Pakistan Poverty Alleviation Fund

Restoring Hope, Securing the Future, Ending Poverty
Vision
Restoring hope, securing the future, ending poverty

Mission
Reduce poverty through a strategy that layers value-driven social mobilisation of vulnerable communities and households, with investments in assets, skills, basic services and infrastructure, and access to finance, that improves their quality of life.
Who we are
A national apex for the development sector

Pakistan Poverty Alleviation Fund (PPAF) is the lead apex institution for community-driven development in the country. Set up by the Government of Pakistan, as an autonomous not-for-profit company, PPAF was registered in February 1997 and operations commenced in the year 2000. PPAF works as a private sector organisation in support of public policy to serve the poorest and most marginalised rural households and communities across the country providing them with an array of financial and non-financial services.

PPAF has outreach across Pakistan (130 districts), supporting communities to access improved infrastructure, energy, health, education, livelihoods, finance, and develop resilience to disasters. We aim to ensure that our core values of social inclusion, participation, accountability, transparency and stewardship are built into all processes and programmes.

PPAF has invested in developing the capacities of our 130 implementing partners (civil society organisations), around 120,000 organised community groups, 440,000 community credit groups, 11,800 village organisations, and over 800 union council level federations to date.

PPAF’s action research agenda has allowed it to build relationships with international and national academia and think tanks, with a view to engaging Government of Pakistan and other stakeholders in policy dialogue around the government’s poverty reduction strategies. PPAF’s poverty graduation approach has been tried and tested successfully and is supported by the Government of Pakistan and multiple donors.

To date, PPAF has disbursed USD 2 billion through grants and financial services to effectively respond to evolving community needs. We have one office in Islamabad, with access to nearly 2,000 Union Councils through our network of partners.

PPAF has 130 partner organisations working across 130 districts
Core values
The foundation of the way we work and ensure outreach to the most excluded regions, communities, and households

Inclusion
Recognising demographic diversity – women, children, elderly, persons with disabilities, indigenous groups and religious minorities – and connecting different views, experiences, issues and vulnerabilities as a methodology to reducing poverty.

Participation
Increasing community input by having a broad process of consultation so that decisions on contents of intervention, policies and programmes are not dominated by one group's perspective.

Accountability
Having in place legal and reporting framework, organizational structure, processes and procedures to make sure regularity and the efficiency of the use of resources and personnel held responsible for their actions.

Transparency
Substantiating achievements by evidence, clear reporting on activities, and financial proof that would reflect on implementation of strategies and adherence to mandates and outcomes; advancing the practice of downward accountability to beneficiaries; and upholding the democratic traditions by having community institution leadership elected and follow a structure and processes for governance.

Stewardship
Responsible management of that which has been entrusted to us in the ecosystems and communities we serve. As caretakers of the environment and its resources we believe in having a constructive effect on the ambit of our influence. We commit to fulfill our shared responsibility to our planet, our children, and our future.
What we do
Improve the quality of life for communities and their environments

We develop and strengthen institutions at hamlet and village levels, federating up to the Union Council level. These institutions are supported and mobilised to come together to design and implement solutions to their identified challenges that result in improved social cohesion, better quality of life and livelihoods. To ensure these institutions remain inclusive, PPAF requires at least 40% members of the community institutions are women and 60% are the poorest, while covering at least 50% households in a Union Council.
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1. **Social Mobilisation**
   Supporting households to form self-help community institutions and nurturing the institutions to build empowered communities.

2. **Water, Infrastructure and Renewable Energy**
   Investing in small scale physical infrastructure and comprehensive Union Council solutions.

3. **Livelihood Enhancement and Enterprise Development**
   Identifying economically productive opportunities for low income communities, providing productive assets, vocational and technical skills, and linking with value chains to help develop enterprises.

4. **Health and Education**
   Complementing poverty alleviation initiatives by providing educational and health facilities in the remotest regions and where access is difficult and public services lagging.

5. **Disaster Relief and Rehabilitation**
   Since 2005, providing emergency relief and undertaking rehabilitation and reconstruction in areas hit by natural calamities.

6. **Microfinance and other Financial Services**
   Supporting the creation and expansion of microfinance sector in Pakistan, which now boasts both microfinance institutions as well as microfinance banks that provide financial services to those that do not have access to regular banking. For these people, PPAF has also developed customized products, such as weather index-based crop insurance and livestock insurance products.
Where we work
Prioritising lagging regions

PAAF 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, PAAF has updated its priority areas of intervention and categorized 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 became an investment priority.

Multidimensional Poverty in Pakistan 2015*

Legend

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

<table>
<thead>
<tr>
<th>Poverty Zones</th>
<th>Proportion of Poor (Headcount Ratio %)</th>
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</thead>
<tbody>
<tr>
<td>Extreme-Poverty Zone - 1</td>
<td>72% to 80%</td>
</tr>
<tr>
<td>Extreme-Poverty Zone - 2</td>
<td>58% to 71%</td>
</tr>
<tr>
<td>High-Poverty Zone - 1</td>
<td>48% to 58%</td>
</tr>
<tr>
<td>High-Poverty Zone - 2</td>
<td>36% to 48%</td>
</tr>
<tr>
<td>Low-Poverty Zone</td>
<td>0% to 18%</td>
</tr>
</tbody>
</table>

*Source: PSLM 2012 - 13
How we work

PPAF's poverty graduation approach supports the Government's social protection programme and contributes to achieving Vision 2025. PPAF uses poverty scorecard data to assist ultra-poor households to access opportunities that can lift them out of poverty. The approach involves building the skills and productive asset base of beneficiary households through livelihoods support and access to financial services.

Strategy for Poverty Graduation

| 0-16.17 | <23 |
| Social Protection Safety Nets | Asset Transfers & Livelihood Interventions |
| Cash transfer GOP, Social Protection Programme | Livelihood interventions (asset transfers + skill trainings) |
| Provision of skill/vocational training | Employment centres |
| Production centres | Development of enabling ecosystem (small infrastructure, energy, education & health) |
| BISP | <40 |
| Interest Free Loan Schemes & Concessional Loans |
| Organisation into Common Interest Groups (CIGs) |
| Asset(s) strengthening |
| Employment centres |
| Development of linkages |

Upto 100

Regular Microfinance & Microfinance Plus

- Transitory poor, transitory vulnerable
- Pro poor value chains
- Micro insurance products
- Creating entrepreneurs
- Access to savings and banking services
- Business expansion

PPAF

PMIC

* Ranges of 0-100 based on Pakistan's Poverty Scorecard
** PPAF - Pakistan Poverty Alleviation Fund
*** PMIC - Pakistan Microfinance Investment Company Limited
<table>
<thead>
<tr>
<th>Grants - Core Operations</th>
<th>Grants - Special Projects</th>
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<tbody>
<tr>
<td>Institutional Development</td>
<td>Relief and Reconstruction operations (2005 earthquake in Pakistan)</td>
</tr>
<tr>
<td>Livelihoods</td>
<td>Emergency relief and related activities (earthquakes, floods, internally displaced persons)</td>
</tr>
</tbody>
</table>

**Community Physical Infrastructure**

- Disaster Preparedness & Management
- Education, Health and Nutrition
Outcomes & impact
Results from third party assessments

Increase in income and wealth

Across PPAF’s programme areas, there was a 21% increase in the annual income of households benefitting from the programme. The household monthly income increased by 19%. These households also saved 12% higher than non-participating households (Impact Assessment by Semiotics Consultants, 2014).

Participation in microcredit led to a 22% increase in the household’s total income (of 98% borrowers) and 29% increase in personal income (of 61% borrowers) (PPAF Micro Credit Financing: Assessment of Outcomes by Gallup, 2013).

Research based on randomized control trials in six graduation programmes, PPAF’s project among them, published in the journal Science (May 2015) shows statistically significant increases in consumption, income and wealth of treated households in Pakistan. Along with the increase in asset value, the programme significantly affected households’ income. On average, the monthly income of treated households was $30 (PPP) higher than the control group. A positive impact on psychosocial status of selected households was also identified – the perception was that their level of respect had increased within the community (A. Banerjee et al., Science 348, 1260799.2015)

Calculations of the internal rate of return of PPAF’s 2011-2015 livelihoods project (scale up of the graduation pilot) by external assessors stood at 138%. Net Present Value is positive in both social and economic terms (Project Completion Report PPAF-III by AID, 2016).

Personal income of 61% borrowers increased by 29%
Water, infrastructure & renewable energy

Households with access to water-water point in the house/yard/or public space-increased from 12% to 50%. Thus, households drawing water from unsafe sources reduced from 76% to 20%. Access to lined water course increased from 1% to 61% leading to better management of crop production systems and increased productivity (Impact Assessment of Basic Services & Infrastructure by SEBCON; 2016).

Pakistan Poverty Alleviation Fund received global recognition from the Energy Institute (EI), UK for its Community Managed Hydropower Plants. PPAF’s 55 micro hydro plants projects were selected for the EI Awards Community Initiative category for 2016. Besides clean energy, the plants provide energy for lighting and productive purposes to around 12,000 households. These projects were carried out in Khyber Pakhtunkhwa during 2004 to 2015 with funding from the World Bank, and the United States Department of Agriculture.

Access to finance

Since 2000, PPAF was given the mandate of supporting the growth of a nationwide microfinance sector. We achieved our goals to the extent that this sector is now rated one of the best in the world (The Economist Intelligence Unit, 2015).

Gender and inclusion

PPAF has organised over 120,000 community institutions (since 2000) with a focus on inclusion of women and the poorest. Where participation of women in community organisations is around the threshold of 40%, Randomized Control Trials on PPAF's programme has shown positive changes in women's voting patterns and in the ways that boys view girls and women (the World Bank, Development Economics Research Group, 2014).

PPAF also received the International Fund for Agricultural Development (IFAD) Gender Award in Asia and the Pacific Region for 2014 for addressing gender inequalities, empowering women, and providing them visibility. Under an IFAD project, Programme for Increasing Sustainable Microfinance (PRISM), the share of women borrowers increased to 73%, way over the set target of 50%.
Our key stakeholders

Government of Pakistan

Donors

Implementing partners

130 partners comprising civil society and non-governmental organizations, MFI, MFBs and RSPNs

Technical partners

Knowledge partners

Corporate partners
PPAF as Sector Developer

PPAF has spun-off its successful microfinance operations under a separate umbrella, the Pakistan Microfinance Investment Company Limited (PMIC), and is now going to scale in attracting further capital and wholesaling microfinance. A concerted sector development approach towards microfinance, supported by key stakeholders such as the State Bank, made this possible.

The same sector development approach is now informing our grant based operations. Water, energy, and rural connectivity form the pillars of the physical inputs required. PPAF is focusing on scaling up its renewable energy interventions, through a fund that entails both grant and capital investment to communities to support their socio-economic transformation.

PPAF - The Next Five Years

Goal

Outreach to 1.2 million households in the most marginalised regions of the country – to help them graduate out of poverty through:

1. Protecting our social capital and layering it with:
   Peace and conflict resolution mechanisms
   Building resilience for climate change adaptation
   Linking with local government for improved coordination and delivery of public services

2. Creating employment and self-employment opportunities for youth

3. Developing and scaling-up the eco-system for renewable energy

4. Leveraging technology platforms for better monitoring and service delivery

...and

5. Continuing to ensure that the voices of the poor are audible in the corridors of power
The PPAF logo represents two parallel themes:

Inverting the Income Pyramid

Larger triangle-inverting the income pyramid and creating opportunities that lead out of poverty-central triangle.

The PPAF emblem denotes three words: Ishq, Ilm, Aml meaning profound love, knowledge, action - the spirit of the institution.