Report of
JOINT MONITORING MISSION
TO
AGA KHAN RURAL SUPPORT PROGRAMME
PAKISTAN
1995

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ABBREVIATIONS AND ACRONYMS

AKDN	Aga Khan Development Network
AKESP	Aga Khan Education Service, Pakistan
AKF	Aga Khan Foundation
AKF-C	Aga Khan Foundation Canada
AKF-G	Aga Khan Foundation Geneva
AKF-P	Aga Khan Foundation Pakistan
AKF-UK	Aga Khan Foundation United Kingdom
AKHSP	Aga Khan Health Service, Pakistan
AKRSP	Aga Khan Rural Support Programme
ALF	Agriculture, Livestock and Forestry
AR	Annual Report
BAMA	Baltistan Apricot Marketing Association
C&B	Credit and Banking
C&S	Credit and Savings
CCP	Commercial Credit Programme
CEU	Commission of the European Union
CIDA	Canadian International Development Agency
CO	Cluster Organisation
DFI	Development Finance Institution
DLG	Donor Liaison Group
EDD	Enterprise Development Division
EU	European Union
GA	General Administration
FA	Field Accountant
FC	Field Coordinator
FIES	Farm Income and Expenditure Service
FMU	Field Management Unit
FPAP	Family Planning Association of Pakistan
GAMA	Gilgit Agriculture Marketing Association
GM	General Manager
GOP	Government of Pakistan
GTZ	Deutsche Gesellschaft für Technische Zusammenarbeit (Technical Cooperation, FRG)
HRD	Human Resource Development
HRDI	Human Resource Development Institute
IMI	Institutional Maturity Index
IUCN	International Union for the Conservation of Nature
JMDM	Joint Monitoring Design Mission
JMM	Joint Monitoring Mission
KAF	Konrad Adenauer Foundation
M&E	Monitoring and Evaluation
MECP	Micro-Enterprise Credit Programme
MER	Monitoring, Evaluation and Research (AKRSP)
MIES	Mountain Infrastructure Engineering Services
MIS	Management Information System
MT	Master Trainer/Medium Term (Loan)

NA	Northern Areas
NAPWD	Northern Areas Public Works Department
NGO	Non-governmental organisation
NORAD	Norwegian Agency for International Development
NR	Natural Resources
NRM	Natural Resource Management
NRDB	Northern Regions Development Bank
ODA	Overseas Development Administration
P&R	Policy and Research
PPI	Productive Physical Infrastructure
PRA	Participatory Rural Appraisal
QPR	Quarterly Progress Report
RIMI	Revised Institutional Maturity Index
RMT	Regional Management Team
RPO	Regional Programme Office
RPOB	Regional Programme Office Baltistan
RPOC	Regional Programme Office Chitral
RPOG	Regional Programme Office Gilgit
RRA	Rapid Rural Appraisal
SAP	Social Action Programme
SDC	Strategy Development Committee
SO	Social Organiser
SOU	Social Organisation Unit
ST	Short Term (Loan)
TSU	Training Support Unit
UNDP	United Nations Development Programme
VA	Village Accountant
VO	Village Organisation
VOCP	Village Organisation Credit Programme
WB	World Bank
WID	Women in Development
WO	Women's Organisation
WOCP	Women's Organisation Credit Programme
WSO	Women's Social Organiser

EXECUTIVE SUMMARY

Introduction

A few year ago, AKRSP started to take stock of its work and to prepare for its future role. The operation is leading to major changes in the structural, operational and personnel sphere, some of which have become settled during the past year, while others are still in process. Consequently, this year's Joint Monitoring Mission reviews the programme activities in the light of the current and coming changes. From the outset, four years ago, the JMM has focused on six cross-cutting thematic issues: Institutional development, Women and development, Human resources development, Natural resouces management, Credit and savings, Enterprise development. In 1994, two more issues were added: Management and Engineering. The following executive summary highlights the major points of these issues and includes, at the end, a summary of the JMM's comments on joint monitoring in the future.

Reorganisation and Management

The reorganisation has resulted in a much more decentralised organisation and a much more integrated programme. Overall staffing levels were reduced by approximately fifty people. The Social Organisation Units have been replaced by Field Management Units (FMUs) with four or five in each region. FMUs are self-managed entities with professional staff from all sections. This allows a much more integrated outward looking approach in the field. Staff have been decentralised from the regions to the FMUs and from core to the regions. We support both the aims and the execution of this reorganisation. These, inevitably disruptive, changes have been handled very well by senior management. A new personnel manager has been recruited and is starting to tackle the much needed developments in personnel and administrative systems. Emphasis is required on training needs assessment and staff appraisal for which considerable funds exist. To complete all these developments, training in management will be needed for FMU managers and others. This will help define the new roles.

The Annual Planning and Reporting Cycle

Annual planning has been further decentralised to the FMU level. This is creating enthusiasm for planning and will build commitment to implementation. Plans will be reviewed and consolidated at regional level at regional conferences attended by staff from the Core Office. There are a number of ways the planning and reporting cycle could be strengthened: the mechanics of consolidation and review need further working out; planning concentrates too much on inputs and outputs, and not objectives and activities (especially lower down the hierarchy); key indicators need development; and reports need less cumulative and more comparative data. All these can be addressed without taking the initiative away from the FMUs. AKRSP is now ready and willing to take on these matters.

Institutional Development: Social Organization

Quantitative targets have been met, cluster organization development is encouraging, and there has been progress in management and cost recovery arrangements at village level. However, social organization progress in qualitative terms remains highly uneven. AKRSP is constrained in some areas by political and social conditions. Staff are aware of the need to experiment with new SO strategies.

Continuing attention to staff-WO/VO interaction is needed, and SO/WSO staff need more training and support. Professional support at RPO and Core levels are a matter of concern. SO staff skills have not been enhanced in any systematic ways, and recommendations to address these issues are made.

Monitoring, Evaluation and Research

MER sections have been successful in terms of output, coordination with technical sections, and improving the quality and utility of their work. MER sections have made major contributions to equity and impact studies, and are leading on the operational issues of linkages and cluster development.

Limited training and the reduction in MER staffing is threatening the effectiveness of the sections. Continued attention and support to the decentralisation of routine M&E to the FMU technical staff is needed in the coming year. Ways of supporting MER functions through training, provision of documentation, deployment of interns, and most importantly creating a systematic feedback system between FMU staff, RPO planners and MER staff are recommended.

Women and Development

Institutionally, the women's programme has become fully integrated into AKRSP. The separate approach of WOs and VOs continues, as well as separate programme activities for women. However, in the organisation W&D units exist no longer and all staff has been made responsible for reaching out to and working with men and women. The JMM approves of this decision and of the plans to appoint more female staff in the near future. To ensure that the integration process does not lead to a neglect of women's specific needs and interests, we urge AKRSP to set straight objectives, strategies and indicators for the advancement of women. Other key factors for a successful integration are: raising gender awareness throughout the organisation, gender specific monitoring and evaluation, gender expertise and strong management support to female staff and women's activities. Empowerment of women in WOs should be pursued through strategic actions such as increasing the number of effective female managers of WOs, participation of women in PPIs including shared control over these, enhancement of women's participation in village decisionmaking and training for women to enhance their social and economic independence.

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Human Resources Development

The impact of the reorganisation process on the HRD programme has been severe. The Human Resources Development Institute was dissolved and the plans for a rural development training academy were put off indefinitely. Instead the programme concentrates on improving the quality of the operational training. Priority is now given to the performance of human resources development at the level of the Regional Office and the Field Management Unit. It is planned that future training will be undertaken through Training Support Units.

As a result of the reorganisation and the shift in priorities, the implementation of training courses has slowed. There has also been a modest decline in the effectiveness of field support for VO/WO specialists. The JMM notes that continuity of field presence and confidence in the integrity of the programme and its field staff represent the greatest assets which AKRSP has. The next year will require a filling in of the field support units and an overall consolidation of HRD's training and support activities to ensure a revitalized programme which is effectively meeting the needs of the people.

Natural Resources Management

AKRSP continues its move towards further integration of the agriculture, livestock and forestry sections into one NRM section. Regional NRM coordinators have been appointed, and NRM pilot projects have been implemented in each region to deal with resource management issues above and below the irrigation channels. The establishment of decentralised field management units has fostered a more integrated approach by the technical field staff. Current issues which need to be addressed include a clearer definition of the roles of the regional level technical staff within the new decentralised structure, the establishment of an improved technical backstopping system for the field staff and village specialists, the continued development of participatory techniques to improve farmer-staff communication concerning NRM issues, the redefinition of the roles and training needs of the village specialists, continued recruitment of female technical staff, and the development of a farmer-based research and extension system to facilitate the development of technology appropriate to the Northern Areas and Chitral.

Credit and Savings

Within the Credit and Savings programme, VO/WO savings have accumulated and credit disbursements have increased at record levels. VO/WOCP and MECP continues to grow in popularity. Steps are being taken to further strengthen C&S operations specifically through the addition of new Field Accountants, especially women. The training of female staff in C&S policies and procedures is scheduled to occur shortly.

Overall default rates seem to be stabilizing although efforts must be maintained and further targeted to recover overdue loans and procedures must be formalized to allow AKRSP to write off loans that have little chance of being repaid. Ontime recoveries of VO/WOCP have improved. There is some concern emerging over the extent to

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which VOs are increasing their control of WOCP. The situation needs to be tracked carefully. Additional effort is needed to increase the number and to improve the skills of Village Accountants and Accounting Specialists - particularly women. Furthermore, more resources need to be devoted to understanding and identifying credit needs and enterprise opportunities for women. Finally, to ensure that the transition to a commercial bank is done correctly and without any disruption in credit operations, AKRSP is urged to delay the creation of the Bank until a capable General Manager can be found.

Enterprise Development

Enterprise development continues to be the orphan of the AKRSP family. There is no section head at the Core Office, and four staff in the field. Nevertheless the staff have worked hard and enthusiastically. The main effort has been on apricot drying and marketing, with additional work on marketing of other products, the formation of linkages, the organisation of agricultural exhibitions, and preparation for enterprise development courses for villagers. These have all been successful either in increasing the prices paid to farmers, or leading to sustainable marketing linkages, or creating independent small businesses often providing important inputs to farmers. It will continue to be difficult for the Enterprise Development Division to take off in advance of the formation of the proposed Enterprise Support Company. In the meantime it needs to continue its trend away from the formation of cooperative ventures to more sectorally neutral interventions as these can be wider reaching and carry less risk of creating dependency.

Mountain Infrastructure and Engineering

The investments in village level infrastructure programmes have constituted a central element in the social mobilisation of the people during the early stages of the programme. Over the years, some 1500 Productive Physical Infrastructure projects (PPIs) were initiated, ranging from irrigation channels and link roads, to micro hydels. The accomplishments of the engineering programme represent one of the inadequately documented achievements of AKRSP. The JMM recognizes the dedicated work of AKRSP field engineers in planning, designing and supervising the implementation of the physical infrastructure works. All who have seen them have been greatly impressed by the enormity of the effort made by the rural people who have, often at great risk to their own lives, executed these PPIs for the benefit of their communities. We note that, as AKRSP moves to larger infrastructural project requiring a higher level of engineering skill, MIES will need to be fully staffed and effectively supported, both financially and technically. The programme and the people of the area deserve high praise for their engineering achievements.

Joint Monitoring

As AKRSP moves towards its next funding phase, it is appropriate to consider how the future monitoring of AKRSP should be done. This is very much a matter for the donors to decide. The following points record the JMM's perspective and comments. The JMM was originally designed to deliver a common monitoring approach upon

which multiple donors agree. It has reduced the need for many individual missions sent by donors. The integrated approach both matches the approach of AKRSP, and enhances the inputs of individual mission members.

Given the extensive reporting by AKRSP itself, and the external monitoring by the World Bank, the role of the JMM has been two-fold: to act as a resource to AKRSP management, and to monitor the processes of AKRSP to assure that inputs and outputs are leading to impact. The first role has supported the latter by encouraging openness by AKRSP towards the JMM. Given the many changes contemplated by AKRSP, continuing this approach on an annual basis, with the participation of GTZ, would offer advantages to AKRSP and the donors.

If the donors should wish the JMM to go ahead next year, we suggest the dates September 10th to October 1st 1995, with again not all the team members visiting all the regions. The DLG is invited to draft the ToR, otherwise the JMM members will draft them in May for review by the DLG.

1. PREFACE

This report summarises the observations and suggestions emanating from the fourth annual Joint Monitoring Mission (JMM) to the Aga Khan Rural Support Programme (AKRSP). The mission took place between September 8th and September 29th, 1995.

AKRSP. AKRSP was conceived almost 15 years ago as an innovative approach to improve the economic vitality and overall well being of rural households in the remote mountainous areas of northern Pakistan. AKRSP's methodology relies on forming and strengthening broad-based village organisations through which skills are developed, new technologies are introduced, infrastructure investments are made, enterprises are encouraged and capital is generated.

Joint Monitoring. Through the years, AKRSP has been supported by a number of donor agencies. As the programme grew in size and complexity, it became increasingly difficult and costly for individual donors to obtain a comprehensive understanding of achievements and for AKRSP to service separate monitoring missions that were being scheduled by each donor. Consequently, in 1991, the major bilateral donors and AKRSP agreed that annual joint monitoring would be a much more effective and efficient strategy to follow.

In 1991, the donors financed a Joint Monitoring Design Mission (JMDM) that specified the scope and approach to monitoring. The general framework provided by the JMDM remains appropriate and valid. Specifically, since monitoring of inputs and outputs is a routine activity of AKRSP, the JMM focuses on assessing larger issues of effect and impact, concentrating on the quality of the AKRSP process rather than the quantity of outputs. Furthermore, the JMM has two functions. First it reports on progress to the donors. Secondly, and more importantly, wherever possible, the JMM provides technical advice and support to AKRSP staff in order to help strengthen the programme.

1995 JMM. From the outset, six cross-cutting thematic issues have received priority attention by the JMM. However, during the 1994 JMM, two more issues (Engineering and Management) were identified and have been added to the scope of work for 1995.

For the most part, the members of the 1995 JMM team remained the same as in 1994. The themes, team members and their organisational affiliation were:

Women and Development/Teamleader:	Ria Brouwers for the Netherlands Government
Human Resources Development/Engineering:	John Cool for the Aga Khan Foundation
Natural Resources Management:	Ingrid Nyborg for NORAD
Credit and Savings:	Paul Eastman for CIDA
Enterprise Development/Management:	Paul Clarke for the European Union

Institutional Development: Anne Coles and Richard
Montgomery for ODA.*

The JMM team convened in Islamabad on September 8th. On the following day we met with representatives of the major bilateral donor agencies and AKRSP staff and Board under the aegis of the Donor Liaison Group (DLG). During the meeting, a few modifications were made to the Terms of Reference, a final copy of which is available in Annex A.

Subsequently, we travelled to Gilgit and received a briefing from the core staff and then visited the programme in Baltistan. The team then split up with half of the members travelling to Chitral and half to Gilgit following which the full team reconvened at the core office. Debriefings were held at each of the Regional Programme Offices and with the Core Office staff during which time we also had an opportunity to meet with members of the GTZ appraisal mission to Astore. Upon returning to Islamabad a final debriefing was held for the DLG and representatives of the AKRSP Board. The itinerary is available in Annex B.

As in previous years, monitoring was done in a participatory way including complete and open discussions with regional and core staff, visits to many of the newly created Field Management Units (FMU) in Gilgit and Baltistan, visits to several VOs/WOs and discussions with officials of several agencies that have links to the AKRSP programme.

At the request of AKRSP management, the JMM reviewed and commented on the newly drafted programme proposal for 1997-2001.

The JMM team members continue to see the monitoring exercise as a valuable, challenging and, above all, pleasurable experience. AKRSP managed the mission with the usual high degree of professionalism. As in previous years, wish to, once again, extend sincere thanks to all those involved with AKRSP for their candour, friendship and hospitality.

The Report. Chapter 1 includes a number of broad issues that are germane to the entire programme. Chapters 2 through 9 include discussions and issues pertaining to the 8 sectoral themes that were identified for monitoring. These chapters, written by the different monitors, basically follow a similar format. Nevertheless, the chapters inevitably reflect the personal style of the authors, thus giving the chapters its individual flavour. Finally, chapter 10 provides some thoughts for the future of the Joint Monitoring Mission. In Annex C we give a summary of the consultancies recommended in the report.

2.   AKRSP IN TRANSITION

2.1   Introduction

The above title was chosen because the chapter covers a number of issues related to the transition from AKRSP-old style to AKRSP-new style. The issues include the JMM's views about management and planning, the draft project proposal 1997-2001, the linkages with other institutions, AKRSP's interaction with the donors, the effect of visitors on AKRSP, as well as a summary of the 1995 budget.

AKRSP continues to be a dynamic and effective organisation. Operating in a geographically and socio-economically interesting but most difficult area of 75.000 square miles and a population of one million, AKRSP has been able to establish an impressive programme. The basis of the programme is formed by more than 2600 community organisations, with a membership of more than 100.000, through which rural men and women have become actors in development. With the help of AKRSP they have been able to improve their productive, financial and human resource base.

Some years ago, after more than a decade of operations, AKRSP started to take stock of its work and to prepare for its future role. This process resulted in a couple of eventful years with many ups and downs for organisation and staff. Deliberations and studies have resulted in a new framework for the future, in which AKRSP's niche has been redefined. In addition to a revamped AKRSP, two new institutions will emerge to continue and strengthen parts of AKRSP's current programme, the Northern Region Development Bank (NRDB or the Bank) and the Enterprise Support Company (ESC).

In preparation for its new role, AKRSP management has recently taken a number of radical steps in the operational and personnel sphere. Although these have shaken the organisation to its foundations, it is the JMM's impression that matters are now settling down and that the future is faced with new inspiration and a positive outlook. These changes are discussed in detail below.

Apart from the internal affairs, the past year was characterised by a number of significant events. The one to mention in the context of the joint monitoring is the third programme evaluation by the World Bank. As in previous evaluations (1986 and 1989) the Bank's general conclusion is that AKRSP is a successful programme. The organisation is praised for its efforts to develop a self-help capability in the communities and for its progressive integration in the overall development process with government and other actors. The Bank expects that the imperfections which it noted as well, can be challenged so that a successful programme will continue.

2.2   Reorganisation and Management

This period of institutional change has resulted in a much more decentralised organisation and a much more integrated programme. In the process, overall staffing levels have been reduced by approximately 50 people.

The key elements in the reorganisation are:

- Formation of Field Management Units (FMUs). Four or five FMUs have been or will be created in each of the three regions. These are new management structures which replace the previous Social Organisation Units (SOUs). Unlike the SOUs, the FMUs are self-managed entities that will include a full range of professional staff who have either been hired or redeployed from the regional offices. It is anticipated that the FMU structure will encourage a more responsive, integrated, focused and field-oriented approach.

- Decentralisation of responsibilities to the region. Additional responsibility has been devolved from the Core to the Regional Offices. The redefined role of the Core Office will become more oriented towards co-ordination and external relations. With the transfer of staff to the regions, the Core Office is also much leaner, with few people reporting to the General Manager (as recommended in the 1994 JMM report).

- Full integration of the women's programme and of female staff. Female social organisers and technical staff have been incorporated in the FMU's. In the reorganisation process some women have been promoted to senior staff positions. The need for more female staff has been recognised by the management.

- Other changes in the organisational structure. First, the former M&E and W&D sections at Core have been combined to form one Policy & Research unit. Distinct but small MER sections remain at the regional level, but the primary responsibility for monitoring rests with the sectoral units. Second, the credit operations have been separated from the finance and account functions. This moves the responsibility for finance and accounts into a management context where it belongs, separated from the credit programme.

- Appointment of Personnel Manager. This is an important step towards addressing many of the gaps in the management systems that have emerged in the past.

The JMM endorses the aims and the execution of the decentralisation and integration process. Generally, staff at field level report that they were properly and fully informed of the changes that were being made. Even though approximately 50 staff were let go and even though there remain some concerns over salary disparities and job security, overall the situation seems to have settled down in a proper and rather

fast way. This attests to the fact that a difficult and potentially disruptive transition was handled with great care.

It is apparent that staff at the FMUs do work together more closely than under the previous set-up. By spending more time in the field and by travelling together to the villages, staff serve the villagers in a more integrated and focused manner. While it is still early for a definite judgement, the new arrangements seem poised to deliver major benefits.

Weaknesses in the FMU model arise where technical staff are shared between two FMUs (eg. in Baltistan, and the proposed Upper Chitral FMUs). Sharing implies logistical problems and poorer coverage than the FMU ideal intends. It makes tasks such as FMU team-building and planning more difficult. As yet, also a number of female (social organisation) staff positions have been unfilled and problems for female staff were encountered with regard to living conditions found in the decentralised field units.

Completing the Reorganisation and Further Systems Development

The reorganisation and formation of FMUs was bold and courageous. Such transition is bound to be traumatic and create problems. It always needs time to settle down, and for people to adjust to new roles. To help this process there needs to be a continuing sustained effort on systems and procedures development covering such matters as: job definition, planning and reporting, coordination, innovation, quality control and so on. The management is aware of this. Its main effort is through the work of the personnel manager who is working or is planning to work on the following over the next year:

- staff inventory, grading structure, and pay scales
- staff appraisal
- job descriptions.
- policy and procedures covering compensation, benefits, recruitment, termination, grievances, and staff development and service rules
- administration systems, including procurement, property management, leave, travel, and vehicle use

Some of these are delicate matters which have a chequered history in AKRSP. Implementation needs to be cautious and participatory. This is understood by the management which is committed to the necessary development.

Obviously, much needs to be done. Given the limited number of resources devoted to personnel issues, there is justification for AKRSP to retain short-term outside assistance provided that the consultants engaged are sensitive and process oriented. Without such characteristics, consultants should not be used.

Training needs assessment and staff appraisal

Training needs assessment is particularly important because the future success of AKRSP depends on retaining qualified and committed staff. Considerable resources exist to finance staff training. In the past, AKRSP's staff training strategy has been insufficiently managed. Overseas training has often been available only to senior male staff. At times the important training requirements of women, of staff from the Northern Areas and of middle and lower level staff have been overlooked. The use of down-country training facilities and courses has not been optimal. Little attention has been given to utilising attachments and courses at both professional NGOs and academic institutions in other developing countries.

AKRSP must introduce a system of staff appraisal and training needs assessment, that will lead to an effective and equitable allocation of resources to meet professional development needs. Due to the sensitive nature of the task, this should be done in a consultative and transparent manner. Conventional "top-down" staff appraisal systems from corporate organisations are probably not appropriate for AKRSP. Any proposed system must be based on widely agreed objectives, priorities (eg. W&D), and must be (and be perceived to be) supportive to staff.

Training in management

With the creation of FMUs, a number of people have been put in management positions for the first time and require new skills. Other staff would also benefit from management training now that the roles in the regional management teams have also changed. Consequently, it is suggested that a general training in management issues would be beneficial. In addition to improving skills, this training can also help to introduce and refine new procedures, define staff's roles and clarify formal and informal lines of reporting. The training should perhaps be conducted by external trainers with significant input by AKRSP and should cover:
-       formal management skills
-       training in the AKRSP way (including a renewal of the process approach)
-       team building

2.3   The Annual Planning and Reporting Cycle

Annual planning has been further decentralised in the last year. In 1994, planning was focused on the regions. Now planning is starting in the FMUs which are currently in the process of setting their targets for next year. These will be consolidated, reviewed and rationalised at the regional level in a series of conferences at which representatives from the Core Office will participate. The further decentralisation of planning seems to be generating enthusiasm for the process and can be expected to encourage those responsible for implementation to have greater commitment to the plan.

However, there are a number of ways in which the planning cycle could be strengthened. This is a matter which was discussed in previous JMM reports, but it

is worth raising again because AKRSP is now in a better position to address the matter. We would like to make the following points:

- We are concerned that the mechanics of plan preparation (consolidation, formats and so on) may take more work than has been estimated, particularly when it comes to review by the Core Office, and it would be worth developing an integrated planning and reporting management information system, possibly on a database application to handle this. This can be done without limiting the scope for FMUs to take initiative or imposing an unnecessary bureaucratic burden. It may also lead to easier reporting to donor requirements.

- Planning is presently focused on inputs and outputs, and not on actions or objectives. (Note on terminology: most frameworks for planning use the term 'activity' to refer to the actions that will translate inputs into outputs. AKRSP has tended to use the term to refer to the sub-sector to which an output relates.) One result of this is that AKRSP does not always achieve its vaunted process orientation as clearly as it might. To address this, planning, particularly at the field level would benefit from introducing the rigour of a logical framework approach (LFA). However, care must be used to select a LFA methodology that is simple, applicable and useful. Clearly, the logical framework can be taken to an extreme where it becomes overly complex and elaborate, resulting in few practical benefits. If desirable, the JMM can provide suggestions on a useful approach.

- There is a need to review and establish the key indicators as AKRSP moves into the next phase. As noted last year, some sectors have too many indicators, others have too few. A first step in the process will be to complete and simplify the log frame approach used in the proposal for 1997-2001. Indicators must be meaningful, reliable and measurable (not to be confused with quantifiable). More work is also needed to identify ways in which indicators can be measured in a verifiable manner. In the past as well as in current plans, 'means of verification' often refer to 'the QPRs'. However, the QPRs are a source of information, not a means of verification.

To address these issues, we suggest that AKRSP should retain 8-12 personweeks of consultancy services to help strengthen the planning process. Specifically, the technical assistance would:

- provide additional training and orientation to the LFA with particular attention given to developing key indicators that can be measured across the entire programme
- help staff balance top-down constraints with bottom-up wishes
- facilitate the development of a simplified LFA for the next phase
- help translate activities contained in the LFA into workplan(s), timetable(s) and budget
- based on the LFA, begin to formulate a practical and comprehensive monitoring and evaluation strategy, including the development of routine and reliable data collection systems that are consistent with the indicators and measurement methods specified in the LFA matrix. The consultancy services

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might also include an assessment of donors' needs and assess ways to make the planning and reporting system flexible enough to deal with these.

Based on the outcome of the above consulting services, it may be concluded that the development of a computerised information management system is also warranted. Additional consultancy services will be required for this purpose.

Formal Reporting

AKRSP puts considerable efforts into providing formal reports to its staff, donors, government and other interested parties. This year each region has started preparing its own quarterly progress report and these are consolidated into a new-format overall programme progress report. The annual progress report now includes colour photographs of programme activities and the reports are becoming more focused in its narrative and statistical reporting on progress in the year under review rather than on cumulative achievements to date. We have four suggestions for further improvement.

- Further focusing the reporting on the period under review rather than on cumulative achievements is needed. To give a clearer indication of programme trends, in the statistics it would be useful to have more comparative information, for example with the same quarter last year, or of performance against plan.

- Further gender-specification of activities and results is needed; separate reporting about programme effects for women remains necessary until all reporting is soundly gender-specific (see W&D section).

- There is evidence that the regions need additional guidelines on what to include in and how to present their quarterly reports. Already some of the consolidated information in the programme wide QPR does not always compare with the sum of the regional figures. There has to be a minimum degree of standardisation that will allow regional data to be combined quickly and accurately to provide a complete and verifiable picture of the organisation, without having to pour over three separate regional reports.

- The reports are written in a selling, PR style. While this is appropriate for some audiences, it is not for internal purposes or formal reporting to donors (especially those with a long history of involvement with and confidence in AKRSP), and risks devaluing the report.

2.4   Linkages

Government and Non-governmental organisations in the region provide services additional or related to the programme of AKRSP. The network of WOs/VOs has proven to be a useful vehicle for these agencies to reach out to the people and AKRSP has been successful to establish linkages between the villagers and other

institutions. Most important are the linkages made for the provision of social development services in health, education, family planning, water and sanitation, with government departments, the Family Planning Association of Pakistan (FPAP) and institutes of the Aga Khan Development Network such as the AK Health Service (AKHSP) and the AK Education Service (AKESP).

During the JMM we were able to visit a number of organisations with which effective co-operation has been established: AKHS, FPAP, Directorate of Education (for the Social Action Programme's Community schools). Also, some initiatives at the grass-root level were visited. The general impression about the linkages is that they usually are beneficial to both the target group and the organisation involved. With regard to the SAP schools the JMM has some concerns, which were also shared with the Chief Secretary of the Northern Areas (see under).

The FPAP has held several family planning camps with WOs in Baltistan. This year training was given by FPAP to female AKRSP staff about health and family planning, to familiarise them with basic knowledge about these issues which can be useful in their work with WOs. The FPAP is about to train the Lady Health Visitors of AKHS as well, preparing them for the family planning programme that AKHS will start in January 1996. The FPAP expressed great satisfaction about the co-operation with AKRSP and looks forward to more formalised contacts in the future.

An important spin-off effect of the co-operation between AKHS and VOs/WOs has been the creation of new institutions at the village level. Increased community participation coupled with increased contributions to village savings has permitted some VOs/WOs to gradually take over responsibility for village health care centres. We visited a few of these initiatives in Hunza and Nagar (Naunihal) and were impressed by the determination of the villagers to own and control their own service centres.

Under the Social Action Programme the Education Directorate of the Northern Areas carries out an ambitious programme of community schools. The programme aims to add 1000 primary schools in a period of four years, most of them located in remote areas and meant to cater primarily to the education of girls. Recently, 125 schools have started and according to figures of the Directorate more than half of the students are girls. Another 125 schools are expected to take off soon. For each school an endowment fund of Rs 100.000 is available for salary costs and school operations.

Some problems arise because the amount of finances available to all schools is the same regardless of the size. The quality of instruction is extremely variable with many teachers recruited in the area but often without adequate training. The government agreed to initiate:
- teachers training
- training of Village Education Council
- training of government officers in participatory techniques.
To date none of these have started. The teachers training that was scheduled for May-June has been rescheduled for January 1996. Concrete plans for the other types of training have yet to be made.

Our major concern with this programme is whether the high expectations raised by the SAP school initiative, can be met. The concern is aggravated by the uncertainty about a new World Bank initiated project for education in northern Pakistan. If the World Bank project does link up with the SAP schools, the above mentioned problems of limited finances and capacity of teachers may be addressed and overcome. If the World Bank decides to set up a parallel programme, the SAP programme most certainly will die. Donors may want to monitor the World Bank initiative closely.

With the above in mind, AKRSP should approach linkages with caution and constantly ask: What are we linking up with? Suggesting to VOs/WOs to work with other organisations in order to attract social services is a very positive initiative. It extends the area of services for the VOs/WOs and provides a network to other organisations. But if the partner organisations are questionable or resourceless, the villagers may lose interest and trust, which may have negative implications for their perception of AKRSP as well. The options available in this regard may be twofold. AKRSP could chose to hold back a little when the resource base (financial and human) of the organisation concerned is weak or unclear, or it could be in the forefront to find sufficient resources to facilitate the success of the programmes.

2.5 Future Proposal (1997-2001)

AKRSP's management and senior staff requested an informal session with the JMM to review the future proposal. The discussion was useful and demonstrated that AKRSP has integrated into its plans many of the findings included in past JMM and World Bank reports. The proposal also builds upon the reorganisation and other changes that occurred in the last year. The draft proposal is impressive and provides a sound basis for the next phase of AKRSP.

To help refine the existing draft, we made several suggestions. For example, we urged AKRSP to more clearly define the relationship between AKRSP, NRDB and the ESC.

We recommend that AKRSP submits the draft proposal document to donors as soon as possible after the October meeting of the AKRSP Board.

During the debriefing at the end of our mission, it was gratifying to hear comments from some donors concerning the need to provide early reactions to the AKRSP draft proposal. An important point raised was the possibility that donors would provide a co-ordinated programmatic support to AKRSP. A unified approach by the donors is strongly recommended by the JMM, since it may avoid that AKRSP needs to carve up the proposal into specific chunks to meet individual donor needs and priorities. A co-ordinated programme support may also simplify and streamline reporting requirements.

2.6 Interaction with the donors

Introduction

The donors asked the JMM to review AKRSP's current practice with regard to project plans, budgets, progress reports and financial reports presented to the donors. The JMM was also asked to consider the current administrative connection between AKRSP and AKF.

During the mission we had the opportunity to look into these matters from AKRSP's point of view. We reported to the donors during the debriefing meeting in Islamabad with the following text. They decided to discuss the issues further in a DLG meeting to be convened soon.

Reporting to donors

The question about AKRSP's current practice of reporting has two sides: the requirements of the donors, and the supply by AKRSP.

Donors tend to have different requirements for project appraisal, reporting, monitoring, etc. In order to reduce the burden on AKRSP with regard to the monitoring the JMM was initiated. However, some individual donors continue to need detailed information from AKRSP in a specific form. From conversations with AKRSP about this issue, we understand that this does not cause significant problems on the financial front. These either go through the AKF-network or donors send their own auditors.

The reporting requirements on operations, though, have become increasingly diverse, with different formats and time frames for annual workplans, reports on operational targets, etc. AKRSP recognises that this may be a part of doing business, but that further analysis may be warranted in order to unify donor and AKRSP reporting requirements as far as possible.

AKRSP has developed an extensive system of reporting about activities and progress. This is based on in-house monitoring exercises, conducted by different sections and co-ordinated by the MER section. The resulting reports are widely shared with donors and other interested persons and organisations. Much of the monitoring, however, is on inputs instead of outputs. Figures given are usually cumulative and not specific for the period under review, so that comparison is difficult. Assessment of effects and impacts are still limited. During the mission we have stressed that AKRSP should change the "numbers game". The input-oriented planning needs to be changed into objective-oriented planning and key indicators for monitoring should be developed accordingly. The JMM report provides some suggestions in this regard.

The approach towards changing current practices of reporting largely depends on the donors' answers to questions such as:

- Do donors also feel that the present practice of financial reporting is satisfactory?

- Is the increase of separate requirements by donors for progress reports related to a dissatisfaction with the present standard reporting of AKRSP, or is it rooted in requirements inherent to the donor agency?

Depending on the answers to these questions, approaches might include the development of a standard information base from which the separate requirements can be more easily addressed. Possibly within the context of AKRSP's planning and reporting system as discussed under the "Annual planning and Reporting cycle" in this report.

AKRSP - AKF

A brief review of the current administrative connection between AKRSP and AKF reveals that the contractual arrangements of donors with the project are of a diverse nature. Some donors have signed formal agreements with AKF, others have contracts directly with AKRSP, while one donor has contracts of both kinds. We perceive that the choice for one arrangement or another is based upon circumstances and requirements specific to the donor concerned. The more detailed roles of the different agencies in the AKF network (AKF-G, AKF-UK, AKF-C and AKF-P) and the specific difficulties involved for individual donors, are unknown to us. The DLG itself may provide the best forum to address this issue, as all parties are represented there.

Apparently, some donors also question the multiple roles of AKF vis-a-vis AKRSP in the donor network: as owner, implementer and donor of the Programme. The JMM considers this also to be a point for discussion within the DLG and beyond its competence to comment upon.

2.7   Budget

In 1995, AKRSP has for the second year prepared a detailed budget by section and line item. It shows a 62% increase over the 1994 budget. The budget was prepared before the reorganisation and formation of FMUs and hence the actual allocations will likely be different from estimated spending levels. However, a summary is presented here to show the relative costs of the different programmes.

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AKRSP BUDGET FOR 1995 BY SECTION

Rs million	GA	MER	SO	ENG	AGR	LST	FOR	EDD	WID	HRD	C&S	Total
Capital	1		3		3		2			1	1	11
Admin	31	6	17	6	6	6	7	3	2	6	5	95
Development	1	0	1	70	9	6	19	4	2	5	160	277
Total	33	6	21	76	18	12	28	7	4	12	166	383
% of total	9	2	5	205		3	7	2	1	3	43	100
1994 Budget	33	4	11	53	8	6	24	4	15	8	68	236
95/94 %	100	150	191	143	225	200	117	175	27	150	244	162

Notes: -   'Admin' includes salaries, travel, administration, office maintenance and vehicle operating expenses.

         -   'Development' includes training, research/development PPI commitments, credit disbursements and telecommunications. PPI commitments are included under engineering and are Rs 69m. Credit disbursements are Rs 157m. The rate of increase in credit is possibly unsustainable because it carries the size of the programme much higher than that planned for the bank (disbursements of Rs 70m pa).

Compared to the 1994 budget, significant increases in spending levels are noted in the Agriculture and Livestock programmes and particularly in the Credit programme. Of the total C&S budget, credit disbursements account for approximately Rp. 157 million. As noted in the C&S section, this dramatic growth rate should be monitored since it may not be sustainable once the NRDB is created, especially since the Bank budget estimates disbursements of approximately Rp. 70 million p.a.

AKRSP BUDGET FOR 1995 BY OFFICE OR REGION

Rps million	Core	HRDI	RPOG	RPOC	RPOB	Astore	Total
Capital	0		5	1	6		12
Admin	26	3	22	22	20	3	96
Development	4	2	157	47	49	16	276
Total	30	5	184	70	75	19	383
%	8	1	48	18	20	5	100
Total 94 budget	34	5	67	57	54	19	237
95/94%	88	100	275	123	139	100	162

This shows that most of the increase has been in Gilgit region. This is because Gilgit accounts for most of the credit disbursements which have themselves increased dramatically.

DONOR FUNDING

Donor funding for 1995 is expected to be as follows:

Rs 000

DONOR	GENERAL	CREDIT	TOTAL
CEC	10,600	9,150	19,750
ODA	42,400		42,400
CIDA	24,805	16,350	41,155
AKFC	1,705		1,705
Netherlands	41,700	4,300	46,000
NORAD	15,309		15,309
BMZ/GTZ	15,000	2,250	17,250
KAF	3,850		3,850
W Bank		17,500	17,500
Total	155,369	49,550	204,919

RECONCILIATION TO BUDGET

Total Donor Funding		204,919
Opening Bank	159,318	
Closing Bank	(88,444)	
		70,874
Credit Recoveries		88,650
PPIs		
Commitments c/f	56,021	
Commitments b/f	(37,598)	
		18,423
BUDGET		382,866

2.8 Visitors: Opportunity, Burden or Both?

From the beginning, AKRSP's ethos has been to encourage the active interest of outsiders and to be fully transparent in sharing information concerning AKRSP's programme philosophy and activities. Treated with courtesy visitors become supporters and ambassadors for AKRSP. They also facilitate linkages of value to the Programme. At the same time, visitors impose demands upon management staff, and divert time and energy away from primary responsibilities. The JMM fears that the heaviest burden falls on those professional staff who are best informed about programme activities and who are fluent in English. Their skills are also most critical to programme implementation.There may be a need then, to contain the demands put forward by visitors within tolerable limits.

A number of issues may be examined. First, should casual visitors be kept at arms length from the programme? Could they simply be given an orientation folder and the opportunity, at appointed hours on, say, three days a week, to see a video presentation? Second, could those who, for whatever reasons, want to discuss specific programme elements with responsible programme staff be better screened? A balance might be struck between frosty reserve and overly effusive responses. Unless there is clear evidence that an investment of management time is warranted in terms of programme benefits, AKRSP may properly impose realistic limits. Could "visitor's hours" for such people commence after, say, 3:00pm? Third, a serious drain on staff resources is made by longer term visits from those with a specific programmatic interest. They may arrive with the sponsorship, however informal, from donors, embassies, NGOs or other institutions. Without being unduly rigid, it may be appropriate to make it known throughout the development community that advance written agreement is essential if such visitors are to be provided with AKRSP facilities, data and professional support.

2.9 Summary of Suggestions

(1) Sustained effort is needed within the development of personnel systems (staff appraisal, job descriptions, etc). AKRSP should use consultancy assistance to help, provided the right sort of consultant can be found. The process to develop staff appraisal systems should be consultative and transparent. Any proposed system must be based on widely agreed objectives (eg W&D) and be supportive to staff.

(2) Training needs assessment matters should be addressed as soon as possible, not only because skilled and capable staff are the cornerstone of a successful programme, but also because donor funds are available for this now.

(3) Training in formal management skills, the AKRSP way, and some exposure to team-building exercises is needed for FMU and other managers. This is an area where AKRSP should make some use of external resources.

(4)   Consultancy assistance may be needed to help strengthen the annual planning process, the capacity to develop meaningful indicators and the ability to generate more meaningful reports. This should start soon after the current planning cycle has been completed so that the lessons learned can be incorporated, and to ensure readiness for next year.

(5)   The opportunities and risks involved in linking villagers with other development initiatives should be carefully assessed.

(6)   AKRSP should finalize the proposal for 1997-2001 and submit it to donors as soon as possible.

(7)   Donors are encouraged to pursue the idea of a co-ordinated programme support to AKRSP.

3. INSTITUTIONAL DEVELOPMENT: SOCIAL ORGANISATION

3.1 Achievements

Quantitative targets for VO/WO and cluster formation have been largely met across the programme. AKRSP is now thought to be "covering" approximately two thirds of households through VOs. WO members come from the same households, and coverage is thought to be one quarter of total households.

Cluster organisation (CO) development is particularly encouraging (see below). Examples of collective management and cost recovery agreements are impressive. Linkages with other programmes and services is becoming much more common. Valley level conferences for VOs, and training programmes for women, are increasing the opportunities for member participation and representation in the programme. AKRSP's encouragement of collective action, linkages between VOs, and between VOs and other programmes are evidence that the social organisation strategy can be highly effective.

The recent development of cluster organisations (COs) across the programme is particularly noteworthy. For example, in Chitral approximately 200 out of 580 VOs are participating in cluster organisations, involving almost a third of VO-linked households. The thinking within AKRSP about clusters has shifted in a positive direction. Initially, clusters were conceived as "apex" organisations with multi-purpose roles. In practice, clusters need to be formed around specific interests. Only after successful collective action occurs can COs lead to more diverse activities. This shift in emphasis is an indication that CO development is being promoted in a flexible manner, reflecting local (eg. valley) contexts and needs. However, it also indicates that the ideal of "apex institutions" will take longer than previous optimistic expectations suggested.

Management and cost recovery agreements, particularly concerning cluster infrastructure (eg. irrigation channels and hydels) are impressive. However, such arrangements, because of their variety and recent creation, will require continued monitoring to ensure organisational learning about the conditions for sustainability. At least one MER section (Chitral) has drafted open-ended monitoring forms to facilitate this process.

Despite achievements, institutional development across the programme area remains uneven in qualitative terms. Many of the older VOs still require extensive support. Social, religious and political constraints on the VO maturing process are particularly strong in some areas (eg. the Drosh valley in lower Chitral). WO development in such areas is much more difficult than in the more developed and progressive areas (eg. Gilgit and Hunza). In general, it is now recognised that the previous "model" of VO/WO maturation over a single decade was optimistic, and that a longer time-frame for VO/WO development is necessary.

Inside AKRSP, there is a high degree of critical awareness about these difficulties. There is a desire to experiment, and develop different social organisation strategies in different areas to overcome barriers. We note that considerable work is needed to support new, and re-energise some older VOs through these new strategies, as well as expand WO coverage. However, the lively internal debate is an indication that AKRSP is moving forward.

3.2 Review of previous JMM suggestions [1]

The 1992 JMM made no substantive recommendations concerning VO/WO development, apart from the need to develop more participatory monitoring and planning. Some advances in community planning have been made (eg. through valley-level conferences, and CO involvement in NRM pilot projects).

The 1992 recommendation that participatory monitoring be developed does not appear to have been followed up. Despite this issue being raised by subsequent JMM visits (in 1993 and 1994) there has been no progress.

The 1993 and 1994 JMM recommendations also included the issue of developing linkages, which has been successfully followed up. More generic issues included the need to define and meet SO/WSO training requirements; and develop VO/WO planning and management. SO/WSO training remains largely "on-the-job", and the need for more professionalised courses to strengthen skills remains; the definition of SO/WSO roles and a training plan is an outstanding issue discussed in this report. Successful development of management skills is most evident in some of the COs and their member VOs; the development of WO managers has been least effective.

3.3 Issues and suggestions

We do not see the decentralisation of technical staff from regional to FMU offices as substituting for SO/WSOs, partly because of the coverage issues noted above, and partly because of new the roles required of SOs/WSOs as COs, valley level planning and linkage strategies become more widespread.

VOs and WOs need continuity of staff contact, and continuing long term support (to enable mature VOs/WOs to get stronger, cluster experiments to be monitored, and weaker VOs/WOs to be re-activated). SO and WSO tasks may increase, and greater flexibility will be needed to cope with VOs/WOs at different stages of maturity as

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[1]   The donors requested the JMM to reflect on the degree to which previous suggestions of the JMM have been taken into account by AKRSP. In answer to that request we present a short review of previous suggestions in this and the coming chapters. However, we would like to stress that our observations emerge from a dialogue with AKRSP staff. Consequently, the JMM reports and suggestions reflect the outcome of this dialogue. The credit for actions taken is for AKRSP, not for the JMM.

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well as larger organisational groupings. This flexibility will require better skilled SOs/WSOs.

Continuing attention to the process and quality of staff-VO/WO interaction and support is needed. While most VO/WOs are active in savings and credit, not all are forming clusters, making linkages or undertaking collective activities after the initial PPIs. SOs/WSOs have key roles to play, particularly in relation to further cluster and linkage development. Considerably more can be done to focus on WOs (see the W&D chapter). In general, there are indications that the dialogue process has become over-formalised in some areas, and that the range of communication and planning skills used by WSOs/SOs can be expanded.

As SOs and WSOs themselves indicated, there has been little progress in training social organisers in diagnostic (eg PRA and other participatory learning methods), communication (negotiation and dispute settlement skills) and participatory planning (including objective setting, analysis of constraining and facilitating factors, and how they can be mitigated or utilised). Some SOs/WSOs have been involved in NRM pilot projects using RRA skills, and some training by IUCN PRA-consultants has been carried out in Baltistan and Gilgit. However, social organisation staff express a strong felt need for more formalised training in these various skills, and see such skills as prerequisites for fostering VO/WO leadership, management and planning skills.

As noted in previous JMM reports, constraints on WSOs are more severe than on other staff. There are a limited number of WSOs relative to the target population and compared to SO staff levels. They cover at least twice the target population covered by SOs. Most WSOs have relatively less experience than SOs. There is a shortage of suitable accommodation at the new FMU locations which is creating problems. WSOs also have problems of vehicle access and dependency on male staff. Such dependency becomes problematic if colleagues make few attempts to be sensitive and facilitating.

Potential responses to these constraints include: increasing the number of WSOs; more emphasis on WSO training; gender sensitive vehicle planning at FMU level (as appears to be the case in Baltistan); more gender awareness workshops within AKRSP to create a more conducive working environment.

SO/WSO roles are also evolving, as the need for more complex cluster arrangements, negotiations for collective agreements, and valley level conferences become more central to the way in which AKRSP responds to local needs. These new emphases mean that the felt needs of SOs/WSOs for additional and broader training are justified (see above).

There is a degree of confusion about the roles of SOs and WSOs in AKRSP at the moment. This has partly been created by the move to an FMU system (in which the technical staff are expected to play more of a role as social as well as sectoral field workers). It is also partly due to the past SDC-process and the present new proposal deliberations, which imply a "down-sizing" of the organisation. Morale amongst SOs

appears to be low, because of uncertainty about their future jobs. The morale of WSOs is also affected by practical constraints on their work and strong felt needs for more training.

From discussion with AKRSP management it was learned that they intend to clarify SO and WSO roles and responsibilities. This will be done with the help of a consultant. Funding for this consultancy is (in principle) already available from ODA, and draft terms of reference are under discussion. These are high priorities, and we recommend that they be addressed as soon as possible.

However, the issue of professional guidance and support to SOs/WSOs remains an issue of concern. At FMU level, some managers will be senior SOs, and will be in a good position to provide professional guidance. In one of the three Regional Offices (Chitral), the manager is a former SO. MER sections in the RPOs (now including the W&D monitors) can provide some support, but these sections play numerous other roles and may not have the size and capacity to "champion" SO/WSOs effectively. Thus, present arrangements for supporting SO/WSOs at both FMU or RPO levels are uneven. We recommend that AKRSP management places a priority on developing effective professional support for SOs/WSOs at FMU and RPO levels.

After discussions with AKRSP, the JMM believes that there is a need to appoint a social organisation professional to the Core Office P&R unit. The job description of this person needs to be defined, a task which should be included in the ToR for the social organisation consultancy mentioned above. Some of the roles of such a professional will be to provide guidance and support to SOs/WSOs, and to promote improvements in participatory working practices, and flexible responses to local needs.

3.4   Summary of suggestions

(1)   Existing and new Cluster Organisations should be monitored carefully to ensure equitable participation and the identification of conditions for sustainability.

(2)   Expansion of the WSO cadre should be a priority for the future (additional suggestions regarding WSO capacity strengthening are listed in the WID section of this report).

(3)   A social organisation consultancy to define SO/WSO roles, and develop training courses should go ahead as soon as feasible (this should include attention to communication, participatory learning and planning methods).

(4)   We suggest that AKRSP management places a priority on developing effective professional support for SOs/WSOs at FMU and RPO levels.

(5)   We suggest that a social organisation professional is appointed to the P&R unit, to provide guidance and support to SOs/WSOs, and promote

improvements in participatory working practices, and flexible response to local needs.

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4. INSTITUTIONAL DEVELOPMENT: MONITORING, EVALUATION AND RESEARCH

4.1 Achievements

Notable achievements by P&R and MER sections include more focused qualitative as well as quantitative studies on both technical and social organisation issues. There has been more coordination with technical sections to identify research needs, and feed back findings through workshops. All MER sections have made major background contributions to equity and impact research (the World Bank Evaluation, the Contextual Study and the Farm Income and Expenditure Survey (FIES)). Discussions with AKRSP management concerning the new proposal indicate that the evaluation work done to date, and individual studies on issues such as clusters, have made a significant contribution to the planning for 1997-2001.

Through diagnostic studies and village profiles, MER sections are also playing an important support role to SOs and WSOs. Equity issues are being taken into account in many of these exercises, and several PPI proposals have been rejected or delayed because of such concerns.

MER sections are also leading on issues such as linkage and cluster development, and have produced useful documentation on both these subjects.

Some training occurred during the year (eg. in gender and monitoring with staff participation in down-country workshops). However, some staff feel the need for more training (see below).

4.2 Review of previous JMM suggestions

Most 1992 JMM recommendations relating to MER concerned the institutional maturity index; these recommendations were fulfilled. Incremental progress relating to the recommendation to improve the gender sensitivity of M&E work has been made over the last three years. However, this concern is reiterated in all JMM reports, and further progress is expected.

Relevant 1993 JMM recommendations included the need to (a) introduce economic analysis of NRM packages; (b) decentralise routine monitoring to technical sections; (c) assist technical sections in their own evaluation of packages; (d) conduct regional workshops to feed study results into the planning process. All these recommendations were followed up, and have become continuing concerns. However, the economic analysis of NRM packages remains weak, due to uneven skills amongst MER sections (and technical staff).

The JMM's 1994 recommendations, apart from reiterating some of the 1993 concerns, raised the need for (a) assessment of programme performance and impact; (b) equity studies; and (c) the development of MER's professional skills (including training skills).

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Recommendations (a) and (b) were fulfilled via substantial contributions to the World Bank evaluation, contextual study and FIES. In addition, there is evidence that equity issues are more prominent in local diagnostic and technical evaluation studies. Progress on recommendation (c) appears to have been limited. Skills transfer occurs largely through consultants, interns and peer group learning. Training in basic skills such as gender analysis has been uneven, and a further development of MER staff's training skills has been absent.

4.3   Issues and suggestions

The decentralisation of routine monitoring may, in due course, "free-up" MER from some of its original tasks. However, decentralisation work has not been completed. The transitional period is likely to continue in 1995-96, while MER staff help FMU staff to develop appropriate formats and skills for routine monitoring. MER sections in Chitral and Baltistan have given attention to these needs, but more work is necessary. MER sections need to ensure that they play an effective support role for FMU staff during this transitional period, and accept that such a role may be time-consuming and reduce its level of research output in the short term.

In general, it appears that there is a need for clearer planning by regional, MER and technical sections on decentralised M&E roles and responsibilities. Job descriptions, delineation of tasks, and divisions of responsibilities need to be agreed. Formats and report presentation can be improved (eg. disaggregation of male and female data, as well as total figures for inputs and activities).

There remain unfulfilled training needs in the MER sections. Much of the learning process is informal. Staff are aware that some of their present approaches need strengthening (eg. evaluation of the economic benefits of packages and PPIs). More attention to "participatory learning methods" such as PRA, gender analysis, planning (not just logical framework analysis) and training skills will be beneficial, both to support FMU staff and play a strategic role in the regional evaluation and planning process. MER staff also expressed the need for access to (and training in) user-friendly computing packages such as SPSS, which would enable them to analyze conventional monitoring data more effectively.

At present, most MER staff are using some PRA/RRA type skills. These have been picked up from interns, consultants (eg. from IUCN) and the literature, rather than developed in a systematic manner. Some scepticism exists within the organisation about such methods, which is unfortunate. Criticisms such as "PRA raises expectations" may be the result of poor explanatory and other communication skills in the field, and poor knowledge of PRA. Fuller understanding of the range of techniques and more systematic experience in their use, will enable MER staff to gain confidence in these tools and select appropriate and timely methods for field work.

The adoption of PRA tools, and their promotion by MER staff throughout AKRSP, will enable a widening of the concept of participation beyond the present dialogue

process. These tools can enhance the context diagnosis skills by SOs/WSOs and technical staff (eg. to understand equity issues and package implementation results); they will also help field staff to carry out more inclusive and effective planning with different people within the same communities.

Many PRA style techniques can also be useful for intra-organisation communication and learning. Group discussions amongst staff can be made into more effective workshops, through the use of diagramming, matrix ranking and feedback/summarising exercises.

There is a need for better mini-libraries in the MER sections. Such resources should include up-to-date information on PRA (eg. PLA Notes, published by IIED, UK), and donor sponsored checklists relating to participation and social development in general. Practical W&D literature can also be expanded by collecting material from development agencies. Such materials should be circulated by MER staff (amongst RPO and FMU staff) in a selective manner.

Uncertainties about the MER section's role in new FMU structure are created by the absorption of some existing MER staff back into technical sections, the decentralisation of staff out of the regional offices, and the question of whether two or three MER staff in the RPO are a sufficient peer group to enable effective mutual research support. Consultants and interns, deployed by the Core P&R, are useful support to MERs. Such additional personnel should be directed to work with MER staff in such a way as to ensure effective collaboration, and to enable the transfer of new skills where relevant. ToRs for interns and consultants should reflect this additional role.

In the new organisational set-up, with reduced personnel, MER sections need to focus on how they can provide a synthesis of programme performance from FMUs, in order to be able to provide a regional overview at the end of the year, and contribute to the annual planning process.

Bearing this in mind, MERs need to pay more attention to how they can coordinate and assist technical staff; this coordination will include keeping track of monitoring and action research in the different FMUs under each RPO (where the MER is situated); MER section heads need to ensure that information and results are shared effectively across the region.

While relations with technical sections have improved over the last year, relations still need careful management, to ensure that evaluations and studies are regarded as constructive. Tension between MER staff and technical sections is created when the latter perceive evaluations as negative and "unfair". MER's involvement in the planning and decision-making process can be negatively affected by such tensions (especially when managers feel an understandable allegiance to their field staff). Many of these issues are inherent in the monitoring process.

MER still needs to develop clearer links with decision-makers and project implementers, whether at the level of the field or within the RPO, so that the

findings of studies can be systematically considered in a timely and effective fashion. For example, MER staff should review past recommendations with technical sections, and RPO managers, on a regular basis, and determine what action has been taken by operational staff. Such reassessments, perhaps on a quarterly basis, would create a more effective feedback system, and provide an indication of where further research or evaluation is necessary. Where recommendations are not regarded as feasible by field staff, the constraints need to be recognised and addressed. Minutes to record the outcome of these meetings should be circulated between RPO and FMU levels, to improve information flows, and provide a reference point for subsequent meetings. Ultimately, more effective recommendations will lead to a fine-tuning of programme activities.

At Core Office level, the P&R's staff composition is due to undergo some change in the near future. This reflects a widening of its terms of reference, and an attempt to play a more strategic role in policy formulation and professional support (eg. on gender issues and social organisation).

It is understood that the idea of using a Revised Institutional Maturity Index in the future has limited support, due to logistical and methodological concerns. We accept these reservations. If the RIMI was to be implemented it would have to be on a much more limited scale, using a small but systematic random sample. Whether the collection of useful data from VO/WO managers is feasible is doubtful, given the incentives which respondents may have for distortion of information. These issues are yet to be resolved by AKRSP management and the P&R section.

However, the issues which the IMI attempts to investigate remain highly relevant, and other methods for analyzing institutional development (including PRA) may be more feasible in the long term.

AKRSP is aware of the need to monitor impact, but has not yet taken practical steps in this direction. There have been numerous impact studies and evaluations, largely piecemeal. Synthesis of such results has relied on external consultants, such as the recent World Bank team. Impact monitoring will require more emphasis on PRA-type methods, to involve community members more effectively in identifying the costs and benefits arising from various activities and inputs.

Such impact monitoring is a contemporary fashion in donor and agency debates. However, few concrete examples exist, and guidelines are yet to be developed by most agencies. Some other NGOs have been experimenting with these ideas. The success of AKRSP's experimentation with impact monitoring will rely on the existence of effective skills in Participatory Learning Methods, which as noted above, require strengthening. Progress in the immediate future is therefore unlikely. However, we recommend that donor agencies with existing guidelines on impact monitoring supply them to AKRSP's P&R unit in the near future, to contribute to the debate within the programme about this issue.

4.4   Summary of suggestions

(1)   MER sections need to ensure that they play an effective support role for FMU and technical staff during this transitional period.

(2)   There is a need for clearer planning by regional MER and technical sections on decentralised M&E roles and responsibilities. Job descriptions, delineation of tasks, and divisions of responsibilities need to be agreed.

(3)   More attention to PRA, "participatory learning methods", gender analysis, planning (not just logical framework analysis) and training skills will be beneficial.

(4)   There is a need to expand library resources in the RPOs, which can be done through the collection of (practically oriented) development agency documents (on participation, gender, PRA and M&E tools). Selected documents should be circulated and discussed more widely within AKRSP.

(5)   MER's effectiveness within AKRSP can be strengthened by regular reviews of past recommendations (and their utility) with technical sections, and RPO managers. Minutes of these meetings should be circulated, to improve information flows, and provide a reference point for subsequent meetings.

(6)   P&R should make contact with other NGOs experimenting with ideas about impact monitoring. Where able, donors should supply comparative information on such monitoring, to contribute to the debate within AKRSP about this issue.

5. WOMEN AND DEVELOPMENT

5.1 Achievements

During the first seven years of AKRSP's existence there was no special programme for women. Women were considered to be part of the Village Organisations and staff was to work with both men and women. In practice though, social and cultural characteristics prevented women's participation in the VOs while the introduction of technical packages to women by male staff was often unacceptable to the villagers. These experiences combined with the strong desire of women to form their own organisations - by the end of 1984 over 50 Women's Organisations had formed spontaneously - made AKRSP decide on a separate programme for women which formally started in 1989. Female staff was appointed to implement the programme.

The approach in the women's programme was similar to the one followed throughout AKRSP: the formation of organisations (WOs), capital formation through savings, service delivery through packages for women's productive activities. The major difference with the VOs was that the incentive of a Productive Physical Infrastructure grant was not available for WOs. PPIs were to initiate 'productive' activities and were used for assets such as roads, irrigation channels, etc., being out of reach for WOs. Some grants of appropriate technology or orchard infrastructure were tried for WOs, but in general these have not been very successful.

The women's programme has grown considerably. To date, 781 WOs have been formed with some 27.000 members who together have saved Rs. 36 million.
The WO encouraged members to improve their position and women were assisted in areas in which they were economically active. Many women received training as village specialists in poultry management, vegetable production, forestry, food and fruit processing. The programme has also trained women as Master Trainers (MTs) in various technical fields, while several WO managers were trained in bookkeeping and accounting. The following numbers are available:

Training	Gilgit	Baltistan	Chitral	Total
female specialists	1.680	650	1.163	3.493
female Master Trainers	34	24	0	58
WO managers bookkeeping	78	4	63	145
female village accountants	4	0	10	14
female field accountants	0	0	0	0

In addition, female staff was trained in relevant programme sectors and selected members were sent out for training in various technical fields; two staff members attend a two year bachelor's course in Business Administration and five were selected for BComm. These are intended to be the future female field accountants for the bank.

The Accelerated Professional Development Programme, initiated in 1994, provides scholarships to selected women from the Northern Areas for further studies elsewhere. Four women were chosen for degree courses in technical fields such as agriculture and animal sciences. This programme will help to provide the needed female professionals in the region.

New activities for women in the villages continue to be initiated, such as sale windows and dehydration chambers. This summer literacy and numeracy training was started in Gilgit and Baltistan, preceded by a training of teachers. The training is meant to give WO members some basic functional education.

Over the years, the knowledge and data about the situation of women in the area have increased significantly, through research on women's position in the household and the community and case studies about different aspects of women's lives. The 1995 Contextual Study addressed women's problems in the Northern Region extensively. Recently studies have started on social dynamics, on credit/enterprise and on natural resource management. An interesting initiative, taken in the context of the Farm Income Expenditure Survey, concerns the household diaries to be filled in by female members of the household and meant to gather information about the division of labour.

The women's programme has not only grown in numbers and in activities, but also in flexibility, responding to the demands of women. An example of this can be found in a recent change in thinking about PPIs. Starting this year, some WOs in Astore have been provided with a PPI in the form of water supply systems. This was the outcome of dialogues with both the VO and the WO in the village concerned.

To meet women's requests in areas which are beyond AKRSP's capacity takes place through the creation of so called linkages. With regard to education, health, family planning and also rural drinking water supply, WOs have been brought in contact with both the Government and with Non-governmental organisations. The issue of 'linkages' is discussed in para 2.4 of this report.

Activities for and participation of women have now become a general feature of AKRSP's programme. Recently the decision was taken to fully integrate the staff of the women's programme in the new organisational set up. The technical female staff had already become part of the technical sections last year, leaving the W&D section with social organisation staff only. With the new set-up of decentralised Field Management Units, not only technical and social organisation staff was integrated, but also male and female staff.

This means that AKRSP now has female staff integrated in the programme, while the system of VOs and WOs continues to exist. All staff is responsible for reaching out

to and working with men and women, although the actual implementation of activities with women primarily needs to be done by female staff. It has been recognized that more female staff is required and action is taken to appoint these.

5.2   Review of previous JMM suggestions

A review shows that many of the points made by the JMM in previous years, have since been addressed by AKRSP. The JMM suggestions can be summarized under the headings: approach, research, empowerment of women, effect monitoring, staff and institutional development.

Approach: The JMM emphasised the need for a flexible approach towards women ('92, '93), to be based on the understanding that women's different position in society calls for different strategies and activities as compared to men. It was suggested to diversify the activities according to the demands expressed by women themselves ('92, '93), but to refrain from welfare-type activities such as knitting, stitching and embroidery ('94). With regard to WO formation the JMM expressed preference for quality over quantity ('92) including efforts to increase the access of poorer women to the WOs.

Research: The need for more research was stressed by the JMM in '93 and '94. It was suggested that research should not only address women's role in AKRSP activities, but should also analyze women's changing role in society and economy of the region. A more comprehensive analysis was deemed necessary for strategic and gender-inclusive planning of the future programme.

Empowerment of women: This central aspect of AKRSP's work has different elements. It includes the preparation of women to run their own organisations through literacy and numeracy courses ('92, '93, '94) and through the improvement of women's social organisation skills ('93, '94). Empowerment of women also includes an enhancement of their economic role through technical training and the development of packages for labour-saving devices and off-farm activities ('93). A final important element of empowerment concerns the involvement of women in the decisionmaking process of the community ('92, '94).

Effect monitoring: The JMM suggested to monitor the effects of all AKRSP interventions on women to ensure that these would benefit women as well as men and to trace any possible negative effects on women ('92, '94).

Staff and Institutional development: The JMM stressed the need for developing the capacity of female staff through training in social organisation skills, technical issues, accountancy, gender analysis, English language ('93, '94). Suggestions were also brought up for institutional integration of female SO staff in SOUs ('93) and of female technical staff in the NRM sections ('94). The need for gender training for all staff and the continuation of it was emphasized during all JMMs.

Comparing these suggestions with the achievements mentioned in paragraph 4.1, shows that many of the points have become integrated in the current policy and programme. Clearly, the suggestions are part of a long-term process and will need continuous attention. Follow-up remains necessary as will be explained in the next paragraph.

Suggestions that were not taken up in a systematic way yet include:
. monitoring effects of AKRSP's interventions on women, both of activities specifically geared towards women as well as of interventions at the village level in general
. involvement of women in the decisionmaking process of the community
. staff development on social organisation, communication, participatory planning skills, etc.

These points will also come back in the next paragraph.

5.3   Issues and suggestions

In view of the recent decision to fully integrate the women's programme and female staff in AKRSP, the JMM has been particularly focused on issues related to the change incurred by that decision. Furthermore, we reviewed the process of social organisation of women and the AKRSP initiatives to improve women's position. This focus leads to four issues to be raised in this paragraph: the concept of gender, institutional integration, WO formation and institution building, training opportunities for women.

1.   Concept of gender

> "The backwardness of women is rooted in male prejudice and non-religious cultural taboos".
>
> (Prime Minister Benazir Bhutto in UNDP's Human Development Report 1995)

AKRSP is at the verge of fully integrating women's issues in its programme. In that process the terminology appears to change from 'WID' to 'gender-issues'. Just like many other organisations going through a similar process, AKRSP tends to be rather negligent about the application of the concept. Often 'gender' is being used as synonymous to 'WID' or 'women'. This is not correct. As the ability to clearly state the objectives of the support to women largely depends on clarity of concepts, it may be helpful to reflect briefly on the concept of 'gender'. Bhutto's comment cited above may help to illustrate the point.

The term 'WID' usually applies to a development approach which focuses on women in a rather isolated sense; poverty and subordination are seen as their problems. The roots and context of these problems are hardly taken into consideration; hence the solution is primarily sought in increasing women's participation in the development process without considering the environment in which women live.

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'Gender' became a popular concept in the development debate and framework precisely because it did put women's problems in their socio-cultural and economic context. The focus on 'gender' is a reflection of the insights that women's problems are largely due to their social and culturally defined characteristics.

'Gender' is not equal to 'women'. 'Gender' is neither: men and women working together, the household.
'Gender' refers to the perception of 'male' and 'female' as defined by society - the stereotypes. These stereotypes indicate the differences between men and women and form the basis of the relationship between them. The gender differences are not a natural, physical phenomenon, in contrast to the biological differences. This is very important, because it means that gender differences can be changed, whereas biological differences cannot.

Worldwide, gender relations are characterised by inequality, with men considered as superior to women, and women often being degraded to second class citizens. The inequality is manifested in education, nutrition, income, decision-making power, etc. By analysing gender relations these inequalities can be exposed. They are based on perceptions, rooted in prejudice and taboos as Bhutto calls it, and therefore can and must be changed.

It is important for AKRSP to be clear about the concept of gender. It needs to recognise the different roles and positions of men and women and the implications thereof for the interaction between them. Households often are not a homogeneous and harmonious unity. Due to gender-inequality, men and women benefit differently from development. Quite likely, this also goes for AKRSP's interventions. The result of the gender integration in AKRSP, then, should not be the (re-)introduction of the household concept, as was mentioned in QPR 50: "The integration is not just at the office level, but also at the village level where new emphasis is slowly put upon packages targeting the household and not just women". If the target is the household, AKRSP should differentiate in approach and monitoring between men and women, in order to make sure that both benefit equally.

An example of mis-interpretation of 'gender' and gender-inequality was found in a study of poultry enterprises. Whereas both husband and wife work together in the management of poultry farms, it was said in the study that "poultry enterprise is therefore a good example of gender co-operation". A few pages later it was revealed that the hens which were owned by the wife (through the WO) had all been sold by her husband, without consulting her. Apart from the fact that this cannot be considered as any form of co-operation at all, it should be remembered that gender co-operation goes beyond just putting in labour together. Gender co-operation also implies equal share of benefits and equal control. This is a crucial point in designing programmes with women and in evaluating the impact of AKRSP's work on women.

2.   Institutional integration

The matter of integration has now been fully settled in AKRSP. There is no W&D Unit left and female staff are placed throughout the organisation. AKRSP expects

that thus the development needs of women can be addressed more effectively and that all staff will take responsibility for women's issues.

The reorganisation has forced a high degree of communication and co-operation between male and female staff and it has given some female staff the chance to move up in the ranks. We strongly support the intention of the management to attract more female staff in all positions and hope that these positions can soon be filled.

However, the radical steps taken should not lead to a gradual integrating-out of women and women's issues. A goal-oriented planning and monitoring is more than ever necessary. The need for clarity in concepts has already been mentioned. In addition, the JMM suggests:

a)   to develop a framework of objectives, strategies, activities and indicators for the advancement of women by region; this framework will have to guide the planning and monitoring of the activities which will be integrated throughout the programme

b)   to ensure strong and visible support by the management, especially at the RPO and FMU level, for activities for women and for the female staff, through regular verbal and written instructions and commitment

c)   to provide indepth training in theory and practice of gender issues and analysis for female staff responsible for activities with women; an effort should be made to find or to produce material in Urdu for staff with limited knowledge of English

d)   to conduct a regular programme of gender workshops for all staff, including discussions about concepts, objectives, strategies and tools for gender analysis

e)   to continue separate reporting in QPR and AR of progress made by women and of the results of the integration of gender components in the programme; this reporting should take place against the framework mentioned under a); the practice of QPR 50 with no separate reporting on women by RPO Chitral and Gilgit should not be continued until the whole reporting system is soundly disaggregated

f)   to conduct gender-specific monitoring and evaluation of all AKRSP activities; examples of how this could be done are:

.   inputs: number of specialists trained: F / M
                  number of fruit plants provided: VOs / WOs

.   outputs: number of services by specialists: F / M
                  amount of apricot candy produced: VOs / WOs
                  number of effective female managers WO as result of bookkeeping courses

.   effects: change in self-reliance of WOs as result of increase in female managers
                  with regard to packages like poultry, vegetables, etc. measure effects in terms of:

                  .   benefits for women / men
                  .   control by women / men
                  .   changes in workload for women /men
                  .   change in mobility for women
                  .   change in respect for women

g)　to place staff responsible for gender issues at a strategic position in the Regional Office, e.g. within MER; this staff member should be formally part of the Regional Management Team

h)　to appoint in the P&R section of the core office at least one gender expert who will be solely responsible for developing the issue within the AKRSP programme. The tasks include:

.　developing the framework mentioned under a) together with the gender experts at the regional level

.　initiating and conducting research about the issue

.　monitoring and evaluating the impact on women and men of the on-going programmes

.　compiling the experiences in the field and the outcome of the research, detecting trends in women's position and gaps in their development vis-a-vis men, and reacting to it in a programmatic way: designing new programmes, revising existing ones, relating to other organisations to respond in a proper way

.　selecting literature on the topic for distribution among the staff responsible for gender issues

.　initiating training for staff as indicated under c) and d)

3.　Women's organisations, formation and institution building

To date, 781 WOs have been formed. This is an impressive number, but the fact remains that there is considerable potential to extend WO membership. Presently only 25% of the households in the area are covered. The JMM has always favoured quality over quantity. This would imply to go first for a high household coverage per WO with an effort to increase the accessibility of vulnerable groups, and second for an increase in WOs.

To assist women in the organisation process, staff is a critical factor. Experience shows that WOs need relatively more attention than VOs, which is ascribed to women's limited exposure to education and to their environment. The female SO-staff is too small at the moment. In the six FMUs in Gilgit there are only two female SOs; the four FMUs in Baltistan have one female SO each, but with considerable problems due to outplacement in far-away areas. The management intends to upgrade the present Field Co-ordinators to Social Organisers and hence to increase the number of female SOs. A critical assessment of the competence of these staff is necessary and intensive training is needed in skills such as gender analysis, community development, participatory learning and planning, communication.

Many WOs rely on male managers who carry basic responsibilities for the WO, such as registration of the savings and putting these in the bank. This involvement limits the independence of women to conduct their own business. It is hard to get accurate figures about the present number of female managers. The Audit of Achievement mentions the following figures: Chitral - 100%, Baltistan - 40%, Gilgit - 24%. Given the cultural situation and the educational level of women in the different areas, it is hard to believe that these figures are correct. The 100% mentioned for Chitral, for example, may indicate that in theory all WOs have female managers; in practice

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though, most WOs probably rely on male support. A programme-wide inventory by FMU staff could reveal how many WOs effectively have female managers. Next, a systematic effort could be undertaken to increase the number of female managers in the WOs. Guidance and monitoring of their effective functioning is needed.

Participation of women in village decisionmaking, for example through sectoral committees, is still limited. Equally limited is women's representation on cluster committees. We support AKRSP's initiatives of valley level conferences for WOs and suggest that the staff increases its efforts to enhance women's participation in committees, clusters, etc.

Recently, a start was made with PPIs for WOs. When dialogues with VOs and WOs in Astore - conducted in co-operation with the Water, Sanitation, Health and Hygiene Studies Project - identified the high demand for water supply systems, three PPIs in that sector were initiated. Although it remains to be seen how much effective control women can have over these PPIs, it is an important initiative and a breakthrough in comparison with the first generation PPIs. AKRSP staff should encourage participation of women in the Water and Sanitation Committees of the village and monitor the results.

AKRSP intends to expand its programme to Diamer in the next phase. Due to the conservative environment, the programme model for Diamer may be different in a number of aspects, notably with regard to the women's programme and the credit programme. Because of the difficulties expected to form WOs, it is being contemplated to try to reach women through VOs first. We support this idea, but also suggest that AKRSP shows extra sensitivity to demands for PPIs expressed by women, for example in sectors such as drinking water supply systems. This may at the same time encourage the formation of WOs.

4.   Training opportunities for women

Training can contribute significantly to the advancement of women. From the figures mentioned in para 4.1. on the number of women trained in AKRSP it is clear that especially training of village specialists has assumed high proportions. While continuing the efforts AKRSP should also monitor the use women can and do make of their new skills. The figures also show that in some fields and in some geographical areas training has barely begun. The JMM applauds the plan of Baltistan and Chitral to provide bookkeeping courses to all WO managers and to encourage WOs with male managers to appoint a women who can be trained in bookkeeping and become the future manager. Training of female WO managers, Master Trainers, Village Accountants (and eventually Field Accountants) is of strategic importance for the enhancement of women's independence in village operations. Therefore, major attention should be given to these activities; targets could be helpful.

Training and learning are on-going and new initiatives and demands come up all the time. In Baltistan vegetable and fruit processing courses were successful and will be extended; new courses in livestock vaccination for women are planned and

sheepbreeding packages for both men and women are being developed. An important initiative started this year, is the literacy training for women. It is encouraging that so many women joined right from the start, in spite of the attendance fee of Rs 5-10 per month. The JMM wholeheartedly supports the initiative, as well as AKRSP's plans to closely monitor the process and the results of the courses. New courses are already planned for 1996; hopefully extension to Chitral will be possible.

With the increasing demand orientation of AKRSP, a dilemma arises. Should AKRSP respond to all demands? Should it provide cooking classes, courses in hygiene and sanitation, knitting and sowing? The JMM advises to continue the policy followed sofar, which is to restrict AKRSP-conducted training to its own programme fields/sectors and to refer people for training beyond the AKRSP fields to other training institutions. This means that new (vocational) training initiatives for women should be:

- in line with AKRSP's programme sectors
  . Social Organisation: basic literacy and numeracy
  . C&S: bookkeeping for WO managers, training of VAs and FAs
  . NRM: fruit and vegetable processing
  . Enterprise Development: training in vocational skills to be combined with managerial skills
  . PPI's Water Supply: training in hygiene and sanitation
- based on the model of specialists and Master Trainers.

The JMM suggests to be careful with handicrafts, knitting and sowing. These are usually less profitable for women than for the middlemen. A careful assessment of the market and of the opportunities for quality production is necessary before going ahead with vocational training in these areas. In case the outlooks are promising, the vocational training should be oriented towards business development and combined with training in managerial skills. It should be kept in mind also that AKRSP does not need to do everything that would be possible; let other organisations take care of it. Private initiative may grow as well, as is shown in the privately conducted sowing and knitting classes in Shapisan Aliabad.

5.4   Summary of suggestions

(1)   Apply the concept of 'gender' appropriately and consistently and develop a framework of objectives, strategies, activities and indicators for the advancement of women, by region.

(2)   Develop a gender-specific monitoring and evaluation model for all activities on inputs, outputs and effects; continue separate reporting about women's progress and gender integration in the programme until the whole reporting system is soundly disaggregated.

(3)   Continue gender awareness training for female staff, to be supplemented by training in theory and practice of gender issues and analysis; continue gender workshops for all staff.

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(4)   Continue efforts to appoint more female staff at all levels; provide intensive training for female social organisation staff in skills like community development, participatory learning and planning, gender analysis, communication.

(5)   Employ staff solely responsible for gender issues at Core and Regional Office and place them at a position from which they can strategically impact the whole programme.

(6)   Continue efforts to improve the quality of WOs: increased household coverage, increased access of vulnerable groups, increased number of effective female managers.

(7)   Pursue the initiative of PPIs in areas of high demand by women and encourage the participation of women in the management and control of the PPIs; in general increase efforts to enhance women's participation in village committees, cluster organisations, etc..

(8)   Expand training for women in areas of strategic importance for their increased independence in village operations: bookkeeping, accounting, organisational management, technical expertise, literacy and numeracy; set targets and monitor the results in terms of effective operations.

(9)   Ensure that new (vocational) training initiatives are in line with AKRSP's programme sectors and based on the AKRSP model of specialists and Master Trainers.

6. HUMAN RESOURCES DEVELOPMENT

6.1 Achievements

The impact of AKRSP's reorganization upon Human Resources Development (HRD) has been severe. Dissolution of the Human Resources Development Institute (HRDI) and the shelving of plans to create a major regional rural development training academy as the centrepiece of the HRD programme, has effectively dismantled much of the effort which HRD had embarked upon in 1991. HRDI was to be the 'sparkplug' from which new approaches and improved field training modules were to emerge. It was also meant to be the vehicle for sharing a wider understanding of the AKRSP approach to rural development throughout Pakistan, Asia and the wider development community. These objectives are now in abeyance. Incapacity to attract the requisite leadership and professional staff frustrated HRD efforts and resulted in the commitment of disproportionate resources to the HRDI structure without commensurate benefits. The management determined to concentrate HRD professional talent more directly on the task of improving the quality of operational training and on HRD field performance at the regional and FMU levels. It is planned that this be undertaken through Training Support Units (TSU). These moves are entirely consistent with JMM suggestions.

Major achievements have centred upon the structural changes in HRD. While these are positive, the problems associated with making significant improvements in the functional effectiveness of HRD remain. These include the need to anticipate, assess and respond to the training needs of rural leaders, specialists and the people of the region. As in previous years, the JMM believes that this should be HRD's priority task.

This said, we recognise the ongoing and somewhat intractable nature of the task. To transform the programme into a creative learning machine in which the ongoing dialogue with the villagers becomes the centrepiece of HRD, will require people with perceptions, values, commitment and motivation that are rare and difficult to sustain. It seems unlikely that sufficient numbers of individuals with these skills can be attracted into the programme as external consultants. While many techniques may be learned from outside the programme, the central task is internal and will require a gradual transformation of the culture of HRD. Within a largely hierarchical and authoritarian cultural setting, the behavioral patterns needed to significantly improve communication and permit mutual learning at the interface between the programme and the people, represent a major challenge. It is encouraging that, despite the many difficulties which they have faced, many AKRSP field staff demonstrate the basic attributes required. In time, and with support, the programme can develop the skilled HRD field staff it needs from within.

6.2 Review of previous JMM suggestions

In 1992 the JMM called attention to the need to recruit outstanding leadership and staff for HRDI. The need to review HRD target setting process and to improve HRD planning was noted. A high level body to assess mechanisms for establishing AKRSP subsidiaries was suggested. Failure to prepare field-based training materials and courses was noted. Language problems in VO/WO and cluster communication and training were mentioned. It was observed that staff training, while important, should not take priority over training VO/WO leadership and specialists.

In 1993 we noted the need for better training of trainers and improved programme evaluations based on assessment of the actual effects and benefits of training. These could be used to develop more effective field training support materials. We suggested improved input support for VO/WO specialists and standardization of tools, parts and materials within regions. The desirability of linkages with community school programmes and the urgent need to cooperate in providing population services was noted. Observations were made that the skills of conflict resolution could become an increasingly critical need. We suggested that enterprise management training should become a major HRD thrust and observed that interns might be better focused through competitive research awards programme. The need for a thoughtful long-term staff development plan and the potential for up-country/down country tensions within staff were noted. We called for a focus on VO/WO level service orientation.

The 1994 JMM made the points of improved balance between VO/WO level training, staff training and external training, noting that HRD's first task was and would remain capacity building among village leaders and specialists. The JMM observed that training was a long-term learning process and that ongoing field monitoring of impact was essential as basis for feed-back and course correction. We noted that vocational education, however important, would substantially increase the training task and suggested that HRD proceed conservatively in collaboration with needs and market assessments of the enterprise support programme. HRD might conceive of AKRSP as a holistic learning process designed to empower and capacitate largely powerless rural people of the region. The programme was in a transition from a central focus on social mobilization to increasing emphasis on productivity. It was urged that this redirection might be reflected in next phase of AKRSP.

It is gratifying that so many points made by the JMM have subsequently been incorporated. Strengthened planning processes; increasing emphasis on linkages, especially with SAP schools; collaboration with FPAP and the AKHS decision to initiate population services; decreased emphasis on external training, thoughtful approach to vocational training and, most significantly, restructuring of the entire AKRSP to reflect a VO/WO and cluster service orientation. This is not to suggest that HRD has now resolved all problems or implemented all JMM suggestions. Some are of a very long-term nature and many fundamental tasks remain. Foremost is the actual implementation of the reorganization through consolidation of the Regional Office and FMU staffing, creation and placement of strengthened Training Support

Units, clarification of HRD roles and responsibilities; development of improved, more relevant and effective training modules, courses and materials for all levels and development of effective field-based programme evaluation which starts with the assessment of farmer's and village leaders.

6.3   Terms of reference

Over the years the style and approach of the JMM has become interactive with the AKRSP staff. This often open avenues for exploration and discussion which range beyond a strictly constructed interpretation of the Terms of Reference. However, to assure the Donor Liaison Group that the TORs serve as guidelines for the process, the following summary provides an assessment of the current JMMs principal observations with regard to the HRD TORs.

The 1995 draft Terms of Reference for the HRD section enumerated five objectives. The Donor Liaison Group suggested a sixth relating to potential impact of visitors. This issue is addressed in chapter 1 of the report.

> *TOR 1. "Monitor progress in HRD in providing improved HRD support for field staff and, through them, for VO/WO specialists, leaders and rural people conducting activities consonant with AKRSP goals."*

Good progress in reorienting the HRD structure. A harder task ahead will be to reorient the thinking and the approach of field trainers and FMU staff responsible for the continuing dialogue needed to enhance village leader competence and confidence. Basic fabric of training remains functional despite some slowing. Specialists continue to provide services at VO/WO and cluster levels.

> *TOR 2. "Assess the revised structure of HRD and appropriateness of core and regional HRD organization. How effectively are core and regional HRD units actually responding to VO/WO needs? How are changing perceptions of need incorporated into field support and field training."*

The restructuring of HRD is still in process. The JMM believes that it will result in a greatly enhanced capacity to support a dynamic and effective field programme. All technical sections are now represented at the FMU level. Those directly involved in HRD will be constituted as Training Support Units. Their competence to conduct regular and refresher courses is adequate, albeit specialists seek more skills and a higher level of technical training. The limited dislocations brought about by the reorganization have slowed the pace of training temporarily. HRD ability to build and strengthen Training Support Units will be a crucial variable in training effectiveness.

> *TOR 3. "To what degree does HRD strategy and thinking incorporate the view of AKRSP as a learning process to be judged by its effectiveness in sharing and enhancing local level capacity?"*

At the policy and higher management level this view of the programme as an ongoing learning process is understood and increasingly shared. At the regional technical level understanding is less widespread. Among those directly in contact with village leaders,

the dynamic of mutual learning has yet to be fully established. There is much to be done to train, reorient and motivate field staff so that they can provide the higher levels of skills VO/WO specialists require, so that they can be more effective in sustaining the ongoing mutual learning dialogue with villagers. Again, the TSUs will be critical to the success of this effort.

TOR 4. "Review with HRD leaders their target setting processes, the decision-rules which they apply in fixing annual goals and the suggestions which they have for improving the process."

During the reorganization, target setting has remained largely an extrapolation of earlier practice. Targets are negotiated between regional HRD and technical staff, based upon perceptions of need and capacity. While crude, this has been realistic since targets are based upon an assessments of attrition and aggregate need for more VO/WO specialist capacity in each specialist's sector. Yet improved target setting might more actively engage village members and their leaders with specialists, TSUs and FMU support staff in an ongoing dialogue concerning skill requirements and training opportunities.

TOR 5. "Discuss with HRD leaders their longer-term vision of the prospects for human resource development in the Northern Areas; the constraints which they identify; the opportunities and needs and the suggestions which they have for improving focus and performance."

Based upon selective and limited JMM field dialogues, it appears that progressive village leaders may be ahead of programme staff in conceptualizing the dilemma which their increasingly densely populated, resource poor communities face. In cluster meetings, VO Managers and Presidents noted that land was becoming scarce because of sustained high rates of population increase and that pastures were now overgrazed and a source of potential conflict. They noted that land remaining to be irrigated and developed was often marginal. They realized that education and enterprise development were critical but pondered about the opportunities which the educated young might expect to find. In shaping a common vision for the future, AKRSP staff and village leaders can mutually benefit from more intensive and more regular interaction. Renewed emphasis on sustaining a field-based dialogue may be essential if the programme is to build a coherent, shared vision around which to mobilize people, ideas and action.

TOR 6. "Assess with management the programme consequences of increasingly larger numbers of visitors to the programme area."

Visitors are a mixed blessing. They are to be welcomed, but they also impose increasing demands upon a diminished pool of staff competence. Paragraph 1.8. calls attention to the possible need for self-imposed discipline to protect staff from unrealistic demands on their time.

6.4   Issues and suggestions

1.   Reorganization

Substantial progress has been made in restructuring AKRSP's HRD programme to reflect the programme's commitment to give priority to the task of strengthening village level capacity. This will require more effective training at a somewhat higher level than that of basic specialists and should be designed to enhance productivity and management performance by VOs, WOs and the emerging clusters.

In the year ahead, HRD attention will need to focus on the structure, function, training and effectiveness of the Training Support Units. These TSU's have yet to be organized and strengthened to be able to provide professional and technical support to the technical staff at the FMU. It is these technical staff who will, it is understood, continue to have primary responsibility for the planning and conduct of VO/WO specialist training and refresher courses.

Responsibility for development of improved course design and teaching materials, especially materials which are more appropriate for largely illiterate trainees, remains unclear. Who will assess the effectiveness of the training provided by the programme technical staff? What, if any, professional backstopping and support will the TSUs receive from the FMUs, the RPOs and the former Core HRD? During the year ahead much will need to be done to clarify roles, assign responsibilities and to identify competent HRD training staff to improve the quality of the HRD output as measured by improvements in field effectiveness.

2.   Field Training

A continuing theme of JMM reports has been concern that increased attention was needed to improve field level training. JMM suggestions have been, to a large extent, reflected in the restructuring of AKRSP's HRD programme. The suggestion made repeatedly by the JMM and underscored most recently in the JMM's 1994 report was that, with limited capacities, HRD must assign priority to monitoring the quality of VO/WO specialist training and the effectiveness of their interaction with farmers and village leaders. Diminished emphasis on HRDI regional and international training and increased attention on the field is, in the JMMs view, highly appropriate.

By seeking to build more effective regional and Field Management Units and by creating Training Support Units which specifically focus on the quality and texture of the skill transfer process with often illiterate VO/WO leaders and specialists, the new structure can result in greatly improved programmes. This would represent a major step forward.

3.   Field Operations

JMM field observations confirmed that the basic framework of VO/WO based specialists, comprised of village-nominated members with intensive short-term training, remains in place despite substantial attrition in some areas and that it is, in

general, functioning well. It is this skill-enhancing, service-providing framework that, with the VOs, WOs and clusters, provides the structure upon which all other programme activities are dependent. Specialist are providing useful services. They are compensated by the villagers they serve. Still, they would like more training at a higher level in order to be more effective. During the next phase, AKRSP will need to address this issue through a variety of means, including the upgrading of Master Trainers skills.

While much more needs to be done to fill out the HRD programme, the focus of the reorganized HRD is now squarely on field training and support. Recognition that the Human Resource Development Institute (HRDI), however desirable in principal, was unable to effectively support regional training, resulted in its closure. Had AKRSP been successful in attracting the outstanding leadership envisioned in Ian Smillie's initial proposal, the outcome could have been different. In the circumstances, it is clear that for the present the programme will be better served by concentrating training capacity, responsibility and authority at regional level.

4.   Reorientation

The organisational changes, however desirable, do not resolve all of the issues related to the fundamental transformation which HRD must undergo. These begin with a reorientation which sees the people as the "owners" of the programme and seeks to shape training to respond to needs and opportunities which are identified though continuing dialogue. Specifically, there is need to develop, test and conduct in conjunction with village leaders a wide range of improved skill courses for largely illiterate village level specialists, both women and men.

The emerging structure of Training Support Units (TSUs) at the regional level should improve field supervision of the technical specialists at the Field Management Units (FMUs) who are responsible for organizing and conducting the majority of the "regular" and "refresher" courses for VO/WO specialists. They should, in time, be increasingly sensitive to the need to assess teaching effectiveness by the measurable impact which new skills have upon the well-being of village people in both economic terms and as these are perceived by the VO/WO leaders.

5.   Conflict Resolution

Many AKRSP field staff have had substantial experience in resolving or ameliorating actual or potential conflicts at the village and cluster level. These tend to arise from competitive claims upon increasingly scarce resources such as land, water, pastures and forests. With a population growth rate which may result in a further doubling of the region's population by 2015, AKRSP would do well to anticipate that such competition and conflict will intensify in the generation ahead. The JMM suggests that the experience of AKRSP staff in shaping appropriate responses and in managing potential conflicts is an important programme asset. Would this be a worthy subject for a dialogue or workshop in which staff recounted and documented their experience so that general principles might be articulated for the benefit of others? Can these matters be introduced into future rounds of VO/WO dialogue?

6.   External Support

Providing all the skill training, doing the innovative conceptualization and creating the tools and procedures for impact assessment of training will require a high level of professionalism. This is not likely to be successfully undertaken by TSUs or FMU staff alone. They will need professional support. Qualitative assessment of training effectiveness and impact requires both objectivity and a detailed understanding of the cultural and economic context. The same is true of the course development and the innovative approaches towards the training of largely illiterate villagers. Such persons are very difficult to find on a global basis. Will it be feasible to obtain these supporting services through local contracts? The JMM suggests that AKRSP may need to explore alternative means of addressing this need, possibly by beginning to invest in building this capacity among experienced AKRSP staff or former staff. This may be a "Programme Related" Enterprise Support investment with high potential pay-off.

7.   Vocational Education

Plans to move ahead with vocational education related to enterprise development and increased productivity have not yet been implemented. The cautionary notes reflected in the JMM-94 report remain valid. In addition, the menu of vocational training should be carefully screened in terms of the actual market which exists and the degree to which village level producers will share in the benefits. Again, if the plan is to contract regionally for vocational training instructors, this may impose severe limits upon the range and level of skills which can be offered.

8.   Staffing Issues

A concern of the JMM is staffing. It has proven very difficult to attract and retain outstanding professionals to work at the Core Office in Gilgit. Will it be possible to find such people to work at regional levels on a long-term basis? While it may be that highly motivated and well-qualified professionals will accept short duration assignments, the JMM believes that the long-term solution will require a substantial investment of enhancing the qualifications and credentials of people from the Northern Areas and Chitral. Building staff capacity from within should be of primary concern. It was gratifying to learn that a number of women from the region had already been sent to qualify in various technical fields. Such an approach might well be adopted across the board. A proposal to this affect might well be incorporated in the next five year proposal.

If AKRSP is to nurture talent from within it may also be appropriate to institute a systematic programme of national and regional exchanges with other institutions undertaking comparable work. This is, in the first instance, a rather labour intensive enterprise but the ongoing costs may be surprisingly low and the benefits in terms of new ideas, increased professional confidence and staff satisfaction can be substantial.

The JMM has noted in past the desirability of considering competitive fellowship awards to staff of proven commitment and competence. Should this be entertained once more as AKRSP moves into its next phase?

9. Interns

Interns, like visitors, represent an asset but also result in a drain on staff time and energy unless they are skilfully integrated into the programme. The JMM believes that, notwithstanding the progress made and the substantive contribution made by mature interns, more could be done to focus future interns on real tasks which generate useable knowledge of relevance to FMUs, TSUs and the village people. Again, the reorientation must begin by asking interns to define their objectives in terms of programme needs. The "so what?" test should be applied when examining proposed research and study proposals.

6.5 Summary

Because of the major transition problems during the past year, implementation of training courses has slowed. There has also been a modest decline in the effectiveness of field support for VO/WO specialists. The JMM notes that continuity of field presence and confidence in the integrity of the programme and its field staff represent the greatest assets which AKRSP has. Following recent organizational changes, the next year will require a filling in of the field support units and an overall consolidation of HRD's training and support activities to insure a revitalized programme which is effectively meeting the needs of the people.

7. NATURAL RESOURCE MANAGEMENT

7.1 Achievements

AKRSP continues its move towards a further integration of the agriculture, livestock and forestry sections into one NRM section which is to deal with both sectoral and broader resource management and conservation issues. While in the past years the NRM focus was concentrated at the core and somewhat at the regional levels, this year a flying leap was made to implement the process at the field level through the newly established Field Management Units (FMUs). In this new system, the boundaries between many of the agriculture, livestock and forestry (ALF) activities have begun to blur as certain activities are carried out in concert, while others remain sectoral. This is promising, and very much the intent of the formation of an NRM sector.

Despite a major reorganisation within AKRSP, with NRM staff being re-shuffled between regions and FMUs and all of the confusion such changes could, and sometimes did cause, the NRM sections have nonetheless managed to function extremely well. There were almost no signs of disruption of field activities, in fact, some activities functioned better at once due to the decentralisation process. This shows the inherent flexibility of the staff, their dedication to honouring commitments to the villagers, and their general trust in the new management, despite initial scepticism to such a sudden and far-reaching change in organisational set-up.

In general, one could say that there were no major shifts in the direction of sectoral activities over the past year. Agriculture continued along current lines, with some of the most popular packages being vegetable production and fruit tree development. In fruit tree development, the section has concentrated on the establishment of nurseries in the NAs to avoid the importation of diseased plant stock from down country. Forestry continued with their work introducing the refined afforestation programme, nursery development and introducing newer activities in apiculture. Livestock concentrated on developing the poultry sector by expanding the number of brooding centres and introducing a heartier poultry variety to the NAs, as well as slowly expanding their sheep-breeding programme.

Major shifts did, however, occur concerning the integration of the NRM sections and the attention given to NRM issues both below and above the irrigation channel. NRM coordinators have been appointed in each region from amongst the section heads, and the NRM field staff have been decentralised to the FMUs where they are required to function in a much more integrated fashion than before, sharing resources between the sections and coordinating field visits. Also, several integrated NRM pilot projects have been implemented, and participatory methods have been introduced systematically to field staff in two of the three regions. There is also an active drive to employ more female technical staff, particularly from the NAs. Finally, an NRM consultant visited the project and made some useful suggestions on NRM policy and commented on the NRM section of the AKRSP project proposal for the next phase. A lot still remains to be done, however, the changes which have occurred over the

past year are some of the most significant changes which have taken place in the course of the programme in terms of improving the ability of the NRM staff to respond to the needs of local farmers.

7.2 Review of previous JMM suggestions

Below is an overview of the extent to which AKRSP has responded to past JMM recommendations. It should be noted that recommendations have not always had a specific time frame, and that some are intended to give general direction and to be part of an on-going process of improvement. Also, recommendations which under current conditions have become irrelevant have been left out of this analysis.

The following recommendations from previous JMMs have been responded to in full or in part by the NRM sections:

- Strengthening of participatory appraisal, planning and monitoring for staff and villagers
- Integrating sectoral information through NRM appraisals of capabilities and needs of villagers
- Increase work to improve natural resource management. Help communities to strengthen internal NRM rules and techniques; encourage external support structures, and further develop Environmental Education activities.
- Appoint NRM coordinator at the regional and core levels.
- WID technical person at the core (currently using consultants)
- Increase number of women technical staff.
- Training of village specialists in NRM issues.

The following recommendations are still to be addressed:

- Add agricultural economist and marketing expert to NRM core to improve integrated monitoring and marketing activities (positions proposed at regional level in next project phase)
- Monitor effects and impacts of NRM activities (closer work with MER proposed in next project phase)
- Encourage increased technical innovation by both regional staff and villagers (proposed in technology development plans for next phase)
- Analysis of NRM activities in terms of equity in the village - individual vs community activities/benefits (some work started by a consultant in MER, but not built into NRM monitoring and assessments).
- Assessment of technical monitoring data and format of quarterly and annual reports(planned together with MER following completion of FMU formation)
- Prepare an integrated strategy for NRM in Northern Areas. (Some issues were addressed with help of a consultant and some through the proposal process. A comprehensive strategy still needs to be developed. Should follow detailed guidelines from JMM 93)
- Formulate a set of indicators for NR sustainability in Northern Areas.
- Monitoring by villagers

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- Increased training of women specialists and master trainers.
- Training of regional staff NRM coordinators in NRM issues

On the whole, we feel that the NRM staff has been very open in discussing the relevance and feasibility of JMM suggestions, and have managed to implement those found appropriate both quickly and effectively.

7.3   Issues and suggestions

This section will present a number of current issues and suggestions concerning NRM. In line with previous JMM reports, emphasis is given to identifying issues common to all three of the technical sections. This is followed by a final section which provides a summary of the suggestions.

1.   Decentralisation to FMUs

Decentralisation to FMUs, combined with an increase in technical staff in the field (still in progress), seems to be having a positive effect on the ability of NRM staff to provide quality services to local farmers. Examples include more even coverage of VOs and WOs in each area, better coordination between NRM staff, and between NRM staff and other FMU staff. This change, however, is not problem-free, and consideration should be given to the challenges which remain, particularly concerning professional support to the FMU technical staff. It is currently unclear how contact will be facilitated between the technical staff and their section heads at the regional level, particularly in lieu of the emerging roles of the FMU managers. Currently, this contact is informal and information and resource exchanges sporadic. The technical sections, together with the FMU managers need to find arrangements which:

-   ensure that regular contact and information exchange takes place between technical field staff and their regional superiors, facilitated by the FMU managers. For information flow, merely having technical field staff send a copy of monthly workplans submitted to FMU managers directly to regional technical staff would help avoid bureaucratic delays in the system.

-   ensure that technical field staff have access to resource persons either in other FMUs or at the regional level to assist in conducting the training courses which are now held at the FMUs. The move of village specialist training to FMUs should not imply that training be done exclusively by individual field staff without the professional support they require. The regional staff need to be more active in defining their role in quality control by establishing guidelines for training and reporting from technical staff. Their role in quality control should not be weakened in the new set-up.

We believe these problems, if addressed in a comprehensive manner, can be overcome within the new framework.

2. Extension System and Role of Village Specialists

While in some areas the extension system of working through village specialists has functioned very well, this cannot be said to be the case for all of the technical sections in all of the areas to be covered. The relatively high incidence of inactive specialists and inadequate follow-up has to be taken seriously. The decentralisation to FMUs seems in itself to have had a positive effect on following-up village specialists and W/VOs, but this is only the beginning. The programme needs to develop an improved system based on the new FMU structure. How will contact with village specialists be improved? What will technical staff at the FMU level be doing specifically within the new structure to follow-up village specialists and improve staff's visiting record to VOs and particularly WOs? How will this differ from earlier years?

Specifically, the NRM sections should take a critical look at the role of the village specialists now that the technical staff is closer to the field and presumably better able to support specialist activities. Previously, the role of the village specialist was to disseminate technology and report back to AKRSP on adoption. How would their role change in the next phase? Changes in their role might include a shift from merely disseminating package technologies to exploring reactions to these technologies and bringing these ideas and issues back to the technical staff for discussion. New systems of follow-up are needed, both to exchange information and motivate village specialists to remain active and innovative. Arranging regular (monthly?) discussion meetings with specialists from a few villages where progress reports from each specialist are presented orally and discussed by the group to find solutions which might be appropriate. These meetings might start as common meetings of all specialist in presenting issues to NRM staff, which might then break-up sectorally to discuss specific issues if found necessary.

3. Research and Technology Development/Quality Control

While the NRM sections have been involved in sectoral research in a limited way, and have started small-scale integrated research activities, technology development has been limited. This was brought out strongly in the recent World Bank report, which suggests the development of a farming systems programme within AKRSP, or attached to AKRSP with additional donor funding. The JMM very much supports the need for improved technology development, but would favour a more limited approach to begin with, which fits more closely within the current and planned AKRSP structure and staffing. Much of a farmer-based research system is already in place once a functioning extension system with demonstrations and proper feedback is established. What such a system would need would be professional guidance at a higher level to define strategy, build research competence at regional level and support training at field level, coordinate regional findings and facilitate contact with external research entities. We feel this would require the combination of NRM and agricultural expertise at the core level (currently, competence in forestry and livestock are adequate at the regional level to support the core in these sectors. With this base, the need for additional training and professional input could then be sought through the use of visiting researchers and collaborative efforts with universities and research

institutions both in Pakistan and internationally. The need for better professional guidance, however, is not specific to research in the programme. It is also necessary to ensure technical quality at all levels and across the regions. It will be important in the future to ensure that reductions in core staff will not adversely affect professional quality control in the regions, particularly in agriculture.

Initiating farmer based research As mentioned above, we feel that AKRSP should build within its system the capacity for farmer-based research, using external assistance to facilitate and strengthen the process. Possible components in this process would include:

- The engagement of a Ph.D. level farming systems agriculturist at the core, who, with the assistance of the proposed NRM person, would have overall responsibility for the development of a farmer-based research and extension system. This person, rather than implementing the system centrally, would have as a primary goal to build-up the capacity of the regional staff to run the systems at the regional and field levels, the results of which would then be aggregated at the core level. This person would also, together with regional staff, identify the training requirements of staff and village specialists in such a system. The role of this person would be much different than the role of the core agriculturist in the past, who was part of a completely different organisational set-up and with different responsibilities. The new role, as presented here, should be clearly stated in the terms of reference.

- The engagement of an external consultant to facilitate work with the core staff in the above activities. This consultant should have field experience in working with farmer-based research and extension systems.

- Initially choosing one FMU as a pilot, in which the external consultant will be involved in setting up a system. We suggest using an FMU where an NRM pilot project was initiated (possibly the one in Shigar Valley, Baltistan). The model should then be extended by AKRSP staff to the NRM pilot project FMUs in the other regions, and then finally, to all the FMUs in each region. Phasing the expansion of the programme would allow for quality training of staff at the FMUs as well as village specialists.

- As the farmer-based system develops with on-farm demonstrations and research, the needs of more conventional or intensive research will become clearer, as will the resources necessary to conduct this research. These needs can be fulfilled either by expanding the capacity of AKRSP staff at the regional level, or by contracting research from other institutions depending on the resource requirements.

- Part of the training of field staff could include collaborating with visiting researchers who, as a part of their research, work together with village specialists and field staff in both defining relevant research topics and implementing them with farmer participation. Training of this kind could offer staff both the motivation and guidance needed to improve their communication skills with their specialists and villagers.

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4. NRM Pilot Projects

The NRM pilot projects seem to have been quite useful in all three regions, and have led to villagers identifying common resource management issues and the formation of local cluster committees whose members are quite determined to carefully manage their common pasture, forest and wildlife resources. In comparing the experiences, however, it seems that the most promising results were reached where participatory methods were used. Experienced staff who knew their areas well and were sceptical to using time for participatory exercises, admitted that in addition to learning new things about their communities, they established a new type of communication with the villagers, and saw with their own eyes the appreciation of farmers in being asked to play a greater role in defining issues important to their development. This is just the type of change in attitude which is so important to developing a farmer responsive organisation. Furthermore, the NRM-PRA exercise led to the reactivation of "dead" VOs in the area, the formation of new VOs, and the formation of WOs where no WOs existed before. We agree that the exercise should be repeated in the other FMUs in Baltistan as already planned, and that it is well worth the investment in time in all of the regions.

5. Quality vs Quantity

Based on the experiences with the NRM-PRA pilot projects, it would be wise in the next phase to put a greater emphasis on quality than on increasing targets. It might be an idea to build-in a certain number of village reassessments (with an NRM focus) into the 1996 workplans whereby the FMU technical sections re-visit VO/WOs, most of which were treated sectorally in the past, as teams and discuss progress, possible adjustments, and future plans. This would mean a move from the NRM pilot project concept, to one of reassessment. For example, in Shigar Valley in Baltistan, where they have done an NRM pilot project and have training in participatory methods, they could begin to systematically apply their experience in the rest of their FMU area. The SOs and WSOs would also be a part of such a process. This type of shift would also require that SOs restructure their time such that the number of new VOs does not out-pace the ability of the technical sections to provide quality technical assistance.

Another aspect of quality is the need to concentrate efforts on the further development of the productive capacity of women. The technical sections are already taking steps to increase the number of female technical staff at the FMU level. This is extremely important, as we have found that WOs need extra attention from the programme in order to progress since their starting point as compared to VOs is much lower in terms of skills and exposure. We can only stress the importance of continuing this effort such that each FMU has a full staff of women professionals. We urge the programme not to be tempted to "share" women staff too much between FMUs, as their capacity to meet the demands of quality support of WOs is already stretched very much to the limit.

The shift to an emphasis on quality would, of course, mean that previous levels of activity in terms of expanding to new VOs would decrease. We would urge donors

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to also adjust their expectations of target-reaching and put a premium on quality when monitoring or evaluating programme activities and results.

7.4 Summary of Suggestions:

(1) Define the new role of the regional technical staff more clearly i.e. role in quality control, coordination of research activities, designing of training modules, assisting in training. identifying resource persons to assist the FMU technical staff (either internally in AKRSP or externally).

(2) Establish clear guidelines for technical backstopping of FMU technical staff which deal with information flows, quality control and training of technical staff, and the provision of resource persons for training of village specialists.

(3) Engage a Ph.D. level farming systems agriculturist to be responsible for establishing a farmer-based research and extension system.

(4) Engage an external consultant to assist in the planning and establishment of a farmer-based research and extension system in one FMU.

(5) Discuss during the annual planning process the possible changing role of the village specialists, and what this might mean in terms of their training requirements.

(6) As the first step towards designing a better extension system, design an improved follow-up system for village specialists based on the new opportunities arising from the decentralisation to FMUs.

(7) Introduce all FMU staff to the use of participatory methods to assist them in addressing NRM issues together with village men and women.

(8) Continue the drive to hire female technical staff to avoid the need for "sharing" between FMUs.

(9) Build-in a certain percentage of reassessments into the 1996 workplan whereby VOs and WOs are re-visited by the technical team (and the SOs and WSOs) to look at problems, successes, issues and possible adjustments in approach.

8. CREDIT AND SAVINGS

8.1 Achievements

In early 1995 the Credit & Savings programme was restructured and the Credit component was divorced from the Budget and Accounts section (refer to 1993 JMM discussions). Furthermore, steps are being taken to convert credit operations into a "cost centre" (see 1992 and 1993 JMM report). To date, staff and credit functions have been segregated and within the next year it is anticipated that the full cost of credit will be divorced from regular AKRSP operations. This will set the stage for a smoother transition to the proposed Bank.

Savings

As might be anticipated, VO/WO savings continue to accumulate. During the year under review, VO/WO savings increased by 23% from Rs 189.1 million to a record Rs 233.1 million. WO deposits are growing at a much greater rate (44%) than VO savings (18%). This observation is applicable for the programme as a whole as well as in each of the three regions.
Gilgit region continues to account for the lions share of total VO/WO savings (62%), of total VO savings (57%) and of total WO savings (83%). The concentration of savings is most pronounced in the Gojal/Hunza area of Gilgit region in which VOs have accumulated 25% of total programme deposits and WOs have accumulated almost half of total programme deposits.

The "Dynamics and Savings in Gilgit Region" study that was completed last year and referred to in the 1994 JMM report has been replicated in Baltistan[2]. In many ways the findings of the Baltistan survey corroborate the results of the Gilgit analysis. Specifically:

"The highest savings increase in the VOs was in the first five years of inception and in the WOs in the first two years following which average savings growth declines. VO/WOCP demonstrates a positive impact on savings. Savings amongst the VOs/WOs is highly concentrated (although not as concentrated as in Gilgit region) with the top 25% accounting for more than half of the total savings.

"Collective savings was not the primary motivation behind (VO/WO) meetings. Benefits or individual gain was a more prominent focus. Often members consider the savings as merely a membership fee to the VO/WO in return for access to AKRSP packages. Where office bearers were active and where records and the distribution of profits from savings were transparent and public, savings growth was good."

The third in the series of studies on savings behaviour is expected from Chitral in the near future.

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[2]   Muzaffar-ud-Din and Natasha Meko, *Dynamics of Collective Savings in the Karakorams*, AKRSP Baltistan, September 1995

To date 12,306 loans representing Rs. 413.94 million have been disbursed. Between June 1994 and June 1995 there has been a 33% increase in the amount borrowed and a 24% increase in the number of loans. Budgetary targets for credit disbursal of Rp.65 million were exceeded by Rp.25 million during FY 1994.

Because of the increased demand, a cap has been introduced on the amount of credit available to individual households under VO/WOCP. Any request for amounts exceeding Rp.20,000 incur a service charge of 15%. Furthermore, AKRSP's wholesale service charge to VOs/WOs has been maintained at 7% for the first three year cycle of borrowing and raised to 10% for subsequent lending cycles.

The distribution of credit uptake among the three regions has remained constant over the year at 67% in Gilgit, 20% in Chitral and 13% in Baltistan.

As noted in previous years, the use of credit opportunities is most pronounced among VOs which account for 92% of total disbursements. WOs borrow only 8% of the total available credit with 93% of this total used among WOs in Gilgit region with the majority disbursed to WOs in Gojal/Hunza.

Credit is disbursed through various credit windows. The relative importance of each is summarised below.

TYPE	PERCENT OF TOTAL DISBURSEMENTS	
	June 1994	June 1995
VO/WOCP	42	51
Short term	37	9
Medium Term	19	14
Micro-Enterprise	3	6
Corporate*	na	0

* recently introduced

The proportion of credit allocated as short and medium term credit has continued to shrink while there has been a concurrent increase in the percent of credit disbursed through VO/WOCP. Growth in MECP has been the most significant of all windows increasing by 182% during the year with the larger increases seen in Chitral and Baltistan than in Gilgit. Despite the smaller number of VOs/WOs in Baltistan, the amount of credit disbursed under MECP is approximately 85% of the amount disbursed in the much larger Gilgit region. At the same time, the growth of VO/WOCP in Baltistan has been modest with only 2 of 122 approved loans allocated to WOs.

Generally, VO/WOCP is the most popular form of credit used in Gilgit. VO/WOCP and short-term credit are equally popular in Chitral, while in Baltistan short-term credit is the most popular. The difference in the relative importance of various types of credit across the regions is due in part to the amount of time the programme has

been operating and in part to objections raised by conservative Islamic VO/WO members to profit sharing procedures found in VO/WOCP.

The cursory credit demand study that was undertaken in Gilgit in 1994 has been supplemented by a more rigorous analysis in Chitral, the results of which are imminent. An immediate side effect of the Chitral study has been the identification and freeing up of bottlenecks in credit use in the region.

The training of Accounting Specialists (VO/WO managers) and Village Accountants was relatively slow during the year although cumulatively approximately 1,142 and 130 (including 13 women) have been trained respectively. Performance evaluations on Village Accounts[3] and on Accounting Specialists[4] in Gilgit were finalised during the year. Several significant insights were revealed that should help strengthen accounting capacity in the field:

All Village Accountants have received regular courses, 90% have received on-the-job training and 38% have received refresher courses. Analyzing the effect of training shows that regular courses and on-the-job training have contributed more to enhance skills of the VAs and that refresher courses have in no way improved performance. Interestingly, VAs who received metric and, to a lesser extent middle level education performed better than VAs with intermediate or bachelor degrees. Furthermore, VAs who have village based occupations (farmers, shopkeepers) performed better than those who had jobs that took them away from the village. There is considerable variation among VAs in their bookkeeping abilities and their capacity to prepare statements of accounts. Skills still need to be upgraded and the workload of VAs need to be rationalised in order to enhance both the quantity and quality of accounting.

For Accounting Specialists (ie: commonly VO managers), 64% had received regular courses, 50% had received on-the-job training and 19% had received refresher courses. On-the-job training seems to be the most practical but to be fully effective will require changes in Field Accountants' schedules and workloads in order to permit more time in the villages. The study shows that a majority of managers are unable to maintain the full range of books and statements for their VO. But, obviously, the level of competence is directly correlated to the amount of training the managers received. The turnover rate among managers is high suggesting that the selection of specialists needs to be improved and that more than one person per VO/WO should be trained. In Gilgit Region a majority of the WO managers are male. It seems that WOs get less attention from AKRSP's accounts training programmes. As a result the financial management skills of WO managers are lower

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3   Aziz Ahmed, *Performance Evaluation of Village Accountants in the Gilgit Region*, AKRSP, June 1995

4   Muzaffar Uddin, *Performance Evaluation of Grassroots Credit and Savings Managers in the Gilgit Region*, AKRSP, April 1995

than VO managers. The foremost obstacle to low WO performance is the dearth of female credit staff in AKRSP--staff who can motivate and provide accounts training to female managers.

Training of W&D staff in C&S policies and procedures (see 1994 JMM report) has yet to occur but the first workshop is scheduled to take place next month in Baltistan and will be extended to the other regions shortly thereafter.

Due not only to the increasing complexity in credit operations and the need to more effectively address the credit needs of women but also to increasing demands caused by the creation of FMUs, 10 additional Field Accountants are being hired, 3-4 of whom are women.

The finalisation and release of the C&S policies and procedures manual (see 1994 JMM report) has been delayed waiting for comments to the draft document from various parts of AKRSP. However, a decision has now been made to complete the manual and to have it circulated widely in the near future. This decision is applauded since a few examples were observed during the mission where FAs misunderstood (albeit minor) policies.

In early 1995 revised guidelines to appraise MECP loans were prepared drawing on advice provided by Shorebank. In addition, a policy requiring VOs/WOs to endorse a member's application for MECP was enforced. These two steps, coupled with more rigorous monitoring are expected to improve the performance of MECP loans.

Recently, prudential regulations have been introduced which signifies an important additional step to professionalising and formalising credit operations and specifically to accounting for the possibility of default. Since the introduction of such regulations will be mandatory once the Bank is established, applying them now is a useful step in the evolution of the credit programme.

Finally, the process of creating FMUs in Gilgit and Baltistan has already demonstrated and will undoubtedly continue to enhance credit operations. When the FMUs are fully staffed there will be greater opportunities to appraise and monitor loans and to train VAs and Village Specialists. More importantly from the village perspective, already VO/WO members are aware of significant benefits. First, credit operations are more efficient. Loans are approved and funds are disbursed more quickly and at less cost to the VOs/WOs. Second, in parts of the programme area (notably Gojal/Hunza) female WO managers are now able to complete bank transactions without being accompanied to Gilgit. This offers considerable scope for women to take on more direct responsibility for the financial management of the WOs.

8.2 Review of previous JMM suggestions

Virtually all suggestions provided in the reports of 1992, 1993 and 1994 have received attention although action has been delayed on some. To recap, the following

suggestions have been acted upon in full or in part or are in the process of being addressed:

> Create a distinct C&S section; Assess strengths and weaknesses of VO/WOCP; Develop a rationale for various credit windows including clear terms and conditions for each; Identify costs of credit (estimated in WB Evaluation); verify that credit statistics are accurate and complete; Prepare statements for credit operations; Monitor/analyze savings patterns/practices; Analyze returns to investments and specifically the effects of VO/WOCP; Review constraints, facing WOCP in Baltistan; Prepare/circulate comprehensive policies/procedures manual; Monitor skills/abilities of Village Accountants; Identify appropriate linkages with established formal lending institutions; Orient W&D staff to C&S policies and procedures; Analyze credit demand with attention to regional/gender needs; Develop comprehensive training strategy; Professionalize the management of C&S; Assess staffing levels/responsibilities especially in regional offices; Reduce defaults rates; Ensure VO/WOCP procedures are fully understood by VOs/WOs; Identify credit needs and enterprise opportunities for women.

The only issue that has not been formally addressed pertains to leveraging VO/WO savings. The suggestion has not been acted upon for a number of reasons. First, some VOs/WOs have, on their own, begun to use savings not held in TDRs for onlending to members and non-members using the same procedures that have been introduced under VO/WOCP. Hence, in practice, savings are being used as a source of credit, although outside AKRSP's jurisdiction. Second, customarily, AKRSP has been extremely cautious about jeopardizing the safety of VO/WO savings. It has proven very difficult to break this tradition. Third, AKRSP simply does not have the necessary staff to introduce and closely monitor such a programme. Consequently, AKRSP management prefers to wait until the Bank has been created.

8.3   Issues and suggestions

Clearly the C&S functions of AKRSP have been put under the microscope more than other programmes--specifically through the SDC deliberations and more recently within the World Bank evaluation. For the most part, credit operations have been judged positively.

With the creation of the Bank looming on the horizon, it is unrealistic to introduce radical changes in the C&S operations. However, modifications are justified if they refer to short-term remedies to correct short-term problems or if they are consistent with what a commercial bank would want as well. But AKRSP must be careful not to introduce new policies and procedures that the Bank may dismantle next year. With the above in mind, the following issues are raised.

1.   Default   (Short-Term, Medium-Term and MECP)

Before discussing specific issues pertaining to overdue loans, it is important to put the default rates in context. First, 30% of MECP and 100% of VO/WOCP disbursements are fully collateralized and hence funds are secure and full recovery is, theoretically, guaranteed. Second, since VO/WOCP loans are fully collateralized, often default rates on ST, MT and MECP are treated separately and as a unit. However, if the entire credit portfolio is considered including VO/WOCP, overdue loans account for approximately 10% of outstanding credit. Third, if the amount in arrears is calculated as a percentage of the total amount disbursed since the inception of the credit programme, the default rate is only 3.5%.

With the above in mind, default rate trends over the past three years for short-term, medium-term and MECP lending are provided below.

DEFAULT RATES FOR NON-VO/WOCP LENDING
(% of outstanding)

	JUNE 93	JUNE 94	JUNE 95
Short-term	28	34	43
Medium-term	34	63	62
MECP	19	8	5
Total non-VO/WOCP	32	41	40

Default rates on non-VOCP credit are comparable in all three regions.

Although it appears that the overall amount in default may be stabilising this is due mainly to better recoveries and limited disbursements in medium term lending particularly in Gilgit region.

The increase in default rates within the MECP credit window is significant and particularly in Baltistan where they account for 32% of all outstanding in 1995 versus 4% in 1994.

Within Gilgit region, overall default rates among VOs and WOs are comparable at 41% and 38% respectively. However, as shown in the following table, default rates are significantly higher for short term and medium term credit among WOs.

GILGIT VO and WO DEFAULT RATES
(% of outstanding)

	VO	WO
Short Term	46	68
Medium Term	65	83
MECP	27	22
Total non-VO/WOCP	41	38

*   as of June 1995

Traditionally, women are considered to be better credit risks than men. The experiences in Gilgit are likely due to the limited financial management skills that have been observed in WOs which is linked to less training among WO managers and few female credit staff.

Clearly, efforts to reduce default rates must be maintained. As noted in the 1994 JMM report, a commercial bank such as that being proposed cannot tolerate default rates that have been experienced in recent years. Steps are being taken to reverse the amount and the number of overdue loans. For example, a strategy has been tabled and approved by the Board, office orders have been issued and dialogues have been held with VOs/WOs. For MECP, additional steps are being taken. MECP loans must now be endorsed by the VO/WO and application procedures have been improved to better assess the risks associated with each loan.

However, efforts to reduce default rates have yet to produce tangible results. Likely the decentralisation process is partly responsible for the limited amount of progress. Although the default problem must be attacked wherever it occurs, immediate and significant reductions may be realised by adopting a more targeted approach. For example, almost half of all the non-VOCP default in Gilgit region is found within the jurisdiction of one FMU where 78% of short-term and 100% of medium term loans are in default. Some of the loans date back to 1988, were disbursed under confusing circumstances, were tangled up in the communal disturbances of the time and were approved for supposedly weak VOs. Consequently, it is hoped that the forthcoming presentation by the C&S section to the Board will allow AKRSP to write-off overdue loans where there is little or no chance of recovery. Although some loans may be written off, the offending VOs/WOs will not be told that they have been "let off the hook". This is a prudent strategy since it will allow AKRSP to focus efforts on areas and VOs/WOs where potential for recovery exists but yet it maintains a consistent message of good credit discipline in the villages.

2.   Ageing of VO/WOCP

In VO/WOCP, VOs/WOs are permitted to roll-over the principal from one year to the next provided service charges are paid. On the third year anniversary, both the principal and any service charges owing must be returned to AKRSP. Regional trends (partial) in VO/WOCP ageing are provided in the table below.

AGEING OF VO/WOCP LOANS

YEAR DISB	YEAR DUE	PERCENT OVERDUE Amount	PERCENT OVERDUE Number
GILGIT			
1989	1992	41	29
1990	1993	38	27
1991	1994	16	18
1992*	1995*	19	19

CHITRAL

1989	1992	0	0
1990	1993	87	0
1991	1994	52	46
1992*	1995*	44	42

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* January to August

Recoveries rates for VO/WOCP have improved from that reported in the 1994 JMM. This is probably due to the reintroduction of dialogues at the time when the funds are disbursed to the VOs/WOs which provides another opportunity to describe the process and responsibilities. In Gilgit, although some VO/WOCP loans have been late, all have been repaid.

Within WOCP the trend noted above toward more punctual repayments is not evident. Specifically, at the end of 1994, 25% of the WOCP loans representing 27% of WOCP disbursements were not repaid on the due date. By August 1995, 37% of the WOCP loans representing 58% of total WOCP disbursements were late. This too may be a reflection of the conclusion reached in the performance evaluation of managers--namely that financial management skills are lower among WOs than among VOs.

3.   *Control over WOCP*

It has been suspected that, in some areas, VOs may be exerting more influence over WOCP operations. Recent data may give concrete evident for this observation. Drawing on information available from Gilgit two phenomena are emerging. When comparing the first two quarters of 1994 with a similar period in 1995:

*   growth in VO savings is decreasing (by 54%) and growth in WO savings is increasing (by 55%), and
*   the rate of adoption for WOCP is accelerating while the rate for VOCP is moderating.

Although this may merely reflect a short-term aberration in the data, it may also signify the effect of a recent policy change in AKRSP service charges. In the second three year cycle of VO/WOCP, service charges have been increased from 7% to 10%. Since most WOs have taken up WOCP more recently than neighbouring VOs, WOs have access to cheaper credit. It is probable that discretionary household savings are being deposited with WOs rather than VOs in order to maximise the amount of credit that can be borrowed at the lower rates.

Clearly, this represents prudent and astute household financial management but it may also have other implications pertaining to the empowerment of women and control over WO financial resources and raises questions concerning who benefits from WOCP. This observation should be taken as an early warning that should be tracked carefully. If it is found to persist, the implications need to be assessed and, if warranted, remedial steps taken.

4. Capacity

As has been noted in previous JMM reports, in the World Bank evaluation as well as in several AKRSP studies, there is a critical need to strengthen financial management skills. Recent experiences with high default rates indicates that AKRSP continues to play a crucial role in loan repayment behaviour. This has implications for when the Bank is established. Either the Bank will have to employ large numbers of people at significant cost in order to police the credit programme or, preferably, steps should be taken now to motivate VOs/WOs to take more responsibility and specifically to take defaults more seriously. This will mean more dialogues with the VOs/WOs, upgrading the skills of VAs and Accounting Specialists, increasing the number of VAs and specialists especially women. An important step has been taken in this direction through current plans to hire 10 additional FAs including 3 or 4 women.

5. Credit and enterprise opportunities for women

Throughout AKRSP there is little understanding of the credit needs and enterprise opportunities for women. Consequently, the 1994 JMM report suggested that AKRSP should create a multi-disciplinary task to focus of this issue. During the current JMM, more questions were raised about the appropriateness and relevance of existing AKRSP credit opportunities for women especially poor women and those living in conservative and remote communities. Hence, the need to assess credit needs and enterprise opportunities remains.

Rather than create a task force, AKRSP hired a consultant who has prepared a credible but ambitious scope of work. Clearly more resources need to be devoted to this important work not only to better understand the situation and to design more appropriate interventions but also to create a permanent capacity within AKRSP (and eventually the Bank). Several steps are suggested. First the undertaking requires a home instead of being caught between C&S, MER, WID and EDD. Direct responsibility to the General Manager is one option with an advisory group drawn from the pertinent sections. Second, the draft scope of work needs to be refined with the various proposed activities given priority along with an estimate of resources needed for each component. Third, the necessary resources (especially human resources) must be identified. The obvious and simplest strategy is to retain foreign consultants. However, this has disadvantages mainly since it does not maximise capacity building in AKRSP. Consequently, no matter what mixture of personnel are deemed to be necessary, it is important to include and hire one or more Pakistani women who (it is hoped) will remain with AKRSP or successor institutions.

6. Risk management

Understandably, AKRSP has not had to give too much attention to assessing risks associated with various types of credit. Partly as a consequence, risk factors have been treated inconsistently. For example, under VO/WOCP, initial loans are wholesaled to VO/WOs at 7%. Following the first three year cycle, the service charge is

increased to 10%. Under normal banking practices, one would expect service charges to decrease once the lender gains confidence in the borrower.

Furthermore, all types of short-term, medium term and VO/WOCP loans were treated uniformly with the same service charge applied to all loans within each credit window. Even in MECP, although the higher service charge reflects their greater risk, all MECP loans incur the same service charge regardless of the prospects for repayment.

As a commercial for-profit financial institution, the proposed bank will be much more concerned with appraising loans, assessing risk and determining a borrower's ability to repay. Although a preliminary study has been completed on risk management, the C&S section is urged to devote some attention to introducing and building an understanding of risk management and specifically to:

- analyzing available information in order to provide more insights into the ingredients of a good loan,
- introducing in all training programmes basic concepts of loan appraisal and risk management.

7.   Preparing for the Bank

During the course of the JMM, AKRSP staff raised concerns over a number of policy and operational issues pertaining to the proposed Bank (eg: subsidise savings or cap savings; subsidise credit or increase service charges to market rates; financing training and other administrative costs; roles and responsibilities of FAs within the context of the FMU, etc.).

These issues are becoming increasingly important and urgent since (a) there is some question whether an appropriate General Manager can be recruited in the near future, (b) there is some uncertainty as to whether or not--and how soon--various exemptions can be secured from the GOP that are necessary for the Bank to become legally registered and functioning, and (c) the current funding phase is due to terminate within one year and a decision is needed on where to "park" the existing credit funds should the creation of the Bank be delayed.

Two considerations should be paramount when planning the transition to a commercial bank:

- credit facilities should be continuous so that there is no break in borrowers' links to a known and attractive source of credit,
- the introduction of formal banking must be done correctly from the outset. The Bank will be a new institution that must quickly establish its credibility and must introduce more rigor in credit operations.

With the above in mind a number of interim options are possible. However, AKRSP should not be pressured into establishing the Bank until a competent General Manager can be retained who can make the important policy decisions that are necessary and until the Bank can be created in a manner that clearly distinguishes it as something different from AKRSP's traditional credit programme. This may mean

that AKRSP will continue (over the short term) to manage and administer the existing credit fund for which approval may be required from the relevant donor agencies. At the same time, it may be necessary to reach agreement with the donors to allow AKRSP to reallocate at least Rs 6-7 million p.a. from the credit fund to cover administrative costs (that can no longer be borne under the new AKRSP). AKRSP will be required to introduce steps to reduce the availability of credit to VO/WOs by a corresponding amount and it should also try to contain credit disbursements to levels that are more consistent with estimates given for the Bank..

8.4   Summary of suggestions

(1)   Defaults on short-term, medium-term and MECP credit require continued and concerted attention through more dialogues with delinquent VOs/WOs, targeting recovery strategies in high default areas and writing off bad debts where there is little or no chance of recovery.

(2)   Increased effort is needed to increase the number and to improve the skills of Village Accountants and Accounts Specialists--particularly women.

(3)   Preliminary data suggests that WOs may be loosing control over WOCP. AKRSP should carefully track this phenomenon since it may have implications pertaining to the empowerment of women, the opportunities for women to manage WO finances and to the distribution of benefits from WOCP.

(4)   More resources need to be devoted to understanding and identifying credit needs and enterprise opportunities for women.

(5)   Some attention should be given to analyzing available information in order to provide insights into the ingredients of a good loan and to introducing in training programmes the basic principles and concepts of loan appraisal and risk management.

(6)   To ensure that the transition to a commercial bank is done correctly and without any disruption in credit operations, AKRSP is urged to delay the creation of the Bank until a capable General Manager can be found. This may require negotiations and agreement from relevant donor agencies concerning the use of existing credit funds.

9.   ENTERPRISE DEVELOPMENT

9.1   Achievements

Enterprise development has again been the orphan in the AKRSP family. There is still no section head at the Core Office, and representation in the field is limited. There are regional marketing officers in Gilgit and Baltistan, and Baltistan has two staff in FMUs, one of whom is an FMU manager, and that is all. Nevertheless, the staff in Gilgit and Baltistan have worked hard an enthusiastically on a variety of objectives. These include promoting technology and providing equipment for the drying of apricots, assisting with marketing and forming marketing linkages for agricultural produce, assisting with the promotion of the Micro Enterprise Credit Programme, and training villagers in enterprise management.

That said, the drying and marketing of apricots and mulberries has taken the bulk of staff time (>60%) in Baltistan, and apricots, seed potatoes and cherries had taken the bulk of staff time in Gilgit. Because of market imperfections in the Northern Areas, these interventions have led to clearly higher prices for farmers.

A women has been placed as head of enterprise development for Gilgit region. This is a welcome development as women can take a very active role in enterprise development in many countries, and there is considerable potential despite the cultural difficulties in Pakistan.

There is now a clear policy that the Natural Resource Management sections should take primarily responsibility for marketing agricultural products. While this has still really to take shape in the field, this is an important first step in allowing the section to move towards broader reaching impacts.

A small but important part of the work in Baltistan has been the organisation of agricultural exhibitions in Skardu and Khaplu. These are ways of reaching a large number of beneficiaries in the formation of linkages. Preparations for this year's are well advanced and are drawing much bigger demand for stall space from exhibitors and support from the local administration than last year, which is very encouraging.

9.2   Review of previous JMM suggestions

AKRSP has taken into account most of the suggestions put forward in last year's JMM report, although in some cases, progress has been limited because of the capacity constraints. The registration of BAMA has been completed, and steps have been taken to organise better the management and reporting of BAMA and GAMA, but there is still more to be done. Some MECP loans are now restricted to three months. Further enterprise development courses are planned but could benefit from the use of central resources in development and refinement Work on linkage formation has strengthened, and fees (albeit low) will be charged for appearance at the agricultural exhibitions planned for Skardu and Khaplu. A women has been taken

onto the staff and efforts have been made to balance the programme better, but progress has been limited by the demands of marketing fruit and vegetables.

Looking back over the whole series of previous JMM reports, a number of themes emerge:

1. There has been repeated urging to tighten both the management and focus of the micro-enterprise credit programme. There have been consistent moves in this direction, but there is still some way to go.

2. A second recurrent theme is to be cautious about forming further cooperative marketing ventures. AKRSP heeds these, but the point is repeated by the JMM because internal and external pressures emerge every year to form more such ventures.

3. Thirdly, there has been repeated discussion of the need to appoint a head of enterprise development. The lack of a head has clearly impeded the implementation some subsidiary suggestions. This is a matter which has now been overtaken by the plans for an ESC.

These themes could be summarised by noting that trends have been in line with JMM recommendations, and that some changes are, not unreasonably, taking a long time, given the low priority of enterprise development in AKRSP's agenda.

9.3   Issues and suggestions

1.   Cooperative ventures

The Baltistan Apricot Marketing Association and the Gilgit Agricultural Marketing Association are two cooperatives started by AKRSP for the cooperative marketing of produce. Initially the main function of both was the grading and packing of dried apricots, although GAMA has now largely abandoned this activity for the sale of seed potatoes.

BAMA recorded a small loss for 1994/5. This was largely because the army (the main customer) refused to take delivery of part of a large order, and the organisation was left with large unsold stocks at the year end. About half the stocks have since been sold. The situation is not serious. However, it does underline the fact that the market in which BAMA operates is a difficult one, and that the organisation has never really been able to fulfil its hopes.

GAMA needed considerable management support from AKRSP - about a month of the regional marketing officers time.

These developments show that the main benefit and value of the organisations is to the input suppliers as they create an element of competition which raises prices, rather than to the shareholders. As such it will always be difficult for AKRSP to

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completely discharge responsibility for them. Some efforts have been made in this direction however, with the organisations encouraged to take greater responsibility for marketing.

Nevertheless, given that AKRSP is under constant pressure to help in the formation of similar organisations, we would like to repeat concerns from previous years. These types of organisations are inevitably difficult to hand responsibility to and hence reach sustainability in the long run.

BAMA has not been able to produce proper quarterly or annual income statements. This is a very simple matter and something the manager could do once suitable formats and procedures have been developed. Core office or the regional office should provide assistance in establishing quarterly or monthly accounts. This should only take a day or two and *is* an area where technical assistance would lead to greater independence.

2.   Programmatic balance

In Enterprise Development in particular, there is a limit to how much you can *do* for people. Assistance really has to consist of providing advice, training, credit and market information. To avoid taking on responsibility for organisations that is difficult to discharge, it is important to be as sectorally neutral in approach. Both of these factors mean that some of the best things AKRSP does are the training of marketing specialists and entrepreneurs (the course for which could be developed more centrally and make use of resources available in Pakistan), the agricultural exhibitions in Skardu and Khaplu, and the provision of credit. AKRSP accepts this, but could still move further in this direction.

3.   Reporting and indicators

Statistical information about EDD activities is very limited. This is in contrast to most other divisions where there is often a surplus! Although the programme claims to have been moving in the strategic direction just described, this is very hard to assess. Some indicators do need to be developed. This is a point that was raised in earlier JMM reports but was dropped because there was clearly not the capacity to address it. We accept that this is not an easy matter in the area of enterprise development, and one which may take some work. However, there is now an opportunity given that management has indicated a willingness to consider the whole matter of planning, monitoring, and indicators/impact assessment.

4.   MECP

The MECP has seen a large increase in the number of loans disbursed. Many of these have gone to general stores, but an interesting range of other businesses have received loans.

In some areas (eg Shigar), the amount in default has increased significantly. This is probably a reflection of difficulty or reluctance to meet the repayment *schedule* rather

than an inability to pay. However, it suggests that greater care is needed in evaluating loan applications. This is easier with the FMU structure as it allows field accountants and SOs to perform a joint evaluation. This process should continue, and care taken.

The MECP loans are used for a variety of ends, not always the one originally intended. We would like to point out that the loan is primarily (but not exclusively) intended to provide working capital to businesses. The development of credit products for enterprises is something that will have to be done once the DFI and ESC start.

5.   Marketing information

One of the tasks of EDD has been to provide down-country market information on fruit and vegetable prices. Less effort seems to be going into this than in the past. While there is difficulty in providing information that is accurate and up to date, there is scope for providing better information on trends and prices to farmers. This is particularly true in the remoter areas, where contacts with down-country are less. This is not a situation particular to any region, and it would be useful for the regional offices to collaborate. A useful way of disseminating information may be to ensure that it is posted on notice boards at the FMUs.

6.   Organisation in Baltistan

The formation of FMUs has disbursed the staff in Baltistan rather too thinly. This is a concern particular to EDD as many of the activities such as the enterprise development course, and the Agricultural Exhibition are performed centrally. EDD has proposed that staff should be re-centralised at the regional office, and we support this proposal.

7.   Management and the future

The lack of a head of EDD is clearly a constraint on progress. It is reasonable to expect that 1996 will be a period of adjustment rather than major new initiatives. In particular it will be difficult to complete the transfer responsibility for agricultural marketing to the NRM sections.

Many of the considerations noted in last year's JMM report still apply. It will be difficult to recruit someone while there is still any uncertainty over the future funding of the Enterprise Support Company. It may still be too early to recruit a new GM, although it might just be possible to take on someone on a two year contract who could move into one of the slots below the GM of the ESC. The other demands of AKRSP mean that it will always have difficulty in generating an 'enterprise culture' and this is the strongest reason for forming the ESC as a separate entity.

9.4 Summary of suggestions

(1) Previous cautions about the development of further cooperative institutions still apply.

(2) Efforts should continue to shift the balance of the programme away from the drying of apricots to sectorally neutral efforts such as training, the creation of linkages, exhibitions, and credit.

(3) The enterprise development courses should continue. Further development should be done centrally, and should make use of resources available in Pakistan.

(4) Indicators to show the effort and progress of the programme should be developed. This should be done in the context of the work on annual planning and related matters discussed under 'AKRSP in Transition'.

(5) Continuing efforts should be made, now there is an opportunity with the FMU structure to strengthen MECP loan evaluation and recovery procedures.

(6) The regions should collaborate in the dissemination of down-country market information, and make sure it is available to FMU based staff.

(7) We support the proposed re-centralisation of EDD staff in Baltistan back to the regional office.

10. MOUNTAIN INFRASTRUCTURE AND ENGINEERING

10.1 Introduction

Past JMMs have not monitored the Mountain Infrastructure and Engineering (MIES) programme despite that fact that a substantial portion of AKRSP's programme budget is invested in this sector. In 1994 the JMM suggested that an assessment be made during the current JMM.

The investments in village level Productive Physical Infrastructure (PPI) have constituted a central element in the social mobilization of the people in the early stages of the programme. The intention is to give greater emphasis to the productivity and economic investments in the future. It therefore seemed timely for the JMM to review the experience of AKRSP and to consider current activities and future proposals.

Responding to the village organization dialogue process, well over half of the PPIs approved through the end of 1994 were for irrigation channels and land improvement. Although they were, by definition, intended to be "productive" physical infrastructure investments and the aggregate data confirm that the benefits have been substantial, not a great deal is known about the way in which those benefits have been realized from individual PPIs by individual households.

10.2 Terms of reference

The six specific Terms of Reference together with a short summary of JMM observations follow.

> *TOR 1. "Assess the mission and objectives of the Engineering Section in relation to the broader goals of AKRSP. What is the stated role of engineering in support of VO/WO activities?"*

While the organizational arrangements for the newly created Mountain Infrastructure and Engineering section have undergone important changes, its mission and objectives remain largely unchanged. MIES is charged with the task of working with VO/WO and cluster leaders to insure that proposals for PPIs and medium scale infrastructure projects are technically sound and within the capacity of the villagers to implement. They must approve all proposals for structural integrity. They draw up lists of materials, prepare the required technical documentation for project approval and funding and, after approval, provide oversight in the construction process.

> *TOR 2. "How well are the regional Engineering Sections organized to achieve their mission? What are their strengths and deficiencies? What actions are suggested to improve programme effectiveness?*

It has proven difficult to accurately assess the capacity in relation to current and anticipated responsibilities under the new arrangements as these are still very much in process. In relation to needs and opportunities, MIES appears to be understaffed.

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It is proposed to augment staff through employment of contract engineers. This has worked well at the regional and local levels in providing oversight for PPI execution. Many of those who have been contracted are drawn from public works agencies or contractors operating in the region. It seems doubtful that the high level engineering competence, required to improve medium scale infrastructure designs and introduce improved technologies in new areas, can be obtained from this source. Increased professional staff, improved training, incentives for out-reach, rewards for improved designs and innovative adaptation of new technologies may all be necessary if MIES is to be effective in supporting larger cluster infrastructure projects.

TOR 3. "What resources are required by the Engineering Section? How much is currently expended? What has been achieved? From what sources are funds obtained? What are the projected requirements for future years? What levels of technical competence are needed?"

From the beginning of the programme through the end to 1994, Rs 28.5 crores were obligated for 1501 Productive Physical Infrastructure (PPI). Of this amount Rs. 25 crores has been expended to complete 1204 PPIs. The achievements have been staggering. Irrigation channels resulting in the possibility of bringing 21,000 hectares of new land into productivity have been completed. Productivity on 37,000 additional hectares of "old" land has been improved through irrigation. Link roads have opened many isolated areas to potential markets. Hydels have brought electricity to remote areas. Funds for Productive Physical Infrastructure have been from many sources; initially from AKRSP programme funds, subsequently and increasingly, from ODA, NORAD, CIDA, the EEC and the Netherlands. A few PPIs have been supported privately or by other small donors. A few have been largely self-financed. The need for Rs 40.8 crores is projected for PPIs and medium scale infrastructure between 1997 and 2001. Larger, cluster level medium infrastructure projects such as hydels requires substantially higher levels of financial support and greater engineering competence especially in the design and construction oversight phases.

TOR 4. "What decision-rules are applied in determining engineering priorities, annual programme activities and the allocation of resources? What strategy is being followed to attain AKRSP goals?"

The process of selecting PPIs or cluster activities to be approved for inclusion within programme plans and budgets is complex. This begins with a local level dialogue and proceeds, through an MIES assessment of feasibility and local capacity, to the actual preparation of plans, materials lists, budgets and agreement upon the Terms of Partnership. In practice it appears that these elements proceed in parallel and are influenced by the MIES "menu" and by village leader's perceptions of what is desirable and possible. These perceptions are influenced strongly by what other villages and clusters nearby have recently undertaken successfully. At present, at least in Chitral, small (up to 50KW) hydels are much in demand. The JMM suggests that the infrastructure "menu" might be broadened. Improved, lower maintenance designs for irrigation channels and on farm water management might improve the efficiency with which scarce water is used. Technologies for using solar energy for domicile and water heating, improved lift pumps, ram jets, piped water and wind power all should be considered and tested. A special effort is warranted to provide WO/PPI designs which more directly benefit women. These could include water and sanitation

projects, motor driven carding machines and labour-saving textile weaving, woodworking and agricultural processing machinery in villages where hydel power is available.

TOR 5. "What are the longer-term prospects for institutionalization of the engineering function in the Norther Areas? Relationship to the NAPWD? Commercial and private sector?"

Private sector engineering is, to some extent, already established in the programme region at the level of basic building design and construction. Within the public sector there are engineers with experience in building larger infrastructure projects. This provides a pool of talent from which AKRSP has been able to draw contract support in the past to provide oversight for PPIs and small-scale infrastructure projects. It is not clear to the JMM that these sources will be adequate in future. Through the Enterprise Support Company an effort might be considered to assist nascent private consulting engineering and appropriate technology groups through venture capital loans. As the next phase of the programme grows there may be scope for AKRSP to draw contractual services from such groups on a longer-term basis.

TOR 6. "How effectively is the Engineering Section supporting VO/WO training in both technology and management? Is it learning from its own experience? Is field experience linked to improved performance and enhanced VO/WO self-confidence and capacity?"

The JMM is unclear about the amount of formal technical training that is going on in the transition period from Engineering to MIES. Field engineers are heavily engaged in planning medium infrastructural projects with clusters. These are often hydels or lift irrigation works requiring skills beyond those needed for earlier earth-moving PPIs. What is clear is that a great deal of practical engineering and construction skill has been learned by village workers during the implementation of the 1204 successfully completed PPIs. This skill base is now providing the skilled labour pool upon which the Cluster medium scale infrastructure projects are able to proceed. Not enough has been done to document and capture this technology transfer experience and integrate it into an overall MIES training strategy. The JMM suggests that this may be an important opportunity to formalize the learning process through practical course which can build upon "hands on" construction activities.

10.3 Issues and suggestions

1. Need to assess productivity benefits

An objective of the PPI projects was to serve as a catalyst for bringing villages together. Combined with savings and credit, the PPI served as an incentive to villagers to co-operate through the institution of the Village Organization. While the productive purposes were important, in the first instance PPIs served largely as a vehicle for social mobilization. The productivity gains were important but less carefully monitored. During the next phase of AKRSP, productivity gains will be much more critical and will require greatly improved monitoring and documentation.

The JMM, in discussion with MIES staff engineers, suggests that at regular intervals each of the more than 1500 previously approved PPIs be revisited and assessed. Those approved and funded more than three years ago might be assessed at an early date. Comprehensive assessment of their actual status, current problems and achieved productivity increases as well as their untapped future economic potential would permit FMUs to recommend appropriate programme interventions.

2. Determining PPI status

While, to date, Rs 285 million have been obligated for PPIs and Rs 250 million have been released to VOs (e.g. about 88%) only about 1200 (80%) of the approved PPIs have been completed. Some 70 PPIs have been designated as "slow" while it is acknowledged that 2 have been "abandoned." The status of the remaining 230 uncompleted PPIs is ambiguous, albeit many appear to have been inactive for some time.

The JMM recommends that MIES evolve a short, simple, non-formal engineering, economic and social "rapid appraisal" format for making an assessment of those PPIs more than three years old. This could be gradually implemented so that alternative formats could be tested and improved. This activity should not be permitted to disrupt the priority work of planning new PPIs and cluster level medium infrastructure activities and only the minimum useable data need be collected and analyzed keeping in mind actual programme needs of MIES and the FMU. Once analyzed, data would serve as the basis for determining appropriate interventions.

3. Intervention approaches

Where this initial appraisal reveals that intervention is indicated, a VO dialogue could be held with a view to determining the nature of the problem, whether this be under-funding, conflict, technical difficulty or failure to attain productivity increases. Where there are financial or technical constraints, consideration may be given to a revision of the terms of partnership to provide a supplementary "completion" PPI to provide funds and/or engineering support. The JMM understands that in some instances the original PPIs were under-budgeted and under-funded in order to stay within mandatory project funding ceilings then in force. If the MIES appraisal reveals that the potential productivity benefits from completing slow PPIs warrant further support, supplementary funds can be made available, either as grant or loan, under revised Terms of Partnership which assure successful completion in a reasonable time.

Where there are insurmountable social or non-technical barriers to completion or in situations where local conflicts exist, the FMU and RPO may seek to resolve the issue through dialogue. If such mediation fails after a reasonable period, a "termination dialogue" could be initiated with a view to facilitating a constructive disengagement of AKRSP and a termination of the Terms of Partnership. This may be done without the expectation of recovering the initial PPI investment and without prejudice to future VO/WO participation in programme activities. Lessons from such

cases should be carefully documented, analyzed and incorporated into future planning.

4. Increasing future productivity gains

The objective of the majority of PPIs has been to bring water to lands previously not available for cultivation. Land development has followed as irrigation became available and the new lands have been divided among participating VO members. Aggregate data suggest that substantial new areas were developed (21,000 ha. of new land) but little has been done to grade or categorize these lands for potential. Nor has the programme always followed-up over time with an appropriate package of agricultural and on-farm water management practices. This should be done in future.

As AKRSP moves ahead to medium scale infrastructure investments in support of cluster activities, it will be important to carefully assess both the potential of new lands and the level of programme support essential to maximize production increases. This would imply a cooperative MIES/NRM economic assessment process in addition to improved engineering feasibility studies.

5. Better designs; lower maintenance

Many village organizations have noted the high recurring costs of PPI operation and maintenance. These costs. in labour, materials and time are likely to be even higher with larger cluster projects. Future designs should, therefore, be reviewed with the objective of seeking those which are likely to reduce repair, replacement and annual rebuilding costs to the extent possible.

6. Bringing in new approaches

Decentralisation of MIES to the regional and FMU level will place engineering support closer to VO/WO and cluster projects. This does, however, leave unanswered the question of programme "menu" enrichment through introduction of new technologies and new designs. Where in the reorganized MIES are the "windows on the world" which provide for scanning and gatekeeping and stimulate innovation in design and experimentation with new mountain technologies? The JMM observes that without responsibility for these functions being assigned in-house, there may be need to make provision for external professional support to supply this need. Without new ideas, the PPI/Infrastructure menu may remain restricted and the programme will be unlikely to quickly incorporate improved technologies, designs and approaches.

7. Special requirements for beneficial WO/PPIs

The JMM held discussions about WO/PPIs and some examples were observed in the field (see W&D section). A number of questions arose concerning the appropriate criteria for WO/PPIs. Should they primarily benefit women? What role for VOs in their approval and implementation? Would the VO need to agree to provide the land,labour and materials? In some instances there was concern that VOs were quick to recognize that by supporting formation of a WO they could, through the women,

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make the community eligible for a second PPI and that this was the sole or primary motivation for VOs supporting creation of a WO. Should this be seen as a legitimate means of stimulating WO formation? Is it a first step towards the empowerment of women? In spite of these questions, the JMM strongly urges AKRSP to support WO/PPIs where this is feasible, recognizing that water and sanitation projects, piped water supplies and other similar village infrastructure project tend to bring more direct benefits to women.

10.4 Overall engineering achievements

The accomplishments of AKRSPs engineers during the life of the programme represent one of the inadequately documented achievements of AKRSP. These have been truly monumental. The JMM recognizes the dedicated, albeit often unacknowledged, work of AKRSP field engineers in planning, designing and supervising the implementation of the more than 1200 PPIs completed to date and the additional 300 in various stages of completion. All who have seen them have been greatly impressed by the enormity of the effort made by the rural people who have, often at great risk to their own lives, executed these PPIs for the benefit of their communities. We commend the past achievements of MIES engineers and note that, as AKRSP moves to larger infrastructural project requiring a higher level of engineering skill, MIES will need to be fully staffed and effectively supported, both financially and technically. The programme and the people of the area deserve high praise for their engineering achievements.

11. THE JOINT MONITORING MISSION

11.1 Introduction and background

As AKRSP moves towards its next funding phase, it is appropriate to consider how the further monitoring of the programme should be done. Although the role, scope and future existence of the Joint Monitoring Mission is a matter for donors to debate, the purpose of this chapter is to provide some background to that discussion.

The JMM was initially conceived to provide donors with a more comprehensive understanding of progress and to reduce the pressure on AKRSP to respond to a large number of monitoring missions each year. The format, approach and composition of the joint monitoring was formulated by a Joint Monitoring Design Mission which visited the programme area and defined the ToR. The fact that a design mission was needed underlines the complexity of developing an appropriate monitoring approach, upon which multiple donors and the programme to be monitored can agree.

11.2 Role and benefits of the JMM

From the outset, the JMM has had two clear roles: (1) to serve as a resource to AKRSP; and (2) to monitor the process by which the programme is moving towards its goals. The JMM team consists of six members, each representing a major donor and each responsible for one or two sectoral areas. The areas are not necessarily those funded directly by the donor that the JMM member represents. This enables the team to take a broad view on the operation of the programme as a whole.

The joint monitoring approach has had a number of benefits:

- It has reduced the number of individual missions sent by donor agencies. Occasionally, separate donor missions are still conducted, but they are fewer than would occur without the JMM. Through the joint monitoring approach each donor receives broad coverage at modest costs. In the process, it reduces disruption to AKRSP.

- It has enhanced the integration of the programme itself. The regular review of most major sectors of the programme by one team in an integrated fashion has highlighted the linkages between the different sectors. Few of AKRSP's efforts can be considered in isolation: Women and development and human resources cut across all sections; enterprise development cannot be considered in isolation of the credit programme; all sectors are impacted by management; and so on. The integrated approach found within the JMM is compatible with AKRSP's own approach, and in fact further supports and encourages the programme to have an integrated perspective.

- It has encouraged the staff to be much more open about the programme than they might have been in case monitoring would be carried out in a more traditional sense, primarily for the donor's benefit. This point, emphasised by the General Manager, supports our own observations.

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- It is appreciated by the management of AKRSP that the JMM functions as a resource base. A visit by the JMM to the regions and field offices tends to provide new perspectives to professional staff.
- The JMM visit is conveniently timed to fit into and to enhance AKRSP's planning exercise. Individual and multiple monitoring missions throughout the year could not offer the same benefit.

11.3   Monitoring and accountability requirements

In considering the future role of the JMM, it is useful to distinguish between three general monitoring and evaluation needs:
- *Evaluation of impact* which is provided by the occasional external evaluation notably by the World Bank
- *Process Monitoring* which is provided by the JMM and gives assurance that the inputs and outputs are leading towards benefits and impact.
- *Audit of Inputs and Outputs* which is traditionally the role of monitoring missions. In this case, however, AKRSP itself is the main provider of information. Its overall accuracy has been verified by the Audit of Achievements.

Within this context, we believe that the original JMM mandate of looking at the processes of AKRSP is appropriate. The verification of inputs and outputs - or counting the numbers - is best provided by AKRSP itself with periodic outside verification.

11.4   Changes in the programme and implications

The transition of the programme into a new phase has a number of implications for future monitoring. The new funding phase will likely result in a different mix of donors and/or different approaches to funding. For example, GTZ is expected to become a bigger donor, and has expressed interest in participating in the JMM. AKRSP will operate under new objectives, which may require a different emphasis in the monitoring. The nature of support and funding for the proposed Bank and the ESC are not yet clear. At this stage, it is difficult to plan an appropriate monitoring strategy, but it is clear that AKRSP has experienced and will continue to experience considerable change. This in itself will require careful monitoring.

The changes lead to a number of options for the future of the JMM and for monitoring:
- Continuation of the present approach with adjustments made to give more emphasis to certain sectors under the new funding proposal and to take into account final financial arrangements for and linkages between AKRSP, the Bank and ESC.
- Putting an end to joint monitoring and reverting to multiple individual donor missions that are, for example, sectorally or geographically focused. This may provide greater information on areas of particular interest to each donor, but it would eliminate the integrated, process-oriented, overall approach that has proven to be beneficial, and it would increase the disruption on AKRSP.

- Rescheduling the frequency of monitoring missions, to take place every two years. The main rationale for this option is to permit sufficient time for changes to occur. However, given the changes AKRSP is undergoing, there will be an abundance of process issues to justify annual monitoring for the coming two to three years. The disadvantages of biennial monitoring are that the different programme areas might only be visited every four years, that it may be harder to maintain continuity in the JMM team and that it may not meet the accountability requirements of some donors.

11.5   Next year's JMM

The decision on whether or not to proceed with next year's JMM rests with the Donor Liaison Group. If the donors agree that the existing arrangement should continue, the following should apply:

- The dates will be September 10th to October 1st.
- The travel schedule will be similar to this year's. The decision about which regions to visit and about a possible division of the team at one point to cover all regions will be made towards the time of the JMM visit.
- AKRSP is urged to continue its efforts to send documentation to the JMM members throughout the year and, specifically, in March to send a short update on issues arising within the programme.
- The JMM members will draft their ToRs for the team leader by the beginning of May to forward to the DLG by the end of May, so that they can be discussed at a meeting and comments can be forwarded to the JMM at least six weeks prior to the mission. This is necessary so that any changes to the itinerary can be made ahead of time. Substantive last minute changes to the ToR should be avoided. If the DLG wishes to take the initiative in drafting the ToR the JMM would be delighted.

ANNEX A
Terms of Reference
1995 AKRSP JOINT MONITORING MISSION

I.   Introduction

Since 1992 the major donors of the Aga Khan Rural Support Programme (AKRSP) have mounted a joint monitoring team to review AKRSP's work on an annual basis. The Joint Monitoring Mission (JMM) for 1995 will be held from September 8-29.

The scope and approach of the joint monitoring was developed in 1991 and is still valid. As the monitoring of inputs and outputs of the programme has routinely been done by AKRSP itself, joint monitoring was to start a process of assessing larger issues of programme effect and impact, in close co-operation and interaction with AKRSP staff. The focus was to be on the quality of the AKRSP process rather than the quantity of outputs. Thus, the mandate for the JMM is twofold: to serve the information needs of donors in a substantive way and to provide advisory inputs to AKRSP.

Over the years, six thematic issues have been addressed by the JMM:
*   institutional development
*   women and development
*   human resources development
*   natural resources management
*   credit and savings
*   enterprise development
During last year's JMM it was decided to formalise a process that had started already and to add to this list of issues two more themes:
*   management
*   engineering
to be covered by the current monitors for enterprise development and human resources development respectively.

After a decade of work in North Pakistan, AKRSP started a process of rethinking its function in the development process of the area and to debate its future role and structure. This process took place under the aegis of the SDC (Strategy Development Committee). By request the 1994 JMM assessed the report of the SDC, which had just come out at the time of the mission, and summarised the team's comments in a separate note to the Donor Liaison Group.

II.   Purpose
In line with the mandate for the Joint Monitoring Mission, referred to above, the purpose of the 1995 JMM will be:
*   to review the programme, in the light of AKRSP's objective to support the people in Northern Pakistan to improve their incomes and quality of life on a sustainable basis,

- to discuss the work of AKRSP with staff and management and to provide appropriate and requested advisory inputs.

The implementation of these objectives will involve:
- review of all previous JMM reports to identify recurrent themes and progress, c.q. lack of progress made with the implementation of recommendations
- review of the choices and the progress made with regard to future strategies, programmes and institutions, including a review of the outcome of the contextual study and its implications for the future
- review of the reorganisation process that is taking place in AKRSP and consider it in the light of the requirements for the future strategy and plans
- review of AKRSP's Annual Report 1994 and the subsequent Quarterly Progress Reports, and highlight key issues in terms of performance and output
- discussion with staff responsible for the different programmes at all organisational levels on the progress made over the year and provision of support and advise on requested issues,
- visits to Village and Women's Organisations in order to discuss the programme with the people concerned and to observe and learn about the progress made, the opportunities and constraints present.
- visits to other initiatives and organisations working together with AKRSP, particularly on 'linkages'

III. Programme
The programme of the 1995 JMM will have the following elements:

Briefing and planning: Upon arrival in Islamabad the JMM team will finalise the scope and approach of the mission. It will meet formally with the Donor Liaison Group for a briefing on topical issues regarding AKRSP and to discuss the mission's Terms of Reference. Next, the mission will travel to Gilgit, to meet with management and staff at the Core office, in order to be up-dated about the programme over the past year and to discuss the ToR and the mission's programme.

Regional visits: In past years, the JMM has made efforts to visit all programme areas during its mission. As this inevitably led to rather short visits, it was suggested last year that one regional office should be rotated out each year. However, in the light of the major reorganisations that have taken place in the past year, AKRSP management has requested the JMM to visit all regions. In order to prevent the negative effects experienced before with short and quick visits, the JMM team will proceed as follows: The full team will visit Baltistan for four days. Upon return in Gilgit, it will split in two smaller teams, one visiting Chitral and the other making field visits in the Gilgit area. During the regional visits considerable time will be spent with the newly set up Field Management Units and field trips to project activities, VOs and WOs will be made in small groups.

Report writing and debriefing: As usual, the JMM team will have a debriefing session at the end of each regional visit, to discuss the major findings and recommendations with RPO staff. The JMM will prepare a draft report to be discussed with the

AKRSP management prior to leaving Gilgit. In Islamabad the report will be discussed with the AKRSP Board and the Donor Liaison Group in a collective meeting. Based on the outcomes of the discussion, the JMM draft report will be adjusted and submitted prior to the team's departure from Pakistan. If more significant editing is required, the report will be sent to AKRSP and the DLG within one month after the end of the mission.

IV.   Terms of Reference for the specific themes

A.   Institutional Development: Social organisation and MER

1.   Review with AKRSP staff and management the development of FMUs and assess the service which FMUs are providing to VOs and WOs

2.   Assess the evolving role SOs and WSOs and their needs in order to perform this role effectively

3.   Review the role of VOs and WOs in developing their communities and the ways in which AKRSP is assisting them to maximise local capacity.

4.   In discussion with the stakeholders, assess the needs of VOs and WOs, in order that they can maximise their contribution to the social development of the area.

5.   Review the role of MER sections in contributing to the design of the next phase of the project, particularly with reference to:
-   the consolidation of research findings and their use in evaluating programme performance and impact
-   equity studies to focus on distribution of AKRSP benefits.

6.   Assess with AKRSP staff and management how MER sections are contributing to meeting the monitoring needs of technical sections and providing timely information to decision makers.

7.   Review MER staff capacity-building during the year and review needs in relation to achieving objectives.

8.   Consider whether the quantity of reports written is comparable with effective management and project implementation.

B.   Women and Development

1.   Review with AKRSP staff and management the experience with and results of the institutional integration of WID in AKRSP, including the male/female integrated Field Management Units, the integration of WID staff in the various sections at RPO level and the new role of WID at the core level.

2.   Review with AKRSP staff and management the progress made with regard to institutional gender capacity:

. gender training programme for staff
. size and capacity of female staff

3.   Review with AKRSP staff and management the implications of the contextual study with regard to gender issues, in terms of follow-up studies and/or programmatic modifications.

4.   Review the results of the social organisation process of women over the past year, in particular with regard to the usefulness of and progress made with regard to the JMM 1994 recommendations:
. literacy and numeracy training village women
. training of female Village/Field Accountants
. master training programme for women
. involvement of women's participation in village/valley planning process

5.   Review women's access to and benefits from AKRSP's programmes: agriculture and horticulture, livestock and poultry, forestry, enterprise development, credit & savings, appropriate technology and physical infrastructure.

6.   Review the effectiveness of the linkages between WOs and service organisations including health and family planning, rural water supply and sanitation, education and vocational training.

C.   Human Resources Development
In close collaboration with AKRSP leadership undertake to:

1.   Monitor progress in HRD in providing improved HRD support for field staff and, through them, for the VO/WO specialists, leaders and the rural people conducting activities consonant with AKRSP goals.

2.   Assess the revised structure of HRD and appropriateness of Core and Regional HRD organisation. How effectively are Core and Regional HRD units actually responding to VO/WO needs? How are changing perceptions of need incorporated into field support and field training?

3.   To what degree does HRD strategy and thinking incorporate the view of AKRSP as a learning process to be judged by its effectiveness in sharing and enhancing local level capacity?

4.   Review with HRD leaders their target setting processes, the decision-rules which they apply in fixing annual goals and the suggestions which they have for improving the process.

5.   Discuss with HRD leaders their longer-term vision of the prospects for human resource development in the Northern Areas; the constraints which they identify; the opportunities and needs and the suggestions which they have for improving focus and performance.

6,   Assess with management the programme consequences of increasingly larger numbers of visitors to the programme area.

D.   Engineering
In consultation and collaboration with AKRSP leadership:

1.   Assess the mission and objectives of the Engineering Section in relation to the broader goals of AKRSP. What is the stated role of engineering in support of VO/WO activities?

2.   How well are the regional Engineering Sections organised to achieve their mission? What are their strengths and deficiencies? What actions are suggested to improve programme effectiveness?

3.   What resources are required by the Engineering Section? How much is currently expended? What has been achieved? From what sources are funds obtained? What are the projected requirements for future years? What levels of technical competence are needed?

4.   What decision rules are applied in determining engineering priorities, annual programme activities and the allocation of resources. What strategy is being followed to attain AKRSP goals?

5.   What are the longer-term prospects for institutionalisation of the engineering function in the Northern Areas? Relationship to the NAPWD? Commercial and private sector?

6.   How effectively is the Engineering Section supporting VO/WO training in both technology and management? Is it learning from its own experience? Is field experience linked to improved performance and enhanced VO/WO self-confidence and capacity?

E.   Natural Resources Management
To assess the progress of the NRM technical sections in addressing the needs of the project area population. In addition to reviewing the progress/applicability of suggestions made by JMM94, the following issues will be addressed:

1.   Status of the development of NRM within AKRSP.
-      choice of institutional set-up at the core level
       -      functioning of NRM regional heads
       -      development of an NRM strategy

2.   Effectiveness of the technical extension system (technical staff, master trainers and village specialists).
-      distribution of extension workers among VOs/WOs
       -      gender composition of extension workers and technical staff

- effectiveness/appropriateness of training for extension workers (technical section based or general extensionist training?)
- technical back-up from project staff
- impact of extension staff recommendations (adoption, relevance, satisfaction)

3. Adequacy and appropriateness of the technical backstopping for the NRM section
    - strategies to deal with technical challenges
    - effectiveness of links with other institutions

4. Impact of NRM activities on the local population
    - distribution of activities within the villages
    - short-term vs long-term benefits, and for whom?
    - balance of subsistence vs commercial activities
    - gender distribution of activities

F.   Credit and Savings

Generally review progress and significant events in the Credit and Savings Programme and specifically:

1. Review the adequacy and usefulness of policies and procedures that govern the management of VO/WO savings, including any mechanisms that have been introduced to monitor savings patterns and behaviour.

2. Review the credit portfolio and assess the effectiveness of steps taken to reverse deteriorating default rates.

3. Review the performance of VO/WOCB with particular emphasis on the adequacy of monitoring information and the degree to which participating VOs/WOs understand and adhere to policies and procedures.

4. Investigate experiences with leveraged loans.

5. Review the amount and adequacy of training on C&S operations that has been provided to pertinent AKRSP staff.

6. Review progress that has been made to strengthen investment opportunities for WOs.

7. Explore the application of risk management principles (ingredients of good loans) to the C&S programme.

8. Investigate the effect of subsidised service charges on repayment rates and on longer term sustainability of the VOs/WOs.

G. Enterprise Development

1. Review the operations and plans of the Enterprise Development Division and assess the progress that has been made during the course of the last year. Consider whether there is adequate balance in the programme over the different types of intervention made.

2. Assess the steps that have been made to increase the management capacity of the division (in particular through recruitment) and consider the extent to which there is now adequate capacity.

3. Review the training curricula for marketing specialists and other personnel trained by the division and consider its appropriateness to village needs and the potential for enterprise development.

4. Visit organisations receiving enterprise development assistance from AKRSP and assess the degree to which the assistance has helped move them towards viable independence.

5. Consider the plans of the department in light of the current thinking on SDC, and assess whether potential transition problems are being properly addressed.

H. Management Organisation, Systems and Procedures of AKRSP

1. Ascertain from Senior Management the principle initiatives that have been taken to improve management of AKRSP - including reorganisation and systems development. Review relevant manuals, training materials and consultancy reports. Consider whether changes have made AKRSP more capable of developing and implementing strategy.

2. Consider the approach AKRSP has taken to management development, paying regard to the use of consultants, extent of internal consultation, and the pace of implementation. Discuss with staff any improvements that may be made.

3. In discussion with other JMM members, assess the extent to which weaknesses in programme implementation are a result of systemic management constraints. Consider these in the light of further planned management development.

4. Review AKRSP's current practice with regard to project plans, budgets, progress reports and financial reports presented to the donors, including the relevance of the content of the above, coherence between plans, budgets and reports and the question of timely delivery to the donors. Assess whether outside expertise is recommendable to change the current practice.

5. Consider the current administrative connection between AKRSP and AKF. Assess whether outside expertise is recommendable to further review the present situation.

ANNEX B: JMM 95 SCHEDULE

Fri, 8 Sep	Arrive Islamabad. Team planning meeting.
Sat, 9 Sep	DLG Meeting
Sun, 10 Sep	Travel to Gilgit
Mon, 11 Sep	Briefing by Core. Meetings with counterparts. Travel to Skardu
Tue, 12 Sep	Meetings Skardu
Wed, 13 Sep	Field visits Skardu
Thu, 14 Sep	Field visits Skardu
Fri, 15 Sep	Field visits Skardu. Skardu debriefing.
Sat, 16 Sep	Travel to Gilgit. Discussions with core on Contextual Study/WB Evaluation

	Gilgit Team	Chitral Team
Sun, 17 Sep	RPO briefing	Travel to Chitral. RPO Briefing
Mon, 18 Sep	Field visits Gilgit	Field visits Chitral
Tue, 19 Sep	Field visits Gilgit	Field visits Chitral
Wed, 20 Sep	Debrief RPO. Field visit Astore	Debrief RPO. Return to Gilgit

	All
Thu, 21 Sep	Meetings with core
Fri, 22 Sep	Rest day/Report writing
Sat, 23 Sep	Report writing. Discussion of proposal with core
Sun, 24 Sep	Debriefing preparation. Debriefing with core
Mon, 25 Sep	Travel to Islamabad. Report writing
Tue, 26 Sep	Issue preliminary note of findings. Report writing
Wed, 27 Sep	Debriefing preparation. DLG/Board meeting
Thu, 28 Sep	Complete and release draft report
Fri, 29 Sep	JMM departs

The Chitral team consisted of John Cool, Richard Montgomery and Ingrid Nyborg.
The Gilgit team consisted of Ria Brouwers, Paul Clarke and Paul Eastman.

ANNEX C: SUMMARY OF CONSULTANCIES RECOMMENDED

For the convenience of AKRSP management, this appendix summarises the consultancies recommended in this report.

We would like to repeat comments made in last year's JMM report about the use of consultants. A point that has been raised from a number of sources in the past is that AKRSP has perhaps been too prone to rely on the services of consultants. Certainly, there is a limit to the number of consultancies that any organisation can usefully absorb. Our observation is that less use has been made of consultants in the last two years. The JMM does not wish to overburden AKRSP with consultants, and the following comments are made to clarify the position in this regard.

- Most of the consultancies we have suggested are intended to be short term - ie lasting two to six weeks.
- Some of the consultancies we have proposed could be phased over more than one year.
- In general, the role of the consultant should be to act as a facilitator and resource person (as opposed to technical expert) to act with AKRSP staff to produce accepted and workable solutions developed jointly.
- In planning the use of consultants, the capacity of AKRSP to deal with them is an overriding consideration, and we fully support any decisions made by the General Manager on when and whether they should be used.

1. Assistance with Personnel Systems

This would assist the personnel manager to complete his programme of systems and procedures development. There are two roles: (1) to assist with the volume of work needed to develop and implement the systems (eg by assisting the in review of draft job descriptions). (2) to provide external facilitation in sensitive areas (eg the development of staff appraisal systems). The first role requires a less senior but technically competent person, the second a relatively senior, process oriented professional. A final decision on the scope of the consultancy cannot be made until AKRSP has a clearer implementation plan for all the changes and systems development needed for the next funding phase, or until it becomes clear to what extent the personnel manager becomes bound up in routine personnel matters.

2. Training in Management

Assistance is needed to provide training in formal management skills to FMU managers. Training could also be used to help define the new lines of reporting and responsibilities of regional management team members. Training would be provided by external resources, but closely involve AKRSP staff in delivery. The training should cover:
-    formal management skills
-    training in the AKRSP way
-    team building

3. Development of Annual Planning and Reporting Cycle

Assistance is required to develop the annual planning and reporting cycle. The work would cover, in collaboration with AKRSP staff:

- **Developing key indicators** that are measured across the whole programme. The first step in this would be to firm up the logical frame analyses in the proposal for AKRSP 1997 to 2001 to ensure that overall programme objectives are clearly stated.

- Specifying and documenting **the annual planning cycle** covering the logical framework for planning at all levels; translating the logical framework into a timetable, activity plan, financial budget (and possibly person day budget); clarifying responsibilities.

- **Training in general planning skills**, and facilitating one round of annual planning. It should also address some of the issues noted below under formal reporting.

- **Specifying and implementing** a management information system for planning and routine reporting.

- **Development of information management system.** This will only be necessary if the previous part of the consultancy finds that there is a need to develop a computerised information management system.

This work needs to be done soon to build on the experience of the 1995 planning exercise, and to work in the quiet winter season.

4. Social organisation development

A consultancy for social organisation to define SO/WSO roles and develop training courses (including attention to communication, participatory learning and planning methods) should go ahead as soon as possible. Funds for this consultancy are already available from ODA and Terms of reference areunder discussion.

5. Human resources development

AKRSP should explore the possibility to attract external support for qualitative assessment of the effectiveness and impact of the training, for course development and innovative approaches towards the training of largely illiterate villagers.

6. Farmer-based research and extension

An external consultant is needed to work with the core staff in the development of a farmer-based research and extension system. The consultant could be assigned with the task of planning and establishing such a system in one particular FMU.