

## TECHNICAL ASSISTANCE COMPLETION REPORT<sup>1</sup>

Division: CWEN

<b>TA No., Country and Name</b> TA 4723-PAK: National Agriculture Sector Strategy			<b>Amount Approved:</b> US\$350,000 US\$100,000 (supplementary)		
			<b>Revised Amount:</b> US\$450,000		
<b>Executing Agency</b> Ministry of Food, Agriculture and Livestock (MINFAL)		<b>Source of Funding</b> Technical Assistance Special Fund	<b>Amount Undisbursed:</b> US\$21,706.78	<b>Amount Utilized:</b> US\$428,293.22	
<b>TA Approval Dates:</b>  9 December 2005	<b>TA Signing Date:</b>  4 January 2006	<b>Fielding of First Consultants:</b>  23 November 2006	<b>TA Completion Date Original:</b> 31 December 2006	<b>Actual:</b> 30 April 2008	
			<b>Account Closing Date Original:</b> 31 December 2006	<b>Actual:</b> 30 April 2009	
<p><b>Description:</b> The agriculture sector in Pakistan traditionally has played an important role in the economy. At the time of TA formulation (2005-06), however, agriculture's contribution to GDP, economic growth, and rural income and employment was in decline. Over the period 2000-01 to 2005-06, its contribution to GDP had fallen from 24.9% to 22.5%. Agricultural GDP grew at an average annual rate of 3.9% (but with a high degree of volatility from year to year), while total GDP grew at an average of 6.0% per year. The rural non-farm sector was increasing in significance, with 40% of rural households relying on non-farm activities as their main source of income. Even for farming households, income from agriculture accounted for only 45% of total income, with the balance mainly from wage labor, off-farm activities, and remittances. Over the period 2000-01 to 2005-06, the incidence of rural poverty fell significantly from 39.3% to 27.0% while growth in agriculture, though positive, was both unstable and well below the level of overall economic growth. During 2005-06, Pakistan was in the process of implementing the Agriculture Sector Program Loan II (ASPL II), which sought to reduce poverty, lower rural unemployment, increase agricultural exports, farm productivity and profitability. The TA was to follow a consultative process to prepare a medium-term national agricultural strategy that the Government could use to (i) rationalize investments, and (ii) demonstrate how the proposed new initiatives would help achieve sustainable agricultural growth with diversified production and exports, expanded employment, reduced regional and income differences, and decreased rural poverty.</p> <p><b>Expected Impact, Outcome and Outputs:</b> The expected TA impact was sustainable agricultural growth that would increase farm incomes, diversify production, and reduce income and regional differences. Four outcomes were identified: (i) regional, provincial and national growth strategies, (ii) regional, provincial and national investment priorities, (iii) improved crop and livestock production systems, and (iv) improved agricultural infrastructure and support services. Identified outputs were: (i) provincial and national support programs to facilitate agricultural growth, (ii) investment programs for enterprises and products, (iii) a human and technical capacity development program, (iv) an institutional framework and associated improvement in policy and reforms, and (v) supporting information systems. Not actually specified in TA outputs in the TA Paper Design and Monitoring Framework (DMF) was the overall National Agriculture Sector Strategy (NASS) itself.</p> <p><b>Delivery of Inputs and Conduct of Activities:</b> The TA was approved in December 2005. It included 4 person-months of international and 18 person-months of national consultants to be utilized over a 9 month period. Consultants were due to be recruited by 31 March 2006 and the final report submitted by 31 December 2006. The TA closing date was extended to 31 December 2007 due to delays in meeting the compliance conditions of the ASPL II second tranche, which was released in August 2006. The scope of the TA was also revised to take into account the link between the rural farm and non-farm subsectors. Due to political uncertainties in late 2007, the TA completion date was extended again to 31 March 2008. Following the election of a new Prime Minister and Cabinet in March 2008, ADB agreed to MINFAL's request to extend the completion date to 30 April 2008. The contracts of three consultants were extended accordingly, financed from unutilized funds. The TA final report was submitted in September 2008. During the course of the TA, workshops were undertaken and a final national workshop was held to review and consolidate the findings of the TA. Progress of the TA was discussed during ADB missions for ASPL II. An ADB TA mission was fielded from 24 to 28 March 2008 to review the TA and participate in the national workshop. Road-shows to publicize the strategy were held in each province during April 2008. Overall, ADB's performance has</p>					

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been assessed as satisfactory.

To support the TA, MINFAL established a NASS Preparation and Implementation Unit under the Government Agriculture Sector Development Loan (ASDL) that was established to utilize ASPL II funds. The Unit budget under ASDL was Rs22.978 million (\$380,000). MINFAL appointed a Joint Secretary as project director for the Unit reporting to the Secretary, MINFAL in his role as Chairman of the ASPL II Program Steering Committee. The Unit commenced operation in September 2007, 3 months after the date stated in the PC-I. It will be closed at the end of July 2009. As of the time of this TA review, the NASS has been circulated to technical departments/staff in MINFAL and provincial governments for the preparation of review documents, following which the NASS will be discussed by MINFAL senior staff. No deadline has been set for this. It is the view of the current Project Director (MINFAL Senior Joint Secretary) that the NASS, being considered as a project under ASDL, was not afforded the level of significance that it should have been, and that it should have been treated as a stand-alone project with greater focus. As a result, and given its standing within the Government, the likelihood of the NASS being implemented to any great extent appears low. In light of this situation, the EA's performance has been assessed as less than satisfactory.

**Evaluation of Outputs and Achievement of Outcome:** The TA produced a main report, three thematic papers, and eight background papers. The main report presented the sector strategy in the form of a comprehensive action agenda. The programs, frameworks, and information basis identified as outputs of the TA were not presented individually, but were contained in very broad terms within the overall agenda. In this context, the TA outputs themselves were not clearly defined in the DMF. With respect to outcomes, the agricultural growth strategies and investment priorities were not disaggregated by region or province as required by the DMF, but were more commodity and activity-based. It would have been more appropriate if these strategies and investment priorities had been included under outputs rather than outcomes in the DMF. The achievement of the DMF outcomes of an improved crop and livestock production system, and improved infrastructure and support services for agriculture cannot be determined at the time of this review. However, the assessment of ASPL II suggests that, with the exception of the evolution of a pro-market-orientation consensus within the public sector, much of the agriculture sector remains largely unchanged since 2000-01, and that significant improvement will only occur in the long term. This applies equally to the TA impact stated in the DMF.

**Overall Assessment and Rating:** The TA is considered to be partly successful. It provided a comprehensive review of the agriculture sector, previous development initiatives and projects, and sectoral constraints and opportunities. The strategy was presented in the form of an agenda of actions to be implemented in three phases: immediate (within 12 months), short term (between 1 and 3 years), and medium term (between 3 and 5 years). The timeframe associated with the reform agenda was, in the context of both the history of the sector and the experience under ASPL II, highly unrealistic. The TA did not provide a long-term vision. Nor did it discuss the enabling environment necessary to facilitate the implementation of the strategy, or risks that could undermine it. At a time when the Government was struggling to effectively implement ASPL II, the TA final report (i) failed to take due account of the difficulties encountered in the implementation of ASPL II, (ii) proposed a wide-ranging and extremely ambitious series of measures, as ASPL II itself had done, (iii) replicated reforms in critical areas, especially wheat, that had proved particularly difficult to implement under ASPL II, and (iv) did not address key constraints to the implementation of the strategy, notably with respect to institutional ownership of proposed reforms, and the capacity of federal and provincial governments to implement the reforms. Although the TA report claims to have taken account of the TA Paper focus on "how to do" rather than "what to do", there is little evidence of concrete steps required to undertake the broadly defined actions under the agenda. As of this review, there appears to be little ownership of the strategy by MINFAL.

**Major Lessons:** Key lessons include the following: (i) It is questionable whether the preparation of a wide-ranging national strategy with a daunting array of policy reforms that a government finds difficult to implement is an effective means of achieving sectoral change. Focus on key constraints with a realistic reform agenda and timeframe would be more appropriate; (ii) in defining strategies and a reform agenda, full assessment needs to be made of constraints facing, capacities of, and roles of and relationships between national and regional implementing institutions; (iii) where a TA is designed to support the preparation of medium-term strategies (with long-term performance targets), mechanisms are required to maintain dialog with borrowers and monitoring of the implementation of reforms after the TA is completed, and to provide follow-up support where necessary; and (iv) TAs aimed at producing sectoral strategies should incorporate resources to mount a widespread campaign for public dissemination (including media coverage) of strategies and reforms to which government agrees. This will support the reform process, maintain public pressure to implement reforms, and help to avoid reforms being shelved once the TA report has been submitted.

**Recommendations and Follow-Up Actions:** ADB should review the evaluations of TAs aimed at preparing sector strategies to determine whether it is an appropriate approach to promoting structural reform and achieving the desired impact. ADB also should maintain dialog with borrowers' implementing agencies to monitor the progress of reforms proposed under TAs and to provide on-going support as appropriate.