

Aide Memoire

RURAL SUPPORT PROGRAMMES NETWORK: PHASE II: PROJECT COMPLETION REVIEW

Introduction

1. The Rural Support Programme Network (RSPN) is the apex organisation serving 10 Rural Support Programmes (RSPs) in Pakistan. They share a common approach to rural development founded on the principle of people-centred development. RSPN was registered in 2000 under the Pakistan Companies Ordinance (1984) as a non-profit company. DFID has been providing core support to the RSPN since its establishment in 2001. This PCR covers the second phase of DFID support over the period December 2005-2010.

2. This project completion review took place over the period 10 -19th January 2011. The team comprised; Rabya Nizam (Social Development), Akhlaq Ahmed (Programme Officer) John Hansell (Livelihoods consultant) and Sher Shah Khan (Financial Specialist consultant). Liaquat Baig carried out a separate verification of RSPN assets.

3. Despite the impact that the floods of 2010 had on the roll out of several pilot programmes and the diversion of staff and donor funds to relief and recovery, the review has given the RSPN programme a score of 2.

Background

4. The RSP approach to community empowerment through social mobilisation enables people to participate in making decisions that affect their well-being and to harness resources. RSPs collectively are a recognised indigenous brand with almost 4.0 million organised households across the country and present in 103 of the country's 126 districts as well as two FATA agencies.

5. RSPN's role in promoting pro-poor development via the core RSP approach of social mobilisation is widely recognised by the Government, donors, the private sector and other partners. RSPN has played a key role in demonstrating innovative ideas in rural development; introducing best practices from outside the country while adapting these to the Pakistan context. RSPN undertakes policy advocacy, strategic guidance, capacity-building and sharing of best practices between the RSPs and other stakeholders. RSPN is the largest non-government, rural development network in Pakistan.

What has the DFID investment bought?

6. DFID invested £10m into the RSPN over the last five years. What has this money bought? DFID support has been integral to ensuring the establishment and success of the Network. It provided RSPN with time and funds to build institutional capacity and provided services to its members while

developing standards, structures and rules on behalf of the RSPs. It has supported capacity building across the Network through training and the production of manuals that established procedures, set standards for RSP work and helped coordinate the RSP movement as a whole. Importantly, DFID recognition and funding for pilots provided credibility and acted as a catalyst in attracting donor and government funds. Long term and secure funding enabled RSPN to develop a plan over a longer-term horizon than is possible with project-centred funds.

7. DFID support to RSPN has been particularly successful in the following areas:

Policy Advocacy

- RSPN has influenced policy advocacy at the highest level resulting in the incorporation of social mobilisation within the Government of Pakistan (GoP) poverty reduction plans and strategies. Public policy in Pakistan has come to recognize and endorse participatory organisations as the most effective vehicle for equitable development and poverty reduction. Social mobilisation is now a central pillar in Pakistan's Poverty Reduction Strategies and the Medium Term Development Framework. RSPN advocacy resulted in it heading the Planning Commission's Working Group on poverty reduction. It resulted in a separate chapter in PRSP II, a supplement to the MTRDF and the inclusion in the Pakistan Poverty Alleviation Fund (PPAF) loan agreement that committed the World Bank to provide \$75m to mobilise 1.2m households by 2010;

Social Mobilisation

- The last five years has seen the number of Community Organisations (COs) grow to 244 700. These grass roots COs are now grouping together at village and Union Council (UC) level where their collective voice and scale commands greater attention particularly from local government and where they set their own priorities and identify local needs¹. In the north this has included furthering peace building and security. Pilot funds from DFID to establish 45 Local Support Organisations (LSO) led to the development of 440 LSOs with a membership now exceeding 662 500 households (numbers of COs and LSOs by province are set out in Annex 1);
- RSPN used DFID funds to design an integrated poverty reduction programme anchored in social mobilisation and to pilot this approach in a single Union Council. The results convinced the provincial governments of Khyber Pakhtunkhwa (KPK) and Sindh to fund UC-based Poverty Reduction Programmes in 187 Union Councils in 8 districts at a total cost of Rs. 6.2 billion

Improving the lives and incomes of the Poor

¹ Named as one the 13 ideas that work in the World Bank's Ending Poverty in South Asia.

- RSPN introduced, piloted and tested the Community Investment Fund (CIF) concept which bridges the gap between microcredit and social protection by providing small loans to poor women. CIF is beginning to challenge the long-held assertion that microfinance is not for the very poor. The Governments of Sindh and KPK are investing US\$ 4.8m resulting in loans to 49 000 women while the National RSP has secured funds worth \$0.82m from other donors for CIF programmes. PPAF Phase III due to start in July 2011, has \$51m allocated to its Community Livelihoods Fund (a variant of the CIF)
- RSPN introduced, refined and piloted the Poverty Score Card (PSC) using DFID funds then assisted RSPs with its roll out and expansion. RSPN is now undertaking a national expansion as part of the PSC Census Survey funded by the Benazir Income Support Programme using the PSC to cover 12.93m households at a cost of US\$ 19.8m;
- RSPN demonstrated the effectiveness of Community-led Total Sanitation in 4 union councils during 2008. The idea was then scaled up by the Khushhal Pakistan Fund and expanded into 19 districts. CLTS is now being implemented in 998 villages in 61 UCs involving 160 000 households. This approach has led to RSPs collaborating with local government in Gilgit-Baltistan and with UNICEF and NGOs in Punjab and KPK and included CLTS in the sanitation policies of all provinces, ALK and Gilgit Baltistan;
- DFID funded pilots for one domestic and one community-level biogas plants in 2 districts with expertise from Nepal. The Dutch government and a Dutch NGO expanded the programme with a €3.5m grant to install plants. The numbers already reach >600 plants and the programme is now marketed and driven by the private sector;.
- An initial health micro-insurance pilot with Adamjee Insurance led after the first year to 190,000 clients being insured. RSPN managed the first year of the programme sub-contracting 6 RSPs in 87 districts. Four RSPs now work independently with Adamjee Insurance. The Governments of Sindh and Khyber Pakhtunkhwa are now funding the insurance scheme, providing premiums for 3.35m poor people identified using the PSC approach in their UC poverty reduction programmes.

How RSPs view the Network

8. RSPN Board members including the CEOs of 6 RSPs made clear to the team the benefits that they derive from the Network. For them RSPN is an:

- 1) effective lobby for those working within communities;
- 2) coherent and single voice representing all RSPs in dialogue with Government. Otherwise only the largest RSPs have the competence and confidence to make themselves heard;
- 3) institute that adds value to products many of which are intangible and difficult to measure;

- 4) information focal point that brings together disparate strands of knowledge and lessons onto a single platform and which constantly refines the RSP approach and its programmes;
- 5) centre for institutional strengthening, training and capacity building in areas such as M&E, CLTS and gender awareness;
- 6) contact point for mobilising resources where donors wish to work with more than one RSP across a number of provinces;
- 7) centre for funding and piloting action research to test ideas prior to their roll out more widely such as CIF, Micro-health insurance and drip irrigation;
- 8) repository of knowledge;
- 9) support mechanism for smaller RSPs assisting with staff training, best practice and provision of guidelines, helping them to develop and to scale up their activities;
- 10) Finally, a guardian of the RSP vision and its development .

Issues and Challenges

The RSP Impact Assessment Programme

9. In 2009 RSPN commissioned consultants to get a picture of the RSP's social mobilisation coverage and to provide an objective assessment of the impact of major RSP interventions by means of impact surveys and case studies. The inclusion of RSP staff helped strengthen their performance monitoring and assessment capabilities. From June 2009-November 2010 surveys provided a "snapshot" inventory of social mobilisation coverage and provided key performance indicators. Case studies assessed the impact of three major interventions; community physical infrastructure, social mobilisation and women's programmes. The draft report and the data is being used by RSPN to develop a standard MIS which will allow RSPs and others to access the data and to query and analyse the information. The study has raised issues noting that development capacity is weak and CO performance remains dependent on continuing RSP support. Of concern is the finding that COs have had little impact on social exclusion and in places may have reinforced existing village power structures. The report has yet to be issued formally but it is for the RSPN to ensure it is discussed and to encourage RSPs to act on its findings.

Funding and Sustainability

10. Since 2001 most of RSPN core programmes have been funded by DFID. To ensure sustainability post 2010, RSPN adopted a corporate survival strategy and explored successfully alternative funding sources. Income from these sources is held in a Reserve Fund that now totals Rs 265.9m, more than double the target of Rs 122m agreed in the log frame. The special projects wing of RSPN alone has brought in an income of Rs 124m from projects valued at Rs 13.73 billion that have been mobilised directly and through advocacy and facilitation for RSPs.

11. Any network that is valued by its members must expect to receive financial contributions if it is to remain viable and meet the continuing demands for services and support. As a clear measure of solidarity and

confidence in the network RSP members have pledged Rs 100m towards the reserve fund of which Rs 54m had been received by end 2010.

12. The establishment of this substantial reserve fund will allow RSPN to employ a core staff of 29 and continue functioning as an apex body for the RSPs for the next 3 years. In addition, RSPN will continue to attract donor and government funding through its special projects wing.

Verification and Disposal of Assets

13. RSPN has with DFID funds, purchased assets worth Rs 20m. Asset registers were checked, found to be accurate and the equipment physically verified in December 2010. With depreciation the value of these assets is now estimated to worth Rs 7.997m. The RSPN wishes to continue to use these assets for developmental purposes and has requested DFID to transfer ownership. RSPN will then maintain and operate these assets using its own resources.

Financial Management of RSPN

14. The financial management system (FMS) used by RSPN presents a moderate fiduciary risk² based on the Public Financial Management Performance Measurement Indicators. This shows that of the 6 major components of the FM cycle -4 carry a moderate and 2 a low financial risk (see Annex 2). However, it is worth noting that RSPN is neither a Government Organisation nor does it depend on government for its funding. The FMS review shows appreciable achievements and continuous improvements including; a shift from project-related annual budgeting to consolidated budgeting from 2008/9. In addition the system has been upgraded from FIS to SAP with high quality, timely external audits and diligent regulatory compliance. Most attention is required in the credibility of the budget where there is a wide variance in expenditure vis a vis original budget. There is also a possible conflict of interest from the current practice of internal audit reporting to the finance manager. When viewed against international best practice amongst not-for-profit organisations RSPN systems are well managed and robust .

Expansion versus Capacity building

15. Despite the successes of the Social Mobilisation concept, advocacy and scaling up may be running ahead of the evidence required to ensure the social mobilisation approach will work and that emphasis on expanding the reach of the CO programme may be at the expense of depth and stability. M&E case studies show that COs are still dependent on RSP support and without it they become defunct and inactive. At the same time the more complex LSO concept is in its infancy yet being expanded rapidly.

16. A balance must be struck between meeting the needs of and strengthening the COs while at the same time ensuring greater capacity building of LSOs and the development of systems for administration,

² On DFID's scale of high, substantial, moderate and low fiduciary risk

monitoring and governance. Given the demands on RSP staff resulting from the 2010 floods, the RSPs will have encountered difficulties and will have been stretched to make available sufficient trained staff to support and encourage both LSO and CO development. This is an area where RSPN could monitor and advise.

Gender

17. A persistent criticism of the RSP approach (largely by other CSOs) has been that they do not directly focus on rights and women's empowerment. This is not surprising given that RSPs were never established with a mandate for rights-based work but as income generation projects are developed the relationship between incomes and empowerment becomes Evidence is emerging that some of the participatory organisations are addressing such issues of their own accord, which can be better communicated and in certain cases, developed as institutionalised approaches. RSPN formed the Gender Resource Group to mainstream gender into the work of RSPs and to review programmes with a gender lens providing recommendations to gender-sensitize ongoing and new programmes. RSPN now has a gender strategy and all RSPs have gender policies approved by their boards.

Recommendations

RSPN

18. RSPN should continue to assist RSPs to improve their M&E practices. More information is required on outcomes resulting from RSP programmes. In particular the lessons learned from pilots; both their success and failures by identifying not just the winners but also the losers in these programmes. Reliable information on different aspects of the programme; activities, achievements, and its systematic documentation are important for RSPN to make the work of RSPs effective as they are for advocacy and conversion.

19. RSPN needs to showcase the work of the network and its partners. It should link its two main research arms (the Institute for Rural Management and the Akhtar Hameed Khan Resource Centre) with reputed international research think-tanks and networks such as IDS, Elders and ODI. Such linkages would contribute to international recognition and endorsement of their work. Also, RSPN should consider a 10-15 minute documentary for a DFID audience, highlighting the Network's successes over the last decade. This need not be new footage but a compilation of existing footage with an emphasis on the DFID supported initiatives

DFID

20. . The RSPN Board credits the success of RSPN to DFID's long-term technical and financial investment, guidance and support resulting in national and international recognition. The RSPN programme once featured as one of DFID Pakistan's flagship programmes ensuring high-level support. Recently DFID priorities and focus have shifted elsewhere and there has been little or no thought given by DFID on how it might build on and utilise this considerable prior investment in what is the largest civil society network in Pakistan.

21. Although now less visible, RSPs and the RSPN continue to serve as DFID's direct and indirect implementing partners in the delivery of health services, education, service provision and humanitarian assistance. Given this established partnership and the relationships developed, DFID needs to recognize the added value of working directly with RSPN and RSPs where feasible. As DFID develops large sector-wide programmes in health and education it should consider the feasibility of contracting RSPN /RSPs to pilot new approaches and as a force for advocacy in its key priority areas of health and education. Also, given the pressure on DFID to demonstrate 'value for money' and results, engaging directly with the RSPN rather than sub-contracting through international agencies and NGOs will benefit DFID through savings in both time and money.

22. DFID's long-term investment in creating and strengthening the Network is widely acknowledged and appreciated by the government of Pakistan, the international donor community, RSPN and its Board members. Although DFID support has ended with this PCR, RSPN is sustainable and positioned to continue its innovative and successful work in rural poverty reduction. The success of the over a decade long DFID-RSPN partnership should be formally showcased through a lessons learning event hosted by DFID Pakistan in April 2011.

Annex 1: Social Mobilisation Table

Social Mobilisation Summary: As of Sep 30, 2010				
Name of Province	No of total districts	No of districts with RSP presence	No of COs formed	No of LSOs formed
Islamabad Capital Territory	1	1	2,476	
Gilgit Baltistan	6	5	3,245	32
Azad Jammu & Kashmir	8	6	7,856	111
Punjab	35	34	140,059	137
Sindh	23	22	49,707	21
Khyber Pakhtunkhwa	24	19	28,380	83
Balochistan	29	16	13,014	56
Total	126	103	244,737	440

Annex 2: Summary Findings: RSPN Financial Review

In deriving the assessment and formulating conclusions for the RSPN review the consultant relied on Public Financial Management Performance Measurement Framework – PEFA Guidelines and on international best practice. The PEFA methodology includes 28 indicators (only relevant indicators applied), grouped into six broad categories (as mentioned in the matrix below), representing key components of the overall FM cycle. The approach for this review has been to estimate the fiduciary risk for each of the six major components of RSPN’s FM system, based on the individual PEFA scores³, for the indicators in each group. In summary form, the following overall fiduciary risk assessment has been made.

Component	Overall Fiduciary Risk
1. <i>The credibility of the budget</i> - The budget is realistic and is implemented as intended.	Moderate
2. <i>Its comprehensiveness and transparency</i> - The budget and the fiscal risk oversight are comprehensive and fiscal and budget information is accessible to the public.	Moderate
3. <i>The existence of policy-based budgeting</i> - The budget is prepared with due regard to government policy.	Moderate
4. <i>Predictability and control in budget execution</i> – The budget is implemented in an orderly and predictable manner and there are arrangements for the exercise of control and stewardship in the use of public funds.	Moderate
5. <i>Accounting, recording and reporting</i> – Adequate records and information are produced, maintained and disseminated to meet decision-making control, management and reporting purposes.	Low
6. External scrutiny and audit - Arrangements for scrutiny of public finances and follow up by executive are operating.	Low

³ The PEFA methodology adopts a four scale high-A and D-low rating criterion