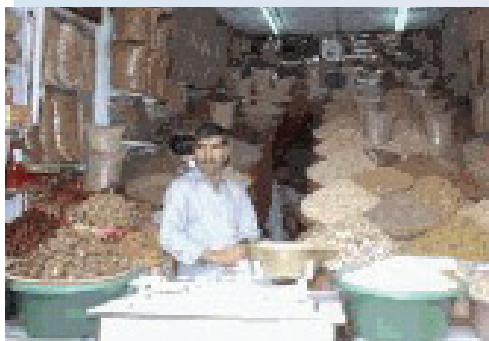


EVALUATION OF DFID COUNTRY PROGRAMMES

COUNTRY STUDY: PAKISTAN

REPORT

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OVERVIEW OF COUNTRY PROGRAMME EVALUATIONS

DFID has a rolling programme of Country Programme Evaluations (CPEs) with 5 or 6 evaluations of countries or regions per year. A synthesis report pulling together findings from 5 recent CPEs is also produced annually. CPEs are challenging evaluations attempting to provide an overview of the entire DFID programme over a 5 year time frame and evaluate whether DFID made appropriate strategic choices in the given context and delivered effectively. CPEs are ideally undertaken in the year prior to development of a new Country Assistance Plan, as they are designed to meet DFID's needs for lessons that can inform future strategy and programming, as well as accountability for funds spent at country level. CPEs are intended for a wide audience including DFID's country office staff and partners, senior DFID managers in the relevant regional divisions and members of the public/ other stakeholders.

Each CPE is managed by DFID's Evaluation Department and carried out by 4-6 independent international consultants with a mixture of evaluation and development skills. The terms of reference for the CPE programme include a generic evaluation framework closely linked to standard evaluation criteria; this is customised a little for each individual evaluation (and annexed to the report). For CPEs, interpretation of each of the evaluation criteria is as follows:

Relevance – CPEs should provide high quality, well evidenced material and judgements on whether 'DFID did the right things'

Effectiveness – CPEs should examine key interventions and partnerships and identify and explain successes and failures

Efficiency – CPEs should tell a narrative around the allocation of resources (financial and staffing) to deliver the results DFID was hoping to achieve

Impact – CPEs cannot produce new information on impacts attributable to DFID, but should consider DFID's contribution to long term outcomes

Sustainability – CPEs should discuss evidence on progress towards sustainability in terms of ownership of reforms, capacity development and resilience to risks.

Typically CPEs comprise a one week inception mission to the country to make contacts, scope the boundaries of the evaluation, customise the generic evaluation matrix and make decisions around issues such as field visits. The main CPE fieldwork then takes place around a month later and lasts up to three weeks. DFID's Evaluation Department provides each evaluation team with a large documentary evidence base comprising strategies, project/ programme information and context material sourced from a thorough search of paper and electronic files, DFID's intranet system and the internet. During the fieldwork the team interview stakeholders in country and current and past DFID staff. A list of people consulted is annexed to each study.

The views expressed in CPE reports are those of the independent authors. The country office can comment on these in a 'management response' within the Evaluation report. CPE reports are quality assured by an independent consultant who has no other involvement in the CPE programme.

DEPARTMENT FOR INTERNATIONAL DEVELOPMENT
Evaluation Report 687

Evaluation of DFID Country Programmes

Country Study: Pakistan

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The evaluation team for this CPE consisted of Nick Chapman (Team Leader), Jon Bennett (Humanitarian issues), Themrise Khan (Education and Social Inclusion), Chris Vickery (Health), Sohail Malik (Economics), Imran Ahmed (Governance). Maria Bernardez provided administrative support, and Corrie Bell additional analysis. Julian Barr was the overall Study Director.

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Full responsibility for the text rests with the authors. In common with all evaluations commissioned by DFID's Evaluation Department, the views contained in the report do not necessarily represent those of DFID or of the people consulted.

Preface

The evaluation of DFID's country programme in Pakistan is one of a series commissioned by DFID's Evaluation Department. The studies are intended to improve performance, contribute to lesson learning and inform the development of future strategy at country level. Collectively the CPEs are important in terms of DFID's corporate accountability and enable wider lessons across the organisation to be identified and shared.

This evaluation was carried out by a team of independent international consultants led by ITAD Ltd. The process was managed by Kerstin Hinds and Karen Kieman of Evaluation Department (EvD). The success of the Evaluation is due to many people and EvD would like to acknowledge the contribution made by the evaluation team itself and thank DPID staff and development partners who engaged with the study.

The evaluation focused on DFID's programme during the period 2002 – March 2007 - a period of mixed fortunes for Pakistan with economic growth contributing to poverty reduction but concerns over governance and corruption and latterly internal political challenges. The evaluation was carried out between August and November 2007. This included a one week inception visit carried out by EvD and Nick Chapman, the ITAD team leader for this CPE, and a three week field visit carried out by the consultancy team.

In accordance with EvD policy, considerable emphasis was placed on involving the country office staff during the evaluation process and on communicating findings. Despite this involvement, the country office does not necessarily agree with all the findings of the CPE; the report reflects the views of the independent consultants, and the DFID office's 'management response' can be found at the end of this report.

EvD is encouraged that DFID Pakistan has been able to use the recommendations of the CPE to inform development of its new country plan. We will be following up on the recommendations to ensure that DFID, in Pakistan and Corporate Divisions, does give them due consideration.

Nick York Head of Evaluation Department

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List of Acronyms

ADB	Asian Development Bank
AJK	Azad Jammu & Kashmir
AKRSP	Aga Khan Rural Support Programme
APPR	Annual Plan and Performance Review
AR	Annual Review
CAP	Country Assistance Plan
CCB	Citizen Community Board
CIDA	Canadian International Development Agency
CPE	Country Programme Evaluation
DDP	Director's Delivery Plan
DEWS	Disease Early Warning System
DFID	Department for International Development
DFIDP	Department for International Development Pakistan
DLFRA	Debt Limitation and Fiscal Responsibility Act
DOTS	Directly Observed Treatment, Short-Term
DPA	Development Partnership Agreement
DTCE	Devolution Trust for Community Empowerment
ERRA	Earthquake Relief and Rehabilitation Agency
ESR	Education Sector Reforms
EVD	Evaluation Department DFID
FCO	Foreign and Commonwealth Office
FY	Financial Year
GDP	Gross Domestic Product
GEP	Gender Equity Project
GoP	Government of Pakistan
HDI	Human Development Index
HPU	Health Policy Unit
I-PRSP	Interim Poverty Reduction Strategy Paper
LGO	Local Government Ordinance
LHW	Lady Health Workers
M&E	Monitoring and Evaluation
MDG	Millennium Development Goal
MMA	Muttahida Majlis-i-Amal
MoF	Ministry of Finance
MoH	Ministry of Health
MoPD	Ministry of Planning and Development
MoPW	Ministry of Population and Welfare
MTBF	Medium Term Budget Framework
MTDF	Medium Term Development Framework
NAB	National Accountability Bureau
NACP	National Aids Control Programme
NACS	National Anti Corruption Strategy
NGO	Non Government Organisation
NHF	National Health Facility
NSPS	National Social Protection Strategy
NWFP	North West Frontier Province
ODA	Official Development Aid

OPR	Out to Purpose Review
PCR	Project Completion Report
PDSSP	Punjab Devolved Social Services Programme
PIFRA	Project for Improvement of Financial Reporting and Accounting
PILDAT	Pakistan Institute for Legislative Development and Transparency
PRBS	Poverty Reduction Budget Support
PRGF	Poverty Reduction Growth Facility
PRMP	Punjab Resource Management Programme
PRS	Poverty Reduction Strategy
PRSC	Poverty Reduction Support Credit
RSP	Rural Support Programme
RSPN	Rural Support Programme Network
RWSSP	Rural Water Supply and Sanitation Project
SAAW	Social Audit on Abuse Against Women
SAP	Social Action Programme
SBS	Sector Budget Support
SDC	Swiss Development Cooperation
SWAps	Sector Wide Approaches
TA	Technical Assistance
TAMA	Technical Assistance Management Agency
TARP	Tax Administration Reform Programme
TC	Technical Cooperation
TOR	Terms of Reference
UNDP	United Nations Development Programme
USAID	United States Agency for International Development
WatSan	Water and Sanitation
WB	World Bank
WP	White Paper
WTO	World Trade Organisation
ADB	Asian Development Bank
AJK	Azad Jammu & Kashmir
AKRSP	Aga Khan Rural Support Programme

Executive Summary

Introduction

S1 This Country Programme Evaluation (CPE) assesses the relevance and effectiveness of DFID's aid to Pakistan over the period March 2002- March 07. The CPE team of five consultants conducted the exercise in October 2007 with interviews in Islamabad and brief visits to Lahore and to Azad Jammu & Kashmir.

S2 It is an unusually complex evaluation, particularly given the challenging governance environment, frequent periods of insecurity, the devolution of the office in early 2005 and the ramifications of the 2005 earthquake. Judgements are constrained by limited field exposure, the confidential nature of DFID's role vis-à-vis the UK's foreign policy in Pakistan, and documentation gaps due to confidentiality issues and more prosaically to DFID's switch from paper to electronic data management systems.

Context

S3 Following the military coup in 1999, the period 1999–2001 was one of political isolation for the Government of Pakistan, with a reduction in donor funding and continuing economic stagnation. Following the September 2001 attacks in the USA, for many countries there was a strongly renewed sense of Pakistan's geo-strategic importance and this led to much-increased diplomatic contacts and, from some countries, increased assistance. Economic performance increased sharply.

S4 Although yet to be seen as a champion of Pakistan's poor, the current government has delivered economic growth that has contributed to poverty reduction. Economic growth has remained over 6% since 2003/04 while annual per capita GDP has risen from US\$503 to US\$847 between 2001/02 to 2005/06. The boom, which was partly induced by low interest rates and strong Government spending, has nevertheless resulted in rising inflation and a growing trade deficit. Fiscal stability faces serious challenges from poor tax administration and a narrow tax base.

S5 Social spending has increased and decentralisation has helped to move the state's institutions closer to the ground, with constitutional protection for local assemblies and women's representation. Nevertheless, weak governance and corruption remain a concern, and Pakistan is ranked 142nd out of 163 countries by Transparency International with India, Nepal and Sri Lanka all ranked higher. In the last year, internal political, judicial and security challenges, have been issues of deep international concern. The social context has a major impact on development, including a dominant landed elite, deeply embedded gender inequalities, fragmentation into different tribal and ethnic groups. Nonetheless, Pakistan's Medium Term Development Strategy does focus on trying to address these development challenges.

S6 In 2000 an interim Poverty Reduction Strategy Paper (I-PRSP) was developed, leading to a full PRSP in 2003. With about a third of the population being below the poverty line, the Government based its PRSP around 4 pillars: (1) accelerating economic growth while maintaining macroeconomic stability; (2) improving governance; (3) investing in human capital; and (4) targeting the poor and the vulnerable. The Government has continued to develop its PRSP agenda and this is now embodied in a five-year Medium Term Development Framework 2005–2010.

S7 According to UNDP, 17% of the Pakistan's 160m population live on less than US\$1 a day. According to the Government's 2004/05 official statistics, headcount poverty levels (which peaked in 2000/01) have shown an improvement by 10%¹, however this still only reflects a return to poverty levels seen in the late 1990s. If the trend is correct and if it continues, Pakistan should reach the MDG target of halving the income poverty headcount by 2015. Health and education MDGs are generally at risk or off-track, particularly those related to universal primary education and child and maternal health. Disease incidence shows mixed results and water and sanitation indicators are on track.

S8 External assistance and associated debt has played an important role in the economic development of Pakistan. Total Official Development Assistance (ODA) disbursements were \$1.6 billion in 2005, a figure which excludes donations from other important sources such as the Arab States and China. Nevertheless ODA represents just 2.9% of GDP and 20% of total development expenditure. Total external debt is high and in 2006/07 stood at US\$42 billion. Debt as a percentage of GDP has however declined from 51.7% in 2000 to 33.1% by 2005. The UK has been the fifth-largest donor over the period, and its volume of aid has grown from £43m to £101 m between 2001/02 and 2006/07.

S9 In January 2005, DFID devolved responsibility for its Pakistan programme fully to the country office, and simultaneously launched the current Country Assistance Plan (CAP). Under this Plan, DFID has an aid framework of £236m for Pakistan over the three-year period 2005–2007. In November 2006, a ten-year Development Partnership Arrangement was signed and the UK announced a doubling of aid to £480m for the period 2008–2011.

Relevance

S10 DFID's strategies were well-aligned to national poverty strategies and were built on strong analysis, but they were not well prioritised, gave little rationale for the emphasis on budget support, provided insufficient guidance on how to incorporate security concerns or work with other UK Government departments, and offered minimal attention to environmental issues or disaster risk reduction.

¹ DFIDP's view is that it improved by between 10% and 5% depending on the methodology used.

S11 DFID's strategy in Pakistan is captured in two documents, the APPR (written in 2001 but de facto guiding the programme from 2002–04) and the CAP (2005–07). The APPR was well-aligned to the I-PRSP except for its social sector bias, however the focus on two provinces was not necessarily well founded. In contrast, the CAP, though well aligned and built on strong analysis, was not well prioritised. It was clear on health priorities but gave no attention to education despite that sector's importance in poverty alleviation, and was overambitious on governance. Furthermore, both DFID strategies paid insufficient attention to how DFID should address growing security concerns, how it should engage with other UK Government departments, and the implementation challenges that would arise in delivering a rapidly expanding aid framework in a high risk environment.

S12 Of the risks that were assessed, good attention was paid to political and fiduciary risk - an understandable bias given the increasing importance of budget support in the DFIDP programme. On the other hand, disaster risk reduction was not emphasised, which was surprising given Pakistan's known vulnerability to weather and tectonic shocks.

S13 Budget support comprised 55% of DFIDP total expenditure of £380m over 2002-07, with general budget support 32%. In terms of sectors, health has dominated with 30% of all expenditure. The programme spend grew strongly between 2001/02 and 2003/04, but there was a sharp dip in disbursement in 2004/05 during the office devolution and the preparation of a new CAP. Support for earthquake relief and recovery comprised £53m in humanitarian relief and £2m in immediate technical support to the Earthquake Relief and Rehabilitation Agency (ERRA). A subsequent commitment of £70 million was made, including £35m in budget support to ERRA. While expenditure has risen, the number of programme lines has been streamlined from over 60 to under 40 interventions.

S14 There is little discussion in the strategy documents on the rationale for budget support, which is an important omission given the scale of resources. The move to budget support appears to have occurred on the basis of close alignment with new corporate policy on aid instruments, on the pressures to scale-up the aid framework, and the need to provide substantial support to the poverty reduction programme of a key ally in the region. Budget support to ERRA also aimed to enhance Government ownership and build partnership, but given that the purpose of the intervention was to enable rapid reconstruction and rehabilitation, the choice of instrument was less appropriate than a conventional mix of NGO, multilateral and TA support that would ensure more rapid disbursement and more accountability.

S15 DFIDP's approach to partners has been increasingly focused on Government and the larger donors, at the expense of maintaining links with bilateral donors, non-government actors and the private sector. Government channels receive the majority of its funding, whether budget support or project and technical assistance. Indeed the proportion of expenditure to Government related activities is estimated to have risen from 50% to over 90% over the review period. This imbalance does not reflect the strategic breadth of the CAP, and has led to missed opportunities both in building on earlier

effective poverty reduction work through non-government channels and on enhancing the civil society challenge function.

S16 DFIDP has had a strong approach to mainstreaming gender and social exclusion, and has promoted devolution through important joint analysis, building relationships with two target provinces, and embarking on devolved social service delivery programmes. Yet its strategy appears somewhat mixed as there has been a continuing strong engagement with Federal Government. DFIDP's engagement with the environmental agenda has declined from the past when livelihoods and rural development were leading areas, however support for the urban environment and for water and sanitation has been maintained.

S17 At country programme level, DFIDP's focus on results has not been strong until improvements were made from 2006, while individual projects have generally good results frameworks. The increasing reliance on budget support has meant a growing reliance on Government statistics to assess trends in expenditure and poverty outcomes. DFID has recognised the need to strengthen the statistical basis underlying the measurement of outcomes.

Effectiveness

S18 77% of projects in the portfolio over the period 2002–2007 are likely to achieve most or all of their objectives (1 or 2 on DFID's five point performance scale). The sector with the best ratings weighted by funds committed was health where 97% of commitment was rated 1 or 2. By contrast, the challenge of tackling governance is evident from the fact that this sector has higher risk ratings and lower performance scores compared to other sectors. The earthquake response, particularly the relief phase, has shown a strong performance and overall the DFIDP/CHASE projects were well selected and executed.

S19 In terms of **efficiency**, the process of office devolution was drawn out and beset by security concerns but ultimately successful. Disbursement was reduced dramatically as new management faced staffing and office establishment difficulties. Staffing recruitment was a challenge in 2005 and turnover has also been high. Overall administration costs versus programme spend are low compared to other DFID offices in the region. The move to larger interventions and difficulties with partnerships has affected speed of approval for DFIDP interventions.

S20 A key aim of DFIDP support to the GoP was to see GoP pro-poor spending increase. PRSP expenditure has increased by 37% versus a target of 16.5%, but given that the size of the increase is much larger than DFIDP's PRBS, and that GoP legislation has mandated such a change, attribution to DFIDP support is not clear. Though growing budget support has brought DFIDP recognition and some influence, there is little evidence that general budget support has made the Government move any faster on the poverty agenda than it otherwise would have done. Health sub-sector budget support on the other hand shows strong and attributable results, while technical cooperation has been effective.

S21 DFIDP's support in the area of **income growth** has had mixed success, with good results in microfinance and earlier with livelihoods. Continuation of livelihood initiatives through the Rural Support Programme (RSP) Network has been strategic but by terminating direct support to the individual RSPs DFIDP has to some extent lost exposure to field reality. Important public sector reforms have been tackled in tax and budget management but success has been slow and targets overambitious.

S22 In **basic services**, health support has had significant benefits both on key primary health indicators and on policy. Health sector budget allocation and disbursement has improved, rising from £233m in 2002/03 to £400m in 2006/07, although it should be noted that the health budget consistently accounts for less than 0.75% of GDP, compared to the PRSP target (0.92% of GDP). DFIDP's health sub-sector budget support has had marked influence in several areas including on TB control and detection, on developing TB and HIV/AIDS strategic plans, and increasing the coverage of the Lady Health-Worker programme with more integration of family planning. Education studies have been informative, but support for improved school services has not been taken forward from the steps achieved in earlier provincial projects. Further engagement in North West Frontier Province was sought but due to both advisory and administrative staff gaps, proposals were pursued that fell outside agreed UK Government policies. Progress faltered and this led to reputation damage given that substantial commitments had (without approval) been made.

S23 DFIDP's work on **accountability** has had mixed success, with less progress on corruption and justice reforms, but good support to electoral processes, and growing results in devolution initiatives – though these have suffered from delays. Valuable initiatives in devolution and social protection (including policy work, analytical studies and city district reforms) are widely appreciated but have yet to be replicated. There are tremendous challenges to improving the governance environment in Pakistan. While DFIDP has found it hard to make any widespread or systemic impact, particularly in anti-corruption, media or justice, there have been notable achievements in a number of areas. These include improvements in community mobilisation, service delivery in health and water, city administration, consumer protection and parliamentary support.

S24 In terms of its contribution to **aid effectiveness**, DFIDP's flexibility and the increasing predictability of its budget support, have made it a "role model" and though relatively small, such support has bought DFIDP a seat in debates on economic management and poverty reduction. The newer budget support instruments (PRBS and the pending DPA) may be seen as less valuable in terms of influencing as the Government has now established a PRSP and a legal basis for increasing pro-poor spending, and DFIDP funds would not necessarily make the Government move faster. There could be a case for more targeted sector budget support or even stand alone DFIDP programmes since the challenge is not just to increase pro-poor spend but make the quality and use of funds more effective in key sectors.

S25 In its engagement with other arms of the UK Government, DFIDP has worked to retain its focus on poverty and has contributed to relevant analysis. In the face of growing pressure from the highest levels of UK Government for DFIDP to play a supportive role in areas related to ‘counter-radicalisation’ it has increasingly worked to be an effective joint partner in the UK mission to Pakistan.

S26 While poverty reduction shows significant improvement based on official figures, there are issues around the accuracy of the estimates. DFIDP, while recognising the problem, needs to do more to address the issue, especially as such measures form the basis for establishing DFID’s own success. Specific and positive impacts have been estimated for DFIDPs’ health programmes, such as child mortality and birth attendance figures, contraceptive use and disease incidence and detection.

S27 Despite the difficulties of working in a poorly coordinated aid environment, DFIDP can take credit for improving aid effectiveness in four areas: donor harmonization, public expenditure management, health and earthquake reconstruction.

Lessons

S28 For DFID Pakistan:

- DFIDP has used successful interventions to leverage wider impact (for example with microfinance work – under Kashf and the Rural Support Programmes), although such steps were overlooked with others (such as the Faisalabad Devolution Support Project which has not yet been pursued by Government as a replicable model, and the Pakistan Trade Policy Project which DFID chose not to pursue despite interest from Government).
- The growing pressure from other UK Government Departments to provide briefings and adjust the programme to fit with a wider UK policy agenda, has been time consuming for DFIDP management. Provision of more experienced staff in a timely way plus appropriate corporate-level training for management could have alleviated this.
- Several reform-based interventions were set overambitious targets that then led to low performance scores during implementation. Designs were needed that had more realistic objectives, based on stronger political and economic analysis, and factored in time and resources to manage the change associated with fundamental reforms in large bureaucracies where incentives are otherwise weak.
- Taking risks in new areas such as with small-scale microfinance to women has paid off as a result of flexible but long-term support and strong advisory engagement.
- Experience in the health sector shows that institutional appraisal of potential partners is important and should be thorough, however expedient and conveniently placed the partner may appear.

- Culling projects and proposals in order to aggressively streamline a programme can lead to reduced development impact on important areas such as gender and social exclusion, to the loss of valuable experience and lessons, as well as to staff turnover and disappointment.
- DFIDP built a solid reputation for high quality studies and could have played a greater role as a 'knowledge actor' on development issues; but this potential was not fulfilled through a combination of portfolio streamlining, advisory staff turnover, and problems with DFID's information management systems.
- By acting quickly and at an appropriate scale with post-earthquake emergency funding, DFIDP assured its place at the table of the largest bilateral donors and had influence over the coordination of the response, as well as the building of an appropriate national institution to meet recovery needs.
- Although it was a protracted emergency, DFIDP chose to relinquish a project-based portfolio in favour of on-budget support for a centralised national body (ERRA), though retaining £14 million for technical support. The question is whether this decision was wise, especially given the significant under-expenditure of ERRA in the first year, reflecting an over-ambitious assessment of its own capacity. The result of ERRA's under-expenditure, slow institutional scale-up and top-down managerial culture has been some major gaps in assistance towards the affected population. However in taking responsibility for funding the less visible and more challenging areas of institutional capacity building, DFIDP may in future achieve 'downstream' benefits to the whole aid community as well to the Government.

S29 For DFID globally:

- Where DFID is providing a large share of aid to budget support on the basis of achieving agreed poverty outcomes, it needs to focus on strengthening the Government's ability to assess outcomes, and to this end manage statistical risk as critically as it does other kinds of risk.
- Where DFID provides increasingly large amounts of grant based budget support, care should be taken, particularly in the absence of a joint aid framework, to mitigate the potential for adverse relations with 'competitors' such as the development banks who also provide budget support but on a less attractive loan-basis. Greater use of 'blended' or other co-funding approaches, where grant and loan funds are offered in a joint package, may be one way to ameliorate this problem.
- In large, non-aid dependent economies, evidence of policy shift is more easily attributed to DFID where sub-sector budget support is used rather than sector or general budget support.
- Devolving a country office in a context of insecurity and a difficult working environment requires detailed planning and resources, and is made more difficult if other processes such as formulation of a CAP are also undertaken at the same time.

- Having a CAP written by one team, to be then implemented by a new team and head of office with little prior engagement or handover can cause problems of ownership and continuity.
- Devolving authority to a country office has real benefits in terms of achieving a more efficient operation with low overheads as well as building stronger local relationships.
- Approval processes for large complex programmes can cause long delays and should be streamlined so as to make them faster, and DFID should develop the capacity to be able to accurately predict to Government and other partners the timescale for the approval process.
- DFID's overseas staff posting system can fail to deliver needed senior expertise in crucial sectors for an extended period, such as in the case of education and governance in Pakistan. This undermines DFID's ability to provide an adequate response to areas that DFID itself identifies as being major causes of poverty and where DFID has a stated intention to intervene.
- DFID's corporate drive to deliver 'more with less' and as a consequence aggressive programme streamlining can lead to an unbalanced programme with a strong pro-Government bias, to missed opportunities for widening poverty impact through non-government channels, and to operational inefficiencies through staff turnover.

Recommendations

S30 For DFID in Pakistan:

- M&E capacity needs to be at the centre of DFIDP's programme in Pakistan, both to strengthen GoP's own poverty measurement and also to assess better the progress of its own programmes and of the overall reform programme that it seeks to support.
- DFIDP needs to factor in adequate time and resources at the design phase to manage the institutional changes resulting from its interventions and to set appropriate targets.
- While DFIDP has successfully engaged on a number of major co-financing programmes, it needs to be aware of and proactively manage the potential friction with multilateral donor partners that may arise as the size of DFIDP's budget support increases. This might involve using different forms of co-funding, such as the 'blended' approach successfully followed in China.
- DFIDP should help ensure a viable handover strategy for ERRA so that disaster risk reduction is embedded in an active national body and not re-invented every time an emergency occurs. Consideration should be given to using a majority of the outstanding £21m for sectoral and/or province-level projects implemented by UN or NGOs within the broad framework of the National Action Plan.

- The new CAP should include an adequate assessment of natural disasters as well as suitable mitigation measures. Disaster risk reduction interventions should be a significant element of the new programme and should include community-based initiatives as well as the building of national institutions.
- DFIDP needs to develop a prioritised and focused agenda for crosscutting themes such as governance and social development, instead of allowing them to remain ad hoc. Support for devolution should continue to form a key plank of DFIDP's approach focusing on improved communications and partnership working to ensure timely delivery.
- DFIDP should exploit opportunities for greater policy influence through building on its role as a knowledge actor. This will require well targeted studies and analysis, wider engagement with research and advocacy agencies and better use of DFID's information management systems.
- In developing its education strategy for the next CAP, DFIDP should link its education support to larger Government programmes such as the Education Sector Reforms but also build partnerships on the quality assurance side.
- In health, there is a sound basis for extending the NHF into a further phase with (i) a more developed province-level strategy; (ii) quality TA support perhaps channelled through the recently-contracted MNH TA agency; and (iii) the Health Policy Unit should be resuscitated and re-designed.
- Given that DFID funds will continue to form a very small portion of the GoP overall budget and in the context of a non-aid dependent economy, the foreseen substantial increase in DFIDP spending should where budget support is concerned be limited to sub-sector rather than to sector or general budget support, since this approach has been shown to be the most likely to improve policy influence and attribution to key poverty impacts.

S31 For DFID globally:

- DFID, perhaps in accord with other partners, should consider instituting a statistical risk assessment system besides fiduciary and others assessments. This would aim to analyse and certify or rate the quality of statistical systems particularly relating to poverty measurement in partner countries where DFIDP works, especially where budget support is the main aid instrument.
- Problems with document management through QUEST need to be urgently addressed, these appear to encompass technical issues, particularly speeding up the system to make it easier for staff in country to use as a routine tool, and more fundamental issues around file structure. Solving these problems would improve internal efficiency as

well as facilitating external evaluations, which now struggle to obtain a full set of documents from early 2005 onwards.

- DFID has to be more aware of the wider political/security context of its interventions and influencing work. Where DFID has high level access to the host government through its often large central funding, this provides a platform that needs to be both managed well and where appropriate shared across Whitehall. Where a development intervention is also contributing to security agendas, this should be made explicit where possible. For example, submissions, PCNs, and reviews could have a section that addresses how an intervention may deliver on or have secondary benefits for a wider agenda, and as such may require indicators that reflect the more indirect or non-developmental results.
- DFID's overseas staff posting system needs to find ways to deliver the right expertise more speedily in order to address gaps in crucial sectors, particularly where DFID sees itself playing a strategic role. This might include special incentives for quick transfer to hard to fill posts, using experienced consultants to gap-fill and engaging local staff with advisor potential as well as the ability to undertake ad hoc recruitment drives when needed.
- In situations where DFID is establishing devolved country offices in high profile and insecure environments, DFID needs to provide adequate planning to ensure that the team on the ground operates as effectively as possible from the start. In particular management should avoid situations where all international staff change at once.

1. Introduction and Methods

1.1 Against a background of a substantial increase in resources and a focus on poverty reduction and achievement of the Millennium Development Goals (MDGs), DFID has adopted a policy of decentralisation in order to achieve greater relevance, responsiveness and impact for its aid resources. DFID's office in Pakistan has, since 2005, been able to design and implement programmes of development assistance with increasing delegated authority, while at the same time efficiency drives have reduced staff resources. Country teams have therefore had to deliver 'more with less'. DFID also finds itself increasingly operating in fragile environments with uncertain political conditions. Given the opportunities and challenges that these factors place on DFID, there is considerable interest in assessing the effectiveness of the aid budget and in learning lessons to improve delivery performance and impact.

1.2 The Evaluation Department of DFID (EvD) has contracted the companies ITAD and Verulam to undertake a series of Country Programme Evaluations (CPEs) in 2007 with the aim of assessing the relevance, efficiency, effectiveness and impact of DFID assistance at country level. Each CPE takes a five-year perspective; and in the case of Pakistan, the focus is from April 2002 to March 2007. The Pakistan CPE looks at development performance within the context of a major environmental disaster, amidst growing UK concerns over security issues and regional conflict, and over a period when the programme was first run from London and then devolved to a new country office.

1.3 **Methodology:** The CPE exercise, which is characterised as a 'light-touch evaluation', was conducted in three stages (see Terms for Reference (TOR) in **Annex A**). An initial one-week country visit was made in August 2007 to plan the evaluation, to collect documentation, to conduct initial interviews and to adjust the evaluation approach to issues raised by interlocutors. An inception note was issued to summarise the work at this point. For the second stage, a three-week field visit by a team of six independent consultants took place in September 2007. The third stage of the CPE was the drafting of the main report, followed by circulation for comment and report finalisation.

1.4 Given the scope of the study and the timeframe, the fieldwork concentrated on gathering evidence from a large volume of documentation and a range of stakeholders, including DFID country staff (past and present), donors, Non Government Organisations (NGOs), consultants and Government staff. Brief field trips to Punjab and Azad Jammu & Kashmir (AJK) exposed the team to local conditions and partners. A list of persons consulted is given in **Annex B** and of documents in **Annex C**. The exercise was guided by a matrix of pertinent questions (presented in **Annex D**). Preliminary feedback was given by the CPE team to the country office before departure.

1.5 **Limitations:** the Pakistan CPE is a complex evaluation given the political events, the earthquake and the devolution of the office in the period

being assessed. The timeline of events (**Annex E**) provides an outline of the environment in which DFID operated. The CPE approach is also constrained in several other ways. Firstly, access to documentation was limited for the period from 2005 onwards, due to gaps in DFID's document storage systems². As such, the written evidence available for this study has been more restricted. Given the sensitivities surrounding the UK Government's engagement with Pakistan, some documentation was graded confidential or higher and therefore could not be quoted or accessed by the CPE team, and this has placed limits on the team's ability to explain or to appreciate the background to certain programme decisions. Secondly, with the exception of AJK, no projects or programmes were visited in the field and no primary data collection or commissioned studies were undertaken. Thirdly, the evaluation is timed to fit in with the end of CAP cycle, with interventions at different stages of implementation. Hence, for some programmes, the CPE can only provide a snapshot assessment. The limited extent to which the team has been able independently to verify the evidence needs to be borne in mind when reading the report.

1.6 Report Structure: the CPE report is structured as follows: **Chapter 2** describes the country context in Pakistan, the level of development assistance and DFID's own history of assistance since 2001. **Chapter 3** then looks at DFID's strategy over the period, including its relevance, its alignment with corporate policy and with Government and other partners, how risk was assessed, and how it expected to use the resources available. This leads to a review of the programme's effectiveness in **Chapter 4**, where the results achieved by different projects and through different instruments are examined. In so far as documented evidence is available or the views of informants can be triangulated, the contribution of these different interventions to broader strategy objectives and key policy themes are also addressed. **Chapter 5** places the results of DFID's support in the context of Pakistan's overall development progress for the period under review. In **Chapter 6**, conclusions are drawn regarding DFID's strengths and weaknesses, and a set of lessons and recommendations are presented that may guide future assistance in Pakistan and be of use for DFID globally. A final **Chapter 7** is a Management Response provided by DFID Pakistan which discusses any areas where they agree or disagree with the independent country programme evaluation.

² QUEST was introduced in 2005 and has yet to prove an efficient tool for the retrieval of documents, as was originally intended. As paper files are replaced by electronic storage, the importance of a working QUEST system is vital for evaluative work such as this, especially as it enables a better understanding about how DFID staff have taken decisions.

2. Context

2.1 This section presents an overview of the situation in Pakistan during the period of the evaluation in order to provide the context for DFID's assistance. It also describes the pattern of development and emergency aid provided to Pakistan from 2002 to 2007, and summarises DFID's support within that overall picture.

Political context

2.2 The division between East and West Pakistan, the Kashmir conflict, and insecurity at the western border have all had a profound impact on the character of the Pakistani state and its political system. Threats to Pakistan's territorial integrity have made national security a paramount issue, and the military has ruled Pakistan for over half of its history. The army has been seen by some commentators as 'a state within a state' and its power as pervasive in the political and increasingly in the economic sphere³.

2.3 Internationally, following the military coup in 1999, the period 1999-2001 was one of relative political isolation for the Government, with a reduction in donor funding and continuing economic stagnation in the country. Following the September 2001 attacks in the USA this changed dramatically: for many countries there was a strongly renewed sense of Pakistan's geo-strategic importance and this led to much-increased diplomatic contacts and, from some countries, increased assistance. Economic performance increased sharply.

2.4 With the leaders of the three most popular political parties in exile (two voluntarily), general elections were held in 2002. The Military Government consolidated its hold on power; even though religious political parties were able to form a Provincial Government in North West Frontier Province (NWFP) and to be part of a coalition Government in Baluchistan, while Punjab remained solidly behind the alliances created by the President.

2.5 Although he has yet to be seen as a champion of Pakistan's poor, President Musharraf's handling of the economy may now be contributing to the reduction of poverty. Under his rule, social spending has increased and the regime has helped to move the state's institutions closer to the ground via decentralisation. While the top echelons of Government have invested in keeping Pakistan secure and growing the economy, some observers argue that there are few incentives for them to bring about pro-poor change, improved governance and democracy in Pakistan.

2.6 Despite the stability of a military government over the period, the internal political, judicial and security challenges, have been issues of deep international concern. The social context has a major impact on development, including a dominant landed elite, deeply embedded gender inequalities, fragmentation into different tribal and ethnic groups. There is a long history of growth without development in Pakistan. Nonetheless, Pakistan's Medium

³ Military Inc. Inside Pakistan's Military Economy, A. Siddiq, Pluto Press, 2007.

Term Development Strategy does focus on addressing these development challenges.

2.7 Public attitudes toward political processes and service delivery reveal deep distrust and low expectations. Voter turnout in Pakistan, for instance, is among the lowest in the world. Since independence, turn out for parliamentary elections has averaged 45%, by far the lowest rate in Asia. Citizens have little faith in public services. In a 2002 survey of 57,000 people in all of Pakistan's districts, less than one quarter of all households stated that they 'would contact the police for a problem of personal safety or a threat to property'. In these circumstances, people are more likely to turn to informal systems of adjudication and service delivery even if they are administered by and favour local elites.

2.8 Corruption is a concern in Pakistan (see Box 1). One of President Musharraf's earliest efforts to rid Pakistan of endemic corruption was the introduction of a devolved political apparatus, with the passing of the Local Governance Ordinance (LGO) in 2001. District-level elections were held in 2002 and 2006. However, lack of transparency and alleged manipulation by Government loyalists within the Provincial and National Assemblies meant that District Governments are seen as dominated by the party in power in Islamabad. A timeline of key political events in Pakistan from 2002 to 2007 in Annex E.

Box 1. Indicators on Governance and Corruption in Pakistan

- In the 1990s, Pakistan's score on Transparency International's **Corruption Perceptions Index** was 1.9, but improved to 2.6 by 2002. After the elections of 2002, Pakistan's score began to slide again, settling at 2.2 in 2006. Pakistan is ranked 142nd out of 163 countries. India, Nepal and Sri Lanka all ranked higher than Pakistan.
- The indicator concerning the control of corruption in the **World Governance Indicators** gives Pakistan's percentile ranking as 16%. Pakistan's South Asian neighbors India and Sri Lanka fared significantly better at close to the 47th percentile in the rankings.
- The 2006 **Global Integrity Report** gives Pakistan an overall score of 69, which places it in the "weak" category of nations with respect to government accountability and rule of law.
- The World Bank's **IDA Resource Allocation Index** awarded Pakistan scores of 4.5 for macro-economic management, 3.5 for fiscal policy and 4.5 for debt policy (with 6.0 being excellent). Pakistan equals or betters its South Asian neighbours.

Economic Context

2.9 Despite intense regional insecurity, there has been continuity and stability in Pakistan's internal political and economic trajectory since 2002. Pakistan's ranking in the Human Development Index (HDI) has improved from 142 in 2004 to 134 among the countries of the world in 2006. Economic growth has remained over 6% since 2003-04, with a Gross Domestic Product (GDP) growth rate of 8.6% in 2004-05, one of the highest in Pakistan's sixty

year history. A World Bank study of growth in Pakistan found that 80% of the increase in growth rates since 2001 was attributable to improvements in the investment climate and particularly public infrastructure, plus improving governance and trade openness⁴. This growth momentum has resulted in the annual per capita GDP of Pakistanis rising from US\$503 in 2001-02 to US\$847 in 2005-06. With per capita GDP set to be over US\$900 in 2007, Pakistan's economic status is now more akin to a middle income country than the low income profile it had six years ago.

2.10 These figures are not however without some important qualifications. The boom which was partly induced by low interest rates and strong Government spending has resulted in rising inflation (from 4% to 8% over the period) and a rapidly growing trade deficit that threaten future growth. Fiscal stability faces serious challenges from poor tax administration and a narrow tax base (1.5m payers of income tax in a nation of 160m). In general, social and poverty-related expenditures have been raised from 3.8% in 2001/02 to 5.6% of GDP in 2005-06⁵. Public Sector Expenditure on education as a percentage of GDP increased from 1.5% in 2000-01 to 1.8% in 2005-06⁶. In the same period, total public sector expenditure on health as a percentage of GDP improved from 0.45% to 0.51%⁷. Despite these increases, there are more mixed results at *tehsil* or village council level: in NWFP and Punjab no increase took place in resource flows in real terms while in Sindh transfers were 50% higher to Local Government. Regionally, too, per capita expenditures for key sectors such as agriculture, health and education remain well below those of Pakistan's neighbours⁸.

2.11 In 2000 an interim Poverty Reduction Strategy Paper (I-PRSP) was developed, leading to a full PRSP in 2003. With about a third of the population being below the poverty line, the Government based its PRSP around 4 pillars: (1) accelerating economic growth while maintaining macroeconomic stability; (2) improving governance; (3) investing in human capital; and (4) targeting the poor and the vulnerable. This included structural reforms to improve macroeconomic management, the privatisation of publicly-owned firms, stability in the financial sector, de-regulation and improvements in the business environment. The Government has continued to develop and refine its programme for implementing the PRSP agenda and this is now embodied in the five-year Medium Term Development Framework 2005-2010 (MTDF).

Progress towards the Millennium Development Goals (MDGs)

2.12 Pakistan's population of almost 160 million makes it the sixth most populous country in the world. According to UNDP's 2006 Human

⁴ 'Pakistan – Growth and Export Competitiveness' (World Bank 2006)

⁵ PRSP, Annual Progress Report, 2005-06, GoP.

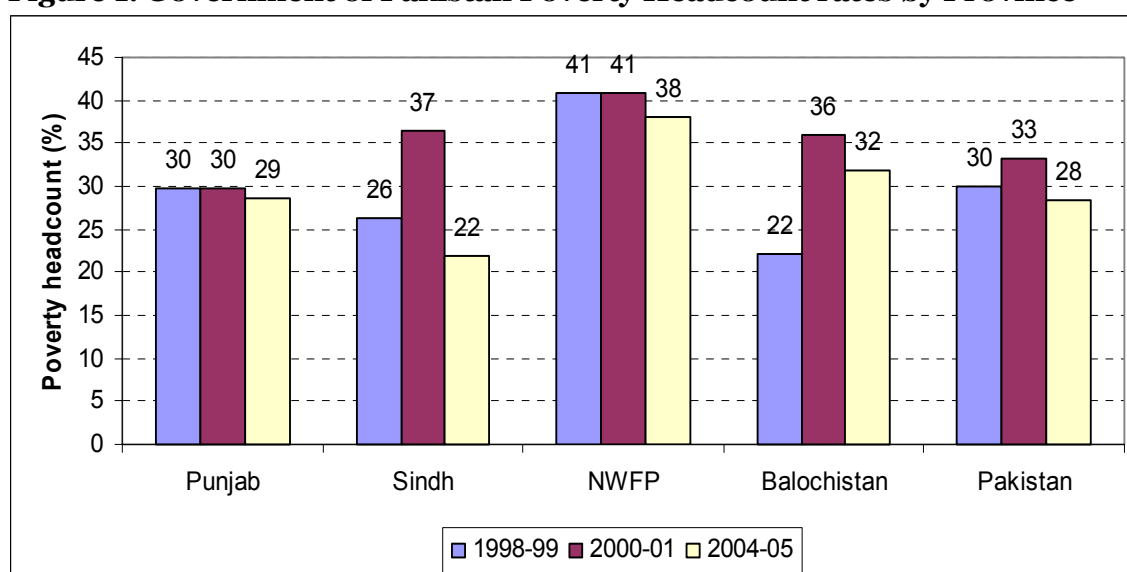
⁶ *ibid.*

⁷ *ibid.*

⁸ World Bank, Pakistan, Promoting Rural Growth and Poverty Reduction, April 2007

Development Report⁹, 17% of the population live on less than US\$1 a day. Income poverty increased during the 1990s, but has decreased rapidly recently. If this recent trend can be sustained, Pakistan will reach the MDG target of halving the income poverty headcount by 2015. Despite some debate on how headcount poverty levels are measured (see Chapter 5), the levels measured by the Government of Pakistan (GoP) for 2004-05 show a return to levels of the late 1990s¹⁰. Regional variations though are still of concern with NWFP and Baluchistan being much above national averages (see Figure 1); and poverty levels are 28% in rural areas, compared to 15% in urban areas¹¹. Moreover, the gap between the richest twenty percent of the population and the poorest has widened, with the ratio of the highest quintile to the lowest rising from 3.76 in 2000-01 to 4.15 in 2004-05¹².

Figure 1. Government of Pakistan Poverty Headcount rates by Province¹³



2.13 The MDGs in relation to environmental sustainability are on track. Pakistan is still likely to halve the population without access to improved water and sanitation by 2015. In 2004/05, 66% had access to a tap or hand water pump and 54% had access to a flush toilet.

2.14 Mixed MDG results are recorded for gender equality. Progress has been made since 1990. For instance, the ratio of female to male primary enrolment rates increased from under 0.68 in 1990 to 0.82 in 2004/05. But female literacy rates are particularly low. Just over a third of adult females are literate, compared to nearly two thirds of adult men.

⁹ UNDP Human Development Report, 2006, cited in IRIN Humanitarian Country Profile, <http://www.irinnews.org>

¹⁰ DFID Pakistan, 'Reducing Poverty in Pakistan through Economic Growth', April 2007

¹¹ GoP, Annual Pakistan Economic Survey, 2006

¹² GoP, Annual Pakistan Economic Survey, 2006

¹³ Source: World Bank <http://siteresources.worldbank.org/INTSAREGTOPPOVRED/1337567-1152551765388/20987772/PovertyHCR2000-2005.pdf>

2.15 MDGs in relation to achieving universal education are off-track. More than 50 percent of the country's population is literate, and primary school enrolment rates have improved recently. There are now 3 million more children in primary school compared to 2001. But with 54% of 5-9 year olds in primary school (up from 42% in 2001), this is still low compared to South Asia as a whole, where net primary enrolment is 88%¹⁴.

2.16 Despite some steady progress, MDGs in relation to reducing child mortality and improving maternal health are off-track. Infant mortality (per 1,000 live births) has decreased from 120 in 1970 to 80 in 2004, but it is still higher than some neighbouring countries in the region (Bangladesh 56, Nepal 59, India 62).

2.17 There is mixed progress in reaching MDG targets to combat HIV/AIDS, malaria and TB. HIV/AIDS prevalence is currently low among the general population, but is increasing in high-risk groups. WHO and UNAIDS categorise Pakistan as a high-risk country for the spread of HIV/AIDS. Conservative estimates suggest there are around half a million malaria cases every year, but the coverage of malaria prevention measures is increasing slowly. TB incidence is the 7th highest in the world but case detection and treatment rates have improved. Annex I contains details on the most recent MDGs in Pakistan.

2.18 The earthquake on October 8, 2005 left widespread destruction in its wake, killing at least 73,000 people, severely injuring another 70,000 and leaving 2.8 million people without shelter. The affected areas suffered extensive damage to economic assets and infrastructure, with social service delivery, commerce and communications either severely weakened or destroyed. A Joint Damage and Needs Assessment put the value of the direct damage sustained due to the earthquake at US\$2.3 billion while resulting indirect losses are estimated at US\$576 million. The estimated costs for relief, livelihood support for victims, and reconstruction cost were estimated at approximately US\$5.2 billion.

Development Assistance

2.19 Over the past three decades, external assistance has played an important though not central role in the economic development of Pakistan. Total annual Official Development Assistance (ODA) commitments were estimated at US\$1.6 billion for FY2001. In 2002, with Pakistan finding itself at the centre of world attention with respect to the 'war on terror', total ODA peaked at over US\$2.1 billion, and was still above US\$1.6 billion in 2005. These figures are drawn only from OECD DAC tables – and do not include the significant contributions from Arab States and China, for example.

2.20 The total gross flows of foreign aid from all official bilateral and multilateral sources (excluding reimbursement for services) amount to 8.5 % of the country's foreign exchange receipts in 2006-07. As a proportion of GDP,

¹⁴ DFID, 'Pakistan and the MDGs', <http://www.dfid.gov.uk/countries/asia/pakistan/mdgs.pdf>

these gross flows from all sources work out to only 3% and 20% of the total development expenditure ¹⁵.

2.21 Pakistan's estimated total external debt in 2006/07 was US\$42.38 billion¹⁶. Over the last five years and in particular with the establishment of the Debt Office in the Ministry of Finance, a concerted effort has been made to achieve debt sustainability in the country. As percentage of GDP, external debt and liabilities stood at 51.7% in 2000, but had declined to 33.1% by 2005¹⁷.

DFID in Pakistan

2.22 DFID has operated in Pakistan since 1985 as a programme managed from London but with a team of programme and advisory staff based in Islamabad. In January 2005, DFID devolved the office fully including responsibility for policy and programming. DFID expenditures in Pakistan grew sharply from £43m in 2001/02 to £97m in 2005/06. It then fell in 2004/05 when the office was devolved and a new Country Assistance Plan (CAP) was in preparation. Since then it has again grown sharply from £31m to £101m. Pakistan has moved from 19th to 5th in the ranking of DFID's list of recipients between 2004/05 to 2006/07¹⁸. Within the current CAP, DFID has an aid framework of £236m for Pakistan over the three-year period 2005-2008. In November 2006, Prime Ministers Tony Blair and Shaukat Aziz signed a ten-year Development Partnership Arrangement and the UK announced a doubling of aid for the period 2008-2011 to £480m. Table 1 shows how UK aid to Pakistan has grown in comparison to Asia over the last 5 years.

Table 1. UK Official Development Assistance, Pakistan 2001-06 (£ '000)

Year	Total DFID Bilateral Programme	% of total UK Bilateral Aid	Total DFID Bilateral ODA to Asia	Pakistan as % of DFID Asia total
2001/02	43,198	2.3	488,921	8.8
2002/03	38,314	1.9	541,917	7.1
2003/04	66,240	2.6	782,973	8.5
2004/05	31,377	1.8	805,017	3.9
2005/06	97,413	2.2	942,570	10.3
2006/07	101,118	2.4	880,876	11.5

Source: Table 14.3 Statistics in International Development, DFID, 2007

2.23 Over a four-year period, Table 2 shows the UK net ODA to Pakistan in US dollars¹⁹, compared to that of other major donors. DFID is the fifth largest donor over the period, and the third largest bilateral donor.

¹⁵ State Bank of Pakistan and Finance Division, cited in 'How Critical is US Assistance?', Dr Ishrat Hussein, Dawn (internet edition), April 16, 2007. <http://www.dawn.com/2007/04/16/ibr3.htm>

¹⁶ CIA World Factbook, 2007. <https://www.cia.gov/library/publications/the-world-factbook/print/pk.html>

¹⁷ State bank of Pakistan and Finance Division, <http://www.finance.gov.pk/>

¹⁸ DFID Statistics in Development (2007)

¹⁹ The figures here differ to some extent from those in cited in the text because they are (a) by calendar year, whereas UK figures are for Financial Year(s), and (b) adjustments due to exchange rates.

Table 2. Pakistan Total Net ODA , Selected Donors, by year (\$m)

	2002	2003	2004	2005	% of total ODA
IDA/World Bank	851	297	677	516	33
United States	209	102	77	362	12
Japan	301	266	134	74	12
Asian Development Fund/ADB	158	30	107	140	7
United Kingdom	67	112	91	63	5
EC	43	33	43	43	3
Others (16 bilateral donors)	499	489	295	468	23
All Donors (total)	2,128	1,062	1,424	1,666	100

Source: OECD DAC Statistics, 2006

Summary Chapter 2

- Politics in Pakistan is dominated by wealthy elites and a strong presence of the military. The public have a distrust toward political processes reflected in low voter turn out and low expectations of service delivery.
- Nevertheless the current military regime has brought about steady economic growth at 6% per annum and introduced important reforms especially around devolution. Governance and corruption indices still show score Pakistan low and behind many of its neighbours.
- In 2006, 73.6% of Pakistan's 160 million population are estimated to live on less than \$2/day. Income poverty has decreased since 2001 and if sustained, Pakistan could reach the MDG target of halving the income poverty by 2015. However, there is concern over the accuracy of these figures and they contain substantial provincial variation.
- MDG targets in education (literacy and primary school attendance) and health (maternal and child health) are off-track, others are on track such as those for water and sanitation, with a mixed record for gender and infectious diseases.
- International support has grown as Pakistan has become increasingly central to regional security and terrorism concerns. ODA has increased to \$2.1 billion, although still remaining less than 3% of GDP.
- Pakistan suffered the worst environmental disaster in its history in 2005, killing at least 73,000 people, severely injuring another 70,000, and leaving 2.8 million people without shelter. DFID participated in a major international response, which was totalled at an estimated cost of \$5.2 billion.

3. How Relevant was DFID's Strategic Approach and Programming in Pakistan

3.1 This chapter discusses the relevance of DFID's strategic approach and programming to the needs of Pakistan from 2002-07. It examines how risk was assessed, how choices about aid instruments have been made, and how DFID decided to work with Government and other development partners.

Evolution of Strategy

3.2 Two main stages in DFID Pakistan's (DFIDP's) strategic evolution can be identified as:

- (i) The period 2002-2004, guided *de facto* by the Annual Plan and Performance Review (APPR) in the absence of a multi-year strategy
- (ii) The period 2005-07, guided by the Country Assistance Plan (CAP)

3.3 The APPR was written in 2001 and provided a guiding platform for DFID's re-engagement with Pakistan, following the military coup and the suspension of aid in 1999. Prepared during a period of initially cautious but then rapidly growing commitment to Pakistan, the APPR was intended to provide a framework for one year, and would presage the establishment of a newly devolved country office in 2003. In the event, the devolution was delayed until 2005, mainly due to security concerns (including two evacuations). The APPR foresaw a major upward shift in resources, expected to rise from a pre-1999 base of £25 million to £65 million for both 2001/02 and 2002/03. Imbued with a growing confidence in the reform commitment of the new Government, the strategy planned a sharp move from a diverse portfolio of projects and programmes towards a focus on Government and large levels of budget support.

3.4 The APPR aligned itself with the Interim Poverty Reduction Strategy Paper (I-PRSP) and President Musharraf's seven point reform agenda that stressed economic growth, poverty reduction, governance, accountability and human rights. This agenda provided a new and ambitious approach to tackling some of Pakistan's deep-seated development problems, and gave donors a coherent framework for re-engagement after the military coup. The APPR focused on three areas in support of the Government's programme: education, health and economic management. It sought to underpin the I-PRSP by supporting devolution, particularly in two selected provinces (NWFP and Punjab), better poverty monitoring and public sector reform, and the provision of half of DFID's aid as budget support (both general and sector level).

3.5 Work on the CAP began in 2003 and took 14 months during which time a fully devolved office was established in Islamabad. This meant that the CAP launch coincided with the new Head of Department taking up post in

January 2005. The CAP declared its alignment with the PRSP (launched in 2003), and organised delivery under three pillars: (i) increased incomes for the poor; (ii) improved delivery of education, health and population services; and, (iii) greater accountability of the state to its citizens. This reflected three of the four PRSP pillars. The CAP was premised on extensive analysis and consultation, much of it funded by DFIDP, in particular the Participatory Poverty Assessments (2004) which supported the GoP’s poverty analysis, and the Drivers of Pro Poor Change (2003) and the Social Exclusion Study (2003), which were prepared to help DFIDP develop its CAP. These were valuable studies that further defined the nature and causes of poverty in Pakistan and identified the limited opportunities to address them:

“Both studies give considerable weight to deep-seated factors (including the structure and processes of political power, the nature of the state, class, caste, ethnicity, gender, religion) that affect the behaviour of agencies or stakeholders. The conclusion of their analyses is broadly similar - that these factors are interlinked, and lead to outcomes that are deeply hostile to the interests of the poor”²⁰.

3.6 Table 3 summarises the content of the two key strategy documents for DFID Pakistan.

Table 3. Summary of Strategic Frameworks – DFID Pakistan 2002-07

Annual Plan and Performance Review (APPR (2001))	
Objective: to help Pakistan reduce poverty as set out in the I-PRSP	
<p><u>Three pillars:</u></p> <p>1. Education (sub-strategy paper: primary schooling, budget allocations, improve access, quality, management in NWFP and Punjab, role of private provision)</p> <p>2. Health (sub-strategy paper: child mortality, maternal and reproductive health, slow the spread of disease, especially TB, HIV, improve budget allocations, policy capacity, consumer protection, safe water and sanitation)</p> <p>3. Economic management</p> <ul style="list-style-type: none"> • Agree macroeconomic programme that prioritises poverty reduction • Strengthen public expenditure management • Enhance tax base • Improve monitoring of impact of policy reforms • Consult with poor & civil society • Strengthen trade negotiation capacity 	<p><u>Key processes:</u></p> <p>I-PRSP and PRSP</p> <p>Devolution</p> <p>Sustainable Livelihoods</p> <p>Mainstreaming of: Human rights, gender, political reform, governance and environment Other interventions where exceptional opportunities</p> <p>Focus on 2 Provinces: Punjab and NWFP</p> <p>Budget support to be used to support all objectives</p> <p>No engagement in private sector, environmental management or infrastructure</p>

²⁰ Studies of Drivers of Change and of Social Exclusion, A brief review, Alex Duncan, DFID, March 2004.

<p>Country Assistance Plan (CAP) 2005 – 2007 Objective: To support those in Pakistan working towards equitable economic growth and poverty reduction, focusing on the MDGs which are going to be the hardest to reach</p>	
<p><u>Three pillars:</u></p> <ol style="list-style-type: none"> 1. Increased incomes for the poor Key areas: improved access by poor to services, social protection, trade policy 2. Improved delivery of education and health and population services to the poor Focus on hard-to-reach MDGs, maternal health, population programmes, strengthen demand side 3. Greater accountability of the state to its citizens Key themes: public sector reform, representative government, access to justice, citizen participation, the media, corruption 	<p><u>Key processes:</u></p> <ul style="list-style-type: none"> • Rural livelihoods, microfinance, support to PRSP • Support to devolution • Poverty reduction budget support • Anti-corruption, MTBF, Public private partnerships • Focus on 2 provinces: Punjab and NWFP • No engagement in power sector, infrastructure, water & sanitation • Multilaterals: joint programmes and shared conditionality; like-minded bilateral donors: joint work and some co-funding.

Strategy Quality

3.7 APPR: The APPR provided a well-focused basis for DFIDP’s anticipated growing programme, with close alignment to the GoP’s poverty reduction plans. In particular, the APPR judged the basis for donor re-engagement well in terms of the articulated reform commitments, the plans for devolution and the need for stronger governance. The APPR reflected DFID’s overall shift in direction towards budget support as a leading aid instrument; an approach that was also supported by the GoP.

3.8 At the time, the use of budget support was acknowledged as high risk but the Government’s commitments to reform and poverty alleviation were judged by DFID as sound. This view was drawn from discussions between DFID management and the Pakistani Government in 2001/02. These interactions demonstrate that: (i) DFID accepted the seriousness of the Pakistani leadership’s commitments to wide-ranging economic, social and political reform; (ii) the benefits of providing support to a nascent reform agenda outweighed the risks; (iii) DFID was positively regarded as an influential partner; and (iv) to be more effective DFID needed to reduce the scatter of smaller projects, and build partnerships with provinces and with other leading donors.

3.9 Nevertheless, there are three areas where the APPR’s relevance is less evident:

(i) The APPR emphasised social service delivery through its support for education and health, both of which while aligned with DFID’s corporate priorities, were not areas given as high a priority in the I-PRSP, since that document stressed economic growth as the key route out of poverty. The APPR also states (without any detailed analysis) that DFIDP will not add to its existing portfolio in sustainable livelihoods, water and sanitation and enterprise development. These were important and neglected areas for poverty reduction in Pakistan.

(ii) The APPR made an unconvincing case for concentrating on two of the four provinces in Pakistan (Table 4). This decision has stayed the course over the evaluation period – despite pressures to change due to UK security concerns, as noted later. The basis for choosing NWFP and Punjab are contained in Table 4, although the criteria used could be countered by alternative views: for example that security concerns and proximity meant that the two selected provinces would be the easiest to work in. Given the wide variations in poverty within the four large provinces, a sharper strategy might have been to seek ways to target the poorest districts or where incidence or depth of poverty was greatest. Indeed such an approach was presented later that argued it would be more effective to tackle inequality by targeting poorer districts²¹.

Table 4. The Basis for Provincial Choice: DFID rationale and CPE comment

DFIDP's rationale for selecting NWFP and Punjab²²	CPE comment
1. High proportion of national population	1. Large population Provinces dilute effect of small DFIDP spend vis-à-vis size of economies. Plus larger Provinces have the capacity to attract IFI loans and thereby have less need of grant funds
2. Poverty profile in both urban and rural areas	2. Need to focus on severity and depth of poverty not only incidence: Did DFID target the poorest?
3. Commitment of provincial government to reform, including clearly articulated requests for DFID support	3. All Provinces were working with PRSP design by 2002. There is no evidence that the other Provinces were not interested in DFIDP Grants
4. Existing relationships	4. Only partial memory in Punjab and NWFP of “existing relationships”. Given that DFID is one of the largest sources of grant financing, with a comparatively well-staffed office developing relationships is more easy than for other development partners.
5. Other donors' activities	5. Little evidence of aid coordination in Provinces except with multilaterals for whom DFIDP grant “add ons” are attractive in any case – i.e. as they make loans more palatable to recipients

(iii) The APPR is clear in intent but silent on the rationale for introducing budget support as the lead aid instrument. On this issue though, the strategic basis for the choice evolved through supporting management

²¹ Taking a locational/geographic approach to donor assistance: some issues for the Pakistan programme. Background Paper, Jackie Charlton, DFIDP, 2002.

²² DFID Pakistan Programme: Provincial Focus, A. Miller and C. Warren, DFID, 2001.

communications during the period²³. The risks associated with the effectiveness and efficiency with which GoP's budget was to be utilized were identified, but it was argued that providing financial aid had a number of advantages over projects including strengthening local ownership and improving GoP accountability to their people.

3.10 CAP: The CAP also has good alignment with the GoP's PRSP, matching three of its four pillars (see Table 3). The rationale for increasing UK support to Pakistan is well founded in terms of the need to address '*some of the worst poverty indicators in Asia*' (CAP, para 86), and to build on social sector spending and better service delivery through devolved government if the MDGs are to be met.

3.11 Yet the most common concern raised by the current DFID team is that that the CAP is too broad and unfocused. The CAP does rule out infrastructure, power, water and sanitation - although the rationale for excluding these sectors, some of which DFIDP had quite long experience in, is not explained other than because of the presence of other donors. Furthermore, the CAP does not provide additional analysis on how to prioritize other choices, and what is to be left out from the options that are included, especially in Pillars 1 (increased incomes for the poor) and 3 (greater accountability). Pillar 2 on health and education is more focused. Greater clarity for Pillar 1 is provided in a subsequent business plan, which does state why - on the basis of other donor activity and of DFIDP's priorities - certain sectors would or would not be pursued²⁴. We have not found evidence of a similar effort to provide focus under Pillar 3.

3.12 The strategic decision to renew the use of budget support in the CAP is interesting in that it makes a somewhat tentative commitment, '*we will consider the case for further poverty reduction poverty support at federal level and ...provincial level*'. The strategy offers no ex-ante justification for BS, nor provides any evidence from past experience of its use. This despite the fact that a key review commissioned to inform the CAP, the Country Strategy Performance Review (CSPR)²⁵, raised concerns: "*It is unclear to us that budget support has improved DFID's influence with GOP*" (CSPR, p.14).

3.13 Pillar 2 had a strong health focus, especially on hard to reach MDGs in maternal health, and on population and HIV/AIDS programmes. In contrast, no specific education strategy is mentioned. The lack of guidance here is surprising given both the centrality of the sector to addressing poverty, the acknowledged under-performing education MDGs, as well as lessons from the CSPR that an education strategy is needed involving greater provincial engagement.

²³ See for example: *Pakistan Budget Support – Fiduciary Risk Assessment*; The issues paper: *Budget Support to Pakistan for DFID's Financial Years 2002-03 and 2003-04*; The Aide Memoires following the visit of the DFID team to Pakistan in September 2001.

²⁴ *Income Poverty Team Business Plan, 2005-2007*, DFIDP.

²⁵ *Country Strategy Performance Review*, DFID Pakistan, K. Nadvi and M. Robinson, IDS, Sussex, March 2004.

3.14 The CAP recognised but did not address ‘deep-rooted’ obstacles to change, such as land ownership, entrenched power relations and a strong military, as well as non-poor and low employment-generating growth. Many of these forces were however well understood as a result of DFID-sponsored analysis (such as the Drivers for Change). While difficult, it is notable that despite DFID’s strong donor reputation in Pakistan and its commitment to a long-term relationship as well as to the needs of the poor, it chose not to address any of these risky yet critical obstacles.

3.15 Compared to other CAPs published at the time in the region (e.g. for Nepal) the Pakistan CAP provided a weak basis for measurement of success. The CAP Part 3 where the programme outcomes and performance measures are distilled, contains an incomplete annual plan with some pillar outputs but no overall outcome targets.

3.16 Finally, the CAP represents an ambitious programme of engagement with a forecast annual aid flow rising from £70m to £90m. But it does not set out how DFID’s own capacity will be upgraded to manage this flow, other than the setting up of a devolved office. In this context, the absence of a strategy on security and development is surprising. DFIDP had suffered two evacuations in the previous three years, and both DFID’s ability to operate in Pakistan, as well as its role in addressing the causes of insecurity, could have been considered critical issues to be addressed in a country strategy. Nevertheless, various aspects of DFIDP’s work are recognised as highly relevant to security and development, including the drivers of change and social exclusion analyses, access to justice, education and improved political institutions.

‘In Pakistan, conflict, terrorism, nuclear weapons proliferation and illegal drug production and trafficking are a cause of insecurity for poor people as well as of international concern ... DFID’s strategy aims to enhance the accountability of the state to its citizens, give people better access to justice and help to build inclusive political institutions. An important part of DFID’s new country assistance plan for Pakistan is to increase opportunities for poor people to participate in decision-making at all levels of government’²⁶.

3.17 Outside of formal strategies, the DFIDP programme resides within a sensitive geo-political and security context - both on the Pakistan/Afghanistan border and the Pakistan/India border. The DFIDP programme of development assistance has been increasingly seen by the UK Government as an integral part of an overall strategy for engagement that addresses longer-term causes of insecurity, which, in turn, both affect the poor and inhibit growth. In addition there is significant domestic UK political and public interest in a stable Pakistan, not least on account of the 800,000 people of Pakistani origin living in the UK.

3.18 In sum, the CAP was prepared by a DFID Pakistan team most of whom were reposted to other jobs. The review by the incoming Head of Department and his team, arriving in early 2005, felt that the country programme ‘lacked a

²⁶ Strategy for Security and Development, DFID, March 2005.

long-term vision'²⁷. The Director of Asia Division considered Pakistan a young, immature programme without the strong body of knowledge available to other longer-established country programmes²⁸. Ownership by the new team was evidently weak, yet there was little flexibility to modify the strategy since it had by then been endorsed by GoP and by DFID HQ staff and Ministers.

3.19 Sector strategies: it is difficult to identify explicit strategies at sector level, except in health and education in 2001²⁹. The *health* strategy in 2001 planned a move away from projects to policy engagement based on sector budget support. This was compounded by the disappointment of the Social Action Programme (SAP), which was a major but largely unsuccessful attempt in the 1990s to improve social service delivery. SAP ultimately failed because of weak institutional reform and low public expenditure³⁰. This change in strategic engagement was based on a sound analysis, which included the lessons learned from the SAP, DFID global policy and extensive discussions with the Ministry of Finance (MoF), Ministry of Health (MoH) and Ministry of Population and Welfare (MoPW). This contrasts with the 2005 CAP which envisaged a broad mix of aid instruments and partners, including strengthening the demand-side for services.

3.20 In *education*, strategic thinking was captured in the 2001 education strategy. The APPR 2001 underscored education with a focus on budget support, improving quality and working with district Governments. These objectives kept in mind the two key country policies at the time, the National Education Policy (NEP) 1998-2010 and the Education Sector Reforms (ESR) 2000-2003. The Strategy also clearly recognized the newly instituted system of devolution and DFID's corporate strategy for education that focussed on enhancing access to, and quality of, primary education and making progress towards gender equity.

3.21 There has been little evolution of an education strategy since then, and its absence from the later CAP is a serious omission, given DFID's corporate commitment and its importance in the PRSP. *"In education, work has concentrated on review and stocktaking. A number of smaller education projects have come to a close, requiring consideration of how best to realign our education work to achieve greater strategic purpose and impact"*³¹.

Risks

3.22 The Pakistan country context, as noted in Chapter 2, is one of the most difficult environments in which a bilateral donor can operate. Apart from

²⁷ For example, Portfolio Review May 2005, DFID Pakistan.

²⁸ Interview with former Head of South Asia Division.

²⁹ Interim Health Strategy and Interim Education Strategy, DFID Pakistan, 2001.

³⁰ SAP 'suffered from lack of ownership and capacity exacerbated by successive changes in government, constrained fiscal space as the economy declined and poor macro policy choices. These factors contributed in disappointing social sector outcomes, particularly in education, over the decade. The SAP donor consortium was also largely unsuccessful in safeguarding agreements with government to increase social sector budgets and expenditures'. APPR, para 2.11.

³¹ CAP Annual Review 2005-2006, p.9, DFID Pakistan.

positive macro-economic trends, aid partners face regional security concerns, a challenging MDG status, issues around weak governance, a fragile democratic political system under strong military control, a low ODA-GDP ratio and a disharmonised aid environment. It is critical that any donor therefore pays particular attention to assessing and mitigating risk, especially one that plans a sharply increasing level of resource flows.

“Our overall judgement of political and social risk (in Pakistan) is high, but we will never make progress in poverty reduction in Asia unless these risks are tackled head on. In the last fifteen months, regional and global instability has hugely magnified these risks. In the event of an escalation of international terrorism and prolonged war in the region, the need for a clear steer from DFID to maintain a focus on poverty reduction and humanitarian relief will be essential”. (Asia Director’s Delivery Plan (DDP) 2003-06, p.14).

3.23 Risk assessment: DFIDP has assessed risks at a strategic level (in the APPR and the CAP) and for individual programmes, with detailed work for budget support submissions, especially on fiduciary risk. Neither the APPR nor CAP place much emphasis on the risk of natural disasters³², a surprising fact given the country’s known cyclical record of floods, droughts and seismic events. Nevertheless, there was a conscious acceptance that medium or high risks were worth taking in order to support a nascent reform programme and that apart from political issues, DFID could have some influence on the other main risks on delivering the pro-poor agenda of the PRSP, on achieving devolution and improving governance.

3.24 After the devolved DFIDP office was established in 2005, a new risk was recognised: the lack of Whitehall buy-in to DFID’s poverty agenda. This emerged as a result of wider UK concerns over regional insecurity and counter-terrorism, especially after the London bombings in July 2005. From 2005 on, there was a recognition by DFID that its work in Pakistan was of exceptional interest to different arms of UK Government, and that its development agenda could be subjugated to other concerns of UK foreign policy, particularly in its role in counter-radicalisation.

3.25 Risk mitigation: The key mitigation measures concern ensuring GoP commitment to poverty reduction:

“We will support anti-corruption strategies at country and international levels; improve our understanding of how non-pro-poor governance impacts on poverty and identify entry points for improvement; analyse the role of elites in poverty reduction; make better use of the media to support MDG efforts; ensure that reduction of social exclusion is explicitly addressed in all programmes; and increase our understanding of social exclusion.” (Asia DDP 2003-06, p.14).

³² The CAP Annex IX ‘Risk Assessment’ states that natural disasters are a low risk to achieving MDGs and of low probability.

3.26 With **budget support**, DFIDP initially used fiduciary assessments and World Bank and IMF monitoring of GoP performance to manage DFID's risk. Since 2005, and Pakistan's graduation from the Poverty Reduction Growth Facility (PRGF), DFIDP has been willing to take higher risks by providing less conditional and more independent budget support with the Poverty Reduction Budget Support (PRBS) (£80m) and the Development Partnership Agreement (DPA). Mitigation of DFID's risk is through the GoP's own commitment to increasing poverty related expenditure shown through the completion of the full PRSP, the development of medium term budgeting frameworks and the Debt Limitation and Fiscal Responsibility Act (DLFRA) in 2005. The DLFRA commits the GoP to maintain a 4.5% annual growth rate and to double the expenditures on education and health by the year 2015.

3.27 These are sound measures but they do concentrate on budget and expenditure patterns and there has been less analysis over the period of the capacity of national systems in transition to deliver on poverty reduction, or to measure progress on this delivery. With the greater focus on managing input risks, DFIDP has given less attention to monitoring delivery mechanisms and outcomes, although this is an acknowledged gap in the PRSP monitoring system:

“Regarding the monitoring of intermediate indicators, approximately half of them, 14 out of 31, are related to health and education sectors. However, the last three years have not witnessed the desired improvement in the monitoring of these intermediate indicators. Data on indicators related to governance and environment could not be regularly reported. Thus the monitoring of intermediate indicators needs further improvement”³³.

3.28 At sector level, risk management in health has been effective as tranche release with the National Health Facility (NHF) was tied to specified outcomes. However, partnership risks in general were less well assessed. DFID for example did not anticipate USAID's micromanagement in the early phase of the Technical Assistance Management Agency (TAMA) support to NHF; nor the timing of ADB's internal regional re-organisation and ADB's relative inexperience in contracting TA for the Maternal and Neo-natal Health (MNH) programme. In all cases the result was significant delays in implementation.

3.29 Other useful mitigation measures have been regular visits by DFID HQ management, and DFID's support for high level meetings and fora such as the Asia 2015 meeting in 2006 and the annual Pakistan Development Forum, which have raised the profile of a pro-poor development agenda for Pakistan.

³³ PRSP: Annual Progress Report 2005-06, GoP, Nov 2006.

Table 5. Summary of Risk Assessments in Pakistan

RISKS IDENTIFIED	PROBABILITY
<u>APPR (2001)</u> <ul style="list-style-type: none"> • Political • Policy • Institutional • External relations 	Not stated
<u>CAP(2005-07)</u> <ul style="list-style-type: none"> • Political and social will in Pakistan • Coordination for poverty reduction among donors • Poverty reforms at national and sub-national level • Reform reaching the Poorest • Threat of national/regional conflict • Disasters and environment degradation 	M L M M L-M M-L
<u>Director's Delivery Plan (2005-08)</u> <ul style="list-style-type: none"> • GoP Political and Social will • Threat of National/Regional conflict • World economic downturn • HIV/AIDS • Policy Coherence • Financial misappropriation • Whitehall buy-in • DFID offices face security concerns • DFID not influential • DFID cannot fill staff posts • DFID financial (im)propriety 	(for Pakistan) M L/M M L M M L M M M L
<u>Development Partnership Agreement key risks (breaches)</u> <ul style="list-style-type: none"> • Govt moves away from poverty reduction objectives • Violation of human rights • Breakdown in financial management and accountability 	Not stated

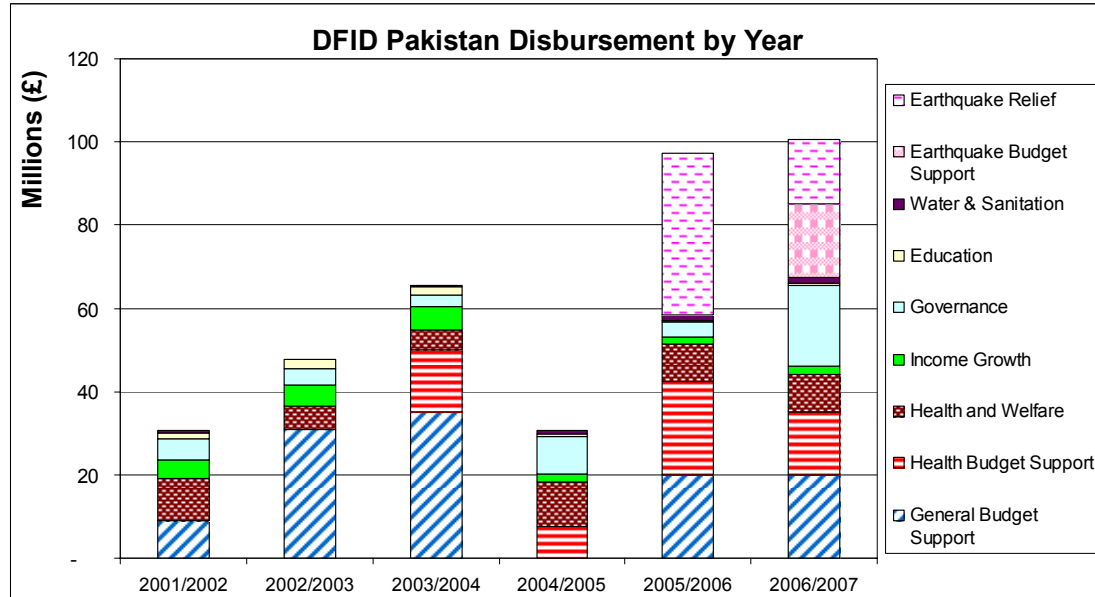
Portfolio Profile

3.30 Over the period, DFIDP's programme has shown two distinct phases of growth (Figure 2): a rapid rise from 2001/02 to 2004/05, followed by a drop and a substantial increase from 2005/06 to 2006/07. From 2001/2 to 2003/4, a rapid rise in resource flows reflected the APPR strategy to expand with a focus on budget support, both general and sector (health). With the formulation of the CAP and the task of devolving and staffing the new office, resource flows dropped in 2004/05, but have grown strongly since. Regular programme funding has grown from £30m to £60m in the past three years, but emergency relief and reconstruction in response to the 2005 earthquake substantially increase the overall volume.

3.31 After general budget support, which accounts for some 31% of disbursements over the past five years, health (both sector budget support and other programmes) represents 29%. Earthquake relief is 21% of spend, and the remaining 19% is shared between governance, education, income growth and water and sanitation. Budget support as an instrument (general, health

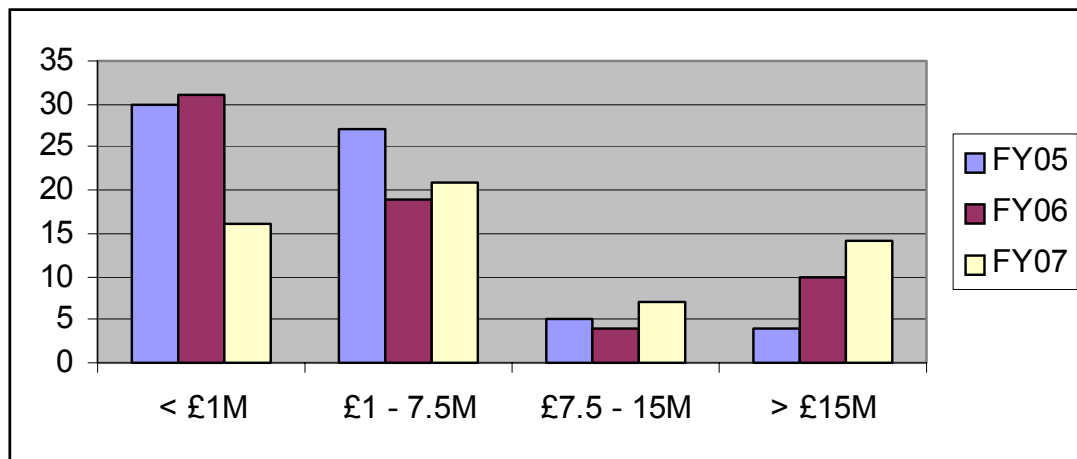
and earthquake reconstruction) accounts for 55% of total spend over the 2002/03 to 2006/07 period.

Figure 2. DFID Programme Disbursement by Sector and Instrument 2001-2007



3.32 There has been a consistent streamlining of the portfolio, with the aim of moving upstream to a more strategic level, and only engaging in smaller projects if they are likely to lead to up-scaling. Figure 3 shows the trend for the past three financial years. In the face of growing aid resources with limited manpower, this was a rational response, although as in other DFID country offices it reduced the ability to remain engaged with a more diverse set of partners or downstream field activities.

Figure 3. Number of programme lines by size for 2005-07



Source: 'Key issues for DFID Pakistan in Managing an Expanding Portfolio', Internal Memo, DFIDP, 2006.

Choice of Instruments

3.33 Budget support has been the leading strategic choice of aid instrument for DFIDP over the evaluation period. Budget support, though central, was to be complemented by project aid and technical assistance, a strategy which was: (i) in line with DFID corporate guidance on managing fiduciary risk; (ii) its evolving approach to aid conditionality³⁴; and (iii) suited the constraints of having to manage a rapidly growing aid framework within tight staffing constraints.

3.34 While risks were noted to be high by donors, Pakistan was seen as improving in its transparency and accountability, underpinned by the GoP Project for Improvement of Financial Reporting and Accounting (PIFRA) reforms.

3.35 DFIDP's strategy was initially to use budget support to reduce the GoP debt and improve fiscal space. This was despite its recognition of the weaknesses and risks attached to GoP financial systems: the World Bank gave it the lowest rating of 'C' to most indicators (i.e. "substantial failure to comply or substantial upgrading needed")³⁵. The subsequent PRBS of £80m was based around DFID's new conditionality policy, which required a commitment to poverty reduction and achieving the MDGs, a respect for human rights and other international obligations, and a commitment to strengthening financial management and accountability and a reduction of fiduciary risk. The PRBS made use of the reform monitoring systems of the World Bank's (WB) Poverty Reduction Support Credit (PRSC) to reduce transaction costs for Government, but made separate decisions on tranche release and performance payments. This de-linking can be seen as part of a move towards less harmonisation or away from the pooling of funds. Moreover the PRBS since it was managed by the federal Ministry of Finance, did not guarantee improved financial support for provinces or districts because of the method of provincial budget allocation. This is despite DFIDP's strategy that underscores improving services to the poor, which are mainly delivered at provincial level, and support to the devolution process. DFIDP made a sound choice from a strategic point to provide substantial technical assistance to accompany the use of budget support, both at federal and provincial levels, in areas such as tax reform, performance budgeting, poverty analysis and economic reports.

3.36 The introduction of a DPA in 2006 follows DFID's intention to embark on a longer term ten-year aid relationship that improves predictability, ownership and mutual accountability and moves from a more rigid conditionality to one based on periodic assessments (where agreed indicators are followed, but not with timebound targets). The DPA also provided a way for the UK to deepen its political engagement with Pakistan, to scale up its commitment and improve aid effectiveness. The DPA was seen as a means to build further influence with GoP beyond that achieved by the PRBS. While the high level agreement was successfully signed on 19 November 2006, the

³⁴ Partnerships for poverty reduction: rethinking conditionality, DFID, March 2005

³⁵ Country Financial Accountability Assessment, World Bank, June 2001. Possible ratings were A,B or C.

detailed benchmark indicators on such areas as human rights and poverty reduction were still being finalised at the time of the CPE³⁶.

3.37 DFIDP also chose a budget support instrument as its primary support to the reconstruction efforts following the 2005 earthquake. Subsequent to the initial earthquake relief phase, which used conventional humanitarian aid and technical cooperation grants, DFIDP provided un-earmarked budget support³⁷ to a newly created state relief agency, the Earthquake Relief and Rehabilitation Agency (ERRA). The alternatives of using multi-donor trust funds or more earmarked resources to sectors or provinces were rejected in the interests of enhancing GoP ownership and strong partnership. It also suited DFIDP because of its own constraints in terms of capacity.

3.38 The central purpose of the intervention was to enable people in earthquake affected areas to reconstruct and rehabilitate their lives as quickly as possible. It was not a development programme with a trajectory that encompasses MDG-type incremental improvements, nor was the mandate of ERRA likely to extend much beyond 3-4 years. So the choice of instrument should have reflected the purpose, *not* DFIDP's operational constraints. A rapid shift from project to budgetary support in mid-2006 may not have been appropriate either because: (i) it was known that the delivery capacity of ERRA was already behind schedule, and by 2006/07 under-spend was 45% even after an adjustment of the budget; and (ii) the state/provincial structures under question were severely weakened, and line ministries were to be the primary implementers. The GoP was in favour of budget support for the earthquake, but medium-term reconstruction efforts may have required a more immediate approach, using a conventional mix of NGO, multilateral and TA support that ensured more rapid disbursement and perhaps more accountable project-level assistance.

3.39 This section has concentrated on budget support as it was the leading instrument for DFIDP over the evaluation period. There is little discussion in the main strategy documents on the rationale for this choice, which is an important omission given: (i) the scale of resources, (ii) the question of how the three pillars would be implemented, and (iii) how other instruments would provide the necessary mix of support and risk mitigation (in areas such as financial reform, better governance) to make budget support effective. In summary, the switch to budget support appears from the evidence available to be high risk and based on a mix of reasons: it was in line with a new corporate policy on aid instruments, it enabled a scaling up of the aid framework without matching increases in staff, and it met the need to provide substantial support to the poverty reduction programme of a key ally in the region.

³⁶ According to the Deputy Secretary in External Affairs Division.

³⁷ DFID's budgetary support to ERRA was earmarked to a "sector"(ERRA), but was not earmarked for any activity or sector within ERRA's portfolio (unlike a majority of other donors who specified which sector/project to support).

Approach to Partnerships

3.40 The overriding strategic direction in Pakistan has been for DFID to seek to more closely engage with Government (federal and provincial), to co-operate in different ways with the two major donors (WB and ADB) and to reduce its range of partnerships with others (NGOs, civil society, smaller donors). Whilst the strategic direction is logical given the choice of instruments and the mandate to work upstream, it could be argued that such a “fundamentalist” budget support/technical assistance approach could have reduced opportunities and not minimised risk. Using budget support for the earthquake reconstruction programme, for instance, may have been a lost opportunity to consolidate support for otherwise weakened civil society institutions, which had been supported by DFIDP and CHASE in the initial phase of the response.

3.41 **Government:** DFIDP’s aim was throughout the period to exploit its good reputation as a long-standing and mature partner, and its willingness to increase resource flows through GoP systems, to seek to underpin the ruling regime’s declared reform agenda within the PRSP and to influence policy and budgetary commitments to poverty reduction. It has provided the majority of its funding through GoP channels, whether budget support or for project and technical assistance to government programmes. The proportion of expenditure to government related activities has risen from 50% to over 90% in the period 2001 to 2006³⁸, and the chief conduits are Ministry of Finance and the Economic Affairs Department, Ministry of Health, and in the past two years, ERRA and the Punjab Government.

3.42 **Other Donors:** DFIDP’s strategy has been to work closely with the World Bank and the Asian Development Bank in various ways. DFIDP’s initial general budget support was tied to the IMF and WB’s PRGF, and DFID provided technical assistance to strengthen budgetary management. Much of DFID’s approach to governance has been through partners, including joint funding with the ADB for devolved service delivery and with the WB on public financial reforms. DFIDP has also made use of its local presence and sound technical assistance to provide complementary analysis and capacity building. There has been limited engagement or co-funding with other bilateral donors, and general coordination has been limited until the 2005 earthquake, when the size of the international response and the nature of the crisis led donors to work more closely. DFIDP has not had an explicit partnership strategy with other bilateral donors, but has developed strategic elements with the UN, through pooled funding arrangements and an MoU for environmental services, and has been active in supporting the One UN pilot initiative in Pakistan.

3.43 **Other Partners:** With the advent of budget support and portfolio streamlining, the evaluation period saw a decrease in the range and number of partnerships. For instance, in the health sector alone the following, largely successful, projects were ended: social marketing of condoms with the private sector; commodity support to UNFPA for the social marketing of

³⁸ Based on an analysis of projects by the CPE mission, and excluding humanitarian support.

contraceptives; reproductive health services with Marie Stopes; HIV/AIDS harm reduction with NGOs.

3.44 During the earthquake relief and reconstruction, DFIDP had little engagement with rights-based advocacy organisations and, as the programme moved beyond the emergency phase, with civil society organisations (CSOs) in general. A stronger dialogue with CSOs may have provided a wider range of monitoring perspectives and an improved understanding of the political economy in which DFIDP works. Such opportunities were minimised by the decision to work most closely with the GoP's own machinery in this sector. However, DFIDP is held in high regard by ERRA and lead donors, not least because of regular communication and field visits, and has used this leverage to pursue social protection and upgrade M&E systems. Finally, DFIDP supported the nascent Cluster Approach in the earthquake emergency phase. This was the first time the UN had tested the approach, and DFID/CHASE was particularly commended for providing a staff member to help the International Office of Migration coordinate the Emergency Shelter Cluster.

3.45 In conclusion, DFIDP's approach to partners has been increasingly focused on GoP and the larger donors, at the expense of maintaining links with bilateral donors, non-government actors and the private sector. There has not been a total closure of support, as mechanisms such as the Strategic Opportunities Fund and Development Trust for Community Empowerment have provided means to support small scale NGO or community initiatives. The overall picture is unmistakable however: that increased spend and limited staff capacity have induced a steady move towards budget support and funding through larger partners.

3.46 The move away from a more balanced approach has meant that lessons could not be brought forward on how to work better with state and civil society, such as had been created through the Gender Equity Project (GEP) and Rural Support Programmes (RSPs). For example, most of the GEP supported projects were in line with GoP policies and some helped formulate policy, whilst there were good collaborations such as with the Punjab's Women Development Department that prepared a draft for the Beijing+10 conferences³⁹. Another anomaly is the weak relations between DFIDP and DFID's global counterparts in civil society and rights-based organisations. For instance, DFID UK has a regional partnership with Shirkat Gah, a local women's rights NGO, but DFID Pakistan has no relationship with this organization - a disconnect that creates an imbalance between DFID's global and local objectives.

3.47 DFIDP's efforts to improve donor harmonisation have been considerable: DFIDP has led or coordinated some initiatives including leading on the 2004/05 Paris Survey, chairing the Poverty Reduction Working group and supporting the GoP on aid effectiveness activities. The results so far have been relatively modest, certainly compared to DFID's work in other countries in the region⁴⁰. This is linked to the generally un-harmonised donor

³⁹ Gender Equality Project, PCR, May 2006.

⁴⁰ See earlier Country Programme Evaluations for Bangladesh, Nepal and West Bengal.

environment, with larger bilateral donors such as US and Japan not seeking greater integration, and low incentives in the GoP for greater harmonisation as they are not aid dependent.

3.48 Within certain sectors, however, DFID has sought to strengthen donor coordination. This includes support for the Pakistan Development Fora, and on more recently convened GoP-led working groups on M&E, Capacity development and SWApS. In health, DFID has been recognised as the ‘clear leader’ in the sector among development partners because of its long history of support, its flexibility, its willingness to adopt new aid instruments, the quality of its technical advice and its “*unequivocal alignment with national health policies.*” (WHO Country Representative).

Approach to communications

3.49 Unlike the APPR, which was essentially an internal strategy, the consultation process around the CAP was extensive, and DFID is generally credited with communicating well. Some partners including GoP officials though felt that DFID was not that open to discussion over the direction or choice of instruments under consideration. One senior MoH official felt that “*although I agreed with budget support, several of my colleagues did not and some did not understand it, but it was clear that this was the only option that DFIDP would accept.*”

3.50 Nevertheless because of its flexibility and alignment, DFIDP is looked upon as a development partner and not merely an aid donor. Provincial Government partners at the same time have felt that during the evolution of provincial support, there have been slow responses and a lack of appreciation of provincial concerns in the face of Federal Government inflexibility. In its programme streamlining, DFIDP has endeavoured to exit smoothly, and most partners were appropriately informed though not all felt that there was full consultation or that decisions to close matched review recommendations (as in the case of Pakistan Institute for Legislative Development and Transparency (PILDAT)).

Approach to Crosscutting Themes

3.51 The importance of addressing **gender** has been recognised in DFIDP’s strategies and analysis. This is evident in health, where maternal health and family planning have been central, in education where in the earlier provincial programmes the focus has been on female enrolment, and in microfinance. Specific projects such as the Gender Equality Project (GEP) and Social Audit on Abuse Against Women (SAAW) were completely gender focussed, whereas others such as the RSPs incorporated gender within their larger objectives.

3.52 The approach to **social exclusion** has cut across sectors including health, education and HIV/AIDs. The RSPs, which DFID has supported for over 20 years and which are seen as a model for community mobilisation and participatory development have been replicated throughout Pakistan - in particular work with women groups for micro-finance, capacity building and self-help projects. It is also mandatory for each major DFIDP project or

programme to include a social assessment at the time of start-up, taking into account factors of inclusion and equality.

3.53 **Environmental concerns** have been less clearly addressed, unlike many other donors who have addressed this theme more explicitly in their programmes⁴¹. Though environmental concerns are recognised as important, DFIDP's engagement has declined from the past when livelihoods and rural development were leading areas. Support for the urban environment and for water and sanitation have been maintained however, and an environmental appraisal is included in the standard project memorandum form.

3.54 Pakistan is moving from low **HIV/AIDS** prevalence to an epidemic concentrated in high-risk groups. While HIV/AIDS has been addressed in a number of DFID health programmes, it has not been particularly well mainstreamed across the programme over the period, although support to National Aids Control Programme (NACP) to lead on mainstreaming is important. While the disease remains concentrated in the most vulnerable groups, there is slightly less urgency to mainstream and more need to focus on high risk groups.

3.55 A further key crosscutting theme for Pakistan has been **devolution**. In the last five years, the GoP commitment is clear from its Local Ordinance Act and other measures that aim to improve representation and services at the local level. DFIDP has sought to provide strategic support to this national priority and has contributed to important joint analysis on devolution⁴², worked to build relationships with the two target provinces, and has embarked on devolved social service delivery programmes through the National Reconstruction Bureau and Devolution Trust for Community Empowerment (DTCE)⁴³. Yet its strategy appears somewhat mixed and unfocused, as: (i) DFID has remained closely engaged with Federal Government through its budget support and national health programmes; and (ii) its approach in the CAP to building accountability (and hence the effectiveness of devolution reforms) proposed too many different themes in a period when streamlining was required by senior management.

Results Focus

3.56 At the strategic level, for the APPR and CAP the focus on measurable results has not been strong or country-led. A summary of programme delivery results is not available until 2004/05, and from that year they are limited to a small set of PSA and DDP indicators. This gap was recognised by 2005 when the development of a new Monitoring Framework began with first results produced in 2006/07.

⁴¹ See for example the Review of Other Donors' Interventions in Income Poverty: Annex B of *Income Poverty Team Business Plan, 2005-2007*, DFIDP.

⁴² *Devolution in Pakistan, An Assessment and Recommendations for Action*, Asian Development Bank, DFID, Poverty Reduction and Economic Management Sector Unit, South Asia Region, World Bank, May 2004.

⁴³ This work has been recently scaled up into the Improved Citizens Engagement Project in 2007.

3.57 Individual programmes and projects, however, have generally good results frameworks (Box 2). A good and important example is the NHF which has across the range of sub-sector programmes appropriate indicators linked with GoP policy targets, and at purpose level an excellent reliance on health service use by the poor⁴⁴.

3.58 The extensive use of budget support has correctly been hinged on the results of the GoP's PRSP. At the initial phase, payments were made to and results were linked with the IMF/World Bank under the PRGF. The subsequent PRBS set out a well-structured results frame. The underlying basis for assessing performance however, means a necessary reliance on GoP statistics to assess trends in expenditure and poverty outcomes. DFID has recognised the need to strengthen the statistical basis underlying the measurement of outcomes and to "*develop a long term strategy for taking forward the issues of monitoring and evaluation in Pakistan*"⁴⁵.

Box 2. Review of Programme Quality of Design and Monitoring

A sample of 32 programme lines were reviewed in detail by the evaluation team to assess quality of design (such as fit with CAP, scope, choice of indicators) and the quality of scoring. The 32 were from all sectors and contained 25 Project Completion Reports (2003 to 2007) and 7 Output-to-Purpose or Annual Reviews (AR). The findings were:

- Three-quarters of the sample were judged to have a good strategic fit (either the APPR or the CAP), those that didn't were the earthquake response (which was not covered by the CAP), and two drug management projects in NWFP and Baluchistan (which were not mentioned as part of the strategy).
- In terms of 'stretch' or whether programme design was too ambitious, almost half (15 out of 32) were judged to be over ambitious designs especially in relation to: weak government capacity, introducing a new instrument such as budget support, providing too short a time span to tackle a difficult area of reform.
- The majority of the sample (20 out of 32) were found to have good, objectively verifiable (or SMART) indicators in the design.
- In terms of who conducted reviews, the majority in the sample examined (22) were done just by DFID staff. Only four were independently conducted (with no DFID staff involvement).
- The risk ratings given in the reviews were all considered to be appropriate.
- In terms of coverage of cross-cutting issues, the best coverage was found to be for gender (60% had main or partial mention), socially exclusion was referred to in 43% of the sample, while only 23% mentioned HIV/AIDS and 9% the environment.
- Scoring of programmes: the CPE judged that 75% of scores given in programme and project reviews were appropriate. four projects were considered generous (too high) and two were considered to be rated low (overly pessimistic).

⁴⁴ NHF Final Project Memorandum, 2003.

⁴⁵ Statistics Adviser's Visit Report 9th to 12th June 2003.

Summary Chapter 3

- DFID's strategy in Pakistan is captured in two documents, the APPR (2001) and the CAP (2005-07). The APPR was well-aligned to the I-PRSP except for its social sector bias, and the fact that the focus on two provinces was not necessarily well founded.
- In contrast to the APPR, the CAP, though well-aligned, was not well prioritised. It was clear on health priorities but gave no attention to education despite that sector's importance in poverty alleviation, and was overambitious on governance.
- Furthermore, the strategies for Pakistan paid insufficient attention to how DFID should address growing security concerns, how it should engage with other UK Government departments, and the implementation challenges that would arise in delivering a rapidly expanding aid framework in a high risk environment.
- A wide range of risks were assessed, and attention paid to political and fiduciary risk. Disaster risk reduction was not emphasised, which was surprising given Pakistan's history.
- DFID's expenditure has risen from £38m to £101m over 2002–07, with budget support comprising 55%. A sharp dip in disbursement occurred in 2004–05 during office devolution and the preparation of a new CAP. The programme has been streamlined over the period from over 60 to under 40 projects.
- There is little discussion in the strategy documents on the rationale for budget support, which is an important omission given the scale of resources. The move to budget support appears to have been driven by alignment with new corporate policy on aid instruments, the need to scale-up the aid framework and the fact it met the need to provide substantial support to the poverty reduction programme of a key ally in the region.
- DFID's approach to partners has been increasingly focused on GoP and the larger donors, at the expense of maintaining links with bilateral donors, non-government actors and the private sector.
- DFID has had a strong approach to mainstreaming gender and social exclusion, has promoted devolution though not in a fully consistent way and has paid less attention to the environment.
- At country programme level, DFID's focus on results has not been strong until very recently.

4. How Successful was DFID in Engaging and Delivering Results?

Delivering on Strategy

4.1 This chapter assesses achievement of the three main CAP pillars in terms of: (i) their effectiveness in achieving strategic outcomes, and (ii) how their results may be interpreted based on performance reviews. The earthquake response, since it was not part of DFID's country strategy, is discussed under aid effectiveness. The chapter then examines delivery on crosscutting themes such as gender and social exclusion, and finally comments on how efficiently DFID resources were deployed to deliver the programme pre- and post- office devolution.

4.2 **Pro-Poor Spend.** A key outcome if progress on Pakistan's MDGs is to be made, is that the GoP should follow through on its PRSP commitment to increase pro-poor related spend. The draft PRSP Annual Progress Report for 2005/6 has recently been released, and does show significant increases in pro-poor spending, which is a positive and welcome trend. The report shows that between 2004/05 and 2005/06 health spending increased by 25% (compared to the target of 23%), education spending increased by 21% (versus a target of 13%), and total PRSP expenditure increased by 37% (versus a target of 16.5%). This can be seen in Annex F. DFIDP's progress reports note that since the size of the increase in a year is significantly larger than the DFIDP GBS (an increase of GoP pro-poor spend on PRSP of £750m between 2004-06 compared to DFIDP's £40m tranche in 2006)⁴⁶, it is difficult to say that the increase is due to DFIDP's contribution. Furthermore, as noted in 3.26, the GoP has passed a law that requires such increases, a legislative move which DFID and other donors cannot be said to have particularly influenced.

Income growth

4.3 **Economic management:** Major investments included support for the Medium Term Budget Framework (MTBF) in order to improve transparency and accuracy of the federal budget process, and support of the Tax Administration Reform Programme (TARP) to create a more effective revenue administration system in Pakistan. These projects although highly relevant to the process of poverty reduction, were overly ambitious given their scope and the limited capacity and ownership at the lower levels of the implementing bureaucracy. For TARP, this has resulted in delays and additional staff time as DFIDP's engagement moved from one of a silent partnership to a more overt role. The MTBF has seen improvements in allocations and releases but reviews note the slow rollout and weak political 'buy-in' of the underlying reforms⁴⁷. TARP has improved tax payment systems and seen tax revenue rises (though this may be due to steady economic

⁴⁶ PRBS Annual Review, DFIDP, 2007.

⁴⁷ 'Project purpose achievements have been limited. Perhaps the most important reason is that of scheduling the reform process in Pakistan. In this regard, before any substantial reform can take place, political and senior technical 'buy-in' is required,' PCR, Aug. 2005.

growth), but it has suffered delays in the critical computerisation component, and failed to address the fundamental change management steps needed to achieve the reforms⁴⁸. These experiences should not provide a justification to avoid such difficult and sensitive areas of reform, but suggest that they should be tackled based on (i) a stronger political-economic analysis and (ii) delivered using a more realistic timeframe.

4.4 Early in the review period DFIDP provided TA support to the Pakistan World Trade Organisation (WTO) Trade Policy Project. This was designed to contribute to Pakistan's effective participation in the WTO negotiations and build capacity in trade policy formulation and dialogue. The project was a success and enabled the GoP to take an informed position at the WTO. The background work on the Agreement on Agriculture under this project was seminal and enabled Pakistan to participate more effectively at Doha. However, DFIDP did not respond to the GoP's requests for a costless extension (PCR July 2003) or leverage the successes of this project into further work in an area where Pakistan's needs are great and its capacity still quite limited.

4.5 In the period to 2004, DFIDP had established a reputation as a leader of rural livelihood approaches, and had supported several successful models such as the Aga Khan Rural Support Programme (AKRSP) and the Lachi Rural Support Programme. DFIDP's long and flexible support to the RSPs has had an impact on social mobilisation and living conditions at village level: around 7 million people were to benefit from credit and other improved services by 2005⁴⁹. The shift from funding RSPs individually to developing the RSP Network (RSPN) was intended to improve coordination, policy research and strategic direction to RSPs. With the GoP commitment to promote Local Government, following the LGO in 2001, there was an opportunity to translate RSP principles into Local Government practice. But there were long delays in approval of DFIDP's work in this area during 2004-05, and subsequently questions have been raised as to RSPN's internal capacity and its role vis-à-vis RSPs themselves, especially as regards sustainability and becoming a conduit for GoP funds⁵⁰.

4.6 While DFIDP used its RSP experience in designing RSPN, it has as a result of its cessation of support to RSPs, lost touch with the field experience of rural poverty that it once had. Moreover, it has moved away from agrarian issues, even though agriculture is the major contributor to the national economy and accounts for 70% of the country's rural population and income base.

4.7 **Microfinance** DFIDP's assistance to the Kashf Foundation has helped in its phenomenal growth. The Kashf Foundation is increasingly seen as a leading microfinance lending institution for women in the developing world as evidenced by its leadership of sessions at global micro-finance summits. This experience together with useful access to finance studies has allowed DFIDP to build expertise in microfinance policy and as noted by a

⁴⁸ Interview with former member of Central Board of Revenue.

⁴⁹ RSPN Project Memorandum, 2000.

⁵⁰ Interview with former Livelihoods Adviser, Pakistan

2007 OPM evaluation has allowed it to increase its influence over the policy agenda⁵¹. DFIDP has been able to leverage this experience to pursue changes in the banking sector policy towards micro-finance as a poverty alleviation tool.

Basic Services

4.8 Education: Despite the high priority of education as a pillar in the PRSP, DFIDP's commitments have been fairly ad hoc. Following from SAP in the late 1990s (3.19), investments in provincial programmes continued till about 2005 in NWFP and Northern Areas. These had positive results in terms of improving primary school access and a focus on girls, and were judged relevant and effective although longer-term outcomes and local ownership were less clear⁵².

4.9 Further engagement in NWFP was sought but due to a gap in DFIDP education advisory capacity from 2005 and proposals being pursued that were unauthorized and outside of agreed UK Government policies and strategies, progress faltered and led to reputation damage given that a substantial commitment of £150m had (without approval) been made before 2005 but was not then implemented. The gap in DFIDP education staff led to new programmes like the AJK education project and National Education Assessment Systems losing precious start up time⁵³. Other initiatives were a poor fit with strategy, such as the Centre for Higher Education Project, which was closed by the new Head of Dept. DFIDP has also supported several key policy research initiatives such as the *madrassa* schools study conducted by the Asia Foundation. These have helped inform UK understanding of the role of education in radicalisation, and hold potential for guiding a future large-scale programme⁵⁴.

4.10 Health: The NHF sub-sector budget support and linked TA had from the outset the policy goal of at least maintaining and at best improving MoF health sector budget allocation and disbursement with improved financial management systems. These have been achieved (NHF APR draft 2007). DFIDP's health team have undertaken fairly extensive unpublished analysis on the trends in health allocation. This shows that budgetary allocations for the health sector have seen a gradual increase since 2000, for example rising from Rs. 29 billion (£233m) in 2002-03 to Rs. 50 billion (£400m) in FY 2006-07. For the priority health programmes under the NHF, Government budgets have also been scaled-up significantly⁵⁵. Overall however, economic growth has continued to be strong over the period so that in fact the health budget consistently accounts for less than 0.75% of GDP, compared to both the PRSP target (0.92% of GDP) and to other countries in the sub-region. In addition, there is clear indication that the hospital sector is getting more attention from MOH than primary and preventive health care initiatives,

⁵¹ Evaluation of DFID's Pakistan Country Programme, OPM, 2006, p.14.

⁵² CSPR, pp 22-23, and comments from a former education adviser.

⁵³ The AJK Education Project was approved by the new HoD when he took up office in 2005.

⁵⁴ A Concept Note for a £150m Education Strengthening Programme was submitted in Aug 2007.

⁵⁵ More evidence is provided in a more detailed paper on the NHF by the CPE team health specialist.

while most provincial budgets are already focusing more on curative care services.

4.11 Other achievements include the preservation and enhancement of the Lady Health Workers (LHW) programme, whose future was in some doubt in 2003, through a combination of NHF leverage and advocacy, and the mainstreaming of the malaria control programme into MoH, funded through the development budget.

4.12 A Health Policy Unit (HPU) was established, but there has been modest evidence of DFIDP influencing high-level MoH and MoPW policy changes, although the HPU has collaborated on four key policy assessments on public-private partnerships, national health accounts, human resource development and disease studies. There has been some ambivalence about the HPU within GoP. A former director General of Health felt that “*DFIDP could have used its leverage at the beginning of NHF to site the HPU within the Ministry. As it is, many people think that the HPU is part of TAMA*”. The Joint Secretary of Finance was unimpressed, “*The HPU has been established for some time but the MoF has received no substantial policies to date*”.

4.13 The central difficulty that the HPU faced was the fact that it was not embedded in MoH/MoPW and this institutional distance has lessened its effectiveness (although there is now a commitment by MoH to take the HPU onto its regular budget). The World Health Organisation (WHO) Country Representative felt that despite a sub-optimal performance, the HPU should be incorporated into MoH and that it had been “*too institutionally distant from MoH to function effectively.*”

4.14 That a macro-level policy shift, other than that described above, did not happen is not surprising. Given relatively modest sub-sector budget support, with no other donor partners pooling funds, to a non-aid dependent Government, the scope for sector-wide policy influence was necessarily limited and it would have been a mistake to have been overambitious in terms of targeting policy influence. This is not to overlook some positive policy results, however, particularly through the Network for Consumer Protection.

4.15 The sub-sector nature of the BS however, and its (often) catalysing TA support, has led to significant and accumulating policy shifts within the line programmes themselves. Evidence for this is: (i) The TB control programme developing and implementing a policy to work with the private sector, and embarking on developing a joint TB/HIV/AIDS treatment policy; (ii) NACP developing its procurement and management capacity and treatment and care strategies; (iii) Increasing integration at district level of the LHW programme in family planning, TB case detection and Directly Observed Treatment, Short-course (DOTS) administration and HIV/AIDS; (iv) Including TB microscopists (at the core of case diagnosis) in the malaria control programme. The WHO Representative confirmed these were “*direct and significant sub-sectoral benefits*”.

4.16 **Water and Sanitation:** DFIDP used water and sanitation as a means to improve service delivery at provincial and local level. The NWFP Rural

Water Supply and Sanitation Project (RWSSP) improved access to safe drinking water and sanitation services for rural communities, and through technical assistance, the capacity of the Town Municipal Administrations was raised for these services. By 2006, RWSSP seems to have been largely successful (based on the Annual Review). Of 1,036 schemes approved by December 2005, 285 were completed and the project was on-track to achieve its target of benefiting one million people. However, quantitative health data were not yet available to assess health or livelihood improvements and the hygiene component has lagged.

4.17 RWSSP is the only GoP initiative working at the local administrative *Tehsil* level on water and sanitation services. Larger IFI projects exist but focus on larger rural schemes and urban water and sanitation. There is also a valuable community and gender aspect, with 150 community organisations formed and registered as Citizen Community Boards (CCBs). In the face of very conservative attitudes in NWFP, DFIDP has pushed for enhancing women's participation in the schemes by allocating 20% of schemes through women community organisations.

Accountability and Empowerment

4.18 **Accountability:** Apart from the broader public financial work, DFIDP has supported the devolution process in various ways over the period at provincial and district level. The devolution process has brought a decisive break with the past in two respects. First, elected Local Government assemblies now have unambiguous constitutional protection following agreed changes enacted in December 2003, under the provincial Local Government Ordinances. Second, as a result of the LGO provisions, 33% of local council seats are reserved for women in all three levels of Local Government, a key strategic step toward women's political empowerment.

4.19 Though DFIDP cannot claim responsibility for these legislative reforms, it has initiated large programmes in the Punjab under the Punjab Resource Management Programme (PRMP) and the joint-funded (with ADB) Punjab Devolved Social Services Programme (PDSSP). These are working to improve provincial and district budgeting and service delivery mechanisms in order to focus on poverty objectives expressed in the provincial poverty strategies. According to the head of PRMP, though, progress has been hampered by delays as the large TA component has been delayed by ADB procedures.

4.20 Punjab Government officials report that the most successful DFIDP investment has been the long history of support to Faisalabad through the Upgrading and later the Faisalabad Devolution Programme. Apart from the improvements in the city district itself in improved social services and management systems, the Faisalabad programme is seen as a relevant model for replication to other larger cities in the country, although the affordability of such an improved approach once donor support is removed is questionable.

4.21 Work on electoral processes and parliamentary institutions with PILDAT and through UNDP was effective according to DFIDP's performance reviews. There has been a good strand of support to elections, from Assembly elections in 2002, local elections in 2005 and now in the design of a management strategy for the 2007 elections including the Electoral Commission and inclusion of civil society. Between 2001 and 2003, DFIDP supported a National Anti Corruption Strategy (NACS) with the ADB to engage with the National Accountability Bureau (NAB). After a positive outcome of the NACS (as suggested by DFIDP as well as other interviews) all work with NAB was halted as part of the programme streamlining.

4.22 **Empowerment:** From 2002, DFIDP worked effectively to improve knowledge on governance issues and devolution, and supported electoral processes. Strong analytical work on devolution was co-sponsored by DFIDP in 2004 (Footnote 42).

4.23 Efforts to strengthen community empowerment in holding local councils to account have had mixed success. The DTCE has supported the CCBs, but there are reportedly few cases where they have worked well and most are ineffective and in some cases are unrepresentative and corrupt (representing commercial or other interests, such as construction companies)⁵⁶.

4.24 The Participatory Poverty Assessments, the Study on Social Exclusion and the Drivers of Change Studies also provide evidence to help define areas of intervention (and are used in the 2005 CAP document). But DFIDP is yet to take these findings forward, for instance, access to justice, pervasive corruption, feudal land ownership and weak civil society were key issues identified in the PPAs, but DFIDP's attempts to work in these areas have not taken off or were discontinued.

4.25 In sum, over the evaluation period, DFIDP's engagement on empowerment has reduced as a consequence of pressure to streamline the portfolio, despite preparatory work⁵⁷, with a consequent loss of direct benefit to the poor. DFIDP has found it necessary to focus its portfolio and avoid projects that are too small. However, small size of spend was not the reason for DFIDP not proceeding with the Access to Justice intervention given that funding was £15m. The proposal was not approved because of concerns from DFIDP's Management Board over ADB's capacity to act as a lead agency in this area.

⁵⁶ "The results of a recent social audit of devolution reveal that since the LGO was announced, ... only a minute proportion of the Pakistani citizenry knows about CCBs, leave alone the idea that these bodies (are) the vehicles for ensuring community empowerment. Almost a quarter of the union nazims and councillors interviewed for the above survey — funded by Britain's DFID — did not know what CCBs were. The report also indicates that men with less vulnerable backgrounds and with some degree of education were more likely to have heard of CCBs. If this trend prevails, it will be difficult for CCBs to play a significant role in empowering the marginalised citizens of Pakistan". Extract from article by Syed Mohammad Ali, Daily Times, January 31, 2006.

⁵⁷ For example, proposals for Media and Civil Society, including a Citizens Empowerment Support Initiative in 2004, were discussed but later shelved.

Response to new policy directives

4.26 DFIDP has responded well to evolving corporate approaches to partnership support and conditionality thinking, and its budget support has changed design to fit (3.35). In health, as well, DFIDP's programme has reflected DFID's global Maternal Health Strategy⁵⁸, in addressing four global priorities under the MNH. DFIDP's support to GoP, UN and NGO HIV/AIDS programmes over the evaluation period has been in line with DFID's global HIV/AIDS policy⁵⁹ and HIV/AIDS treatment and care policy⁶⁰. Notably, MoH has, through TAMA, undertaken significant legal work that reflects DFID's global policy emphasis on stigma and discrimination. Budget support to national programmes through NHF is congruent with DFID's global TB and Malaria control policy⁶¹.

4.27 All the key areas of governance covered in White Paper 3 (WP3) were part of the CAP's Pillar 3. The response has been seen in DFIDP's support to electoral reform and parliamentary work. However the approach was too broad in the light of DFIDP's resources and so a number of themes such as media, civil society, access to justice and eradication of corruption where DFIDP made early headway have not progressed.

4.28 DFIDP has responded to the emerging strategy for a more integrated 'UK mission' in Pakistan since 2005. From operating as a distinct development agency, DFIDP has responded to higher political pressures to work more closely on a joint security and development agenda. A UK strategy for working in Pakistan was assembled in 2006, and DFIDP has become a key arm of the UK Government's agenda. UK concerns over Pakistan's critical role in the region's stability and security have arguably underlain the decisions over aid allocation. However the current Director's Delivery Plan (DDP) points out that the resource allocations for 2005–08 are substantially below the Dyer model, in contrast to neighbours such as Nepal, Afghanistan and India⁶².

4.29 Response has been relatively weak in education, with only the recent £3.5m Gender in Education Policy Support Project (GEPSP) responding to DFID's corporate emphasis on girls' education that emerged clearly in 2005 with the publication of 'Girls' Education: Towards a Better Future for All'. This followed the WP3 objectives of supporting special initiatives of getting more girls into school. Moreover the PSA for Asia 2003–06 specifically sought to deliver: "*Effective and equitable education systems, focusing on primary education and including specific objectives on equitable access for girls and boys in Pakistan, Bangladesh, India and Vietnam*".

4.30 Social development/gender has emerged as a policy priority for DFIDP in line with the corporate Social Exclusion Policy Paper of 2005, which focuses

⁵⁸ Reducing Maternal Deaths: Evidence and Action. A strategy for DFID, Sept 2004

⁵⁹ Taking Action: The UK's strategy for tackling HIV/AIDS in the Developing World, June 2004.

⁶⁰ HIV and AIDS Treatment and Care Policy, DFID July 2004

⁶¹ The challenge of TB and Malaria Control: A DFID Practice Paper, Dec 2005

⁶² The Dyer model, which estimates aid allocation based on population, poverty levels and other statistics, proposes £144m for Pakistan (see DDP 2005-08, p.18).

specifically on aspects of marginalization as a reason for poverty. DFIDP has responded to the WP3 call for support to microfinance initiatives with its commitment to Kashf, as well as to increased spending on public service reform (through the PDSSP) for example). DFIDP’s Gender Equality Action Plan 2006-09 notes that “*DFIDP’s commitment to promoting gender equality and the empowerment of women is longstanding. Our approach is laid out in DFIDP’s Target Strategy Paper, ‘Poverty Elimination and the Empowerment of Women (2000)’*”. Despite this, social development as a sector seems to be lacking a clear strategy or support from DFID in Pakistan, barring the social protection agenda.

Results

4.31 DFIDP’s internal performance system rates interventions valued at over £1 million during implementation and at completion⁶³. Over the evaluation period, 56 programmes or projects were rated, and the most recent scores recorded for this set showed that 43 of them (or 77%) are likely to achieve their objectives (rating of either 1 or 2). Outputs were rated higher with 84% as satisfactory or better (Table 6)⁶⁴.

Table 6 Performance Scores DFIDP Pakistan

Purpose rating	No	%	Output rating	No	%
1	8	14	1	10	18
2	35	63	2	37	66
3	11	20	3	7	13
5	1	2	5	1	2
6	1	2	6	1	2
Total	56	100		56	100

4.32 As noted in Box 2 earlier, the majority of reviews in the sample examined (22 out of a pool of 56, or 40%) were conducted by DFIDP staff. Only four were independently conducted (with no DFIDP staff involvement) and five others by some combination of DFIDP plus consultants and partners. In terms of review scoring, the CPE team judged that 75% of scores given were appropriate. Four project scores were considered generously scored (too high) and two were considered to be rated low (overly pessimistic).

4.33 As illustrated in Figure 4 the sector with the best ratings weighted by funds committed was health where 97% of commitment was rated 1 or 2, while the worst, with more than 70% by commitment value rated 3, were in governance.

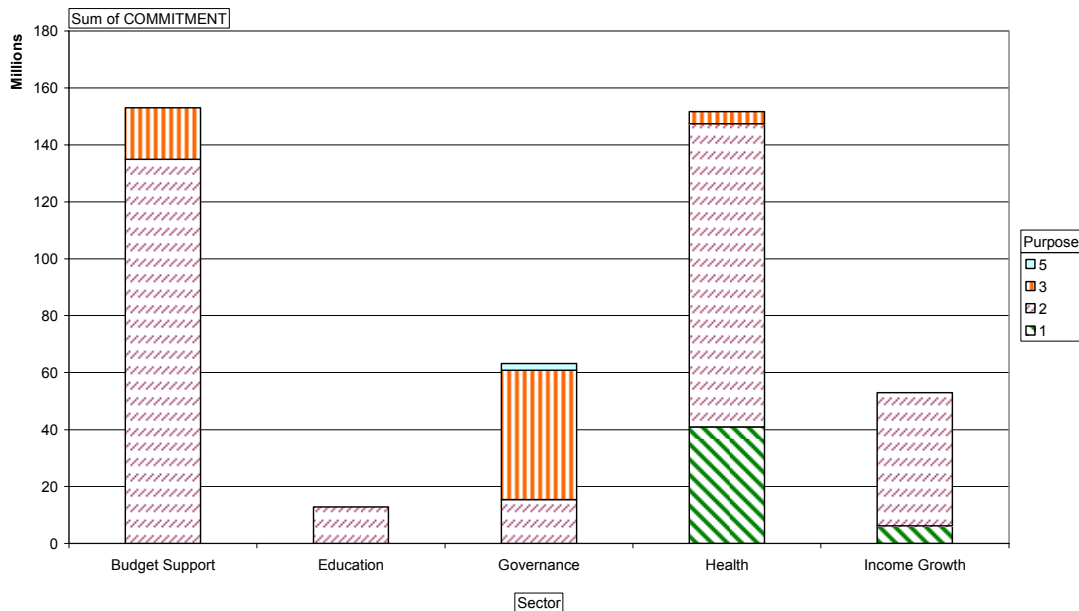
4.34 The earthquake response, particularly the relief phase, has shown a strong performance and overall the DFIDP/CHASE projects were well selected

⁶³ The scores range from 1 (all project purposes or outputs are likely to be achieved), to 2 (likely to be largely achieved), 3 (likely to be partially achieved), 4 (only achieved to a very limited extent) and, 5 (where they are unlikely to be realised).

⁶⁴ This includes the three GBS programmes, which were all rated 2 for purpose and for outputs in their most recent or final review.

and executed. Of the total of eight completed projects that were rated (seven DFIDP/CHASE and one DFIDP) since 2005, five scored 1, two scored 2, and one scored 3 on the PCRs.

Figure 4. Prism ratings for Purpose by Sector and Funds Committed



4.35 Annex G shows further that for the entire set of ratings recorded (150 ratings for the 56 projects over their lifetime), those judged to have a low risk have markedly better scores (average 1.92) to the higher risk projects (2.9). This would suggest that DFIDP's risk assessment system is accurately judging the likelihood of success. Governance projects are higher risk than the rest of the portfolio, with a quarter rated as high risk, which may account for the lower performance scores. Further analysis shows that the level of scoring for purpose achievement tends to be higher for completion reports than for other ongoing reviews. There is also an indication that the performance was better in the earlier part of the review period, with around 70-90% rated 1 or 2 for purpose in 2001-04, reducing to 63% of the portfolio in 2005-06 and 50% in 2006-07, reflecting the increased scale and level of challenge of more recent programmes.

4.36 There is evidence that annual and periodic reviews are taken very seriously by DFIDP and low scoring projects are flagged for attention. In most cases the low scores arise from over ambitious design of projects (e.g. MTBF Project and TARP). Staff and resources are committed to ensuring the effective performance of these projects.

4.37 High scoring did not mean that projects would continue, and many well-rated projects were closed (GEP, support to NGOs providing reproductive health services by Pakistan Voluntary Health and Nutrition Association and Marie Stopes). Good partnerships were dissolved and untested ones adopted (USAID in TAMA, ADB in PDSSP, British Council in MNH⁶⁵). The conclusion

⁶⁵ In the British Council case, this was a consultancy relationship formed through a tendering exercise.

to draw is that over the evaluation period, much of the programme was shaped less by lessons learned from successful project interventions than by the assessment that this approach could not be scaled-up sufficiently to achieve key outcome indicators and could not disburse the considerable increase in funds allocated to Pakistan.

Aid Effectiveness

4.38 This section examines the effectiveness and complementarity of different aid instruments and especially what budget support has delivered. It looks at how relations between DFIDP and other UK Government Departments have affected the programme. It finally assesses how DFIDP coped with the 2005 earthquake.

4.39 As noted by a recent study into aid effectiveness⁶⁶, Pakistan though not in a crisis, does suffer from weak donor coordination and low enthusiasm for Paris principles. Larger donors such as the US (and the UK) have had geo-political/security motives for their aid, and the low-aid dependent Government appears to show weak interest in better harmonisation. Development fora have been seen as not conducive to genuine dialogue or decisions, and a GoP policy on aid is yet to be prepared. Recently improvements are evident as work on building aid effectiveness in M&E, capacity building and SWApS has been initiated by the Ministry of Finance.

Instruments

4.40 **General Budget support:** DFIDP's flexibility and the increasing predictability of its budget support, partly the result of UK based policies, have made it a "role model" for other donors according to the Economic Affairs Division in the GoP. Yet, DFIDP's budget support to Pakistan has been a small proportion of the total budget support that Pakistan receives and a smaller portion of the country's budget. Despite this small size the budget support has bought DFIDP a seat at the table where the issues of economic management and poverty reduction are decided.

4.41 There is a view from some GoP interlocutors that DFIDP's earlier debt-related budget support was more relevant at the time, as it met immediate needs to increase fiscal space, and was closely linked to IMF and WB support. The later PRBS and pending DPA may be seen as less valuable in terms of potential influencing as the Government had established a PRSP and a legal basis for increasing pro-poor spending (under the DLFRA), and DFIDP funds would not necessarily make the GoP move faster⁶⁷. Other larger donors provide substantial un-earmarked aid (such as the WB PRSC), so there could be a case for more targeted sector budget support or even stand alone DFIDP programmes since the challenge is not only to increase pro-poor spend but make the quality and use of funds more effective in key sectors.

⁶⁶ Improving Aid Effectiveness in Pakistan, Killick, T and Shah Q, May 2006.

⁶⁷ A view expressed by senior representative in the Ministry of Planning and Development

4.42 **Sector Budget Support:** the NHF has provided four years of earmarked sector budget support since 2003-04 and has catalysed increased GoP health and population and welfare budget allocations, faster disbursement and better working relationships with MoF. Informed observers (e.g. from the WB), feel that it would have been inappropriate, even futile for DFIDP to have seen the NHF as a tool for policy advocacy in the absence of other partners, in view of the overall size of the funding to a non-aid dependent Government and the fact that health is a provincial responsibility, and that there is no national strategic health plan. As noted earlier (4.15), sub-sector health budget support has led to significant policy shifts within the line programmes themselves.

4.43 The experience with the Punjab focused PRMP and PDSSP is that aid effectiveness has been improving at provincial level, although transaction costs have not improved for donor partners yet. Improvements in the quality of the policy dialogue and in Government ownership are reported, and these have been critical to improving effectiveness⁶⁸.

4.44 **Technical Cooperation:** DFIDP financed technical assistance has generally been of high quality and been greatly valued by Federal and Provincial Governments. For example, it has helped provide the analytical support for its policy and strategy formulation (for example the DFIDP co-financed Economic Report of Punjab 2005 is referenced in the Chief Minister of Punjab's pre-budget speech of 2006). These Economic Reports contain extensive analysis of public expenditure and financial management issues which result from discussions at all levels and are used by the Provincial Governments to refine their policies. In recent years DFIDP has been seen as a key resource by the State Bank of Pakistan and the Ministry of Finance in the formulation of its credit policies for the poor.

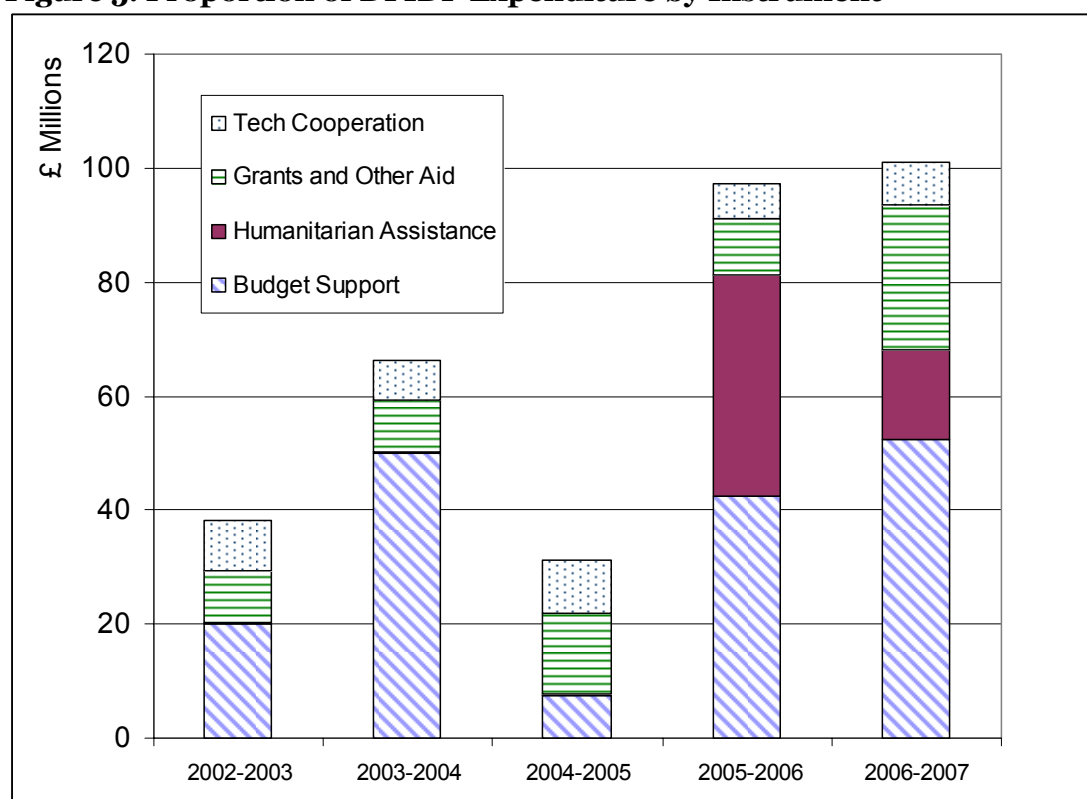
4.45 TA has strengthened federal and provincial capacity to develop health policy. MoH and MoPW approved of the TAMA mechanism since it avoided significant delays in using GoP systems and avoided the pressures inherent in contracting TA themselves. However, some senior staff complained that TAMA's overheads costs were too high (27%), and that such funding should not have been used to temporarily fill empty GoP posts or to contract consultants to compensate for management weaknesses. DFIDP planned to allow TA support to continue beyond the end of the present TAMA contract (Sept 2007), to avoid a gap, but approval has been slow.

4.46 **Accountable Grants and Project Aid** have reduced in terms of the number of interventions, though not the volume of funding over the evaluation period. There has been a more strategic use of such funds, such as with RSPN, provision of funds to donor partners and in supporting empowerment initiatives such as DTCE, as well as specific targeting of stand alone projects to tackle MDG-related outcomes, such as polio eradication with WHO. There has been very limited use of Global Conflict Prevention Pool

⁶⁸ Sector Budget Support for Social Service Delivery: The Punjab Devolved Social Services Programme (PDSSP), Country Assessment for Case Study No. 1, 2006 Asian Regional Forum on Aid Effectiveness, P. Thornton, 2006.

funds to address in-country issues – the fund’s primary purpose has been to address regional conflicts.

Figure 5. Proportion of DFIDP Expenditure by Instrument



Pursuing the development agenda with others

4.47 **UK Government:** DFIDP forms part of the wider UK Government engagement in Pakistan. One of the areas where DFIDP's work is seen as having potential to support other UK Government aims is in addressing security concerns. These are not only of concern due to potential impact on other countries in the region and beyond, but also often have a direct impact on the poor and are a potential barrier to investment and growth. Where tensions have existed between different arms of the UK Government over the means or level of engagement in this area, discussions at post or in Whitehall have helped to resolve these. DFIDP management has worked well to build the relationship with other arms of UK Government, including key briefings on education, on the best use of FCO funds, and in interaction with EU member states around security and development issues. The demands of responding to a growing interest in DFIDP's programme has taken up a considerable amount of management time.

4.48 **Government:** DFIDP is seen as a closely aligned development partner by Government and not a partner that overtly pushes a UK agenda in a blinkered way. In interviews with a range of GoP officials, the evaluation found that DFIDP is well-respected and regarded as supportive, flexible and easy to work with. DFIDP's interest in a longer-term relationship based on the DPA is on the one hand felt to be a model approach for a donor, but on the other several voices made the point that DFIDP's financial contribution is less

important than the value added by its technical support and analysis. Particularly important in this connection were the Provincial Economic Reports and the earlier poverty studies such as the PPAs. DFIDP's 2005-07 CAP is not well known and it is not generally felt that DFIDP has necessarily increased GoP commitment to pro-poor policies. Instead, DFIDP is seen as influential in its focus on capacity development, and in areas such as health, microfinance and support for devolution.

4.49 In terms of **other development partners**, DFIDP has had close relations with the WB and ADB, and with the UN, however it has had less influence or leadership in improving harmonisation or aid effectiveness than in other countries. For example, relations with the two main IFIs have been affected by the increasing use of grant-based budget support. Initially DFIDP grant monies (and supportive TA) made IFI loans more acceptable to GoP by lowering the overall price. As the size of the DFIDP budget support increased, there is greater resentment within the IFIs (voiced by both WB and ADB) of DFIDP potential to restrict their ability to make loans in these areas, even though DFIDP's PRBS support remains relatively small at only 10% of the WB PRSC. DFIDP's provision of a poverty specialist TA to the ADB in 2004-06 did introduce improved poverty analysis, but there has been limited follow up and the Poverty Unit that was set up has not continued.

4.50 **Earthquake response:** Neither the CAP nor the Director's Delivery Plan anticipated a serious natural disaster such as the 2005 earthquake, nor the substantial level of work that was required within DFIDP to mitigate its effects and assist reconstruction. DFIDP's initial response to the earthquake was managed by DFID's coordinating arm for emergencies, CHASE, and was characterised by flexible and quick procedures, decentralised decision-making and rapid disbursement of grants. DFIDP played its part in helping to smooth the path for CHASE operations, through the use of its own staff and local knowledge, as well as its close coordination with the British High Commission and their own local support for clearances.

4.51 A survey⁶⁹ of 15 partner NGOs showed that they rated DFIDP's efficiency and flexibility as high. However, 80% replied that although DFIDP's decision to finance ERRA may have been appropriate in terms of alignment and aid effectiveness principles, ERRA's capacity was insufficient to undertake the task⁷⁰. Almost all respondents expressed the view that local district authorities (their main counterparts in the field) were disempowered by having neither control of, nor access to, ERRA funds in the first year. Hence, the NGOs themselves were implementing projects with their own resources, rather than money channelled through ERRA to district-level line ministries.

4.52 Based on a key review⁷¹ and interviews, the most successful earthquake projects have been the basic services activities, livelihoods and disaster risk reduction. DFIDP co-funded (with UNESCO and JICA) an education project, with direct responsibility for the capacity building of teachers (11,000) and

⁶⁹ As part of the evaluation, the CPE team conducted an online survey of 7 NGOs and held a workshop with 8 others.

⁷⁰ Similar views were expressed by UNESCO, UNICEF and the International Migration Organization.

⁷¹ David Crapper, Mahmood Rai, Pre-Annual Review Assessment, DFIDP, July/August 2007.

education managers (248) in AJK and NWFP. Primary health services were provided in the IDP camps of AJK (implemented through the UK NGO, Merlin). Under the emergency Technical Cooperation (TC) programme, winter shelters were provided to 650 households. Social protection activities have also been fairly successful with support for an institutional assessment of the Ministry of Social Welfare and ERRA to deliver social protection in earthquake areas. DFIDP also part-financed UNDP's Joint Protection Monitoring Unit that has flagged social protection issues, and UN-HABITAT, which has become ERRA's executing agent for assistance to the landless.

4.53 In terms of ERRA's performance, by mid-2007 almost all work was running behind the very optimistic targets set. The main reason for this was the time taken to establish the institutional apparatus of ERRA, coordinate provincial work plans and budgets. However, some progress was made on the financing of housing reconstruction (98% of households had received the first two payments out of four), and the livelihoods cash grant project had exceeded targets. Apart from services being provided in temporary facilities, the provision of permanent health and education facilities had made very slow progress, and with the exception of a handful of DFIDP-funded bridges, road and bridge reconstruction was barely underway.

4.54 By early 2007, DFIDP faced some difficult programming decisions. Already committed to £35m Sector Budget Support (SBS) to be spent by March 2008, and a further £21m to be spent by 2008/9, the following issues were outstanding:

- No attribution of DFIDP budget support funds is possible until the second year of a three-year spending window⁷².
- ERRA had yet to develop effective and transparent accountability systems that would meet minimum benchmarks for a second (£17.5m), let alone a third (possibly all or part of the remaining £21m) tranche of DFIDP funds.
- DFIDP spend was timebound – three years – but assumed to eventually 'merge' with DFIDP's Pakistan development programme. This would require (i) strong synergy with, and capacity of, line ministry priorities at provincial/state and district levels, and (ii) a clear exit strategy for ERRA and handover to a more permanent national entity (in fact DFIDP is considering funding for the new National Disaster Management Agency).

4.55 From experience elsewhere in the world, the setting up of a new national body responsible for budgeting and coordinating a recovery programme worth over \$6bn would be a huge undertaking. DFIDP has nevertheless addressed the most vulnerable element within the project – monitoring and evaluation – and helped the establishment of a viable and accountable institution.

⁷² DFID's £17.5m SBS grant was not recorded by GoP as a contribution to ERRA until July 2007. The fact that ERRA had a large under-spend in the first year (45% under-spend, even after the budget revision), is an indication of over-ambition at the outset rather than failure on the ground. The timeframe is now being re-set to at least 5 years. DFID's funding window of 3 years, therefore, is likely to see greater disbursement and impact in the third year than the first.

Delivery on Crosscutting themes

4.56 There have been some good examples of delivery on **gender** in education, microfinance and in health. The NWFP Education Project and the Northern Areas Education projects were effective in the period up to 2004/05 when they ended. The latter increased gross enrolment for females in elementary education from 27% (1994) to 55% (2003) and supported a 10% reduction in the drop out rate in classes 1-5 (NAEP PCR 04). The health programme has delivered important improvements to women in the different sub-programmes, particularly in the area of reproductive health (see 5.14) and this is set to increase as the MNH comes on stream. The view by 2004 was that DFIDP had a good platform and was set to reinforce its position as the lead donor on gender issues⁷³.

4.57 The impact of initiatives in gender since then has been minimal. For instance the Gender Equality Programme, which spanned five years and assisted some 57 organizations, could not consolidate early successful experiences into a broader programme for working with civil society (GEP Evaluation, 2006). Similarly, the SAAW research was the largest survey of its kind on violence against women, with 135,000 respondents. Yet due to its “sensitive” nature, the GoP refused to publish the report despite requests from the British High Commissioner himself. In effect, this was a “wasted effort” (DFIDP Programme Officer) on an extremely important issue that could have effectively achieved DFIDP’s objectives to empower women and impact on policy, as stated in the CAP.

4.58 Interventions in **social protection** since 2005 by DFIDP, together with the WB and ADB, led to the development of the National Social Protection Strategy and to its approval by GoP in June 2007, which is a major achievement, targeting the marginalized and vulnerable groups including women⁷⁴. Part of this initiative is for a GoP-run pilot of conditional cash transfers in five districts for child support. However, in other areas there has been weak follow up of social development initiatives, despite the commitments in the CAP and WP3. For DFIDP’s budget support investments, it is difficult to say how well the poor and excluded have been targeted, since it depends on improvements in the effectiveness in measuring the poverty targets in the PRSP (3.27). Some programmes in health reach poorer districts and communities by the nature of the problem, especially with TB and malaria while LHW specifically targeted the poor.

4.59 Given the lower strategic attention afforded by DFIDP (3.53–3.54), it is not surprising that there has been limited progress in terms of **HIV/AIDS** and **environment**. TAMA brought some HIV/AIDS training/awareness to several of the NHF vertical programmes, notably LHWs and the TB control programme, otherwise, there is little evidence of efforts to mainstream HIV/AIDS. Environmental problems have been addressed in Faisalabad and the Water and Sanitation work in NWFP, and an MOU with UNDP was signed

⁷³ CSPR, p.31

⁷⁴ Interview with former Social Development Advisor, DFIDP.

in 2006 to utilise that organisation's expertise *gratis* on all DFID-UNDP programmes, but there is little substantive delivery to record in other areas.

Efficiency

4.60 This section reviews three main questions: were DFIDP's staffing and office arrangements appropriate to deliver the intended programme? What impact did the devolution of the office in 2005 have on programme delivery? And were programme approvals timely and administrative overheads appropriate?

4.61 **Pre-devolution of the Country Office** The period 2002–2004 was an intensely difficult period with regional (with India and Afghanistan) as well as internal security concerns causing disruption and stress to staff. "*Pakistan is a dangerous country to operate in. There are general security threats and physical threats to staff... these add significantly to the logistics and costs of working in Pakistan*". (NAO, 2006). At the same time, the Pakistan team were faced with a rapidly growing aid allocation yet without a formally approved and publicly shared country strategy, nor with a perspective on how DFIDP should operate in a fragile state, as strategy did not emerge until 2005.

4.62 Managing a programme with a team in London and a team in Pakistan presented challenges of coordination. London staff generally shared work on Pakistan with other countries in the Asia Division. Advisory staff in the field had no or little policy influence but had strong contacts and awareness of local conditions, and this led to some level of frustration as there was a concern that London did not have well-joined up or informed views. Frequent visits from London-based staff helped to overcome this.

4.63 **Devolution:** Creating a fully devolved office proved a prolonged and difficult process for DFIDP. The intention to devolve was made in 2001, but security concerns prevented the process until end 2004. The management of the programme changed hands three times during the period and the structure of DFIDP's Asia Department also altered. The timing of the devolution when it occurred in 2004 was a particularly difficult period – coinciding with the CAP formulation, and the need to recruit a new team – providing an experience that the then Pakistan Manager felt was extraordinarily difficult.

4.64 Establishing the office and team took considerable energy in 2005. For the first six months, there were only four UK based and ten SAIC staff, and it took nine months to recruit three programme managers to head the CAP pillars. There was a marked change in UK-based advisors from the pre-devolved office, providing a weak link with the previous programme, and a lack of ownership of the new CAP (Annex H). The office operated out of portakabins until 2006, and had to work with limited office facilities and equipment. Then in October 2005, the earthquake occurred, with the epicentre less than 100 miles from the office. This placed enormous further pressures to cope with the blaze of publicity, missions and briefings required, as well as issues of personal safety as aftershocks continued for several months.

4.65 The office undertook a programme quality review in 2005, and then hosted visits by Internal Audit and the NAO in 2006 to assist with improving systems and financial management. Yet it is evident that information systems have been slow to fall into place and documentation is a real problem, in particular the difficulties encountered with DFID's new information management tool, QUEST, have proved serious⁷⁵.

4.66 Further reorganisation took place later in 2006 with a review to assess management and office structure in the light of the changing and growing nature of the portfolio. This study has paved the way for better team-working, improved delegation and a simplified office structure, with two rather than three programme teams⁷⁶. Nevertheless, there has been high staff turnover in certain areas (for example, no full-time UK-based education adviser from early 2005, four social advisers in 4 years, no UK-based governance adviser in 2005) (Annex H). In some instances, this has been due to recruitment difficulties, but in at least one case it is related to the reduction in the size and breadth of the portfolio particularly in the area of social development. These staff issues have also affected the ability of DFIDP to initiate and implement significant social, education and governance interventions.

4.67 SAIC staff have played an important role, given the security issues and UK-based staff turnover, in providing a consistent and experienced presence, with some staff involved for 20 years. The organisational review in 2006 noted that SAIC career paths had been affected by slow progression and limited opportunities, with most staff continuing as programme officers and few advisory grade staff. With the problems of UK staff turnover and delayed recruitment, SAIC staff have at times been placed in exposed positions – for example in governance, education and social development - having to manage large or sensitive portfolios without sufficient experience of DFID systems. Yet, there have been some effective roles played by SAIC staff in an advisory capacity, including in private sector, health and governance.

Disbursements and approvals

4.68 Overall, **disbursements** have been timely particularly with the larger budget support tranches and for humanitarian funding. Programme spend was significantly affected in 2004/05 at the time of office devolution when staff were being recruited and new office systems installed. Significant delays in the £90m MNH project were due to the failure of the original contractor (British Council) to deliver on design and then because the GoP had not committed the funding as agreed. Delays in the early stages of TAMA also occurred due to lack of shared views with USAID and their micromanagement.

4.69 **Approvals:** Present and former Health Advisers report that the project approval process has been slower over the evaluation period than the DFID norm. This is due to: (i) the strategic direction in health, as outlined above, which has led to fewer, but larger and more complex BS interventions;

⁷⁵ The CPE team for example found much better documentary evidence on programmes, submissions and general correspondence for the period before devolution from paper files held in the UK, than from files held in Islamabad.

⁷⁶ Towards an Office Development Programme, Verulam Associates, 2006.

(ii) large TA, advocacy and research bids for contracts had to be appraised and awarded; (iii) in the case of the MNH programme, staff changes at South Asia Department level during the process led to repeated submissions to DFIDP region and multiple sets of comments to be addressed, and; (iv) the size of the projects required them to be approved at the highest levels.

4.70 Significant delays are also noted in Punjab DSSP due to ADB reorganisation and negotiations with ADB to manage from Islamabad not Manila. These problems could have been mitigated if there had been an adequate institutional appraisal of ADB both as a partner agency and as a regional entity. There were also some complaints by provincial partners of delays in feedback from DFIDP. The RSPN and Kashf also suffered delays in approvals, but these occurred during the pre-occupations with the devolution of the DFIDP office to Pakistan.

4.71 There were problems of commitments and proposals being put in place by the former team that were not possible to implement under the new management, because the commitments were unauthorised and outside of agreed HMG policies and strategies. The NWFPP education commitment was one major example. DFID Pakistan since devolution has been relatively efficient in terms of administrative overhead compared to other countries in the South Asia Region (Figure 6) – representing only 3% of total programme spend. Overheads were much higher in the year 2004-5 for Pakistan, due to higher London costs as well as the administration costs of setting up of the new office.

Figure 6. Administration Costs as a Proportion of Total Programme Spend for the South Asia region (£ million)

Period		Pakistan	Afghanistan	Bangladesh	India	Nepal
2004/5	Administration ¹	7.8	4.4	8	8.9	3.4
	Programme	31.4	79.6	127.9	257.6	35.1
	Total	39.2	84	135.9	266.5	38.5
	Admin proportion of total	20%	5%	6%	3%	9%
2005/6	Administration	3.5	7.2	8.1	8.1	3.2
	Programme	97.4	98.4	123.4	252.8	25
	Total	100.9	105.6	131.5	260.9	28.2
	Admin proportion of total	3%	7%	6%	3%	11%
2006/7	Administration	3.6	7.5	7.8	8.3	3.2
	Programme	101.1	98.8	109.3	233.9	42.8
	Total	104.7	106.4	117.1	242.2	46
	Admin proportion of total	3%	7%	7%	3%	7%

¹ Administration costs include: a) budgeted country office costs b) salaries of London appointed staff and c) South Asia Strategy & Administration (SASO) costs (admin & salary) split equally between the 5 countries.

Summary Chapter 4

- A key aim of DFIDP support to the GoP was to see GoP pro-poor spending increase. PRSP expenditure has increased by 37% versus a target of 16.5%, but given that the size of the increase is much larger than DFIDP's PRBS, and that GoP legislation has mandated such a change, attribution to DFIDP support is not clear.
- DFIDP's support in the area of income growth has had mixed success, with good results in microfinance and earlier with livelihoods. Continuation of livelihood initiatives through the RSPN has been strategic but DFIDP has lost exposure to field reality. Important public sector reforms have been tackled in tax and budget management but success has been slow and targets overambitious.
- In basic services, health support has had significant benefits both on key primary health indicators and on policy, and while education studies have been informative, service delivery has not been taken forward from earlier provincial projects.
- DFIDP's work on accountability has had mixed success, with less progress on corruption and justice reforms, but good support to electoral processes, and growing results in devolution initiatives – though these have suffered from delays. Valuable initiatives in devolution and social protection (including policy work, analytical studies and city district reforms) are widely appreciated but yet to be replicated or fully exploited.
- 77% of the projects in the portfolio have satisfactory ratings, where all or most of their purposes are scored as likely to be achieved. The challenge of tackling governance is evident from higher risk ratings and lower performance scores of interventions in this sector.
- Though growing budget support has brought DFIDP recognition and some influence, general budget support has not made the Government move faster on the poverty agenda than it otherwise would have done. Health sub-sector budget support on the other hand shows strong and attributable results, while technical cooperation has been effective.
- While DFIDP has been active in areas related to 'counter-radicalisation', it has worked to retain its focus on poverty, has contributed to relevant analysis and increasingly worked as a joint partner in the UK mission to Pakistan.
- The process of office devolution was drawn out and beset by security concerns but ultimately successful. Disbursement was reduced dramatically as new management faced staffing and office establishment difficulties. Staffing turnover has also been high, nevertheless administration costs are comparatively low. The move to larger interventions and difficulties with partnerships has affected speed of approval.

5. Programme Impact

5.1 In this section, the overall development performance of Pakistan is discussed, including DFIDP's contribution to the policy and governance environment. With reference to DFIDP's PSA targets, progress towards achieving the MDGs is reviewed in relation to three key strategic areas – poverty reduction, education and health – plus the earthquake response. Sustainability and the extent to which DFIDP has added to national capacity is also reviewed where evidence is found.

Policy and Governance Environment

5.2 In a country of the size and nature of Pakistan, seeking improvements in the governance environment is extremely challenging. Tackling reforms in areas such as anti-corruption is extremely sensitive since given that it would require a transformation of existing entrenched power relations. There is a need for policy dialogue and a diplomatic approach requiring skilled and experienced intermediaries who can work with the few champions and opportunities available.

5.3 There is limited evidence that overall DFIDP has had any widespread or systemic impact on the governance environment in the evaluation period. Support to areas such as anti-corruption and justice have had little impact, as initial work in these areas was halted⁷⁷, and there has been no effective work to strengthen the role of the media.

5.4 There are nevertheless specific interventions and policy engagement where DFIDP has achieved some particular successes, for example:

- DFIDP's support to the RSP approach has led the way on participatory development (although the main impacts are on the improved coordination and delivery performance of the RSPs themselves).
- Work on the capacity of parliamentarians and on electoral processes have made effective contributions.
- Support to Faisalabad City has produced a model demonstrating how urban services can be provided in a more accountable way.
- Civil society work, such as with 'The Network', that addressed accountability of health and water and sanitation services from a consumer protection angle.
- Use of PRBS and DPA talks to support establishment of a joint GoP/Donor Public Expenditure Framework Assessment, including actions on corruption.

⁷⁷ Subsequent to the evaluation, a £5m DFID-ADB Trust Fund has recently agreed a £1m programme on anti-money laundering.

- The DPA has successfully introduced human rights onto the agenda, though specific indicators are yet to be elaborated.

These examples demonstrate at least three underlying lessons: the benefits of long term consistent support (as in the RSPs and Faisalabad), well-targeted interventions in an area where UK experience was especially valued (electoral support) and weight of funding bringing influence at a high level (PRBS/DPA).

5.5 Devolution is perhaps the main plank of the current regime’s reform agenda. The process appears strongly entrenched in the national social and political environment, and while there is risk that opposition parties could undermine the process if they come to power, a complete reversal is unlikely. Decentralisation has contributed to the delegation of financial control to the lowest levels, and it is apparent that the elected leadership (the *nazims* or mayors) and the population at the district level now play a more participatory role on local governance.

5.6 DFIDP has supported devolution in various ways, both in its engagement with NWFP and the Punjab and at the local level. The PDSSP is designed to strengthen governance and accountability mechanisms for Provincial and District Governments, although it is too early to see outcomes in this area. Engagement with DTCE on citizens’ voice was an attempt to strengthen an important theme and 7,000 CCBs have been formed, though some commentators note that the majority of these Boards are not really demand-led and don’t have a strong accountability role.

5.7 DFIDP’s assistance to ERRA aimed to build institutional capacity and tools to enable it to be more accountable to both donors and recipients. DFIDP has assisted in developing a comprehensive fund tracking and M&E system for ERRA, but progress has been confounded by a sensitivity within GoP to the use of international expertise and by capacity constraints, and significant improvements in accountability have yet to be seen.

Development Outcomes

5.8 DFIDP sets out its corporate objectives in the Public Service Agreement (PSA) and Service Delivery Agreement (SDA). The Directors Delivery Plan for Asia reports on progress towards these objectives in Asia. Table 7 summarises key elements of these plans and objectives. Subsequent paragraphs provide an assessment of achievement related to APPR/CAP goals.

Table 7. Summary of PSA, DDP and DFIDP Pakistan achievements

	PSA Target –South Asia (2003-06), (2005-08)	DDP Objectives 2003-06 for South Asia or Pakistan	DFIDP stated achievements against PSA/DDP (Sept. 2006 Progress Report)
1. Poverty Reduction	Provide general budget support to national poverty reduction strategies. Reduce proportion of people living in poverty	(a) Provide bilateral support towards effective and sustainable poverty reduction strategies. (b) Support national dialogue on nature of	£10m support for Rural Support Programme Network. £12.4m Tax Administration Reform Project; £6m for GoP’s Medium Term

	from 40% to 32%. <i>(reduction by 8% points)</i>	poverty and the constraints that need to be overcome to reduce it. (c) Work at lower levels of government, where opportunity for influence greater in shaping poverty reduction policies.	Budgetary Framework. Three-year £80m PRBS + associated TA in support of GoP's PRSP. Strategic partnerships with Punjab & NWFP & support for pro-poor policy reform programmes.
2. Education	Increase gross primary school enrolment from 95% to 100% and increase ratio of girls to boys enrolled in primary school from 87% to 94%. <i>Increase in primary enrolment by 8% and girl:boy ratio by 5%</i>	(a) Level of DFIDP spending to grow rapidly. (b) Focus on expanding national programmes and enrolment.	Worked with World Bank, UNICEF and others to help ensure the success and integration of the Universal Primary Education, and the UN Girls' Education Initiative. Also funded the National Education Assessment Support, and played a role in consultations for the National Education Policy review. Worked with others on design of multi-donor sector programme in NWFP.
3. Child mortality and Reproductive Health	Reduce under 5 mortality rates for girls and boys from 92 to 68 per 1000 live births. Increase proportion of births assisted by skilled birth attendants from 39% to 57%. <i>Reduction in under 5 mortality by 24 per 1000 live births and increase of 15% in proportion of births assisted by skilled birth attendants</i>	(a) Increase resources for health sector programmes. (b) Advocate actions and share evidence. (c) Support vertical programmes. (d) Engage with civil society and non-state health providers.	DFIDP supported 7 priority programmes within the sector. Supported federal immunisation programme (£50m) and leveraged additional funds for basic health New Maternal and Neo Natal Health £90m programme Supported clean water and sanitation programmes through NWFP Rural Water Supply and Sanitation Project - on track to benefit 1m people by completion in 2008.
4. HIV/AIDS, Tuberculosis	Reduce prevalence rates of HIV infection in vulnerable groups to below 5%; increase TB case detection rate above 70% and cure treatment rate greater than 85%. <i>Same</i>	Support to effective national strategies to address, TB and HIV/AIDS	Helped GoP develop and deliver a comprehensive response focused on vulnerable groups, women and children. Helped support projects including Social Marketing of Condoms, Surveys of STD, TB control. Funded detailed mid-term review of national programme.

5.9 DFIDP's M&E framework has improved substantially, given that from 2002-04 there was no annual summary reporting to judge DFIDP's progress against DDP or other targets. But while the DFIDP programmes do contain detailed input and output indicators, it is hard to link their contribution to the desired development outcomes. For example the Results Monitoring Framework in April 2007 provides substantial output data on DFIDP's interventions but these alone do not support the achievement of the stated CAP outcomes. This can be illustrated by the outcome that 'poor have greater access to health and education services' for which the DFIDP main annual indicators are 'number of lady health workers reaches 100,000', and 'number of community midwives for training has a first intake of 1,000'. These supplied deliverables need to be linked to relevant access and use data in order to show how DFIDP supported activities will achieve the outcome.

5.10 **Poverty Reduction** Pakistan is officially on-track to reach the MDG target of halving the income poverty headcount by 2015, and the 8% decline in poverty (Annex I). DFIDP has supported the implementation of the GoP poverty reduction plans and strategies through direct budget support to social sector expenditure, and technical advice to the Ministry of Finance on the Poverty Reduction Strategy (PRS) monitoring framework.

5.11 However, there are some contentious issues over GoP poverty data. While national figures show an encouraging trend, the Government has not to date announced Provincial level results on the incidence of poverty beyond 2004/05. The WB re-analysed the Household Income and Expenditure Surveys for 2001/02 and 2004/05 and, while endorsing the GoP estimates, found that poverty levels measured in terms of the incidence of poverty had reduced in 2004/05 to levels similar to those in 1998/99 – indicating that there had been no significant reduction in poverty since then. This analysis indicated a decline at the national level of the headcount of the poor of about 5.3% from levels in 2001/02 (based on higher inflation rates than those used by the GoP)⁷⁸. It should be mentioned, however, that 2001/02 was a particularly bad year due to the effect of a persistent drought.

5.12 The credibility of GoP data on the poverty headcount is not so much a question of analytical approach but of the quality of the underlying data sets. This is highlighted by the dramatic decline in poverty in Sindh Province that underlies the reported overall national decline (see Figure 1). There is no obvious reason for poverty in Sindh to have declined so dramatically relative to the other Provinces. Yet the data are used to indicate a positive outcome, something not questioned by DFIDP despite the fact that it is probably the most significant empirical basis on which the outcomes as well as the validity of the ongoing DFIDP programme can be assessed. DFIDP endorsed GoP-announced performance outcomes, despite internal reservations on the credibility of the underlying statistical systems⁷⁹.

⁷⁸ Poverty Head Count Reassessment, 2000-2005, World Bank, 2007.

⁷⁹ Letter to the Planning Commission from Head of DFIDP, 2006

5.13 **Education Progress on MDGs:** From 2001/02 to 2004/05 there was an 8% increase in overall literacy, from 45% to 53% but this remains off-track in meeting the MDG target of 88% by 2015. Male literacy increased from 58% in 2001–02 to 65% in 2004–05 while the corresponding increase in female literacy was from 32% to 40%. The explanation for the gap is the persistent issue of girls not being sent to schools for a variety of reasons such as distance of school from home, assistance in domestic work or other cultural and social obstacles. There has been little progress in reducing the literacy gap between rural and urban areas.

5.14 **Child mortality and reproductive health.** DFIDP's sector budget support through the NHF means that attribution on progress in the sector is difficult. DFIDP's support to seven priority programmes within the sector is arguably more attributable.

5.15 Direct health outcomes in terms of estimated numbers of beneficiaries have been projected by DFIDP from NHF/PRSP targets and progress reports. These are necessarily approximations, but they are based on the best data available and internationally accepted assumptions (e.g. the WHO estimate that one untreated person with open TB will potentially infect 18 others). Using this model⁸⁰, it is estimated that between 2003 and 2007, DFIDP believes that its support has contributed to:

- 1,177,796 fewer births.
- 202,119 fewer infant (under 1 yr) deaths.
- 15,789 fewer maternal deaths.
- 1,468,512 more couples using family planning.
- 207,811 fewer child (under 5) deaths.
- 843,613 fewer malnourished children under 5 yrs.
- 277,255 more TB cases detected.
- 86,809 more TB cases successfully treated.
- 2,441,960 cases of TB prevented.
- 476,603 more cases of malaria confirmed and treated

5.16 Pakistan is off-track for MDGs 4 (child mortality), though there has been some general progress as follows:

- Child (under 5) mortality is estimated to have decreased from 103/1000 live births in 2000-01⁸¹ to 94/1000 live births in 2006-07⁸².
- Infant (under 1) mortality has decreased from an estimated 82/1000 live births in 2001-02⁸³ to 70/1000 live births in 2005-06⁸⁴.

5.17 DFIDP has contributed directly to the following outputs which will speed progress towards this off-track MDG:

⁸⁰ NHF Advocacy Indicators 2007 supplied by DFIDP Health team

⁸¹ Pakistan Reproductive Health & Family Planning Survey (PRHFPS) 2000-01.

⁸² Pakistan Demographic & Health Survey (Preliminary report) PDHS 2006-07.

⁸³ Pakistan Integrated Household Survey (PIHS-IV 2001-02).

⁸⁴ Pakistan Social and Living Standard Measurement Survey (PSLM-II 2005-06).

- Increased antenatal tetanus toxoid immunisation, coverage of which rose from 51% in 2004-05 to 62% in 2005-06⁸⁵ (neonatal mortality accounts for approx 65% of all IMR).
- EPI coverage (fully immunised) rose from 53%⁸⁶ to 71% in 2005-06⁸⁷.

5.18 Pakistan is also off-track for MDG 5 (maternal mortality). There has been some progress in recent years, though this is harder to confirm, partly because of the difficulties inherent in estimating MMR, and partly because the MNH programme (which DFIDP has specifically designed to sharpen the focus on strengthening progress towards MDG 5) is only just starting. Nevertheless, DFIDP has contributed indirectly to reducing MMR through the following outputs and outcomes:

- Various estimates of the increase in Contraceptive Prevalence Rate from 19% in 2001/02⁸⁸ to 26% in 2005/06⁸⁹ and 29.6% in 2006/07⁹⁰.
- Estimated Total Fertility Rate (TFR) has fallen from 3.9 children per woman of reproductive age (15-49 years) in 2003 to 3.8 in 2005⁹¹.
- Estimated reduction in population growth rate from 1.95% per annum in 2003 to 1.90% per annum in 2003.

5.19 **HIV/AIDS Progress.** There has been mixed progress towards MDG 6, (HIV/AIDS, TB, malaria and other communicable diseases), with notable improvement in coverage and quality of TB services. Again, budget support makes direct DFIDP attribution more difficult, but individual project assistance has led to general progress as follows:

- HIV/AIDS surveillance data show that in the three cities with the highest injecting drug user (IDU) HIV/AIDS prevalence (Karachi, Hyderabad and Sukkur), the percentages of IDUs not sharing a needle during last injection were 70%, 77% and 49% respectively.
- Between 2004 and 2005, in Karachi and Lahore, the percentage of female sex workers who used a condom during last sex increased from 23% to 38% and from 40% to 68% respectively⁹²
- The National TB Control Programme recently reached its target of 70% of smear positive TB detection three years ahead of schedule.
- The TB treatment success rate target of 85%, set for 2010 was also achieved in 2007.
- DOTS has been introduced in all districts in Pakistan.
- A strategic plan for a public-private partnership has been produced with TAMA support and funds have been allocated to the programme.

⁸⁵ Pakistan Social and Living Standard Measurement Survey (PSLM-II 2005-06).

⁸⁶ Pakistan Integrated Household Survey (PIHS-IV 2001-02).

⁸⁷ Pakistan Social and Living Standard Measurement Survey (PSLM-II 2005-06).

⁸⁸ Pakistan Integrated Household Survey (PIHS-IV 2001-02).

⁸⁹ Pakistan Social and Living Standard Measurement Survey (PSLM-II 2005-06)

⁹⁰ Pakistan Demographic & Health Survey (Preliminary report) PDHS 2006-07.

⁹¹ Pakistan Demographic & Health Survey (Preliminary report) PDHS 2006-07.

⁹² NACP Surveillance data (2006).

- Polio transmission has not been interrupted but has fallen to very low levels - 12 confirmed cases in the year 2007 to date (mid August). Punjab has been polio free for last 12 months which marks a significant achievement.⁹³

5.20 Emergency response to the earthquake. The impact of individual CHASE-financed portfolio projects within the *emergency* phase (first 6 months) is beyond the remit of the evaluation; however, internal review documents suggest these were largely positive and appropriate to needs on the ground⁹⁴. Likewise, DFIDP's contribution to this phase was optimal.

5.21 In terms of specific outcomes in relation to the Sector Budget Support (SBS) through ERRA, the use of input/output indicators based on the performance of ERRA against its own work plan are insufficient in capturing the underlying purpose of DFIDP's support. Much of the rationale for that support is based on a presumption of 'influence' towards policy and institutional capacity building as a sustainable resource. At the risk of under-estimating how difficult it would be to develop such process indicators, the emergency reconstruction logframe would more accurately reflect DFIDP's key objectives if such indicators were included alongside the physical outputs.

Capacity and Sustainability

5.22 DFIDP's programme has sought to address GoP capacity constraints with considerable quantity of technical co-operation at all levels. The task is immense given the size of the administration. The MTBF and the TARP were both designed to create public financial management capacity from a revenue and a spend perspective; however, progress to date has been slow and prone to political inertia or institutional inertia.

5.23 DFIDP's efforts in building capacity in the non-government sphere have not been as considerable although there have been some successes. The main efforts have been with microfinance in terms of building up Kashf to a point where it is financially sustainable and can leverage commercial loans to facilitate 75% of its current expansion, and with the RSPs/RPSN where extended financial support has assisted in building their capacity to undertake public-private partnerships for service provision and to supply credit which have given longer-term sustainability.

5.24 In the health field, the capacity of the seven national programmes has been built, notably in TB, malaria, LHWs and NACP. The better relationship with MoF is likely to continue now that a new way of working has been established. The future of the HPU, on the other hand, depends on the MoH bringing it into its regular budget. TAMA has ended, and approval has been slow in continuing TA provision under the MNH.

⁹³ GoP/WHO Polio Surveillance data.

⁹⁴ See, for example, Pakistan Earthquake Monitoring and Review Report, DFID/CHASE, July 2006 and Pakistan Earthquake Monitoring and Review: Synthesis Report, July 2006, DFID/CHASE OT.

5.25 In the earthquake response, DFIDP to its credit took on the challenging role as lead donor in building the capacity of ERRA. In particular, DFIDP took a lead on behalf of all donors for developing M&E systems within ERRA. Yet, the ERRA culture – led mostly by serving or retired military personnel – has not always been conducive to external scrutiny. The international consultants of two agencies have been either dismissed or forced to resign, and there is a general reluctance in ERRA to accept either external involvement in data collection or oversight.

5.26 DFIDP has however persevered, and by mid-2007 ERRA was again on track to deliver the M&E plan, including a 3rd party validation/external evaluation of ERRA performance which will also be DFIDP-financed.

5.27 With respect to activities funded under the TC component of earthquake reconstruction, the issue of sustainability arises. In primary health, DFIDP financed the NGO Merlin in AJK. Merlin's services in 5 medical camps are free of charge to camp residents and the local population. As a project it is successful, yet it is unsustainable when compared to the resources of local authorities in AJK. DFIDP now faces the difficult choice of continuing to fund the services whilst knowing that no 'hand-over' exit strategy with the current level of local finance and capacity will be possible. By contrast, the DFIDP-co-financed WHO Disease Early Warning System (DEWS), that has very successfully helped avoid the spread of epidemic diseases post-earthquake, is in the process of being replicated and financed at national level (e.g. in Sindh and Baluchistan Provinces during the 2007 floods).

Gains in aid effectiveness

5.28 Notwithstanding the difficulties of working in a poorly-harmonised aid environment, DFIDP can take credit for improving aid effectiveness in a number of areas of which four are discussed below: donor harmonisation, public expenditure management, health and earthquake reconstruction.

5.29 DFIDP takes a lead role in the Donor-Poverty Reduction Working Group and leads on Pakistan's OECD-DAC Survey. It also supports and advises GoP on annual Pakistan Development Forums. DFIDP's support to joint donor programmes include the Joint Local Elections 2005 Review with: the Canadian International Development Agency (CIDA), the United States Agency for International Development (USAID) and Swiss Development Co-operation (SDC), support to ADB's Governance Reforms Programme, and a planned partnerships with UNDP, CIDA, SDC, USAID in the areas of gender support and citizens engagement with Local Government.

5.30 DFIDP support for the MTBF and TARP has helped to improve the effectiveness of public expenditure and revenue management, and were probably a worthwhile investment for DFIDP in terms of improving the effectiveness of resource use for poverty reduction and hence the effectiveness of donor budget support. Progress has been slow, but DFIDP TA support and particularly its support of the Provincial Economic Reports has added great value by providing the analysis necessary for the Provincial Governments and the donor partners to coordinate and harmonise efforts.

5.31 In health, DFIDP has made an important contribution towards the formalisation of the inter-donor health partners group, and the collective advocacy for MoH and MoPW to take the lead on this. WHO coordinates advocacy efforts with MoH together with DFIDP, which *“has more advocacy leverage as the largest donor”* (WHO Country Representative). The UNFPA Country Representative felt that *“they (DFIDP) know the profile they have and they are careful to maintain good relationships with other donors. This is widely appreciated.”*

5.32 Equally in earthquake reconstruction, DFIDP has taken a full part in the G7 aid coordination work, and, notwithstanding reservations mentioned above, by funding ERRA with budget support has demonstrated strong adherence to Paris principles. DFIDP notably took primary responsibility for funding the less visible and more challenging areas of institutional capacity building of ERRA and state/province subsidiaries. Building capacity here may indeed render ‘downstream’ benefits to the whole aid community as well to the Government.

Summary Chapter 5

- There are tremendous challenges to improving the governance environment in Pakistan. While DFIDP has found it hard to make any widespread or systemic impact, particularly in anti-corruption, media or justice, there have been notable achievements in a number of areas. These include improvements in community mobilisation, service delivery in health and water, city administration, consumer protection and parliamentary support.
- Officially poverty reduction has been significant between 2001 and 2004/05 (8% based on GoP headcount estimates). However there are issues around the accuracy of the estimates and DFIDP while recognising the problem needs to do more to address the issue, especially as such measures form the basis for establishing DFID's own success.
- DFIDP's M&E framework has improved substantially, given that from 2002–04 there was no annual summary reporting to judge DFID's progress against DDP or other targets. But while DFIDP programmes do contain detailed indicators, it is hard to link their contribution to desired development outcomes.
- Specific and positive impacts have been estimated for DFIDP's health programmes, such as child and maternal mortality figures, contraceptive use and disease incidence and detection.
- Capacity building has been significant especially in Government programmes. The record on sustainability is mixed, with positive results in supporting microfinance and health initiatives, but with replication challenges for the high cost Faisalabad city district systems and in some earthquake-related emergency services.
- Despite the difficulties of working in poorly harmonised aid environment, DFIDP can take credit for improving aid effectiveness in four areas: donor harmonisation, public expenditure management, health and earthquake reconstruction.

6. Lessons and Recommendations

Strengths and Weaknesses

Strengths

6.1 DFIDP has been well regarded for its:

- Good alignment to the Paris principles and DFIDP UK Guidelines on Harmonisation. Interventions have been solidly based on GoP priorities.
- Growing financial weight and predicable resource flows.
- Substantial and generally high quality TA.
- Good analysis of poverty, social exclusion and devolution through a range of studies conducted earlier in the evaluation period (2002–4).
- High quality in-country presence, particularly since devolution.
- Determination to stick to its strategic direction of streamlining the portfolio, and willingness to take the reputational hit of reduced partnerships and lower field engagement.
- Attempts to improve development partner harmonisation in a difficult environment.
- Swift and flexible response in the post-earthquake emergency phase, and well-aligned and substantial support during reconstruction.

Weaknesses

6.2 There are also some important weaknesses:

- The increasing tendency towards budget support has not been sufficiently balanced by other instruments (such as directly funded projects and grants) to reduce associated risks. The diminished range of investments and partners has led to fewer opportunities for innovative small-scale interventions and lesson learning.
- Though the CAP recognised the value of available and well-regarded DFIDP-sponsored analytical work, implementation did not then sufficiently build on this platform.
- Reduced emphasis on rural development (through RSPs) and building on DFIDP's historical comparative advantage in the area of livelihoods support.
- Not finding an appropriate balance between Government and non-state actors though an inadequate interaction with civil society.
- Slow development of M&E systems to focus more on assessing DFIDP country programme outcomes rather than outputs.

- There have been some communication weaknesses, often based on inadequate institutional assessments of potential partners, such as with partnering with the ADB in the PDSSP and with USAID in health.
- No provision was made in the CAP (or the APPR) for mitigating the risk of periodic natural disasters.

Lessons

6.3 For DFID Pakistan:

- DFIDP has used successful interventions to leverage wider impact (for example with microfinance work – under Kashf and the Rural Support Programmes), although such steps were overlooked with others (such as the Faisalabad Devolution Support Project (4.20) which has not yet been pursued by Government as a replicable model, and the Pakistan Trade Policy Project (4.4) which DFID chose not to pursue despite interest from GoP).
- The growing pressure from other UK Government Departments to provide briefings and adjust the programme to fit with a wider UK policy agenda, has been time consuming and has reduced the management's time for DFIDP's own programme development (4.47). Provision of more experienced staff in a timely way plus appropriate corporate-level training for management could have alleviated this.
- Several reform-based interventions were set overambitious targets that then led to low performance scores during implementation. Designs were needed that had more realistic objectives and factored in time and resources to manage the change associated with fundamental reforms in large bureaucracies where incentives are otherwise weak. (4.3).
- Taking risks in new areas such as with small-scale microfinance to women has paid off as a result of flexible but long-term support and strong advisory engagement (4.7, 5.23).
- Institutional appraisal of potential partners is important and should be thorough, however expedient and conveniently placed the partner may appear (3.28).
- Culling projects and proposals in order to aggressively streamline a programme can lead to reduced development impact on important areas such as gender and social exclusion (4.57), to the loss of valuable experience and lessons (4.6), as well as to disappointment and even staff turnover (4.66),
- DFIDP built a solid reputation for high quality studies and could have played a greater role as a 'knowledge actor' on development issues; but this potential was not fulfilled through a combination of portfolio streamlining, advisory staff turnover, and problems with DFID's information management systems (4.65 on).

6.4 In relation to the earthquake:

- The assumption that budgetary support reduces transaction costs for DFIDP may not be true for newly established bodies such as ERRA. DFIDP staff time and costs involved in building ERRA capacity – while meeting the requirements for the SBS fund release – were probably equal to those of a project-based approach through UN and/or NGOs (4.54).
- By acting quickly and at an appropriate scale with post-earthquake emergency funding, DFIDP assured its place at the table of the largest bilateral donors and exerted a degree of influence over the coordination and reporting of the response, as well as the building of an appropriate national institution to meet recovery needs (5.32).
- Although it was a protracted emergency, DFIDP chose to relinquish a project-based portfolio in favour of on-budget support for a centralised national body (ERRA), though retaining £14 million for technical support. The question is whether this decision was wise, especially given the significant under-expenditure of ERRA in the first year, reflecting an over-ambitious assessment of its own capacity. The result of ERRA's under-expenditure, slow institutional scale-up and top-down managerial culture has been some major gaps in assistance towards the affected population (4.53). However in taking responsibility for funding the less visible and more challenging areas of institutional capacity building, DFIDP may in future achieve 'downstream' benefits to the whole aid community as well to the GoP.
- Without a direct relationship with civil society organizations, DFIDP has not been able to influence - or indeed have much knowledge of – the post-earthquake political economy of AJK and NWFP (3.44). This points not only to the nurturing of civil society per se, but also to the wider counter-terrorist concerns over which relief organizations were to have greatest influence in the quake zone.

6.5 For DFID Globally:

- Where DFID is providing a large share of aid to budget support on the basis of achieving agreed poverty outcomes, it needs to focus on strengthening ability of governments to assess outcomes, and to this end manage statistical risk as critically as it does other kinds of risk (3.58, 5.12).
- Where DFID provides increasing amounts of grant-based budget support, care should be taken, particularly in the absence of a joint aid framework, to mitigate the potential for adverse relations with 'competitors' such as the development banks who also provide budget support but on a less attractive loan-basis (4.49). This could be tackled for example through greater use of 'blended' or other co-financing, where DFID grants are part of joint financing packages with loans.

- Evidence of either a policy shift or of improved development outcomes is more easily attributed to DFID where sub-sector budget support is used rather than sector or general budget support (4.15).
- Devolving a country office in a context of insecurity and a difficult working environment requires detailed planning and resources, and is made more difficult if other processes such as formulation of a CAP are also undertaken at the same time (4.63).
- Devolving authority to a country office has real benefits in terms of achieving a more efficient operation with low overheads as well as building stronger local relationships (4.71).
- Having a CAP written by one team, to be then implemented by a new team and head of office with little prior engagement or handover can cause problems of ownership and continuity (3.18).
- Approval processes for large complex programmes can cause long delays and should be streamlined so as to make them faster, and DFID should develop the capacity to be able to accurately predict to Government and other partners the timescale for the approval process (4.69-4.71).
- DFID's staff posting system can fail to deliver needed senior expertise in crucial sectors for an extended period, such as in the case of education and governance in Pakistan (4.66). This undermines DFID's ability to provide an adequate response to areas that DFID itself identifies as being major causes of poverty and where DFID intends to intervene.
- DFID's corporate drive to deliver 'more with less' and as a consequence aggressive programme streamlining can lead to an unbalanced programme, with a strong Government bias (3.41), missed opportunities to widen poverty impact through non-government channels and to operational inefficiencies through staff turnover (6.3, bullet 6).

Recommendations

6.6 For DFID in Pakistan:

- M&E capacity needs to be at the centre of DFIDP's programme in Pakistan, both to strengthen GoP's own poverty measurement and also to assess better the progress of its own programmes and of the overall reform programme that it seeks to support. It is also crucial in order to be able to assess the risks to its programmes and to be able to alter or adjust its focus. DFIDP's role in being asked to lead on a recent Government-led initiative to improve M&E effectiveness of development programmes under the Paris effectiveness agenda is an example of this happening.

- DFIDP needs to factor in adequate time and resources at the design phase to manage the institutional changes resulting from its interventions and to set appropriate targets.
- As DFIDP continues to engage in several large co-funded programmes with its multi-lateral partners, it needs to be aware of and proactively manage the potential friction with multilateral donor partners that may arise as the size of DFIDP's budget support increases. This might involve using different forms of co-funding, such as the 'blended' approach successfully followed in China⁹⁵.
- DFIDP should help ensure a viable handover strategy for ERRA and invest in the organizational development of the National Disaster Management Authority so that Disaster Risk Reduction is embedded in an active national body and not re-invented every time an emergency occurs. Consideration should be given to using a majority of the outstanding £21m for sectoral and/or province-level projects implemented by UN or NGOs within the broad framework of the National Action Plan.
- The new CAP should include an adequate assessment of natural disasters as well as suitable mitigation measures. Disaster risk reduction interventions should be a significant element of the new programme and should include community-based initiatives as well as the building of national institutions.
- DFIDP needs to develop a prioritised and focused agenda for crosscutting themes such as governance and social development, instead of allowing them to remain ad hoc. Support for devolution should continue to form a key plank of DFIDP's approach focusing on improved communications and partnership working to ensure timely delivery.
- DFIDP should exploit opportunities for greater policy influence through building on its role as a knowledge actor. This will require well targeted studies and analysis, wider engagement with research and advocacy agencies and better use of DFID's information management systems.
- In developing its education strategy for the next CAP, DFIDP should link its education support to larger Government programmes such as the Education Sector Reforms which are reflected in the PRSP but also build partnerships on the quality assurance side, with public and private academic institutions and research facilities so as to address key issues that can feed into policy.
- In health, there is a sound basis for extending the NHF into a further phase with (i) a more developed province-level strategy; (ii) quality TA support perhaps be channelled through the recently-contracted MNH TA agency; and (iii) the HPU should be resuscitated and re-designed.

⁹⁵ DFID's Development Committee in September 2002 recommended the use of blending in countries accessing only non-concessional flows, with large numbers of poor and where DFID provided grant funding.

Detailed recommendations are contained in a separate sector paper prepared by the CPE team.

- Given that DFID funds will continue to form a very small portion of the GoP overall budget and in the context of a non-aid dependent economy, the foreseen substantial increase in DFIDP spending should where budget support is concerned be limited to sub-sector rather than to sector or general budget support, since this approach has been shown to be the most likely to improve policy influence and attribution to key poverty impacts.

6.7 For DFID globally:

- DFID, perhaps in accord with other partners, should consider instituting a statistical risk assessment system besides fiduciary and others assessments. This would aim to analyse and certify or rate the quality of statistical systems particularly relating to poverty measurement in partner countries where DFIDP works, especially where budget support is the main aid instrument.
- Problems with document management through QUEST need to be urgently addressed, these appear to encompass technical issues, particularly speeding up the system to make it easier for staff in country to use as a routine tool, and more fundamental issues around file structure. Solving these problems would improve internal efficiency as well as facilitating external evaluations, which now struggle to obtain a full set of documents from early 2005 onwards.
- DFID has to be more aware of the wider political / security context of its interventions and influencing work. Where DFID has high level access to the host government through its often large central funding, this provides a platform that needs to be both managed well and where appropriate shared across Whitehall. Where a development intervention is also contributing to security agendas, this should be made explicit where possible. For example, submissions, PCNs, and reviews could have a section that addresses how an intervention may deliver on, or have secondary benefits for a wider agenda, and as such may require indicators that reflect the more indirect or non-developmental results.
- DFID's overseas staff posting system needs to find ways to deliver the right expertise more speedily in order to address gaps in crucial sectors, particularly where DFID sees itself playing a strategic role. This might include special incentives for quick transfer to hard to fill posts, using experienced consultants to gap-fill and engaging local staff with adviser potential as well as the ability to undertake ad hoc recruitment drives when needed.
- In situations where DFID is establishing devolved country offices in high profile and insecure environments, DFID needs to provide

adequate planning to ensure that the team on the ground operates as effectively as possible from the start. In particular management should avoid situations where all international staff change at once.

7. DFID-Pakistan Management Response

We welcome this Country Programme Evaluation which has helped inform thinking for our new Country Plan (CP) 2008–2012. We note the positive conclusions, including the close alignment of DFID’s programme to national poverty strategies and the recognition that careful attention has been paid to political and fiduciary risks. We also note the conclusion that more than three-quarters of the portfolio covering the period 2002–2007 is likely to achieve most or all of the objectives set and that DFIDP is regarded as a “role model” with regard to the provision of budget support. We believe that this support has made it possible to play an influencing role with Government on strategic questions related to economic management and poverty reduction.

The evaluation also draws more critical conclusions in several areas including the need to set and to implement clear priorities in the next country plan, to ensure a prioritised and focused agenda for cross-cutting themes, the need for a stronger statistical underpinning to measure outcomes, and to carefully assess implementation challenges within a complex environment.

The new Country Plan will include a clear and coherent prioritisation and is likely to focus on four areas where we believe we can contribute significantly to Pakistan’s development.

First, we will work to support sustained and inclusive growth – a prerequisite for continued poverty reduction, both through resource transfer and coordinated influencing with others.

Second, we will focus the majority of our financial resources explicitly on progress in health and education – sectors identified as having most off-track MDGs.

Third, we will support better governance, including the capacity to plan, manage and deliver financial resources and better services. We will also support the rights of poor people, particularly women, and increase our engagement with those civil society organisations able to hold government to account.

Our fourth objective is to further increase aid effectiveness in Pakistan, in line with stated GoP aims and DFID’s corporate policy. We will choose entry points and a mix of instruments in order to help build ownership, improve impact and mitigate risk.

More detailed comments on key sections of the CPE report are set out below.

Relevance:

The evaluation considers the choices made and approach taken to sector focus, risk management choice of instruments and partnerships with others.

While the report acknowledges the role which budget support plays in DFID corporate policy on aid instruments, (and, by implication, donor commitment to Paris Principles, including the use of programmatic instruments), it does not consider the demonstration effect of our support in Pakistan. We believe we have helped to stimulate the dialogue, both among donors and with Government, in particular at the provincial level, on the use of programmatic approaches alongside more traditional project approaches.

The review does not fully capture the evolution of our poverty reduction budget support in Pakistan. Over time we have moved to a variety of budget support instruments, targeting different levels of government and different sectors, which, in conjunction with other aid, notably technical assistance, has helped improve effectiveness. While we acknowledge the observations made on the need to accompany budget support with technical assistance, we believe that overall our programme represents an appropriate balance of budget support and other instruments, and note that a significant proportion of the budget support planned for the future will be provided in conjunction with technical support.

We see budget support as a key way to support more and better social spending and to strengthen the government systems responsible for delivery in the future.

We recognise the need to increase the quality and transparency of Pakistan's resource management and monitoring systems. We plan to continue support to improve national statistics, budgeting, tax reform and public financial management. We will use increased resources to increase the level of focus at provincial levels.

We note the conclusion that the streamlining of the portfolio coupled with the shift to more strategic interventions was a rational response to the challenge of delivering a bigger programme with limited manpower. We accept that this has led to a reduction in the number of smaller interventions, although we would note that following the earthquake in 2005 there has been extensive engagement with civil society organisations on the relief and reconstruction work. In fiscal year 2006/07 alone some £7.4 million was disbursed through a variety of national and international ngos for earthquake reconstruction activities

Within the regular programme significant engagement also continues with CSO involvement on activities such as microfinance, gender issues, water and sanitation, support for the 2008 elections, and citizens' engagement in devolved government.

We acknowledge the point made about DFID's role as a research and knowledge broker in Pakistan. But as the report also notes, this needs to be balanced with other priorities. We will continue to complete strategic pieces of research and analysis; a notable amount has already been completed in support of the new CP development process.

Results:

While we agree that the significant increase in Government spending on the poor between 2004/05 and 2005/06 cannot be attributed to donor support alone, we were pleased to note the conclusion that our support has had significant benefits both for primary health service delivery and for policy development.

We acknowledge that staffing constraints have contributed to delays in providing support for education services in Pakistan. Our new Country Plan will place a strong emphasis on both education and health, and approval has recently been given for us to move ahead with the design of a new £150 million education programme.

The review argues that a number of valuable initiatives were not fully exploited. Our response to this is twofold: Firstly some streamlining was inevitable given the limits on administrative resources (some 3% of programme costs in recent years). Also, the fact that we have ended some successful partnerships does not necessarily mean that further development benefits have been foregone. In some instances partnerships simply achieved their objectives, or they transitioned to government led programmes that we can now support through the government budget (eg HIV harm reduction) or they have become self-financing (eg network for consumer protection). In fact through budget support we have helped to stimulate increased government spending via public-private partnerships.

Concerning the earthquake, we agree that substantial staff time and capacity has been required to work with the Earthquake Relief and Rehabilitation Agency on reconstruction activities. There is no evidence provided, however, to support the conclusion that working more through other avenues would have produced faster results. We believe the evidence on the ground suggests otherwise and that a more projectised approach would simply have fragmented further donor support and also created extra work for our staff.

It is worth noting here that the magnitude and consequence of the Pakistan Earthquake was an event unparalleled in Pakistan's history. Our belief is that the national and international response was, in the main, positive. GoP and the key major donors realised that reconstruction and rehabilitation would be a massive and medium term process, and responded accordingly. We remain convinced that the mix of longer term capacity building support for Earthquake Relief and Rehabilitation Agency (ERRA) together with sector budget support once GoP systems were established, and supplemented by a wide array of UN and bilateral initiatives, represented the best chance for local ownership and effective implementation. Our support for capacity building is also consistent with a more appropriate and longer term approach to Disaster Risk Reduction.

Impact:

We recognise the importance of monitoring and evaluation, and the limitations of the monitoring frameworks for the two previous strategies. This was acknowledged by 2005 when we started to develop the monitoring framework for the 2005-8 CAP. We have now established a robust and systematic way to annually monitor progress towards our key outcomes, and our contributions to them. This system is being considered as best practice within DFID. The framework was developed with a specific focus on measuring outcomes as well as inputs. Concrete indicators of outcomes are included whenever they could be monitored and reported annually. We do not believe the evaluation report fully reflects the inherent difficulties of establishing outcome-focused monitoring and evaluation in data-poor environments of low income countries.

Statistics: In a country as large as Pakistan there is no sustainable alternative to the National Statistical System for regular nationwide data for the majority of social and economic indicators. Alternative data sources usually have their own weaknesses which are often at least comparable to those of the official statistics. We have actively engaged with donors and Government on the quality and credibility of official statistics, and are one of the leading donors in this area. Throughout the evaluation period we had numerous projects to help improve the quality of official statistics, and a large technical assistance programme in this area is currently being designed. In addition, DFID Pakistan was at the forefront of promoting independence of the statistical system, which was approved by the Pakistan Cabinet in 2006. We will continue to invest in this system during the forthcoming CP period.

TERMS OF REFERENCE FOR EVALUATION OF DFID COUNTRY PROGRAMMES - 2007-08 ¹

1 Introduction

- 1.1 DFID's performance management system is supported by periodic independent evaluations at project, programme, sector and thematic level. Evaluation Department (EvD) carry out four to five Country or Regional Programme Evaluations (CPEs or RPEs) annually. These terms of reference (ToRs) set out the scope of work for the 2007/08 period.
- 1.2 The CPEs provide important accountability and lesson learning functions for DFID. The primary audience for the evaluations is the UK government and DFID senior managers including heads of country offices. All evaluation reports are published externally.
- 1.3 Countries/ Regions proposed for evaluation in 2007/08 are Central Asia, South Caucasus and Moldova (CASCMD) region, Pakistan, West Balkans Region, Zambia and Sierra Leone. Each evaluation will use the countries' most recent Country Assistance Plan (CAP)/Regional Assistance Plan (RAP), and related policy documents.
- 1.4 While country-led approaches are central to the way that DFID works, socio-political and environmental contexts will influence the progress and form of the development process. The CAPs articulate the country offices' plans for operationalising corporate objectives within the country context, and in most cases they will build upon or reflect the national Poverty Reduction Strategy Paper (PRSP). These plans are therefore the logical starting point for the evaluation.

2 Overarching objectives

- 2.1 The main objectives of the country programme evaluations are to assess:
 - Country strategy and links to poverty outcomes and DFID's corporate objectives
 - Choice of aid instruments
 - DFID's role as a development partner
- 2.2 The CPEs will assess the DFID country programmes in terms of standard criteria although these may be customised to a degree for individual studies. The generic evaluation matrix can be seen at Annex A. It is based on DAC evaluation criteria and considers:

¹ The Annexes referred to in these TOR are not provided in the report except for the Evaluation Framework (or matrix) which is given at Annex D in the customised format used in Pakistan.

- The relevance of country programme objectives and the logic behind them given domestic policy objectives for poverty reduction, as well as DFID's own corporate level objectives
- The effectiveness of the overall programme in achieving the objectives set out in the country strategy, including DFID's choice of aid instruments, harmonisation with other stakeholders, policy dialogue and influencing
- The efficiency with which programme plans are translated into activities, including human resource and office management, collaboration and harmonisation with other stakeholders, policy dialogue and influencing, the use of financial instruments

And to the extent possible

- Sustainability – are the reforms/ changes supported by DFID's country programme moving in the right direction and are they likely to be sustained? Has local capacity been built? Has transparency and accountability improved?
- Outcome – What did the country programme achieve the objectives set? Did the positive outcomes DFID achieved justify the financial and human resources used in the programme?
- Attribution – Given the direction of travel and external factors, overall how far did the country programme make a positive contribution to poverty reduction? How good a development partner was DFID?
- The success with which the programmed had mainstreamed the cross-cutting issues of poverty, gender, HIV/AIDS and environment into all of its activities. What were the variables influencing the process of inclusion? What was the impact on the achievement of wider programme objectives?
- Ensure that any information collected or evidence produced on multilateral effectiveness in each CPE that may be relevant to the MEFF is highlighted and forwarded to EvD.

3 Methodology, Outputs & Timing

- 3.1 The consultants will produce one study report and executive summary for each country or region. The report shall be approximately 30-40 pages long (excluding annexes) and will include detailed lessons and recommendations. The evaluation summary (EvSum), should be approximately 4 pages, and will include the response from the relevant DFID office/Department, which EvD will obtain.
- 3.2 The other outputs required from this contract include:
- Inception reports detailing the way in which each individual CPE/ RPE is to be carried out and showing the customised evaluation matrix.
 - A presentation of preliminary findings to country offices before the end of the fieldwork for each study

- A publishable synthesis report pulling together findings across individual CPEs; this may cover all countries in the year, but is likely to attempt to synthesise like-studies (e.g. regional programmes or 'fragile states').

DFID also requires access to the evaluation team's interim evidence summaries, e.g. completed matrices, although it is not expected that these should be of publishable quality.

- 3.3 Each evaluation will involve an 'inception visit' and 'fieldwork mission'. EvD and the consultant team leader will undertake the inception visit. A team of 3-6 consultants will undertake the fieldwork, generally involving up to 3 weeks in country. In the case of regional programmes the inception phase may be undertaken in the UK and the fieldwork may be organised a little differently to visit a number of countries.
- 3.4 The 'inception visit' has four key objectives:
 - i. Ensuring staff in the DFID country office are fully informed about the evaluation, its purpose and how it will work;
 - ii. Ensuring country/ regional office staff have an opportunity to feed in key questions they want the evaluation to address and decide whether they wish to undertake self-evaluation as part of the process
 - iii. Determining the exact nature of the individual evaluation and resolving key methodological / practical issues.
 - iv. Ensuring the evaluation team has access to all relevant contacts - including all those who have worked in the country/ regional programme over the fieldwork period and all relevant partners;
- 3.5 Between the inception visit and fieldwork the consultants will amend the standard evaluation framework for the study to address any country-specific issues raised during the inception visit. An inception report containing this matrix will be signed off by the country office.
- 3.6 If the DFID country office does wish to undertake self-evaluation they will be encouraged to produce a log-frame for the entire country programme, detailing the logic of their interacting projects and programmes and assessing what has been achieved. If the country office does not undertake this work, the evaluation team will attempt to create a similar log frame as part of the evaluation approach.
- 3.7 EvD will provide supporting documentation relevant to each CPE to the consultants in good time. This will include project documentation and relevant documentation about the design, implementation and monitoring/ evaluation of the country/ regional strategy and individual programmes (but not background policy information). Prior to undertaking fieldwork, the evaluation team need to be familiar with the DFID programme, the country context and the full range of DFID policy papers that are relevant to the country programme.
- 3.8 The consultant is responsible for identifying and engaging a team of consultants appropriate to each country context from within their company/ consortium. The team must have good evaluation skills, understanding of DFID and the local

context and ability in the languages of the country. The team should cover all the major sectors of the country programme and should include at least one locally based consultant as a full team member. The consultant is responsible for setting up and planning the main field visit. If EVD wish DFID staff members to accompany the consultant CPE team, additional terms of reference specifying the roles and responsibilities will be developed.

- 3.9 During the main fieldwork the sector specialists and evaluation team leader will interview DFID staff (current and past) and partners (in government, multilaterals, other donors etc.) about all aspects of the programme over the five year evaluation period – using checklists and stakeholder matrices as appropriate. Web based surveys of staff and other stakeholders (e.g. other donors and NGOs) will also be trialled on a pilot basis. The evaluators will systematically scrutinise the available documentation and supplement this where possible, and then use all evidence gathered to complete the evaluation matrix. One matrix should be completed for each sector and the evaluation team leader (and deputy) will use these to compile the final report. Fieldtrips outside the capital city are not a standard part of a CPE but may be used on occasion if applicable.
- 3.10 Before leaving the country the evaluation team should make a presentation to the country office on emerging findings.
- 3.11 Within 4 weeks of the fieldwork finishing a high quality draft report of 30-40 pages (excluding annexes and with an Executive Summary) will be submitted to EvD. Following initial checks within EvD this will be sent to the country office and staff there invited to correct any factual errors and make comments. Although country offices may challenge findings they disagree with, and sometimes have additional information to support a claim, EvD will support the evaluation team to ensure that the report remains a true independent evaluation. A second draft report and evaluation summary will be produced taking account of relevant comments. These will be subject to external quality assurance against the criteria shown at Annex D.
- 3.12 The Synthesis Report will be guided by a workshop, scheduled for late 2007/ early 2008, focused on emerging themes.
- 3.13 The consultants will work to the strict deadlines set out in Annex B and the timeliness of the delivery of reports is of the essence. Any changes to these deliverables must be agreed in advance with EvD. Team composition and timelines will be agreed prior to commencement of each of the country studies, including the necessity of any follow up visit to the country if major issues remain unresolved. The consultancy should start in May 2007.
- 3.14 An 'optional extra' within the CPE programme is the possibility of producing short papers for a couple of key areas of interest to the country office. These recognise that the evaluation will gather more detailed information than will be presented in the final report. Such 'sector papers' will be agreed during the inception visit and produced by individual sector specialists at about the same time as the first draft CPE report. The costs of this work are supplementary to the main contract. Terms of reference for the recent sector papers are shown at Annex C

4. Competence and Expertise Required

- 4.1 One consultancy organisation or consortium will be appointed to deliver the outputs described above.
- 4.2 A managing consultant with extensive evaluation experience and a track record of managing country/strategic level evaluations will be required to manage the planning and delivery of the CPEs. This individual will be expected to have strong written and oral communications skills as he/she will play a role in communicating lessons learned both to country programme personnel and to a wider DFID audience.
- 4.3 Each CPE should have a named team leader with expertise in evaluation methodology and monitoring and performance management issues. This must include understanding of the complexities of country programme evaluation. The Team Leader must also have up to date knowledge of DFID policies and performance, planning and data systems. Access to our online systems will be provided.
- 4.4 Each CPE team will be made up of a combined skill set covering governance, economics, social and institutional development and human resource management and the number of team members will be appropriate to the country programme. There is not one model that will work for each country/ region being evaluated, so flexibility in team composition is essential. The team members for each country evaluation will need expertise in evaluation methodology and familiarity with development issues in the CPE countries. They should also have up to date knowledge of DFID policies and systems. Relevant experience in cross-cutting issues like gender mainstreaming, HIV and AIDS and the environment. The team must include a strong national/regional component.

4.5 The consultancy team will have responsibility for:

- maintaining ethical standards in implementing the evaluation
- the timely production of evidence based conclusions, lessons and recommendations to demanding quality standards
- managing logistics in country

5 Reporting and Dissemination

- 5.1 The consultants will report to the Country Programme Evaluation Team Leader or the Deputy Programme Manager in DFID Evaluation Department.
- 5.2 Reports will be published and distributed, electronically and in hard copy, to a wide ranging internal and external audience. The consultants should be prepared to present their findings to DFID staff and others as appropriate. Specific dissemination arrangements will be determined on completion of each country report and synthesis.

Annex B: Persons Consulted

Type of Org.	Name	Title
Govt of Pakistan		
ERRA	Naunehal Shah	DRR Adviser
Azad Gvt of the State of Jammu & Kashmir	Javed Majid	Chief Secretary
National Disaster Management Authority	Lt.Gen. Farooq Khan	Director
ERRA	Gen.Nadeem Ahmed	Deputy Chairman
National Accountability Bureau	Gen Munir Hafiez	Ex-chairman
Planning Commission	Ejaz Rahim Dr Shafiq Uddin	Member Social Sectors Chief (Health)
Ministry of Finance	Asif Bajwa	Additional Secretary
Ministry of Education	Dr. Fayyaz Ahmad	Joint Education Advisor
Ministry of Population Welfare (MoPW).	Malik Amanat Rasul	Director (Foreign Assistance),
	Dr. Nilofer Sohail Dr. Shabana Saleem Dr.Nasser Mouiddin	Director Family Welfare Centres, Director Reproductive Health Services, Director ADB Reproductive Health Programme,
Ministry of Health	Shalizad Alunal Nafees Ahmed Inam Ul Haq Dr. Mushtaq A. Khan	Director M&E, Assistant Director, Planning, Director Finance., Chief: National Health Policy Unit,.
	Dr. Fahim Arshad Malik	Former Deputy Director General Health (Planning and Development)
	Dr Hassan Sadiq Dr. Shahid Hanif Dr. Muhammad Haroon Jehangir Khan	National Manager – TB Control Programme Deputy Director, TB control Programme Ex-Deputy Director General Health
NACP	Dr. Asma Bokhari	National programme Manager,
Punjab Resource Management Program Govt of Punjab	Asad Sumbal	Program Director
	Sohail Ahmad Suleiman Ghani	Finance Secretary Chairman Planning & Development Board
Prime Ministers office	Qazim Niaz	Formerly Joint Secretary WTO Cell, Min of Commerce
National Revenue Authority	Ahmad Khan	Former Member, and Secretary National Tax Reform Commission, Central Board of Revenue (now National Revenue Authority)
Economic Affairs Division NWFP Government Ministry of Finance	Abdul Gandapur Aurengzab Haq M. Akhtar	Deputy Secretary Ex Special Secretary Finance Joint Secretary (Budget)

DFID	<p>Yusaf Samiullah Andrew McCoubrey Asghar Ali Eaimonn Taylor Fiona Steele Sarah Hennel David Taylor Dr. Raza Zaidi David Johnson Hans Beck Jim Butler Jane Edmondson Paul Godfrey Peter McDermott Julie Hunter Richard Martini Saiqa Kanwal Sara Hennell Raza Zaidi Mosharraf Zaidi Haroon Sharif Steve Passingham Umbreen Arif Stuart Andrews Tim Green Wajahat Anwar Zoi Andrew Zulfiqar Ahmad Tim Hatton Simon Narbeth Liam Docherty Aalyia Glokler</p>	<p>Head, DFID Pakistan Advisor/Infrastructure & Environment Deputy Programme Manager Former West Asia Dept Head of Comms And Policy Group Statistics Advisor Deputy Head Health Adviser, DFIDP. Senior Adviser Governance Adviser Economist Programme Manager Health Adviser, DFIDP Senior Policy & Programme Manager Governance Adviser Deputy Programme Manager Deputy Head of Office Programme Officer Statistics Advisor Associate Health Adviser Governance Adviser Private Sector Adviser Senior Regional Education Adviser Education Advisor Program Officer Adviser Economist DPM Programme Officer Programme Officer PM Income Growth Social Development Adviser Deputy Programme Manager Former Social Dev Adviser</p>
Former DFID Pakistan	<p>Alistair Moir Nighat un Nisa</p> <p>Andrew Ockenden Anne Austen Charlotte Seymour Smith Daniel Davis Gareth Aicken Gerry Duffy Jackie Charlton Jennifer Leith Joy Hutcheon Lizzie Smith Mark Robinson</p> <p>Moazzam Malik Rachel Beaven Steve Jones Rebecca Calder</p>	<p>Former Programme Manager Former DPM, Accountability and Empowerment Former Economic Adviser Former Health Adviser 2003-05 Former Head Asia Division Former Governance Adviser Former Head of Pakistan Programme Former Head of Pakistan Desk Former Governance Adviser Former Social Development Adviser Former Head West Asia Dept Former Health Adviser Head of Governance, joint author of Country Strategy Programme Review 2004 Former Head of Pakistan Desk Former Statistics Adviser Former Livelihoods Coordinator Former (now Regional) Social Development Adviser</p>
CHASE (UK)	Jack Jones	Humanitarian Programmes Manager

British High Commission	Simon Butt Thomas Drew	Deputy HC Head, Political Section
<u>NGO</u>		
Omar Asghar Khan Development Foundation	Ali Asghar Khan	Chairperson
Rural Support Programmes Network	Rashida Dohan Aadil Mansoor	Special Projects Manager
PILDAT Save the Children UK	Shandana Khan Ahmed Mehboob Dr Shadab Rana Dr. Muhammad Amir Khan	CEO Executive Director Technical Director, Health Former TB control programme officer Association for Social Development Regional Representative
International Organisation for Migration International Organization for Migration (IOM) Kashf	Hassan Abdel Mostafa John Sampson	 Emergency Officer
Sarhad Rural Support Programme Omar Asghar Khan Development Foundation World Vision ActionAid CPRID	Khalid Kabeer Roshanae Zafar Masood ul Mulk Mumtaz Tanoli Sharon Kane Syed Shah Haroon Sheikh Murtaza	Chief Financial Officer Chief Executive Chief Executive Quality Enhancement Officer Project Officer Project Coordinator
<u>Donor/IFI/UN</u>		
World Bank	Said Al Habsy Sofia Shakil Steve Rasmussen Tahseen Sayed Zahid Hasnain Dr. Inaam ul Haq, Mohamed Afridi	Operations Advisor Senior Education Specialist Private Sector Development Specialist Lead Education Specialist Economist Senior Health Specialist, World Bank Governance Officer
ADB	Peter Fedon Safdar Parvez John Blunt Waqas ul Hasan Asad Aleem Cynthia Veliko	Country Director Country Economist Institutional & Governance Specialist Project Officer (Governance) Programs officer Human Rights Advisor
UN Resident Coordinator Office	Dr. France Donnay Dr. Khalif Bile Mohamud Dr. Unama Shaikh Eriko Murata Jean-Christophe Adrian Mikiko Tanada Faiza Effendi	UNFPA Representative WHO Country Representative National Technical Officer, TB, WHO Economic Advisor Chief Technical Advisor Dty. Country Head Assistant Resident Representative, In charge Poverty and Gender Unit Assistant Resident Representative National Project Coordinator
UN-HABITAT UNDP	Zafar Iqbal Tariq Rafique Khan	Assistant Resident Representative National Project Coordinator

Dutch Embassy	Mirjam Krijnen	Political Counsellor
USAID	Randy Hatfield	Education Adviser
Japanese Embassy	Seiji Kojima	Ambassador
	Shaista Hussain	Programme Officer
UNESCO	Vickram Chhetri	Project Manager
<u>Other</u>		
NAO	Martin Daynes	Director
CCB	Mian Tahir Saeed	Member
CCB	Azam M Khan	Member
Union Council	Asim Khan	Nazim
Lawyer	Salmaan Raja	Local Govt specialist
	Farooq Azam	Country Manager, TAMA
	Emma Hooper	Consultant Social Advisor

ANNEX C: DOCUMENTS

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Nadvi, K, and Robinson, M, Country Strategy Performance Review, DFID Pakistan, , IDS, Sussex, March 2004.

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World Bank, Summary Education Profile: Pakistan
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ANNEX D: MATRIX FOR PAKISTAN COUNTRY PROGRAMME EVALUATION

EVALUATION CRITERIA	KEY QUESTIONS	Findings and Evidence Base
(Chapter 1: Introduction and Methods)		
Context Period is March 2002- March 2007		To form Chapter 2 of report: Context
<i>The political situation and economic context. Key events over period including factors beyond control of development partners, MDG progress (and variation by gender, rural/ urban, ethnic group etc.), importance of aid to the country/ region and no. of donors active in area,</i>		National survey data, economic data etc. Section should include tables/ graphs as appropriate
Relevance - <i>How relevant was DFID's strategic approach and programming to the needs of Pakistan?</i>		To form Chapter 3 of report: The Relevance of DFID's Country/Regional Strategy
Overall strategy and areas/sectors selected for intervention	<ol style="list-style-type: none"> 1. Throughout the evaluation period and as the context evolved, did DFID have clear and focused country/ sector/ provincial strategies directing work in the sector and is there an explanation of the rationale for interventions supported? (eg options considered, analysis done, choices made and why, etc.) 2. Over the period, how far were strategies [If no strategy the programming in each sector should still be assessed against these relevance criteria] aligned with development needs and policy priorities of the country and policy priorities of UK?, (eg aligned with the PRSP and federal government sector strategies/ provincial strategies? or other expressed priorities in country from non-government actors? Related to off-track MDGs? Related to UK strategic objectives?) 3. To what extent were strategies in line with corporate priorities? (e.g White Papers, guidance on aid instrument choices, Conditionality paper, cross-Whitehall working and relevant sector strategies.) 4. Was DFID politically astute in understanding the country context/ UK policy environment and adjusting to it? 	<p>Detail strategies available and gaps in strategy . Look for analysis to inform strategic choices.</p> <p>Sector analysis should look at content of DFID strategies (CAP etc) & programming along side content of PRSP , government sector strategies, provincial strategies, counter-radicalisation prerogatives etc. – with evidence of alignment/ non-alignment and judgements on whether strategies/ programming were well informed.</p> <p>Should also look at the extent to which programming reflected DFID corporate policies of the time in question.</p>
Risk Management	<ol style="list-style-type: none"> 5. How systematically did DFID assess the external risks (ie political governance, economic and fiduciary) and the internal factors influencing the country strategy/ programming? 6. How comprehensive were plans to minimise the identified risks? 	<p>Risk annexes of CAPs and risk assessment in individual interventions. Identify what done and make judgement on whether appropriate given context</p>
Portfolio profile	<ol style="list-style-type: none"> 7. What interventions did DFID support over the evaluation period? 	<p>Brief description of major interventions supported (and annexed list of all interventions)</p>
DFID's choice of aid instruments should we pull out	<ol style="list-style-type: none"> 8. What mix of aid instruments was used, how was the choice made and how did this change over the evaluation period? 	<p>Analysis of spend via different channels and extent of policy dialogue in sector;</p>

EVALUATION CRITERIA	KEY QUESTIONS	Findings and Evidence Base
spend through civil society here too?	9. To what extent did choices about aid instruments reflect the political economy and governance context of Pakistan and DFID policy?	judgement on whether choices appropriate given context and DFID guidance
DFID's partnership working	10. How did DFID approach working with: a) Government (federal/ provincial/ district), b) civil society, c) other individual donors – both bilateral and multilateral? d) key regional institutions (were there explicit strategies?, what was the basis of any influencing agenda?), was the balance right? 11. To what extent did DFID seek to strengthen harmonisation across the donor community? 12. How well did DFID consult with and communicate its aims and objectives to different development partners?	How many projects/ programmes were undertaken with each type of actor? – how much money was channelled in each route? DFID consultation process records and Publications/ findings from interviews with partners
DFID's approach to cross-cutting themes	13. How well did DFIDP mainstream cross-cutting issues of gender, social exclusion, HIV/AIDS and environmental protection (in accordance with corporate policy)?	How many projects/ programmes took cursory/ detailed account of gender/ se/ HIV and environment.? Was the approach to mainstreaming strategic? CAP Part 3, Staffing levels & gaps
Level and allocation of resources	14. Were strategies appropriate to the level of resources anticipated? 15. How far did planned spending and use of staff time reflect strategic objectives? 16. Was geographic coverage to narrow / wide for resources available?	PRISM documents
Results focus	17. How far were DFID's planned interventions sufficiently results-focused and monitorable? 18. How far were the results of reviews used to reconsider design/ direction of work and resourcing and staff allocation priorities?	PRISM documents
II. Effectiveness and III. Efficiency - How successful was DFID in terms of engagement in development processes and delivering results in a timely and efficient manner?		
Delivering on strategy	19. How far were objectives set out in strategies achieved in practice (CAP/ RAP performance objectives and other strategic outcomes)? What explains any areas of divergence? To what extent were these predictable? 20. How effectively did DFID respond to new policy directives from HQ, and manage strategic risks that emerged?	To form Chapter 4 of the report: Programme Effectiveness & Efficiency
Results	21. How far were the objectives and performance indicators for individual DFID interventions achieved (drawing on data from project reviews and PRISM scores)? 22. What explains key successes and failures with regard to programme objectives?	File records on programme strategy, interviews in Country Office and London PRISM /Quest
Efficiency	23. Was DFID's actual disbursement in line with expectations and plans? Were there any significant changes or delays? Has the approval process been slower than the DFID norm ? 24. What effect did the 2005 office devolution have on programme delivery? 25. Did DFID deliver what it said it would in submissions? Did DFID follow up on recommendations from reviews? Were the CAP pillars and matrix efficient in delivering the provincial and multi-lateral work ? 26. Was the skill mix and continuity of staff appropriate to the country/ regional context and strategy? 27. Is earthquake reconstruction work well integrated across the office?	Disbursement record from PRISM Possible web survey of staff; specific question in all DFID interviews; DPs' views.

EVALUATION CRITERIA	KEY QUESTIONS	Findings and Evidence Base
Aid effectiveness	<p>28. How effective was the mix of aid instruments in achieving objectives? What has budget support 'bought' for DFID? Was the NHF mechanism right? What has been the advantage of the heavy use of TA? Were the different instruments used sufficiently complementary (particularly at provincial level) ?</p> <p>29. How effective has DFID been in pursuing its development agenda with partners including other parts of the UK Government, National Government, other donors and Multilateral Agencies, Civil Society, NGOs? How has DFIDP worked with DFID UK, particularly the Asia Directorate and Policy Division? How has DFIDP worked with DFID Afghanistan? (border issues, migration, remittances)</p> <p>30. Has DFID operated in accordance with principles of aid effectiveness? (and emerging principles of aid effectiveness in fragile states if appropriate?)</p> <p>31. Did DFIDP cope with the earthquake in the most effective way?</p> <p>32. How well has DFID communicated its results / lessons/ good practice?</p> <p>33. How well were issues of gender, social exclusion, HIV/AIDS and environmental protection (including climate change) actually integrated across the programme?</p>	
DFID's delivery on cross-cutting themes		
IV – VI. Impact and Sustainability - <i>What are the key impacts DFID has helped achieve?</i>		To form Chapter 5 of the report: Development Impact
Outcomes and sustainability	<p>34. To what extent has the policy and governance environment (eg accountability, action on corruption) been strengthened? To what extent have development outcomes been compromised by other UK political interests/ security concerns?</p> <p>35. What is the evidence to show that DFID has helped contribute to specific development outcomes and PRSP achievements? (PSA/ DDP/ direct project/ programme impacts and 'indirect' benefits around policy dialogue). Are the most excluded affected by these outcomes?</p> <p>36. Are the development changes or reforms supported by DFID's country/ regional programme likely to be sustained/ difficult to reverse? (to what extent has local capacity been built?)</p> <p>37. Has DFID added value through gains in aid effectiveness? Eg contributing analysis/ tools/ support on harmonisation?</p>	
Lessons and recommendations and operations?	- <i>What lessons can DFID draw from the evaluation for informing future country, regional or corporate planning</i>	To form Chapter 6 of the report: Lessons and recommendations
Strengths and weaknesses of DFID	<p>38. What are the key strengths demonstrated by the DFID office?</p> <p>39. What are the key weaknesses demonstrated by DFID?</p>	
Lessons	<p>40. What lessons (from positive and negative findings) can be drawn for DFID's future work in this country / region? What lessons can be drawn from any partnerships that proved unsuccessful?</p> <p>41. What lessons can be drawn more widely for DFID?</p>	
Recommendations	<p>42. What recommendations should be made based on the evaluation findings?</p>	

ANNEX E: TIMELINE OF MAJOR EVENTS IN PAKISTAN

TIMELINE OF MAJOR EVENTS

Year	2001	2002	2003	2004	2005	2006	2007
DFID events			Directors' s Delivery Plan and Public Service Agreement 2003-06	'Poverty Reduction Budget Support' Policy paper issued	DFID Fragile States Paper (Jan) PARIS declaration (Feb) Medium Term Action Plan on Aid Effectiveness (July)	3 rd White Paper Governance Asia 2015 conference (April) Cabinet Office UK Strategy for Pakistan (Sept)	March London Conference
DFID Pakistan	APPR 2001	DFID Evacuation	Participatory Poverty Assessments	Devolved office (Dec) 3 day evacuation (July) Communications Strategy (Oct)	CAP 2005-07 (£236m) published (Jan) DFID held EU presidency Aid framework 05/6: £74m New Head DFIDP (Jan)	Dev Part Agmt (Oct) End of temporary portacabin office / GoP EAD Minister Hina Rabbani Khar opens newly built office (May)	

Pakistan	Local Governance Ordinance Act I-PRSP (November)	Civilian Assembly elected (2002-07) (Oct)	PRSP (January) 2003-05	Graduating out of PRGF	Pakistan earthquake (Oct) Local Elections (Aug) Fiscal Responsibility and Debt Management Law promulgated	Provincial Financial Awards Govt. announces 10.6% decline in poor headcount from 2001	President suspends Chief Justice (January) Chief Justice restored (March) Upcoming elections PRSP (2) 2006-09
Other (Regional/ international)	Sept 11 th Terrorist attack New York	Indo-Pakistan border conflict US-led Invasion Afghanistan			London bombings (2005)		

ANNEX F: Annex on Government Expenditures

Pro-poor Expenditures under the PRSP (FY02 to FY06)

	Expenditures (million Rs)					% Change			
	2001-02	2002-03	2003-04	2004-05	2005-06	2002-03/ 2001-02	2003-04/ 2002-03	2004-05/ 2003-04	2005-06/ 2004-05
Market Access and Community Services									
Roads, highways & bridges	6,340	13,145	22,746	35,181	53,248	107.33	73.04	54.67	51.35
Water supply and sanitation	4,644	3,421	5,799	6,538	10,338	-26.34	69.51	12.74	58.12
Human Development									
Education	66,290	78,447	97,697	116,873	141,702	18.34	24.54	19.63	21.24
Health	19,211	22,368	27,009	31,426	39,203	16.43	20.75	16.35	24.75
Population Planning	1,331	3,120	4,689	4,578	10,229	134.41	50.29	-2.37	123.44
Social security & welfare	3,664	1,301	4,144	2,030	7,575	-64.49	218.52	-51.01	273.15
Natural Calamities	189	410	529	922	19,148	116.93	29.02	74.29	1976.79
Rural Development									
Irrigation	10,133	15,535	22,506	37,871	59,819	53.31	44.87	68.27	57.95
Land reclamation	1,838	1,733	2,016	2,111	2,673	-5.71	16.33	4.71	26.62
Rural development	12,325	16,883	18,607	15,369	15,040	36.98	10.21	-17.40	-2.14
Rural electrification	0	0	1,422	4,354	1,000	-	-	206.16	-77.03
Safety Nets									
Food subsidies	5,513	10,859	8,513	5,359	6,021	96.97	-21.60	-37.05	12.35
Food Support Programme	2,017	2,017	2,804	2,703	3,081	0.00	39.02	-3.60	13.98
Tawana Pakistan	800	800	590	78	-	0.00	-26.25	-86.78	-
Low cost housing	0	0	423	318	305	-	-	-24.82	-4.09
Governance									
Administration of justice	1,981	2,196	2,437	3,116	5,642	10.85	10.97	27.86	81.07
Law and order	31,004	36,293	39,370	47,416	59,567	17.06	8.48	20.44	25.63
Total	167,280	208,528	261,301	316,243	434,591	24.66	25.31	21.03	37.42

Source: Poverty Reduction Strategy Paper: Annual Progress Report 2005-06

Table 1: Year-wise Federal and Provincial Health sector Allocations

(Million Rs.)

Fiscal Year	Public Sector Health Budget (Federal plus Provincial)			Change (%)	As % of GDP
	Development	Current	Total		
1999-00	5,887 (26.7%)	16,190 (73.3%)	22,077	6.1	0.58
2000-01	5,944 (24.5%)	18,337 (75.5%)	24,281	9.9	0.58
2001-02	6,688 (26.3%)	18,717 (73.7%)	25,406	4.7	0.57
2002-03	6,609 (22.9%)	22,205 (77.1%)	28,814	13.4	0.59
2003-04	8,500 (26.6%)	24,305 (73.4%)	32,805	13.8	0.58
2004-05	11,000 (28.9%)	27,000 (71.1%)	38,000	15.8	0.57
2005-06	16,000 (40.0%)	24,000 (60.0%)	40,000	5.3	0.51
2006-07	20,000 (40.0%)	30,000 (60.0%)	50,000	25.0	0.57

Source: Planning and Development Division, Economic Survey 2006-07.

Table 1 shows that although the overall health budget remains at a very low level of GDP, it has increased very significantly in real terms. This is largely due to the strong economic growth during the period. This is mirrored by significant increases in provincial budget allocation, as well as a significant increase in provincial % allocation.

Table 2: Allocation for Federal Health Public Sector Development Programme (PSDP)

(Million Rs.)

Fiscal Year	Allocation for Federal Health PSDP	Change (%) in federal health PSDP	Total Consolidated PSDP	Change (%) in total PSDP	Federal Health PSDP as % of Total PSDP
2002-03	3,309.247	-	129,200	-	2.56%
2003-04	4,372.525	32.1%	160,988	24.6%	2.71%
2004-05	6,044.556	38.2%	227,718	41.4%	2.65%
2005-06	9,439.107	56.1%	365,100	60.3%	2.58% (2.24%)
2006-07	(8,183*)	(35.4%)	435,000	19.1%	2.53%
2007-08	11,010.000	16.6%	520,000	19.5%	2.74%
	14,272.690	(34.5%)			
		29.6%			

Source: Budget books, Economic Survey 2005-06

*: Revised allocation after Earthquake 2005.

Table 2 shows that although health received large increases year on year under the Federal Government Public Sector Development Programme, as a proportion of the total PSDP its share did not alter greatly remaining at between 2.5 to 2.7%.

Table 3: PSDP Federal Health Allocations and Expenditures

(Rs. Million)

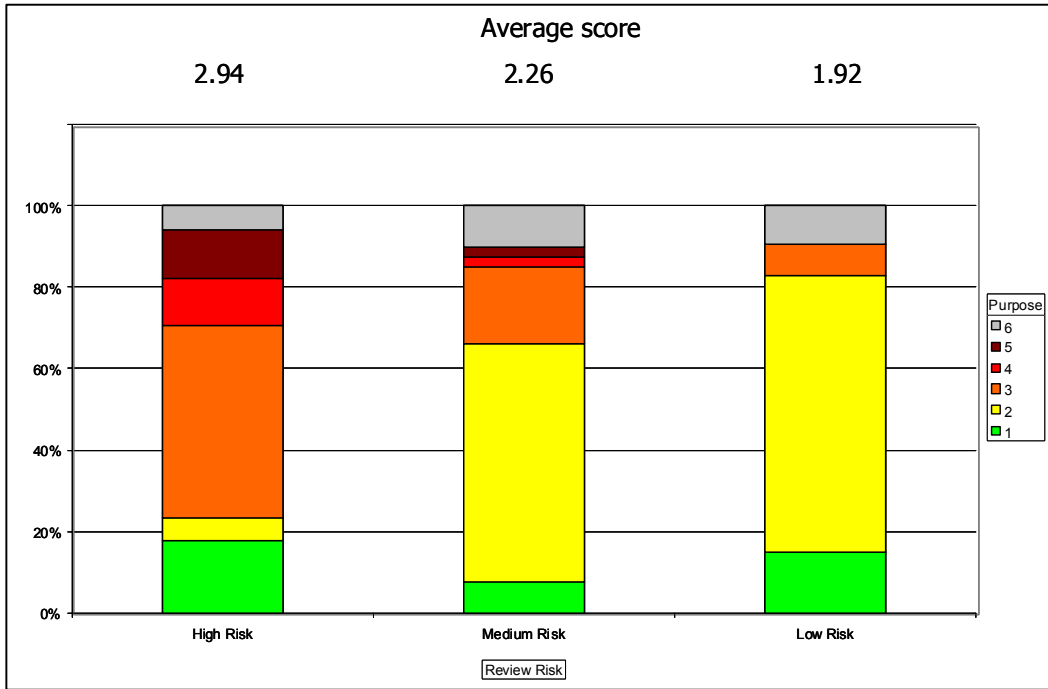
Year	Original Allocation	Expenditure	Expenditure as % of Allocation
2001-2002	4,190	2,658	63%
2002-2003	3,309	2,815	85%
2003-2004	4,373	3,781	86%
2004-2005	6,045	4,821	71%
2005-2006	9,439	7,597	80%
2006-2007	11,010 (revised 11,031)	9,102	82%

Source: Ministry of Health Data

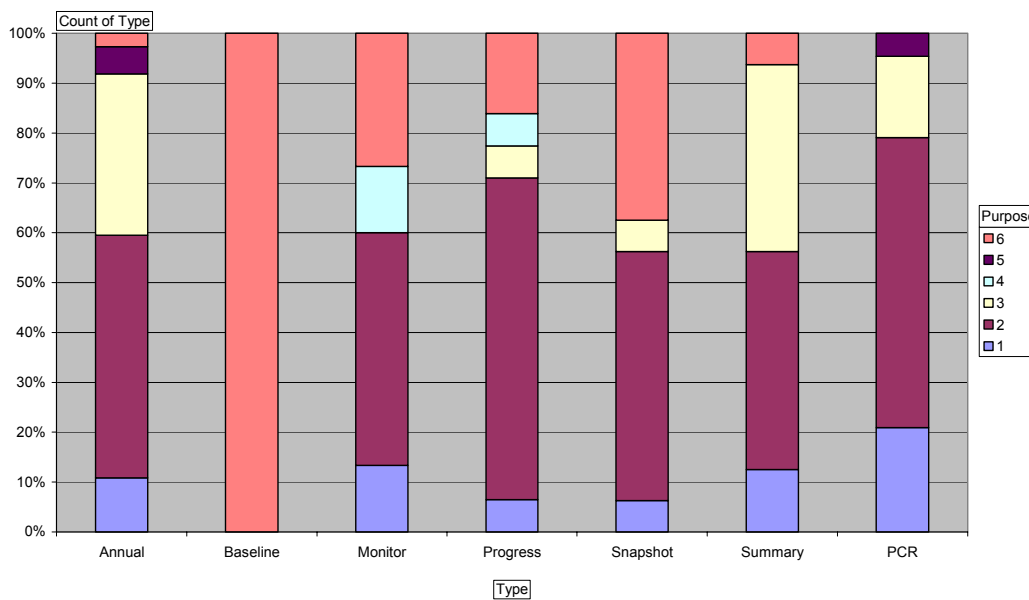
Table 3 shows that expenditure against allocation rose significantly from 2002 and remained overall improved during the evaluation period, but variable.

ANNEX G: Prism Scores Analysis

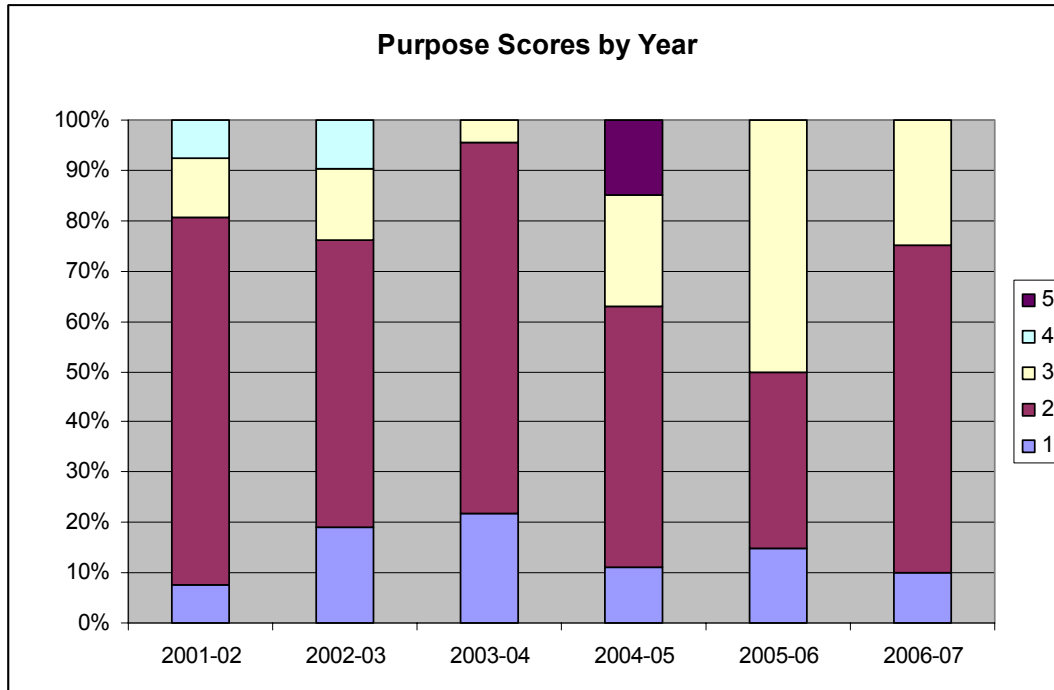
1. PRISM Purpose Scores by Risk (for 150 Project lines 2002-07)



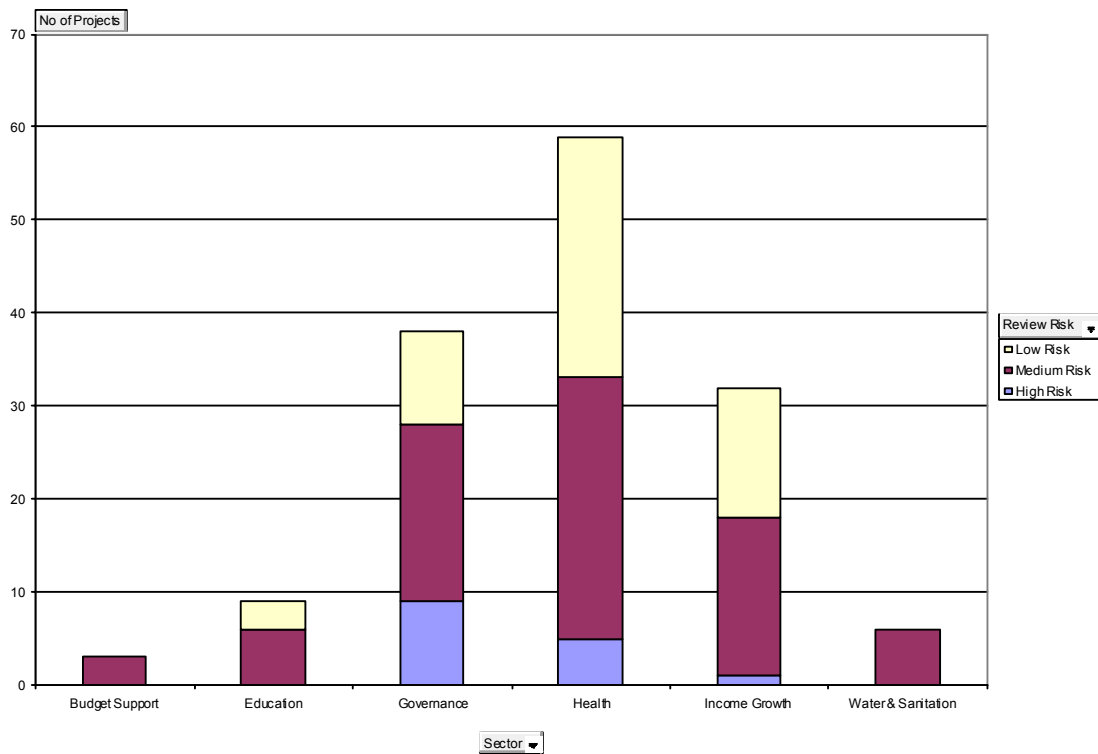
2. PRISM scores for Purpose by Type of Review (for 150 Project lines 2002-07)



3. PRISM Purpose Scores by Year (for 150 Project lines 2002-07)



4. PRISM Risk Rating by Sector (for 150 Project lines 2002-07)



ANNEX H: STAFF TIMELINE : DFID PAKISTAN

STAFF	2001	2002	2003	2004	2005	2006	2007
ASIA DIRECTORATE							
Directors							
Martin Dinham (Head EMAD)	X X X X	X X X X	X X X X	X X X X	X X X X	X X X X	X X X X
Charlotte Seymour-Smith (Head, Asia Directorate)					X X X X	X X X X	X X X X
Susanna Moorhead (Acting)							X
Jim Drummond							X
Deputy Directors							
Kevin Sparkhall				X X	X X X X	X X X	X X X X
Sheelagh Stewart						X	X X X X
Desk Officers							
Joanna McDonald						X X	X X X X
Pam Jenkins (Cabinet)				X X X X	X X X X	X X	
LONDON BASED PROGRAMME STAFF (before devolution)							
Moazzam Malik (Head of Pakistan Programme)	X X X X	X X X X	X				
Gerry Duffy (Head of Pakistan Programme)			X X	X X X X			
Chris Austin (Head, West Asia Dept)	X X	X X X X	X	X X X X	X X X X		
Joy Hutcheon (Head, West Asia Dept)			X X X X	X X X X	X X X X		
Eamonn Taylor (West Asia Dept)	X			X X X X	X X X X		
James Medhurst (Country Strategy Manager)			X X X X	X X X X	X X X X		
Daniel Davies (Governance Adviser)	X X	X X X X					
Jennifer Leith (Social Dev Adviser)			X X X X	X X			
Sian Edmunds			X X X X	X X			
Mark Morris							
Nick Banatwala							
Nicola Jenns				X X			X

Abu Rehan (Programme Officer)										X	X	X	X	X	X	X	X	X	X
Nusrat Hamad (Programme Officer)										X	X	X	X	X	X	X	X	X	X
Advisers																			
Livelihoods and Infrastructure																			
Andrew McCoubrey																			X
John Hansell (25%)																			X
Rod Matthews (disaster relief)																			X
Catherine Arnold																			X
Leonard Tedd																			X
Dr Abid (consultant)																			
Education																			
Steve Passingham (80%)																			X
Umbreen Arif																			X
Mark Poston										X	X	X	X	X	X	X	X	X	X
Nargis Sultana										X	X	X	X	X	X	X	X	X	X
Social Development																			
Rebecca Calder																			X
Simon Nabeth																			X
Aalya Gloekler										X	X	X	X	X	X	X	X	X	X
Salma Omer																			X
Health																			
Jane Edmondson																			X
Ann Austen																			X
Dr Raza Zaidi																			X
Lizzy Smith										X	X	X	X	X	X	X	X	X	X
Inayat Thawer																			X
Chris Allison																			X
Economics																			
Tim Green										X	X	X	X	X	X	X	X	X	X
Hans Beck										X	X	X	X	X	X	X	X	X	X

Andrew Ockenden											X	X	X	X	X	X	X				
Haroon Sharif				X	X	X	X	X	X	X	X	X	X	X	X	X	X	X			
Governance																					
Jackie Charlton		X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X
Mosharraaf Zaidi		X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X
David Johnson												X	X	X	X	X	X	X	X	X	X
Peter McDermott														X							X
Statistics																					
Sarah Hennell (75%)					X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X
Rachael Beaven (50%)								X	X	X	X	X	X	X	X	X	X	X	X	X	X
Martin Dyble		X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X
Regional Advisers																					
Steve Passingham 20% (Education based Pakistan)											X	X	X	X	X	X	X	X	X	X	X
Jackie Charlton (20%) (Governance based Pakistan)																					X
Jenny Amery (5%) (Health based India)																	X	X	X	X	X
Yvan Biot (Livelihoods based London)											X	X	X	X	X	X	X	X	X	X	X
Claire Shakiya (Based Nepal) ?															X	X	X	X	X	X	X
Long Term Consultants																					
Steve Jones (livelihoods adviser)		X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X
Emma Hooper (Social development)																					X
Siona Hood (Social Development)											X	X	X	X	X	X	X	X	X	X	X

Annex I : Pakistan's POVERTY MDGS

- Key Facts:**
- The population is 160 million, with 65% living in rural areas
 - 24% - around 38 million people – were below the national poverty line in 04/05
 - GDP per capita is around US \$830
 - Life expectancy is 65 years
 - 50% of the adult population is illiterate
 - One in ten children die before their fifth birthday

Progress towards the Millennium Development Goals in Pakistan

<p>OVERVIEW</p> <p><i>Off track, but recent progress</i></p>	<p>Steady progress has been made towards most of the MDGs in Pakistan since 2000. However a low starting point and slow progress during the 1990s mean that many of the MDG targets will be difficult to reach. The Pakistan Government remains committed to achieving these targets, but significant additional resources and effort will be needed to deliver the substantial improvements in progress required.</p>	
<p>ERADICATE EXTREME POVERTY AND HUNGER</p> <p><i>On track if progress since 2000 is maintained</i></p>	<ul style="list-style-type: none"> • Income poverty increased during the 1990s, but has decreased rapidly recently. If this recent trend can be sustained Pakistan will reach the MDG target of halving the income poverty headcount by 2015. • The proportion of the population living below the official national poverty line decreased from 34.5% in 2001 to 24% in 2004/5. • The proportion living below the international \$1 a day was estimated as 17% in 2002. 	
<p>ACHIEVE UNIVERSAL EDUCATION</p> <p><i>Off track, but recent progress</i></p>	<ul style="list-style-type: none"> • Primary school enrolment rates have improved recently. There are now 3 million more children in primary school compared to 2001. • In 2004/05 52% of 5-9 year olds were in primary school, up from 42% in 2001. • This is still low compared to South Asia as a whole, where net primary enrolment is 86%. 	

¹ Government of Pakistan data taken from the draft PRSPII summary, and Population Census Organisation

<p>PROMOTE GENDER EQUALITY</p> <p><i>On track if progress since 2000 is maintained</i></p>	<ul style="list-style-type: none"> Progress has been made since 1990, but gender inequality remains high. The ratio of female to male primary enrolment rates increased from under 0.68 in 1990 to 0.82 in 2004/05. Female literacy rates are particularly low. Just over a third of adult females are literate, compared to nearly two thirds of adult men. Progress has been made in parliamentary representation. Due to the introduction of quotas, the proportion of seats in the national assembly held by women increased from 1% in 1990 to 21% in 2005. 	<p>GENDER: Ratio of girls to boys enrolment in primary school</p> <table border="1"> <caption>GENDER: Ratio of girls to boys enrolment in primary school</caption> <thead> <tr> <th>Year</th> <th>Ratio</th> </tr> </thead> <tbody> <tr> <td>1990</td> <td>68</td> </tr> <tr> <td>2001</td> <td>72</td> </tr> <tr> <td>2005</td> <td>78</td> </tr> <tr> <td>2010</td> <td>92</td> </tr> <tr> <td>2015</td> <td>95</td> </tr> </tbody> </table>	Year	Ratio	1990	68	2001	72	2005	78	2010	92	2015	95						
Year	Ratio																			
1990	68																			
2001	72																			
2005	78																			
2010	92																			
2015	95																			
<p>REDUCE CHILD MORTALITY</p> <p><i>Off track despite steady progress</i></p>	<ul style="list-style-type: none"> Progress has been made towards the target of reducing under-five mortality rates by two thirds. The rate of change will need to be accelerated to meet the target, and the rates are still high compared to the rest of South Asia. Under-5 mortality in 2005 was 99 per 1,000 live births compared to 130 in 1990. The majority (80%) of deaths occur in the first year. 	<p>CHILD HEALTH: Under five mortality rate</p> <table border="1"> <caption>CHILD HEALTH: Under five mortality rate</caption> <thead> <tr> <th>Year</th> <th>Rate</th> </tr> </thead> <tbody> <tr> <td>1990</td> <td>130</td> </tr> <tr> <td>2001</td> <td>110</td> </tr> <tr> <td>2005</td> <td>99</td> </tr> <tr> <td>2010</td> <td>80</td> </tr> <tr> <td>2015</td> <td>45</td> </tr> </tbody> </table>	Year	Rate	1990	130	2001	110	2005	99	2010	80	2015	45						
Year	Rate																			
1990	130																			
2001	110																			
2005	99																			
2010	80																			
2015	45																			
<p>IMPROVE MATERNAL HEALTH</p> <p><i>Off track</i></p>	<ul style="list-style-type: none"> Maternal mortality is between 350 to 500 deaths per 100,000 births Some progress has been made towards the standard proxy indicators, although overall levels remain low. The percentage of births attended by skilled health professionals increased from 23% in 2001 to 31% in 2004/05. 	<p>MATERNAL MORTALITY: Births attended by health professional (%)</p> <table border="1"> <caption>MATERNAL MORTALITY: Births attended by health professional (%)</caption> <thead> <tr> <th>Year</th> <th>Percentage</th> </tr> </thead> <tbody> <tr> <td>1990</td> <td>20</td> </tr> <tr> <td>2001</td> <td>23</td> </tr> <tr> <td>2005</td> <td>31</td> </tr> <tr> <td>2010</td> <td>60</td> </tr> <tr> <td>2015</td> <td>90</td> </tr> </tbody> </table>	Year	Percentage	1990	20	2001	23	2005	31	2010	60	2015	90						
Year	Percentage																			
1990	20																			
2001	23																			
2005	31																			
2010	60																			
2015	90																			
<p>COMBAT HIV/AIDS, MALARIA & OTHER DISEASES</p> <p><i>Mixed progress</i></p>	<ul style="list-style-type: none"> Pakistan has the 6th highest burden of TB disease in the world; although DOTS case detection and cure rates have improved significantly since 2000, and are on track to meet WHO targets for 2010. Polio is almost eradicated although a few isolated cases remain; 39 cases were reported in 2006, up slightly from 28 in 2005. There are around half a million cases of malaria. HIV/AIDS prevalence is low among the general population (<0.05%), but is increasing rapidly in high-risk groups. The UN categorise Pakistan as a high-risk country for the spread of HIV/AIDS. 	<p>TB: Cases detected and cured under DOTS (%)</p> <table border="1"> <caption>TB: Cases detected and cured under DOTS (%)</caption> <thead> <tr> <th>Year</th> <th>Cured (%)</th> <th>Detected (%)</th> </tr> </thead> <tbody> <tr> <td>1990</td> <td>70</td> <td>0</td> </tr> <tr> <td>1995</td> <td>70</td> <td>0</td> </tr> <tr> <td>2000</td> <td>75</td> <td>5</td> </tr> <tr> <td>2007</td> <td>80</td> <td>50</td> </tr> <tr> <td>2010</td> <td>85</td> <td>65</td> </tr> </tbody> </table>	Year	Cured (%)	Detected (%)	1990	70	0	1995	70	0	2000	75	5	2007	80	50	2010	85	65
Year	Cured (%)	Detected (%)																		
1990	70	0																		
1995	70	0																		
2000	75	5																		
2007	80	50																		
2010	85	65																		

<p>ENSURE ENVIRONMENTAL SUSTAINABILITY</p> <p><i>On track</i></p>	<ul style="list-style-type: none"> Despite a small decline in access to safe water over recent years, Pakistan is still on track to halve the population without access to improved water and sanitation by 2015². In 2004/05 66% had access to a tap or hand water pump and 54% had access to a flush toilet. The broader picture on ensuring environmental sustainability is mixed. Various environmental initiatives were started in the 1990s but came after years of environmental neglect. 	<p>The graph shows two data series: 'Water' (solid blue line with triangles) and 'Sanitation' (dashed blue line with circles). Both series show an overall upward trend from 1990 to 2015. The 'Water' series starts at approximately 50% in 1990, rises to about 70% in 2001, dips slightly to 65% in 2005, and reaches about 75% in 2015. The 'Sanitation' series starts at approximately 35% in 1990, rises to about 55% in 2001, dips slightly to 50% in 2005, and reaches about 65% in 2015. A grey trend line is also shown for both series.</p> <table border="1"> <caption>WATSAN: % with access to improved water and sanitation</caption> <thead> <tr> <th>Year</th> <th>Water (%)</th> <th>Sanitation (%)</th> </tr> </thead> <tbody> <tr> <td>1990</td> <td>50</td> <td>35</td> </tr> <tr> <td>2001</td> <td>70</td> <td>55</td> </tr> <tr> <td>2005</td> <td>65</td> <td>50</td> </tr> <tr> <td>2015</td> <td>75</td> <td>65</td> </tr> </tbody> </table>	Year	Water (%)	Sanitation (%)	1990	50	35	2001	70	55	2005	65	50	2015	75	65
Year	Water (%)	Sanitation (%)															
1990	50	35															
2001	70	55															
2005	65	50															
2015	75	65															
<p>GLOBAL PARTNERSHIP</p>	<ul style="list-style-type: none"> The strength of the relationship between International Partners and Pakistan has varied over the last decade. However over the last few years development assistance has been increasing and development agencies are strengthening their presence in Pakistan. DFID programme in Pakistan increased from £15m in 2000/01 to £70m in 2005/06. The programme is set to increase to £106m in 2007/8. We established a fully devolved office in Islamabad at the start of 2005. 																

² The graph shows data based on the national definition of improved water (access to tap and hand pump water) This is stricter than the international definition (which includes access to protected wells or spring water). The following table gives both sets of data.

PAKISTANS MILLENNIUM DEVELOPMENT GOALS INDICATORS

Source	Series	Pakistan			TARGET	South Asia	
		1990	Latest Data	Yr	2015	Latest Data	Yr
GOAL 1: ERADICATE EXTREME POVERTY AND HUNGER							
WDI07	Poverty headcount ratio at \$1 a day (PPP) (% of population)		17	02		31	04
MDGR	Poverty headcount ratio at national poverty line (% of population)	26	24	05	13		
WDI07	Income share held by lowest 20%		9.3	02		8.1	04 - India
WDI07	Malnutrition prevalence, weight for age (% of children under 5)	40	38	02	20	49	99
GOAL 2: ACHIEVE UNIVERSAL PRIMARY EDUCATION							
MDGR	School enrollment, primary (% net)	46	52	05	100	86	04
MDGR	Persistence to grade 5, total (% of cohort)	50	72	05	100	77	03
WDI07	Literacy rate, youth total (% of people ages 15-24)	47	66	06		72	06
GOAL 3: PROMOTE GENDER EQUALITY							
*	Ratio of female to male primary enrollment	68	82	05	100	91	04
WDI07	Ratio of female to male secondary enrollment	48	74	05	94	82	04
WDI07	Ratio of female to male enrollments in tertiary education	58	88	05		65	04
WDI07	Ratio of young literate females to males (% ages 15-24)	49	72	06	100	79	06
WDI07	Share of women employed in the nonagricultural sector (% of total nonagricultural employment)	6.6	8.6	04	14	18	04
WDI07	Proportion of seats held by women in national parliament (%)	1	21	06		13	06
GOAL 4: REDUCE CHILD MORTALITY							
WDI07	Mortality rate, under 5 (per 1,000 live births)	130	99	05	52	.	06
WDI07	Mortality rate, infant (per 1,000 live births)	100	79	05	40	62	05
WDI07	Immunization, measles (% of children ages 12-23 months)	50	78	05	90	64	05
GOAL 5: IMPROVE MATERNAL HEALTH							
MDGR	Maternal mortality ratio per 100,000 live births		350-500		140	540	00
WDI07	Births attended by skilled health staff (% of total)	19	31	05	90	37	05
GOAL 6: COMBAT HIV/AIDS MALARIA AND OTHER DISEASES							
UN SD	Tuberculosis prevalence rate per 100,000 population	415	329	04		313	04
**	Tuberculosis cases detected under DOTS (%)	1	49	07		58	05
**	Tuberculosis treatment success rate (% of registered cases)	70	84	07		86	04
WDI07	Prevalence of HIV, total (% of population ages 15-49)		0.1	05		0.7	05
MDGR	HIV prevalence among vulnerable groups		2.0	05	1		
WDI07	Contraceptive prevalence (% of women ages 15-49)	14	28	01		46	05
GOAL 7: ENSURE ENVIRONMENTAL SUSTAINABILITY							
WDI07	Forest area (% of land area)	3.3	2.5	05		17	05
UN SD	Protected area to total surface area, percentage	9.0	9.1	05		6	05
WDI07	GDP per unit of energy use (constant 2000 PPP \$ per kg of oil equivalent)	3.9	4.2	04		5.5	04
WDI07	CO2 emissions (metric tons per capita)	0.6	0.8	03		1.0	03
WDI07	Improved water source (% of population with access)	83	91	04		84	04
MDGR	Access to tap and hand pump water (% of population)	53	66	05	93		
WDI07	Improved sanitation facilities (% of population with access)	37	59	04	90	37	04
UN SD	Slum population as percentage of urban, percentage	79	74	01		59	01
GOAL 8: DEVELOP A GLOBAL PARTNERSHIP FOR DEVELOPMENT							
WDI07	Unemployment, youth total (% of total labor force ages 15-24)	5.1	12	04		11	04
WDI07	Unemployment, youth female (% of female labor force ages 15-24)	1.3	15	04		12	04
WDI07	Fixed line and mobile phone subscribers (per 1,000 people)	7.8	116	05		119	05
WDI07	Internet users (per 1,000 people)	0.0	67	05		49	05
WDI07	Personal computers (per 1,000 people)	1.4	4.2	01		16	05
GENERAL INDICATORS							
WDI07	Population, total (m)	108	156	05		1470	05
WDI07	GNI per capita, Atlas method (current US\$)	420	690	05		692	05
WDI07	Literacy rate adult total (% of people aged 15 and above)	35	50	06		58	06
WDI07	Fertility rate, total (births per woman)	5.8	4.1	05	2.1	3.1	05
WDI07	Life expectancy at birth, total (years)	59	65	05		64	05
WDI07	Aid per capita (current US\$)	10	11	05		6	05
WDI07	Total debt service (% of exports of goods, services and income)	21	10	05		17	03
WDI07	Trade (% of GDP)	39	35	05		45	05

The default is that data is taken from the World Bank's World Development Indicators 07 (WDI07) or, when it does not contain a particular indicator, the UN Statistics Division's MDG website (UN SD)

Data from country sources, primarily the 06 Government of Pakistan's MDG report (MDGR) is provided when this is assessed to be significantly more accurate, up-to-date, or relevant than the international sources.

* DFID estimates from latest survey data ** TB Programme

Table 1. Summary of Off-track PSA/MDG table as reported in the Asia Division Director's Delivery Plan 2005-08

Where are countries seriously off-track on the PSA/MDG targets?		MDG Target	PSA Indicator	China	India	Indonesia	Pakistan	Bangladesh	Viet-nam	Afghanistan	Nepal	Cambodia	Asia
Goal 1: Target 1: Income poverty -	Halve the proportion on under \$1 a day		Percentage of total population living below \$1 per day;	17%	34%	8%	13%	36%	18%	-	37%	34%	23.4%
			Number in poverty	(2.16m in poverty)	(3.1m in poverty)	(1.7m in poverty)	(1.8m in poverty)	(4.8m in poverty)	(1.4m in poverty)		(9m in poverty)	(4m in poverty)	(67.7m in poverty)
Target 2:	Halve the proportion of people who suffer from hunger		No PSA target. Figures refer to: The malnutrition prevalence, weight for age (% of children under 5)	10%	47%	25%	38%	48%	34%	49%	47%	45%	29%
Goal 2: Target 3:	Universal primary education		Net primary school enrolment; Numbers of primary age children out of school.	93%	79%	92%	66%	89%	95%	--	72%	95%	86%
				8.1m	2.4m	2m	7.8m	2m	400,000		850,000	300,000	45.3m out of school
Goal 3: Target 4:	Eliminate gender disparity to all levels of education by 2015 (2005 for primary/secondary)		Primary school enrolment ratio of girls per 100 boys	102	87	98	67	101	94	--	84	88	93
Goal 4: Target 5:	Reduce by two-thirds the under-five mortality rate		Rates of under-5 mortality per 1000 live births; Annual numbers of deaths of children under 5.	39	93	45	109	77	38	257	91	138	67
				740,000 deaths	2.45m deaths	200,000 deaths	580,000 deaths	320,000 deaths	60,000 deaths	280,000 deaths	70,000 deaths	65,000 deaths	4.8m deaths
Goal 5: Target 6:	Reduce by three-quarters the maternal mortality ratio		% of births attended by skilled attendants; Maternal Mortality per 100,000 live births; Estimated total number of deaths.	70%	42%	56%	20%	13%	70%	---	12%	34%	53%
				56	540	230	500	380	130	1,900	740	450	304
				11,000	136,000	10,000	26,000	16,000	2,000	20,000	6,000	2,100	229,100 deaths
Goal 6: Target 7:	Have halted, and begun to reverse, the spread of HIV/AIDS		Overall adult population (15-49 age group) HIV prevalence rate; Estimated number infected with HIV.	0.1%	0.7%	0.1%	0.1%	<0.1%	0.4%	--	0.5%	2.6%	0.3%
				840,000	5.1 m	110,000	74,000	10,000	220,000		61,000	170,000	6.6m (if excluding China: 0.6%)
Target 8:	Have halted, and begun to reverse, the incidence of malaria and other major diseases (TB)		Current rate of new TB cases detected annually; Total new infections each year.	30%	50%	21%	13%	33%	82%	9%	64%	43%	37%
				1.46m cases	1.76m cases	560,000 cases	270,000 cases	320,000 cases	160,000 cases	80,000 cases	80,000 cases	80,000 cases	4.7m cases
Goal 7: Target 9:	Sustainable development and environmental resources		No PSA target										
Target 10:	Halve the proportion of people without sustainable access to safe drinking water		No PSA target. Figures refer to: Proportion of the whole population without access to improved drinking water; Total numbers without access.	23%	14%	22%	10%	25%	27%	87%	16%	66%	20%
				296m without	1.49m without	47m without	15m without	35m without	22m without	25m without	4m without	9m without	60.2m without access
Target 10:	Halve the proportion of people without sustainable access to basic sanitation		No PSA target. Figures refer to: Proportion of the whole population without access to improved sanitation Total numbers without access.	56%	70%	48%	46%	52%	59%	92%	73%	84%	60%
				722m without	745m without	103m without	68m without	72m without	48m without	26m without	1.8m without	1.1m without	1.81 billion without access
Target 11:	By 2020, a significant improvement in the lives of at least 100 million slum dwellers		No PSA target										

Key:

	Off-track and inadequate policies / funding
	Mixed/Too early to say
	Off-track but corrective policies / funding
	Insufficient data
	On-track

Explanatory Notes

The red, orange and yellow cells in the table are where the rate of progress required to meet the new PSA target/MIDG is greater than that achieved between 1990 and 2000. The figures in the cells are current levels (usually for year 2000, sources listed below) including, where possible, actual numbers of people affected. The Asia figures are the average for our 9 PSA countries (8 where we do not have data for Afghanistan) weighted by population; total numbers affected in all the PSA countries are also recorded here.

For all indicators flagged as off-track, country offices provided an assessment of whether adequate policies are in place and, where not, set out actions to address. There are a number of exceptions to this rule eg where country offices have indicated they are off-track despite positive past trends or where the reverse is the case.

Target 1	Poverty	WDI book 2003 (survey dates vary)
Target 2	Hunger	WDI internet (23 05 04)
Target 3	Net enrolment	WDI book 2003
Target 4	Out of school children	EFA Monitoring Report 2003/04
Target 5	Gender	WDI book 2003
Target 6	Under-5 Mortality	UNICEF, State of the World's Children 2004
	Annual under 5 deaths	UNICEF, State of the World's Children 2004
	MMR – births assisted	WDI book 2003
	MMR – modelled MMR rates	Maternal Mortality in 2000: Estimates developed by WHO, UNICEF, UNFPA
	MMR – total number of deaths	Maternal Mortality in 2000: Estimates developed by WHO, UNICEF, UNFPA
Target 7	HIV/AIDS	UNAIDS Report on the Global AIDS Epidemic, 4 th Global Report. July 2004
Target 8	TB detection	WHO report 2004: Global TB Control; surveillance, planning, financing
	TB treatment rate	WHO report 2004: Global TB Control; surveillance, planning, financing
Target 10	Water	WHO/UNICEF Joint Monitoring Programme 2004 (2002 data)
Target 11	Sanitation	WHO/UNICEF Joint Monitoring Programme 2004 (2002 data)
-----	Population (used to calculate actual number of people in poverty)	WDI 2004

Department for International Development

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