IFAD
Investing in rural people

Pakistan

Economic Transformation Initiative - Gilgit Baltistan

Supervision Report

Main report and appendices

Mission Dates:	16 - 30 September 2018
Document Date:	30/10/2018
Project No.	2000000836
Report No.	4885-PK

Asia and the Pacific Division
Programme Management Department

Abbreviations and Acronyms

4Ps	Producer, public, private partnerships
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
FOs	Farmer Organizations
G-B	Gilgit-Baltistan Province
hhs	Households
IFAD	International Fund for Agriculture Development
JICA	Japan International Cooperation Agency
Km	Kilometer
M&E	Monitoring and Evaluation
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 aproval
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
USAID	United States Agency for International Development
VCF	Value Chain Fund
VCTAT	Value Chain Technical Assistance Team
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:	B
Project Name:	Economic Transformation Initiative - Gilgit Baltistan	Climate Risk Classification:	not available yet
Project Id:	2000000836	Executing Institution:	Planning and Development Department
Project Type:	Irrigation	Implementing Institutions:	not available yet
CPM:	Hubert Boirard		
Project Director:	Ahsan Mir		
Project Area:	Gilgit Baltistan		

Approval Date	22/04/2015	Last audit receipt	14/01/2018
Signing Date	26/10/2015	Date of Last SIS Mission	30/09/2018
Entry into Force Date	16/09/2015	Number of SIS Missions	7
Available for Disbursement Date	06/04/2016	Number of extensions	0
First Disbursement Date	11/04/2016	Effectiveness lag	5 months
MTR Date	not available yet		
Original Completion Date	30/09/2022		
Current Completion Date	30/09/2022		
Financial Closure	not available yet		

Project total financing

IFAD Financing breakdown	IFAD	$67,000,000
Domestic Financing breakdown	Beneficiaries	$6,540,000
	National Government	$23,630,000
Co-financing breakdown,	To be determined	$22,980,000
Project total financing		$120,150,000

Current Mission

Mission Dates:	16 - 30 September 2018
Days in the field:	9
Mission composition:	Hubert Boirard, CPM, Mission Leader Qaim Shah, SCPO, Co-mission Leader Rab Nawaz, Institutional Specialist Moussa Michel Kouda, Irrigation and Climate Change specialist Ms Emiah Claire Louise Bilski, Gender, M&E and Knowledge Management Ma Estrella Benzuella – Farmer Organization specialist
Field sites visited:	Irrigation/Land Development, FMR, Value Chain/4-P sites in Districts of Ghanche, Astore, Diamer, Gilgit and Ghizer

B. Overall Assessment

Key SIS Indicator #1	Ø	Rating
Likelihood of Achieving the Development Objective		5

Key SIS Indicator #2	Ø	Rating
Assessment of the Overall Implementation Performance		4

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

Project Management	**4**
Quality of Project Management	4
Knowledge Management	4
Value for Money	4
Coherence between AWPB and Implementation	4
Performance of M&E System	4
Requirements of Social, Environmental and Climate Assessment Procedures (SECAP)	5

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

Financial Management and Execution	**4**
Acceptable Disbursement Rate	3
Quality of Financial Management	4
Quality and Timeliness of Audit	4
Counterparts Funds	5
Compliance with Loan Covenants	4
Procurement	4

Relevance	**5**

C. Mission Objectives and Key Conclusions

Background and Main Objective of the Mission

The present Supervision Mission visited the project area from 17 to 30 September 2018. The main objectives of the mission were to: assess the progress made in the implementation of the project; review progress against the 2017 - 2018 AWPB and procurement plan and review AWP/B 2018-19 implementation and coherence; identify actual and potential/emerging operational problems, and; propose solutions, corrective measures or improvements required.

The mission held extensive meetings with PCU and RCUs staff, Social Mobilization Partner, VCTAT team and implementation partners. Mission also visited project irrigation, roads and value chain interventions in Skardu, Ghanche, Astore, Ghizer, Diamer and Gilgit Districts and met the implementing staff and beneficiaries. Extensive review of present value chain and social mobilization approaches and outputs together with current project management structure was carried out in PCU with the PCU, RCU and implementing partners' staff. Mission also had an indepth discussion with the Chief Secretary/Chairman PSC on programme progress, prospects and way-forward, particularly on policy and legal framework for programme interventions including land titling.

A comprehensive debriefing-cum-implementation workshop was held with PCU, RCU and key partners' staff in Gilgit on the conclusion of Mission on 27 Sep 2018. A final wrap-up, attended by PCU, was held in EAD on 28 Sep 2018.

Key Mission Agreements and Conclusions

Overall Project progress is moderately satisfactory (4). ETI has maintained the improved momentum noticed in the previous Implementation Support Mission in May 2018. Overall budget utilization against 2017-18 AWP/B is 67%. Response to previous supervision mission recommendations has generally been positive resulting in improved performance. Overall disbursement is at 20 per cent (compared to 14 per cent in May 2018). PCU performance in terms of planning and coordination has improved. However, regular agenda based coordination meetings still remain a weak point and needs to be addressed. Decentralized implementation through RCUs continue to improve and coordination with implementing partners including SMP has been strengthened. RCUs need to prepare detailed monthly Activity Plans with clear assignment of responsibilities to RCU staff and implementing partners for each day including assignment of vehicles on pooling principle.

Timely approval of AWPB 2018-19 could not be ensured again though it has not affected the pace of implementation of on-going activities. Main reason for delay in finalization of AWPB include weaknesses in terms of clarity of objectives and targets leading to lack of clarity in Procurement Plan. PCU needs to adhere to IFAD advice and guidelines on AWPB format and contents as well as the timelines for approval of AWPBs. The agreements reached during the current Mission now need to be incorporated in the draft AWPB prior to its submission to Steering Committee for approval.

Project's Mid-Term Review will be undertaken in March/April 2019 to carry out comprehensive review of the project approach, progress and management structure to enhance progress, effectiveness and impact. PCU shall prepare a comprehensive Working Paper for the Mid-Term Review and finalize it by Mid-March.

Based on the current workload and experience gained over the last two years, there is need for certain readjustments in the PCU and RCU structure including revision of emoluments of the field staff. PCU shall prepare a comprehensive proposal for the approval of Steering Committee and IFAD No Objection from now till MTR.

In view of the continuous delay in approval and availability of Italian co-financing, there is need to revise IFAD Financing Agreement to meet entire funding needs from IFAD funds with retroactive effect. Any additional requirements of reallocation between categories on the basis of current utilization may also be carried out. GB Government to move a request for the revision of Financing Agreement accordingly through EAD.

D. Overview and Project Progress

Component 1: Economic Infrastructure for Value Chain Development (US$ 61.45 million/61% of base cost):. Overall progress has considerably improved since last Mission and is rated as*satisfactory (5)*.

Sub-component 1.1- Irrigation and Land Development: Progress on Irrigation and Land Development is rated as Satisfactory (5). The quality and impact of six schemes visited by Mission in Ghanche, Astore, Diamer and Ghizer is outstanding. Despite challenges of extreme weather, labour shortages and unavailability of adequate quantities of explosives and machinery, ETI has achieved praiseworthy progress in terms of quantity and quality. Excellent progress of Ghizer District (Gilgit Region) is worth mentioning in terms of speed and quality. The per acre cost thus far has been lower than the project estimates resulting in savings in overall budget. Similarly, based on currently identified schemes, the project would cover not more than 35,000 households while the project target is 50,000 beneficiary households for new land. That being the case, project is encouraged to keep identifying additional schemes fulfilling overall project selection criteria. As there appears to be no more feasible schemes/land available in Ghanche, the PCU may start identification of suitable schemes in adjacent districts of Shigar, Kharmang and Skardu. There appears to be inadequate effort on sourcing machinery from outside the region under umbrella contract (recommended by previous mission), the PCU is encouraged to make renewed efforts in this regard.

Project has so far initiated work on 34 schemes (22,330 acres) out of which 5 channels have been completed (9,000 acres) and work is in progress on land development including land utilization plans. Another ten schemes covering 8,780 acres are ready for implementation. Overall, schemes for 51,000 acres have been identified so far. Recruitment of incremental engineering staff by WMD has been completed and WMD staff is now actively engaged in entire cycle of identification and implementation. There is going to be an exponential increase in number of new schemes from next year and PCU needs to carefully workout additional HR sources needed to cope with additional workload in monitoring, supervision and account certification.

Land distribution thus far has been found to be very fair and equitable covering all households in the village including landless and women-headed households. In most schemes, per households share, on average has exceeded project estimation of one acre per household. Fairly good land-use plans are now being produced. With many schemes reaching first crops stage, there is need to formalize the SMT structure to enable it to lead a sustainable existence and perform its functions of payback collection and utilization.

Training for Youth Construction Groups has gained momentum and project exceeded its 2017-18 targets by 30 per cent. The youth have been trained at an accredited training institute of National Logistics Cell at Rawalpindi in various trades including masonry, excavator operation, steel fixing etc. Their employment status post-training has not been tracked by the project which is necessary to draw lessons about the suitability of this training for job-market. As per Mission observations in the field, there is need to reassess demands of local job-market and make the subjects and courses more demand driven.

Timely recoupment of advances made to Scheme Management Teams remains challenging affecting overall financial disbursement and liquidity and PCU and RCUs need to pay particular attention to this aspect. To ensure that schemes are completed within the timeframe agreed with SMTs, project needs to clearly workout daily labour requirements and ensure that SMTs make available required numbers from within community or, if need be, from outside.

There is still confusion among the staff and beneficiaries about the use of land development budget which is supposed to be a pool to be used strategically based on a budgeted land development plan. In no case this budget is to be divided equally among the beneficiaries.

Demands have been received by project from large number of communities for assistance in rehabilitation, repair and improvement of existing schemes. It is reiterated that such schemes are not within the scope of the current project and the project may refer such demands to Local Government Department and P&D Department for assistance through regular provincial development budget.

Progress on Lift Pumping Pilots remains poor due to lack of clarity on the purpose and process. The purpose is to test low maintenance pumping options to select the most suitable ones for the irrigation of large tracts of land (Das) along main rivers. PCU should immediately define the TOR including purpose and scope and select promising available technologies through market survey and consultations with relevant technical people instead of getting into complex processes of consultancies. Test selected technologies at various sites for three months, evaluate their comparative performance and select the most promising ones for replication. No implementation be done at proposed Bunji site without pilot establishment and evaluation.

Sub-Component 1.2 – Farm to Market Roads: This component *is rated as satisfactory (5)*. Quality of work on completed roads in terms of ride quality, gradient and support structures was found to be excellent. 427 km roads have been identified so far against the project target of 400 km. 27 km roads have been completed during 2017-18. Work is going on 109 kms linking 22 additional villages with main roads while 9 more roads with length of 62 km are ready for launching. 8 schemes (52 km) are currently being designed and costed. 26 (158.7 km) schemes have been identified and awaiting technical feasibility. Cumulatively, the completed and under-construction/under-design roads will provide access to 51 villages.

PCU is encouraged to build those access roads on priority that are necessary for providing access for machinery and manpower to identified irrigation scheme sites. PCU is further encouraged to complete all roads by mid 2020.

A question was raised as to the suitability of adoption of two standards of roads under the project - of pony tracks to jeep-able roads and jeep-able to truck-able roads. The provincial government's view is that all roads under the project should be truck-able as differential in cost between the two types of roads is minimal and project objective of providing access to area's produce to markets can only be effectively attained through truck-able roads. Provincial Government also expressed its intent to black-top project funded roads from own sources if built to truck-able standard. The Mission agreed to Government's point of view and recommends all project roads to be of truck-able standard. Another question pertained to possibility of exceeding given road construction targets in any district. The Mission is of the view that principle of equity between target districts must be adhered to in revising any targets for a given district.

Mission was informed that the existing provision of 220 meter of bridges was not sufficient as there was more need and demand. It was however pointed out to the project that not a single meter of bridge had been constructed so far. Question of additional provision would be considered at Mid Term Review keeping in view project's progress on existing target and assessed need.

Provincial Government has undertaken to prepare the Provincial Roads Master Plan from own sources and a cross-sectoral committee headed by Secretary P&D has been constituted for this purpose. PCU is encouraged to assist the Committee in preparing a time-line based action plan so as to ensure early completion of Plan and also assess whether the project could assist the committee in provision of any technical assistance for which the project has sufficient funds.

PCU is also encouraged to pursue provincial government to black-top the project funded dirt roads where population and production densities justify it.

Component 2: Support Services/PPPP for Value Chain Development (US$ 31.25 million/31% of base cost): This component *is rated as moderately satisfactory (4).*

Sub-Component 2.1 Value Chain Support Fund and Technical Assistance:*This sub-component is rated as moderately satisfactory* (4).

Under the Interim Strategy agreed during 2016 Supervision Mission, the emphasis was on the 4-P partnerships between producers and private sector. However, in line with the recommendations of previous implementation support mission, the project has now started moving towards original project approach of VPG based value chain development. With the help of SMP, 40 Male VPGs and 7 Female VPGs have been formed so far with plans to establish 60 male and 8 female Producer Groups during the current year. PCU and VCTAT need to make sure that there is shared understanding among all implementing partners and SMP on VPG to VPA and regional association level progression and formulation and implementation of VPG and VPA value chain development plans including eligibility for on-farm and off-farm grants. In particular, the SMPs' role in the entire process from organization to coordination and integration need to be clearly defined and understood. PCU needs to revisit the recommendations of previous Mission as well and ensure that all agreed actions on Value Chain are fully implemented.

93 (73 men and 20 women) ETI and IPs staff have been trained in Social mobilization, M&E tools, Office Management, Modern Sectorial Practices and Communication. In addition, 107 Community Members (85 men and 22 women), SMT and Mamu Dairy VPG have been trained on financial management and book keeping. The local processing facilities have provided alternative avenues for marketing of the products such as dry apricot, nuts and various milk products with farmer associations. For exposure to new agriculture technology and marketing of agriculture produce especially in apricot and potato value chain, farmers and other value chain actors were sponsored to participate in international visits to Turkey and Netherlands. As a step towards mechanized and commercial farming, ETI has introduced light farm machinery and improved fruit processing machinery and equipment in both priority value chains i.e. apricot and potato. Improved tools, equipment and machinery have been introduced at individual farmer level, cluster level and processing level in milk value chain under a 4P arrangement. In terms of progress on grants, 67 on-farm grants for potato value chain partnership and 36 on farm grants for apricot partnerships have completed. Besides, 23 off-farm apricot partnership grants and 57 grants for seed potato cellars and farm machinery have been completed. Furthermore, 109 community trainers have been trained as part of training of trainers (ToTs). These grants have been part of the 19 approved business proposals.

Potato seed multiplication value chains continue to progress satisfactorily with three promising private sector partnerships at pre-agreed purchase rates and rest being contract growing agreements between Agriculture Extension and Farmer organizations. Results from current harvesting show 4 to 5 times increase in farmers' incomes in addition to multiplication of certified high-yield potato seed for local usage in next crop (3,200 tons). The 4-P project with Mamo Dairy is progressing but has experienced slight delay due to late arrival of imported equipment. The MOU with Mamo Dairy may be revised to cater for the delay and resultant cost escalation. The Munafa 4-P while progressing well in terms of bringing farmers into its fold in two districts has still certain gaps in terms of its management and institutional structure and would need closer attention and work by VCTAT. It needs to be ensured that there is no conflict of interest in the management structure of the organization and in terms of its operations and decision-making, it remains a participatory farmers' cooperative. The apricot dryers purchased for MUNAFA members appear to be too big for the farmer level, need and available energy sources. These five dryers may be returned to supplier and these and remaining be replaced with a more portable model that meets the FO level needs and available energy sources.

As recommended in previous Mission, the project now needs to step-back from the interim strategy and fully adopt PDR strategy in terms of using establishment of 220 VPGs as a starting point for all value chain activities. These VPGs should ultimately be formalized into cooperatives on the model of three already registered ones in Ghizer District. A separate Technical Guidance paper will be shared with the project for this purpose.

Agriculture Extension has notified dedicated staff for the project activities and participation of Extension at regional and field level continues to improve. The seed potato revolving fund and activities are being efficiently managed. The same however cannot be said about Agriculture Research. The performance and output of Research has further deteriorated since the last mission and there has been no progress on effective use of Tissue Culture Lab and allied facilities (financed by Project) for production of improved potato seed.

Potato seed multiplication through imported seed is not sustainable option and may not be further attempted. Instead, the recently agreed arrangement with NIGAB/PARC may be pursued for sourcing of improved seed tubers and multiplication through Agriculture Extension's contract farmers making use of the Revolving Fund.

PCU is in touch with various financial institutions for the establishment and management of a sustainable Agriculture Development Fund (fed through recoveries made against 4-P partnerships etc.). The fund is supposed to become an easy and affordable source for the future value chain development capital needs. PCU is encouraged to finalize the arrangements before MTR.

A number of Value Chain proposals received from the regions were essentially Extension Support proposals misconstrued as value chain proposal. VCTAT needs to conduct training for both RCU and implementing agencies staff to further clear the concept of value chains and help them distinguish between extension support and value chain.

Sub-Component 2.2 – Social Mobilization: *This sub-component is rated as moderately satisfactory (4).*

In line with previous mission recommendations and subsequent interaction between PCU and IFAD, an in-house social mobilization capacity has been added in RCU, Chilas for both Diamer and Astore districts. Astore region has been withdrawn from AKRSP and existing agreement with AKRSP accordingly amended. Dedicated region wise staff has been notified leading to considerable improvement in coordination between RCUs and SMP staff at field level but room for further improvement is still there particularly for Value Chain related activities.

As per project design, SMP is the initiator, coordinator and integrator of all project interventions at VPG/VPA level and the SMP has to make more effort to effectively perform this role. Currently, many activities under Value Chain component are being implemented in isolation with consequences for relevance and integration. It also needs to be ensured that there is a logical sequencing of VPG and VPA formation and a universal coverage of all households is achieved in priority valleys and villages. That is essential to reach the project goal of integration of production and generation of marketable volumes and quality.

Sub-Component 2.3 – Agriculture Extension: *This sub-component is rated as moderately satisfactory (4).*

Entire potato seed multiplication activity is now being managed by Agriculture Extension instead of Research Directorate, including the Potato Seed Revolving Fund. This includes multiplication of imported seed. Construction of 7 seed potato stores is underway by PWD Department (100 ton capacity). There is need to revised the design to add steel-racks in the stores to enhance capacity and ensure proper storage. Dedicated staff has been notified in all districts resulting in improved staff engagement and availability. Budgets have also been decentralized in line with previous Mission recommendations resulting in better staff motivation and engagement. Staff is actively engaged with RCUs and SMTs on developing land use plans for the newly irrigated lands including soil testing. The land use plans made in Astore region were found to be of excellent quality and should be adopted for all other regions.

The farmer groups engaged in seed multiplication contracts are called FOs by Extension and PCU. Project should adopt the uniform term of VPGs and VPAs as provided in the PDR. PCU should also carry-out a proper cost-benefit analysis and incremental incomes generated for the seed potato and table potato production on project supported farmer fields.

In view of increasing demand for quality fruit plants from newly developed lands, PCU and Agriculture Extension need to expedite the process for establishment of Private Nurseries at suitable places – at least 25/two to three in each district. The tunnel provision for these private nurseries should not be mixed with the tunnels being proposed for the farmer groups. The concept paper on this need to be expedited for IFAD review. Pending that, beneficiary communities may be encouraged to use part of their land development budgets for procurement of quality plants from Swat and Quetta with PCU arranging the booking and delivery of plants on the basis of consolidated demand from all sites.

Sub-Component 2.4 – Agriculture Research: *This sub-component is rated as unsatisfactory (2).*

No progress was observed by the Mission on the recommendations of the previous two Missions. The Directorate of Research has persistently failed to act on any of the provisions of MOU signed between them and the project or adhere to established protocols for production of quality seeds. This has resulted in loss of two precious years and now it's almost impossible for the project to complete the cycle for production of local certified varieties of potato seed (which is a six year cycle from pre-basic to certified seed). Seed Certification Department has rejected the pre-basic tuber production of current season from Directorate's two TCL's in Gilgit and Skardu.

In view of the persistent failure of the Research Directorate to act on previous agreed actions and terms of the MOU signed between the Directorate and PCU, this Mission recommends cancellation of MOU and retrieval of equipment and vehicles and pursuit of alternate arrangements for potato seed production through PARC.

The seed multiplication activities managed by Agriculture Extension, using imported seed, however continue to functions effectively. However, use of imported seed, entailing subsidies from the Value Chain Fund, does not appear to be a sustainable option over the long run. Project has also faced difficulties in timely tendering, import and distribution. For the future, project should continue to multiply the F-I and F-II seeds, produced through imported varieties and bought and stored by Agriculture Extension, for further multiplication and use in project area. Parallel to that, the arrangement for procurement of pre-basic tubers and their multiplication, in association with NIBJE/PARC, continued to be pursued for development of GB based certified seed production base.

Sub-Component 2.5 – Land Titling and Record System (US$ 2.13 million/2% of base cost):*This sub-component is rated as moderately satisfactory (4).* Draft Law for the province has been prepared and now being processed by Law Department for the approval of legislature. Pending that, project is encouraged to prepare basic maps of the developed lands and, on the basis of land distribution agreed by the communities, prepare map-based list of beneficiaries and their shares as an input for future formal land titling.

Component 3: Programme Management: performance *is assessed as Moderately Satisfactory (4).*

Programme Management performance has considerably improved compared to previous Mission in terms of delivery and coordination. Agenda based quarterly review meetings have still not attained the desired regularity which results in key implementation and coordination issues with implementing partners remaining unresolved. The deployment of Scheme Supervisors and engagement of short-term engineers for scheme design and implementation has had a salutary effect on pace of irrigation and roads implementation and need to be continued.

Regularity and quality of Programme Steering Committee meetings has also witnessed improvement with 03 steering committee meetings being held during the year and number of issues discussed and resolved. In addition, 05 project coordination committee meetings, chaired by Secretary P&D, were also held to decide on issues of emergent nature.

The decentralization to RCUs has started to take root. Additional capacity has been added with positive impact on pace of implementation. Coordination with implementing agencies at RCU level is also consistently improving. Monthly and quarterly reviews are being held with more consistency but need further improvement in terms of regularity, content and follow-up.

With impending departure of Regional Coordinator, Gilgit, PCU may immediately initiate process for identification of a suitable replacement through head-hunting or advertisement for IFAD review and No Objection. Internal rotation of RCs would also be desirable once a candidate in place of Gilgit RC identified.

Agreed Action	*Responsibility*	*Agreed Date*
Overview and Project Progress		
AWPB Incorporate current Mission recommendations in AWP/B, update Procurement Plan and furnish for Steering Committee and IFAD approval	PCU	10/2018
Management Restructuring Prepare a proposal for the restructuring of PCU and RCUs to effectively deal with emerging workload, emolument anomalies between management and field staff and ensure implementation effectiveness.	PCU	10/2018
Revision in IFAD Financing Agreement Furnish request for the amendment in IFAD Financing Agreement to cover for shortfalls in view of delay in availability of Italian Co-financing. Include in proposal any required reallocations among various categories. IFAD financial coverage will have retroactive effect.	PCU/EAD	10/2018
Irrigation Scheme Identification Continue identification of additional irrigation schemes and lands to create of buffer for replacement of any problem schemes, ensure coverage of target of 50,000 hhs and consider additional construction in view of projected savings under the sub-component	PCU	10/2018
Explosives Magazines at Districts Expedite the process of construction of four magazines for explosives and license for explosive storage	PCU	10/2018

Umbrella Contracts for Rental Machinery Pursue more vigorously sourcing of rental machinery under umbrella supply contracts with down country suppliers	PCU	10/2018
Use of Land Development Budget Treat land development budget as common community pool and not an individual right and deploy it strategically for most essential tasks	PCU/RCUs	10/2018
Timely completion through Adequate Manpower Amend existing agreements and include in all future land development agreements provisions to ensure availability of agreed daily labour from outside the community if community cannot supply labour as per agreement	PCU/RCUs	10/2018
Early Recoupment of Advances Make extra effort, including regular field visits by Finance Staff, for timely and regular recoupment of advances made to SMTs		10/2018
Lift-Pump Pilots Expedite establishment of lift pump pilots in light of Mission recommendations	PCU	10/2018
Black-topping of Project Roads Pursue provincial government for the black-topping of project funded roads where population and production justify it	PCU	10/2018
Action Plan for Roads Master Plan Assist Government Committee on Roads Master Plan to develop a time-line based action plan	PCU	10/2018
2017 Supervision Recommendations Fully implement 2017 Supervision Recommendations for Value Chain Component	PCU	10/2018
Mamo Dairy MOU Revision Address MUNAFA’s institutional and management issues identified in the course of Mission and discussed and address farmer complaints about suitability of equipment procured	PCU/VCTAT	10/2018
MUNAFA Issues Address MUNAFA’s institutional and management issues identified in the course of Mission and discussed and address farmer complaints about suitability of equipment procured	PCU/VCTAT	10/2018
Follow VPG Based Approach to Value Chain Activate the original project approach of priority valleys selection and formation of village producer groups and Valley Producer Associations and incorporate in next year AWP/B	PCU, SMP	10/2018

Potato Seed Multiplication No more import of potato seed for multiplication as the same is not sustainable. Pursue PARC linked tuber multiplication	PCU, VCTAT	10/2018
Cancellation of MOU with Agriculture Research The MOU with Agriculture Research be cancelled in view of persistent non-responsiveness, and project provided budgets and equipment be withdrawn and a proposal for alternate arrangement involving PARC and/or private sector be developed for production of basic/certified potato seed	PCU	10/2018
Mapping and Recording of Shares in Newly Developed Lands Pending approval of new land law and land records system, prepare simple maps showing shares of all beneficiaries and location as input future formal land record system	PCU, RCUs	10/2018
Project Managment Start process for identification of a suitable RC for Gilgit	PCU	10/2018
Private Fruit Nurseries Expedite establishment of private fruit plant nurseries and pending that prepare consolidated demand of fruit plants from all newly developed lands and procure from reliable sources in Quetta and Swat.	PCU, Agriculture Extension	11/2018
Preparation of MTR Prepare a comprehensive working paper for Mid-Term Review and furnish to IFAD by Mid-March 2019	PCU	03/2019
Quarterly PCU Meeting PCU to ensure conduct of quarterly agenda based planning, review and coordination meetings with RCUs and implementing partners	PCU	
Monthly RCU Activity Plans Based on Quarterly Work Plans, each RCU to prepare detailed monthly Activity Plans assigning clear responsibilities for own staff and implementing partners and vehicles	RCUs	
Project management Ensure regularity of agenda and issue based monthly and quarterly review and planning meetings at PCU and RCU level.	PCU, RCU	

E. Project implementation

a. Development Effectiveness

Effectiveness and Developmental Focus		
Effectiveness	**Rating: 4**	**Previous rating: 4**

Justification of rating

ETI has a very focused and simple set of interventions but an innovative and challenging approach. The progress during the second year on both irrigation and roads schemes has vindicated the project's innovative approach with around 22,300 acres of irrigation schemes completed or nearing completion and around 70 km roads initiated with full ownership of communities and commitment to payback 50 per cent of the irrigation projects' cost. The land distribution has also been equitable and inclusive with landless and women headed households also getting equal share but exempted from 50 per cent payback. For the completed and initiated/identified schemes, the project is likely to reach 35,000 households. Through its two years of initial work, the project has created name, identity and niche for itself but challenges remain. ETI is working with three directorates of Department Agriculture including Agriculture Research, Agriculture Extension and Water Management Directorate. The engagement is governed by MOUs signed between PCU and these agencies. While Agriculture Extension and WMD have considerably improved their engagement and work output, the same cannot be said about Agriculture Research. The performance of project-funded labs and project funded staff has consistently remained below expectation with implications for project ambition of producing 40,000 tons of quality seed potato. Despite several attempts, the Directorate was not and seems not to be in a position to address this. Consequently a re-think of the approach and selection of alternates need to be done including the ongoing discussion with Pakistan Research Council for sourcing of required pre-basic seed.

Log-Frame Analysis & Main Issues of Effectiveness

There is promising progress on three policy areas of Water, Roads and Land Records that would need effective follow-up to reach the required outcomes of Provincial Water Policy, Provincial Roads Master Plan and new Land law and computerised land record system.

Due to the difference between units for construction of channel and actual acres developed, it was decided mutually with IFAD M&E officer to change the unit of construction of water channels to kilometers and retain acres for actual land development. Currently, around 116 KM irrigation channels are being constructed in very challenging mountainous topography. Over 60% of ETI's activities are related to infrastructure development and previous supervision Mission's recommended that all the targets be completed within first three implementation years. However, owing to 8 months working season, other commitments (sowing and harvesting season coinciding with work season) of the communities limit them to provide manpower, both skilled and unskilled labour, for timely completion of these projects. Moreover, restriction on movement of explosives for scheme construction slowed down the physical work on schemes in addition to cost escalations. Consequently, most of the schemes targeted for completion could not follow time schedule for completion by June 2018. Availability of timely and sufficient number of construction machines (earth movers, excavators etc.) in the programme areas and their access to some of the sites has been another challenge. 2 Pilot lift irrigation schemes were identified (Gol, Skardu and Hossi Das, Astore) which were included in AWPB targets for FY 2017-18. Due to lack of expertise in developing lift irrigation systems, different approaches were tried to reach a cost-effective solution. G3 Pvt. Ltd failed to deliver on its contractual obligations to develop 5 main ILDs, and subsequently their contract was cancelled and performance security bond was forfeited. This caused a delay of 8 months which adversely effected ILD targets achievement.

In FMR, PWD refused to undertake work if project did not make payment of land compensation to owners for target road's right of way. Government go-ahead to ETI to undertake work itself through the community led model was received in March 2018. Despite the late start, ETI-GB has been able to initiate work on 22 schemes.

Bridges came as a major challenge, along with the delay in initiation of FMR schemes. It was realized that RCC bridges construction (as per PDR) is a specialized task and could not be carried out by community-driven model. After discussion with IFAD Implementation support mission, it was decided that construction of bridges would be according to the frequency of traffic and load bearing requirement of that very bridge. This delayed the execution of work on bridges and first bridges would now be undertaken in 2018-2019.

M&E functions have greatly improved with the arrival of new Deputy Project Coordinator with appropriate formats and regular reporting. However, there is still need to develop simple community based reporting formats for self-reporting by the communities on the schemes executed by them. These formats should respond to project's output and outcome indicators including progress achieved, wages paid, women headed and landless households benefitted, youth trained and engaged etc. The content and regularity of consolidated quarterly and annual progress reports also needs to improve.

Agreed Action	*Responsibility*	*Agreed Date*
Development Effectiveness		
Machinery and Explosives Availability Facilitate establishment of District Explosives Magazines and rental machinery through umbrella contracts with outside suppliers.	PCU	10/2018
Build-in Seasonality Factors and Labour Availability in MOUs and scheme schedules In scheme schedules agreed with community, build in flexibility for seasonality factors but workout clear labour commitments from community per-day based on agreed deadlines	PCU/RCU/ Infrastructure Specialist	10/2018

Development Focus

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

Justification of rating

During 2017-18, ETI has conducted poverty assessments for all 28 schemes to identify the four poorest segments (women-headed households, poor, landless and vulnerable). Under the project's irrigation and land-development activities, these four segments are being targeted on priority and all women-headed and landless households receive equitable share in the newly developed lands. Such sharing of benefits has been made a condition in the MOUs signed with beneficiary communities. ETI will pump an estimated US$ 25 million in cash in the shape of cash wages in irrigation and FMR components and all such wage labour opportunities are on priority being offered to the poor and landless in the beneficiary villages. The extent of target group wage labour inclusion (youth, poor, landless) needs to be systematically captured, as recommended by the previous mission.

Main issues

Under the 4-P partnerships covering apricot and Dairy, 175 Farmers groups have been organized at hamlet level, comprising 4087 members , with 1357 women and 2730 men. They were further organized into 31 village producer groups. Under seed potato partnerships, 3,260 farmers have been organized into 71 Farmer Organizations. Under the irrigation and FMR through SMTs, around 35,000 HH are involved, or who are to be involved in the approved schemes, representing around 75% of target HHs benefiting from ILD/FMR schemes. Same households are going to be involved in programme's value chain activities, and together with the adoption of valley and VPG based VC approach from now on, the project can easily reach, by MTR, its intended target of 60,000 households for VC activities.
Regarding inclusion of youth, the focus is on the extent of Youth Construction Groups. The objective is to provide remunerative skills to local youth in infrastructure construction so that they can get gainful work on schemes being implemented under ETI and government funded schemes. The approach has improved since the last mission with engagement of the National Logistic Cell (NLC) training centre. 129 youth have so far been selected and completed training with priority given to youth from the poorest and vulnerable households. A draft YCG Strategy has recently been developed. The opportunities for youth in project value chain activities is yet to be explored and exploited, as recommended during the previous supervision mission.

Agreed Action	*Responsibility*	*Agreed Date*
Development Effectiveness		
Develop ETI youth strategy and action plan covering both components, and submit for IFAD N.O	PCU/RCU	11/2018
Track wage labour inclusion Systematically track target group wage labour inclusion (youth, poor, landless) through simple M&E formats for SMT self reporting	PCU/RCU M&E	

Gender equality & women's participation	**Rating: 5**	**Previous rating: 4**

Justification of rating

Target for women's and men's participation in all key activities of the Project is indicated with a major focus on women as per the Programme Design. The women beneficiaries live in the intended geographical area. Under the component 1 of

the Project in the long run the activities are responding to the needs of the women in the rural areas such as the exemption of women-headed and poorest households would be helpful to provide land ownership and entitlement rights to women for the first time in the history of GB. In component 2; Value Chain development a large number of women farmers are targeted in entrepreneurial activities under 4P partnership in dairy, apricot and potato value chains. Number of activities including training for 277 participants (182 men and 82 women) and priority selection of women headed households in land allocation and development have been undertaken. Exclusive women production groups under VC Component are being formed in particular for apricot.
Of the 16 FOs, the project is working with one exclusively female FO (Mamu Dairy), where VCTAT conducted a TOT for 20 women farmers. Three women VPGs have recently been formed against the target of 20. The project focus on apricot also has potential to benefit a high proportion of female farmers. The PCU Gender and Poverty team has conducted gender sensitisation trainings for ETI staff and VCTAT, and is focusing on IGA plans for women and poor households (poultry rearing, vegetable farming and distribution of fruit plants).

Main issues

Despite formulation of a Gender Strategy, it is still not fully mainstreamed in entire cycle of targeting, organization, participation, decision-making and benefit sharing. There is a need for a more coherent and integrated action plan to fully operationalise the gender strategy of ETI, with monthly and quarterly activity planning at RCU and PCU levels. A Gender Checklist need to be established for planning, implementation and M&E to effectively cover gender aspects.

Diamer region remains a challenging area for women participation and would need a more nuanced approach centered around community incentive and cultural sensitivity. To support work at community level, an appropriate officer in each RCU should be assigned the activities planned under Gender Action Plan, to be coordinated by the current Gender and Poverty Manager at PCU level. The PCU Gender and Poverty Manager should participate in all regional coordination and value chain support fund committee meetings, and provide support to strengthen the inclusion of gender considerations in proposals.

Agreed Action	***Responsibility***	***Agreed Date***
Development Effectiveness		
Develop a comprehensive Gender Action Plan for RCU and PCU levels, with allocation of responsibilities.	PCU Gender & Poverty	10/2018
Adopt a poverty graduation approach to poor women development as practiced in other IFAD projects in South Punjab and Gwadar-Lasbella	PCU Gender & Poverty	10/2018
Assign Gender responsibilities to an officer in each of the RCUs	PCU	11/2018
Expedite creation of more women VPGs in priority valleys	PCU	
Develop a Diamer specific Gender approach and action plan	PCU Gender & Poverty	

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

Justification of rating

Project’s agriculture productivity activities have direct nexus to its value chain development approach that mainly covers apricot and potato. The groups formed for apricot 4-Ps and seed potato production have undergone training in improved production technologies. The apricot groups are being provided with the required picking and sorting equipment while seed potato farmers have been given access to seed, fertilizer and pesticides as well as planting machinery. While apricot output and outcomes are yet to be measured as the 4-P partnership is still in its initial stage, the results from seed potato have been extremely encouraging with farmers reporting 4 to 5 times production gains and Agriculture Extension figures for the seed purchased back under “buy-back contracts’ testifying to these production gains.

Main issues

There is huge demand for quality planting materials of apricot and other fruit varieties but the public sector nurseries are unable to meet that demand in terms of quality and quantity. No progress could be made on 25 private sector nurseries provided for in the ETI document due to Extension Department’s conceptual misunderstandings. This has now been cleared and work will be initiated during the current year. In the absence of that, the project needs to identify alternate sources in Swat and Quetta for quality planting materials.

Agreed Action	*Responsibility*	*Agreed Date*
Development Effectiveness		
Potato Seed Multiplication Subsidies Link subsidies to clearly developed business plans and move to full input recovery models financed from Potato Seed Revolving Fund	PCU	10/2018
Pursue PARC Option for Pre-Basic Seed in absence of TCL Procure pre-basic tubers from PARC for multiplication and certification of multiplied seed	PCU	10/2018
Private Sector Nurseries Develop a comprehensive proposal along with Agri Extension for promotion of 25 private sector fruit plant nurseries and furnish for IFAD No Objection and in the meantime meet farmer demand, especially on newly developed lands, from outside sources (Swat, Quetta)	PCU	10/2018

Nutrition **Rating: 5**

Justification of rating

The PCU Gender Section organized a consultative session with stakeholders including representatives from Government departments and NGOs, in collaboration with SMP. The session was attended by the representatives from Government departments and NGOs including P&DD, Agriculture, Health, Food, Population/Social Welfare, EPA, LG&RD, PPHI, AKRSP, AKHSP, Food Technology dept. KIU, and nutrition specialist from AKF. The objective of the consultative session was to review the existing programs being implemented by the stakeholders on nutrition and identify the gaps to design a well-developed training programme. It also aimed to explore the possible future role of relevant stakeholders in ETI's interventions. On this basis, ETI developed a TOT training manual. This will need to be translated in Urdu. The team is currently planning activities with SMP and male/female nutrition activists at village level, and is developing area-specific strategies based on the MICS survey information.
On special directives of Chief Secretary Gilgit Baltistan Medical Camp was organized in Dodishal, Darel on 24 February 2018. A total of 513 community members benefitted from the camp including 270 Women, 182 Children and 79 Men. Sessions on Nutrition was organized for Lady Health Workers in Gayal and Darel. Similarly, ETI-GB finalized Consultation with Stakeholders on Training Need Assessment for TOT in 3rd week of May, 2018.

Agreed Action	*Responsibility*	*Agreed Date*
Development Effectiveness		
Nutrition Activity Plan Finalise nutrition activity plan, and translate TOT training manual in Urdu.	PCU Gender & Poverty	10/2018

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

Justification of rating

ETI has developed a check-list for its infrastructure schemes to ensure that the construction designs incorporate climate resilience features including protection against flash floods, soil erosion, slide protection etc. Project is in process of developing plans for introduction of efficient water use technologies for sloping lands including drip irrigation, particularly for fruit crops.
Beneficiaries of newly developed lands are being assisted in developing detailed land use plans to ensure that various types of land parcels (slopy, sandy, loose, stony etc.) are allocated to suitable crops and trees to ensure that land is protected against adverse climatic conditions and its productivity and integrity remains protected. Farmers are also being trained and sensitized in adoption of alternate crops in the event of a prolonged dry or wet season or water stress. Project needs to ensure that the agreed land use plans are adhered to by communities once the land comes under plough.

Agreed Action	*Responsibility*	*Agreed Date*
Development Effectiveness		
Faithful Implementation of Land Use Plans Ensure that beneficiary communities faithfully implement the land use plans developed for newly created land	PCU/RCUs	
Promote Organic (proposed) Promote GB's organic production feature and explore market and labelling of organic products	PCU	

b. Sustainability and Scaling up

Institutions and Policy Engagement **Rating: 5** **Previous rating: 4**

Justification of rating

ETI engagement at institutional and policy level continues to become more effective. Regularity and quality of Project Steering Meetings as well as Executive Committee meetings has considerable improved with efficient decision-making evident. ETI is engaged with the provincial government on three important policy areas including a Provincial Water Policy, a new Land Law and land record computerisation and a Provincial Roads Master Plan.
At institutional level, ETI is engaged with range of public sector agencies for implementation of various programme components. A SMP is important partner in organizing the communities and farmer organizations. Private sector entities are also being partnered in 4-P arrangements. Four such partnerships have been entered so far. A close working relationship has been established with Federal Seed Certification for quality assurance of potato seed being multiplied with project support.

Main issues

The partnership with Board of Revenue for new land law will take time while the land development with project support is progressing quite rapidly and there is need to establish an interim system for securing the land titles for beneficiaries. The project should develop simple cadastral maps for newly developed land with identification of individual shares of beneficiaries and get an interim certification from revenue department. These should serve as basis for entering the beneficiary shares in formal record of rights as and when it is established under new law. The provincial government has decided to establish Provincial Roads Master Plan from own sources. The project may assist the government in developing a proper timeline-based action plan for this purpose. With Federal Water Policy new announced, the project may assist the government in early formulation of a provincial water policy in the light of federal policy.

Agreed Action	*Responsibility*	*Agreed Date*
Sustainability and Scaling Up		
Action Plan for Roads Master Plan Assist the government in development of a timelines based action plan for Roads Master Plan	PCU	11/2018
Provincial Water Policy Assist government in development of provincial water policy in line with recently announced Federal Policy	PCU	12/2018
Interim Land Titling and Cadastral Prepare basic cadastral maps for newly developed lands with certification of individual shares by revenue department	PCU	

Partnership-building **Rating: 4**

Justification of rating

ETI has successfully initiated and built large number of partnerships at policy, institutional and community level. These

include partnerships with several private sector agribusiness companies under 4-P arrangements. However, most of them are at initial stage and would need careful handling of emerging issues of delays, procurement issues and appreciation of mutual roles and responsibilities. Predictable flow of funds and timely procurements are two challenges facing many of private sector related partnerships and need to be addressed quickly.
Partnership with communities both in irrigation/land development and FMR's is at the moment a strong suit of the project and progressing quite well. Coordinated engagement by SMP and project with beneficiary communities is the key as well as close monitoring of accounts and early recoupment of advances to maintain healthy flow of funds. Partnerships with other medium scale entrepreneurs in GB and other big cities in Pakistan need to be explored more vigorously to expand avenues for the GB agriculture production.
Mutual accountability between project and government implementing agencies need to be further reinforced through effective enforcement of MOUs through the good offices of Project Steering Committee to ensure that the experience of Agriculture Research is not repeated.

Main issues

The Italian Government Financing has not yet provided its co-financing. This needs would need to be addressed and the project should submit to IFAD a proposal for the IFAD funds reallocation, including Italian share is not confirmed.

The relationship including responsibilities between farmers, project and private sector need to be more clearly explained to the farmer organizations as there appears to be confusion among the farmers as to their relationship to the private sector itself. The Apricot VPGs appeared to have no role in the selection of number and type of equipment provided to them. Their parent cooperative itself appears to be unclear as to whether they are a cooperative representing farmers or a company whose clients are these farmers. When it comes to selection of suitable equipment and machinery under both apricot and potato seed initiatives, the selection appears to have been done with little input from the beneficiary groups and some of the machines (potato planters and apricot dryers) appear to be unsuitable to their circumstances.

The MTCP2 is now being implemented with Pakistan and there is great opportunity for synergy in : (i) capacity building – strengthening VPG/VPA leaders to efficiently manage their organizations and cooperatives, as well as their enterprises and businesses; (ii) policy reforms such as on tariffs and tax exemptions , land titling and (iii) knowledge management – capturing experiences and lessons learned in strengthening FOs and their enterprises, as well as in engaging with other sectors for their businesses.

Agreed Action	***Responsibility***	***Agreed Date***
Sustainability and Scaling Up		
Clearly Define Roles in 4-P partnerships, especially farmers' rights Clearly define mutual roles and responsibilities in all 4-P partnerships, especially of member farmers' rights, and conduct necessary briefing sessions if necessary	PCU, VCTAT, BDO	
Review all equipment/machinery selection for FOs Review current specs of potato planters and apricot dryers in consultation with FOs and replace them with suitable ones	PCU, VCTAT, BDO	
Collaboration with MTCP2 Identify areas of collaboration and concrete joint actions between IFAD grant MTCP2 and ETI GB	PCU	

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

Justification of rating

ETI is investing considerable resources in human and social capital development in the target communities as well as implementing agencies. Communities have been put in driving seat through their own elected SMTs under component activities and comprehensive training and capacity building has been carried out to enable them to effectively undertake their work and hold their SMT's accountable. Land Development and Village Development plans are being formulated with community participation. Women headed households and landless are being provided equal share in newly developed lands. Youth from beneficiary villages is being trained in construction related skills. Women specific Producers Groups are also being established. Over 6,000 male and female farmers have been made part of VPGs and 4-P partnerships. Process for establishment of Village Producer Groups has been initiated which is planned to lead to valley level cooperatives linked to private sector.

Quality of Beneficiary Participation	Rating: 5	Previous rating: 5

Justification of rating

ETI is following a very participatory approach facilitated by a social mobilization partner in Baltistan and Gilgit regions and by in-house social mobilization teams in Diamer Region. Under an interim strategy, project last year focused on organizing communities where promising irrigation and land development opportunities existed. Under component 2, the main emphasis remained on organizing apricot and potato producers under 4-P partnerships involving private sector plus contract farming with organized groups for seed potato multiplication. In both cases, the level of beneficiary participation, particularly in irrigation, remained very high. Beneficiary elected Scheme Management Teams carried out excellent construction work in some very challenging sites during extremes of weather. From this year, the project is reverting to PDR recommended approach of priority valleys and Village Producer Groups which should further streamline the beneficiary participation in entire range of project activities. Role of SMP would be the key in this regard as coordinator of needs assessment, planning and implementation as well as integrator of interventions for maximized impact.
Planning Consultations have been done in hamlet/village groups. SMT's were elected in a democratic manner through open vote or signatures. The areas for further attention include regular presentation of accounts and progress to the general assembly of the beneficiaries (accountability) and beneficiary centred reporting and impact assessment.

Agreed Action	*Responsibility*	*Agreed Date*
Sustainability and Scaling Up		
SMTs Accountability to Beneficiaries Develop guidelines and processes for ensuring regular presentation of performance by SMTs to beneficiaries	PCU, RCU, SMP	

Responsiveness of Service Providers	Rating: 4	Previous rating: 3

Justification of rating

A large number of service providers are engaged by the project for range of services and activities. These include private sector equipment suppliers, government agencies, social mobilization partner, VCTAT and suppliers of agriculture machinery and inputs. Despite being a very remote and logistically challenging area, responsiveness of service providers has been generally adequate with some exceptions. Performance of participating government agencies has consistently improved except for Directorate of Research. SMP's performance also continues to improve. Equipment and inputs supplies have generally been good with few slippages in timely arrival of imported potato seed and issues of appropriateness of some of the machinery supplied (potato planters and apricot dryers – in both cases issue was more of selection by project rather than problem with service provider).
Main issues
SMP and RCUs have to make consistent effort to ensure that activities of all service providers at community level are linked to and integrated with project's interventions in infrastructure and value chain. This aspect was largely missing during the first year of implementation and even now there are noticeable gaps in mutual communication and harmonization at community level.
There is need for much more closer support and presence of value chain experts and business development officers at the VPG level to assist the RCU, SMP and farmers in development of quality value chain development plans and solid case for accessing on-farm and off-farm grants for value chain development.

Agreed Action	*Responsibility*	*Agreed Date*
Sustainability and Scaling Up		
Decentralize VC expertise to RCU and Community level (proposed) Ensure provision of adequate guidance and support from VCTAT to the VPGs and VPAs in development of value chain proposals through placement of VC experts at regional level	PCU, VCTAT, RCUs	10/2018
Ensure Integration of line agency activities All extension and other line agency activities must be linked to and justified by value chain and infrastructure activities at village/ community level	PCU, RCU, SMP	

Environment and Natural Resource Management	Rating: 5	Previous rating: 4

Justification of rating

GB region is a highly mountainous area and thus prone to periodic flash floods, landslides, GLOF threat and seismic movements. ETI is investing considerable resources in new irrigation land development and farmer-to-market road so as to open up isolated communities and create new mechanisms for participation and involvement in civil society. Technically the construction standards are respected and suitable particularly regarding the land slope of the plots to minimise erosion and waste of water. In addition, the land use planning includes trees plantation on land with slope that is not convenient for crops. Main water channels are solid because made of concrete and resistant to water erosion. The drainage network is functional and will contribute to evacuate water in excess.
Although ETI-GB does not have a specific elaborated SECAP at appraisal (just a SRN note), the current assessment of activities undertaken at the project level does not reveal any negative impact either to the environment nor to natural resource base. Rather, project's irrigation and land development activities are contributing positively to environment and natural resource development. The barren tracts of lands that were prone to wind and water erosion and soil run-off are being made green with appropriate slope protection and tree plantation barriers. The irrigation channels along mountain slopes have been provided breast-walls and concrete support. Excess water drainage has been ensured.

Main issues

Attention should be paid to introduction of efficient irrigation technologies like drip irrigation to prevent the possibility of increased water and soil run-offs.

Agreed Action	***Responsibility***	***Agreed Date***
Sustainability and Scaling Up		
Introduce High Efficiency Irrigation where appropriate (proposed) Organise capacity building seminars/workshop to improve farmers awareness of efficient water technologies like drip irrigation and provide incentives	PCU and farmers/partners	10/2018
Improve Soil productivity with Organic matter (proposed) Promote use of organic fertilizers in the newly developed lands to improve organic content of barren soils otherwise he temptation to use mineral fertilizers is high.	PCU, Agriculture Extension	10/2018

Exit Strategy	**Rating: 4**	**Previous rating: 3**

Justification of rating

Project design contains promising ingredients for a wholesome exit strategy though it is yet to be fully articulated as a cohesive whole. The irrigation and land development is carried out through community elected Scheme Management Teams that are also to take care of future O&M on the principles and processes already well established in community managed irrigation in the region. It can be further strengthened through project introduced pay-back mechanism and regular user fees. The FMR schemes are also executed by community elected SMTs however their future maintenance arrangements are yet to be fully developed. Project sponsored Roads Master Plan is supposed to take care of this aspect including role of PWD in future maintenance.
Value Chain activities are based on organized Village Producer Groups, evolving into Valley level and regional Associations of producers engaged with private sector in commercial contracts. However, the management structure of these groups and associations is yet to be fully formalized. Few of them have already been organized into cooperatives under the Cooperatives law and that offers a promising way-forward. The key would be to have a standardized graduation process from a group to a formal cooperative and effective support during the project life to make them self-sustaining and effective organizations. It is all the more important given the less than satisfactory past experience with cooperatives.

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

Justification of rating

ETI is introducing many innovations which include a community driven development of challenging irrigation and land development schemes (attempted and left previously by various departments and projects), full payment of wages and other costs linked to payback of fifty percent cost into a community's own development fund, a uniform provincial land law and land titling for women and landless, road development without payment of land acquisition compensation, a private sector led value chain development etc. The positive results on irrigation and land development, roads and value chain development over the first two years have vindicated the soundness of these approaches to an extent that the government has asked ETI to undertake their irrigation and roads schemes as well (declined due to capacity constraints and own ambitious targets). These positive results bode well for future scaling-up within existing core districts and other districts and adopting the original project targets envisaged at formulation (100,000 acres of new irrigated land and 700 km of roads) plus other value chains in addition to potato and apricot.

c. Project Management

Quality of Project Management	Rating: 4	Previous rating: 3

Justification of rating

Programme Management performance has considerably improved compared to previous Mission. The decentralization to RCUs has started to take root with positive impact on pace of implementation. Coordination with implementing agencies at RCU level is consistently improving. Monthly and quarterly reviews need further improvement in terms of regularity, content and follow-up.

Main issues

With impending departure of Regional Coordinator, Gilgit, PCU may immediately initiate process for identification of a suitable replacement through head-hunting or advertisement for IFAD review and No Objection. Internal rotation of RCs would also be desirable once a candidate in place of Gilgit RC identified.

The salary structure of central and regional positions need careful review to ensure that people are paid in accordance with their level of responsibility and workload. At the moment, there appear to be considerable number of anomalies in salaries being paid to various levels of officers.

Agreed Action	*Responsibility*	*Agreed Date*
Project Management		
Regularity of Planning and Review Meetings Ensure regularity of agenda and issue based monthly and quarterly review and planning meetings at PCU and RCU level.	PCU	10/2018
RC Gilgit Appointment Start process for identification of a suitable RC for Gilgit	PCU	10/2018
Salary Review As part of preparation for the MTR, PCU should prepare a detailed working paper on salary levels for various positions to align salary scales of various officers and positions with their level of responsibility and workload.	PCU	03/2019

Knowledge Management	Rating: 4	Previous rating: 3

Justification of rating

KM section has recently been merged with the M&E Wing and dedicated KM staff has been hired though a suitable KM officer is yet to be identified. Furthermore, a Communications Strategy has been drafted to provide the basis for annual plans. ETI is pursuing a number of innovative approaches for its infrastructure and value chain activities. These approaches provide an ideal platform to capture the experience and impacts for wider dissemination. With the weaknesses of the M&E system being addressed, a focus on developing a clear knowledge management strategy is required to systematically document results and lessons and share knowledge.
In the absence of a full-time KM Officer, ETI is currently working with consultants to develop success stories, press releases and newsletters. The team have reworked the website and are updating as required. To enable future comparison of pre and post-project activities, it is recommended to engage video/documentary specialists to produce high quality videos.

Value for Money	Rating: 4

Justification of rating

ETI is in its initial phase of implementation with main investments in initial batch of Irrigation and roads schemes now nearing completion and closure. Despite a very challenging terrain and extremes of weather, the per acre irrigation scheme cost is around US$ 500 compared to appraisal estimates of US$ 570. In roads, however, the present per km cost is slightly higher at US$ 32,000 per km as compared to Appraisal cost of US$ 31,000 (at current exchange rate of 1 US$= Rs. 125).
In Component 2 activities, the investment costs under Agriculture Extension, Agriculture Research and Value Chain Technical Assistance are all well within the Appraisal estimates. However, outputs and outcomes under both Agriculture Research and Extension need considerable improvements to get satisfactory returns from these investments, though Extension's engagement at field level has been found much more effective and regular compared to last Mission. In the Potato seed activity, 4 to 5 times production increases were witnessed in all the sites of contract farmers. However, this subsidy based seed multiplication model would not be sustainable in the longer run and need to be replaced with a full cost recovery model funded from the Potato Revolving Fund. VCTAT also needs repositioning in terms of required skill set and presence at Regional level to provide effective support for value chains development and VPG business plans.

Main issues

Project Management and Social Mobilization has undergone considerable readjustments to respond to emerging project needs and area specific requirements. The RCUs have been strengthened and PCU functions largely decentralized. The SMP's area of operation has been curtailed with corresponding downward revision in the contract and a RCU based Social Mobilization team has been established in Diamer region. These adjustments have resulted in considerable additional spending under Loan Category 'Equipment' which experienced spending of 115% and would require a reallocation to meet future project needs.

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

Justification of rating

PCU has missed the prescribed timelines for the approval of AWP/B from Steering Committee and NO from IFAD both for previous year (2017-18) and current year. Further, the AWP/B for 2018/19 again lacked essential details, clarity and coherence and the resultant Procurement Plan also suffered from lack of logic and clarity. Clarifications have been provided during this mission.

2017-18 AWP/B was Rs. 1.59 billion and expenditure was Rs. 1.06 billion resulting in overall financial utilization of 67%. Component-wise progress is reflected in the following table. Project progress for land/irrigation development gained considerable momentum followed by Agriculture Extension and Agriculture Research. However, progress under FMR and Value Chain remained below expectation. In Value Chain, the main issue being slow progress of procurement and lack of quality value chain proposals.

AWPB Inputs and Outputs Review and Implementation Progress

Programme Components	Budget (Rs. Million)	Utilization Status till June 2018	%age
1.1 Irrigation and land Development	590.99	501.7	85%
1.2 Farm to Market Road	216.02	119.5	55%
2.1 Value Chain Component	372.56	192.6	52%
2.2 Social Mobilization	119.17	42.0	35%
2.3 Agriculture Extension	48.53	35.2	73%
2.4 Agriculture Research	61.52	40.6	66%
2.5 Land Titling and Record System	29.2	0.9	3%
Programme/Regional Units	152.63	135.2	89%
TOTAL	1590.62	1,067.7	67%

The 2018-19 AWP/B missed the timelines and IFAD has granted only a provisional No Objection subject to addressing issues of clarity and Procurement Plan. This offers an opportunity to PCU to incorporate also the agreed actions of current Mission into final work-plan. The total financial allocation of AWP&B 2018-19 is approximately Rs.1.6 billion (Rs.1632.28 million) with GoGB's share as Rs.236.43 million and IFAD's share as Rs.1395.7 million. Project intends to achieve around 63% of the land development and 43% of the channel construction targets by end of year. However, FMR targets appear to be too low at 22% by end of year and need to be revisited. Rest of the targets appear to be on track. However, the PCU and RCUs would need to considerably strengthen their quarterly and monthly planning and review meetings as well as accountability for performance for both beneficiary communities and implementing partners to attain fully the planned targets.

Agreed Action	*Responsibility*	*Agreed Date*
Project Management		
Early approval of consolidated AWP/B Integrate agreed actions of Supervision and ensure early approval of AWP/B	PCU	10/2018

Performance of M&E System	**Rating: 4**	**Previous rating: 3**

Justification of rating

Performance has significantly improved since the previous supervision mission, with establishment of a new M&E team in March. This includes one M&E officer and assistant in each of the 3 regions as well as PCU level. All officers attended an M&E training in Nepal. The M&E manual has been finalised, process and progress monitoring tools developed, data collection forms reworked, and the M&E system is now disaggregated by sex and age where relevant. A tablet-based MIS pilot is in progress, which will be in place by December. The team are planning to introduce GPS for land measurement. The baseline was finalised in October 2017, based on secondary sources to capture baseline data related to log frame indicators in line with the new IFAD guidelines. ETI is also conducting rolling baselines for the different interventions, which is in progress together with collection of missing baseline data in Diamer and Astore. The will need to be fast-tracked, with the hiring of enumerators.

M&E System Review

Following the introduction of ORMS in March, the team amended the log frame to separately reflect channel construction and land development progress and achievement. This was previously combined under the RIMS indicator for acres under cultivation, and was therefore not reflective of the actual progress achieved. As per PDR estimates, the total channel length would be around 400 kms for 50,000 acres of land.

In order to streamline the data collected, working on development of MIS system in under way. NRSP has been contracted in this regard to develop MIS while existing data is being cleaned and standardized to import into the MIS system. Furthermore, M&E manual is being developed which will help define the scope of M&E and roles and responsibilities of staff in collecting and analysing data. Moreover, M&E studies including Annual Outcome Survey and Impact assessments are planned for the upcoming year.

With the M&E system now on track, it is important to develop an annual activity plan with clear responsibilities. This should include increased focus on participatory monitoring and evaluation, with training for relevant project staff and implementing partners, PME forums, etc.

With project activities now spreading apace, there is need to map them on a large provincial map to understand their location and spread especially during presentation to the provincial authorities and missions.

Agreed Action	*Responsibility*	*Agreed Date*
Project Management		
Fast-track hiring of enumerators for Diamer and Astore	RCU	10/2018
Develop detailed M&E activity plan with responsibilities	PCU M&E	10/2018
Plot project activities on a large provincial map	PCU	10/2018

Requirements of Social, Environmental and Climate Assessment Procedures (SECAP)	**Rating: 5**	

Justification of rating

Adaptation interventions and particularly tree plantation of sloped land are suitable as mitigation and adaptation measure to reduce emission and while favouring carbon storage which has important environmental benefit, specially greenhouse gas mitigation, biological sequestration including afforestation et reforestation, riparian zone protection and waste water management. In doing so, ETI contributes to reduce vulnerability of households, agro-systems and natural ecosystems, all things leading to create a micro-climate that could mitigate by reducing the high temperature of the area in summer. ETI positive impact on social and environmental areas is related to farmers organisation in facilitating household adherence and their commitment to work in participatory manner because they believe in the potential benefit they could draw. However, the project induced to date one negative impact on social issue related to dispute on land ownership between two village, each of them claiming to be the owner of the land in development. Fortunately, the issue is being solved thanks to the willingness of both village populations supported by ETI and other involved partners. All stakeholders and specially farmers are aware of the impact of glaciers melting as well as the quantity of snow that tends to diminish due to climate warming and therefore raise concerns. Finally, ETI globally will have potential positive impacts in terms of social, environmental and economic areas and very limited and solvable negative impact on region ecosystems.

SECAP Review

Even though there is not a specific SECAP note as such on this project the availability of a well done ESRN coupled to SECAP for Pakistan has permitted to assess the progress and quality of some adaptation interventions that are being implemented on the project sites. Most of the project sites have produced land use planning very useful to coordinate and follow up the setting of various activities. Many activities are integrated in the PDR but they need to be more detailed. Because snow melting of upper glaciers water supply could be a big issue in the future and is important to identify adaptation measures at their level in the water management. The Provincial Water Policy that the project is assisting the government to formulate will probably be part of the solution. In addition, adopting sound water management technics such as drip irrigation and judicious use of sloped lands for tree planting during land development while maintaining the potential of crop production should be encouraged. The excess of water deriving from the use of those systems could contribute to increase barren lands for tree plantation. Production of organic fertilisers is an opportunity to promote green growth and multiple benefit approaches for production, poverty reduction and environment conservation.

d. Financial Management & Execution

Disbursement by financier

Type	Name	Current Amount	Disbursed Amount	Actual Rate
Domestic Financing breakdown	Beneficiaries	$6,540,000		
	National Government	$23,630,000		
Co-financing breakdown,	To be determined	$22,980,000		

Acceptable Disbursement Rate	**Rating: 3**	**Previous rating: 2**

Justification of rating

The program has disbursed SDR 10.16 million (USD 18.11 million)—inclusive of initial advance against the total allocation of SDR 48.55 million by 20th September 2018. This covers actual expenditure till the end of August 2018. The disbursement rate at 21% in terms of SDR remains low though it is showing signs of improving. Average monthly disbursement rate since November 2017.. The program expects to disburse an estimated amount of USD 2.5 million by the end of December 2018, increasing disbursement rate to 25%.

Main issues

The mission notes that following factors contributed to low disbursement rate:

- The program started off with a centralized approach, but it learned by early 2018 that the RCUs should be given a larger role to accelerate program execution. The switch over to decentralized implementation began in March 2018.
- The program is using community-led models for development. Formulating operational procedures for those models and preparing communities to follow these procedures was both challenging and time-consuming;
- The program is working collaboratively with line departments which had only limited—if any, experience of engaging community in development projects. Educating line departments to understand and play their role effectively under program implementation took time.

- PCU and RCUs were not fully staffed and especially capacity for procurement remained weak till the end of 2017 which hampered contracting for implementation;
- Weak system of managing advances to implementing partners i.e. SMT etc. made it difficult to account for expenditure out of advances and disburse funds promptly.

Agreed Action	*Responsibility*	*Agreed Date*
Financial Management & Execution		
Orientation of the stakeholders to PIM Design and deliver trainings for officials and communities to facilitate effective implementation of PIM and other guidelines	Programme Director and Director Finance	11/2018
Management of advances Verify and justify actual expenditures incurred by various implementing partners on systematic basis	Director Finance	

Fiduciary Aspects

Quality of Financial Management	Rating: 4	Previous rating: 3

Justification of rating

Overall, the quality of financial management has improved since the last SV mission. Accounting software is operational and internal controls have improved to an extent especially after the deployment of Field Financing Controllers (FFCs) and the recent approval of the PIM. The frequency and quality of withdrawal applications has also improved. However, controls over funds channeled through implementation partners, value chain investment, scheme management teams, and revolving funds were found to be weak and need to be strengthened.

Main issues

- Staffing: Overall, the PCU and RCU have qualified staff for key positions though staff turn-over frequently disrupts the workflow. Currently, (2) finance positions in RCU, Diamer, and one (1) position of Finance Manager in PCU remain vacant. In the absence of these staff, the program's capacity to mitigate the risks is compromised materially. The capacity of finance team in planning, budgeting and monitoring needs to be enhanced through trainings.
- Accounting and Financial Reporting: TOMPRO (accounting software) has become operational but the programmed is not leveraging the software's reporting functionality for effective monitoring and reporting i.e. Budget vs Actual on monthly basis which would aid management to take timely and appropriate decisions on major variations.
- Internal controls: Internal controls have improved since previous mission but, as noted through the verification of statements of expenditure (SOEs), controls over funds channeled (US $ 2.5 million—outstanding advances as of 30th August) through implementation partners, value chain investment, scheme management teams, and revolving funds need strengthening. Specific actions that need to be taken include:
- Systemic review expenditure incurred against advances—including utilization and movement of revolving funds and use of a standardized reporting template for proper documentation and reporting;
- Payments to be made only after related milestones/conditions have been met. Variations—if any, to be properly processed, signed off, and documented;
- Sufficient provisions to be added to MOUs to mitigate fiduciary risks;
- Advances/replenishment to be based on proper underlying justification which should be fully documented;
- Orientation of the program staff to the PIM to facilitate its proper implementation; and
- Systemic review of unpresented checks on monthly basis to ensure checks older than 3 months are properly treated/cleared.

- : Actual expenditure against AWPB 2017-18 was 50%. For the current AWPB 2018-19, the utilization rate is only 7% for the first two months.

- Treasury and funds flow. A full reconciliation covering a period from start to end of August 2018 has been carried out to identify the cross-financing following the separation of the operations account between IFAD and GoGB. The detailed working paper with the required adjustments have been communicated to the system developer during the mission as the accounting software is not configured to rectify imbalances between different sources.
- Co-Financing: The program envisages a co-financing of USD 22.98 million (Euro 20 million approx.) by the Italian Government but this is yet to be materialized. In the absence of this co-financing, IFAD is having to pay for the cost related to co-financier as well in line with the financing agreement. This has resulted in overspending in Category 2 (Equipment & Materials) and higher charging to IFAD in other relevant categories.
- Beneficiaries' contributions: The program is not capturing this source of funding for accounting and reporting. As a result, the reported cost is not fair reflection of the total actual cost. The project needs to have clear guidance on recognition, valuation, measurement, and disclosure of beneficiaries' contribution (in cash or kind).
- Internal Audit: The process of engaging an internal auditor has been substantially delayed. The program needs to conduct interviews of short-listed candidates and select an auditor at the earliest.

Agreed Action	***Responsibility***	***Agreed Date***
Financial Management & Execution		
Finalisation and approval of PIM by PSC and IFAD. Finalisation and approval of PIM by PSC and IFAD.	PC, FD	09/2018
Adjustment of imbalances in accounting software Ensure ledger balances are corrected for IFAD's and GOGB's shares	Director Finance	09/2018
Quantification of beneficiaries' contribution Finalize and implement the guidelines for capturing beneficiaries' contributions	Director Finance	10/2018
Field Finance Controllers work to be strengthened and organized. Field Finance Controllers work to be strengthened and organized.	PC, FD, FFC	10/2018
Preparation of half-yearly cash forecasts (with monthly updates). Preparation of half-yearly cash forecasts (with monthly updates).	FD	10/2018
Preparation of monthly financial report Preparation of monthly financial report	FD	10/2018
Prepare unaudited financial statements Prepare unaudited financial statements in accordance with IFAD's Guidelines	Director Finance	10/2018
Recruitment for finance wing Vacant positions should be filled at the earliest to minimize negative impact on implementation	Director Finance	11/2018
Recruitment of Internal Auditor Hold interviews of short-listed applicants to select and deploy internal auditor	Director Finance	11/2018

Ensure compliance with all financing covenants. Ensure compliance with all financing covenants.	FD	12/2018
Implement procedures for the valuation, monitoring/reporting and recording of beneficiary contributions in the program accounts. Implement procedures for the valuation, monitoring/reporting and recording of beneficiary contributions in the program accounts.	FD	12/2018
MOUs of implementing partners be reviewed and strengthened. MOUs of implementing partners be reviewed and strengthened with regards to financial obligations including funds flow, financial reporting, auditing, ownership and monitoring of assets, etc.	PC, FD	12/2018
Appointment of private audit firm for internal audit of the program. Appointment of private audit firm for internal audit of the program.	PC, FD	
Strengthening of internal controls Strengthen internal controls over funds channeled through different stakeholders (list given above)	Director Finance	

Quality and Timeliness of Audit	Rating: 4	Previous rating: 4

Counterparts Funds	Rating: 5	Previous rating: 4

Justification of rating

As per the Financing Agreement, the provincial government has provided counterpart funds amounting to PKR 411.6 million (USD 3.80 million) in cash to cover its estimated counterpart funds obligation i.e. USD 23.63 million. According to the AWPB 2018-19, the program needs an estimated PRK 236 million to implement the AWPB and it has already made a request to the provincial government for release of PRK 200 million. The provincial government has not released any counterpart funds to the program against FY18/19 budget. The program however has an amount of 41.17 million—carried forward from the financial year 2017-18.

Main issues

- As per the rules, all government entities—including projects, must surrender to the government in May of each financial year the amount which they are unlikely to utilize till 30th June of that financial year. The program needs to obtain a waiver to regularize this deviation.
- The program has not received any funds yet against the estimated resources required from the government for the AWPB 2018-19. If sufficient counterpart funds are not available to the program, the risk of cross-financing—with associated complications, becomes significant.

Agreed Action	*Responsibility*	*Agreed Date*
Financial Management & Execution		
Provisioning of Counterpart Funds Approach government to release all counterpart funds against AWPB 2018-19	Director Finance	10/2018

Compliance with Loan Covenants	Rating: 4	Previous rating: 3

Justification of rating

The program has complied with key financing agreement covenants, but some deviations include (i) late submission and approval of AWPB; (ii) non-compliance with procurement rules and procedures; (iii) late/non-submission of reports to IFAD; and (v) delayed appointment of internal auditor and consequently no internal audit reporting.

Appendix 3 provides an update on the program's compliance with loan covenants.

Procurement

Procurement	Rating: 4	Previous rating: 3

Justification of rating

The review of the procurement processes found that the programme is fully compliant with the Public Procurement Regulatory Authority (PPRA) and IFAD Procurement Handbook and Guidelines. The procurement plan for the year 2017-18 includes goods, work and services for a total cost of US$1,359,596.00, however, it was noted that the actual dates are not updated in the procurement plan. The agreed actions of the last supervision mission have been partially implemented. However, during the review it was noted that the Programme has not maintained and updated Contract Register, the Mission guided Procurement Associate on how to complete the contract register and emphasized the need to update it regularly. During the review it was found that the procurement processes, controls and documentation have been improved since the last supervision Mission.

Procurement Review

The Programme does not have a Procurement Specialist, the procurement activities are being carried out by the Procurement Associate with support from the International Procurement Consultant operating remotely.

Procurement **Plan (Goods):** ETI-GB has planned the procurement of goods (equipment and material) with an estimated cost of US$187,596.00. However, it was observed that the Programme has procured: i) survey equipment for construction of rehabilitation channels ii) furniture items for social mobilization unit and iii) office supplies etc at a cost of $49,650. The other procurement activities were not undertaken due to the non-availability of budget. "As the Schedule 2 Allocation Table, Category-II. Equipment and Materials; the disbursement is reached SDR 464,573 (USD 641,121), which corresponds to 116%. The Programme has requested for the reallocation of the Category". However, the activities carried forward to next fiscal year 2018-19.

Works**:** The Programme planned two activities with an estimated cost of US$102,404.00 under works category in 2017-18 including: i) lift irrigation pilots and 2) General building repair and maintenance. The programme has already initiated the Lift Irrigation Pilots through Community Scheme Management Team (SMT). However, repair work did not carry out.

Services**:** The Programme has planned 23 activities under services category with an estimated cost of US$1,069,065.00. however, most of the activities are not been initiated due to the limited capacity of procurement unit.

Contracts Management and Monitoring. The function of contracts management and monitoring continues to make positive strides but still requires further improvement by updating the contract register separately with goods, works and services according to the procurement plan

Record Keeping/Filing System: The Mission has reviewed the record-keeping system and observed that there is no consolidated filing system for the procurement records. All the procurement related documents are available, however, distributed between different files and not consolidated in a single file.

Fixed Assets Register: Maintaining an up to date fixed asset register is an important internal control element, reducing risk of misuse and loss of assets. The Mission reviewed the ETI-GB fixed asset register and noted that items procured are registered in the asset register and marked with inventory identification code prints.

Capacity Building*:* Annotations: Provide a short overview of mission's findings on prospects of sustainability under Section B4 of Appendix 1. Additional issues can always be included. Once the Procurement Specialist will be on board, IFAD Country Office needs to conduct a Procurement Clinic for IFAD Procurement Procedures and Guidelines; this includes: (preparation of procurement plan, specifications, tender documents, request for proposals (RFP), preparation of Terms of References (ToRs) and evaluation of bids/proposals etc.).

Agreed Action	*Responsibility*	*Agreed Date*
Financial Management & Execution		
Submission of Procurement Plan for 2018-19 for IFAD NO	PA/FD/PD	10/2018
Fast track the planned procurement activities especially consultants	PC/FD/PA	10/2018
Strengthen the contract management role to ensure high quality outputs and deliverables from each consulting assignment.	PA/FD	10/2018
Improve the record management system in line with Module C of the IFAD Procurement Handbook	PA/FD	10/2018
Procurement Specialist recruitment of the Procurement Specialist is essential, who will ensure that all procurement are done in accordance with IFAD Procurement Handbook & PPRA Rules and on the basis of approved Procurement Plan. The recruitment needs to be fast tracked and shall be finalized on priority basis.	PCU	
Improve the procurement records management system. The documents related to each procurement process must be consolidated in a single file (see Module C of the Procurement Handbook).	PA/FD	

F. Agreed Actions

Agreed Action	*Responsibility*	*Agreed Date*
Overview and Project Progress		
AWPB Incorporate current Mission recommendations in AWP/B, update Procurement Plan and furnish for Steering Committee and IFAD approval	PCU	10/2018
Management Restructuring Prepare a proposal for the restructuring of PCU and RCUs to effectively deal with emerging workload, emolument anomalies between management and field staff and ensure implementation effectiveness.	PCU	10/2018
Revision in IFAD Financing Agreement Furnish request for the amendment in IFAD Financing Agreement to cover for shortfalls in view of delay in availability of Italian Co-financing. Include in proposal any required reallocations among various categories. IFAD financial coverage will have retroactive effect.	PCU/EAD	10/2018
Irrigation Scheme Identification Continue identification of additional irrigation schemes and lands to create of buffer for replacement of any problem schemes, ensure coverage of target of 50,000 hhs and consider additional construction in view of projected savings under the sub-component	PCU	10/2018

Explosives Magazines at Districts Expedite the process of construction of four magazines for explosives and license for explosive storage	PCU	10/2018
Umbrella Contracts for Rental Machinery Pursue more vigorously sourcing of rental machinery under umbrella supply contracts with down country suppliers	PCU	10/2018
Use of Land Development Budget Treat land development budget as common community pool and not an individual right and deploy it strategically for most essential tasks	PCU/RCUs	10/2018
Timely completion through Adequate Manpower Amend existing agreements and include in all future land development agreements provisions to ensure availability of agreed daily labour from outside the community if community cannot supply labour as per agreement	PCU/RCUs	10/2018
Early Recoupment of Advances Make extra effort, including regular field visits by Finance Staff, for timely and regular recoupment of advances made to SMTs		10/2018
Lift-Pump Pilots Expedite establishment of lift pump pilots in light of Mission recommendations	PCU	10/2018
Black-topping of Project Roads Pursue provincial government for the black-topping of project funded roads where population and production justify it	PCU	10/2018
Action Plan for Roads Master Plan Assist Government Committee on Roads Master Plan to develop a time-line based action plan	PCU	10/2018
2017 Supervision Recommendations Fully implement 2017 Supervision Recommendations for Value Chain Component	PCU	10/2018
Mamo Dairy MOU Revision Address MUNAFA’s institutional and management issues identified in the course of Mission and discussed and address farmer complaints about suitability of equipment procured	PCU/VCTAT	10/2018
MUNAFA Issues Address MUNAFA’s institutional and management issues identified in the course of Mission and discussed and address farmer complaints about suitability of equipment procured	PCU/VCTAT	10/2018

Follow VPG Based Approach to Value Chain Activate the original project approach of priority valleys selection and formation of village producer groups and Valley Producer Associations and incorporate in next year AWP/B	PCU, SMP	10/2018
Potato Seed Multiplication No more import of potato seed for multiplication as the same is not sustainable. Pursue PARC linked tuber multiplication	PCU, VCTAT	10/2018
Cancellation of MOU with Agriculture Research The MOU with Agriculture Research be cancelled in view of persistent non-responsiveness, and project provided budgets and equipment be withdrawn and a proposal for alternate arrangement involving PARC and/or private sector be developed for production of basic/certified potato seed	PCU	10/2018
Mapping and Recording of Shares in Newly Developed Lands Pending approval of new land law and land records system, prepare simple maps showing shares of all beneficiaries and location as input future formal land record system	PCU, RCUs	10/2018
Project Managment Start process for identification of a suitable RC for Gilgit	PCU	10/2018
Private Fruit Nurseries Expedite establishment of private fruit plant nurseries and pending that prepare consolidated demand of fruit plants from all newly developed lands and procure from reliable sources in Quetta and Swat.	PCU, Agriculture Extension	11/2018
Preparation of MTR Prepare a comprehensive working paper for Mid-Term Review and furnish to IFAD by Mid-March 2019	PCU	03/2019
Quarterly PCU Meeting PCU to ensure conduct of quarterly agenda based planning, review and coordination meetings with RCUs and implementing partners	PCU	
Monthly RCU Activity Plans Based on Quarterly Work Plans, each RCU to prepare detailed monthly Activity Plans assigning clear responsibilities for own staff and implementing partners and vehicles	RCUs	
Project management Ensure regularity of agenda and issue based monthly and quarterly review and planning meetings at PCU and RCU level.	PCU, RCU	
Development Effectiveness		
Machinery and Explosives Availability Facilitate establishment of District Explosives Magazines and rental machinery through umbrella contracts with outside suppliers.	PCU	10/2018

Build-in Seasonality Factors and Labour Availability in MOUs and scheme schedules In scheme schedules agreed with community, build in flexibility for seasonality factors but workout clear labour commitments from community per-day based on agreed deadlines	PCU/RCU/ Infrastructure Specialist	10/2018
Develop a comprehensive Gender Action Plan for RCU and PCU levels, with allocation of responsibilities.	PCU Gender & Poverty	10/2018
Adopt a poverty graduation approach to poor women development as practiced in other IFAD projects in South Punjab and Gwadar-Lasbella	PCU Gender & Poverty	10/2018
Potato Seed Multiplication Subsidies Link subsidies to clearly developed business plans and move to full input recovery models financed from Potato Seed Revolving Fund	PCU	10/2018
Pursue PARC Option for Pre-Basic Seed in absence of TCL Procure pre-basic tubers from PARC for multiplication and certification of multiplied seed	PCU	10/2018
Private Sector Nurseries Develop a comprehensive proposal along with Agri Extension for promotion of 25 private sector fruit plant nurseries and furnish for IFAD No Objection and in the meantime meet farmer demand, especially on newly developed lands, from outside sources (Swat, Quetta)	PCU	10/2018
Nutrition Activity Plan Finalise nutrition activity plan, and translate TOT training manual in Urdu.	PCU Gender & Poverty	10/2018
Develop ETI youth strategy and action plan covering both components, and submit for IFAD N.O	PCU/RCU	11/2018
Assign Gender responsibilities to an officer in each of the RCUs	PCU	11/2018
Track wage labour inclusion Systematically track target group wage labour inclusion (youth, poor, landless) through simple M&E formats for SMT self reporting	PCU/RCU M&E	
Expedite creation of more women VPGs in priority valleys	PCU	
Develop a Diamer specific Gender approach and action plan	PCU Gender & Poverty	
Faithful Implementation of Land Use Plans Ensure that beneficiary communities faithfully implement the land use plans developed for newly created land	PCU/RCUs	
Promote Organic (proposed) Promote GB's organic production feature and explore market and labelling of organic products	PCU	
Sustainability and Scaling Up		

Decentralize VC expertise to RCU and Community level (proposed) Ensure provision of adequate guidance and support from VCTAT to the VPGs and VPAs in development of value chain proposals through placement of VC experts at regional level	PCU, VCTAT, RCUs	10/2018
Introduce High Efficiency Irrigation where appropriate (proposed) Organise capacity building seminars/workshop to improve farmers awareness of efficient water technologies like drip irrigation and provide incentives	PCU and farmers/partners	10/2018
Improve Soil productivity with Organic matter (proposed) Promote use of organic fertilizers in the newly developed lands to improve organic content of barren soils otherwise he temptation to use mineral fertilizers is high.	PCU, Agriculture Extension	10/2018
Action Plan for Roads Master Plan Assist the government in development of a timelines based action plan for Roads Master Plan	PCU	11/2018
Provincial Water Policy Assist government in development of provincial water policy in line with recently announced Federal Policy	PCU	12/2018
Interim Land Titling and Cadastral Prepare basic cadastral maps for newly developed lands with certification of individual shares by revenue department	PCU	
Clearly Define Roles in 4-P partnerships, especially farmers' rights Clearly define mutual roles and responsibilities in all 4-P partnerships, especially of member farmers' rights, and conduct necessary briefing sessions if necessary	PCU, VCTAT, BDO	
Review all equipment/machinery selection for FOs Review current specs of potato planters and apricot dryers in consultation with FOs and replace them with suitable ones	PCU, VCTAT, BDO	
Collaboration with MTCP2 Identify areas of collaboration and concrete joint actions between IFAD grant MTCP2 and ETI GB	PCU	
SMTs Accountability to Beneficiaries Develop guidelines and processes for ensuring regular presentation of performance by SMTs to beneficiaries	PCU, RCU, SMP	
Ensure Integration of line agency activities All extension and other line agency activities must be linked to and justified by value chain and infrastructure activities at village/ community level	PCU, RCU, SMP	
Project Management		

Regularity of Planning and Review Meetings Ensure regularity of agenda and issue based monthly and quarterly review and planning meetings at PCU and RCU level.	PCU	10/2018
RC Gilgit Appointment Start process for identification of a suitable RC for Gilgit	PCU	10/2018
Early approval of consolidated AWP/B Integrate agreed actions of Supervision and ensure early approval of AWP/B	PCU	10/2018
Fast-track hiring of enumerators for Diamer and Astore	RCU	10/2018
Develop detailed M&E activity plan with responsibilities	PCU M&E	10/2018
Plot project activities on a large provincial map	PCU	10/2018
Salary Review As part of preparation for the MTR, PCU should prepare a detailed working paper on salary levels for various positions to align salary scales of various officers and positions with their level of responsibility and workload.	PCU	03/2019
Financial Management & Execution		
Finalisation and approval of PIM by PSC and IFAD. Finalisation and approval of PIM by PSC and IFAD.	PC, FD	09/2018
Adjustment of imbalances in accounting software Ensure ledger balances are corrected for IFAD's and GOGB's shares	Director Finance	09/2018
Submission of Procurement Plan for 2018-19 for IFAD NO	PA/FD/PD	10/2018
Fast track the planned procurement activities especially consultants	PC/FD/PA	10/2018
Strengthen the contract management role to ensure high quality outputs and deliverables from each consulting assignment.	PA/FD	10/2018
Improve the record management system in line with Module C of the IFAD Procurement Handbook	PA/FD	10/2018
Quantification of beneficiaries' contribution Finalize and implement the guidelines for capturing beneficiaries' contributions	Director Finance	10/2018
Provisioning of Counterpart Funds Approach government to release all counterpart funds against AWPB 2018-19	Director Finance	10/2018

Field Finance Controllers work to be strengthened and organized. Field Finance Controllers work to be strengthened and organized.	PC, FD, FFC	10/2018
Preparation of half-yearly cash forecasts (with monthly updates). Preparation of half-yearly cash forecasts (with monthly updates).	FD	10/2018
Preparation of monthly financial report Preparation of monthly financial report	FD	10/2018
Prepare unaudited financial statements Prepare unaudited financial statements in accordance with IFAD's Guidelines	Director Finance	10/2018
Orientation of the stakeholders to PIM Design and deliver trainings for officials and communities to facilitate effective implementation of PIM and other guidelines	Programme Director and Director Finance	11/2018
Recruitment for finance wing Vacant positions should be filled at the earliest to minimize negative impact on implementation	Director Finance	11/2018
Recruitment of Internal Auditor Hold interviews of short-listed applicants to select and deploy internal auditor	Director Finance	11/2018
Ensure compliance with all financing covenants. Ensure compliance with all financing covenants.	FD	12/2018
Implement procedures for the valuation, monitoring/reporting and recording of beneficiary contributions in the program accounts. Implement procedures for the valuation, monitoring/reporting and recording of beneficiary contributions in the program accounts.	FD	12/2018
MOUs of implementing partners be reviewed and strengthened. MOUs of implementing partners be reviewed and strengthened with regards to financial obligations including funds flow, financial reporting, auditing, ownership and monitoring of assets, etc.	PC, FD	12/2018
Procurement Specialist recruitment of the Procurement Specialist is essential, who will ensure that all procurement are done in accordance with IFAD Procurement Handbook & PPRA Rules and on the basis of approved Procurement Plan. The recruitment needs to be fast tracked and shall be finalized on priority basis.	PCU	
Improve the procurement records management system. The documents related to each procurement process must be consolidated in a single file (see Module C of the Procurement Handbook).	PA/FD	

Management of advances Verify and justify actual expenditures incurred by various implementing partners on systematic basis	Director Finance	
Appointment of private audit firm for internal audit of the program. Appointment of private audit firm for internal audit of the program.	PC, FD	
Strengthening of internal controls Strengthen internal controls over funds channeled through different stakeholders (list given above)	Director Finance	

Economic Transformation Initiative - Gilgit Baltistan

Logical Framework

Results Hierarchy	Indicators							Means of verification			Assumptions
	Name	Baseline	Mid-Term	End Target	Annual Result (2017)	Cumulative Result (2017)	Cumulative Result % (2017)	Source	Frequency	Responsibility	
Outreach	1.b Estimated corresponding total number of households members										
	Household members			750 000	**85 200**	**85 200**	**11.4**				
	1.a Corresponding number of households reached										
	Non-women-headed households			100 000	**11 335**	**11 335**	**11.3**				
	Women-headed households										
	1 Persons receiving services promoted or supported by the project										
	Males			250 000	**43 452**						
	Females			250 000	**41 748**						
Goal Improved incomes and reduced poverty and malnutrition in rural areas of Gilgit-Baltistan region	Decrease in population below poverty line							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			45 000							
	Decrease in child malnutrition (under 5 yrs old, chronic, acute-underweight and stunted)							RIMS survey			
	Weight for height (girls) % decreased: Acute-Wasting			10							
	Weight for age (girls) % decreased: Underweight			10							
	Weight for age (boys) % decreased: Underweight			10							

	Height for age (boys) % decreased : Chronic-Stunting			10							
	Weight for height (boys) % decreased: Acute-Wasting			10							
	Height for age (girls) % decreased: Chronic-Stunting			10							
Objective Increased agricultural incomes and food security for at least 100,000 rural households in 7 districts of Gilgit Baltistan on a sustainable basis	50% of 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			50							
	Increase in production and productivity of priority value chains							Producer organizations' sales records.			
	Percentage increased			25							
	Increase in surplus marketed (potato and apricot)							Annual outcome survey			
	Percentage increase: apricot			35							
	Percentage increase: potato			35							
Outcome Outcome 1: 100,000 farm households increase production , productivity and sales in prioritized agricultural commodities	Households have expanded their agricultural land holding							Farmers' organizations' records.			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.
	Households			50 000							
	Households increase sales to private sector partners							Farmers' organizations' records.			
	Households			60 000							
Output Outputs 1	1.1.2 Farmland under water-related infrastructure constructed/rehabilitated							Progress Reports	annual		
	Hectares of land			20 000	**5 740**	**5 740**	**28.7**				
	2.1.5 Roads constructed, rehabilitated or upgraded							Progress Reports			
	Length of roads			400	**49**	**49**	**12.3**				

	Other productive infrastructure constructed/rehabilitated							Progress Reports	annual		
	Plastic tunnels			100	**25**	**25**	**25**				
	Groups managing productive infrastructure formed/strengthened							Progress Reports	annual		
	Groups			107	**31**	**44**	**41.1**				
	Government officials and staff trained - Agriculture extension							Progress Reports	annual		
	Males			460	**94**	**110**	**23.9**				
	water channels/ irrigation schemes constructed, rehabilitated'							Progress Reports	annual		
	kilometres			400							
Outcome Outcome 2: Sustained and community driven development approach established that is pro- poor and youth/gender- and nutrition- sensitive	Women among farmers trained provided with land titling, and constituting PO decision-making bodies							Programme activity records and PO records.			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 women			10							
	Funds recovered against estimated cost recovery for irrigation development										
	Percentage of funds recovered			50							
	Recovered funds invested in village										
	Percentage invested			80							
Output Outputs 2	2.1.2 Persons trained in income-generating activities or business management										
	Young										
	Not Young										
	Females			650	**266**	**266**	**40.9**				
	Males			900	**159**	**159**	**17.7**				
	2.1.3 Rural producers' organizations supported							Programme activity records and PO records.			
	Women in leadership position			20	**20**	**7**	**35**				
	Rural POs supported			200	**200**	**16**	**8**				
	1.1.7 Persons in rural areas trained in financial literacy and/or use of financial products and services							RIMS			
	Not Young										
	Young										

	Males			500	**110**	**138**	**27.6**				
	Females										
	Village/community plans formulated										
	Plan			50	**0**	**0**	**0**				
Outcome Outcome 3: Agri-business actors invest in local processing and value addition to improve marketing of local food products	Contracts signed between POs and private sector buyers							Investment funds applications plus private investor balance sheets.			Sufficient quantity, quality and seedling reliability of agricultural products available to sustain PPPP.
	Number of cotract			220							
	Value of new investments by private actors in agriculture enterprises							Investment funds applications plus private investor balance sheets.			
	Value of investment			1 300							
	Pilot test under DFID funded Credit Guarantee Scheme with State Bank										
	Number of test										
Output Outputs 3	2.1.1 Rural enterprises accessing business development services										
	Size of enterprises				**350**	**350**					
	Rural enterprises			40	**1**	**1**	**2.5**				
	2.1.6 Market, processing or storage facilities constructed or rehabilitated										
	Storage facilities constructed/rehabilitated			7	**0**	**0**	**0**				
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			50 000							
Output Outputs 4	Staff of service providers trained							RIMS			
	Females			212	**16**	**24**	**11.3**				
	Males			213	**158**	**215**	**100.9**				

	Government Officials and staff trained							RIMS			
	Females				**18**	**32**					
	Males			426	**76**	**97**	**22.8**				
Outcome Outcome 5: Government formulates and enforces pro-poor agricultural policies covering water, land titling, road O&M and products and certification regime.	Land-titling regulation for ETI promulgated by end of PY 1							Public land registry records, PO contracts and records with farmers.			Farmers using/producing improved seeds are able to increase productivity and sales.
	Number of regulation promulgated										
	Land records/titling cells established by end of PY 1							Public land registry records, PO contracts and records with farmers.			
	Number of records/titling cells established										
	Provincial Land Records and Titling Law promulgated by end of PY 2							Public land registry records, PO contracts and records with farmers.			
	Number of Titling Law promulgated										
	Number of Provincial Land Record promulgated										
	Land titles provided for newly irrigated lands, including for women-headed hhs and youth							Public land registry records, PO contracts and records with farmers.			
	Number of land titles provided to women-headed hhs										
	Number of land titles provided to youth										
	Seed and product certification system functional										
	Number of certification system functional										
	Provincial water policy and roads O&M policy formulated and implemented by end PY 3										
	Policy formulated and implemented										

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

Mission Dates:	16 - 30 September 2018
Document Date:	30/10/2018
Project No.	2000000836
Report No.	4885-PK

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

Table 1a: Financial performance (disbursement and actuals) by financier as of 31 August 2018

Financier	Appraisal (USD)	Disbursements (USD)	Per Cent disbursed	Actual (USD)	Per Cent Actual
IFAD Loan	67,000,000	13,393,680	20%	9,304,019	14%
Co-Financier	22,980,000	-	0%	-	0%
Government	23,630,000	3,801,404	16%	2,785,410	12%
Beneficiaries	6,540,000	-	0%	-	0%
Total	**120,150,000**	**17,195,084**	**14%**	**12,089,429**	**10%**

Appendix 1: Financial: Actual performance by financier; by component and disbursements by category as of 20 September 2018

Table 1b: Disbursement by financier as of 20 September 2018

Financier	Appraisal (USD)	Disbursements (USD)	Per Cent disbursed
IFAD Loan	67,000,000	14,304,337	21%
Co-Financier	22,980,000		0%
Government	23,630,000	3,801,404	16%
Beneficiaries	6,540,000		0%
Total	**120,150,000**	**18,105,741**	**15%**

Table 1C: IFAD loan disbursements as of 20 September 2018 in SDR

Category	Category description	Original Allocation	Disbursement	Balance	Percent disbursement
I	Civil Works	22,850,000	3,344,830.16	19,505,170	14.64%
ii	Equipment & Material	400,000	462,616.84	- 62,617	115.65%
ii	Grants & subsidies	10,620,000	341,844.70	10,278,155	3.22%
iv	Training & Consultancies	3,140,000	890,134.75	2,249,865	28.35%
v	Salaries & Allowance	4,250,000	911,719.37	3,338,281	21.45%
vi	Operating Cost	2,430,000	628,466.36	1,801,534	25.86%
	Unallocated	4,860,000		4,860,000	
	Initial Deposit	-	3,582,067.11	- 3,582,067	
	Total	**48,550,000**	**10,161,679.29**	**38,388,321**	**20.93%**

Table 1D: Financial performance by financier by component (USD) as of 31 August 2018

Component	IFAD Loan			Government			Co-Financier			Beneficiaries			Total		
	Approval	Actual	%	Approval	Actual	%	Approval	Actual	%	Approval	Actual	%	Approval	Actual	%
1. Productive infrastructure	36,950,000	5,199,085	14%	15,550,000	904,063	6%	14,000,000	-	0%	6,540,000	-	0%	73,040,000	6,103,148	8%
2. Value Chain Development	24,870,000	2,041,641	8%	4,970,000	861,788	17%	7,040,000	-	0%	-	-	0%	36,880,000	2,903,429	8%
3. Programme Management and Policy Support	5,180,000	2,063,293	40%	3,110,000	1,019,560	33%	1,940,000	-	0%	-	-	0%	10,230,000	3,082,852	30%
Total	**67,000,000**	**9,304,019**	**14%**	**23,630,000**	**2,785,410**	**12%**	**22,980,000**	**-**	**0%**	**6,540,000**	**-**	**0%**	**120,150,000**	**12,089,429**	**10%**

Note: An average exchange rate has been applied for conversion from Pakistani Rupees to USD (1USD/108.28 PKR)

IMPLEMENTATION STATUS OF PREVIOUS RECOMMENDATIONS AND WAY FORWARD

Action Agreed	Date	Whom	Status as per Project	Status as per on 21 September 2018

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Appendix 2: Physical progress measured against AWP&B

Mission Dates:	16 - 30 September 2018
Document Date:	30/10/2018
Project No.	2000000836
Report No.	4885-PK

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Appendix 2: Physical progress measured against AWP&B

Component/Outcome *Sub-component or Output*	Indicator	Unit	Period:_ 01-07-2017_to 30-06-2018 AWP&B	Actual	%	Cumulative Actual	Appraisal Target	%
Component 1 - Economic Infrastructure for Value Chain Development								
1.1 Irrigation and Land Development	Farmland under water-related infrastructure constructed/rehabilitated[1]	Acres	22500	22,330	99%	22,330	50,000	45%
	Youth Construction Teams-Trainings	Group	10	13	130%	13	40	32%
	Lift Irrigation Pilots	No	2	1	50%	1	7	14%
1.2 - Farm to Market Roads	Roads constructed, rehabilitated or upgraded	KM	167	27	16%	400	27	7%
	Construction of bridges	M	45	0	0%	0%	220	0%
Component 2 – Value Chain Support Fund and Technical Assistance								
2.1 Value Chain Funds – Grant and Subsidies	On Farm Grants-Seed Potato	FO	83	71	85.5%			
	On Farm Apricot	FO	100	36	36%			
	On Farm Dairy	FO	16	16	100%			
	On Farm Off Season Vegetables	FO	45	0	0			
	On-Farm Grants Total	**No**	**244**	**123**	**50%**	**143**	**2950**	**5%**
	Off Farm Grants- Seed Potato	FO	83	71	85.5%			
	Off Farm Grants- Apricot	Cluster	4	4	100%			
	Off Farm Grants Dairy	MCC	6	6	100%			
	Off Farm Grants Dairy	Processing Unit	1	1	100%			
	Off Farm Grants Total	**No**	**94**	**82**	**87%**	**87**	**500**	**17**
	Non-Farm Grants-Dairy, Dry fruits, apiculture	Grants	3	0	0%	0	45	0%
2.1 Value Chain Funds – Trainings	Training of VC staff & VC stakeholders[2]	Persons	100	46	46%			
	Training of Community Master Trainers	Persons	216	304	141%	304	425	74%
	Training of Farmers in Value Chain	Persons	5650	750	13%	750	35000	2%
	Exposure visit for farmers/promoters	Persons	40	26	65%	26	40	65%
2.2 Social Mobilization (Farmers Organization & Institution	Rural producers' organizations supported (Village Producer Groups)	No	220	47	21%	47	220	21%

[1] Refers to total command area covered by irrigation schemes currently being executed, not land under cultivation. For FY 2018-19, construction of irrigation channels (in KM) will be recorded separately from land under cultivation (in Acres)

[2] As per PDR, Training of VC staff and stakeholders was to be carried out over 1 month, which was duly carried out. The targets for No. of Persons trained are not given in PDR, but reflected here for internal benchmarking.

Building)								
2.3 Agriculture Extension	Installation of plastic tunnels[3]	No	100	0	0%	25	25	100%
2.3 Agriculture Extension - Trainings	Training of trainers[4]	Persons	19	0	0%	40	18	222%
	Production and post-harvest training (males)	Persons	200	193	97%	393	900	43%
	Production and post harvest training (female)	Persons	175	302	172%	477	650	73%
	Farmers field days (male)	I/s	7	22	314%	29	40	73%
	Famers field days (female)	I/s	16	14	87%	30	40	75%
	Soil survey analysis	p/d	112	64	57%	160	400	40%
	Technical training for Agri.staff	p/d	15	48	320%	63	60	105%
	Exposure visit of Agri Staff (local)	persons	10	13	130%	26	40	65%
2.4 Agriculture Research	Installation of Green Houses	No	4	2	50%	2	4	50%
	Aphid proof screen houses	No	7	3	42%	3	7	42%
	Installation of 50MT seed stores[5]	No	7	0	0%	7	0	0%

[3] Original programme target of 25 tunnels was completed, however on directives of PSC and IFAD the target was revised to 100 low-cost plastic tunnels, execution on which was delayed due to NO from IFAD.

[4] Training of trainers was completed in 2016-17 within budget, and extra persons were trained within given resources.

[5] Seed stores were transferred from Agri Research to Agri Extension in Q3 of FY 2017-18, to be constructed by PWD. As of June 2018, the work had started on all 7 stores but not completed within fiscal year.

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Appendix 3: Compliance with legal covenants: status of implementation

Mission Dates:	16 - 30 September 2018
Document Date:	30/10/2018
Project No.	2000000836
Report No.	4885-PK

Asia and the Pacific Division
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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	Done	DA at State Bank of Pakistan, Program account and sub-accounts at National Bank of Pakistan
Section B.8	Provision of counterpart financing of approx. USD 24 million from the GoGB	Throughout program implementation	On-going	Yes - Ongoing
Section E.1 (i)	Appointment of Program Coordinator and Finance Manager	Condition precedent to withdrawal	Done	
Section E.1 (ii)	No objection from IFAD on the draft Program Implementation Manual	Condition precedent to withdrawal	Partially done	IFAD NO was received on draft PIM. PIM is approved by the programme steering committee.
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	Procurement, installation and operationalization of accounting software has been completed.
Schedule 1 – II.8	Establishment of a Program Steering Committee at GB provincial level, headed by the Chief Secretary	At program start	Done	
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	Done	
Schedule 1 – II.12	Conduct of a Mid-Term Review jointly by the Borrower and IFAD.	By end of 2018	Not yet due	
GC-Section 7.01 (b) (ii)	Submission of AWPB to IFAD for its review and comments	30 April each year	Done with delay	• 2015-16: No AWPB (activities started in May 16). • 2016-17: AWPB submitted in September 2016 • 2017-18: AWPB submitted in July 2018
GC-Section 7.05 (a)	Procurement of goods, works and services carried out in accordance with the applicable rules and procedures	Throughout program implementation	Partially complied	See Procurement section of supervision report
GC-Section 7.08 (a)	Insurance of program assets in accordance with sound commercial practice	Throughout program implementation	Partially done	Insurance of Vehicles done. Insurance of other assets not done.
GC-Section 7.11	Health & accident insurance for project staff	Throughout program implementation	Done	
GC-Section 8.03 (a)	Submission of progress reports to IFAD	Quarterly	Not Complied	Not submitted.
GC-Section 8.04	Submission of a project completion report	Before loan closing	Not yet due	

Section	Covenant	Target/Action Due Date	Compliance Status/Date	Remarks
		date		
GC-Section 9.02	Submission of program financial statements for each fiscal year	31 October each year	Not yet due	Not submitted
GC-Section 9.03	Submission to IFAD of audit report and reply to management letter	31 December each year	Not yet due	
GC-Section 11.01 (c)	Taxes not to be paid from IFAD financing	Through out the program implementation	Taxes not applicable in GB	
LTB - A - 8	Withdrawal application to be submitted at the earliest of elapse of 90 days or disbursement of 30% of the initial advance.	Through out the program implementation	Complied	WA Preparation and submission is now substantially improved.
LTB - B - 11	Statement of Expenditure Threshold USD 50,000	Through out the program implementation	Complied	
LTB - F - 28	Contracts to be listed in Register of Contracts and submitted to IFAD CPM on a monthly basis.	Through out the program implementation	Partially Complied	Contract Register updated in the Accounting Software and Contract Register sent to the CPM a couple of times but not monthly.
LTB - G - 30	Summary Interim Financial Reports (IFR) to be submitted to IFAD on Quarterly Basis within 45 days	Within 45 days of each quarter end	Not Complied	
LTB - G - 31	Appointment of Independent Auditors within 120 days after the beginning of each year	30 Oct	On Track	PCU has contacted the DG Audit and audit is scheduled for Mid of October
LTB - G - 34	Appointment of Internal Audit Firm after No Objection by IFAD.	Immediate	Not Complied	Position has been advertised and long listing of the candidates have been completed interviews will be conducted by Mid October 2018
LTB - G - 34	Submission of Internal Audit Report to IFAD	Immediate	Not Complied	

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Appendix 4: Technical background analysis

Mission Dates:	16 - 30 September 2018
Document Date:	30/10/2018
Project No.	2000000836
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Appendix 4: Technical background analysis

Note on Climate Change and Environment

Gilgit-Baltistan covers an area of over 72,496 km^2 with around 1.3 million population for 18 inhabitants/km2 of population density. It is a highly mountainous and remote region where lie glaciers among the world's longest while counting more than fifty peaks above 7,000 meters. These mountains, genuine sources of water, are crossed by numerous valleys that permit the flow of the water from the melting of the glaciers snow while remaining precious sources of fresh water for people, wildlife and plants, domestic animals as well as forests and particularly for agriculture.

If 90% of the people own some agricultural land (52% at country level), the per capita land holding is very small with only 0.6 to 0.8 acre. According to FAO survey in 2014 only 26% population is food secure, 41% moderate food secure and 32% is highly insecure.

In Gilgit Baltistan region over 90% population is engaged in agriculture and agricultural sector holds an important place for GB's growth and poverty reduction. A number of pilot projects supported by various donors and the Government has demonstrated the potential for improved returns for farmers through improved agriculture products. However, because of the insufficiency of rain water the irrigation water supply from glaciers practiced since a very long time remains essential to grow food crops mainly within the valleys. But the influence of climate change, observed over the fifteen past years, has contributed to show some signs of weakness in terms of quantity and regularity of water supply.

ETI programme has been well designed to deliver through, inter alia, its adequate infrastructures under implementation a support to the communities through a strategy based on holistic and community-driven approach that is pro-poor and gender/youth nutrition sensitive, with value chain component aiming at providing comprehensive and mutually supportive solutions to some of current challenges in the region. More particularly the mission has positively appreciated the functioning of these infrastructures based on water flooding in plots where land slope is up to 1 to 3% depending on the crop, and by controlling the flow rate so as to shrink soil erosion. Drainage networking as part as the system facilitates water excess evacuation. Land use planning has been taken into account, inter alia, trees plantation on sloped area in all project sites.

Farmers are very satisfied of the functioning of the systems and committed themselves towards the production of high value cash crops especially fruits and vegetable, apricot and potato and other products for their households. However, they pointed out some concerns on the appearance of pest diseases as well as humidity, longer vegetation growing periods, increased rainfall, decreased water availability, more frequent droughts, wind with dust and an increase in flash floods and landslide in some areas. These phenomena have become one of the urgent issues that need more control because they are linked to global warming and could have potential damage on their crops production and competitivity in the market for products. However, community members seem to not be aware of the origin of these phenomena they are observing in their lands and crops. Therefore, farmers should be well aware of these new phenomena globally linking to the consequence of climate change so as to prepare them to increase their resilience. Thus, the mission propose that community members should be trained in terms of capacity building and awareness to face some early phenomena in their production lands.

In general flash flood, landslides and GLOF threat are the consequence of Climate change and especially global warming. To stop them needs global and not only local mitigation actions to come up to minimize those negatives impacts of climate changes. Regarding seismic movements ETI should pay attention to the quality and solidity of all infrastructures during their construction.

As the influence of climate change is worldwide, a suitable water policy taking into account the particularity of the region is necessary to better manage/control all water uses as it is evident that water shortfalls and new needs linked to the development of the region will be more and more frequent in line with the intensity of the uncontrollable snow melting.

ETI project teams and implementing partners should pay more attention in addressing community members concerns through complementary adaptative measures along with forestry (mitigation measure), in newly developed lands through social forestry, fruit tree planting on field embankments between terraces and efficient utilization of irrigation supplies.
In conclusion it is recommended to complete the project documents with the one related to elaboration and production of a Social, Environment and Climate Assessment Procedures (SECAP) Review Note to better seize and highlight the intensity of climate change negative effects and how to deal with as soon as possible and in any case before the project mid-term review. In doing so the evaluation of the project implementation in terms of environment and climate change will be easier and more concrete.
While waiting for what could be proposed by a SECAP Note Review the following activities could be anticipated.

Table : **Summary of recommendations:**

Title of Agreed action	**Date of mission**	**Responsibility**	**Deadline**
Organise in each district a three-day capacity building for farmers awareness on Climate change	17-27 September 18	PCU	immediate
In the land use planning increase the surface intended to tree plantation	17-27 September 18	PCU & IFAD	By 30 June 19
Associate drip irrigation to trees plantation generally on more sloped land than crops		PCU and Farmers	immediate
Develop a water comprehensive management policy for the GB region.	17-27 September 18	PCU	Immediate
Develop a comprehensive SECAP to highlight and complete adaptation and mitigation measures to be part of the project document.	17-27 September 18	IFAD & PCU	As soon as possible

Partnership-Building

Partner Name	**Details of partnership**
Co-financing partnerships	
Italian Government	Italian Government had committed US$ 20 million loan as co-financing for ETI-GB. However, the progress over the last two years in making these funds available has been very slow and there is still no final outcome in view. This has constrained project implementation as Italian financing has a share in most of project activities. Given the situation, it would be appropriate to amend the IFAD financing agreement to cover Italian part of co-financing as well.
GB Government	GB Government also co-finances project activities in shape of taxation cover and operational costs. Provision of provincial funds thus far has been timely and adequate.
KM and Policy partners	
Board of Revenue	Board of Revenue is project partner in development of a new Land Law for the province and establishment of a computerised land record system. Draft law has been prepared and now undergoing necessary internal reviews before its submission to provincial legislature for promulgation. Project has prepared a comprehensive plan, in consultation with the Board of Revenue, for development of a Land Records System under the new law.
Water Management Directorate and P&D	Project is assisting the provincial government through P&D and Water Management Directorate in development of a Provincial

Department	Water Policy in the light of recently adopted National Water Policy 2018.
PWD and P&D Deptt.	Project contains provision to assist the provincial government in development of a provincial roads master plan to guide future development and maintenance of road infrastructure in the province. A Coordination Committee headed by Secretary P&D has been constituted for this purpose and required TA being identified.
Private Sector	
Mamo Dairy	Mamo dairy has been engaged in a 4-P partnership by the project to develop and promote dairy processing and marketing infrastructure in the province. Women groups have been organized, trained and equipped to sell milk to Mamo Dairy at a fair price and Mamo dairy has been assisted to process and market milk products in Gilgit.
MUNAFA	MUNAFA is an apricot farmers cooperative with over 3000 members helping the members to produce, process and market fresh apricots, dry apricots and its by-products to local and international market. Project is assisting the cooperative in training of farmers, equipping farmer groups with necessary tools for hygienic harvesting, value addition and aggregation.
Sohni Dharti	A Punjab based private sector potato seed marketing company has been linked to VPGs in Astore valley to multiply certified potato seed under guaranteed buy-back arrangements resulting in five times production and income increases.
Coordination/Implementing Partners	
Agriculture Extension	Agriculture Extension is assisting the project beneficiaries in adopting prescribed production technologies through training, preparing land use plans for the newly developed lands, soil testing of new lands to advise on suitable crops etc. It is also supposed to promote establishment of private fruit nurseries to enhance production of quality planting material how progress on this activity remains slow.
Agriculture Research	Agriculture research was engaged for one of the key interventions of the project i.e. production and multiplication of certified potato seed. Project established three Tissue Culture Labs and allied facilities to enable the department to meet the project targets and objectives. However the progress so far has been extremely disappointing leading to recommendation for cancellation of this arrangement.
Water Management Directorate	The Water Management Directorate of the Department of Agriculture is engaged with the project in identification and construction of feasible irrigation schemes. Project has assisted the Directorate in enhancement of its HR capacity and processes and the performance of Directorates staff has considerably improved over the last one year.
AKRSP	Agha Khan Rural Support Programme is ETI partner for social mobilization in all districts except Astore and Diamer. After initial issues in terms of a shared understanding and coordination, the performance of AKRSP staff has considerably improved since the last supervision.
VCTAT	The Value Chain Technical Assistance Team is engaged under a consultancy contract to assist the project, private sector and farmers in development of viable value chain development projects. In order to make their inputs more effective, there is need to reassess the type of assistance required along with skill sets and placement of team members in the RCUs for more direct and consistent engagement at the beneficiary and private sector level.

VPGs/Farmer Organizations and SMTs	ETI is establishing a range of farmer based organiztions for the implementation of project's infrastructure and value chain interventions. The VPGs are being formed to develop value chain based business plans and engagement with the private sector while SMT's are elected by beneficiaries to manage construction of irrigation channels and farm to market roads on their behalf. SMT's have thus far proven to be an effective tool for community driven implementation.

Status on Last Mission's Agreed Actions:

S.No.	Agreed actions	Responsibility	Agreed Date	Action Taken
1.	Develop a proper integrated implementation strategy ensuring synergetic implementation of all programme activities in priority valleys and communities together with decentralization to regional coordination units	PCU	31 Dec 2017	Decentralisation Plan formulated and shared with IFAD. NOC has been granted by IFAD, and PSC also approved it. Positions mentioned have been advertised, tests and interviews conducted and selection has taken place. Staff has been recruited and distributed to RCs as of April 2018.
2.	Comprehensive assessment of suitability and performance of key PCU and RCU staff and restructuring of the PMU and RCUs to strengthen decentralization	PSC, IFAD	31 Nov 2017	Internal Performance Appraisal of Staff conducted by ETI-GB and shared with IFAD.
3.	Finalize the PIM and the Baseline without any further delay.	PCU	31 Oct 2017	PIM submitted to IFAD and PSC members on 26th October 2017. Baseline Report developed and submitted to IFAD in November.
4.	Review Irrigation and FMR contract arrangements, including advance payments to SMTs, in order not to generate any slowdown of the activities because of lack of cash at field level.	PCU	31 Oct 2017	Irrigation and FMR Contract with Communities revised and shared with IFAD. IFAD input incorporated and contract is finalised. The revised contract has work scheduling, enhancing advance up to 20% and concurrent land development.
5.	Provide specific internal control procedures for the cash payment to Labour on irrigation schemes to ensure full and transparent payment	PCU/WMD	31 Oct 2017	Field Finance Controller position has been created in the Decentralisation Plan, in addition to Local SM and Engineering Team. Fully complied with recommendations
6.	Assess and amend if necessary all contracts (SMP, VCTA, AG3, Line departments) in order to better respond to the needs of the Programme	PCU	31 Oct 2017	Contracts of SMP and VCTAT are amended and sent for IFAD NOC which is awaited. G-3 Contract Terminated and security encashed.
7.	Ensure notification of dedicated staff of line departments at all levels, together with description of their responsibilities and the provision of project funded vehicles and budgets to such staff backed by effective monitoring of results	PCU	31 Oct 2017	Several meetings with Line Department in this respect held. The list and placement of ETI provided staff are available, while, for the departmental staff, a committee has been notified on the directives of the CS.
8.	Prepare a proposal for IFAD NOL to contract local social mobilizers, on the payroll of RCUs, living in the communities, for coordinating and facilitating all ETI-GB activities in their communities/valleys	PCU	30 Nov 2017	This was part of decentralization plan and IFAD granted NoC.

9.	Refine/revamp current potato seed production strategy to ensure early attainment of programme targets including progressive transfer of lead to Seed Potato Production to the Farmer Organizations in line with the exit strategy and position them from 2018 in the driver seat with close support / monitoring of ETI-GB.	PCU/Directorate of Research/ Value Chain Focal Person	31 Oct 2017	Seed Multiplication Strategy developed and shared with all stakeholders. Seed Potato contract farming has been shifted to Department of Agriculture Extension from Research. Farmer is now on the driving seat in procurement of seed potato, chemical fertilizer and farm machinery etc.
10.	Transfer the Gilgit Tissue Culture Lab and incremental staff provided by the project to the Extension Department along with a revamped Lab production plan, as it was previously the case.	PCU/Agriculture Department	31 Oct 2017	Status Quo on TCL transfer, while other resources related to Potato Seed and contract farming have been shifted to Agriculture Extension.
11.	Develop a strategic and integrated plan for contracting, implementing and monitoring of 4Ps including decentralization of responsibilities and receive NOC	PCU	30 Nov 2017	NOC received from IFAD as Regions will be fully decentralised and would be taking care of 4-P model. So far IFAD has provided NoC to 19 4P Proposals while 16 are in pipeline. This will be covering a population of about 20,000 Households.
12.	Scrutinize all proposals received for the initial call of 4Ps and short-list the potential partnerships and develop BPs in consultation with partners and submit for NOC – 3 from each RCU	PCU and the VCTAT in close collaboration with RCUs	Immediate	VCTAT reviewed total 51 applications received through PCU/RCUs against EOI. Out of total, 32 business proposals were shortlisted and their detailed business plans were developed. 24 were presented to IFAD for NO. Approval received for 19. More 15 proposals are in pipeline
13.	Revise the 2017 – 2018 AWPB and PP in line with agreed actions and get approved from Steering Committee for IFAD NOL	PCU/RCUs	31 Oct 2017	AWPB revised for which IFAD provided NoC. The PSC has also approved the revised budget. The Total budget revised from RS. 2.3 billion to Rs. 1.59 billion.

Investing in rural people

Pakistan

Economic Transformation Initiative - Gilgit Baltistan

Supervision Report

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

Mission Dates:	16 - 30 September 2018
Document Date:	30/10/2018
Project No.	2000000836
Report No.	4885-PK

Asia and the Pacific Division
Programme Management Department

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

Terms of Reference for Consultants and other persons hired by IFAD to participate in missions under a non-staff contract

COUNTRY OF ASSIGNMENT/LOCATION: Pakistan

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

MISSIONSTART AND END DATES: 17 September 2018 – 30 September 2018

REPORT TO: Hubert Boirard, Country Programme Manager, APR/PMD

MISSION COMPOSITION:
Hubert Boirard, CPM, Mission Leader
Qaim Shah, SCPO, Co-mission Leader
Rab Nawaz, Institutional Specialist
Michel Kouda, Irrigation and Climate Change specialist
Claire Bilsky, Gender, M&E and Knowledge Management
Waseem Shehzad, Procurement Specialist
Aziz Al-Athwari, IFAD Financial Management Specialist
Arsalan Haneef, Financial Management Specialist

BACKGROUND:
A highly concessional loan of SDR 48.55 million was approved by IFAD's Executive board in April 2015 for the Economic Transformation Initiative in Gilgit-Baltistan, a USD 120.2 million programme, which entered into force on 16 September 2015; the programme completion date is set for 30 September 2022. ETI-GB's lead programme agency is the Planning and Development Department of the Provincial Government of Gilgit-Baltistan.

ETI-GB's development objective is to to increase agricultural incomes and employment for at least 100,000 rural households in the Gilgit-Baltistan region, where over 90 per cent of the population is engaged in agriculture.

The initiative focuses on: increasing agricultural production, and introducing high-value cash crops and linking farmers to local markets; developing and improving infrastructure including irrigation and rural roads; and organizing smallholder farmers into producers' groups and formulating value chain development. The programme components are: (i) productive infrastructure (comprising two sub-components for irrigation and farm-to-market roads); (ii) value chain development; and (iii) programme management and policy support.

The ETI-GB entered into force in September 2015. The recruitment process took 8 months and the key staff of the PCU were operational only in June 2016. The first supervision and start-up mission was carried out from 23 September to 03 October 2016. At that time and after almost one year, the programme was still in its initial stage of implementation. The second supervision took place in October 2017 followed by a short implementation support mission in May 2018. The planned Italian co-financing arrangements were not yet finalized.

MISSION OBJECTIVES AND OUTPUTS:
The main objectives of the ETI-GB direct supervision mission are:

- assess the progress made in the implementation of the project;
- review progress against the 2017 - 2018 AWPB and procurement plan and review AWP/B 2018-19 implementation and coherence;
- identify actual and potential/emerging operational problems;
- propose solutions, corrective measures or improvements required;

In preparation for the supervision exercise, the PCU is expected to prepare and submit an updated and revised progress report, in the format of the standard IFAD Supervision Mission Aide Memoire template – this well reflect the latest physical (or preparatory activity) and financial progress, performance data and M&E data (outreach, targeting, BP progress). The PCU will also prepare the documentation required for the review of fiduciary issues ahead of the mission (including procurement records, etc.). In addition, the PCU will prepare the draft field itinerary for the mission.

INDIVIDUAL RESPONSIBILITIES, EXPECTED OUTPUTS AND REQUIRED COMPLETION DATES

Mr Hubert Boirard, CPM: Mission Leader ; Qaim Shah: SCPO and co-mission leader

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.

Mr Rab Nawaz: Institutional Specialist; Component 1 and Programme Management

With the mission leader, will be responsible for coordinating the mission members (and their inputs into the written deliverables), reviewing overall project implementation progress and readiness, and assessing the general coherence and complementary linkages across components and activities. More specifically, you will assume overall responsibility for component 1 (in complementarity with the irrigation and environmental specialist) as well as for programme management and policy component. You will review the strategic approaches adopted by ETI-GB and assess the institutional issues vis-à-vis sustainability. In a more detail aspects, you will:

(i) Based on appraisal targets and the 2017-2018 AWPB, review implementation progress related to component 1; you will 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 in view of accelerating progress;

(ii) Review 2018-19 AWP/B and asses its efficacy and coherence vis-à-vis previous progress and remaining targets under component 1 specifically and overall project generally.

(iii) Review progress in identification of irrigation pilot sites and farm-to-market roads, including the level of preparatory work undertaken and readiness in order that all infrastructures are finalized by the MTR.

(iv) Review the critical implementing partners and service providers capacities for the delivery of works and services and make suitable recommendations for efficient implementation;

(v) In collaboration with the VC specialist, review the capacity of the VCTA to implement the 4Ps approach and the new decentralized structure to perform the ETI-GB objectives.

(vi) Review the core strategic approaches adopted by ETI-GB in order to ensure coherent links between components and full achievement of the final impacts expected.

(vii) Review and assess the Agricultural Development Fund Manual and pay back mechanism proposed or implemented as of today, on both component 1 (irrigation) and 2 (4Ps) and make appropriate recommendations

(viii) Review the mapping of all ETI-GB interventions in the Province and provide an analysis / recommendations.

(ix) Assess the level of progress made in rolling out and institutionalizing the land tenure and titling system;

(x) Assess the quality of programme management and effectiveness/ efficiency of the implementation and institutional arrangements in place, including the coordination and interaction between various stakeholders and partners; provide as well, an updated capacity assessment of key IPs;

(xi) Review the 2017 PES assessment done by the PMU and provide guidance on next steps;

(xii) Discuss / clarify Italian financing modalities / arrangements in the overall context of the programme.

(xiii) Consolidate all mission member inputs and provide written inputs related to your component/activities for the aide-mémoire and supervision report, including: (i) overall assessment; (ii) outputs and outcomes; (iii) implementation progress; (iv) sustainability issues; and (v) updated recommendation table with clear assignments, responsibilities and due date;

Mr Michel Kouda; Component 1 (irrigation) and Climate Change

With the support of the Mission leader, you will review the implementation progress under sub component 1 irrigation and land development, Climate Change mitigation measure and Water policy. The following tasks will be undertaken :

(i) Based on appraisal targets and the 2017-2018 AWPB, review implementation progress related to sub component 1; you will 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 in view of accelerating progress;

(ii) Review progress in identification and implementation of irrigation pilot sites, the quality and the functionality of the work already undertaken, assess the capacities of the community organizations/SMTs in charge of the irrigation schemes and particularly on water management and irrigation scheme maintenance; Provide appropriate recommendations in order to make the investment in irrigation profitable and sustainable;

(iii) Review the Gilgit Balistan Map with all the current and planned sites to assess their spread in terms of equity, needs and potential for development.

(iv) Review 2018-19 AWP/B to assess coherence and appropriateness of targets and strategy for attainment of remaining targets

(v) Review the technical and operational mitigation measures adopted to address the challenges of periodic flash floods, landslides, GLOF threat and seismic movements and make suitable recommendations;

(vi) Assess the irrigation scheme designs and analyse their capacity to be climate and environment resilient. If necessary, make recommendation to improve the designs, taking into account the local specific context.

(vii) Review the progress made by the ETI-GB programme on the provincial water policy, regulations and benchmarks for efficient water use.

(viii) Provide written inputs related to your component/activities for the aide-mémoire and supervision report, including: (i) overall assessment; (ii) outputs and outcomes; (iii) implementation progress; (iv) sustainability issues; and (v) updated recommendation table with clear assignments, responsibilities and due date.

Ms Claire Bilsky : Targeting, M&E and Knowledge Management

You will be responsible for reviewing and providing support on all aspects of targeting, M&E, gender and youth considerations as well as sharing knowledge management ; specifically, you will be tasked to undertake the following:

(i) Review the findings of the baseline survey and the baseline report to ensure that ETI-GB will be in a position to measure and report on its progress; propose recommendations to address issues identified;

(ii) Assess the programme's M&E needs and level of progress in setting up the 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;

(iii) Review and validate or finalize the key performance indicators guided by the log frame; as well, with the team, identify any additional indicators to measure progress and performance;

(iv) Provide guidance to elaborate and finalize a holistic MIS and M&E system, ensuring it is user friendly and coordinates across the PCU, RCUs, and national systems;

(v) Review preparations in place to promote women's and youth participation, including the gender strategy; provide recommendations to improve the approach/ strategy;

(vi) Assess the targeting strategy of the project and its social mobilization partners and how BISP beneficiaries are being taken into account in the process.

(vii) Estimate and provide tools to the Programme on how to better measure the youth employment level generated directly and indirectly by ETI-GB, its outcome and impact and type of target group reached.

(viii) Estimate and provide tools to the Programme on how to better measure the emigration limitation due to the ETI-GB approach and pay back mechanism.

(ix) Provide written inputs related to your component/activities for the aide-mémoire and supervision report, including: (i) overall assessment; (ii) outputs and outcomes; (iii) implementation progress; (iv) sustainability issues; and (v) updated recommendation table with clear assignments, responsibilities and due date.

Mr. Waseem Shehzad: Procurement Specialist

(i) Review procurement arrangements. (i) Review the procurement function and procedures, and assess procurement staff ability to plan, execute and monitor procurement actions (ii) review the execution of the approved procurement plan and obtain explanations for significant variances compared to planned amounts or delays in procurement; (iii) select a sample of post review procurements and verify conformity with applicable procurement rules and procedures and the approved PP, noting down any deviation;

(ii) Review contractual and payment procedures (as well, assess (for quality, timeliness) and identify any capacity gaps in contractor/IP/SP preparation of documentation for payment of works, grants, training, , etc.); check contract register, usage of contract monitoring forms, register of advances; highlight outstanding advances (ageing analysis); verify compliance with audit requirements foreseen in contracts/ MOUs, if applicable;

(iii) Provide written inputs related to your component/activities for the aide-mémoire and supervision report, including: (i) overall assessment; (ii) outputs and outcomes; (iii) implementation progress; (iv) sustainability issues; and (v) updated recommendation table with clear assignments, responsibilities and due date.

Mr. Aziz Al-Athwari and Mr Arsalan Haneef: Financial Management Specialist; Fiduciary aspects

(i) Use the original FMAQ as the basis to review the relevant information and actions taken to address recommendations of previous year's Supervision review, recommendations raised by external auditors on previous years' management letters, recommendations raised by FMD during the audit review exercise.

(ii) Review and examine if the uses and sources of funds are fully reconciled including in the accounting software system.

(iii) Perform a Financial Management Performance Assessment, on the basis of the questionnaire as per FMD guidelines. Re-assess the strengths and weaknesses of financial management systems and suggest mitigation actions.

(iv) Review sample Withdrawal Applications and Statements of Expenditure (at least 30%) to verify adequacy, completeness and validity of claims, applying correct exchange rate, using the checklist provided. Note down any ineligible expenditures clearly.

(v) Review a representative sample of expenditures incurred by contracted third parties i.e NGOs and sub-offices.

(vi) Review bank account reconciliations and the status of advances given to implementing partners and sample of expenditures incurred by implementing partners to verify adequacy, completeness and validity of claims, using the checklist provided. Note down any ineligible expenditures clearly .

(vii) Follow-up on the introduced disbursement efficiencies (Authorized Allocation, implementation of extended SOEs, minimum WA size etc..) and ineligible expenditures (if any).

(viii) Support the project management to revise the disbursement plan for remaining period of the project if applicable.

(ix) Review and analyze the project financial performance (annual and cumulative)

(x) Conduct an assessment of the reliability and adequacy of the accounting software and the accounting records.

(xi) Review the adequacy of Internal controls in place in the PMU including the level of segregation of duties, authorization levels, financial procedures manual/ and periodic account reconciliations.

(xii) Review the most recent Financial Progress Reports. - have periodic progress reports been submitted within the prescribed time limit? Is content as agreed?

(xiii) Review the Internal audit arrangements (if any), including reports and status of recommendations.

Reporting/outputs

- Prepare the Financial management risk assessment including an updated Summary of project fiduciary risk (Financial Management Performance Assessment at Supervision and Summary of Project Fiduciary Risk Assessment at Supervision) as per IFAD's guidelines.
- In line with the Supervision Guidelines and FMD guidelines, provide inputs to the Aide-Memoire as follows:
- Input to Main body of the Aide-Memoire and the Supervision report including the following under section iv. "Financial Management and Execution": i) Disbursement Rate, ii) Quality of financial management, iii) Quality and timeliness of audit including follow up on the finding of the audit

review exercise performed by FMD) and iv) Counterpart funds. Assign ratings and record the agreed actions, responsibilities and dates under each section.

- Appendix 1: Financial: Actual financial performance by Financier; Disbursements by Category and by component: Tables 2A, 2B and 2C.
- Appendix 3: Compliance with Loan Covenants: Status of implementation: Assessment of loan covenants in relation to fiduciary aspects.
- SOE – review log showing the expenditures items reviewed during the SOE review and observations requiring follow-up, and clearly document any ineligible expenditures identified and their values .
- Prepare the Financial management risk assessment including an updated Summary of project fiduciary risk (Financial Management Performance Assessment at Supervision and Summary of Project Fiduciary Risk Assessment at Supervision) as per IFAD's guidelines and audit log.

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
- 2017-2018 AWPB and PP and 2018 – 2019 AWBP and PP
- 2016 and 2017 supervision mission report
- Draft PIM

MISSION SCHEDULE:

17 September 2018	Mission Arrival in Gilgit
18 – 19 Sept	Gilgit – PMU presentation / visit of the authorities
20 – 25 Sept	Field visits
26 – 29 Sep	Meetings with official, aide memoire, wrap up in Gilgit
30 Sept	Gilgit – Islamabad - Wrap-up meeting in Islamabad

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.

Clearance by CFS if TORs include financial management responsibilities: provided by email

Name: ………………………………………………Signature……………………………………………

Date:……………………….

IMPORTANT NOTE:

IFAD will accept only reports that have been properly formatted by using 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.

Mission Schedule

ITINERARY: From: 17 To 30 September, 2018

Date	Departure/ Arrival Time	Location		Purpose
		From	To	
17 Sept 2018	1030hrs (PK451)	Islamabad	Skardu	Transit
17 Sept 2018	0930/1200hrs	Skardu	Khaplu, Ghanche	Field visit of project communities at Sailing and Thugas, Ghanche -– Stay at Khaplu Fort/Serena Hotel
18 Sept 2018	0900/1000	Khaplu, Ghanche	Shigar	Field visit of project communities at Thaley & Karapakh, Shigar – Stay at Shigar Fort/Serena Hotel
19 Sept 2018	0800/1200	Shigar	Gilgit	Field visit of project communities at Astore and travel to Gilgit for Stay at Gilgit Serena Hotel
20 Sept 2018	**No field activity due 9th Muharram – Stay at Gilgit Serena Hotel – Meeting with Chief Secretary, GB. Internal discussions among team and meetings with PCU staff at Serena Hotel**			
21 Sept 2018	**As above**			
22 Sept 2018	0900/1300	Gilgit	Ghizer	Field visit of project communities at Gahkuch, Ghizer and stay at PTDC Motel Gupis, Ghizer.
24 Sept 2018	0900/1300	Ghizer	Gilgit	Travel to Gilgit and stay at Serena Hotel Field visit of project communities at Danyore, Gilgit - stay at Serena Hotel
25 Sept 2018	0800-1700	i) Gilgit ii) Chilas	i) Chilas ii) Gilgit	Day-Trip to Chilas for meetings with district authorities and Project staff and travel back to Gilgit - stay at Gilgit Serena Hotel
26 Sept 2018	0900-1600	Gilgit	Gilgit	Meetings with Provincial Authorities & project staff- Debriefing to PCU-cum-Implementation Workshop - stay at Serena Hotel
27 Sept 2018	0730	Gilgit	Islamabad	Travel back – Meeting with Secretary BISP Preparation of Aide Memoir
28 Sept 2018	1430-1530	Islamabad	Islamabad	Wrap-up Meeting in EAD
29 Sept 2018		Islamabad	Rome, Italy	Departure of Rome based Team Members Preparation of Supervision Report
30 Sep 2018		Islamabad		Preparation of Supervision Report – Hubert, Qaim, Rab Nawaz,

List of Persons Met

	Gilgit	
1	Mr. Babar Hayat Tarar	Chief Secretary, GB
2	Mr. Sajjad Haider	Secretary Agriculture
3	Mr. Usman Ahmed	Commissioner Gilgit
4	Mr. Ahsan Mir	Project Coordinator
5	Mr. Sheharyar Ahmed	Deputy Project Coordinator
6	Ms. Sosan Aziz	Gender Coordinator
7	Mr. Shad Muhammad	VCTAT
8	Mr. Saeed Iqbal	VCTAT
9	Mr. Muzzafaruddin	GM, AKRSP
10	Ms. Yasmeen Karim	Head AKRSP, GB
11	Ms. Najma	Regional Coordinator, Gilgit
12	MUNAFA Board of Directors	
13	Mr. Kareem, CEO Mamu Dairy and women members of milk supplier groups	
	Skardu and Ghanche	
1	Mr. Barkat Ali	Regional Coordinator
2	Staff of Regional office	
3	SMT and Beneficiaries of Saling Irrigation Scheme, Khaplu	
4	SMT and Beneficiaries of Thagus Irrigation Scheme, Ghanche	
5	SMT and Beneficiaries of Kharfaq Irrigation Scheme, Ghanche	
	Astore	
1	Male and Female VPGs in Village Thally Astore	
2	Members of Potato VPG Daskharam	
3	SMT Kakan Irrigation and Land Development	
4	SMT and Beneficiaries of Gudai ILD	
5	SMT of FMR Dichal	
6	Deputy Director Agriculture Extension, Astore	
	Ghizer	
1	SMT and beneficiaries of Zigodas Irrigation Scheme	
2	SMT and beneficiaries of Dahimal Irrigation scheme	
3	Members of Hunder Potato VPG	
4	Members of Apricot Cooperative Gahkuch	
	Diamer	
1	SMT Kinodas	
2	SMT Bunar Das	
3	SMT Representatives from Darel, Tangir and Babusar Valleys	
4	Youth Representatives from Diamer District	
5	Mr. Fazl I Khaliq, Ex-Member GB Assembly	