



PAKISTAN POVERTY  
ALLEVIATION FUND

**DELIVERING  
PROSPERITY**

**20  
23**

**ANNUAL  
REPORT**

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# ANNUAL REPORT

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# VISION, MISSION & CORE VALUES

### OUR VISION



Restoring Hope  
Securing the Future  
Ending Poverty

### OUR MISSION



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

### OUR CORE VALUES



Inclusion  
Participation  
Accountability  
Transparency  
Stewardship

# ABBREVIATIONS & ACRONYMS

ADB	Asian Development Bank
AJK	Azad Jammu and Kashmir
ALP	Alternative/Accelerated Learning Programme
ANC	Antenatal Care
BD	Business Development
BHU	Basic Health Unit
BISP	Benazir Income Support Programme
BOD	Board of Directors
BRDCC	Building Resilience to Disasters & Climate Change
BRSP	Balochistan Rural Support Programme
BUIITEMS	Balochistan University of Information Technology, Engineering and Management Sciences
CBO	Community Based Organisation
CBDRM	Community Based Disaster Risk Management
CEO	Chief Executive Officer
CHC	Community Health Centre
CI	Community Institution
CIG	Common Interest Group
CO	Community Organisation
CIA	Chief Internal Auditor
CMA	Citi Micro-entrepreneurship Award
CMST	Community Management Skills Training
CPI	Community Physical Infrastructure
CRP	Community Resource Person
DDMA	District Disaster Management Authority
DDP	Dairy Development Programme
DMPP	Drought Mitigation and Preparedness Programme
DRR	Disaster Risk Reduction
DWSS	Drinking Water Supply Scheme
EAD	Economic Affairs Division
ECL	Expected Credit Losses
EDT	Enterprise Development Training
EF	Engro Foundation
EI	Effective Interest
ERA	Emergency Relief Activities
EU	European Union
FAO	Food and Agriculture Organization
FBR	Federal Board of Revenue
FDO	Farmer Development Organization
FI	Financial Institution
FFS	Farmers Field Schools
GB	Gilgit Baltistan
GBV	Gender Based Violence
GOP	Government of Pakistan
GSF	Goth Seenghar Foundation
GRASP	Growth for Rural Advancement and Sustainable Progress
HANDS	Health and Nutrition Development Society
HR	Human Resource
HRE	Hydropower and Renewable Energy (Project)



HWF	Himalayan Wildlife Foundation
IASB	International Accounting Standards Board
IAUP	Integrated Area Upgradation Project
ICAP	Institute of Chartered Accountants of Pakistan
ID	Institutional Development
IDA	International Development Association
IFAD	International Fund for Agricultural Development
IFL	Interest Free Loan
IFRS	International Financial Reporting Standard
ISA	International Standard on Auditing
ITC	International Trade Centre
KfW	Kreditanstalt Für Wiederaufbau (Development Bank of Germany)
KIBOR	Karachi Interbank Offered Rate
LACIP	Livelihood Support and Promotion of Small Community Infrastructure Programme
LEP	Livelihood Enhancement and Protection
LIP	Livelihood Investment Plan
LSO	Local Support Organisation
NBP	National Bank of Pakistan
MEHAC	Mental Health Care and Research Foundation
MHP	Mini/Micro Hydropower Project
MIOP	Microfinance Innovation and Outreach Programme
MoPASS	Ministry of Poverty Alleviation and Social Safety
MOU	Memorandum of Understanding
MNCH	Maternal, Neonatal, and Child Health
MSME	Micro, Small and Medium Enterprises
NDRMF	National Disaster Risk Management Fund
NDMA	National Disaster Management Authority
NGO	Non-Governmental Organisation
NFI	Non-Food Item
NI	Nutrition International
NIC	National Incubation Centre
NPGI	National Poverty Graduation Initiative
NPGP	National Poverty Graduation Programme
NPO	Not for Profit Organisation
NRSP	National Rural Support Programme
NSAs	Non-State Actors
OCI	Other Comprehensive Income
OGDCL	Oil and Gas Development Company Limited
OPD	Outpatient Department
OPP	Olive Processing Plant
PAC	Provincial Advisory Committee
PGP	Poverty Graduation Programme
PHED	Public Health Engineering Department
PIB	Pakistan Investment Bond
PITE	Provincial Institute for Teacher Education
PMIC	Pakistan Microfinance Investment Company
PMIFL	Prime Minister Interest Free Loan
PNC	Postnatal Care

PO	Partner Organisation
POR	Proof of Registration
PPAF	Pakistan Poverty Alleviation Fund
PPR	Programme for Poverty Reduction
PRISM	Programme for Increasing Sustainable Microfinance
PSC	Poverty Scorecard
PTCL	Pakistan Telecommunication Company Ltd.
PWD	Person with Disability
PWR	Participatory Wealth Ranking
QCR	Quality Control Review
RDF	Research and Development Foundation
RE	Renewable Energy
RGP	Reserve for Grant-Based Activities
RMF	Risk Management Framework
RSP	Rural Support Programme
RYE	Revitalising Youth Enterprise
SAFWCO	Sindh Agricultural and Forestry Workers Coordinating Organization
SAP-PK	South Asia Partnership – Pakistan
SAC	State Advisory Committee
SDG	Sustainable Development Goal
SDR	Special Drawing Right
SECP	Securities and Exchange Commission of Pakistan
SLA	Subsidiary Loan Agreement
SLS	Solar Lighting Systems
SLGA	Subsidiary Loan and Grant Agreement
SMED	Single-Minute Exchange of Dies
SME	Small and Medium Enterprise
SPO	Strengthening Participatory Organization
SSD	Social Sector and Devolution
SRSP	Sarhad Rural Support Programme
SWOT	Strengths, Weaknesses, Opportunities, and Threats
SZABIST	Shaheed Zulfikar Ali Bhutto Institute of Science and Technology
TF	Taraqee Foundation
TMS	Treasury Management Strategy
TRD	Term Deposit Receipt
TRDP	Thardeep Rural Development Programme
TTF	Tabeer-O-Tameer Fund
TTO	Third Tier Organisation
UC	Union Council
UCDP	Union Council Development Plan
UN	United Nations
UNHCR	United Nations High Commissioner for Refugees
UNDP	United Nations Development Programme
VO	Village Organisation
VSS	Voluntary Separation Scheme
WB	World Bank
WCI	Women Community Institution
WCO	Women Community Organisation
VDP	Village Development Plan

# ABOUT PPAF

## ABOUT PPAF

Pakistan Poverty Alleviation Fund (PPAF) is the lead apex institution aiming at graduating the poor out of poverty following community-driven 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. PPAF serves the poorest and most marginalised rural households and communities across the country with an outreach extending to 149 districts across all four provinces and regions, where it is supporting communities with an array of financial and non-financial services. These include interest free loans and enhanced access to improved infrastructure, energy, health, education, livelihoods, and resilience to disasters. PPAF strives to ensure that its core values of social inclusion, participation, accountability, transparency, and stewardship are built into all processes and programmes. For a complete profile, please visit our website at [www.ppaf.org.pk](http://www.ppaf.org.pk).

# GOVERNANCE & MANAGEMENT

## GENERAL BODY

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**Mr. Yusuf Khan:** Secretary, Ministry of Poverty Alleviation & Social Safety, Ex-Officio Member

**Ms. Samar Ihsan:** Additional Secretary, Economic Affairs Division, Ex-Officio Member

**Ms. Nasheeta Maryam Mohsin:** Special Secretary, Finance Division, Ex-Officio Member

**Mr. Rafiullah Kakar:** Member (SSD) Planning Commission, Ex-Officio Member

**Mr. Muhammad Ali Kemal:** Chief SDGs Section, Planning Commission, Ex-Officio Member

**Dr. Farah Masood:** Additional Secretary, Ministry of Poverty Alleviation & Social Safety, Ex-Officio Member

**Mr. Ahmad Jan Malik:** JS Admin, Ministry of Poverty Alleviation & Social Safety, Ex-Officio Member

**Dr. Rashida Panezai:** Chairperson, MEHAC Helping Council Balochistan, Ex-Officio Member

**Mr. Mueen Afzal:** Former Secretary General, Ministry of Finance, Government of Pakistan

**Mr. Aijaz Ahmed Qureshi:** Professor, Karachi University

**Dr. Naved Hamid:** Professor, Lahore School of Economics

**Dr. Bashir-Ur-Rehman Kant:** Dean, Health Sciences, AJK University

**Ms. Roshan Khursheed Bharucha:** Ex Federal Minister

**Dr. Ijaz Nabi:** Director, International Growth Centre, Pakistan Programme

**Ms. Zubeida Khatoon:** Chairperson, Khwendo Kor

**Lt. General Nadeem Ahmad:** Ex-CEO of the National Disaster Risk Management Fund

**Mr. Sher Jahan Mir:** Businessman (Ex Banker)

**Ms. Sadiqa Salahuddin:** Executive Director, Indus Resource Centre

**Ms. Mahtab Akbar Rashdi:** Writer, Politician, and Ex government Official

**Mr. Shoaib Sultan Khan:** Chairman, Rural Support Programmes Network

**Dr. Rashid Bajwa:** Chief Executive Officer, National Rural Support Programme

**Dr. M. Suleman Shaikh:** Secretary Board of Trustees, SZABIST

**Mr. Anis ur Rehman:** Chief Executive Officer, Himalayan Wildlife Foundation

**Mr. Mohammad Tahseen:** Civil Society Activist, Executive Director South Asia Partnership Pakistan (SAP-PK)

**Ms. Khawar Mumtaz:** Ex-Chairperson, National Commission on the Status of Women

**Ms. Shabina Ayaz:** Executive Director, Aurat Foundation

**Mr. Kamal Hyat:** Development Specialist

**Ms. Farida Shaheed:** CEO, Shirkat Gah Women's Resource Centre

**Mr. Mahfooz Ali Khan:** Ex-Secretary Finance, Government of Balochistan

**Mr. Navaid Qureshi:** Chairman of the Board of Trustees, Jamshed Akhtar Qureshi Education Trust



# BOARD OF DIRECTORS



Mr. Mohammad Tahseen  
Chairperson  
Board of Directors



Mr. Yusuf Khan  
Secretary MoPASS  
Ex-Officio Member



Ms. Samar Ihsan  
Additional Secretary, EAD  
Ex-Officio Member



Ms. Nasheeta Maryam Mohsin  
Special Secretary, Finance Division  
Ex-Officio Member



Dr. Bashir-ur-Rehman  
Academia Category  
Member



Ms. Mahtab Akbar Rashdi  
Academia Category Member



Dr. Muhammad Suleman Shaikh  
NGO Category Member



Ms. Shabina Ayaz  
NGO Category Member



Ms. Farida Shaheed  
NGO Category Member



Mr. Sher Jehan Mir  
Business/Professional  
Category Member



Mr. Mahfooz Ali Khan  
Professionals Category Member



Mr. Nadir Gul Barech  
Chief Executive Officer

# BOARD COMMITTEES

## Executive Strategy & Design Committee:

Mr. Mohammad Tahseen	Chairman
Mr. Yusuf Khan	Member
Ms. Shabina Ayaz	Member
Ms. Farida Shaheed	Member
Ms. Nasheeta Maryam Mohsin	Member
Mr. Sher Jehan Mir	Member
Mr. Nadir Gul Barech	Member
Mr. Salman Ahmad	Secretary

## HR Committee:

Mr. Mohammad Tahseen	Chairman
Mr. Mahfooz Ali Khan	Member
Ms. Samar Ihsan	Member
Mr. Sher Jehan Mir	Member
Mr. Nadir Gul Barech	Member
Mr. Salman Ahmad	Secretary

## Risk Management Committee:

Dr. M. Suleman Shaikh	Chairman
Mr. Mahfooz Ali Khan	Member
Ms. Nasheeta Maryam Mohsin	Member
Mr. Nadir Gul Barech	Member
Mr. Salman Ahmad	Secretary

## Search & Nomination Committee:

Dr. M. Suleman Shaikh	Chairman
Mr. Yusuf Khan	Member
Ms. Shabina Ayaz	Member
Mr. Nadir Gul Barech	Member
Mr. Salman Ahmad	Secretary

## Audit Committee:

Mr. Mahfooz Ali Khan	Chairman
Ms. Samar Ihsan	Member
Dr. Bashir-ur-Rehman	Member
Mr. Sher Jehan Mir	Member
Mr. Salman Ahmad	Secretary

# SENIOR MANAGEMENT TEAM



**Mr. Nadir Gul Barech**  
Chief Executive Officer



**Mr. Arshad Rashid**  
Chief Programmes



**Mr. Abdul Rehman**  
Chief HR, Administration  
& Procurement



**Khawaja Nayyar Riaz**  
Chief Financial Officer



**Mr. Salman Ahmad**  
Company Secretary /  
Head of Legal &  
Corporate Affairs



**Mr. Syed Naeem Abbas**  
Chief Internal Auditor

## COMPANY INFORMATION

### Registered Office:

### Pakistan Poverty Alleviation Fund

Plot 14, Street No: 12, Mauve Area, G-8/1, Islamabad, Pakistan.

UAN: (+92-51) 111-000-102 | Ph: (+92-51) 8439450 -79

Fax: (+92-51) 2282262- 4, Email: [info@ppaf.org.pk](mailto:info@ppaf.org.pk)

Website: [www.ppaf.org.pk](http://www.ppaf.org.pk)

### Legal Status:

A Company set up under section 42 of the Companies Act, 2017

### CUIN:

0037656

### NTN:

2267855-7

### Bankers:

Faysal Bank Ltd, Standard Chartered Bank Ltd, National Bank of Pakistan, Habib Bank Ltd, Muslim Commercial Bank Ltd, Allied Bank Ltd, United Bank Ltd, Askari Commercial Bank Ltd, Bank Al-Falah Ltd, Bank Al Habib Ltd, Habib Metropolitan Bank Ltd, Finca Microfinance Bank, U Microfinance Bank, JS Bank Ltd, Mobilink Microfinance Bank, Soneri Bank Ltd, Samba Bank Ltd, NRSP Microfinance Bank, Khushali Bank Ltd

### Company Secretary:

Mr. Salman Ahmad

### Chief Financial Officer:

Khawaja Nayyar Riaz

### Auditors:

A. F. Ferguson & Company, (Chartered Accountants)

### Legal Advisors:

Azam Chaudhry Law Associates

### Tax Advisors:

A. F. Ferguson & Company, (Chartered Accountants)

# CHAIRPERSON'S MESSAGE

Elected as Chair of the PPAF's Board of Directors in February 2023, I take pride in contributing to an organisation with a profound mission of serving the impoverished. PPAF operates in 149 districts across Pakistan, impacting millions of underprivileged households through financial and non-financial opportunities. The distinctive feature of PPAF rests not only in its tangible achievements but in its non-prescriptive, value-driven model, placing integrity and inclusion at the core of operations.

Responsive to the 2022 extensive floods, PPAF swiftly initiated a PKR 250 million Emergency Flood Relief Response, providing critical lifesaving support to over 80,000 households in 31 severely impacted districts. PPAF garnered support from various stakeholders, enabling them to address urgent needs such as food, shelter, and medical aid.

Throughout the year, PPAF continued disbursing interest free loans under the Government of Pakistan's Interest Free Loan (IFL) Programme, ensuring financial inclusion of the poorest households. Additionally, the EU-funded Growth for Rural Advancement and Sustainable Progress (GRASP) project distributed 675,000 kilograms wheat seed to floods-affected 13,500 farmers in Balochistan, contributing to sustainable livelihoods. With support from United Nations High Commissioner for Refugees (UNHCR), PPAF facilitated productive asset transfers to 3,000 Afghan refugee households and provided entrepreneurial skills training.

In 2022-2023, PPAF's primary focus remained on consolidating social capital through fostering value-laden, democratic, inclusive, and sustainable community institutions, supporting sustainable livelihoods, and addressing systemic deprivations in rural Pakistan.



Aimed at enhancing organisational efficiency, efficacy, and restructuring, the PPAF Board approved a Voluntary Separation Scheme for workforce optimisation, providing a strategic framework for human resource management. PPAF possesses the expertise essential for inculcating change and driving impactful progress for the rural poor in Pakistan and is dedicated to incorporating climate-resilient practices to combat and address the effects of climate change on the communities it serves. Gratitude is extended to the communities, stakeholders, donors, the Government of Pakistan in general and the Ministry for Poverty Alleviation and Social Safety in particular, and PPAF's Partner Organisations for their crucial role in amplifying PPAF's initiatives across the country.

**Mr. Mohammad Tahseen**

Chairperson  
Board of Directors

# CHIEF EXECUTIVE OFFICER'S MESSAGE



Leading the pivotal initiatives of the PPAF directed towards the vulnerable communities of Pakistan has been both a privilege and honour. Our objective has been to consistently reinforce the strategic vision and refine programme strategies for multiplying PPAF's impact, centring the focus on community needs. Amid the unprecedented challenges, encompassing devastating floods, economic uncertainties, and political instability during the fiscal year, PPAF has demonstrated resilience and proactiveness through its policies and implementation approaches. This has translated into another year of remarkable achievements. Notably, PPAF responded effectively to the urgent community needs in the devastating 2022 floods. A significant aspect of PPAF's interventions has been the prioritisation of women and vulnerable communities, evidenced by 90% target beneficiary households reporting improved access to shelter, food, and non-food items.

The strategic thrust for PPAF during 2022-23 remained poverty reduction, demonstrated for example under the European Union funded Growth for Rural Advancement and Sustainable Progress (GRASP) Project. This

initiative underscores PPAF's undying commitment to prioritising poverty reduction and emphasising gender-inclusive income and employment generation for small and medium enterprises (SMEs) including primary producers/farmers within specific value chain clusters. Under the project, 295 grants worth USD 1.12 million were awarded to SMEs, with 29% benefiting women-led SMEs. Successful linkages with financial institutions resulted in mobilisation of USD 403,371 worth of loans to 52 SMEs, 46% of which were women-led.

During the year, KfW generously contributed an additional grant of EUR 9.5 million to the Livelihood Support and Promotion of Small Community Infrastructure Programme (LACIP II). The programme has excelled as an exemplary poverty reduction initiative, effectively advancing disaster-resilient Community Physical Infrastructure (CPI) development. Concurrently, the programme provides Livelihood Enhancement and Protection (LEP), with Social Mobilisation being the foundation for all activities.

PPAF's tangible impact throughout the year includes the successful execution of the Government of Pakistan's Interest Free Loan (IFL) Programme, disbursing 464,859 interest free loans amounting to PKR 19.28 billion. The focus on empowering women resulted in 62% of the loans extended to women. Other impactful interventions, such as the UNHCR-funded Poverty Graduation Programme (PGP) for Afghan Refugees and the completion of the Italian-funded Programme for Poverty Reduction (PPR), have also played a crucial role in improving quality of life of thousands of households. A recent third-party assessment of UNHCR funded PGP revealed that 54% of the targeted beneficiaries successfully lifted themselves out of poverty. Programmatic interventions like the Dairy Development Programme and the Revitalising Youth Enterprise (RYE) Programme have demonstrated significant positive outcomes.

At the forefront of PPAF's programming is a conscious effort to prioritise the needs of women and other marginalised communities. The reporting year witnessed a cautious focus on gender-specific approaches, with approximately 50% of beneficiaries supported by PPAF being women. Events such as the '10th Amtul Raqeeb Awards' highlight the mainstreaming of gender and the celebration of successful women entrepreneurs. I acknowledge the dedication of my team and thank the Board of Directors, the Government of Pakistan, donors, PPAF's Partner Organisations, and resilient community groups for their support and cooperation. The organisation remains devoted to its mission, recognising the collective efforts required to foster sustainable progress and positive change among the under-served communities.

A stylized, handwritten signature in white ink, consisting of a large, sweeping 'N' followed by a series of loops and a final flourish.

**Nadir Gul Barech**  
Chief Executive Officer

# EXECUTIVE SUMMARY

# Executive Summary

The Pakistan Poverty Alleviation Fund (PPAF), established in February 1997 as a not-for-profit company under Section 42 of the Companies Ordinance 1984 (now Companies Act 2017), plays a pivotal role in community-driven socio-economic development across the country. Covering 149 districts, PPAF is dedicated to transforming the lives of the impoverished, fostering equity and prosperity. With a comprehensive outreach, PPAF empowers communities by providing enhanced infrastructure, energy, health, education, livelihoods, finance, and disaster resilience. The organisation caters to the needs of the poorest rural households, offering a diverse array of financial and non-financial services. Core values of social inclusion, participation, accountability, transparency, and stewardship are embedded in all processes, reflecting a holistic approach to poverty alleviation.

During the 2022-23 challenging landscape, marked by socio-political-economic volatility in Pakistan, PPAF successfully steered through political unrest, economic strains, and social tensions. PPAF demonstrated resilience and strategic retort to multifaceted issues, achieving set milestones in alignment with its strategic objectives. A critical focus for PPAF in 2022-23 was emergency flood intervention, responding to the devastations caused by the monsoon floods that inundated nearly one-third of Pakistan. The National Disaster Management Authority (NDMA) reports over 33 million people, around 15% of the total population, were affected resulting in significant damage to houses and livelihoods causing forced relocations and exacerbating poverty.

The organisation's commitment to core values and strategic approaches contributed to transformative impacts among the impoverished communities. In addition to emergency programme interventions, PPAF pursued timely execution of its core projects as stipulated in the PPAF Strategy 2021-25. A central thrust of PPAF's success in 2022-23 has been its focus toward a broad thematic spectrum of programming adaptable to social determinants, and national priorities of the state. In accordance with its 2021-25 Strategy, PPAF accelerated towards achievement of the following strategic goals:

## **Goal 1.**

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

## **Goal 2.**

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

## **Goal 3.**

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

## **Goal 4.**

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

The Government of Pakistan's multi-pronged approach, backed by high-level commitment, is key to SDGs implementation. PPAF supports this by participating in SDGs forums, updating on its contributions, and directly impacting SDGs 1, 3, 4, 5, 6, 7, 8, 9, 10, 13, 16, and 17.



# Strategic Focus Areas of PPAF: Elevating Lives Through Empowerment

Highlighted below are the pivotal concentration areas for PPAF, underscoring the impactful endeavours in advancing poverty alleviation across the country through a diverse range of multi-sectoral interventions:

1

## Community Empowerment through Social Mobilisation and Improving Local Governance

The core of the PPAF's transformative strategy is a non-prescriptive approach to poverty alleviation, centring around the organisation of communities into empowered, value-laden, democratic, inclusive, and functional community institutions – generating and strengthening the social capital. These institutions, driven by the people they serve, are equipped to articulate their needs, and propel their self-directed development with voice and agency. PPAF collaborates closely with civil society organisations, serving as institutions for the people, investing in supporting their capacity for social mobilisation. This collaborative effort instils values of inclusion, participation, accountability, transparency, and stewardship. PPAF has laid a robust foundation, fostering national, provincial, and local civil society organisations, along with community institutions (CIs). Under this initiative, PPAF has successfully established 165,775 Community Institutions, featuring 2.55 million member households at the grassroots level, with a significant 63% being represented by women. During the reporting period, 3,396 households were organised encompassing formation/revitalisation of 158 CIs.

Worth noting are the key impacts and outcomes of this sector wherein a remarkable 86% of beneficiaries, with half of them being women, have expressed satisfaction with PPAF supported interventions. Furthermore, PPAF has achieved an impressive 68% sustainability

rate of COs and VO's. Local Support Organisations (LSOs)/UC Based Third-tier Organisations (TTOs) displayed even greater confidence, with an outstanding 92% likelihood of sustainability<sup>1</sup>. The key dimensions of institutional sustainability were registration with regulatory framework, motivation, acquiring tangible benefits, benefitting from other local development initiatives, and effective management of community livelihood fund.

2

## Climate Change and Disaster Risk Reduction

In accordance with the UN Habitat Pakistan Country Report 2023, Pakistan ranks the 5th most vulnerable country globally. In recent years, the nation has confronted recurring and substantial environmental, natural, and man-made crises, including floods, earthquakes, droughts, deforestation, wildfires, urbanisation, deteriorating air quality, heatwaves, glacial melts, forced migrations, conflicts, biodiversity losses, declining agriculture productivity, food insecurity, water scarcity, forced migrations, and pandemics. These challenges have imposed regressive impacts on socio-economic development, the environment, livelihoods, and resources, resulting in significant losses in terms of lives, property, and natural assets. Consequently, these challenges present formidable barriers to the initiatives of PPAF aimed at poverty reduction.

Aligned with its 2021-25 Strategy, PPAF remains committed to champion innovative solutions for climate change resilience and environmental sustainability. It actively seeks to contribute to the formulation of inclusive, integrated and harmonised policies, ensuring the allocation of resources that directly benefit impoverished communities for the realisation

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

of sustainable development in the country. This strategic direction underscores PPAF's dedication to addressing the multifaceted challenges posed by climate change and environmental degradation, thereby fostering resilience and sustainability for the vulnerable populations. Overall, 1,296 flood protection works were completed, 14,728 individuals trained through Community-based Disaster Risk Management (CBDRM) training events, and 38 Drought Mitigation and Preparedness Programmes (DMPP) successfully implemented. Moreover, 122,000 seismically safe housing units were constructed under the Earthquake Reconstruction and Rehabilitation project following the 2005 earthquake. To date, approximately 1.5 million households, encompassing 11.3 million individuals, have benefitted from PPAF's disaster response efforts.

Furthermore, during the reporting year, as part of its Emergency Flood Response 2022, PPAF undertook a comprehensive relief programme. This initiative reached a total of 80,957 households through the distribution of 60,402 food packs, 59,362 non-food items, and hygiene kits.

It is worth noting the key impacts and outcomes of this sector wherein 90% of beneficiary households have reported improved access to shelter, food, and non-food items. Similarly, 89% of assisted households have expressed satisfaction with the project support received<sup>2</sup>.

### 3

#### Livelihoods and Value Chains

PPAF is dedicated to enhancing sustainable and resilient livelihoods of the low-income households to graduate them out of poverty. Employing a comprehensive "Graduation" approach, PPAF provides programmatic package of income generating productive assets, technical and vocational skills, access to finance, and establishes value chain linkages catalysing enterprise development.

This package empowers ultra and vulnerable poor households, reducing their susceptibility to economic shocks and fortifying their business operations. PPAF's poverty graduation model follows sequential steps like consumption support, skills enhancement, productive asset transfer, savings mobilisation, and microfinance, all working towards sustainable livelihoods. These interventions not only lift households out of poverty but also contribute to reducing strain on public resources, as beneficiaries exit the Government of Pakistan's social safety net/protection programmes. PPAF's persistent commitment to gender-inclusive income generation, employment opportunities, and SME profitability aligns with its strategic plan. Within this initiative, 200,096 productive assets, with 64% allocated to women, have been transferred to ultra-poor and vulnerable households. Additionally, 476,499 individuals (48% women) underwent training for income and productivity enhancement. During the reporting year, 3,105 productive assets (47% assets to women) were transferred to ultra and vulnerable poor households, while 6,443 individuals (51% women) were provided with livelihood skills. Furthermore, within the PPAF component of the EU/ITC-funded GRASP project, 22% of supported 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 chains<sup>3</sup>.

The key outcomes of this sector are notable wherein 42% of the beneficiaries earn 32% more income, and 57% trained beneficiaries are self-employed (76% women), while 16% are employed with others (29% women)<sup>4</sup>.

### 4

#### Financial Inclusion

Access to finance is a key element of the poverty graduation approach and PPAF, through the Government of Pakistan funded

<sup>2</sup> - Source: Third-party monitoring and evaluation exercise by the GAT Consulting (Pvt.) Ltd.

<sup>3</sup> -Source: Third-party assessment of the impact of matching grants.

<sup>4</sup> -Source: Third-party end of programme evaluation by the World Bank.

Interest Free Loan (IFL) Programme is the sector leader. This programme is aimed at bolstering productive microenterprise activities among impoverished, vulnerable, and marginalised households across the country. IFL initiative aligns with the PPAF's overarching strategy for poverty graduation. Beyond monetary support, the programme has established loan centers to provide invaluable business advisory services, fortifying the entrepreneurship ecosystem. Overall, 2,940,529 interest-free loans amounting to PKR 102.84<sup>5</sup> billion have been disbursed, with a noteworthy 55% being extended to women entrepreneurs. This year, PPAF disbursed 464,859 loans (62% extended to women), amounting to PKR 19.28 billion.

Furthermore, the Pakistan Microfinance Investment Company (PMIC), in which PPAF holds a 49% investment share as the largest shareholder, disbursed 269,102 microfinance loans (90% loans to women), amounting to PKR 17.89 billion.

It is important to highlight the key impacts and outcomes of this sector wherein 74.6% beneficiaries graduated to higher score on the Poverty Scorecard. Furthermore, another achievement for the programme has been that 97.4% of beneficiaries successfully completed their loan repayments<sup>6</sup>.

The progress of the IFL programme has significantly contributed to the NPGP by achieving substantial performance in improving access to affordable financial services for both BISP and NPGP asset recipient beneficiaries. Since 2018, the programme has supported BISP beneficiaries with the disbursement of 57,297 loans. Moreover, 11,037 loans were disbursed to productive asset recipients. Women constituted a significant portion, representing 69% of all IFL beneficiaries.

## 5

### Community Physical Infrastructure

Under PPAF's integrated development approach, investing in local infrastructure emerges as a catalyst for economic growth, local development, improved service delivery, and, hence, to poverty reduction by addressing the multi-dimensional aspects of poverty. Cumulatively, 35,177 community physical infrastructure sub-projects have been completed, benefitting 16.82 million individuals, including 51% women. Investments in various categories of community-led socio-economic and community physical infrastructure encompass improved access to drinking water, drainage, and sanitation, roads and bridges, irrigation systems, disaster risk reduction initiatives, and technologically innovative schemes. During the reporting period, a total of 78,405 people (12,170 households), 48% of whom were women directly benefitted from 38 sub-projects.

It is pertinent to note that the key impacts and outcomes of this sector wherein 61% of communities gained increased access to drinking water, with 28% reporting an improvement in sanitation services. Additionally, 76% infrastructure schemes directly benefitted the poor<sup>7</sup>.

## 6

### Renewable Energy

The imperative of green, reliable, affordable, and inclusive energy transition to enhance the quality of life in unelectrified villages in Pakistan is paramount. This entails strategic investments in renewable energy, hydropower, mini grids, energy efficiency promotion, and active community engagement. PPAF has been committed to improving energy accessibility in rural areas. Over the past two

5 - The amount also includes reflows.

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

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

decades, PPAF has consistently dedicated its efforts to augmenting energy accessibility for rural communities in Pakistan. To date, 1,446 renewable energy projects have been completed, benefitting 582,089 individuals (78,242 households - 53% women).

Noteworthy impacts in the sector include 100% utilisation and maintenance of renewable projects, complete elimination of fossil fuel consumption for lighting, and a 30% reduction in 46% households' expenditures<sup>8</sup>.

## 7 Education

The core objective of the education component of PPAF is to improve access to quality education for all in marginalised communities. PPAF has achieved this goal by providing education to deserving students through the Continued Education Programme, the “Bridging Educational Polarization for Social Harmony” project and the rehabilitation of education facilities damaged by recent floods. To date, 2,804 educational facilities have been supported, 401,968 students enrolled in primary/secondary schools comprising 45% girls. During the reporting year, PPAF supported 79 schools that having a direct impact on student enrolment. There were 11,504 new enrolments of which 42% were girls.

The key impacts of the contribution of PPAF in this sector is the enrolment of 25% of out-of-school children in target areas. There is a noticeable 30% increase in overall enrolment, with 49% being girls<sup>9</sup>.

## 8

## Health and Nutrition

The health component aims to enhance access to primary healthcare services including better health and nutrition for the targeted underprivileged communities. To date PPAF has supported 956 community health centers and government health facilities, resulting in 15.35 million consultations visits by patients, including 56% women and girls.

It is crucial to highlight the key impacts and outcomes of this sector wherein PPAF recorded a remarkable 212% increase in women's use of Antenatal Care/Postnatal Care (ANC/PNC) services that has a direct impact on Maternal Mortality Rate (MMR) in that area. It is worth mentioning that 94% of women visiting PPAF supported health centers reported full satisfaction with the services received<sup>10</sup>.

Furthermore, PPAF responded to the health needs of floods affectees by organising 136 medical camps in floods-affected area under the Emergency Relief Assistance Project providing health services to 38,967 persons (54% being women).

8 -Source: Third-party impact assessment by the Innovative Development Consultants (IDC), Pakistan.

9 -Source: Third-party end of programme evaluation by the World Bank.

10 -Source: Third-party end of programme evaluation by the World Bank.

# PPAF Financial Snapshot 2022-2023

## 1. Funds Deployment

In fiscal year 2022-2023, PPAF's strategic resource allocation demonstrated a purposeful approach towards achieving its mission. A substantial PKR 17,448 million were dedicated to microcredit initiatives, emphasising PPAF's commitment to community empowerment through financial inclusion as important component of the Poverty Graduation approach. This included deployment of loans to POs (gross) at PKR 812 million, a PKR 5,647 million loans to PMIC, a PKR 4,167 million equity investment in PMIC, and a PKR 6,822 million against Prime Minister Interest Free Loan. Notably, PKR 2,587 million were allocated for grant initiatives, with PKR 1,808 million being donor-financed, and PKR 779 million allocated for Relief & Reconstruction Operations. This robust deployment of funds, totalling PKR 20,035 million, underscores PPAF's strategic focus on both microcredit and grant-based interventions to address diverse community needs.

## 2. Balance Sheet

PPAF's Balance Sheet underscores financial strength and resilience, with total assets amounting to PKR 32,791 million, providing a solid foundation for sustainable growth. Demonstrating a commitment to long-term impact, PKR 1,000 million is allocated to the Endowment Fund. Reserves play a pivotal role in our financial architecture, reaching PKR 25,280 million, including Capital Adequacy Reserve (PKR 847 million), Grant Fund (PKR 13,856 million), Reserve for Lending Activities (PKR 4,167 million), General Reserve (PKR 2,432 million), and Reserve for Grant-Based Activities (PKR 3,978 million). The cumulative equity, combining endowment and reserves, stands at PKR 26,280 million. Despite our growth commitment, a balanced approach is evident with PKR 200 million in lease liabilities and PKR 6,104 million in long-term loans.

## 3. Operational Results

The operational results for the fiscal year 2022-2023 highlight our organisation's financial agility and effectiveness. Our total income reached PKR 4,968 million, showcasing the diverse revenue streams supporting our initiatives. Managing our operations prudently, general, and administrative expenses were maintained at PKR 1,431 million. The surplus before loan loss provision and relief work stood impressively at PKR 3,147 million, contributing to a net surplus of PKR 2,369 million. This positive financial performance underscores our ability to balance revenue generation with operational efficiency.

## 4. Financial Ratios

Our commitment to financial sustainability is reflected in key financial ratios. A notable 63% surplus before provisions and relief, in relation to total income, demonstrates our ability to generate substantial funds for furthering our mission. Our robust financial management is further underscored by a 12% return on equity, a testament to the effectiveness of our investment strategies. The return on assets, at 10%, highlights our prudent use of resources for optimal impact. With a debt/equity ratio of 19:81, we maintain a healthy balance between leveraging resources and preserving financial stability.

In summary, the fiscal year 2022-23 has been marked by strategic fund deployment, a resilient balance sheet, effective operational results, and strong financial ratios. These achievements position us well to continue our impactful journey of community empowerment and sustainable development.





# 2022-2023 AT A GLANCE

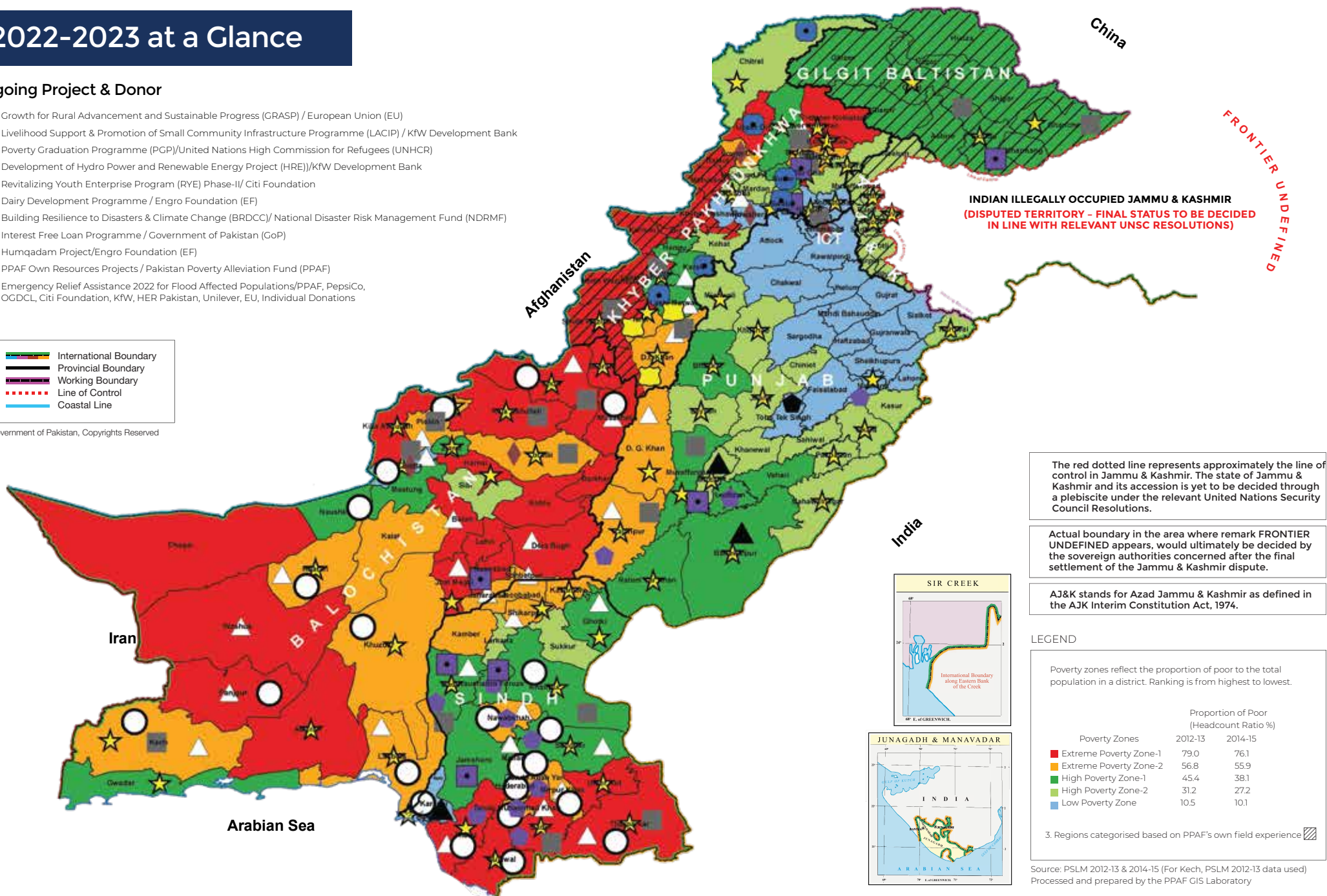
# 2022-2023 at a Glance

## Ongoing Project & Donor

- Growth for Rural Advancement and Sustainable Progress (GRASP) / European Union (EU)
- Livelihood Support & Promotion of Small Community Infrastructure Programme (LACIP) / KfW Development Bank
- ◆ Poverty Graduation Programme (PGP)/United Nations High Commission for Refugees (UNHCR)
- Development of Hydro Power and Renewable Energy Project (HRE)/KfW Development Bank
- ▲ Revitalizing Youth Enterprise Program (RYE) Phase-II/ Citi Foundation
- ◆ Dairy Development Programme / Engro Foundation (EF)
- Building Resilience to Disasters & Climate Change (BRDCC)/ National Disaster Risk Management Fund (NDRMF)
- ★ Interest Free Loan Programme / Government of Pakistan (GoP)
- Humqadam Project/Engro Foundation (EF)
- PPAF Own Resources Projects / Pakistan Poverty Alleviation Fund (PPAF)
- △ Emergency Relief Assistance 2022 for Flood Affected Populations/PPAF, PepsiCo, OGDCL, Citi Foundation, KfW, HER Pakistan, Unilever, EU, Individual Donations

- International Boundary
- Provincial Boundary
- Working Boundary
- Line of Control
- Coastal Line

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# SECTOR HIGHLIGHTS



# Community Empowerment through Social Mobilisation and Improving Local Governance

Households Organised  
**2,539,932**

CIs Formed /Revitalised  
**165,775**  
(62% Women CIs)

Community Members Trained  
**679,501**  
(49% Women)



**133** Districts Covered



Fostering Social Capital and Community Empowerment through well-thought-through Social Mobilisation approach serves as the foundation for the Pakistan Poverty Alleviation Fund interventions focusing establishment of resilient, robust, inclusive, values-laden, democratic, inclusive, and accountable community institutions having voice and agency. Central to PPAF's approach is creating grassroots-level institutions of the people, organising and empowering communities to express their developmental needs, engage with the public and private sectors, hold public agencies accountable, and mobilise resources for addressing their socio-economic development needs. This strategy aims at reducing inequalities, promoting inclusive local governance, and enhancing community capabilities. Within the ambient of the core conceptual package, programme interventions are packaged to address multidimensional poverty following a poverty graduation approach. PPAF has also established an extensive network of civil society organisations and community institutions across Pakistan, recognising the intersecting factors of gender, caste, class, ethnicity, region, and religion that address poverty alleviation.

Furthermore, in its pursuit of improving governance and enhancing public service delivery, PPAF initiated numerous interventions through its community institutions' platform. The organisation has persistently strived to empower local communities, encourage citizen participation, and strengthen institutional frameworks to ensure efficient and effective

delivery of public services through its implementing partners, and enhance the radius of state-citizen trust.

In accordance with PPAF's 2021-25 strategy, our focus remains on fostering institutions for the impoverished, reducing inequalities, and promoting inclusive development aligned with SDGs 5, 10, 16, and 17. Key impacts and outcomes<sup>11</sup> within this sector include:

- An impressive 86% of beneficiaries, with half being women, expressed satisfaction with the supported interventions.
- 68% of community institutions are on track to achieve sustainability. Remarkably, Local Support Organisations (LSOs) are even more confident, with 92% projected to achieve sustainability.
- On average, 62% of demands made by women were included in the Village Development Plans (VDPs)/Union Council Development Plans (UCDPs). Moreover, 64% of Women Community Institutions were actively engaged in implementing development projects.
- 76% of conflicts brought to community institutions were resolved through a participatory process, aligning with constitutional and legal provisions.

These achievements reflect the successful implementation of our strategic objectives, showcasing tangible progress in fostering sustainable institutions and promoting inclusive development within our targeted communities.

## Our Approach

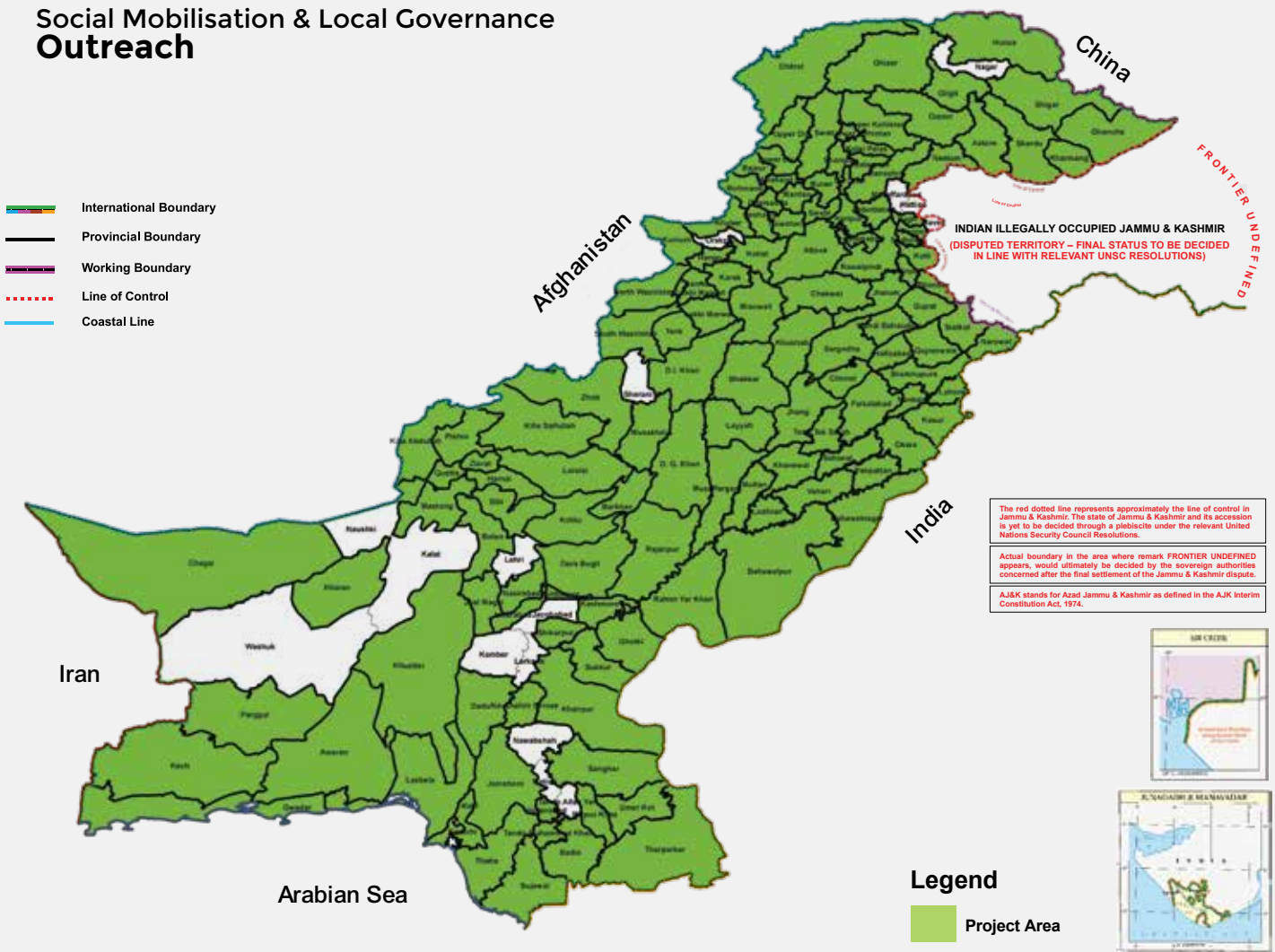


Key Indicators	Annual Progress	Cumulative Progress
Households Organised	3,396	2,539,932
CIs Formed/Revitalised	158 (27% WCIs)	165,775 (62% WCIs)
Community Members Trained	210 (40% women)	679,501 (49% women)

<sup>11</sup> - Source: Third-party end of programme evaluation by the World Bank.



## Social Mobilisation & Local Governance Outreach



## Project: **Tabeer-O-Tameer Fund (TTF)**



PPAF's core approach focuses assisting households in establishing democratic community institutions, with a specific emphasis on women and the most marginalised segments of the society. Recognising the necessity for consistent nurturing to cultivate empowered communities, PPAF continues ensuring that its investment in community institutions is retained for the foreseeable future, so that the outcomes and impacts of our projects continue well beyond just the lifetime of the programme.

PPAF, through its TTF project, supported 100 Local Support Organisations (LSOs) to achieving key SDGs at the UC level working in the poorest and most marginalised districts nationwide. This initiative is geared towards contributing to the SDGs and elevating the socio-economic well-being of households and communities, particularly in regions grappling with extreme poverty. The comprehensive support provided through involving these LSOs encompasses financial assistance, capacity building, and the establishment of linkages with local government and institutions. This multifaceted intervention enhanced the organisational effectiveness and aligned resources for sustainable development, ensuring an enduring impact

### Donor

PPAF own resources

### Budget

PKR 152 million

### Duration

July 2018 to June 2023

### Geographical Coverage

#### **12 districts**

Balochistan: **2**

Gilgit Baltistan: **4**

Khyber Pakhtunkhwa: **4**

Punjab: **1**

Sindh: **1**

on sustainable development and poverty alleviation.

The initiative has contributed to the following outcomes<sup>12</sup>:

- All girls and boys (of relevant age) are enrolled in primary school and the VO and LSO can ensure at least 90% retention rate during the full five-year primary cycle.

<sup>12</sup> - Sourcer: Internal assessment of the project conducted through POs



- All households positively respond to polio and other immunization campaigns conducted in the area and that by the end of 2 years, the area is considered a polio free zone.
- Open-defecation free (ODF) villages are identified as a priority by VOs and LSOs and 70% of covered villages are certified as ODF by the end of 2 years.
- 100% households per village have access to safe drinking water at the end of 2 years.
- GBV and domestic violence (including child marriage) is reduced by 50% in supported villages.
- 60% of expecting mothers are facilitated through at least 2 antenatal check-ups and have trained health personnel attending deliveries.

## Key Achievements

Sr #	Indicators	Achievements
1	Households benefitted	7,914
2	LSOs Registered	76
3	LSOs Institutional Bank Accounts (Opened)	94
4	Annual Audits of the LSOs	93
5	LSOs Office Establishment (at Union Council Level)	96
6	Women Inclusion in the Executive Body	33%
7	Awareness Sessions around SDGs	2,216

Moreover, during the reporting period, PPAF persistently utilised fostered community institution platforms to implement the diversified interventions outlined in this report. This approach was instrumental in fostering participation, ensuring inclusion, facilitating

the swift delivery of programme interventions, promoting social accountability, managing operations and maintenance efficiently, and guaranteeing the sustainability of benefits derived from both donor-funded and internally financed initiatives.







# Climate Change and Disaster Risk Reduction



**60** Districts Covered



Drought Mitigation and Preparedness  
**38** Programmes

CBDRM Training  
**14,728** Beneficiaries

Flood Protection Works  
**1,296**

Food Packs  
**752,070** Households

Non-Food items and Hygiene Kits  
**154,149** Households

Seismically Safe Houses  
**122,000**



As the climate continues to change, Pakistan will face various disruptions and impacts, including glacial melt, growing lakes, heatwaves, droughts, heavy rain, and flash floods like those experienced in 2010 and 2022. According to the Global Climate Risk Index (2021), Pakistan ranks the eighth country in the world most vulnerable to long-term climate risk. Erratic weather patterns and uncertain availability of water augments and intensifies risks to food security for the most vulnerable countries and populations and Pakistan's food security situation already remains a pressing concern, as evidenced by its ranking of 102<sup>nd</sup> out of 125 countries in the 2023 Global Hunger Index.

For ensuring a smoother transition towards climate change adaptation and disaster resilience, on-time relief is critical for saving lives, protecting communities. Recognising the acute vulnerability faced by the poor in the wake of the monumental floods of 2022, PPAF swiftly initiated a comprehensive Monsoon Floods Response aimed at furnishing emergency relief to those affected across a substantial geographic expanse, encompassing 31 districts of 4 provinces. PPAF stood at the forefront as one of the initial responders to the emergency while also unlocking the potential to leverage additional external resources. The resultant infusion of resources, from individual philanthropists, multi-lateral, and corporate donors, including PepsiCo Foundation, Oil and Gas Development Company Limited (OGDCL), Citi Foundation, HER Pakistan, Unilever Pakistan, KfW, and ITC/GRASP served to expand PPAF's capacity to benefit 80,957 households through provision of food items, hygiene kits, mobile health services, livestock vaccination, awareness raising sessions and temporary shelters.

PPAF's third-party monitoring and evaluation of emergency relief assistance to the 2022 flood affected population in six districts of Karak, Rajanpur, Jaffarabad, Sanghar, Mirpurkhas and Shaheed Benazirabad gives evidence<sup>13</sup> that overall beneficiaries expressed satisfaction with the provided relief items. Specifically, 77% found the meals sufficient for their daily needs, 93% reported safer access to drinking water for women and girls, and 80%

were satisfied with the improved safety conditions from the shelters. The distribution of relief goods considered gender perspectives, with hygiene kits tailored to address women's specific needs. PPAF through its partner established Information and Coordination Cells in 13 districts of Balochistan to support district administration in data management, avoid duplication of resources, and maximise the impact of humanitarian response.

The study recommended to adopt a long-term approach for the next phase of assistance that would rehabilitate livelihoods of affected households while aligning with the local governments for restoration of damaged rural infrastructure. Moving toward rehabilitation and reconstruction, and emphasising on preparedness, as informed by the Pakistan Floods 2022 Post-Disaster Needs Assessment conducted, consultation with local authorities and implementing partners, experiences / evaluations as well as lessons from the earlier PPAF interventions, PPAF has designed a programme called Restoring Social Services through Climate Resilient Approaches. The programme aims to: 1) restore access of the floods-affected communities to social services – particularly health, education and water & sanitation, and critical community social infrastructure, and 2) strengthen resilience of the disaster-prone rural communities and local governments/authorities, while mainstreaming gender, to enhance their ability to anticipate, absorb, accommodate, and recover from climate change and other disaster and pandemic shocks.

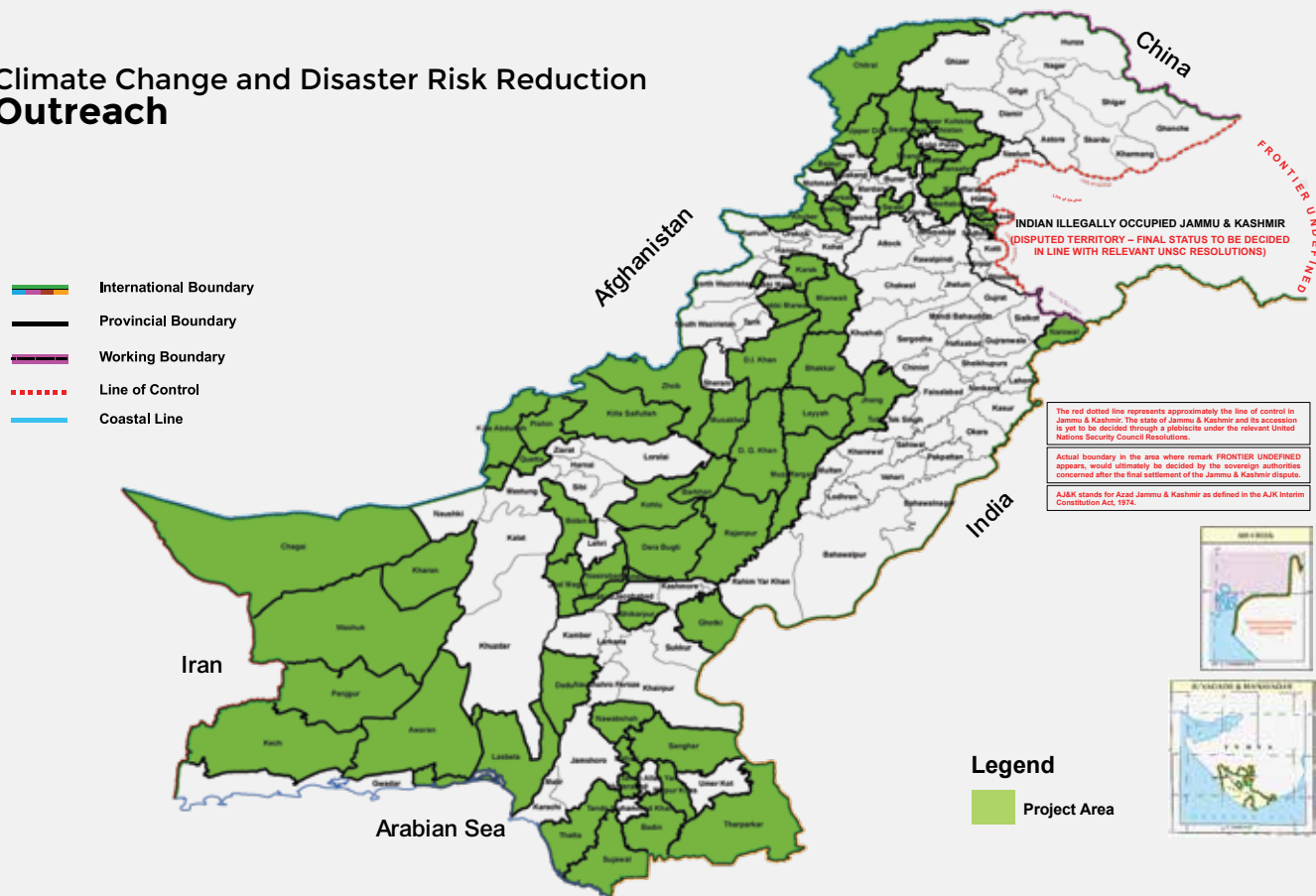
For disaster preparedness, climate adaptation and building resilience of the communities, overall PPAF has completed 1,296 flood protection works, trained 14,728 individuals through Community-based Disaster Risk Management (CBDRM) training events, and completed 38 Drought Mitigation and Preparedness Programmes (DMPP). Furthermore, following the 2005 earthquake, 122,000 seismically safe housing units were constructed as part of the Earthquake Reconstruction and Rehabilitation project. To date, approximately 1.5 million households, encompassing 11.3 million individuals, have benefited from disaster response efforts.

13 - Source: Third-party monitoring and evaluation exercise by the GAT Consulting Pvt. Ltd.



Key Indicators	Annual Progress	Cumulative Progress
Seismically Safe Houses	-	122,000
CBDRM Training (Beneficiaries)	-	14,728
Flood Protection Works	-	1,296
Drought Mitigation and Preparedness Programmes	-	38
Food Packs for Households	60,402	752,070
Non-Food items and Hygiene Kits for Households	59,362	154,149

## Climate Change and Disaster Risk Reduction Outreach



## Project: PPAF Emergency Relief Assistance for 2022 Flood Affected Populations



This year, Pakistan experienced an unprecedented volume of rainfall, amounting to nearly three to five times the national 30-year average. Consequently, approximately one-third of the country was submerged, resulting in extensive devastation to the lives and livelihoods of its residents.

Amid the intensity and scale of this catastrophe, PPAF promptly initiated its Emergency Flood Relief Programme in early August 2022, allocating an initial sum of PKR 250 million. The programme was initially launched in the 14 most severely impacted districts of the country to address the immediate requirements of the flood-affected population in the most disadvantaged communities. The objective was to enhance their ability to cope with the immediate aftermath, support their recovery and rehabilitation, and strengthen their resilience to climate-induced disasters.

Furthermore, PPAF received generous support from corporate, development, and individual partners, which included PepsiCo (PKR 58.28 million), Citi Foundation (USD 150,000), KfW (PKR 11.57 million), Oil and Gas Development Company Limited (PKR 2 million), Unilever Pakistan (in-kind), HER

### Donor

PPAF, PepsiCo, Citi Foundation, OGDCL, KfW, Unilever Pakistan, HER Pakistan and ITC

### Budget

PKR 371.10 million

### Duration

August 2022 to June 2023

### Geographical Coverage

#### 31 districts

Balochistan: 14

Khyber Pakhtunkhwa: 5

Punjab: 2

Sindh: 10

Pakistan (in-kind), ITC (in-kind), and individual donations (PKR 7.7 million) from philanthropists. This support allowed the programme to expand its coverage to 18 more districts, thereby increasing its capacity to assist those in dire need of food, non-food items, shelter, medical aid, and more.



The following are key impact and outcomes<sup>14</sup> from the PPAF emergency relief assistance:

- 90% of beneficiary households have reported improved access to shelter, food, and non-food items.
- 89% of assisted households have expressed satisfaction with the project support.
- 100% of assisted households that raised

complaints reported that their concerns were addressed through the implementing partner organisations.

- 77% of assisted households have reported an increase in the number of nutritious meals due to food assistance.
- 99% of assisted households have reported satisfaction with the quality of food, meeting local preferences.



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





# Livelihoods and Value Chains

Matching Grants to SMEs  
**295**

Livelihood Skill Training Provided  
**476,499**  
(48% women)

Productive Assets Transferred  
**200,096**  
(64% women)



**89** Districts Covered





Within the ambient of its social capital formation and community empowerment core conceptual package, the objective of the PPAF is to augment sustainable and resilient livelihood opportunities, thereby facilitating the upliftment of low-income households from the clutches of poverty. This objective is pursued through a multifaceted poverty graduation approach, incorporating interventions such as provision of productive income generating assets, technical and vocational skills, access to financial services, and the establishment of linkages within the value chain to catalyse enterprise development. This tried-and-tested indigenously evolved approach aims at empowering ultra and vulnerable poor households, mitigating their susceptibility to economic shocks, elevating their livelihood prospects, and supporting their business operations. PPAF's strategic framework is underpinned by a poverty graduation model, encompassing a sequential progression involving consumption support, skills augmentation, productive asset transfer, capital formation through savings mobilisation, and microfinance, all converging towards the overarching aim of realising sustainable livelihoods. The interventions orchestrated by PPAF play a pivotal role in

graduating households out of poverty, thereby facilitating their removal from the Government of Pakistan's social protection and safety-net programmes. This reduction in the number of beneficiaries enrolled in governmental welfare programmes contributes significantly to alleviating the strain on public resources.

Furthermore, PPAF is committed to advancing gender-inclusive income and employment opportunities, enhancing productivity, and augmenting the profitability of Small and Medium Enterprises (MSMEs) across diverse sectors. As stated, in PPAF's strategic plan and priorities for the period 2021-25, the principal focus remains on fortifying sustainable and resilient livelihood opportunities to assist households in their endeavor to transcend the constraints of poverty complementing the SDGs 1, 2, 5, 8 and 13.

The following highlights key impacts and outcomes<sup>15</sup> within this sector:

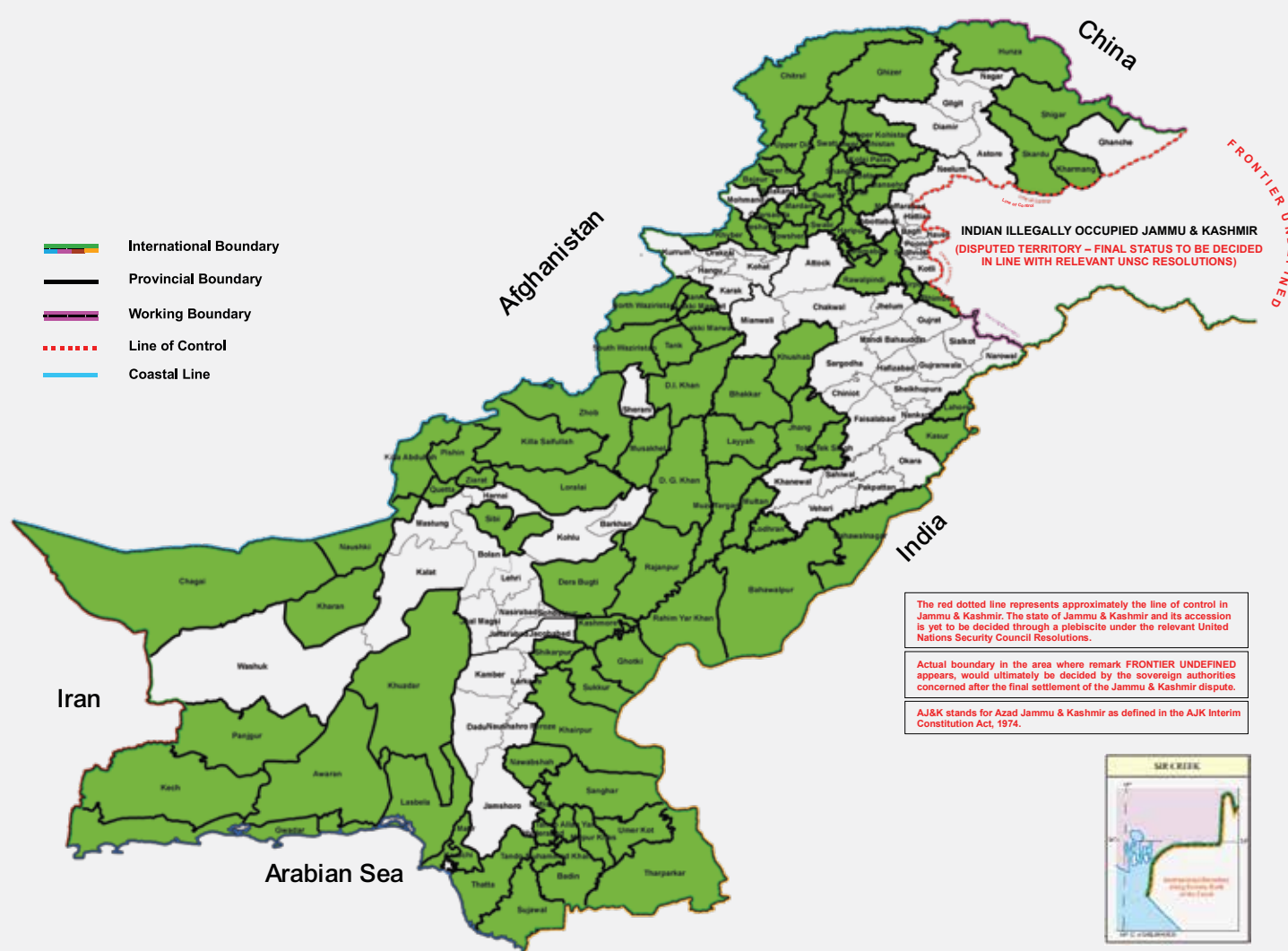
- 42% of the beneficiaries earn 32% more income.
- 57% trained beneficiaries were self-employed (76% women), while 16% were employed with others (29% women).



<sup>15</sup> - Source: Third-party end of programme evaluation by the World Bank.

Key Indicators	Annual Progress	Cumulative Progress
Productive Assets Transferred	3,105 (47% women)	200,096 (64% women)
Livelihood Skill Training Provided	6,443 (51% women)	476,499 (48% women)
Matching Grants to SMEs	295	295

## Livelihoods and Value Chains Outreach



## Legend

Project Area



## Project: **Growth for Rural Advancement and Sustainable Progress (GRASP)**



The GRASP is funded by the European Union (EU) and executed by a consortium led by the International Trade Centre (ITC), which includes the Food and Agriculture Organization (FAO), Small and Medium Enterprise Development Authority (SMEDA) and PPAF as implementing partners. GRASP's primary objective is to bolster poverty reduction and promote sustainable economic growth in rural areas. The programme's specific aim is to foster gender-inclusive income and employment generation, enhance productivity, and increase the profitability of small and medium enterprises (SMEs) involved in primary production, service provision, and value addition within selected clusters of value chains. 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.

The PPAF component within the GRASP initiative has led to notable conceptual advancements and influence. A recent evaluation highlighted that 22% of the assisted SMEs have embraced eco-friendly farming

### Donor

European Union (EU)

### Budget

USD 55 million  
(PPAF Portfolio: USD 15.235 million)

### Duration

April 2021 to September 2024

### Geographical Coverage

#### **22 districts**

Balochistan: **10**

Sindh: **12**

methods, leading to an impressive 72% increase in sales revenue. This increasing trend has catalysed the creation of full-time job opportunities in 36% of the target SMEs and has also driven a 68% uptick in investment within the designated value chains among SMEs<sup>16</sup>.

<sup>16</sup> - Source: Third-party assessment of the impact of matching grants.



## Key Achievements

Sr #	Indicators	Achievements
1	No. of SMEs received Matching Grants (Matching Grant amounting to USD 1.12 million)	295
2	No. of MoUs signed with the Financial Institutions for financial products/services provisions to SMEs	23
3	No. of SMEs Capacitated on Financial Literacy and Business Plan Development	714 (28 % women)
4	No. of SMEs received Loans through Financial Institutions (Loans amounting to USD 0.4 million)	52 (46% women)
5	Quantity of Wheat Seeds Distributed (to 13,500 farmers through a contingency plan)	675,000 Kg

During the reporting year, the PPAF GRASP team undertook the implementation of all programme and M&E activities and achieved multiple milestones in access to finance, matching grants, implementing flood response, monitoring and evaluation including the MIS across the entire programme.

PPAF's GRASP programme has made significant progress in connecting SMEs with financial institutions (FIs) in Sindh and Balochistan. Memorandums of Understanding (MoUs) with 23 Financial Institutions (FIs) have helped expand access to finance for GRASP beneficiaries. The programme organised orientation sessions and networking events to facilitate these connections and helped SMEs understand financial products and services, assisted them in the loan application process,

and facilitated linkages with FIs. As a result, a total of 33 SMEs successfully availed loans from various financial institutions, totalling USD 486,861. Additional loan requests/applications amounting to USD 1,152,218 were in the documentation and negotiation stage by the year's end. The programme also promoted insurance products for horticulture and livestock value chains. Farmers could insure their crops against weather-related risks, and livestock insurance covered natural death, road accidents, and fire accidents. Awareness sessions on these insurance products were conducted in all project districts during the reporting period.

Since inception of the project, PPAF achieved several milestones, including exceeding the target for providing matching grants to SMEs.





These grants were provided to 295 SMEs, including 18 female-led SMEs, in the horticulture and livestock sector. Furthermore, the programme focused on financial literacy and business plan development training for SMEs. During the year, over 700 SMEs, including 200 women-led SMEs received this training, surpassing the initial target. PPAF also encouraged the adoption of green and climate-resilient technologies among SMEs. Approximately 89% of grant-receiving SMEs included green technology investments in their business plans.

PPAF POs, Taraqee Foundation (TF), and Strengthening Participatory Organization (SPO) in collaboration with the ITC and with the approval of the EU, undertook flood response in Balochistan's Kech, Panjgur, Pishin, and Zhob districts to support flood-affected farmers through provision of certified wheat seeds to help them recover. PPAF procured and provided 13,500 bags of certified wheat seeds from Punjab Seed Corporation, each weighing 50 kilograms, through a competitive procurement process. These seeds were sufficient to cultivate 16,838 acres of land. The distribution of seeds commenced in November 2022 and concluded in January 2023. This process was meticulously coordinated with local administrations, respective District Disaster Management Authorities (DDMAs),

and the Agriculture Extension Department to ensure the most deserving farmers received the support.

Monitoring and Evaluation (M&E) activities were integral to the GRASP project for regularly tracking project progress and conducted beneficiary feedback surveys. Impact measurement and quality/process checking were important components of the M&E work. Additionally, third-party impact assessment studies were also conducted, and findings were shared with the EU through the fourth annual/interim report by the ITC. GRASP project focused on capacity building, ensuring partners had a uniform understanding of results indicators and terms for periodic reporting. The component also emphasised the importance of regular results reporting and worked on updating the Beneficiary Complaint and Feedback Mechanism (BCFM). Finally, PPAF continued its efforts in mobilising rural businesses and supporting primary producers and SMEs through its POs. Field visits, capacity-building sessions, and validation of primary producers were carried out in collaboration with various stakeholders. Overall, PPAF's GRASP programme has demonstrated substantial progress and impact in supporting farmers and SMEs in Sindh and Balochistan through various initiatives, financial support, capacity building, and monitoring and evaluation efforts.



## Project: **Poverty Graduation Programme (PGP)** for Afghan Refugees – Phase-III



PPAF is the lead implementing agency for the implementation of Poverty Graduation Programme (PGP) for Afghan Refugees with financial support from the United Nations High Commissioner for Refugees (UNHCR) since November 2017. This programme aims to enhance the self-reliance and livelihoods of the targeted Afghan refugees' populations (Afghan PoR cardholders, mandate refugees of different nationalities, and asylum seekers) through the Poverty Graduation Approach. The third phase began in January 2022 and was completed on December 31, 2022. The programme was implemented in the Lower Dir, Nowshera districts of Khyber Pakhtunkhwa and Loralai district of Balochistan, with a cost of PKR 366 million. The project activities mainly focused on the provision of productive assets to the selected households (PSC 0-18) along with capacity development training including Enterprise Development Training (EDTs), Community Management Skills Training (CMSTs), awareness sessions, and financial literacy training for both genders. A recent third-party assessment of the programme revealed that 54% of the targeted beneficiaries successfully lifted themselves out of poverty.

It is pertinent to mention that Phase-IV of the

### Donor

United Nations High Commissioner for Refugees (UNHCR)

### Budget

PKR 366.80 million (Phase-III)

### Duration

January 2022 to December 2022

### Geographical Coverage

#### 3 districts

Balochistan: 1

Khyber Pakhtunkhwa: 2

programme is being implemented in district Nowshera of Khyber Pakhtunkhwa and district Quetta of Balochistan and Islamabad over a period of one year (January to December 2023) with budget of PKR 616.52 million. Under this phase, 3,000 households will be supported through productive assets and enterprise development training.

## Key Achievements

Sr #	Indicators	Achievements
1	Community Institutions Formed and Strengthened	6
2	Village Development Plan Developed	6
3	Formation and Training of CIGs	12
4	Productive Assets Transferred to Ultra and Vulnerable Households	3,000 (45% women)
5	EDT provided to Assets' Recipients and CRPs	3,015 (27% women)





## Project: Dairy Development Programme



With the financial support of the Engro Foundation, PPAF implemented the Dairy Development Programme (DDP) to develop sustainable livelihoods for poor households within the dairy value chain in District Toba Tek Singh, Punjab, through its implementing partner, the Farmer Development Organization (FDO). This project was initiated in response to the COVID-19 pandemic. The goal of the project was to assist the poor and ultra-poor households in achieving sustainable poverty alleviation by integrating them into the dairy value chain within the target district. The programme's specific aim was to enhance milk production efficiency and the profitability of women farmers by equipping them with livestock assets and enhancing their skills as livestock extension workers, subsequently connecting them with milk collection centers and other stakeholders through a mini dairy hub. The project was successfully completed as scheduled during the reporting year.

The following highlights key impacts and outcomes<sup>17</sup> within this project:

- 65% of BISP beneficiary households graduated out of the poverty.

### Donor

Engro Foundation

### Budget

PKR 69.99 million

### Duration

August 2021 to May 2023

### Geographical Coverage

**1 district**  
in Punjab

- 45% of smallholder woman farmers report their improved profitability.
- 76% of programme beneficiary households under PSC range of 0-18 move to a higher PSC band.

<sup>17</sup> - Knowledge, Attitude, and Practices (KAP) assessment and post completion Poverty Scorecard Survey by the Farmers Development Organization (FDO).



- 28% of the smallholder farmers in the targeted area is integrated into dairy value chain.
- 54% of households experience a 30% increase in their average monthly income.
- 100% of beneficiaries report a positive change in their employment (including self-employment) status.
- 100% of assets beneficiaries are making productive use of their assets, trainings and working capital.

## Key Achievements

Sr #	Indicators	Achievements
1	Productive Asset Transfer (pregnant cow and nutritious feed to animals)	85 (96% women)
2	Extension Workers' Trained and Provision of Tool Kits	77 (40% women)
3	Training on Animal Husbandry Practices	2,747 (50% women)
4	Training on Nutrition for Milking Animals	2,781 (50% women)
5	Training on Fodder Production and Preservation	2,784 (51% women)
6	Farmers Identified and Trained (for formation of farmer groups)	1,088 (47% women)
7	Dairy Hub Developed (Micro Enterprises / Business Service Providers)	20 (45% women)



# Financial Inclusion



**115** Districts Covered



Number of Interest Free Loans Disbursed  
**2,940,529**  
(54% Loans to Women)

Amount Disbursed in IFL  
PKR  
**102.84**  
Billion

Number of Loans Disbursed through PMIC  
**1,706,767**  
(79% Loans to Women)

Amount Disbursed in PMIC  
PKR  
**87.02**  
Billion



Financial inclusion encompasses the broad and equitable access to financial services and products across all strata of society, transcending distinctions of income, gender, geographical location, and social standing. Its paramount significance lies in its potential to drive economic growth, reduce poverty and foster social development. In a concerted effort to cultivate a more inclusive economy, the Government of Pakistan has initiated two transformative endeavours: the Financial Inclusion Policy and the National Poverty Graduation Initiative (NPGI). A pivotal component of the NPGI is the Interest Free Loan (IFL) Programme, implemented by PPAF, aimed at supporting impoverished households in their journey to break free from the shackles of poverty.

PPAF, through its IFL Programme, champions financial inclusion by extending interest free loans to underprivileged individuals for productive endeavours, thereby enabling them to sustain their livelihoods. This initiative is executed in collaboration with market-based microfinance institutions operating under the auspices of PPAF's affiliated entity, the Pakistan Microfinance Investment Company (PMIC) Limited. The

provision of interest free loans form an integral facet of PPAF's comprehensive poverty graduation model.

The overarching policy objectives of PPAF's financial inclusion sector are twofold: firstly, to seamlessly integrate the graduation approach into the government's poverty alleviation agenda, and secondly, to ensure enhanced access to finance, with a specific emphasis on empowering women. PPAF's approach to uplifting households from the clutches of poverty through enhanced access to financial services is in direct alignment with the SDGs 1 and 8, emphasising the eradication of poverty and the promotion of sustained economic growth.

The following are the key outcomes of the sector<sup>18</sup>.

- 74.6% of the beneficiaries graduated with a higher Poverty Scorecard (PSC) score.
- 77.8% of the beneficiaries reported an increase in their monthly income by 25% or more.
- 97.4% of the beneficiaries completed the loan repayment.

Key Indicators	Annual Progress	Cumulative Progress
Number of Interest Free Loans Disbursed	464,859 (62% Loans to Women)	2,940,529 (54% Loans to Women)
Amount Disbursed (PKR Billion)	19.28	102.84
Number of Loans Disbursed through PMIC <sup>19</sup>	269,102 (90% Loans to Women)	1,706,767 (79% Loans to Women)
Amount Disbursed (PKR Billion)	17.89	87.02

The GRASP project under the PPAF's component has made significant contribution in enhancing inclusion and access to financial services for SMEs in Sindh and Balochistan. Through strategic partnerships with 23 financial institutions, it has expanded financial access for GRASP beneficiaries. Orientation sessions and networking events were organised to facilitate these connections, mobilising and supporting SMEs in understanding financial products, navigating

loan applications, and establishing links with FIs. As a result, 33 SMEs secured loans of USD 486,861, with additional loan applications worth USD 1,152,218 in the pipeline. Moreover, the project promoted insurance products tailored to horticulture and livestock sectors, conducting awareness sessions across all project districts.

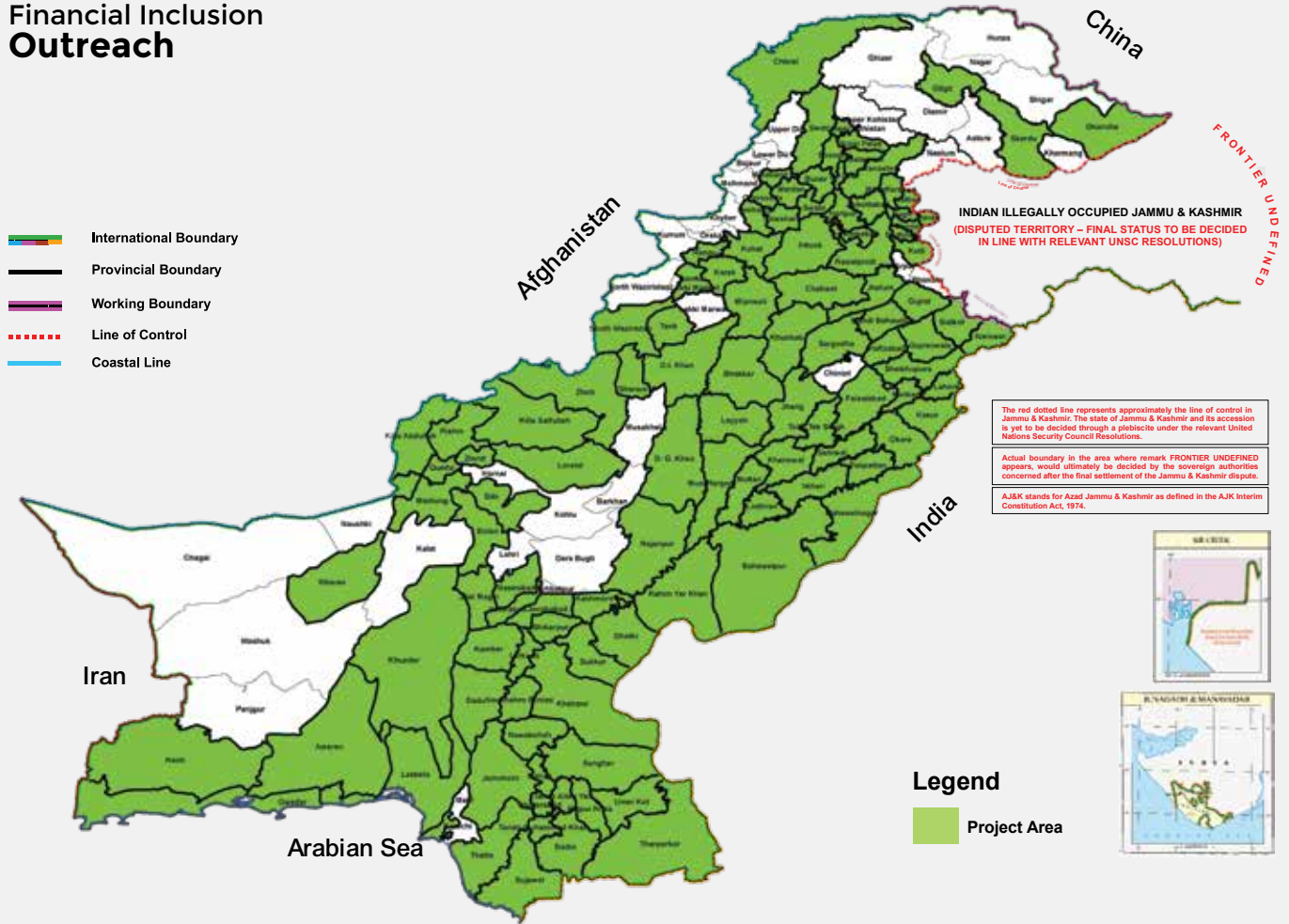
<sup>18</sup> - Source: Third -party mid-term evaluation of IFL programme by MM Pakistan (Pvt.) Ltd.

<sup>19</sup> - Based on PPAF's equity share of 49%.

<sup>20</sup> - The amount also includes reflows



## Financial Inclusion Outreach



## Project: Interest Free Loan (IFL) Programme Phase-II



PPAF is implementing phase-II of the Government of Pakistan's funded Interest Free Loan (IFL) Programme since 2021 to support productive microenterprise activities of the poor, vulnerable, and marginalised households in Pakistan. The project's objective is to enhance access to financial services for the target population segment, aiding their graduation from the programme and establishing connections with formal financial institutions such as microfinance institutions and banks, among others. A total of 2.8 million interest free loans are to be provided (50,000 loans per month) over four years to 1.7 million households for income diversification and business expansion purposes.

This programme aligns with PPAF's overarching strategy for poverty graduation. Under the programme, loan centers have also been established to offer business advisory services, reinforcing the entrepreneurial ecosystem. These centers facilitate exposure and foster connections with input suppliers, markets, and skill training institutions.

### Donor

Government of Pakistan

### Budget

PKR 5 billion

### Duration

June 2021 to June 2025

### Geographical Coverage

#### 28 districts

Azad Jammu & Kashmir: **1**

Balochistan: **6**

Gilgit Baltistan: **1**

Khyber Pakhtunkhwa: **10**

Punjab: **6**

Sindh: **4**

## Key Achievements

Sr #	Indicators	Achievements
1	Number of Loans Disbursed	224,564 (72% of loans to Women)
2	Amount Disbursed <sup>21</sup> (PKR Billion)	10.40

<sup>21</sup> - The amount also includes reflows



# Community Physical Infrastructure

Community Physical Infrastructure Schemes Completed

**35,177**

Beneficiary Households of Completed Schemes

**2,424,486**

Beneficiaries of Completed Schemes

**16,820,221**

**51% Women**



**136** Districts Covered



The sector in alignment with the PPAF's holistic institutional strategy and development is addressing community critical infrastructure constraints for improved service delivery. PPAF's approach of enhancing improved access to community physical infrastructure has significant importance in facilitating economic growth, fostering local development, reducing poverty, and enhancing community well-being. The sectoral approach serves as a crucial catalyst for economic stimulation within vulnerable and marginalised communities, generating income opportunities and improving market accessibility to elevate livelihoods, as well as improved social services delivery. To increase the households' reach to enhanced mobility and markets, and social services delivery, PPAF invests in Community Physical Infrastructure (CPI) projects. These encompass essential infrastructure initiatives pertaining to secure drinking water supply, irrigation, rural road and bridge construction, rainwater harvesting, domestic/household sanitation, and the fortification of community resilience through structures designed for flood protection, among other endeavours.

These initiatives are demand-driven, originating from the discerned needs of rural communities through a participatory process,

ensuring a sense of community ownership over the operations and maintenance of these projects. In order to secure this communal ownership, PPAF engages in collaborative efforts with the community on a cost-sharing basis, providing support for small-scale infrastructure projects.

Community Physical infrastructure interventions are meticulously tailored to address the development priorities identified by the communities, aligning seamlessly with Goal 3 of the PPAF 2021-25 Strategy. This strategic alignment serves to bridge the significant gaps in essential infrastructure and services at the local level, thereby directly contributing to the targets of SDGs 3, 4, 6, 7, 9, and 13.

The key impacts and outcomes<sup>22</sup> of the sector are as follows:

- 61% improved access to drinking water, while 28% improved access to sanitation services.
- A 35% increase in agriculture production due to improved access to irrigation water.
- 76% of infrastructure schemes benefitted poor communities.

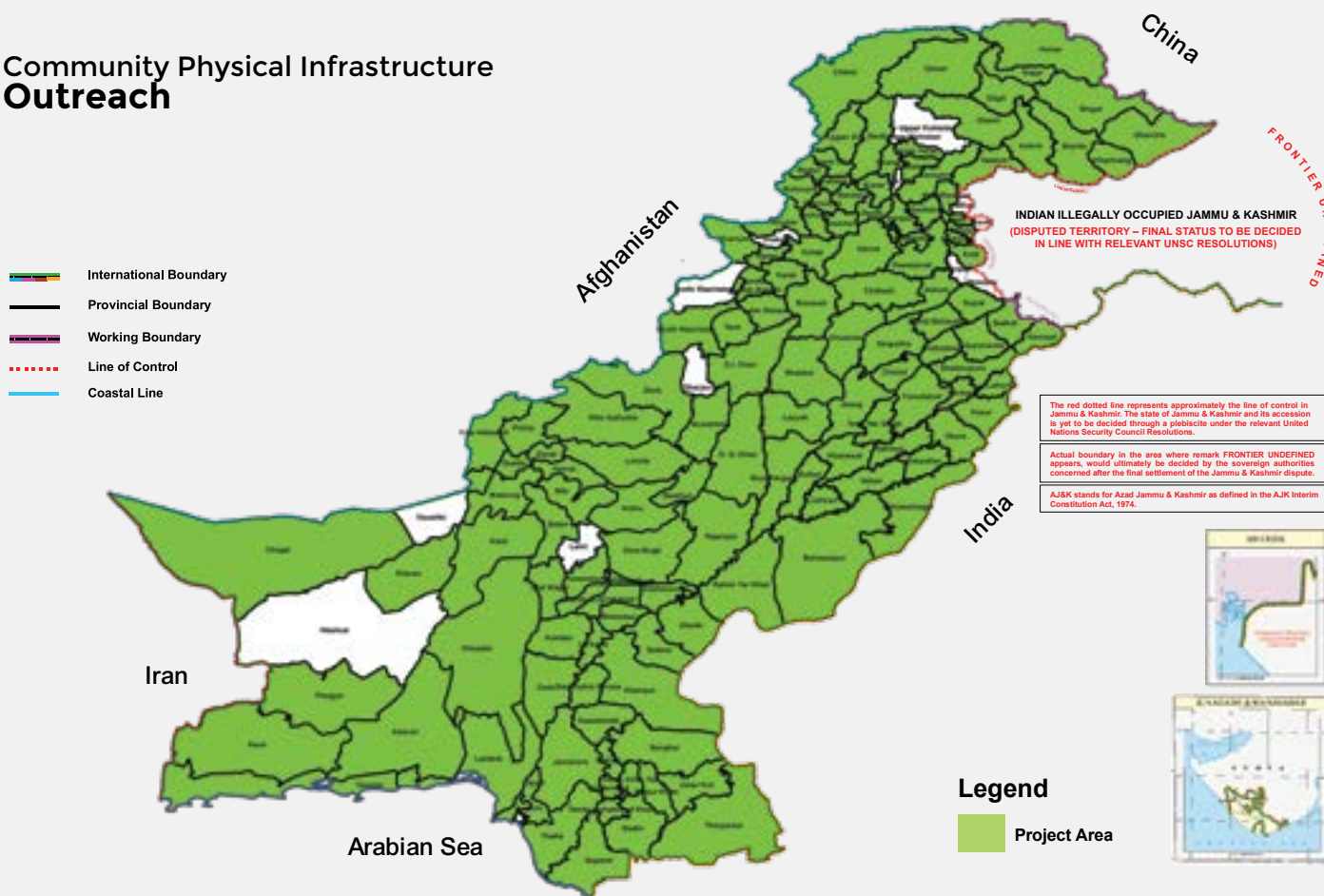


22 - Source: third-party end of programme evaluation by the World Bank.



Key Indicators	Annual Progress	Cumulative Progress
Community Physical Infrastructure Schemes Completed	38	35,177
Beneficiaries of Completed Schemes	78,405 (48% women)	16,820,221 (51% women)
Beneficiary Households of Completed Schemes	12,170	2,424,486

## Community Physical Infrastructure Outreach





## Project: **Livelihood Support and Promotion of Small Community Infrastructure Programme (LACIP-II 2023-26)**



The LACIP represents an integrated poverty reduction initiative funded by KfW. The programme's key interventions include climate resilient infrastructure and livelihood opportunities, community empowerment through social mobilisation and awareness training events, strengthening local governance and service delivery. Considering the significant flood-related devastation witnessed in the LACIP programme districts and the surrounding regions, namely D.I. Khan, Tank, and Lakki Marwat, during the year 2022, KfW generously contributed an additional grant of EUR 9.5 million to LACIP II. This grant is designated for the execution of rehabilitation and reconstruction efforts over a four-year period, from January 2023 to December 2026.

PPAF has engaged its two POs to manage the project's implementation. The project's key interventions include the reconstruction and rebuilding of 100 Climate Resilient Infrastructure Projects, alongside the provision of awareness and capacity-building

### Donor

KfW

### Budget

EUR 9.5 million

### Duration

January 2023 to December 2026

### Geographical Coverage

**3 districts**  
in Khyber Pakhtunkhwa

training for 5,000 individuals as part of Institutional Development. Additionally, the project entails skills training for 2,000 women and men in vocational and technical domains.

## Key Achievements

Sr #	Indicators	Achievements
1	Community Organisations Formed/ Revitalised	112 (23% WCOs)
2	Village Organisations Formed/Revitalised	10
3	Households Identified through PSC after Conducting PWR	144
4	Livelihood Investment Plans Developed	15
5	IAUP Proposals Submitted by POs	9







# Renewable Energy

Renewable Energy Projects  
**1,446**  
Completed

Beneficiaries of Completed Projects  
**582,089**  
**53%**  
Women

Beneficiary Households of Completed Projects  
**78,242**



**65** Districts Covered





The imperative of a green, reliable, affordable, and inclusive energy transition is underscored in the context of elevating the quality of life for inhabitants in unelectrified villages across Pakistan. The strategic approach involves investment in renewable energy sources, the establishment of hydropower, deployment of mini grids, promotion of energy efficiency, dissemination of awareness regarding the advantages of green energy, and active engagement of local communities in the planning and execution of energy initiatives. Through these concerted efforts, the electrification of these villages becomes conceivable in a manner that is not only sustainable but also cost-effective, fostering benefits for all stakeholders.

Over the past two decades, PPAF has been dedicated to augmenting energy accessibility for rural communities in Pakistan. This commitment and core objective of PPAF's renewable energy programme is in alignment with the SDGs 3, 4, 6, 7, 9, and 13, reflecting a comprehensive harmony with national and global targets for health, education, clean water, clean energy, industry, innovation, and climate action.

PPAF is strategising and prioritising the following actions in order to realise the targets outlined in the PPAF Strategy for 2021-25:

- Expanding the implementation of renewable energy projects in underserved regions of Pakistan.
- Strengthening the capabilities of partner organisations and local service providers to deliver high-quality renewable energy services to communities.
- Promoting community ownership and involvement in the planning, operation, and maintenance of renewable energy projects.
- Encouraging innovation and collaboration in renewable energy technologies and practices, such as hybrid systems, smart grids, mini-grids, net metering, etc.
- Advocating for policy reforms and regulatory frameworks that facilitate the growth of the renewable energy sector in Pakistan.

The following are key impacts and outcomes<sup>23</sup> of the sector:

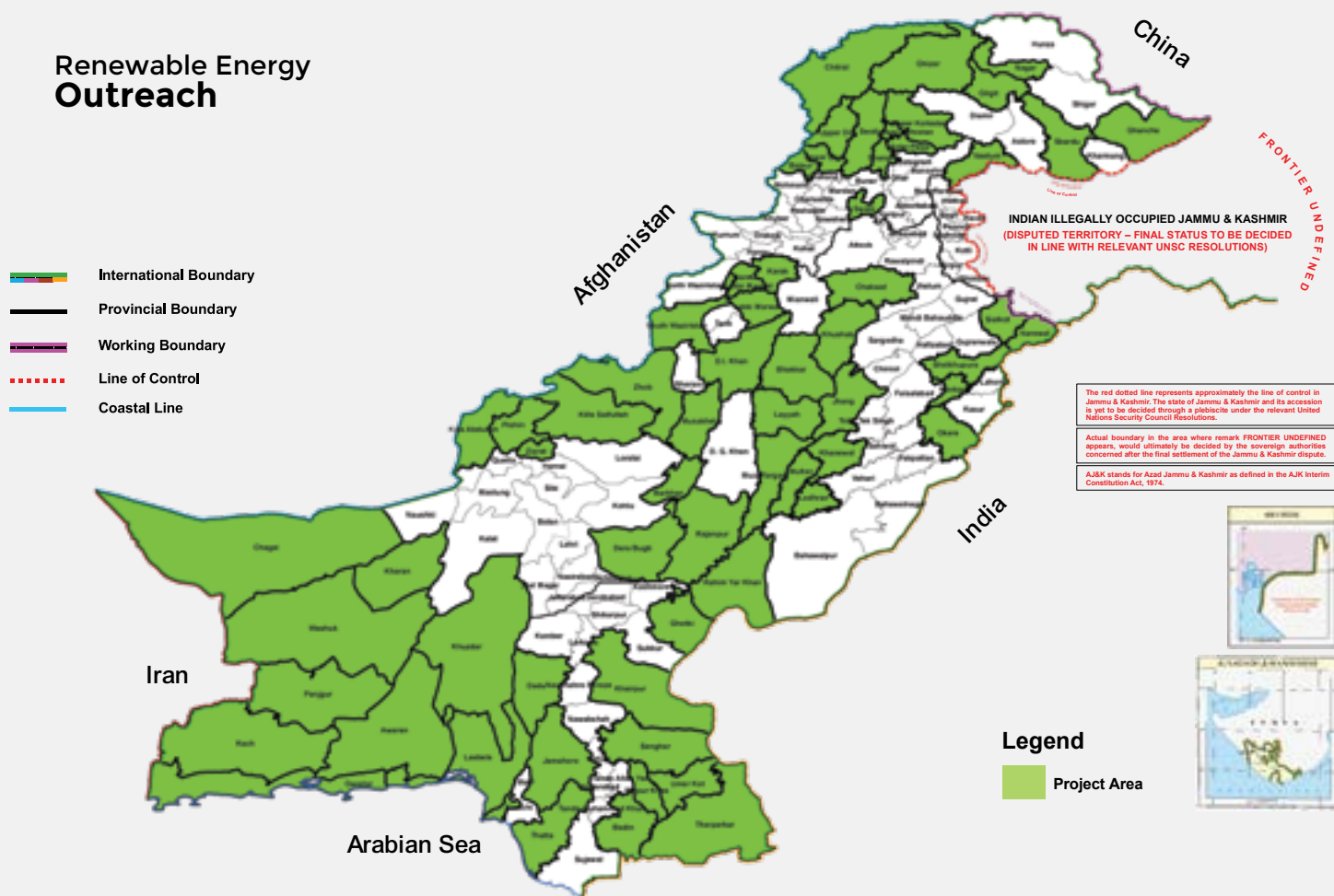
- 100% of renewable projects are currently in use and well-maintained by the communities.
- Fossil fuel consumption for lighting purposes has been 100% eliminated.
- 46% of households' expenditures have been reduced by 30%.



23 - Source: Third-party impact assessment by Innovative Development Consultants (Pvt.) Ltd.

Key Indicators	Cumulative Progress
Renewable Energy Projects Completed	1,446
Beneficiaries of Completed Projects	582,089 (53% women)
Beneficiary Households of Completed Projects	78,242

## Renewable Energy Outreach



## Project: Development of Hydropower and Renewable Project (HRE)



The Development of Hydropower and Renewable Energy Project (HRE) is funded by the Federal Republic of Germany through the German Development Bank (KfW). This project aims to increase access to energy in Pakistan, support economic development, environmental and climate protection and poverty reduction while improving the living standards of the population.

Under the project, five Mini/Micro Hydropower Projects (MHPs) ranging from 36 KW to 396 KW with a total capacity of 803 KW and 68 Solar Mini Grid Systems (SMS) with a total capacity of 500 KW have been installed in off-grid areas in eight union councils in six districts (Swabi, Chitral, Upper Dir, Buner, Lakki Marwat, and Karak) of Khyber Pakhtunkhwa with the support of six partner organisations. Additionally, three solar drinking water supply schemes have been completed under this initiative. Initially, the HRE project financed by GoP through KfW funding had a budget of EUR 10 million. In July 2019, PPAF and KfW signed an addendum to the HRE project through which KfW is providing a EUR 1 million grant for training and capacity building of the

### Donor

KfW

### Budget

EUR 11 million

### Duration

May 2013 to December 2021<sup>24</sup>

### Geographical Coverage

**6 districts**  
in Khyber Pakhtunkhwa

community for the operation and maintenance of the installed systems, spanning over two years.

<sup>24</sup> - All planned physical activities are complete, but the project is financially not closed due to remaining payments for completion of defect liability and end of sales service deliverables by the contractor.



## Key Achievements

Sr #	Indicators	Achievements
1	Micro Hydropower Projects (MHP) completed	5
2	MHP Beneficiary Households	1,412
3	MHP Population Benefitted	11,680 (51% women)
4	Solar Lighting Systems (SLS)/Mini-Grids Project completed	68
5	SLS Beneficiary Households	565
6	SLS Population Benefitted	3,802 (48% women)
7	Solar Drinking Water Supply Schemes (DWSS) Completed	3
8	Solar DWSS Beneficiary Households	178
9	Solar DWSS Population Benefitted	1,337 (52% women)







# Health and Nutrition

Health  
Facilities  
Supported  
**956**

Health  
Consultation Visits  
**15,346,458**  
(57% Women)



**87** Districts  
Covered



PPAF is committed to catalysing transformative improvements in the lives of underprivileged and vulnerable individuals, with the overarching goal of fostering a more equitable and prosperous Pakistan. The health and well-being of people directly influence their living standards by enabling them to achieve economic empowerment. PPAF's primary focus is on the provision of essential health and nutrition services, with a dedicated emphasis on people with special needs. Since 2004, PPAF has been actively involved in the healthcare sector, diligently working towards enhancing the accessibility of primary healthcare services for marginalised communities and concurrently augmenting overall health and nutrition outcomes complementing the health initiatives of the government.

Over the past two decades, the PPAF has embarked on a transformative journey, refining its holistic poverty graduation model. Initially centered on addressing monetary poverty alone, the organisation has transitioned towards a multidimensional approach, recognising the importance of factors i.e. health, education, and living conditions. This evolution signifies a significant shift in strategy, reflecting a deeper understanding of poverty as a complex and interconnected context. By broadening its focus to encompass these crucial dimensions, the PPAF is actively contributing to the reduction of multidimensional poverty across the country by integrating health, nutrition, Reproductive, Maternal, Neonatal, and Child Health (RMNCH) and related health interventions.

PPAF's strategic approach involves fortifying both community and government health facilities by addressing critical gaps in physical infrastructure (provision of missing facilities) and human resources. A notable achievement includes the revitalisation of dormant government health facilities in remote areas, thereby transforming them into functional hubs for healthcare delivery. Additionally, PPAF has played a pivotal role in strengthening public health units through comprehensive capacity-building programmes, focusing particularly on Reproductive, Maternal, Neonatal, and Child Health (RMNCH), kangaroo mother care, nutrition-specific and sensitive services, diarrhoea management, and

family planning. The approach is closely aligned to the targets of SDG 3 and in areas of intervention, we envisage a decrease in maternal mortality, Infant mortality and deaths due to diarrhoea.

PPAF is committed to eradicating poverty and every intervention we plan is focused on it and we strongly believe that gender disparity needs to be addressed at all levels to achieve SDGs by 2023. PPAF's health projects are quite holistic in their approach providing health facilities to vulnerable communities, especially on women and girls, ensuring healthy lives and promoting well-being for all at all ages, with special emphasis on mother, infant, neonate, and child health. The health of a woman in a household determines the living status of that family, attendance of school-going children, and the possibility of economic empowerment of that woman having a good influence on her neighbours. This creates healthy communities that are resilient, stable, and sustainable.

In pursuit of its objectives, PPAF has developed a strategic plan for the period from 2021 to 2025. This plan aims to leverage PPAF's existing outreach facilitating connections between community institutions, government systems, and the private sector, thereby expanding access of the marginalised communities to basic health services in targeted areas. This strategic vision underscores PPAF's unwavering commitment to advancing healthcare accessibility and outcomes for those in need. Although PPAF's contribution is small when compared with the overall health budget of the government, we are reaching to the communities that get neglected due to their difficult geographic location filling in the gaps of government health services.

Key Impacts and outcomes<sup>25</sup> of the sector include:

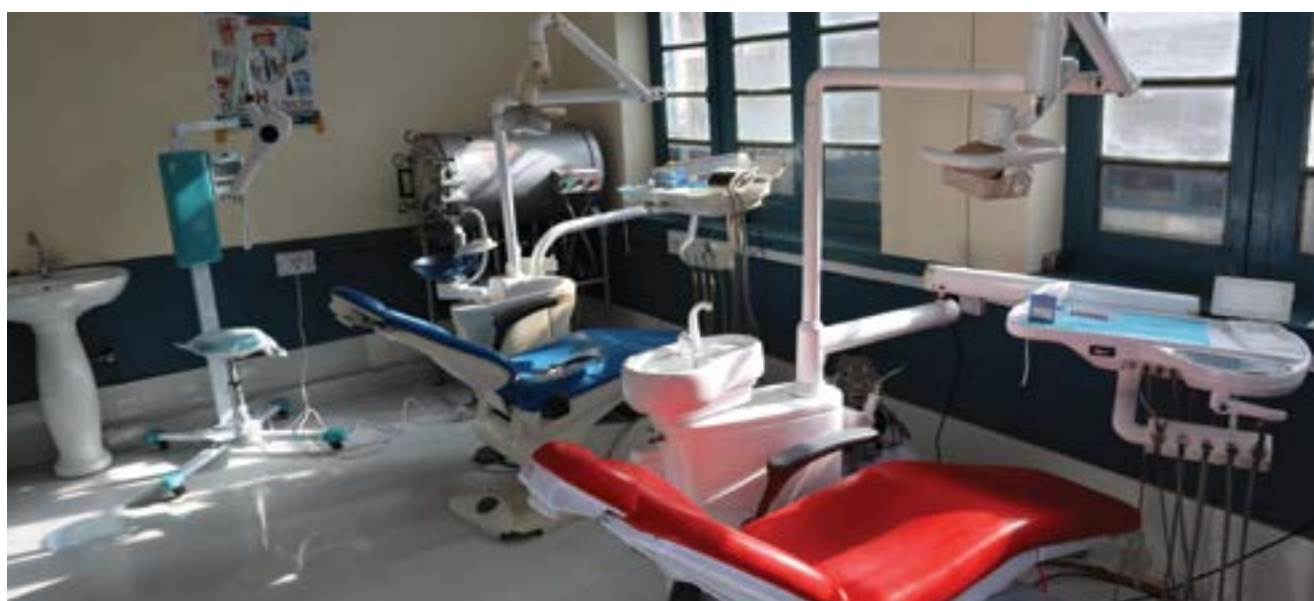
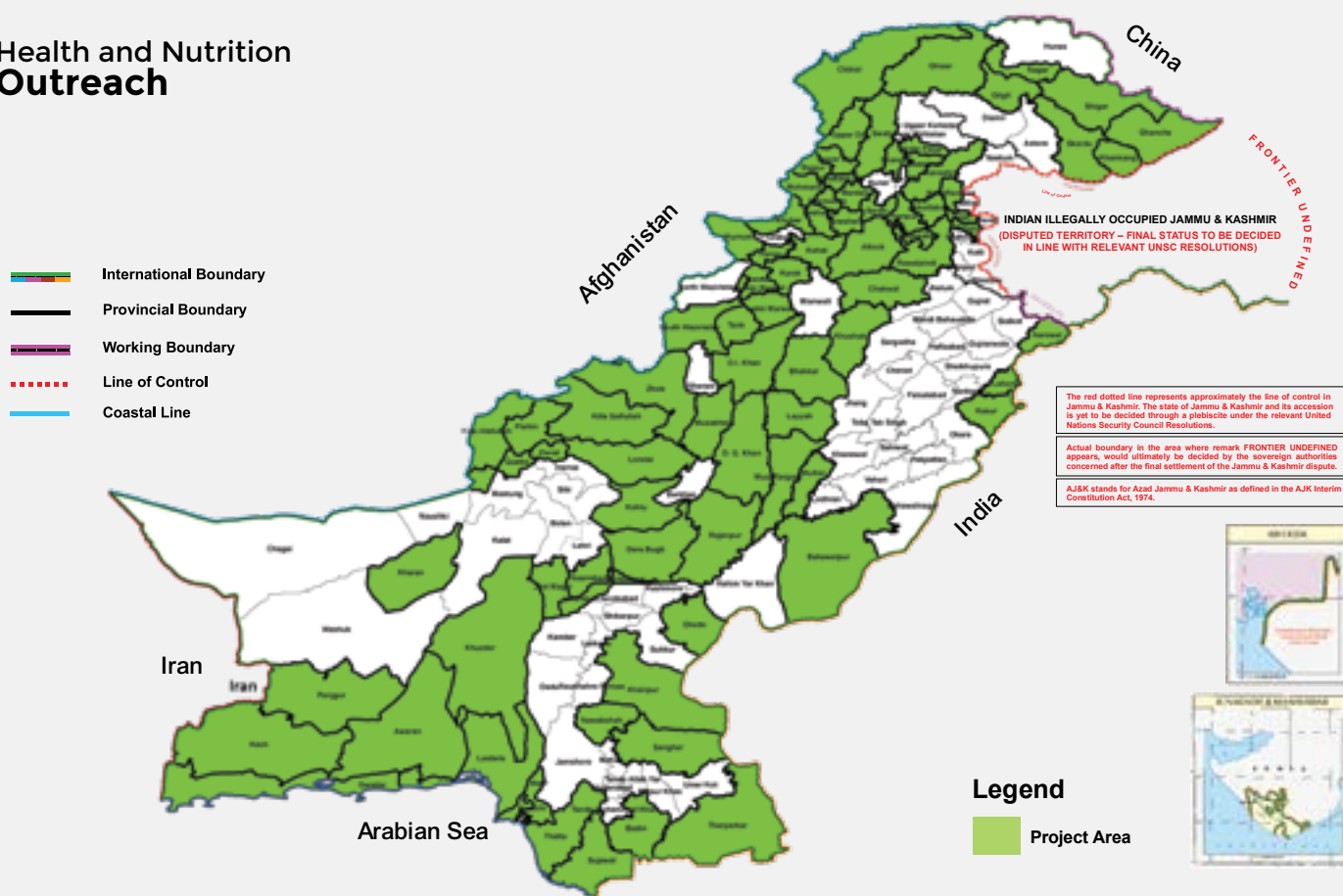
- 212% increase in the utilisation of Antenatal Care (ANC)/ Postnatal Care (PNC) services by women.
- 56% increase in attendance at Outpatient Department (OPD) in Basic Health Units (BHUs) and a 24% increase in Community Health Centres (CHCs).
- 94% of women visiting supported health centres report full satisfaction.

25 - Source: Third-party End of Programme Evaluation by the World Bank

## Key Achievements

Key Indicators	Cumulative Progress
Health Facilities Supported	956
Health Consultation Visits	15,346,458 (56% women)

## Health and Nutrition Outreach







# Education

Schools  
Supported  
**2,804**

Students'  
Enrolment  
**401,968**  
45% Girls



**81** Districts  
Covered



PPAF's extremely important commitment lies in providing quality education to underprivileged children, as an integral driver of sustainable development and a potent tool for sustainable poverty reduction. The sectoral objective is to augment access to quality education through a multifaceted array of initiatives. These encompass capacity-building programmes tailored for teaching staff and school management committees, alongside the rehabilitation and fortification of government and community educational facilities providing a conducive learning environment for students. Additionally, PPAF has pioneered the establishment of community and enterprise schools and learning/coaching centers, is providing missing facilities, and implementing scholarship programmes, among other endeavours. Our response is quick and desired and within a short period functional learning and coaching centres are made available to the communities.

Ensuring the right of access to education for both boys and girls stands as the central tenet of the PPAF Education Programme. This objective aligns seamlessly with SDG No. 4: "Ensure inclusive and equitable quality education and promote lifelong learning opportunities for all." Moreover, Education plays a pivotal role as a sub-component within the PPAF's poverty graduation model, actively

contributing to the reduction of multidimensional poverty nationwide.

In line with our strategic vision for 2021-25, PPAF aims to leverage its extensive network and connections with community institutions, government systems, and the private sector. This strategic approach is designed to expand access to fundamental educational services in our targeted areas. PPAF is placing particular emphasis on engaging and fortifying community institution platforms and networks, target population, and the public sector, with the overarching goal of achieving enduring enhancements in educational outcomes. This strategic direction underscores PPAF's unwavering dedication to advancing education access and quality in pursuit of sustainable development and poverty alleviation.

The following are the major impacts and outcomes<sup>26</sup> of this sector:

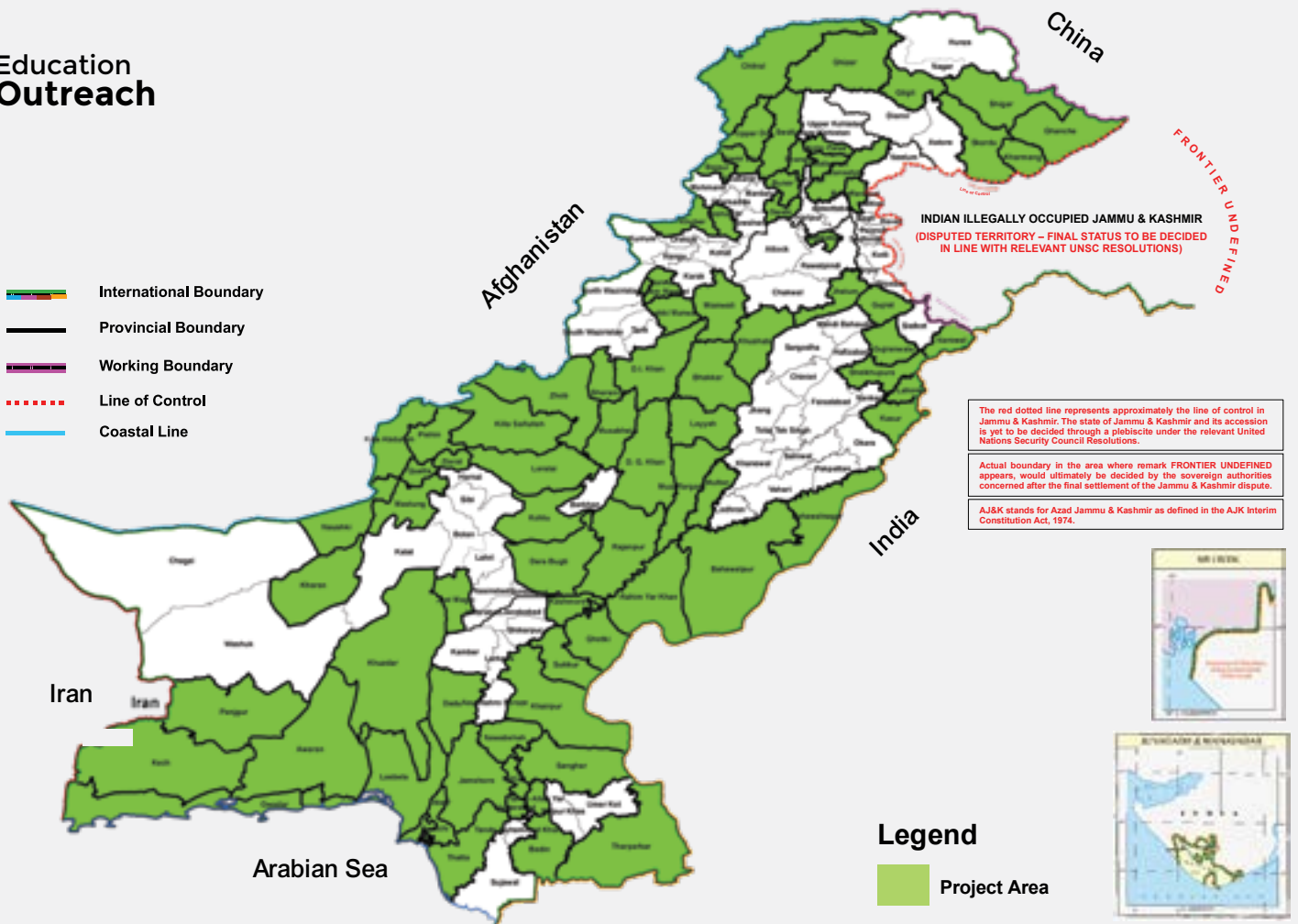
- 25% of out-of-school children have been enrolled in target schools.
- 78% of parents reported satisfaction with the improved quality of school facilities/environment.
- 45% of girl students have been enrolled in primary/secondary schools.

## Key Achievements

Key Indicators	Annual Progress	Cumulative Progress
Schools Supported	79	2,804
Students' Enrolment	11,504 (42% girls)	401,968 (45% girls)

26 - Source: Third-party End of Programme Evaluation by the World Bank

## Education Outreach





## Project: Chamalang Balochistan Education Programme Phase-II



Chamalang Balochistan Education Programme was initiated in 2007 by the Pakistan Armed Forces as a social development programme funded through taxes imposed on contractors working in the Chamalang Coal Mines in the Kohlu and Loralai districts (Balochistan). The core idea behind this initiative was to provide direct incentives to the Marri and Luni tribes, thereby increasing the stakes of the local population in the project and the overall development of the area. Furthermore, to extend the benefits of the Chamalang Coal Mines project to the rest of the province, students from 2 districts were included in the programme, both for studying outside the province and as day scholars in Quetta, Loralai, and Kohlu.

Under the second phase of the project, PPAF is granting scholarships to out-of-school children of coal miners from Loralai and Kohlu in Balochistan. This project is being implemented in collaboration with the Pakistan Armed Forces and has significantly

### Donor

PPAF

### Budget

PKR 50.79 million

### Duration

January 2021 to December 2023

### Geographical Coverage

**2 districts**  
in Balochistan

increased enrolment in this underdeveloped region. PPAF has supported over 1,800 students during Phase-II, with most of them enrolled in secondary schools.

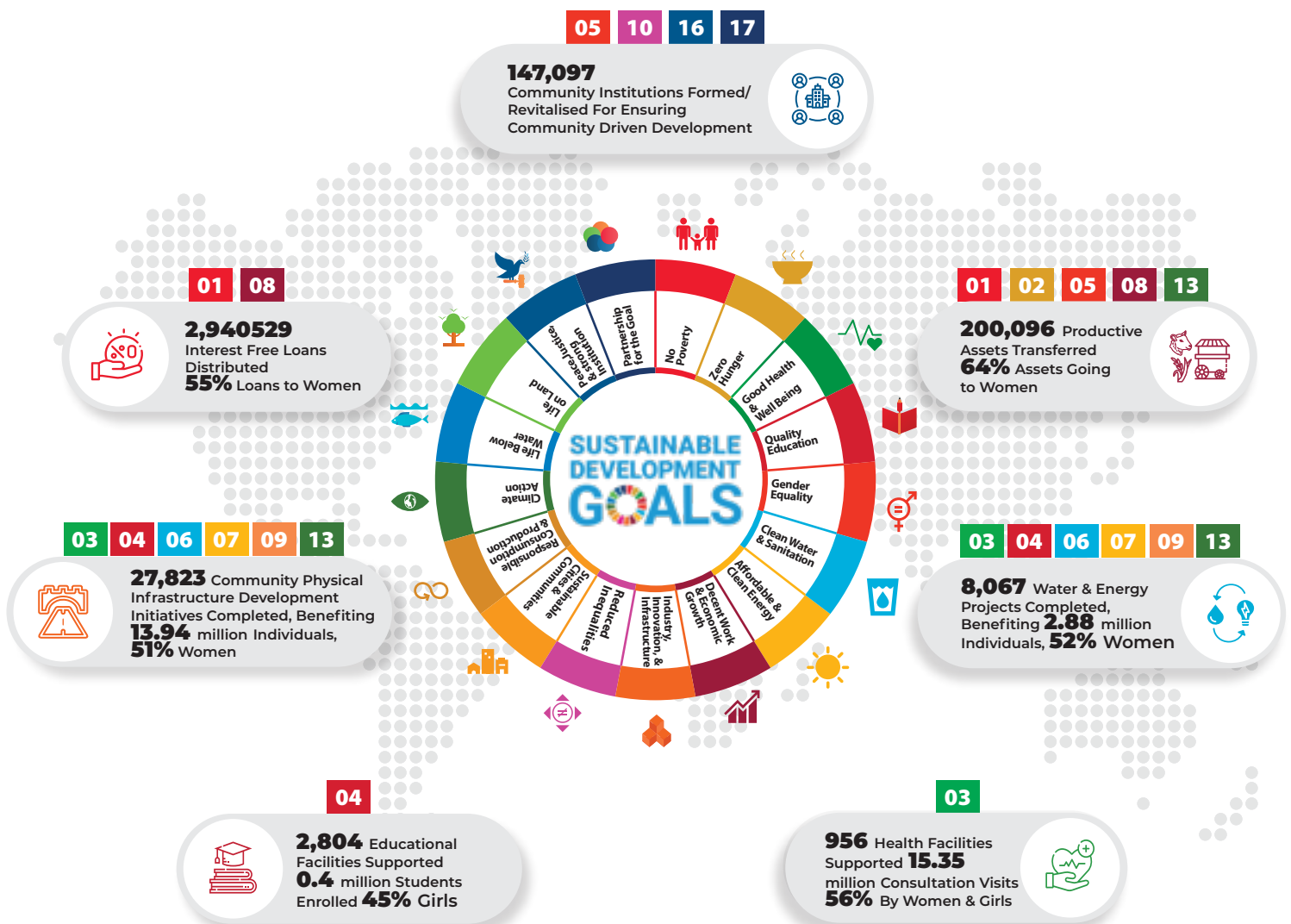
## Key Achievements

Sr #	Key Indicators	Achievements
1	Students Supported (scholarship fee)	1,838 (31% girls)
2	Schools Supported	19
3	Students Provided National Exposure (to different cities)	22

# PPAF's Contribution to the Sustainable Development Goals (SDGs)

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:



# Knowledge Generation

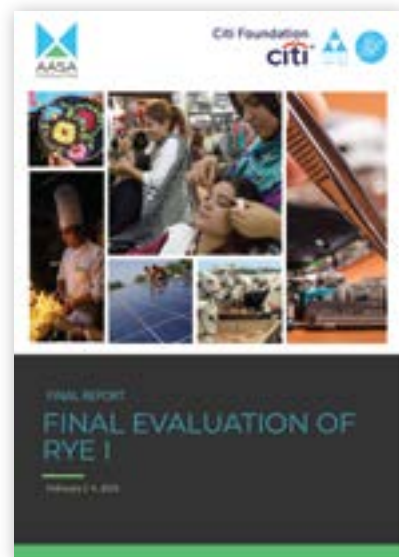
PPAF believes in the power of continuous learning and improvement to drive meaningful change. This year the organisation has made significant investments in evaluation, research, and development, underscoring us commitment to accountability, innovation, and excellence. Among the initiatives are evaluation and impact assessment studies aimed at understanding the effectiveness of our programmes and initiatives. These studies play a crucial role in informing our strategies,

empowering us to make data-driven decisions, and ultimately enhancing our ability to create lasting impact in the communities we serve. Through rigorous evaluation, PPAF attempted to measure its success but also to identify areas for growth and innovation, ensuring that we remain at the forefront of positive change.

PPAF completed the following internal and third-party evaluations and assessments during the reporting period:

## Evaluation of Revitalising Youth Enterprise Programme Phase-I

The study was conducted to cater improvements in the socio-economic and employability status (including self-employment) of the youth who completed skill training. The study helped in assessing changes in income level of the beneficiaries, level of retention of skills and learning.



## Evaluation of Revitalising Youth Enterprise Programme Phase-II

The third-party evaluation aimed to assess whether the trained youth beneficiaries' households had moved up the Poverty Score Card (PSC), increased their income, established connections, and expanded their professional networks. Furthermore, study recorded impact of trained youth professional ability and expertise, as well as their employment after training.



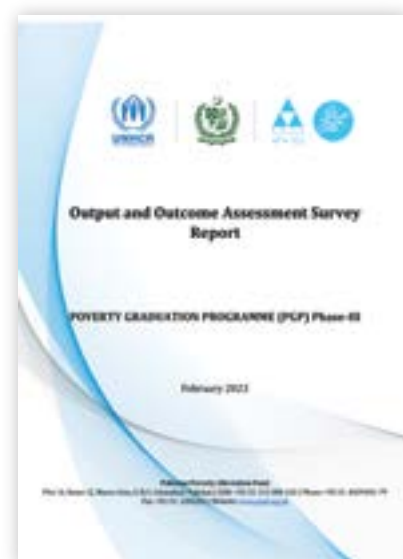
## Monitoring and Evaluation of Flood 2022 Emergency Relief Programme

The purpose of this third-party evaluation was to monitor and evaluate the overall quality and performance of PPAF's response to the 2022 monsoon floods. The distribution of emergency relief assistance was monitored in real time in the selected sample districts and evaluated using DAC criteria.



## Outcome and Output of Poverty Graduation Programme - Phase-III

The objective of this internal assessment was to gauge the graduation level of the beneficiaries' households in the programme and track changes in their income, the value of productive assets, livelihoods, and household well-being.



Moreover, PPAF in collaboration with the Lahore School of Economics, Duke University, and University of Oxford, has undertaken a census study of third-tier organisations (TTOs) of the country. The research experiment aims to deepen understanding of what makes these organisations successful and strategies to enhance their effectiveness while reducing elite capture. This is particularly relevant specially during and after the phase of transition from direct funding and support to becoming independent, sustainable organisations. The recently completed endline survey seeks to inform policies and interventions that can empower TTOs to better serve their communities and contribute to poverty alleviation efforts in Pakistan.

Preliminary results indicate that: 1) reporting (on key performance indicators on inclusion and service delivery) with recognition (reward) increases the chance the TTO survives; without recognition they are more likely to become inactive; 2) Recognition alone—without the engagement of reporting—has no impact; 3) Higher announced probability of verification check reduces inflated reporting; and 4) But verification checks discourage TTO activity. The study highlights that establishing a high-quality relationship with TTOs hinges on striking a balance between various demands, such as monitoring and auditing, and rewards, such as recognition. This equilibrium is essential for fostering effective collaboration for community development and poverty alleviation.



# PEOPLE & CULTURE AT PPAF

## Human Resource Management Overview

In recent years, PPAF has encountered a series of challenges in human resource management, with each successive year presenting new complexities. However, our cohesive team consistently rallied together, addressing these challenges with resilience and commitment to our mission and vision. The recently concluded year witnessed the continuation of existing HR challenges, coupled with a few novel ones. Strategic guidance and a focused approach were instrumental in successfully navigating these challenges, ensuring alignment with the HR strategic framework built on the core values of Transparency, Accountability, Inclusion, Participation, and Stewardship.

A participatory SWOT analysis exercise conducted in June 2022 allowed us to collectively understand PPAF's strengths, weaknesses, opportunities, and threats. This exercise informed our strategic planning for the upcoming year and laid the groundwork for reshaping the human resource function. Independent consultants facilitated a comprehensive organisational restructuring exercise, emphasising the principles of a lean workforce and right sizing. The outcome was a robust functional structure, featuring a streamlined hierarchy and reinforced technical expertise within the organisation. The exercise also introduced an exit strategy through the Voluntary Separation Scheme (VSS).

To enhance the efficiency of the human resource function, a thorough review of HR policies and procedures was undertaken. This included strengthening accountability-related policies, comprehensive revisions to the code of conduct, and the incorporation of a dedicated chapter on "Zero Tolerance policies" to ensure a respectful, harassment-free workplace. The implementation of HR policies with a focus on diversity, inclusion, and equality resulted in a 22% representation of women in PPAF by the year's end.

This year, focused hiring from underrepresented provinces of Balochistan and Sindh, driven by GRASP activities, contributed to enhanced provincial diversity.

PPAF is committed to offering equal opportunities for employment and internships to individuals with diverse abilities, representing 4.71% of the total staff

## Inclusive Employment Practices

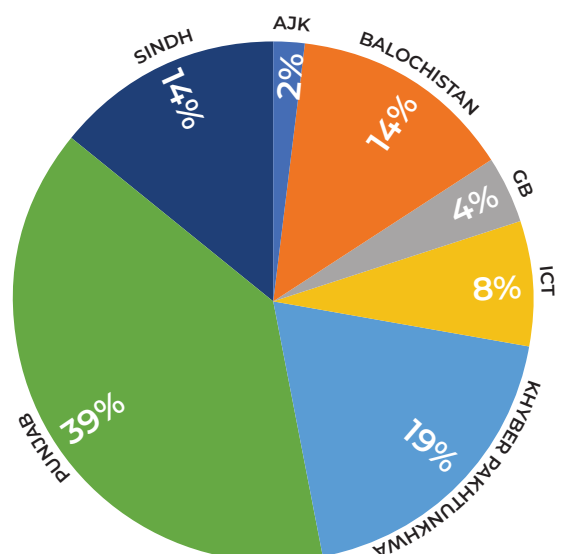
population. In our efforts to develop and retain top talent, we invested in capacity-building through customised national training programmes and international exposure. This included sessions on Olive Culture & Value Chain, Global Humanitarian Aid, Directors Training, SECP Rules and Regulations, Proposal Writing, Islamic Banking & Finance, and specialised sessions for support staff and drivers on Hygiene, Grooming, Drivers' Attitude, and First Aid. A total of seventy-three (73) staff members benefited from these training sessions and conferences.

## Competitive Compensation and Benefits

Acknowledging the pivotal role our staff plays, we continually refine and enhance pay and benefits programmes to attract and retain talent. Various benefits, including Daily Allowance and Fuel entitlements, were revised, and improved, and additional bonuses were provided to offset the impact of inflation.

As we conclude this fiscal year, the PPAF department remains committed to process improvement through the ongoing automation of various HR processes. This strategic focus ensures the continued evolution and efficiency of our human resource management practices.

### Provincial/Regional Diversity



# FINANCIAL HIGHLIGHTS

# Financial Highlights

## For the year ended June 30, 2023

	2023	2022	2021	2020	2019
<b>Funds deployment - PKR. in million</b>					
<b>Microcredit</b>					
Loans receivable from POs (Gross)	812	893	928	950	977
Loan to PMIC	5,647	6,689	7,832	8,975	10,118
Equity investment in PMIC	4,167	3,645	3,386	3,183	3,143
PMIFL	6,822	7,190	7,415	2,415	3,100
	<b>17,448</b>	<b>18,417</b>	<b>19,561</b>	<b>15,523</b>	<b>17,338</b>
<b>Grant</b>					
Donor financed	1,808	2,093	7,905	2,579	791
Relief & Reconstruction Operations	779	1,297	252	534	265
	<b>2,587</b>	<b>3,390</b>	<b>8,157</b>	<b>3,113</b>	<b>1,056</b>
<b>Total funds deployment</b>	<b>20,035</b>	<b>21,807</b>	<b>27,718</b>	<b>18,636</b>	<b>18,394</b>
<b>Balance Sheet - PKR. in million</b>					
Total Assets	32,791	32,168	34,228	33,537	31,598
Endowment Fund	1,000	1,000	1,000	1,000	1,000
Reserves					
Capital adequacy reserve	847	1,003	1,176	1,349	1,664
Grant fund	13,856	13,032	12,364	12,173	11,259
Reserve for lending activities	4,167	3,645	3,386	2,883	2,883
General reserve	2,432	2,287	2,169	2,134	1,987
Reserve for grant-based activities	3,978	2,927	3,026	2,042	640
	<b>25,280</b>	<b>22,894</b>	<b>22,121</b>	<b>20,581</b>	<b>18,433</b>
Total equity (endowment + reserves)	<b>26,280</b>	<b>23,894</b>	<b>23,121</b>	<b>21,581</b>	<b>19,433</b>
Lease liabilities	200	173	195	207	-
Long term loans	6,104	7,229	8,509	9,788	11,068
<b>Operational Results - PKR. in million</b>					
Total income	4,968	3,399	3,003	3,785	2,845
General and admin expenses	1,431	1,006	863	731	667
Surplus before loan loss prov. and relief work	3,147	2,073	1,791	2,696	1,835
Net Surplus	2,369	777	1,538	2,162	1,561
<b>Financial Ratios - Percentage</b>					
Surplus before provisions & relief/total income	63%	61%	60%	71%	64%
Return on equity	12%	9%	8%	13%	10%
Return on assets	10%	6%	5%	8%	6%
<b>Debt/equity</b>	<b>19:81</b>	<b>24:76</b>	<b>27:73</b>	<b>32:68</b>	<b>36:64</b>



# DIRECTORS' REPORT

# Directors' Report

The Board of Directors of Pakistan Poverty Alleviation Fund (PPAF) is pleased to present the 20th annual report along with audited financial statements of the Company for the year ended June 30, 2023.

During the year, PPAF and KfW, entered into a Supplemental Financing Agreement to the financing agreement dated August 18, 2017 under which KfW has committed additional funds of EUR 9,500,000 as Financial Contribution related to the extension of the project implementation period from January 1, 2023 to December 31, 2026. Three program components, Institutional Development (ID), Community Physical Infrastructure (CPI) and Livelihoods Enhancement and Protection (LEP) have been included for this programme phase. PPAF has engaged two POs to implement the project and planned to Reconstruct/rebuild around 100 Climate Resilient Infrastructure Projects, awareness and capacity-building training of 5,000 persons under Institutional Development, and Skills training of 2,000 women/men in vocational and technical areas. PPAF has received the first tranche of funds under this phase.

Fourth phase of UNHCR funded PGP initiated in January 2023 aiming to assist the ultra-poor and very poor Afghan refugee's households in graduating out of poverty. The main objective of the project is to contribute to greater levels of gender equality and self-reliance by improving access of refugees and asylum seekers to the sustainable livelihood opportunities, increasing access to employment and entrepreneurship opportunities, incubating business startups and accelerating growth. The project is being implemented in District Nowshera of Khyber Pakhtunkhwa and District Quetta of Balochistan and District Islamabad of Capital Territory over a period of one year (Jan-Dec 2023) with budget of PKR 616.52 million. Under this project, 3,000 households will be supported through productive assets and enterprise development training.

Government of Pakistan (GoP) provided Phase-1 of Interest Free Loan Program on 26th

June 2014 with allocation of PKR 3.86 billion. After successfully running of first phase second phase was phase launched in June 2021 with total allocation of PKR 5 billion. As of June 30, 2023 IFL has disbursed 1,057,891 no. of loans with total disbursed amount of PKR 33,542,285,676 through efficient revolving of funds.

Under the Memorandum of Understanding (MoU) signed between PPAF and International Trade Centre for "Growth for Rural Advancement and Sustainable Progress (GRASP) project" with an overall budget of US\$ 14.8 million, an amendment was signed in December 2022 increasing the amount of financing to US\$ 15.23 million by inclusion of "Flood Contingency Plan". During the year, disbursements were made to all 54 SMEs selected under cycle 1; whereas 241 SMEs were selected (through a rigorous process) under cycle 2 and cheque distribution ceremonies were held both in Sindh and Balochistan. In response to the 2022 flood situation in Balochistan, GRASP facilitated the provision of 675,000 KG of wheat seed to 13,500 farmers in four (4) flood-affected districts in Balochistan. Under Access to Finance (A2F) component, A2F team continued its formal interaction and facilitated FIs in extending awareness about different financial products to SMEs for availing these financial products and services on offer.

PPAF ensures financial inclusion through provision of interest free loans to the poor for productive purposes to help them sustain their livelihoods and conventional market-based microfinance through PPAF's associate company (Pakistan Microfinance Investment Company Limited (PMICL). For the FY 2022-23 (as per the audited financial statements of PMICL for the nine months ended March 31, 2023, and un-audited interim financial statements for the quarter ended June 30, 2022), PMICL generated total comprehensive income of Rs. 1,064 million. PPAF has recognised a share of profit of Rs. 521 million (as its 49% share) during the year.

**Summary of income statement and assets/liabilities of PMICL is as follows:**

	June 30, 2023 (Rs. In million)	June 30, 2022 (Rs. In million)
Non-current assets	15,394	16,199
Current assets	39,121	14,633
Non-current liabilities	(19,074)	(19,314)
Current liabilities	(26,871)	(3,991)
	8,570	7,527
Capital reserve contribution by shareholder – net of tax	(66)	(88)
Equity	8,504	7,439
The carrying amount of PPAF's investment	4,167	3,645
	FY 2022-23 (Rs. In million)	FY 2021-22 (Rs. In million)
Income	6,754	3,581
Administrative expenses	(466)	(400)
Other operating expenses	(57)	(27)
Other income	82	45
Fair value gain / (loss) on derivative	350	165
Finance cost	(4,928)	(2,407)
Impairment loss on financial assets	(235)	(133)
Profit before taxation	1,500	824
Taxation	(472)	(290)
Profit for the year	1,028	534
Other comprehensive income for the year	36	(6)
Total comprehensive income for the year	1,064	529
PPAF's share of profit	504	262
PPAF's share of other comprehensive income	18	(3)
PPAF's share of total comprehensive income	521	259

**The net investment of PPAF in PMICL as of June 30, 2023 is reflected as follows:**

	FY 2021-23 (Rs. In million)	FY 2020-22 (Rs. In million)
Opening balance	3,645	3,386
Share of profit of the Associate		
Recognised in statement of income and expenditure	504	262
Recognised in statement of other comprehensive income	18	(3)
	521	259
Closing balance	4,167	3,645

With the creation of Associate Company, the lending operations (except for interest free loans) carried out by PPAF are being managed by PMICL. As a result of the agreement between PPAF and PMICL, the amounts recovered by PPAF from POs under microcredit facility are disbursed to PMICL as subordinated loan. During the year PPAF had not provided any subordinated loan to PMICL. The total outstanding subordinated loan to PMICL stood at Rs. 5,647 million as of June 30, 2023 (June 30, 2022: Rs. 6,689 million). These subordinated

loans carry a markup rate of six months KIBOR plus 1% and are repayable in instalments by FY 2032.

### Grant Operations

Grant based interventions during the year decreased by 24% to Rs. 3,586 million (FY 2021-22 – Rs. 3,390 million). Disbursements for water and infrastructure components increased by 16% to Rs 298 million (FY 2021-22 - Rs 258 million). Disbursements for capacity /

Components	Rupees in millions		Variance (%age)
	2022	2021	
Water and infrastructure	298	258	16
Social sector development	-	-	(100)
Capacity/Institutional building	60	141	(57)
Social mobilisation	177	67	164
Livelihood enhancement and protection	648	169	283
Poverty graduation	461	1,453	(68)
Emergency response	163	-	100
Project and relief activities	779	1,297	(40)
<b>Grand Total</b>	<b>2,586</b>	<b>3,390</b>	<b>(24)</b>

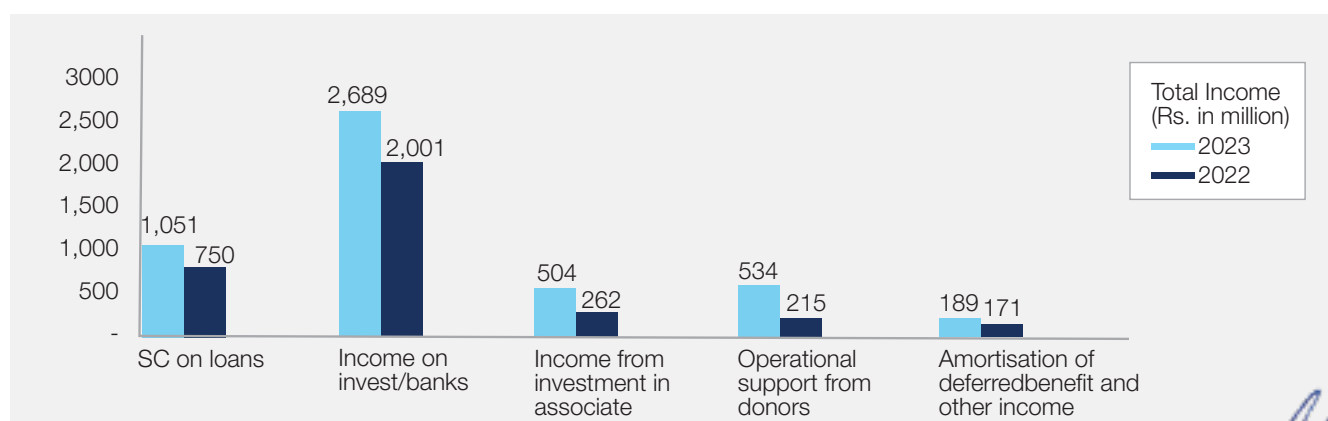
institutional building decreased by 57% and were Rs. 60 Million (FY 2021-22 – Rs. 141 Million). Disbursements for social mobilisation increased by 164% and were Rs. 177 Million (FY 2021-22 – Rs. 67 Million). Disbursements for livelihood component showed an increase of 283% and were Rs 648 million (FY 2021-22 – Rs. 169 Million). Disbursements for poverty graduation component showed a decrease of 68% and were Rs 461 million (FY 2021-22 – Rs. 1,453 Million). Disbursements for emergency response were Rs 163 million sponsored by various donors. In addition, Rs 779 million (FY 2021-22 – Rs 1,297 million) were spent on projects activities including Rs. 250 Million on flood relief activities from PPAF's own resources.

## Operational Highlights

Total income earned during FY 2022-23 was Rs 4,967 million as against Rs 3,399 million in FY 2021-22, an increase of 46% (Rs. 1,568 Million). Service charges on loans to PMICL and POs increased by 40% to Rs 1,051 million (FY 2021-22: Rs 750 million). Income on investments/saving accounts increased by 34% to Rs 2,689 million (FY 2021-22: Rs 2,001 million). The increase in

service charges and investment income was mainly on account of the increase in KIBOR which was tied to policy rate. The policy rate remained at 22% for FY 2022-23 (FY 2021-22: 15%). The profit after tax of PMICL for FY 2022-23 amounted to Rs. 1,064 million. PPAF has recognised a profit of Rs. 521 million (as its 49% share) during the year showing an increase of 92% (Rs. 242 million) (FY 2021-22: profit of Rs. 262 million). The increase in profit of PMICL was due to the lower provision for expected credit losses and increase in KIBOR. Donors' grants in support of operational and other expenses increased by 148% to Rs 534 million in FY 2022-23 (FY 2021-22 – Rs. 215 million). In line with the requirement of the International Financial Reporting Standard, loans (payable by PPAF) were carried at present value computed at a market-based interest rate. The difference between present value and loan proceed was recorded as deferred benefit which is recognised as income over loan period. Amortised income during the year was Rs. 175 million (FY 2021-22: Rs 169 million). Other income was Rs. 14 million (FY 2021-22 - 3 million).

The general and administrative expenses increased by 42% to Rs 1,431 million (FY 2021-22: Rs 1,006 million). Major increases were due to VSS and final settlements and allied costs and an increase in fuel prices resulted in an increase in vehicle running costs. During the year, seminar, workshop and training expenses were Rs 13 million (FY 2021-22 Rs. 7 million). Technical and other studies decreased by 17% (Rs 13 million). Allowance for expected credited losses of Rs. 35 million is recognised in accordance with IFRS-9 (FY 2021-22 – Rs. (28 million is reversed against recovery of loans from POs). The financial charges of Rs 252 million (FY 2021-22 - Rs 264 million) included Rs 50 million as service charges on long term loans; Rs 175 million amortisation of deferred benefit of below market interest rate on long term loans, and Rs 28 million interest expense on lease





Financial results are summarized as follows

Income and expenditure	2022 Rs. In million	2021 Rs. In million
Service charges on loans to PMICL and POs	750	677
Income on investments and savings accounts	2,001	1,831
Share of profit of Associate	262	202
Amortisation of deferred income - grant fund	215	125
Amortisation of deferred benefit	169	163
Other income	3	5
<b>Total income</b>	<b>3,399</b>	<b>3,003</b>
General and administrative expenses	1,006	863
Seminars, workshops and trainings	7	11
Technical and other studies	76	80
Reversal of allowance for expected credit losses	(28)	(10)
Financial charges	264	268
<b>Total expenditure</b>	<b>1,326</b>	<b>1,212</b>
<b>Surplus before project and relief activities</b>	<b>2,074</b>	<b>1,791</b>
Project and relief activities	1,297	253
Other comprehensive income (loss) for the year	(3)	2
<b>Surplus for the year</b>	<b>774</b>	<b>1,540</b>

liabilities. PPAF spent Rs 779 million (FY 2021-22 - Rs 1,297 million) on project activities financed from its own resources. In addition, Rs. 18 million has been recognised as PPAF's share of other comprehensive income of PMICL during the year (FY 2021-22 - Rs. 3 million for other comprehensive loss).

Total expenditure during the year increased by 37% to Rs 1,820 million from Rs 1,326 million in FY 2021-22. The surplus before project and relief activities and actuarial losses was Rs 3,147 million as against 2,074 million in FY 2021-22 showing an increase of 52% (Rs. 1,073 million). Total comprehensive income for the year increased by 208% to Rs 2,386 million (FY 2021-22 - Rs 774 million).

Financing Agreements signed with the Government of Pakistan (GoP) required repayment of loan amounts along with service and commitments charges from PPAF on the stipulated rates each year. PPAF remained current in all its repayments to GoP. During the year, Rs. 1,125 million (FY 2021-22 - Rs. 1,280 million) was repaid on account of principal and an amount of Rs 52 million (FY 2021-22 - Rs 61 million) as service charges to the GoP.

Total funds and reserves increased by 7% to Rs 26,281 million (includes Rs 1,000 million endowment fund) as of June 30, 2023 from Rs 23,894 million as of June 30, 2022. Total assets of the Company reached Rs. 32,791 million on June 30, 2023, against Rs 32,168 million as of June 30,

2022. Total loan payable was Rs 6,104 million on June 30, 2023, as against Rs 7,229 million as of June 30, 2022. The debt equity ratio was 16:84 (FY 2019-20 - 21:79).

Deferred liability and deferred income constitute advance amounts received from donors in respect of ongoing projects. Deferred liability is used for disbursements to POs under respective financing agreement and deferred income is available to PPAF to finance operational and other expenses incurred on project activities. The balances for deferred liability and income at the end of year represent amounts to be disbursed to POs and utilized by PPAF respectively for project specific activities. Total funds under these heads decreased by 87% to Rs. 92 million for FY 2022-23 (FY 2021-22: Rs. 721 million). The main reason for the decrease is the closure of PPR, LACIP-I and NPGP projects and delay in receipt of funding from ITC against GRASP project.

PPAF invests its surplus funds and reserves in short term, medium term and long-term investments. All the investments are done as per Treasury Management Strategy approved by Board of Directors of PPAF. Total investments as of June 30, 2023 were Rs. 18,507 million (2021-22: Rs. 19,149 million). These investments carry markup rates (Yield) ranging from 7.5% to 22% per annum. Out of these investments, the endowment fund received from GoP is invested in government securities as per the terms of Endowment Deed and carry

markup rate of 9.5% to 10% per annum (FY 2021-22: 9.5% to 12% per annum).

During the year, the cash and bank balances specific to projects decreased by 73% to Rs 216 million from Rs. 788 million (2021-22) mainly due to closure of donor financed Projects and delay in receipt of funds from ITC against GRSP project. The project funds were utilized for program/operational activities as per the respective financing agreements with donors/GoP, whereas PPAF's own surplus funds were placed as per the Company's policy in short term and long-term investments. The Company's non-project specific cash and bank balances increased by 651% to 2,568 million as compared to last year of Rs. 342 million owing to maturity of certain investments in the month of June 2023.

Detailed financial projections are prepared and regularly updated to always ensure availability of adequate funds for operations while generating optimum returns through placement of surplus liquidity in various available investment avenues. The Company actively monitors its funds to ensure that the investment portfolio of the Company is secured and well diversified. Current cash requirements are adequately financed through internal cash generation by the Company's sound treasury management without recourse to external financing.

## Auditors

The present statutory auditor M/s A. F. Ferguson and Company, Chartered Accountants have completed their assignment for the year ended 30 June 2023 and shall retire at the conclusion of 27th Annual General Meeting. Being eligible, they offered themselves the chance to be re-appointed. The Audit Committee considered and recommended their re-appointment for the financial year ending June 30, 2024. The Board also endorsed the recommendations of the Audit Committee.

## Acknowledgement

I would like to thank the Board members for their continued effort to improve the policies and governance framework by providing their valuable guidance. The insightfulness fortitude, intensive participation and enduring commitment helped PPAF in reaching heights.



I always appreciate their corporation, wisdom, support, able guidance and as well as their assistance and co-operation to the benefit of the Company at all levels. I am confident that this relationship will go a long way to reap fruitful prosperity of the Company.

The Board would also like to thank the Government of Pakistan, all financing partners – the Government of the Federal Republic of Germany (through KfW) and European Union (EU) as well as other civil and private partners for their continued support and their productive contribution.

The Board would also like to acknowledge the contributions made by management to strengthening the image of the Company and for their wholehearted support. The Board would also like to take this opportunity to express its appreciation to the employees for their continuous hard work and dedication and for helping the Company to discharge its responsibilities.

PPAF has established strong institutional networks (from grassroots to the policy level), corporate governance, financial controls, and quality assurance mechanisms to deliver large scale multisectoral programs. The organisation will strive to further enhance its effectiveness by aligning its resource mobilisation, partnerships, and people's capabilities to improve the overall quality of life of poor communities. It will engage with institutional donors and will also diversify its partnerships in the development ecosystem by collaborating with start-ups, social enterprises, and private sector to co-create and co-invest in innovative solutions for poverty alleviation. PPAF will invest in research and advocacy to contribute to national policies and will aspire to become a global influencer in poverty alleviation approaches. The execution of this approach shall be guided by an implementation roadmap with clearly defined milestones and responsibilities. Progress will be regularly tracked by the Board of Directors and the senior management team; and the strategy will be reviewed and updated annually based on the evolving context, implementation experience and lessons learnt. Finally, while PPAF will strive to increase its impact and influence, the organisation will staunchly adhere to its core values of inclusion, participation, accountability, transparency, and stewardship as it continues its fight against poverty.

Director



Chief Operating Officer



## PPAF Strategy 2021-2025

### Goal 1: Foster Institutions Of And For The Poor To Reduce Inequalities, Promote Inclusive Governance And Development.

#### Policy Objectives:

- Community institutions are recognised as legal entities.
- Local government institutions are strengthened to effectively coordinate the delivery of quality services to poor communities.
- Civil society organisations have an enabling operating environment.

#### Expected Outcome:

- 1000 Union Councils are organized.

#### Expected Results:

- At least two-thirds of the community institutions supported by PPAF score above 70% on the community institutions maturity index.
- At least one-third of executive body members of village organisations/third tier organisations (TTO) are women.
- At least 50% of women-identified priorities are included in village development plans.

#### Expected Outputs:

- 32,000 Community Institutions formed/revitalized.
- Mentoring and technical backstopping support to 1,000 TTOs in high priority districts.

### Goal 2: Enhance Sustainable And Resilient Livelihood Opportunities To Support Households To Graduate Out Of Poverty.

#### Policy Objectives:

- Mainstream the graduation approach as part of the government poverty alleviation agenda.
- Ensure greater access to finance, especially for women.

#### Expected Outcome:

- Half a million households are supported to graduate out of poverty.

#### Expected Results:

- The average family income in PPAF-supported households is increased by 50%.

- 50% Beneficiaries (of which 40% women) are employed or self-employed as a result of productive asset transfers, interest free loans, and/or skills trainings.
- At least 50% of men and 40% of women beneficiaries have access to some form of formal financial services.
- 75% of female-headed poor households and those with people with disabilities graduate out of poverty in PPAF-supported programmes.

#### Expected Outputs:

- 320,000 Productive assets (50% assets to women) transferred to targeted households.
- 1,000,000 Interest Free Loans (50% loans to women) provided to targeted households.

### Goal 3: Address Systemic Deprivations That Exacerbate Poverty Through Local Infrastructure Development And Community Wellbeing Initiatives.

#### Policy Objectives:

- Local and provincial governments adopt community-driven development approaches to ensure equitable access to sustainable infrastructure for access to energy, water, education, and health.
- Adoption of green technologies, especially renewables in government programmes.

#### Expected Outcome:

- Resilient infrastructure supported and maintained across PPAF's operational areas ensuring access to affordable energy, water, education and health.

#### Expected Results (in PPAF's intervention areas)

- 60% of the population has access to safe drinking water.
- At least 50% of the population has access to sustainably managed sanitation services.
- 80% of targeted IAUP areas show groundwater levels remain static or are increased to sustainable levels.
- 80% of PPAF-supported irrigation related schemes show reduced / more effective use and management of water.
- At least 50% of off-grid households have access to electricity through renewable energy.
- The learning outcomes for children aged 5-16 years improve by at least 20%.
- 50% of primary and 40% of lower-secondary enrollment is of girls.
- Measurable improvements in mother and child health and nutrition.

**Expected Outputs:**

- 1,000 Infrastructure development initiatives completed.
- At least 10 innovative models of public-private partnerships pursued for access to energy, water, education, and healthcare solutions.

## Goal 4: Strengthen Organisational Effectiveness By Aligning Resource Mobilisation, People Capabilities And Partnerships To Transform Into A More Agile, Responsive And Effective Institution.

**Expected Results:**

- A knowledge institution which invests in staff capacity building so that the average annual training hours per employee is increased to 1 week.
- Maintain its workforce diversity balance with respect to provincial representation, ethnic, linguistic, and religious minorities and differently abled people's inclusion and ensure that its gender balance includes at least one-third women.
- Ensure that the institution continues to receive unqualified annual financial audit reports.
- Increase total revenue by 7% per annum to support PPAF's poverty alleviation programs.

for Rural Advancement and Sustainable Progress (GRASP) project. The overall financial outlay of the project is USD 48 million. Out of which an amount of USD 14.863 million has been approved for PPAF for a time span of around three and a half years starting from April 2021 to September 2024. Funded by the European Union (EU), the Project aims to promote gender-inclusive income and employment generation opportunities. It centers on selected 11 value chains in the livestock and horticulture sectors, operating across a total of 96 UCs in 12 districts in Sindh and 10 districts in Balochistan. The support to SMEs and business intermediary organisations in rural communities is in the form of technical training, access to resources, and facilitating business linkages for products generated within these sectors. The project facilitates access to credit for medium, small, and micro enterprises through linkages with financial institutions and relevant market actors in the ecosystem.

**Rural/Business Mobilisation**

The Partner Organisations (POs) of PPAF's GRASP Program i.e., TRDP, RDF, SAFWCO, GSF, BRSP, SPO and TF have been instrumental in identifying and providing essential mobilisation support to project partners (FAO, ITC, SMEDA), beneficiaries and Small and Medium Enterprises (SMEs) across a wide range of activities. POs have identified and entered data in GRASP MIS of close to 17,000 SMEs including 5,000 Women SMEs and primary producers across all GRASP focused value chains.

In Balochistan, PPAF's POs, namely TF and SPO with GRASP resources also addressed the needs of flood-affected farmers by provision of certified wheat seed to 13,500 (of which 565 women) farmers in districts Kech, Panjgur, Pishin, and Zhob in coordination with local administration, District Disaster Management Authorities (DDMAs), and the Agriculture Department, reflecting a comprehensive approach to disaster recovery. In alignment

## 2 Programme Overview

### 2.1. Donor Funded Programme Overview

#### 2.1.1. European Union (EU)/ International Trade Centre (ITC) - Growth For Rural Advancement And Sustainable Progress (GRASP)

Pakistan Poverty Alleviation Fund (PPAF) is working with the International Trade Centre (ITC) and the Food and Agriculture Organisation (FAO) to implement the Growth

Wheat Seed Distributed to Flood Affected in Balochistan

S. No	District Name	Wheat Bags Distributed	Male	Female
1	Pishin	3,412	3,407	5
2	Zhob	3,338	3,336	2
3	Kech	3,375	3,163	212
4	Panjgur	3,375	2,810	565
Total		13,500	12,716	784



with the programme's objectives, POs have also been instrumental in fostering the creation of SME clusters at the Union Council (UC) and District levels. These clusters aim to cultivate micro-chambers of business, bringing together SMEs for collective growth and support.

The Access to Finance (A2F) component of the GRASP programme implemented by PPAF has yielded significant positive outcomes for Micro, Small, and Medium Enterprises (MSMEs) through strategic collaborations with Financial Institutions (FIs). To date, the programme has established 23 Memorandum of Understanding (MoUs) with various FIs including commercial banks and working to align financial products and services with the unique requirements of GRASP beneficiaries. The engagement played a pivotal role in catalysing FIs to offer financing solutions tailored for climate-smart agricultural technologies in Balochistan and Sindh provinces.

In terms of tangible outcomes, Financial Institutions disbursed an aggregate of \$403,371 worth of loans to 52 SMEs (28 male-owned and 24 female-owned) across Sindh and Balochistan, all facilitated and linked to FIs by GRASP A2F team. Furthermore, an

encouraging pipeline of SME loan cases, totaling \$1,152,218, remains in various stages of documentation and negotiation with Financial Institutions, reflecting a positive trajectory for further support and growth.

The Business Development under Access to Finance component has demonstrated remarkable progress and positive impact on SMEs in terms of Matching grant, financial literacy development, and adaptation and promotion of sustainable green practices. The BD component exceeded its target by providing matching grants to 295 Small and Medium Enterprises (SMEs) compared to the original target of 269 through two cycles of matching grants award process. This was accomplished through a rigorous and competitive process. For the first two cycles of matching grants a total of USD 1,121,806 has been disbursed so far. The third cycle of matching grants award is ongoing, and number of MG beneficiaries will increase in due course. Under this component financial literacy and business plan development training have also been provided to 714 SMEs, including 197 women-led SMEs. This surpassed the initial target of training 500 SMEs throughout the project's duration.

Matching Grant First Cycle						Matching Grant Second Cycle				
	Sindh		Balochistan				Sindh		Balochistan	
Million	Male	Female	Male	Female	Total	Male	Female	Male	Female	Total
30	2	0	0	0	2	7	0	6	0	13
2.5	7	0	3	0	10	10	0	27	0	37
0.5	1	3	25	13	42	61	46	59	25	191
Total	10	3	28	13	54	78	46	92	25	241

### Monitoring and Evaluation

PPAF has the role of monitoring and evaluation of the entire consortium and all activities across the project which includes tracking and reporting all processes and results through in-house resources and by engaging external parties for periodic studies. This also includes development and management of GRASP MIS, a central repository for GRASP data, its analysis, results projection and reporting.

### Micro, Small & Medium Enterprises (MSMEs) International Day

In an event celebrating World MSMEs Day, stakeholders discussed challenges and opportunities related to Micro, Small, and Medium Enterprises (MSMEs). The event featured prominent panelists who provided

insights into various aspects of MSME growth and challenges. Key points included addressing knowledge gaps among MSMEs, changing mindsets for growth, facilitating financial accessibility, and supporting women led MSMEs through customized packages and information dissemination. The event emphasized the significance of MSMEs in Pakistan's economic development, job creation, and poverty alleviation. The event also underscored PPAF's commitment to mainstreaming persons with disabilities (PWDs) and mobilizing resources for their development. Overall, the event provided a comprehensive discussion of the challenges, opportunities, and strategies related to MSME growth and empowerment in Pakistan's rural areas.

### 2.1.2. Development Bank Of Germany (KfW) - Livelihood Support And Promotion Of Small Community Infrastructure Programme (LACIP-II) (2018-2022)

LACIP-II (financed by the Development Bank of Germany (KfW)) focuses on betterment of living conditions of poor people and contribute to the stabilisation of fragile areas in Khyber Pakhtunkhwa. The budget of EURO 10 million was for implementation

of Institutional Development (ID), Community Physical Infrastructure (CPI) and Livelihood Enhancement and Protection (LEP) interventions in 12 UCs of three selected districts (Buner, Lakki Marwat and Shangla) of Khyber Pakhtunkhwa. All project targets agreed with the donor have been completed by February 2023. As of end date, an amount of EUR 8.70 million was received from KfW by PPAF under this phase. Scorecard of project progress of LACIP II is as follows:

Indicators with components	Status as of June 30, 2023 (Numbers)
<b>Institutional Development &amp; Social Mobilisation</b>	
Community organisations formed	1,126
Village organisations formed	148
Membership in community organisations (36% women)	17,127
<b>Community Physical Infrastructure (CPI)</b>	
Infrastructure projects (Integrated Area Upgradation Projects) completed	91
Beneficiary households	30,432
Population benefitted (48% women)	203,525
<b>Livelihoods, Enhancement and Protection (LEP)</b>	
Ultra/vulnerable poor received productive assets (55% women)	1,389
Individuals received skills/entrepreneurial training (50% women)	1,228

### 2.1.3. Development Bank of Germany (KfW) - Livelihood Support and Promotion of Small Community Infrastructure Programme (LACIP-II) (2023-2026)

In view of the devastation caused by floods in 2022 in Programme districts of LACIP and adjacent areas i.e., D.I Khan, Tank and Lakki Marwat, KfW has committed EUR 9.5 million as an additional grant under LACIP II for the implementation of rehabilitation works in these districts. Three program components, Institutional Development (ID), Community

Physical Infrastructure (CPI) and Livelihoods Enhancement and Protection (LEP) have been included for this program phase. PPAF has engaged two POs to implement the project and planned to Reconstruct/rebuild around 100 Climate Resilient Infrastructure Projects, awareness and capacity-building training of 5,000 persons under Institutional Development, and Skills training of 2,000 women/men in vocational and technical areas. PPAF has received the first tranche of funds under this phase. Key activities completed under this phase are below:

Key Activities	As of 30 June 2023			
	D.I. Khan	Lakki Marwat	Tank	Total
No. of COs formed/ Revitalized	58	36	18	112
No. of LIPs Developed	10	05	-	15
No. of Infrastructure Proposals prepared	06	02	01	09

#### 2.1.4. Development Bank of Germany (KfW) - Rehabilitation of Mini/Micro Hydropower Projects MHPs (Dir+Chitral INTEGRATION)

Funded by the Federal Republic of Germany through Development Bank of Germany (KfW), this project aims to increase access to energy in Pakistan supports economic development, environmental and climate protection and poverty reduction while improving the living standard of the population.

Under the Project, Mini/Micro Hydropower Projects (MHPs) and Solar Mini Grid Systems (SMS) have been installed in off-grid areas in

eight UCs in six districts (Swabi, Chitral, Upper Dir, Buner, Lakki Marwat, and Karak) of Khyber Pakhtunkhwa. Initially, the HRE project (financed by GoP through KfW funding) budget was EUR 10 million. In July 2019, PPAF and KfW signed an addendum to the HRE project through which KfW is providing an EUR 1 million grant funding to cover training and capacity building of community for operation and maintenance of the installed systems, spanning over two years. As of June 30, 2023, EUR 8.3 million has been utilized by PPAF. HRE project has been completed with details given below:

Indicators with components	Status as of June 30, 2023
<b>Micro Hydropower Project (MHP)</b>	
Projects completed	05
Beneficiary households	1,412
Population benefitted (51% women)	11,680
<b>Solar Lighting Systems (SLS)/ Mini-Grids</b>	
Projects completed	68
Beneficiary households	565
Population benefitted (48% female)	3,802
<b>Solar Drinking Water projects completed</b>	03
Beneficiary households	178
Population benefitted (52% women)	1,337

#### 2.1.5. Government of Pakistan (GoP) - Interest Free Loan (IFL) Programme

In 2014, the Government of Pakistan (GoP) allocated an amount of PKR 3.86 billion for Prime Minister Interest Free Loan (PMIFL) Scheme to support productive microenterprise activities of poor, vulnerable and marginalized households, not yet tapped by the microfinance sector, so that they may engage in productive economic activities that will improve their lives and allow them to positively contribute to the economy. PPAF has been mandated by the GoP to design, mobilize, implement and monitor the IFL Programme, in partnership with organisations that implement poverty alleviation programs through microfinance, interest free loans or livelihoods interventions in Pakistan. After successfully running the PMIFL Program since 2014 PPAF BoD in its 131st board meeting held on 18th April 2023 gave approval for the handing over

of Phase-1 portfolio to respective partner organisations after completing requisite formalities. The transfer of the portfolio will be based on an audited Fund Flow Statement for the year ending June 30, 2023. Subsequent to the handover, it will become PO's responsibility to manage and monitor their respective portfolio and associated operational cost.

Based on successful implementation of above-mentioned first phase of the Programme, second phase launched in June 2021 with an additional amount of PKR 5 billion from the GoP, which was disbursed to the partner organisations same year. First year operational cost (FY 2021-22) was borne by PPAF whereas operational cost for FY 2022-23 and 2023-24, PPAF will provide funds to IFAD-funded National Poverty Graduation Programme (NPGP) through its own resources as part of its commitment on behalf of Government of Pakistan.

Furthermore, PPAF is entrusted with the responsibility to report progress for the IFL component implemented by its POs (to which funds were channeled through PPAF and are now being revolved by the POs) as well as PKR 9

billion available with Akhuwat from sources other than PPAF. Implementation progress of the IFL Programme (managed by PPAF funds since 2014 and Akhuwat funds since July 2019) as of June 30, 2023, is as follows:

Key Achievement Indicators	Status as of June 30, 2023
No. of POs	26
Outreach (districts)	110
No. of loan centers/branches established	736
No. of loans disbursed to borrowers	2,940,529
Average loan size (PKR)	34,972
Percentage of Loans to Females	54%

### PROGRESS UNDER NATIONAL POVERTY GRADUATION PROGRAMME (NPGP):

Key Achievement Indicators	Status as of June 30, 2023
No. of POs	19
Outreach (Districts)	21
No. of loans disbursed to borrowers	182,716
Amount Disbursed (Rs.)	7,627,045,000
No. of loans disbursed to Asset Beneficiaries (Graduation Loans)	13,802
Amount disbursed to Asset Beneficiaries (Graduation Loans)	405,093,000
Average loan size (PKR)	41,743
Percentage of Loans to Females	67%

### 2.1.6. United Nations High Commissioner for Refugees (UNHCR)-Poverty Graduation Programme (PGP) for Afghan Refugees Phase-III

Third phase of UNHCR funded PGP initiated in January 2022 aiming to assist the ultra-poor and very poor Afghan refugee's households in graduating out of poverty through provision of productive assets and innovative schemes. The project is being implemented in District Lower

Dir of Khyber Pakhtunkhwa and District Loralai of Balochistan over a period of one year (Jan-Dec 2022) with budget of PKR 366.80 million. An amount of PKR 366.80 million has been disbursed as of December 2022. Under this project, 3,000 households have been supported through productive assets and enterprise development training. The Project was closed successfully.

Indicators with Components	Achievement as of December 31, 2022 (Number)
<b>Social Mobilisation and Institution Building</b>	
Village Development Plan developed	06
Formation & strengthening of community institutions	06
<b>Livelihoods, Enhancement and Protection</b>	
Formation and Training of CIGs	12
Individuals received skills/entrepreneurial training (27% women)	3,015
Ultra and vulnerable poor received productive assets (45% women)	3,000



### **2.1.7. United Nations High Commissioner for Refugees (UNHCR) - Poverty Graduation Programme (PGP) for Afghan Refugees Phase-IV**

Fourth phase of UNHCR funded PGP initiated in January 2023 aiming to assist the ultra-poor and very poor Afghan refugee's households in graduating out of poverty. The main objective of the project is to contribute to greater levels of gender equality and self-reliance by improving access of refugees and asylum seekers to the sustainable livelihood opportunities, increasing access to employment and entrepreneurship opportunities, incubating business startups and accelerating growth. The project is being implemented in District Nowshera of Khyber Pakhtunkhwa and District Quetta of Balochistan and District Islamabad of Capital Territory over a period of one year (Jan-Dec 2023) with budget of PKR 616.52 million. The amount of PKR 119.51 million has been disbursed as of June 30, 2023. Under this project, 3,000 households will be supported through productive assets and enterprise development training.

### **2.1.8. Engro Foundation - Dairy Development Programme (DDP):**

The Dairy Development Programme (DDP) was initiated in August 2021. PPAF and Engro Foundation worked together to establish micro entrepreneurs/ business service providers and livestock extension workers in dairy value chain through dairy hub approach, increasing employability and entrepreneurial opportunities of smallholder woman farmers' households. The program is being implemented in District Toba Tek of Punjab. The project improved milk production efficiency and profitability of smallholder dairy farmers through capacity development in good animal husbandry practices by strengthening the existing dairy value chain and improving milk production capacity. The goal of the project was to assist the poor ultra-poor households in graduating out of poverty on sustainable basis by integrating them into dairy value chain in target district. As of June 30, 2023, PKR 69.99 million was disbursed by PPAF. The Project was successfully closed as per schedule.

### **2.1.9. Engro Foundation - Engro Humqadam Project**

PPAF signed a MoU with Engro Fertilizer to start a Pilot project named "Humqadam Program". Under this program Engro provided agricultural inputs (fertilizer & seed) as in-kind interest free loans to small farmers of Sindh and Punjab along with operational cost to partner organisations (POs), whereas PPAF provided facilitation through its POs in terms of identification of crops and location for interventions. After successful implementation of Humqadam Pilot Project for two years, Engro Fertilizer extended the MoU for a period of three years (2020-23). In total, in-kind loans worth Rs. 251 million were extended to 4,533 farmers across ten districts.

### **2.1.10. Citi Foundation - Revitalising Youth Enterprise (RYE)-II**

Under the Revitalising Youth Enterprise Program (RYE) funded by Citi Foundation, 200 (50% Girls and 50% boys) youth of age ranging from 16-29 years were given training around high-demand digital skills such as digital marketing, graphic design, social media management, e-commerce with life skills and financial skills. Out of these, 20 participants were finalized based on their effective presentations and effective business plans with a micro challenge fund of Rs 50,000 each. The beneficiaries' average monthly personal income improved from PKR 1,670 to PKR 3,247, showing a 94% increase (against the target of 50%). Almost all beneficiaries (around 98%) reported that their professional ability/technical expertise improved due to the trainings (against the target of 50%). Further, on average, 94% of the beneficiaries claimed to have learned how to plan and organize before starting work. The program has improved their technical knowledge, skills and brought positive attitudinal changes towards employment and its viability. Moreover, 93% of the respondents reported an increase in their quality of work, 91% claimed to have increased market knowledge, 92% reported an increase in financial management. Rs 18.56 million were disbursed till June 2023. The Project was successfully closed as per schedule.

## 2.1.11. Emergency Relief Assistance to 2022 Flood Affected Populations

### 2.1.11.1. PepsiCo Foundation Phase-I

The 2022 floods have had serious consequences, including the risk of food insecurity, water-borne diseases, and malnutrition. PPAF recognised the urgent need to support those affected by the floods and called on CSR donors for help. PepsiCo responded to the appeal and pledged Rs. 42.3 million to provide 6,000 food packages to those impacted by the floods through its 'Millions of Meals' program. Thanks to this collaboration, affected communities have been able to cope with the disaster and meet their dietary needs. PPAF's effective mechanism and the on-ground presence of its POs ensured that all distributions were made within the necessary time frame. In the initial funding round, the PepsiCo Foundation committed to providing PKR 42,275,700 to support PPAF's Floods Response efforts in 12 districts included in their ongoing response. The Project was successfully closed as per schedule.

### 2.1.11.2. PepsiCo Foundation Phase-II

In October 2022, PepsiCo pledged Rs. 42.275 million in the first round of funding. They later pledged an additional PKR 14.96 million plus Rs. 1.05 million to distribute 2,040 bags of dry food items to four districts affected by flooding. The overall geographic focus of the action was the following 4 flood-affected districts of Pakistan.

Four financing agreements were made with four different organisations to carry out the implementation of Emergency Response Fund-II. This fund amounted to Rs 14.95 million and was used to provide 2,040 food packages, which were funded by PepsiCo. Three of these organisations - NRSP/Punjab,

LASOONA/Khyber Pakhtunkhwa, and TRDP/Sindh - signed the Addenda, while a new financing agreement was made with BRDS (Balochistan) to carry out this donor-funded intervention. The transportation costs for the food packages were also provided to the organisations.

Each province received 500 food packages, which were funded by PepsiCo. Moreover, PPAF supported an additional 40 dry food packs for Balochistan. Therefore, Balochistan received a total of 540 packs, while the other three provinces received 500 packs each. This successful collaboration between PPAF and PepsiCo has opened avenues of future collaboration with PepsiCo to further serve the flood-affected communities in relief, early recovery, and rehabilitation phases. The Project was successfully closed as per schedule.

### 2.1.11.3. Citi Foundation

Citi Foundation funded PPAF support the overall target of covering 650 households was achieved by planned distribution of relief items in two target districts, with all 650 households receiving food packages, non-food items (NFIs), and winterised kits. Additionally, six mobile medical camps were organised and approximately 3,000 patients were treated. The Project was successfully closed as per schedule.

### 2.1.11.4. Oil & Gas Development Company Limited (OGDCL)

During a humanitarian crisis, OGDCL quickly responded to the PPAF emergency relief appeal. They generously donated 2 million PKR to provide one thousand hygiene kits to households affected by the floods. The table below displays the amount given to each PO to distribute hygiene kits.

Partner Organisation	Grant Agreement Cost		
	Project Cost	Opps & Logistic Cost	Total Cost
BRSP	450,000	51,750	501,750
HANDS	810,000	93,150	903,150
NRSP	450,000	51,750	501,750
SABAWON	90,000	5,300	95,300
Total	1,800,000	201,950	2,001,950

The Project was successfully closed as per schedule.

### 2.1.11.5. Pakistan Telecommunication Company Limited (PTCL) - Digital Hub and Women Strivers Project in Haripur

PPAF signed an MoU with PTCL Group for the Pilot Digital Hub and Women Strivers Project, followed by grant agreement with NRSP, under which 100 selected women entrepreneurs will be provided with digital skills, financial literacy and life skills training followed by provision of 100 smartphones along with registered SIMS and data packages for the 1-year project duration to ensure participation through the provision of the requisite basic infrastructure and facilities. The smartphones will subsequently be used to set up online profiles and businesses online and help expand the businesses. 100 Women Entrepreneurs will be supported for Digital and Economic Inclusion through digitisation, market accessibility and product innovation in district Haripur. Under the project, digital learning and development opportunities to Women Entrepreneurs will be provided, promoting Women Entrepreneurs in successfully launching their virtual businesses through digital platforms. Rs 2.6 million have been disbursed till June 2023.

## 2.2. PPAF Own Resources-funded Programme Overview

### 2.2.1. Dera Bugti Project

PPAF is undertaking multi-sectoral interventions for the development of Dera Bugti (financed from PPAF's own resources). The 2022 floods severely affected the project area. Keeping in view of flood damages, PPAF reallocated unspent funds to cope with the dire need for mainly safe drinking water and irrigation in five union councils affected by the 2022 floods. The current phase is 18 months, ending in March 2024. The project progress achieved in last 9 months is as follows:

Indicators	Achievement for July 2022-June 2023 (Numbers)
<b>Institutional Development (ID):</b>	
No. of COs, VOs, LSOs formed/revitalized	72
No. of COs formed/revitalized	54
No. of VOs formed/revitalized	18
COs membership (32% women)	1,080
<b>Community Physical Infrastructure (CPI)</b>	
No. of CPI Schemes completed	04
Beneficiaries of completed schemes (52% Women)	1,057
Beneficiary Households of completed schemes	141

### 2.2.2. Rehabilitation & Reconstruction (R&R) AJK Project

The project aimed at reconstruction and rehabilitation of two model villages in district Mirpur and Bhimber of AJK. The amount of PKR 66.48 million was disbursed by the PPAF. The project was successfully completed on December 31, 2022. Implementation progress as of June 30, 2023, is as follows:

Indicators	Status as of June 30, 2023 (Numbers)
<b>Institutional Development (ID):</b>	
Formation & strengthening of community organisations	65
Formation & strengthening of village organisations	02
Training Events Organised	10
Total trainees (86% women)	249
<b>Community Physical Infrastructure (CPI)</b>	
No. of CPI Schemes completed	12
Beneficiaries of completed schemes (48% women)	10,056
<b>Livelihood Enhancement and Protection (LEP)</b>	
No. of beneficiaries received vocational/skills training	110

Indicators	Status as of June 30, 2023 (Numbers)
Men	33
Women	77
No. of beneficiaries received livelihood support (assets)	102
Men	30
Women	72

### 2.2.3. Sustainable Development through Clean Drinking Water Supply and Sanitation Gujar Khan, District Rawalpindi

This Project aimed to improve the living condition of the targeted communities in 3 union councils of Tehsil Gujar Khan District Rawalpindi through different interventions including a Clean Drinking water supply system and Sanitation schemes. The project implementation period was 12 months, from 1st July 2022 to 30th June 2023. The project has been successfully completed resulting in execution of 04 community physical infrastructure schemes.

Indicators	Status as of June 2023
Community Physical Infrastructure (CPI)	(Numbers)
No. of CPI Schemes completed	04
Beneficiaries of completed schemes	13,112
Beneficiary Households of completed schemes	2,186

#### 2.2.4. Making Dysfunctional Water supply schemes of Public Health Engineering Department (PHED) Sustainable through Public Private Partnership (PPP) mode

Public private partnership mode in small infrastructure works by involving the public sector, private sector as well as local communities to run water supply and sanitation schemes on sustainable basis as social enterprise endeavour. PPAF aimed to strengthen and mainstream the focus on sustainable Operations and Maintenance of rural water supply schemes by engaging private operator regulated by village organisation. This ensures that the schemes generate enough revenues to sustain operational and maintenance costs and are technically robust and sustainable.

The rehabilitation of 06 drinking water supply schemes, which were dysfunctional earlier, have been repaired and are being run by private operator who earns money as well as pays monthly fee to village organisations as per one year contract.

Indicators	Status as of June 2023
Institutional Development (ID):	
No. of VOs formed/revitalized	06
Training Events Organized	13
Total trainees	210
Community Physical Infrastructure (CPI)	
No. of drinking water schemes completed	6
Beneficiaries of completed schemes (48% Women)	16,359
Beneficiary Households of completed schemes (48% Women)	2,337

#### 2.2.5. 100 kW Micro Hydro Power Project Bella, Upper Dir

Green, reliable, affordable, and inclusive energy transition is essential for improving the lives of people in un-electrified villages in Pakistan. By investing in renewable energy sources, developing mini grids, promoting energy efficiency, building awareness about the benefits of green energy, and involving local communities in the planning and implementation of energy projects, it is possible to electrify these villages in a way that is sustainable, affordable, and beneficial to all.

To achieve target set in PPAF strategy 2022-25 for providing clean, reliable, and affordable energy to off grid communities, PPAF is providing financial support to Sarhad Rural Support Programme (SRSP) for implementation of 100 kW Hydropower Project in off-grid village Bella, Union Council Gwaldai, District Upper Dir in Khyber Pakhtunkhwa Province. On completion, the project will benefit over 300 households, having an estimated population of 2,100. By June 30, 2023, two VOs, eight male COs and one women CO has been formed. The community is actively taking part in construction activities of the project. PPAF has disbursed PKR 115.88 million from the agreed grant funding of PKR 116 million. Implementation progress as of June 30, 2023, is as follows:

Indicators with Components	Status as of June 30, 2023 %
Civil Works	65
Transmission and Distribution Works	60
Electromechanical Works	15

#### 2.2.6. Enhancing Food Security through Strategic Interventions in Agriculture

PPAF is implementing the Enhancing Food Security through Strategic Interventions in Agriculture Project in district Toghther and Swabi districts of Khyber Pakhtunkhwa. The project aims to develop the skills and knowledge of farmers on modern agricultural practices and facilitate setting up agriculture value chains to improve the livelihoods of small farmers, diversifying cropping through efficient water management, and optimizing farm



income. As of June 30, 2023, an amount of PKR 154.54 million was disbursed by PPAF under this project. The implementation progress of this project is as follows:

Indicators with Components	Status as of June 30, 2023 (Numbers)
Formation & revitalisation of community Institutions	56
Strengthening of Cls/Exposure visits and capacity building	47
Farmers Field Schools (FFS) Established	56
Agricultural Schemes Initiated on the ground	49
Procurement of Goods for Agricultural schemes	49

### 2.2.7. Enabling Sustainable Olive Value Chains

Three Olive Processing Plants (OPPs) were Imported under the Programme for Poverty Reduction (PPR) for Districts Killa Saifulla, Zhob in Balochistan, and Lower Dir in Khyber Pakhtunkhwa. Upon the closure of the PPR program, the development of the PPR sustainability strategy was a contractual obligation of PPAF. The strengthening of the Olive value chain was one of the potential areas of the PPR sustainability plan. Therefore, PPAF BoD has approved PKR 91 million for strengthening the Olive value chain including payment of tax, duties, and other port charges that were not covered under the agreement of PPAF and the Government of Italy. Out of the approved 91 million, PKR 50.97 million was committed with 3 Partner Organisations BRSP, TF, and SRSP. The financing agreement of the same started in March 2022 and will end in December 2023. As of June 2023, an amount of Rs. 33.20 million was disbursed to POs. The implementation progress of this project is as follows:

Indicators with Components	Status as of June 30, 2023 (Numbers)
No of Partners	03
Construction of Olive Processing Plant Building	03
Installation and Testing of Olive Processing Plant	03
Operationalisation of OPP	02
Olive Plantations	92,220

### 2.2.8. Development of a New Tourist Destination at Tehjian, Neelum Valley - AJK

PPAF submitted a Concept Note and PC - 1 to the Government of Azad Jammu and Kashmir through the Planning and Development and Social Welfare Departments for an Integrated Innovation Development Plan for Neelum Valley and AJK. Under the Project, PPAF and Government of AJK will focus on Institutional development, Eco -Tourism models using homestays and indigenous resources, Agri - Value Chains, Waste Management and focus on Innovative models including establishment of Incubation Centers. After the notification of State Advisory Committee, AJK on October 18, 2022, the process of collaboration with the concerned departments gained momentum and a meeting of SAC, AJK was organized on April 10, 2023, under the chair of Secretary Tourism to discuss and take matters forward and initiate the proposed equity-based Project i.e., "Development of a New Tourist Destination at Tehjian, Neelum Valley - AJK" through tripartite arrangement among Govt of AJK (Tourism Department), PPAF and HWF. PPAF BOD has approved an amount of Rs. 24m for the Project. The grant agreement starting from June 15, 2023, has been signed between PPAF and HWF. The first disbursement of Rs. 2.94m has been released to PO.

### 2.2.9. Chamalang Balochistan Education Programme

Through the Chamalang Education Project, PPAF is providing scholarships to out of school children of coalminers from Loralai and Kohlu of Balochistan. This Programme is being implemented in collaboration with Pakistan Army and has improved enrollment tremendously in this lagging region. PPAF has supported more than 3,300 students under this project. Most of the students who are supported are enrolled in secondary schools. As of June 30, 2023, PKR 31.96 million has been disbursed by PPAF under the project. Implementation progress as of June 30, 2023, is as follows:

Indicators with Components	Status as of June 30, 2023 (Numbers)
Overall students supported	1838
Girls supported	696
Schools supported	19
Students provided exposure of different cities	22

### 2.2.10. Education Project Sindh and Gilgit Baltistan (GB)

The objective of the project is to improve the quality of education through the provision of services to the community-managed schools which have been established/strengthened by PPAF in remote areas of Sindh and GB. These schools are operational in remote areas of Ghizer, Badin, Tharparker, Karachi, Jamshoro, Dadu, and Khairpur districts. As of June 30, 2023, PKR 47.60 million were disbursed under the project, whereas implementation progress is as follows:

Indicators with Components	Status as of June 30, 2023 (Numbers)
Overall Childrens supported	8000
Children covered	8496
Teacher supported	71
Non-Teacher staff supported	28
Schools supported	40
Outreach (six districts in Sindh and one in GB)	7
Teacher trained in school safety programme	2

### 2.2.11. Bridging Educational Polarisation for Social Harmony Project Balochistan

The Madaris support project objective is access to formal education and economic opportunities to Madaris and establish a mechanism for inter-sect and inter-faith dialogue, advocacy, and public information to promote religious moderation, tolerance, mutual respect, religious freedom, fundamental rights, and social harmony.

#### The Specific Objectives of the Project are:

- To engage religious seminaries in the mainstreaming Madaris through the establishment of a formal education system along with the provision of economic opportunities and productive forums.

- To create religious freedom and interfaith harmony among all religious and sectarian segments of society, through model worship places, study tours, seminars, and workshops at Provincial and National levels.

Major activities under this project are the construction repair and renovation of Madrasas & construction, repair/renovation & of equipment -Churches, Mandirs, and Gurdwaras, and the Provision of Books including packages A, B, and C primary level courses. Seminars and Conferences to sensitize religious clergy- on promoting religious tolerance - Paigham e Pakistan (PeP). As of June 30, 2023, an amount of PKR 10.98 million was disbursed under the project. Implementation progress of the project as of June 30, 2022, is as follows:

Indicators with Components	Status as of June 30, 2023 (Numbers)
No of Madaris Supported	15
Provision of school bags and Books to madrassa students	1168
Provision of Reading, and writing materials (Classroom stuff)	15
Capacity Building of ALP Teachers by PITE	1
ALP Teachers Stipend	3

### 2.2.12. Rehabilitation of Flood Affected Schools in Sindh

PPAF aids the flood-affected program schools in the district Khairpur for relief and rehabilitation. The main activities are the construction /repairs of school buildings, and the provision of equipment, furniture, teaching aids, and school bags/notebooks. Major activities under this project are school rehabilitation activities started in two Khairpur schools Tando Masti Khan and Faiz High School. As of June 30, 2023, an amount of PKR 22.83 million was disbursed under the project. Implementation progress of the project as of June 30, 2023, is as follows:

Indicators with Components	Status as of June 30, 2023 (Numbers)
Construction /repairs of school buildings started	2
Schools supported	2

### 2.2.13. Rehabilitation & Reconstruction (R&R) AJK Project

The project aims at reconstruction and rehabilitation of two model villages in district Mirpur and Bhimber of AJK. So far, an amount of PKR 67.38 million has been disbursed by the PPAF. Implementation progress as of Dec 31, 2022, is as follows:

Indicators with Components	Status as of Dec 31, 2022 (Numbers)
Formation & strengthening of community organisations	65
Formation & strengthening of village organisations	2
Community members trained	504
PO staff trained	6
Community Resource Persons trained	8
Assets Transferred	102

### 2.2.14. Tabeer-O-Tameer Fund (TTF)

TTF aims to target Union Councils Based Organisations (UCBOs) to strengthen and equip them to take and implement development/self-help initiatives. PPAF has maintained a database of Community Institutions in high priority districts and a total of 100 Third Tier Organisations (TTOs) have been taken on board in Balochistan, Khyber Pakhtunkhwa, Sindh, Punjab, and GB. As of Dec 31, 2022, PKR. 135 million were disbursed under the project. The activities under the project include institutional strengthening, registration of UCBOs; maintaining functional institutional bank accounts, establishment of offices, financial audits; preparation of development plans; and conducting awareness sessions around SDGs.

Indicators with Components	Status as of June 30, 2023 (Numbers)
Strengthening of UCBOs	96
UCBOs registered, with final approval	76
UCBOs having institutional bank accounts	94
UCBOs having financial audits	93
Awareness sessions around SDGs	2,216
UCBOs office established	96
Women inclusion in Executive body of the UCBOs	33%
Women inclusion in General body of the UCBOs	40%
Union Council profile developed	82

### 2.2.15. Promoting Community Based Tourism in Neelam Valley

The project is being implemented in Neelam Valley with an overall objective to empower poor households with an increased income through introducing them to eco-tourism. The total project budget is PKR 13.1 million. So far, mobilisation phase in field has been completed for 669 households belonging to 36 COs and 21 rooms have been successfully renovated. 35% of CIs have developed linkages with other donors and government agencies for local development and eco-tourism. 40% of women and poor inclusion in CIs, 6% of PWDs membership in CIs, 78% of local community institution is aware of negative effects of mass tourism.

### 2.2.16. NIC Quetta Partnership

PPAF in collaboration with Balochistan University of Information Technology, Engineering and Management Sciences (BUITEMS) and National Incubation Centre of Quetta (NIC Quetta) have signed financing agreement to support startups through the Incubation Cycle, invest in high - potential SDG - focused startups through grants for seed funding and micro-entrepreneurship bootcamps and hackathons within PPAF communities across Balochistan. PPAF is actively branding itself as an industry leader for innovation, partnerships with incubators and accelerators like NICs offer a low-risk opportunity for PPAF to enter more meaningfully into social entrepreneurship. By having more direct access to the NICs cohorts of start-ups and entrepreneurs, PPAF will have a holistic understanding of the social and innovation enterprise landscape, positioning it to have the capacity to cater to the challenges of early-stage start-ups and social enterprises more adequately. Making social entrepreneurship accessible to the poor is in line with PPAF's strategy of poverty reduction and inclusion. By investing in the potential of rural entrepreneurs and startups, PPAF will support non-traditional entities to help alleviate poverty and achieve its goals. This will also promote more entrepreneurs in both rural and urban communities, allowing PPAF to enter the global map of start-up supporters. To date, PPAF has supported one Startup and five seed grants under NIC-BUITEMS partnership. Rs 2.15 million is disbursed till June 2023.

### 2.2.17. Climate Change, Disaster and Resource Mobilisation

Pakistan Poverty Alleviation Fund (PPAF), recognizing the acute vulnerability faced by the poor in the wake of the monumental floods of 2022, swiftly initiated a comprehensive 2022 Monsoon Floods Response aimed at furnishing emergency relief to those affected. This, PKR 250 million, relief effort encompassed the distribution of essential food and non-food items across a substantial geographic expanse, encompassing 94 Union Councils of 14 districts. A noteworthy aspect to highlight is that PPAF stood at the forefront as one of the initial responders to the emergency stemming from the 2022 floods. By promptly extending assistance, PPAF not only sustained its prior investments but also unlocked the potential to leverage additional external resources. The resultant infusion of resources, from individual philanthropists, multi-lateral and corporate donors, including PepsiCo Foundation, Oil and

Gas Development Company Limited (OGDCL), Citi Foundation, HER Pakistan, Unilever Pakistan, KfW, and ITC/GRASP served to expand PPAF's capacity to effect meaningful change.

In a comprehensive endeavour, PPAF reached out to 31 districts spanning four provinces, effecting positive change in the lives of 80,957 households. The meticulous coverage is indicative of a deliberate and calculated approach, ensuring that the benefits of this relief effort permeate even the most remote and marginalized corners—aligning harmoniously with the overarching commitment to equitable distribution and inclusivity. The assistance effort covered an array of vital interventions, including the provision of food items and hygiene kits, setting up of mobile health services, supply of livestock fodder and vaccination, as well as the organisation of awareness-raising sessions and the establishment of temporary shelters.

Donor	Districts	Items	Beneficiaries	Contribution
PPAF	14	Food and non-food items, health and hygiene awareness	51,012 households	PKR 250 million
Individuals	2 provinces			PKR 7.7 million
PepsiCo-I	12	Food Packages	6,000 households	PKR 42.27 million
PepsiCo-II	4	Food Packages	2,040 households	PKR 16.01 million
OGDCL		Hygiene kits	1000 households	PKR 2 million
HER Pakistan	1	Hygiene management kits	6,000 households	In-kind
Citi Foundation	2	Food packages, non-food items, and winterised kits	650 households	USD 150,000
	3	Mobile medical camps	6 camps that treated 3,000 patients	
Unilever Pakistan	1	Soap and Horlicks	10,000 households	In-kind
KfW	1	Food and non-food items	700 households	PKR 11.57 million
ITC/GRASP	4	Certified Wheat seeds (675,000 kg)	13,500 farmers	In-kind

PPAF's third-party monitoring and evaluation of emergency relief assistance to the 2022 flood affected population in six districts of Sanghar, Karak, Rajanpur, Jaffar Abad, Mirpurkhas and Shaheed Benazir Abad gives evidence<sup>1</sup> that overall beneficiaries expressed satisfaction with the provided relief items. Specifically, 77% found the meals sufficient for their daily needs, 93% reported safer access to drinking water for

women and girls, and 80% were satisfied with the improved safety conditions from the shelters. The distribution of relief goods considered gender perspectives, with hygiene kits tailored to address women's specific needs. PPAF, through its partner established Information and Coordination cells in 13 districts of Balochistan to support district administration in data management, avoid duplication of

1 - GAT Consulting Pvt. Ltd. (2022)



resources, and maximize the impact of humanitarian response.

The study recommended adopting a long-term approach for the next phase of assistance that would rehabilitate livelihoods of affected households while aligning with the local governments for restoration of damaged rural infrastructure. Moving toward rehabilitation and reconstruction, and informed by the Pakistan Floods 2022 Post-Disaster Needs Assessment conducted by the Government of Pakistan with technical assistance from Development Partners including ADB, WB, EU, and UN, PPAF's Post-Disaster Needs Assessment, consultation with local authorities and implementing partners, learnings/experiences/evaluation as well as lessons from the earlier PPAF interventions, PPAF designed Restoring Social Services through Climate Resilient Approaches. The programme aims to: 1) restore access of the floods-affected communities to social services – particularly health, education and water & sanitation, and critical community social infrastructure, and 2) strengthen resilience of the disaster-prone rural communities and local governments/authorities, while mainstreaming gender, to enhance their ability to anticipate, absorb, accommodate, and recover from climate change and other disaster and pandemic shocks.

This programme is designed for 57 worst flood-affected Union Councils from among the 1,000 PPAF priority UCs in 10 districts, valued at PKR 2.4 billion, is intricately aligned with the strategic objectives encapsulated within PPAF's 2021-2025 Strategy. Specifically, this initiative harmoniously converges with Goal 2 "Enhance sustainable and resilient livelihood opportunities to support households to graduate out of poverty. Additionally, it seamlessly aligns with Goal 3, "Address systemic deprivations that exacerbate poverty through local infrastructure development and community wellbeing initiatives."

PPAF's unwavering commitment to eradicating poverty and fostering sustainable development in the country is exemplified through its multifaceted approach to resource mobilisation. The organisation strategically collaborates with governmental agencies at both federal and provincial levels, forges

partnerships with private sector entities, and engages local communities on a national scale. Moreover, PPAF actively interfaces with donors, development agencies, and international organisations, leveraging these connections to secure essential funding and technical support for its poverty alleviation initiatives in Pakistan.

In the reporting period, PPAF achieved a significant milestone by formulating and presenting a comprehensive concept note to the European Union (EU) Delegation in Pakistan. The concept, titled "Post Flood Recovery of Livestock-based Livelihoods in Balochistan," has garnered the attention of the EU, resulting in an invitation to submit a complete proposal utilizing the EU's standard templates. The overarching objective of this endeavor is to facilitate climate-resilient socioeconomic recovery in the regions of Balochistan most severely impacted by the 2022 floods. PPAF's proposed strategy encompasses several pivotal components, including the enhancement of value addition and compliance measures to bolster marketing activities. Additionally, the plan involves reinforcing access to financial resources for livestock farmers and entrepreneurs, a crucial step in supporting their livelihoods. Anticipated to commence in either late 2023 or early 2024, the project holds promise as a transformative force in the targeted regions. By focusing on comprehensive recovery and resilience-building, PPAF continues to demonstrate its dedication to sustainable change and the empowerment of vulnerable communities in Balochistan.

Further resource mobilisation endeavors resulted in attaining supplementary funding from UNHCR, augmenting the initially sanctioned amount of PKR 198.07 million by an additional PKR 418.45 million. This addition facilitated the provision of supplementary productive assets to Afghan refugees, thereby fortifying their capacity to earn livelihoods. At an international event held around Refugees Response Plan 2023, PPAF represented the civil society organisations of Pakistan and made suggestions for honorable repatriation and durable solution for refugees and developing social cohesion, empowerment and coexistence while the refugees stay in Pakistan.

PPAF successfully responded to the set of inquiries from the Dalberg-Gates Foundation regarding rural livelihoods for women, their aspirations, challenges, channels for engagement, and available financial products for women. This response aimed to contribute to the Foundation's Pakistan country strategy formulation process and also served as a reference for identifying potential partners with whom the Foundation's team can collaborate.

PPAF developed a comprehensive programme for Oil and Gas Development Company Limited (OGDCL) to improve the quality of life of rural communities while fostering a strengthened rapport between said communities and OGDCL. This programme, valued at PKR 612.83 million, was strategically designed with the purpose of enabling communities in Nashpa region of District Karak to implement community-driven socio-economic development interventions, thereby cultivating sustainable livelihoods and enhancing the delivery of essential social services. The presented programme received a favorable response from OGDCL, with the organisation expressing an intention to extend an invitation to PPAF for presenting the programme to their esteemed Board of Directors.

PPAF engaged with Engro Foundation to develop a comprehensive concept note to leverage financial mechanisms in the realm of climate-related initiatives. The focal point of this initiative was to harness resources, deploy effective tools, and cultivate essential knowledge to finance climate risk for farmers through in-kind interest-free loan modality.

PPAF and GIZ engaged in a scoping mission that centered on devising strategies to provide financial support for climate-related risks affecting enterprises. In parallel, deliberations were held on integrating gender-sensitive analyses into the dynamics of value chains. PPAF engaged in a productive meeting with another team from GIZ and explored potential avenues for collaborative initiatives across diverse domains of refugee management, livelihood enhancement, and the reinforcement of civil society. The discussions underscored a shared commitment to effecting positive change and leveraging synergies to address pressing challenges within these realms.

Formulated within the framework of Give2Asia's guidelines, a proposal was prepared with the objective of distributing 1,050 food packages to the underserved communities residing in proximity to the industrial estate located in Multan. This proposal outlines a methodology to address critical nutritional requirements and contributing to the well-being of poor households.

Over the past year, PPAF has made remarkable strides in its resource mobilisation endeavors, underscoring the effectiveness of collective actions. These accomplishments serve to advance PPAF's core mission of eradicating poverty, promoting sustainable development, and uplifting marginalized communities across the nation.

### 3

## Corporate Governance

PPAF believes that good corporate governance is an essential foundation for long term sustainable corporate success and enhances the stakeholders' confidence. The Company's integrity and credibility is demonstrated by adherence to global best practices, beyond the stipulated regulatory requirements. PPAF has demonstrated continued commitment towards adherence to corporate best practices and to ensure maximum compliance with legal and regulatory framework. PPAF Board and management ensures that all the activities are carried out in line with the Companies Act 2017 and other statutory, regulatory and compliance requirements that are applicable to the companies set up under section 42 of the Companies Act, 2017.

### Compliance with the Best Corporate Practices

Key features of PPAF's corporate governance framework are:

- Existence of an appropriate governance framework for Company contained in its Memorandum and Articles of Association.
- Existence of an effective Board which is collectively responsible for the long-term success of the company. The Board promotes the company's and all its stakeholder's

interests. The size and composition of the Board reflects the scale and complexity of the company's activities.

- Board structures contain Directors with a sufficient mix of competencies and experiences to act objectively in their opinion and judgment.
- Regular meetings of the Board are held to help discharge its duties. The Board is supplied with appropriate and timely information.
- The Board is responsible for risk oversight and has maintained a sound system of internal control to safeguard the Company's investment and assets.
- There is a clear division of responsibilities between the running of the Board and the running of the company's business.
- Structure of remuneration is sufficient and appropriate to attract, retain, and motivate executives of the quality required to run company successfully.
- The Board has established five Board Committees (Audit Committee, HR Committee, Executive Strategy and Design Committee, Risk Management Committee and the Search & Nomination Committee) with terms of reference to allow a more effective discharge of its duties.
- The Board presents a balanced and understandable assessment of the company's position.
- The Management places high priority on true and fair presentation and circulation of periodic financial and non-financial information to governing bodies, donors, and other stakeholders of the Company. A statutory audit of PPAF is conducted by a Chartered Accountant firm having satisfactory QCR rating. In addition to preparing financial statements abreast with statutory requirements, PPAF produces separate financial statements for different donors' projects, duly audited by its external auditors. The annual audited financial statements along with the Directors' Report as well as half yearly un-audited financial statements along with Management Reviews, of the Company were approved by the Board of Directors and circulated to the stakeholders. The annual audited financial statements were also made available on the Company website. Other financial and non-financial information to be circulated to governing bodies and other stakeholders was also delivered in a timely manner.

## The Directors confirm compliance that:

- The financial statements prepared by the Management present fairly its state of affairs; the result of its operations; cash flows; and changes in equity.
- Proper books of accounts of the Company have been maintained.
- Appropriate accounting policies have been consistently applied in the preparation of the financial statements. Accounting estimates are based on reasonable and prudent judgment.
- International Financial Reporting Standards, as applicable in Pakistan, have been followed in the preparation of financial statements and any departure therefrom has been adequately disclosed.
- The system of internal control is sound in design and has been effectively implemented and monitored with ongoing efforts to improve it further.
- The Company's ability to continue as a going concern is well established.
- There has been no material departure from the best practices of corporate governance.

## Code of Conduct and Conflict of Interest

PPAF's Code of Conduct aims to ensure that business operations are conducted in accordance with the highest ethical considerations complying with all statutory regulations and standards of good corporate governance. The code provides guidelines on fair employment practices, equitable treatment of the employees and procedures to report financial malpractices, damage to assets and actions likely to harm the reputation of the Company. The Company's commitment to abide by the Code of Conduct along with portraying transparent corporate governance in all business dealings are pivotal in achieving the desired business growth and success.

To avoid any known or perceived conflict of interest, formal disclosure of vested interests is mandatory on all General Body, Board, and staff members. The Code defines what constitutes a conflict of interest and how such a conflict will be managed. The directors and employees adhere in letter and spirit to all laws and avoid conflict of interest, which if any (real or perceived) are to be notified to the Company immediately.

## Adequacy of Internal Financial Controls

Internal control serves to provide an independent and objective appraisal of the organisational dealings leading to continuous improvement in processes and procedures. Internal control ensures that methods and measures are in place to safeguard the business assets, monitor compliance with the best practices of Corporate Governance, check the accuracy and reliability of accounting data and adherence to prescribed rules and policies.

### Board of Directors:

The Board exercises the powers conferred to it by the Companies Act, 2017 and the Memorandum and Articles of Association of the Company, through Board meetings.

### Size and composition of the Board

The present Board comprises of 12 directors. All members of the Board are non-executive Directors except the CEO. The Chairperson of the Board is also a non-executive director. The Board possesses the necessary skills, competence, knowledge, and experience to deal with various business issues.

### Role and Responsibilities of the Board

The primary role of the Board is that of trusteeship to protect and enhance Company value through strategic direction. As trustees, the Board has a fiduciary responsibility to ensure that the Company has clear goals. The Board exercises its duties with care, skill and diligence and exercises independent judgment. It sets strategic goals and seeks accountability for their fulfilment. It also directs and exercises appropriate control to ensure that the Company is managed in a manner that fulfils stakeholders' aspirations and societal expectations. A formal schedule of responsibilities has been specifically ordained for the Board by virtue of provisions of the Articles of Association of the Company, the Companies Act, 2017 and other applicable regulations. The Board participates actively in major decisions of the Company.

### Meetings of the Board

The Board is required to meet at least every quarter to monitor the Company's performance aimed at effective and timely accountability of

its management. During the year ten (10) meetings of the Board of Directors were held. The Board reviewed/approved PPAF's progress against the strategy for year 2021-2025; financial assistance for POs; quarterly progress; annual targets and budget; un-audited financial statements along with Management Reviews; audited financial statements along with Directors' and Auditors' Reports; Project specific audited financial statements.

The notice and agenda of the meetings were circulated in a timely manner beforehand. Decisions made by the Board during the meetings were clearly stated in the minutes of the meetings maintained by the Company Secretary, which were duly circulated to all the Directors for endorsement and were approved in the following Board meetings. It was ensured that all meetings of the Board had the minimum quorum attendance as stipulated in the Articles of Association through arrangements for virtual attendance of the meetings by directors as well.

In view of amendments in the Regulation 7(vi) of the Associations with Charitable and Not for Profit Objects Regulations, 2018 made by SECP vide S.R.O. 131(I)/2021, dated February 1, 2021, the Board of directors of the Company determined that directors shall be entitled for reimbursement or payment of actual expenses incurred by them for attending meetings and they shall also receive fee at the rate of Rs. 70,000 per meeting for attending meetings of the Board or a committee of the Board.

The details of name of Board of Directors, number of Board meetings held and attended by each director during the year is shown below:

### Appointment of Directors:

As per the Articles of Association of the Company, all Members of the Board, except Government nominees, are appointed for a term of three years, on completion of which they are eligible for re-election through a formal election process. However, no such Member of the Board of Directors shall serve for more than two consecutive terms of three years each except for Government nominees.



Sr.No.	Name	No. of Meetings Attended	No. of Meetings Eligible to Attend
1	Ms. Roshan Khursheed Bharucha	7	7
2	Dr. Muhammad Fakhre Alam	-	3
3	Dr. Naved Hamid	7	8
4	Mr. Kamal Hyat	7	7
5	Ms. Khawar Mumtaz	7	7
6	Dr. Ijaz Nabi	5	7
7	Ms. Samar Ihsan	10	10
8	Mr. Mohammad Tahseen	3	3
9	Mr. Ghufraan Memon	4	5
10	Mr. Yusuf Khan	-	1
11	Dr. M. Suleman Shaikh	3	3
12	Mr. Mahfooz Ali Khan	3	3
13	Ms. Nasheeta Maryam Mohsin	3	4
14	Ms. Farida Shaheed	1	3
15	Mr. Sher Jehan Mir	3	3
16	Ms. Shabina Ayaz	3	3
17	Dr. Bashir-ur-Rehman	2	3
18	Ms. Mahtab Akbar Rashdi	1	1
19	Mr. Nadir Gul	10	10

### Change of Directors:

The Board was reconstituted during the year and eight new directors elected from civil society category of members through election process under applicable provisions of Articles of Association and Companies Act 2017. The previously elected directors stand retired as a result of fresh elections. Three Government nominated directors continued and the CEO acts as twelfth member of the board. Subsequent to the election, Mr. Naved Hamid resigned from the board due to some personal reasons and Ms. Mahtab Akbar Rashdi was appointed in his place as new member of the board. Dr. Fakhre Alam, Secretary, Ministry of Poverty Alleviation & Social Safety (M/o PA&SS) transferred by the Government and Mr. Ghufraan Memon, joined as the Secretary M/o PA&SS. Later, he also got transferred, and Mr. Yusuf Khan posted in his place as the new Secretary M/o PA&SS. During the year, the Government also nominated Ms. Nasheeta Maryam Mohsin, Additional Secretary, Finance Division, as member on the board of PPAF to fill the vacant slot of the Government nominees. We look forward to benefiting from the vision and valued experience of the newly appointed/nominated directors which we are confident will go a long way in the future growth and prosperity of the Company.

### Board Committees

#### Audit Committee:

The Audit Committee comprises of four non-executive directors, including the Chairman, having relevant expertise and experience. The Chairman is an independent non-executive Director. The Company Secretary acts as Secretary of the Committee. The Chief Internal Auditor (CIA) functionally reports independently to the Audit Committee.

The primary objective of the audit committee is to monitor and provide an effective supervision of the Management's financial reporting process, to ensure accurate and timely disclosures, with the highest levels of transparency, integrity, and quality of financial reporting. The Audit Committee reviews the financial and internal reporting processes, the system of internal control, management of risk and the internal and external audit processes. The Audit Committee ensures that the Company has a sound system of internal financial and operational controls. It assists the Board in discharge of its fiduciary responsibilities. The Audit Committee reviews six monthly un-audited and annual audited financial statements of the Company before

their respective presentation to the Board and ensures implementation of relevant controls for the integrity of the information. The Committee recommends to the Board of Directors the appointment of external auditors and discusses major observations highlighted by internal and external auditors.

During the year the Audit Committee reviewed the internal control systems and risk management mechanisms in conjunction with the Internal Audit reports presented to the Committee. The Committee also reviewed and approved the Internal Audit plan of the Internal Audit unit. Furthermore, the Committee recommended for the approval of the Board the appointment of external auditors; un-audited condensed interim financial statements along with Management Review; audited financial statements along with Auditors' and Directors' Reports of the company; annual budget of the Company; project specific audited financial statements as per donors' requirements.

As per the best practices under the Code of Corporate Governance, the Committee held a separate meeting with External Auditors.

#### **HR Committee:**

The HR Committee comprises of five members of the Board including the Chairman who is appointed among the non-executive Directors while the Company Secretary acts as a Secretary of the Committee. The Committee has a mandate to assist the Board in overseeing Company's HR policies, placing particular emphasis on ensuring a fair and transparent compensation policy and ensuring continuous development and skill enhancement of employees. During the year the committee recommended Board approval, confirmation of appointment of senior management positions, salary revisions and terminal benefits etc.

#### **Risk Management Committee:**

The Risk Management Committee comprises of four members of the Board including the Chairman who is appointed among the non-executive Directors. Company Secretary acts as Secretary of the Committee.

The Committee reviews/asses effectiveness of overall risk management framework at PPAF; adequacy of risk management policies and procedures in identifying, measuring, monitoring and controlling risks; structure/composition of PPAF's assets and liabilities overall and advise on maturity gaps, interest rate mismatches and exchange rate risk; Treasury Management Strategy (TMS) including composition of Treasury Management Committee and recommend changes, if any; progress and key issues of Pakistan Microfinance Investment Company.

During the year, the Committee endorsed investment decisions made by Treasury Management Committee; reviewed risk management framework along with key risks and mitigation plans; assessed performance/progress of PMIC.

#### **Executive Strategy and Design Committee:**

The Executive Strategy and Design Committee comprises of seven members of the Board including the Chairman who is appointed among the non-executive Directors. The Company Secretary acts as Secretary of the Committee.

The Executive Strategy and Design Committee assists the Board in the effective discharge of its responsibilities regarding approval of concept notes and financing proposals for partners and that of donors. During the year, the Committee recommended financing proposals, concept notes and projects for the approval of the Board.

#### **Search & Nomination Committee:**

The Search & Nomination Committee comprises of four members of the Board including the Chairman who is appointed among the non-executive Directors. The Company Secretary acts as Secretary of the Committee.

The Search & Nomination Committee assists the Board in the effective discharge of its responsibilities regarding searching suitable candidates to fill any vacant positions among the General Body and the Board Members. During the year, the Committee recommended the appointment of director consequent to the resignation received from one of the board members for the approval of the Board.

## 4 Human Resource Management

PPAF has faced endless human resource management challenges in recent years, and each year seems to bring more than the last. This year is no different, with the continuation of many HR challenges from last year and a few new ones. The internal challenges of uncertainty; restructuring of the organisation; lack of team cohesiveness etc. along with few of the external challenges i.e., funding constraints, disaster management (flood relief) were quite significant during the year, which were met successfully with the strategic guidance and management support in a very constructive manner.

The thought-provoking approach of PPAF management enabled the PPAF staff to welcome the coming year with a participatory SWOT analysis exercise. It was a self-reflection to understand the PPAF's strengths, weaknesses, opportunities, and threats together as a team and suggested a direction to plan the year ahead. This exercise also unveiled the core competence required to bring agility and efficiency in PPAF's operations and thus provided the edifice of the human resources function to be remodeled.

The human resource management aim in the year-end was to streamline the Human resource function with a structured and agile approach. Therefore, an in-depth review of policies and procedures was carried out. This revision in the human resources policy manual was made while considering the best practices and ensuring that PPAF remained market competitive. Also, the focus was paid to strengthening and simplifying the accountability related policies and procedures. The code of conduct was comprehensively revised. Beside this clear and concise "Zero Tolerance policies" were included to ensure the HRs' intention to create a respectful, harassment free, dignified workplace for both men & women.

Organisation restructuring exercise was carried out by independent consultants to provide a strategic framework for human resource management at PPAF. The principle of lean

workforce and right sizing were considered while strengthening human resource function of the organisation. This exercise yielded a strong functional structure of the organisation with a focus to strengthen the skilled and technical niche of organisation. This comprehensive exercise also yielded an exit strategy for employees which was duly approved by the BODs of PPAF. As a result, a total of sixty-one (61) employees opted for the Voluntary Separation Scheme and thus the objective of this activity was smoothly met. The hierarchy of PPAF got condensed and a total of Sixty-Seven (67) positions and fifteen (15) Management Trainees' positions were approved by the BODs. A competitive process was run to hire these positions internally while ensuring transparency, equity, and fair access to opportunities for all staff. The process was administrated by the third party.

HR being the central point of the organisation channelized all its resources during the year on the areas and activities which could bring the agility and accuracy in existing processes and procedures of the department and ensured to translate the values of Inclusion, Participation, Accountability, Transparency at its utmost in every action.

## 5 TREASURY & FUNDS MANAGEMENT

An effective cashflow management system forms the basis for successful treasury management and safeguards the Company from any cashflow risks. The Company maintains a dynamic and flexible portfolio of investments for placement of surplus cash in diversified portfolio. Treasury function is governed by Board approved Treasury Management Strategy (TMS) and managed by a Treasury Management Committee (TMC) which comprises of CEO as its chairman, Chief Programs, Chief Financial Officer and Chief of HR and Admin as its members and Manager Treasury acts as its secretary.

### Key objectives of the TMS are as follows:

- The protection of principal has been given high priority by limiting the company's investments to Government and other high credit rated securities.

- The portfolio has been managed to cater for the company's operational, capital, disbursement, and repayment requirements.
- Portfolio management have achieved a competitive rate of return keeping in view the risk factor and liquidity requirements.
- Provide support for program activities through own resources in order to ensure continuity of project activities.

#### Diversification with Exposure Limits

The TMS revolves around the principles of maintaining liquidity, security of capital & obtaining competitive rate of return. The TMS broadly defines the following:

- Minimum 70% and maximum 100% of the overall portfolio can be invested in securities issued by Government of Pakistan (GoP) and long-term AAA rated banks.
  - TMS also defines per party exposure: (i) full portfolio can be invested in securities issued by Government of Pakistan (ii) a maximum of Rs. 2,500 million per bank with long term AAA rating can be invested (iii) investment in Islamic bank with long term AAA rated banks to a maximum 5% of the portfolio can be invested.
- Funds can be place for any tenor as per liquidity requirements, except for Islamic banks, where tenor can be a maximum of one year.
- Minimum 0% and maximum 30% of the overall portfolio can be invested in long-term AA-rated Banks with a maximum cap of Rs. 1,500 million per bank. Investments in long term AA rated Banks can only be made if the ceiling of long-term AAA Banks have been exhausted or difference in mark-up rate between long term AAA rated Banks and long-term AA rated banks is minimum 1%. Funds in this category can be placed for a maximum of tenor of one year.
- A minimum of 0% and maximum 15% of the overall portfolio can be invested in long-term A-rated Microfinance Banks. Maximum cap per bank is the lower of Rs. 500 million or 15% of the bank's equity. Funds in this category can be placed for a maximum of tenor of one year.
- The placement of funds is arranged with target maturity dates to ensure availability of sufficient liquidity for working capital / investment requirements, besides generation of maximum returns.

## Repayment of Debts

A portfolio of long term and short-term investments is maintained after thorough financial evaluation of available investment opportunities. The Company has remained current in its repayments of loans to GoP due to effective cashflow projections. The credit risk in short term investments is controlled through diversification in investments among top ranking financial institutions and sovereign guarantee security in the form of Treasury Bills issued by the Government of Pakistan. For the long-term credit risk, the deployed portfolio includes the sovereign guaranteed security in the form of Pakistan Investment Bonds issued by the Government of Pakistan and deposits in long term AAA rated banks.

## Investment Objective

The objective is to earn a competitive risk adjusted rate of return by investing in a blend of short, medium, and long-term fixed income and debt instruments while ensuring security of funds.

## Portfolio Mix

As of June 2023, exposure in Govt Securities & AAA rated banks was Rs. 20,627 million which represented 100% of the invested portfolio (including endowment fund provided by Government of Pakistan Rs. 1,000 million which is invested in PIBs). The portfolio mix at year end constitutes 41% of long term and 59% of short-term investments.

The SBP has raised the policy rate from 15% (2022) to 22% 2023. The monetary policy remained focused on supporting the economic activity, preventing de-anchoring of inflation expectations, and providing support to the Rupee in the wake of multi-year high inflation and record imports.

The market yields of Government Securities were placed positively, however, yields improved during the year on a substantial pace whereas yields on shorter investments increased exponentially. To gain maximum benefit from higher interest rates, 62% of the available funds were placed in short-term investments and the remaining 38% were invested in long-term investment. Under this strategy, PPAF managed to earn average positive returns during the year.



## 6

## RISK MANAGEMENT

Effective risk management is fundamental to the delivery of PPAF's strategic priorities. Vigorous risk management strategies and proactive risk mitigation techniques are cornerstones in accomplishing strategic objectives and protecting business assets, personnel, and reputation. Since its inception PPAF has seen significant transformation, and this has naturally resulted in heightening of risks related to strategic choices, strategy execution along with traditional operational and compliance related risks. Management at PPAF periodically reviews major financial and operating risks faced by the Company, devises and implements measures to mitigate the potential impact of the risks with the aim to ensure quality decision making. The Board of Directors and Risk Management Committee of the Board has overall responsibility for establishment and oversight of the Company's risk management framework.

### Risk Management Framework

Risk management at PPAF is integral to all aspects of the organisation including strategic planning, decision making, operational planning and resource allocation. It clarifies the accountability, the reporting and escalation processes, as well as the communication and consultation mechanisms for internal and external stakeholders. The Company's Board of Directors has overall responsibility for the establishment of the Company's risk management framework. It is supported by the Risk Management Committee which reviews risk framework and risk register of PPAF on an ongoing basis.

The Enterprise Risk Management framework adopted by PPAF allows linking of risk management process to organisation's mission, vision and core values in order to achieve enhanced performance. The stakeholder's value is maximised when management sets strategy

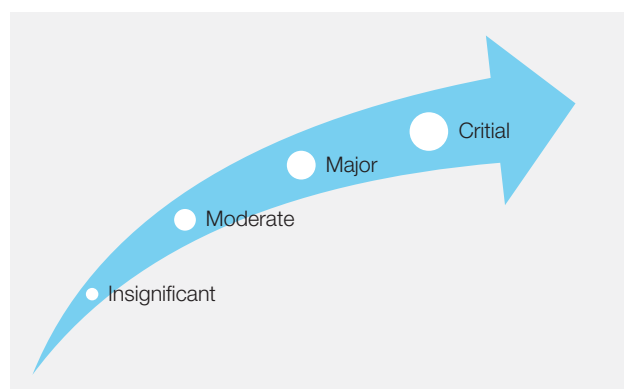
and objectives to strike an optimal balance between sustainability and goals and related risks, and efficiently and effectively deploys resources in pursuit of the entity's objectives.

PPAF is undertaking several initiatives for further improving its compliance culture and controls, including enhancing the capacity and scope of the compliance function. The Risk Management Framework (RMF) identifies potential threats and strategies for removing or minimizing the impact of these risks. PPAF's risk management framework is built upon following pillars:

### Risk Register

A risk register is maintained by PPAF containing the following categories of information:

1. A description of the main risks facing the PPAF. Categorisation of risks is done and key risks affecting PPAF's objective are identified primarily based on risk identified by donors at the commencement of the projects.
2. The impact shall this event occur. The consequences are defined as:
3. The probability of its occurrence through use of following scale:
  - 3.1 Very Low (may occur only in exceptional circumstances, 20% chance)
  - 3.2 Low (may occur at some time, 20% to 40% chance)
  - 3.3 Medium (likely to occur/reoccur, 40% to 70% chance)
  - 3.4 High (likely to occur/reoccur, 70% to 100% chance)
4. A summary of the planned response when the event occurs; and



5. A summary of risk mitigation (the actions that can be taken in advance to reduce the probability and/or impact of the event).

The risk register is periodically reviewed by the Risk Management Committee of the Board. Major and significant risks with medium/high likelihood are brought to the attention of the Board of Directors.

### Key Sources of Risks and Challenges

PPAF has proactively instilled a culture of risk management and placed effective systems for timely identification, assessment, and mitigation of various risks it is exposed to in the normal course of business. The risks are classified into regulatory, funding, reputational, financial, operational, and hazardous.

International Financial Reporting Standards require judgments, estimates and assumptions while preparing financial statements which affect the application of accounting policies and the reported amounts of assets and liabilities, income, and expenses. PPAF is taking all necessary steps to remain fully compliant with the International Financial Reporting Standards to meet its obligations through well-managed investment.

Details of significant accounting estimates and judgments including those related to retirement benefits, estimation of useful life of property and equipment, provisions, investment in PMIC have been disclosed in Note 4 to financial statements of the Company.

#### 1. Financial risk

The Company's activities expose it to a variety of financial risks: credit risk, liquidity risk and market risk (including currency risk, interest rates risk and price risk). The Company's overall risk management policy focuses on the unpredictability of financial markets and seeks

to minimize potential adverse effects on the Company's financial performance. The Board of Directors have overall responsibility for the establishment and oversight of the Company's risk management framework. The management of the Company is responsible for developing and monitoring the Company's risk management policies.

The Company's risk management policies are established to identify and analyse the risks faced by the Company, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Branch's activities. The Company, through its training and management standards and procedures, aims to develop a disciplined and constructive control environment in which all employees understand their roles and obligations.

#### 2. Credit risk

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other to incur a financial loss. The Company's credit risk is primarily attributable to loans to Associate and partner organisations, receivable from donors, investments and bank balances. The carrying amount of financial assets represents the maximum credit exposure. The maximum exposure to credit risk at the reporting date was:

Geographically, there is no concentration of credit risk. The Company limits its exposure to credit risk by investing only in liquid securities and only with counterparties that have a high credit rating. Management actively monitors credit ratings and given that the Company has only invested in securities with high credit ratings and with GoP, management does not expect any counterparty to fail to meet its

Sr.No.		2023 (Rupees 000)	2022 (Rupees 000)
1	Long term loans to Associate	5,647,455	6,689,357
2	Loans and advances	6,145	14,813
3	Grant fund receivable	538,732	181,681
4	Profit / service charges receivable	182,049	493,983
5	Other receivables	7,960	2,517
6	Short term investments	10,583,503	13,000,468
7	Bank balances specific to projects	215,765	788,124
8	Cash and bank balances	2,567,790	341,800
9	Long term investments	7,923,350	6,148,444
10	Long term deposits	7,253	7,103
11		<b>27,680,002</b>	<b>27,668,290</b>

obligations.

### 3. Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company's approach to manage liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's reputation.

The Company ensures that it has sufficient cash on demand to meet expected cash outflows during its operating cycle, including the servicing of financial obligations; this excludes the potential impact of extreme circumstances that cannot reasonably be predicted, such as natural disasters. The Company monitors rolling forecasts of the liquidity reserve (comprising undrawn borrowing facilities and cash and cash equivalents) on the basis of expected cash flows. In addition, the Company's liquidity management policy involves projecting cash flows in major currencies and considering the level of liquid assets necessary to meet the cash flow requirements and maintaining the debt financing plans. The Company's financial position is satisfactory, and the Company does not have any liquidity problems. The contractual maturities of the financial liabilities are disclosed in note 42 to the financial statements.

### 4. Market risk

#### i. Interest rate risk

Interest rate risk represents the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in

market interest rates. The majority of the interest rate exposure arises from investments, loans to the Associate, grant fund receivables, loans to partner organisations, deposits with banks, lease liabilities and long-term financing.

#### ii. Price risk

Price risk represents the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from interest rate risk or currency risk), whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instruments traded in the market.

At the year end, the Company is not exposed to price risk since there are no financial instruments whose fair value or future cash flows will fluctuate because of changes in market prices.

#### iii. Fair value of financial instruments

The following table shows the carrying amounts of financial assets and liabilities. It does not include fair value information for financial assets and financial liabilities not measured at fair value as the carrying amount is a reasonable approximation of fair value.

#### iv. Capital risk management

The Company's objectives when managing capital is to safeguard the Company's ability to continue as a going concern so that it can achieve its primary objectives, provide benefits for other stakeholders and to maintain a strong capital base to support the sustained development of its businesses in line with the objects of the Company.

### Carrying Amount

Financial Assests Carried at Amortized Cost	2023 (Rupees 000)	2022 (Rupees 000)
Long term loans to Associate	5,647,455	6,689,357
Loans and advances	6,145	14,813
Grant fund receivable	538,732	181,681
Profit / service charges receivable	182,049	493,983
Other receivables	7,960	2,517
Short term investments	10,583,503	13,000,468
Bank balances specific to projects	215,765	788,124
Cash and bank balances	2,567,790	341,800
Long term investments	7,923,350	6,148,444
Long term deposits	7,253	7,103
	<b>27,680,002</b>	<b>27,668,290</b>

## Carrying Amount

Financial liabilities carried at amortized cost	2023 (Rupees 000)	2022 (Rupees 000)
Lease liabilities	200,278	173,644
Long term financing	5,197,609	6,148,105
Trade and other payables	92,344	133,618
Service charges payable	9,272	11,820
	<b>5,499,503</b>	<b>6,467,187</b>

## Risk Governance

The roles and responsibilities at various levels of our risk management program are outlined in our risk governance structure.

### Board and Committees:

Oversees the risk management process primarily through its committees:

- The Risk Management Committee reviews the effectiveness of overall risk management framework including risk policies, strategies, risk tolerance and risk appetite limits.
- The Company's audit committee oversees how management monitors compliance with the Company's risk management policies and procedures and reviews the adequacy of the risk management framework in relation to the risks faced by the Company. Audit committee is assisted in its oversight role by internal audit department. Internal audit department undertakes both regular and ad hoc reviews of risk management controls and procedures, the results of which are reported to the audit committee.
- Compensation Committee focuses on risks in its area of oversight, including assessment of compensation programs to ensure they do not escalate corporate risk, in addition to succession planning with a view to ensure availability of talented human resources in each area of critical Company operations.

### Policies & Procedures

Policies and procedures have been adopted by the Board and its committees and integrated into the Company's risk governance framework to ensure management of financial, operational and compliance risks. These are based on best practices, promoting a culture of ethics and values with authority delegated to senior management for appropriate implementation.

### Performance Management

Continuous monitoring is carried out to evaluate the effectiveness of implemented

controls and identify areas of weakness to devise strategic plans for improvement, which has enabled aversion of the majority of performance risks.

### Internal Audit

Internal Audit function provides independent and objective evaluations while reporting directly to the Audit Committee on the effectiveness of governance, risk management and control processes.

### Internal Control Compliance

Each Group/Unit identifies and manages risks pertaining to their respective areas of responsibility in addition to ensuring compliance with established internal controls.

## 7

## KEY ACTIVITIES OF PPAF

- The Ministry of Planning, Development and Special Initiatives (MoPD&SI) is implementing a national youth internship program titled "Prime Minister's Ba-Ikhtiyar Naujawan Internship Program (BNIP)". Under this program, educated youth from across Pakistan will be provided paid internships for a duration of six (06) months to enhance their employability and job-readiness. The cost of monthly stipends of interns will be borne by the Government of Pakistan. As a registered affiliate in this internship program, PPAF requested 500+ interns from MoPD&SI to be placed at PPAF office as well as deployed with our POs across Pakistan. An MOU was signed between PPAF and MoPD&SI in the internship program launch ceremony organised by the Ministry.



- PPAF and Government of Gilgit-Baltistan (GB) signed an MoU to explore mutual areas of interest, including the establishment of the Soni Jawari Centre for Public Policy. PPAF submitted a Concept Note and PC - 1 to the Government of Gilgit-Baltistan through the Planning and Development Department, to be operationalized under the wider MoU signed with the Government of GB. The Integrated Green Development Plan for Underserved Districts of Gilgit-Baltistan, including Institutional development, Eco - Tourism models using homestays and indigenous resources, Agri - Value Chains, Waste Management and a focus on Innovative models including establishment of Incubation Centers.
- PPAF submitted a Concept Note and PC - 1 to the Government of Balochistan through the Planning and Development Department for an Integrated Innovation Development Project for Targeted Districts in Balochistan. Under the Project, PPAF and Government of Balochistan will focus on Institutional development, Eco - Tourism models using homestays and indigenous resources, Agri - Value Chains, Waste Management and on Innovative models including establishment of Incubation Centers.
- A Provincial Advisory Committee (PAC) for Khyber Pakhtunkhwa has been constituted to review development interventions in the province including Merged Areas in Tourism sector, infrastructure development, Social Sector Initiatives, Climate Change and Livelihood improvement.
- A Provincial Advisory Committee for Gilgit-Baltistan has been constituted to focus on the implementation of the MoU signed between Government of Gilgit-Baltistan and PPAF to review, advise, deliberate, and provide feedback/guidance on the programs and extend technical support on provincial strategies and policies regarding PPAF's interventions in the region. PPAF is in close coordination with the GB Govt for identifying and implementing equity-based projects in different sectors for the benefit of the local population.
- PPAF and Nutrition International (NI) signed an MoU to improve reproductive health and nutrition across Pakistan. NI will provide technical assistance in module development related to nutrition, fortified food, iodized salt, iron folic acid, Kangaroo mother care and capacity building of the project staff on relevant subjects.
- The 10th Amtul Raqeeb Awards ceremony was organized in Lahore to recognize the work of female community leaders for their contributions to economic development of their communities. This award was conferred upon seven successful women entrepreneurs who championed the advancement of transformative technology for income generation and other community development efforts.
- CEO visited the three districts of Sindh namely Thatta, Shaheed Benazir Abad, and Sanghar to initiate PPAF's flood relief activities in 12 worst hit districts in all four provinces of the country. The Emergency Flood Response included a relief package with diverse need-based food items, hygiene kits, water purification tablets, medical supplies, livestock vaccination and other items of need for the flood victims. An estimated 576,130 people in need benefited from this humanitarian response. PPAF allocated Rs. 250 million for Flood Emergency Relief Programme to provide immediate life-saving assistance in the worst affected districts of Pakistan.
- Mr. Nadir Gul visited Lasbela for the food packages distribution ceremony organized at Municipal Corporation Bela. 1,900 flood-affected households were provided food packages, hygiene kits and medicines through organised medical camps.

# **FINANCIAL STATEMENTS**

## **FOR THE YEAR ENDED JUNE 30, 2023**





A.F. FERGUSON &amp; CO.

## INDEPENDENT AUDITOR'S REPORT

### To the members of Pakistan Poverty Alleviation Fund Report on the Audit of the Financial Statements

#### Opinion

We have audited the annexed financial statements of Pakistan Poverty Alleviation Fund (the Company), which comprise the statement of financial position as at June 30, 2023, and the statement of income and expenditure, the statement of income and expenditure and other comprehensive income, the statement of changes in funds and reserves, the statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information, and we state that we have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of the audit.

In our opinion and to the best of our information and according to the explanations given to us, the statement of financial position, the statement of income and expenditure, the statement of income and expenditure and other comprehensive income, the statement of changes in funds and reserves and the statement of cash flows together with the notes forming part thereof conform with the accounting and reporting standards as applicable in Pakistan and give the information required by the Companies Act, 2017 (XIX of 2017), in the manner so required and respectively give a true and fair view of the state of the Company's affairs as at June 30, 2023 and of the surplus and other comprehensive income, the changes in funds and reserves and its cash flows for the year then ended.

#### Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) as applicable in Pakistan. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants as adopted by the Institute of Chartered Accountants of Pakistan (the Code) and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

#### Information Other than the Financial Statements and Auditor's Report Thereon

Management is responsible for the other information. The other information comprises the information included in the directors' report, but does not include the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

A. F. FERGUSON & CO., Chartered Accountants, a member firm of the PwC network  
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A.F.FERGUSON &amp; Co.

### **Responsibilities of Management and Board of Directors for the Financial Statements**

Management is responsible for the preparation and fair presentation of the financial statements in accordance with the accounting and reporting standards as applicable in Pakistan and the requirements of Companies Act, 2017 (XIX of 2017) and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Board of directors are responsible for overseeing the Company's financial reporting process.

### **Auditor's Responsibilities for the Audit of the Financial Statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs as applicable in Pakistan will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs as applicable in Pakistan, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the board of directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

#### Report on Other Legal and Regulatory Requirements

Based on our audit, we further report that in our opinion:

- a) proper books of account have been kept by the Company as required by the Companies Act, 2017 (XIX of 2017);
- b) the statement of financial position, the statement of income and expenditure, the statement of income and expenditure and other comprehensive income, the statement of changes in funds and reserves and the statement of cash flows together with the notes thereon have been drawn up in conformity with the Companies Act, 2017 (XIX of 2017) and are in agreement with the books of account and returns;
- c) investments made, expenditure incurred and guarantees extended during the year were for the purpose of the Company's business; and
- d) no Zakat was deductible at source under the Zakat and Ushr Ordinance, 1980 (XVIII of 1980).

The engagement partner on the audit resulting in this independent auditor's report is Asim Masood Iqbal.



Chartered Accountants  
Islamabad  
Date: September 14, 2023

UDIN: AR202310053tifNvnKMw



**PAKISTAN POVERTY ALLEVIATION FUND**  
**(A Company incorporated under section 42 of the Companies Act, 2017)**  
**STATEMENT OF FINANCIAL POSITION**  
**AS AT JUNE 30, 2023**

		2023	2022
	Note	----- Rupees '000 -----	
<b>ASSETS</b>			
<b>NON-CURRENT ASSETS</b>			
Property and equipment	7	231,738	274,058
Intangible assets	8	18,187	27,435
Investment in the Associate	9	4,166,758	3,645,273
Long term investments	10	7,923,350	6,148,444
Long term loans to Associate	11	4,583,990	5,546,419
Long term loans and advances	12	816	6,147
Long term deposits		7,253	7,103
		<u>16,932,092</u>	<u>15,654,879</u>
<b>CURRENT ASSETS</b>			
Current portion of long term loans to Associate	11	1,063,465	1,142,938
Loans and advances	12	5,329	8,666
Grant fund receivables	13	538,732	181,681
Short term prepayments		5,659	845
Profit / service charges receivable	14	182,049	493,983
Advances and other receivables	15	168,206	134,655
Loans to partner organizations	16	-	-
Short term investments	17	10,583,503	13,000,468
Tax refunds due from the Government	18	528,017	420,032
Bank balances specific to projects	19	215,765	788,124
Cash and bank balances	20	2,567,790	341,800
		<u>15,658,515</u>	<u>16,513,192</u>
<b>TOTAL ASSETS</b>		<u>32,790,607</u>	<u>32,168,071</u>
<b>FUNDS, RESERVES AND LIABILITIES</b>			
<b>FUNDS AND RESERVES</b>			
Endowment fund	21	1,000,000	1,000,000
Grant fund		13,856,085	13,031,426
Accumulated surplus		7,446,356	6,935,629
		<u>22,302,441</u>	<u>20,967,055</u>
Reserve for grant based activities		3,978,269	2,927,267
		<u>26,280,710</u>	<u>23,894,322</u>
<b>NON-CURRENT LIABILITIES</b>			
Lease liabilities	22	107,620	173,043
Long term financing	23	4,006,988	5,022,640
Deferred benefit	23	906,113	1,081,082
		<u>5,020,721</u>	<u>6,276,765</u>
<b>CURRENT LIABILITIES</b>			
Current portion of lease liabilities	22	92,658	601
Current portion of long term financing	23	1,190,621	1,125,465
Deferred liabilities - grant fund	24	92,198	721,306
Deferred capital grant	25	10,548	1,320
Trade and other payables	26	93,879	136,472
Service charges payable	27	9,272	11,820
		<u>1,489,176</u>	<u>1,996,984</u>
<b>TOTAL FUNDS, RESERVES AND LIABILITIES</b>		<u>32,790,607</u>	<u>32,168,071</u>
<b>CONTINGENCIES AND COMMITMENTS</b>	28		

The annexed notes from 1 to 46 form an integral part of these financial statements.



DIRECTOR



CHIEF EXECUTIVE OFFICER

**PAKISTAN POVERTY ALLEVIATION FUND**  
**(A Company incorporated under section 42 of the Companies Act, 2017)**  
**STATEMENT OF INCOME AND EXPENDITURE**  
**FOR THE YEAR ENDED JUNE 30, 2023**

	Note	2023 ----- Rupees '000 -----	2022 -----
<b>INCOME</b>			
Service charges on loans to Associate		1,051,085	750,236
Income on investments and saving accounts	30	2,689,396	2,001,188
Share of profit of Associate	9	503,686	261,830
Amortization of deferred income - grant fund	24.16 & 25	534,129	214,566
Amortization of deferred benefit	23.2.1	174,969	168,575
Other income		14,280	2,840
		<u>4,967,545</u>	<u>3,399,235</u>
<b>EXPENDITURE</b>			
General and administrative expenses	32	1,430,989	1,006,322
Seminars, workshops and trainings	33	13,062	7,245
Technical and other studies	34	88,800	75,777
Allowance for expected credit losses	35	34,773	(27,690)
Financial charges	36	252,544	264,107
		<u>1,820,168</u>	<u>1,325,761</u>
<b>SURPLUS BEFORE PROJECT AND RELIEF ACTIVITIES</b>		<u>3,147,377</u>	<u>2,073,474</u>
Expenditure on project and relief activities	37	(778,788)	(1,296,905)
<b>SURPLUS FOR THE YEAR</b>		<u>2,368,589</u>	<u>776,569</u>

The annexed notes from 1 to 46 form an integral part of these financial statements.



  
**DIRECTOR**

  
**CHIEF EXECUTIVE OFFICER**



**PAKISTAN POVERTY ALLEVIATION FUND****(A Company incorporated under section 42 of the Companies Act, 2017)****STATEMENT OF INCOME AND EXPENDITURE AND OTHER COMPREHENSIVE INCOME  
FOR THE YEAR ENDED JUNE 30, 2023**

	Note	2023 ----- Rupees '000 -----	2022 ----- Rupees '000 -----
<b>SURPLUS FOR THE YEAR</b>		<b>2,368,589</b>	<b>776,569</b>
<b>OTHER COMPREHENSIVE INCOME / (LOSS) FOR THE YEAR</b>			
<b>Items that will not be subsequently reclassified to statement of income and expenditure</b>			
Share of other comprehensive income / (loss) of Associate - net of tax	9	17,799	(2,855)
<b>TOTAL COMPREHENSIVE INCOME FOR THE YEAR</b>		<b><u>2,386,388</u></b>	<b><u>773,714</u></b>

The annexed notes from 1 to 46 form an integral part of these financial statements.




DIRECTOR



CHIEF EXECUTIVE OFFICER

**PAKISTAN POVERTY ALLEVIATION FUND**  
 (A Company incorporated under section 42 of the Companies Act, 2017)  
**STATEMENT OF CHANGES IN FUNDS AND RESERVES**  
**FOR THE YEAR ENDED JUNE 30, 2023**

	FUNDS		RESERVES		
Note	Endowment fund	Grant fund	Accumulated surplus	Reserve for grant based activities	TOTAL
	Rupees '000				
Balance at July 01, 2021	1,000,000	12,363,651	6,731,415	3,025,542	23,120,608
Total comprehensive income for the year					
Surplus for the year	-	-	776,569	-	776,569
Other comprehensive (loss) for the year	-	-	(2,855)	-	(2,855)
Transfer from reserve for grant based activities to accumulated surplus	38	-	773,714	-	773,714
Transfer from accumulated surplus to grant fund	-	-	98,275	(98,275)	-
Balance at June 30, 2022	1,000,000	13,031,426	6,935,629	2,927,267	23,894,322
Total comprehensive income for the year					
Surplus for the year	-	-	2,368,589	-	2,368,589
Other comprehensive income for the year	-	-	17,799	-	17,799
Transfer from accumulated surplus to reserve for grant based activities	38	-	2,386,388	-	2,386,388
Transfer from accumulated surplus to grant fund	-	-	(1,051,002)	1,051,002	-
Balance at June 30, 2023	1,000,000	13,856,085	7,446,356	3,978,269	26,280,710

The annexed notes from 1 to 46 form an integral part of these financial statements.

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DIRECTOR

CHIEF EXECUTIVE OFFICER

**PAKISTAN POVERTY ALLEVIATION FUND**  
**(A Company incorporated under section 42 of the Companies Act, 2017)**  
**STATEMENT OF CASH FLOWS**  
**FOR THE YEAR ENDED JUNE 30, 2023**

	Note	2023 ----- Rupees '000 -----	2022 ----- Rupees '000 -----
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Surplus for the year		2,368,589	776,569
<b>Adjustment for non cash and other items:</b>			
Depreciation of property and equipment	7	69,473	76,461
Amortization of intangible assets	8	9,248	1,454
Share of profit of Associate	9	(503,686)	(261,630)
Charge / (reversal) of allowance for expected credit losses	35	34,773	(27,690)
Amortization of deferred income - grant fund		(534,129)	(214,566)
Amortization of deferred benefit	23.2.1	(174,969)	(168,575)
Gain on disposal of property and equipment		(107)	(157)
Gain on remeasurement of lease liabilities		-	(1,666)
Financial charges	36	252,544	264,107
		<u>(846,853)</u>	<u>(332,762)</u>
		1,521,736	443,807
<b>Working capital changes</b>			
<b>Decrease / (increase) in current assets:</b>			
Loans and advances		3,337	9,056
Short term prepayments		(4,814)	1,061
Profit / service charges receivable		311,934	76,182
Advances and other receivables		(33,551)	49,753
<b>(Decrease) / increase in current liabilities:</b>			
Trade and other payables		(42,593)	63,287
		<u>234,313</u>	<u>199,339</u>
		1,756,049	643,146
Disbursements to partner organizations - Grants	24.2	(1,807,517)	(2,093,333)
Deferred liabilities transferred to PASS Division		-	(71,651)
Repayment of long term loans of Associate	11	1,041,902	1,142,938
Recoveries of loans to partner organizations		23,199	35,450
Long term loans and advances		5,331	8,079
Long term deposits		(150)	2,328
Income tax paid		(107,885)	(10,419)
Service charges paid		(52,232)	(61,416)
Financial charges paid		(379)	(366)
		<u>(897,831)</u>	<u>(1,048,390)</u>
<b>Cash generated from / (used in) operating activities</b>		858,218	(405,244)
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Investments realised / (made) - net	7 & 8	658,451	(928,270)
Capital expenditure incurred	7	(28,788)	(49,875)
Proceeds from disposal of property and equipment		1,742	2,273
<b>Cash generated from / (used in) investing activities</b>		631,405	(973,872)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Lease liabilities paid	22	(878)	(105,915)
Long term financing repaid	23	(1,125,465)	(1,279,542)
Deferred liabilities - grant fund receipts	24	1,062,286	655,843
Deferred income - grant fund receipts		244,457	185,633
<b>Cash generated from / (used in) financing activities</b>		180,400	(543,981)
<b>NET INCREASE / (DECREASE) IN CASH AND CASH EQUIVALENTS</b>		1,670,023	(1,923,097)
<b>CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR</b>		1,500,924	3,424,021
<b>CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR</b>	43	<u>3,170,947</u>	<u>1,500,924</u>

The annexed notes from 1 to 46 form an integral part of these financial statements.



DIRECTOR




CHIEF EXECUTIVE OFFICER









## **Pakistan Poverty Alleviation Fund | Delivering Prosperity**

A Company set up under section 42 of the Companies Act, 2017

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