

# Précis



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## The Next Ascent: An Evaluation of the Aga Khan Rural Support Program

By many measures the Aga Khan Rural Support Program (AKRSP) is a highly successful NGO-run rural development program. It reaches some 900,000 people in about 1,100 villages in the Northern Areas and Chitral District of Pakistan, near the Afghanistan border. The Operations Evaluation Department (OED), under commission by the Aga Khan Foundation, has conducted a unique series of evaluations of the AKRSP—in 1986, 1989, 1995, and most recently in 2001, just before the events of September 11. With the resulting global attention to the region, the findings are not only relevant to the north of Pakistan but also to neighboring Afghanistan, which has many geographic and social similarities.

The Aga Khan Foundation established this private, non-communal (i.e., supporting all religious sects), nonprofit company in 1982, financing the program with funds from bilateral and multilateral donors. Over the past five years, it has had an annual budget of about US\$6 million. Its operations aim to improve the quality of life of the people in this arid and mountainous region. The major components of the program are social organization, women's development, natural resource management, physical infrastructure development, human resource development, enterprise promotion, and credit and savings services.

At this stage of its development, the AKRSP, like many a traveler in the high

mountains of northern Pakistan, has crested a difficult summit only to see a greater peak ahead. For 18 years the program has helped community groups throughout the Northern Areas and Chitral in a development effort that has become a model for rural programs throughout the country and across the globe. But donor fatigue is now raising the prospect of a leaner future for the program, community and area development is becoming more complex, maintaining incentives for participation faces challenges, and even greater creative effort will be needed to achieve success with the poorer areas and people that are now the focus of the program.



## Program Results

The harsh and often remote high mountain valleys of the Western Himalayas, Karakorams, and Hindukush are among the most demanding settings in the world for social and economic development. About 900,000 people scattered over the rugged territory of the Northern Areas and Chitral are led by community-based organizations that the AKRSP has inspired and assisted for 18 years. Two thousand new irrigation, road, and other construction schemes have been completed. Thousands have been trained in productive skills, villagers have come together to manage their own affairs, thousands of small loans have been made and repaid, and new agricultural technology has spread widely. Incomes have risen, welfare improved, lives made a little easier, and a start made on helping women to realize their potential. As a result, word has spread, and the highly successful techniques of the AKRSP are being used and adapted in similar social situations throughout Pakistan and elsewhere.

The AKRSP has achieved remarkable results over both the life of the program and over the most recent five-year period. While weaknesses have appeared in some program components, they are matched by strengths rarely found in rural development interventions. Furthermore, based on the AKRSP's history of quick and creative responses to emerging problems, the program can be expected to modify its strategy and tactics as new priorities and opportunities appear.

By adopting a flexible approach and learning from experience the AKRSP has maintained substantial relevance to the development priorities of Pakistan and the program area. More recently, however, the continuing relevance of the program has been threatened by persistent weakness in public sector development capacity; declining frequency of village infrastructure investment; increased pluralism in community organizations; limited progress in bringing women fully into the development process; declines in saving and credit flows; and an increase in overdue repayments in microfinance. These issues are being addressed.

The efficacy of the AKRSP is substantial: incomes have increased greatly, certainly beyond the original target of doubling in real terms. Both economic analysis and analysis of the 1991 and 1997 socio-economic data suggest that a share of these benefits—more than sufficient to justify the cost of the program—is attributable to the AKRSP. Replicability also has been fully achieved; at least eight major programs or projects in Pakistan have drawn substantially from AKRSP experience.

While the AKRSP is at the top end of a range of global and local comparators for operating costs per household, the estimated economic rate of return of at least 16 percent—probably closer to 25 to 30 percent if all benefits could be quantified and attributed—suggests the investment choices have been sound and the program has been highly efficient. It should be possible, however, to even further improve efficiency by tailoring community support to

community self-help capacity through increasing collaboration within the Aga Khan Development Network (see box), and through a higher level of cost recovery for investments, particularly for private goods and for training.

The institutional development impact of the AKRSP is among its most notable achievements. The program's work with community organizations has been impressive and, unlike many other donor-funded interventions, sustained over 18 years. It currently supports two major organizational models—village organizations for men and women's organizations. Increasingly, local umbrella organizations are becoming important as a mechanism for coordinating the efforts of multiple organizations. Within the villages there is widespread acknowledgment of what these organizational structures have achieved, and there is survey evidence that being in a village with community organizations brings benefits.

The AKRSP itself is well managed—a finding based partly on an institutional survey carried out by the OED mission. Some shortcomings in the AKRSP's human resource policies remain, especially the longstanding issue of staff gender imbalance, but the AKRSP is planning to make organizational changes to address this problem.

The main institutional weakness of the AKRSP, which arises partly from its very success, is that if the program were to close tomorrow there would be a large institutional gap in the Northern Areas and Chitral. While it is easy to see the program's effects at the village level, it is more difficult to discern its handiwork in the line departments of government, the private sector, and provincial and national policymaking forums. Yet it is success in these arenas that will largely determine the course of the region's future progress.

Donor-funded programs such as the AKRSP are, almost by definition, financially unsustainable because they depend on the changing priorities of donors. The overall approach of the AKRSP, however, is sustainable. Many of the village organizations created by the program have matured and would likely survive without close AKRSP supervision—"it would be difficult, but we would manage," in the words of one community leader. The infra-

### A Worldwide Network

The Aga Khan Development Network is a worldwide concept consisting of three main types of activities—economic development, social development, and culture. In Pakistan the network comprises the AKRSP, Aga Khan Education Service, Aga Khan Health Service, Aga Khan Building and Construction Improvement Service (the largest part of which is the Water and Sanitation Program), Aga Khan Cultural Service, and Aga Khan University in Karachi. The Aga Khan Foundation has primary responsibility for AKRSP, including fund raising.

structure built under the program is also sustainable because the villagers chose it, it is well maintained, and it provides an adequate financial return.

Sustaining incentives for collective action, however, is a continuing challenge owing to the lower frequency of repeat infrastructure investments, increased cost recovery, and the broader opportunities that come with development. Different interest groups have increasingly divergent needs. As communities have gradually solved relatively easier problems involving infrastructure, they have encountered new, more intractable problems, such as specialized product marketing, that require more complex solutions. To stay ahead of this inevitable evolution, the AKRSP will need to continually revisit the incentives for action relevant to different kinds of households, including the poorest. In sustaining incentives, the AKRSP and the AKDN family will need to walk a difficult tightrope, listening carefully to evolving community needs to maximize perceived benefits, while at the same time allocating limited grant support efficiently—focusing predominantly on the public goods elements.

### Lessons of Experience

The evaluation identified several lessons of note for the *global development community*, none entirely new, but all worth repeating.

The AKRSP has achieved broad and sustained gains in economic and social welfare in large part by ensuring stable increases in agricultural output. This has been accomplished by making available appropriate technologies that provide relatively quick returns.

The program has pursued a high-input/high-output strategy in the Northern Areas and Chitral. This approach has exploited complementarities among the program components and efficiently used the region's scarce community facilitation and program management skills.

Careful and continuous monitoring and evaluation (M&E) of the AKRSP has helped guarantee the efficiency of the program's direct, intensive support for the poor. However, M&E efficiency has been reduced by the lack of standardization among donors. Highly skilled AKRSP staff time is taken up trying to meet different requirements such as donor-specific log-frame formats. These resources could be better spent pursuing important evaluative questions such as the optimal strategy for cost-effectiveness in poverty alleviation or monitoring the evolution of Dehi Councils, the village councils created as part of a government effort to decentralize.

Expansion (scaling up) of a rural development program is a slow process, even with skilled facilitators, as there are few economies of scale. The number of households supported by the well-managed, multi-component AKRSP grew at only about 10 percent annually—now, after 18 years, reaching close to 100,000 households. However, expansion by grafting new programs into new locations with similar needs offers substantial opportunity for scaling up.

The AKRSP has an overwhelming presence in rural parts of the Northern Areas, and, in rural development, the AKRSP has effectively substituted for government. But it can never become a viable alternative to government, with its far broader responsibilities. Partnerships—between government, civil society, NGOs, and the private sector, and with actionable and measurable commitments—should be formally agreed at the start of a program to ensure clarity of roles and to create incentives for performance. While capacity constraints make this difficult, the AKRSP could do more to engage partners in an overall development effort for the Northern Areas and Chitral.

### The Future for the AKRSP

What sort of organization should the AKRSP seek to be in 10 to 15 years? The evidence suggests it should be smaller and more embedded in an increasingly integrated Aga Khan Development Network. It should become less indispensable to the Northern Areas and Chitral—or indispensable in an entirely different way—through a steady shift toward greater government, corporate sector, and civil society partnerships focused on achieving greatly enhanced development effectiveness among all the key institutions of the Northern Areas and Chitral. It should aim for intellectual leadership in key areas of pro-poor development, for example, through creative experimentation—in a culturally sensitive way—to bring women more into the development mainstream. It should see evaluation, learning, and transfer of lessons both within and outside Pakistan as an explicit part of its capacity development strategy. It should recover more of its costs, sell more of its services, and perhaps be supported by a core endowment.

The evaluation makes several specific recommendations for the future of the AKRSP. *First*, it recommends fine-tuning the approach to improving rural livelihoods:

- Ensure that the poor and women receive adequate attention as the approach to community organizations changes.
- Remain fully engaged in microfinance, even as the AKRSP helps to create a new microfinance bank.
- Improve efficiency through differentiation of support according to individual community needs—more for poor, more-vulnerable communities, less for mature communities.
- Increase cost recovery, review the grant/subsidy strategy, and prepare criteria and guidelines to ensure optimization of grant/subsidy impact.
- Increase the gender content in data collection in both future socio-economic surveys and in microfinance monitoring to improve understanding of gender issues.
- Monitor the poverty pilot carefully to test different levels of staff and resource intensity so that relative poverty alleviation efficiency in comparison with the core program can be evaluated.

*Second*, it recommends increasing the institutional capacity to sustain development in the longer term through partnerships. In particular, the AKRSP should:

- Take the lead within the AKDN in developing a coalition with government that aims to raise significantly government's development capacity in a specified period—with an increasing role for the corporate sector and other NGOs.
- Agree to and implement a fully coordinated approach to development in the Northern Areas and Chitral with the

other organizations in the AKDN, and look at opportunities for cost sharing.

*Third*, it recommends maximizing the leverage of the acquired AKRSP skills both within Pakistan and externally to:

- Develop an explicit strategy to guide the AKRSP's approach to sharing its knowledge both inside and outside Pakistan, set goals, and monitor achievements as with any other program component.
- Become leaders in Pakistan on the gender issue.

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Director-General, Operations Evaluation: *Robert Picciotto*  
 Director, Operations Evaluation Department: *Gregory K. Ingram*  
 Manager, Sector and Thematic Evaluation: *Alain Barbu*  
 Task Manager: *Ridley Nelson*

► This *Précis* is based on *The Next Ascent: An Evaluation of the Aga Khan Rural Support Program, Pakistan*, by Ridley Nelson, Lead Evaluation Officer, OEDST.

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