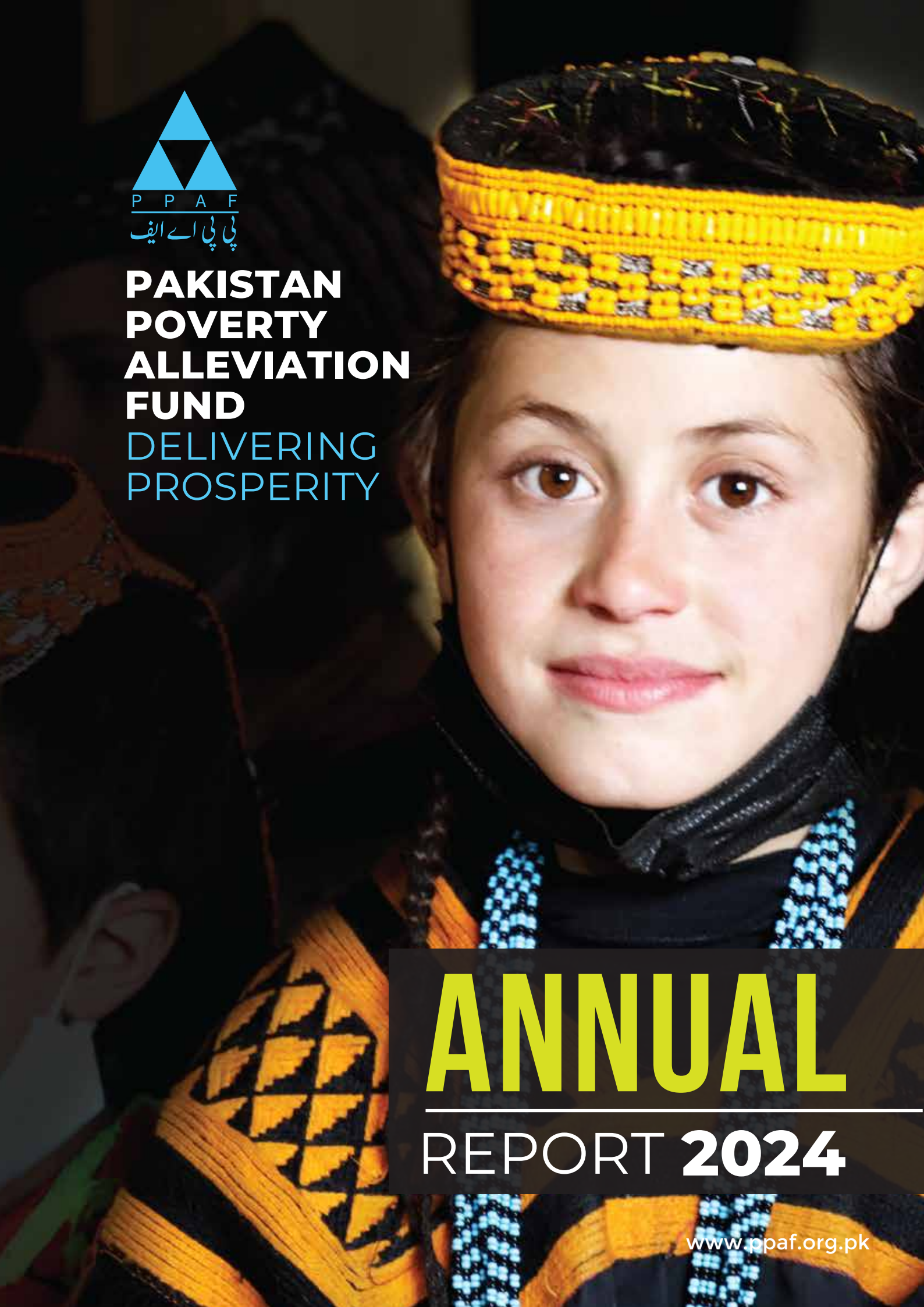


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PAKISTAN POVERTY ALLEVIATION FUND

DELIVERING PROSPERITY

ANNUAL REPORT 2024

www.ppaf.org.pk

Pakistan Poverty Alleviation Fund
Delivering Prosperity
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ANNUAL REPORT 2024

PAKISTAN POVERTY ALLEVIATION FUND

DELIVERING PROSPERITY

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VISION

RESTORING HOPE
SECURING THE FUTURE
ENDING POVERTY

MISSION

TRANSFORMING THE LIVES OF THE POOR TO CREATE A MORE EQUITABLE AND PROSPEROUS PAKISTAN

CORE VALUES

INCLUSION
PARTICIPATION
ACCOUNTABILITY
TRANSPARENCY
STEWARDSHIP

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ABBREVIATIONS & ACRONYMS

AJK	Azad Jammu and Kashmir
ALP	Accelerated Learning Programme
AGAHE	Association for Gender Awareness and Human Empowerment
BEST-PAK	Basic Education and Skills Training - Pakistan
BHU	Basic Health Unit
BISP	Benazir Income Support Programme
BRAVE	Building Resilience and Addressing Vulnerability to Emergencies
BUITEMS	Balochistan University of Information Technology, Engineering and Management Sciences
CAF	Charities Aid Foundation
CBDRM	Community Based Disaster Risk Management
CEO	Chief Executive Officer
CIA	Chief Internal Auditor
CI	Community Institution
CIG	Common Interest Group
CO	Community Organisation
CERP	Centre for Economic Research in Pakistan
CPI	Community Physical Infrastructure
CRP	Community Resource Person
DWSS	Drinking Water Supply Scheme
EAD	Economic Affairs Division
EDT	Enterprise Development Training
EF	Engro Foundation
EI	Energy Institute
EU	European Union
FAO	Food and Agricultural Organization
FCDO	Foreign Commonwealth & Development Office
FDO	Farmers Development Organization
FESF	Family Educational Services Foundation
FI	Financial Institution
GB	Gilgit Baltistan
GoP	Government of Pakistan
GRASP	Growth for Rural Advancement and Sustainable Progress
HR	Human Resource
HRE	Hydropower and Renewable Energy
IAUP	Integrated Area Upgradation Project
ICT	Islamabad Capital Territory
ID	Institutional Development
ISA	International Standard on Auditing
ITC	International Trade Centre
KfW	Kreditanstalt Für Wiederaufbau (German state-owned investment and development bank)
KIBOR	Karachi Interbank Offered Rate
LACIP	Livelihood Support and Promotion of Small Community Infrastructure Programme
LEP	Livelihood Enhancement and Protection

MEHAC	Mountain Area Health Education Center
MHP	Mini/Micro Hydropower Project
MW	Megawatt
MOPASS	Ministry of Poverty Alleviation and Social Safety
MOPD&SI	Ministry of Planning Development & Social Initiatives
MOU	Memorandum of Understanding
NDC	Nationally Determined Contributions
NGO	Non Governmental Organisation
NFI	Non-Food Item
NI	Nutrition International
NIC	National Incubation Centre
NRSP	National Rural Support Programme
NSER	National Socio-Economic Registry
PPAF	Pakistan Poverty Alleviation Fund
PSLM	Pakistan Social and Living Standards Measurement Survey
PTCL	Pakistan Telecommunication Company Ltd.
PWC	Price Waterhouse Coopers
PGP	Poverty Graduation Programme
PMICL	Pakistan Microfinance Investment Company Limited
PMIFL	Prime Minister Interest Free Loan
PO	Partner Organisation
PKR	Pakistan Rupee
PSC	Poverty Scorecard
QCR	Quality Control Review
RSS&CR	Restoring Social Services and Climate Resilience
RE	Renewable Energy
SAP-PK	South Asia Partnership Pakistan
SC	Short Credits
SECP	Securities and Exchange Commission of Pakistan
SDG	Sustainable Development Goal
SIM	Subscriber Identity Module
SM	Social Mobilisation
SME	Small and Medium Enterprise
SMEDA	Small Medium Enterprise Development Authority
SRSO	Sindh Rural Support Organization
SSD	Social Sector & Devolution
SZABIST	Shaheed Zulfikar Ali Bhutto Institute of Science and Technology
TCS	Tranzum Courier Service
TMC	Treasury Management Committee
TMM	Treasury Management Manual
TMS	Treasury Management Strategy
TTO	Third-tier Organisation
UC	Union Council
UK	United Kingdom
UN	United Nations
USAID	United States Agency for International Development
USD	United State Dollar
UNHCR	United Nations High Commissioner for Refugees
VO	Village Organisation
VDP	Village Development Plan
WCI	Women Community Institution

ABOUT PAKISTAN POVERTY ALLEVIATION FUND



ABOUT PPAF

Pakistan Poverty Alleviation Fund (PPAF) is the premier apex institution dedicated to lifting the poor out of poverty through community-driven development across Pakistan. Established in February 1997 as a not-for-profit company under Section 42 of the Companies Ordinance 1984 (now Companies Act 2017), PPAF's mission is to transform the lives of the impoverished, fostering a more equitable and prosperous Pakistan.

PPAF receives funding from prominent international donors, Government of Pakistan, and also utilises its own generated resources to design and implement projects and initiatives focusing climate-resilient infrastructure, green growth and energy, health, education, livelihoods, financial inclusion, and disaster resilience at the grassroots level. These interventions are implemented through PPAF's network of partner civil society organisations.

PPAF is committed to building and enhancing the capacity of its partner organisations to improve community empowerment through social mobilisation, and to promote the values of inclusion, participation, accountability, transparency, and stewardship. Through its efforts, PPAF aims to create sustainable and empowered communities, significantly contributing to the nation's long-term development and stability.

For a complete profile, please visit our website at www.ppaf.org.pk

BOARD OF DIRECTORS



Mr. Mohammad Tahseen
Chairperson of the Board



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



Mr. Aijaz Ahmed Qureshi
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

COMPANY INFORMATION

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

Tax Advisors:

A. F. Ferguson & Company,
Chartered Accountants

Company Secretary:

Mr. Salman Ahmad

Chief Financial Officer:

Mr. Khawaja Nayyar Riaz

Auditors:

Yousuf Adil & Company,
Chartered Accountants

Legal Advisors:

Azam Chaudhry Law Associates

Registered Office:

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GENERAL BODY

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, Ministry of Planning Development and Special Initiatives, Ex-Officio Member

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

Mr. Ahmad Jan Malik: Joint Secretary (Admin), Ministry of Poverty Alleviation & Social Safety, Ex-Officio Member

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

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

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

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

Mr. Sher Jehan Mir: Businessman (Ex Banker)

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. Mohammad Tahseen: Civil Society Activist, Executive Director, South Asia Partnership Pakistan (SAPPK)

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

Ms. Shabina Ayaz: Executive Director, Aurat Foundation

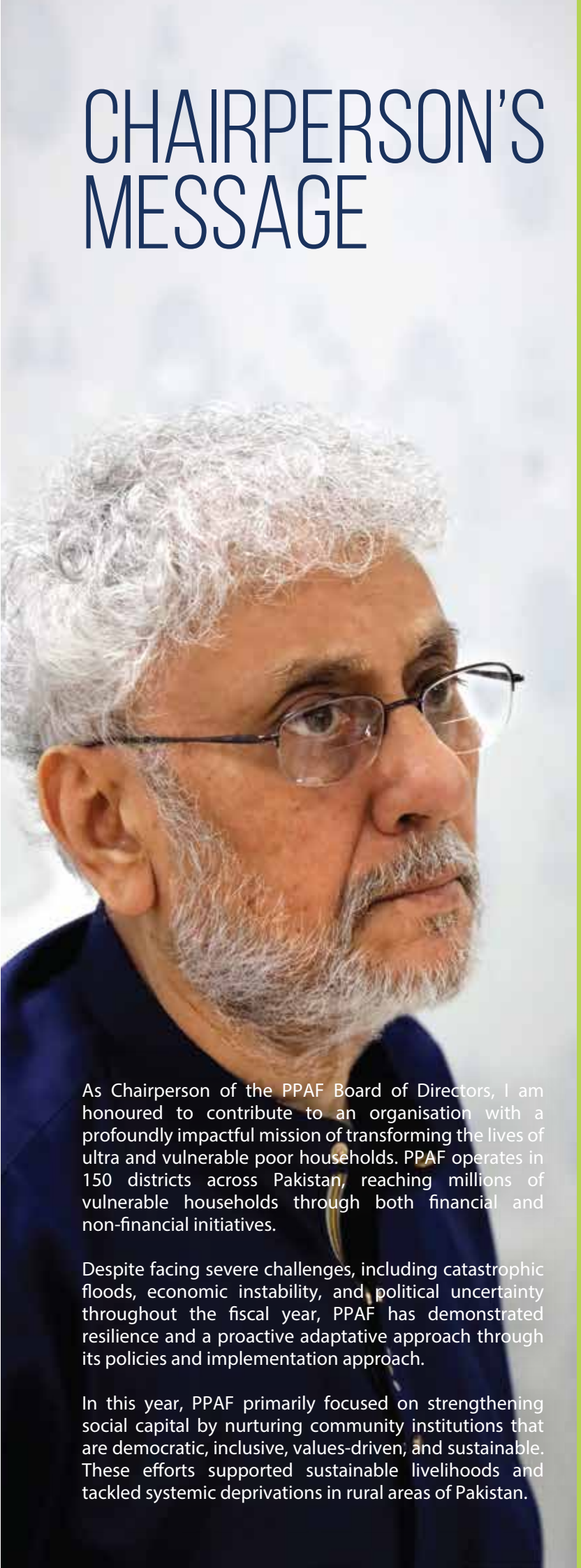
Mr. Kamal Hyat: Development Specialist

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

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

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

CHAIRPERSON'S MESSAGE



As Chairperson of the PPAF Board of Directors, I am honoured to contribute to an organisation with a profoundly impactful mission of transforming the lives of ultra and vulnerable poor households. PPAF operates in 150 districts across Pakistan, reaching millions of vulnerable households through both financial and non-financial initiatives.

Despite facing severe challenges, including catastrophic floods, economic instability, and political uncertainty throughout the fiscal year, PPAF has demonstrated resilience and a proactive adaptative approach through its policies and implementation approach.

In this year, PPAF primarily focused on strengthening social capital by nurturing community institutions that are democratic, inclusive, values-driven, and sustainable. These efforts supported sustainable livelihoods and tackled systemic deprivations in rural areas of Pakistan.

During the reporting period, PPAF has made significant efforts for bringing a meaningful change in the lives of the poor by launching several projects aimed at productive asset transfers and skills development for livelihoods improvement, and disaster risk reduction and the promotion of climate resilience.

In this year, from a strategic programming perspective, PPAF has launched the Restoring Social Services and Climate Resilience project to enhance the climate resilience, focusing on flood-affected districts with multi-sectoral interventions in all the provinces and one region of the country.

Over the year, PPAF continued to provide interest-free loans under the Prime Minister's Interest-Free Loan (PMIFL) Programme, fostering financial inclusion among under-served households. Moreover, loans were provided through the Pakistan Microfinance Investment Company (PMIC), attributable to PPAF's 49% equity share.

The matching grants were provided to Small and Medium Enterprises (SMEs) under the European Union (EU)-supported Growth for Rural Advancement and Sustainable Progress (GRASP) project. Furthermore, successful linkages with financial institutions facilitated loans to SMEs. With the support of the United Nations High Commissioner for Refugees (UNHCR), PPAF facilitated the transfer of productive assets to Afghan refugee households and delivered entrepreneurial skills training.

In response to 2023 floods, PPAF swiftly launched an Emergency Flood Relief Response in southern and central Punjab and Gwadar, providing critical life-saving support to vulnerable communities. With PepsiCo Foundation's support through Give2Asia, dry ration packs were distributed in Multan to flood-effected households.

During the reporting period, the Ministry of Finance published the Pakistan Economic Survey 2023-2024, which highlights the ongoing positive impact of PPAF in supporting communities nationwide. This annual survey, which reviews the country's economic performance, aids in policy formulation and informs the federal budget.

PPAF is equipped with the expertise necessary to drive meaningful change and make a lasting impact on the rural poor in Pakistan. With a strong commitment to integrating climate-resilient practices, PPAF is well-positioned to address the challenges posed by climate change in the communities it serves. I extend my deepest gratitude to our communities, stakeholders, donors, the Government of Pakistan-especially the Ministry for Poverty Alleviation and Social Safety and PPAF's Partner Organisations for their vital role in expanding PPAF's initiatives nationwide.

Mohammad Tahseen
Chairperson
Board of Directors

CHIEF EXECUTIVE OFFICER'S MESSAGE

Leading the PPAF's pivotal initiatives aimed at supporting Pakistan's most vulnerable communities has been both a profound responsibility and privilege. Our primary goal has been to persistently contribute to our strategic vision and to enhance programme strategies to maximise PPAF's impact, while prioritising community needs.

This dedication has led to yet another year of significant accomplishments. In particular, this year, from a strategic programming perspective, PPAF has launched the Restoring Social Services and Climate Resilience (RSS&CR) Project to restore social services and enhance climate resilience. This two-year initiative, with a budget of PKR 3.34 billion funded from PPAF's own resources, targets 61 Union Councils (UCs) in 19 flood-affected districts across Balochistan (4 districts), Khyber Pakhtunkhwa (4 districts), Punjab (6 districts), Sindh (3 districts) and Gilgit-Baltistan (2 districts). Implemented through 34 Partner Organisations (POs) the project aims to restore essential services, restore and retrofit climate-resilient community physical infrastructure, improve income and food security and strengthen disaster resilience among rural communities and local governments by building their capacities, with a strong emphasis on gender.

PPAF successfully continued the implementation of the Prime Minister's Interest-Free Loan Programme[1], providing overall 3.3 million interest-free loans (56% loans to women) through disbursement of PKR 119.58 billion. Of the total loans, 102,787 loans worth PKR 3 billion were disbursed to Benazir Income Support Programme (BISP) beneficiaries. In this reporting period, we have disbursed 336,307 loans (73% loans to women), worth PKR 15.87 billion.

Moreover, through PMICL[2], overall 1.97 million microfinance loans (with 87% loans to women) worth PKR 104.705 billion were disbursed. This year, PMICL disbursed 260,569 microfinance loans (87% loans to women) worth PKR 17.68 billion.

The European Union-funded GRASP Project exemplifies our commitment to combating poverty and promoting gender-inclusive economic opportunities and employment generation for SMEs including primary producers/farmers in specific value chain clusters. Under this project 340 grants worth USD 2.969 million were awarded to SMEs, with 37% benefiting women-led businesses. Moreover, successful linkages with financial institutions facilitated loans worth USD 1.497 million to 147 SMEs, 39% of which are women-led. During the reporting period, 77 matching grants were provided to SMEs (29% women led) and 275 SMEs were trained in business plan development and financial literacy (71% women led SMEs).

Under the KfW-funded Livelihood Support and Promotion of Small Community Infrastructure Programme (LACIP II), we initiated 16 climate resilient Integrated Area Upgradation Projects (IAUPs), comprising 41 Community Physical Infrastructure (CPI) schemes of drinking water supply, drainage and sanitation, flood protection works and link roads. This programme has distinguished itself as a model for poverty alleviation by addressing critical infrastructure constraints, significantly advancing the development of disaster-resilient infrastructure. At the same time, it offers Livelihood Enhancement and Protection (LEP), with Social Mobilisation (SM) serving as the core element of all initiatives.

Other key initiatives such as the UNHCR-funded Poverty Graduation Programme (PGP) for Afghan Refugees significantly improved the quality of life for thousands of households by providing productive assets and skill trainings. This year, 3,000 productive assets (41% assets to women) were transferred to ultra and vulnerable households, while 2,937 individuals (40% women) were provided with livelihood skills.

In response to the 2023 floods, PPAF acted swiftly and effectively addressed the urgent needs of affected communities by providing 3,895 food ration packs, winterised kits to 3,213 households and non-food Items & hygiene kits to 3,613 households. A key focus of PPAF's efforts has been on women and marginalised groups.

Education is an important tool to alleviate poverty and PPAF is providing support to deserving students through the the Chamalang Balochistan Education programme and Bridging Educational Polarisation for Social Harmony project. During the reporting period, scholarships were awarded to 2,126 students (26% girls) from class 1 to 10, while repair and renovation work completed at 20 religious institutions. Furthermore, 26 teachers (19% females) were trained in the Accelerated Learning Programme (ALP). To date, 2,852 educational facilities have been supported, with 415,400 students enrolled in primary/secondary schools comprising 45% girls.

1 - The amount of loans disbursed under PMIFL also includes reflows.
2 - The amount of loans reported under PMICL is attributable to PPAF's 49% equity share. The amount also includes reflows.

The Government of Khyber Pakhtunkhwa has completed the construction of the Deaf Reach Centre in Nowshera district, which is to be handed over to PPAF and the Family Educational Services Foundation (FESF) for training deaf students. Under the health component, cumulatively 15.3 million medical consultations (56% women) have been conducted at 956 PPAF supported health facilities. Cumulatively, 15.3 million health consultation visits (56% women) have been made to 956 PPAF supported health facilities.

The year also brought laurels to PPAF as we won the prestigious International Energy Workforce Award 2024 by the Energy Institute (EI) of the United Kingdom (UK) competing against 140 entries from 29 countries. This recognition is a testament to the incredible work and dedication of our team in building a diverse and skilled workforce for the energy transition. It places PPAF among the leading forces in shaping the future of the renewable energy sector by fostering an inclusive capable workforce.

PPAF also engaged in extensive media and branding activities during this year to enhance its visibility nationwide. To raise awareness of its work, PPAF installed display boards at the main entrances and exits of intervention districts. So far, the boards have been placed in 147 districts, highlighting PPAF's commitment to the socio-economic development of targeted communities. These boards feature the Government of Pakistan's logo, sector-wise details of PPAF interventions, and the number of beneficiaries, including the percentage of women who have benefited.

PPAF's programming places a conscientious emphasis on addressing the needs of women and marginalised communities. This year witnessed a thoughtful focus on gender-specific approaches, with approximately 50% of the beneficiaries supported by PPAF being women. PPAF celebrated International Women's Day and the 11th Amtul Raqeeb Awards in collaboration with the National Commission on the Status of Women and Paigham-e-Pakistan, highlighting the mainstreaming of gender and the celebration of successful women entrepreneurs.

I would like to acknowledge the dedication of my team and extend my gratitude to the Board of Directors, the Government of Pakistan, donors, PPAF's Partner Organisations, and resilient community groups for their invaluable support and cooperation. With your continued cooperation in the coming year, we will continue strengthening our collective efforts essential for reducing inequalities and fostering sustainable progress and positive change among the under-served regions across the country.

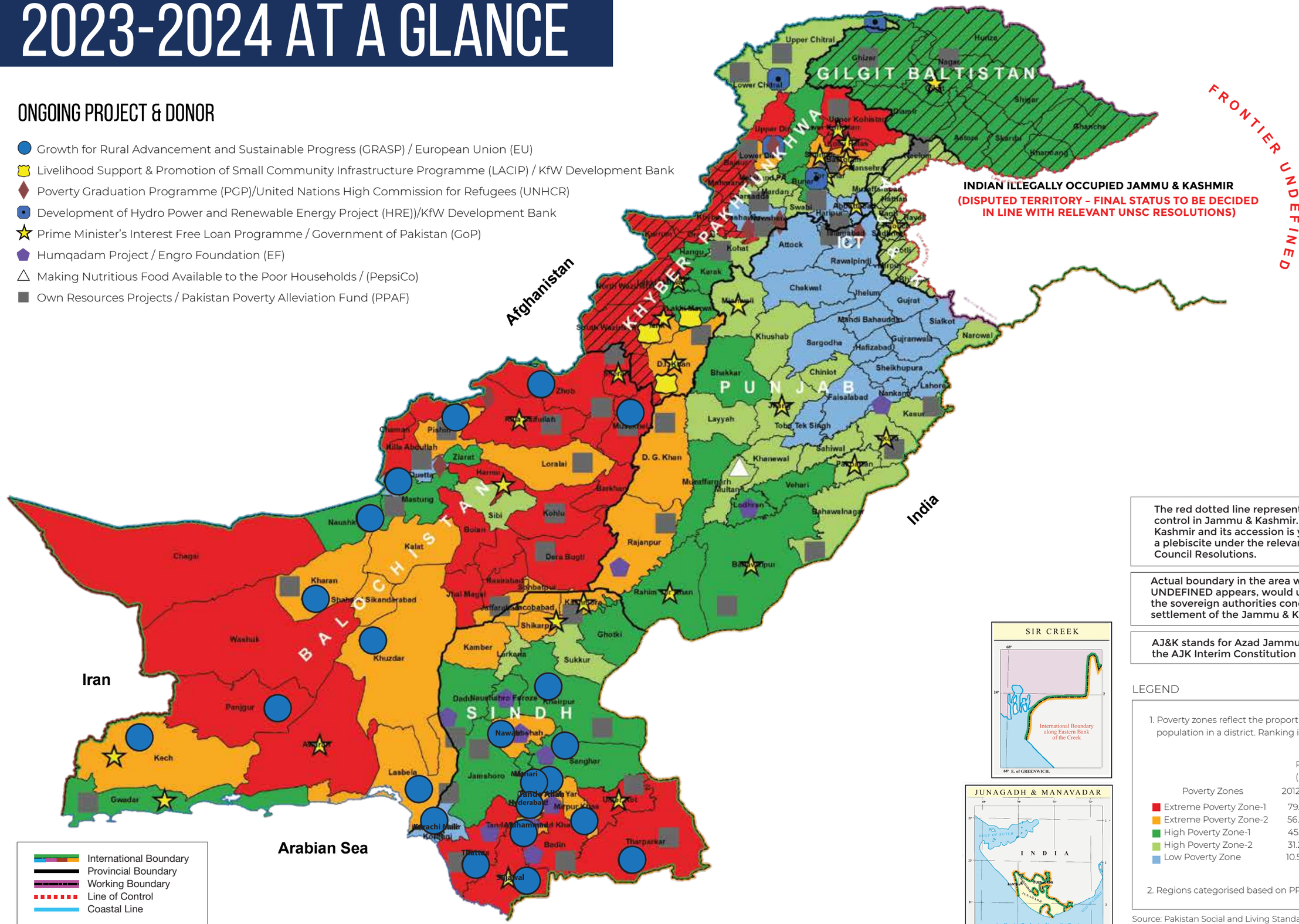
Nadir Gul Barech
Chief Executive Officer



2023-2024 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
- Prime Minister's Interest Free Loan Programme / Government of Pakistan (GoP)
- Humqadam Project / Engro Foundation (EF)
- Making Nutritious Food Available to the Poor Households / (PepsiCo)
- Own Resources Projects / Pakistan Poverty Alleviation Fund (PPAF)



International Boundary
Provincial Boundary
Working Boundary
Line of Control
Coastal Line

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SIR CREEK

JUNAGADH & MANAVADAR

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

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

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

LEGEND

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

Poverty Zones	Proportion of Poor (Headcount Ratio %) 2012-13	2014-15
Extreme Poverty Zone-1	79.0	76.1
Extreme Poverty Zone-2	56.8	55.9
High Poverty Zone-1	45.4	38.1
High Poverty Zone-2	31.2	27.2
Low Poverty Zone	10.5	10.1

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

Source: Pakistan Social and Living Standards Measurement Survey (PSLM) Data 2012-13 and 2014-15
Processed and prepared by the PPAF GIS Laboratory

SECTOR HIGHLIGHTS

COMMUNITY EMPOWERMENT THROUGH SOCIAL MOBILISATION AND IMPROVING LOCAL GOVERNANCE



Central to PPAF's theory of change remains its non-prescriptive approach, which focuses empowering communities to articulate their needs and drive their own development. This is achieved through organising communities into functional value-laden, inclusive, democratic institutions of the people, enabling them to take charge of their destinies with voice and agency. PPAF partners with civil society organisations, which serve as institutions for the people, investing in building their capacity for social mobilisation and community empowerment and instilling values of inclusion, participation, accountability, transparency, and stewardship. Over the years, through strategic investments in capacity-building, PPAF has cultivated a robust network of national, provincial, and local partners. This not only serves as a platform for people to voice their needs but also to take charge of their own development agenda.

During the reporting period 8,250 households were organised encompassing formation/revitalisation of 550 Community Institutions (CIs). Furthermore, 2,504 community members were trained (44% women).

SECTOR'S OVERALL ACHIEVEMENTS

HOUSEHOLDS ORGANISED
2,539,932

CIs FORMED /REVITALISED
169,577
(62% WOMEN CIs)

COMMUNITY MEMBERS TRAINED
665,190
(49% WOMEN)



"Thanks to PPAF's community empowerment efforts, our VO Shadab Welfare Society has made a significant impact in UC Mahra, D. I. Khan. Since our formation on August 7, 2023, the skills and knowledge gained from trainings empowered us to develop linkages. We've enhanced community resilience by developing linkages with BEST-PAK to build a flood-protective raised platform and organising Disaster Risk Reduction training for 25 members, along with emergency kit distributions, PPAF's support has a huge impact on our community".

Muhammad Tayyab, President Shadab Welfare Society from District D. I. Khan

CLIMATE CHANGE AND DISASTER RISK REDUCTION



Despite contributing less than 1% to global carbon emissions, Pakistan is among the ten most climate-vulnerable countries. As climate patterns continue to shift, Pakistan faces escalating challenges that urge for effective resilience-building measures. To address these evolving threats, adaptation and preparedness are crucial for the country to manage and mitigate the effects of climate change.

Aligned with the Paris Agreement, PPAF supports the Nationally Determined Contributions (NDC) by mitigating climate impacts and adapts to climate change and incorporates in its programmes the principles and priorities of the National Adaptation Plan 2023 supporting, specifically, the pillars of green jobs and, livelihoods, inclusive growth, resilience, social equity and sustainable infrastructure and services.

So far, PPAF has conserved 2.23 million m^3 of water, built 72 km of wall protecting 156,000 households from floods, generated 14 MW of renewable energy, planted 129,706 trees, and raised environmental awareness and nurtured love for nature among 7,000 youth in 64 schools.

Looking forward, PPAF is integrating resilience-building in its interventions. The Restoring Social Services and Climate Resilience Project, to be implemented in 61 Union Councils with a budget of PKR 3.4 billion, focuses on climate-resilient infrastructure and social services, disaster preparedness, and inclusive governance to help flood affected communities cope with both the immediate and long-term impacts of climate change. This year, as a part of its Emergency Flood Response 2023, total of 3,895 food packages, 3,213 winterised kits and 3,613 non-food items and hygiene kits were provided to flood affected poor households.

SECTOR'S OVERALL ACHIEVEMENTS

SEISMICALLY SAFE HOUSES CONSTRUCTED
122,000

CBDRM TRAINING TO
14,728
BENEFICIARIES

FLOOD PROTECTION WORKS COMPLETED
1,296

COMPLETED **38**
DROUGHT MITIGATION AND PREPAREDNESS PROJECTS

FOOD PACKS DISTRIBUTED TO **753,891** HOUSEHOLDS

NON-FOOD ITEMS AND HYGIENE KITS DISTRIBUTED TO
157,762
HOUSEHOLDS



"Living day-to-day has been tough since my husband has been unemployed for three months. I earn a meagre living by operating a hand mill, despite the pain in my leg. The food assistance provided by PPAF has been a lifeline for us I was able to provide meals for my three children thanks to the assistance we received."

Nasreen Bibi, from District Multan

PROJECTS

EMERGENCY RELIEF ASSISTANCE TO 2023 HEAVY RAINFALL & FLOOD AFFECTED COMMUNITIES IN SOUTH AND CENTRAL PUNJAB AND GWADAR AND FOOD SECURITY INITIATIVE IN MULTAN

The 2023 floods in Punjab caused widespread devastation, affecting eight districts along the Sutlej River. In response, PPAF launched its Flood Relief Programme in August 2023, providing food packs, winterised kits and non-food items (NFIs) to affected households in Punjab.

Following the urban flooding in Gwadar, Balochistan, PPAF extended emergency relief assistance to poor communities in Gwadar through food, NFIs, and construction/rehabilitation of household latrines. Dewatering pumps were also provided to help mitigate the effects of flooding. PepsiCo Foundation's employee matching gifts, through CAF America, enabled PPAF to provide food bags to five additional households. Timely relief aided in building resilience, enabling the affected communities to cope with the impacts of flood and recover faster, reducing long-term vulnerabilities.

Indicators	Achievements
Households received food ration packs	3,895
Households received winterised kits	3,213
Households received non-food Items & hygiene kits	3,613

DONOR
PPAF

BUDGET
PKR 206 million

DURATION
August 2023 to May 2024

PARTNERS
04

GEOGRAPHICAL COVERAGE 06 districts
(Balochistan: 01, Punjab: 05)



RESTORING SOCIAL SERVICES AND CLIMATE RESILIENCE (RSS&CR)

From a strategic programming perspective, to enhance climate resilience, PPAF has launched "Restoring Social Services and Climate Resilience Project", targeting 61 UCs in 19 flood affected districts with multi-sectoral interventions in Punjab, Khyber Pakhtunkhwa, Balochistan, Sindh and Gilgit Baltistan (GB). The project aims at restoring basic services, restoring and retrofitting of climate-resilient community physical infrastructure, improving income and food security and strengthening disaster resilience in rural communities and local governments by building their capacities, with a view to evolve inclusive and local leadership.

DONOR
PPAF

BUDGET
PKR 3.34 billion

DURATION
May 2024 to April 2026

PARTNERS
34

GEOGRAPHICAL COVERAGE 19 districts
(Balochistan: 04, Gilgit-Baltistan: 02, Khyber Pakhtunkhwa: 04, Punjab: 06, Sindh: 03)



LIVELIHOODS AND VALUE CHAINS



Within the PPAF's poverty graduation framework, creating productive economic assets and enhancing skills are key to improving the economic and social wellbeing of ultra-poor and vulnerable households enabling them to generate sustainable income and avail employment opportunities. Through this initiative, productive assets have been transferred to ultra-poor and vulnerable households and individuals are provided with skills and entrepreneurship training to boost income and productivity. Moreover, PPAF's European Union funded Growth for Rural Advancement and Sustainable Progress (GRASP) programme supports Small and Medium Enterprises (SMEs) by capacitating 5,426 SMEs in areas like agri-business management and wool processing. 340 SMEs also provided with matching grants. The initiative focuses on gender-inclusive income and employment generation, boosting productivity, and increasing profitability across different value chains.

During the reporting period, 3,000 productive assets (41% assets to women) were transferred to ultra and vulnerable households, while 3,203 individuals (42% women) were provided with livelihood skills. Furthermore, in the PPAF component of EU funded GRASP project, 77 matching grants were provided to SMEs (29% women SMEs) and 275 SMEs trained on business plan development and financial literacy (71% women owned SMEs). Moreover, successful linkages with financial institutions facilitated loans worth USD 1.497 million to 147 SMEs, 39% of which are women-led.

A preliminary analysis of BISP's National Socio-Economic Registry (NESR) data revealed that 32% households of PPAF supported projects are eligible to exit from BISP's registry.

SECTOR ACHIEVEMENTS

203,405
PRODUCTIVE ASSETS TRANSFERRED (64 % TO WOMEN)





476,499
LIVELIHOOD SKILL TRAINING PROVIDED (48% WOMEN BENEFICIARIES)

MATCHING GRANTS WORTH USD 2.969 MILLION PROVIDED TO
340 SMEs
(37% GRANTS TO WOMEN-LED BUSINESSES)



"I faced severe challenges to my goat farming business due to the recent floods. With a PKR 500,000 matching grant under EU funded GRASP project, I was able to buy livestock, build a shelter, and receive essential trainings, that helped me in restoring and expanding my cattle farming business. This intervention not only revived my income but also supported my household and educational expenses. Despite suggestions to switch careers from my family, cattle farming has proven to be my path to financial stability. GRASP has greatly boosted my confidence and shown that women in our village can thrive and achieve self-reliance".



Shareen Razzaq, SME Owner from District Lasbela

PROJECTS

GROWTH FOR RURAL ADVANCEMENT AND SUSTAINABLE PROGRESS (GRASP)

The EU-funded GRASP is being implemented by ITC in partnership with PPAF, FAO, and SMEDA to reduce poverty by strengthening SMEs including primary producers and farmers in horticulture and livestock value chains in 22 districts of Balochistan and Sindh. It emphasis gender-inclusive income and employment generation, enhancing productivity, and increasing SME profitability across different value chains. Overall, GRASP project has significantly supported farmers and SMEs through financial support and capacity building training programmes.

Indicators	Achievement
SMEs received Matching Grants	340 (worth 673 million PKR) (USD 2.969 million)
MoUs signed with Financial Institutions	24
SMEs Capacitated on Financial Literacy and Business Plan Development	1271 (47 % women)
SMEs received Loans through Financial Institutions	147 (worth 418.9 million PKR) (USD 1.497 million) (39 % women)

DONOR
European Union (EU)

BUDGET
USD 55 million
(PPAF Portfolio: USD 15.235 million)

DURATION
April 2021 to June 2025

PARTNERS
07

GEOGRAPHICAL COVERAGE 22 districts
(Balochistan: 10, Sindh: 12)



POVERTY GRADUATION PROGRAMME (PGP) FOR AFGHAN REFUGEES – PHASE-IV

Since July 2017, PPAF has led the implementation of Poverty Graduation Programme (PGP) for Afghan Refugees funded by the United Nations High Commissioner for Refugees (UNHCR). This programme aims to enhance the self-reliance and livelihoods of the targeted Afghan refugee populations through the Poverty Graduation Approach by providing assets and capacity development.

Indicators	Achievements
Training of CIGs (Pax.)	27
Productive Assets Transferred	3,000 (41% women)
EDT Provided	2,937 (39% women)

DONOR
UNHCR

BUDGET
PKR 616.5 million

DURATION
January to December 2023

PARTNER
01

GEOGRAPHICAL COVERAGE 03 districts
(Balochistan: 01, Khyber Pakhtunkhwa: 01, Islamabad: 01)

In addition to the above, Phase-V of the programme with the budget of PKR 272.38 million is being implemented in 6 districts (3 in Khyber Pakhtunkhwa, 2 in Balochistan and Islamabad over a period of one year (January to December 2024).



FINANCIAL INCLUSION



Financial inclusion is crucial for poverty alleviation, empowering individuals, and households to access essential financial services for investment, productive economic asset-creation, and managing financial challenges. PPAF advances this through its majority shareholding in the Pakistan Microfinance Investment Company (PMIC), providing wholesale funding and advisory services to microfinance banks and institutions. This support enables these institutions to offer affordable financial services to marginalised rural and low-income households, contributing significantly to financial inclusion and poverty alleviation.

PPAF has been entrusted by the Government of Pakistan to lead the design, mobilisation, implementation, and monitoring of poverty alleviation programmes in partnership with organisations dedicated to microfinance, interest-free loans, and sustainable livelihood initiatives. PPAF leads the Prime Minister's Interest-Free Loan (PMIFL) Programme in collaboration with the Government of Pakistan, disbursing over 3.3 million interest free loans[3] worth PKR 119.58 billion[4] to support microenterprises, with 56% women beneficiaries with an average loan size of around PKR 36,000. This year, PPAF disbursed 336,307 loans (73% loans to women), worth PKR 15.87 billion. Of the total loans, 102,787 loans worth PKR 3 billion were disbursed to BISP beneficiaries.

Moreover, as sector developer of Pakistan's microfinance sector, PPAF provides wholesale funding and advisory services to 26 microfinance providers through PMIC, facilitating PKR 104.705 billion[5] in disbursing overall 1.97 million microfinance loans, with 87% loans to women. This year, PMIC disbursed 260,569 microfinance loans (87% loans to women) worth 17.68 billion. Moreover, as part of its Small and Medium Enterprise (SME) development initiatives, PPAF facilitates access to financial services, mobilising PKR 418.9 million and providing PKR 673 million in matching grants to SMEs including primary

SECTOR'S OVERALL ACHIEVEMENTS

3,310,433
PRIME MINISTER'S INTEREST FREE LOANS DISBURSED WORTH OF PKR 119.58 BILLION *
(56 % LOANS TO WOMEN)

1,966,649
LOANS DISBURSED THROUGH PMIC WORTH OF PKR 104.705 BILLION
(87% LOANS TO WOMEN)



"Turning my lifelong passion into a business was a dream come true, and it was made possible with the support of PPAF through Prime Minister's Interest Free Loan (PMIFL) programme. With this invaluable help, I was able to open my own Beauty Parlor. This success has given me a steady income of 200,000 PKR monthly, providing financial stability for my family - once only a dream. Beyond my own success, I've been able to hire two local young women, creating opportunities and inspiring others in my community. This journey has been incredibly fulfilling, not just for me, but for those I've been able to uplift along the way."

Sundas Iqbal PMIFL Recipient from District Abbottabad

* - The amount includes reflows.
3 - It includes loans disbursed by Akhuwat from sources other than PPAF
4 - The amount includes reflows.
5 - ibid

PROJECTS

PRIME MINISTER'S INTEREST FREE LOAN (PMIFL) PROGRAMME PHASE-II

Since 2021, PPAF is implementing the Government of Pakistan's funded Prime Minister's Interest-Free Loan (PMIFL) Programme phase-II to support microenterprise activities among poor and marginalised households in Pakistan. The programme aiming at enhancing access to financial services aligns with PPAF's poverty graduation strategy. The Loan centres established under the programme offer business advisory services, fostering connections with input suppliers, markets, and skills training institutions.

Indicators	Achievements
Number of Loans Disbursed	336,307 (73% of loans to women)
Amount Disbursed (PKR Billion)	15.87[6]

DONOR
Government of Pakistan

BUDGET
PKR 5 billion

DURATION
June 2021 to
June 2025

PARTNERS
17

GEOGRAPHICAL COVERAGE 28 districts
(AJK: 01, Balochistan: 06, Gilgit-Baltistan: 01, Khyber Pakhtunkhwa: 10, Punjab: 06, Sindh: 04)



6 - The amount includes reflows.

COMMUNITY PHYSICAL INFRASTRUCTURE



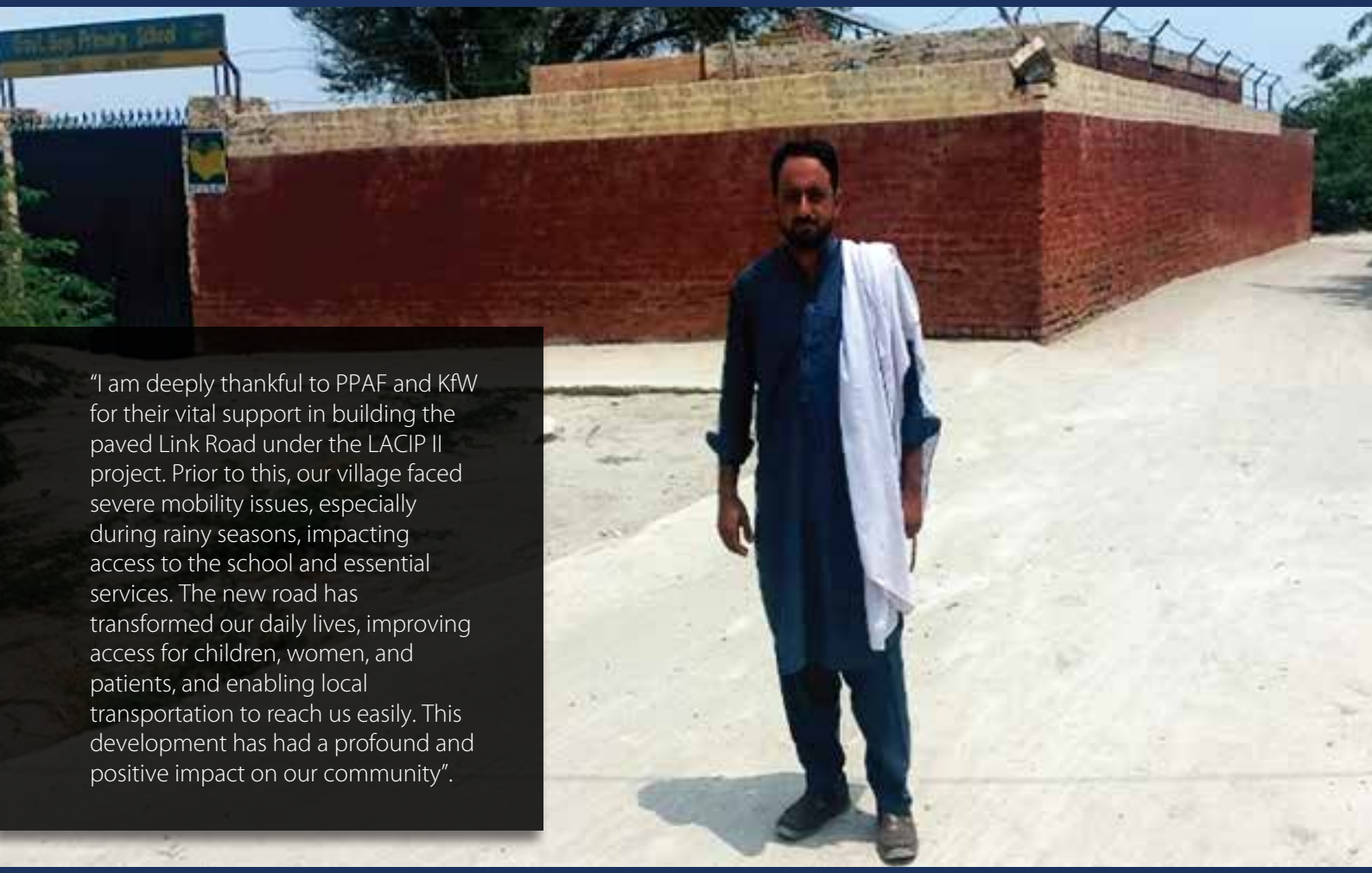
PPAF focuses on addressing vital community physical infrastructure constraints to enhance access to social services, drive economic growth, and reduce poverty directly enhancing community well-being, and strengthening resilience to combat disasters. By investing locally, PPAF boosts underserved communities, creating income opportunities and improving market access. These infrastructure projects empower communities, showcasing organisational skills and fostering social cohesion. PPAF has completed thousands of projects, benefiting millions of people making significant progress towards community empowerment and prosperity by improving access to water, sanitation, and agricultural facilities. During reporting year, a total of 7,067 individuals (1,095 households), 49% of whom were women directly benefited from 19 infrastructure sub-projects.

SECTOR'S OVERALL ACHIEVEMENTS

35,895
COMMUNITY PHYSICAL INFRASTRUCTURE SCHEMES COMPLETED

17,321,715
PEOPLE BENEFITED (51% WOMEN)

2,498,375
HOUSEHOLDS BENEFITED



"I am deeply thankful to PPAF and KfW for their vital support in building the paved Link Road under the LACIP II project. Prior to this, our village faced severe mobility issues, especially during rainy seasons, impacting access to the school and essential services. The new road has transformed our daily lives, improving access for children, women, and patients, and enabling local transportation to reach us easily. This development has had a profound and positive impact on our community".

Gul Hammed, President of the VO Daratang Khidmat Committee from District Lakki Marwat

PROJECTS

LIVELIHOOD SUPPORT AND PROMOTION OF SMALL COMMUNITY INFRASTRUCTURE PROGRAMME (LACIP-II - 2023-26)

The Livelihood Support & Promotion of Small Community Infrastructure Programme (LACIP) is an integrated poverty reduction programme funded by the Federal Republic of Germany through KfW. The programme aims to contribute to improvement of living conditions of vulnerable communities with particular focus on inclusion of women and persons with different abilities by building disaster-resilient Community Physical Infrastructures and generating employability through livelihood enhancement and protection interventions with community institutional development as the basis for all the activities.

DONOR
KfW

BUDGET
EUR 9.5 million

DURATION
January 2023 to December 2026

PARTNERS
02

GEOGRAPHICAL COVERAGE
03 districts of Khyber Pakhtunkhwa

Indicators	Achievements
VOs Formed/ Revitalised	106
Climate Resilient VDPs Developed	73
IAUPs Initiated	16 (41 Sub-Projects)
Participants for Skills Training	219 (33 % women)



REHABILITATION / RECONSTRUCTION ACTIVITIES IN POST FLOOD SITUATION AT DERA BUGTI

DONOR
PPAF

BUDGET
PKR 34.32 million

DURATION
September 2023 to March 2024

PARTNER
01

GEOGRAPHICAL COVERAGE
01 district in Balochistan

The Rehabilitation/Reconstruction Activities in Post Flood Situation at Dera Bugti Project is funded by PPAF own resources. The project aims to improve access to clean and safe drinking water and increase irrigated land in the five union councils affected by the 2022 floods. The project was successfully completed in March 2024.

Indicators	Achievements
COs Formed	54
VOs Formed	27
Drinking Water Supply Schemes Completed	18
Irrigation Schemes Completed	09



RENEWABLE ENERGY



A green, reliable, affordable, and inclusive energy transition is crucial for improving the quality of life in off-grid and underdeveloped areas of Pakistan. PPAF's Renewable Energy initiatives invest in hydropower, mini-grids, and energy efficiency, facilitating a sustainable and cost-effective energy transition by engaging local communities in planning and execution processes, fostering local ownership.

With over 14 MW capacity generated through 1,446 projects, benefiting more than 582,000 individuals, these renewable energy initiatives reduce fossil fuel reliance, improve livelihoods, and promote environmental sustainability. The transition to clean energy combats climate change, enhances health, and increases economic opportunities for women. PPAF's commitment to renewable energy empowers communities and protects the environment while laying the foundation for a green and bright future of the country. During this fiscal year, procurement of electro-mechanical equipment has been completed under Hydropower project Bella and installation process of solar drinking water pumps has been started under Scaling-Renewable Energy Initiative in Balochistan.

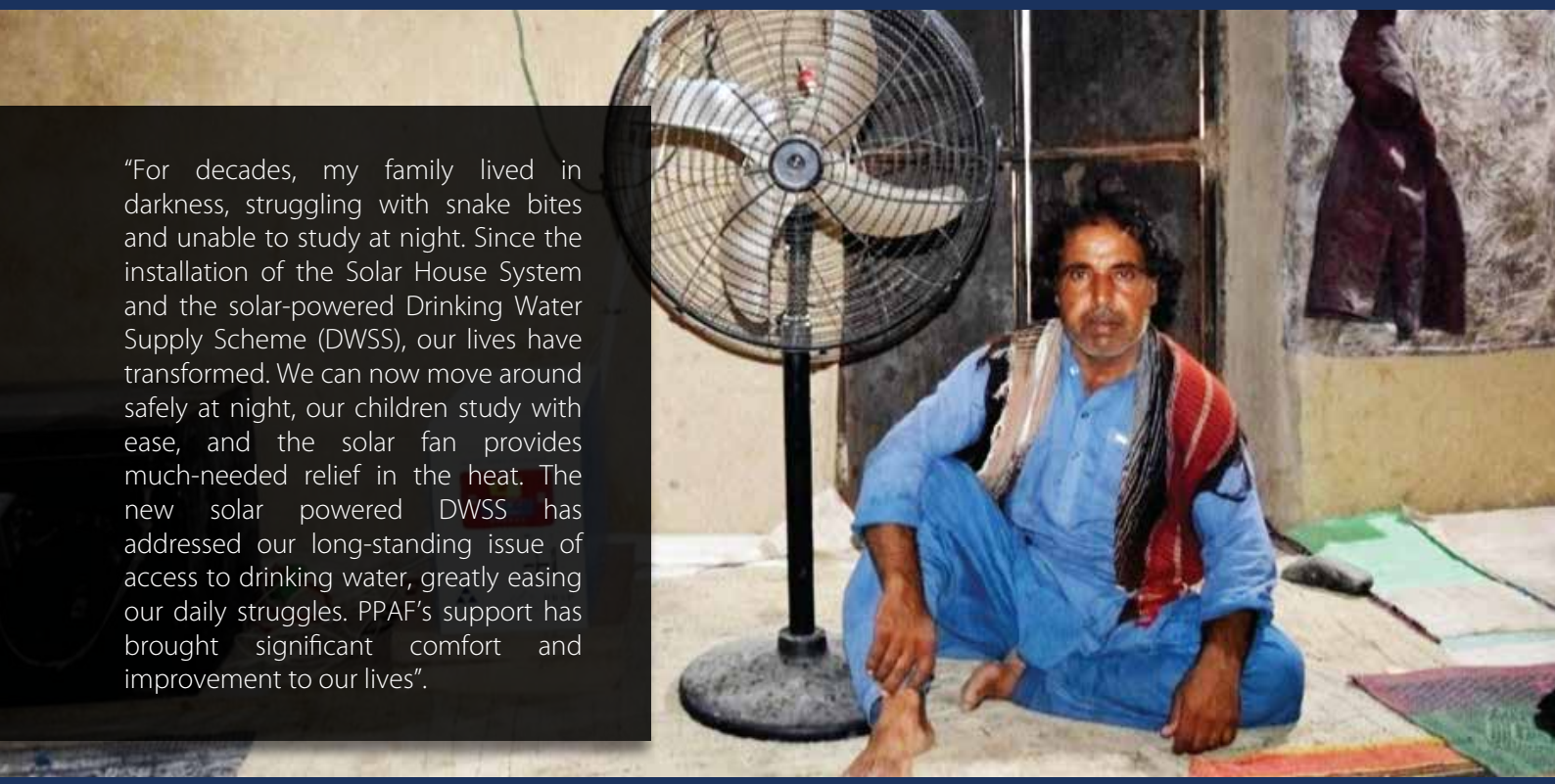
PPAF proudly won the International Energy Workforce Award 2024 from the Energy Institute (EI) of the UK. This accolade highlights PPAFs exceptional efforts in cultivating a diverse and skilled workforce for the energy transition, positioning PPAF as a key player in shaping the future RE sector in Pakistan.

SECTOR'S OVERALL ACHIEVEMENTS

1,446
RENEWABLE ENERGY PROJECTS COMPLETED

582,089
PEOPLE BENEFITED (53% WOMEN)

78,242
HOUSEHOLDS BENEFITED



"For decades, my family lived in darkness, struggling with snake bites and unable to study at night. Since the installation of the Solar House System and the solar-powered Drinking Water Supply Scheme (DWSS), our lives have transformed. We can now move around safely at night, our children study with ease, and the solar fan provides much-needed relief in the heat. The new solar powered DWSS has addressed our long-standing issue of access to drinking water, greatly easing our daily struggles. PPAF's support has brought significant comfort and improvement to our lives".

Ali Akbar beneficiary Solar House System from District Kharan

PROJECTS

HYDROPOWER PROJECT BELLA

The Hydropower Project Bella is funded by the PPAF's own resources. This project aims to increase access to energy in Khyber Pakhtunkhwa, support economic development, environmental and climate protection and poverty reduction while improving the living standards of the population.

The objective is to reduce reliance on firewood and kerosene in the local energy supply and increase economic activity through the productive use of energy.

The far-flung village in Dir Upper district will receive uninterrupted electricity with the completion of a 200 kw Micro Hydro Power (MHP) unit . The project aims to supply uninterrupted electricity to over 300 households, including one Basic Health Unit (BHU) and three government schools.

Indicators	Achievement
Community Institutions formed	11
Construction of Civil Structure	75 % completed

DONOR
PPAF

BUDGET
PKR 116 million

DURATION
October 2021 to September 2024

PARTNER
01

GEOGRAPHICAL COVERAGE
01 district in Khyber Pakhtunkhwa



SCALING UP RENEWABLE ENERGY INITIATIVES IN BALOCHISTAN PROVINCE

DONOR
PPAF

BUDGET
PKR 53.91 million

DURATION
November 2023 to November 2024

PARTNER
01

GEOGRAPHICAL COVERAGE
01 district in Balochistan

PPAF is implementing Scaling Up Renewable Energy Initiatives project from its own resource in district Kharan of Balochistan. Which is one of the most underdeveloped and energy deprived regions of the country. The project aims to provide clean, reliable, and affordable electricity to the poor households and safe drinking water to off-grid village of Union Council Ras Koh, District Kharan. This project will support the government of Balochistan in its efforts for scaling up such initiatives by leveraging funds from potential donors and the government.



Indicators	Achievement
Community Institutions formed	07

HEALTH AND NUTRITION

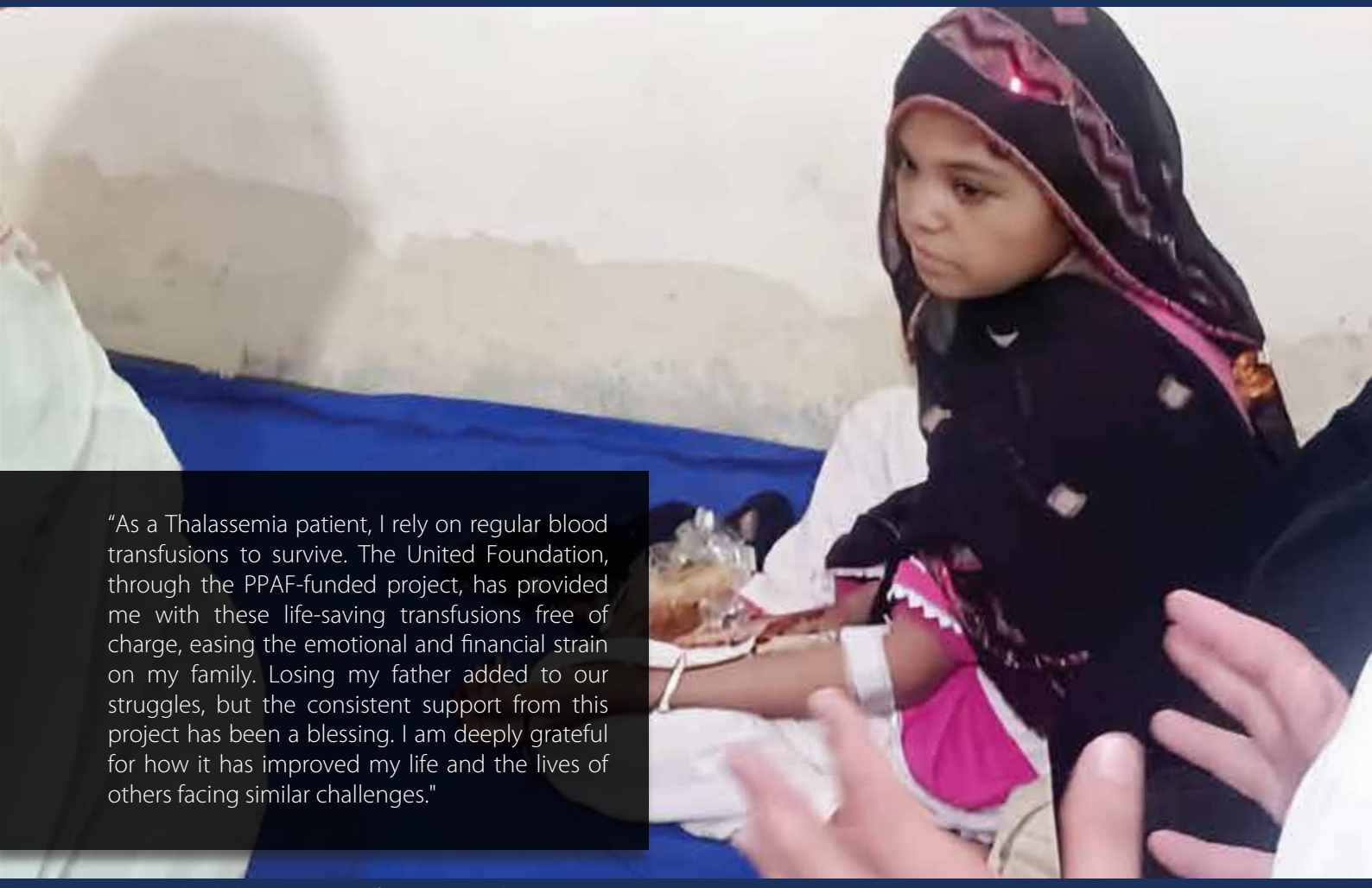


It is undeniable that health is vital for achieving economic, social, and environmental objectives, including poverty reduction and a sustainable economy. Recognising the link between health, malnutrition, and poverty, PPAF's health and nutrition initiatives strive to improve access to comprehensive primary health care and nutrition services for marginalised communities, with a particular emphasis on maternal, neonatal, and child health. By supporting community and government health centres with improved infrastructure, essential medicines, and trained professionals, PPAF has facilitated millions of health consultation visits, addressing the gender disparity in areas of intervention and contributing to general well-being of all community members. Special initiatives include a blood transfusion project for Thalassemia patients and a Deaf Reach Centre in Khyber Pakhtunkhwa for inclusive care and education. Additionally, the Deaf Reach Centre provides education and vocational training to deaf children, helping them become active members of society. During reporting year, 6,937 community persons were trained in health & hygiene sessions. Constuction of one deaf reach centre building was completed by Government of Khyber Pakhtunkhwa for handed over to FESF & PPAF.

SECTOR'S OVERALL ACHIEVEMENTS

956
HEALTH FACILITIES SUPPORTED

15,346,458
HEALTH CONSULTATION VISITS (56% WOMEN)



"As a Thalassemia patient, I rely on regular blood transfusions to survive. The United Foundation, through the PPAF-funded project, has provided me with these life-saving transfusions free of charge, easing the emotional and financial strain on my family. Losing my father added to our struggles, but the consistent support from this project has been a blessing. I am deeply grateful for how it has improved my life and the lives of others facing similar challenges."

Yousra Bibi, Thalassemia Patient from District Kohat

PROJECTS

INTEGRATED PROJECT FOR COMMUNITY-BASED HEALTH AND NUTRITION

PPAF, with financial and technical support from Nutrition International (NI), is implementing this project for enhancing health and nutrition in Balochistan and Khyber Pakhtunkhwa. The project aims to improve the well-being of women, men, youth, and under-five children in targeted districts of Balochistan and Khyber Pakhtunkhwa.

DONOR
PPAF & NI

BUDGET
PKR 108. 99 million
(PPAF share PKR 96.50)

DURATION
October 2023 to October 2025

PARTNERS
02

GEOGRAPHICAL COVERAGE 03 districts
(Balochistan: 02, Khyber Pakhtunkhwa: 01)

Indicators	Achievement
Distribution of Zinc & LOORS, Vitamin A, Iron Folate	2,800
No. of Awareness Sessions	684
No. of Persons Attended Sessions	6,937



ESTABLISHING A DEAF REACH CENTRE OF EXCELLENCE IN KHYBER PAKHTUNKHWA

PPAF in partnership with the Government of Khyber Pakhtunkhwa and Family Educational Services Foundation (FESF) is implementing this project in Nowshera for enhancing educational accessibility for deaf learners in the Province. The project aims to empower deaf students to ultimately reach their full potential and become contributing members of the society. Constrution of the Deaf Reach Centre has been completed by Government of Khyber Pakhtunkhwa and it will be handed over to FESF & PPAF for training deaf students.

DONOR
PPAF, FESF & Government of Khyber Pakhtunkhwa

BUDGET
PKR 616.5 million

DURATION
January to December 2023

PARTNER
01

GEOGRAPHICAL COVERAGE 03 districts
(Balochistan: 01, Khyber Pakhtunkhwa: 01, Islamabad: 01)

Indicators	Achievements
Construction of Deaf Reach Centre building completed by Government of Khyber Pakhtunkhwa	01



EDUCATION



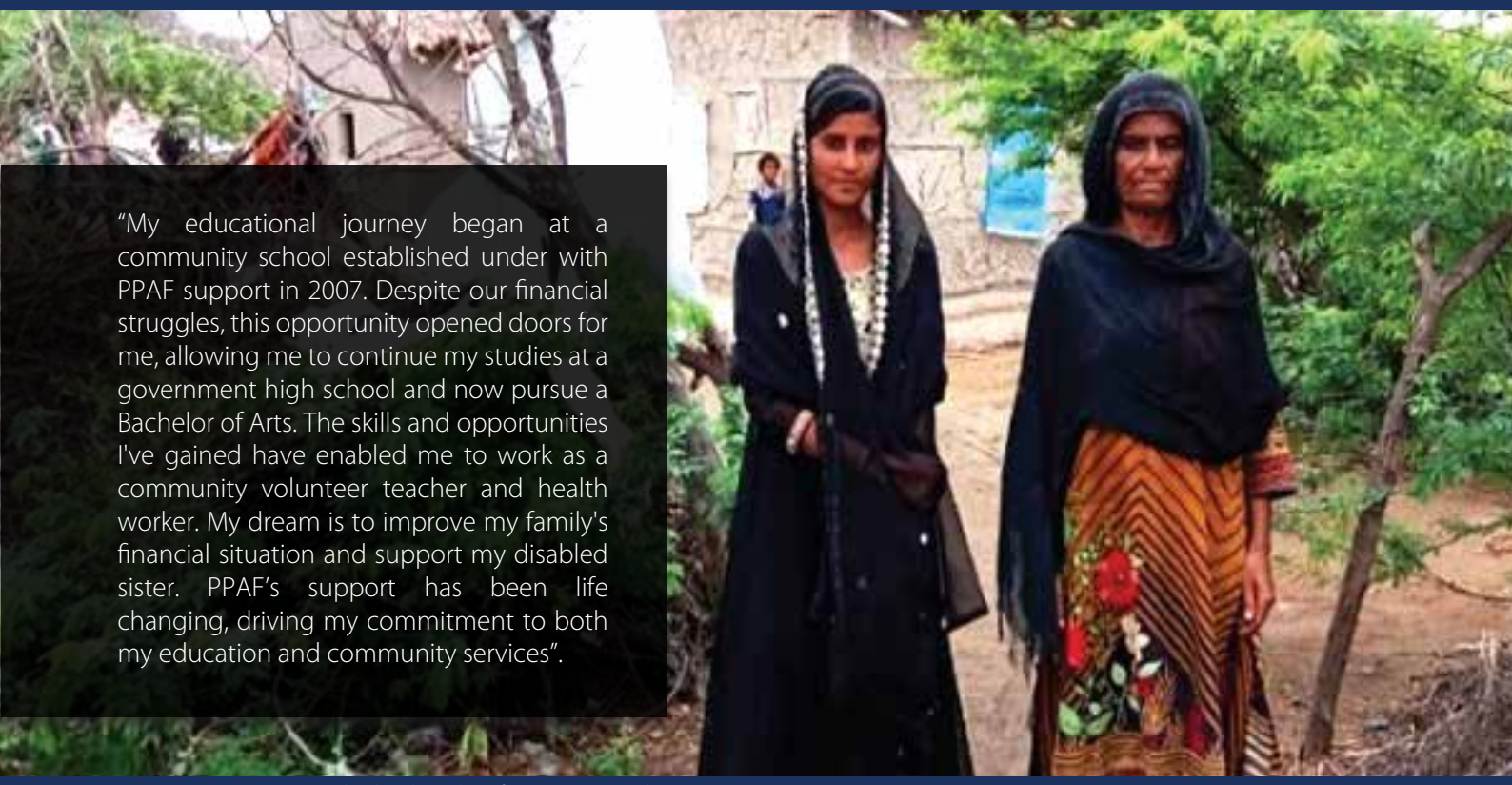
Education is an important tool to alleviate poverty, its importance cannot be emphasised more. PPAF has been investing in the sector to provide inclusive and equitable education for the poorest and neglected communities for a sustainable socioeconomic development. Many children enrolled in PPAF supported schools were previously out of school, with half of them being girls. During the reporting period, PPAF supported 80 schools directly impacting 13,212 students' enrolment, with 2,126 students' provided scholarships of which 26% were girls. Furthermore, skills training provided to 120 Madrassa students. To date, a total of 2,852 educational facilities, including over 1,500 public schools and 5 tele-education centres, have received PPAF's support. This has facilitated the enrolment of 415,400 students, including 10,000 blind and deaf children, of which 45% are girls, in primary and secondary schools. Additionally, over 4,000 teachers and 6,000 community resource persons (CRPs) and school management committees have been trained.

PPAF's poverty graduation model integrates peace, pluralism, and harmony, fostering social cohesion and inclusivity. PPAF's support to projects such as 'Bridging Educational Polarisation for Social Harmony' provides formal education and economic opportunities to youth population from religious educational facilities in Balochistan. PPAF fosters inter-sect and inter-faith dialogue, advocacy, and public information to promote religious moderation, tolerance, mutual respect, religious freedom, fundamental rights, and social harmony. Additionally, PPAF is also supporting Pakistan Armed Forces in implementation of the Chamalang Balochistan Education Programme focusing youth for studying

SECTOR'S OVERALL ACHIEVEMENTS

2,852
SCHOOLS SUPPORTED

415,400
STUDENTS ENROLLED (45% GIRLS)



"My educational journey began at a community school established under with PPAF support in 2007. Despite our financial struggles, this opportunity opened doors for me, allowing me to continue my studies at a government high school and now pursue a Bachelor of Arts. The skills and opportunities I've gained have enabled me to work as a community volunteer teacher and health worker. My dream is to improve my family's financial situation and support my disabled sister. PPAF's support has been life changing, driving my commitment to both my education and community services".

Rozina, PPAF's Supported School Student from District Badin

PROJECTS

CHAMALANG BALOCHISTAN EDUCATION PROGRAMME PHASE-III

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 is 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.

Indicators	Achievement
Students Supported (scholarship fee)	2,126
Schools Supported	20

DONOR
PPAF

BUDGET
PKR 100 million

DURATION
January 2024 to December 2026

PARTNER
01

GEOGRAPHICAL COVERAGE
02 district in Balochistan



BRIDGING EDUCATIONAL POLARISATION FOR SOCIAL HARMONY

DONOR
PPAF

BUDGET
PKR 61.89 million

DURATION
January 2023 to December 2024

PARTNER
01

GEOGRAPHICAL COVERAGE
03 districts in Balochistan

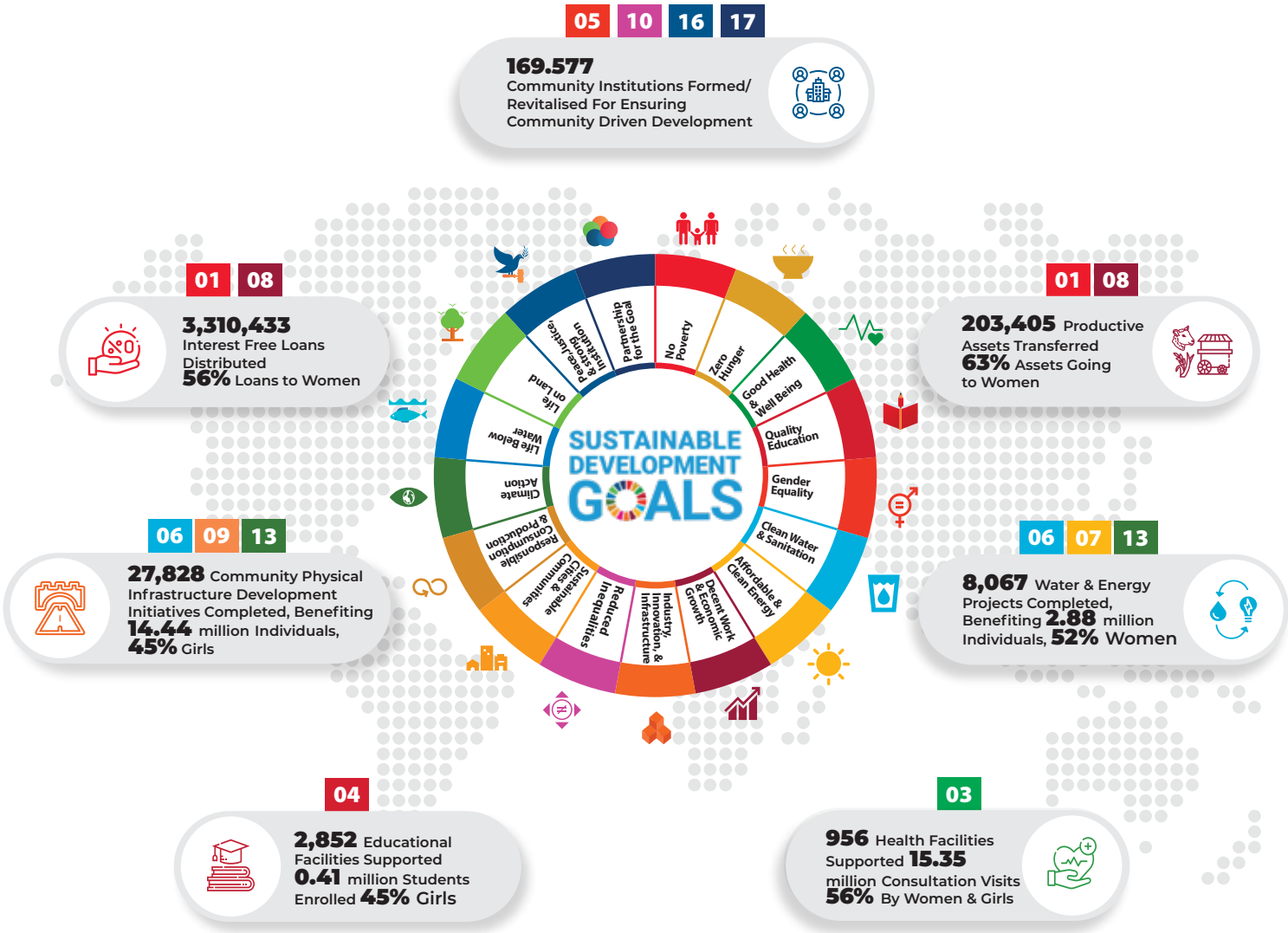
The Bridging Educational Polarisation for Social Harmony project is funded from PPAF's own resources. The project to promote access to formal education for madaris students and fosters inter-sect and inter-faith dialogue, advocacy, and public information to promote religious moderation, tolerance, mutual respect, religious freedom, fundamental rights, and social harmony. PPAF is implementing the project in Quetta, Mastung, and Pishin district of Balochistan. The major activities include repair and renovation work in madaris and in worship places including Churches, Gurdwaras, Mandirs and Temples.

Indicators	Achievements
Repair and renovation work completed in religious institutions.	20
Teachers trained on Accelerated Learning Pathway	26
Academic support provided to madrassah students	1,168



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:



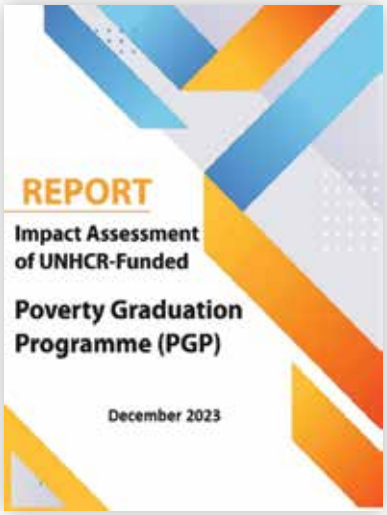
KNOWLEDGE GENERATION

PPAF is dedicated to continuous learning and improvement to drive meaningful change. The organisation has made significant investments in evaluation, research, and development, emphasising its commitment to accountability, innovation, and excellence. Among the initiatives are evaluation, impact assessment and research studies aimed at understanding the effectiveness of our programmes. These studies play a crucial role in informing our strategies, empowering us to make data-driven decisions, and ultimately enhancing our ability to create a lasting impact in the communities we serve. Through such studies, PPAF not only attempts to measure our success but also to identify areas for growth and innovation, ensuring the organisation remain at the forefront of positive change.

IMPACT ASSESSMENT OF UNHCR-FUNDED POVERTY GRADUATION PROGRAMME (PGP) – PHASE I-III

The third-party impact assessment of the UNHCR-funded Poverty Graduation Programme has been instrumental in understanding the programme's relevance, efficiency, effectiveness and sustainability, and also helpful for PPAF and UNHCR to effectively design Phase-V operations and measure progress against the programme's goals and indicators in the log-frame. The overall objective was to assess the programme's impact on poverty graduation, income levels and productivity enhancement.

Key findings from the assessment revealed an impressive 54% of the sampled households successfully graduated out of poverty, with 92% experiencing an improvement in their Poverty Scorecard (PSC) scores. Besides the increase in asset base, notably, the overall change in income surged by 28%, catalysing economic empowerment among the beneficiaries. Beneficiary satisfaction stands at an impressive 96%, underscoring the programme's sustainability and positive outcomes.



RESEARCH STUDY BY LONDON SCHOOL OF ECONOMICS

The London School of Economics with the Centre for Economic Research in Pakistan (CERP) has designed a randomised control field experiment in consultation with PPAF to evaluate different humanitarian aid delivery mechanisms and the effect of receiving humanitarian aid on a battery of outcomes. PPAF signed Memorandums of Understanding with CERP to take forward the research and with its implementing partners FDO, AGAHE and Sindh Rural Support Programme to pilot the research in Multan, Rajanpur and Shikarpur respectively. On the recommendation of PPAF, one of the pilot areas selected in Multan was Give2Asia supported community where PPAF provided food assistance.

The pilot will assess how the humanitarian aid affects beneficiaries needs, nutrition and mental well-being as women receive payments. Going beyond the traditional humanitarian outcomes, the research studies how humanitarian aid affects within household dynamics, female empowerment, and political participation and attitudes of recipients—the aspects that have not been studied in the past. The project entails a series of small-scale pilots before launching a large-scale randomised controlled evaluation with around 3,600 economically vulnerable female-headed households.

PEOPLE & CULTURE AT PPAF

PEOPLE & CULTURE AT PPAF

In the fiscal year, HR played a pivotal role in reinforcing PPAF as an agile, inclusive, and resilient organisation. By embedding the core values of inclusion, participation, accountability, and transparency into every facet of its operations, HR ensured that these principles guided the year's strategic initiatives.

A key achievement was the successful onboarding of 28 new employees, bringing fresh talent, expertise and perspectives into PPAF. The organisation's attrition rate stood at 10.83%, reflecting a healthy and stable working environment at PPAF. This turnover was primarily due to the natural conclusion of project-based roles.

To strengthen workforce cohesion and address challenges of restructuring, HR organised team-building workshops for over 103 employees, facilitated by external experts. These sessions promoted open discussions on innovation, change, and teamwork, enhancing our workforce's adaptability and resilience. Additionally, HR implemented comprehensive training programmes for 329 employees at all levels, focusing on technical and behavioural skills. Middle and senior management received targeted leadership development, aimed at boosting departmental efficiency.

HR led a thorough work planning initiative with clear, time-bound objectives to boost time management and productivity. The ongoing rollout of SAP HCM – HANA aims to further automate and refine HR processes for greater operational efficiency. A complete review of the Performance Management process led to a new assessment tool that introduces SMART Key Performance Indicators (KPIs) to improve fairness and objectivity in evaluations. Additionally, a collaboration with PWC (Fergusons) has started a review of the HR manual to ensure it meets best practices and current legal standards.

Through these efforts, HR has laid a strong foundation for PPAF's future growth, positioning the organisation to meet emerging challenges with confidence and continue its journey toward sustainable progress.









FINANCIAL HIGHLIGHTS

FINANCIAL HIGHLIGHTS
FOR THE YEAR ENDED JUNE 30, 2024

	2024	2023	2022	2021	2020
Funds deployment - *Rs. in million*					
Microcredit					
Loans receivable from POs (Gross)	806	812	893	928	950
Loan to PMIC	4,584	5,647	6,689	7,832	8,975
Equity investment in PMIC	4,465	4,167	3,645	3,386	3,183
Gurantee facility	-	-	-	-	-
PMIFL	5,519	6,782	7,190	7,415	2,415
	15,374	**17,408**	**18,417**	**19,561**	**15,523**
Grant					
Donor financed	1,409	1,808	2,093	7,905	2,579
Relief & Reconstruction Operations	1,333	817	1,297	252	534
	2,742	**2,625**	**3,390**	**8,157**	**3,113**
	19,075	20,920	24,763	23,177	18,515
Total funds deployment	**18,116**	**20,033**	**21,807**	**27,718**	**18,636**
Balance Sheet- *Rs. in million*					
Total Assets	35,206	32,791	32,168	34,228	33,537
EndowmentFund	**1,000**	**1,000**	**1,000**	**1,000**	**1,000**
Reserves					
Capital adequacy reserve	688	847	1,003	1,176	1,349
Grant fund	15,042	13,856	13,032	12,364	12,173
Reserve for lending activities	4,465	4,167	3,645	3,386	2,883
General reserve	2,642	2,432	2,287	2,169	2,134
Reserve for grant-based activities	5,727	3,978	2,927	3,026	2,042
	28,564	**25,280**	**22,894**	**22,121**	**20,581**
Total equity (endowment + reserves)	**29,564**	**26,280**	**23,894**	**23,121**	**21,581**
Lease liabilities	152	200	173	195	207
Long term loans	4,913	6,104	7,229	8,509	9,788
Operational Results *Rs. in million*					
Total income	5,576	4,968	3,399	3,003	3,785
General and admin expenses	943	1,229	1,006	863	731
Project Activities	260	202	-	-	-
Surplus before loan loss prov. and relief work	4,078	3,147	2,073	1,791	2,696
Net Surplus	3,291	2,369	777	1,538	2,162
Financial Ratios *Percentage*	**922**	**39%**	**931**	**30%**	
Surplus before provisions & relief/total income	73%	63%	61%	60%	71%
Return on equity	15%	12%	9%	8%	13%
Return on assets	12%	10%	6%	5%	8%
G&A/funds deployed	4.94%	5.87%	4.06%	3.72%	3.95%
Debt/equity	15:85	19:81	24:76	27:73	32:68

DIRECTORS' REPORT

DIRECTORS' REPORT

The Board of Directors of Pakistan Poverty Alleviation Fund (PPAF) is pleased to present Annual Report along with audited financial statements and auditors' report thereon for the year ended 30 June 2024.

In the financial year 2023-24, Pakistan faces significant economic challenges in its development sector, primarily driven by persistent macroeconomic instability and external pressures. The country's development efforts are hampered by a high fiscal deficit, burgeoning debt levels, and inflationary pressures, which strain public resources and constrain investment in critical infrastructure and social programmes. Additionally, ongoing energy shortages and political instability further exacerbate the difficulties in implementing large-scale development projects. The combination of these factors undermines Pakistan's ability to achieve sustainable growth and equitable development, necessitating comprehensive reforms and strategic external support to stabilise the economy and foster long-term progress. Despite these challenges PPAF continued in delivering prosperity with the backing of donor community during the financial year 2023-24.

LIVELIHOOD SUPPORT & PROMOTION OF SMALL COMMUNITY INFRASTRUCTURE PROGRAMME

PPAF, through its two partner organisations continued to implement the Livelihood Support & Promotion of Small Community Infrastructure Programme (LACIP-II), a supplemental phase of LACIP-II. KfW is providing additional funds amounting to EUR 9,500,000 for Institutional Development (ID), Community Physical Infrastructure (CPI) and Livelihoods Enhancement and Protection (LEP) components, which is planned to be completed by 31 December 2026. PPAF has 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.

POVERTY GRADUATION PROGRAMME

The fifth phase of the UNHCR-funded Poverty Graduation Programme (PGP), launched in January 2024, aims to elevate ultra-poor Afghan refugee households out of poverty by enhancing gender equality and self-reliance. The project, with a budget of PKR 272.38 million, targets districts in Khyber Pakhtunkhwa (Upper Dir, Malakand, Peshawar), Balochistan (Killa Saifullah, Quetta), and Islamabad, running through December 2024. It focuses on providing sustainable livelihood opportunities, boosting employment and entrepreneurship, and supporting business startups. Key activities include providing productive assets, basic asset management, enterprise development training, and entrepreneurship skill training, benefiting 990 households and DAFI scholars.

GROWTH FOR RURAL ADVANCEMENT AND SUSTAINABLE PROGRESS

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$ 15.23 million. As of the financial year end, significant progress has been made in various areas 1) Rural Mobilisation: 23,260 primary producers were identified for Farmer Climate Business Schools, and 5,426 SMEs received training in areas like agri-business management and wool processing; 2) Access to Finance: SMEs were awarded $1.718 million in matching grants and $1.06 million in loans. Notably, 66 SMEs, including six women-led enterprises, accessed these loans; and 3) Outcome Survey Results: 5,624 SMEs adopted climate-smart technologies, resulting in a 46% increase in sales turnover and creating 15,287 jobs, with 30% of these positions filled by women.

GOVERNMENT OF PAKISTAN - INTEREST FREE LOAN PROGRAMME

The Government of Pakistan (GoP) launched the Interest Free Loan Programme (IFL) on 26th June 2014 with an initial allocation of PKR 3.86 billion as the first tranche. After successfully completing the first phase, a second tranche of PKR 5 billion was allocated in June 2021. As of June 30, 2024, IFL programme has disbursed 1,199,007 loans totaling PKR 40,430,116,676 through efficient fund revolving.

This transformative initiative enables these households to launch and sustain microenterprises, unlocking new economic opportunities that elevate their livelihoods and foster inclusive economic growth. Pakistan Poverty Alleviation Fund has been entrusted by the GoP to spearhead the design, mobilisation, implementation, and monitoring of this programme, in collaboration with partner organisations dedicated to poverty alleviation through microfinance, interest free loans, and sustainable livelihoods interventions.

By June 2024, with total funding of PKR 8.1 billion, PPAF has disbursed approximately 1.19 million loans, amounting to PKR 40.4, achieving a high recovery rate of 95%. Notably, in 2023- 24 alone, 336,307 Interest Free Loans, valued at PKR 15.87 billion, were disbursed to eligible beneficiaries across the country, with 73% of these loans provided to women. Of the total loans, 102,787 loans worth PKR 3 billion were disbursed to Benazir Income Support Programme (BISP) beneficiaries, including 58,133 individuals who received support more than once through the Interest Free Loan Programme.

PPAF is entrusted with the responsibility of reporting progress for the IFL component implemented by its Partner Organisations (POs), to whom funds were channeled through PPAF and are now being revolved by the POs. In addition to this, PPAF reports on 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, 2024, is as follows.

Key Achievement Indicators	Status as of June 30, 2024
Number of Partner Organisations	26
Outreach (Districts)	110
No. of loan centres/branches established	736
No. of loans disbursed to borrowers	3,310,433
Amount Disbursed (in billions)	119.58
Average loan size (PKR)	36,069
Percentage of loans to women	56%

PPAF also contributed for the alleviation of poverty from its own resources under:

ACCESS TO INFRASTRUCTURE

PPAF adopts a comprehensive approach to development and infrastructure enhancement, focusing on elevating the overall quality of life for underserved communities. With initiatives such as drinking water supply, community infrastructure, renewable energy solutions, agricultural schemes, PPAF has brought about a tangible difference in community well-being and resilience.

Project	Rs. in million
Dera Bugti Project	65.30
Sustainable Development through Clean Drinking Water Supply Schemes in Charsadda and Nowshera Districts	41.99
Harvesting and Filtration of Rainwater for Drinking Purpose Project in District Islamabad	7.00
Strengthening and Upgradation of Relief, Rehabilitation & Settlement Department, Government of Khyber Pakhtunkhwa	42.00
Micro Hydro Power Project Bella, Upper Dir	116.00
Scaling Up Renewable Energy Initiatives in Balochistan Province	53.91
Enhancing Food Security through Strategic Interventions in Agriculture	60.00
Enabling Sustainable Olive Value Chains	91.00
Development of a New Tourist Destination at Tehjian, Neelum Valley - AJK	24.00

ACCESS TO SOCIAL SERVICES

PPAF believes that the nexus between education and poverty is profound and multifaced and education plays a pivotal role in poverty alleviation and socio-economic development of the country. Education is a powerful tool for poverty reduction, human development, and social inclusion. Contributing to SDG-4, PPAF invests in inclusive and equitable education for the poor and addressing the root causes of poverty and creating pathways to inclusive and sustainable socioeconomic development.

Likewise, health services play a pivotal role in society. Improving health has a ripple effect on poverty reduction. By enhancing individuals' ability to work, reducing healthcare costs, and improving overall quality of life, health interventions play a crucial role in breaking the cycle of poverty and fostering economic development.

PPAF also believes that the development paradigm can't be achieved until disabled are included in the development process. PPAF is cognizant of the fact that disability may increase the risk of poverty due to lack of opportunities. These integrated efforts reflect PPAF's approach to enhancing well-being across generations leaving no one behind.

Project	Rs. in million
Chamalang Balochistan Education Programme	255.00
Education Project Sindh and Gilgit-Baltistan	76.93
Bridging Educational Polarisation for Social Harmony Project Balochistan	61.89
Rehabilitation of Flood Affected Schools in Sindh	17.80
Integrated Project for Community-based Health and Nutrition Interventions in the marginalised districts of Balochistan and Khyber Pakhtunkhwa	59.11
Strengthening Institutional Capacity to Elevate Blood Transfusion Services in Kohat	23.00
Family Education Services Foundation, Deaf Reach Centre of Excellence	49.59

INNOVATION THROUGH ENTREPRENEURSHIP AND DIGITALISATION

PPAF is at the forefront of innovation through its focus on entrepreneurship and digitalisation, aiming to empower underserved communities. By encouraging high-potential startups and facilitating digital and entrepreneurial skills training, PPAF is enhancing economic opportunities and inclusivity. These initiatives not only support emerging entrepreneurs with crucial resources and training but also integrate modern digital tools to bridge gaps in access and economic growth. Through these efforts, PPAF is expanding opportunities for marginalised population.

NIC QUETTA PARTNERSHIP

PPAF, in collaboration with Balochistan University of Information Technology, Engineering and Management Sciences (BUITEMS) and the National Incubation Centre of Quetta (NIC Quetta), has signed a financing agreement to support startups through the Incubation Cycle. This initiative aims to invest in high-potential Sustainable Development Goals (SDGs) focused startups via seed funding grants and to facilitate micro-entrepreneurship bootcamps and hackathons for youth from marginalised communities across Balochistan. 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. This will also promote enterprising youth in both rural and urban communities, allowing PPAF to enter the global map of startup supporters. Under the project, PPAF has supported three startups and fifteen seed grants. PKR 9.0 million has been disbursed by PPAF till June 2024.

DIGITAL HUB & WOMEN STRIVERS PROJECT

The "Digital Hub & Women Strivers" project in Haripur through digital and life skills training was a one-year initiative, running from 5 May 2023 to 4 May 2024, implemented by the National Rural Support Programme (NRSP) and funded by PPAF and PTCL. In line with the SDG 1 (No poverty) and SDG 8 (decent work and economic growth) and aligned with PPAF's five-year strategy (2021 to 2025), the project

i) increased economic opportunities for young women entrepreneurs by equipping them with digital entrepreneurial skills and creating market linkages, and

ii) improved women's access to finance. The project imparted vocational and technical skills to 100 women, which included financial literacy and life skills training, opening of Upaisa Wallet accounts, and making available UBank's microloan facility to these women.

For sustainability, the project connected the women with online e-commerce platforms such as Daraz, Facebook, YouTube, and TCS that facilitated virtual businesses and online sales. The women also received smartphones with SIM cards and one-year data plans, digital marketing training. A micro-challenge award was given to the top 10 women participants who produced high-quality products and demonstrated prowess in online commerce. By 30 June, PPAF disbursed PKR 4.29 million while PTCL contributed PKR 5.3 million to the project cost.

CLIMATE CHANGE, DISASTER, AND FOOD SECURITY

In recent years, Pakistan has faced increasingly active monsoon seasons and river overflows. The resulting excess water, in addition to causing the tragic loss of lives, has devastated infrastructure, heightened food insecurity, and led to widespread hunger and loss of livelihoods. These disruptions highlight the severe impacts of the climate crisis. As climate patterns continue to shift, Pakistan faces escalating challenges that urge for effective resilience-building measures. To address these evolving threats, adaptation and preparedness are crucial for the country to manage and mitigate the effects of climate change effectively.

EMERGENCY RELIEF ASSISTANCE AND FOOD SECURITY

In 2023, floods in Punjab along the Sutlej River caused extensive damage as the river swelled, spelling disaster for districts along its banks. Investing in disaster relief and management is crucial for PPAF to achieve its mission of poverty alleviation. Timely relief not only aids in building resilience among affected communities but also enables them to cope with the impacts of floods and recover quickly, thereby reducing long-term vulnerabilities.

In response, PPAF provided nutritious food packs to 2,074 households across five of the worst-affected Union Councils in Kasur, in partnership with the Association for Gender Awareness and Human Empowerment (AGAHE). By acting swiftly in Kasur, PPAF played a crucial role in bringing attention to the dire situation faced by flood-affected communities. Building on this, in January 2024, PPAF provided PKR 150 million in assistance through winterised kits and non-food items to 3,213 households in nine of the worst-hit Union Councils across Okara, Kasur, Bahawalpur, and Bahawalnagar, in collaboration with AGAHE, MOJAZ Foundation, and Farmers Development Organization (FDO). Flood-affected beneficiaries shared their stories of devastation and expressed their gratitude for this emergency relief, which equipped them with basic household items and hygiene kits.

In January 2024, under the initiative 'Making Nutritious Food Available to Poor Households,' PPAF, with support from the PepsiCo Foundation through Give2Asia, provided food rations to 1,416 poor households living near the PepsiCo Foundation's industrial estate in Multan. The project delivered approximately 391,068 meals to 7,668 individuals over a 3–4-week period, equating to 15,336 meals per day.

Upon completion of the emergency relief assistance and food security initiatives, AGAHE conducted a lesson learned workshop on 23rd February 2023 in Lahore. FDO and MOJAZ Foundation also participated, providing a comprehensive review of the challenges and lessons from the emergency response to the 2023 Sutlej River flood and related food security initiatives. Testimonials from beneficiaries and other stakeholders at the workshop highlighted that the availability of food, supported by Give2Asia, offered households a much-needed respite, allowing them to allocate their funds toward other critical expenses. During the workshop, PPAF shared insights gained from implementing these initiatives and outlined the way forward. PPAF emphasised the importance of gender-sensitive practices and prioritising communication and education on complaint handling procedures to better serve women beneficiaries, ensuring they are empowered to voice concerns and access support when needed.

In February 2024, the district of Gwadar in Balochistan was hit by a severe rainstorm, resulting in substantial flooding of residential areas. In response, PPAF, in collaboration with the Strengthening Participatory Organization, provided protection assistance in Union Council Surbandar to enhance food security and

address immediate social needs. Food bags, household items, and hygiene kits were provided to 400 flood-affected households, with a particular focus on women, disabled-headed households, and other vulnerable groups. Added to this support was USD $300 in employee matching gifts from the PepsiCo Foundation, channelled through CAF America, which enabled PPAF to provide food bags to an additional five households.

Project	Districts	Items	Households	Contribution
PPAF	Kasur	Dry food packages	2,074	Rs. 22.47 M
Give2Asia/PepsiCo	Multan	Dry food packages	1,416	US $ 50,000
PPAF	Okara, Kasur, Bahawalpur, Bahawalnagar	Winterised kits and household items	3,213	Rs. 150 M
PPAF	Gwadar	Dry food packages and household items and hygiene kits	400	Rs. 20 M
CAF America/PepsiCo	Gwadar	Dry food packages	5	US $ 300

POST-FLOOD REHABILITATION AND BUILDING CLIMATE RESILIENCE

Recognising the severe vulnerability of the poor following the catastrophic floods of 2022, Pakistan Poverty Alleviation Fund swiftly launched a comprehensive Monsoon Floods Response to deliver emergency relief to those impacted. Based on lessons learned and adopting a long-term perspective for future assistance, PPAF initiated three flagship projects to restore social services and enhance climate resilience in collaboration with local governments. These projects include: 1) Restoring Social Services and Climate Resilience; 2) Rehabilitation of Disaster Affected Districts of Gilgit-Baltistan; 3) Building Climate Resilience through Rehabilitation/Reconstruction of Green Infrastructure in Flood Affected Areas of Punjab and Khyber Pakhtunkhwa.

With a mandate for poverty alleviation, PPAF prioritises education, health, and climate change, with a strong focus on gender mainstreaming, especially in light of declining government and international investments. This flagship initiative targets 61 of the most severely flood-affected Union Councils across 19 districts in four provinces and Gilgit-Baltistan. It features multi-sectoral interventions designed to consolidate PPAF's existing investments and bolster disaster resilience. On one hand, the initiative focuses on building the capacity of rights holders so they can hold duty bearers accountable and on the other hand, it proposes to involve appointed, administrative, and elected local authorities in the development process.

In May 2024, PPAF signed grant agreements with 34 Partner Organisations to implement the above three projects. Starting in June, PPAF conducted a series of orientation workshops in provincial capitals. These workshops facilitated two-way communication, allowing POs to share insights, challenges, and feedback. This process enhanced the partners' understanding of the project's design concept and intervention logic, enabling effective implementation of the two key strands: 1) restoration of social services, including water, health, sanitation, and education; and 2) resilience building, with a focus on inclusivity and evolving local leadership. Gender role has been emphasised by including women in COs and community resource persons (CRPs), including them in decision-making, promoting their role as leaders and raising awareness of the communities on women's rights and prevention of gender-based violence. This holistic approach of PPAF is expected to improve the status of women in the targeted communities contributing to SDG 5 on gender equality.

RESEARCH AND CONTRIBUTIONS TO POLICY DISCOURSE

PPAF is committed to promoting innovation and sustainability across its strategies and practices. By connecting the development sector with the research community, PPAF enables a vibrant exchange of knowledge and insights. With two research studies underway and a conference session organised, PPAF is actively sharing findings from both ongoing and completed research. This not only enriches the existing body of literature on development in Pakistan but also contributes to policy discourse and opens new avenues for exploration and progress.

In partnership with PPAF, the London School of Economics has designed, "Humanitarian Aid Delivery and its Consequences," a randomised control field experiment to evaluate various humanitarian aid delivery mechanisms and their impact on a range of outcomes. PPAF signed Memorandums of Understanding with CERP to advance the research, and with FDO, AGAHE, and the Sindh Rural Support Organization to pilot the study in Multan, Rajanpur, and Shikarpur, respectively. On PPAF's recommendation, one of the pilot sites in Multan was a Give2Asia-supported community where PPAF had previously provided food assistance.

The pilot assesses how the humanitarian aid affects beneficiaries' needs, nutrition and mental well-being as women receive payments. Beyond traditional humanitarian outcomes, the research explores the effects of aid on household dynamics, female empowerment, and recipients' political participation and attitudes—areas previously understudied.

Pakistan Poverty Alleviation Fund 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, "Incentivising Development: A Field Experiment with Third-Tier Organisations," aims to deepen understanding of what makes these organisations successful and strategies to enhance their effectiveness while reducing the elite capture. The 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. 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.

In November 2023, PPAF co-hosted a session titled 'Empowering Communities: Poverty Graduation in Pakistan' at the Sustainable Development Policy Institute's annual international conference. The session highlighted PPAF's journey with the Graduation Approach, its integration into the National Poverty Graduation Initiative, and how this approach contrasts with a cash transfer approach, exploring their impact on household economic preferences. The session also featured the endline results of the PPAF-supported research, 'Incentivising Development: A Field Experiment with Third-Tier Organisations,' which reflected on the role of community institutions in fostering social and economic empowerment.

RESOURCE MOBILISATION

PPAF's unwavering commitment to eradicating poverty and fostering sustainable development in the country is exemplified through its strategic approach to resource mobilisation. PPAF collaborates with governmental agencies at both federal and provincial levels, forges partnerships with private sector entities, and engages local communities across the country. Moreover, PPAF interacts with donors, development agencies, and international organisations, leveraging these connections to secure essential funding and technical support for its poverty alleviation initiatives in Pakistan.

During this reporting period, PPAF has made significant progress toward launching the "Post-Floods Resilient Recovery and Strengthening of the Livestock Sector in Balochistan" programme. Following the submission of a comprehensive proposal to the European Union (EU), the programme has been formally approved. PPAF also engaged in a series of contract negotiations with the EU, paving the way for the programme's approval and operationalisation. The programme is now scheduled to begin in September 2024, with a focus on climate-resilient socioeconomic recovery in flood-affected regions of Balochistan. This initiative will enhance value addition, compliance measures, and marketing activities while improving access to financial resources for livestock farmers and entrepreneurs.

During the reporting period, PPAF collaborated closely with the Foreign, Commonwealth & Development Office (FCDO) to design an innovative and sustainable education service delivery model aimed at reaching the poor, vulnerable, and marginalised children in Khyber Pakhtunkhwa and Punjab. Central to this initiative is the creation of an endowment fund at PPAF, which will serve as a long-term financial mechanism to support the continuous provision of quality education services. A series of consultations were held with FCDO to refine the strategy, ensuring that it addresses the specific needs of disadvantaged communities while promoting sustainable impact. This collaboration marks a significant step forward in PPAF's commitment to fostering educational opportunities for marginalised populations.

PPAF is also preparing for the British High Commission's upcoming call for proposals under the Climate Resilience & Humanitarian Response component of the Building Resilience and Addressing Vulnerability to Emergencies (BRAVE) Pakistan Programme, expected in the first quarter of next year. PPAF has initiated work on this opportunity by forming a strong consortium with key local and international partner organisations and technical experts, ensuring a comprehensive proposal. Moreover, PPAF pursuing an upcoming funding opportunity from UN Women to support projects focused on young women's digital empowerment in Punjab and Khyber Pakhtunkhwa. This initiative aligns closely with PPAF's agenda of women's economic empowerment. PPAF plans to form a consortium with two to three partners from the target districts, leveraging local expertise and presence.

In the coming year, PPAF is pursuing future USAID funding opportunities focusing on key areas such as health, education, and women's empowerment. With its proven track record in implementing large-scale development programmes, PPAF aims to collaborate with USAID to drive initiatives that would uplift vulnerable communities.

ASSOCIATED COMPANY

PAKISTAN MICROFINANCE INVESTMENT COMPANY LIMITED (PMICL)

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 PMICL. For the FY 2023-24, PMICL generated a total comprehensive income of Rs. 603 million. PPAF has recognised a share of profit of Rs. 298 million (as its 49% share) during the year.

The net investment of PPAF in PMICL as of 30 June 2024 is reflected as follows:

Description	FY 2023-24 Rs in million	FY 2022-23 Rs in million
Opening balance	4,167	3,645
Share of profit of the Associate		
Recognised in statement of income and expenditure	307	504
Recognised in statement of other comprehensive income	(9)	18
	298	521
Closing balance	**4,465**	**4,167**

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. 4,584 million as of June 30, 2024 (June 30, 2023: Rs. 5,647 million). These subordinated loans carry a markup rate of six months KIBOR plus 1% and are repayable in instalments by FY 2032.

FINANCIAL PERFORMANCE

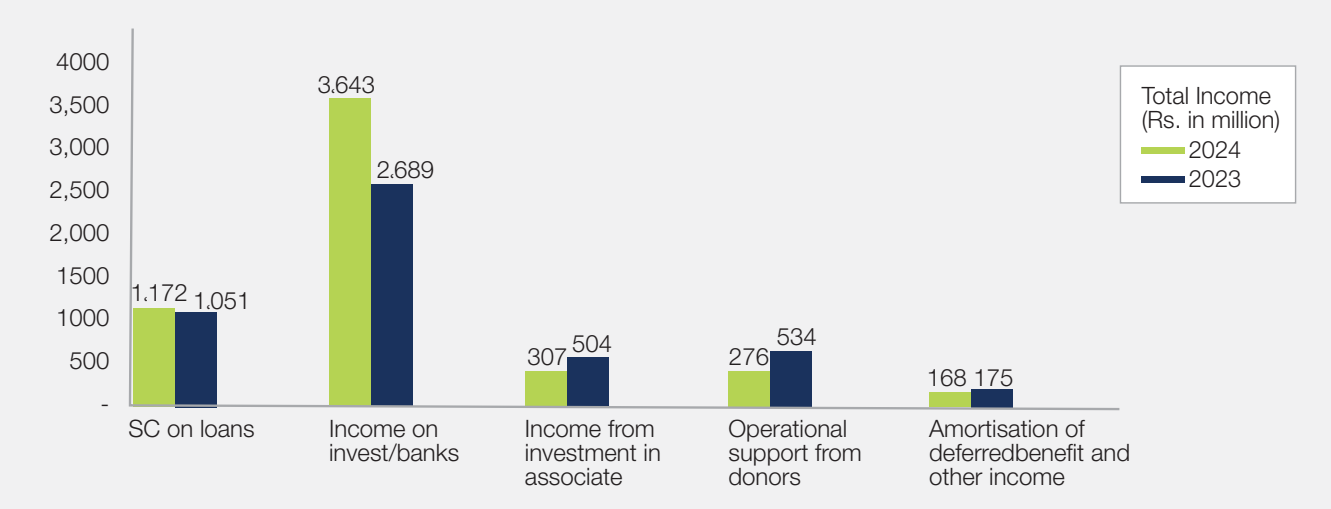
FINANCIAL POSITION

Description	2024 Rs in million	2023 Rs in million
Fund and Reserves	29,563	26,280
Debts – repayable to Govt of Pakistan	4,913	6,104
Investments	22,706	18,507
Loan to POs	806	812
Equity investment in PMIC	4,465	4,167
Subordinated debt to PMIC	4,584	5,647

During 2024, the financial data highlights a notable improvement in the entity's financial health and strategic positioning. The increase in Fund and Reserves by 12% suggests a stronger financial base and enhanced stability, while the 20% reduction in debts repayable to the Government of Pakistan reflects effective debt management and a decrease in liabilities. Investment activity surged by 23%, indicating a strategic push for growth and expansion. The increase in investment in PMIC by 7% is the result of an increase in the policy rate from 15% to 22% during the year. Conversely, the 19% reduction in subordinated debt is the annual repayment as per the agreed schedule. Overall, these trends collectively point to a well-managed, growth-oriented financial strategy with strengthened reserves and a more balanced approach to debt and investment.

OPERATIONAL PERFORMANCE

Total income earned during FY 2023-24 was Rs 5,576 million with an increase of 12% from last year. Service charges on loans to PMICL and POs increased by 12% (Rs 121 million). Income from investments/saving accounts increased by 35% (Rs 954 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 2023-24 (FY 2022-23: 15%). The profit after tax of PMICL for FY 2023-24 amounted to Rs. 626 million. PPAF has recognised a profit of Rs. 307 million (as its 49% share). The decrease in profit of PMICL was due to the higher provision for expected credit losses and increase financing costs owing to the increase in KIBOR. Donors' grants in support of operational and other expenses decreased by 48% to Rs 276 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. Amortized income during the year was Rs. 168 million (FY 2022-23: Rs 175 million). Other income was Rs. 9 million (FY 2022-23 - 14 million).



Total expenditure during the year increased by 18% to Rs 1,498 million from Rs 1,820 million in FY 2022-23. The surplus before project and relief activities and actuarial losses was Rs 4,078 million as against 3,147 million in FY 2022-23 showing an increase of 30% (Rs. 931 million). Net surplus for the year increased by 39% to Rs 3,291 million (FY 2022-23 – Rs 2,369 million).

PEOPLE AND ORGANISATION

Throughout the year, HR served as the central hub of the organisation, HR played a pivotal role in the organisation, dedicating all its resources to improving agility and accuracy in its processes and procedures. The department remained steadfast in upholding the values of inclusion, participation, accountability, and transparency in every action.

To cultivate a cohesive and dynamic workforce, significant efforts were made throughout the year. Team-building sessions facilitated by external consultants provided interactive and engaging forums for staff. These workshops helped to reduce the stress caused by the organisation's restructuring, effectively addressing change management challenges. Staff members openly deliberated the expectations for innovation, change, and teamwork, fostering adaptability within the workfce.

In 2023-2024, the primary objective was to fortify the newly restructured foundation of PPAF by equipping the workforce with the necessary skills to tackle new

challenges. The focus was on training the PPAF team across all levels, ensuring they had the technical and behavioural competencies required to excel in their new roles. The leadership and managerial capacities of middle and senior management were also enhanced to improve the efficiency of their respective departments.

To ensure the organisation progressed with a structured approach, a comprehensive work planning exercise was conducted. This exercise helped staff to frame their responsibilities in a specific, measurable, realistic, and time-bound manner, improving both time management skills and overall productivity.

The implementation of HCM module of SAP S/4 HANA is underway to automate and streamline HR processes, adding agility to the department. Additionally, a thorough review of the HR manual is being conducted by PWC (Fergusons) to align HR policies with best practices and current laws.

In short, HR's efforts throughout the year have laid a strong foundation for PPAF's future growth and success. By focusing on enhancing workforce capabilities, embracing change, and implementing efficient processes, the organisation is well-positioned to navigate new challenges and continue its journey of progress.

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 Manual (TMM) and managed by a Treasury Management Committee (TMC).

Key objectives of the TMM are as follows:

- Security of Capital: Protection of principal will be given high priority by limiting the company's investments to Government and other high credit rated securities

- Maintain Liquidity: The portfolio will be managed to cater for the company's operational, capital, disbursement and repayment requirements.

- Competitive rate of return: Keeping in view the risk factor and liquidity requirements, portfolio is expected to achieve a competitive rate of return (where applicable)

- Support for programme activities: This includes funds provided by PPAF as bridge financing from its own resources (as it waits donor funding) to ensure continuity of project activities. On receipt of donor funding PPAF gets reimbursement of funds spent for bridge financing. Also, the funds shall be made available for our own resources' projects.

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 risk framework and risk register of PPAF.

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. Key risks with the potential to adversely impact Company's ability to achieve its strategic targets are identified as following:

- Financial risks
- Credit risks
- Liquidity risks
- Market risks (Interest rate risk, Price risk, Fair value risk and Capital risk)

In coordination with internal and external stakeholders, PPAF continuously gauges the possible impact of these risks along with the emerging risks and takes all needed measures to mitigate/reduce the impact, in line with its approved risk appetite.

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.

- The structure of remuneration is sufficient and appropriate to attract, retain, and motivate executives of the quality required to run the 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 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 seven (7) meetings of the Board of Directors were held. The Board reviewed and approved PPAF's progress during the year; 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.

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

Sr.	Name	No. of Meetings Attended	No. of Meetings Eligible to Attend
1	Mr. Mohammad Tahseen	7	7
2	Mr. Yusuf Khan	7	7
3	Ms. Samar Ihsan	7	7
4	Ms. Nasheeta Maryam Mohsin	5	7
5	Dr. M. Suleman Shaikh	7	7
6	Mr. Mahfooz Ali Khan	7	7
7	Ms. Farida Shaheed	2	7
8	Mr. Sher Jehan Mir	7	7
9	Ms. Shabina Ayaz	6	7
10	Dr. Bashir-ur-Rehman	6	7
11	Ms. Mahtab Akbar Rashdi	2	4
12	Prof. Aijaz Ahmed Qureshi	2	2
13	Mr. Nadir Gul Barech	7	7

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. 125,000 per meeting for attending meetings of the Board or a committee of the Board.

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.

CHANGE OF DIRECTORS:

The last election of the Board of Directors other than government nominees was held in February 2023 and the new Board was reconstituted accordingly. Eight (8) new directors were elected from civil society / academia / professional 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 (12th) member of the board. Ms. Mahtab Akbar Rashdi, Director, resigned during the year and Professor Aijaz Ahmed Qureshi was appointed in her place to fill the casual vacancy. 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 towards the future growth and prosperity of the Company.

BOARD COMMITTEES

Audit Committee:

The Audit Committee comprises four (4) 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 to 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 five (5) members of the Board including the Chairman who is appointed among the non-executive Directors while the Company Secretary acts as a Secretary to 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.

Risk Management Committee:

The Risk Management Committee comprises four (4) members of the Board including the Chairman who is appointed among the non-executive Directors. Company Secretary acts as Secretary to 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 seven (7) members of the Board including the Chairman who is appointed among the non-executive Directors. The Company Secretary acts as Secretary to 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 four (4) members of the Board including the Chairman who is appointed among the non-executive Directors. The Company Secretary acts as Secretary to 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 Members.

AUDITORS

The present statutory auditor M/s Yousuf Adil, Chartered Accountants have completed their assignment for the year ended 30 June 2024 and shall retire at the conclusion of 28th 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, 2025. 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 coorperation, wisdom, support, able guidance and as well as their assistance and cooperation 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), European Union (EU) and UNHCR 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 Executive Officer

Islamabad

23 September 2024

FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2024

YOUSUF ADIL

Yousuf Adil
Chartered Accountants

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INDEPENDENT AUDITORS' 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, 2024, statement of income and expenditure, statement of income and expenditure and other comprehensive income, statement of changes in funds and reserves, the statement 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 accompanying statement of financial position, the statement of income and expenditure, statement of income and expenditure and other comprehensive income, statement of changes in funds and reserves, the statement 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, 2024 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 annual 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 no material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

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 except for the matters discussed in Basis for Opinion section:

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)

Other matter

Prior Year Financial Statements Audited by Predecessor Auditor

The financial statements of the Company for the year ended June 30, 2023 were audited by another auditor, who expressed an unqualified opinion on those financial statements on September 14, 2023.

The engagement partner on the audit resulting in this independent auditor's report is Mr. Syed Asmatullah.

Yousuf Adil.

Chartered Accountants
Islamabad
Date: September 24, 2024
UDIN: AR202410414MmdT6OqoX

PAKISTAN POVERTY ALLEVIATION FUND
(A Company incorporated under section 42 of the Companies Act, 2017)
STATEMENT OF FINANCIAL POSITION
AS AT JUNE 30, 2024

ASSETS	Note	30-Jun-24	30-Jun-23
		-------- Rupees '000 --------	
NON-CURRENT ASSETS			
Property and equipment	7	251,070	231,738
Intangible assets	8	8,914	18,187
Investment in the Associate	9	4,465,061	4,166,758
Long term investments	10	10,004,248	7,923,350
Long term loans to Associate	11	3,520,522	4,583,990
Long term loans and advances	12	2,109	816
Long term deposits		11,103	7,253
		18,263,027	16,932,092
CURRENT ASSETS			
Current portion of long term loans to Associate	11	1,063,466	1,063,465
Loans and advances	12	1,025	5,329
Grant fund receivables	13	123,462	538,732
Short term prepayments		14,707	5,659
Profit / service charges receivable	14	434,921	182,049
Advances and other receivables	15	727,510	168,206
Loans to partner organizations	16	-	-
Short term investments	17	12,701,984	10,583,503
Tax refunds due from the Government	18	579,515	528,017
Bank balances specific to projects	19	475,328	215,765
Cash and bank balances	20	821,562	2,567,790
		16,943,480	15,858,515
TOTAL ASSETS		35,206,507	32,790,607
FUNDS, RESERVES AND LIABILITIES			
FUNDS AND RESERVES			
Endowment fund	21	1,000,000	1,000,000
Grant fund		15,041,753	13,856,085
Accumulated surplus		7,794,374	7,446,356
		23,836,127	22,302,441
Reserve for grant based activities		5,726,921	3,978,269
		29,563,048	26,280,710
NON-CURRENT LIABILITIES			
Lease liabilities	22	114,312	107,620
Long term financing	23	2,984,924	4,006,988
Deferred benefit	23	737,556	906,113
		3,836,792	5,020,721
CURRENT LIABILITIES			
Current portion of lease liabilities	22	37,578	92,658
Current portion of long term financing	23	1,190,621	1,190,621
Deferred liabilities - grant fund	24	398,335	92,198
Deferred capital grant	25	10,127	10,548
Trade and other payables	26	163,116	93,879
Service charges payable	27	6,890	9,272
		1,806,667	1,489,176
TOTAL FUNDS, RESERVES AND LIABILITIES		35,206,507	32,790,607
CONTINGENCIES AND COMMITMENTS	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 30 JUNE 2024

	Note	30-Jun-24	30-Jun-23
		-------- Rupees '000 --------	
INCOME			
Service charges on loans to Associate	29	**1,172,147**	1,051,085
Income on investments and saving accounts	30	**3,643,174**	2,689,396
Share of profit of Associate	9	**306,870**	503,686
Amortization of deferred income - grant fund	24.2	**276,336**	534,129
Amortization of deferred benefit	23.2.1	**168,557**	174,969
Other income		**9,393**	14,280
		5,576,477	4,967,545
EXPENDITURE			
General and administrative expenses	32	**942,676**	1,282,027
Project activities	33	**260,358**	201,768
Seminars, workshops and trainings	34	**27,903**	4,321
Technical and other studies		**32,720**	44,717
Allowance for expected credit losses	35	**(6,150)**	34,773
Financial charges	36	**240,952**	252,562
		1,498,459	1,820,168
SURPLUS BEFORE PROJECT AND RELIEF ACTIVITIES		**4,078,018**	3,147,377
Expenditure on project and relief activities	37	**(787,113)**	(778,788)
SURPLUS FOR THE YEAR		**3,290,905**	2,368,589

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 30 JUNE 2024

	Note	30-Jun-24	30-Jun-23
		------ Rupees '000 ------	
SURPLUS FOR THE YEAR		**3,290,905**	2,368,589
OTHER COMPREHENSIVE INCOME / (LOSS) FOR THE YEAR			
Items that will not be subsequently reclassified to statement of income and expenditure			
Share of other comprehensive (loss) / income of Associate - net of tax	9	**(8,567)**	17,799
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		**3,282,338**	2,386,388

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 30 JUNE 2024

	Note	FUNDS		RESERVES		
		Endowment fund	Grant fund	Accumulated surplus	Reserve for grant based activities	TOTAL
		---------- Rupees '000 ----------				
Balance at July 01, 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
		-	-	2,386,388	-	2,386,388
Transfer from accumulated surplus to reserve for grant based activities	38	-	-	(1,051,002)	1,051,002	-
Transfer from accumulated surplus to grant fund		-	824,659	(824,659)	-	-
Balance at June 30, 2023		**1,000,000**	**13,856,085**	**7,446,356**	**3,978,269**	**26,280,710**
Total comprehensive income for the year						
Surplus for the year		-	-	3,290,905	-	3,290,905
Other comprehensive (loss) for the year		-	-	(8,567)	-	(8,567)
		-	-	3,282,338	-	3,282,338
Transfer from accumulated surplus to reserve for grant based activities	38	-	-	(1,748,652)	1,748,652	-
Transfer from accumulated surplus to grant fund			1,185,668	(1,185,668)	-	-
Balance at June 30, 2024		**1,000,000**	**15,041,753**	**7,794,374**	**5,726,921**	**29,563,048**

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 CASH FLOWS
FOR THE YEAR ENDED 30 JUNE 2024

	Note	30-Jun-24	30-Jun-23
		-------- Rupees '000 --------	
CASH FLOWS FROM OPERATING ACTIVITIES			
Surplus for the year		3,290,905	2,368,589
Adjustment for non cash and other items:			
Depreciation of property and equipment	7	75,048	69,473
Amortization of intangible assets	8	9,273	9,248
Share of profit of Associate	9	(306,870)	(503,686)
Charge / (reversal) of allowance for expected credit losses	35	(6,150)	34,773
Amortization of deferred income - grant fund		(276,336)	(534,129)
Amortization of deferred benefit	23.2.1	(168,557)	(174,969)
Gain on disposal of property and equipment		(29)	(107)
Gain on remeasurement of lease liabilities		(1,125)	-
Financial charges	36	240,952	252,544
		(433,794)	(846,853)
		2,857,111	1,521,736
Working capital changes			
Decrease / (increase) in current assets:			
Loans and advances		4,304	3,337
Grant fund receivables		248	-
Short term prepayments		(9,048)	(4,814)
Profit / service charges receivable		(252,872)	311,934
Advances and other receivables		(559,304)	(33,551)
(Decrease) / increase in current liabilities:			
Trade and other payables		69,237	(42,593)
		(747,435)	234,313
		2,109,676	1,756,049
Disbursements to partner organizations - Grants	24.2	(1,408,682)	(1,807,517)
Repayment of long term loans of Associate	11	1,063,467	1,041,902
Recoveries of loans to partner organizations		6,150	23,199
Long term loans and advances		(1,293)	5,331
Long term deposits		(3,850)	(150)
Income tax paid		(51,498)	(107,985)
Service charges paid		(43,544)	(52,232)
Financial charges paid		(420)	(379)
		(439,670)	(897,831)
Cash generated from / (used in) operating activities		1,670,006	858,218
CASH FLOWS FROM INVESTING ACTIVITIES			
Investments realised / (made) - net		(3,710,057)	658,451
Capital expenditure incurred	7 & 8	(112,823)	(28,788)
Proceeds from disposal of property and equipment	7	658	1,742
Cash generated from / (used in) investing activities		(3,822,222)	631,405
CASH FLOWS FROM FINANCING ACTIVITIES			
Lease liabilities paid	22	(60,262)	(878)
Long term financing repaid	23	(1,190,621)	(1,125,465)
Deferred liabilities - grant fund receipts	24	2,145,317	1,062,286
Deferred income - grant fund receipts		260,439	244,457
Cash generated from / (used in) financing activities		1,154,873	180,400
NET INCREASE / (DECREASE) IN CASH AND CASH EQUIVALENTS		(997,343)	1,670,023
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR		3,170,947	1,500,924
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	43	2,173,604	3,170,947

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 set up under section 42 of the Companies Act, 2017

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