is a reason to be involved.

Defining a Future for Women’s Organizations

The women’s program lacks vision, direction, and core leadership. A key question for the vision and future strategy is whether to try to push women’s organizations to “catch up” with village organizations as independent and autonomous institutions or to look for an alternative path. One option would be for the AKRSP to develop a partnership with government in a program of training and support to women Dehi councilors. Although it is unclear how significant the new Dehi Councils will be, they present an opportunity that should not be missed for women to participate with men in decisionmaking. If this turns out to be the case, the AKRSP could then gradually shift the emphasis away from community organizations and focus for the next phase on women’s skills and abilities as Dehi councilors, so that they can become more effective advocates of their own interests.

The AKRSP has been slow to create a broad platform for women within its own carefully fostered organizations. In the Northern Rural Support Project (NRSP) about 10 percent of groups are now mixed, so it would appear to be realistic for the AKRSP to move in this direction also. Furthermore, as noted by Tetlay and Raza (1998), with growing out-migration for employment, households are increasingly becoming “female managed.” Focusing on opportunities and support for village-selected women leaders will underpin a new strategic direction for the women’s program that should include identifying more economic opportunities for women.²⁰ Some villages already have women who are educated and have public roles—and in due course Dehi Council opportunities will increase their number. There is also an increasing number of young men who support women’s development.

Gender-Related Incentives

As for the program more broadly, it will be important to seek out incentives for changed behavior with respect to gender issues—incentives for men, including religious leaders, and for women. For men, incentives may include more favorable consideration of PPIs where increased participation by women is being accepted and, for religious leaders, due consideration of their proposals for development. For women, incen-

Box 5.1 The Cascading Impact of a New Vision

A new vision has a cascading impact. Suppose it was decided by the AKRSP that the vision was to now help women take their place as public citizens and as members of village institutions, not just in women's organizations. Suitable AKRSP programs and partnerships would then be designed to contribute to this goal. The first task might be an interactive program to increase men's support and understanding for this shift. The AKRSP might then offer to train women Dehi councilors and board members of LDOs. It might be agreed with village organizations that, where appropriate, most village-level projects would be channeled through both men's and women's organizations in a new partnership. In the interest of improving

women's economic status, the AKRSP Enterprise Development Section might develop a special strategy and program to provide relevant advisory and financial products for women. The NRM program might devise a program to focus on technologies in which women had a substantial role and income benefit. The point is that a new vision and strategy for the women's program should affect the whole AKRSP program, not just a special separate segment for women that is designed and implemented separately from male activities. Thus, a new route map for all AKRSP sections would be needed to ensure that they all consider specific activities for women, with the participation of women decisionmakers.

tives may include increased credit opportunities and water supply for communities where women are taking a more active role.

The Women's Program Needs Leadership and Connection with Other AKRSP Services

Some observers have suggested that there has been some degree of regression on gender over the past decade. The mission's view is that there have been advances in some aspects, but losses in others. The task is to bring together and make coherent what is currently separate—the women's and the men's programs. This task needs to be overseen by a senior member of the core team with expertise in management and in gender programming. Gender expertise certainly exists within the AKRSP's current staffing group, but this post will also require considerable management and personnel experience. There is some reluctance to recruit from down-country on the basis that experience gained there may not be relevant. However, there may be advantages to having someone from down-country, as they are more likely to have wide national and international experience. The issues the AKRSP currently faces are common to most well-established development agencies in South Asia that started with separate programs for men and women but have since developed coherent and integrated objectives and structures.

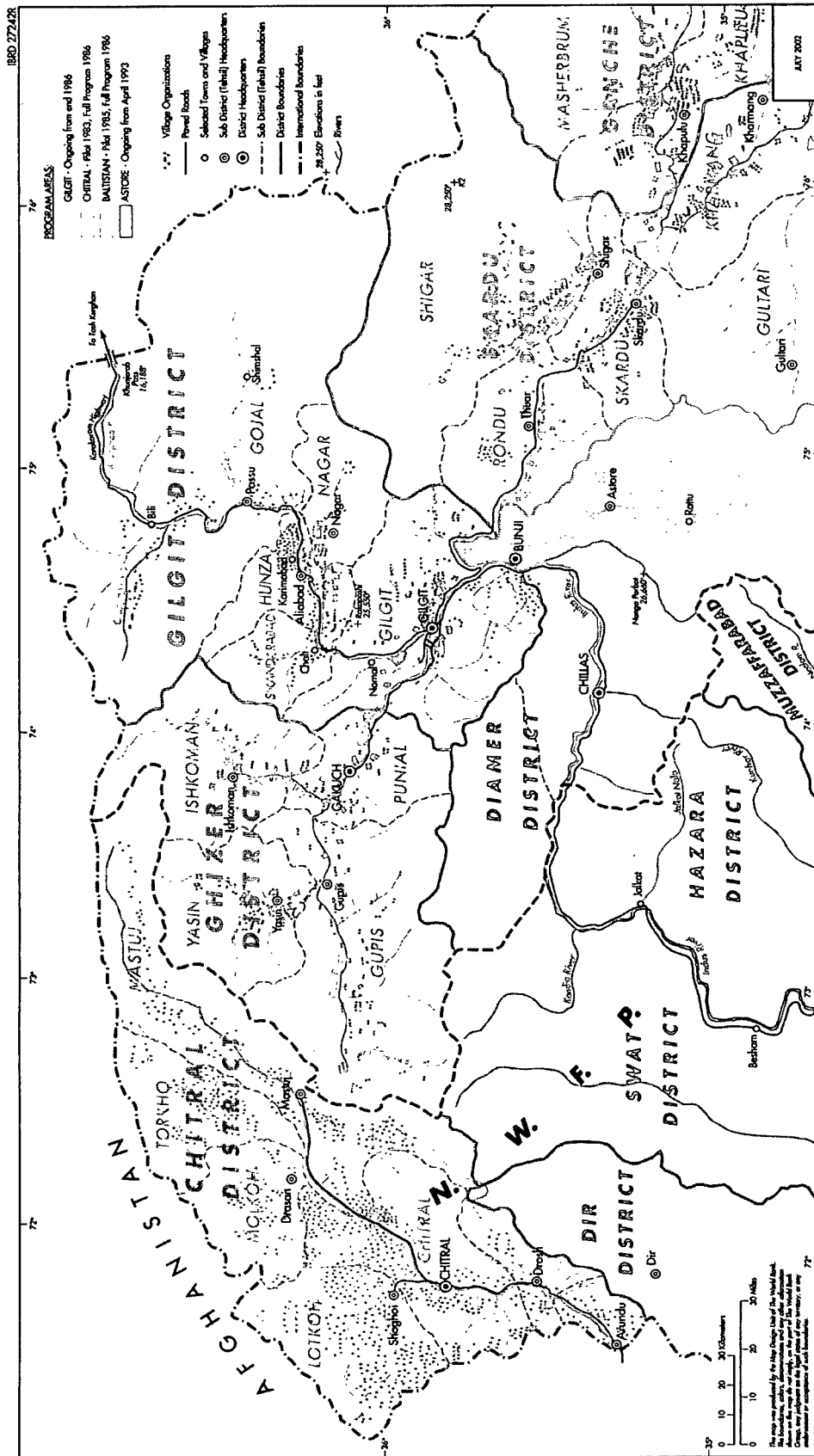
AKRSP organization and staffing needs to be adjusted to help bridge the many gaps women

experience in their attempts to fulfill one of their most oft-quoted objectives: to earn more money. There are two important constraints, workload and organizational coordination. First, the women's social organizer (WSO) has to mediate every contact between women's organizations and FMU specialist departments, as she is usually the only woman staff member. Because WSOs often serve more than 150 organizations, they cannot afford the time to visit often. Second, the Enterprise, Learning Support Unit, and Micro-finance Sections seem to function as separate operations, not as a coordinated service. Increased numbers of women staff within these sections, and improved coordination, would help.

Poverty Targeting

The AKRSP's recently initiated pilot poverty exercise is an appropriate learning strategy to seek to improve poverty targeting and should be continued for several years. The challenge, however, is to achieve cost effectiveness that could be scaled up. This will call for intensive monitoring and rapid adaptation to pursue the leveraging of AKRSP skills to the maximum. The use of at least two approaches, one more intensive, one less intensive, would help to answer the efficiency question. The question to be answered will be whether the poverty impact of the pilot intervention is more cost effective for poverty alleviation than the same resources put into the main AKRSP program.

Figure 5.2 Pakistan: The Aga Khan Rural Support Program



ANNEX A: AKRSP SKILLS SEEDING

The following is a list of where AKRSP professional staff went to contribute to development through other organizations:

Destination	Number
Globally	
AKF outside Pakistan	1
UNDP	2
World Bank	2
CGIAR System	1
Within Pakistan	
Consultancy	2
Rural Support Program, including the NRSP	6
UNDP	1
Other NGOs	4
University	1
NAC government	1
Other AKDN institutions	3
IUCN	3
Banks	1
Total	28

Note: There are a number of others, but their current work is not known to AKRSP.

Source: AKRSP HR staff.

ANNEX B: RESPONSIVENESS TO EARLIER OED RECOMMENDATIONS

Responsiveness to earlier recommendations has been modest.

The Second Interim Evaluation of March 1990 noted some weaknesses in the response to the recommendations of **the first report**, which included:

- Integrate infrastructure production and marketing and the need to identify and test markets.
- Place more emphasis on households as the unit of observation, including the study of labor profiles.
- Group farm-level data according to characteristics, location, and agro-ecological zone (an early form of the farm systems recommendation).
- Include a benefit-cost calculation in the assessment of irrigation projects.

The Second Evaluation included the following main recommendations:

- Adjust staffing patterns to more adequately reflect changing workloads.
- Improve the identification of women's program packages.
- Strengthen staff resources in monitoring and evaluation.
- View savings and credit issues in the wider context of total rural financial services in the NAC.
- Link with existing marketing channels in Pakistan.
- Focus more on new technologies.
- Emphasize improved animal nutrition over increased herd size or the introduction of new breeds.
- Seek donor support for collaborative research projects.
- Expand the training function.

- Introduce labor savings packages for women.
- Extend the Monitoring, Evaluation, and Research Section beyond simply monitoring.
- Codify an arbitration process at village level.
- Cooperate with other agencies.
- Establish a rural development academy.

The Third Evaluation did not discuss the extent to which the previous recommendations had been implemented. However, the repetition of earlier recommendations in the Third Evaluation suggests some weaknesses in adoption and implementation. The main recommendations of the Third Evaluation (not readily discerned from the report since they were not separately listed) were:

- Take a hard look at the role of the AKRSP in development in the North.
- Ensure that the savings and credit mechanisms are sustained after the AKRSP.
- Strengthen community organizations to become semi-permanent entities.
- Further fund productive and social infrastructure.
- Stimulate local entrepreneurial capacity.
- Examine longer-term income prospects given the increasing role of non-farm income.
- Continue to be vigilant in monitoring programs and achievements in the poverty area—more targeted programs may be warranted.
- Consider the possibility of making community organizations legal or quasi-legal entities.
- Increase emphasis on the NRM in the next phase.
- Identify different types of farming households and involve key farmers in project design and in evaluation of the results of experimentation. (The farm systems proposal.)
- Expand training in accounting and management.

- Focus on women of poor households, who are often left out of women's organization membership or activities.

The assessment of this **Fourth Evaluation** is that, weighting by relative importance, about 75 percent of the Third Evaluation recommendations have been addressed to some significant extent.

Looking back to the earlier evaluations, a number of recommendations are still valid today; for example, the need to strengthen marketing linkages, the farm systems recommendations in their various forms, the need to address productive packages for women, and the need for more linkages with other agencies.

Table C-1 Cost Comparators

Country/project	Donor	Total project costs (\$m current)	Project years	Annual operating costs (\$m)	No. of households	Annual operating \$/ household	Total cost/ household ^{a,b}	Components	Comment
Pakistan AKRSP	Many	\$83.5m \$36.1m	17 5	\$3.9m (avg. over 5 yrs) Salaries 64% of cost (excl. capital)	93,742	\$42	\$890 (17 yrs) \$385 (5 yrs)	Community development, microfinance, agriculture and livestock production, forestry, infrastructure, enterprise development, training	
Pakistan NRSP	Many + own endowment	\$4.3m approx. 2,000 only	Cost data for 1 year but running for 7	\$2.5m avg. last two years (incl. field operations)	284,485	\$9	Total of schemes = approx. \$11	Community development, microfinance, agriculture production, infrastructure, social	Comparable total costs uncertain due partnerships Habib Bank, etc. About 70 community organizations per social mobilizer
Pakistan Northern Resources Management Project	World Bank	\$32.6m	6	\$4.0m (est.)	2,600 direct, about 50,000 roads, land plan	\$80+	\$652+	Agriculture and livestock production, forestry, rural roads, women in development, community organization, land planning, training/TA	ERR=13% About 12 community organizations per social mobilizer
Pakistan Poverty Alleviation Fund	World Bank	\$107m	5	\$2.1m	200,000 (but annually about 40,000)	\$10 (\$52)	\$535	Microfinance, infrastructure, institution building, training, community development	Uses NRSP, AKRSP, and others Operating costs difficult to estimate
Pakistan Barani	IFAD	\$25.1m			35,600		\$705	Agriculture, wells, minidams, community fund, community organization, microenterprise	NRSP will implement
Pakistan Northern Areas Development	IFAD	\$22.6m			18,000		\$1,255		

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Table C.1

Cost Comparators (continued)

Country/project	Donor	Total project costs (\$m current)	Project years	Annual operating costs (\$m)	No. of households	Annual operating \$/ household	Total cost/ household ^{a,b}	Components	Comment
India AKRSP (Gujarat) ^c	AKRSP	\$6.71m	Over 5	\$0.6m 1999/00	507 communi- ties—about 32,000 households	\$19	\$210	Community institutions, gender, microfinance, NRM, training, research, policy advocacy	Total staff 151 Salaries 74% of operating costs 11% from own funding 13% women membership in 1993
Burkina Southwest Rural Development	IFAD	\$25.3m			10,000 (direct) 26,000 (including indirect)		\$973+	Livestock water, soil conser- vation, roads/tracks, credit, social infrastructure, village water	
Bangladesh Smallholder Imp.	IFAD	\$25.7m			82,000		\$313	Research, water manage- ment, rural infrastructure	
Ghana Village Infrastructure	IFAD	\$60m			500,000		\$120	Market infrastructure, rural water	
Ethiopia Southern Region Cooperative Development	IFAD	\$20.8m			300,000		\$69	Institutional support, credit, rural roads, seed multiplica- tion, training	
Nepal Groundwater, Irrigation & Flood	IFAD	\$13.1m			25,000		\$524	Irrigation, flood rehabilitation	

India Sodic Lands Reclamation Project	World Bank	\$80.2m	7	\$1.9m but excludes some costs	80,000	\$24 but excludes some costs	\$1,000	Land reclamation, credit, community groups, adaptive research, ag. extension, training
Mexico Solidarity Program	World Bank	\$115.4m			10 million		\$12	Small-scale infrastructure One commentator says funds spread too thinly, seriously compromised sustainability
Brazil Northeast Rural Development Ceara State	World Bank	\$156m			208,000		\$749	Small-scale infrastructure
Brazil Northeast Rural Development Paraiba State	World Bank	\$96m			112,000		\$856	Small-scale infrastructure

a. IFAD's average total project cost is about \$36 million and average households per project about 85,000, for an average \$420 per household—usually over about a 6-year project period.

b. Attributing operating costs per household is very difficult since in some programs, support is for a short period to implement specific investments of a one-off kind, in other programs, costs support a long-term relationship with the communities who may be accessing funding partly from inside the program but partly from outside.

c. Information provided by AKRSP India.

Table D.1 AKRSP Timeline

	AKRSP/Community Organizations	Microfinance	NRM	PPI	Gender	Enterprise development
1981	First AKF meeting about initiating an RDP					
1982	Mr. Shoaib Sultan Khan holds first community dialogue	Community savings initiated		First PPI		
1983	Social Organization Unit set up	First short-term loans—interest-free	Agriculture and livestock courses initiated Pak-81 wheat introduced by AKRSP		First women's organization	Marketing Section formed
1984		Medium-term loans—8% interest		Minimum savings level set		
1985	DPO Chitral; His Highness visits for Silver Jubilee celebrations		Marketing courses initiated			
1986	DPO Skardu First OED evaluation	Decentralized management of loans	Separate Livestock Section formed Three-year forestry pilot initiated in Gojal with IUCN/ NORAD		First women's group within a village organization in Baltistan	Apricot drying support initiated
1987	Core Office bifurcated, DPO Gilgit Accounts courses initiated		First improved breed animals for collective management First quality apple planting material distributed			Commercial and Industrial Development Division formed
1988	Chitral Area Development Project (IFAD/ADB) initiated modeled on AKRSP	First service charge	Appropriate technology courses initiated	Second PPIs accepted, but in new village organizations		

(continued on following page)

Table D.1 AKRSP Timeline (continued)

	AKRSP/Community Organizations	Microfinance	NRM	PPI	Gender	Enterprise development
1989	Second OED evaluation	First group loans (village organization/WCP) gradually replaced short-term loans	Improved breed distribution switched to individuals Forestry courses initiated			
1990	Donor Liaison Group Formed First cluster organization (at Awi in Bocni FMU)					
1991	First Farm Household Survey First Institutional Maturity Exercise					Village organization cooperative marketing discontinued
1992	Mr. Shoarb Sultan Khan leaves Mr. Hussain Wali Khan takes over NRSP initiated—modeled on AKRSP	Enterprise Credit Program (ECP) initiated (16%)	Kail sheep introduced Chick brooding centers established (now privatized)			
1993	Astore/Diamier District added First donor joint monitoring mission					
1994	Mr. Steve Rasmussen takes over Second Farm Household Survey	SDC report on Rural Bank				
1995	Organizational change Core office downsizing MER Section reorganized FMUs created, greater decentralization	Separate section split off Service charges raised, loans fully collateralized				

1996	Formal mission statement developed Third OED evaluation	Corporate Credit Portfolio initiated First procedures manual		Second PPIs accepted in existing village organizations	
1997	Third Farm Household Survey				Started enterprise development outside village organizations
1998	Reached 95% staffing from within the program area	15% VOCP annual service charge 24% ECP			ED Center formed
1999		Discontinued short-term loans Medium-term loans phased out due to poor performance—machinery loans, etc. V/WOCP renamed Group Loans Corporate Credit discontinued			
2000	Dehi Councils introduced by government Poverty pilots initiated	Experimenting with Business Committee Loans in Gilgit town			
2001	Fourth OED evaluation				

ANNEX E: INSTITUTIONAL SURVEY

A survey of professional staff (grades 4 and above) reveals the AKRSP to be an effective organization, with a healthy and broadly positive institutional climate.¹ The average score over all questions was 4.0 out of a possible 5.0. Thus, with a few weaknesses noted below, the survey reveals the AKRSP to be an organization staffed by people with a clear sense of purpose, a strong and shared commitment to its mission, the competence to implement its programs, and a commitment to monitor and learn from experience.

In surveys of this kind it is unusual to find no scores below the midpoint of 2.5—an inspection of the table in this annex reveals that the lowest score for any question was 2.7. This suggests that answers may be biased upward across the board and that respondents have chosen to discriminate in their judgments only within the upper part of the spectrum of answers.² Such results are not unknown among populations where, as in the AKRSP, there has been little or no experience of this kind of enquiry.³ Thus, to tease out meanings requires that more importance be given to small differences in scores than would be the case in a survey with a more “normal” spread of responses.

As table E.1 shows, the responses varied little by grade or regional office—a strong indication of a highly homogenous institution. This allows attention to be concentrated on the results for all respondents. Although the AKRSP’s direction (mission and methods) is well understood, the link between personal performance and institutional goals is weaker than desired (items 1.4, 1.6, and 1.8).

Staff clearly believe that the AKRSP has high standards of openness and equity, and share these values themselves. However, there are signs that these values are unevenly practiced (items 2.5, 2.6, and 2.7), suggesting the need for some improvement in performance. Women are more positive than men.

The aggregate response on the human resource questions (section 3) is also lower than desirable, which indicates that staff think some human resource policies are unfair and that women are inadequately represented. The two concerns may well be interrelated. Similarly, although the group of questions on authority, responsibility, and accountability records a high score overall, there are clear indications of possible unfairness in the application of accountability and in the reporting of bad news (items 4.4 and 4.6). Management should consider an open, focused, and well thought through response to this possible unfairness.

The section on capability and competence reflects well on the AKRSP, but there are concerns about coordination and centralization (items 5.5 and 5.10). This may reflect current discussion about the role and performance of Field Management Units (FMUs). It also reflects the tension inherent in spreading the Core Office across two locations—Gilgit and Islamabad. There is some concern about the AKRSP’s tendency toward introspection (item 3.6), but otherwise the AKRSP is clearly shown to be a learning organization (section 6) as well as being open and outward-facing (section 7).

Table E.1 AKRSP Institutional Survey

	All	Women	Men	Grd 4	Grd 5	Grd 6	Grd 7-9	Core	Astore	B'stan	Chitral	Gilgit
1. Direction	4.2	4.4	4.1	4.3	4.0	4.1	4.1	3.9	4.6	4.2	4.2	4.1
1.1 I know and understand AKRSP's mission	4.7	4.8	4.7	4.8	4.7	4.8	4.9	4.4	4.8	4.7	4.8	4.7
1.2 I know and understand my role in fulfilling AKRSP's mission	4.8	4.8	4.8	4.8	4.7	4.9	4.8	4.6	4.6	4.7	4.8	4.8
1.3 The policies to achieve our mission objectives are clear	4.2	4.4	4.1	4.4	3.8	4.0	4.2	3.6	4.8	4.3	4.2	4.0
1.4 Policies to achieve our mission objectives are clearly communicated to staff at all levels	3.7	3.8	3.6	3.8	3.4	3.5	4.0	3.4	4.0	3.7	3.6	3.7
1.5 I understand the policies that affect my role in AKRSP	4.2	4.3	4.2	4.3	4.0	4.0	4.3	4.0	4.7	4.1	4.3	4.1
1.6 Our plans are fully adequate to achieve our objectives	3.9	4.2	3.8	4.1	3.8	3.6	3.6	3.6	4.1	4.2	3.8	3.7
1.7 Our plans include measurable performance indicators	4.0	4.4	3.9	4.2	3.7	3.9	3.9	3.6	4.8	4.1	4.0	3.8
1.8 Performance indicators are regularly measured and reported	3.9	4.5	3.7	4.1	3.6	4.1	3.3	3.5	4.8	4.2	3.8	3.7
2. Identity and values	3.9	4.2	3.8	3.9	3.7	3.8	4.0	3.7	4.3	3.9	3.7	3.8
2.1 AKRSP advocates high standards of openness, fairness, and equity	4.0	4.4	3.9	3.9	3.7	4.4	4.3	3.6	4.6	4.1	3.5	4.1
2.2 AKRSP clearly articulates the standards of openness, fairness, and equity it expects us to practice	3.9	4.2	3.9	3.9	3.9	4.1	4.0	3.7	4.2	4.0	3.7	4.0
2.3 I understand and share the values advocated by AKRSP	4.3	4.4	4.2	4.2	4.1	4.3	4.5	3.9	4.4	4.1	4.2	4.4
2.4 I practice these standards and values	4.3	4.6	4.2	4.3	4.1	4.2	4.3	4.2	4.6	4.3	4.2	4.2
2.5 Most people in AKRSP understand and share its standards of openness, fairness, and equity	3.5	4.0	3.3	3.6	3.4	3.2	3.3	3.4	4.0	3.7	3.2	3.4
2.6 Most people in AKRSP practice its standards of openness, fairness, and equity	3.4	3.9	3.3	3.6	3.3	3.1	3.4	3.6	4.0	3.6	3.3	3.2
2.7 People in AKRSP are rewarded fairly and in accordance with these values	3.3	4.0	3.2	3.4	3.0	2.9	4.5	3.1	4.1	3.6	2.9	3.3
2.8 On balance, levels of professional trust in AKRSP are high	3.9	4.2	3.8	4.0	3.6	4.0	4.0	3.6	4.2	3.8	3.9	3.8
2.9 I trust the professional judgments of my colleagues	3.9	4.1	3.8	4.0	3.7	4.1	3.9	3.7	4.5	3.7	3.8	3.9
2.10 There is a strong sense of teamwork in AKRSP	4.1	4.3	4.1	4.3	4.0	4.0	4.0	3.7	3.9	4.3	4.3	4.0
3. Human resources	3.6	4.1	3.5	3.7	3.4	3.5	3.5	3.5	4.0	3.8	3.4	3.5
3.1 AKRSP's human resource policies are framed and operated in accordance with its values of openness, fairness, and equity	3.5	4.1	3.4	3.7	3.3	3.3	3.6	3.4	4.1	3.7	3.3	3.5

3.2 On balance the staff in AKRSP are well qualified to achieve its mission and objectives	4.1	4.5	4.0	4.1	4.0	4.0	4.1	4.1	4.4	4.1	3.9	4.0
3.3 On balance AKRSP's human resource policies are well adjusted to the achievement of its mission	3.6	4.1	3.5	3.7	3.5	3.4	3.7	3.5	4.2	3.8	3.4	3.5
3.4 The gender balance amongst staff in AKRSP is about right	3.1	3.6	3.0	3.2	2.9	3.2	2.7	2.9	3.2	3.4	2.9	3.1
4. Authority, responsibility, and accountability	4.0	4.4	3.9	4.1	3.8	3.8	4.0	3.8	4.6	4.1	3.8	3.9
4.1 Key decisions in AKRSP are made by people with adequate expertise and authority	3.9	4.4	3.8	4.0	4.0	3.9	3.8	4.1	4.8	3.9	3.7	3.8
4.2 Most people in AKRSP have enough authority and responsibility to do their jobs properly	4.1	4.4	4.0	4.3	3.9	3.7	4.1	3.9	4.7	4.2	4.0	4.0
4.3 I have enough authority and responsibility to do my job properly	4.3	4.6	4.2	4.5	3.9	3.8	4.4	4.1	4.7	4.5	4.2	4.0
4.4 Most people in AKRSP, including the most senior, are held accountable for their actions and decisions	3.6	4.2	3.5	3.8	3.4	3.7	3.6	3.3	4.2	3.8	3.3	3.7
4.5 I am held accountable for my actions and decisions	4.3	4.6	4.3	4.5	4.2	4.0	4.3	4.1	4.7	4.4	4.4	4.2
4.6 Mistakes, failures, and bad news are reported to those who need to know without fear of reprisal	3.7	4.1	3.5	3.7	3.6	3.5	3.7	3.5	4.8	3.5	3.5	3.6
5. Capability and competence	4.1	4.4	4.0	4.2	3.9	4.1	4.1	4.0	4.4	4.2	3.9	4.1
5.1 On balance AKRSP is a competent organization	4.7	4.8	4.6	4.7	4.6	4.9	4.7	4.6	4.8	4.6	4.5	4.8
5.2 Most people in AKRSP have the knowledge and skills to do their job well	4.2	4.5	4.1	4.2	4.2	4.1	4.2	4.2	4.3	4.3	4.0	4.2
5.3 Most people in AKRSP have the tools and resources to do their job well	4.2	4.7	4.1	4.4	4.0	4.0	4.0	4.1	4.6	4.4	4.2	4.0
5.4 Procedures and processes in AKRSP are well thought out and efficient	4.0	4.3	3.9	4.1	3.7	4.2	3.9	3.7	4.3	4.0	3.8	4.0
5.5 Different sections/departments are well coordinated with one another	3.6	3.8	3.6	3.7	3.4	3.7	3.7	3.3	3.7	3.6	3.6	3.6
5.6 My performance is regularly monitored and I am given constructive feedback	4.1	4.2	4.0	3.9	4.2	4.5	4.0	4.4	4.2	3.7	3.9	4.2
5.7 I have the tools and resources to do my job well	4.2	4.5	4.1	4.3	4.0	4.2	4.0	4.2	4.8	4.3	3.9	4.1
5.8 I have the skills and training to do my job well	4.2	4.6	4.1	4.4	4.0	4.0	4.2	3.9	4.7	4.3	4.2	4.1
5.9 AKRSP's organizational structure is well suited to enhancing its objectives	4.2	4.6	4.1	4.3	3.9	4.3	4.6	4.3	4.7	4.4	3.9	4.2

(continued on following page)

Table E.1 AKRSP Institutional Survey (continued)

	All	Women	Men	Grd 4	Grd 5	Grd 6	Grd 7-9	Core	Astore	B'stan	Chitral	Gilgit
5.10 The balance between centralization and decentralization in AKRSP is about right	3.6	4.3	3.5	3.7	3.5	3.4	4.1	3.4	4.4	3.9	3.5	3.5
6. Monitoring and learning	4.1	4.2	4.1	4.2	4.0	4.1	4.1	4.0	4.2	4.1	4.1	4.1
6.1 AKRSP regularly reviews the external and internal environments to see if changes in mission, goals, or policies are needed	4.2	4.6	4.1	4.3	4.0	4.2	4.3	3.9	4.8	4.3	4.0	4.2
6.2 AKRSP regularly monitors its performance against relevant indicators/benchmarks	4.2	4.6	4.2	4.3	4.1	4.0	4.3	4.1	4.7	4.3	4.2	4.1
6.3 AKRSP spends too much time and resources reviewing itself and its strategy and policies	3.6	3.3	3.7	3.5	3.9	3.6	3.6	3.6	3.1	3.4	3.7	3.8
6.4 AKRSP is a learning organization, drawing lessons from experience & making positive policy & organizational changes	4.4	4.5	4.4	4.5	4.2	4.4	4.3	4.2	4.3	4.4	4.5	4.3
6.5 People in AKRSP are encouraged to avoid waste and be efficient	4.1	4.2	4.1	4.2	4.0	4.1	4.3	3.9	4.3	4.1	4.3	4.0
7. External relations	4.3	4.3	4.3	4.3	4.2	4.3	4.2	4.0	4.1	4.2	4.3	4.3
7.1 AKRSP has an active and wide-ranging program of external relations inside and outside Pakistan	4.4	4.4	4.4	4.4	4.3	4.3	4.2	4.0	4.3	4.4	4.4	4.3
7.2 AKRSP has many programs that depend on external partners	4.1	4.0	4.1	4.1	4.2	4.2	3.9	4.4	3.6	4.0	4.2	4.1
7.3 AKRSP should seek to expand its programs with external partners	4.2	4.1	4.3	4.2	4.2	4.2	4.5	3.8	3.9	4.1	4.3	4.4
7.4 External partners and other donors have a generally positive influence on AKRSP	4.4	4.5	4.4	4.4	4.4	4.3	4.3	4.0	4.3	4.3	4.6	4.4
7.5 AKRSP has mutually beneficial links with government agencies	4.1	4.3	4.0	4.2	3.9	4.3	3.9	3.7	4.4	4.1	4.0	4.1
7.6 AKRSP should expand and deepen its links with government agencies	4.4	4.4	4.4	4.4	4.3	4.2	4.6	4.1	4.2	4.4	4.4	4.3
Maximum number of observations	170	30	139	83	43	21	20	14	9	39	46	63

ANNEX F: VILLAGES VISITED

In all but 2 of the 26 villages on this list, the team applied four semi-formal questionnaires on community organizations, natural resource management, infrastructure, and microfinance. Three mission members spent about two-and-a-half hours at each village, usually about one-and-a-

half hours with the full group, then about one-and-a-half hours in breakout groups and visiting infrastructure sites. In nearly all cases the women members of the team interviewed women's groups separately.

Gilgit Region

Murtazabad
Mominabad
Khaiber
Thole
Ghulmit
Budalas
Teru
Gahkuch Bala
Kakhan, Astore
Aliabad, Astore

Baltistan Region

Stak
Shagri Kalan
Churka
Thugmo
Daghoni
Yugu
Ranga
Hoto

Chitral Region

Krui Jinali Booni
Yarkhoon Lasht
Baranis
Kaghozi
Kalkatak
Birin
Shagram
Yorjogh

**ANNEX G: COMPUTATION OF SUBSIDY DEPENDENCE INDEX FOR THE
MICROFINANCE OPERATIONS OF THE AKRSP**

Particulars		1994	1997	1998	1999	2000	Alternative methodology (2000)
$S=A*(m-c)+[(E*m)-P]+K$							
S= Annual subsidy received by AKRSP for credit operations, derived as follows:							
A= AKRSP concessional borrowed funds outstanding to fund the credit portfolio	Rs. million	0	0	0	0	0	58.8 ^a
m= Interest rate that AKRSP would have to pay for funds if it could no longer obtain concessional funds		12%	12%	10%	6%	6%	12%
c= Interest rate paid by AKRSP on concessional borrowed fund outstanding		0%	0%	0%		0%	6% ^b
E= Average annual equity or net worth of the credit operations	Rs. million	200.0	450.7	495.1	517.7	601.3	601.3
P= Reported annual profit (not adjusted for inflation)	Rs. million	9.1	26.7	44.5	41.4	78.6	78.6
K= Sum of all other types of annual subsidies received by AKRSP for its credit operations	Rs. million	0	0	0	0	0	0
S=		14.9	27.4	5.0	(10.3)	(42.5)	(3)
$SDI=S/(LP*n)$							
SDI= Subsidy dependence index, derived as							
LP= Average annual outstanding portfolio	Rs. million	127.0	241.0	263.4	227.0	171.5	171.5
n= The rate of interest or service charge on AKRSP loans		7.0%	10.5%	13.1%	15.3%	19.1%	19.1%
SDI=		1.7	1.1	0.1	(0.3)	(1.3)	(0.1)
	or	168%	108%	15%	-30%	-130%	-9%
$RR=n*(SDI+1)$							
RR= Required rate of service charges to eliminate subsidy		18.7%	21.9%	15.0%	10.7%	-5.7%	17.3%

Note: The Alternative Methodology column takes a 12% opportunity cost of capital and adds in the Pakistan Poverty Alleviation Fund (PPAF) borrowing.

a. Balance of short-term borrowing from Pakistan Poverty Alleviation Fund (PPAF) at the end of 2000.

b. Service charge payable to PPAF at the rate of 6 percent per annum.

Source: AKRSP Microfinance Operations Financial Statements as of December 31, 2000.

Table H.1 AKRSP Economic Analysis

Item	Selected years (columns hidden for presentation):	1982-83	1984	1990	1996	2001	2039
1	Capital expenditure (rupees '000s)	1,931	1,992	5,002	14,804		
2	Total operating cost (rupees '000s) adjust. by SCF	4,396	5,479	44,387	142,749	-	-
3	Training (rupees '000s)	296	913	8,944	17,596		
4	Research, survey, and demonstration (rupees '000s)	1,726	3,289	9,663	31,493		
5	Infrastructure projects (rupees '000)	7,204	12,083	35,928	33,025		
6	Credit program (net) (rupees '000s)	517	153	2,290	43,459		
7	Total non-operating cost (rupees '000)	9,743	16,438	56,825	125,573	-	-
8	Total costs (rupees '000)	14,627	22,526	106,144	284,183		
9	Total costs with econ. adjust (in 1999 rupees '000)	49,582	69,691	228,603	325,824		
10	GDP deflator (base 1981 = 100)	115	126	181	340		
11	Factor to bring to 1999 rupees	3.8	3.5	2.4	1.3	1.0	1.0
12	Hydel model net stream (Rs) worst case	-1,000.0	100.0	270.0	270.0	270.0	
13	Hydel model net stream IRR	22%					
14	Hydel weight factor (including "other")	0.33					
15	Land development net stream worst case	-1,000.0	0.0	300.0	400.0	400.0	
16	Land development net stream IRR	19%					
17	Land development weight factor	0.44					
18	Communications net stream worst case	-1,000.0	0.0	300.0	400.0	400.0	
19	Communications net stream IRR	19%					
20	Communications weight factor	0.23					
21	Weighted model net stream	-1,000	32	284	350	350	
22	Aggregate model stream IRR	19%					
23	Abandoned project factor (4% @ 50% exp.)	0.98	0.98	0.98	0.98	0.98	
24	Village contribution factor+econ adjustment (30%)	1.30	1.30	1.30	1.30	1.30	
25	1983 Invest—model flow	(1,000)	32	284	350	350	-
26	1983 Aggregate net infrastructure stream (incl. 30% vill. cont.)	-35,669,197	1,153,542	10,140,681	12,482,721	12,482,721	0
27	1984 Invest—model flow		-1,000	241	350	350	0
28	1984 Aggregate net infrastructure stream			-54,603,652	13,169,200	19,108,985	19,108,985
29	1985 Invest—model flow			219	350	350	0

(continued on following page)

Table H.1 AKRSP Economic Analysis (continued)

Item	Selected years (columns hidden for presentation):	1982-83	1984	1990	1996	2001	2039
30	1985 Aggregate net infrastructure stream				12,887,801	20,628,569	20,628,569
31	1986 Invest—model flow			219	327	350	0
32	1986 Aggregate net infrastructure stream				14,179,327	21,234,035	22,695,821
33	1994 Aggregate net infrastructure stream					2,578,816	11,335,069
34	1995 Invest—model flow				32	327	0
35	1995 Aggregate net infrastructure stream					1,863,783	18,869,393
36	1996 Invest—model flow				-1,000	219	0
37	1996 Aggregate net infrastructure stream					-55,307,162	12,092,247
38	1997 Invest—model flow					219	0
39	1997 Aggregate net infrastructure stream						19,193,506
40	1998 Invest—model flow					110	0
41	1998 Aggregate net infrastructure stream						12,035,225
42	1999 Invest—model flow					65	263
43	1999 Aggregate net infrastructure stream						7,087,777
44	Net benefit stream infrastructure (after econ adjust)	(35,669,197)	(53,450,111)	(44,446,910)	171,365,232	355,338,314	28,780,669
45	IRR infrastructure only	19%					
46	Number of households (hh)	15,449	30,612	62,360	83,294	94,422	
47	Average hh. farm including extrapolation from surveys (1999 rupees)	20,270	20,684	23,349	62,106	75,515	
48	Average program total farm income	313,154,393	633,175,007	1,456,068,180	5,173,049,815	7,130,230,573	0
49	Total farm income increment (@10% attrib.)+econ. adjust.	0	28,481,835	101,719,327	432,530,693	606,719,780	0
50	Average off-farm hh inc. extrap. from surveys (1999 rupees)	37,326	38,087	42,996	45,848	48,123	
51	Average program total off-farm income	576,642,053	1,165,927,556	2,681,201,874	3,818,863,312	4,543,828,564	0
52	Total off-farm income increment (@5% attrib.)+econ. adjust.	0	26,223,205	93,652,912	144,278,846	176,539,800	0
53	Total NRM costs after econ. adjust.	6,047,904	10,518,535.24	23,418,413.05	68,493,247.53	150,134,614.6	
54	Total NRM benefits after econ. adjustment adjust down by 33%	0	0	19,207,989.16	115,333,154	275,389,630.7	
55	Net benefits NRM after econ. adjust.	-6,047,904	-10,518,535.24	-4,210,423.892	46,839,906.45	125,255,016.1	
56	IRR NRM only	24%					
57	Total operating costs+econ. adj. ('99 rupees, 2000 to 2009 at 50%)	16,741,503	19,046,743	107,411,877	183,894,300	93,767,850	
58	Total costs+econ. adj. ('99 rupees)	49,581,714	69,691,153	228,602,509	325,824,168	93,767,850	

59	Net infrst. + NRM + 5% nonfarm ben.-tot. cost (-R&D & infrst.)	(61,028,444)	(59,878,554)	(85,417,519)	110,631,601	563,365,279	28,780,669
60	ERR of above stream	16%					
61	Net infrst. + 10% net fm. inc. + 5% nonfarm ben.-tot. cost (-R&D & infrst.)	-54,980,540	-20,878,184	20,512,232	496,322,387	1,044,830,043	28,780,669
62	ERR of above stream	33%	1,992	5,002	14,804		

Note:

Rows 1 to 9: AKRSP costs and totals with Standard Conversion Factor (SCF) economic adjustments. (SCF adjusts financial figures for economic distortions in the economy)

Rows 12 to 20: simplified model net benefit streams derived from AKRSP case studies using worst-case scenarios.

Row 21: weighted model net stream weighted by share of each type of infrastructure in total.

Row 23: factor to allow for 4 percent abandoned projects spending 50 percent of expected costs.

Row 24: to factor to add the village contribution not included in costs.

Rows 25 to 43: aggregation of annual infrastructure model net benefit streams.

Rows 44 and 45: total of all annual streams and Economic Rate of Return.

Row 47: average household farm income taken from the 1991 and 1997 Socio-Economic Surveys projecting forward and back by an assumed 2 percent annually.

Row 48: number of households times farm income.

Row 49: incremental total farm income increases assuming 10 percent is attributable to AKRSP and applying economic adjustments.

Rows 50 to 52: methodology as for farm income above but taking the non-farm income element from the Socio-Economic Surveys and attributing 5 percent to AKRSP.

Rows 53 and 54: taken from AKRSP NRM economic analysis with economic adjustments and adjusting benefit stream down by 33 percent to allow for some optimism in assumptions.

Rows 57 and 58: total AKRSP operating costs and total costs + economic adjustments; maintenance level of operating costs assumed to year 2009 at 50 percent of most recent.

Row 59: net infrastructure benefit stream plus net natural resource management benefit stream plus five percent attribution of estimated non-farm income derived from surveys deducting total AKRSP costs with adjustment for those costs already accounted for in the infrastructure and NRM net benefit streams.

Row 61: similar to row 59 but instead of AKRSP NRM net benefit stream using the assumption of 10 percent of the aggregate net farm income attributable to AKRSP based on extrapolation from Socioeconomic Surveys. *Would include some degree of double counting.*

Table H.2 Sensitivity Analysis

Methodology	Based on Natural Resource Management net benefit projections		Based on attributed share of total farm income increments	
	AKRSP base case ("best bet" infrastructure and no 33% NRM reduction)	Worst case infrastructure and 33% reduction in NRM benefits	Attributing 10% to AKRSP	Attributing 20% to AKRSP
Attributing 5% non-farm benefits	24%	16% ^b	33%	58%
Attributing zero non-farm benefits	17%	11%	22%	38%
Attributing 5% non-farm benefits but with investment and operating costs up 20% ^a	19%	12%	30%	Not estimated

a. While this gives an indication of the sensitivity to costs, it is not a realistic scenario since, with 17 years of cost data in the analysis, a large share of costs are actuals not projections (operating costs are assumed to continue for 10 years at half the final level).

b. Deducting an estimate of the micro-finance costs from this scenario (assuming they are 10% of credit disbursements since these were not separately accounted for until recently) changes the ERR by less than 1%.

Main Enterprise Assumptions in Economic Analysis

Infrastructure assumptions are in *Synthesis of the Findings from Impact Studies* (AKRSP 2000o), and in AKRSP documents on *Communications Projects* (AKRSP 2000f), *Land Development Projects* (AKRSP 2000d), and *Power Generation* (AKRSP 2000e). Assumptions in the latter three reports were taken partly from case study village interviews and partly from generic assumptions, but they are similar to those below.

Table H.3 Main Selected Assumptions from AKRSP NRM Analysis

Enterprise	Unimproved (kg/kanal)	Improved (kg/kanal or value)	Cost of improved seed as % of revenue or actual	Comment
Wheat grain	75	112/125/141 (varieties) Border price of Rs9.3/kg used	4%	10 years to grow wheat on new land— fodder first New and old land treated differently 90% adoption of improved seed provided
Wheat straw	262	213/230/309 (varieties)		
Maize grain	107	150	4%	
Maize straw	750	1,100		
Potato	900	500	5% (seed rate 100kg@Rs8)	
Alfalfa (dry)	850	1,450	2%	70% on new land
Fuelwood		40kg/tree@Rs2.7	Costs 63% of benefits	After '96: Poplar, 50% Robina, 16% Russian Olive, 19% Willow, 15%
Timber		Rs.2,000/tree or Rs5/kg varies by species	Costs 50% of benefits	
Fruit (e.g., apple)		80kg/tree@Rs30 (apricot dried, Rs20)	Cost 8% of revenue	80% on exiting land Apple 88% before '92, 45% after Wastage 10% Alternate bearing allowed for Yield start year 5
Cattle: calves/yr		0.5		
Milk (incremental)		5.3lt/day@ Rs18/lt		
Sheep (incremental meat)		19kg@Rs75	Rs.1,000 annual maintenance cf. local	
Sheep (incremental milk)		1kg/day		
Medication impact		Assumed 50% treated saved		
Vaccination mortality impact		Cattle saved 4% Sheep saved 2%		

Note: An overall Standard Conversion Factor economic adjustment of 0.89 was used and commodity-specific adjustments for some traded commodities.

ANNEX I: THE KARAKORAM AGRICULTURAL RESEARCH INSTITUTE FOR THE NORTHERN AREAS (KARINA)

KARINA, established in 1984 at Jaglote on the Karakoram Highway, has the mandate to conduct and coordinate applied research for the Northern Areas (it does not cover Chitral) on field crops, fruits and vegetables, livestock, fisheries, land, and water, and to transfer the findings to farmers.

After many years of relative inactivity, KARINA now has new leadership and a much-improved program. It currently has 11 scientists, led by a director, and an annual nondevelopment budget of about Rs. 4 million (average over 1997 and 2001). Having established a scientific staff and obtained almost 1.5 percent of the Pakistan Agriculture Research Council's nondevelopment budget, it is poised to play a greater role in enhancing productivity in the Northern Areas. The institute has five stations, four of them located in the Northern Areas (Skardu, Ghizer, Astore, and Chilas). The fifth, a trout multiplication and research station, was recently established in Kaghan as a collaborative partnership with the AKRSP.

While in recent years the impact of KARINA at the village level has been modest, about 1,000 lines and cultivars of major wheat varieties have been tested over the past five years. Two cultivars of wheat, Chakwal-86 and Chakwal-97, are being promoted in areas near KARINA and in the Diamer District. In 2001, KARINA had more than 750 lines of wheat of more than a dozen varieties in observation trials for seed purity and disease resistance. In 2000, a mass selection of 80 lines was done and, based on their yield performance, disease resistance, and grain-straw ratio, KARINA has selected 20 "better" per-

formers for further observation and will release 3 to 5 wheat varieties in 2002.

KARINA has also established observation and adaptive lines of 7 main varieties of maize (Agaiti-85, Azam, Kisan, Pahar, a few hybrids), and vegetables and fodder (legumes). It plans to produce about 4 metric tons each of wheat and maize seed during 2001 for further multiplication in farmers' fields. During the preceding year, KARINA produced about 2.4 metric tons of wheat and 1.6 metric tons of maize seed, distributed to about 200 farmers, mainly from Chilas and Diamer—mostly those who approached KARINA. A promising commercial cultivar of muskmelon (Ravi) has been developed for the double-cropping zone. A successful cultivation technique has been developed for two medicinal plants (black zera and kuth). They have also collected, tested, and introduced local and exotic varieties of fruits, but this is little known to farmers. KARINA's progeny orchards have a collection of about 12 deciduous and other fruit tree varieties: apples, apricots, pears, cherries, peaches, plums, almonds, grapes, pomegranates, figs, and olives. Work on rootstock resistance to crown gall for cherry trees is under way.

While KARINA's work program covers many relevant activities, it needs a better-articulated strategy and the resources to deliver its findings to farmers and to interact with them. It needs a technology transfer unit that, among other things, should promote effective partnerships with local institutions such as the AKRSP as vehicles to reach a widespread farming community. There is a need for increased institutional linkages and a strategy forum.

ANNEX J: STATISTICAL TABLES

The tables in this Annex were supplied by the AKRSP.

Table J.1

**Achievements in Program Areas,
December 1982-December 2000**

Program area	Gilgit^a	Chitral	Baltistan	Total
Social organization				
Organizations (number)	1,460	1,140	1,168	3,768
Village organizations	798	758	815	2,371
Women's organizations	662	382	353	1,397
Organization members (number)	62,229	39,706	39,542	141,477
Village organizations	35,485	29,116	29,821	94,422
Women's organizations	26,744	10,590	9,721	47,055
Total savings (Rs. million)	269.86	94.64	65.75	430.25
Village organizations	182.32	76.82	60.50	319.64
Women's organizations	87.54	17.82	5.25	110.61
Women in development				
Credit disbursed ^b (Rs. million)	156.75	27.00	7.36	191.10
Group loans	1,256	472	120	1,848
Beneficiary households	54,347	12,132	3,794	70,273
WO specialists (number)	2,984	2,958	1,804	7,746
Productive infrastructure and engineering services				
PPIs initiated (number)	638	779	802	2,219
Beneficiary households (number)	64,996	49,215	52,524	166,735
Cost of initiated PPIs (Rs. million)	217.75	304.45	245.74	767.94
PPIs completed (number)	515	720	682	1,917
Physical progress (% completed)	81	92	85	86
Agriculture				
Improved seeds (kgs)	253,752	121,565	514,254	889,571
Total fruit trees (millions)	2.05	0.56	1.36	3.97
VO/WO agriculture specialists (number)	1,535	1,418	835	3,788

a. Includes Astore.

b. Includes short-term, medium-term, and women's organization credit.

Table J.2 Program Area Social Data—Gilgit, Chitral, Baltistan, and Astore Regions, End-2000

Program area	Gilgit	Chitral	Baltistan	Astore	Total number
Area (square km)	28,500	14,850	25,850	5,000	74,200
Population (2000 est.)	383,542	318,689	313,826	70,000	1,086,057
Average household size	13	7	10	8	10
Number of rural households	29,050	42,492	31,072	8,850	111,464
Number of villages (approx.)	327	463	234	99	1,123
Potential VOs (no.)	654	956	699	199	2,508
Average population per VO	481	420	385	352	433
Average number of households per VO	36	56	38	44	44

Source: AKRSP's Monitoring, Evaluation, and Research Section. Population, household, and village data based on Northern Areas Census, 81/98.

Table J.3

Cumulative Growth of Village Organizations, 1983-2000

	1983	1984	1985	1986	1987	1988	1989	1990	1991	1992	1993	1994	1995	1996	1997	1998	1999	2000	
Gilgit																			
Number of VOs established	129	286	312	345	371	409	446	470	494	501	539	559	676	701	768	810	828	798	
Membership (households)	12,050	23,120	24,950	26,412	26,500	26,500	26,500	26,500	26,500	26,500	26,500	24,793	30,366	31,414	33,718	35,938	36,391	35,485	
Percentage of total rural households 37,900 in VOs in 2000	32	61	66	70	70	70	70	70	70	70	70	65	80	83	89	95	96	94	
Chitral																			
Number of VOs established	49	115	149	168	224	323	370	436	480	522	559	581	604	623	678	707	737	758	
Membership (households)	3,399	7,492	9,615	10,667	12,383	15,236	16,655	18,574	19,856	21,124	21,742	22,601	23,323	23,778	25,677	26,884	27,853	29,116	
Percentage of total rural households 42,492 in VOs in 2000	8	18	23	25	29	36	39	44	47	50	51	53	55	56	60	63	66	69	
Baltistan																			
Number of VOs established	-	-	22	53	159	247	342	446	514	565	597	630	675	741	771	782	806	815	
Membership (households)	-	-	1,204	2,882	6,145	9,089	12,162	17,286	20,084	22,126	23,416	24,596	25,764	28,102	29,022	29,463	29,498	29,821	
Percentage of total rural households 31,072 in VOs in 2000	-	-	4	9	20	29	39	56	65	71	75	79	83	90	93	95	95	96	
Total																			
Number of VOs established	178	401	483	566	754	979	1,158	1,352	1,488	1,588	1,695	1,770	1,955	2,065	2,217	2,299	2,317	2,371	
Membership (households)	15,449	30,612	35,769	39,961	45,028	50,825	55,317	62,360	66,440	69,750	71,658	71,990	79,453	83,294	88,417	92,285	93,742	94,422	
Percentage of total rural households 11,1464 in VOs in 2000	14	27	32	36	40	46	50	56	60	63	64	65	71	75	79	83	84	85	

Table J.4

Social Organization, Membership, and Bank Deposits (yearly additions)

Year	Organizations (no.)	Membership (no.)	Bank deposits (Rs. millions)
Village Organizations			
1983	178	15,449	0.84
1984	223	15,163	5.16
1985	82	5,157	4.55
1986	83	4,192	5.35
1987	188	5,067	15.09
1988	225	5,797	15.52
1989	179	4,492	14.27
1990	194	7,043	14.46
1991	136	4,080	14.17
1992	100	3,310	20.12
1993	140	3,550	32.21
1994	106	1,947	34.95
1995	121	4,208	32.38
1996	110	3,839	39.47
1997	152	5,123	32.91
1998	82	3,870	36.71
1999	18	1,455	8.07
2000	54	680	-7.34
<i>Total</i>	<i>2,371</i>	<i>94,422</i>	<i>319.64</i>
Women's Organizations			
1984	76	3,701	0.53
1985	27	1,183	0.76
1986	21	614	0.65
1987	37	1,446	1.38
1988	69	1,913	1.49
1989	57	1,851	2.81
1990	106	3,484	2.71
1991	89	2,527	3.24
1992	84	2,538	4.09
1993	103	3,451	5.30
1994	94	3,079	9.96
1995	91	3,244	14.71
1996	126	3,856	14.36
1997	161	4,752	13.22
1998	117	3,930	21.13
1999	71	3,625	8.07
2000	68	1,861	6.20
<i>Total</i>	<i>1,397</i>	<i>47,055</i>	<i>110.61</i>

Table J.5

Summary Indicators of Progress in Institution Building and Technology Transfer for Women's Programs in Chitral, Baltistan, and Gilgit

Indicator	Chitral													
	1987	1988	1989	1990	1991	1992	1993	1994	1995	1996	1997	1998	1999	2000
Organization														
Number of women's organizations	20	49	64	104	136	161	178	194	221	254	287	329	353	382
<i>Savings (cumulative)</i>														
Total (Rs. million)	0.17	0.432	0.92	1.82	2.37	3.31	3.96	5.4	6.87	8.72	11.27	14.07	16.01	17.82
Per group (Rs.)	8,500	8,571	14,375	17,500	17,426	20,559	22,247	27,835	31,086	34,331	39,268	42,766	45,354	46,649
<i>Credit</i>														
Short term (Rs. million)	0	0	0	0	0	0.003	0.35	0.087	0.2	0.22	0.27	0.356	0.356	0.356
Number of organizations	0	0	0	0	0	1	2	4	7	8	10	15	15	15
Medium term (Rs. million)	0	0	0	0	0	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1
Number of organizations	0	0	0	0	0	1	1	1	1	1	1	1	1	1
WOCP (Rs. million)	-	-	-	-	-	0.184	0.54	1.564	3.64	6.77	11.55	16.286	16.286	16.286
Number of organizations		-	-	-	-	5	13	43	94	149	228	300	300	300
<i>Production packages and training</i> (number of groups participating)														
Vegetable demonstration														
Plots/year	4	8	48	0	50	6	10	3	17	9	9	84	98	120
Nurseries/year	4	9	3	3	4	0	0	0	0	3	0	0	0	0
Home-based poultry/year (WOs)	2	0	7	64	117	0	0	0	0	6	36	12	8	3
Total production packages/year	10	17	58	67	171	6	10	3	17	18	45	96	106	123

(continued on following page)

Table J.5

**Summary Indicators of Progress in Institution Building and
Technology Transfer for Women's Programs in Chitral,
Baltistan, and Gilgit (continued)**

Indicator	Baltistan												
	1988	1989	1990	1991	1992	1993	1994	1995	1996	1997	1998	1999	2000
Organization													
Number of women's organizations	—	13	49	2	104	—	142	—	225	240	296	376	353
Savings (cumulative)													
Total (Rs. million)	—	2.72	0.08	0.3	0.45	1.50	0.88	1.5	2.50	3.57	4.03	4.60	5.25
Per group (Rs.)	—	209	1,633	2,222	4,327	4,327	6,197	5,000	11,111	14,275	13,615	12,477	14,873
Credit													
Short term (Rs. million)	0	—	0	—	0.005	—	0.005	0.27	0.26	0.27	0.26	0.26	0.26
Number of organizations	0	—	0	—	2	—	2	21	21	21	21	21	21
Medium term (Rs. million)	0	—	0	—	0	—	0	—	0	—	0	—	0
Number of organizations	0	—	0	—	0	—	0	—	0	—	0	—	0
WOCP (Rs. million)	—	—	—	—	—	—	0.05	0.17	1.17	2.07	1.83	2.16	3.98
Number of organizations	—	—	—	—	—	—	1	4	20	33	56	72	120
Production packages and training (number of groups participating)													
Vegetable demonstration													
Plots/year	12	—	35	—	9	—	10	—	174	—	0	—	0
Nurseries/year	0	—	0	—	1	—	38	—	4	—	0	—	0
Home-based poultry/year (WOs)	13	—	90	—	51	—	11	—	189	—	0	—	0
Total production packages/year	25	—	125	—	61	—	59	—	367	—	0	—	0

Table J.5 **Summary Indicators of Progress in Institution Building and Technology Transfer for Women's Programs in Chitral, Baltistan, and Gilgit**

Indicator	Gilgit														
	Up to 86	1987	1988	1989	1990	1991	1992	1993	1994	1995	1996	1997	1998	1999	2000
Organization															
Number of women's organizations	129	146	186	215	245	270	306	349	372	471	501	570	633	660	662
<i>Savings (cumulative)</i>															
Total (Rs. million)	1.97	3.18	4.42	6.71	8.46	11.05	13.93	18.18	26.11	39.45	50.77	60.48	78.24	83.92	87.538
Per group (Rs.)	15,271	21,781	23,763	31,209	34,531	40,926	45,523	52,092	70,188	83,758	101,337	106,105	123,602	127,152	132,233
<i>Credit</i>															
Short term (Rs. million)	0.01	0.49	2.06	2.9	3.07	3.4	3.73	3.93	4.15	4.24	4.24	4.33	4.347	4.347	4.347
Number of organizations	10	62	185	226	238	267	283	302	313	323	323	326	328	328	328
Medium term (Rs. million)	0	0.2	0.62	1.00	0.97	1.09	1.27	1.27	1.27	1.27	1.27	1.51	2.047	2.047	2.047
Number of organizations	0	5	12	23	23	25	26	26	26	26	26	28	33	33	33
WOCP (Rs. million)	-	-	-	0.6	2.04	1.55	5.504	10.399	19.601	19.41	59.88	93.28	116.629	116.629	116.629
Number of organizations	-	-	-	2	25	44	72	118	189	309	436	589	700	700	700
<i>Production packages and training (number of groups participating)</i>															
Vegetable demonstration Plots/year	0	23	32	41	0	12	46	1	2	4	26	22	3	2	1
Nurseries/year	6	0	1	12	6	0	10	0	41	0	4	2	0	0	0
Home-based poultry/year (WOs)	0	0	3	59	9	21	28	36	37	187	174	31	6	4	10
Total production packages/year	6	23	36	112	15	33	84	37	80	191	204	55	9	6	11

Table J.6 Productive Physical Infrastructure Projects, by Region and Type (cumulative)

A: GILGIT			
Region/type of project	Initiated (no.)	Completed	
		Number	Percent
Irrigation	368	313	85
Feeder channels/pipe irrigation	313	266	85
Lift irrigation	16	11	69
Storage reservoir	30	29	97
Siphon irrigation	5	4	80
Sedimentation tank	4	3	75
Channelization of rivers	—	—	—
Transport	131	107	82
Link roads	94	78	83
Bridge/link road	22	18	82
Pony tracks	15	11	73
Foot bridges	—	—	0
Others	65	57	88
Protective works	44	40	91
Boundary walls	2	2	100
Nursery	5	5	100
Hydel scheme	9	7	78
Flour mill	—	—	—
Mud-flow control	2	2	100
Super passage	1	1	100
Water supply/delivery	2	0	0
WO Projects	74	38	51
Water delivery/supply	55	25	45
Vocational schools	1	1	100
Pipe irrigation	1	1	100
Barbed wire	8	5	63
Link road	1	1	100
Agriculture nursery	1	1	100
Pony track	2	0	0
Sanitation	4	4	100
Washing center	—	—	—
Microhydel	1	0	0
Community centers	—	—	—
Community bathrooms	—	—	—
Total	638	515	81

Table J.6 Productive Physical Infrastructure Projects, by Region and Type (cumulative)

B: CHITRAL			
Region/type of project	Initiated (no.)	Completed	
		Number	Percent
Irrigation	315	298	95
Feeder channels/pipe irrigation	279	264	95
Lift irrigation	2	2	100
Storage reservoir	20	20	100
Siphon irrigation	10	9	90
Sedimentation tank	1	1	100
Channelization of rivers	3	2	67
Transport	213	200	94
Link roads	184	175	95
Bridge/link road	25	21	84
Pony tracks	3	3	100
Foot bridges	1	1	100
Others	246	222	90
Protective works	71	65	92
Boundary walls	—	—	—
Nursery	—	—	—
Hydel scheme	166	153	92
Flour mill	1	1	100
Mud-flow control	—	—	—
Super passage	—	—	—
Water supply/delivery	8	3	38
WO Projects	5	0	0
Water delivery/supply	4	0	0
Vocational schools	—	—	—
Pipe irrigation	—	—	—
Barbed wire	—	—	—
Link road	—	—	—
Agriculture nursery	—	—	—
Pony track	—	—	—
Sanitation	—	—	—
Washing center	1	0	0
Microhydel	—	—	—
Community centers	—	—	—
Community bathrooms	—	—	—
Total	779	720	92

(continued on following page)

Table J.6

Productive Physical Infrastructure Projects,
by Region and Type (cumulative) (continued)

C: BALTISTAN			
Region/type of project	Initiated (no.)	Completed	
		Number	Percent
Irrigation	436	369	85
Feeder channels/pipe irrigation	388	323	83
Lift irrigation	14	13	93
Storage reservoir	30	29	97
Siphon irrigation	4	4	100
Sedimentation tank	—	—	—
Channelization of rivers	—	—	—
Transport	143	118	83
Link roads	96	72	75
Bridge/link road	10	9	90
Pony tracks	37	37	100
Foot bridges	0	0	—
Others	209	185	89
Protective works	89	81	91
Boundary walls	78	76	97
Nursery	—	—	—
Hydel scheme	9	7	78
Flour mill	—	—	—
Mud-flow control	—	—	—
Super passage	—	—	—
Water supply/delivery	33	21	64
WO Projects	14	10	71
Water delivery/supply	—	—	—
Vocational schools	—	—	—
Pipe irrigation	—	—	—
Barbed wire	—	—	—
Link road	—	—	—
Agriculture nursery	—	—	—
Pony track	—	—	—
Sanitation	1	1	100
Washing center	—	—	—
Microhydel	—	—	—
Community centers	5	2	40
Community bathrooms	8	7	88
Total	802	682	85

Table 4.6: Productive Physical Infrastructure Projects, by Region and Type (cumulative)

D: PROGRAM AREA			
Region/type of project	Initiated (no.)	Completed	
		Number	Percent
Irrigation	1,119	980	88
Feeder channels/pipe irrigation	980	853	87
Lift irrigation	32	26	81
Storage reservoir	80	78	98
Siphon irrigation	19	17	89
Sedimentation tank	5	4	80
Channelization of rivers	3	2	67
Transport	487	425	87
Link roads	374	325	87
Bridge/link road	57	48	84
Pony tracks	55	51	93
Foot bridges	1	1	100
Others	520	464	89
Protective works	204	186	91
Boundary walls	80	78	98
Nursery	5	5	100
Hydel scheme	184	167	91
Flour mill	1	1	100
Mud-flow control	2	2	100
Super passage	1	1	100
Water supply/delivery	43	24	56
WO Projects	93	48	52
Water delivery/supply	59	25	42
Vocational schools	1	1	100
Pipe irrigation	1	1	100
Barbed wire	8	5	63
Link road	1	1	100
Agriculture nursery	1	1	100
Pony track	2	0	0
Sanitation	5	5	100
Washing center	1	0	0
Microhydel	1	0	0
Community centers	5	2	40
Community bathrooms	8	7	88
Total	2,219	1,917	86

Table J.7

Productive Infrastructure Projects, Costs, and Construction Progress, by Type of Project, as of December 2000 (cumulative)

A: GILGIT						
Region/type of project	No of projects	AKRSP grant (Rs. '000)	Disbursement		Completion	
			Rs. '000	Percent	Number	Percent
Irrigation	368	122,715	92,955	76	313	85
Feeder channels	294	97,617	69,544	71	248	84
Pipe/siphon irrigation	23	8,247	7,584	92	21	91
Lift irrigation	16	10,502	9,552	91	11	69
Storage reservoirs	30	5,521	5,546	100	29	97
Sedimentation tank	4	639	540	85	3	75
Tunnel (irrigation channel)	1	189	189	100	1	100
Channelization of rivers	—	—	—	—	—	—
Transport	131	43,033	31,925	74	107	82
Link roads	94	29,152	20,667	71	78	83
Bridge/link roads	22	9,147	6,728	74	18	82
Pony tracks	15	4,734	4,530	96	11	73
Foot bridges	—	—	—	—	—	—
Others	65	22,898	16,339	71	57	88
Protective works	44	11,244	10,100	90	40	91
Boundary walls	2	192	184	96	2	100
Nursery	5	489	450	92	5	100
Hydel scheme	9	9,617	4,985	52	7	78
Flour mill	0	0	0	0	0	0
Mud-flow control	2	220	202	92	2	100
Super passage	1	189	161	85	1	100
Water supply/delivery	2	947	257	27	0	0
WO Projects	74	29,102	12,716	44	38	51
Water delivery/supply	55	25,545	11,194	44	25	45
Vocational schools	1	50	50	100	1	100
Pipe irrigation	1	304	304	100	1	100
Barbed wire	8	1,646	491	30	5	63
Link road	1	92	92	100	1	100
Agriculture nursery	1	50	49	98	1	100
Pony track	2	570	318	56	—	0
Sanitation/washing center	4	218	218	100	4	100
Microhydel	1	627	—	0	—	0
Community centers	0	0	0	0	0	0
Community bathrooms	0	0	0	0	0	0
Total	638	217,748	153,935	71	515	81

Table J.7

Productive Infrastructure Projects, Costs, and Construction Progress, by Type of Project, as of December 2000 (cumulative)

B: CHITRAL						
Region/type of project	No of projects	AKRSP grant (Rs.'000)	Disbursement		Completion	
			Rs.'000	Percent	Number	Percent
Irrigation	315	90,379	77,152	85	298	95
Feeder channels	266	68,677	63,170	92	255	96
Pipe/siphon irrigation	23	15,670	8,201	52	18	78
Lift irrigation	2	351	333	95	2	100
Storage reservoirs	20	4,454	4,392	99	20	100
Sedimentation tank	1	309	309	100	1	100
Tunnel (irrigation channel)	0	0	0	0	0	0
Channelization of rivers	3	918	747	81	2	67
Transport	213	67,534	59,985	89	200	94
Link roads	184	55,105	48,889	89	175	95
Bridge/link roads	25	11,372	10,043	88	21	84
Pony tracks	3	752	748	99	3	100
Foot bridges	1	305	305	100	1	100
Others	246	143,130	129,504	90	222	90
Protective works	71	20,328	18,559	91	65	92
Boundary walls	0	0	0	0	0	0
Nursery	0	0	0	0	0	0
Hydel scheme	166	114,282	107,182	94	153	92
Flour mill	1	141	141	100	1	100
Mud-flow control	0	0	0	0	0	0
Super passage	0	0	0	0	0	0
Water supply/delivery	8	8,379	3,622	43	3	38
WO Projects	5	3,410	2,377	70	-	0
Water delivery/supply	4	3,016	2,063	68		0
Vocational schools	0	0	0	0	0	0
Pipe irrigation	0	0	0	0	0	0
Barbed wire	0	0	0	0	0	0
Link road	0	0	0	0	0	0
Agriculture nursery	0	0	0	0	0	0
Pony track	0	0	0	0	0	0
Sanitation/washing center	1	394	314	80	-	0
Microhydel	0	0	0	0	0	0
Community centers	0	0	0	0	0	0
Community bathrooms	0	0	0	0	0	0
Total	779	304,453	269,018	88	720	92

(continued on following page)

Table J.7

Productive Infrastructure Projects, Costs, and Construction Progress, by Type of Project, as of December 2000 (cumulative) (continued)

C: BALTISTAN						
Region/type of project	No of projects	AKRSP grant (Rs.'000)	Disbursement		Completion	
			Rs.'000	Percent	Number	Percent
Irrigation	436	132,616	93,459	70	369	85
Feeder channels	345	103,732	73,217	71	283	82
Pipe/siphon irrigation	47	21,571	14,016	65	44	94
Lift irrigation	14	3,930	3,005	76	13	93
Storage reservoirs	30	3,383	3,221	95	29	97
Sedimentation tank	0	0	0	0	0	0
Tunnel (irrigation channel)	0	0	0	0	0	0
Channelization of rivers	0	0	0	0	0	0
Transport	143	51,769	41,107	79	118	83
Link roads	96	42,930	33,652	78	72	75
Bridge/link roads	10	4,642	3,351	72	9	90
Pony tracks	37	4,197	4,104	98	37	100
Foot bridges	0	0	0	0	0	0
Others	209	59,704	50,762	85	185	89
Protective works	89	28,996	23,371	81	81	91
Boundary walls	78	9,655	9,324	97	76	97
Nursery	0	0	0	0	0	0
Hydel scheme	9	6,454	6,213	96	7	78
Flour mill	0	0	0	0	0	0
Mud-flow control	0	0	0	0	0	0
Super passage	0	0	0	0	0	0
Water supply/delivery	33	14,599	11,854	81	21	64
WO Projects	14	1,649	1,162	70	10	71
Water delivery/supply	0	0	0	0	0	0
Vocational schools	0	0	0	0	0	0
Pipe irrigation	0	0	0	0	0	0
Barbed wire	0	0	0	0	0	0
Link road	0	0	0	0	0	0
Agriculture nursery	0	0	0	0	0	0
Pony track	0	0	0	0	0	0
Sanitation/washing center	1	56	56	100	1	100
Microhydel	0	0	0	0	0	0
Community centers	5	1,093	630	58	2	40
Community bathrooms	8	500	476	95	7	88
Total	802	245,738	186,490	76	682	85

Table J.7

Productive Infrastructure Projects, Costs, and Construction Progress, by Type of Project, as of December 2000 (cumulative)

D: PROGRAM AREA						
Region/type of project	No of projects	AKRSP grant (Rs.'000)	Disbursement		Completion	
			Rs.'000	Percent	Number	Percent
Irrigation	1,119	345,710	263,566	76	980	88
Feeder channels	905	270,026	205,931	76	786	87
Pipe/siphon irrigation	93	45,488	29,801	66	83	89
Lift irrigation	32	14,783	12,890	87	26	81
Storage reservoirs	80	13,358	13,159	99	78	98
Sedimentation tank	5	948	849	90	4	80
Tunnel (irrigation channel)	1	189	189	100	1	100
Channelization of rivers	3	918	747	81	2	67
Transport	487	162,336	133,017	82	425	87
Link roads	374	127,187	103,208	81	325	87
Bridge/link roads	57	25,161	20,122	80	48	84
Pony tracks	55	9,683	9,382	97	51	93
Foot bridges	1	305	305	100	1	100
Others	520	225,732	196,605	87	464	89
Protective works	204	60,568	52,030	86	186	91
Boundary walls	80	9,847	9,508	97	78	98
Nursery	5	489	450	92	5	100
Hydel scheme	184	130,353	118,380	91	167	91
Flour mill	1	141	141	100	1	100
Mud-flow control	2	220	202	92	2	100
Super passage	1	189	161	85	1	100
Water supply/delivery	43	23,925	15,733	66	24	56
WO Projects	93	34,161	16,255	48	48	52
Water delivery/supply	59	28,561	13,257	46	25	42
Vocational schools	1	50	50	100	1	100
Pipe irrigation	1	304	304	100	1	100
Barbed wire	8	1,646	491	30	5	63
Link road	1	92	92	100	1	100
Agriculture nursery	1	50	49	98	1	100
Pony track	2	570	318	56	-	0
Sanitation/washing center	6	668	588	88	5	83
Microhydel	1	627	-	0	-	0
Community centers	5	1,093	630	58	2	40
Community bathrooms	8	500	476	95	7	88
Total	2,219	767,939	609,443	79	1,917	86

Table J.8

Summary Data of Productive Physical Infrastructure Projects by Region, December 2000

	Gilgit	Chitral	Baltistan	Total
Number of projects initiated	638	779	802	2,219
Cost of projects initiated (Rs. millions)	217.75	304.45	245.74	767.94
Number of beneficiary households	64,996	49,215	52,524	166,735
Physical progress of projects	81%	90%	85%	84%
Number of projects completed	515	720	682	1,917

Table J.9

Productive Physical Infrastructure (yearly additions)

Year	PPIs initiated (no.)	Cost (Rs. millions)	Completed PPIs per year (no.)
1983	104	15.30	23
1984	112	17.50	91
1985	103	21.90	81
1986	93	17.50	62
1987	159	24.60	116
1988	186	32.30	139
1989	144	25.49	118
1990	166	35.10	133
1991	137	26.71	119
1992	111	23.04	113
1993	110	26.07	128
1994	76	19.49	81
1995	122	44.45	109
1996	94	41.17	119
1997	97	67.83	109
1998	149	102.78	139
1999	137	84.79	83
2000	119	239.94	154
Total	2,219	865.96	1,917

Note: Year additions may not tally due to ongoing revisions.

Table J.10 The Training Program—Number of Trainees

Year	Agriculture	Forestry	Livestock	Poultry	Marketing	Regular Courses					Literacy/ numeracy	Vocational training	All subjects
						Accounts	Approp. technology	Farm machinery	Cluster hatchery	TBAs			
1983	46	0	45	0	0	0	0	0	0	0	0	0	91
1984	45	0	61	69	0	0	0	0	0	0	0	0	175
1985	67	0	85	72	38	0	0	0	0	0	0	0	262
1986	136	0	89	58	49	0	0	0	0	0	0	0	332
1987	143	0	124	58	49	16	0	0	0	0	0	0	390
1988	207	0	200	217	48	33	28	0	0	0	0	0	733
1989	331	50	124	139	47	60	74	0	0	0	0	0	825
1990	481	48	158	290	47	153	37	0	0	0	0	0	1,214
1991	339	138	111	156	21	300	222	31	0	0	0	0	1,318
1992	254	196	91	162	18	274	0	0	4	0	0	0	999
1993	245	104	124	96	9	216	32	0	8	0	0	0	834
1994	205	90	81	184	64	90	59	0	8	0	0	0	781
1995	200	173	12	245	172	368	30	0	0	0	0	0	1,200
1996	330	216	210	208	235	285	40	0	0	6	6	0	1,536
1997	124	121	481	144	622	417	60	0	0	0	51	177	2,197
1998	306	131	120	38	445	40	0	0	0	10	23	152	1,265
1999	168	438	92	86	1,181	30	0	0	0	113	45	341	2,494
2000	228	11	97	675	366	61	0	0	0	34	126	636	2,234
Total	3,855	1,716	2,305	2,897	3,411	2,343	582	31	20	163	251	1,306	18,880

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Table J.10 The Training Program—Number of Trainees (continued)

Year	Agriculture	Forestry	Livestock	Poultry	Marketing	Approp.		Farm machinery	Cluster hatchery	TBAs	Literacy/ numeracy	Vocational training	All subjects
						Accounts	technology						
Refresher and Other Courses													
1984	89	0	60	0	0	0	0	0	0	0	0	0	149
1985	27	0	68	14	0	0	0	0	0	0	0	0	109
1986	97	0	151	18	32	0	0	0	0	0	0	0	298
1987	119	0	141	25	24	0	0	0	0	0	0	0	309
1988	129	0	76	15	15	22	0	0	0	0	0	0	257
1989	70	0	195	12	23	0	0	0	0	0	0	0	300
1990	369	25	475	89	21	0	0	0	0	0	0	0	979
1991	390	43	536	60	20	0	37	0	0	0	0	0	1,086
1992	440	68	635	178	23	115	0	0	0	0	0	0	1,459
1993	1,069	68	798	325	25	188	0	0	0	0	0	0	2,473
1994	988	124	876	400	161	339	6	0	0	0	0	0	2,894
1995	570	128	500	243	22	152	0	0	0	0	0	0	1,615
1996	506	223	765	344	0	299	0	0	0	6	0	0	2,143
1997	423	55	398	323	0	325	0	0	0	0	0	0	1,524
1998	396	81	313	185	118	289	0	0	0	10	17	191	1,600
1999	234	106	597	302	61	137	0	0	0	23	27	163	1,650
2000	102	16	410	177	109	278	0	0	0	19	48	583	1,742
Total	6,018	937	6,994	2,710	654	2,144	43	0	0	58	92	937	20,587

Note: Annual totals may not tally due to ongoing revisions. The Core Office has not maintained the annual breakdown since 1998 due to a change in M&E reporting systems.

Table J.11 - The Training Program—Number of Courses

Year	Agriculture	Forestry	Livestock	Poultry	Marketing	Accounts	Approp. technology	Farm machinery	Cluster hatchery	TBAs	Literacy/ numeracy	Vocational training	All subjects
	Regular Courses												
1983	2	0	2	0	0	0	0	0	0	0	0	0	4
1984	2	0	3	3	0	0	0	0	0	0	0	0	8
1985	5	0	4	3	2	0	0	0	0	0	0	0	14
1986	8	0	5	1	2	0	0	0	0	0	0	0	16
1987	9	0	5	4	4	1	0	0	0	0	0	0	23
1988	12	0	9	10	4	2	2	0	0	0	0	0	39
1989	8	2	6	10	4	3	5	0	0	0	0	0	38
1990	25	3	7	15	4	12	5	0	0	0	0	0	71
1991	21	7	6	13	2	24	21	1	0	0	0	0	95
1992	15	10	5	15	2	21	0	0	1	0	0	0	69
1993	18	7	7	8	1	14	3	0	1	0	0	0	59
1994	16	5	5	14	5	5	4	0	1	0	0	0	55
1995	16	13	2	18	12	21	2	0	0	0	0	0	84
1996	22	19	14	15	13	18	3	0	0	1	1	0	106
1997	15	14	34	14	81	30	1	0	0	0	2	6	197
1998	22	12	9	2	27	3	0	0	0	1	2	13	91
1999	16	43	12	8	118	2	0	0	0	6	3	12	220
2000	15	1	5	56	27	4	0	0	0	2	5	29	144
Total	247	136	140	209	308	160	46	1	3	10	13	60	1,333

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Table J.11 The Training Program—Number of Courses (continued)

Year	Agriculture	Forestry	Livestock	Poultry	Marketing	Accounts	Approp. technology	Farm machinery	Cluster hatchery	TBAs	Literacy/ numeracy	Vocational training	All subjects
	Refresher and Other Courses												
1984	2	0	3	0	0	0	0	0	0	0	0	0	5
1985	3	0	5	1	0	0	0	0	0	0	0	0	9
1986	6	0	6	1	2	0	0	0	0	0	0	0	15
1987	7	0	3	2	2	0	0	0	0	0	0	0	14
1988	4	0	3	1	2	1	0	0	0	0	0	0	11
1989	3	0	5	1	2	0	0	0	0	0	0	0	11
1990	19	2	20	6	2	0	0	0	0	0	0	0	49
1991	22	3	32	5	3	0	10	0	0	0	0	0	75
1992	23	4	26	8	2	8	0	0	0	0	0	0	71
1993	39	4	33	15	2	8	0	0	0	0	0	0	101
1994	36	9	33	29	8	18	1	0	0	0	0	0	134
1995	33	10	19	22	1	9	0	0	0	0	0	0	94
1996	25	7	31	19	0	20	0	0	0	1	0	0	103
1997	29	20	21	18	0	17	0	0	0	0	0	0	105
1998	30	6	16	12	9	15	0	0	0	1	1	2	92
1999	26	7	30	19	7	11	0	0	0	1	1	2	104
2000	10	1	25	11	11	21	0	0	0	1	2	18	100
Total	317	73	311	170	53	128	11	0	0	4	4	22	1,093

Note: Annual totals may not tally due to ongoing revisions. The Core Office has not maintained the annual breakdown since 1998 due to a change in M&E reporting systems.

Table J.12 AKRSP Production Packages for Women's Organizations, by Region, Cumulative to December 31, 2000

Note: This table has not been updated since 1997 because the new LF-based M&E systems/progress reports for the current phase do not accommodate it. The table is retained only to keep numbering consistent with previous OED evaluations. Information on the above indicators is available in regional offices.

Table J.13 Girls' and Boys' Schools in the Northern Areas and Chitral, 1994

	School level			Total
	Primary	Middle	Secondary	
Gilgit				
Government				
Male	237	66	48	351
Female	136	15	14	165
Both	251	5	2	258
AKES				
Male	2	3	1	6
Female	3	5	7	15
Both	65	28	13	106
Chitral				
Government				
Male	463	43	42	548
Female	153	24	5	182
Both	0	0	0	0
AKES				
Male	10	0	0	10
Female	51	16	8	75
Both	0	0	0	0
Baltistan				
Government				
Male	175	40	31	246
Female	89	15	6	110
Both	224	12	4	240
Total				
Government				
Male	875	149	121	1,145
Female	378	54	25	457
Both	475	17	6	498
AKES				
Male	12	3	1	16
Female	54	21	15	90
Both	65	28	13	106
Girls' schools (%)	49	49	33	47

Table J.14 AKRSP Sources of Income, by Donor (rupees '000s)

Donor	1982-																			Per- cent- age		
	83	1984	1985	1986	1987	1988	1989	1990	1991	1992	1993	1994	1995	1996	1997	1998	1999	2000	Total			
Aga Khan Foundation (AKF)																						
Network	14,852	10,048	12,819	17,411	14,200	8,346	9,253	8,262	18,481	8,422	7,079	15,339	11,121	5,989	4,082	2,625	5,968	6,445	180,742	7		
AKF Pakistan	10,960	7,160	5,901	7,663	7,778	5,251	7,819	6,959	17,078	7,101	5,086	12,676	11,121	5,989	4,082	2,625	5,968	6,445	137,662	5		
AKF Canada	1,420	2,357	1,398	1,199	2,013	1,107	720	1,303	1,403	1,321	1,993	2,663							18,897	1		
AKF USA	1,329		3,193	4,430	3,992														12,944	0		
AKF UK	1,143	531	2,327	4,119	417	1,988	714												11,239	0		
Canadian International																						
Development Agency	5,439	9,245	11,240	14,778	18,595	27,533	38,093	15,062	20,635	46,044	37,401	77,063	25,837	93,236	25,963	23,888	26,238	33,025	549,315	20		
Alberta Aid	236	2,192	3,486		4,062			467											10,988	0		
US Agency for International																						
Development			1,426	4,097	5,820	5,950													17,293	1		
Ford Foundation	1,325		496																1,821	0		
Heifer International				1,518		40	139												1,697	0		
Overseas Development																						
Agency	327	913	2,092	3,471	181	33,809	21,946	22,013	65,900	17,977	34,582	19,316	36,740	23,446	30,927	289,461	204,533	141,474	949,108	34		
OXFAM	603	552	544	1,447	1,701	283	530		822	857									7,339	0		
Common European Community								3,481	9,069	4,618	16,046	13,726	2,281		39,669	53,076	39,277	32,665	218,727	8		
Eastern Electricity										176	88	249							513	0		
The Netherlands Government			4,109	7,669	20,584	30,899	37,662	15,386	26,660	37,340	31,177	41,324	42,351		135,468				430,629	16		
Konrad Adenauer Foundation						1,299	1,814	3,387	10,731	4,595	4,026	10,525	1,822	1,199					39,398	1		
World Conservation Union								1,198	1,701										2,899	0		
Norwegian Agency for																						
International Development									14,034	13,498	15,392	22,586	20,265	16,187	23,177	24,788	28,728	29,348	208,003	8		
Deutsche Gesellschaft fur																						
Technische Zusammenarbeit/ BMZ										8,897	4,906	7,349	16,442	15,808	22,549	16,640	6,086	98,677	4			
The World Bank										860	2,610								3,470	0		
Local bodies and Rural																						
Development Department		89	89	30															208	0		
Northern Areas Council				884	195														1,079	0		
Government of Pakistan					3,048		334												3,382	0		
JICA											1,309			941				759	3,009	0		
SDC																		990	14,000	9,270	24,260	1
Total	22,782	23,039	36,301	51,305	70,777	110,587	109,771	69,256	168,033	133,527	156,093	208,953	147,766	157,440	275,094	417,377	336,143	258,313	2,752,557	100		
US\$'000 equivalent	1,739	1,572	2,279	3,081	4,068	6,144	5,344	3,192	7,060	5,324	5,555	6,835	4,692	4,384	6,722	9,287	6,843	4,891	89,012			

Table J.15

AKRSP: Application of Funds Since Start-Up and Efficiency Indicators (Rupees '000s)

Application/indicator	1982-																		Per- cent- age	
	83	1984	1985	1986	1987	1988	1989	1990	1991	1992	1993	1994	1995	1996	1997	1998	1999	2000		Total
Expenditure																				
Capital expenditure	1,931	1,992	2,673	3,715	3,367	7,191	3,203	5,002	11,315	8,715	15,797	2,237	5,678	14,804	9,372	15,637	72,625	6,044	191,298	7
Salaries & consultancies	1,798	2,577	3,893	6,305	9,812	18,907	20,961	25,557	31,831	34,774	36,774	60,151	74,833	104,799	81,004	93,602	87,337	96,275	791,190	29
Travel	485	471	742	1,161	1,420	4,251	4,130	5,620	7,022	6,726	7,425	7,404	9,991	9,542	10,505	11,416	12,976	13,339	114,626	4
Administration	36	131	141	239	196	5,059	4,636	5,545	3,421	6,516	9,249	5,222	6,982	8,508	8,736	10,324	11,062	9,478	95,481	3
Office maintenance	370	576	1,076	1,828	2,279	1,671	2,311	2,907	6,753	4,772	5,307	4,446	8,142	6,912	7,285	10,982	9,206	13,096	89,919	3
Vehicle operation	264	341	577	515	527	2,750	3,537	4,688	7,098	7,333	9,592	10,382	14,461	14,045	15,018	17,443	15,167	14,865	138,603	5
WB evaluation													6,213						6,213	0
Total operating cost	4,884	6,088	9,102	13,763	17,601	39,829	38,778	49,319	67,440	68,836	84,144	89,842	126,300	158,610	131,920	159,404	208,373	153,097	1,427,330	52
Training	296	913	2,752	4,575	6,839	4,794	8,960	8,944	8,895	10,122	11,197	11,221	15,391	17,596	18,066	20,317	20,862	19,631	191,371	7
Research, survey, and demonstration	1,726	3,289	4,492	3,802	9,414	3,054	3,916	9,663	11,688	13,248	16,859	22,595	30,104	31,493	39,077	45,746	57,986	59,531	367,683	13
Infrastructure projects	7,204	12,083	13,665	15,490	20,519	26,397	27,046	35,928	27,411	24,575	26,879	19,326	31,781	33,025	59,357	79,846	84,294	88,741	633,567	23
Credit program (net)	517	153	5,745	6,727	15,065	13,796	8,874	2,290	707	12,874	29,584	31,643	36,400	43,459	66,202	(21,446)	(51,277)	(51,553)	149,760	5
Total nonoperating cost	9,743	16,438	26,654	30,594	51,837	48,041	48,796	56,825	48,701	60,819	84,519	84,785	113,676	125,573	182,702	124,463	111,865	116,350	1,342,381	48
Grand total	14,627	22,526	35,756	44,357	69,438	87,870	87,574	106,144	116,141	129,655	168,663	174,627	239,976	284,183	314,622	283,867	320,238	269,447	2,769,711	100
US\$'000 equivalent	1,116	1,603	2,244	2,664	3,990	4,881	4,263	4,891	4,882	5,169	6,002	5,713	7,621	7,914	7,689	6,317	6,520	4,210	83,477	
Factor to bring to 1999 rupees	3.81	3.48	3.32	3.22	3.08	2.81	2.58	2.42	2.15	1.96	1.80	1.59	1.39	1.29	1.14	1.06	1.00	0.94		
Exchange rate	13.11	14.05	15.93	16.65	17.40	18.00	20.54	21.70	23.79	25.08	28.10	30.57	31.49	35.91	40.92	44.94	49.12	64.00		
Op. cost ('000) in 1999 rupees	18,602	21,163	30,202	44,325	54,290	111,828	99,910	119,347	144,798	134,599	151,045	142,575	176,176	204,327	150,080	168,238	208,373	143,911		
Efficiency indicators																				
Admin as % of total	0	1	0	1	0	6	5	5	3	5	5	3	3	3	3	4	3	4		
Op. cost as % of total excl. credit	32	24	24	27	22	36	34	38	48	45	45	38	37	37	25	30	39	34	52	
Salaries/cons as % of total	12	11	11	14	14	22	24	24	27	22	34	31	37	26	33	27	36	29		
Travel as % of total	3	2	2	3	2	5	5	5	6	5	4	4	4	3	3	4	4	5	4	
Training as % of total	2	4	8	10	10	5	10	8	8	8	7	6	6	6	6	7	7	7	7	
Res./surv./demo as % of total	12	15	13	9	14	3	4	9	10	10	10	13	13	11	12	16	18	22	13	
Infrastructure as % of total	49	54	38	35	30	30	31	34	24	19	16	11	13	12	19	28	26	33	23	
Credit net as % of total	4	1	16	15	22	16	10	2	1	10	18	18	15	15	21	-8	-16	-19	5	
Total no. of VOs	178	401	483	566	754	979	1,158	1,352	1,488	1,588	1,695	1,770	1,955	2,065	2,217	2,299	2,317	2,371		
Total no. of households	15,449	30,612	35,769	39,961	45,028	50,825	55,317	62,360	66,440	69,750	71,858	71,990	79,453	83,294	88,417	92,285	93,742	94,422		
Households per community	87	76	74	71	60	52	48	46	45	44	42	41	41	40	40	40	40	40	40	
\$ Op. cost/hh in 1999 \$	25	14	17	23	25	45	37	39	44	39	43	40	45	50	35	37	45	45		
\$ Infrastr. cost/hh in 1999 \$	36	28	26	25	29	30	26	28	18	14	14	9	11	10	16	19	18	15		
\$ Credit per household	3	0	11	11	21	16	8	2	0	7	15	14	13	14	17	-5	-11	-9		

Source: AKRSP and OED analysis.

Table J.16 AKRSP Staff Strength, 1987-2000

Category	1987	1988	1989	1990	1991	1992	1993	1994	1995	1996	1997	1998	1999	2000	2001	Distribution (%)
Management	9	10	10	13	13	13	12	13	8	11	11	12	11	9	9	2
Senior professionals	21	16	25	50	49	52	55	53	36	22	34	29	45	45	47	13
Junior professionals	61	62	78	100	112	105	104	126	152	163	166	162	157	152	163	45
Support	53	49	55	59	51	57	56	77	35	34	36	33	22	18	17	5
Drivers/auxiliaries	89	100	102	95	100	116	127	172	117	121	125	136	127	127	128	35
Total	233	237	270	317	325	343	354	441	348	351	372	372	362	351	364	100
Percent increase		2	14	17	3	6	3	25	-21	1	6	0	-3	-3	4	

Table J.17 Consolidated Picture of Rural Support Programs, as of December 2000 (number, unless otherwise noted)

Category	AKRSP	NRSP	SRSC	PRSP	GBTI	LPRP	SGA	TRDP	Total
	1983	1992	1989	1998	1995	1997	1972	1998	
Districts	6	8	4						18
Village, community, and women's organizations	3,768	11,661	3,450	3,290	139	312	214	177	23,011
Membership	141,477	259,490	104,747	69,319	2,695	10,160	1,082	14,760	603,730
Average membership of organizations	38	22	30	21	19	33	5	83	26
VO/CO/WO savings (Rs. millions)	430.25	295.26	43.93	48.75	0.38	3.06	-	5.64	827.27
Number of village specialists trained	22,681	68,231	40,890	31,701	1,361	2,353	25	4,097	171,339
Amount of credit disbursed (Rs. millions)	1,450.40	2,285.98	162.32	610.39	12.60	6.10	0.21	19.44	4,547.43
Number of credit beneficiaries	590,100	145,484	16,505	44,984	875	345	80	2,694	801,067
Number of physical infrastructure projects completed	1,917	2,311	1,424	30	62	73	11	2,380	8,208

Figure K.1 Aga Khan Rural Support Program Core and Regional Offices

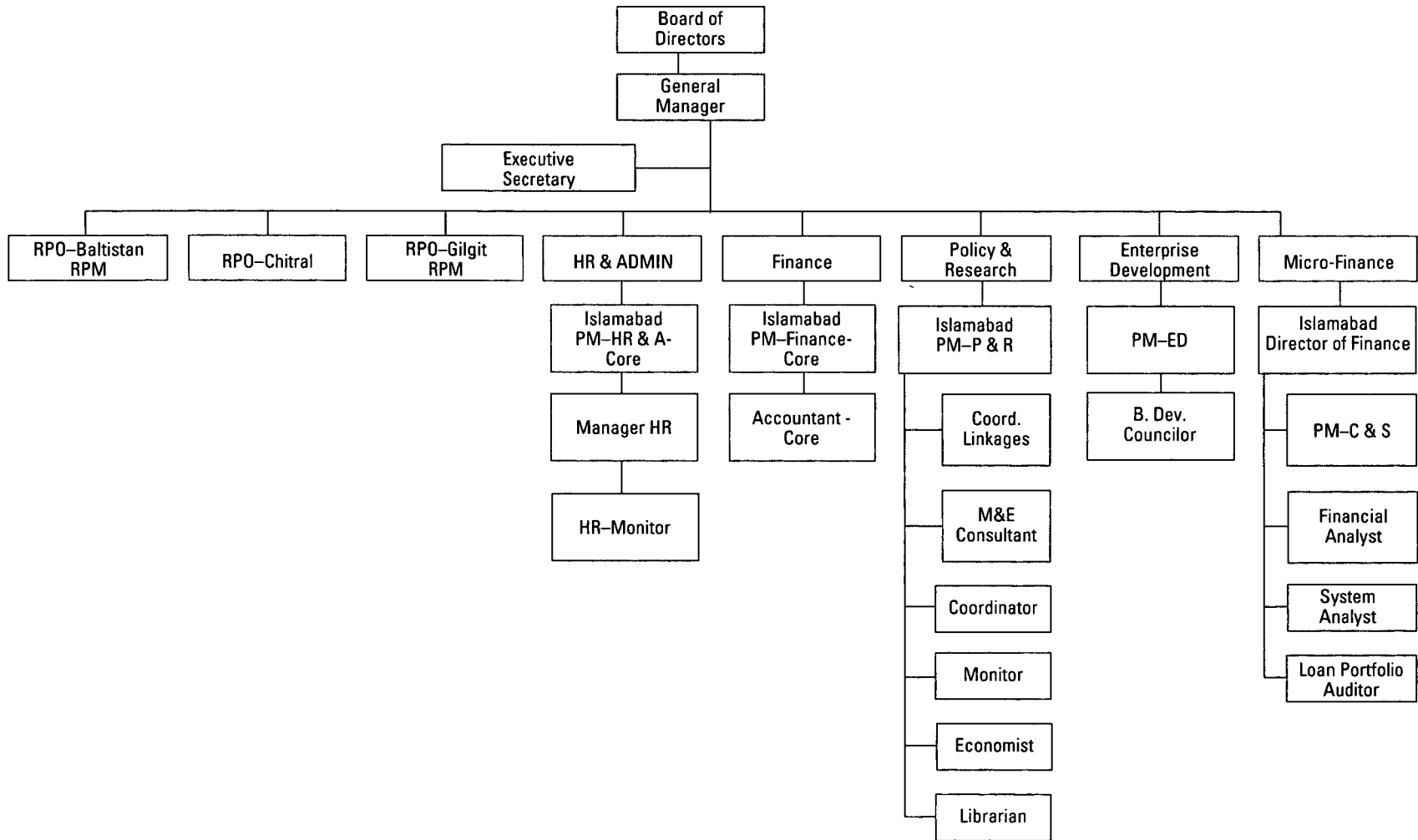


Figure K.2 Aga Khan Rural Support Program (RPO, e.g., Baltistan)

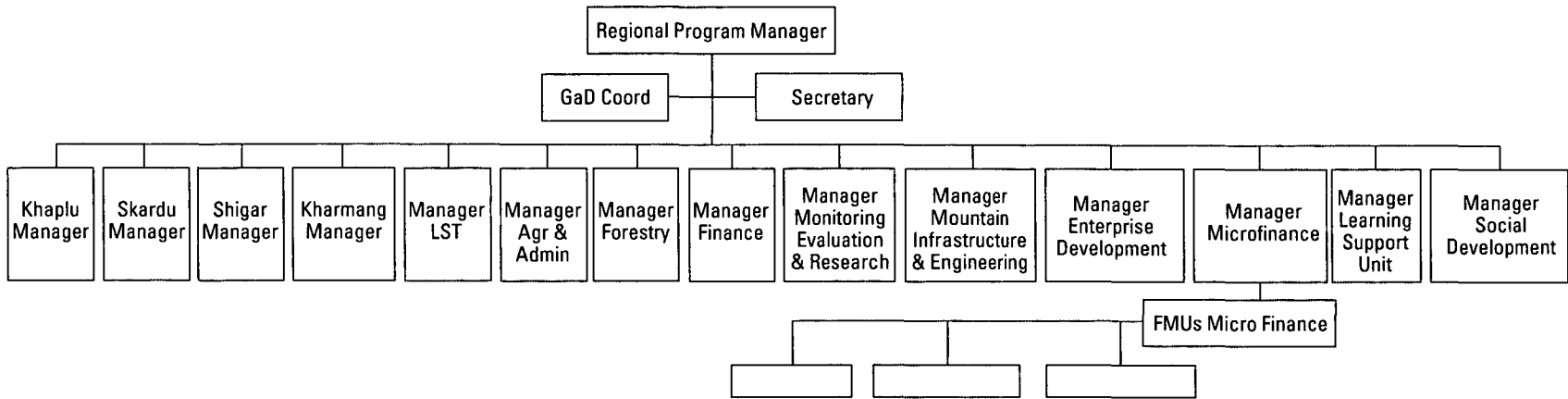
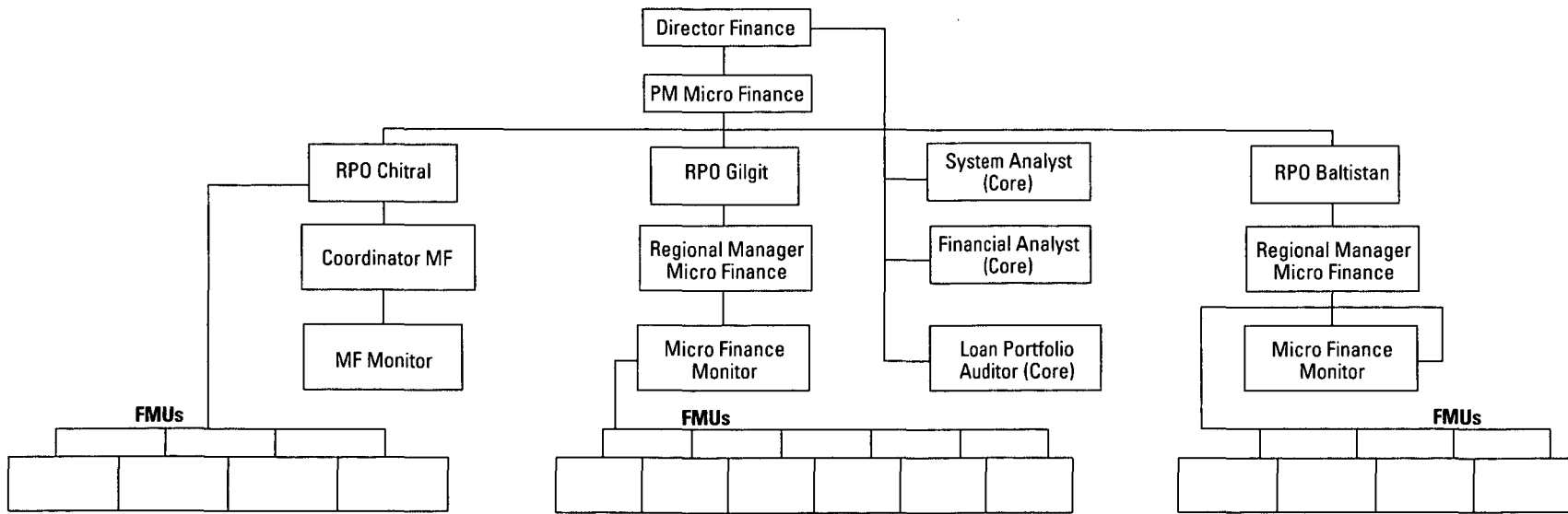


Figure K.3 AKRSP (Micro-Finance)



ANNEX L: MAIN PROGRAMS

Under the umbrella of the community organizations, the AKRSP provides support in the four main program areas discussed below: microfinance, productive physical infrastructure (PPI), natural resource management (NRM), and enterprise development, together with the human resource development associated with these programs. The evaluation team assessed each of the four program areas separately, again applying the standard OED evaluation criteria. This annex provides the details of that assessment.

Microfinance

Relevance

The objectives of the AKRSP Microfinance Program, as presented to the mission, are as follows:

- Create a *large capital base* through regular savings.
- Provide sustainable *access* to microfinance services.
- Devise *simple and appropriate* financial management systems for village and women's organizations.
- Improve *financial and managerial* skills of village and women's organization office bearers.
- Establish a *sustainable* financial institution.

Recent World Bank Country Assistance Strategies (CASs) continue to cite the importance of encouraging NGOs and community-based organizations to broaden service delivery and improve equality, and the need to increase agricultural productivity by improving the allocative efficiency of factor markets, including credit. The AKRSP microfinance program is certainly consistent with this. However, the savings element has not always been an open savings program. Until recently, savings were compulsory, con-

tributed as the price of admission for community grants and individual loans backed by the savings collateral. More recently, withdrawal has been permitted.

Changing Circumstances Call for Clarification of Strategy and Responsibilities. Total savings declined for the first time in 2000, but rose marginally in 2001, and the figure for loans disbursed has been declining since 1997. The AKRSP is now preparing for the establishment of a new national-level microfinance bank, although there are several steps to be completed before this becomes a reality. The AKRSP would be a major shareholder in the new bank. The AKRSP's past history of changing credit products and its recent attempt at strengthening its financial management system demonstrate responsiveness in the microfinance program to the lessons of experience. However, changing circumstances and the proposal for the new bank are highlighting the need to clarify objectives with respect to financial sustainability and poverty alleviation strategy. Before moving forward, it will be important to first redefine the basic objective, then redefine the target market and credit products and establish the modalities of coordination between the AKRSP and the new bank.

Efficacy

Microfinance Program's Role in the Development of Village and Women's Organizations. From the outset, the AKRSP has stressed savings by community organizations as an investment in social organization and as the capital base for investments in productive opportunities. Since the savings program has been designed to collect small amounts from rural households at regular intervals through community organizations, this system has been very effective in

reducing transaction costs and mobilizing savings of poor households. While saving to a certain level was compulsory, the microfinance program was helped for some time by the differential interest rates and potential for arbitrage—borrowing at low rates, saving at high rates. The program has demonstrated potential for capital accumulation and sound use of credit and has been instrumental in developing local capacity in financial management. A total of Rs. 429 million has been generated by the community organizations and a cumulative credit of Rs. 1,459 million has been provided to 590,100 borrowers since initiation of the credit program in 1983. More than 3,700 people have been trained in bookkeeping and accounts, including many managers of community organizations.

Decline of Savings and Credits. Changes have recently emerged that need to be addressed in the new AKRSP strategy. Total savings declined for the first time in 2000 to Rs. 429 million from Rs. 432 million in 1999 (table L.1), although they have recently increased again. The leveling-off in the rate of savings increase has largely come about because of the reduced volumes of compulsory savings as savings reserves have built up, and some competitive savings opportunities have emerged elsewhere. On the credit side, while there had been rapid growth in the AKRSP's credit disbursements from Rs. 1 million in 1983 to Rs. 91 million in 1994, and to a high of Rs. 277

million in 1997, there has been a decline since then to Rs. 224 million in 1998 (loans outstanding: Rs. 253 million), Rs. 163 million in 1999 (loans outstanding: Rs. 201 million), and down to Rs. 127 million in 2000 (loans outstanding: Rs. 142 million). This is partly because of the downturn in the economy and reduced demand and the AKRSP's attempt to reduce portfolio risk, but mostly because of increased internal lending within communities, although increased interest rates on all credit products have also contributed.

Increasing Internal Lending. Internal lending, earlier called village banking, is a self-managed credit program. The community organization lends its collective savings to the borrowers, who are also its members, for productive and other purposes. Lending terms and conditions are set internally by the community organization itself. When internal loans are not repaid the community organization is faced with a difficult decision, either deducting the payment from the borrower's savings, which some community organizations are reluctant to do for fear of decapitalizing the organization, or rescheduling the loan, which many allow, but which risks a decline in lending discipline and erosion in the confidence of savers. Both of these outcomes risk disintegration of the social capital nurtured over many years.

Internal lending is an inevitable outcome of increasingly mature communities that feel more confident in self-management and have a greater

Box L.1 The AKRSP's Credit Program

The AKRSP's credit program, split into group and individual loans, meets the needs of a wide range of borrowers. It has provided villagers with loans for agriculture and enterprise development as well as for consumption—particularly beneficial for women. The loan portfolios of the commercial banks are limited. Most of them do not extend small loans. Commercial banks do not have mobile banking services and most villages are still outside the reach of formal banking. By 2001, there were 28 branches of commercial banks and 21 branches of the Cooperative Bank in the Gilgit and Ghizer districts. Commercial banks have been able to accumulate an impressive amount in deposits. Three of the banks with the largest outreach in the Northern Areas were found by the evaluation team to have

total deposits of Rs. 2.6 billion.^a It was clear from interviews in villages that there was an overwhelming preference for credit from the AKRSP because of its timely disbursement and low transaction costs. But the recent increases in interest rates have led to client dissatisfaction. There were also complaints of the single maturity date, and it was felt that the duration of loans should be extended. The AKRSP has now made changes in the single maturity dates in individual loans and has allowed for payment in installments, so there is still a high demand for AKRSP loans. However, internal lending has dampened credit demand.

a. National Bank, Habib Bank, and the Northern Areas Cooperative Bank.

Table L.1 Savings Balance—Community Organizations (Rs. million)

Organization	1995	1996	1997	1998	1999	2000
Village organizations	199	248	281	318	327	319
Women's organizations	48	62	75	96	104	111
Total	247	311	357	414	432	429

Source: AKRSP Microfinance Section, data as of Dec. 31, 2000.

understanding of financial matters. It is estimated that in the Gilgit Region about 18 percent of the community organizations are undertaking internal lending, and in Hunza, close to 50 percent. While this is in keeping with the AKRSP objective of making villagers self-sufficient, there are doubts about whether it will be sustainable at present village skill levels. Experience from the field shows large variations in the capacity of community organizations to manage these activities. The social dynamics of the organizations are highly variable and it is not always possible to secure the savings against default. Given the origin of the community organizations and their role in other activities, as well as the history of compulsory saving by many poor people, the AKRSP may have lifted the controls on village lending too soon. While the AKRSP has limited leverage in the internal decisionmaking of the organizations, it has been very active in developing policies and procedures to guide the community organizations and the process. It has been promoting a set of uniform Internal Lending Guidelines and providing training.¹ This

effort is commendable, extremely important, and should continue. One option that has been explored is to have two community funds—one operating at higher risk and open to internal lending, and the other one not.

Increased Level of Overdues and Write-Offs. Recovery performance has recently been under threat, but the program should be able to recover from this with the improved appraisal processes now being applied. Recent figures show a high ratio of overdues² to loans outstanding—above 20 percent, with a high of 25 percent in 1999—and a loan loss ratio increase to 4.1 percent in 2000 from 1.7 percent in each of the two previous years.³ Portfolio at risk⁴ peaked at 7.2 percent in 1999 (see table L.2). A review of loans overdue reveals a marked regional difference in the pattern of repayments. In 2000, Baltistan District had the highest ratio at 48 percent, and Chitral the lowest at 16 percent. A main reason was the substantial volume of risky lending for potato production in Baltistan, where plant disease and marketing problems affected repayment capacity.

Table L.2 Portfolio Quality of Microfinance Program

Measures	1998	1999	2000
A. Loans outstanding at the end of the period (Rs. million)	252.7	201.4	141.6
B. Loans overdue at the end of the period (Rs. million)	50.9	50.4	30.8
C. Portfolio at risk at the end of the period (Rs. million)	10.7	14.5	7.9
D. Loan loss reserve (Rs. million)	8.1	11.0	6.3
E. Overdue as % of outstanding (B/A)	20.1	25.0	21.8
F. Portfolio at risk as % of outstanding (C/A)	4.2	7.2	5.6
G. Loan loss reserve as % of portfolio at risk (D/C)	76.0	76.2	80.0

Source: AKRSP 2000j.

Strengthening of Microfinance Management.

Since the last OED evaluation, a number of commendable changes have been made in the operations of the Microfinance Program that should improve overall efficiency and sustainability and help address the overdues problem. These changes include:

- Upward revision of interest rates for all credit products
- Rationalization of credit products
- Strengthening of the institutional capacity of the Microfinance Section
- Strengthening of the financial management capability by introducing: 1) new monitoring reporting tools (AKRSP 2000j), 2) loan write-off and loan loss provision policies, 3) a policies and procedures manual for the microfinance operation, and 4) an automated management information system (MIS).
- And, as the most fundamental change, segregation of the Microfinance Program, as autonomous operations from other mainstream AKRSP activities, from January 2001 in preparation for the new bank.

Efficiency

Overall, efficiency is substantial when compared with Pakistan and global standards. While the operating cost⁵ ratio over average portfolio outstanding increased to 11.3 percent in 2000 from 7.1 percent in 1998, this is well below the industry standard of 13 percent to 21 percent (see table

L.3). The increase is a result of staff growth and the improvement of the financial management system. The AKRSP's microfinance operations are not directly comparable with most microfinance NGOs in Pakistan because of the small size of their loan portfolios compared with the AKRSP, different implementation methodologies, and their limited time in operation.⁶ However, a comparison of the AKRSP with other NGOs in the Microfinance Group indicates relative efficiency (see table L.4). The AKRSP's operating cost ratio is among the lowest. But this is due to its large volume of performing assets, which may have reached a saturation point, while the volume of loans may be growing for other NGOs relative to their costs. Table L.4 also indicates that the efficiency of the AKRSP's Microfinance Program is better than the industry average of 114 microfinance institutions around the world.

Institutional Development Impact

The institutional development impact of the AKRSP Microfinance Program has been substantial and has meshed well with the community and investment activities. However, the proposal for the new bank presents a fresh challenge, coming at a time when AKRSP microfinance is somewhat fragile.

Enhancing Local Financial Management Capacity. The AKRSP has played an important role in the training of village-based accountants and managers. Nevertheless, there is further need

Table L.4 Efficiency of the AKRSP Microfinance Program

Indicator		1998	1999	2000
A. Operating cost (direct costs only)	(Rs. million)	18.7	19.2	19.4
B. Average performing assets	(Rs. million)	326	476	565
C. Average portfolio outstanding	(Rs. million)	263	227	172
D. Operating cost ratio over average performing assets:	(A/B) (standard = 5 ~ 16%)	5.8	4.0	3.4
E. Operating cost ratio over average portfolio outstanding:	(A/C) (standard = 13 ~ 21%)	7.1	8.5	11.3
F. Cost per unit of money lent	(Rs)	0.08	0.12	0.15
G. Cost per borrower (op.cost/no.of borrowers)	(Rs)	551	719	894

Source: AKRSP 2000j.

Table L.4 Efficiency Comparisons

	AKRSP Microfinance Program	MBB peer group in South Asia (n = 9)	MBB, all participants (n = 114)	Microfinance Group in Pakistan (n = 10)
Operating costs				
Average loan portfolio	12%	20%	31%	15%
Operating costs				
Borrowers	\$16	\$19	\$150	\$16
Borrowers				
Staff	389	229	111	N/A

Source: AKRSP 2000h.

for strengthening their capacity to manage the financial systems at the village level, particularly given the emergence of internal lending. More training of women managers is also needed to increase their ownership and autonomy in record keeping and the management of village accounts.

Strengthening of the Microfinance Section Capacity. The AKRSP has strengthened its Microfinance Section—increasing microfinance officers at the field level from 6 in 1995 to 31 by the end of 2000. In addition, a loan portfolio auditor, a financial analyst, and a systems analyst were added to its core staff. The AKRSP also created a separate cost center for the Microfinance Program and all direct and indirect costs were charged to the Microfinance Program as a step toward financial sustainability. As a result, the operating costs of the Microfinance Program increased from Rs. 2.8 million in 1995 to Rs. 19.4 million in 2000.

The changes over the past three years aimed at portfolio quality improvement have led to an increase in cost per unit of money lent, and an increase in the cost per borrower (see table L.3), while the average amount lent per borrower has gone down and the number of loans and the credit amount being overseen by each credit officer have decreased appreciably. This is likely to result in some permanent increase in the cost of lending, but this is expected to be partly compensated by improved quality of lending in the future. The AKRSP is also now building a computerized management information system. It is

currently being tested in each Field Management Unit. Once fully installed, the system is expected to help reduce the workload of the microfinance officers and improve the financial management of the credit program. New reporting formats have been established to provide information on efficiency, portfolio quality, and sustainability.

There are significant risks for poverty outcome in the shift toward Microfinance Section autonomy, and finally the microfinance bank. The move risks divorcing microfinance activities somewhat from the complementarity that other program components could exercise on the credit and savings portfolio.

In the past, there was thought that there was an advantage in integrating the credit activities with technical assistance from other program components. While under the particular circumstances of the AKRSP's unusually well-coordinated program this may have been the case, global experience has shown that this may actually hurt credit more than help it, providing the opportunity for borrowers to default on the grounds of faulty technical advice.

With separate institutions—the AKRSP and the proposed new bank—the advantage of securing loan repayments as an incentive for further AKRSP investments at the village level could be weakened, but the intention appears to be to withhold investments from defaulting villages. For financial sustainability—with potential positive impacts for poverty in the *longer* term—the

shift to a new bank is appropriate at this stage of the program. However, design of the responsibilities of the parties and relationships between them needs to be carefully considered, and the focus on the poverty objective sustained.

Sustainability

Sustainability of the credit program over the years has been good, with a 17-year record of generally strong savings and loan performance and modest levels of subsidy by industry standards. With respect to financial sustainability, the AKRSP's *Subsidy Dependence Index* (SDI) is estimated to be a very favorable negative 130 percent (Annex G), indicating no subsidy. However, three coefficients used in the calculation bias it toward financial sustainability, depending on methodology used.

First, the interest used is the concessional Poverty Alleviation Fund rate. The AKRSP argues that it cannot borrow from commercial banks, so the Poverty Alleviation Fund (PAF) is its appropriate opportunity cost. Nevertheless, it currently has sufficient funds of its own and has done little recent borrowing, but in Pakistan the opportunity cost of capital is estimated by the World Bank at closer to 12 percent.

Second, other subsidies, in the form of operational support from the rest of the program, are treated as zero. The AKRSP argues that these are very difficult to calculate since many are shared with the rest of the program, and that this sharing cuts both ways—non-microfinance AKRSP staff and facilities help microfinance, but the reverse is also true. This is probably correct.

Third, the investment income from unused funds is included in the calculation. The AKRSP argues that, in accordance with the decision of the Board, these funds remain with the Microfinance Section. This would not normally be included in an SDI. However, excluding the investment income and the equity involved also presents methodological problems. The right-hand column in Annex G adjusts for the PAF funding only. This shows a virtually zero subsidy. Alternative, less favorable methodological treatments still do not show high subsidy levels.

The income from service charges (interest) increased almost fivefold between 1995 and

2000. This is explained by the increase in interest rates, improved recovery performance, and the increase in loan volumes. Another source of significant increase in funds available has come from investment income. No income was being generated from investments in 1995, but by the end of 2000, the AKRSP had improved its fund management by investing its idle funds in high-yielding returns.

Recent Increase in Overdues. The increased level of overdues, mentioned earlier, is largely a legacy of a particular recent credit operation failure, mainly with individual loans (previously called enterprise loans) for potato production in Baltistan, which faced production and marketing problems. In the mid 1990s, the AKRSP attempted to rapidly expand its credit portfolio through experimentation with lending products, but without proper appraisal procedures.

However, the AKRSP has been proactive in reevaluating its loan products and quick to terminate poorly performing products. It has now amended its internal policies and procedures. In addition, the AKRSP has introduced loan write-off and loan loss provisioning policies, and, at the same time, intensified collection efforts at the field level.

In January 2001, the AKRSP Microfinance Program started testing more systematized guidelines for delinquency management. This requires more frequent contact between borrowers and microfinance officers and is likely to raise costs, but these costs are expected to be at least partly offset by improved efficiencies from the new management systems. Considering the regional differences in the overdue pattern, an adequately differentiated approach with particular attention to the Baltistan District is required and appears to be well in hand. Its effect on repayment performance needs to be closely monitored.

Sustainability and Establishment of a New Bank. The mission did not appraise the sustainability of the proposed new bank since NAC activities will only be part of the total business. We simply note that sustainability in the program region of AKRSP—the NAC—is different from sustainability of the new microfinance bank. Projections suggest that some cross-subsidy for the NAC will be needed for the first five years.

Although the current AKRSP microfinance program has recently attained financial sustainability (or almost attained it, depending on how costs are calculated), the new bank is expected to incur a number of start-up costs.

Productive Physical Infrastructure

The benefits and impact of the 2,000 small-scale infrastructure schemes completed so far are substantial, far-reaching, and sustainable (see Annex J, tables J.6 to J.9). Half the schemes are for irrigation development, almost a quarter are transport schemes (link roads, bridges, and tracks), and the remainder are a mixture of protective works, microhydel, boundary walls, domestic water supply, and other types of schemes, including plant nurseries, barbed-wire fences, sanitation and sewerage, and community bathrooms and centers. The schemes have already helped transform the villages that adopted them early and will soon do so for the villages that became involved late. This is evident from a range of AKRSP and independent studies, as well as from the evaluation team's village visits.

Ingenious *irrigation supply channels*, often over long, precarious routes across mountain slopes, have developed 48,000 hectares of new land and intensified cropping on existing land. As is evident from a number of case studies, this has resulted in impressive production increases. The hundreds of miles of *link roads* and 60 road bridges constructed by the villagers since 1983 have increased the impact of the main, government-constructed trunk roads. The same will be true for the AKRSP link roads and bridges in Chitral and Astore as those main roads are sealed and improved. *Microhydels* are making a major difference to life-styles in the region, especially in Chitral. The great variety of other types of schemes chosen by villages is a sign of the opportunities for more diversified infrastructure investments in the future.

Relevance

The objectives of the PPI program were to (i) provide the essential catalyst for village organization following a period of organizational vacuum and (ii) respond with technical assistance and grant funding to the expressed needs of the villagers

to improve their lives by investment in physical works. These objectives were highly relevant. Together with credit, infrastructure was a key social building block. The relevance and high priority of the schemes was assured by the primacy of the village organization in the selection process and has been confirmed by high construction standards and generally good maintenance. The objectives are consistent with the element of the overall mission statement directed at the provision of economic resources and opportunities, although, again, equity is not addressed directly.

The infrastructure program has been highly relevant to the needs of the people of the NAC regions. It has resulted in equitably distributed investments at what are claimed by AKRSP staff to be substantially lower cost than traditional public works. The benefits are evidenced by strong continuing demand in the villages for more schemes. Government has also joined the process by providing funds for extra schemes to be overseen by the AKRSP. The schemes chosen by villages were a good match with traditional construction skills acquired over hundreds of years in the harsh mountain conditions.⁷ But relevant to the question of incentives for sustaining community organizations is that, in 1987, after 5 years of the program, about 20 percent of organizations had a PPI being initiated that year, whereas in 2000, with more than three times the number of organizations and some decline in number of PPIs initiated, only about 5 percent had a PPI being initiated that year.

Efficacy

Since the previous OED evaluation, the PPI program has continued to complete the long-term average of about 120 schemes a year, close to the plateau reached in the late 1980s. After a lower completion rate of 83 in 1999, program engineers were increased by 20 contract staff, and 154 schemes were completed in 2000. The level of success over 14 years in sponsoring the construction of a broad range of small-scale, high-priority infrastructure projects has been exceptional. The speed with which some projects are completed is remarkable, with village work crews contributing long days and camping on-site when distant from the village.

Relatively few projects have failed outright. "Abandoned projects" totaled 84 at the end of 2000, which is about 4 percent of completed schemes. (This was incorporated in the economic analysis.) Over 60 percent of these are irrigation schemes in Chitral and Baltistan. Special efforts are needed in those regions to reduce failure of irrigation schemes, and possibly to resuscitate a number of them, given their sunk costs. Even so, 4 percent is commendably low for abandoned schemes considering the challenges in perhaps the most unstable rural topography in the world and the exceptionally high level of social cohesion needed—often between people of different sects—to mobilize the labor required. Problems leading to abandonment include social disagreements, especially over land (rights of way, compensation, and allocations), and unforeseen technical difficulties.

Efficacy of Irrigation Schemes. There is cause for concern about the rate of completion of *land development* (tertiary channeling, rock clearance, terrace construction, and planting) to make early use of available irrigation water. Unlike the construction of the water supply system, this aspect is left to farmers and in some schemes has lagged, with a consequent reduction in benefits. Reclassifying irrigation schemes as *land development schemes* represents a signal, but it is not clear that this has translated into faster completion. The evaluation team saw several schemes where it will be some years before all the available water is used.

Efficacy of Link Roads and Bridges. The completion of the Karakoram and Skardu highways more than 20 years ago much improved transport links. Similarly, the main highway improvements under way in Chitral and Astore will improve transport links there. Astore in particular seems to have exhibited low productivity and income gains due to poor infrastructure. But the benefits of these highways could not be realized without linking roads to the distant communities. Apart from some government construction of secondary roads, the AKRSP roads and bridges have provided the bulk of the tertiary road system. They will continue to do so if identified demands for more roads can be financed. The economic and social impacts have

been substantial, based on the economic analysis for this component, which suggests ERRs averaging about 27 percent, and on village discussions, which often stressed the health benefits. The evaluation team saw cases where a link road or bridge could reduce travel time to distant land or the nearest commercial center from 2 to 4 hours on foot, to 20 to 30 minutes by truck.

Selection of these projects by the whole community in open meetings conducted with AKRSP facilitators generally ensures that the highest-priority schemes are chosen and that there will be collective commitment to provide a substantial share of the costs and to construct the schemes with their own labor. The evaluation team did not come across a single road or bridge scheme where selection had subsequently been questioned. This is in contrast to many earlier public works that did not flourish because of site, design, construction, and maintenance problems that could be traced to failure to consult local opinion on site selection and other technical matters. Completion times have generally been excellent.

Efficacy of Microhydels. The benefits of microhydels are numerous and far-reaching. Water power is one of the few locally exploitable resources. Initially the main use is for lighting to replace kerosene lamps and wood fires. This has allowed children to spend more time studying and has permitted women to produce more traditional crafts for sale. Smoke pollution from burning wood and kerosene is reduced; basic household chores can be mechanized (such as churning butter and washing clothes), releasing women's time; communication is improved through radios and televisions; and socializing is extended. In addition, the power has resulted in small enterprise development, such as stone polishing.

Starting with small schemes in the early 1990s that employed somewhat makeshift plans, the engineering skills of the microhydel team were rapidly strengthened, resulting in improved scheme design and construction. The Chitral Regional Program Office (RPO) has helped to install the bulk of the microhydels (153 of a total of 167 through 2000), complet-

ing an average of 17 schemes a year. The schemes provide power to more than a third of the district's 43,000 households. Unlike most hydropower, these schemes do not require dams for water storage, since they operate on water from snow and glacial ice—natural forms of storage.

Exchanges of data with other microhydel programs indicate that the Chitral region has already achieved the highest microhydel concentration in the world, and more stations are being installed (see box L.2). There is scope in Chitral for many more such schemes, for upgrading existing ones, and for larger schemes to provide a more advanced level of service for more power-intensive domestic uses, public facilities, agricultural processing, and small businesses (DFID 1998). A start has been made in this direction with the completion of a community washing station for 300 families and the development of low-wattage water heaters for off-peak use.

The Chitral microhydel program has been particularly effective as a tool of social organization, as well as providing the entry point for participation by communities that had previously held back on sectarian grounds. AKRSP staff have also provided assistance on the IFAD-funded Chitral Agricultural Development Project microhydel component and a few private

schemes, as well as internationally, such that the AKRSP approach has reached well beyond the program.⁸

However, the success in Chitral highlights a public policy issue that government needs to address. The rapid growth of schemes in the district is attributed to the high cost and unreliability of public electricity supplies in Chitral, compared with subsidized supplies in Gilgit and Baltistan. Cutting the subsidies in those regions would open up more potential for microhydel schemes at no public cost.

Efficiency

In early 2000, the AKRSP surveyed a small sample of completed infrastructure schemes in the 3 regions, 11 each in Gilgit and Chitral and 4 in Baltistan, which provided evidence to support the evaluation team's positive observations (AKRSP 2000k). The main findings of the impact⁹ studies are summarized in box L.3 for the three main types of schemes: land development, link roads/bridges, and microhydels.¹⁰

With respect to allocative efficiency, evidence is mixed. Average ERRs for the three main infrastructure types fall in a relatively narrow range, suggesting reasonably sound overall allocation by PPI type. However, the range of ERRs *within* the sample of cases is wider, suggesting that within investment categories there may be room

Box L.2 Microhydel Schemes in Chitral District

Chitral has numerous sites for harnessing water power. Since 1991, more than 170 schemes have been initiated by the AKRSP and about 150 have been completed, benefiting about 16,000 households (37 percent of the 43,000 households in the district). The average AKRSP grant has been about Rp. 69,000 (US\$10,600) per scheme, about US\$150 per household. Water-driven grain milling has been a tradition for centuries, but the AKRSP added organizational, engineering, planning, training, and implementation skills to supplement traditional skills and provided capital grants for materials and supplies. Water supplies are often plentiful, and schemes can be designed to be compatible with irrigation, since power generation only reduces the head, not water volume (in the rugged terrain with many perennial torrents, sufficient head for power can usually be found without reduc-

ing the irrigation command area). The technology introduced has been simple and robust, rather than sophisticated or highly efficient, suiting local capabilities. Training is provided for operators, site supervisors, and for villagers on safety aspects. Advanced engineering training is given to selected supervisors. The strategy has included linking up with equipment manufacturers and nurturing the growth of a microhydel service industry that will give additional benefits beyond the program. The schemes visited were more technically advanced than the first schemes seen in the mid-1990s. This is attributable to technical assistance from Intermediate Technology Consultants, U.K., and links established with other agencies such as the International Center for Mountain Development (ICIMOD), Nepal, and with Powerflow, New Zealand.

Box L.3 Findings of Infrastructure Case Studies

A series of case studies by the AKRSP found that implementing the projects increased social cohesion and that they had very good rates of return, in the range of 25–35 percent.

Land development (irrigation) studies showed substantial community contributions (16–46 percent); huge appreciation in land values (the evaluation team found even higher land value increments than the case studies); increased fodder production (restorative cropping of legumes) leading to increased consumption of livestock products; cereal cropping limited by initially poor soils and subsidy disincentives; significant impact on fuelwood and timber resources; new land generally distributed equitably; an increase of two hours a day in women's workload in the agricultural season; and good sustainability prospects given villagers' self-interest, maintenance committees, and collection of maintenance funds.

Link roads and bridges studies showed improved market access (increased cash-cropping); time savings, land appreciation; improved access by agricultural machinery (reducing work loads); some tourism increase; increased services from government and NGOs; easier access to the village for construction;

improved health service; maintenance is usually good, with some exceptions; where religious practices allow, there is increased mobility of women; environmental impacts are mixed—construction losses of land and trees, stimulation of forest exploitation (an issue warranting increased attention in future planning), but reduced fuelwood use as alternative fuels become more readily available and cheaper; and, in some cases, increased use of agricultural chemicals linked to their easier availability.

Microhydel studies showed that power is used mainly for lighting in place of kerosene (now a demand for upgraded microhydels to provide power for heating and cooking); benefits included reduced kerosene fumes, more time for crafts, study, and entertaining; sustainability is good as schemes are well maintained (maintenance funds, operator training, and local components), but there are sustainability concerns in some cases where flat rate charges are less than operation and maintenance (O&M) costs where there are few meters and when there is an absence of maintenance funds; reduced women's work load where household appliances are used; and equitable connection and charges to all households.

for improved selectivity. The strategy is pro-poor, however, and allocating purely on comparative ERRs may distort the pursuit of that objective. With respect to allocation within the village, the local contribution of about 30 percent is likely to elicit fairly careful consideration of perceived relative community returns.

An impact study of a women's organization water supply scheme details outcomes similar to those reported for other such schemes in the villages visited (AKRSP 2000l). The main benefits reported by the members were time saved carrying water (three hours each day per family during the four months of winter); the time and money saved through reduced illness (less medicine and emergency transport needed—about half the usual expenditure); women had more time available for socializing and for productive craft work, and the improved health of children had increased time spent on school work. The estimated rate of return was satisfactory.

The one major reservation on irrigation scheme efficiency, mentioned earlier, is the long delays in some schemes in completing the irrigated area. Bundling land development in a more integrated fashion with channel or pipe con-

struction as a single scheme, on a planned schedule with credit funding, may improve efficiency.

With respect to comparative costs, an AKRSP study compared 230 projects constructed in 1998/99 by region.¹¹ The main findings were as follows:

- Costs per household were significantly lower in Gilgit region at Rs. 4,800 (a ceiling is placed on family costs, and schemes tend to have larger numbers participating), compared with more than Rs. 7,000 for the other regions.
- Chitral has significantly higher unit costs per acre and foot of channel because of the limited land available. On average, schemes provided only about an acre of additional land per family in Chitral compared with 2.6 to 5 acres elsewhere.
- Community contributions to costs were from just over 20 percent in Baltistan and Chitral, to as much as 43 percent in Gilgit region, reflecting a higher ability to pay in the more prosperous Gilgit.
- Community contributions were highest for link roads—the predominant public good component of infrastructure interventions—whereas equity and efficiency would sug-

gest that public goods should enjoy the highest subsidy level.

Institutional Development Impact

The infrastructure program has had substantial institutional development impact as the main catalyst for social organization. It has enhanced social cohesion in villages (and between villages where cluster PPIs have been undertaken) and probably contributed to equity mechanisms through the associated land allocation procedures. The implementation and management of infrastructure has led to strengthening of skills in community organizations and led to widespread recognition, including by government, of the effectiveness of community organizations as the village operational arm.

Sustainability

Sustainability for the infrastructure schemes is assessed as highly likely, but with reservations for some types of schemes. Village ownership of schemes is excellent. Schemes are identified as high priority, are constructed by the village, and provide substantial benefits to most, usually all, members. Dissension over operation and maintenance (O&M) of facilities is relatively rare. In many cases the village organization has spun off scheme committees to handle such matters as maintenance, which has strengthened sustainability by placing specialists in charge of schemes.

Technical soundness is exceptional as the designs and construction methods combine considerable traditional knowledge with the expertise of experienced AKRSP staff. Where technical problems have arisen, ways to resolve them have usually been found quickly.

Maintenance of infrastructure is of a generally high standard: the AKRSP reports that 92 percent of the infrastructure projects are effectively maintained, with a high figure of 98 percent for those in Gilgit region (AKRSP 2000a, p. 19, section 4). Since the 1995 evaluation, the introduction of mandatory maintenance funds and committees has strengthened maintenance. Although the evaluation team's resources did not allow extensive checking of maintenance, no serious problems were reported during village

meetings, and no major deficiencies were observed at selected projects.

This is an exceptionally high level of performance in the rural development field, especially for scattered small-scale construction in remote areas. In many rural development programs maintenance is not only weak but also is often a threat to scheme and program survival. The achievement is more remarkable in NAC because the predominant works (irrigation channels/pipes and roads) are highly prone to serious damage from mud and rock slides. Maintenance standards of private, or small group, assets can be expected to be quite good, but here this is also true of public goods where there is a free-rider option, such as roads and bridges. The success can be attributed to the self-interest of villagers in continued benefits, identification of the villagers with the structures, the AKRSP's support for social organization, careful screening of scheme proposals for widespread support, the relatively equitable benefits, the modest levels of exotic technology over traditional knowledge, the good training of operators; and, more recently, the insistence by the AKRSP that maintenance funds are set aside by community organizations.

However, there are three sustainability issues of some concern:

- *Cost recovery* in microhydel schemes is only just sufficient to cover routine O&M, with no reserve for larger repairs or replacements. Currently, ad hoc levies are used for routine O&M expenses. While such a system may work for small schemes, the pattern of low-cost energy this has set cannot be sustained in the planned expansion to larger, more efficient schemes. The RPO in Chitral is aware of the problem and action is being taken to increase tariffs gradually to more sustainable levels (a similar problem is likely for domestic water supply).
- In some irrigation schemes there should be greater attention to projecting labor constraints. In some areas, there are increasing, competing employment opportunities. The planning of irrigation where land expansion is high relative to resident adults (some new schemes have more than doubled land area)

should take careful note of seasonal labor demand and supply. Labor availability is a main reason why it takes a number of years to finish land development following the completion of an irrigation channel.

- *Water use efficiency* is becoming increasingly important. In some villages there has been decreasing water—possibly associated with climate change through lower precipitation and consequent lower glacier and snow melt. While this is not yet widespread, and there remain quite a few unexploited water sources, if the declining trend continues and competing water uses continue to rise, the sustainability of some future irrigation investments could be threatened.

Natural Resource Management

Relevance

Natural resource management (NRM) activities, encompassing agriculture, livestock, and forestry, have been highly relevant and have had a significant beneficial impact in the project area over the period of the program, although quantification and attribution are difficult. NRM activities can be expected to remain relevant as the bulk of the income of most households (about 60 percent of household income comes from farming).

The NRM strategy calls for raising the standards of living and incomes of the people of the Northern Areas and Chitral to a level comparable with the national average for Pakistan. It proposes *four priority areas*: increasing area under irrigation; wheat¹² and maize improvement; animal husbandry; and commercial agriculture. The strategy also proposes *three strategic elements, as an overlay*: increasing production from existing farmland by 66 percent; increasing cultivated area by 30 percent; and modestly increasing income through ancillary enterprises such as beekeeping, poultry, and trophy hunting. Increases in agricultural production are expected to come from greater cropping intensity, new technologies, and improved supply of inputs. Forestry is being played down somewhat, and will focus on new land only, because of substantial planting achievements and an increase in private nurseries initiated with AKRSP assistance.

One premise of the strategy—that production must increase by 66 percent in line with population growth (2.55 percent)—is inappropriate. It implies that agriculture must maintain its current relative contribution, which is not self-evident for an area with such special resource and logistical constraints and with the available alternatives for raising household income. Thus improving livelihoods and raising household income would be a more suitable target and would direct attention to non-farm income. With respect to the first of the four thrust areas, the semi-formal questionnaire applied by the team at the village level, together with field observations, confirmed the potential for expansion of irrigated land area, but to fully realize these benefits speedier land development is needed.

Efficacy

Efficacy of the NRM component over the full period of the program has been highly satisfactory; more recently it has been only satisfactory. Over the only period for which good income data are available, per capita farm incomes increased 2.7 times, from Rs. 2,647 in 1991 to Rs. 7,046 in 1997 (in real terms, 1999 prices). The lowest percentage increases were in Astore, where infrastructure is a main constraint, and the highest were in Chitral (AKRSP 2000c). Efficacy was particularly impressive in forestry. As noted by the 1997 Joint Monitoring Mission, there has also been an increasing environmental awareness in villages over recent years, and some villages now control free grazing—with significant potential farm systems and crop management impacts—and attempt management of the high pastures. There has also been an increase in AKRSP attention to indigenous knowledge. However, the evaluation team had some doubts about whether the poorest farm households are really receiving appropriate technology options explicitly developed with very low input costs, quick returns, low risk, and labor requirements that either accommodate off-farm work or provide significant, value-added employment. The need is for something similar to the targeted poverty program, with differentiation that would identify the particular needs of the poorer households in each identifiable zonal system.

Efficacy has been impressive in cash crops, but these gains will prove fragile if more attention is not given to addressing crop and livestock pest and disease problems, understanding and linking marketing and production, and enhancing the capacity of the private sector input supply system. Lack of appropriate technologies for a number of situations continues to be one of the principal constraints on further growth.

Improved varieties of wheat and maize, 400 metric tons of which have been distributed since inception of the program, is acknowledged by villagers to have contributed to raising overall cereal production. Well over 50 percent of households benefit from wheat technology (in Gilgit and Baltistan regions), and about 40 percent of households benefit from new maize varieties. Apart from cereals, which are seen more as food security crops than cash crops, growth in fruits, vegetables, and livestock has significantly contributed to increased farm income.¹³ Introduction of exotic varieties of cherries, apples, pears, and apricots; aggressive promotion of potato cultivation; and continued attention to increased forage production (alfalfa, oats, maize) are examples of relevant and successful technology innovations supported by the AKRSP.

However, there are some signs that increases on both the input and output sides are reaching a plateau. In double-crop areas productivity increases are leveling off. With so much genetic material introduced over the years, it was difficult for farmers to recall benchmarks against which to measure change. Farmers in a number of villages visited perceived a decline in soil fertility. The evaluation team observed some variability in the performance of NRM interventions across villages and districts, which suggests there may be room for management improvements.

Has There Been Some Loss of Vision in Recent Years?

While it is difficult to prove, the evaluation team sensed some loss of vision in recent years in natural resource management, although performance remained satisfactory. Evidence for this includes the weak explicit linkage between NRM strategy and poverty objectives, the continued lack of attention to the above-channel areas

and associated systems issues other than the ongoing study, and, more broadly, the limited response in the farm systems direction. As noted by the 1997 Joint Monitoring Mission, there has been a lack of systematic, long-term approaches in NRM. But this finding should not be overstated. The NRM program is still quite strong. This loss of vision may be better explained as a failure to *gain* vision, arising from the shift from the separate agriculture, livestock, and forestry activities, with relatively simple but unlinked strategic concepts, to the largely donor-triggered natural resource management concept—which is more difficult to articulate and implement but offers potentially higher rewards.

Strengths and Weaknesses

The evaluation team's indicative village surveys provided additional information on agricultural technology and the AKRSP's responses to problems. About 60 percent of NAC farmers perceive that cereal yields have stagnated in the past few years, and when asked if the AKRSP has done anything to respond, 61 percent of them said "no." With respect to livestock systems, only 8 percent of the technologies perceived to be most beneficial were related to livestock, and about one-third of groups interviewed said that little had been offered on livestock technologies, although livestock represents about 40 percent of farm income. However, the low percentage here may be a product of farmers not perceiving "new technologies" in livestock in quite the same way as an improved crop variety. In about three-quarters of villages visited, the evaluation team rated overall AKRSP responsiveness to the local farming system as "responsive" or "very responsive," although some of the "responsive" ratings were qualified as "only just."

The evaluation team assessed strengths and weaknesses with respect to five attributes generally considered important for technology development and dissemination. The findings are summarized in table L.5.

On another dimension, with respect to seven important ingredients for technology generation, the evaluation team judged three areas of the AKRSP's NRM capacity—staff skills, the capacity to access available technologies, and the

Table L.5 Strengths and Weaknesses in NRM

Attribute	Strength	Weakness
Integration	All disciplines of crops, livestock, and forestry integrated into NRM; dissemination processes devolved to regional program offices.	Limited central leadership in NRM to play mentor as well as strategic planner's role.
Flexibility	Regional management empowered to make periodic reviews and change, when needed, resources allocated for specific activities; can be very responsive to community needs.	Most NRM staff still target-oriented; little time left for creative activities or pursuing ideas that would lead to generating new technologies.
Relevance	Several examples of relevant and successful technologies disseminated by the AKRSP can be found in the field.	A few areas/farming systems still do not have appropriate technical packages and associated support (single-crop zones/above-channel farming systems; remote communities with marketing problems).
Partnerships	Very strong in building partnerships with communities. Emerging capacity in building partnerships with private sector input suppliers.	Relatively weak in promoting partnership with government agencies.
Institutional support	Over the full program, solid support from management; transparent policies; goal-oriented.	Support for NRM declined somewhat in recent years.

evaluation of available technologies—to be relatively strong. It found four areas—mobilization of farmer knowledge, the availability of processes for identifying productivity constraints, farmer involvement in the identification of technologies, and dissemination and input supply—to be less strong.

The Farm Systems Recommendations of the Previous Evaluation

The evaluation mission's view is that the farm systems recommendations of the previous mission should have been implemented (see box L.4), although there may be room for debate about the appropriate intensity and scale. There remains a case for implementing them, but with some additional focus on a broader livelihoods approach that incorporates increased emphasis on off-farm income sources. Focus on this latter area should now lie within the remit of the NRM component since there is no other suitable home for it and it is inherent in a systems approach. Moreover, it has generally been found that farm income is positively, not negatively, associated with non-farm income—that is, they

are complementary. The need is more for understanding the *processes and linkages*¹⁴ and being able to locate these in a recommendation domain defined both zonally and by household resource ratios. This is more than simply zonal mapping. It differentiates by such factors as household type, landholding size, poverty level, labor availability during peak season, level of livestock control in the village, and marketing constraints. It is still not entirely clear why the recommendations were not adopted. It appears that the reason is a combination of concerns about costs; lack of a comprehensive NRM strategy; lack of core leadership in NRM; and lack of strong management commitment to NRM relative to other priorities.

The system links to marketing, in particular, need to be explored.¹⁵ A large number of technologies have been tested in the NRM program. A number have been successfully introduced and exhibit rising adoption rates, but there have been quite a few unsuccessful interventions, and some, especially in the livestock sector, where the farm system or marketing reasons for the lack of adoption are not entirely clear. A

Box L.4 Farm Systems Recommendations from the 1996 OED Evaluation

The 1996 evaluation recommended the following: (i) *categorize the farming systems so that relevant technology can be developed and a more informed dialogue carried out with communities*; (ii) *focus on clusters of villages and design the research on the basis of those clusters*; (iii) *have master farmer representatives (two per village organization) from both the wealthy and poorer categories of households to accommodate differences in technology needs and risk resilience*; (iv) *use one site for each ecological zone, but also ensure that each zone is covered in each of the three regions*; (v) *work at each site on technologies and their linkages, market opportunities, land and water, and inter-household differences and women's programs*; (vi) *link with local public and private research institutions in each region (some technical assistance was proposed to help establish participatory farmer/researcher processes)*; (vii) *further train AKRSP professionals in a systems perspective*; (viii) *village specialists and master trainers would continue to play their role as would the FMU*; and (ix) *collaborate with national centers in testing a farm-based interface between small farmers and research aimed at influencing research programming at Jaglote, Chitral, and Skardu*.

greater systems perspective would have helped and has the potential to reduce technology initiative dead ends. The true net costs may, therefore, be modest.

Livestock Development in the Above-Channel Range Areas

While the AKRSP's role has been important through the afforestation program and through facilitating contacts between communities and NGOs such as the IUCN and the World Wildlife Fund (WWF), in livestock productivity the AKRSP has focused almost exclusively on the below-channel area. Yet nearly all the weight gain of most livestock comes from above-channel forage, and livestock is the biggest component of farm income. This calls for more attention. In fact, many village livestock barely survive the winter.

The above-channel areas¹⁶ represent a complex system of natural forests, high pastures, summer livestock camps, and sparse wildlife, all scattered across an unstable landscape. The stability of these fragile areas is closely linked to the below-channel farming systems through the grazing needs of village herds and flocks. Once the ongoing research program covering these linkages presents findings, the AKRSP should revisit its decision to stay away from the above-channel areas.¹⁷ If the decision is made to focus more on these areas, then the AKRSP should collaborate with the IUCN and the WWF. A shift in this direction by the AKRSP would complement the efforts of these two agencies. It would broaden the systems perspective in the direction of productivity while maintaining an environmental sustainabil-

ity and biodiversity focus, which, in any case, has a substantial income potential through tourism and selective sport hunting. Indeed, in the longer-term, these high pastures are the leading areas of NAC comparative advantage. The AKRSP should be more involved.

Efficacy of Government Research

While not an AKRSP task, as discussed in Chapter 5, it will be important for the NAC that the government increase its capacity in research. There is some evidence of recent improvements at the Karakoram Agricultural Research Institute for the Northern Areas (KARINA) (Annex D). If this can be sustained, perhaps with donor assistance, it may provide a basis for greater partnership between government and the AKRSP.

Efficacy of Subcomponent Investment

Participatory Variety Selection (PVS) Program. While highly relevant, it is too early to assess the efficacy of this program, which is in its first year. The collaborative nature of PVS, involving target germplasm from national (such as NARC, Pir Sabak) or international research institutes (such as the International Center for Maize and Wheat Improvement—CIMMYT), can be used not only to identify new cereal varieties, but also to test new agronomic practices, for example, seed priming or finding optimal fertilizer requirements by soil type, and also for new crops, such as triticale, rye, or oats. The program is concentrating first on wheat, and has yet to commence for maize. It will require more resources for scaling up.¹⁸

It may take several years, but production increases in the range of 10 to 40 percent can be anticipated with an effective seed multiplication and distribution program. Over the longer term, a shift toward a participatory plant breeding (PPB) program within a government partnership offers potential for wheat in the single-cropping zone. Because few, if any, suitable varieties are likely to be available off the shelf, given this zone's special characteristics.¹⁹ While the participatory aspects of such a program lie within the AKRSP's role, the technical plant breeding lies outside it. Plant breeding, whether basic or adaptive/participatory, should remain the domain of the public sector, using Jaglote and substations, but with the AKRSP as a valuable partner in the participatory approach.

Seed Supply. The AKRSP has been very effective in disseminating seeds (Annex J, table J.1 shows that 890 metric tons of improved seeds have been distributed, with Baltistan taking more than half). This was unavoidable in the early years because there were no commercial suppliers. Commercial seed for self-pollinating crops such as wheat, for which farmers recycle seed and for which there are low margins, is unlikely in the near future. For these, the AKRSP is currently still the main vehicle and will need to continue to be so for several years. But priority should now be given to supporting the emerging seed industry with training and investment advice, as with commercial vegetable seeds through North-South Seeds Company, an AKRSP-sponsored private enterprise in Gilgit. In the future, the AKRSP should confine itself mainly to training and support for suppliers, and farmer training on selection and storage. Direct seed supply activities may still be justified on poverty grounds in the poorer high-altitude areas where government is less likely to have resources to operate. The target would be cold-weather vegetables, cold-tolerant fodder crops, kales, and root crops.

Seed subsidies continued too high for too long without a clear rationale. By 2000, 44 tons of vegetable seed and 243 tons of potato seed, for an entirely commercial crop, were distributed at 50 percent subsidy. This was substantially reduced after 1998/99. The NRM group will need to focus on finding ways to sustain *seed produc-*

ing groups with declining or no subsidies. For cross-pollinated and non-grain crops such as maize and forage (for which seed production is more specialized and commercial) the AKRSP has already successfully used a farmer group approach.

Single-Crop Areas. The AKRSP has somewhat increased its attention to single-crop areas at the higher altitudes through breed improvement and fodder security activities. But these areas remain a challenge and a priority. They include the poorest villages and most of Astore, which has had only modest net farm income gains. As part of a push on poverty-related NRM interventions, these areas need a special program and strategy with targets and monitoring. Expanding the range of improved varieties, especially in fodder, would be a central element.

Afforestation. The forestry program of the AKRSP has been a remarkable achievement. About 40 million trees have been planted with about 70 percent survival, and about 1,500 private nurseries have been established. The evaluation team saw many good plantings that confirm this. The impressive gains are partly attributable to a collaborative effort with a Norwegian Agency for International Development (NORAD)-funded social forestry project in the Northern Areas. Nonetheless, the program must prove its sustainability once subsidies are removed. Areas for possible attention are commercialization of tree plantations through refined skills in nursery management (the mission noted, for example, that nursery root trainers, which have given impressive results elsewhere in dry areas, have not been used); cost-effective transportation and transplanting of seedlings; integration of social and technical aspects of plantation management; and tree felling/disposal and marketing of produce. It may be necessary to diversify away from what is currently a predominantly poplar culture because of the risk of losses from borer attacks. There may also be opportunities for gains in understanding intercropped forage competition (notably in the traditional willow plantations), and the economically optimal productivity cycles for popular fodder species.

Livestock Husbandry Support. While support in this area has been quite strong, improved feed

efficiency for ruminants is an area where the AKRSP's interventions have been less successful. This is surprising given the importance of livestock in the farming system. Adoption rates for two main items of technology, silage and urea straw treatment, show poor uptake despite subsidies, although a third area, manger-based stall-feeding to reduce feed loss, is faring somewhat better. While labor constraint is generally believed responsible for the low uptake in these technologies, there may be a case for a farm systems-based analysis of the issue. It is probably more complicated than just labor, possibly involving pricing relationships between forage for sale and feed, gender issues, and links to marketing.

Veterinary Input Supplies. Veterinary supplies show an impressive record of distribution through the AKRSP's network. However, continued subsidy on such inputs well into the late 1990s was a questionable strategy. Training and support for village livestock specialists and master trainers was partly directed toward veterinary services privatization, mainly for vaccination and medicines supply. The role played by the Enterprise Development Section and the NRM staff in facilitating establishment of veterinary supply businesses has been a commendable example of the sort of private sector partnership that should continue to grow in the future. But the AKRSP still accounts for substantial direct sales (50 percent in two major stores in Gilgit, for instance). This should be phased out. The AKRSP should continue its awareness-raising role with government, in particular, supporting regulation on the quality of inputs and training the private sector and village-level workers.

Breed Improvement for Large Stock. This activity has been effective after some difficulties with adaptability of breed choice. Crossbreeding of cattle has resulted in significant increases in productivity and head count. The crosses between Friesian bulls and local cows gave way to preferences for the hardier Jersey bulls because the offspring produced more milk with higher butter content. The adjustment is a good example of the AKRSP's flexibility in keeping the program relevant and effective. Baltistan region, where the program is more successful than else-

where, is said to now have a substantial Jersey F1 population of about 7,000 head. Another way forward initiated in Gilgit is to select and maintain elite herds of local animals with selected farmers, while some farmers maintain pure Jersey herds to produce stud bulls—currently brought from down-country. A challenge, however, is stabilizing the crossbred progeny by more systematic tracking of the successive progeny and monitoring of their performance.

Poultry Improvement. This program has not been as effective as the breed improvement of ruminants, partly due to technical problems and lack of a clear strategy. Problems were compounded by a lack of breed evaluation—commercial and farm-level rural production systems require different birds. Evaluation usually can be completed in two years by monitoring performance in selected villages, and chick production can then be promoted through trained producer groups in larger villages or through cluster village organizations where there is a market. The distribution of indigenous breeds to remote areas in Gilgit and Baltistan regions (Chitral may start soon) has merit for the poverty objective and as a source of income for women.²⁰

Efficiency

Overall, efficiency appears satisfactory. The economic analysis of the NRM component alone, excluding the AKRSP overheads, which have been applied to the overall economic analysis, suggests a rate of return of about 25 percent. This rate of return is fairly typical of NRM interventions with high-technology content. NRM-related expenditure per household declined from Rs. 762 per household in 1998 (Rs. 80 million/105,000 households) to Rs. 630 in 2000 (Rs. 70 million/111,000 households)—a 20 percent decline in real terms. The NRM program as a percentage of the operating budget has fallen steadily from 18.6 percent in 1998 to 15.4 percent 1999, 13.6 percent in 2000, and 12.6 percent in 2001. Cutting down on input distribution subsidies seems to be one cause of the decline and would almost certainly represent an improvement in efficiency. Decreasing emphasis on input subsidy and distribution-related expenditure in favor of increasing emphasis on technology genera-

tion and dissemination, farmer training, and market information are likely to improve efficiency.

Institutional Development Impact

Is the AKRSP Substituting for Government in Research and Extension? While, in the absence of a control, it is difficult to prove that the AKRSP has substituted for government, the total absence of government extension found at the village level suggests that the AKRSP has probably substituted for government in technology dissemination work. In research, with the AKRSP only handling such adaptive work as testing/demonstrating new varieties, the AKRSP contribution has been more complementary.

Overall, had the AKRSP not been present, government alone would certainly not have achieved anywhere near the results evident, although there have been some government achievements in technology. For example, some high-yield wheat varieties found their way into the Northern Areas at the onset of the Green Revolution through the help of government, and a Tibetan wheat variety—still popular in most of the single-crop areas—is said to have been brought by a Department of Agriculture official who visited Ladakh in the mid-1980s. But such introductions have been sporadic. The without-AKRSP scenario in NRM seems likely to have been, at best, one of low-level technology, probably losing ground against national averages.

Master Trainers and Village Specialists. The AKRSP's present training programs are more than adequate in quantitative terms—averaging about 2,000 regular and 1,600 refresher courses a year (Annex J, table J.10). In the survey of the village by the evaluation team, 91 percent of respondents said that village specialists are effective, of which 24 percent said they are very effective. While such responses to an informal survey carried out with others present need to be interpreted with caution, quality of skills seemed to be appreciated at the village level. However, an M&E survey in Chitral, based on preliminary findings, found that the attrition rate for master trainers could well be over 40 percent. Attrition losses must be expected since master trainer service is entirely voluntary, but it is not all loss since such skills will still have an impact

through less formal channels. This may change in the future as greater specialization and demand for skills meet an increasing readiness to pay for training. Meanwhile, categorization of master trainers would enable greater training focus. Increasingly customized training will be needed to create the demand and a gradual shift toward payment for advisory services. As participatory research becomes more established, the village specialists and master trainers should become coordinators, operators, and collaborators and will need training in this area.

The AKRSP should consider studying the incentives for training with the objective of raising household financial returns to investing time in increased skills, while also gradually raising cost recovery from both villagers and trainees.

The proposed new NRM strategy places a greater emphasis on technology. With increased demand for high-value commodities—including livestock products—that are technically more challenging, training programs will need to be further adjusted, probably toward an increased degree of specialization. The many mature AKRSP village organizations capable of seeking information should enable advisory services to become both more pluralistic and more commercially oriented.

Overall NRM support should be differentiated based on the assessed capacity of each village to manage its development affairs and technology needs with less outside assistance. The AKRSP's recent efforts to promote input suppliers and phase out input subsidies supports this approach. Input suppliers should, with training, gradually assume more of the role of extension agents, although some quality rating/stamp of approval for suppliers may be helpful initially.

With respect to the AKRSP staff, recent reviews suggest that significant NRM training is required to orient field staff to the roles proposed for them in the new strategy. Two topics recommended in the NRM strategy background documents with which the mission concurs are: methodology for research-related activities and advisory techniques aimed at a farm management business approach. The objective should be to enhance the skills of some staff from traditional technical specialists to interactive development

facilitators who can help farmers gradually develop the skills to seek out and test their *own* solutions.

Sustainability

Financial Sustainability and Level of Cost Recovery in NRM

Financial sustainability is improving. The AKRSP has been increasing cost recovery on most inputs and has reached zero subsidy on many items (see table L.6). Some elements of subsidy are considered justified and have been retained, such as a 30 percent subsidy on vegetable seeds in the resource-poor areas. But the current direction in the program is strongly toward increased cost recovery. No fees are yet charged for AKRSP master trainer or village specialist advisory services, except for service fees for vaccinations by village specialists.

Sustainability and Self-Sufficiency

In an area as remote and challenging as the NAC, sustainability does not call for regional food production self-sufficiency. Income transfer and non-farm income represent an efficient element

in a rural areas sustainable livelihoods strategy. Food import may always be needed, paid for through earnings from elsewhere.

Environmental Sustainability

There has been no broad environmental study of the environmental costs and benefits contributed by the people of the NAC to this very important river basin. Such a study is needed to assess the net services provided, but it would need to be linked with national work. With respect to *accelerated soil loss* arising from land use practices, sustainability issues do not appear to be a major concern in comparison with the vast movements of material arising from natural weathering and collapses in this geologically young mountain region.

In the steep terrain typical of the region, with rising mountains and huge annual snowmelt, large quantities of both water and material are carried down into the valleys. Indeed, the development of terraced land relies on the controlled harvest of that material. Similarly, the sealing of long irrigation supply channels depends on silt deposits early in the season. There are undoubtedly some locations where, at the margin,

Table L.6 Levels of Cost Recovery (percent)

Intervention	Before 1998-99	Current (2000-01)	
		Average areas	Resource poor areas
Seeds, wheat and maize	50	100	100
Seeds, fodder	50	100	100 ^a
Fodder, block plantation	50	50 ^b	50 ^b
Potato seed	50	100	100
Vegetable seeds	50	100	70
Fruit tree seedlings	50	87 ^b	87 ^{a,c}
Forest tree seedlings	0-50	67	50
Livestock, bulls and rams	50	50	50
Livestock, cows	50	100	100
Livestock, poultry	70 ^d	100	100 ^a
Fisheries, fingerlings	50	100	100

a. About 10 percent of households are supplied with 100 percent subsidized inputs.

b. Limited to a maximum of 10 hectares.

c. Only transport subsidy of about 13 percent.

d. Transport and mortality of chicks were subsidized.

improved land management would enhance productivity by either holding soil for longer where more is needed, or by helping to get it off faster and in a managed fashion where silt is damaging.²¹ But these appear to be mostly private or local community land management decisions. While interventions such as afforestation can temporarily detain more soil, and while indiscriminate tree cutting arising, for example, from ill-considered new roads, can do the reverse and cause significant biodiversity loss, the likelihood is low of human activity raising or lowering the total silt load coming out of such areas by appreciable amounts. Nevertheless, a better understanding of the broad environmental relationships is warranted.

With respect to road construction impact on forests and biodiversity, there have been some negative impacts. If the AKRSP moves toward larger multi-village infrastructure projects, environmental assessments will be needed.

With respect to pesticide use and fertilizer runoff, there are no data. Training to prevent the indiscriminate use of inputs and further work on integrated crop management techniques should be pursued as much for profitability as for environmental reasons. However, the scale of fertilizer and pesticide use is still quite modest and unlikely to present a major problem yet. But the issue will need careful watching. The 1997 Joint Monitoring Mission proposed the development of environmental Safe Minimum Standards (SMS) in areas such as land use, soil conservation, grazing management, and sustainable tree harvesting. While increased understanding at the village level of cropping and grazing system interactions with the physical environment is important and could contribute to increased incomes, we have doubts about the value of an SMS approach. We doubt that the technical relationships and their interaction with social factors could be adequately understood. In dryland pastoral grazing systems in Africa, minimum standards have proved impractical and often misleading. However, a holistic resource management approach incorporating direct local observation of forage condition and changes, and relating this to village-level or system-level grazing management, would be worth investigating

and may emerge from the ongoing livestock system studies.

Marketing and Enterprise Development

Relevance

Marketing and enterprise development are clearly relevant for a remote region in a diversifying economy, and are consistent with national objectives. However, the objectives of this program component need to be clarified and linked to the overall mission statement. The directions taken appear to have been more opportunistic than guided by a clear objective. The challenge is how to maximize leverage and be efficient in picking potential winners. The program in this area has been modified substantially over the years in response to the changing environment. The AKRSP's activities have ranged over a wide number of enterprises. The challenges for enterprise development are formidable, including: "an unfavorable legal and regulatory environment, a lack of appropriate financial services, a lack of management technical and business skills, weak market information and business services, and poor infrastructure services" (AKRSP 2000n).

The original marketing component concentrated on improving the marketing of fruit (fresh and dried), livestock, and grains, with an emphasis on reducing losses of perishable products. Farmer training and credit were provided, but much of the activity was primed with grant funding. The focus was on integrating marketing to raise farm revenue by bulking up, by clustering neighboring villages in marketing associations, and by grading, packaging, and transport.

Early results were mixed, with few successes and some spectacular failures, especially where the AKRSP took on an agency function in marketing perishable produce. This led to emphasis on processing to add value to local surplus products and reduce post-harvest losses, with a notable success in apricot drying. Apricots exhibited the high-value, low weight, local climatic comparative advantage, high labor demand, and modest technical demands that are needed for success. Contract growing and air drying of apri-

cots, rather than sulfur drying, has demonstrated even greater value added, and sustainability of this system needs to be sought by spinning off a sound enterprise.

From the mid-1990s the emphasis has moved toward enterprise development, with the range of activities broadening away from the AKRSP's rural roots. Given the diversifying economy this was probably a relevant shift, but it has taken activities into areas where the AKRSP has less comparative advantage. The latest strategy is centered on providing additional business development services for small- and medium-scale enterprises, mainly through partnership with existing business service agencies and the private sector. In branching out from purely rural production activities into small businesses, the Enterprise Development Section has supported a wide range of enterprises, including vegetable seed production and marketing, shu (traditional cloth) production and tailoring, apricot processing, input stores and shopkeeping, tourist hotels, mining (marble, slate, stone, antimony, gems) and gemstone marketing, bottling, enterprise promotion exhibits, and formation of related business and professional associations. Notwithstanding this sectoral broadening, the AKRSP continues to respond to the special needs of NAC producers for improved marketing of agricultural products, including fresh fruits, walnuts, peas, broiler chickens and small stock, potatoes, honey, and herbal teas. Emphasis on reducing losses of perishable products remains a high priority, but, given past experience, the note of caution in the Joint Review Mission report of 1999 on minimal direct involvement in product marketing is worth remembering.

Efficacy

Marketing and enterprise development to date have shown modest efficacy—a tale of many hopeful starts but fewer lasting results that suggests the need for some change in approach. A relatively high level of failure for new enterprises may be difficult to avoid given the particular geographic and logistic challenges characteristics of the NAC. Notable successes to date include apricot drying and packaging, which has greatly added to producer returns for this important

crop; seed potatoes, which started well but now has run into difficulties; vegetable seed production, which has grown to quite a large enterprise with contract growers—but is still a “project” striving for profitability and private ownership; the shu fabric/clothing enterprise, which also needs to become private; and agricultural input supply shops, which are already in private ownership.

Efficiency

It is difficult to evaluate the efficiency of such a diverse collection of activities. No separate economic rate of return has been estimated for this component. Efficiency has probably been modest so far. It is to be expected that this component would need a startup subsidy as the AKRSP's traditional strategy emphasizes experimentation, trial and error, starting small, admitting failures, and moving on if needed. The marketing and enterprise development component has epitomized this approach.

Some individual marketing attempts have demonstrated potential profitability, but have yet to be turned into viable, sustainable independent operations (apricot drying and seeds production are the obvious examples). The supply shops appear to be viable owner-operated businesses. The new partnership approach, in association with other business development agencies and entrepreneurs, is promising and should provide a more direct route to establishing viable enterprises, especially since the partners are likely to be more selective in their choice of enterprises and fill skill gaps in the AKRSP's ranks. Within the AKDN there appears to be potential synergy to be had by the AKRSP's enterprise development activities being more closely allied with and drawing on AKFED resources.

Institutional Development Impact and Sustainability

As implied above, institutional development impact through this component has been modest generally, but substantial in limited areas. The earlier cluster marketing associations have tended to wither once the AKRSP is no longer the driving force. As more broadly for the program as a whole, the AKRSP faces its greatest enterprise

development challenge in devising ways to ensure that its activities become sustainable in institutional terms. With skilled staff and ample initial resources, much can be achieved at the outset of a new venture, but this is not development unless it is rapidly institutionalized, most probably as a profitable private enterprise or in partnership with a corporate patron. The more recent practice of working through partnerships with existing agencies and private sector entrepreneurs has a greater chance of leading to establishing new, lasting institutions.

The AKRSP has also provided a wide range of relevant training in enterprise skills such as business management, hotel management, book-keeping, post-harvest management, broiler farming, fruit and vegetable processing, poultry feed and chick supply, embroidery, carpentry, auto mechanics, motor/generator rewinding, mining, gold panning, food processing, computer technology, cobbling, and mineral appraisal. There is a need to evaluate the impact of this training on income generation in order to prioritize future training activities.

ANNEX M: RECENT DONOR PROGRAM EVALUATIONS OF THE AKRSP:
A SUMMARY OF MAIN CONCLUSIONS

**Draft Monitoring Mission Report
(Baltistan Region), Stiles Assoc./CIDA,
March 2001**

General: impressive results at the output and outcome levels; institutionalizing of powerful community-based mechanism for participatory development; improvements a matter of fine tuning; dynamic Baltistan environment with local elections, new village councils and elected union councils, increased involvement of donors and NGOs, and strengthened (but not enough) government line agencies. AKRSP meeting implications of changes head on. AKRSP exemplifies many of CIDA's key success factors for sustainable results.

Social Organization: good progress—community organizations effectively manage range of activities, VOs exceeded targets, but WOs behind target (staff shortage) and greater effort needed; impressively wide range of activities undertaken by VOs/WOs; and good progress in delivery of services/exceeding targets.

Women's Program: reasonable progress in challenging, conservative environment (but overshadowed by VOs—exclusive domain of men); impeded by lack of coherent gender strategy, shortage of qualified female staff, and lack of home for women's program and gender equality in AKRSP (need champion at center); progress toward solution is slow, and these activities could suffer if CIDA withdraws in 2003.

Capacity Development and Training: overall capacity of Baltistan RPO enhanced; research, monitoring, and reporting generally exemplary, with staff nearly mastering CIDA's results-based management, although reporting somewhat perfunctory and reluctance to make needed changes to logframe agreement; high staff turnover in the Monitoring, Evaluation, and Research Section,

which could be compensated by consultants; some improvement in gender awareness could help in improving the effectiveness of the women's program.

Canadian Components: some aspects not integrated with AKRSP or well understood, nor reflected in logframe. [Other internal AKRSP/CIDA aspects not summarized.]

**Mid-term Review Mission—Gilgit and
Chitral Regions, DFID, March 2000**

Sustainability and Future Directions: significant progress on developing a strategy; prospects for significant future diversification of AKRSP's focus and resources, e.g., away from service delivery and toward closer relationship with government; AKRSP has much to offer Pakistan's reform process and should re-orient planning accordingly, particularly with respect to proposals for local elections and decentralization; suggest a "new look" AKRSP/DFID/Government partnership—e.g., "Sustainable Livelihoods Development Programmes," specifically to support the government's "Local Government Plan 2000."

Chitral Sectarian Issues: (subject of a separate note.)

Poverty: AKRSP has contributed to a substantial reduction in poverty in NAC; infrastructure and other schemes implemented by communities, especially irrigation, have had major impacts and contributed to poverty reduction; whole-community approach now needs to be replaced by targeted poverty reduction; and AKRSP to develop poverty-targeting criteria for infrastructure projects and define poverty areas—for discussion with DFID.

Gender: DFID to review with AKRSP the recommendations of upcoming consultancy.

Enterprise Development: need for ED strategy that is being developed for mainstreaming throughout AKRSP, of which key component will be staff training and exposure visits.

Credit and Savings: known for strong focus on financial sustainability, but credit volume is now declining/reasons being investigated; AKRSP playing key role in work on proposed microfinance bank.

Environmental Screening: noted successful introduction of environmental screening for infrastructure projects, and should be applied to all projects; and follow-up workshop agreed.

Impact Assessment: impressed with high quality of work, demonstrating major AKRSP impact, despite attribution problems; and OED should be invited to evaluate program for fourth time.

Increased Funds for Infrastructure: agreed that increased funding could be justified, and would be discussed in context of evolving sustainability strategy.

Natural Resource Management: significant part of program but expected results not delivered; new NRM strategy being prepared in time for next AKRSP funding proposal.

Budget: funds expected to be spent by March 2003; consultancy funds well used, especially on training.

Extension of AKRSP/Gilgit: agreed for one year.

Networking with other RSPs and NGOs: noted substantial impact of AKRSP on other RSPs in Pakistan and in the South Asia region; endorse AKRSP networking with other RSPs and NGOs; and AKRSP has key role in rural development forums in country and internationally.

Lesson Learning: AKRSP to revise its lesson learning and dissemination strategy and consult with DFID.

Joint Review Mission, 1999 (all donors)

Social Organization: highly successful activities resulting in significant income increases; must balance new initiatives with continuing nurture of VOs/WOs; new support packages needed (PPIs) to maintain institutional viability, but with self/non-program finance; women's packages needed to prepare them for leadership; AKRSP needs more female senior staff; and caution is

in designing special poverty projects regarding traditional relief systems.

Credit/Enterprise Development: AKRSP provides unique service; caution on impact studies (criteria suggested); modest poverty alleviation potential of credit; credit/enterprise opportunities for women are modest; balance credit delivery objectives and financial sustainability; suggestions for revitalizing savings; EDC to be realistic on SME capabilities (given staff constraints); need to identify agricultural marketing opportunities and devise more effective delivery of business services.

Natural Resource Management (NRM): poorest families heavily dependent on farm income; recommend analysis of poverty aspects of NRM subsectors; study land tenure issues; classify diverse farming systems (before focusing on any one zone such as single cropping); emphasis on food and fodder security (through participatory research/strengthened links with research institutions), and training master trainers; need coherent subsidy policy (end input subsidies); continue land development projects; research outputs to guide on possible AKRSP assistance for management of common property resources; cautious/minimal involvement with produce marketing; continue extension for cash crops, and applied research on high-value non-perishable cash crops; studies needed on effects of wheat subsidies, poultry-women-poverty nexus, and market for trophy hunting. NRM vision is moving to training master trainers, providing market information, facilitating trader links, and ensuring input quality.

External Involvement and Interactions: external perceptions consistently positive; development model acknowledged as important, but AKRSP should be open to learning from other development initiatives; surprising number of external relations add to effectiveness of AKRSP; good government relations, which somewhat improves government capacity; more effort required with NWFP government; synergies from cooperation with other AKDN agencies, but mixed opinions on need for formal cooperation mechanism; AKRSP always non-sectarian, but AKDN less so, and this causes confusion (an AKDN issue); AKRSP active on national stage

regarding microfinance, but less on RSP forums to which it should respond positively; shorter annual report is considerable improvement.

Sustainability: protracted debate; some AKRSP functions needed in NAC for 20 years; endowment concept raises issues discussed; AKRSP should not split into regional RSPs.

Impact: highly positive, well documented, and responsive to expressed needs; burden of assessments falls on overworked field staff, who should be consulted on realistic indicators and methodologies; new initiatives need to be aware of potential impacts on established values and institutions; and there may be need for augmented social organization field staffing and training in program impact assessment.

Afterword: program should continue to focus on economic and institutional development of NAC, principally through VOs and WOs; AKRSP's credibility arises from its commitment, continuity of procedures, and the terms of partnerships with communities; and the long-term future of NAC depends on unconventional vision, which AKRSP should stimulate.

Annual Review Mission (Gilgit and Chitral Regions), DFID, 1999

Strategic Approach: endorses AKRSP's strategic planning (the sustainability and NRM strategy reviews) and recommends AKRSP catalyze wider regional strategic planning.

Gender: good progress, but better focus needed to involve women more in planning, broaden their options, meet their desire for safe drinking water, and avoid increased commercialization that marginalizes women; recommends increasing AKRSP female field staff and WO contacts, improve gender analysis, disaggregate gender data in all activities and disseminate, expand monitoring of women's role in all program activities, increase women's activities in non-Ismaïli areas, and set a target date for universal access to safe drinking water.

Equity: good progress in assessing equity/poverty impacts and in developing criteria for identifying resource-poor communities; pilot poverty projects being developed by Gilgit RPO; recommends sample surveys, data sharing around program, mapping of poor areas, mon-

itor benefit distribution, and make communities aware of equity; monitor V/WO representativeness, use equity analytical tools in planning, work on poverty targeting and related methodologies, and continue to increase support for non-Ismaïli villages and monitor program resource allocations.

Infrastructure: AKRSP very successful in developing schemes and encouraging community execution and maintenance, bringing considerable livelihood benefits; recommends finding ways to enhance impact of infrastructure program (sample surveys), improve prioritization of schemes with economic analysis (by consultant), review staffing needs of MIES and take on women social organizers for sanitation/hygiene schemes, review subsidy levels for irrigation and microhydel schemes, develop joint technical training with SAP and train government staff in social organizer work, provide technical assistance for AKDN agencies in water supply/hygiene technologies, and organize a Mountain Technology Workshop.

Natural Resources Management: takes 20 percent of DFID funds for diverse activities, which may not all be justified by impacts, and roles not clear of government, private sector, and NGOs in NRM activities; recommends refocus on smaller number of viable activities in framework of integrated farming systems approach, and implement a participatory research and development approach to identify priorities and technologies.

Environment: most activities are environmentally beneficial but greater consideration of impacts is needed; recommends introducing (mostly simple) screening of all projects (especially an EIA of Risht coal mine), staff training in impact assessment, and hiring of consultants to assist institutionalizing the process and to do an EIA of Risht coal mine.

Enterprise Development: good progress in promoting job creation and skills upgrading in a generally difficult but nascent enterprise culture; recommends (in addition to some internal process details) resolving staffing requirements of EDS and EDC, deciding EDC approach to enterprise finance, develop local staff to take on tasks that are currently contracted out, conduct

impact assessments of all EDC/EDS schemes, send staff for international training.

Savings and Credit: very impressive system streamlined to two products—collateralized group loans and uncollateralized small individual loans, very good credit performance and sound management systems; recommends use of logframe indicators, developing impact assessment instruments, and staff networking with organizations inside and outside Pakistan, and attendance at international conferences/training courses.

Other Recommendations (aside from internal DFID process needs): survey importance of migrant labor and impact on women and children at home; continue to develop links with and seek to influence government policies; independent evaluation of the Training and Learning Programme (social analysis) in 2000; various consulting inputs; need to develop a “communications strategy” to disseminate AKRSP learning; AKRSP to review training program and encourage inclusion of government staff; good progress on impact assessments but AKRSP may need to allow MER greater flexibility in hiring consultants; AKRSP to discuss with donors whether a fourth OED evaluation is required; and workshop for early 2000 to review logframe for reporting to DFID.

From Small Farmer Development to Sustainable Livelihoods—A Case Study on the Evolution of AKRSP in Northern Pakistan, Khaleel A. Tetlay and Muhammad A. Raza, Aga Khan Foundation (Pakistan), November 1998

Major Lessons and Emerging Challenges:

Principles and Practices of Management: utility shown of a “participatory, flexible, and catalytic” approach; rural people can undertake development with a trustworthy partner and will adopt new forms of organization and keep partnership to gain direct benefits; and lists 13 points of (good) management practice from first OED evaluation of AKRSP.

Changing Socio-economic Contours: great social changes since program was planned, in response to government initiatives and assis-

tance from NGOs; and pace of socio-economic differentiation is accelerating.

Moving Beyond the VO: input delivery by AKRSP to VO was major intervention at expense of attending to other social arrangements, but new strategy represents a more pluralistic approach to include social targeting and more of the social development agenda.

Women’s Real Agenda: going beyond poultry and vegetable schemes with WOs, new challenge is to help women meet other strategic needs.

Village-level Infrastructure Development: after PPIs have met all criteria—productivity, sustainability, equity, and environmentally sound—challenge is to articulate key priorities for future, including access for others to sponsor infrastructure.

Natural Resource Management: need to break 15-year tradition of package delivery and training, not substitute for government extension service, and identify where concentrated effort is needed, such as common property resource management; potential for linkages with national and external research institutions; suggest attention to non-land-based agricultural services enterprises such as seed project and Shubinak; and challenge of initiating work on “low external input” agriculture, particularly in high-altitude areas.

Credit Program: preparations proceeding for turning the donor-supported revolving credit fund into a development finance institution; and challenge of developing sufficient revenue for financial sustainability.

Enterprise Development: importance of non-farm activities is increasing; and need for larger-scale enterprise is rationale for proposed “Enterprise Support Company”—challenge of laying strategic and organizational groundwork.

Revisiting Human Resource Development Institute: did not work out in late 1980s, but need to consider whether to reopen that debate—part of AKRSP or of AKDN, what niche areas, for whom, manpower and cost recovery?

Conclusion: over 15 years AKRSP has “blazed a path of rural development”; being replicated within and outside Pakistan; ways of earning livelihoods have changed, as have people’s

expectations for future and their role in determining that future; and many second-generation challenges and opportunities for AKRSP, which its record suggests it will surmount to reach a higher plateau.

Joint Monitoring Mission, 1997 (sixth annual mission for the donors concentrating on Baltistan and Chitral sub-programs, and the Gilgit core office)

General: 1997 saw a leaner and stronger, more field-oriented AKRSP emerge from the transition of 1996/97; seeking a balance between equity and growth; improved annual planning; starting on new directions for this funding phase.

Credit and Savings: impressive improvements in professionalization; systems strengthened; segregation continues of credit and savings operations in anticipation of creating a bank (now delayed); savings moderated, while credit still grows; swing from VO/WO credit toward enterprise loans; emerging problems in Baltistan and with LDO lending; and credit and savings needs to become more self-sufficient.

Enterprise Development: has become more facilitating than directly involved in enterprises; mixed results with new corporate credit (which should be halted); activities depend on a few people; need staff strengthening and management processes in preparation for creating an Enterprise Support Company.

Natural Resource Management: program continues to plan NR development and build institutions for NRM; creation of Begusht Community Game Reserve has strengthened sense of ownership of commons; agriculture, livestock, and forestry undergoing increasing commercialization, and AKRSP needs to assess impact of this trend on NRM strategies; AKRSP has begun an integrated approach to breed improvement and fodder security for remoter areas where livestock is the main livelihood.

Agricultural Production and Marketing: sensible focus on horticulture, vegetables, and private sector initiatives; constraints to production growth are the (harsh) environment, logistics, and the subsidy on government wheat sales; with high male labor migration, much of the burden, and many of the benefits, of agriculture fall to women;

and two cautions—AKRSP resource constraints restrict its role (cannot be a surrogate for government agriculture and research services), and horticultural development depends on reliable and profitable post-harvest arrangements.

Mountain Infrastructure and Engineering: most tangible impact/impressive performance; Chitral hydel revolution continues; a noticeable improvement in quality of project proposals; but larger cluster schemes require more complex oversight and careful review of all documentation to avoid cost overruns.

Gender Issues: commercialization and development of interest groups/LDOs in danger of leaving women further behind; economic empowerment needs to be accompanied by social empowerment; WOs beginning to take up water supply projects; WSO staff not increasing with WO growth; AKRSP places women's participation and benefits high on agenda and all staff should be held accountable for meeting these goals.

Social Development: good senior-level discussions but little attention given in field to institutional development of community organizations; social development course being prepared; attention being given to equity as well as broad-based growth, including poor areas and poor groups in villages; policy paper needed on poverty strategy; and participatory implementation and monitoring should be developed.

Training and Human Resource Development: impressive level of community training continues; staff training enhanced with external assistance; personnel management practices being strengthened; enthusiastic TSU staff need further support and guidance; and need to build and support some staffing areas (social over technical staff).

Linkages: Joint Monitoring Mission conducted comprehensive review of linkages; many opportunities, but caution in order—government linkages constrained by declining resources, and donors' expectations for NGOs to solve government capacity problems should be refocused on donor country strategies, such as civil service reform; and linkages with other AKDN agencies are satisfactory, particularly with the health service.

Management: need for stronger core capacity in social development, gender, and enterprise development; also need greater regional capacity in social organization (and gender in Baltistan); reorganization and other management changes have made it possible to improve field programs, and RMT can appraise proposals, logframe permits verifying against objectives (should be expanded from Gilgit to program-wide), and more can be done to include strategy in planning; and internal auditor still needed.

Exit Strategy: donor-driven demand for an "exit strategy"; term seems abrupt and longer-term support is warranted; viability of an endowment to ensure financial security should be investigated.

The Future of Joint Monitoring: if donors continue Joint Monitoring Mission in 1998 it should drop linkages topic, cover all regions by splitting, but less comprehensively, and spend three weeks in field.

ENDNOTES

Chapter 1

1. Defined as:

Relevance—The extent to which the objectives of the program are consistent with the current development priorities of the country and the Northern Areas and Chitral (NAC).

Efficacy—The extent to which the objectives of the program were achieved, taking into account the relative importance of the different objectives.

Efficiency—The extent to which the program achieved a return higher than the opportunity cost of capital and achieved benefits at the least cost compared to alternatives.

Institutional development impact—The extent to which the program improved the ability of the NAC to make more efficient, equitable, and sustainable use of its human, financial, and natural resources.

Sustainability—The resilience to risk of net benefit flows from the program over time.

2. AKF, "Proposal for a Rural Development Program in the Northern Areas of Pakistan," November 27, 1981.

Chapter 2

1. The poverty goal called for cutting in half the proportion of people living in extreme income poverty of less than US\$1 a day by 2015. Currently, average per capita income in the Northern Areas is about 50 cents US per day.

2. Poverty incidence is the percentage of people who fall below the current Pakistan basic needs level, the measure of which is the cost of achieving a minimum bundle of basic needs at current prices.

3. Pakistan has embarked on a massive program of decentralization by requiring elections to a series of local bodies called Dehi Councils, with a District Council at the apex. This program was scheduled for completion in 2001. In the Northern Areas, however, the first stage involved establishing village-level councils through a process of nomination and acclamation. Bodies with more democratic processes are expected to follow, but the timetable is uncertain. See Pakistan Government, National Reconstruction Bureau 2000. For an account of AKRSP's role, see Akram 2001, p. 3.

4. Government outlays in the Northern Areas on agriculture, animal husbandry, forests, fisheries, local bodies, and rural development totaled approximately Rs. 204 million in fiscal 1999/2000, while the AKRSP's total expenditure was about Rs. 199 million. However, the proportion spent on operations as opposed to overhead was about 50 percent in the AKRSP and less than 5 percent in government.

5. In fiscal 1999/2000 total government outlays in the Northern Areas were Rs. 2,546 million, of which Rs. 910 million was for development. For fiscal 2000/2001 the development budget in Chitral is Rs. 35.8 million. Details of the nondevelopment budget are not available.

6. For example, in Chitral District the Animal Husbandry Department has no operational funds in its budget for 2000/2001. A senior district agricultural official explained how he must seek formal permission from the commissioner's office to leave his station in town.

7. As explained to the evaluation team by Mr. Sang-e-Marjan, Chief Secretary, Northern Areas, in a meeting on May 10, 2001.

8. The mission reviewed the coefficients used and obtained independent comments on the NRM coefficients from two specialists who had worked in the area before. The mission concluded that there was over-optimism in some enterprises, but that it was not excessive. The main coefficients where adjustments would lower benefits were wheat seed, which showed rather high yield increases in the absence of fertilizer, and wheat straw, where differences between improved and local varieties were substantial.

9. AKRSP 2000c; Andrew Foster (consultant), unpublished mission working note.

10. Microhydel is the common term in Pakistan. These are small-scale, usually village-sized capacity, hydropower generation units that take water from small channels run from a snowmelt water source and run it down a tube to a generating turbine at the bottom.

11. Economists normally use a fourfold classification of public and private goods: private goods, such as land, houses; toll goods, such as toll roads and bridges; open-access or common

property goods, such as grazing land, some forests, fisheries; and pure public goods, such as air, information, a clean environment.

12. The Joint Review Mission's Final Report contains a useful if largely theoretical annex on subsidies. But it also concludes that the AKRSP should formulate a well thought through subsidy policy.

13. A forum consisting of the ADKN agency general managers meets occasionally and the boards have some common members.

14. "Collaboration with the AKRSP at the operational level has strengthened government capacity in a lasting way to a very limited extent." Joint Review Mission 1999, p. 77.

15. The AKRSP salary package (salary and benefits) is about the same as the government's, but there are half as many grades and no steps within grades. Thus, in the AKRSP, salaries are more flexible and promotion is faster.

16. In particular, the universities of Bath and East Anglia in England.

17. The AKRSP's stated gender policy is, however, clear and progressive. See Gender Policy, AKRSP 2000a.

18. A recent gender assessment of AKRSP programs in Baltistan reported a corporate culture of discomfort about gender relations and issues. The same report also highlighted the gap between the message the AKRSP is promoting in the community and the structure and practices within the AKRSP. See Moffat 2001.

19. A recent report by a gender consultant makes the useful suggestion that an existing male member of the core team should be nominated to share this role. See Seeley 2000.

20. The NRSP has the greatest geographic coverage among Pakistan's rural support programs. It works in more than 30 districts and has an annual expenditure of more than Rs. 200 million. It organizes socially viable groups of 20 to 30 households and helps them identify micro-investment plans and opportunities at the household, group, and village levels. Plans and schemes are implemented by individuals and communities through their own efforts and with credit provided by the Khushhali Bank.

21. This is the outcome of a recent decision by the Provincial Government of the Punjab to

remodel its entire rural development program along NRSP lines.

22. A fund of \$10 million yielding 10 percent would cover about 7 percent of the AKRSP's operating costs, Sustainability and the AKRSP: Plans for the Future, June 2000, p. 34. The endowment idea has been on the table for some years. The 1997 Joint Monitoring Mission report recommended the investigation of the viability of an endowment.

23. An analogy with agricultural research is apposite.

Chapter 3

1. The evaluation team found the 1998 "Institutional Maturity Report" a useful analysis in some respects, but with three weaknesses. First, it categorized community organizations based on indicators, but did not attempt to account for differences. Second, the indicators were selected by the AKRSP and not by villagers. The AKRSP's understanding of "maturity" could be at variance with villager perceptions. Nor were the indicators chosen obviously reflective of maturity. For example, does the acceptance of a subsidized NRM package really indicate institutional maturity, or just being in the right place at the right time to say yes? In summary, the analysis did not explain why some organizations remain vigorous while others have declined. Third, the report did not draw sufficiently from the evidence of the apparent modest correlation between institutional maturity and number of years under the program.

2. DFID's Annual Review Mission in 1999 pointed to a special area that the AKRSP may have overlooked in working with WOs when it suggested that a survey be done of the importance of male labor migration and the impact on women and children left behind. There may also be a linkage here with the special credit needs of women that the new bank could explore.

3. The 2000 DFID Mid-term Review Mission report noted that whereas the "whole-community approach" had made a major impact, the time had come to replace it with a targeted poverty reduction approach.

4. The genesis of a more targeted poverty approach has been slow but thorough. The 1997

Joint Monitoring Mission report noted that attention was being given to equity as well as broad-based growth, including poor areas and poor groups in villages, and that a policy paper was needed on poverty strategy.

5. Experience elsewhere has identified some ways to handle social exclusion. The first step is to identify non-participating households. This can be done by a survey of all households to record the activities of men and women (separately). This is followed up with an investigation, usually by co-villagers, to find out why non-participating households are not participating. Usually the reason is that they are, or feel they are, lower status or poorer than other households, or unwanted by them. Once the reasons are clear, established village groups can be encouraged to look for ways to solve the problem. This is what is now happening in the AKRSP's poverty project. The problem is that the poverty initiative is coming at a time when the AKRSP is already moving away from intense village involvement, and, in any case, it operates in only a handful of villages.

6. This section draws on women's perceptions where possible, and also on the useful impact reports on aspects of the women's program prepared by the Monitoring, Evaluation, and Research and Field Management Units in each region.

7. The CIDA Monitoring Mission Report of March 2001 suggests that the Baltistan women's program is constrained by lack of a coherent gender strategy, shortage of qualified female staff, lack of a home for the women's program, and gender equity in the AKRSP. The DFID Annual Review Mission in 1999 (on Gilgit and Chitral regions) called for increasing female field staff and the level of contacts with WOs, particularly in non-Ismaili areas.

8. The AKRSP tables do not segregate training for WO members, but, for example, poultry trainees alone (all women) total 4,000 over the full period.

9. It aims to equip villagers with the skills to alter substantially the situation of the poorest. Poverty Committees, comprising both men and women, are formed to help identify the poorest and then work with them to develop and implement individual poverty reduction programs. They are given an endowment fund for this pur-

pose. Results so far are encouraging, at least in one of the two villages visited. The vast majority of targeted households have substantially increased their incomes as a result of the program; they have also joined the community organization, although the outcome of this is not known.

Chapter 4

1. Other measures under consideration to reduce risks of internal lending include adding training of community organization office-bearers in internal lending management and adding internal lending audit procedures to audits of community organizations done by village accountants.

2. Includes loans overdue for any period. The loan loss ratio is the total write-off divided by the average loan outstanding.

3. Total amount of loans with balances in arrears for which the AKRSP does not hold any collateral.

4. Does not include financial costs.

5. The NRSP comes closest to the AKRSP in terms of the maturity of its Microfinance Program, but the Microfinance Group's Performance Indicators Report for 2000 does not give figures for the NRSP.

6. A network of NGOs that disseminates best practice and promotes microfinance in Pakistan.

7. DFID 1998. The rapid growth of schemes in Chitral is attributed to the high cost and unreliability of public electricity supplies there, compared with subsidized supplies in Gilgit and Baltistan. This poses a public policy issue with respect to the disincentive for private microhydel schemes in Gilgit and Baltistan.

8. Technical assistance has been provided in Pakistan to the IFAD-funded Chitral Agricultural Development Project, to schemes in Dir-Kohistan (IUCN), Patan-Kohistan (KODEP), North Waziristan Agency, and Murree (IUCN), and in Afghanistan, as well as to private microhydel schemes, and technical assistance and training has been provided to the International Center for Integrated Mountain Development (ICIMOD), Nepal, and to staff of two Afghanistan aid agencies.

9. With respect to *comparative costs* across the NAC, an AKRSP study compared 230 projects

constructed in 1998/99 by regions. The main findings were: costs per household were significantly lower in the Gilgit region because schemes had more families; Chitral had significantly higher unit costs per acre and per foot of channel because of limited land; community contributions to costs were from just over 20 percent in Baltistan and Chitral, to as much as 43 percent in the Gilgit region, reflecting ability to pay; and community contributions were highest for link roads—the predominant public good component of infrastructure interventions—whereas equity and efficiency would suggest that public goods should get the largest subsidy. DFID's Annual Review Mission of 1999 recommended reviewing subsidy levels for irrigation and microhydel schemes.

10. AKRSP 2000a, p. 19, section 4.

11. The common view has been that wheat production has no comparative advantage in the NAC. However, the issue is complex. Apart from the fact that there is a modest quality difference with wheat grain to some consumers (not so modest in some cases—in Teru, due to both quality of a high-altitude Tibetan variety and transport, the price was substantially above the subsidized price of wheat from down-country), wheat is also a fodder crop. About two-thirds of livestock nutrients come from cereal straw. The yield of fodder from a local variety can be more than twice that from an improved variety. Moreover, winter wheat can substantially increase fodder production if uncontrolled livestock grazing can be managed. Also, increasingly, seasonal labor requirements will be a factor, as will competing demand for more high-value crops. It is therefore not so obvious in a systems context what would happen to wheat production if wheat from down-country were not subsidized. This is an issue warranting some farm management research that incorporates risk. The 1999 Joint Review Mission report called for studies of the effects of the wheat subsidy.

12. The subcomponents—including participatory variety selection, seed supply, livestock husbandry support, veterinary supplies, breed improvement for large stock, poultry, and master and village specialist training—are addressed in Annex L.

13. In 1997, the constituents of farm incomes were as follows: crops/vegetables, 34 percent; fruit, 12 percent; forestry, 14 percent; and live-stock, 40 percent.

14. The 1997 Joint Monitoring Mission report noted that the AKRSP had begun an integrated approach to breed improvement and fodder security for the more remote areas, where live-stock are the main livelihood.

15. In the context of poverty analysis, the 1999 Joint Review Mission suggested classifying the diverse farming systems before focusing on one zone (such as single-cropping), and DFID's Annual Review Mission of 1999 recommends refocusing NRM activities on a smaller number of activities in a framework of an integrated farming systems approach. Earlier, Whiteman (1985), in an exceptional and arguably underutilized piece of work, laid the technical groundwork for farming systems classification, but without the social and economic overlay.

16. These are areas of dry, rocky rangeland extending up to the high mountain pastures above the irrigation channels. The area is a high-altitude desert with limited forage growth from direct rainfall. But there is a summer flush watered by glacier and snowmelt providing seasonal pasture—the source of most of the annual livestock weight gain.

17. A social accounting matrix, or SAM, explicitly draws out forward and backward linkages in an economy, including a regional economy, and shows how value added generated in the economy is distributed across the principal economic agents—businesses, households, and the state. A full SAM should not be estimated for the NAC—there is neither time nor data with which to do so. But the framework of a SAM used as an organizing device would provide a logical and consistent appraisal of where the enterprise development program should focus.

18. This external income aspect was not covered in the February AKRSP strategy discussion paper.

Chapter 5

1. The AKRSP is actively considering the options. See, for example, AKRSP 2001.

2. The challenge in building government development capacity lies in transferring the concepts and tools used by the AKRSP in its community work to the key branches of government present in the rural areas in ways that support and reinforce the democratic and administrative reforms at the core of the government's decentralization strategy. Failure to do so, thereby allowing other agencies to continually substitute for the state, leaves unresolved the fundamental problems of accountability and governance in the relationship between citizen and state. These issues are a commonplace in the development literature. For a discussion in relation to the AKRSP, see Wood 1996, p. 15.

3. The broadening of mandates among the AKDN institutions to include all peoples in the NAC (rather than the Ismaili community only) allows the AKDN to look at the development challenge in much the same way as government.

4. Dehi Councils have been charged with substantial duties, including the management and supervision of all government staff and assets within the boundaries of the village. However, it is not clear where the requisite resources will come from. See *Ordinary Gazette of Pakistan, Part II*, Islamabad, 26th November 1999.

5. The DFID Mid-Term Review Mission of March 2000 saw prospects for significant future diversification of the AKRSP's focus and resources—for example, away from service delivery and toward a closer relationship with government.

6. These challenges are not new. All are articulated, perhaps in a lower key and with different emphasis, in Task Force on Sustainability 2000. For example, p. 21 gives evidence of past collaboration with government and the need to help strengthen the public sector to play its designated role, while p. 22 outlines the need for closer integration and coordinated strategic planning in the AKDN.

7. An examination of possible closer integration in the AKDN and the problems involved, commissioned by the Aga Khan Foundation, is already under way.

8. Ten years at least, but more likely 20 (see Joint Review Mission 1999, p. 89). In effect, the

partnership would be a development coalition.

9. Such concerns are not new. The 1997 Joint Monitoring Mission report reviewed linkages and noted that, while there are many opportunities, caution was also in order as government linkages were constrained by declining resources and the AKRSP could not be expected to solve government capacity problems.

10. "Government departments in the main remain under-resourced and under-motivated." The Task Force on Sustainability 2000, p. 10.

11. The apparent success of the NRSP can be attributed, in part at least, to the strength of its partnerships, especially with government. But, as has been noted in earlier OED reports, relations that are too close risk co-option.

12. However, with a development coalition, the AKF would need to consider playing a less directive role than at present.

13. In this way, donors could play a direct part in the development consortium. However, all parties, including government, should contribute to the fund, proceeds from which would only be used for partnership purposes.

14. A functions-based approach determines the appropriateness of a community organization based on the functional outcome sought. It accommodates the possibility of continued support for multipurpose VOs or WOs where that is the articulated village need, but it also accommodates more specialized organizations such as production or marketing organizations where that function is given highest priority by a community group.

15. In developing a differentiated approach, demand for services or inputs should not be confused with their relevance to the poor. Demand is not the same as need. Demand says more about awareness of an individual of what is on offer, incentives and subsidies, and knowledge of the rules of access. Meeting "demand" is not about equity, although it may offer efficiency gains from an organizational point of view. Not responding to demand may be a key part of a differentiation strategy. The AKRSP needs to be clear that there are tradeoffs in responding to demand.

16. Most of which, one should remember, make charitable contributions to Ismaili funds.

17. This would call for a time-bound, objectives-based agreement between the AKRSP and every organization, with clear obligations on each side. Independence becomes a joint objective. Every participating group has a plan. From the AKRSP side, it involves defining inputs and indicators for success. It ensures efficient use of staff time. Visits have an objective related to the group's ability to become independent. A withdrawal strategy is particularly helpful for new groups. If independence is the objective from the outset, and inputs are presented as time-bound, then efficient and innovative ways of moving up the institutional maturity ladder are more likely to be tried. Flexibility would be required, with different rules for service delivery operating for groups at various stages. This approach will work less well for village institutions in isolated or resource-poor areas for which the AKRSP is likely to be the sole provider. In these circumstances the incentive to operate independently may be low.

18. AKRSP India, for example, is moving toward federations (8 to 30 organizations per federation). Benefits there include shared goals, economies of scale in input supply and marketing, stronger negotiation with external agencies, legal recognition for village organization members, improved handling of inter-village conflict, support for weaker village organizations, addressing needs not supported by the AKRSP (India), and promoting new village organizations with less AKRSP support. Risks include economic power shifting away from the village organization—addressed by ensuring that organizations can withhold dues—capture by political parties, and flooding the federation with too many activities.

19. The evaluation team found a difference of perception between the Northern Area government and the AKRSP on the role of the Dehi Councils. The government expectation seems to be that they will, in due course, handle all investment decisions at the village level. The AKRSP expectation seems to be that they will handle only government-funded investments. What happens in the end will probably depend more on village attitudes and community evolution than on government or the AKRSP.

20. The 1999 donors Joint Review Mission suggested that women's packages be developed

specifically as a means of preparing women for leadership.

Annex E

1. The survey contained 39 questions, reproduced in this annex in full. The response rate was 76 percent (170 out of 224), with little variation by grade, gender, or location.

2. In general the lowest scores were given by staff in the Core Office, who interacted with the team more than most others and who are more familiar with management tools and analytical processes. This lends credence to the upward bias hypothesis. Women gave uniformly higher scores than men. Whether this is a more severe expression of upward bias or a genuine positivism is impossible to discern.

3. There was only one opportunity to explain the aims and procedures of the survey to AKRSP managers and no opportunity to address staff at lower levels. Thus, not only was this survey novel for AKRSP staff, it was also a surprise.

Annex L

1. Other measures to reduce risks of internal lending under consideration include adding training of community organization office bearers in internal lending management and adding internal lending audit procedures to village accountants' audits of community organizations.

2. Includes loans overdue for any period.

3. The loan loss ratio is the total write-off divided by the average loan outstanding.

4. Total amount of loans with balances in arrears for which the AKRSP does not hold any collateral.

5. Does not include financial costs.

6. The NRSP comes closest to the AKRSP in the maturity of its Microfinance Program, but the Microfinance Group's Performance Indicators Report for 2000 (AKRSP 2000h) does not give figures for NRSP.

7. Skills such as in construction of roads in steep and unstable terrain, identifying viable water sources, channel alignment and construction, rock blasting, stonework, and bridge design and construction.

8. Technical assistance has been provided in Pakistan to schemes in Dir-Kohistan (IUCN),

Patan-Kohistan (KODEP), North Waziristan Agency, and Murree (IUCN), and in Afghanistan, and technical assistance and training has been provided to the International Centre for Integrated Mountain Development (ICIMOD), Nepal, and to staff of two Afghanistan aid agencies.

9. Defined by the Development Assistance Committee as “The totality of positive and negative, primary and secondary effects produced by a development intervention, directly or indirectly, intended or unintended” (DAC/OECD 2001).

10. A consultant study of 132 (100 AKRSP and 32 non-AKRSP) infrastructure projects by the Mountain Infrastructure and Engineering Section (Kwaja 1999), which supports other findings, concluded that infrastructure projects were in a reasonably good physical state, although there were some weaknesses in maintenance; that extensions of older village projects exhibited better maintenance than new projects started from scratch; that new projects started from scratch exhibited higher benefits and more equitable distribution of benefits; that the level of maintenance of AKRSP projects was similar to other external agency projects; that a majority of projects had substantial benefits but that the range across villages is quite wide; that the distribution of benefits is generally very equitable; and that there seems to be a trend in recent years toward projects with more equitable benefits.

11. A Regional Comparative Cost Analysis of AKRSP’s Investment in Infrastructure Projects (AKRSP 2000g). The scale of village inputs is believed by staff to be higher than is often credited for three reasons. First, infrastructure “costs” quoted in AKRSP documents frequently do not include village contributions, thus understating the level of infrastructure investment achieved by the program. Second, the estimated 30 percent contribution from the villages to the cost of infrastructure schemes is the “book cost” estimated by the AKRSP. AKRSP staff have routinely noted that the hours of village labor and quantities of local materials provided by the village organization usually amount to a value well above that formalized in the agreement—typically double the estimate. Moreover, AKRSP

staff say the grant amounts to not more than a third of the public sector funds needed for construction by contractors of similar works and in the absence of a participatory approach, the siting, quality of construction, and sustainability of public works has often proved to be problematic in the Northern Areas.

12. The common view has been that wheat production has no comparative advantage in the NAC. However, the issue is complex. Apart from the fact that there is a modest quality difference with wheat grain to some consumers (not so modest in some cases—in Teru, because of both the quality of a high-altitude Tibetan variety and transport, the price was substantially above the subsidized price of wheat from down-country). Wheat is also a fodder crop. About two-thirds of livestock nutrients come from cereal straw. The yield of fodder from a local variety of wheat can be more than twice that from an improved variety. Moreover, winter wheat can substantially increase fodder production if uncontrolled livestock grazing can be managed. And increasingly, seasonal labor requirements will be a factor, as will competing demand for more high-value crops. It is therefore not so obvious in a systems context what would happen to wheat production if imported wheat were not subsidized. This is an issue warranting some farm management research that incorporates risk.

13. In 1997, the constituents of farm incomes were as follows: crops/vegetables, 34 percent; fruit, 12 percent; forestry, 14 percent; and livestock, 40 percent.

14. These include linkages between such things as altitude, slope/radiation, sunlight hours, soils (old versus new), water source (including glacial water temperature), market distance, end of season (crunch) period of harvest/grazing animal return/early snowfall, boundary wall animal control (winter wheat not being commonly sown because of livestock damage, yet yielding huge fodder gains over spring planting), and seasonal prices (especially including fodder prices).

15. For example, why is there a very weak relationship between price and quality in livestock? Is this why forage is often sold? Is the introduction of improved animals changing this?

16. These are areas of dry, rocky rangeland extending up to the high mountain pastures above the irrigation channels. The area is a high-altitude desert with limited forage growth from direct rainfall. But there is a summer flush watered by glacier and snow melt providing seasonal pasture—the source of most of the annual livestock weight gain.

17. In 1999, the AKRSP embarked on a three-year international collaborative research project, funded by the European Economic Community and involving seven national and multinational institutions. It was spearheaded by a team from the Macaulay Land Use Research Institute (MLURI) in Aberdeen, U.K. This project offers promise for understanding constraints in a sys-

tematic manner, mapping seasonal availability of livestock feed, considering not only inter- and intra-cropping zone linkages but also spatial aspects of village locations and seasonal use of pastures vis-à-vis stall-feeding during the winter months.

18. Typically, about 20 varieties enter the first year. These are narrowed to about 10 promising selections the next year, and finally to about 6 varieties that are offered to farmers.

19. For maize, PPB should ultimately be targeted at all zones where this crop is grown, as recommended by a consultant study.

20. Noted also by the JRM.

21. Crop damage from silt load in irrigation water is often a problem.

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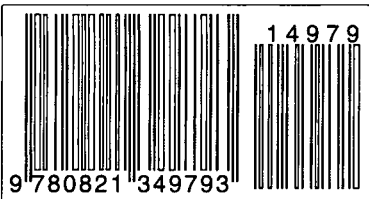


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