IFAD
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Pakistan

Economic Transformation Initiative - Gilgit Baltistan

Supervision Report

Mission Dates:	5 to 15 May 2025
Document Date:	25/06/2025
Project No.	2000000836
Report No.	7271-PK

Asia and the Pacific Division
Programme Management Department

Abbreviations and Acronyms

4Ps	Producer, public, private partnerships
AICS	Italian Development Cooperation Agency/ Agenzia Italiana per la Cooperazione allo Sviluppo
AKRSP	Agha Khan Rural Support Programme
AWPB	Annual Workplan and Budget
BISP	Benazir Income Support Programme
CPM	Country Portfolio Manager
EAD	Economic Affairs Division
EOI	Expression of Interest
ETI	Economic Transformation Initiative
FMR	Farm to Market Roads
FOs	Farmer Organizations
GB	Gilgit-Baltistan Province
hhs	Households
IFAD	International Fund for Agriculture Development
ILD	Irrigation and Land Development
JICA	Japan International Cooperation Agency
Km	Kilometer
MoEA	Ministry of Economic Affairs (previous Economic Affairs Division)
M&E	Monitoring and Evaluation
MoPA&SS	Ministry of Poverty Alleviation and Social Safety
MOU	Memorandum of Understanding
NADEP	National Agribusiness Development Programme, Sri Lanka
NOC	No Objection Certificate
O&M	Operation and management
P&D	Planning & Development Department
PC-I	Planning Commission Proforma-I for project approval
PCU	Programme Coordination Unit
PDR	Programme Design Report
PIM	Programme Implementation Manual
PP	Procurement Plan
PSC	Programme Steering Committee
PWD	Public Works Department
RCU	Regional Coordination Unit
RFP	Request for proposal
RIMS	Results and Impact Management System
SMP	Social Mobilization Partner
SMT	Scheme Management Team
TOR	Terms of Reference
VAC	Village Agriculture Cooperatives
USAID	United States Agency for International Development
VCF	Value Chain Fund
VCTAT	Value Chain Technical Assistance Team
VPG	Village Producer Group
WMD	Water Management Directorate

A. Project Overview

Region:	Asia and the Pacific Division	Project at Risk Status:	Not at risk
Country:	Pakistan	Environmental and Social Category:	Substantial
Project Name:	Economic Transformation Initiative - Gilgit Baltistan	Climate Risk Classification:	Low
Project ID:	2000000836	Executing Institution:	Planning and Development Department
Project Type:	Irrigation	Implementing Institutions:	not available yet
CD:	Fernanda Thomaz da Rocha		
Project Director:	Mr. Khadim Hussain Saleem, Secretary Agriculture, Livestock and Fisheries Department, Government of GB.		
Project Area:	Gilgit Baltistan		

Approval Date:	22/04/2015	Last audit receipt:	20/12/2024
Signing Date:	26/10/2015	Date of Last SIS Mission:	15/05/2025
Entry into Force Date:	16/09/2015	Number of SIS Missions:	26
Available for Disbursement Date:	06/04/2016	Number of extensions:	2
First Disbursement Date:	11/04/2016	Effectiveness lag:	5 months
MTR Date:	14/10/2019		
Original Completion Date:	30/09/2022		
Current Completion Date:	30/09/2027		
Financial Closure:	not available yet		

Project total financing

IFAD Financing breakdown	IFAD	$67,000,000
Domestic Financing breakdown	National Government	$23,630,000
	Beneficiaries	$6,540,000
Co-financing breakdown,	Agenzia Italiana per la Cooperazione allo Sviluppo	$22,980,000
Project total financing:		$120,150,000

Current Mission

Mission Dates:	5 to 15 May 2025
Days in the field:	7
Mission composition:	Fernanda Thomaz Da Rocha, Mission Leader, Country Director Pakistan; Ghulam Nabi Marri (Country Programme Coordinator), Co-Mission Leader, Project Management/ Economist; Qaim Shah (IFAD Consultant), Team Leader, Rural Development & Institutional Specialist; Ayesha Quresh (Country Programme Analyst), Gender, M&E, KM; Simon Gontard (Technical Analyst), Nutrition Specialist; Fayaz Ahmad (IFAD Consultant), Value Chain Specialist; Abdul Hakeem (IFAD Consultant), SECAP and Infrastructure Specialist; Kayode Fagbemi (Regional Finance Officer), Financial Management Specialist; Naeem Abbas (IFAD Consultant), Procurement Specialist;
Field sites visited:	Gilgit

B. Overall Assessment

Key SIS Indicator #1	∅ Rating
Likelihood of Achieving the Development Objective	4.69

Key SIS Indicator #2	∅ Rating
Assessment of the Overall Implementation Performance	4.5

Effectiveness and Developmental Focus	**5**
Effectiveness	5
Targeting and Outreach	5
Gender equality & women's participation	5
Agricultural Productivity	4
Nutrition	4
Adaptation to Climate Change	5

Project Management	**5**
Quality of Project Management	4
Knowledge Management	5
Value for Money	5
Coherence between AWPB and Implementation	4
Performance of M&E System	4
Social, Environment, and Climate Standards requirements	5

Sustainability and Scaling-up	**5**
Institutions and Policy Engagement	4
Partnership-building	5
Human and Social Capital and Empowerment	5
Quality of Project Target Group Engagement and Feedback	5
Responsiveness of Service Providers	5
Environment and Natural Resource Management	5
Exit Strategy	4
Potential for Scaling-up	5

Financial Management and Execution	**5**
Acceptable Disbursement Rate	5
Quality of Financial Management	4
Quality and Timeliness of Audit	5
Counterparts Funds	4
Compliance with Loan Covenants	5
Procurement	4

Relevance	**5**

C. Mission Objectives and Key Conclusions

Background and Main Objective of the Mission

1. The Economic Transformation Initiative - Gilgit-Baltistan (ETI-GB) is an US$ 120 million project, approved by IFAD's Executive Board in April 2015 for an amount of US$ 67 million highly concessional loan. The project is co-financed for an amount equivalent to Euro 20.5 million by the Italian Agency for Development Cooperation (AICS). The project entered into force on 16 September 2015 with completion date of 30 September 2022. In August 2022, in view of the project success and scaling up potential, IFAD approved a three year no-cost extension of the project period to September 2025, which would allow for operationalization of the AICS co-financing and realization of benefits linked to the policy reforms and consolidation of investment in community institutions.
2. The Government of Pakistan submitted a formal request in January 2025 for an additional two-year no-cost extension of the IFAD Loan. IFAD approved the extension, subject to agreed conditions[1]. Revised PC-1 is also approved by the competent authorities. The new completion and closing dates would be 30 September 2027 and 31 March 2028. In case of non-achievement of the extension conditions, the project completion date will be on 31 December 2026.
3. The development objective of the project is to increase agricultural incomes and food security for at least 100,000 rural households in Gilgit-Baltistan, as part of the overall goal to improve incomes and reduce poverty and malnutrition in the region. The project initially focused on four districts for economic infrastructure and all the districts for two value chains (potato and apricot) and small pilots in dairy and potato seed. At mid-term the scope of the project was opened to additional value chains and after the first extension the economic infrastructure component was extended to all the 10 districts of Gilgit Baltistan.
4. The Supervision Mission was planned for 05-15 May 2025. Due to the recent cross-border developments and following UNDSS advisory, the field work was shortened but the mission team stayed in Gilgit for one week and carried out meetings and consultations with the PCU, government line departments, service provider/Gilgit Baltistan Rural Support Programme (GBRSP) and consultants for Water Policy and Road Master Plan and O&M Policy, in Gilgit from 08-11 May 2025. The Mission also met the Additional Chief Secretary (Development) for a debrief.
5. The mission's finding and conclusions are mainly based on projects documents/progress reports, M&E data, updated logframe, and meetings/discussions with PCU; line departments, service providers/GBRSP, and consultants.
6. [1] (i) The project achieving a total disbursement of US$ 65 million by September 2026 with a yearly target of US$ 4.5 million for IFAD funding; (ii) The physical targets for completing all irrigation schemes are achieved by September 2026; and (iii) the achievement of 40 common asset grants for VACs, under the VACs/value chain component, by September 2026.

Key Mission Agreements and Conclusions

7. The project has made progress since last supervision in May 2024 and made a significant improvement after a loss of momentum during the AWPB 2023-2024 (July-June) mainly on account of change in the country's accounting system by the State Bank of Pakistan, which impeded IFAD disbursement.
8. The current beneficiary household (HH) outreach is 104,482 against the target of 100,000 HH (104.5 percent). The infrastructure development is progressing well except the land development and titling which is lagging behind. The PCU and GBRSP need to improve coordination and prepare a strategy and action plan for land development. Under Support Services for Value Chain Development Component, capacity building support to Village Agriculture Cooperatives (VAC) has been initiated by GBRSP and support to VACs was provided by the Cooperative Department for regulatory compliance requirements. Efforts need to be enhanced to strengthen institutional capacity, governance systems, operational and managerial skills and realistic business goals. The business plans of the VACs need to be updated and treated as living documents. Agreement with Habib Bank Limited Microfinance Bank (HBL) was signed in February 2025 for Partial Credit Guarantee Scheme (PCGS) and provision of credited to VAC members has been initiated which are performing well. Punjab Land Record Authority has been engaged for digitization/computerization of land records and titling. Meanwhile manual land survey is progressing in targeted project areas, though at slow pace due to its reliance on manual data collection and processing.
9. Great part of the recommendations of IFAD supervision and implementation support mission have either been complied with or are in process of implementation.
10. The IFAD Loan is disbursed at 91% with SDR 44.1 million (equivalent of USD 60.8 million) disbursed against allocation of XDR 48.6 million (equivalent of USD 67 million). The AWPB 2024-2025 (July-June) financial utilisation as of March 2025 is 57 percent.
11. **Agreed Actions and Key Recommendations**
12. Following are the key recommendations and agreements for the consolidation phase of the project.
13. **Project extension:** The full two year extension of the project period will be contingent upon the fulfilment of completing all irrigation schemes, yearly target of disbursement of US$ 4.5 million and the achievement of 40 common asset grants for VACs, under the VACs/value chain component, by September 2026.
14. **Studies and Impact Evaluation Survey:** The project has initiated the process of procurement to hire a firm/consultant to conduct internal impact studies and carry out a third party/independent outcome survey, to document the successful results and socio-economic impact of the project. This is to showcase the visible success of the project at community level.
15. **Exit Strategy and Sustainability:** ETIGB has prepared a revised exit strategy which still needs improvement, particularly in the wake of two years extension by September 2027. The exit strategy in addition to focus on sustainability of VACs and PCGS, shall develop a clear roadmap to include post project institutional arrangements for continuation of support by public and private sector institutions, particularly for land development and titling and engagement of institutional entities for VACs and PCGS.
16. **Component 1: Economic Infrastructure**
    1. The project and GBRSP shall prepare a strategy and action plan for achieving the targets of land development as agreed during the Implementation Support Mission of October 2024 and submitted to IFAD country team by 15 June 2025. The process of land digitization, documentation, and titling shall be completed by June 2027.
    2. The Mission endorses the proposal of Agriculture Department for increasing the capacity for production of 900,000 fruit plant for land development under ILD. The project shall make arrangement for availability of PKR 58.50 million from the allocation for private nurseries and if required, from the allocation for agriculture extension activities.
    3. The Communication and Works Department, Water Management and Irrigation Department and the PCU shall ensure completion of quality

products both for water policy and roads master plan and O&M Policy by the extended schedule of October 2025.

17. **Component 2: Support Services for Value Chain Development:** To ensure relevance and effectiveness of VACs business plans, the plans shall be reviewed and updated yearly and treated as living documents. The plans shall incorporate the latest information on market demand, production volumes, business activities, and financial status. GBRSP shall assist the VACs in updating the current business plans by December 2025.

D. Overview and Project Progress

18. **The overall progress of the project is rated as *satisfactory (5).*** The current beneficiary household (HH) outreach is 104,482 against the target of 100,000 HH (104.5 percent). The infrastructure development consisting of Irrigation and Land Development (ILD), Farm to Market Roads (FMR) and bridges is progressing well except the land development subcomponent mainly due to delay in execution of addendum to MOA for land development with GBRSP (signed in September 2024) and issues of clarity and coordination between the PCU and GBRSP. Under Support Services for Value Chain Development Component, provision of capacity building support to Village Agriculture Cooperatives (VAC) has been initiated by Gilgit Baltistan Rural Support Programme (GBRSP) and support to VACs was provided by the Cooperative Department for audits and carrying out of annual general meetings/elections of board of directors. Following the agreement with HBL Microfinance Bank in February 2025, implementation of Partial Credit Guarantee Scheme (PCGS) has commenced and the provision of credited to VAC members has been initiated. Punjab Land Record Authority has been engaged for digitization/computerization of land records and titling.

19. **Component 1: Economic Infrastructure for Value Chain Development**

20. **Irrigation and Land Development (ILD):** Overall, the project initiated 102 ILD schemes out of which 77 have been completed during 2016-22 and 25 are under various stages of completion as part of the Extension phase. The target command area under IFAD funded schemes is 53,777 acres, out of which about 38,285 acres is under the completed schemes and 15,492 acres under the ongoing schemes. The Shamsabad ILD scheme in Ghizar district, which was started in 2019, has faced delays for various social reasons. Currently, 11 schemes covering about 6,465 acres are non-functional due to flood damages and some social problems. Important ones include Buner Daas with command area of 1,612 acres, Ahmadabad with 947 acres and Satil which will serve 1,311 acres of land. The issue of rehabilitation of these schemes is pending for last couple of years mainly due to limited financial capacity of the communities and resource constraints of the government. Project has completed 44 km of water channels in the last year covered by this supervision.

21. **Land Cultivation:** Progress on land development/cultivation has fallen behind schedule. The completed and ongoing ILD schemes cover a command area of 53,777 acres of land. To date, 14,863 acres have been developed so far through agriculture, cultivation of alfalfa, and plantation of about 130,000 fruit and forest trees. Of these, 2,326 acres have been developed in the past year. The project has cultivated 338,230 plants including 8,790 fruit plants and 329,440 forest plants in 25 completed ILDs. Land agricultural development being essential outcome of ILD schemes, the IFAD supervision mission of 2024 had recommended engagement of GBRSP for mobilization of farmers for developing about additional 14,000 acres of land by August 2025. However, the progress has been slow due to harsh climate and environmental/terrain conditions, delay in conclusion of contract and lack of clarity, and lack of effective coordination between the PCU, GBRSP and the department of Agriculture Extension.

22. The command area of 15,492 acres under the extension phase schemes is being developed simultaneously with the development of the water distribution channels by the concerned VACs but with slow progress. The schemes are expected to be completed by June 2025 while the cultivated land is so far 1,079 acres.

23. **Farm to Market Roads.** Out of the total target of 700 km (original 400 km plus 300 km under the extension phase) of Farm to Market Roads, 77 roads totalling 382 km (54 percent of the total) have been completed, while 157 km including 17.6 km under AICS are ongoing. Two roads –Buner Daas (9.47 km) and Dabote Kanbari (9.69 km) in Diamer region– were damaged by floods in 2022 but could not be repaired due to concerned communities' limited capacity. All completed roads have been handed over to Communication and Works (C&W) Department except Karumber in Diamer region. 58 km of FMRs have been constructed in the last year.

24. The repair and maintenance of the completed roads is C&W Department responsibility. At the request of the department, the revised PC-1 has made allocations for the purchase of machinery and equipment required for repair and maintenance.

25. A key achievement for implementation of roads is the community voluntary land contribution which is valued at about PKR 33 billion (about US$ 117 million). These roads contribute significantly to the overall economic and social development of GB and have immediately and greatly improved access of rural communities to economic and social services like markets, jobs, health, and education, and saved travel time resulted in improved livelihoods and job opportunities.

26. **Bridges.** Bridges in a mountainous area of GB play a pivotal role in the connectivity and rural development. The project has completed construction of 10 RCC bridges and 11 wooden bridges, and 4 are under various stages of completion. The Project had planned to construct 5.4 meters RRC bridges during 2024-25 but work could not be initiated. The bridges also contributed to the increased access to markets and have greatly impacted the cultivation of potato in the remote valleys. All completed bridges have been handed over to C&W Department for operation and maintenance.

27. **Water Policy and Road Master Plan and O&M Policy**: ETI-GB is providing support to the Government of GB for development of Water and Road Master Plan and O&M Policies. The assignments were expected to be completed by the first week of July 2024 but the agreements were extended due to slow delivery and some quality issues. The Mission had meetings with both the Departments and the consultants, and it was agreed that preparation of the policies meeting the required quality standards shall be completed by October 2025.

28. **Component 2: Support Services/PPPP for Value Chain Development**

29. **Social Mobilization/Village Agricultural Cooperatives -** The project has completed organisation and formation of 162 Village Agriculture Cooperatives (VACs) with a membership of 50,256 farmers. Additionally, the project has also registered 78 VACs under the ILD schemes making it a total of 240 VACs. The Cooperative Department is successfully providing services to VACs for Annual General Body Meeting (AGM) and Audits. The project interventions with VACs have been successful in terms of agriculture productivity enhancement, access to financial services and markets, and increased incomes of farmers.

30. However, VACs face challenges in effectively managing their operations due to gaps in institutional capacity, governance systems, operational and managerial skills and realistic business goals. The current business plans of VACs are often inadequate and outdated, lacking clear goals and strategies to drive growth and sustainability.

31. **GBRSP**: With the support of GBRSP, institutional strengthening activities for VACs are being deployed. In the past year, 150 VAC members and management staff received capacity building training in key areas such as office management, bookkeeping, procurement, leadership and governance, and inventory management. The objective of these trainings was to equip VACs with the necessary knowledge and skills to effectively manage the day-to-day operations of their cooperatives. Office management support has been extended to 62 VACs, and 100 VACs are still

awaiting this support, anticipated to be completed by June 2025. This support is crucial for improving operational efficiency and management of VACs.

32. An IT firm has been engaged to develop an Integrated Management Information System (MIS) for VACs. The firm will conduct a needs assessment with VACs to identify specific requirements for MIS development, focusing on modules such as farmer database, VAC governance, accounting and finance, revolving fund and credit, inventory management, monitoring and evaluation and savings. Meanwhile, training to 150 VACs has been provided on an Excel-based MIS format for data entry, which will facilitate smooth transfer of data to the new system once it becomes operational.

33. The project with the support of GBRSP has initiated action for recovery of the revolving fund provided to the VACs. As per the project records, an amount of PKR 114.9 million has been collected out of the total of PKR 911.76 million, from 86 VACs.

34. **Value chain support fund and 4P competitive grants -** The project has developed and approved a comprehensive Grants Manual that outlines the types of grants, selection criteria and terms and conditions for implementation. The manual focuses on two main types of grants including common asset financing for Village Agriculture Committees (VACs) and 4P competitive grants for private firms and enterprises. Under the common asset financing, the project received 91 applications from VACs. Following a rigorous review process, 49 applications were approved and are beginning implementation. While the project has previously facilitated 13 4Ps, an additional 12 4P proposals have been approved for implementation against a total target of 20.

35. The business plans for 4Ps and Common Asset Financing for VACs under the competitive grants program require refinement, particularly in addressing over-ambitious assumptions, incomplete cost components, economic analysis and technical feasibility of the business ideas. The plans do not fully capture on-ground realities, which could lead to business failure in the long run.

36. Common asset financing for VACs is intended to support the acquisition of long-term, business development assets that can be continuously utilized to strengthen the business initiatives of the VACs. Consumables like packaging material are not eligible for support under this grant.

37. **Partial Credit Guarantee Scheme:** Loan disbursement to VAC members under the Partial Credit Guarantee Scheme has commenced after agreement with HBL MFB and GBRSP. So far out of the total of 570 applicants, 270 loans amounting to PKR 84 million have been processed. Women beneficiaries constitute 31 percent of the processed loans. Awareness sessions for the introduction of PCGS including loan products and terms and conditions were conducted for VAC members in all districts. There is a need for loan products development specific to the needs of the communities and individual households of GB.

38. **Agriculture Extension and Research:** Under agriculture extension 6 private fruit nurseries have been established; 23 Farmer Field Days were conducted, benefiting 813 farmers (422 male and 391 female); 2 Farmer Field Days specifically focused on pest and disease management were conducted, benefiting 40 farmers; 8 trainings on production and post-harvest management were conducted for 172 farmers (79 male and 93 female); 3 seminars/workshops on pest and disease management were held and 30 farmers were trained as Training of Trainers (ToT). All these activities have played a vital role in minimizing post-harvest losses and ensuring efficient use of fertilizers and pesticides.

39. Under the agriculture research subcomponent, 51,820 potato mini tubers were produced and 350 bags of basic and certified seed potatoes were distributed to farmers. About 20 metric tons (MT) of potato seed was produced at research stations.

40. As per the recommendation of the last supervision mission, the department has developed a business plan to scale up seed potato production, engaging multiple private sector partners. The business plan presents a clear road map and comprehensive strategy to scale up seed potato with ETIGB. Production of potato seed through contract growing has been initiated and 38 metric tons (MT) of seed was produced through these arrangements. Additionally, the Agriculture Research has provided 9 tons of seed to growers for potato production.

41. **Land Tilting**: Increased land tenure security is one of ETI-GB's landmark achievements. As per PDR's sub-component 2.5: Land Titling System, Provincial Land Commissioner, the project aims at securing land titles for the beneficiaries of ILD through issuance of legally valid land titles by District land revenue agency. To initiate establishment of a proper land records and titling system in GB, the programme would adopt a two-pronged strategy whereby it would assist the provincial government to carry out the required legislative work for a provincial land titling framework but, at the same time, get an interim regulation promulgated that safeguards the interests of programme's beneficiaries for the newly developed irrigated areas. At the same time, ETI would assist the provincial government to start establishing the basics of a computerised land records system at provincial and district levels on the pattern and software design of systems being established in Punjab and Sindh provinces.

42. ETI-GB has successfully achieved the approval by the Government of GB's land reform policy, a landmark policy achievement. The policy ensures that the land ownerships are to be given to local beneficiary communities, particularly in the case of settled districts- Baltistan region, Astore District and now in Gilgit (in rest of the districts which are not settled, communities already own these land). The land demarcation and titling process has been initiated, yet the land tittles will be provided once the prerequisites are met –such as mapping, documentation, digitization and lastly issuance of legal titles. Meanwhile the policy and GB Cabinet decision legally acknowledged the ownership of the land to the community and in the legal documentation the name of the beneficiary of the assigned plot (as per land distribution following community customary practice) is recorded as owner. These initiatives have led to increased security of land tenure.

43. The progress of the process of land records (mapping, documentation and digitization) preceding land titling has been slow due to its complex nature and prior-to-project lack of institutional framework and capacity. To date, manual land measurement in 9 ILDs covering about 5,193 acres in different districts is in progress where four schemes have been completed. The Board of Revenue (BOR) GB signed an agreement with the Punjab Land Revenue Authority (PLRA) for land record digitization for ETI-GB schemes in December 2024. Work on digitization and computerization of land records and titling has been initiated in 8 schemes covering 7,254 acres. Granting of land titles has made little progress, with 424 titles granted out of a target of 50,000.

44. While achieving of the said target may be challenging during the project lifetime given the limited budget and complexity, the project should lay the groundwork—through demarcation, legal documentation, mapping, record development and digitisation—for future title issuance.

45. **Component 3: Project Management and Policy Support**

46. Most of the key staff of Project Coordination Unit (PCU) and Regional Coordination Units (RCU) are on board. The Project Steering Committee (PSC) has been meeting regularly for the provision of strategic guidance, oversight, progress review, and approval of AWPB. The agreed actions/recommendations of previous IFAD Missions have largely been achieved. Effective coordination mechanisms with government line departments are in place and Agriculture Research, Extension and Water Management and Irrigation, Communication and Works and Cooperative Departments under the project sub-component are performing satisfactorily. However, there is a need for improved coordination, and clarity of roles and responsibilities between the PCU, GBRSP and the Department of Agriculture Extension particularly for land development under ILD.

Agreed Action	***Responsibility***	***Agreed Date***

Expedite Payback under all ILD schemes Develop implementation schedule for the payback under all ILD schemes through the regional coordination offices in association with engagement of GBRSP.	PMU	03/2023
Achieve Target of 50 000 acre cultivated land Reassess the target of 20,000 acres under new ILD schemes in order to achieve the overall target of 50,000 acres cultivable land. Share with IFAD and Italian cooperation the list of completed and potential schemes clearly showing the 50 000 acres achievement	PMU	04/2023
Reinstatement of the recovery of revolving fund under cooperatives A schedule shall be agreed with VAC by end of March 2023 with full recovery of revolving fund by March 2024.	PMU	04/2023
Complete feasibility on reclamation of land from river Undertake 3 feasibility studies – one in each region where potential exist for reclamation of land from river clearly identifying the need for technical assistance under Italian Cooperation for its implementation.	PMU	09/2023
Focus on Command Area Development GBRSP in consultation with SMT/VAC member and the department of Agriculture Extension, submit a proposal for land use planning/mapping and implementation	GBRSP/Agriculture Extension Department	06/2024
Completion of ILD All ILDs shall be completed by June 2025	PCU/WMD/SMT	06/2025
Completion of ILDs and FMRs All the target ILD and FMR shall be completed	PCU/RCUs/VACs	06/2025
Command Area Development Chalk out a comprehensive road map for completing land development by GBRSP in completed schemes and in new schemes under Extension phase. The strategy and action plan shall be shared IFAD country team for review	PCU/GBRSP	06/2025
Complete and ensure quality deliverables on water policy and Roads Master Plan and O&M Policy Provision of Management and Operations Support to VACs Provide financial support for organizational development of the remaining 100 VACs through the employment of recent graduates	PCU/GBRSP	06/2025
Strengthening of business plans for 4Ps Competitive grants Review and strengthen business plans by validating key assumptions, incorporating all relevant cost components, strengthening the economic analysis and developing a realistic and actionable implementation plan	PCU/GBRSP	06/2025
Improved Coordination An effective and regular coordination mechanism shall be put in place between PCU, GBRSP and Agriculture Extension for land development and strengthening of VACs. PCU to provide leadership	PCU	06/2025
MIS Development Complete MIS development, covering key areas such as farmer database, VAC governance, accounting and finance, revolving fund and credit, inventory management, monitoring and evaluation and savings.	PCU/GBRSP	08/2025
Additional FMR Based on the needs and demand of communities additional FMR could be considered. In view of concentration of infrastructure in core districts, focus of additional infrastructure shall be in the new districts - immediate and on a continuous basis	PCU/PWD Department	
Provision of Management and Operations Support tot VACs Provide financial support for organizational development of the VACs through the employment of recent graduates, in a phased manner starting from 70% in year 1, 50% in year 2 and 30% in year 3. immediate	PCU	

Revised Share of Competitive Grant VACs contribution in the matching grant will be reduced to 30:70 from the original 50:50 ratio; immediate	PCU	
Expedite land measurement and titling - on a continuous basis	BoR/PCU	
MoA with Cooperative Department The Memorandum of Agreement (MoA) with the Cooperative Department shall be expedited to ensure continued regulatory and oversight support for the VACs - on a continuous basis	PCU	
Potato Seed production with Agriculture Research Collaborate with Agriculture Research system to ensure production of certified potato seed through contract farming, engaging private firms - on a continuous basis	PCU	

E. Project implementation

a. Development Effectiveness

Effectiveness and Developmental Focus

Effectiveness	Rating: 5	Previous rating: 4

Justification of rating

47. Satisfactory. The project achievement of physical targets is on track under both components. Indications of improved livelihoods are becoming visible in terms of increased productivity and income due to the project ILD interventions, formation of VACs and 4P based value chain development. After solving the problem of the national accounting system's impeding loan disbursement in FY 2023-24 with a new disbursement process, disbursement significantly increased, with expenditure and physical works gaining momentum. In the past year, 44 km of water channels and irrigation schemes were constructed, land levelling/de-stoning has reached to additional 2,326 acres, 58 km of roads were constructed, 49 grant proposals for 4P and VACs were approved, 270 loans amounting to PKR 84 million have been processed under the PCGS, and new nutrition trainings are being deployed. There is however a need to improve land cultivation initiatives and land titling, strengthen VACs technical and managerial capacitates and broaden the scope of the current level of business activities. The participatory approach for planning and implementation of productive infrastructure interventions has resulted in ownership, cost efficiency and effectiveness. Activities under both main components have exceeded the targets except for land cultivation, for which a robust action plan has been devised where 1 million plants will be produced and planted in next three years. The project is well on course for the timely completion of physical activities and achieving its goal and development objective. The project interventions are considered for scaling up by the Government of GB, particularly the VACs sustainability and extension; PCGS coverage enhancement; and the land titling which are considered as best practice. A key accomplishment of the project is the voluntary contribution of land for constructions of roads which is valued at about US$ 117 million.

Log-Frame Analysis & Main Issues of Effectiveness

48. Progress continues to be reported at the output level, with many indicators showing significant achievement. Notably, outreach efforts have successfully reached 104,482 against the target of 100,000 HH (104.5%) - over 783,615 individuals, surpassing the total target. Most output indicators like irrigated lands, water channels, roads, rural producers' organisations and market infrastructure (e.g. indicators 1.1.2; 2.1.5; 2.1.2; 2.1.1; 2.1.6) have surpassed their targets, with a few exceptions such as "Funds recovered against estimated cost recovery" for irrigation development and land titling, where targets remain unmet.

49. The results for the development objective and most outcome indicators have remained unchanged since 2022, as the last outcome survey was conducted that year. A new outcome survey is currently planned, and the hiring process for a consulting firm is underway. With project being extended now for another two years, the endline survey will be carried out at project closure.

50. A couple of output indicators show large discrepancies between original targets and reported achievements. For example, under Output 2.1.2, a total of 256,000 individuals have been trained in income-generating activities, far exceeding the original target of 1,550. This overachievement is attributed to evolved implementation approaches and an expanded training scope, which now includes various aspects of business management. However, the original targets have not been revised in accordance with IFAD's guidance.

51. Conversely, the number of households supported to enhance nutrition (Indicator 1.1.8) stands at 42,777, against a target of 250,000. The target has been set with the contributions of other components (such as value chains and infrastructure) in mind, while currently only persons targeted with nutrition-specific activities are reported under 1.1.8. That is, this figure reflects only those beneficiaries who participated in nutrition sensitization and training. The project team has noted that other components, such as value chains and infrastructure, have also contributed to dietary improvements, as expected. IFAD guidelines on reporting are being updated and will clarify how to identify nutrition-sensitive activities to be reported in 1.1.8. The indicator should incorporate all beneficiaries of interventions leading to nutrition outcomes (such as a more diversified diet linked to vegetable cultivation in the project's supported greenhouses, access to nutritious foods in winter through supported nutritious food processing, VACs member with improved income receiving training or sensitisation on nutrition, etc.).

52. As previously highlighted, while data on nutrition is reported in the logframe, the corresponding plan for targeted nutrition interventions was missing in earlier years (as the project has not been designed as nutrition-sensitive, but was later classified by IFAD as such). A nutrition strategy has since been developed, but discussions during this mission again underlined the need to revisit the strategy and identify nutrition- sensitive activities leading to nutrition outcomes and then assess if the indicator needs to be revised downwards (see details on nutrition section).

53. Some indicators still lack defined targets. Specifically, the second indicator under the development objective does not currently have a value for household members. The project team has agreed to apply a 90% coverage estimate to address this gap and the 7.5 average HH members per household. Likewise, Outcome 3 (Indicator 2.2.3) lacks a target for the number of Producer Organizations (POs), although progress continues to be reported. As outlined in the Project Design Report (PDR), the project aims to support up to 100 partnerships and reach approximately 60,000

smallholder farmers through matching grants, a target that has already been met.

54. For women and youth-related reporting, Output 3 (Indicator 2.1.1) tracks enterprises led by women. The project has committed to providing disaggregated data by sex and age groups in due course, noting that leadership changes annually per cooperative by-laws.

55. In the two non-cost extensions approved, there has been no implications to the logframe and targets remain the same. However, the final achievements, whether meeting or exceeding targets, will be captured at programme closure in line with current understanding with IFAD.

56. A thorough data quality assessment and an endline survey aligned with IFAD's Core Outcome Indicator (COI) guidelines remain essential in the remaining project period to validate outcomes and ensure credibility of reported results.

Agreed Action	*Responsibility*	*Agreed Date*
Nutrition Indicators Provide a clear definition of the nutrition indicator (Indicator 1.1.8) and explicitly outline the various activities contributing to its results in the revised nutrition strategy. This includes detailing how components such as value chains and infrastructure improvements impact dietary outcomes.	PCU	07/2025
Clear Targets The PCU should make sure that all indicators have clear targets, including those that currently do not. It's also important to systematically break down results by sex and age whenever possible. This will improve the detail of the collected data and help understand how different demographic groups are impacted by the project.	PCU	07/2025

Development Focus

Targeting and Outreach	**Rating: 5**	**Previous rating: 4**

Justification of rating

57. Satisfactory. The project follows a geographical as well as household-level targeting approach. The project scope under the Economic Infrastructure and Support for Value Chain Development components covers all the 10 districts of GB. The project has effectively reached out to and exceeded its quantitate targets. The project's current outreach against the target HH of 100,000 is 104,482 (104%). Women beneficiaries constitute 51 percent of total outreach with 40 percent youth. The project focuses on smallholder farming households having an average landholding of less than one hectare and women-headed and landless households. An inclusive approach is followed for distribution of newly irrigated lands among community members.

Main issues

58. The project targeting strategy focuses on targeting and participation of priority groups. Overall, Women beneficiaries constitute 51% of the total outreach. The project has directly benefited 11,565 women- headed households against the target of 10,000, as direct beneficiaries. Women and youth beneficiaries under the Irrigation and Land Development subcomponent constitute 30% and 27% respectively and about 300 local graduates have been provided employment in the VACs. About 28% women & 30% youth are engaged in value chain activities.

59. The project has undertaken poverty assessments using a 2 step approach namely, wealth ranking followed by poverty score-card. Though Ultra poor/poorest households are identified in four categories: Women Headed HHs, Poorest headed HHs, Vulnerable headed HHs, and Landless headed HHs around ILDs in core districts of ETI-GB, yet some of poor eligible households need to be registered after meeting the criteria, being not included before in poverty score-card.

Gender equality & women's participation	**Rating: 5**	**Previous rating: 5**

Justification of rating

60. Satisfactory. The project collects sex-disaggregated M&E data. Based on lessons from the previous year, the PCU has revised and updated the Gender and Poverty Strategy, currently being finalized. ETI-GB promotes Gender Equality and Women's Empowerment (GEWE), aligning with IFAD's three strategic gender objectives detailed below. Women's empowerment is advanced by ensuring equitable share of women headed HH in the newly developed irrigated lands and effective participation of women in the Village Agriculture Cooperatives. The project has far exceeded its women outreach target, reaching 399,575 women (target: 250,000), and 11,684 women-headed households against the target of 10,000. 1,582 women headed households reported improved access to land, forests, and water resources or water bodies for productive use which resulted not only in women economic empowerment but also in freeing up women's time. Particularly the construction of over 500 km access roads to farms and markets and the introduction of labour-saving agriculture technologies in the value chain activities substantially contributed in reduction of workload. Under PCGS, 271 loans have been approved where 31% are direct women beneficiaries.

Main issues

61. ETI-GB is actively uplifting women's roles across agricultural value chains—from production to processing—by providing targeted support and linkages. Notably, 31% of women engaged in the project have accessed value chain-related support services. This economic empowerment is further reinforced through the establishment of 15 women-led and managed Village Agriculture Cooperatives (VACs) with a total of 3,865 members, among them 541 are men and 3324 (86%) are women. Moreover, total of 351 women are in leadership positions within rural enterprises and accessed business development services, significantly surpassing the target of 30. Thus, contributing to an important shift toward female leadership in local agribusiness.

62. Under the Partial Credit Guarantee Scheme (PCGS), a total of 271 loans were disbursed to date: 186 to male beneficiaries and 85 to female beneficiaries. Of these, 161 loans supported livestock activities, with 76 accessed by women, while 25 loans supported agriculture, including 9 disbursed to women. This reflects a positive trend in advancing financial inclusion for women, particularly in the livestock sector where women are traditionally active.

63. However, most loans accessed by women were for livestock, while their participation in agricultural loans remains low, indicating a need to improve women's access to finance in crop related sectors. Similarly, in the Matching Grants component, only 17% of youth beneficiaries were young women compared to 83% young men, underscoring the need for greater financial inclusion of young women in agricultural grant opportunities.

64. Through the social mobilization and agricultural extension training, the project is reducing reliance on labour-intensive traditional methods and improving productivity. A total of 391 women farmers participated in 23 Farmer Field Days, while 93 more women received specialized training in pest management and post-harvest practices leading to reduced workload. These interventions have led to the adoption of more efficient agricultural techniques and saving of women’s time.

65. ETI-GB is enhancing women’s voice and decision-making power through measures such as land titling under ILD, where 100 women-headed households received titles—fully achieving the set target. This legal recognition contributes significantly to women’s autonomy, empowerment and long-term security in rural settings. Additionally, placing women at the helm of VACs leadership has provided a structured platform for leadership and participation in collective decision-making.

66. The current female staffing in the programme stands at 13%, with approximately 9 women serving in managerial roles. While this marks positive progress, there remains a need to further increase women’s representation to at least 20% at the PCU and 15% at the RCUs, in line with agreed actions from previous supervision missions.

Agreed Action	*Responsibility*	*Agreed Date*
Women leadership and membership in cooperatives Develop specific actions to increase membership in cooperatives especially women participation as shareholders as well as representation in the governing bodies – the project should reach the minimum target of 30%.	PMU/GBRSP	
Achieve women staffing requirements as per the PDR The 20% and 15% women staffing at PCU and RCU shall be adhered by taking into account gender parity in recruitment of remaining vacant positions. .	PMU	
Women and youth Access to Financial Services Enhance women’s and young women’s access to agricultural loans and matching grants, particularly in crop-related value chains - Immediate and continuous	PCU	

Agricultural Productivity	**Rating: 4**	**Previous rating: 4**

Justification of rating

67. Moderately satisfactory. The project intervention has significantly contributed to the transformation of agriculture from subsistence farming to commercial production. The economic infrastructure schemes along with support services for value chain development have created opportunities across the value chain. These initiatives have notably increased farm productivity and profitability, increased market access, facilitated crop diversification, and reduced post-harvest losses, resulting in increased production and income for farmers. An internal outcome survey of the project reported 63 percent increase in production and 73 percent in income. Potato crop productivity has increased from 5 tons to 8.5 tons per acre, as reported by the Research Department. The extension and advisory services provided by the Agriculture Extension to VACs have positively contributed to reducing losses at pre-harvest, harvest, and post-harvest stages, while also improving overall farm productivity.

Main issues

68. The completed and ongoing ILD schemes cover a command area of 53,777 acres of land. To date, 14,863 acres have been developed so far through agriculture, cultivation of alfalfa, and plantation of about 130,000 fruit and forest trees. Despite this progress, the pace of land cultivation has been relatively slow, ultimately undermining the potential benefit of these initiatives for crop production. Moreover, a comparative study on agricultural productivity and profitability agreed in the last supervision mission has yet to be initiated.

69. The Agriculture Extension department's capacity to meet the market demand for quality planting material from public nurseries falls short of expectations. The Agriculture Department plans to maximize its production capacity with project support, aligning it with ongoing land development initiatives of the project.

70. There is no indicator in the project logframe specifically relating to land cultivation under the ILD schemes. The relevant indicators relate to land development under ILD, meaning bringing new land into irrigation and increasing the productive potential in the region (1.2.1 Households reporting improved access to land, forests, water or water bodies for production purposes; 1.1.2 Farmland under water-related infrastructure constructed/rehabilitated; water channels/ irrigation schemes constructed/rehabilitated; 1.2.2 Households reporting adoption of new/improved inputs, technologies or practices), all of which have exceeded their targets.

71. As per project design, 50,000 acres of new irrigated land were to be achieved (target exceeded), with provision of on average one acre of irrigated land to the beneficiaries including women headed households and landless. The farmers would be also assisted in early development of land through provision of US$ 100 per acre to beneficiary households for land development.

72. To date, 14,863 acres of land have been cultivated, of which 2,326 acres in the past year. In earlier missions, the PMU has signalized that the support activities provided by the project as envisioned in the PDR were not sufficient to incentivize land cultivation in the command area covered by ILD, particularly considering the challenging climate and harsh terrain of project areas for agriculture development. Following 2024 SV mission, GBRSP was hired for, among other goals, mobilize farmers for land development. Results have been slow as highlighted previously, and a revised strategy for land development is to be submitted by the project with increased coordination between PMU, GBRSP and the Agriculture Department.

Agreed Action	*Responsibility*	*Agreed Date*
Conduct Comparative Studies on Agriculture Productivity and Profitability Assess the increase in agriculture production and profits of project supported beneficiaries (VACs) in vegetables (peas, cucumber, tomato, capsicum etc.) and fruits (apricot, apple etc.) compared to the traditional system.	PMU	12/2024
MoA with Extension Department for fruit trees production Agriculture Department to develop proposal for upgrading their current tree production capacity, aligning it with project ILD schemes	PCU/Agr. Extension Department	05/2025

Nutrition	**Rating: 4**	**Previous rating: 4**

Justification of rating

73. Moderately satisfactory. Despite delays in land cultivation, project interventions aimed at improving access to infrastructure such as irrigation, greenhouses and processing capacities contribute to increased agricultural production, greater diversity in fruits and vegetables cultivated, extended cultivation season and a wider availability of processed, nutrient-rich food, which supports households in improving their food security and nutrition, particularly during winter months. Additionally, in the last year, 50 AgriTech fellow students have successfully incorporated modules on nutrition, food hygiene, and gardening promotion into their training and awareness sessions, reaching 8,212 children across 78 schools. More recently, communities have begun participating in nutrition campaigns and are receiving weekly practical nutrition messages through VACs' WhatsApp groups.

Main issues

74. Limited reach of nutrition awareness sessions: Currently, only a small number of nutrition awareness sessions have been conducted with communities, resulting in limited targeted support for community members. While the 50 AgriTech fellow students have successfully engaged children in schools, their scope could be expanded to reach VAC members with nutrition awareness initiatives. To reach additional rural households, mass media campaigns could also be considered, using the nutrition messages already developed for the VAC.

75. Integrating nutrition training and awareness sessions with project activities: The Handout developed for AgriTech fellow students offers a comprehensive introduction to agriculture education, processing activities and nutrition fundamentals. However, it could be further tailored to address the specific agricultural and nutritional context of Gilgit-Baltistan. Going forward, nutrition awareness campaigns should be tailored to the specific production and processing activities available to the targeted VAC members and should include practical sessions on processing and meal preparation, ensuring that the training is both relevant and actionable for the participants.

76. Targeting strategy of nutrition interventions: The nutrition education and awareness activities conducted by AgriTech fellows currently lack a well-defined targeting strategy. In Gilgit-Baltistan, women play a central role in purchasing food, gardening, food processing, managing related income, and preparing meals for their families. Therefore, it is crucial to ensure their inclusion in nutrition education initiatives. While nutrition and agriculture training have been offered in both boys' and girls' schools, only 8 out of the 50 AgriTech fellows are female (16%). This gender imbalance limits the potential to develop trained female nutrition champions who could further empower and educate other women in the community.

77. Nutrition M&E: Output indicator *1.1.8 Households provided with targeted support to improve their nutrition* has not been updated since 2021, despite the ongoing implementation of nutrition-sensitive initiatives. Updating the nutrition strategies should help clarify which activities can be included in this indicator. Currently, school-children participating in nutrition training are not reported under this indicator and the project team could consider introducing a new output indicator to capture the number of school-aged children reached through agricultural and nutrition education. Additionally, the project does not include an outcome indicator on nutrition in its current logical framework, but should consider, in agreement with IFAD, if it's feasible to include Knowledge, Attitude, and Practice (KAP) questions in the endline survey to better assess how project activities may have influenced key nutrition-related behaviours. To this end, the endline survey should include also recall questions, since data on this indicator has not been collected at baseline.

Agreed Action	*Responsibility*	*Agreed Date*
Community Capacity building Trained Master Trainers to build community capacity, in processing and preserving local produce for off-season use and nutrient-preserving cooking techniques	GBRSP/Agriculture Extension Department	08/2024
Undertake nutrition, food security and gastronomy campaigns Hire experts to develop campaign, resource kit and engage 50 graduates/master trainers to run campaigns in cooperatives, schools, colleges regarding nutrition, food security gastronomy.	PMU/GBRSP	12/2024
Explore Opportunities to Involve AgriTech Fellow Students in Nutrition Campaigns with VACS AgriTech students have effectively integrated nutrition messages with schools and could be further engaged as key advocates for nutrition among VACs and women's groups. Their skills should be strengthened through a training session led by health or nutrition public officers. Nutrition campaigns should be supported by practical, on-the-ground sessions focused on food processing, gardening, and preparing balanced meals	PCU/GBRSP/Agriculture Extension Department	06/2025
Explore possibilities to organize mass nutrition campaigns To further expand reach of nutrition awareness campaigns, explore opportunities to launch mass media campaigns, such as radio broadcasts to further disseminate the nutrition messages developed for the VACs	PCU/GBRSP/Agriculture Extension Department	09/2025
Update Nutrition Strategy and Action Plan Revise the nutrition strategy and action plan to clearly outline nutrition pathways and define how nutrition training and awareness campaigns can effectively complement project activities, particularly those involving VACS	PCU	10/2025
Enhance Targeting of Nutrition Activities, with an emphasis on Women The nutrition strategy and action plan should include a clear targeting approach, prioritizing VACs with nutrition campaigns adapted to their specific activities and explore possibilities to specifically involve women in nutrition campaigns	PCU/GBRSP	10/2025
Nutrition output indicator – Report results on 1.1.8 This output indicator has not been updated since 2021. Once the nutrition strategy clearly outlines the activities that have contributed and will contribute to nutrition outcomes, ensure that results are reported accordingly.	PCU	10/2025
Nutrition output indicator – Add output indicator on Number of school students benefitting from improved agricultural and nutritional education Since children are not currently included in the disaggregation for indicator 1.1.8, introduce a separate output indicator (or include further disaggregation) to track and report on the number of school students participating in improved agricultural and nutritional education activities.	PCU	10/2025
Nutrition Outcome Indicator – Assess whether to incorporate Knowledge, Attitude, and Practices (KAP) component in the Endline Survey The project currently lacks an outcome indicator for nutrition. To address this, consider including questions in the endline survey that assess how project activities may have influenced key nutrition-related behaviours.	PCU	10/2025

Adaptation to Climate Change	**Rating: 5**	**Previous rating: 4**

Justification of rating

78. Satisfactory. CCA (climate change adaptation) has been mainstreamed in all project activities Overall, the project takes into account the impacts and challenges of climate change into the selection and design of economic infrastructure and has well integrated climate adaptation measures into ongoing activities particularly the land development and value chain component, construction of irrigation channels and the farm-to-market roads. Local beneficiaries' participation throughout the ILD schemes' selection, design and implementation together with technical input from the project is key to minimize the impact by providing protection against flash floods, soil erosion and slides, even though extreme events of heavy rainfall and floods have damaged a few schemes. Provision of cross drainage works siphons and use of pipes instead of open channels in vulnerable sections are ensured. The beneficiaries construct terraces to control erosion together with plantation of trees and cultivation of alfalfa for land stabilization and development. The project has introduced vertical tunnel farming to enable the farmers to control production cycles, using the same for off-season and weather-safe processing and drying of products. Farmers are better trained in collection, storing and drying of fruits and getting more incomes from improved varieties of vegetables.

Main issues

79. Overall, while climate adaptation has not been explicitly included in the project's overall goal and development objectives, CCA has been mainstreamed in all project activities. The project is acknowledge by the Government as a flagship adaption initiative and was showcased in the COP29. Climate resilient designs and interventions in civil work protected from land slide, avalanche and flash floods, and agriculture activities on slopes contribute to stabilizing the lands. Climate smart production and processing interventions under value chain component also supported farmers in increasing production and reducing post-harvest losses (see effectiveness section). This year land levelling/destoning of 2,326 acres has been achieved with climate adaptation techniques without disturbing the topography. To date, 50,256 HH (target 50,000) have been supported for adoption of new/improved inputs, technologies or practices (1.2.2).

80. A few irrigation channels and a couple of roads have been damaged by heavy rainfall and floods of 2022, which are being considered for reconstruction under the government and AICS co-financing. Some ILDs and FMRs with small damages have been repaired by the community with support from the project. However, some large schemes like Buner Daas, Ahmadabad and Satil need to be made functional at the earliest as a lot of investment has already gone into it.

Agreed Action	*Responsibility*	*Agreed Date*
Rehabilitate Damaged Schemes through GBDMA MoU shall be signed for rehabilitation of the 4 damaged scheme through government funding	IFAD	09/2023
Repair of damaged schemes Complete rehabilitation of Buner Daas ILD and FMR, Ahmadabad ILD and Satil ILD	PCU/VAC	09/2025

b. Sustainability and Scaling up

Institutions and Policy Engagement	**Rating: 4**	**Previous rating: 4**

Justification of rating

81. Moderately satisfactory. The community institutions centric approach (VACs, Scheme Management Team for ILD) has worked as an effective tool for community decision making, development planning and for implementation of project interventions, and has served as an effective outreach mechanism. The ETI-GB policy engagement entailed Land Titling, Provincial Roads Master Plan and Operation and Maintenance Policy, Provincial Water Policy and Provincial seed and agriculture product certification. A landmark first ever Land Titling policy supported by the project has been enacted, and work on Roads Master Plan and Water Policy is in progress and is expected to be completed by October 2025. Collaboration with national seed certification agencies have been established by the Agriculture Research Department to ensures strict adherence to quality and compliance standards. Similarly, the PCGS has been launched successfully in partnership with HBL Microfinance Bank and GBRSP after signature of the MoA in February 2025, and the coverage of credit to the VACs members is showing initial great results.

Main issues

82. Work on Roads Master Plan and Water Policy have encountered some delays. The PCU and concerned line department shall ensure completion of the assignment by the consultants by October 2025.

83. While progress has been made in building the capacity of VACs, ongoing support remains essential to equip them with the skills and expertise required to make them institutionally and financially viable agribusiness enterprises that could seize emerging market opportunities, drive growth, and ensure long-term sustainability. Key areas of support may include market exploration and expansion, strengthening aggregation and operations by linking VACs with potential buyers and suppliers and providing coaching and mentoring for VAC operations and business plan implementation.

84. The institutional strengthening support provided by GBRSP to VACs has been instrumental. However, several critical activities need to be accelerated. These include office management support to the remaining VACs, updating VAC business plans, recovering the revolving fund and expediting the implementation of the 4P and VACs grants program.

Agreed Action	*Responsibility*	*Agreed Date*
Formal Institutional Arrangements for VACs and Eco-Friendly Tourism MoU/MoA shall be finalised with Department of cooperative and GBRSP. In addition, potential for collaboration with Rupani Foundation/Apex & Co investment (re eco-friendly tourism) shall be explored.	PMU	07/2023
Review and updating VAC business plans Review and update business plans of VACs, incorporating realistic data on market demand, production volumes, business activities and financial status	PCU/GBRSP	12/2025

Partnership-building	**Rating: 5**	**Previous rating: 4**

Justification of rating

85. Satisfactory: The project's partnership framework brings together public and private sector entities and generally has fostered strong partnerships and coordination mechanisms for planning and delivery of project intervention with community institutions. New partnerships have been established with the Punjab Land Record Authority for land measurement and digitization and with GBRSP and HBL for land agricultural development and operation and management of PCGS. Key implementation partners are the Agriculture Extension, Agriculture Research, Communication and Works, Water Management and Irrigation and Cooperative Departments, GBRSP and HBL Microfinance Bank. The partner organisations are effectively contributing to project implementation and provision of services to project beneficiaries. At the beneficiary level, partnerships initially covered SMTs for irrigation and VACs for value chain activities. These institutions have been transitioned into formal cooperatives with their own legally recognized status with long-term business plans. The enhanced collaboration with government and development partners like HBL, GBRSP, AICS and VACs members have resulted in consideration of project activities as best practices and are being scaled up in government initiatives, like land titling, land development and the irrigation channels. AICS is co-financing with additional US$ 20 million in similar activities recommended by the provincial government.

Main issues

86. Partnership with the Agriculture Extension and Research Department has helped farmers to access advisory services, improved technologies and quality planting material, while Cooperative Department ensures timely audit and AGM of the VACs. The project has establishedstrategic partnerships with GBRSP to deliver strengthening of VACs initiatives and facilitate land development under ILD. The recent partnership with HBL Microfinance Bank for the Partial Credit Guarantee Scheme is expanding VAC members' access to financial services, promoting financial inclusion and boosting their sustainability. The project is in the process of establishing additional partnerships with private firms under the Public-Private-Producer Partnership (4P) model, which is expected to be a game changer in promoting private sector engagement while also strengthening support to the VACs. Support will be provided to Agriculture Extension Department for increasing the capacity for production of 900,000 fruit plant for land development under ILD.

Human and Social Capital and Empowerment	Rating: 5	Previous rating: 4

Justification of rating

87. Satisfactory. Human and social capital development is pursued through the proceed of social mobilisation, capacity building and engagement of target beneficiaries in targeting, identification of needs and planning and implementation of project interventions. Community institutions such as Scheme Management Teams (SMT) and Village Agriculture Cooperatives (VAC) have been actively involved in project planning and implementation, fostering strong local ownership. The project interventions have a visible impact on the beneficiaries' social and economic conditions and empowerment, particularly contributing to women empowerment. The community institutions provide a strong social capital base to ensure post-project sustainability. This is the first time that communities are getting closer to solve their land disputes amicably in order to be eligible for the project financing support.

Main issues

88. Human capital development is evident in the project's focus on youth and women. Through targeted skills training and youth employment opportunities under ILD, the project has empowered 14,478 youth to engage in income-generating activities. Additionally, 257 rural enterprises (target: 220) have accessed business development services, supported local entrepreneurship and expanded opportunities for leadership—particularly for women as 351 women are in leadership positions.

89. GBRSP has delivered on the agreed action by training 150 VACs—surpassing the initial target of 50—on key areas including e-commerce, online accounting, and cooperative governance. This training has equipped VACs with the necessary skillset to operate digital platforms and manage finances effectively. The program has worked with over 50,000 farmers through value chain development, ensuring inclusion across age and sex groups: 31% women, 29% youth, and 69% men. This inclusive engagement has translated into economic gains, with 65% of households and value chain operators reporting a 25% increase in agricultural income (exceeding the 60% HH target), and 73% of households saw improved sales (against a target of 60%). These outcomes signal a meaningful rise in purchasing power and economic empowerment.

90. Access to productive natural resources has also improved, with 54,208 households reporting better access to land, forests, or water bodies—exceeding the 50,000 target. However, only 65% of households reported increased production, falling short of the 90% target. This points to a need for strengthened agricultural extension services and continued capacity building to enhance productivity outcomes.

91. Furthermore, GBRSP has been engaged to manage the Partial Credit Guarantee Scheme (PCGS), with responsibilities including capacity building and handholding support to strengthen VACs, facilitating common asset financing for VACs and 4Ps, and promoting agricultural education in schools by engaging agriculture graduate fellows. Under the PCGS, a total of 271 subsidized agricultural loans were disbursed to registered farmers from VACs established by ETI-GB. The scheme aims to promote financial inclusion by linking farmers with the formal banking system.

92. In parallel, the new Matching Grants window supported 49 VACs, including three led by women, reaching 12,842 farmers—26% women and 74% men. Among the 2,580 youth beneficiaries, only 17% were young women, compared to 83% young men. This reflects a significant gender gap in access to agricultural finance, particularly for young women. Targeted strategies are needed to strengthen their participation and leadership in grant-supported value chain activities.

Agreed Action	*Responsibility*	*Agreed Date*
E-commerce platform and online accounting system made functional for VACs GBRSP to develop e-commerce platform and online accounting software and roll it out – 50 VACs brought on-board within 1 year.	PMU/GBRSP	06/2024

Quality of Project Target Group Engagement and Feedback	Rating: 5	Previous rating: 5

Justification of rating

93. Satisfactory. Through the community driven development approach, communities and its members are directly and actively involved in targeting, needs assessment and planning and implementation of project intervention, and operation and maintenance of infrastructure facilitates. In all processes, participation and engagement of community is the centrality of the programme. Stakeholder Engagement Plan (SEP) and GRM are in place and programme follows participatory, farmer centred interventions. Through SEP, the feedback is functional where it is processed to make it part of best practices interventions. As a result communities have demonstrated significant degree of ownership in all project interventions under irrigation, roads and value chain activities. The participatory approaches followed by the project have promote inclusiveness for participation of marginalised, poor and vulnerable households including women headed households. The project's participatory approach ensures involvement of communities/beneficiaries in all stages of a sub-project, from design to evaluation, and target groups' feedback is received throughout the project lifecycle and acted upon. Project activities are demand-driven and tailored to target groups' specific needs. The project has a functional grievance redressal mechanism in place and that is being updated as per agreement during the Mission.

Main issues

94. The Mission reiterates the previous supervision and implementation support missions' recommendations of focus on sustainability of irrigation and value chain related VACs, especially in view of the current capacity and various payback issues.

Agreed Action	*Responsibility*	*Agreed Date*
Develop MIS with complete data of VAC memberships (both component) and provide access to cooperative, agriculture and GBRSP Complete MIS with necessary details that facilitate access to all beneficiaries.	PMU/GBRSP/Cooperative/ Agri Department	12/2023

Responsiveness of Service Providers	**Rating: 5**	**Previous rating: 5**

Justification of rating

95. Satisfactory. The partnership between the project and public and private sector implementation partners including community institutions have continued to evolve and improve and have demonstrated relevance and high degree of efficiency. GBRSP's capacity-building programme across all VACs, focusing on institutional strengthening has been initiated. The Agriculture Research and Extension Department has enhanced its support to VACs by providing critical services that help them adopt innovative practices, improve productivity, and drive sustainable agricultural growth. The Cooperative Department's support in ensuring VACs' regulatory compliance is also commendable. Responsiveness of Water Management and Irrigation, Communication and Works and Cooperative Departments continues to be effective. Overall the Service Providers and the project partners, both private sector (GBRSP, HBL, VACs) and public sector's performance are satisfactory.

Main issues

96. The PCU and GBRSP need to improve coordination and planning for land development under ILD.

Agreed Action	*Responsibility*	*Agreed Date*
Develop revised plan for implementation GBRSP will develop and submit revised plan of activities under component 2 to accelerate implementation	GBRSP/PCU	06/2025
Explore partnership with development partners in GB ETI should develop result-based partnership with different development partners in GB	PMU	

Environment and Natural Resource Management	**Rating: 5**	**Previous rating: 5**

Justification of rating

97. Satisfactory. Throughout the selection, design and implementation of ILD schemes, sufficient measures are taken to avoid and mitigate negative impacts on environment. The infrastructure interventions being small in nature have no borrow areas involved, no water contamination, heavy machinery use is limited and away from dwellings. Mitigation measures are provided against landslides and erosions. ILDs contribute positively to environment due to increased plantation, cultivation of crops and improved biodiversity. All interventions are below the tree line in the mountains. Agriculture Department is training farmers in the use of biocontrol agents against pest. Use of farmyard manure is common while chemicals and fertilizers use is minimal.

Main issues

98. The infrastructure schemes/works are to be completed in 2025 and efforts thereafter will focus more on consolidation of investments like land development and cultivation. As per local knowledge and experience, plantation of forest trees and other plants, cultivation of alfalfa and other shrubs help develop and stabilize the lands against slides and erosion. Land development has been slow during the outgoing year which needs to be accelerated to reap the economic as well as the environmental benefits to the beneficiaries and improvement of biodiversity in the area.

99. The Agriculture Department is doubling its efforts for producing about one million locally suited plants by early 2027 from its nurseries for use in land development. While the number is limited keeping in view the demand, it is important to ensure its timely and quality production and its transplantation to the farmers' fields. Prior selection of farmers is essential as well. Arrangements with Forest Department could also be made for providing the required plants/trees.

100. Agriculture Department has conducted pest and disease management activities in Baltistan region and Diamer districts with male and female participants. Classroom lectures covered pest biology, infestation stages, and eco-friendly control while practical trainings included Identification and safe collection of pests-- hairy caterpillar webs, environmentally sound disposal methods and cultural and mechanical methods to reduce infestation without chemical intervention. Farmer Field Days have also been conducted on IPM of fruit flies, particularly in fruit crops such as pomegranate pest management and in vertical farming for cucumber and tomato.

Agreed Action	*Responsibility*	*Agreed Date*
Ensure protection against slides during design and implementation of schemes to ensure water quality against contamination on a continuous basis	PCU	
Farmers trainings in biocontrol agents on a continuous basis	PCU/Agr. Dept	
Ensure quality production of plants from Agriculture Department nurseries - From the beginning until transplantation in 2027	PCU	
Farmers trainings in biocontrol agents - on a continuous basis	PCU/Agr. Dept	

Exit Strategy	Rating: 4	Previous rating: 4

Justification of rating

101. Moderately satisfactory. The project has prepared a revised exit strategy that incorporates the sustainability of interventions across all outcomes. The economic infrastructure component is based on a community centric model where SMT/VACs have been mobilized for the effective operation and maintenance of the irrigation channels and the subsequent land development with the embedded pay-back mechanism. VACs are established as legally recognized entities, ensuring their long-term viability. FMR upon completion are handed over to the works department for O&M. A significant step toward achieving post project sustainability is the recent engagement of GBRSP to support the organizational development of VACs. The focus is on sustainability of VACs and PCGS including the post-project institutional arrangement for the continuation of support in this regard. The exit strategy is supporting the land development, sustainability of infrastructure and the land titling which needs clear road map/timeline and the linkage with public sector departments for provision of services and management and operation. Over the long-run, and as part of the exit strategy, the VACs will have strong institutional support as well as linkages to the formal microfinance sector for the support of post-project funding after the consolidation of the PCGS.

Main issues

102. Institutional maturity and financial and economic viability are a process-oriented approach which requires a long-term support, mentoring and coaching. To address these challenges the project shall focus on consolidation and strengthening of the VACs.

Agreed Action	*Responsibility*	*Agreed Date*
Revise Exit Strategy In consultation with implementation partners, develop a clear revised exit strategy to include post project institutional arrangements for continuation of support by public and private sector institutions, particularly identification and engagement of an institutional home for VACs and PCGS.	PCU	09/2025
Consolidation of VACs - on a contiuous basis Focus on consolidation and strengthening of VAC	PCU/GBRSP	

Potential for Scaling-up	Rating: 5	Previous rating: 5

Justification of rating

103. Satisfactory. ETI-GB has introduced many evidence-based successful innovations in the project area which include community driven irrigation development with full payment of labour and scheme costs and payback of 50 percent of the scheme cost into a community managed fund; community driven road construction with right of way provided free by the community; equitable share of land developed under ILD to each household living in the community with poor households exempted from payback; and 4Ps, vertical farming and privately run nurseries as well as orchard development for marketable volumes. The models and approaches offer great promise for scaling up within the region and elsewhere. The successful rolling out of the PCGS through a unprecedent partnership with a commercial bank (HBL) in the portfolio is paving the way for financial inclusion and access for the first time in the region and will establish linkages with formal microfinance sector in the region. Project extensions granted are a sign of scaling up potential and deepening success, including the expansion in project area and scaling up of some activities – so the project is doing more that was envisaged in the original design. The new 2 year non cost extension will allow the consolidation of results and lay the ground for a potential phase two of the project. ILD schemes and value chain development will be scaled up through the Italian cooperation funding.

Main issues

104. Key to scaling up of successful model and innovation is the documentation and dissemination which will need to be consolidate through the current knowledge management strategy. Though the project has developed a good knowledge management strategy and a range of knowledge products, in form of videos, brochures, and digital content, there is a need for production of knowledge products around the evidence based innovative models and approaches and its systematic dissemination within the government policy level forums and wider stakeholders including donor community.

105. The government has expressed interest in scaling up project innovations and the approved 2 year non cost extension, while acknowledging the successful results and impact achieved so far, will allow the consolidation of results and lay the ground for a potential phase two of the project. Implementation of the Italian cooperation funding has begun after delays and it will bring IFAD's financed activities around ILD schemes and value chains to further scale.

106. The high visibility received from ETI-GB's showcasing at COP29 in Baku brought Government's interest in climate funds to the project. Discussions are ongoing with Ministry of Climate Change for GEF and Adaptation Fund resources.

107. The European Union's new programs to strengthen youth's skills in Gilgit Baltistan offer great potential for leveraging IFAD-funded work on cooperatives and youth employment in value chains.

Agreed Action	*Responsibility*	*Agreed Date*
Documentation of Successful and Innovative Experiences Develop KM products on the project's experiences and disseminate through policy level meetings and workshops for possible resource allocations for replication and scaling up in GB and other similar regions of the country	PCU	03/2025
Develop KM products around evidence based innovative models Develop at least 3 KM products and prepare strategy for dissemination at government policy level form and development partners	PCU	12/2025

c. Project Management

Quality of Project Management	Rating: 4	Previous rating: 4

Justification of rating

108. Moderately satisfactory. The project continued to show strong leadership at the PCU and Regional Coordination Units level. The Project Steering Committee (PSC) has continued to provide strategic guidance and oversight, ensuring smooth implementation and strong partnerships. Most of the key staff of Project Coordination Unit (PCU) and Regional Coordination Units (RCU) are on board. Due to the effective leadership and coordination, the project has been able to achieve almost all the physical targets with an outreach of 104% against the target of 100,000 HH. The agreed actions/recommendations of previous IFAD Missions have been mostly complied while key activities still lag behind such as land development. Coordination mechanisms with implementation partners are generally working well. However, coordination with GBRSP and Agriculture Research and Extension needs to be improved for provision of services to VACs and for land development under ILD.

Main issues

109. A key recommendation of 2024 supervision mission to rationalise the requirement of additional staff and the camp offices has been completed. The actions were endorsed by the Financial Management Specialist of the mission.

Knowledge Management	Rating: 5	Previous rating: 5

Justification of rating

110. Satisfactory. The project continues to demonstrate good performance in KM, with notable progress since the last supervision mission. An array of knowledge products, such as videos, brochures, and digital content, have been developed and disseminated through platforms including Facebook, YouTube, WhatsApp, Twitter (X), and the ETI-GB website. The project’s Facebook following has grown significantly, from around 5,000 to over 32,000 in two years, and select videos have reached over 7 million views, indicating strong visibility and engagement.

Main issues

111. The use of knowledge products appears to extend beyond visibility and outreach. According to the project team, these materials, particularly those that highlight statistical trends and documented outcomes, have supported internal planning processes and been referenced in the development of new proposals. They have also been presented at regional events and forums, where they helped illustrate the project’s achievements and facilitated discussions with stakeholders, including government departments and development partners. While the extent of their direct influence on decision making or resource mobilization is not independently verified, the project's continued participation in these platforms suggests growing recognition of its work.

112. A significant highlight this year was the international recognition of the project’s work. ETI-GB’s documentary *“United We Grow”* was showcased at COP29 in Baku, Azerbaijan on 14 November 2024, positioning it among Pakistan’s flagship climate resilient rural development programmes. The documentary highlighted ETI-GB’s integrated approach to climate-resilient agriculture, rural infrastructure, and institutional strengthening. The event was attended by Pakistan’s Finance Minister, senior government officials, the ETI-GB Programme Coordinator, and IFAD’s senior representatives, reinforcing the project’s relevance to climate-responsive public investment and global development discourse.

113. At the national level, ETI-GB organized three regional expos in Skardu, Chilas, and Gilgit, bringing together farmers, VACs, the private sector, and the general public. These events served as effective platforms for disseminating interventions, promoting innovation, and strengthening linkages. The project also participated in events such as World Environment Day at Karakoram International University, with additional learning events planned, including a provincial agribusiness expo later this year.

114. In response to previous mission recommendations, the project has revised its KM and Communication Strategy to reflect the extended implementation period. KM activities are being implemented as per plan, including the production of thematic content and field level case studies. To institutionalize KM and enhance access, all products are now centrally stored on SharePoint for internal use and made publicly available via the ETI-GB website. While the project MIS remains an internal tool, the broader dissemination of KM products through external platforms ensures visibility and accessibility.

Agreed Action	*Responsibility*	*Agreed Date*
Disseminate knowledge products Use social, print and electronic media to disseminate knowledge products	PMU	
Learning Events Organise learning events for VAC members and other stakeholders like private sector - on a continuous basis	PCU/GBRSP	
Document Best Practices and Innovations - on an ongoing basis Ensure continued documentation and dissemination of emerging best practices and innovations, particularly in the areas of infrastructure development, value chain development and climate resilience	PCU	
Showcasing COP29 Build on the momentum of the COP29 showcase by exploring opportunities to share learnings in other national and international forums to support policy dialogue and scaling up.	PCU	

Value for Money	Rating: 5	Previous rating: 5

Justification of rating

115. Satisfactory. Evidence suggests that the project achieved cost efficiencies for the implemented activities like ILD, roads and bridges. The project investments are generating substantial income generation for farmers, rural entrepreneurs VACs, and rural households in the project area. Evidently, most of the benefits are directly accruing to poor farmers, women households and youth. However, the project net incremental benefits seems to be low due to high management cost on account of four years extension in total. The accumulative financial disbursement stands at 91%

of total IFAD financing. With the current financial utilization of 57% of AWPB 2024-2025 until March, the project might not achieve 100% of the physical targets and planned financial utilization. The project cumulative outreach, as of March 2025, is 104,482 poor households against the target of 100,000 (105%). Through targeted skills training and youth employment opportunities under ILD, the project has empowered 14,478 youth to engage in income-generating activities. Additionally, 257 rural enterprises (target: 220) have accessed business development services, supported local entrepreneurship and expanded opportunities for leadership—particularly for women as 351 women are in leadership positions. IFAD investment cost per households stands at USD 567 while per beneficiaries at USD 79. Similarly, the overall project cost per households, including government and beneficiaries' contribution stands at USD 682 while per beneficiaries at USD 94. The cost per beneficiaries seems very cost-effective if we look at the remoteness and harsh terrain of project areas.

116. The combined effect of physical infrastructure, value chain and capacity building interventions are resulting into significant value in terms of assets creation notably land, access to market and social services through roads and bridges and enhanced agriculture productivity and diversification through value chain development. The Project has added value to collection, drying and packing of fruits attracting high prices. While milk and its bi-products have captured a good portion of the regional market.

Main issues

117. The value for money is reviewed (i) on the basis of the unit cost of activities in the design, the unit cost used in the AWPB and for the actual expenditure; (ii) on the performance of the AWPB planning and disbursement; and (iii) revisiting the economic benefits due to the additional project activities and project restructuring due to additional financing.

118. The progress of project activities as of March 2025 strongly supports output and outcome level achievements which are:

1. **Irrigation and land development schemes.** The focus of ETI-GB is now on consolidation and especially on land development for reaping the actual benefits of the investments. So far, 13,406 acres land has been developed under the completed schemes where crops like wheat, maize, alfalfa and plantation of different fruit and forest trees is being done. The project has cultivated 338,230 plants including 8,790 fruit plants and 329,440 forest plants in 25 completed ILDs. GB is dependent on federal government for wheat provided at subsidized rates but the quality is always a question mark. They are now producing their own wheat of good quality and nutritional value. Alfalfa is not only used for own cattle but has also proved to be a cash crop as the region is generally deficient in fodder, especially winters. In addition, alfalfa is adding to fertility of soils along with stabilization. Yields are also increasing due to reliable water supplies. Trees are also ready for harvesting in a couple of years providing early returns.
2. **Farm to market roads.** ETI has completed 597 km of FMRs in the far flung and challenging rural areas providing access to market and other social services like schools and hospitals. RCC and other important bridges are also linking the communities to the same services. Land for FMRs is provided without compensation that is estimated to about PKR 3 billion. As per the Project estimates, the construction cost for earth work and culverts is about 30 percent less than the government estimates. Social benefits like saving of time, easy and quick access to health services and girls enrolment in remote schools are unmatched. This infrastructure has reduced transportation cost along with providing road access to enabling cultivation of lands especially diversification to high value crops for increased incomes; It also provides all weather access reducing risks to life while crossing streams particularly during high flows and winters. FMRs and bridges have added immensely to creating new income opportunities from tourism deeper into the beautiful valleys.
3. **Value chain development.** The project has established 162 VACs, 513 orchards, 13 4Ps, 7 potato storages and 72 nurseries in the region benefiting 50,256 HHs. While the PCGS facility will add to create more business and income opportunities. Together with capacity building activities, productivity has increased, postharvest losses have reduced by about 50 percent, the quality of product is more competitive for attracting higher prices. The focus on land development and cultivation of alfalfa and tress on slopes is not only improving the pace of land development but is also resulting in additional and increased incomes for the beneficiaries.
4. In order to maximize return on investment, farmers should take advantage of the suitable agroclimatic conditions, be encouraged to adopt innovation and go for high value crops like fruits and vegetables that has proved to be economically rewarding and climatically acceptable. Land levelling and terracing may not be needed everywhere while cultivation of alfalfa and orchards have also proved to be easily cultivated on slopes and uneven lands.

Agreed Action	*Responsibility*	*Agreed Date*
Undertake pilots of innovative irrigation technology Support one scheme per district demonstrating innovative irrigation technology such as responsive drip irrigation, hydroponics and sprinkler for high value vegetables and fruit tree plantation	PMU	06/2023
Comparative analysis of cost of infrastructure and benefits Carryout a case study of the cost efficiencies of project infrastructure activities and its impact	PCU/GBRSP	12/2025

Coherence between AWPB and Implementation	**Rating: 4**	**Previous rating: 3**

Justification of rating

119. Moderately satisfactory. The project has regained momentum of good implementation performance for AWPB 2024-2025 (July to June) which was lost during the AWPB 2023-2024 period mainly on account of change in the country's accounting system by the State Bank of Pakistan and as a result, the project was not able to access IFAD disbursement to clear payable for completed and on-going activities. The AWPB 2024-2025 financial utilisation as of March 2025 is 57 percent under IFAD financing and is expected to reach over 80 percent by 30 June 2025. Total financial utilization for current year remained 49 percent until March 2025 which is also expected to reach 80 percent by end of 30 June 2025.

AWPB Inputs and Outputs Review and Implementation Progress

120. As of 30 March 2023, the AWPB 2024-2025 physical progress under the Economic Infrastructure Component is 52% for ILD, 30% for land levelling and road construction is at 24%. The pace of work is expected to improve in the summer months as civil works slowdown in winter in most of the project area due to various factors including harsh weather conditions, reduced daylight, and the impact on certain materials and construction processes.

121. Output progress under the Support Services for Value Chain Development is 57% for improved inputs and technologies, 53% for training in income generation and business management and 51% for public and private agriculture services.

122. Detailed financial utilization of AWPB 2024-2025, as of 30 March 2025 is as under:

S #	Sub-Components	Budget FY 2024-25 USD				Utilization FY 2024-25				
		IFAD	GoGB	AICS	Total	IFAD	GoGB	AICS	Total	%
1	Irrigation Development	2.33	0.263	1.165	3.756	1.52	0.22	0.12	1.86	49.58%
1	Farm to Market Roads	2.73	0.270	0.933	3.929	1.33	0.133		1.47	37.38%
2	Value Chain Support Fund and Technical Assistance	3.07	0.196	1.135	4.403	2.13	0.03	0.02	2.18	49.52%
2	Social Mobilization		0.000	0.000	0.000					
2	Agriculture Extension	0.11	0.048	0.092	0.251	0.10	0.05	0.05	0.20	78.86%
2	Agriculture Research	0.22	0.007	0.014	0.044	0.02	0.02	0.00	0.04	96.70%
3	Land Titling System, Provincial Land Commissioner	0.28	0.171	0.000	0.455	0.10	0.05	0.01	0.16	35.71%
3	Programme Coordination Unit	5.29	0.283	0.392	1.204	0.53	0.29	0.10	0.92	76.70%
	Total	9.071458	1.2379964	3.73216	14.04161	**5.73**	**.0.8**	**.30**	**6.84**	**48.70%***

123. * IFAD financing only 57%; 48.7% includes govt and beneficiaries contribution

124. Cumulatively, the project has completed 77 ILD schemes against the total target of 102 schemes and work on 25 schemes (mostly extension phase schemes) is in progress. The completed schemes cover a command area of 38,285 acres (71 percent of the target of 53,777 acres). The project has completed 77 FMRs with a total length of 382.6 km against the target of 528 km (72 percent) and work on 27 roads (139.2 km) is in progress. Under the Support for Value Chain Development 257 VACs (116%) were created against the target of 220. Land development for the completed ILD is lagging as the project has so far achieved 38 percent (14,630 acres) of the command area of the completed ILD schemes.

Performance of M&E System	**Rating: 4**	**Previous rating: 4**

Justification of rating

125. Moderately satisfactory. The M&E system is supported by a comprehensive M&E framework that guides decision making and ensures accountability. The project features a robust M&E system with clear mechanisms for collaboration between project staff and partner organizations. Data collection and validation procedures are well defined and regularly updated through field visits. However, despite the strong M&E structure, challenges remain with the existing MIS, which is primarily used to gather, organize, and store outreach data but has limited monitoring capabilities - particularly beyond infrastructure components. To address this, a new MIS is being developed to enhance data management for the value chain component.

M&E System Review

126. The project's M&E system includes a detailed plan, a monitoring framework, and an Excel-based database management system (DBMS) that tracks progress against logframe indicators. The current MIS captures static data on interventions such as the establishment of Village Agricultural Committees (VACs), nurseries, and orchards. However, it lacks functionality to effectively monitor the value chain component.

127. To address this, a new MIS - *Automation of Accounting and Internal Lending System of VACs* - is being developed. This system will manage data related to member farmers, including production, sales, and revenues, while enabling regulatory oversight by the Cooperative Department. It will also support policy formulation and decision-making for the project, the Extension Department, and other stakeholders. Given its broader functionality and planned post-project use by government departments, this system will be maintained separately from the current MIS.

128. The M&E team at the Project Management Unit (PCU) and regional levels conducts regular data collection for output level progress reporting. A range of tools is used to monitor progress and processes. While the M&E team maintains sex and age disaggregated data, the project team is encouraged to provide this disaggregation for all relevant logframe indicators (see recommendations in the effectiveness/logframe section).

129. The project produces monthly, quarterly, and annual M&E reports covering performance, case studies, best practices, and recommendations. In addition, small scale thematic studies are conducted to assess specific interventions. An outcome survey was conducted in 2022, with another planned for this year; procurement is currently underway. Although no midline survey was conducted, insights from the baseline study and IFAD's mid-term review remain valuable.

130. The project's monitoring focus remains largely at the output level. Since the last outcome survey conducted in 2022, progress against the development objective and most outcome indicators has remained unchanged. The upcoming outcome survey will be critical in assessing both outcomes and impacts, in line with IFAD's Core Outcome Indicator (COI) methodology. It should comprehensively address all logframe indicators to evaluate the project's overall effectiveness.

131. With the two year project extension, the logframe targets remain unchanged. Progress during the extension will be recognized as project achievements. A thorough endline survey, aligned with IFAD's COI guidelines, will be essential to validate outcomes and measure final impact.

Agreed Action	Responsibility	Agreed Date
Independent/third party end-line survey following IFAD COI survey guidelines to be procured.	PMU/M&E	12/2024
Conduct Outcomes based / small scale internal thematic assessments across the project's interventions. on a regular basis	PMU/M&E	
Follow Core Outcome Methodology for Outcome and Endline Surveys For the upcoming outcome and endline surveys, the project must closely follow the methodology outlined in the Core Outcome Indicator (COI) guidelines for data collection. It's important to ensure that all indicators in the project logframe are included. This will improve the reliability of the survey results and provide a clearer picture of the project's outcomes.	PCU	

Social, Environment, and Climate Standards requirements **Rating: 5** **Previous rating: 4**

Justification of rating

132. Satisfactory. ETI-GB is complying with SECAP standards by ensuring initial screening of interventions and mitigation measures during implementation. Protection of water rights, proper alignment of channels and roads for slopes stability, assessment of floods risk and proximity to glacial lakes, use of locally available material and climate resilient material are part of the strategy. No activities in protected areas so far. Interventions are small scale, very limited or no use of heavy machinery, minimal noise and dust. Mitigation measures are in place in all schemes under implementation. Stakeholder engagement plan has been developed, GRM is in place, youth and women participation is promoted, training on SECAP compliance was conducted. Focal person has been nominated and monitoring of activities ensured. Similarly, ESMP guidelines are followed and implementations mechanism is in place and functional.

SECAP Review

133. ETI-GB is now focusing on consolidating the investments especially ILDs where land development activities are being expedited with support from GBRSP and communities' involvement. The soils being very shallow and loose, local knowledge and experience are being utilized for land development to avoid deep digging and exposure to erosion. Cultivation of plants and alfalfa on slopes in loose soils with frequent and slow irrigation helps stabilize, fertilize and develop land for other crops like cereals and vegetables in a few years' time.

134. With ETI-GB support, the On-Farm Water Management and Irrigation Department is developing GB Water Policy for integrated water resources management for ensuring access to quality water for everyone, protect water rights, control water pollution and contamination and ensure clean and healthy environment. The C&W Department is also working on the Roads Master Plan and O&M Policy for GB for providing safe and quality roads, mitigate health and environmental risks and access to remote areas to facilitate poor farmers access to markets.

135. SEP has been finalized and GRM is in place and a log is being maintained. Overall, 26 complaints were received during the last about 2.5 years: 15 from Baltistan region, 4 from Gilgit region and 7 from Diamer region. Most of the complaints were individuals while a few were from groups of 4-7 persons. Most of the complaints from Baltistan concerned with social and land distribution issues; 11 have been resolved while 4 cases are in the courts awaiting decisions. The Ghizr district of Gilgit region had registered 4 complaints to the GB government pertaining to demand for compensation for extra work done, boundary demarcations and rehabilitation of a damaged non-functional scheme. All cases are pending as the government is taking time to resolve through committees and enquiries. The 7 cases of Diamer region stand resolved which mostly related to land disputes, water rights and right of way for FMR.

136. The project has nominated the Infrastructure Specialist as a Focal person for SECAP related matters. It has been agreed that SECAP standards compliance related activities would be regularly monitored and reported in the project progress reports. Similarly, GRM related registers will be properly maintained and updated with reporting in the progress updates of the project.

137. The Project has notified a Committee for Prevention and Protection of Women from Harassment at Workplace on 3rd December 2024 with Deputy Project Coordinator as Chairperson, Gender Specialist and Director Finance as members. The Committee will receive complaints and conduct unbiased investigations into the reported incidents and will take appropriate actions under the law.

138. No new economic infrastructure schemes under the IFAD funded activities are being initiated. It is important land distribution and development is ensured through genuine community engagement to avoid any conflicts. Similarly, land entitlement activities should be transparent for fair distribution and tiling.

Agreed Action	Responsibility	Agreed Date
Regular use of Personal Protective Equipment (PPE) in all infrastructure related activities should be ensured and reported in the progress reports. on continuous basis	PCU	
Involvement of Agriculture Department - on a continuous basis Active involvement of Agriculture Department in land development to advised on the type of plantation and its proper method	CPU/GBRSP	
SECAP Compliance Reporting Regular reporting on SECAP compliance and GRM	CPU/RCUs	
Ensure quick and just Resolution of complaints - on a continuous basis	CPU/RCUs	

d. Financial Management & Execution

Acceptable Disbursement Rate	Rating: 5.0	Previous rating: 4

Justification of rating

139. The acceptable disbursement rate is (5) Satisfactory. The IFAD Loan is disbursed at 91% with SDR 44.1 million (equivalent of USD 60.8 million) disbursed against allocation of XDR 48.6 million (equivalent of USD 67 million). The project is in its ninth year of implementation and has been extended twice. The system-applied penalty has been waived, as the two project extensions were not due to poor performance. At the time of the extension requests, the programme was on track to meet its targets. The extensions were primarily requested to allow for the consolidation of project activities in coordination with AICS and GoGB.

Main issues

140. The project was initially scheduled for completion in September 2025 but has been conditionally extended for two years, contingent upon the fulfilment of set targets. If the project fails to meet these targets, the extension will be limited to one year. Therefore, it is crucial for project management to monitor these goals closely.

141. As of March 31, the project has utilized only 57% of the AWPB, with an opportunity to catch up on implementation in the final quarter of the year. Funds disbursed to the VACs were generally traceable at that level, with bank statements, payment records, and other supporting documents, including audit reports, available. However, improvements are needed to ensure follow-up on audit findings, recruitment of a full complement of staff to enhance segregation of duties, recovery of all revolving funds issued to members, and continuous support by relevant agencies and departments to the VACs.

142. The Government and AICS contributions and utilization are low. We expect significant improvements in these financing sources over the two-year extension recently agreed upon by GoGB and IFAD. Quarterly IFRs should henceforth report on the disbursement and utilization rates of AICS and beneficiary contributions.

Agreed Action	*Responsibility*	*Agreed Date*
Improve financial management of VACs. For the improvement of financial Management of the VACs - ensure follow-up on audit findings, recruitment of a full complement of staff to enhance segregation of duties, recovery of all revolving funds issued to members, and continuous support by relevant agencies and departments to the VACs.	PCU	12/2025
Enhance monitoring and supervision of implementing partners Monitoring reviews including oversight and supervision visits should be performed quarterly. Reports of such visits should include the issues identified and recommended actions for improvement. ETIGB PMU.	PCU	12/2025
Track and monitor the project extension conditions. The project should monitor steadfastly the project extension conditions around disbursement, irrigation schemes and common asset grants for VACs.	PCU	04/2026

Fiduciary aspects

Quality of Financial Management	Rating: 4	Previous rating: 3

Justification of rating

143. Quality of financial management is moderately satisfactory (4). Project FM unit has adequate numbers of qualified and experienced staff with some requirements for FM training. The budget performance is generally satisfactory, but the budget submission and approval process needs to be improved. Funds are generally traceable to the beneficiary level with some exceptions and the internal controls system is operating with reasonable level of effectiveness with improvement required in terms of adequacy and quality of supporting documentation and management of advances. There is room for improvement in the overall quality of financial management and recommendations have been proffered.

Main issues

144. **Organization and staffing**

145. The project is adequately staffed considering the complex project arrangements involving multiple implementing partners and communities. All positions in the project have clear written job description with deliverables and accountability. Newly onboarded accounts and finance staff have not yet undergone formal training on IFAD procedures. The project has faced staff retention challenges, most notably the departure of a key experienced team member, the Finance Manager.

146. **Budgeting**

147. There have been delays in the submission of AWPB by ETIGB. AWPB 2024-25 was initiated in July and received IFAD NO in September. 2025-26 AWPB has not been submitted to for NO. Budget variance analyses per quarter, financial year and cumulative are prepared and submitted along with the quarterly interim financial reports (IFRs). Qualitative variance analyses are not provided by the project along with the IFRs. The current budget performance on IFAD Financing is at 57% with only three months left in the fiscal year. Management projects an AWPB utilisation rate of 82% by year end.

148. **Funds Flow and Disbursement**

149. Funds disbursed to the VACs were generally traceable at that level, with bank statements, payment records, and other supporting documents, including audit report, available. However, improvements are needed to ensure follow-up on audit findings, recruitment of a full complement of staff to enhance segregation of duties, recovery of all revolving funds issued to members, and continuous support by relevant agencies and departments

to the VACs. Monthly bank reconciliations are prepared for all project accounts. Regular reconciliation is maintained between Project Accounts and the Designated Account. Project tracks beneficiary cash and in-kind contributions.

150. **Internal Controls**

151. The PIM was submitted to IFAD and received IFAD NO in December 2018, more than six years ago. The PIM needs to be reviewed and revised considering current project operations and reality. For instance, the PIM is silent on AICS activities, and it was expected to be completed when AICS agreement was signed.

152. Internal auditor has not been hired in contravention of the PIM. The Programme is subjected to periodic reviews by a private audit firm appointed as internal auditor. The terms of reference established for the internal auditor must be submitted to IFAD for no objection, as well as the procurement file for the selection of the firm or an individual. The appointment and removal of the internal auditors are also subject to IFAD's no objection.

153. Improvements are required to the adequacy and quality of the project supporting documentation. The practice of giving salary advances to staff needs to be stopped or codified in the revised PIM to be cleared by PSC and IFAD.

154. **Accounting and Financial Reporting**

155. Financial reports are generated primarily through the Tompro automated accounting system, supplemented by ancillary calculations performed in MS Excel (e.g., cross verifications, linkages with various parts of the report, and analytical summaries). IFRs were generally submitted on time except for Q2 2024/2025. The quality requires improvement as IFRs were revised multiple times before validation.

Agreed Action	***Responsibility***	***Agreed Date***
Recover salary advances paid to staff Recover all advances to staff and desist from the practice. Codify in the PIM procedures for staff salary advances if management finds it essential. ETIGB PMU July 2025	PCU	07/2025
Evaluate existing accounting software Accounting Software: Evaluate existing accounting software for modification/customization or replacement considering current issues in the software, extension of the project, AICS financing and expansion to all districts of GB. Procurement of software is in progress. 19/05/2025	Director Finance	08/2025
Improve the quality of supporting documentation Ensure the following improvement to the quality of supporting documentation: i. For works, attach pictorial evidence of work completed along with geo-coordinates ii. Provide quarterly report on utilization of PCGS within the IFR and as a note in the annual financial reports. iii. Needs assessment and procedures to determine specification should be placed on file for all purchases of assets, equipment and materials. iv. Ensure monthly payroll reconciliation is performed and the variances from month to month is reconciled and documented. v. Ensure generator logbook is maintained up to date and reviewed monthly by Admin Officer.	PCU	08/2025
Institute project internal audit Hire the private audit firm. The terms of reference established for the internal auditor must be submitted to IFAD for no objection, as well as the procurement file for the selection of the firm or an individual. The appointment and removal of the internal auditors are also subject to IFAD's no objection. ETIGB PMU August 2025	PCU	08/2025
Improve project financial reporting processes Ensure the upgraded TOMPRO software is sufficiently customized to auto-generate all financial reports of the project including the memoranda reports such as fixed asset register, advance aging analysis, etc. Ensure reconciliation of the differences between the GL, transaction listing and the amounts reported to IFAD in the IFR. Ensure quarterly IFRs are submitted on time – draft within 30 days and finalized on ICP within 45 days and with high quality. ETIGB PMU August 2025	PCU	08/2025
Enhance capacity of fiduciary staff. All Financial Management and Accountants on the project should complete IFAD eLearn on financial management. Fiduciary staff will be invited to the IFAD Financial Management workshop to be conducted within the year. IFAD anti-corruption training would be provided during the upcoming financial management workshop for the Pakistan portfolio.	PCU	09/2025

Strengthen controls around cooperatives financial management Payment to Cooperatives to be supported by detailed calculations, copy of record of distribution of goods to the beneficiaries and record of procurement of goods / services. Further training and handholding of the management of the Cooperatives to be provided to ensure better financial management of the Cooperatives. Update 02/06/2025 The documentation process for cooperative payments is ongoing, with teams currently compiling training manuals, procurement documents, etc. Capacity building for cooperative management has also been planned to be integrated into a quarterly work plan/ calendar, with specialized financial training sessions for VACs scheduled throughout the year.	Director Finance	12/2025
Optimise budget processes To address AWPB preparation delays, we recommend: (1) Project management should initiate the AWPB process at least four months before the commencement of the new year. (2) Active follow-up by Project Coordinator to ensure approval is obtained at all required levels – ministries, agencies, PSC and IFAD NO. Project should provide qualitative budget variance explanations in addition to the financial figures.	PCU	12/2025
Ensure adequate monitoring and supervision of PGS activities A qualified and experience dedicated staff should be assigned to monitor GBRSP and the service provider (bank/micro-finance institution) to mitigate risk of improprieties in the use of PCGS. The officer should serve as a point of contact for all matters connected to the working of PCGS. Quarterly report on the PCGS activities should be included in the quarterly IFRs.	PCU	12/2025
Strengthen controls around payments Internal Controls Copy of attendance record needs to be attached with Payroll payment vouchers. Quotations and Invoices to specify project name. Copy of Log Books to be attached with payment vouchers evidencing need for replacement of parts.	Director Finance	

Quality and Timeliness of Audit **Rating: 5** **Previous rating: 5**

Justification of rating

156. The audit report is fully informative and the audit has been conducted in accordance with the requirements of the IFAD Handbook on Audit and Financial Reporting. The audit opinion is unqualified in accordance with ISSAI 1700 and the audit was conducted in accordance with INTOSAI standards.

Main issues

157. The financial statements were submitted before due dates and are fully complaint with the requirements of IFAD per FA, IFAD Financial Reporting and Auditing Handbook and FMFCL.

158. 1. The audit opinion is unqualified.
2. The unaudited FS were received but after the deadline, however, the audited FS is largely consistent with the reviewed UFS and IFR. IFRs were received on time and at required quality throughout the year.
3. It was possible to reconcile the FS to IFAD records and to the Q4 2024 IFR.
4. Accounting and auditing standards are disclosed and acceptable to IFAD.
5. All the minimum prescribed reports were included with additional disclosures that aid the understanding and analysis of the FS.
6. The management letters were fully informative including management responses and the considerations of the DAC. The auditors also provided an evaluation of the management and DAC responses and preliminary conclusions.

159. The management letter should in the next period show a follow-up on the implementation of previous year recommendations.

Agreed Action	*Responsibility*	*Agreed Date*
Convene DAC and resolve audit issues • Non-completion of titling of land record - Rs. 42.50 million and non-receipt of vouched accounts against land titling record - Rs. 12.324 million • Non-recovery of advance payment from VCTAT-ASF - Rs. 2.648 million • Non-collection of payback amount of ILD schemes - Rs. 973.605 million • Irregular sub-letting of work without approval of Program management - Rs. 26.214 million • Non-Conducting of Internal Audit for the Financial Year 2023-24	ETIGB Management	06/2025

Counterparts Funds **Rating: 4** **Previous rating: 4**

Justification of rating

160. Counterpart funds contribution is moderately satisfactory (4). The overall disbursement of Government contribution stands at 49 percent. USD 11.5 million has been contributed against an allocation of USD 23.6 million. The lower counterpart funding can be attributed to the tax exemption in GB and devaluation of Pakistani Rupee against the US dollar. With the two years extension, the Government contribution needs to be tracked to ensure the project meets the development objectives. The Government is projected to contribute additional USD 12.1 million in the final two years of

implementation to achieve 100% of the allocation.

Main issues

161. The Government contribution in 2024/2025 fiscal year stands at 65% with contribution of PKR 225 million (USD 1.4 million) against annual allocation of PKR 344 million (USD 798 thousand). **Beneficiaries' contributions:** The program is measuring beneficiaries' contribution-both in cash and in kind. An amount equivalent to USD 19.8 million including cash contribution has been contributed by the beneficiaries. In-kind contribution comprises value of land provided for ILDs, and FMRs at government rates.

Agreed Action	***Responsibility***	***Agreed Date***
Adjusting government's share under different categories of expenditure Review government's existing share under different categories of expenditure and rationalize it to increase its actual contribution in line with the appraised amount. 02/06/2025 - Ongoing for further monitoring.	Project Coordinator and Director Finance	12/2025
Ensure Government counterpart contribution PMU should engage the relevant authorities to ensure the counterpart fund allocation meets the requirement in the final two years of implementation.	PCU	12/2025

Compliance with Loan Covenants **Rating: 5** **Previous rating: 3**

Justification of rating

162. Compliance with Loan Covenants is rated as satisfactory (5). The project generally complies with the covenants set forth in the financing agreement and financial management and financial control letter with most of the covenants already met and others are in ongoing status.

Agreed Action	***Responsibility***	***Agreed Date***
Timely Submission of AWPB AWPB to be submitted to IFAD for NO at least 60 days before the start of the financial year	Programme Coordinator Director Finance	04/2024
Ensure insurance of project vehicles and other assets	PCU	12/2025
Timely Submission of Interim Financial Reports (IFR) Quarterly IFRs need to be submitted within 30 days of the end of each quarter.	Director Finance	

Procurement

Procurement **Rating: 4** **Previous rating: 4**

Justification of rating

Processes, procedures and systems applied exhibit some gaps and inconsistencies that have limited impact on project implementation and performance. Implementation support is required; however, prompt resolution of issues/constraints is likely.

Procurement Review
The procurement section is performing well in general. The procurement of goods has been undertaken efficiently within the original bid validity period with a view to meet all requirements of the IFAD procurement handbook. The CMT will be updated upon sharing of information on payments made by the finance section. No new community procurement scheme has been awarded during the year. The contract monitoring/management needs improvements and timely engagement of procurement staff. The agreed actions during the previous supervision mission are complete except hiring of internal auditor.

The approved procurement plan for 2024-25 amounts to US$ 2.215 million. The big-ticket contract of PCGS (US$ 2.00 million) has been awarded. The contract award of goods is US$ 0.102 million. The pending procurement of US$ 0.033 million will be completed by end of June 2025.

The post review of procurement transactions revealed that the procurement processes have been completed efficiently within the original bid validity period with a view to meet all requirements of the IFAD procurement handbook except PCGS contract which took longer time. The hiring process of internal auditor was initiated in August 2024, the negotiations were completed in February 2025, and offer letter was not sent yet. The mission observed that there was a room for improvement in respect of attention to details. The mission provided necessary guidance on the spot. No new community procurement scheme has been awarded during the year. VACs are lacking capacity to prepare procurement documentation. Procurement section prepared and provided simplified templates (PR, RFQ, comparative statement, PO, GRN etc.) to GBRSP and conducted first regional procurement capacity building workshop for VACs at Hunza for Gilgit region during the mission. IFAD mission provided necessary input to procurement section to finalize the templates and feedback forms for the participants. GBRSP will coordinate and engage procurement staff for procurement capacity building training of VACs in Baltistan and Diamer regions.

The contracts signed by the line departments (communication & works C&W and water management department WMD) for roads master plan and water policy formulation respectively have been facing challenges in terms of timely delivery of quality outputs by the consultants. There is still no mechanism in place for formal sharing of contract implementation / payments status with the procurement section. The contract monitoring/management needs improvements. There are eight (8) PCU staff across three regions who have completed Module 3 (project procurement and contract management) and attended training at ITC ILO, Italy. This enhanced capacity in PCU may be utilized effectively for efficient contract monitoring/management. In this regard, C&W department ensured to co-opt one member from these staff in its procurement committee for procurement of engineering goods.

Appropriate documentation is being maintained for procurement transactions as per the IFAD procurement handbook. The checklist is placed in each file. The placing of hard copy of payments records as required per clause (xv) of the table given in Module B of the IFAD procurement handbook is not adhered to.

Agreed Action	*Responsibility*	*Agreed Date*
PCGS Contract Procurement section to work closely with GBRSP to ensure efficiency in submissions to IFAD and finalization of the contract.	PC/PS	11/2024
Hiring of Internal Auditor PCU must immediately re-advertise and finalize the selection of Internal Auditor	DFA/PS	07/2025
Revision of PIM Procurement officer to ensure PIM revision with a view to ensure alignment with the country procurement framework.	DFA/PO	10/2025
Monthly Random Contract Monitoring Procurement staff to conduct random contract monitoring of community procurement, identify gaps and provide necessary advice/training in liaison with GBRSP	PC/PS	12/2025
Regional procurement capacity building workshops for VACs GBRSP to coordinate with procurement staff for holding of procurement capacity building workshops for VACs at regional level.	Program Coordinator (PC) /Procurement section (PS)	12/2025
Contract Management/Monitoring PCU to engage all eight (8) ITC ILO trained staff including procurement staff to extend support in monitoring of contracts signed by PCU and line departments to ensure efficiency. PCU to provide one staff to C&W's procurement committee to support during procurement of engineering goods.	Project Coordinator (PC)	12/2025

e. Key SIS Indicators

Likelihood of Achieving the Development Objective	**Rating: 4.69**	**Previous rating: 4.27**

Assessment of the Overall Implementation Performance	**Rating: 4.5**	**Previous rating: 4.0**

F. Relevance

Relevance	**Rating: 5**	**Previous rating: 5**

Justification of rating

163. Satisfactory. The goal and the development objectives of the project remain relevant, and the approach and interventions remain highly relevant to the target group needs. The project approaches and interventions have become more relevant for the rural poor in view of the increasing poverty level in the country due to slow economic growth, high inflation, reduced public investment spending.

G. Lessons Learned

Institutional maturity and financial and economic viability of Farmers Organizations is a long-term process

164. Creating a successful and sustainable farmer organization within a value chain is not a one-time event, but rather an ongoing journey of building relationships, developing skills, and adapting to changing conditions over time. Farmers organisations participating in Value chain requires continuous adaptation to changing market conditions, technological advancements, and environmental challenges. This ongoing learning and improvement process ensures long-term sustainability and competitiveness.

165. The project in the pursuit of achieving targets and disbursements in the initial stages, compromised on the process approach for development of farmers organisations/ Village Agriculture Cooperatives (VACs), resulting in weak institutional capacities, poor governance systems, inadequate operational and managerial skills and unrealistic business goals. The current business plans of VACs are often inadequate and outdated, lacking clear goals and strategies to drive growth and sustainability. The low recovery rate of the revolving fund in the project is attributed to lack of proper and timely consultation with all the stakeholders/members of VACs, poorly communication strategy, characterized by unclear and inconsistent messaging, which has led to misconceptions among farmers and undermined the fund's purpose. Participatory consultations with all members of farmers institutions not only clarify the role, responsibilities and obligation of each party but also ensures that interventions are aligned with farmer

needs and priorities. These consultations help gather insights into challenges, opportunities, and the overall functioning of the value chain from a farmer's perspective. This information is then used to design and implement strategies that empower farmers and improve their position within the value chain.

Infrastructure Investments is crucial for agriculture value chain and wider socio-economic development

166. The relationship between supporting infrastructural and agricultural sector development can be seen in the fact that infrastructures for agriculture development acts as the backbone that connects different stages of agricultural production, processing and value chain development which enhances efficiency, profitability, and accessibility for farmers and other stakeholders throughout the agricultural sector. Integrated infrastructure development leads to reduce farmers cost in the course of value added and accelerate output and produce more employment opportunities in the agricultural and rural sector. The project economic infrastructure which consists of irrigation land development, farm to market roads and bridges, and storage has contributed to the objective of improve incomes and reduce poverty and malnutrition in rural areas through the overall economic and social development of GB and have immediately and greatly improved access of rural communities to economic and social services like markets, health, and education, resulting in improved livelihoods and job opportunities.

167. The Irrigation and Land Development interventions has not only created asset in the form of distribution of newly irrigated land among the community members but also resulted in commercial agriculture development and crop diversification. More importantly, the roads and bridges, provided the all-important access to markets and commercialised production system through value chain development. The infrastructure initiative also provided non-farm business opportunities for local vendors and created employment and livelihood opportunities for many skilled/unskilled workers.

168. Significant social and economic benefits of the improved connectivity include (i) a reduction in transportation cost – in most cases a reduction of more than 90%; (ii) road access enabling cultivation of lands especially diversification to high value crops – more than doubling the income; (iii) reduced risks to life while crossing streams thanks to construction of bridges; (iv) tourists travel now deeper into the valleys – source of enhancing income for local communities.

Farmer Organizations need appropriate legal cover and professional management to become viable and credible business organizations

169. ETI supports the establishment of Village Producer Groups and Valley Producer Organizations to act as aggregators of produce and agents for collective marketing of produce and procurement of inputs and services. However, to attain credibility and a professional business approach, these organizations need to be formalized and structured into legally recognized entities like cooperatives with professional management and sound business plans. This will enable them to engage with other sources of support including finance and be under an oversight that lends them credibility.

Legislation and Regulations

170. Projects like ETI that pursue innovative approached to community driven development need proper supportive policy and regulatory frameworks to ensure sustainability of the approach, institutions and investments. Project design recognized this need but this aspect has so far not received the attention that it deserved. The four policy areas covering land titling, roads master plan and O&M, Water Policy and Management and Seed Certification need to get priority attention in THE post MTR period for ensuring sustainability of approach and interventions.

H. Agreed Actions

Agreed Action	*Responsibility*	*Agreed Date*
Overview and Project Progress		
Expedite Payback under all ILD schemes Develop implementation schedule for the payback under all ILD schemes through the regional coordination offices in association with engagement of GBRSP.	PMU	03/2023
Achieve Target of 50 000 acre cultivated land Reassess the target of 20,000 acres under new ILD schemes in order to achieve the overall target of 50,000 acres cultivable land. Share with IFAD and Italian cooperation the list of completed and potential schemes clearly showing the 50 000 acres achievement	PMU	04/2023
Reinstatement of the recovery of revolving fund under cooperatives A schedule shall be agreed with VAC by end of March 2023 with full recovery of revolving fund by March 2024.	PMU	04/2023
Complete feasibility on reclamation of land from river Undertake 3 feasibility studies – one in each region where potential exist for reclamation of land from river clearly identifying the need for technical assistance under Italian Cooperation for its implementation.	PMU	09/2023
Focus on Command Area Development GBRSP in consultation with SMT/VAC member and the department of Agriculture Extension, submit a proposal for land use planning/mapping and implementation	GBRSP/Agriculture Extension Department	06/2024

Completion of ILD All ILDs shall be completed by June 2025	PCU/WMD/SMT	06/2025
Completion of ILDs and FMRs All the target ILD and FMR shall be completed	PCU/RCUs/VACs	06/2025
Command Area Development Chalk out a comprehensive road map for completing land development by GBRSP in completed schemes and in new schemes under Extension phase. The strategy and action plan shall be shared IFAD country team for review	PCU/GBRSP	06/2025
Complete and ensure quality deliverables on water policy and Roads Master Plan and O&M Policy Provision of Management and Operations Support to VACs Provide financial support for organizational development of the remaining 100 VACs through the employment of recent graduates	PCU/GBRSP	06/2025
Strengthening of business plans for 4Ps Competitive grants Review and strengthen business plans by validating key assumptions, incorporating all relevant cost components, strengthening the economic analysis and developing a realistic and actionable implementation plan	PCU/GBRSP	06/2025
Improved Coordination An effective and regular coordination mechanism shall be put in place between PCU, GBRSP and Agriculture Extension for land development and strengthening of VACs. PCU to provide leadership	PCU	06/2025
MIS Development Complete MIS development, covering key areas such as farmer database, VAC governance, accounting and finance, revolving fund and credit, inventory management, monitoring and evaluation and savings.	PCU/GBRSP	08/2025
Additional FMR Based on the needs and demand of communities additional FMR could be considered. In view of concentration of infrastructure in core districts, focus of additional infrastructure shall be in the new districts - immediate and on a continuous basis	PCU/PWD Department	
Provision of Management and Operations Support tot VACs Provide financial support for organizational development of the VACs through the employment of recent graduates, in a phased manner starting from 70% in year 1, 50% in year 2 and 30% in year 3. immediate	PCU	
Revised Share of Competitive Grant VACs contribution in the matching grant will be reduced to 30:70 from the original 50:50 ratio; immediate	PCU	
Expedite land measurement and titling - on a continuous basis	BoR/PCU	
MoA with Cooperative Department The Memorandum of Agreement (MoA) with the Cooperative Department shall be expedited to ensure continued regulatory and oversight support for the VACs - on a continuous basis	PCU	
Potato Seed production with Agriculture Research Collaborate with Agriculture Research system to ensure production of certified potato seed through contract farming, engaging private firms - on a continuous basis	PCU	
Development Effectiveness		
Rehabilitate Damaged Schemes through GBDMA MoU shall be signed for rehabilitation of the 4 damaged scheme through government funding	IFAD	09/2023

Community Capacity building Trained Master Trainers to build community capacity, in processing and preserving local produce for off-season use and nutrient-preserving cooking techniques	GBRSP/Agriculture Extension Department	08/2024
Undertake nutrition, food security and gastronomy campaigns Hire experts to develop campaign, resource kit and engage 50 graduates/master trainers to run campaigns in cooperatives, schools, colleges regarding nutrition, food security gastronomy.	PMU/GBRSP	12/2024
Conduct Comparative Studies on Agriculture Productivity and Profitability Assess the increase in agriculture production and profits of project supported beneficiaries (VACs) in vegetables (peas, cucumber, tomato, capsicum etc.) and fruits (apricot, apple etc.) compared to the traditional system.	PMU	12/2024
MoA with Extension Department for fruit trees production Agriculture Department to develop proposal for upgrading their current tree production capacity, aligning it with project ILD schemes	PCU/Agr. Extension Department	05/2025
Explore Opportunities to Involve AgriTech Fellow Students in Nutrition Campaigns with VACS AgriTech students have effectively integrated nutrition messages with schools and could be further engaged as key advocates for nutrition among VACs and women's groups. Their skills should be strengthened through a training session led by health or nutrition public officers. Nutrition campaigns should be supported by practical, on-the-ground sessions focused on food processing, gardening, and preparing balanced meals	PCU/GBRSP/Agriculture Extension Department	06/2025
Nutrition Indicators Provide a clear definition of the nutrition indicator (Indicator 1.1.8) and explicitly outline the various activities contributing to its results in the revised nutrition strategy. This includes detailing how components such as value chains and infrastructure improvements impact dietary outcomes.	PCU	07/2025
Clear Targets The PCU should make sure that all indicators have clear targets, including those that currently do not. It's also important to systematically break down results by sex and age whenever possible. This will improve the detail of the collected data and help understand how different demographic groups are impacted by the project.	PCU	07/2025
Explore possibilities to organize mass nutrition campaigns To further expand reach of nutrition awareness campaigns, explore opportunities to launch mass media campaigns, such as radio broadcasts to further disseminate the nutrition messages developed for the VACs	PCU/GBRSP/Agriculture Extension Department	09/2025
Repair of damaged schemes Complete rehabilitation of Buner Daas ILD and FMR, Ahmadabad ILD and Satil ILD	PCU/VAC	09/2025
Update Nutrition Strategy and Action Plan Revise the nutrition strategy and action plan to clearly outline nutrition pathways and define how nutrition training and awareness campaigns can effectively complement project activities, particularly those involving VACS	PCU	10/2025
Enhance Targeting of Nutrition Activities, with an emphasis on Women The nutrition strategy and action plan should include a clear targeting approach, prioritizing VACs with nutrition campaigns adapted to their specific activities and explore possibilities to specifically involve women in nutrition campaigns	PCU/GBRSP	10/2025
Nutrition output indicator – Report results on 1.1.8 This output indicator has not been updated since 2021. Once the nutrition strategy clearly outlines the activities that have contributed and will contribute to nutrition outcomes, ensure that results are reported accordingly.	PCU	10/2025

Nutrition output indicator – Add output indicator on Number of school students benefitting from improved agricultural and nutritional education Since children are not currently included in the disaggregation for indicator 1.1.8, introduce a separate output indicator (or include further disaggregation) to track and report on the number of school students participating in improved agricultural and nutritional education activities.	PCU	10/2025
Nutrition Outcome Indicator – Assess whether to incorporate Knowledge, Attitude, and Practices (KAP) component in the Endline Survey The project currently lacks an outcome indicator for nutrition. To address this, consider including questions in the endline survey that assess how project activities may have influenced key nutrition-related behaviours.	PCU	10/2025
Women leadership and membership in cooperatives Develop specific actions to increase membership in cooperatives especially women participation as shareholders as well as representation in the governing bodies – the project should reach the minimum target of 30%.	PMU/GBRSP	
Achieve women staffing requirements as per the PDR The 20% and 15% women staffing at PCU and RCU shall be adhered by taking into account gender parity in recruitment of remaining vacant positions. .	PMU	
Women and youth Access to Financial Services Enhance women's and young women's access to agricultural loans and matching grants, particularly in crop-related value chains - Immediate and continuous	PCU	
Sustainability and Scaling up		
Formal Institutional Arrangements for VACs and Eco-Friendly Tourism MoU/MoA shall be finalised with Department of cooperative and GBRSP. In addition, potential for collaboration with Rupani Foundation/Apex & Co investment (re eco-friendly tourism) shall be explored.	PMU	07/2023
Develop MIS with complete data of VAC memberships (both component) and provide access to cooperative, agriculture and GBRSP Complete MIS with necessary details that facilitate access to all beneficiaries.	PMU/GBRSP/Cooperative/ Agri Department	12/2023
E-commerce platform and online accounting system made functional for VACs GBRSP to develop e-commerce platform and online accounting software and roll it out – 50 VACs brought on-board within 1 year.	PMU/GBRSP	06/2024
Documentation of Successful and Innovative Experiences Develop KM products on the project's experiences and disseminate through policy level meetings and workshops for possible resource allocations for replication and scaling up in GB and other similar regions of the country	PCU	03/2025
Develop revised plan for implementation GBRSP will develop and submit revised plan of activities under component 2 to accelerate implementation	GBRSP/PCU	06/2025
Revise Exit Strategy In consultation with implementation partners, develop a clear revised exit strategy to include post project institutional arrangements for continuation of support by public and private sector institutions, particularly identification and engagement of an institutional home for VACs and PCGS.	PCU	09/2025
Review and updating VAC business plans Review and update business plans of VACs, incorporating realistic data on market demand, production volumes, business activities and financial status	PCU/GBRSP	12/2025

Develop KM products around evidence based innovative models Develop at least 3 KM products and prepare strategy for dissemination at government policy level form and development partners	PCU	12/2025
Explore partnership with development partners in GB ETI should develop result-based partnership with different development partners in GB	PMU	
Ensure protection against slides during design and implementation of schemes to ensure water quality against contamination on a continuous basis	PCU	
Farmers trainings in biocontrol agents on a continuous basis	PCU/Agr. Dept	
Ensure quality production of plants from Agriculture Department nurseries - From the beginning until transplantation in 2027	PCU	
Farmers trainings in biocontrol agents - on a continuous basis	PCU/Agr. Dept	
Consolidation of VACs - on a contiuous basis Focus on consolidation and strengthening of VAC	PCU/GBRSP	
Project Management		
Undertake pilots of innovative irrigation technology Support one scheme per district demonstrating innovative irrigation technology such as responsive drip irrigation, hydroponics and sprinkler for high value vegetables and fruit tree plantation	PMU	06/2023
Independent/third party end-line survey following IFAD COI survey guidelines to be procured.	PMU/M&E	12/2024
Comparative analysis of cost of infrastructure and benefits Carryout a case study of the cost efficiencies of project infrastructure activities and its impact	PCU/GBRSP	12/2025
Disseminate knowledge products Use social, print and electronic media to disseminate knowledge products	PMU	
Learning Events Organise learning events for VAC members and other stakeholders like private sector - on a continuous basis	PCU/GBRSP	
Conduct Outcomes based / small scale internal thematic assessments across the project's interventions. on a regular basis	PMU/M&E	
Regular use of Personal Protective Equipment (PPE) in all infrastructure related activities should be ensured and reported in the progress reports. on continuous basis	PCU	
Document Best Practices and Innovations - on an ongoing basis Ensure continued documentation and dissemination of emerging best practices and innovations, particularly in the areas of infrastructure development, value chain development and climate resilience	PCU	
Showcasing COP29 Build on the momentum of the COP29 showcase by exploring opportunities to share learnings in other national and international forums to support policy dialogue and scaling up.	PCU	

Follow Core Outcome Methodology for Outcome and Endline Surveys For the upcoming outcome and endline surveys, the project must closely follow the methodology outlined in the Core Outcome Indicator (COI) guidelines for data collection. It's important to ensure that all indicators in the project logframe are included. This will improve the reliability of the survey results and provide a clearer picture of the project's outcomes.	PCU	
Involvement of Agriculture Department - on a continuous basis Active involvement of Agriculture Department in land development to advised on the type of plantation and its proper method	CPU/GBRSP	
SECAP Compliance Reporting Regular reporting on SECAP compliance and GRM	CPU/RCUs	
Ensure quick and just Resolution of complaints - on a continuous basis	CPU/RCUs	
Financial Management & Execution		
Timely Submission of AWPB AWPB to be submitted to IFAD for NO at least 60 days before the start of the financial year	Programme Coordinator Director Finance	04/2024
PCGS Contract Procurement section to work closely with GBRSP to ensure efficiency in submissions to IFAD and finalization of the contract.	PC/PS	11/2024
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Recover salary advances paid to staff Recover all advances to staff and desist from the practice. Codify in the PIM procedures for staff salary advances if management finds it essential. ETIGB PMU July 2025	PCU	07/2025
Hiring of Internal Auditor PCU must immediately re-advertise and finalize the selection of Internal Auditor	DFA/PS	07/2025
Evaluate existing accounting software Accounting Software: Evaluate existing accounting software for modification/customization or replacement considering current issues in the software, extension of the project, AICS financing and expansion to all districts of GB. Procurement of software is in progress. 19/05/2025	Director Finance	08/2025
Improve the quality of supporting documentation Ensure the following improvement to the quality of supporting documentation: i. For works, attach pictorial evidence of work completed along with geo-coordinates ii. Provide quarterly report on utilization of PCGS within the IFR and as a note in the annual financial reports. iii. Needs assessment and procedures to determine specification should be placed on file for all purchases of assets, equipment and materials. iv. Ensure monthly payroll reconciliation is performed and the variances from month to month is reconciled and documented. v. Ensure generator logbook is maintained up to date and reviewed monthly by Admin Officer.	PCU	08/2025

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Revision of PIM Procurement officer to ensure PIM revision with a view to ensure alignment with the country procurement framework.	DFA/PO	10/2025
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Strengthen controls around cooperatives financial management Payment to Cooperatives to be supported by detailed calculations, copy of record of distribution of goods to the beneficiaries and record of procurement of goods / services. Further training and handholding of the management of the Cooperatives to be provided to ensure better financial management of the Cooperatives. Update 02/06/2025 The documentation process for cooperative payments is ongoing, with teams currently compiling training manuals, procurement documents, etc. Capacity building for cooperative management has also been planned to be integrated into a quarterly work plan/ calendar, with specialized financial training sessions for VACs scheduled throughout the year.	Director Finance	12/2025
Adjusting government's share under different categories of expenditure Review government's existing share under different categories of expenditure and rationalize it to increase its actual contribution in line with the appraised amount. 02/06/2025 - Ongoing for further monitoring.	Project Coordinator and Director Finance	12/2025
Improve financial management of VACs. For the improvement of financial Management of the VACs - ensure follow-up on audit findings, recruitment of a full complement of staff to enhance segregation of duties, recovery of all revolving funds issued to members, and continuous support by relevant agencies and departments to the VACs.	PCU	12/2025
Enhance monitoring and supervision of implementing partners Monitoring reviews including oversight and supervision visits should be performed quarterly. Reports of such visits should include the issues identified and recommended actions for improvement. ETIGB PMU.	PCU	12/2025
Ensure Government counterpart contribution PMU should engage the relevant authorities to ensure the counterpart fund allocation meets the requirement in the final two years of implementation.	PCU	12/2025

Optimise budget processes To address AWPB preparation delays, we recommend: (1) Project management should initiate the AWPB process at least four months before the commencement of the new year. (2) Active follow-up by Project Coordinator to ensure approval is obtained at all required levels – ministries, agencies, PSC and IFAD NO. Project should provide qualitative budget variance explanations in addition to the financial figures.	PCU	12/2025
Ensure adequate monitoring and supervision of PGS activities A qualified and experience dedicated staff should be assigned to monitor GBRSP and the service provider (bank/micro-finance institution) to mitigate risk of improprieties in the use of PCGS. The officer should serve as a point of contact for all matters connected to the working of PCGS. Quarterly report on the PCGS activities should be included in the quarterly IFRs.	PCU	12/2025
Monthly Random Contract Monitoring Procurement staff to conduct random contract monitoring of community procurement, identify gaps and provide necessary advice/training in liaison with GBRSP	PC/PS	12/2025
Regional procurement capacity building workshops for VACs GBRSP to coordinate with procurement staff for holding of procurement capacity building workshops for VACs at regional level.	Program Coordinator (PC) /Procurement section (PS)	12/2025
Contract Management/Monitoring PCU to engage all eight (8) ITC ILO trained staff including procurement staff to extend support in monitoring of contracts signed by PCU and line departments to ensure efficiency. PCU to provide one staff to C&W's procurement committee to support during procurement of engineering goods.	Project Coordinator (PC)	12/2025
Track and monitor the project extension conditions. The project should monitor steadfastly the project extension conditions around disbursement, irrigation schemes and common asset grants for VACs.	PCU	04/2026
Strengthen controls around payments Internal Controls Copy of attendance record needs to be attached with Payroll payment vouchers. Quotations and Invoices to specify project name. Copy of Log Books to be attached with payment vouchers evidencing need for replacement of parts.	Director Finance	
Timely Submission of Interim Financial Reports (IFR) Quarterly IFRs need to be submitted within 30 days of the end of each quarter.	Director Finance	

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Economic Transformation Initiative - Gilgit Baltistan

Supervision Report

: Logical Framework

Mission Dates:	5 to 15 May 2025
Document Date:	25/06/2025
Project No.	2000000836
Report No.	7271-PK

Asia and the Pacific Division
Programme Management Department

Economic Transformation Initiative - Gilgit Baltistan

Logical Framework

Results Hierarchy	Indicators							Means of Verification			Assumptions
	Name	Baseline	Mid-Term	End Target	Annual Result (2026)	Cumulative Result (2026)	Cumulative Result % (2026)	Source	Frequency	Responsibility	
Outreach	1 Persons receiving services promoted or supported by the project										
	Males (number)			250 000							
	Females (number)			250 000							
	Total number of persons receiving services (number)			500 000							
	1.a Corresponding number of households reached										
	Women-headed households (number)			10 000							
	Non-women-headed households (number)			90 000							
	Households (number)			100 000							
	1.b Estimated corresponding total number of households members										
	Household members (number)			750 000							
Project Goal Improved incomes and reduced poverty and malnutrition in rural areas of Gilgit- Baltistan region	Reduction of poorest households (approx. 5,000)							Pakistan Social and Living Standards Measurement (PSLM) surveys. ETI assessments against BISP scorecard.			Political and social stability in the region. New developed land equitably distributed including to women and landless poor. Climatic abnormalities and natural calamities remain within acceptable tolerance levels. Higher production, combined with nutritional education and improved road access, will make substantive dent in malnutrition rate.
	Households (%)			50							

Results Hierarchy	Indicators							Means of Verification			Assumptions
	Name	Baseline	Mid-Term	End Target	Annual Result (2026)	Cumulative Result (2026)	Cumulative Result % (2026)	Source	Frequency	Responsibility	
Development Objective Increased agricultural incomes and food security for at least 100,000 rural households in 7 districts of Gilgit Baltistan on a sustainable basis	target hhs and value chain operators have increased their agriculture income by at least 25%							WFP mapping of settlements and programme activity reports.			Programme activities implemented as per phasing. Govt and partners are able to timely predict and respond to natural disasters and localised hazards.
	Households (%)			60							
	1.2.4 Households reporting an increase in production										
	Total number of household members (number)										
	Households (%)			90							
Outcome Outcome 1: 100,000 farm households increase production , productivity and sales in prioritized agricultural commodities	1.2.1 Households reporting improved access to land, forests, water or water bodies for production purposes										Improved quality, quantity and reliability in supply to contracted private partners will improve farm returns. Investments in local value addition and reductions in transaction costs for traders/processors/wholesalers.
	Rendement d'oignon (T/ha) (number)			50 000							
	Women-headed households (number)										
	Total no. of households reporting improved access to land (number)			50 000							
	Households increase sales							Farmers' organizations' records.			
	Households (%)			60							
Output Outputs 1	1.1.2 Farmland under water-related infrastructure constructed/rehabilitated							Progress Reports	annual		
	Hectares of land (ha)			20 000							
	water channels/ irrigation schemes constructed, rehabilitated’							Progress Reports	annual		
	kilometres (number)			400							
	2.1.5 Roads constructed, rehabilitated or upgraded							Progress Reports			
	Length of roads (km)			400							
	Other productive infrastructure constructed/rehabilitated							Progress Reports	annual		
	Plastic tunnels (number)			100							

Results Hierarchy	Indicators							Means of Verification			Assumptions
	Name	Baseline	Mid-Term	End Target	Annual Result (2026)	Cumulative Result (2026)	Cumulative Result % (2026)	Source	Frequency	Responsibility	
	Groups managing productive infrastructure formed/strengthened							Progress Reports	annual		
	Groups SMT (number)			107							
Outcome Outcome 2: Sustained and community driven development approach established that is pro-poor and youth/gender- and nutrition-sensitive	Funds recovered against estimated cost recovery for irrigation development										Youth have preference for working in village if economic opportunities are same or better than in towns and cities offering low-skill employment.
	Percentage of funds recovered (%)			50							
	Vulnerable and women-headed target households provided with land titles										
	vulnerable and women-headed hh (%)			100							
Output Outputs 2	2.1.2 Persons trained in income-generating activities or business management										
	Males (number)			900							
	Females (number)			650							
	Young (number)										
	Persons trained in IGAs or BM (total) (number)			1 550							
	1.1.8 Households provided with targeted support to improve their nutrition										
	Total persons participating (number)			50 000							
	Males (number)			10 000							
	Females (number)			40 000							
	Households (number)			50 000							
	Household members benefitted (number)			250 000							
	Village/community plans formulated										
	Plan (number)			50							

Results Hierarchy	Indicators							Means of Verification			Assumptions
	Name	Baseline	Mid-Term	End Target	Annual Result (2026)	Cumulative Result (2026)	Cumulative Result % (2026)	Source	Frequency	Responsibility	
Outcome Outcome 3: Agri-business actors invest in local processing and value addition to improve marketing of local food products	2.2.3 Rural producers' organizations engaged in formal partnerships/agreements or contracts with public or private entities										Sufficient quantity, quality and seedling reliability of agricultural products available to sustain PPPP.
	Number of POs (number)										
Output Outputs 3	2.1.1 Rural enterprises accessing business development services										
	Size of enterprises (number)			60 000							
	Rural enterprises (number)			220							
	Women in leadership position (number)			30							
	2.1.6 Market, processing or storage facilities constructed or rehabilitated										
	Total number of facilities (number)			107							
	Processing facilities constructed/rehabilitated (number)			100							
	Storage facilities constructed/rehabilitated (number)			7							
Outcome Outcome 4: Government and private agricultural services are sustainably improved	1.2.2 Households reporting adoption of new/improved inputs, technologies or practices							Client satisfaction survey and DOA service delivery records.			All GB agricultural households will be able to access improved agricultural service provision, including women.
	Households (number)			50 000							
Output Outputs 4	Staff of service providers trained							RIMS			
	Males (number)			213							
	Females (number)			212							
	Government Officials and staff trained							RIMS			
	Males (number)			426							

Results Hierarchy	Indicators							Means of Verification			Assumptions
	Name	Baseline	Mid-Term	End Target	Annual Result (2026)	Cumulative Result (2026)	Cumulative Result % (2026)	Source	Frequency	Responsibility	
	Females (number)										
Outcome Outcome 5: Government formulates and enforces pro-poor agricultural policies covering water, land titling, road O&M and products and certification regime.	Provincial Land Records and Titling Law promulgated							Public land registry records, PO contracts and records with farmers.			Farmers using/producing improved seeds are able to increase productivity and sales.
	Number of Titling Law promulgated (number)			1	**0**	**1**	**100**				
	Land titles provided for newly irrigated lands							Public land registry records, PO contracts and records with farmers.			
	Number of land titles provided (number)			50 000							
	Policy 3 Existing/new laws, regulations, policies or strategies proposed to policy makers for approval, ratification or amendment										
	Number (number)										

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Pakistan

Economic Transformation Initiative - Gilgit Baltistan

Supervision Report

Appendix 1: Financial: actual financial performance; by financier by component and disbursements by category

Mission Dates:	5 to 15 May 2025
Document Date:	25/06/2025
Project No.	2000000836
Report No.	7271-PK

Asia and the Pacific Division
Programme Management Department

Financial: Actual financial performance by financier; by component and disbursements by category

Table 1A: Financial performance by financier (USD'000 as of 31 March 2025)

Financier	Appraisal	Disbursements	Per cent disbursed
IFAD loan	67 000	60 767	91%
Government	23 630	11 531	49%
Beneficiaries	6 540	19 900	306%
AICS	21 115	5 720	27%
Total	**118 285**	**97 918**	**83%**

Table 1B: Financial performance by financier by component (USD 'millions as of 31 March 2025)

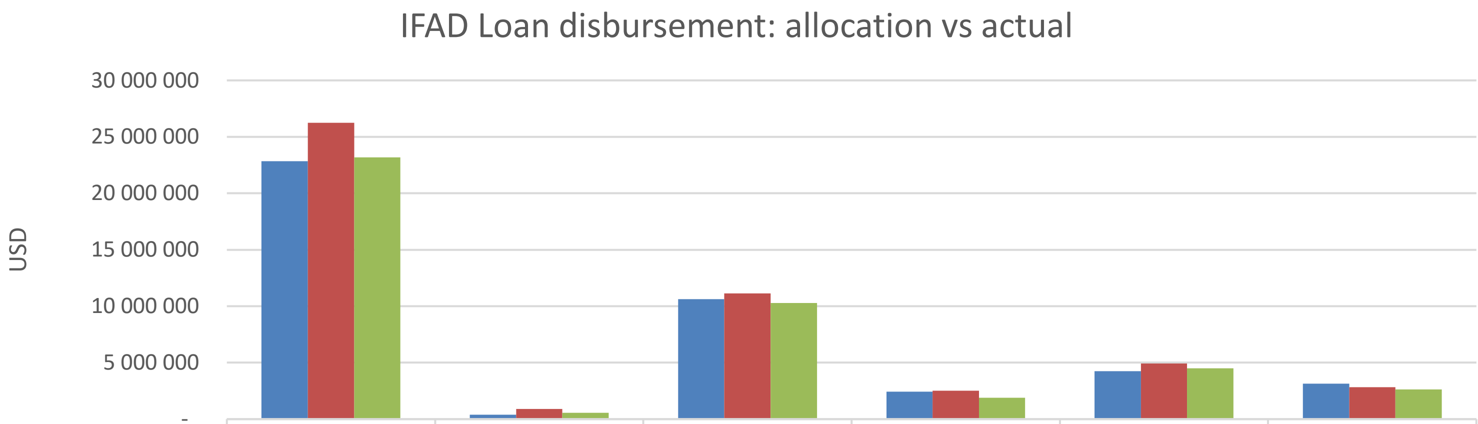
	IFAD loan			Government			Beneficiaries			AICS			Total		
Component	**Appraisal**	**Actual**	**%**	**Appraisal**	**Actual**	**%**	**Appraisal**	**Actual**	**%**	**Appraisal**	**Actual**	**%**	**Appraisal**	**Actual**	**%**
Productive Infrastructure	37.5	33.4	89%	15.5	4.7	30%	6.5	15.0	1%	12.1	0.1	1%	71.6	53.2	74%
Value Chain Development	22.6	19.1	85%	5.0	3.2	65%	-	4.9	2%	7.0	0.1	2%	34.6	27.3	79%
Programme Management & Policy Support	6.9	6.8	98%	3.1	3.6	114%	-	-	5%	2.0	0.1	5%	12.0	10.5	88%
Sub-total	**67.0**	**59.3**	**89%**	**23.6**	**11.5**	**49%**	**6.5**	**19.9**	**306%**	**21.1**	**0.3**	**2%**	**118.2**	**91.0**	**77%**
Initial advance		**1.5**									**5.4**			**6.9**	
Total	**67.0**	**60.8**	**91%**	**23.6**	**11.5**	**49%**	**6.5**	**19.9**	**306%**	**21.1**	**5.7**	**27%**	**118.2**	**97.9**	**83%**

Note: This file should be shared as an editable word file with the IFAD Finance Officer by email and uploaded in FMDB in PDF in the Missions tab.

Table 1C: IFAD loan disbursements (USD as of 31 March 2025)

Category	Category description	Original Allocation	Revised Allocation	Disbursement	Balance	Per cent disbursed
200003	Civil works	22 850 000	26 232 708	23 193 433	3 039 275	88%
200011	Equipment and materials	400 000	907 239	559 892	347 347	62%
200012	Grants and subsidies	10 620 000	11 127 801	10 274 285	853 516	92%
200016	Operating costs	2 430 000	2 526 620	1 896 183	630 437	75%
200018	Salaries and allowances	4 250 000	4 925 580	4 511 482	414 098	92%
200019	Training	3 140 000	2 830 052	2 618 182	211 870	93%
	Unallocated	4 860 000				
	Initial advance			1 095 797	(1 095 797)	
	Total	48 550 000	48 550 000	44 149 254	4 400 746	91%

Figure 1: IFAD loan disbursement, comparisons between revised allocations and actual disbursement



	Civil works	Equipment and materials	Grants and subsidies	Operating costs	Salaries and allowances	Training
Original Allocation	22 850 000	400 000	10 620 000	2 430 000	4 250 000	3 140 000
Revised Allocation	26 232 708	907 239	11 127 801	2 526 620	4 925 580	2 830 052
Disbursement	23 193 433	559 892	10 274 285	1 896 183	4 511 482	2 618 182

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Pakistan

Economic Transformation Initiative - Gilgit Baltistan

Supervision Report

Appendix 2: Physical progress measured against AWP&B

Mission Dates:	5 to 15 May 2025
Document Date:	25/06/2025
Project No.	2000000836
Report No.	7271-PK

Asia and the Pacific Division
Programme Management Department

Appendix 2 - I: Physical progress measured against AWP&B 01 July 2023-30 June 2024

Component/Outcome *Sub-component or Output*	**Indicator**	**Unit**	**Period: 1-July 2023 to 30th June 2024**			**Cumulative Actual**	**Appraisal Target**	**%**
			AWP&B	**Actual**	**%**			
Component 1 /Outcome								
Output 1.1.2	water channels/ irrigation schemes constructed, rehabilitated	Km	78	53	68%	478	400	119%
	Land levelling/ De-stoning etc.	Acres	5255	2289	43%	12537	50000	25%
Output 1.2.1	Roads constructed, rehabilitated or upgraded	Km	156	29	19%	414	400	103%
Component 2 / Outcome								
Output 2.1.1. On-Farm Grants	Increase in production & productivity of priority value chain	Grants	75	0	0%	6510	2950	220%
Output 2.1.2. Off-Farm Grants	Households reporting adoption of new/improved inputs, technologies or practices	Grants	75	0	0%	226	500	90%
Output 2.1.4 &2.3.2. Trainings	Persons trained in income-generating activities or business management	Persons	1355	820	60%	50783	60000	84%
Output 2.2.1	Rural producers' organizations supported	*Rural PO Supported (No.)*	*50*	*0*	*0%*	*257*	220	100%
	Rural enterprises accessing business development services	Size of enterprises				60,218	60,000	100%
Component 3 / Outcome								
Output 3.1.2.	Government and private agricultural services are sustainably improved	P/day	244	20	8%	278	300	92%

Appendix 2 - II: Physical progress measured against AWP&B 01 July 2024-30 April 2025

Component/Outcome *Sub-component or Output*	Indicator	Unit	Period: 1-July 2024 to 30th April 2025			Cumulative Actual	Appraisal Target	%
			AWP&B	Actual	%			
Component 1 /Outcome								
Output 1.1.2	water channels/ irrigation schemes constructed, rehabilitated	Km	82	44	52%	522	400	100%
	Land levelling/ De-stoning etc.	Acres	7,666	2326	30%	14863	50000	29%
Output 1.2.1	Roads constructed, rehabilitated or upgraded	Km	240	58	24%	472	400	100%
Component 2 / Outcome								
Output 2.1.1. On-Farm Grants	Increase in production & productivity of priority value chain	Grants	0	0	0%	6510	2950	100%
Output 2.1.2. Off-Farm Grants	Households reporting adoption of new/improved inputs, technologies or practices	Grant	400	228	57%	454	500	90%
Output 2.1.4 &2.3.2. Trainings	Persons trained in income-generating activities or business management	Persons	1000	533	53%	51316	60000	86%
Output 2.2.1	Rural producers' organizations supported	*Rural PO Supported (No.)*	*0*	*0*	*0%*	*257*	220	100%
	Rural enterprises accessing business development services	Size of enterprises				60,218	60,000	100%
Component 3 / Outcome								
Output 3.1.2.	Government and private agricultural services are sustainably improved	P/day	56	29	51%	307	300	100%

Pakistan

Economic Transformation Initiative - Gilgit Baltistan

Supervision Report

Appendix 3: Compliance with legal covenants: status of implementation

Mission Dates:	5 to 15 May 2025
Document Date:	25/06/2025
Project No.	2000000836
Report No.	7271-PK

Asia and the Pacific Division
Programme Management Department

Appendix 3: Compliance with legal covenants: status of implementation

Section	Covenant	Target/Action Due Date	Compliance Status/Date	Remarks
Section B.6 Section B.7	Opening of a designated account, a PCU program account and 3 RCU sub-accounts	At program start	Complied	DA at State Bank of Pakistan, Program account and sub-accounts at National Bank of Pakistan were operational. Under new Treasury Single Account (TSA) system, the government instructed the project to open a new assignment account in November 2023. The new account is now opened with effect from 27th May 2024.
Section B.8	Provision of counterpart financing of approx. USD 24 million from the GoGB.	Throughout program implementation	In progress	The overall disbursement represents 49 percent. The lower counterpart funding can be attributed to the tax exemption in GB and devaluation of Pakistani Rupee against the US dollar. With the two years extension, the Government contribution needs to be tracked to ensure the project meets the development objectives.
Section E.1 (i)	Appointment of Program Coordinator and Finance Manager	Condition precedent to withdrawal	Complied	
Section E.1 (ii)	No objection from IFAD on the draft Program Implementation Manual	Condition precedent to withdrawal	Complied	PIM was initially prepared and approved at the start of the Project. Thereafter it was revised and approved again in 2019.
Section E. 2	Installation and operationalization at the PCU of a computerized accounting system, acceptable to IFAD	3 months after entry into force of FA	Done	Software is installed and operational. It, however, does not meet the project's financial reporting needs fully. As financing from AICS has become available, the project may face additional challenges. The procurement of Tompro upgrade is in progress.

Section	Covenant	Target/Action Due Date	Compliance Status/Date	Remarks
Schedule 1 – II.8	Establishment of a Program Steering Committee at GB provincial level, headed by the Chief Secretary	At program start	Complied	
Schedule 1 – II.9 and 10	Establishment of a Program Coordination Unit and 3 Regional Coordination Units (for Diamer, Gilgit and Baltistan regions)	At program start	Complied	
Schedule 1 – II.12	Conduct of a Mid-Term Review jointly by the Borrower and IFAD.	By end of 2018	Complied	
GC-Section 7.01 (b) (ii)	Submission of AWPB to IFAD for its review and comments	30 April each year	Continuous. Compliance with delays.	AWPB 2024-25 was initiated in July and received IFAD NO in September. 2025-26 AWPB has not been submitted to for NO.
GC-Section 7.05 (a)	Procurement of goods, works and services carried out in accordance with the applicable rules and procedures	Throughout program implementation	Complied	VACs need to have a procedural manual covering procurement, FM, HR, monitoring etc. and training to implement these procedures to fully comply with this requirement. The government has hired the GBRSP that will— among other things, respond to these needs.
GC-Section 7.08 (a)	Insurance of program assets in accordance with sound commercial practice	Throughout program implementation	Not complied	Initially Vehicles were insured. However, after five years, the insurance companies have declined to provide insurance as the vehicles are old and fully depreciated as per the insurance companies.
GC-Section 7.11	Health & accident insurance for project staff	Throughout program implementation	Complied	Health and Life insurance of staff have been obtained
GC-Section 8.03 (a)	Submission of progress reports to IFAD	Quarterly	Partially	Semi-annual reports are being submitted to IFAD as per change in the requirement.
GC-Section 8.04	Submission of a project completion report	Before loan closing date	Not yet due	
GC-Section 9.02	Submission of program financial statements for each fiscal year	31 October each year	Continuous	Financial statements have been submitted on time in the past three years.
GC-Section 9.03	Submission to IFAD of audit report and reply to management letter	31 December each year	Continuous	Financial statements have been submitted on time in the past three years.

Section	Covenant	Target/Action Due Date	Compliance Status/Date	Remarks
GC-Section 11.01 (c)	Taxes not to be paid from IFAD financing	Throughout the program implementation	Continuous	Gilgit Baltistan is exempt from taxation

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Pakistan

Economic Transformation Initiative - Gilgit Baltistan

Supervision Report

Appendix 4: Technical background analysis

Mission Dates:	5 to 15 May 2025
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Project No.	2000000836
Report No.	7271-PK

Asia and the Pacific Division
Programme Management Department

Appendix 4: Nutrition – Key messages for awareness campaigns

Context: In Gilgit-Baltistan, despite the abundance of nutrient-rich local foods, malnutrition remains a pressing challenge, particularly among women and children. One of the major contributing factors is the lack of awareness about proper nutrition, dietary diversity, and the health benefits of indigenous foods.

The objective of nutrition awareness campaigns is to inform rural households, promote behaviour change, and encourage the consumption of local, nutritious foods to improve community health outcomes.

These messages can serve as the foundation for three nutrition awareness campaigns:

1. **Sharing Short Nutrition Messages:** Share concise nutrition messages to VACS members via WhatsApp groups.
2. **Organizing Awareness Sessions:** Hold interactive sessions and discussions on nutrition with VACS and women's groups, complemented by practical activities such as food processing, gardening, and preparing nutritious meals for families.
3. **Disseminating Key Messages Through Mass Media:** Broadcast essential nutrition messages through mass media campaigns

Further details on dietary recommendations are available in the Pakistan Dietary Guidelines for Better Nutrition, a national resource published by the FAO and the Ministry of Planning Development and Reform[1]. It is important that all messages are adapted to the specific context of Gilgit-Baltistan and emphasize the use of locally available nutritious foods.

Key-message 1: Importance of Local Foods to combat malnutrition
Gilgit-Baltistan is facing critical nutritional problems such as iron deficiency, stunting, wasting, and vitamin A and D deficiencies—especially among children and women. But local foods are naturally rich in essential nutrients.

- Apricots are rich in vitamin A, which helps improve vision, boost immunity, and prevent stunting in children.
- Whole grain cereals are good sources of energy, dietary fibre, proteins, carbohydrates, vitamins, minerals and antioxidants to the human body. They have been associated with reducing the risk of developing hypertension, metabolic syndrome, coronary heart disease, diabetes, cancers and other diseases. In Gilgit-Baltistan, buckwheat is a great source of iron and protein, essential to fight anaemia and support healthy growth.
- Seabuckthorn is packed with vitamin C and omega-3 fatty acids, which strengthen the immune system.
- Walnuts provide healthy fats and minerals like zinc and magnesium, important for brain development and combating wasting.
- Lentils and chickpeas are rich in protein, dietary fibre, vitamins, minerals and essential amino acids particularly lysine.

Including these foods in your daily meals can make a substantial difference in your family's health and to fight malnutrition.

Key-message 2: Combatting Iron Deficiency
Iron deficiency is a widespread health issue in Gilgit-Baltistan, especially among women and children. It leads to symptoms like fatigue, weakness, and anaemia. However, including certain local foods in your diet can help combat iron deficiency.

In addition to animal-based foods like meat and eggs, dried apricots, spinach, lentils, and chickpeas are excellent sources of iron. To improve iron absorption, pair these foods with vitamin C-rich fruits like oranges, apricot, lemons, or apples. Include these nutrient-rich foods in your daily meals to prevent iron deficiency and lead a healthier, more energetic life.

Key-message 3: Healthy Eating for Children

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[1] Food and Agriculture Organization of the United Nations, & Ministry of Planning Development and Reform, Government of Pakistan. (2018). *Pakistan Dietary Guidelines for Better Nutrition*. FAO. https://www.fao.org/faolex/results/details/en/c/LEX-FAOC191272/

Stunting and wasting in children can be reduced by providing them with a balanced diet. Include dairy, animal-based foods (like meat, fish and eggs), whole grains, and fresh fruits in their meals to support their growth and development.

Key-message 4: Hydration and Health

Drinking enough water is crucial for good health. Drinking at least 8 glasses of clean and safe water per day is recommended for proper body functions. For a reference person of 65 kg, minimum required amount of drinking water is 2 litres (8 glasses). Stay hydrated by consuming clean water, herbal teas, and natural fruit juices made from local ingredients like seabuckthorn and cherries.

Key-message 5: Importance of Traditional Foods

Traditional foods like buckwheat bread, dried fruits, and yak butter have sustained generations in Gilgit-Baltistan. Include these local, traditional and nutritious foods in your diet for a better health.

Key-message 6: Role of Dairy in Nutrition

Milk, yogurt, and cheese are excellent sources of calcium, phosphorous, magnesium, vitamin D, lactose, protein and fat, which are essential for skeletal growth and development. Ensure your family consumes two to three servings of milk and milk products per day to strengthen bones and boost immunity.

Key-message 7: Consume meat and meat products, fish and eggs

Meat products and eggs are rich in proteins, iron, zinc and vitamins. Fish such as trout is recommended at least once in a week to supply protein and essential fatty acids to the body for growth and brain development.

Key-message 8: Smart Cooking for Better Nutrition

Overcooking vegetables reduces their nutritional value. Once washed with clean water, try steaming or lightly cooking local greens like nettle and mustard leaves to preserve essential vitamins.

Key-message 9: Fighting Hidden Hunger

Micronutrient deficiencies can affect energy levels and immunity. Eat a variety of colourful foods, including fresh fruits, vegetables, nuts, and whole grains, to get essential vitamins and minerals. For example, leafy green, deep yellow and red vegetables and fruits are rich sources of vitamin A, C, folic acid, iron, dietary fibre, potassium and antioxidants.

Key-message 10: Safe Food Storage and Handling

Proper food storage prevents spoilage and foodborne illnesses. Dry fruits and grains well before storage, and always keep cooked food covered to maintain hygiene.

Key-message 11: Supporting Local Farmers

Buying local produce not only supports farmers but also ensures you consume fresh and nutritious food. Choose fresh fruits, vegetables, and dairy products from local markets.

Key-message 12: Overcoming Vitamin A Deficiency for Better Vision

Vitamin A deficiency can lead to poor vision and a weak immune system. Include local foods rich in Vitamin A, such as apricots, carrots, and dairy products like butter and ghee, to maintain good eyesight and overall health.

Key-message 13: Tackling Calcium Deficiency for Strong Bones

Weak bones and joint pain can be due to calcium deficiency. Strengthen your bones by consuming local dairy products like milk, yogurt, and cheese, along with calcium-rich dried apricots and nuts.

Key-message 14: Limit salt in cooking and always use iodized salt to manage Iodine deficiency for Thyroid Health

Iodine deficiency can cause goiter and thyroid problems, which can be prevented through the use of iodized salt and eating fish or dairy products, which are natural sources of iodine.

Key-message 15: Preventing Zinc Deficiency for Better Growth & Immunity

Zinc deficiency can slow down growth and weaken immunity. Improve your zinc intake by consuming whole grains (barley, buckwheat), nuts (almonds, walnuts), and legumes.

Key-message 16: Fighting Folic Acid Deficiency in Pregnant Women

Folic acid is crucial for a healthy pregnancy and preventing birth defects. Pregnant women should eat folate-rich foods like green leafy vegetables, apricots, lentils and chickpeas.

Key-message 17: **Reduce sugar intake, and limit intake of soft drinks**

Sugar sweetened drinks and foods with high sugar should be limited. These energy dense foods mostly provide empty calories increasing the risk of overweight and obesity. Consumption of soft drinks and commercial sweet, carbonated beverages has been strongly associated with increased weight gain, diabetes and pancreatic cancer.

Key message 18: Limit consumption of fatty foods and highly processed foods

To improve health and nutritional status, substitution of junk (empty calories) and deep fried foods with healthy foods is essential. Highly processed foods, especially packaged, ready-made foods, are often high in fat, sugar and or salt and should be avoided. Choosing fresh foods over packaged options and including plenty of vegetables

Investing in rural people

Pakistan

Economic Transformation Initiative - Gilgit Baltistan

Supervision Report

Appendix 5: Mission preparation and planning, TORs, schedules, people met

Mission Dates:	5 to 15 May 2025
Document Date:	25/06/2025
Project No.	2000000836
Report No.	7271-PK

Asia and the Pacific Division
Programme Management Department

Appendix 5: Mission preparation and planning, TORs, schedules, people met.

Terms of Reference ETI GB Supervision Mission

COUNTRY OF ASSIGNMENT/LOCATION: Pakistan

MISSION NAME: Economic Transformation Initiative in Gilgit-Baltistan (ETI-GB) Supervision Mission

MISSIONSTART AND END DATES: 05 May to 15 May 2025

REPORT TO: **Fernanda Thomaz Da Rocha,** Country Director, APR/PMD

MISSION COMPOSITION:

In-country:

Fernanda Thomaz Da Rocha (Country Director), Mission Leader
Ghulam Nabi Marri (Country Programme Coordinator), Co-Mission Leader, Project Management/ Economist
Qaim Shah (IFAD Consultant), Team Leader, Rural Development & Institutional Specialist
Ayesha Quresh (Country Programme Analyst), Gender, M&E, KM
Simon Gontard (Technical Analyst), Nutrition Specialist
Fayaz Ahmad (IFAD Consultant), Value Chain Specialist
Abdul Hakeem (IFAD Consultant), SECAP and Infrastructure Specialist
Kayode Fagbemi (Regional Finance Officer), Financial Management Specialist
Naeem Abbas (IFAD Consultant), Procurement Specialist

BACKGROUND:

The Economic Transformation Initiative - Gilgit-Baltistan (ETI-GB) is a US$ 120 million project, approved by IFAD's Executive Board in April 2015 for an amount of US$ 67 million highly concessional loan. The project has a parallel financing for an amount equivalent to Euro 20.5 million funded by the Italian Agency for Development Cooperation (AICS). The project entered into force on 16 September 2015 with an initial completion date of 30 September 2022. IFAD approved, in August 2022, a three years no-cost extension of the project for better factor-in the operationalization of the Italian parallel financing to complement IFAD investment and allow time for realization of benefits linked to the policy reforms and consolidation of investment in community institutions. The current completion date is September 2025. A two years no-cost extension of the project for completion of the on-going and new activities under the Project components and consolidation of Village Agriculture Cooperatives (VAC) and land development is underway. Once approved by IFAD, the project completion date will be September 2027.

The development objective of the project is to increase agricultural incomes and food security for at least 100,000 rural households in Gilgit-Baltistan, as part of the overall goal to improve incomes and reduce poverty and malnutrition in the region. The project initially focused on four districts for economic infrastructure and all the districts for two value chains (potato and apricot) and small pilots in dairy and potato seed. At mid-term the scope of the project was opened to additional value chains. For the three years extension period (2022-25), the Economic Infrastructure Component was extended to all the 10 districts of Gilgit Baltistan from initial design of 4 districts.

The project focuses on: (i) increasing agricultural production by organizing farmers, developing value chains for high-value cash crops and linking farmers to local markets and private sector; (ii) developing support infrastructure including new irrigated land and rural roads; and (ii) developing support systems for smallholder farmers including land titling systems and improving access to financing. The project components are: (i) Economic infrastructure (comprising of two sub-components; irrigation and land development and farm-to-market roads); (ii) Support Services/PPPP for Value Chain Development; and (iii) project management and policy support.

A Project Coordination Unit under the Planning and Development Department of the Provincial Government of Gilgit-Baltistan is responsible for project implementation through three regional coordination units.

MISSION OBJECTIVES AND OUTPUTS:

Covering the period since the last supervision mission and the extension period of the project, the main objective of the Mission will be to ascertain the likeliness of attaining of development objective of the project, identify gaps if any, and the extent to which additional outreach could be achieved. The specific objectives are the following:

- Assess the progress made, since last SM and ISM, in terms of project outputs and outcomes.
- Assess the progress of the project activities, particularly under component 2 in the extended areas (all districts of Gilgit-Baltistan).
- Assess the implementation capacities within the project and engagements with implementing partners.
- Review the financing proportions and identify variations in financing structure agreed under IFAD financing agreement and among the financiers (IFAD, AICS and Government of GB).
- Assess the status of implementation of recommendations of the previous supervision missions and ISM.
- Assess the procurement plan and coherence of the AWP/B for the new fiscal year.
- Review together with Planning and Development Department, Gilgit-Baltistan progress on the timeline as well as quality of progress pertaining to the staff recruitment, onboarding partners and rollout of access to finance (Credit Guarantee).
- Review ETI-GB and Gilgit-Baltistan Rural Support Programme (GBRSP) partnership with HBL establishing Partial Credit Guarantee Fund (PCGF) for provision of credit to cooperatives, its members and agribusinesses under the PCGF scheme.
- Review progress on land titling and initiation of the remaining policy reforms i.e. sustainable water management policy and provincial road master-plan.
- Review and assess the procurement quality both at PCU and community level.
- Assess the financial progress of the project.
- Identify actual and potential/emerging operational problems.
- Propose solutions, corrective measures or improvements required.

INDIVIDUAL RESPONSIBILITIES, EXPECTED OUTPUTS AND REQUIRED COMPLETION DATES

Ms Fernanda Thomaz Da Rocha, Country Director Pakistan (Mission Leader – join partially)
The mission leader will assume the overall coordination of the supervision mission, provide the necessary support to the team, review the aide memoire, supervision report and management letter, prior to their finalization. Following are the specific tasks:

(i) Responsible for leading on the key mission's activities, leading the discussions including with the Lead Programme Agency and concerned government counterparts.
(ii) Provide clarity to team members on the priority areas, identified together with Government and co-finance partners (AICS).
(iii) Lead the discussions during the wrap-up meeting.
(iv) Review the final Aide Memoir and ORMS SV report prior to their finalisation.
(v) Any other task that is referred by the mission team for guidance and concurrence.

Mr Ghulam Nabi Marri, Country Programme Coordinator (Co-Mission leader)
The co-mission leader will co-lead key discussions with stakeholders and provide guidance to the mission team throughout the mission, including during the review of the final report. Specifically, the following tasks will be undertaken:

(i) Along with the mission and team leader, chair all meetings with government counterparts, including those with line departments.
(ii) Assess the overall quality of project management and oversight systems.
(iii) Identify key lessons learned, best practices, and innovations in collaboration with team members, while also assessing any data gaps or constraints that need to be addressed to improve the project's overall efficiency and effectiveness.
(iv) Assess the level of implementation of the different policies (water, land and road master planning/O&M;
(v) Support Team leader in undertaking review of cross cutting issues in terms of lesson learned and as means to effective policy dialogue for mainstreaming gender, climate change and youth.
(vi) Assess the project's overall performance in targeting, social inclusion, community empowerment and beneficiary participation.
(vii) Assess the long-term viability and legal ownership of the grant funding provided to cooperatives (under both components) and suggest a viable way forward ensuring due ownership and governance model of the Government of GB.
(viii) Update the agreed actions in ORMS and the IPRM, if needed.
(ix) Any other task requested by the CD and that is referred by the mission team for guidance and concurrence.

Deliverable(s):
- Provide input for Aide Memoir and ORMS SV report.

- Any other task that is referred to mission team for guidance and concurrence.

Mr Qaim Shah (Team Leader)

The Team leader will facilitate coordination of the supervision mission, draft the aide memoire, and supervision report. Following are the specific tasks:

(i) Responsible for coordinating the mission's activities, assignment of responsibilities among mission team members, leading the discussions, liaising with the Lead Programme Agency and concerned implementing agencies and private sector partners.
(ii) Assign the detailed tasks contributing to the various parts of the Mission's Aide Memoire and full mission Report among the mission members.
(iii) Make assessment of the overall project performance and quality of implementation in line with the defined result objectives, legal and financial agreements.
(iv) Ensure collaboration / discussion with national counterparts and other donors in accordance with mission schedules.
(v) Assess effectiveness of the coordination between social mobilization partner, project and other stakeholders with regards to sharing lessons learnt.
(vi) Assess the targeting strategy of the project and its social mobilization partners and how BISP beneficiaries/ the poorest are being taken into account and benefitted in the process; as well assess efficacy and impact of project's pro-poor investments, in particular for women-headed households and ultra-poor.
(vii) Assess the quality of the staffing of PCU, partners and cooperatives/private sector partners – also assess the institutional arrangement, capacity for effective management and the systems in place for grant management.
(viii) Assess relevance and effectiveness of Project's consultation and communication approach and actions.
(ix) Review the implementation progress related to component 3; identify actual and potential/emerging operational problems, propose solutions for corrective measures or improvements to be made and provide guidance on priorities.
(x) Review and update all the aspects with respect to implementation arrangement and assess progress of the line departments with respect to its relevance and overall contribution to the project's development objectives.
(xi) Together with co-mission lead, assess the level of implementation of the different policies (water, land and road master planning/O&M).
(xii) Appraise the viability of the strengthening of the SMBR for land tenure management in the region.
(xiii) Assess the progress of SMBR on digitisation of land records management.
(xiv) Review and update the overall physical progress of the project and anticipate the overall achievement or overachievement by the project.
(xv) Update the IRPM, if needed.
(xvi) Review of cross cutting issues in terms of lesson learned and as means to effective policy dialogue for mainstreaming gender, nutrition, climate change and youth.
(xvii) Follow up on agreed actions from the last supervision and implementation support missions, ensuring that outstanding issues are effectively addressed.
(xviii) Any other task requested by the mission leader.

Deliverable(s):
- Consolidate and Finalize the ORMS Supervision Mission Report
- Finalize a draft Aide Memoire for presentation at the wrap-up meeting.

Ms Ayesha Quresh (Gender, M&E, KM – join partially)

(i) Review the status of gender mainstreaming, gender equality, women's empowerment and participation in the project activities.
(ii) Review project strategy to promote women's and youth participation, including the gender strategy; provide recommendations to improve the approach/ strategy.
(iii) Assess the programme's M&E system including MIS and M&E plan.
(iv) Assess M&E arrangement between PCU and implementing partners, and review project logframe.
(v) Assess potential areas of improvement in M&E system (including responsibilities, arrangements, compliance across project actors), especially its effectiveness in capturing bottom-up information/ data for reporting and as a management tool.
(vi) Review the quality of the M&E with respect to capturing and analysing data, the link between M&E and KM, progress report, identify gaps and suggest remedial measures.
(vii) Assess the project's progress in developing knowledge and lessons learned, the knowledge management strategy/action plan of the project and assess capacity of the project and its

implementing partners in this respect.

(viii) Identify promising, innovative knowledge product generated by the project - provide recommendations for improvement for better packaging, presentation and dissemination.

(ix) Assess the utilisation of M&E system as key tool to improvise project implementation by project management as per the lessons generated by M&E.

(x) Assess Feedback and Complain Response Mechanism within the Project is in line with established procedures.

(xi) Assess the quality of reports and knowledge products received by the project.

(xii) Review the Project Action Tracker and any outstanding recommendations from previous missions concerning the assigned sections. Discuss these with the PCU and update the progress status accordingly.

(xiii) Any other task requested by the mission/ team leader.

Deliverable(s):

- Contribution to ORMS Mission Report in line with IFAD's Template following Guidelines for Rating
- Contribution to the Aide Memoire
- Updated logframe.

Mr Simon Gontard (Nutrition)

(i) Review project documentation- progress reports, baselines and Aide-Memoire of previous supervision missions to see if recommendations related to nutrition were followed up.

(ii) Assess the existing nutrition strategy/action plan.

(iii) Assess the progress of implementation of planned nutrition activities, detailed in the last nutrition strategies for ETI-GB

(iv) Assess quality of implementation (e.g. training materials, tools), especially for planned activities on nutrition awareness & knowledge and capacity building on nutrition gardening and food preservation sessions.

(v) Verify how the nutrition-related activities are coordinated with other sectors and stakeholders, including with existing coordination platforms.

(vi) Assess if other project activities pose any undesired effects on the nutritional status of the target population.

(vii) Assess if nutrition-related actions/interventions are included in the annual workplan and budget.

(viii) Assess if the AWP/B has allocated adequate financial and human resources for implementation of nutrition-sensitive activities.

(ix) Assess if nutrition indicators are integrated into the project M&E and learning system and that they are routinely tracked and reported (including reporting in the ORMS). Identify additional options to assess outcomes of nutrition-sensitive activities.

(x) Assess if the project's interventions are reaching the intended target group(s).

(xi) Identify implementation challenges and provide technical support and practical guidance to the nutrition Focal Point as appropriate to ensure, among others, that nutrition is mainstreamed in all aspects of the project, including good agricultural practices, choice of value chain commodities and policy engagement as needed.

(xii) Identify opportunities and make recommendations on how to improve project performance and where necessary re-design and resource the nutrition mainstreaming sub-component of the project with a view to provide for more substantive mainstreaming activities than was provided for in the design document, (e.g. nutrition knowledge, food processing, storage and utilization).

(xiii) Review the Project Action Tracker and any outstanding recommendations from previous missions concerning the assigned sections. Discuss these with the PCU and update the progress status accordingly.

(xiv) Any other task requested by the mission/ team leader.

Deliverable(s):

- Contribution to ORMS Mission Report in line with IFAD's Template following Guidelines for Rating
- Contribution to the Aide Memoire
- Technical note(s)/Annex (as applicable)

Fayaz Ahmed (Value Chain)

(i) Identify actual and potential/emerging operational problems, propose solutions for corrective measures or improvements to be made and provide guidance on priorities to be pursued for component 2 achievement of its objectives.

(ii) Assess the level of attainment of cooperatives strengthening, identify the bottlenecks and provide recommendations.

(iii) Assess the level of implementation of the 4Ps proposals, identify the bottlenecks and provide recommendations for the pending 4Ps targets.

(iv) Evaluate the PCU capacities for implementation of the component (cooperatives and development of 4Ps, business planning and provision of Business Development Services.
(v) Assess the quality of the business plans prepared and the institutional framework proposed for cooperatives and 4Ps.
(vi) Assess the viability of the business plans in the context of local and down-country market and make recommendation with regard to market access for output and market development for inputs.
(vii) Evaluate the current practices of cooperative management.
(viii) Assess the performance of the GBRSP in relation to its support to cooperatives, enhancing access to finance and roll out of partial credit guarantee scheme.
(ix) Review findings of the audit and elections of the cooperatives by Department of Cooperatives to identify critical areas for support for inclusion in the programme of work for component 2 in the remaining project period.
(x) Assess/review the current roles of RCUs, PCU, and line departments in terms of organizing of farmer groups, the underlying coordination mechanisms and effectiveness of their individual and collective engagement with the farmers groups; identify strengths and weaknesses and make concrete recommendations for improved quality of farmer organizations.
(xi) Review the Project Action Tracker and any outstanding recommendations from previous missions concerning the assigned sections. Discuss these with the PCU and update the progress status accordingly.
(xii) Any other task requested by the mission/ team leader.

Deliverable(s):

- Contribution to the ORMS Mission Report in line with IFAD's Template following Guidelines for the Rating
- Contribution to the Aide Memoire.
- Technical note(s)/Annex (as applicable)

Mr Abdul Hakeem Khan (SECAP, Infrastructure Specialist)

(i) Review implementation progress related to subcomponent 1; and identify actual and potential/emerging operational problems, propose solutions for corrective measures or improvements to be made and provide guidance on priorities to be pursued for finalization of the land development and ensuring the cultivation.
(ii) Review the Gilgit-Baltistan Map with all the current and planned sites to assess their spread in terms of equity, needs and potential for development and also in light of no-cost extension memo and provide course correction as applicable.
(iii) Review and assess the scheme section process and prioritisation measures in place and adherence to the set criteria.
(iv) Assess the quality of irrigation infrastructure.
(v) Undertake value for money/cost efficiencies analysis in designing and implementation of irrigation and road infrastructure and adequacy and timeliness of flow of fund arrangements between project, regional offices and beneficiary SMTs, and propose improvements wherever warranted.
(vi) Assess the status of transformation of SMTs into cooperatives and status of payback.
(vii) Assess the level of land development in pre and post extension scenario.
(viii) Review the Project Action Tracker and any outstanding recommendations from previous missions concerning the assigned sections. Discuss these with the PCU and update the progress status accordingly.

SECAP

(ix) Assess the progress of project activities related to the Environment and NRM.
(x) Assess progress and issues in project activities related to climate change adaptation and devise new interventions/demonstrations within the objectives of the project. Collaborate with mission members to provide technical guidance to overcome implementation hurdles.
(xi) Assess and document how is the PCU ensuring that the land for interventions related to the project is free from conflict. Make recommendations as relevant to ensure the risk exposure of project interventions in conflict prone land is to a minimum (i.e., assessing if there are exclusion criteria for lands where conflicts are currently ongoing and subject to judiciary processes).
(xii) Document best practices, lessons learned, and innovations in environmental and NRM aspects. Assess the capacity of actors to scale up techniques and information acquired in natural resource management.
(xiii) Document best practices, lessons learned, and innovations in climate change adaptation within the project.
(xiv) Support the mission on issues related to Environment and Climate change, including ECC related aspect of SECAP
(xv) Report on how Environment, Social Inclusion and Climate change aspects and risks are being incorporated in the project activities.
(xvi) Status on Monitoring of Grievance Redress Mechanisms (GRM), and document grievances received and addressed through the grievance logs.

(xvii) Status and progress of activities related to Stakeholder Engagement Plans (SEP) being incorporated into the monitoring and project activities. Assess broad community support for the project.
(xviii) Review/ update the existing climate risk assessment specific to the target areas and relevant to the project intervention activities including analysis on the overall project risk from extreme events due to climate change.
(xix) Identify progress, challenges and solutions in the area of SECAP implementation.
(xx) Review the Project Action Tracker and any outstanding recommendations from previous missions concerning the assigned sections. Discuss these with the PCU and update the progress status accordingly or identify action plans and requirements to complete them by next supervision mission.
(xxi) Any other task requested by the mission/team leader.
(xxii) Identify up to 3 capacity building needs for the PCU in relation to SECAP, ECC and NRM that can help the team better implement IFAD requirements.

Deliverable(s):

- Contribution to ORMS Mission Report in line with IFAD's Template following Guidelines for Rating
- Contribution to the Aide Memoire.
- Technical note(s)/Annex (Technical Notes: 1. Report on Agreed Actions from SV & ISM 2024; 2. Report on monitoring on SECAP requirements (Environment, Social Inclusion and Climate Change, GRM and SEP)

Mr Kayode Fagbemi: Financial Management Specialist

Re-assess the quality of FM arrangements and update residual risk assessment.

(i) Perform Financial Management Performance Assessment, guided by the FMAQ template (annex 6)[1], to assess the strengths and weaknesses of the project's financial management systems. This will include the review of documents and reports indicated in the FMAQ questionnaire.
(ii) Review and assess the adequacy of LPA's fraud and anti-corruption policy, including procedures for fraud reporting, whistle-blower protection handling, and safeguarding assets from fraud, waste, and abuse. Assess the need for anti-corruption awareness training for the finance staff.
(iii) Based on the results of the FMAQ, re-assess the project residual risk under the six FMAQ pillars (risk AS IS at the time of the SM) before factoring the mitigation measures you have agreed with the project team. The proposed mitigation measures must be specific, clear, realistic, attainable and time-bound.
(iv) Assess the overall country FM context and confirm whether there are any changes that may affect/improve the Inherent Risk[2].
(v) Review FM recommendations/findings from the latest supervision mission (if applicable) and confirm that the project is timely implementing the agreed action plan. *Critically review the unimplemented mitigating measures and consider whether they were suitable and they can still be implemented, or you may need to propose alternative mitigating measures if the issues are still prevailing.*
(vi) Confirm that the project complies with all the FM covenants to the Financing Agreement (FA) and conditions set out in the FMFCL. In case of joint or parallel financing, review and confirm the adherence to fiduciary requirements of co- financiers.
(vii) **Flow of funds.** Review the flow of fund arrangements as spelt in the FMFCL and assess the adequacy of the current system based on inter-alia, funds are made timely available to the implementing entities, traceability of IFAD financing, timely submission of funds requisitions, management of advances[3], timely preparation of expenditures reports and monthly bank reconciliations. Refer to FMAQ section 3.
(viii) **Counterpart funding.** Review the status of counterpart funding from government, beneficiaries, and other co-financiers (as relevant). Confirm that government co-financing is traceable, and a separate project account/ledger is maintained where this is provided in cash. Confirm whether the project has developed and consistently uses practical guidelines to define, measure, monitor and report all forms of in-kind contributions (IKC).
(ix) **Accounting.** Review the project's accounting processes, identify accounting standards used and reporting differences with IFRS/IPSAS. Assess timeliness for recording transactions, budget posting and reconciliations. Comment as required on the suitability of chart of accounts and expenditure classification. Refer to FMAQ section 5.
(x) **Information system.** Using the "accounting software" checklist (annex 5), review and assess the functionality of the project's accounting software/ government system where the project is embedded within the government system. Review the FMDB 'Systems' tab on Accounting Software and note any discrepancies

[1] A self-evaluation by Project staff of agreed actions may be conducted as a first review. Where evidence provided is not deemed sufficient, the actions status should not be updated in FMDB.
[2] Refer to Enhanced Risk Framework; gather information from external sources, other projects and partners.
[3] Review register of advances (e.g. to field offices, implementing partners, service providers, staff), perform ageing analysis in respect of the rules set out in the PIM, and highlight long-outstanding advances.

or updates in final report to the Finance Officer.

(xi) **Internal controls.** Perform a virtual walkthrough of the project's internal controls and financial administration of funds and confirm the adequacy of payment processes, segregation of duties, and management of assets. Provide recommendations on any internal control weakness noted and concretely support the project with any needed revision of the PIM. Refer to FMAQ section 4.

(xii) Review the internal-audit (IA) arrangements and status/follow up on past recommendations; review IA reports if available, describe findings and identify areas which need to be strengthened in the PIM[4].

(xiii) **Oversight of Implementing Partners (IPs).** Review the MoUs/contracts signed with the project's main implementing partners (IPs) and the adequacy of fiduciary provisions (audit requirements, disbursement of funds, accounting and financial reporting); confirm that PCU carries out regular oversight activities. Perform the checks indicated in FMAQ section 4.

(xiv) **Project Implementation Manual.** Assess project's compliance with the PIM, including procedures related to travel, staff allowances, vehicles/fuel and IT.

(xv) Perform visits to project's decentralized offices and perform standard FM checks (from FMAQ), as agreed with the Team Leader and FO.

(xvi) **Follow-up on ineligible expenditures.** Review and discuss with the project financial controller the status of the declared ineligible expenditures emerging from audit reports and/or communicated by IFAD, or any pending legal cases, which may imply ineligible expenditures.

(xvii) Consider changes in project design or implementation arrangements that have been implemented or are being considered by Project Delivery Team. Assess the impact of these on financial management arrangements and if any changes in the FM arrangements are required.

(xviii) **Expenditures review.** Review Withdrawal Applications (WAs) and IFRs submitted to IFAD after the previous supervision mission and perform the expenditures review exercise as per the "Annex 3". The size of the sample to be tested should be at least 20% of transaction values. Identify potential ineligible expenditures and update the FMDB "Mission" tab section.

Review of Interim Financial Reports (IFRs): project's financial performance and funds forecast.

(xix) Review the overall financial performance by expenditure category and component against appraisal targets and the approved AWPB.

(xx) Provide technical guidance to the project on the preparation of the IFRs by performing the following tasks:

a. Complete Pillar 2 checklist and file this in FMDB.
b. Estimate the need for category reallocations.
c. Ensure that the financial data reported in the sources and uses of funds report are accurate and it is well reflected in the IFRs; reconcile with IFAD data (Status of Funds and Historical Transaction Report);
d. Reconcile the IFR data with the Trial Balance of the accounting system.
e. Review and guide the project in filling correctly all the statements contained in the report.
f. If needed, propose changes to the template to facilitate the project and to adapt the template to specific needs of the project.
g. Ensure the project is aware of the submission timelines (45 days after the quarter end) and review whether this were met in the last submission, understand the challenges, and seek to help the project where practical to address this.
h. Prepare a brief report on your findings, on the work done. Include your recommendations for IFAD and for the project and evaluate the quality of the report.
i. After the above steps, complete Pillar 2 checklist and file this in FMDB; and

(xxi) any other task requested by the CD/Regional FM Officer

Deliverable(s):

- Contribution to ORMS Mission Report in line with IFAD's Template following Guidelines for Rating
- Contribution to the Aide Memoire
- Technical note(s)/Annex (as applicable)

Mr Naeem Abbas: Procurement

In line with Chapter V of the IFAD Procurement Manual, the Consultant should carry out the following tasks:

(i) Conduct a desk review of the project's contract portfolio in the Contract Monitoring tool before the start of the mission to identify delays, big ticket and/or problematic contracts.

(ii) Review the current Procurement Plan in order to assess it has been fully updated and upgraded in the correct IFAD template or appropriate IFAD procurement system, ascertain its completeness, its concurrence with the AWPB, Financing Agreement, Project Procurement Arrangements (PPA) and Project Procurement

[4] When the internal audit reports are not made available to the Mission (e.g. internal audit covers the entire Ministry department), the consultant can request an extract of findings and recommendations raised in respect of the project.

Strategy (especially concerning packaging and value for money) and its consistency with the country systems and/or IFAD Procurement Guidelines and Handbook.

(iii) Conduct a review of any significant changes in the borrower/recipient's procurement system and practices, and ensure project procurement procedures and systems are updated accordingly.

(iv) Review/update the Procurement Risk Assessment, using the IFAD Procurement Risk Matrix (Chapter I of the IFAD Procurement Manual);

(v) Provide support, advice, and recommendations on the following:

    a) Amendments to the proposed methods of procurement, thresholds, ceilings, contract types, contractual arrangements and preferences listed in the PPA.
    b) The related IFAD review procedures and provide suggestions to improve the overall quality of the procurement processes.

(vi) Based on the desk review of contract data, review a minimum sample of 10% of all post-review contracts and high risk prior review contracts during the mission for compliance with:

    a) the applicable procurement framework: i.e.: national procurement laws and regulations consistent with the IFAD Project Procurement Guidelines and Procurement Handbook.
    b) The approved AWPB and Procurement Plan, in terms of quality and quantities.
    c) IFAD or national Procurement Bidding and Contract Templates (as applicable); and
    d) IFAD's SECAP and other IFAD policies concerning anti-corruption, anti-money laundering and prevention of SH and SEA.

(vii) Review the procurement, contracting and implementation processes (prequalification/shortlisting, receipt of bids/proposals, bid/proposal evaluation and contract award) and timeliness and appropriateness of procurement actions.

(viii) Review the management capacity and appropriateness of addressing SECAP risks through procurement (with specific focus on big ticket contracts and SECAP-related management at bidding stage and contract implementation stage), as outlined in the PIM;

(ix) Assess contract administration and management procedures and review the completeness and updated nature of contract data in the Contract Monitoring Tool.

(x) Assess the procurement capacity of all entities to be reviewed in terms of manpower, levels of training of procurement staff, work environments, absence of conflict of interest with other PCU functions and the parent IA's departments and independence of procurement staff to carry out their statutory assignments.

(xi) Conduct specific analysis of value for money (VFM) at all levels and the reasonableness of prices for:

    a. Goods, equipment, etc. using available price indicators.
    b. Civil Works, compared to locally accepted standards and prices; and
    c. Services compare quality-output to international standards and prices.

(xii) Determine whether adequate systems are in place for procurement planning, implementation and monitoring, and whether procurement documentation and records (including securities) are maintained as per required standards and can be relied upon;

(xiii) Verify to the extent possible, whether goods, works and consulting services contracted were supplied/completed according to the required specifications and technical standards.

(xiv) Review issues identified in the previous procurement review and aide-mémoire and procurement related issues identified in project audit reports.

(xv) Identify deficiencies and make recommendations for improvements and control mechanisms in the procurement procedures and processes.

viii. Bring to the attention of the SPO any instance of non-compliance deemed connected with malpractice or fraudulent and corrupt activities on the part of the borrower's or bidders' staff, including potential cases of mis procurement or ineligible expenditures.

ix. Assess further procurement staff training needs and ensure relevant training is planned and provided to project management and procurement staff in a timely manner.

x. Assess the procurement performance of the project with respect to five designated parameters: procurement strategy & planning process, processes and procedures from prequalification to bidding, process and procedures for bid evaluation and contract award, contract management and administration, CMT data accuracy and timeliness and record retention.

xi. List needed improvements in relation to performance and define the actions, timeline, and responsibilities (agreed with either the Borrower/Recipient or IFAD) for implementation of the recommendations resulting from this review.

xii. Submit an assignment report (as per the IFAD standard format of the Procurement Review/Implementation Support Appendix, Annex 1, 3 and 6 of Chapter V of the IFAD Procurement Manual), and any other relevant ancillary documents.

xiii. Carry out any other activity, as required by the Senior Procurement Specialist/CD.

Deliverable(s):

- Contribution to ORMS Mission Report in line with IFAD's Template following Guidelines for Rating
- Contribution to the Aide Memoire
- Technical note(s)/Annex (as applicable)

DOCUMENTATION

The following documentation will be made available to consultants prior to the assignment:

- Financing Agreement and LTB
- ETI-GB PDR and annexes
- Updated ETI-GB progress report and financial progress report (including progress reports from implementing partners) as well as any knowledge being produced;
- Recent ISM and SV report
- PIM
- Action tracker and log frame

All mission members will be expected to provide their full draft written input into the aide memoire 48 hours in advance of the final wrap-up meeting. The draft aide memoire will be provided to the lead programme agency 24 hours prior to the wrap-up meeting.

Mission Itinerary:

Date	Activity
May 5, 2025	Skardu Arrival (By Air) - Hotel check-in Overall Programme Review and Briefing - stay in Skardu
May 6-7, 2025	Field visits BLN
	Field visits BLN
May 8, 2025	Travel to Gilgit – stay in Gilgit
May 9, 2025	Gilgit Field visit – stay in Gilgit
May 10, 2025	Hunza field visits – stay in Hunza
May 11, 2025	Nagar field visits – stay in Hunza
May 12, 2025	Travel back to Gilgit – meetings with line departments
May 13, 2025	Aide Memoire Preparations
May 14, 2025	Meeting with PCU Wrap up meeting with CS and Acs Travel back to BLN
May 15, 2025	Travel to Islamabad.

IMPORTANT NOTE:

IFAD will accept only reports that follow the template, which will be provided separately. The team leader is responsible for preparing the main report and annexes in the required format and ensuring that the working papers submitted by the individual team members are consolidated in one single document and in the correct format. He will compile the full report, including his own contributions and those of all the mission members into one consistent final and complete Report and submit it to IFAD on or before the agreed deadline.

LIST OF PERSONS MET

Date	Activity/Event	Venue	Participants
5-May-25	Overall programme briefing	Skardu	Deputy Programme Coordinator RPCs (BLN, GLT, DMR) Infrastructure Specialist Lead Value Chain Gender and Poverty Manager Finance Manager HR/Admin Manager, Procurement Officer Finance Manager BLN Business Development Officer PCU Communication Officer M&E Officer PCU
6-May-25	Visit to Hushupi VAC and FMR in Shigar	Shigar	VAC Hashupi: President VAC General Secretary VAC Finance Manager and Members

			Masood Mir- Lead GBRSP for ETI-GB Component Maqsood Ullah- Regional Programme Manager GBRSP Gilgit/Diamer Region Ali Qurban- Institutional Development Specialist BLN GBRSP Representative of HBL Microfinance Hashupi FMR: SMT President FMR Hashupi Finance Secretary Hashupi FMR Members of SMT and Community of Hashupi
6-May-25	Visit to ILD and FMR Ghorochu Thang, Shigar	Shigar	ILD/FMR Ghorocho Thang Shigar SMT President General Secretary SMT Members of SMT Community Members Deputy Director WMID Skardu/Shigar Engineers WMID
9-May-25	Meeting with Sec. ALF Gilgit	Gilgit	Mr. Mansoor Alam (Secretary Agriculture, Livestock and Forestry) Mr. Iqbal (Director Extension Gilgit) Mr. Javed (Director Research) IPM Incharge PS to Secretary
9-May-25	Meeting with Consultant Water Policy	Gilgit	Director WMID Agriculture Engineer Water management and Irrigation Development Focal Person and Sector Specialists of Consulting Service Provider Mr. Javaid- Water Sector Specialist Mr. Zafar- Climate Change and Water Sector Specialist Mr. Altaf- Sector Specialist for Policy Development
9-May-25	Meeting with Sec. C&W GB on Road Master Plan and O&M Policy	Gilgit	Mr. Sabtain Ahmed. Secretary Communication and Works FP for Road O&M Policy PC-ETI-GB DPC ETIGB IS, ETI-GB
9-May-25	Meeting with ETI-GB Staff on land development startegy	Gilgit	Mr. Ashfaque Ahmed (GM GBRSP) Mr. Amjad Wali Programme Manager- GBRSP Mr. Afsar Institutional Development Specialist GBRSP Mr. Maqsood Ullah- Regional Manager Gilgit/Diamer GBRSP From ETI-GB DPC ETI-GB IS, ETI-GB Lead VC, ETI-GB RPC Gilgit RPC BLN
9-May-25	Meeting with ACS Dev	Gilgit	Mr. Mushtaque Ahmed ACS Dev. Mr. Khadim Hussain Saleem PC-ETI Barkat Ali DPC-ETI
10-May-25	Meeting with GBRSP	Gilgit	Meeting conducted by Mr. Fayaz Mr. Ashfaque Ahmed (GM GBRSP) Mr. Amjad Wali Programme Manager- GBRSP Mr. Afsar Institutional Development Specialist GBRSP

			Mr. Maqsood Ullah- Regional Manager Gilgit/Diamer GBRSP Mr. Qurban GBRSP
10-May-25	Meeting on SECAP and Land Development	Gilgit	Infrastructure Specialist ETI-GB RE, PCU, RCUG, RCUBLN and DMR

Pakistan

Economic Transformation Initiative - Gilgit Baltistan

Supervision Report

Appendix 7: Integrated Project Risk Matrix (IPRM)

Mission Dates:	5 to 15 May 2025
Document Date:	25/06/2025
Project No.	2000000836
Report No.	7271-PK

Asia and the Pacific Division
Programme Management Department

Overall Summary

Risk Category / Subcategory	Inherent risk	Residual risk
Country Context	**Moderate**	**Moderate**
Political Commitment	*Moderate*	*Low*
Governance	*Moderate*	*Low*
Macroeconomic	*Substantial*	*Moderate*
Fragility and Security	*Moderate*	*Moderate*
Sector Strategies and Policies	**Moderate**	**Moderate**
Policy alignment	*Moderate*	*Moderate*
Policy Development and Implementation	*Moderate*	*Moderate*
Environment and Climate Context	**Substantial**	**Moderate**
Project vulnerability to environmental conditions	*Moderate*	*Moderate*
Project vulnerability to climate change impacts	*Substantial*	*Moderate*
Project Scope	**Moderate**	**Low**
Project Relevance	*Moderate*	*Low*
Technical Soundness	*Moderate*	*Low*
Institutional Capacity for Implementation and Sustainability	**Moderate**	**Low**
Implementation Arrangements	*Moderate*	*Low*
Monitoring and Evaluation Arrangements	*Moderate*	*Low*
Project Financial Management	**High**	**Substantial**
Project Organization and Staffing	*Substantial*	*Moderate*
Project Budgeting	*Substantial*	*Moderate*
Project Funds Flow/Disbursement Arrangements	*High*	*Substantial*
Project Internal Controls	*High*	*Substantial*
Project Accounting and Financial Reporting	*High*	*Substantial*
Project External Audit	*High*	*Substantial*
Project Procurement	**Substantial**	**Substantial**
A.1 Legal, Regulatory and Policy Framework	*Substantial*	*Moderate*
A.2 Institutional Framework and Management Capacity	*Moderate*	*Moderate*
A.3 Public Procurement Operations and Market Practices.	*Moderate*	*Moderate*
A.4 Accountability, Integrity and Transparency of the Public Procurement System	*Substantial*	*Substantial*
B.1 Assessment of Project Complexity	*Moderate*	*Moderate*
B.2 Assesment of Implementing Agency Capacity	*Low*	*Low*
Project Procurement Overall	*Substantial*	*Substantial*
Environment, Social and Climate Impact	**Moderate**	**Low**
Biodiversity Conservation	*Moderate*	*Low*
Resource Efficiency and Pollution Prevention	*Moderate*	*Low*
Cultural Heritage		*No risk envisaged - not applicable*
Indigenous People		*No risk envisaged - not applicable*
Labour and Working Conditions	*Low*	*Low*

Risk Category / Subcategory	Inherent risk	Residual risk
Community health, safety and security	*Low*	*Low*
Physical and Economic Resettlement		*No risk envisaged - not applicable*
Greenhouse Gas Emissions	*Moderate*	*Low*
Vulnerability of target populations and ecosystems to climate variability and hazards	*Low*	*Low*
Stakeholders	**Low**	**Low**
Stakeholder Engagement/Coordination	*Low*	*Low*
Stakeholder Grievances	*Low*	*Low*
Overall	**Moderate**	**Moderate**

Country Context	**Moderate**	**Moderate**
Political Commitment	***Moderate***	***Low***
Risk: Pakistan was one of the first countries to endorse SDG in 2015 when the Parliament approved SDGs as the national development agenda. The budgetary allocations for BISP have been increasing consistently since the start of the programme despite fiscal constraints. The 18th Amendment to the Constitution of Pakistan provides autonomy to the provinces thus budgeting and management of provincial projects are solely in the domain of provinces. The political situation in the country is evolving and while a different political party is having Government in GB and the federal level, provision of necessary budgetary support may be challenging. Economic transformation is nevertheless priority of the provinces as envisaged in the existing policies.	Moderate	Low
Mitigations: To mitigate, the IFAD country team will continue to support the government's efforts and pre-finance delayed counterpart financing.		
Governance	***Moderate***	***Low***
Risk: The GB province is not fully autonomous and the challenges remain in the development of a strong system for the delivery of development priorities in an efficient, equitable and transparent manner and through participatory development approaches. There are striking differences in resource allocation and management, availability of services and local government systems, leading to disparities in the pace and level of development across the districts.	Moderate	Low
Mitigations: The planning and development Department is generally well placed in terms of human resources, technical and delivery capacity. However, financial constraints often result in sub-optimal performance. The project will assist the Government in addressing management and technical capacity gaps for improved and demand based service delivery with focus on shifting service delivery and support system to the community and the private sector. The project will particularly enhance capacity to respond to climate change and risk reduction and to respond to the changing demand for technologies for high value agriculture, value chain development and market demand and investment in land development and irrigation. The existence of a network of community organisations and engagement with line departments (inhouse development approach) of the project will provide opportunities for inclusiveness, equity and transparency.		
Macroeconomic	***Substantial***	***Moderate***

Risk: The country's macroeconomic situation is improving after the IMF bailout package and the significant increase in WB and ADB development envelop. Once the situation got worsened since 2018, due to high fiscal and current account deficits and low levels of reserves. The medium-term growth outlook was impacted by COVID- 19. High inflation, energy shortages and devaluation of currency are the major concerns.	Substantial	Moderate
Mitigations: Adoptive project management especially adjusting the cost per unit of intervention fall in the purview of the project steering committee and while community participation in the project activities has resulted in saving, the impact of macroeconomic situation is likely to be moderate.		
Fragility and Security	***Moderate***	***Moderate***
Risk: Though Pakistan's security environment has improved since 2014 as a result of concerted counter terrorist and counter militant operations, in the wake of Pakistan-India tension and short border skirmishes, the situation is back to normal . The security situation in the province is generally stable. The socio-cultural environment in the region is positive for development interventions and many foreign assisted projects are implemented in the region since 1980. International staff of UN agencies and diplomates are allowed to travel to the province.	Moderate	Moderate
Mitigations: The situation will be continuously monitored and appropriate mitigation measures will be put in place if deterioration of security should emerge in any district. The project have presence in all the geographical areas and have strong acceptability while engaging with strong community organisations and cooperatives.		
Sector Strategies and Policies	**Moderate**	**Moderate**
Policy alignment	***Moderate***	***Moderate***
Risk: The project is well aligned with the federal and provincial government policies and priorities and relevant SDGs. Project design and outcomes respond to the Government's poverty reduction strategy as announced in the National Poverty Graduation Initiative called "Ehsaas" in 2019 and the National Youth Development Framework (NYDF) of 2020. The project also responds to the provincial government priorities for high value agriculture development through value chain approach and youth and women development as articulated in relevant policies. The project is also well-aligned to the Agriculture and Livestock Policies/Strategies of the Government. There is, however, a notable risk of delayed implementation of the policy reforms notably secure land tenure, water policy and road master plan development. This could prevent the project achieving targets in terms of cultivable land under the irrigation schemes.	Moderate	Moderate
Mitigations: IFAD's past and on-going projects and programmes have supported and will support government priorities notably for poverty reduction and agriculture development. ETIGB being a major investment will also contribute to policy reforms and will actively pursue policy development.		
Policy Development and Implementation	***Moderate***	***Moderate***

Risk: The agriculture policy is cognizant of the unique and diverse agro-climatic conditions of the province which provides great potential for the development of high value crops as well as the development of the livestock sector through the value chain approach and private sector involvement. Youth development policies, strategies and programmes gained focus during the last 10 years. However, a key challenge in Pakistan has been the execution of policies including concrete actions, associating reforms and strategies and regulatory frameworks etc.	Moderate	Moderate
Mitigations: The project will continue to provide support for effective implementation of the relevant parts of the policies including the associating strategies, frameworks and capacity building. The strategic interests of smallholder farmers and livestock holders, women, and youth will be addressed by promoting their visibility through recognizing the critical role that they play in the value chains and addressing their needs and priorities. The project shall focus on generating new, simple, and replicable approaches for policy implementation—working collaboratively with all key stakeholders. This will ensure that the successful approaches become visible and generate a strong traction for a wider adoption and implementation by the provincial government.		
Environment and Climate Context	**Substantial**	**Moderate**
Project vulnerability to environmental conditions	***Moderate***	***Moderate***
Risk: GB is a highly mountainous area having some of the largest glaciers outside polar regions. Its is prone to periodic flash floods, landslides, GLOF threat and seismic movements. More area under irrigation without improved water efficiencies may result in increased water and soil run-offs.	Moderate	Moderate
Mitigations: Within project interventions, precautions have been taken to guard against landslides, erosion and floods. Noise pollution is not usually an issue, as there is limited use of heavy machinery, work shift adjustment are practiced to avoid traffic disruption and minimising noise where necessary. Most of the infrastructure works are using predetermined or existing alignment that does not cause any harm to nature, wildlife or fauna etc. The irrigation schemes will actually result in improved water conveyance and water use efficiency. The use of agrochemicals under VACs is guided through focused training programmes which are under implementation.		
Project vulnerability to climate change impacts	***Substantial***	***Moderate***
Risk: The main climate change related challenges in the project area are extreme weather events, change in rain and snowfall patterns and intensity, flash-floods, temperature spikes, fluctuating water flows, soil erosion and loss due to heavy rains and winds etc.	Substantial	Moderate

Mitigations: ETI-GB has ensured that the design of infrastructure schemes is climate resilient with features and protection against flash floods, soil erosion and slides. The project has introduced vertical tunnel farming in the project area to enable the farmers to control production cycles, using the same for off-season and weather-safe processing and drying of products. Where possible, intakes of irrigation channels have been provided with gates to cater against fluctuations. Similarly, provisions have been made in FMRs against sliding and flooding. Much of the economic infrastructure has been completed and lands are being developed. The soils being very shallow, conventional methods are being used for land development by growing alfalfa and trees for stabilizing and fertilizing soils and mitigating erosion.		
Project Scope	**Moderate**	**Low**
Project Relevance	***Moderate***	***Low***
Risk: The main risk related to project scope are: weak capacities and business orientation of farmer, limited access to finance for better technologies for the production and the promotion of value added agri-processed products, weak services, absence of facilitation for public private producer partnerships (4Ps). In addition institutional sustainability of cooperatives will require handholding and institutional anchorage.	Moderate	Low
Mitigations: The project scope, approach and proposed activities were identified in consultation with the federal and provincial governments and with reference to their development priorities and are highly relevant to the context of GB. The project builds on evidence based lessons from IFAD and other donor-financed projects and programmes in the region. In line with the priorities of the provincial government and IFAD, the transformation potential of agriculture for enhanced incomes and employment will be pursued by addressing the critical issues through farmer organisation and market oriented farmer organizations, private sector engagement and access to financial services.		
Technical Soundness	***Moderate***	***Low***
Risk: The project is technically robust and is based on lessons learnt. Component 1 benefited from the the Sri-Lanka (NADEP/SAP) and the Asian Pacific Farmer Programme (APFP Laos, Cambodia and Mongolia in particular). . One of the potential risks that can be foreseen is that the innovative aspects of the project i.e. improving the agriculture sector productivity and competitiveness through the development of value chains and responding to climate change challenges and community-centric service delivery, are hindered due to skills and capacity gaps within the service providers and beneficiaries.	Moderate	Low
Mitigations: The project design has been kept simple in terms of number, type and range of activities as well as the implementation arrangements. The project will invest in capacity building of beneficiaries and extension services. The project will create an enabling environment for private sector involvement through farmers organisations, improving the quantity and quality of crops and livestock and developing better linkages with markets and value chain actors.		
Institutional Capacity for Implementation and Sustainability	**Moderate**	**Low**
Implementation Arrangements	***Moderate***	***Low***

Risk: Inherent institutional capacity risks are moderate in the province. The planning and development department and line departments are reasonable well placed in terms of management capacities and exposure to participatory development approaches. However, start up delays are common and technical capacity and the skills level of public service delivery institutions may pose a challenge for the implementation of the projects approaches and interventions.	Moderate	Low
Mitigations: As per IFAD experience, the project is well placed under the Planning and Development Department which has a long history of planning and implementation of multi-sectoral participatory development projects. A Project Steering Committee headed by the Additional Chief Secretary of P&D Department, will provide the policy level guidance, oversight, coordination and will take corrective actions where warranted. The project management staff will be recruited on a competitive basis from the public and private sector.		
Monitoring and Evaluation Arrangements	***Moderate***	***Low***
Risk: Owing to skills and capacity constraints, the M&E systems may not be well-positioned to track performance in terms of outputs and instead focus on inputs, thereby contributing to the project delivery risk.	Moderate	Low
Mitigations: An M&E system provides project management, the Government and IFAD with reliable and timely information on project execution performance and results and to ensure efficient and effective project implementation. Impact level studies will be outsourced to third party to bridge the gap of capacity.		
Project Financial Management	**High**	**Substantial**
Project Organization and Staffing	***Substantial***	***Moderate***
Risk: • Newly onboarded accounts and finance staff have not yet undergone formal training on IFAD procedures, potentially affecting adherence to project-specific financial requirements. • The project has faced staff retention challenges, most notably the departure of a key experienced team member. Ongoing implementation support is being provided by Finance Officer and Consultants to mitigate this risk. • PIM includes anti-corruption clauses. The staff have not undergone training on IFAD's anti-corruption policy or its associated measures which were provided during project start-up phase.	Substantial	Moderate
Mitigations: • All Financial Management and Accountants on the project should complete IFAD elearns on financial management. • Fiduciary staff will be invited to the IFAD Financial Management workshop to be conducted within the year. • IFAD anti-corruption training would be provided during the upcoming financial management workshop for the Pakistan portfolio.		
Project Budgeting	***Substantial***	***Moderate***

Risk: • There have been consistent delays in the submission of AWPB by ETIGB. AWPB 2024-25 was initiated in July and received IFAD NO in September. 2025-26 AWPB has not been submitted to for NO. • Budget variance analyses per quarter, financial year and cumulative are submitted along with the quarterly interim financial reports (IFRs). Qualitative variance analyses are not provided by the project along with the IFRs. The current budget performance on IFAD Financing is at 57% with only three months in the fiscal year.	Substantial	Moderate
Mitigations: • To address AWPB preparation delays, we recommend: (1) Project management should initiate the AWPB process at least four months before the commencement of the new year. (2) Active follow-up by Project Coordinator to ensure approval is obtained at all required levels – ministries, agencies, PSC and IFAD NO. • Project should provide qualitative budget variance explanations in addition to the financial figures.		
Project Funds Flow/Disbursement Arrangements	***High***	***Substantial***
Risk: • Funds disbursed to the VACs were generally traceable at that level, with bank statements, payment records, and other supporting documents, including audit reports, available. However, improvements are needed to ensure follow-up on audit findings, recruitment of a full complement of staff to enhance segregation of duties, recovery of all revolving funds issued to members, and continuous support by relevant agencies and departments to the VACs. • The overall disbursement of Government contribution stands at 49 percent. The lower counterpart funding can be attributed to the tax exemption in GB and devaluation of Pakistani Rupee against the US dollar. With the two years extension, the Government contribution needs to be tracked to ensure the project meets the development objectives.	High	Substantial
Mitigations: • For the improvement of financial Management of the VACs - ensure follow-up on audit findings, recruitment of a full complement of staff to enhance segregation of duties, recovery of all revolving funds issued to members, and continuous support by relevant agencies and departments to the VACs. • PMU should engage the relevant authorities to ensure the counterpart fund allocation meets the requirement in the final two years of implementation. • Monitoring reviews including oversight and supervision visits should be performed quarterly. Reports of such visits should include the issues identified and recommended actions for improvement. • A qualified and experience dedicated staff should be assigned to monitor GBRSP and the service provider (bank/micro-finance institution) to mitigate risk of improprieties in the use of PCGS. No other responsibilities should be assigned to this officer. H/she should service as a point of contact for all matters connected to the working of PCGS. Quarterly report on the PCGS activities should be included in the IFRs.		
Project Internal Controls	***High***	***Substantial***

Risk: • The PIM was submitted to IFAD and received IFAD NO in December 2018, more than six years ago. The PIM needs to be reviewed and revised considering current project operations and reality. For instance, the PIM is silent on AICS activities, and it was expected to be completed when AICS agreement was signed. • Ensure the following improvement to the quality of supporting documentation: o For works, attach pictorial evidence of work completed along with geo-coordinates o Please provide quarterly report on utilization of PCGS within the IFR and as a note in the annual financial reports. o Needs assessment and procedures to determine specification should be placed on file for all purchases of assets, equipment and materials. o Ensure monthly payroll reconciliation is performed and the variances from month to month is reconciled and documented. o Ensure generator logbook is maintained up to date and reviewed monthly by Admin Officer. • Internal auditor has not been hired in contravention of the PIM. The Programme is subjected to periodic reviews by a private audit firm appointed as internal auditor. The terms of reference established for the internal auditor must be submitted to IFAD for no objection, as well as the procurement file for the selection of the firm or an individual. The appointment and removal of the internal auditors are also subject to IFAD’s no objection.	High	Substantial
Mitigations: • The PIM needs to be reviewed and revised considering current project operations and reality. Draft PIM should be submitted to IFAD for NO. • Recover all advances to staff and desist from the practice. Codify in the PIM procedures for staff salary advances if management finds it essential. • Ensure the following improvement to the quality of supporting documentation: o For works, attach pictorial evidence of work completed along with geo-coordinates o Provide quarterly report on utilization of PCGS within the IFR and as a note in the annual financial reports. o Needs assessment and procedures to determine specification should be placed on file for all purchases of assets, equipment and materials. o Ensure monthly payroll reconciliation is performed and the variances from month to month is reconciled and documented. o Ensure generator logbook is maintained up to date and reviewed monthly by Admin Officer. • Hire the private audit firm. The terms of reference established for the internal auditor must be submitted to IFAD for no objection, as well as the procurement file for the selection of the firm or an individual. The appointment and removal of the internal auditors are also subject to IFAD’s no objection.		
Project Accounting and Financial Reporting	***High***	***Substantial***
Risk: • Financial reports are generated primarily through the Tompro automated accounting system, supplemented by ancillary calculations performed in MS Excel (e.g., cross verifications, linkages with various parts of the report, and analytical summaries). • IFRs were generally submitted on time except for Q2 2024/2025. The quality requires improvement as IFRs were revised multiple times before validation.	High	Substantial
Mitigations: • Ensure the upgraded TOMPRO software is sufficiently customized to auto-generate all financial reports of the project including the memoranda reports such as fixed asset register, advance aging analysis, etc. • Ensure reconciliation of the differences between the GL, transaction listing and the amounts reported to IFAD in the IFR. • Ensure quarterly IFRs are submitted on time – draft within 30 days and finalized on ICP within 45 days and with high quality.		
Project External Audit	***High***	***Substantial***

Risk: • Project has submitted the justification and additional justification to AGP for the serious concerns raised in the audit report. The project should convene the SDAC, and report to IFAD soon as the issues are cleared.	High	Substantial
Mitigations: • Submit the minutes of SDAC for the outstanding issues to IFAD after AGP clearance.		
Project Procurement	**Substantial**	**Substantial**
A.1 Legal, Regulatory and Policy Framework	***Substantial***	***Moderate***
Risk: To some extent, the public procurement legal framework encapsulates the agreed principles and ensure compliance with applicable obligations. Implementing regulations notified so far support the legal framework. The country procurement system is just 2 decades old. There are some international best practices incorporated in the procurement legal framework. There are no supporting User Guides for the procurement practitioners. There is no downstream procurement procedural manual /guideline for the PAs to effectively ensure efficiency, economy and transparency during the procurement process. There is no procurement monitoring mechanism and Guide on contract management. Recent amendments relating to engagement of state-owned entities under direct contracting does not seem in line with promoting competition and transparency.	Substantial	Moderate
Mitigations: PPRA should focus on meeting the development of missing standard procurement documents to complete the procurement regulatory framework at the federal level. Subsequently, PPRA should activate the National Institute of Procurement (NIP), take lead in designing of an annual calendar of a series of capacity building training programs. .		
A.2 Institutional Framework and Management Capacity	***Moderate***	***Moderate***
Risk: The institutional framework and management capacity may be treated as average. The procurement planning is aligned with annual budgeting exercise. However, there is no mechanism for detailed planning and updating of procurement plans during the year. PPRA is managed by its Board albeit some potential conflict of interest in terms of financial and administrative autonomy. The country procurement system is just 20 years old and it has to go a long way to achieve the desired institutional maturity and proper functioning. The public procurement system has a capacity to develop and improve. The progress is very slow but it is in the right direction. The ingredients required for introducing and operating e-public procurement system are being brought together.	Moderate	Moderate
Mitigations: The main challenge is ensuring the development of desired capacity in the areas of procurement regulations, planning, transactions, monitoring, audit and contract management. The government must recognize procurement as a profession and do the needful as soon as possible. It should focus on promoting public procurement as a promising career stream with the introduction of necessary certification/accreditation.		
A.3 Public Procurement Operations and Market Practices.	***Moderate***	***Moderate***

Risk: Capacity constraints lead to poor procurement planning and weak contract management. PPRA to take lead and coordinate with PEC and other professional bodies of Constructors and Consultants; design an annual calendar of training programs for the PAs on frequent issues relating to effective contract management. There is a communication gap between the public sector and private sector. There are representative professional bodies of suppliers, constructors and consultants in the country. Market knowledge for the PAs of critical sectors (energy, transport, irrigation etc.) may be updated through interaction with these bodies on a working relationship basis.	Moderate	Moderate
Mitigations: There is a communication gap between the public sector and private sector which should be bridged through mutually agreed actions. These actions may include capacity building of both sides of the equation. The training activity should be coordinated by PPRA with PEC and these bodies.		
A.4 Accountability, Integrity and Transparency of the Public Procurement System	***Substantial***	***Substantial***
Risk: The country procurement system is fairly new in performance of its operations. The country has ethics and anti-corruption measures in place. The components required for ensuring accountability, integrity and transparency of the public procurement system are somewhat present. The country has effective control and audit systems. There is always room for improvement and with the passage of time, the Authority will attain required level of operational maturity. Procurement is a cross-cutting function, one aspect is the audit activity. The country has a sound legal framework and institutional arrangements for external audit—though the practice of performance audit and procurement audit (as a sector) is not established. It is not clear whether the offices of Chief Internal Auditors will enhance the procurement efficiency or otherwise.	Substantial	Substantial
Mitigations: PPRA to prepare a bucket list based on following. Plan an awareness campaign to sensitize the stakeholders on the functions and powers of the authority; coordinate with AGP office to start the practice of sector audit; liaise with NAB and FIA and discourage investigation of cases by them; prepare a case for establishment of office of the procurement ombudsman as highest procurement appellate authority.		
B.1 Assessment of Project Complexity	***Moderate***	***Moderate***
Risk: The project started in 2015 and the community-driven modality is relatively new to the new recipients.	Moderate	Moderate
Mitigations: An independent project coordination unit (PCU) staffed with sector specialists is already in place. Ensure simplified procurement methodologies and strong hand-holding during the procurement activity to be conducted by the PCU.		
B.2 Assesment of Implementing Agency Capacity	***Low***	***Low***
Risk: The Implementing agency is PCU based in Planning and Development Department (P&DD) a core government department. The project will be implemented through PCU at Gilgit. A PSC will oversee and supervise the implementation progress of the project. The P&DD is not allowed to have a separate procurement legal framework.	Low	Low
Mitigations:		

Project Procurement Overall	***Substantial***	***Substantial***
Risk: The overall risk is established as substantial given the workload and the limited experience and capacity of the newly hired procurement staff.	Substantial	Substantial
Mitigations: Project procurement will be ring fenced within the Project PCU with adequate technical support both from IFAD and Government. Oversight mechanism through internal and external audits and IFAD PPA and supervision would ensure adequate controls with the PCU		
Environment, Social and Climate Impact	**Moderate**	**Low**
Biodiversity Conservation	***Moderate***	***Low***
Risk: There is a moderate risk of, or threat to the loss of biodiversity, availability of diversified nutritious food, ecosystems and ecosystem services, or the unsustainable use/production of natural resources.	Moderate	Low
Mitigations: The project is unlikely to have any adverse impact on biodiversity in the project area. The project will invest in eco-friendly infrastructure and support the introduction of climate smart and sustainable technologies for agriculture and livestock. Communities will be consulted and sensitised on the need to conserve biodiversity and will be engaged in all such efforts.		
Resource Efficiency and Pollution Prevention	***Moderate***	***Low***
Risk: There is a low risk of causing pollution to air, water, and land, and of inefficient use of natural resources that may threaten people, ecosystem services and the environment.	Moderate	Low
Mitigations: To mitigate any risk, the project plans to invest in various measures that will promote resource efficiency. These include efficient water use technologies for agriculture production, sustainable livestock production systems and climate and social risks mitigation actions.		
Cultural Heritage		***No risk envisaged - not applicable***
No risk envisaged		
Indigenous People		***No risk envisaged - not applicable***
No indigenous people are involved		
Labour and Working Conditions	***Low***	***Low***
Risk: The risk that the project may cause exploitative labour practices like in-kind community contributions of labour left to the chronically, extreme and vulnerable poor (BISP Poverty Score Card Category 0-16) at the expense of their wage earning opportunities.	Low	Low

Mitigations: The risk will be mitigated, as practiced in other IFAD financed project, through exempting the chronically, extreme and vulnerable poor (BISP Poverty Score Card Category 0-16) from any cash or in kind contributions.		
Community health, safety and security	***Low***	***Low***
Risk: There are no envisaged risks of significant negative impacts on community health and safety. In fact, the project expects to have several positive impacts through climate smart and sustainable agriculture technologies, including the promotion of IPM and reduced use of pesticides. The project interventions are also expected to result in greater availability of high nutrition value foods in households and communities, which are a key driver of health. Exposure to pandemic may pose a minor risk.	Low	Low
Mitigations: Mitigation measures will include awareness creation and sensitisation is planned.		
Physical and Economic Resettlement		***No risk envisaged - not applicable***
No risk pertain to this project.		
Greenhouse Gas Emissions	***Moderate***	***Low***
Risk: The risk of any significant increase of greenhouse gas (GHG) emissions and thereby of contributing to anthropogenic climate change is minimal.	Moderate	Low
Mitigations: No specific mitigation measures are required.		
Vulnerability of target populations and ecosystems to climate variability and hazards	***Low***	***Low***
Risk: Rural populations in the province are faced with inherent vulnerability to weather related environmental conditions such as increased variability of snow/precipitation, impact of receding glaciers on the river systems, decreased capacity of existing water reservoirs, and extreme events including flash floods and land/mountain slides. The provincial government has a climate change policy and most climate-sensitive sectors have climate-compatible medium term plans and budget—which also include performance indicators and targets. Climate actions have been mainstreamed into policy landscape largely with assistance from donors. However, the relevant line departments i.e. agriculture, industry, livestock, etc. continue to lack technical capacity to implement provincial government's climate change agenda. Hence, there is material risk that the line departments and other parties would not effectively mainstream climate aspects in implementing project activities.	Low	Low

Mitigations: The project will facilitate the provincial government in improving resilience of farmers to the climate change. Some proposed adaptation and mitigation actions include the appropriate screening for climate smart agriculture, food and fruit processing facilities and other subprojects where village agriculture cooperatives will be engaged. The promotion of sustainable land and water management practices, and the capacity building of government staff and beneficiaries for risk reduction and for building resilience is part of the intervention related to economic infrastructure.		
Stakeholders	**Low**	**Low**
Stakeholder Engagement/Coordination	***Low***	***Low***
Risk: Stakeholder engagement and coordination risks are low as the project will use the successfully tried and tested institutional arrangements for stakeholder consultation and coordination among and between implementation agencies and stakeholders. The province has long history of implementation of donor funded participatory integrated development projects	Low	Low
Mitigations: The project design and its institutional arrangements are based on extensive discussions with government and on lessons learnt. Key stakeholders include the government planning and development and line departments, services providers, existing community organisations/groups and private sector engaged in agriculture value chains. The Project Steering Committee will facilitate the provincial level coordination and mechanisms have been put in place at operational/field level for inter departmental, civil society, private sector and community level coordination.		
Stakeholder Grievances	***Low***	***Low***
Risk: There is a no or minimum risk related to the selection of the target group and the participation of poor, smallholder farmers, women and youth in the project activities.	Low	Low
Mitigations: The selection of the target group and households, particularly the extreme, chronically and vulnerable poor, will be guided by the BISP Poverty Scorecard. A national Poverty Score Card based on Proxy Mean Testing was developed for the identification of poor households eligible for unconditional cash transfer. IFAD introduced this accurate and reliable targeting tool in the country which has a hallmark for targeting strategies for poverty reduction and smallholder agriculture development and is being adopted across the country by government and donors. For the small farmers the definition of the Government will be used.		