

Department for International Development

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- halve the number of people living in extreme poverty and hunger
- ensure that all children receive primary education
- promote sexual equality and give women a stronger voice
- reduce child death rates
- improve the health of mothers
- combat HIV and AIDS, malaria and other diseases
- make sure the environment is protected
- build a global partnership for those working in development.

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DFID works in partnership with governments, civil society, the private sector and others. It also works with multilateral institutions, including the World Bank, United Nations agencies and the European Commission.

DFID works directly in over 150 countries worldwide, with a budget of nearly £4 billion in 2004. Its headquarters are in London and East Kilbride, near Glasgow.

WHAT ARE COUNTRY ASSISTANCE PLANS?

Country Assistance Plans set out how we aim to contribute to the achievement of the Millennium Development Goals in various countries. Country Assistance Plans start from the basis of our partner country's poverty reduction strategy and set out in detail how we will work as part of the international development effort to support a country's strategy for reducing poverty. They include a framework for annual assessment of our performance in implementing the plan. Major reviews of Country Assistance Plans are expected to be undertaken every three to four years.

Pakistan: Country Assistance Plan 2005 – 2007

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* Part 3 and Annexes 1, 3, 4, 6–9 are available online at www.dfid.gov.uk. These are subject to change from time to time. Enquiries can be sent by email to enquiry@dfid.gov.uk

Alternatively, hard copies of Part 3 can be sent on request. Please 'phone 0845 3004100 or write to Public Enquiry Point, DFID, Abercrombie House, Eaglesham Road, Glasgow G75 8EA

Introduction

This document presents the Department for International Development's plan for supporting poverty reduction in Pakistan. DFID is grateful for the guidance and insights of the Government of Pakistan and the provincial Governments of Punjab and North West Frontier Province, civil society organisations and the many other people and groups who helped in the development of this Country Assistance Plan (CAP).

A. Summary

- A1. The development challenges in Pakistan are complex. Despite sound economic management, recent progress on poverty initiatives and good economic growth, Pakistan remains a low-income country with a per capita income of only US\$470 in 2003.¹ Nearly a third of the population live below the national poverty line and tens of millions more live just above it.² As a result many Pakistanis are vulnerable to unexpected events such as ill health and droughts and increasing exposure to volatile international markets which can affect them personally or as a community.
- A2. Poor health, illiteracy and gender and social discrimination are widespread. Over half a million children die each year before reaching their fifth birthday and around 25,000 women die through childbirth. Only around 50% of adults are literate, and an adult female is only half as likely to be literate as an adult male.³
- A3. Good progress was made towards addressing some aspects of poverty during the 1990s. Child mortality reduced significantly, and access to basic sanitation and safe water increased. There was, however, limited improvement in many other areas and overall poverty rates actually increased between 1990 and 2000, although there are signs that the upward trend may have now started to reverse.⁴ If progress continues at the same rate as during the 1990s Pakistan will fail to meet many of the 2015 Millennium Development Goals, some dramatically so.⁵ The continued pace of population growth has been and will continue to be a significant factor, undermining economic gains and the impact of poverty reduction programmes.
- A4. The Pakistan Government prioritises economic growth as the major route out of poverty. During the last four years, it has introduced key macro-economic reforms which have led to economic revival. However, according to the State Bank of Pakistan and as the data above suggest, the benefits of this growth have been uneven.
- A5. If it is to achieve sustained growth and poverty reduction the Government will need to continue to implement far-reaching structural and institutional reforms. Some of these reforms were announced in the Government's 2004 Budget. If Pakistan is to meet its own development targets, which include the Millennium Development Goals, any future reform efforts will need to pay particular attention to the needs of the poorest.
- A6. The Government has developed a comprehensive Poverty Reduction Strategy Paper (PRSP 2003 – summarised in Section B). This sets out its priorities and approach to development and poverty reduction. The Poverty Reduction Strategy Paper provides a framework for international donors to support the Government's poverty reduction policies and programmes. DFID's Country Assistance Plan will support the implementation of these policies and programmes.

¹ World Development Indicators 2004, see Pakistan Data Profile.

² Government of Pakistan's Poverty Reduction Strategy Paper, December 2003 (PRSP 2003).

³ UNICEF's State of the World Children 2005; Maternal mortality in 2000 – WHO estimates; Government of Pakistan's PRSP 2003.

⁴ The incidence of poverty has moved from 26% to 32% between 1990 – 2000 according to the Pakistan Government's Poverty Reduction Strategy Paper (December 2003), using the national poverty line. The latest data from the Government's Household Consumption and Expenditure Survey (June 2004) showed a reduction in poverty of 4.2 percentage points. This suggests poverty has reduced but this data was based on a survey which is not directly comparable with earlier surveys.

⁵ Pakistan's Progress towards the MDGs, DFID July 2004. See also Annex 5

A7. Section 'D. Development Partnership' sets out how DFID will support the PRSP. We will focus our effort on three strategic outcomes reflecting both the key themes of the PRSP and the areas in which we have particular strengths as a donor partner:

- **Increased incomes for the poor**
- **Improved delivery of education and health and population services to the poor**
- **Greater accountability of the state to its citizens**

A8. We will continue to provide assistance to DFID's two focus provinces – North West Frontier Province and Punjab. However, we will also continue to support federal initiatives, particularly in key areas such as service delivery in health and education and macroeconomic reforms. We will also work with civil society to strengthen the capacity of poor people to take an active part in decisions affecting their lives.

A9. Our core objective is to work with the Pakistan Government, provincial governments, the international community and other donors to bring enduring and sustainable benefits to the poor. We will support those in Pakistan whose aim is a prosperous, peaceful, stable and equitable country.

A10. From early 2005 the head of DFID's Pakistan programme and all staff working directly on the programme will be located in Islamabad. Funding for the programme is set to increase from £66.5 million in 2003/04 to £90 million in 2007/08.

B. The Challenge

History of DFID's engagement with Pakistan

B1. The UK has supported Pakistan's development efforts since Independence. In the early 1990s, DFID support averaged £20-25 million a year. After the military coup in 1999, support for government development programmes was frozen, though non-governmental projects continued. DFID's development programme was subsequently reactivated, following re-engagement with the technocratic Government initially established by President Musharraf. President Musharraf promulgated a seven-point reform agenda:

- to rebuild national confidence and morale;
- strengthen the Federation, remove inter-provincial disharmony and restore national cohesion;
- revive the economy and restore investor confidence;
- ensure law and order and dispense speedy justice;
- depoliticise state institutions;
- devolve power to grass roots level; and
- ensure swift accountability.

This agenda for national reconstruction and institutional reform is consistent with poverty reduction. Although more remains to be done, there has been notable progress in each of the seven areas.

B2. From 2001 to 2004, DFID's programme aimed to help Pakistan reduce poverty by creating the economic conditions for poverty reduction; improving the health of the poor; and improving education for the poor. The programme sought to increase its impact by concentrating on existing partnerships with two provinces: North West Frontier Province and Punjab. Opportunities to work at district level were also explored.

B3. The programme also developed closer links with the World Bank and the Asian Development Bank, especially at provincial level, and with some bilateral donors. This period saw a four-fold increase in DFID's budget for Pakistan, but also significant disruptions to the management of its programme as a consequence of deteriorating security.

The Pakistan Government's poverty strategy

B4. The Pakistan Government has signed up to the Millennium Development Goals (MDGs). Its strategy for economic growth and poverty reduction to meet the MDGs is articulated in its Poverty Reduction Strategy Paper (PRSP 2003). The PRSP is based on four pillars:

- Accelerating economic growth while maintaining macroeconomic stability. The PRSP focuses on sectors with the potential to generate employment including the rural economy, small and medium industries, housing and construction, and information technology. This is accompanied by attention to capital markets, trade liberalisation, private sector development, investment policy and privatisation, and regulatory frameworks including deregulation.
- Improving governance and devolution: The PRSP emphasises devolution of government, fiscal and administrative decentralisation and access to justice, including police and civil service reforms, anti-corruption and money laundering measures, and a broad package of civil society measures including freedom of information.
- Investing in human capital: The PRSP gives renewed emphasis to the effective delivery of basic social services including improved access to basic needs, such as primary education, preventive health care and population welfare services, access to clean drinking water and sanitation, and youth development.
- Targeting the poor and vulnerable: The PRSP emphasises targeted policy interventions for rapid poverty relief through short-term employment opportunities, social safety nets and the expansion of micro-credit finance facilities, and financial assistance to poor people.

B5. The PRSP emphasises the importance of gender equality, the empowerment of women, and the environment. It also identifies a need for public-private partnerships between government, non-governmental organisations and the private sector to enhance service delivery for poor people.

B6. Pakistan's current progress towards achieving the key MDGs is set out in Annex 5. The base year for the MDGs is 1990, and little progress was achieved during the first decade. Pakistan thus has some of the worst poverty indicators in Asia and on present progress will not achieve many of the MDGs. However, as part of its commitment to the MDGs, the Pakistan Government has approved increases in social sector spending in its Public Sector Development Programme. Further sustained increases in social sector spending and its quality will be required if Pakistan is now to make up the lost ground and meet the MDGs, especially those relating to income poverty, education and health.

DFID's analysis of priorities for poverty reduction

B7. The development challenges facing Pakistan are many and complex. Most poor people live in rural areas and depend largely on agriculture for their livelihoods. Many people living on or just below the poverty line are vulnerable to unexpected events such as ill health, crop failure, environmental degradation, natural disasters and changes in volatile international markets.

B8. A series of Participatory Poverty Assessments,⁶ financed by DFID for the Pakistan Government, highlight a worrying gap between the aspirations and expectations of ordinary Pakistanis and the will and capacity of the state at all levels to deliver. Unemployment and weak governance are a growing source of social disaffection. Stronger economic growth, which is more evenly distributed, is needed to lift more of the poor out of poverty. The Participatory Poverty Assessments note there is enormous demand by poor Pakistanis for an improved quality of life, but their political voice goes largely unheard in Pakistan's long-established political culture, which tends to exclude the poor and favour elites.

The opportunities for poverty reduction in Pakistan

- B9. The present Government has made a number of public commitments to poverty reduction, for example in the Poverty Reduction Strategy Paper and in the 2004 budget. These commitments provide a platform for poverty elimination in Pakistan. There are opportunities to support those people and institutions in Pakistan who want to improve the lives of the poor.
- B10. However, analysis shows that there are also powerful and deep-rooted obstacles to change. These include the structure of land ownership, the skewed distribution of income and wealth, and differences based on kinship, ethnicity, religion and gender. These obstacles are reflected in a set of institutions and power relations which entrench the political and economic power of elites, including the military and its growing corporate interests, and hamper the effectiveness of the bureaucracy and the judiciary.
- B11. The rapid expansion of its engagement with Pakistan during the last three or four years is an indication of DFID's willingness to work constructively with those who want to reduce poverty and achieve the MDGs in one of the major countries in Asia. DFID believes that it can engage with a number of groups, structures, institutions and issues to promote further impetus for sustained change.

Civil society organisations: although generally weak in comparison with the role they play in neighbouring countries, these have had some limited success in protecting and upholding human rights, including women's rights, and increasing the voice of the poor in local government. It will be important to help civil society organisations engage with the large political and economic issues that need to be tackled if poverty is to be reduced.

Political parties, usually led by charismatic individuals, often have a weak membership base and lack clear policy direction. Some have been severely discredited by their poor performance in running federal and provincial governments, and are often viewed as corrupt and unable to deliver economic growth and poverty reduction.

The industrial class has generally not projected its collective interests very effectively in the political and economic realms through representative business associations. Its ability to influence fiscal, industrial and trade policies has consequently been very limited.

Devolution and improved delivery of services: The new system of devolved government has created greater opportunities for political representation and power sharing and the potential to deliver greater accountability of the representatives to the people who elected them. Devolution is protected under the Constitution until 2009 though, as with any thoroughgoing local government reform, it is likely to take longer to bed down completely. Helping to build a consensus in Pakistan around the opportunities it offers for improving life for ordinary Pakistanis is a vital challenge for all tiers of government.

Developments in media: A media revolution is under way in Pakistan as private sector radio and TV stations expand rapidly. New programming is blossoming (satellite, cable and terrestrial) in parallel to state TV and radio broadcasting. Domestic programmers are responding to competition from within the region. The print media retains considerable influence over public opinion; it is relatively free and allows the expression of differing views. The media – particularly electronic broadcasting – could be a catalyst for positive change in Pakistan.

Developments in family protection: The high levels of violence against women have begun to be acknowledged and addressed through various initiatives including the Government's National Strategy on Family Protection. DFID is helping to assess the nature and degree of violence in the family and is supporting the National Strategy. Policymakers have begun to speak publicly about violence in the home and on access to justice for poor women, helping to create a climate of positive change.

Governance reforms targeting corruption: Corruption remains a major problem in both public and private sectors, although there has been a noticeable improvement in the Government's efforts to acknowledge and deal with it. The Government has established the National Accountability Bureau and launched a national anti-corruption strategy. Audit institutions including the Public Accounts Committee are weak, but have made some progress in recent years. This means that a vital parliamentary check is now in operation.

C. What we have learnt

Key studies

C1. DFID commissioned a number of studies to inform the preparation of this Plan. We have also learnt from a number of other Pakistan Government and United Nations studies such as the Pakistan Human Condition Report and the Pakistan Integrated Household Survey. In addition to the Participatory Poverty Assessments mentioned earlier, a 'Drivers of Pro-Poor Change' study was completed in 2004. This sought to identify those groups in Pakistan with an interest in positive change for poverty reduction with which DFID could engage and was instrumental in identifying the opportunities for poverty reduction described in the previous section. We have also completed a social exclusion study, which identified the barriers to the participation of the poor in development. Key messages from the findings of these studies are shown in Table 1 below:

C2. A recent independent review of our programme in Pakistan found that, overall, DFID is valued for its knowledge, technical expertise, flexibility, engagement with other donors and the range of aid instruments we have to offer. In terms of sectors DFID is recognised as an influential donor in health and population, education, sustainable livelihoods, governance and social policy. Under our objective of helping create the economic conditions for reducing poverty, however, the review concluded that while progress has been made, there was a clear gap for DFID to address.

C3. The Pakistan Government regards sustained economic growth as the key element of its poverty reduction strategy. We can help it to harness such growth more effectively to generate employment and raise incomes for the poor. This is an area where DFID is considered to have expertise and potential for influence which could complement the work of other donors, notably the World Bank, on economic policy.

Table 1 – DFID's learning from recent studies

Pakistan Government data/ Participatory Poverty Assessments	Drivers of change	Social exclusion
<p>The priorities of the poor are:</p> <ul style="list-style-type: none"> • More jobs and not just in urban areas. • Basic services, especially health care. • Access to political power and justice. • Access to land and water. • Improved safety nets. 	<ul style="list-style-type: none"> • Potential drivers of change are limited in number and scope, with little expectation of major changes in the short to medium term. • External factors (including donors) can play a significant role given Pakistan's geographically strategic position. • Policy reforms are politically fragile. • A middle class is emerging, but is not yet organised on a collective political platform. • External agencies are important for promoting a sustained pro-poor agenda and can play a significant role in supporting change processes. • Weak civil society 	<ul style="list-style-type: none"> • Social exclusion cannot be addressed without changing power relations, both within and between groups. • Women face high levels of exclusion, reinforced by the practice of purdah and rigid definitions of public and private spheres. • Caste and kinship (e.g. biraderi) are important determinants of power and lack of power. • Inability to participate in political life, and lack of access to education, employment, health, and justice are root causes of exclusion. • Access to land ownership has a direct bearing on poverty. • Exclusion of rural migrants. • Opportunities for poor to move out of poverty are blocked.

D. Development partnership

A new framing of DFID's engagement

- D1. Based on the analysis outlined above our conclusion is that DFID should support those in Pakistan working towards equitable economic growth and poverty reduction, focusing in particular on the Millennium Development Goals which are going to be hardest to reach (see Annex 5) and where DFID has particular strengths. DFID can make a significant contribution to wider efforts to support governance and political reform, improve the quality and delivery of services and the empowerment of a broader range of people, especially women. We need to build support for DFID's development objectives among those who have the power or influence within the existing system to bring about change which will benefit the poor. However, real change requires that all Pakistanis demand the supply of better quality services and more accountable government at every level.
- D2. DFID will therefore seek to assist in three strategic outcome areas

Strategic outcomes

- Increased incomes for the poor through enhancing their access to assets and well-functioning markets, supported by safety nets and an improved governance environment.
- Improved delivery of education and health and population services to the poor, within a devolved government structure and recognising the important role of the private sector.
- Greater accountability of the state to its citizens through enhanced participation by the poor, particularly women, in decision-making at all levels of devolved government.

Outcome 1: Increased incomes for the poor

In seeking a long-term objective of reducing poverty in its widest sense, a marked reduction specifically in income poverty in the near term is essential. Increasing the incomes of the poor requires a range of policy decisions and reforms. Getting the macroeconomic framework right is essential. Pakistan has demonstrated strong macroeconomic management and has achieved a stable macroeconomic position.

However, a key challenge is to ensure that economic growth generates employment and increases incomes for the poor. Factors that affect the engagement of all Pakistanis in economic activity need to be addressed, including strengthening public financial management; reforming state owned enterprises (including utilities) and further trade liberalization. There are also specific constraints which affect the poor. These include lack of access to finance and business development services, to basic education and vocational training, to adequate health and population services and to appropriate infrastructure. In addition, there are constraints like inadequate incentive regimes and skewed land ownership facing sectors that provide employment to the poor (such as textiles and agriculture). In recent years, DFID's sustainable livelihood projects have proved effective in linking local communities with devolved local government to improve incomes and deliver services to poor people. DFID will build on these successes and develop new initiatives to address income poverty, including interventions on social protection.

Outcome 2: Improved delivery of education and health and population services to the poor

Pakistan's record in service delivery is weak. Although budgetary allocations to health and education services have been increased in the 2004 budget, they remain well below those in comparable countries in Asia.

The Government acknowledges the importance of ensuring quality services for the poor. A better-educated, healthy workforce is necessary for economic competitiveness and growth. Improved service delivery is therefore an essential plank of poverty reduction.

Inadequate service delivery has excluded the poor from social and economic opportunities. Women suffer in particular, for example through limited access to maternal health services. Population programmes are necessary to promote the health of the entire family and to ensure that economic gains are not undermined. Vigorous preventive efforts are needed to contain the spread of HIV and AIDS which, though still in the nascent stage, could have devastating long-term effects.

The challenge for government and donors is to harness the potential of both devolved government and the private sector to deliver improved services for the poor. DFID will work with government to realise these opportunities, with a particular focus on the "hard-to-reach" MDGs such as reducing maternal mortality. DFID also intends to help strengthen the demand-side for services, helping civil society and community organisations both to contribute to managing and delivering services, and to hold government to account for their quality and delivery.

Outcome 3: Greater accountability of the state to its citizens

The effectiveness of the devolution reforms will depend on improving the accountability of representatives to the people who elected them. Consultations with the poor indicate that they are not fully aware of their entitlements to government-provided services. We will support efforts to empower the poor through encouraging enhanced participation, particularly by women, in decision-making at all levels of government, and thus increase the accountability of the state to its citizens.

To achieve this outcome, we will work within five key themes that affect the lives of the poor. These are public sector reform, representative government, access to justice, citizen participation and the media. We will seek to mainstream gender-related issues across our whole programme. We will also support strategically Pakistan's efforts to eradicate corruption, which has especially pernicious consequences for the poor. Access to land and resources are critical issues for the poor but there are no notable champions in Pakistan for reform, though we stand ready to advocate reform where appropriate.

We will judge the levels of financial and human resource we will commit to the themes set out above according to the levels of need and opportunity at federal and provincial levels and according to DFID's capacity and opportunities to work in this area. We will aim to build partnerships around the themes, particularly in the context of devolution and the relationships between the federal, provincial and district tiers of local government. We will also engage in a wider dialogue with civil society, including independent commentators, civil society organisations, academics, politicians and media. All these can have an important impact on policy formulation.

E. Programme resources

A strategic and balanced programme

- E1. DFID's aid to Pakistan has risen dramatically since 2001. The current level is £70 million per annum rising to £90 million in 2007/08 at the end of the three-year period of this Country Assistance Plan. If the programme is to continue at these levels or expand beyond that, DFID, working with the Pakistan Government, will need to be able to show that real progress is being made towards the MDGs.
- E2. Although DFID has worked at all three levels of government – federal, provincial and district – our most recent large commitments and policy engagements have been at federal level. We propose to shift this balance so that more work and programming is done at provincial and district level, supporting the Pakistan Government's commitment to devolution and strengthening institutions and systems which work closer to the point of access or delivery for the poorest. We will seek to complement this engagement at all tiers of government by working with civil society organisations, non-governmental organisations, research and advocacy organisations and the media, and support government policy to promote public-private partnerships.
- E3. Over the last few years, we have expanded our relationships with Punjab and North West Frontier Province. These relationships are now starting to show results which we will build on. We recognise that there are large numbers of poor people in Sindh and Balochistan and will continue to support national programmes, such as in the health and population sector, which benefit all four provinces. We will review the feasibility of extending our provincial focus, although change within the three-year lifetime of this Country Assistance Plan is unlikely.
- E4. Whether we work locally or nationally, we will endeavour to ensure that all our interventions are strategic. We will be alert to the potential within our initiatives for leveraging far-reaching change and for establishing and disseminating best practice.

Resources and aid instruments

- E5. Our choice of aid instruments will be informed by the analysis above and will depend on the nature of our proposed intervention. We will consider the case for further poverty reduction budget support at federal level and also at provincial level. This will require careful and continuing assessment of fiduciary risk. We will ensure that future budget support is designed so that it underpins the devolution reforms and especially fiscal decentralisation. It will be complemented by use of projects, challenge funds and technical assistance as appropriate.
- E6. In addition to the resources DFID provides under its country programme, Pakistan also benefits from DFID centrally funded initiatives [detailed in Annex 3]. DFID also contributes financially to the programmes in Pakistan of multilateral donors through its assessed and voluntary contributions to the Asian Development Bank, the World Bank, the European Commission and the UN agencies.

Management of DFID's programme

- E7. From early 2005 the head of DFID's Pakistan programme and all staff working full-time on the programme will be located in Islamabad, replacing the arrangements under which the head and some staff were based in London. This will improve the quality of our engagement with all levels of government, donor partners and wider interest groups.

Coordination with other partners

- E8. In considering where DFID can be most effective in supporting progress towards the Millennium Development Goals in Pakistan, we have considered carefully what other donors are doing and where their relative strengths and weaknesses lie.
- E9. A number of other donors have also adopted a geographic focus on specific provinces. The World Bank provides programme lending federally as well as focusing at provincial level for example in Sindh and North West Frontier Province. Other major donors such as the Asian Development Bank and the United States Agency for International Development (USAID) are working in all four provinces. We are satisfied that the spread of donor effort means that it is sensible for us to continue to work through our existing relationships with Punjab and North West Frontier Province.

- E10. There are key areas where other donors are clearly in the lead and have comparative strengths and where we have concluded we should not engage. These include the power sector where the World Bank leads reform and infrastructure, such as irrigation and roads, where other donors, including the Asian Development Bank, are engaged. The water and sanitation sector where Japan is active is also an area where we shall not undertake new, large-scale programmes beyond current work to support provincial and district governments to implement their devolved government responsibilities for these services.
- E11. Other donors are active in the 'outcome' areas where we propose to work, especially in the delivery of health and education services. In those two areas, however, the independent review of our programme found that we were regarded as highly effective and influential, and therefore central to both service delivery and donor coordination. In the area of work to increase incomes for the poor, the same review noted that many considered DFID the lead donor in sustainable livelihoods. It also concluded that we had a key strategic role to play in working with other donors who are heavily engaged with the Pakistan Government on economic policy to ensure that economic reform is delivered equitably and has a real impact on the poorest.
- E12. Wherever possible we will continue to work in tandem with key multilateral agencies including the Asian Development Bank and the World Bank to develop joint programmes and shared conditionality. With other multilaterals such as the United Nations agencies and the European Commission, cooperation will depend on the additional impact we can jointly deliver. We will work with like-minded bilateral donors, including US and Japan, where we have a good working relationship and in some instances co-funding arrangements. In collaborating with any donor we shall work to minimise transaction costs and consider where it is appropriate for us to be a "silent partner". We will build on our strong record in promoting harmonisation among the donor community and with the Pakistan Government in pursuit of the common development agenda.

Regional issues

- E13. Potential increases in regional and global trade provide a major opportunity for Pakistan to increase growth and promote poverty reduction. The signing of the South Asian Free Trade Area Framework Agreement in January 2004 was an encouraging step towards unlocking the development potential of the region.
- E14. There are regional security issues which could have a positive or negative impact on Pakistan's progress towards achieving the MDGs. We will work with the Pakistan Government, other UK Government departments and the wider international community to continue to address these.

Communication strategy

- E15. We have developed a separate communication strategy to promote greater understanding of DFID's programme and its contribution to poverty reduction in Pakistan. We will work both in Pakistan and more widely to identify how we can more effectively explain our plans and reach our goals.

Annex 2: Pakistan Country Assistance Plan process

This annex sets out how the Pakistan Country Assistance Plan was developed.

Overview

DFID's Pakistan Team drew on the experience of other country programmes in Africa and Asia in developing the Pakistan Country Assistance Plan (CAP). Contacts with colleagues in the India office, who were further advanced in developing their CAP, and a review of the CAP process undertaken by the Ghana office were particularly helpful to the Pakistan Team in formalising our own process. Asia Directorate was also useful at the early stages of planning, providing helpful advice on good practice and appropriate contacts. The Directorate's Country Programmes Unit and the Regional Policy Unit provided effective sounding boards and critical analysis as our early thinking developed to help shape the final strategy.

Timetable

The timetable for developing the CAP was agreed during the Pakistan Team Retreat in April 2003. It took 14 months to develop the Pakistan CAP. The Pakistan CAP process was intensive in terms of staff time, but it was closely linked to the setting up of a fully devolved office in Islamabad, which gave the impression that the CAP process was taking longer than it did. During the CAP period, there had also been a number of staff changes in the team and the CAP process provided the opportunity to bring the team up to the same level of knowledge and understanding of the Pakistan political, social, and economic and development context through the various analytical studies that were taken to inform our future strategy.

Process

In the early stages the process was dominated by brainstorming within the Pakistan Team and the commissioning of independent research and analysis. This was important for team building around a coherent strategy and bringing all members of the team up to the same level of understanding of the Pakistan political economy. A CAP manager was appointed to drive the process forward. A steering committee was constituted reporting to the Pakistan Programme Manager and the Head of Western Asia Department, tasked with ensuring that the timetable was kept to, gaps in our thinking identified, work commissioned, and drafting of the CAP Consultation Paper and Parts 1 and 2 of the final CAP.

CAP analysis

Pakistan has been going through substantial internal and external political, social and economic change since 2001. For the new CAP we needed to take a fresh look at the Pakistan geopolitical environment and what the future prospects might be for poverty reduction. In common with other country programmes we commissioned a 'Drivers of Change' study to look at the complex institutional forces that can promote or hinder poverty reduction. We also conducted a social exclusion study, which identified the groups that were socially excluded and suggested possible interventions to tackle the problems. Other studies which we drew on were the DFID funded nationwide Participatory Poverty Assessment studies, the Pakistan Government's own household poverty data, and analysis done by other donors, particularly the multilateral agencies.

Joint analysis with other donors

At the early stages we hoped to develop a shared analysis with a major donor in Pakistan such as the World Bank. We achieved this in one important area – devolution – which is a key driver to achieve poverty reduction in Pakistan. DFID, the Asian Development Bank and the World Bank undertook a joint study of the devolution process in Pakistan. The outcome was a shared increased understanding of how the devolved government system was working and the constraints to it working more effectively.

CAP consultations

The CAP consultation process followed the standard eight-week timetable of roundtable discussions in Pakistan with the federal and provincial governments, non-governmental organisations, research and advocacy organisations, civil society, the private sector and academic institutions. In the UK we took a slightly different approach to the consultations. We held a Pakistan CAP day in DFID London HQ. We also undertook consultations with the British Pakistani communities in four regional centres; in Bradford, Glasgow, Birmingham and Manchester, with the assistance of the Pakistan High Commission in London. This was done in recognition that the British Pakistani communities could do more to actively engage in influencing policy change that will promote poverty reduction in Pakistan. This is the first time that DFID has undertaken such a consultation.

Annex 5: Pakistan's performance against the Millennium Development Goals

Pakistan Assistance Plan Statistical Annex					Region
	1990	1995	2000	2002	South Asia
1 Eradicate extreme poverty and hunger	<i>2015 target = halve 1990 \$1 a day poverty and malnutrition rates</i>				
Population below \$1 a day (%)	..	..	13.36 ¹⁹⁹⁸	..	31.3 ²⁰⁰¹
2 Achieve universal primary education	<i>2015 target = net enrolment to 100</i>				
School enrolment ratio, primary (% net)	..	..	66.9 ¹	..	81.81 ²⁰⁰⁰
3 Promote gender equality	<i>2005 target = education ratio to 100</i>				
Ratio of girls to boys in primary and secondary education (%)	49.1	..	..	..	81.316 ²⁰⁰⁰
4 Reduce child mortality	<i>2015 target = reduce 1990 under 5 mortality by two-thirds</i>				
Mortality rate, under 5 (per 1,000 live births)	138	125	108	101	95.08 ²⁰⁰²
5 Improve maternal health					
Births attended by skilled health staff (% of total)	18.8 ¹⁹⁹¹	..	20 ¹⁹⁹⁹	..	37.67 ²⁰⁰⁰
6 Combat HIV/AIDS, malaria and other diseases	<i>2015 target = halt, and begin to reverse, AIDS, etc</i>				
Prevalence of HIV, female (% ages 15-24)	..	..	0.05 ²⁰⁰¹	..	0.55 ²⁰⁰¹
7 Ensure environmental sustainability	<i>2015 target = various (see notes)</i>				
Improved water source (% of population with access)	83	..	90	..	84.44 ²⁰⁰⁰
Aid Need and Resources					
UK bilateral aid (£m)	30.63	33.63	15.67	44.59	473.99 ²⁰⁰²
UK bilateral share of total aid (%)	4.82	6.44	3.38	3.12	8.28
Total aid from all sources (£m)	635.77	521.94	464.25	1428.76	5721.23 ²⁰⁰²
Total aid per poor person (£)			25 ^{~2000}		13 ^{~2002}
General Indicators					
Population (millions)	107.975	122.375	138.080	144.902	1401.455 ²⁰⁰²
GNI per capita (\$)	390	490	450	420	460 ²⁰⁰²
Life expectancy at birth (years)	59.1	60.9	61	63.8	62.98 ²⁰⁰²

Source: World Development Indicators Database, DAC on-line, PovcalNet

Date Updated : 22/6/2004

1. There is a technical committee currently meeting in Pakistan to reconcile enrolment figures obtained from the Management Information System and those from Household Surveys. The latest household survey for 2001 showed primary net enrolment to be 42%.

The following table (on page 14) presents international and national data on Pakistan's progress towards the Millennium Development Goals. The colours highlight the likelihood of achieving each Goal. Green indicates the Goal is likely to be met; amber that it may be met; and red that it is unlikely to be met. The first column gives Government of Pakistan's own assessment from the PRSP, the second column gives DFID's own assessment based on past performance and the final column shows progress for the South Asia region as a whole.

Pakistan Country Profile					South Asia
	1990	1995	2001	2002	Latest data
GoP Assessment of likelihood of reaching MDG			DFID Assessment of likelihood of reaching MDG		
1 Eradicate extreme poverty and hunger	<i>2015 target = halve 1990 \$1 a day poverty and</i>				<i>malnutrition rates</i>
Population below \$1 a day (%)	11.6 ^a	..	13.4 ^a	..	31.1 ²⁰⁰¹
<i>FBS national poverty line</i>	25 ^b	27.7 ^b	33.9 ^b	..	..
<i>PRSP national poverty line</i>	26.1 ^c	29.8 ^c	32.1 ^c	..	..
Poverty gap at \$1 a day (%)	..	..	2.4 ^d	..	..
Percentage share of income or consumption held by poorest 20%	..	..	8.8	..	..
Prevalence of child malnutrition (% of relevant age group)	40.2	38.2	..	..	48.4 ²⁰⁰¹
Population below minimum level of dietary energy consumption (%)	26	19	19	..	22.8 ²⁰⁰¹
2 Achieve universal primary education	<i>2015 target = net enrolment to 100</i>				
Net primary enrolment ratio (% of relevant age group)	..	..	66.9	..	81.8 ²⁰⁰⁰
<i>Net primary enrolment (based on PIHS)</i>	46 ^e	46 ^e	42 ^e	..	..
Percentage of cohort reaching grade 5 (%)	..	..	..	..	59.9 ¹⁹⁹⁹
Youth literacy rate (% ages 15-24)	47.4	53	57.8 ^d	58.7 ^d	69.5 ²⁰⁰⁰
3 Promote gender equality	<i>2005 target = education ratio to 100</i>				
Ratio of girls to boys in primary and secondary education (%)	49.1	..	55 ^d	..	81.3 ²⁰⁰⁰
Ratio of young literate females to males (% ages 15-24)	49	53.8	65 ^f	..	79.6 ²⁰⁰⁰
Share of women employed in the monagricultural sector (%)	6.6	7.5	7.9	..	16.7 ²⁰⁰¹
Proportion of seats held by women in national parliament (%)	..	2	..	22 ^f	..
4 Reduce child mortality	<i>2015 target = reduce 1990 under 5 mortality by two-thirds</i>				
Under 5 mortality rate (per 1,000)	138	125	108	101	95.1 ²⁰⁰²
Infant mortality rate (per 1,000 live births)	96	90	81	76	67.9 ²⁰⁰⁰
Immunization, measles (% of children under 12 months)	50	47	57	57	66.4 ²⁰⁰¹
5 Improve maternal health	<i>2015 target = reduce 1990 maternal mortality by</i>				<i>three-fourths</i>
Maternal mortality ratio (modeled estimate, per 100,000 live births)	..	..	500	..	566 ²⁰⁰¹
<i>Maternal mortality ratio from PRSP (per 100,000 live births)</i>	550 ^f	..	450 ^f	..	..
Births attended by skilled health staff (% of total)	18.8	18	20	..	37.7 ²⁰⁰²
6 Combat HIV/AIDS, malaria and other diseases	<i>2015 target = halt, and begin to reverse, AIDS, etc</i>				
Prevalence of HIV, female (% ages 15.24)	..	..	0.1	..	0.55 ²⁰⁰¹
Contraceptive prevalence rate (% of women ages 15-49)	14	17.8	27.6	..	..
Number of children orphaned by HIV/AIDS	..	..	25,000	..	..
Incidence of tuberculosis (per 100,000 people)	..	..	171	181.3	176.5 ²⁰⁰²
Tuberculosis cases detected under DOTS (%)	..	1	6	12.5	..
<i>Dots population coverage</i>	..	8 ^g	24 ^g	45 ^g	..
7 Ensure environmental sustainability	<i>2015 target = various (see notes)</i>				
Forest area (% of total land area)	3.6	..	3.2	..	..
Nationality protected areas (% of total land area)	..	4.8	4.8	4.9	4.8 ²⁰⁰²
GDP per unit of energy use (PPP \$ per kg oil equivalent)	3.4	3.7	4.3	..	..
CO2 emissions (metric tons per capita)	0.6	0.7	0.8	..	..
Access to an improved water source (% of population)	83	..	90	..	84.4 ²⁰⁰⁰
Access to improved sanitation (% of population)	36	..	62	..	34.0 ²⁰⁰⁰
<i>Access to improved sanitation for PRSP</i>	28 ^f	..	51 ^f	..	..
Access to secure tenure (% of population)	..	..	..	..	..
8 Develop a Goobal Partnership for Development	<i>2015 target = various (see notes)</i>				
Youth unemployment rate (% of total labor force ages 15-24)	5.1	8.9	13.3	..	..
Fixed line and mobile telephones (per 1,000 people)	7.5	17	28.5	33.5	42.1 ²⁰⁰²
Personal computers (per 1,000 people)	1.3	3.5	4.2	..	6.8 ²⁰⁰²
General Indicators					
Population	108.0 m	122.4 m	141.5 m	144.9 m	1.4 bn ²⁰⁰²
Gross national income (\$)	42.6 bn	59.8 bn	59.9 bn	60.9 bn	638.2 bn ²⁰⁰²
GNI per capita (\$)	390	490	420	420	460 ²⁰⁰²
Adult literacy rate (% of people ages 15 and over)	35.4	39.3	..	..	..
Total fertility rate (births per woman)	5.8	5.2	4.7	4.5	3.2 ²⁰⁰²
Life expectancy at birth (years)	59.1	60.9	63	63.8	63 ²⁰⁰²
Aid (% of GNI)	2.9	1.3	3.4	3.6	1 ²⁰⁰²
External debt (% of GNI)	52.9	49.4	54.9	56.5	26.4 ²⁰⁰²
Investment (% of GDP)	18.9	18.5	15.5	14.7	21.6 ²⁰⁰²
Trade (% of GDP)	38.9	36.1	37.3	37.7	35.1 ²⁰⁰²

Source: World Development Indicators Database, April 2004. Data shown in italics is from other sources as footnoted below.

^a Data published in earlier versions of WDI

^b Data from FBS

^c Data published in PRSP, produced by CRPRID

^d Data published by UNSD for 1998

^e Data from the PIHS published by FBS

^f Data from the PRSP

^g Data from WHO Report 2004

