

Role of Pakistan Poverty Alleviation Fund (PPAF) in Sustainable Development

PPAF at a Glance

Pakistan Poverty Alleviation Fund (PPAF) is the lead apex institution for community-driven local development in the country. PPAF was registered in February 1997 under Section 42 of the Companies Ordinance 1984 (now Companies Act 2017) as a not-for profit company. PPAF's mission is to transform the lives of the poor to create a more equitable and prosperous Pakistan. With a geographic outreach in 150 districts across all four provinces and regions of the country, PPAF supports communities to access improved infrastructure, green energy, health, education, livelihoods, access to finance, and fosters resilience to disasters. It serves the poorest and most marginalized rural households and communities across providing them with an array of financial and non-financial services. PPAF seeks to ensure that its core values of social inclusion, participation, accountability, transparency and stewardship are mainstreamed in all processes and programme interventions.

Poverty, defined as the inability to attain bare minimal living standards, is perceived by PPAF as a multidimensional phenomenon as reflected in the form of low income, lack of access to resources, fewer opportunities for participation in economic activities and political process, high vulnerability to risks and shocks, etc. Therefore, PPAF follows a holistic Poverty Graduation approach towards tackling poverty that promotes sustainable economic growth through inclusive and participatory development. This creates opportunities for the poor, preparing and empowering them to be able to participate in the socio-economic development and economic growth process, providing them the access to essential social services such as education, health, clean drinking water and proper sanitation, while enhancing resilience to climate change-induced shocks.

Building on the success and lessons learned from over two decades of poverty alleviation initiatives across Pakistan, PPAF has updated its strategy for the five-year period 2021-2025, with an objective to further enhance the well-being of the targeted poor and vulnerable population, fostering a more equitable and prosperous Pakistan. PPAF is committed to fostering innovation, generating evidence, and scaling up effective models to effectively contribute to the national development agenda. For a complete profile, please visit our website at <http://www.ppaf.org.pk>.

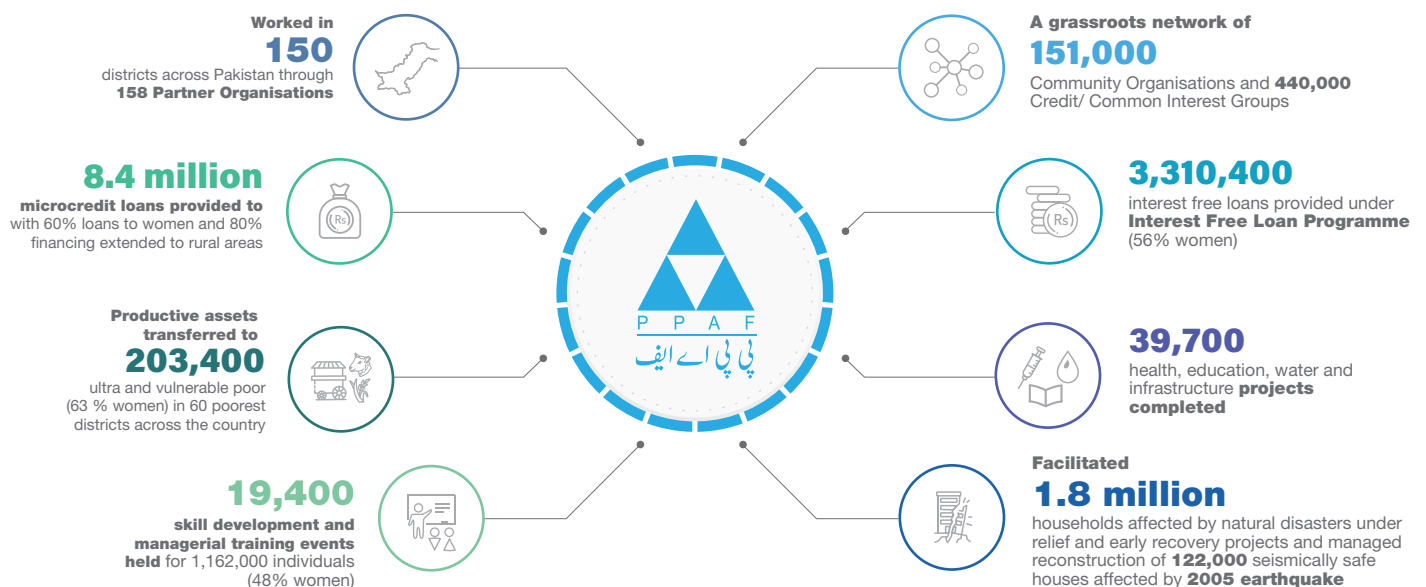
PPAF: Leading Sector Development for Lasting Impact

Building on its legacy, PPAF continues to drive transformative change as a sector developer. Our successful spin-off of microfinance operations into Pakistan Microfinance Investment Company (PMIC), backed by collaborative efforts with stakeholders like the State Bank, underscores our commitment to innovation and sustainable progress.

Today, our grant-based initiatives center on vital pillars of development: water, energy, and rural connectivity. With a dedicated focus on scaling up renewable energy interventions, we're lighting the path towards a greener, more resilient future.

Moreover, PPAF is proud to pioneer the 'Poverty Graduation' approach in Pakistan, empowering individuals to break free from cycles of poverty and realise their full potential.

Together, we are not just building communities - we're forging pathways dignity for all.



Reimagining the Future: Strategy 2021 – 2025

Foster institutions of and for the poor to reduce inequalities, promote inclusive governance and development.

Enhance sustainable and resilient livelihood opportunities to support households to graduate out of poverty.

Transforming the lives of the poor to create a more equitable and prosperous Pakistan.



Address systemic deprivations that exacerbate poverty through local infrastructure development and community wellbeing initiatives.

Strengthen organisational effectiveness by aligning resource mobilisation, people capabilities and partnerships to transform into a more agile, responsive and effective institution.



Prioritising Lagging Regions

PPAF depends upon robust evidence and reliable knowledge to generate insights into the dynamics of poverty and inequality in the country and enhance policies and priorities for poverty alleviation. Based on its 2015 study, Geography of Poverty in Pakistan, PPAF has updated its priority areas of intervention and categorised districts into 5 zones in order of highest to lowest headcount ratio (proportion of population that is poor). This poverty estimation uses 27 indicators on 4 dimensions of health, education, living condition, and asset ownership. A combination of headcount ratio and the size of the poor population in a district determine extent and depth of poverty, and thus districts with the highest deprivations become an investment priority.

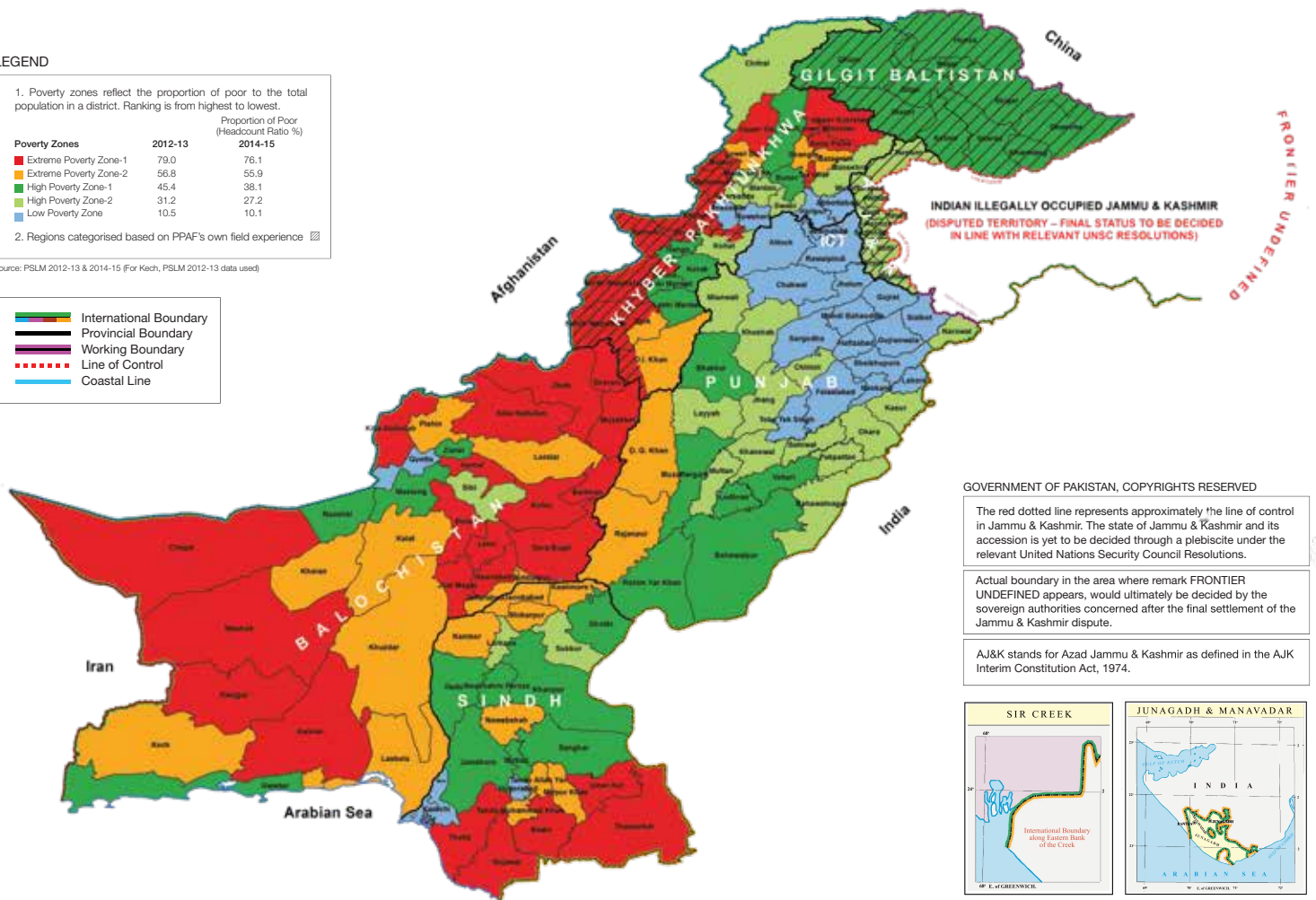
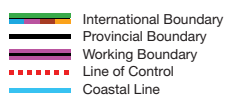
LEGEND

1. Poverty zones reflect the proportion of poor to the total population in a district. Ranking is from highest to lowest.

Poverty Zones	2012-13	2014-15
Extreme Poverty Zone-1	79.0	76.1
Extreme Poverty Zone-2	56.8	55.9
High Poverty Zone-1	45.4	38.1
High Poverty Zone-2	31.2	27.2
Low Poverty Zone	10.5	10.1

2. Regions categorised based on PPAF's own field experience

Source: PSLM 2012-13 & 2014-15 (For Kech, PSLM 2012-13 data used)

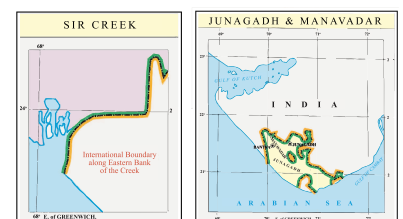


GOVERNMENT OF PAKISTAN, COPYRIGHTS RESERVED

The red dotted line represents approximately the line of control in Jammu & Kashmir. The state of Jammu & Kashmir and its accession is yet to be decided through a plebiscite under the relevant United Nations Security Council Resolutions.

Actual boundary in the area where remark FRONTIER UNDEFINED appears, would ultimately be decided by the sovereign authorities concerned after the final settlement of the Jammu & Kashmir dispute.

AJ&K stands for Azad Jammu & Kashmir as defined in the AJK Interim Constitution Act, 1974.



Processed and prepared by the PPAF GIS Laboratory

PPAF Strategic Trajectory to Poverty Alleviation



2000-2005 Outreach

- Institutional development
- Single product micro-credit
- Standalone village infrastructure

Presence: 96 districts



2006-2009 Scale

- Multi-sector interventions (institutional development, water, energy, and health and education pilots)
- Emergency response and reconstruction
- Special programme for social mobilisation
- Testing livelihood approaches

Presence: 127 districts



2010-2017 Strategic Depth

- Integrated, inclusive, multi dimensional approach
- Second generation institutional support for livelihoods
- Scaling up asset creation, poverty graduation; testing robustness
- Scaling up financial inclusion through microfinance and IFL

Presence: 130 districts
1,020 UCs



2018-2025 Multiplying Impact

- Scaling up Poverty Graduation from household to SME
- Impact investment - youth and rural entrepreneurs
- Rural connectivity - virtual and physical
- Leveraging partnerships and impacting policy

Presence: 150 districts,
over 2,000 UCs

PPAF's Contribution to the Sustainable Development Goals

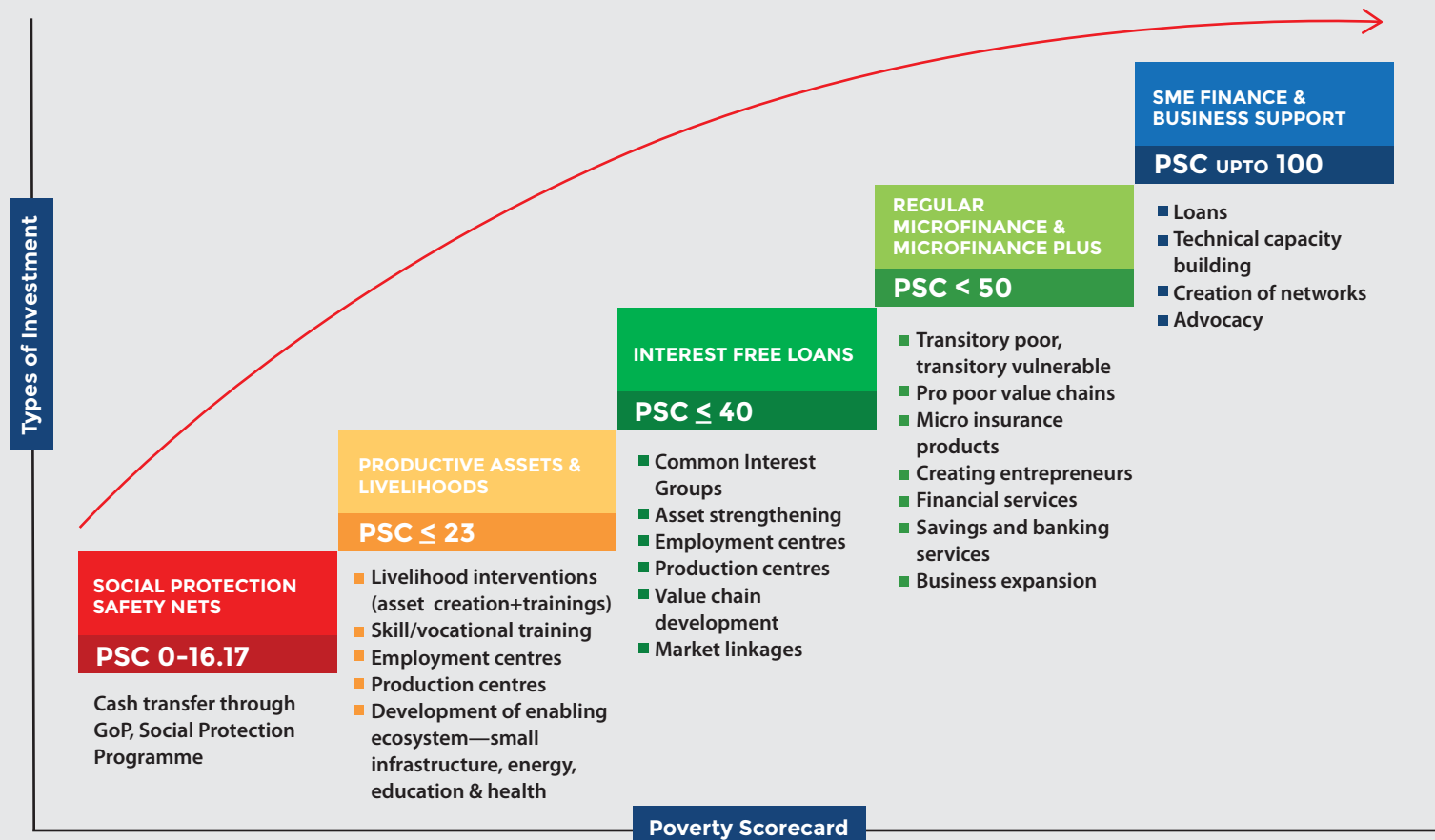
The Government of Pakistan has adopted a multi-pronged approach, demonstrating its commitment and ownership at the highest level, which is instrumental for the successive steps in implementing SDGs. PPAF, as a supporting arm of the federal government has participated in various SDGs forums organised by the Ministry of Planning, Development, and Special Initiatives (M/o PD&SI) and has shared updates on its contributions to achieving the SDGs. From inception to date, PPAF's key contributions towards the SDGs are shown in the following infographic:



PPAF's Poverty Graduation Approach

PPAF's interventions aim to assist households graduate out of poverty, reducing reliance on Government's social protection programmes. Our Graduation approach is guided by evidence, with outcomes validated by a global research study published in the May 2015 issue of Science. This study utilized evidence from randomized control trials conducted in six graduation programmes (in Ethiopia, Ghana, Honduras, India, Pakistan [IFAD-PPAF pilot], and Peru) between 2006 and 2014. The CGAP study marked a breakthrough moment, providing the insights we needed to refine and advance our Graduation Approach.

The following Poverty Graduation Arc illustrates our Graduation model, progressing through consumption support, skills enhancement, asset transfer, saving, access to finance, and business support, ultimately leading to sustainable livelihoods. Distinct and well-thought-through interventions are tailored to each poverty band to ensure that appropriate combination of tools is used to effectively graduate people to a higher score on the Poverty Score Card (PSC). PPAF serves as the exit strategy of GoP's social protection initiative.



Strategic Focus Areas of PPAF and Impact of Interventions:

Below are the key areas of focus for our organization, showcasing our contributions towards poverty alleviation in the country through various multi-sectoral interventions:



Institutional Development/Social Mobilisation

Central to PPAF's theory of change is its non-prescriptive approach, which focuses on empowering communities to articulate their needs and drive their own development. This is achieved through organising communities into functional value laden, inclusive, democratic institutions of the people, enabling them to take charge of their destinies with voice and agency. PPAF partners with civil society organisations, which serve as institutions for the people, investing in building their capacity for social mobilisation and community empowerment and instilling values of inclusion, participation, accountability, transparency, and stewardship. Over the years, PPAF has established a robust network of national, provincial, and local civil society organisations, as well as community institutions (CIs). Through strategic investments in capacity-building, PPAF has cultivated a robust network of national, provincial, and local partners. This not only serves as a platform for people to voice their needs but also take charge of their own development agenda. Since its inception, PPAF has formed 150,900 COs with 2.65 million members, 63% of whom are women, at the grassroots level. Moreover, around 20,000 capacity-building events were organised for members of the community institutions (28% women) as part of the institutional development and social mobilisation programme with the objective to enhance their managerial skills and increasing awareness of their responsibilities as responsible citizens. A third-party assessment¹ reported 86% satisfaction rate among beneficiaries (half of whom are women) with the supported interventions. Moreover, 68% of community institutions are likely to be sustainable, while Local Support Organizations (LSOs) are even more confident with 92% of them likely to be sustainable. Notably, 19% of office bearers of the LSOs are women. Furthermore, 100% LSOs in the sampled Union councils engage in resolving conflicts of different types, with 76% of issues being amicably resolved by them.

Climate Changes and Disaster Response

Pakistan, despite contributing less than 1% to global carbon emissions, ranks among the ten most vulnerable countries to climate change. Tackling the interconnected issues of climate change, disasters, and poverty in Pakistan requires integrated approaches that strengthen resilience, promote sustainable development, and priorities the needs of the most vulnerable communities. Investments in climate adaptation, disaster risk reduction, sustainable agriculture, green energy, water management, and social protection are crucial for building resilience, alleviating poverty, and promoting inclusive and equitable development in the face of climate challenges.

Aligned with Pakistan's commitment to the Paris Agreement, PPAF supports the Nationally Determined Contributions (NDC) by focusing on climate action. PPAF's interventions contribute to the National Adaptation Plan 2023, emphasizing green jobs, livelihoods, inclusive growth, green energy, and social equity. At the grassroots level, PPAF's climate action aims to mitigate vulnerability to climate change, raise awareness, enhance preparedness, and reduce carbon emissions while diversifying livelihoods. These efforts have conserved 2.23 million m³ of water, built 72 km of protection walls benefiting 156,000 households, generated over 14 MW of renewable energy offsetting 121,579 tons of carbon emissions annually, planted 129,706 trees for carbon sequestration, and promoted environmental awareness among 7,000 youngsters across 64 schools fostering a love for and respect towards nature.

PPAF has demonstrated notable progress towards disaster relief and mitigation. The Drought Mitigation Programme launched in 2023 assisted 260,000 households. Post-2005 earthquake, 120,000 seismically safe houses were built. Flood relief efforts from 2010 to 2014 helped 859,000 households. Initiatives like Swat - IDPs Relief (2009-10) and Balochistan Earthquake Response (2013) supported many households. In 2020, PPAF's COVID-19 Emergency Response Fund supported 66,000 households in 20 districts, demonstrating our commitment to addressing challenges and supporting communities in hardship. Responding to recent disasters, PPAF provided emergency relief to over 87,600 households affected by floods in 2022 and 2023, including food items, hygiene kits, mobile health services, livestock vaccination, awareness-raising sessions, and temporary shelters. Due to these efforts, as reported by an independent assessment², 90% of beneficiary households reported improved access to shelter, food, and non-food items, while 89% of assisted households expressed satisfaction with the project support, they received.

Looking ahead, PPAF is focused on rehabilitation, reconstruction, and preparedness, and resilience guided by post-disaster assessments, consultations with local authorities, and past experiences. The Restoring Social Services through Climate Resilient Approaches programme aims to restore access to social services and critical infrastructure while strengthening the resilience of disaster-prone communities and local governments in 62 severely affected Union Councils across 19 districts, with a budget of approximately PKR 3.4 billion.

Assets Creation, and Vocational Skills Trainings

Within PPAF's poverty graduation framework, productive economic asset creation serves as a vital mechanism for enhancing the economic and social welfare of ultra-poor and vulnerable households, enabling them to generate sustainable income and employment streams. Additionally, augmenting the skillsets of these households enhances their employability and entrepreneurial talent. Through this initiative, a more than 203,400 productive assets, with 63% allocated to women, have been transferred to ultra-poor and vulnerable households for productivity and income enhancement. Moreover, PPAF has provided skills and entrepreneurship training to 496,300 individuals, with 45% being women, aimed at augmenting income levels and economic productivity. A third-party assessment³ reported that 42% beneficiaries earn 32% more income, while 57% trained beneficiaries are self-employed (76% women), while 16% are employed with others (29% women). Moreover, another assessment⁴ reported that an impressive 54% of the households successfully graduated out of poverty.

Furthermore, within the PPAF component of the European Union/International Trade Centre-funded Growth for Rural Advancement and Sustainable Progress (GRASP) project, 22% of supported Small and Medium Enterprises (SMEs) embraced environmentally sustainable cultivation practices, leading to a 72% increase in sales turnover. This growth fostered full-time employment in 36% of target SMEs and saw a 68% SMEs reporting an increase in investment within targeted value chains⁵. The targeted value chains encompass Onion, Dates, Olives, Grapes, Livestock, Sheep (live animals, wool, and meat), Goat (live animals and meat), backyard poultry (and related products), Tomatoes, Mangoes, and Banana.

1 - Third-party end of programme evaluation by the World Bank.

2 - Third-party monitoring and evaluation exercise by the GAT Consulting (Pvt.) Ltd.

3 - Third-party end of programme evaluation by the World Bank.

4 - Third-party impact assessment of Programme for Poverty Graduation (PGP) by iConsult (Pvt.) Ltd.

5 - Third-party assessment of the impact of matching grants.



Financial Inclusion

Financial inclusion is a cornerstone of poverty alleviation, empowering individuals, and households to access essential financial services for investment, asset-building, and managing financial challenges. This access promotes economic empowerment, resilience to shocks, and inclusive growth. PPAF plays a crucial role in advancing financial inclusion as the sector developer of Pakistan's microfinance sector. Through its majority shareholding in the Pakistan Microfinance Investment Company (PMIC), PPAF facilitates sustainable growth in microfinance by providing wholesale funding and financial advisory services to Microfinance Banks and Institutions. This support enables these institutions to offer affordable financial services to marginalised rural and low-income households, contributing significantly to financial inclusion and poverty alleviation. PMIC, based on PPAF's equity share of 49%, disbursed over 1,706,000 microfinance loans amounting to PKR 87.02 billion among 26 microfinance providers, with 79% loans to women. Additionally, PPAF spearheads the Interest-Free Loan Programme (IFL) in collaboration with the Government of Pakistan to promote productive microenterprise endeavours among impoverished, vulnerable, and marginalised households nationwide. In addition to disbursing interest-free loans, the programme establishes loan centres to provide business advisory services, thereby enhancing the entrepreneurship ecosystem. To date, the programme has disbursed 3,218,800 interest-free loans amounting to over PKR 115 billion (including reflows), with 56% women beneficiaries. Moreover, an independent assessment⁶ reported that 74.6% of beneficiaries graduated to higher Poverty Scorecard (PSC) bands, 77.8% experienced a monthly income by 25% or more, and 97.4% successfully completed loan repayments.

Under its Micro, Small and Medium Enterprise (MSME) development initiative, PPAF facilitates access to financial services for MSMEs, including primary producers and farmers. As a result, MSMEs have mobilised PKR 382 million from Financial Institutions. Additionally, following a value chain approach, PPAF has provided PKR 706 million in matching grants to eligible MSMEs to support their growth and development. PPAF is also fostering innovation and inclusivity in products and services in collaboration with the financial institutions, thereby empowering local entrepreneurs, and contributing to economic resilience.

Community Physical Infrastructure

Within PPAF's holistic development framework, the provision of vital community infrastructure stands as a pivotal measure for enhancing access to social services, fostering economic growth, driving local development, and consequently, reducing poverty, directly enhancing community well-being, and strengthening resilience to combat disasters. Investment in critical community infrastructure at the local level serves as a potent economic catalyst for the most underserved communities, creating avenues for income generation and bolstering market access to uplift livelihoods. These locally constructed and managed infrastructure projects empower communities by showcasing their organisational and managerial skills, while also contributing to social cohesion. In total, 35,895 physical infrastructure sub-projects have been successfully completed, benefiting 17.32 million individuals, including 51% women, marking significant progress towards community empowerment and prosperity. Key impact, as reported by an independent assessment⁷ include, 61% communities gained improved access to drinking water, while 28% reported enhancements in sanitation services. Moreover 76% infrastructure schemes directly benefited the poor, and there was a notable 35% increase in agricultural production due to improved access to irrigation water.

Renewable Energy Programme

The necessity of a green, reliable, affordable, and inclusive energy transition is paramount in enhancing the quality of life for off-grid and underdeveloped areas across Pakistan. PPAF's strategic response is its impactful Renewable Energy Programme, which invests in hydropower, mini-grids, and energy efficiency, facilitating a sustainable and cost-effective energy transition. Local communities actively participate in the planning and execution processes, fostering a sense of ownership. Over two decades, PPAF has successfully completed over 1,446 projects with a cumulative capacity of over 14 MW, benefiting more than 583,000 individuals. These projects offer various advantages, including improved livelihoods through better lighting and income generation, empowered communities with local ownership, and a significant reduction in reliance on polluting fossil fuels. This transition to clean energy contributes to combating climate change, enhancing health with cleaner air, and promoting gender equality through increased economic opportunities for women. Independent assessments confirm a 100% utilisation rate and a complete switch from fossil fuels for lighting in many households. PPAF's commitment to renewable energy empowers communities, protects the environment, and lays the groundwork for a brighter future in Pakistan. An independent assessment confirms noteworthy impacts in the sector, including 100% utilisation and maintenance of renewable projects, along-with complete elimination of fossil fuel consumption for lighting, and 30% reduction in expenditures for 46% households.

6 - Third-party mid-term evaluation of IFL programme by MM Pakistan (Pvt.) Ltd.

7 - Third-party end of programme evaluation by the World Bank.



Health and Nutrition

Health is a critical ingredient for achieving economic, social, and environmental goals, including alleviating poverty and sustainable economy. Recognising the correlation between health, malnutrition, and poverty, PPAF's health and nutrition interventions aim at improving indiscriminate access of marginalised communities to comprehensive primary health care and nutrition services, especially emphasising maternal, neonatal and child health. Supporting 956 nonfunctional and inadequately equipped community health centres and government health facilities, through improved infrastructure, provision of essential medicines and ensuring availability of trained health professionals, to date, PPAF has facilitated 15.35 million health consultation visits including men, women, disabled, minorities, etc., with 56% being women and girls addressing the gender disparity in areas of intervention and contributing to general well-being of all community members. PPAF also provides exclusive support to people with special needs. A blood transfusion project is helping Thalassemia patients, and a Deaf Reach Centre is being established in Khyber Pakhtunkhwa to provide education and vocational training to deaf children assisting them in becoming a useful member of society. A third-party assessment⁸ reports 212% increase in women's utilisation of Antenatal Care/Postnatal Care (ANC/PNC) services, 56% increase in Outpatient Department (OPD) attendance at Basic Health Units (BHUs) and 24% at Community Health Centres (CHCs). Moreover, a remarkable 94% satisfaction rate among women visiting supported health centres.

Education

The nexus between education and poverty is profound and multifaceted, with education laying a pivotal role in poverty alleviation and socio-economic development. Education is a powerful tool for poverty reduction, human development, and social inclusion. Contributing to SDG 4, PPAF has been investing in inclusive and equitable education, among impoverished communities addressing the root causes of poverty and creating pathways to inclusive and sustainable socioeconomic development. By prioritising education as a fundamental human right, PPAF's education projects have enhanced access of impoverished communities to inclusive and quality education by creating a conducive learning environment in public and community schools, that augments enrolment and retention and decreases dropouts. Many children enrolled in PPAF supported schools were out of school children with half of them being girls. So far, a total of 2,852 educational facilities including more than 1,500 public schools and 5 tele-education facilities received support, facilitating the enrolment of over 413,000 students (include 10,000 blind and deaf children), of which 45% were girls, in primary and secondary schools. PPAF also facilitated quality teaching and promoted an enabling learning environment and trained more than 4,000 teachers, more than 6,000 community resource persons and school management committees. PPAF has extended its education projects to Madrassas in Baluchistan providing basic education and skills training to the students to help them opportunities to decent employment. Furthermore, scholarships are given to deserving students from remote areas to study at some prestigious universities of Pakistan that will help them graduate out of poverty and contribute to the development of their communities. The key impacts as reported by a third-party assessment⁹, there is an enrolment of 25% of out-of-school children in target areas, alongside a noticeable 30% increase in overall enrolment, with 49% being girls. Moreover, 78% of parents reported satisfaction with the improved quality of schools.

Inclusion and Gender

PPAF believes social exclusion is a multidimensional phenomenon not limited to material or financial deprivation; poverty is an important dimension of exclusion, but inclusion demands more than improved access to economic resources. Inclusion is a process of providing equal access to all members of the society, particularly people who are disadvantaged due to gender, ethnicity, religion, disability, sexual orientation, etc. to resources, services, and opportunities, ensuring equal participation in decision making and safeguarding their fundamental human rights. PPAF's core conceptual package focuses on inclusivity to reduce disparities and combat social exclusion ensuring equal access of all individuals to essential social services and infrastructure, education, and training; health care and nutrition; safe drinking water and sanitation; clean environment, and decent employment; resilience and protection against risks of disasters. Since, poverty increases social exclusion, PPAF's Poverty Graduation Approach ensures that its core values of social inclusion, participation, accountability, transparency, and stewardship are embedded into all processes and programmes helping the marginalised and vulnerable groups to have their due share in society. Among the vulnerable groups women and girls are more disproportionately affected by poverty, so PPAF has taken a comprehensive approach to reduce gender inequality by exclusively focusing on girls' education, skills training, and women's economic empowerment supporting them through asset transfer, financial literacy, microfinance to set up small businesses, and access to markets. PPAF invests in women to help create a sustainable, resilient, and peaceful society. PPAF also integrates gender-sensitive monitoring and evaluation mechanisms into its programmes and reporting frameworks. These mechanisms ensure that the unique needs and experiences of women and girls are systematically captured and addressed, contributing to more accurate and inclusive reporting on the impact of interventions.

PPAF is committed to ensuring inclusivity for people with special needs by implementing tailored programmes and providing access to essential services. Through targeted interventions, PPAF distributed assistive devices to over 39,000 persons with disabilities and provided enterprise training to more than 3,000, helping them integrate into the society and lead more fulfilling lives while contributing to their communities.

Our Key Stakeholders

Government of Pakistan



Ministry of Poverty Alleviation and Social Safety
Government of Pakistan



Ministry of Planning
Development & Special Initiatives
Government of Pakistan



Economic Affairs Division
Government of Pakistan

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