

# Innovative Development Approaches

## On Their Own: The Aga Khan Rural Support Program in Pakistan— An Experimental Partnership in Village-Controlled Development



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### Summary

This summary describes the Aga Khan Rural Support Program (AKRSP), an experimental program aimed at improving rural production and incomes in the isolated Northern Areas of Pakistan through a highly participatory, decentralized, village-controlled approach to development. The program is supported by a nongovernmental organization, the Aga Khan Foundation, and it is funded by multiple donor agencies, including A.I.D. It has met with initial successes in organizing villagers, raising local savings, and initiating infrastructure projects to increase local productivity and incomes.

Although the program is firmly rooted in the principle of cooperation between villagers and program facilitators, it has significant organizational flexibility for project design and implementation. In the words of Program Director Shoaib Sultan Khan, "the only blueprint was our conceptual package: you have to organize, you have to generate savings, capital through savings, and you have to upgrade." Because of its natural mode of village participation, the program exhibits a simplicity uncharacteristic of many other—especially, integrated—rural development programs.

In 1982, the Aga Khan Foundation launched AKRSP in the Northern Areas of Pakistan (Fig. 1). The program's goal is to address problems of underdevelopment in a mountainous region of dispersed villages where the average per capita income is only \$150. A.I.D. has participated in AKRSP only

indirectly, as one of several donors responding to the Aga Khan Foundation's appeal for funds.

The broad objective of AKRSP is to develop the capacity of villages to plan and carry out economic and social programs on their own; the specific objective is to double rural per capita income in 10 years. One of the keys to the program's approach is the formation of village organizations to manage, develop, and fund productive physical infrastructure projects.

AKRSP has proven to be an effective experiment in creating village organizations. However, the experiment has been less certain to date in its success in linking infrastructure projects directly to increased agricultural production and incomes.

Lessons learned about sustaining and replicating AKRSP concern mainly the problem of organizing rural producers at the local level to take advantage of regional and subregional economic opportunities. Other lessons center on the 10- to 15-year design timeframe necessary for this kind of local development project—the first 5 years have in effect amounted to startup time.

One outstanding issue is the need to further develop the AKRSP production and marketing approach. Another is the implication for A.I.D. if it were to support, on a large scale, similar locally controlled programs.

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*The purpose of Innovative Development Approaches is to identify, describe, and assess the progress of promising, experimental approaches being tried by A.I.D. and other agencies to achieve priority developmental objectives and new policy thrusts. This series communicates the key ideas behind each innovative approach to A.I.D. missions interested in how some of their colleagues are addressing these objectives.*

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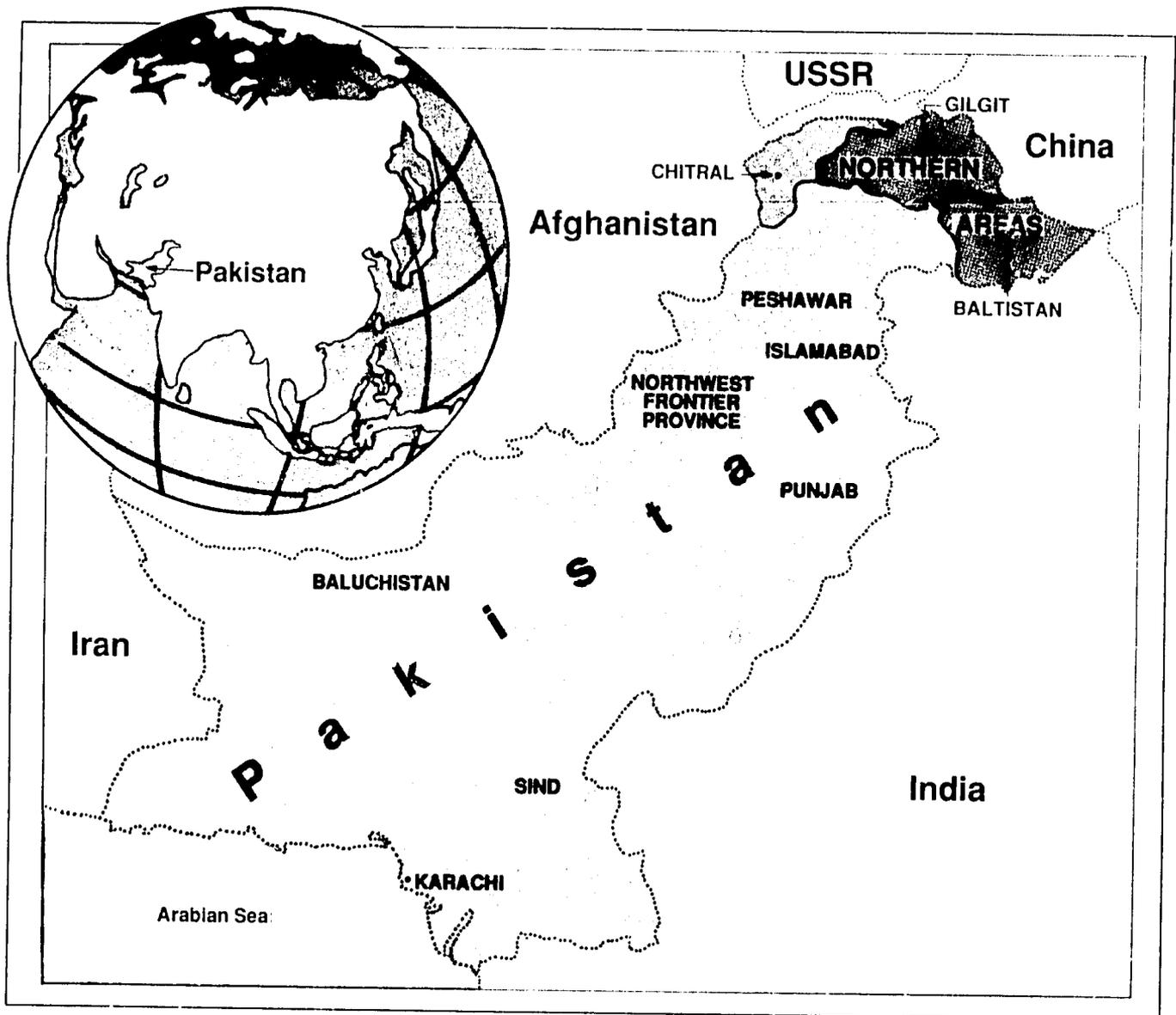


Figure 1. Northern Areas of Pakistan

## Background

### Underdevelopment and Geographic Isolation

Underdevelopment is a general problem of the Northern Areas of Pakistan. The Northern Areas are among the poorest parts of the nation, inhabited mostly by small farmers and landless laborers whose \$150 average per capita income is well below the national average. The region's geopolitical sensitivity (it borders Afghanistan, China, and India) provides an incentive for the Government of Pakistan to support its development.

### Political-Administrative Void

The Pakistan Government alone cannot organize and administer the hundreds of small, dispersed villages in the Northern Areas. Despite a cooperative spirit among the villagers, traditionally they have lacked the organization, skills, money, and infrastructure to initiate and carry out development on their own. In addition, the long-term sustainability of the fragile mountain environment requires technical and administrative responses beyond the coping capacity of the villagers.

## Program Approach

### Local Control of Development Resources

AKRSP, initiated in 1982, was designed as an innovative approach to village organization development, a self-development model appropriate not only to Northern Areas villagers but also to other people and other settings. Development of villagers' capacity to plan and carry out their own economic and social projects was the program's broad objective. Its specific objective was to double the average rural per capita income in 10 years, but without significantly worsening income inequality. The foundation considered its primary goal to be to organize the villagers for self-development, taking precedence, both in importance and in time, over the objective of raising incomes.

### Aga Khan Foundation Foresight

The Northern Areas' need for economic and social development was a problem that intrigued the Aga Khan Foundation, a private, not-for-profit, religiously affiliated (Muslim Shia Ismaili) organization with previous experience in Pakistan. The foundation's interest in the area led it to create a program that would enhance, not duplicate, the Pakistan Government's efforts. This approach has required close coordination among the government, AKRSP, and the villages of the Northern Areas.

### A.I.D. Participation

AKRSP is funded by both public and private sources, including A.I.D., which has contributed \$1 million in the form of a grant over 3 fiscal years to match funds donated by the Aga Khan Foundation and its affiliates. Through 1986, the program's fourth year, A.I.D.'s proportion of donor grants was 5.7 percent (Fig. 2). The foundation and its national affiliates provided almost 40 percent, the Canadian International Development Agency provided about 30 percent, and the Netherlands Government provided close to 10 percent. The Pakistan Government's contribution was only 2.7 percent.

The A.I.D. grant was intended primarily for a revolving loan program to extend credit to villagers in the Northern Areas. The credit program has included short-term loans to finance fertilizer, plants, seeds, poultry, marketing, and long-term credit mainly for financing land development and agricultural machinery.

## Village Organization

The AKRSP approach has centered on building village organizations to manage the development and funding of productive physical infrastructure projects. These efforts have become both means and stimuli for local income-producing and job formation activities. AKRSP was formed because the Pakistan Government's capacity to develop the Northern Areas was limited and because the necessary organization, skills, funds, and infrastructure to initiate development solutions were initially weak or missing at the village level. A flexible organization, AKRSP was set up under Pakistani law, with its board of directors selected from among business, Government, the Northern Areas, and the Aga Khan Foundation headquarters in Geneva, Switzerland.

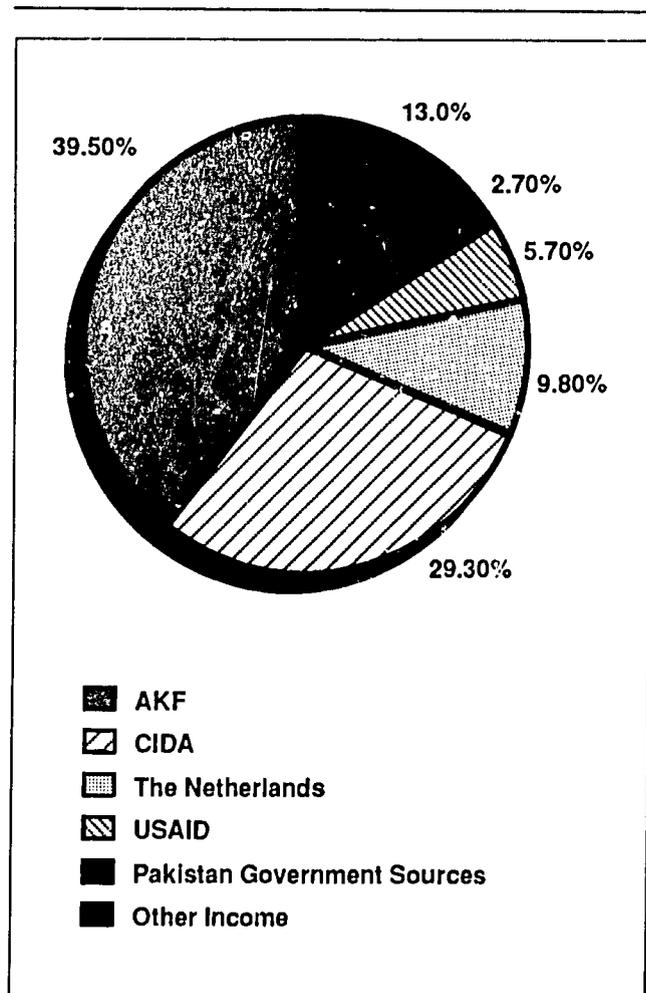


Figure 2. AKRSP resources sources of income, 1983-1986. Source: *The Aga Khan Rural Support Program in Pakistan: An Interim Evaluation* (World Bank, 1987), p. 69.



The Rahimabad Village Organization in action. AKRSP insists that the village organizations meet regularly to determine their own priorities and to set out plans for action. *Photo by Jean-Luc Ray for Aga Khan Foundation*

## A Cooperative Mode

The AKRSP model owes its basic principles to several sources, including 19th-century European rural cooperatives; Asian village organization and cooperation efforts of the 1940s and 1950s; and the pioneering work of Akhtar Hameed Khan, a Bangladeshi who headed the Comilla Academy of Rural Development in the 1960s and 1970s. It owes much of its practical side to the present General Manager of AKRSP, Shoaib Sultan Khan, who had experimented with the model elsewhere before adapting it to fit the local conditions found in the Northern Areas.

## Approach to Local Development

AKRSP's broad objective of village self-development and its specific objective of raising incomes are pursued through several activities, including the following:

- Training villagers in organizing to meet their needs as a village unit through a project

- Identifying and preparing projects and mobilizing resources for them, in part from their own savings
- Introducing new projects and appropriate technologies that contribute to increased income
- Developing strategies for sound and productive use of natural resources
- Carrying out technical and socioeconomic research to support the program and monitor its progress

These functions are coordinated by the AKRSP team.

## The Team

The AKRSP management team includes headquarters staff in the district center of Gilgit and district program officers in field offices in the districts of Gilgit, Chitral, and Baltistan (Table 1). A hands-on, field program, AKRSP has 1 staff member on average for approximately every 3 village organizations, 1 professional for every 6 organizations, and 1 social organizer—the key contact staff with villagers—for every 31 village organizations. All staff are fluent in the national language, Urdu; more importantly, most

**Table 1.** AKRSP staff, August 1986

Staff category	No. of staff		
	Gilgit	Chitral and Baltistan	Total
<b>Headquarters</b>			
General Manager .....	1	0	1
Management .....	7	2	9
Junior and middle-level			
professionals .....	11	2	13
Support .....	14	4	18
Secretaries and typists .....	8	4	12
Drivers .....	16	4	20
Auxiliary .....	12	9	21
Subtotal .....	69	25	94
<b>Field</b>			
Social organizers .....	11	9	20
Field engineers .....	7	7	14
Extension staff support .....	14	10	24
Drivers .....	14	5	19
Auxiliary .....	7	8	15
Subtotal .....	53	39	92
<b>Total</b> .....	<b>122</b>	<b>64</b>	<b>186</b>

Source: *The Aga Khan Rural Support Program in Pakistan: An Interim Evaluation* (World Bank, 1987), p. 76.

speak at least one of the region's several local languages. There is a notable paucity of women on the staff, which is to some extent a reflection of the traditional, religiously sanctioned exclusion (purdah) of women from the public sphere.

### Village Contract

AKRSP's method is to enter into a contract with a village, stipulating the following:

- The local organization must assemble as a village body at least once a month to look at infrastructure project performance and assess ongoing needs concerning the project.
- These meetings must take place with a large proportion of each village represented.
- At such meetings, each member must make a savings deposit to the revolving fund, which is held by the village corporately; this "equity capital" is critical to the local organization, because it can be used to leverage loans through the banking system.

The villagers select officers from among themselves to manage the organization. In each village there is

usually an activist who organizes and brings cohesion to the local group.

### Infrastructure Project

Infrastructure projects are the key to action for AKRSP, because they represent responses to what often are the most pressing practical economic needs of communities and thus serve to mobilize villagers. Most of these production-oriented projects include construction and extension or improvement of irrigation feeder channels. Next in frequency are projects to build connector roads, retaining walls, and storage reservoirs. Social organizers work closely with each village as the villagers choose the appropriate project, promoting a trial-and-error, problem-solving capability.

### Technology Transfer

Adaptable technology is essential for construction of irrigation channels and roads in the mountainous Northern Areas. Transporting irrigation water reliably to arable land often requires the laborious construction of several miles of feeder channels along steep valleys. AKRSP projects use local techniques, and almost all building materials are of local origin.

### Progress to Date

Because AKRSP is only about one-third complete, the results must be stated tentatively. Nevertheless, some important trends have emerged.

### Organizational Development

By the end of 1987, 764 village organizations had been established. That number represents almost 50,000 households (8 or 9 members per household) and covers almost one-half of the villages in the three districts that are the focus of the program. Most of these organizations remain active, many having set up savings funds and undertaken infrastructure projects.

### Infrastructure

Infrastructure projects have been started in about half of the organizations, benefiting over 40,000 households. Of a total of 1,259 projects chosen by village organizations, 585 had been initiated by the end of 1987, at a projected average cost through completion of about \$9,000. To a degree, these projects are designed to take advantage of new economic opportunities—such as the relatively recently completed

Karakorum Highway, which links Islamabad and the Chinese border and will facilitate marketing of local produce in Pakistan's cities. Infrastructure projects aimed at promoting existing economic activities, such as crop and livestock production, generally have turned out to be longer term efforts than originally foreseen.

### Agricultural Development

Most AKRSP projects consist of improvements of small irrigation works, mainly feeder channels, which contribute to increased production of food staples. There have been marked increases in the production of such marketable staples as cereals (wheat), root crops (potatoes, turnips), and tree fruits (apricots, apples, cherries). One production-related measure is the training of villagers as specialists in extension activities.

### Savings and Credit

Savings by village organizations have been impressive, especially given the minimal (less than 1 percent) default rate on loans. At present, the main source of savings is villagers' earnings from construction work on AKRSP-funded infrastructure projects. Villagers use savings as collateral in borrowing for such purchases as seeds, fertilizer, and tractors. In Gilgit District, 90 percent of the rural households in the program, organized through their villages, accumulated \$1.3 million in savings in less than 5 years. Throughout AKRSP, almost \$2 million has been disbursed in the form of more than 2,000 short-term

loans, initially offered at no interest, and later, at between 5 and 7.5 percent. Beneficiary households for short-term loans number over 100,000.

### Marketing

Marketing development has successfully gone beyond the village level. Neighboring villages have been organized to collect, grade, package, and transport their products (apples, dried apricots, livestock, and grains) to obtain economies of scale. A number of village organizations are participating in marketing courses.

### Women's Activities

Early on in AKRSP, women were found to benefit least from the program—a persistent imbalance that the program is working to remedy. Under AKRSP women actually have had to work harder than usual, doing more of the men's work because of the men's participation in cash labor on infrastructure projects. Because only one professional on the AKRSP headquarters staff is a woman, there has been a tendency to ignore the role of women in the program. AKRSP is reassessing women's role to enable them to both contribute to and benefit from the program.

### Monitoring and Evaluation

The program's flexible, nonbureaucratic approach is complemented by extensive monitoring, evaluation, and research, including the diaries kept by social organizers, quarterly progress reports, conference and workshop papers, regional statistical notes on socioeconomic conditions, program evaluation notes, village case studies, and computerized survey data.

### Preliminary Observations on the AKRSP Approach

*A flexible management style that promotes a trial-and-error learning and problem-solving capacity is critical to a decentralized, village-based program. AKRSP stipulates a few clear principles in organizing social and economic action in the Northern Areas, but project implementation—which is very difficult, given the mountain ecology and sociology of the region—is planned and performed by villagers in concert with program staff, in an open, shared manner.*

*Rural production and community development programs dealing with dispersed populations in isolated areas require extended timeframes. In contrast to most A.I.D. projects,*



The Booni Women's Organization with a new spinning wheel. One of AKRSP's objectives is to reduce women's work load by improving their ability to generate income and by introducing appropriate, affordable labor-saving technology. Photo by Jean-Luc Ray for Aga Khan Foundation



The Mastuj Village Organization at work on its irrigation channel, carved for 10 kilometers around a mountain to bring glacier water to barren land. Photo by Jean-Luc Ray for Aga Khan Foundation

which have a horizon of about 5 years, AKRSP estimated that it will require 10 to 15 years before the village organizations would be able to assume full responsibility for the program. Preliminary organizing—just getting the right management team together—took 1 year.

*It is essential to emphasize organizational design as highly important and sequentially prior to technical concerns.* The program recognizes that early identification of village needs and planning in full cooperation with villagers are essential, especially because the development of local organizational skills must build on existing social and economic arrangements. Also, giving equal attention to project effects on social equity and to productivity has resulted in continuing participation by villagers.

*It is important to closely and carefully link the interrelated functions of transport infrastructure, production, and marketing, given the need by villagers for long-term, viable market systems.* Such linkage will result in new, higher level organizations, such as regional cooperatives, offering production, supply, credit, processing, and marketing services. Equally important to AKRSP is

the inclusion of women and their critical role in the program's production approach. Because of the importance of the individual household farm, the program has found that it is essential to develop a better fit between farm household production goals and objectives and village-level and wider goals and objectives. One step that the program is considering is to have social organizers advise village organizations on selection of infrastructure projects that better exploit production and marketing opportunities. Other steps under consideration include improving food and cash crops through selection and testing and improving irrigation system design and water management.

## Outstanding Issues

### Unifying Social Organization and Production

One of the major issues emerging from the experience of AKRSP is the need to develop its production and marketing approach with the same care as it has given to its organizational approach. Development of the program's production and marketing approach

will include helping village organizations to set up selection criteria for infrastructure projects that build on economic growth potentials, integrating women into the work and production pattern more effectively, and providing more analysis of the local-regional-national marketing network.

### **The Local-Control Approach and Implications for A.I.D. Programs**

If A.I.D. were to actively support a large number of programs that are heavily reliant on nongovernmental organizations and local partnerships for initiation, design, funding, implementation, and evaluation, the Agency would have to reassess its own program

goals as well as its management organization and style—its way of conducting the development business. For example, the Agency would have to review its project and career timeframes, client relations, and system of accountability in order to accommodate the kind of partnership that is the main ingredient of the AKRSP experiment.

In spite of the concerns raised by the above issues, AKRSP's experience to date indicates that the local-control approach has encouraged the Northern Areas villagers to function on their own, much as they have for generations. The difference is that now, through AKRSP, the villagers are able to face the future with even greater control over their lives.

*This report was prepared by senior social science analyst John P. Mason under a Center for Development Information and Evaluation, Program and Policy Evaluation Division, contract with LABAT-ANDERSON Incorporated. It is based on an interim evaluation by the Operations Evaluation Department of the World Bank, The Aga Khan Rural Support Program in Pakistan: An Interim Evaluation (1987), requested and paid for by AKRSP; the Aga Khan Foundation U.S.A.—Final Report to A.I.D. (1988); and Rural Development Seminar: Lessons from Experience, which outlines the February 1988 seminar of the Development Assistance Committee Expert Group on Aid Evaluation. The views and interpretations expressed herein are those of the author and should not be attributed to the Agency for International Development. Comments or inquiries about this summary may be sent to the Center for Development Information and Evaluation, Bureau for Program and Policy Coordination, Agency for International Development, Washington, DC 20523-1802.*