Investing in rural people

Islamic Republic of Pakistan

Economic Transformation Initiative Gilgit – Baltistan (ETI-GB)

Supervision report

Main report and appendices

Mission Dates:	23-Sep-2016 to 03-Oct-2016
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Programme Management Department

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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. Introduction[1]

1. The USD 120 million Economic Transformation Initiative in Gilgit Baltistan (ETI-GB) was approved by IFAD's Executive Board in April 2015 and entered into force on 16 September 2015. The completion date is 30 September 2022. ETI-GB's development objective is 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 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.

2. The first supervision and start-up mission[2] was carried out from 23 September to 03 October 2016. The main objectives of the mission were to: (i) assess the progress made in the implementation of the project; (ii) review progress against the 2016-17 AWPB and procurement plan; (iii) identify actual and potential/emerging operational problems; (iv) propose solutions, corrective measures or improvements required; and (v) provide start-up support and training to the newly recruited programme team.

3. The mission held extensive meetings with PCU staff, provincial departments, rural communities and potential private sector value chain partners. The mission also visited identified sites for irrigation development. As part of start-up, His Excellency the Chief Minister of GB formally launched the programme in the presence of cabinet members, provincial departments and civil society representatives. The mission also attended the second the Steering Committee meeting as observers and briefed the Steering Committee about project's design and operational aspects and ways to expedite the project progress. The mission also conducted a two-day technical and learning workshop involving PCU staff to explain implementation modalities, programme approach, expected results and strategies to expedite implementation.

4. This supervision report presents the mission's key findings and agreed actions. The mission wishes to express its sincere thanks to the provincial government, PCU and implementing agencies for their warm welcome, full cooperation and excellent organisation of the mission.

B. Overall assessment of ETI-GB implementation

5. Overall implementation progress *is rated moderately satisfactory (4)*. 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. During the last 4 months and despite the Ramadan period, the PCU team handled a lot of preparatory activities (internal workshop on ETI-GB Project Design Report, preparation of the 2016-2017 AWBP, information / meetings with line departments to prepare MOAs related to the implementation of irrigation, roads, extension or research activities, procurement of offices in Gilgit, Skardu, and Chillas, procurement of vehicles and furniture, visit / sensitisation of some communities in the 3 regions, meetings with private sector organisations, pre-identification with the line departments of some irrigation sites, calls for interest of Social Mobilizer Partners and Value Chain Technical Assistance Team (VCTAT), preparation of the political launching and ETI-GB workshop, etc.). The recruitment of the remaining staff needs to be completed urgently. Today, no field activity has yet started but an action plan has been discussed with the mission to overcome some issues in order to catch with the initial ETI-GB implementation delay.

6. The likelihood of achieving the development objectives is rated *moderately satisfactory (4)*. Based on the discussion and the revised strategy recommended, all infrastructures should be achieved by Mid Term Review and most of the Private Public Producer Partnerships should be on going. Consequently, the coming year will be crucial but the development objectives will be likely achieved by 2022.

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1 Mission composition: Hubert Boirard, IFAD Country Portfolio Manager - Mission Leader, Rab Nawaz, Institutions and Management Specialist, Anta Sow, Financial Management Expert and Abdul Karim, M&E Specialist

2 Hubert Boirard, IFAD Country Portfolio Manager - Mission Leader, Rab Nawaz, Institutions and Management Specialist, Anta Sow, Financial Management Specialist and Abdul Karim, M&E Specialist.

C. Outputs and outcomes

7. Component 1: Economic Infrastructure for Value Chain Development (US$ 61.45 million/61% of base cost): This component *is rated as moderately satisfactory (4)*.

8. The component consists of two linked sub-components which, together, support the overall programme objective of increased incomes through value chain development: (i) the irrigation sub-component seeks to add 50,000 acres of new irrigated land (ii) the Farm to Market Roads sub-component seeks to link existing production areas and newly developed irrigated areas through construction of 400 km of farm to market roads.

9. Sub-component 1.1- Irrigation and Land Development (US$ 44.36 million/44% of base cost): This component *is rated as moderately satisfactory (4)*. During the ETI-GB design in November 2014, the Water Management Directorate (WMD) carried out a rapid survey of the GB region to identify irrigation schemes with secure water source, non-disputed land ownership and land development potential, and identified 296 channels in all seven districts with total command area of 139,765 acres. Out of these, 160 schemes are in the priority four target districts of ETI-GB, with a total potential command area of 71,528 acres.

10. The mission met WMD. The implementation progress is as of today the following: a list of 8 irrigation schemes were identified by WMD with total command area of 4534 acres; however, this list has not been officially transmitted to the PCU as yet. Based on the analysis conducted by the mission:

- 2 of these schemes (totalling of 2521 acres) meet the set criteria and have undergone field surveys, design and cost estimate; these appear promising for implementation;
- 1 scheme (675 acres) looks very promising after field visit but the technical study needs to be completed;
- 4 schemes (50%) appear to be very small and/or quite complex;
- 1 scheme may have potential, but has not yet been visited by the PCU team.

11. The objective of this sub-component is to operationalize 50 000 acres of new irrigated land by December 2018. The strategy currently used needs to be revisited in order to achieve this target. The proposed revised approach is as follows:

- **In terms of strategy**, (i) first select larger and technically simpler schemes (minimum 500 acres with 500 households), (ii) then select larger, complex schemes (iii) finally select smaller, simple or complex schemes if budget and remaining target permits, (iv) the cost-benefit ratio per acre/per beneficiary served must be ensured.
- **In terms of methodology,** in addition to identified feasible large schemes, (i) call for expression of interest from farming communities having irrigation and land development potential through radio and print media, specifying eligibility conditions of ETI-GB programme, (ii) verify in the field, through a short PCU & WMD visit, the social and technical accuracy of the demand (size, water, rights, pay back mechanism, accessibility, population, etc.) and sign a commitment letter with the community, (iii) hire consultants to conduct the detailed social and technical feasibility study (poverty profile, design and cost estimate, crops cost-benefit analysis post irrigation development, capacity of Community Organizations / Scheme Management Teams - COs / SMT - and capacity building plan), (iv) organize the social mobilization activities (information, organization of the community, etc.) and signed a MOA with the SMT (specifying the objectives, budget, role and responsibilities, schedule, M&E organization, etc.), (v) supervise (with WMD) the implementation by the SMT of the irrigation scheme development, (vi) organize the final quality assurance certification by WMD and (vii) develop a year 1 programme / MOA for the valorisation of the new irrigation land.
- **In terms of schedule,** from October 2016 to March 2017, field implementation for 10 000 acres should be initiated / completed, from April to September 2017, an additional 15 000 acres should be operational, from October 2017 to March 2018, 15 000 new irrigated acres should also be functional and finally from April to September 2018, the last batch of 10 000 acres should be finalized. From 2019, the PCU should concentrate its effort on the valorisation / profit generation and pay back mechanism in all the 50 000 acres.

12. The mission also recommends that (i) the 50 % pay back mechanism be based on the final actual cost, (ii) the design be based on the latest field reality with quality and sustainable interventions, (iii) all costs, design, field preparation, modality of reimbursement be fully explained /

discussed with the beneficiaries before signing the MOA with the SMT, (iv) the SMT operate as implementing agency (in the driver seat) but payments be made directly by the PCU to suppliers, (v) the SMT generate its own M&E data in terms of employment, income, output and impact of the intervention, (vi) each scheme is implemented within 3 months, (vii) nominative M&E is done by beneficiaries to feed the logical framework indicators, (vii) detailed design and estimates is systematic and available at SMT level, (viii) technical and financial management capacities are developed at SMT level, and (ix) monthly external audit is carried out in each SMT, through a consultant hired by the PCU for control and learning purposes.

13. To reach this target and implement this approach, and pending completion of the recruitment of engineering consultants and Social Mobilization Partners (SMPs), the PCU should select a pool of short-term consultants for civil works design and social mobilization based on the need and workload. The AWBP and Procurement Plan should be revised accordingly. The SMPs recruitment shouldn't delay the implementation of this component. The selected SMPs should be fully trained before going to the field and must clearly specify to the community that this intervention is a GoGB intervention.

Agreed action	Responsibility	Agreed date
Provide a 2 pages strategy for achieving the 50 000 new irrigated acres by December 2018	PCU	October 2016
Call for proposal by radio and other information media	PCU	October 2016
Recruitment of a pool of consultants (civil engineers, social mobilisers, agronomist, financial specialist)	PCU	October 2016
Submit for NO the results-based MOU with WMD	PCU/WMD	October 2016
Provide mapping for each site and general mapping of the sub-component activities	PMU	Continuous
Revise the AWPB and PP based on the request	PCU	November 2016
Finalize the SMT structure, TOR and operational and financial manuals/guidelines including recordkeeping responsibilities	PCU	December 2016
Contract to SMTs 10 000 acres new irrigation land for 10000 households	PCU	January 2017
Identify and contract an additional 15 000 acres of new irrigation land	PCU	May 2017
Organize external audits of the SMTs	PCU	As soon as contract started

14. Sub-Component 1.2 – Farm to Market Roads (US$ 17.08 million/ 17% of base cost). This component *is rated as moderately satisfactory (4)*.

15. This component is aimed at improving critical road linkage for the supported value chains so as to link the production areas to valley roads and main roads. The sub-component will finance upgrading of 400 km of shingle compacted roads. Existing pony tracks will be upgraded to jeep able roads (40% of total) and jeep able roads will be upgraded to truckable roads (60% of total). In addition, a lump sum provision of 100 meters of bridges would be made.

16. This component remain at an initial stage which is logical, given that the roads will be identified only once the irrigation schemes and the Value Chain Public Private Partnerships will have been negotiated. By December 2016, some clear indications should be available from the irrigation and value chain components which should allowed to start some design / cost estimation by the engineers and to contract some road rehabilitation by the beginning of 2017. The overall objective of this sub component is to finalize the rehabilitation of the roads by the Mid Term Review. The PCU, along with the Public Works Directorate (PWD) should develop and agree on an appropriate strategy that will also demonstrate the integration of the roads component with the irrigation and value chain development.

17. Based on our field visits and discussions, it appears that some roads could be easily up-scaled by communities. To facilitate the selection of such roads, and to avoid any inter-agency confusions, the PCU, in consultation with PWD, should develop the selection criteria and implementation modalities in a detailed financial and technical manual for community-led implementation (on the same pattern as SMTs for irrigation) and submit the same for IFAD No Objection. Based on the above, the mission recommends integrating in the 2016 – 2017 AWPB a volume of 50 km of road to upgrade instead of the 10 km approved.

18. The mission also recommends to immediately start the provincial road master plan and O&M policy with PWD. A draft document should be submitted by December 2016. The baseline related to transportation cost and constraints should also be initiated as soon as possible.

19. To achieve these results and complement the PWD staffing / capacity, the PCU should recruit consultants on a short-term basis, so as to speed up the road up-scaling implementation process. Depending on the type of roads identified, the contracts will be implemented by communities or by contractors. PWD with PCU support should handle the supervision and certificate of completion of the work. A result-based MOA with PWD, renewable every year, will be signed with PWD. Equipment and vehicles will be provided based on needs and results /reports provided.

Agreed action	Responsibility	Agreed date
Submit for IFAD No Objection a detailed financial and technical manual for community-led implementation	PCU / PWD	November 2016
Revise the AWPB and PP and integrate a volume of 50 km of road to upgrade in the 2016 – 2017 AWPB	PCU	November 2016
Recruit civil engineers on short-term consultancy basis	PCU	October 2016
Submit the results-based MOU with PWD for no objection	PCU/PWD	October 2016
Provide mapping for each site and general mapping of the sub-component activities	PMU	Continuous
Submit the Gilgit Baltistan provincial road master plan and O&M policy to IFAD for No Objection	PCU / PWD	January 2017
Provide the baseline related to transportation cost and constraints	PCU / PWD	December 2016

20. 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)*.

21. The component will revolve around a commercial and market oriented production and value addition by organized groups of farmers and other value chain players. The component will focus on two main products during the initial phase, apricot and potato. The component will be implemented with the support of multiple partners including public sector extension and research institutions, private/corporate sector and farmers organizations. The overarching principle will be to follow a 4-P model involving effective partnerships between producers (farmers), public sector (extension, research) and private sector (local entrepreneurs, down country seed companies and corporate clients). This component consists of a number of interconnected and complementary sub-components.

22. ***Sub-Component 2.1 Value Chain Support Fund and Technical Assistance:* (US$ 20.29 million/20% of base cost)***: This sub-component is rated as moderately satisfactory (4).* The objective of this sub-component is to increase the agricultural income, production and productivity of the target group by at least 25% and to increase the surplus marketed, in particular for apricot and potato, by 35%. For that, ETI-GB will develop Public Private Producer Partnerships (4Ps), which will facilitate /co-finance the needs of value chain actors. A specific fund (VCDF) will be dedicated to this objective and will operate on a “matching-grants basis”. The fund will be managed by an autonomous and representative Fund Management Committee with its secretariat in the PCU. The Value Chain Manager will be the focal person for this sub-component and will act as Secretary of the Fund Management Committee. The PCU will advertise and call for proposals for partnerships. The PCU, through its Fund Management Committee, will examine the solicited proposals and identify eligible proposals. If need be, the VCTAT will assist the proponents in improving their proposals to meet the required standards. Financing of eligible proposals would be appraised by the VCTAT and placed before Fund Management Committee for approval. By the end of the programme, up to 100 partnerships would be assisted and up to 60,000 smallholder farmers would directly and indirectly benefit from such matching grant partnerships.

23. As of today, the status of progress of this sub component is the following:

- Recruitment of the PCU Value Chain Manager and one Value Chain Fund Officer.

- Advertisement for Expression of Interest (EOI) of VCTAT on 11th May 2016, 14 firms replied, 5 firms were short-listed.
- Finalization of the Request for Proposal (RFP) for the VCTAT.
- Organization of an exchange visit with NADEP in Sri Lanka on 4Ps in August to study the approach, methodology and modalities of contracts with private sector.

24. The mission exchanged with the PCU, met some private agribusiness firms and producers as well as the line departments of Extension and Agricultural service. The financial needs of an average ETI-GB household's target group is 15 000 to 20 000 Rupees per month. The Agro Business private sector confirmed that (i) the market demand in fresh and dried fruits and potato seed is high and currently far from being satisfied by Gilgit Baltistan’s production, (ii) the current production would allow to satisfy a significant part of this demand if adequate quality standards are met, (iii) farmers need to be organized, trained and equipped to respond to this demand, (iv) the private sector needs some financial support for the certification process (EU, fair trade, organic, seed) and transportation for international exhibition, as well as client contacts. Line departments also need some support to fully express their potential.

25. The mission also observed that: (i) there is a need to strengthen the synergies / collaboration / exchange between the Private Sector, Research, Extension services and Farmers to better respond to the demand of the market, (ii) potato and apricot are not produced in all districts, (iii) other value chains could also have a real and immediate impact on the target groups, (iv) the selection process for VCTAT recruitment will necessitate at least 2 additional months, (v) the manual for the VCDF is still pending, (vi) good private sector or farmer organizations, already in business, do not have the capacity to provide a technical and financial proposal to the Value Chain Fund (VCDF) without technical support, (vii) almost all value chains have already been studied by partners like AKRSP, JICA or USAID, and (viii) the number of potential private sector and farmer organization for 4Ps is significant and dispersed throughout the province.

26. Based on this information, the mission recommends the following two-pronged approach: (i) to continue the recruitment of the VCTAT provided that TORs are revisited with more focus on the agriculture income and production increase (refer to the indicators of logical framework) and (ii) to immediately hire a pool of consultants technically capable of supporting Farmer Organizations or Private sector entrepreneurs in developing proposals for submission to the VCDF. These proposals should include a business plan, a clear exit strategy and a M&E system. For this second parallel approach, the mission recommends that ETI-GB calls for proposals / EOI on the radio with interested Agro business private sector companies or Farmer organizations already in business. The minimum number of beneficiaries should be 1000 farmers per 4P in the first phase with a total objective of 50 4Ps by the end of December 2018. Each district should benefit from at least one 4P by the end of December 2017. A mapping with the influence zone of each 4P should be updated and available after signature of each partnership. At least 5 4Ps should have received its no objection by December 2016 and be ready for implementation. A South-South triangular cooperation with Sri Lanka should be pursued in this domain.

Agreed action	Responsibility	Agreed date
Provide a 2-page strategy paper for achieving the objective of 50 000 beneficiaries in 4Ps by December 2018	PCU	October 2018
Call for proposals from farmer organizations and private sector entrepreneurs by radio and print media	PCU	October 2016
Recruitment of a pool of consultants (agronomist, VC, financial specialist) to support Farmer Organisations and private sector partners	PCU	October 2016
Recruit a VC specialist	PCU	November 2016
Finalize the manual for VCF and submit to IFAD for No Objection	PCU	October 2016
Develop a standard format for proposals including business plan, exit strategy and M&E	PCU	October 2016
Revise the RFP (TORs, format) and submit for No Objection	PCU	November 2016
Recruit an Agriculture consultant or staff to coordinate private section, farmer organisations, Agricultural Extension and Research	PCU	October 2016
Develop mapping with influence zone of each 4P	PMU	continuous
Revise the AWPB and PP accordingly	PCU	November 2016
Finalize the VCTAT recruitment	PCU	January 2017
Prepare financial manuals for FOs that will benefit from matching grant	PCU	January 2017
Develop an external audit mechanism for each 4P	PCU	continuous
Revise the PIM (operations) accordingly	PCU	November 2016

27. Sub-Component 2.2 – Social Mobilization (US$ 4.01 million/4% of base cost): *This sub-component is rated as moderately satisfactory (4).*

28. Social mobilization and organization of farmers in village-level production groups and valley-level producers associations are meant to address the current challenges of scattered production, lack of aggregation and quality control forums, challenges of extension and research links to smallholders, disincentive for the private sector in approaching individual small producers spread over large areas and lack of credible institutions at producer level to engage with. A social mobilization partner will also be involved in the implementation of the irrigation development sub-component, with a community-driven implementation approach linked to recovery/repayment of 50% of construction costs. Nutrition related activities will be mainstreamed into activities at the community level, particularly with the women and youth.

29. The PCU started the social mobilization partner selection process in July 2016 and received EOIs from 17 entities. Only three of them met the criteria and were shortlisted. Since then, considerable time has elapsed and the RFP has yet to be finalized for issuance to interested organizations. The delay has implications for all project activities at the farmer/community level as SMP's are expected to be the vanguard in the selection of priority valleys and target communities, organizing the Producer Groups/organizations and facilitating the selection and execution of irrigation, land development and value chain activities. Early completion of this selection process is therefore critical for the programme's physical progress and quality engagement with communities. As part of the interim strategy, the PCU should use its existing RCUs and PCU staff to reach out to communities in prioritised valleys for initial information dissemination and organization. The PCU should also engage additional social mobilizers on short-term consultancy contracts where required.

Agreed action	Responsibility	Agreed date
Use own RCUs and PCU staff with support of short term consultants to select and reach out to priority valleys, and start initial organization of communities/priority groups and irrigation beneficiaries	PCU	Immediate
Recruit social mobilizers on short term contracts pending completion of SMP selection	PCU	Immediate
Finalize the RFP documentation in line with IFAD Procurement specialist recommendations.	PCU	November 2016
Selection of priority valleys and crops on the basis of a baseline survey and in close collaboration with the Department of Agriculture (Extension & Research) and the VCTAT	PCU	December 2016

30. Sub**-Component 2.3 – Agriculture Extension (US$ 2.13 million/02% of base cost):** *This sub-component is rated as moderately unsatisfactory (3).*

31. The main objective of this sub-component is to provide demand-driven extension services to organized groups of men and women farmers including training in pre and post-harvest practices, soil testing, soil improvement, farmer-operated commercially run nurseries for improved fruits and vegetable plants and assistance to Agriculture Research in operating contract-based potato seed multiplication and adaptive trials.

32. Against total the programme budget of Rs. 218 million, the current AWPB allocation is Rs. 43.9 million (20%). Procurement of equipment has been completed and is under process for vehicles. Against the programme target of 25 plastic tunnels for seed production, only seven have been budgeted for 2016-17, which is not in line with the phasing specified in the Project Design Report (PDR). This should be revised and all 25 plastic tunnels should be completed during the current year. There is a lack of clarity within the Extension Department about the implementation modality for private nurseries. The programme logic was to promote private nursery operations to fill the current gap in actual demand of quality planting materials and the capacity of the Agriculture Department nurseries to meet this demand. The available allocation is for helping qualified private nursery operators in the valleys in training, nursery layout/development and purchase of planting materials. For further expansion of their business, they are expected to link up with the Value Chain Fund. The PCU is encouraged to develop a proper proposal for private nursery development, in association with Extension and Research, and submit for IFAD no objection. The recruitment process for incremental staff needs to be expedited and completed by end December 2016.

Agreed action	Responsibility	Agreed date
Provide a diagnostic per district of crops issues to serve as a basis to develop an extension programme	PCU/ Agriculture Extension	December 2016
Agriculture extension to follow PDR phasing for green houses and other infrastructure and complete all in the current year	PCU/ Agriculture Extension	immediate
Proper plan/proposal to be developed for private nurseries and submitted for IFAD no objection	PCU/ Agriculture Extension	Immediate
Submit a result-based MOA with Extension department to IFAD for no objection	PCU/ Agriculture Extension	October 2016
Revise the 2016 – 2017 AWPB and PP accordingly	PCU	October 2016

33. Sub-Component 2.4 – Agriculture Research (US$ 2.69 million/ 3% of base cost): *This sub-component is rated as moderately unsatisfactory (3).*

34. The main aim of this subcomponent is to address the current paucity of quality potato seed in the region through a farmer and contract-centred basic seed production programme. The sub-component will also strengthen local capacity for seed certification and product certification for export.

35. Against the total programme budget of Rs. 276 million, the AWPB for 2016-17 is Rs. 84.2 million (31%). Construction activities covering greenhouses, screen houses, and repair of existing greenhouses have been phased contrary to PDR recommendations. All these construction activities must be completed during the current year, except potato stores which may be aligned with production volume development and selected sites. Equipment procurement has been completed by the PCU while that of vehicles is likely to be completed shortly. The recruitment of incremental staff will now be initiated and is likely to be completed by end December 2016. Two critical interconnected elements under this sub-component need immediate attention. These are potato seed multiplication and the establishment of a revolving fund to finance the potato seed multiplication programme. On the first aspect, Agriculture Research needs to develop a detailed action plan on how they would reach the target of 40,000 tons of certified potato seed for internal consumption and export. This action plan will cover arrangement of pre-basic seed, role of tissue culture lab, criteria and process for identification of suitable sites and farmers, farmer training, farmer contracting, contract template, detail of inputs to be supplied to farmers, production supervision/monitoring, buy-back process and pricing, storage protocols, resale to farmers in GB and outside seed buyers in Punjab, detailed budgets (year-wise) for all activities, staff deployment plan, etc. This must be completed by the end of October 2016. The linked second activity is the development and notification of the Revolving Fund Management System by GB Finance Department, including phasing and audits. The phasing shall be linked to the Seed Multiplication Action Plan. The Revolving Fund Manual/ system should be developed and notified as a priority.

Agreed action	Responsibility	Agreed date
Follow PDR phasing for infrastructure activities i.e. complete all in first year except potato stores that should follow production phasing and sites	PCU/ Agriculture Research	Immediate
Develop a Revolving Fund Manual as part of the PIM (Operations) and get approved/notified from Finance Department after no objection from IFAD	PCU/ Agriculture Research	Immediate
Provide the 2017 strategy, methodology, objectives, financial and human needs and results expected for the potato seed program and establish a result-based MOA with the Agriculture Research Department	PCU/ Agriculture Research	October 2016

36. 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).*

37. The main objective of this sub-component is to secure land titles for the beneficiaries of irrigation land development through issuance of legally valid land titles by the District land revenue agency. To initiate the establishment of a proper land records and titling system in GB, the programme will adopt a two-pronged strategy whereby it will assist the provincial government to carry out the required legislative work for a provincial land titling framework while, at the same time, getting an interim regulation promulgated that safeguards the interests of the programme's beneficiaries for the newly developed irrigated areas.

38. After a lot of concertation and 9 drafts, an Interim regulation has been finalized. The regulation is currently being examined in the GB Law Department and needs to be expedited to obtain approval of Provincial Cabinet for implementation. The recruitment of incremental staff for provincial and district land record cells needs to be immediately initiated and followed by necessary training and procurement of equipment and software.

39. The mission observed that the current AWPB includes no activity for this important sub-component. The AWPB needs to be revised accordingly. One possible reason for lack of attention to his sub-component is the absence of a focal person for it in the PCU. The Project Coordinator should be responsible for all policy aspects of ETI-GB.

Agreed action	Responsibility	Agreed date
Revise the AWPB to include a plan for Land Titling and appoint the Deputy Coordinator as Focal person for this activity	Programme Coordinator/ Deputy Programme Coordinator	Immediate
Pursue processing of interim land regulation in Law Department and its early submission to Provincial Cabinet for approval	PCU	Immediate

D. Programme implementation progress

40. Programme Management performance *is assessed as moderately satisfactory (4).* The key PMU staff are on board only since May 2016. They have demonstrated commitment and proactivity. Nevertheless, major weaknesses appeared in terms of procurement (the position of Procurement Officer is still not filled today). The PCU should (i) complete the recruitment of the remaining PCU staff positions, (ii) recruit short-term consultants immediately for this interim period in the key areas (like procurement), (iii) define clear accountability and responsibility for each component, (iv) finalize the PIM and submit for no objection, (v) provide a clear organigram and TORs for each position, justifying all full time positions, (vi) assess by December 2016 the probation period of all staff and provide the report to IFAD prior to renewal of contracts.

41. Coherence between AWPB and Implementation *is rated as moderately unsatisfactory (3)*. The 2016-17 AWPB has been prepared by the PCU and approved by the Steering Committee on 26 September 2016. The implementation is partially initiated and below expectation. In addition, some activities have not been integrated (for example land titling). Consequently, a revised 2016-17 AWBP and PP will be submitted mid-December 2016 to the Steering Committee and will integrate the recommendations of this mission.

42. Monitoring and Evaluation performance *is assessed as moderately unsatisfactory (3)*. An effective M&E System is critical for ETI-GB for effective management and attainment of results. The M&E System for ETIGB, as envisaged in the project document, would be helpful in ensuring that the indicators identified in the programme log frame are properly monitored and disaggregated data is collected at all levels and timely fed into the system.

43. RIMS Indicators. Due to the fact that the Financing Agreement was signed in September 2015, the project has to report on RIMS for the year 2016. The first RIMS report will be due in January 2017, containing the data relating to activities carried out in the current year. The mission held discussions with the programme team to review the indicators suggested in the 2016-17 AWPB. The Deputy Director/M&E Specialist should ensure that M&E staff in the regional offices are fully aware of the RIMS reporting requirements.

44. Baseline Survey. The baseline survey needs to be carried out and finalized by December 2016. As per the new IFAD Guidelines for Baseline Surveys, the programme does not need to conduct a survey based on detailed field studies and questionnaires. Instead, it should use secondary sources to capture the baseline data related to log frame indicators (19 indicators in total) to serve as reference point for the future impact and results assessments. The possible sources for this data are BISP Poverty data, MICS data, agriculture department’s database, etc.

45. Participatory Monitoring & Evaluation. The PCU needs to develop systems, processes and guidelines from the very start for participatory monitoring and evaluation as ETI-GB’s main approach is community and beneficiary driven.

Agreed action	Responsibility	Agreed date
Provide the ETI-GB baseline to IFAD for NO	PCU	December 2016
Establish the M&E framework and management information system	PCU/RCUs/GLDs	December 2016
Revised the logical framework to incorporate RIMS indicators	PCU/RCUs/GLDs	November 2016

46. Gender Focus *is rated as moderately satisfactory (4)*. The Gender & Poverty unit of the PCU has carried out a baseline survey for the poverty ranking and gender assessment with the collaboration of AKRSP for two of the pilot irrigation villages in Ghanche and Diamer. Harvard Analytical Framework has been adopted to collect the information and analyse the data. The respondents belonged to community organisations in the respective villages. The mission understands that this exercise is a good step forward that should help developing the gender policy for the ETI-GB in line with the programme objectives. The mission suggests developing gender sensitive reporting formats which cover all the programme inputs, outputs and the outcomes.

47. Poverty Focus *is rated as moderately satisfactory (4)*. N/A

48. Effectiveness of Targeting Approach *is rated as satisfactory (4)*. N/A

49. Innovation and Learning *is rated as satisfactory (4)*. N/A

50. Climate and Environment Focus *is rated as moderately satisfactory* **(4). N/A**

51. Partnerships *are rated as moderately satisfactory (4)*. N/A

52. Policy Aspects: ETI-GB supports the provincial government in three key policy aspects. These include Provincial land Law & regulations, Provincial Water Policy and Irrigation O&M Regulation and Provincial Roads Master Plan and O&M Policy. Sufficient attention should be paid to this important area. The PCU is encouraged to appoint focal persons within the PCU for each of these areas, who should prepare the strategies and plans for implementation and pursue the required actions with the concerned government agencies.

Agreed action	Responsibility	Agreed date
Complete the recruitment of the remaining PCU and RCUs Staff	PCU	31 December 2016
Update/complete the PIM (Operations) and submit for IFAD's review/approval	PCU	31 Oct 2016
Revise the AWPB as per mission recommendations, incorporate a procurement plan and obtain approval of Steering Committee and IFAD no objection	PCU	15 December 2016

E. Fiduciary aspects

53. Financial management is rated as *moderately satisfactory (4)*[3]. The structure of the Program's financial unit includes: at the PCU, a Finance Manager, a Senior Accounts Officer and an Accounts Officers; and in each RCU, an Admin & Finance Officer and an Admin & Finance Assistant. These assistant positions are yet to be filled. The Program has started the procurement process for the accounting software, which is expected to be operational by December 2016. In the meantime, the PCU has developed an acceptable Excel-based accounting system to record program transactions by source of funds and expense category. The mission recommends that transactions also be coded with account, component, AWPB activity and district codes to facilitate the conversion into the computerized accounting system. The Finance Unit should now start preparing financial reports[4] on a monthly basis to support decision-making by program management.

54. Administrative management. The PCU and RCUs currently have 16 staff; the recruitment process for the additional 30 staff (15 at PCU and 15 in the 3 RCUs), including support staff, needs to be initiated as soon as possible. It is also necessary for the Program to (i) provide health and accident insurance to the staff and (ii) implement a performance evaluation system (PES). With regard to project assets, the mission noted the absence of identification (tagging) and insurance policy. Finally, although some basic internal control procedures have been implemented, the mission strongly recommends that the PCU/RCUs review the draft PIM thoroughly in order to complement missing areas (particularly in the operations and M&E) and to finalize the financial and administrative section.

55. AWPB and budgeting system. No AWPB was prepared for the year 2015-16, as the PCU/RCUs were only established in May 16. Due to its late preparation/approval, the 2016-17 AWPB (amounting to Rs. 1.31 billion – approx. USD 12.55 million) was only 4% executed at 31/08/16 (9% when commitments are taken into account). This AWPB will be revised in December to take into account mission recommendations and achievements for the first six months of program implementation. It is recommended that the Component 3 budget be more specific, showing detailed activities to be undertaken for program management, finance/administration and M&E. The revised AWPB should indicate, for each activity, the staff responsible and the expense category. It should also include (i) full documentation of unit costs and (ii) recap disbursement tables by category and by component. Finally, reference codes for individual activities should be indicated in order to facilitate linkage with the procurement plan, as well as monthly actual-to-budget variance analyses.

56. Treasury management. In order to avoid disruptions in its funds flow, the mission strongly recommends that the PCU/RCUs prepare half-yearly cash forecasts (with monthly updates) taking

3 This rating takes into account the fact that (i) the PCU only started functioning in May 16 and (ii) the accounting software is in the process of being acquired.

4 Monthly financial reports should include analyses of disbursement rates by category, AWPB financial execution by sub-component, cash situation and forecast, IPs' financial situation, procurement plan execution and administrative issues.

into account financial commitments and forecasted expenditures. In addition, bank statements must be obtained for all accounts so that bank reconciliations can be completed each month. Lastly, the movements and balance of the designated account must be shown in USD rather than PKR.

57. Implementing partners. The ETI-GB implementing partners have not yet been selected; however, in anticipation, the PCU should define the contractual modalities and, in particular the financial obligations, that will be included in these agreements (in terms of funds flow, financial reporting, auditing, ownership and monitoring of assets, etc.).

58. **Disbursement** *is rated as unsatisfactory (2)*. The only withdrawal application submitted by the PCU to date is the initial advance (first tranche of USD 1.5 million). The low disbursement rate (2% as of 31/08/16) is due to the delays in the start of the program. The mission urges the PCU to prepare and submit to IFAD a WA covering all expenses incurred to date (nearly USD 500 000 at the end of September 16). The second tranche of the initial advance may be requested as soon as the accounting software is installed.

59. Once the approx. USD 500 000 outstanding expenses are claimed, the disbursement rate in category 2 (equipment and materials), will exceed 50%. The mission recommends that the PCU carefully monitors the expenditure in this category to avoid overspending, and ensures that part of the equipment is purchased from GoGB funds as prescribed in the Project Design Report.

60. Designated Account reconciliation. The program's DA reconciliation as of 31/08/16 is shown below (amounts in USD):

IFAD initial deposit (A)	**1 500 000**	
USD Special Account balance at 31/08/16		1 339 817
Program Accounts balances at 31/08/16		84 012
Amount withdrawn from the DA and not yet claimed (May to August 16 expenses)		415 964
Total advance accounted for (B)		**1 839 793**
Difference (A) - (B)	**339 793**	
Explanations: IFAD expenses pre-financed from counterpart funds[5]	325 844	
Income tax withholding deducted from payments to suppliers	4 624	
Uncleared checks	9 325	

61. The mission recommends that the amount pre-financed by GoGB be reimbursed to the counterpart account as soon as possible. Also, the DA reconciliation must be prepared monthly, regardless of whether a WA is prepared or not.

62. **Counterpart funds** *is rated as moderately satisfactory (4)*. The GoGB contributes to program costs through cash contributions (for co-financing of project costs) and tax and duty exemption. As of 31/08/16, the GoGB has contributed Rs. 9 561 670 (USD 91 387) or 0.4% of the USD 24 million total GoGB commitment, which reflects the late program start. For fiscal year 2016-17, government contribution amounting to Rs. 200 million (about USD 1.9 million) has been approved, and Rs. 84 million released for the 1st quarter. The mission recommends that in the future, the annual GoGB contribution be calculated on the basis of the AWPB.

63. Beneficiary contributions to ETI-GB will be in the form of land costs for irrigation schemes, and are expected to start in the current fiscal year. The PCU is required to establish procedures for the valuation, monitoring/reporting and recording of these contributions in the program accounts.

64. **Compliance with loan covenants** *is rated as moderately satisfactory (4)*. The program has complied with most financing agreement covenants, except for the acquisition and installation of an accounting software (which is on-going), the provision of health/accident insurance for program personnel, and assets insurance. Additionally, although a draft PIM was submitted to IFAD, it needs to be finalized now that program activities have started.

65. **Procurement** *is rated as moderately unsatisfactory (3)*. In the absence of a procurement specialist at ETI-GB, procurement activities are handled by one of the Accounts Officers with support from a short-term consultant. However, the mission made the following observations:

- The procurement plan for 2016-17 was not submitted for approval along with the AWPB, making it impossible to monitor execution of procurement activities. The draft PP prepared by the PCU

5 Disbursements made in May and June 2016, when the initial advance had not yet been credited to the Designated Account.

needs to be revised in light of the guidance provided by the mission. Also, the revised AWPB to be submitted to IFAD in December will have to include a detailed PP with references to the AWPB.
- The contract register and contract monitoring forms are yet to be implemented.

66. The mission reviewed all procurement completed since program start, and found that:

- In two cases of procurement for standard goods, the wrong procurement method was used (request for proposal and single stage/two-envelope bidding process, rather than single stage/one envelope bidding);
- Technical specifications tend to be too precise and in some cases included brand names;
- The three individual consultant files reviewed did not include any evidence of a competitive selection process;
- Some items were missing from some of the procurement files reviewed (advertisement, bid submission form, IFAD no objection);
- The procurement files are not identified with a unique procurement number.

Detailed recommendations are issued accordingly.

67. It is crucial for the PCU to recruit an experienced procurement consultant on a retainer basis so as to be able to handle all procurement activities in accordance with applicable rules/procedures, until such time that a fully autonomous procurement officer is in place. Furthermore, it is important that the finance unit staff (particularly the Finance Manager) be fully conversant with both national rules and IFAD procurement guidelines. The rest of program staff should also become familiar with procurement rules and procedures, as they will be involved in the procurement process (preparation of TORs/specifications, participation in procurement committees, monitoring of procurement execution, etc.).

68. **Audit** *is rated as moderately satisfactory (4)*. As agreed by IFAD, the Auditor General of Pakistan (AGP) will be appointed as ETI-GB's external auditor for the first financial period, which covers the 22-month period from the date of entry into force of the financing agreement (16/09/15) until 30 June 2017[6]. The PCU is requested to draft audit TORs and submit them to IFAD for no objection. As this will be the first audit of ETI-GB, it is recommended that the AGP be contacted by end of March 2017, so that the audit is conducted as early as possible after year-end, and the audit report submission deadline of 31 December 2017 is met.

69. In the absence of an internal audit department within the GoGB, it was agreed that the program's internal audit function would be assigned to a private audit firm. The mission recommends that the PCU (i) drafts the related TORs as soon as possible, and (ii) launches the procurement process once IFAD no objection is obtained.

70. Following are the main recommendations issued by the mission on fiduciary aspects:

6 Even though the date of effectiveness is 16/09/15, program activities (and consequently financial transactions) did not start until May 2016.

Agreed action	Responsibility	Agreed date
Finalization of procurement and installation of the accounting software	Finance Manager	31/12/16
Preparation of monthly financial reports	Finance Manager	Continuous
Admin: Staff health/accident insurance and implementation of PES Tagging and insurance of all program assets	Admin Officer (acting)	31/10/16
Finalization of Program Implementation Manual	PCU/RCUs	31/10/16
Revision of AWPB including specific detailed activities for Component 3, reference codes, expense categories, staff responsible, full documentation of unit costs and recap disbursement tables	Program Coordinator (PC)	15/12/16
Recruitment of a senior procurement consultant on a retainer basis	PC	31/10/16
Finalization of the draft PP and revision based on revised AWPB	Procurement expert	31/10-15/12
Cash forecasting and monthly bank reconciliations for all accounts	Finance Manager	Continuous
Preparation of WA #2 covering all outstanding expenses to date	Finance Manager	31/10/16
Request for initial advance 2nd tranche (upon installation of accounting software)	Finance Manager	31/12/16
Close monitoring of category 2 expenses; purchase of equipment from GoGB funds as prescribed in the Project Design Report	Finance Manager	Continuous
Reimbursement of GoGB pre-financed expenses from IFAD account	Finance Manager	15/10/16
Calculation of GoGB contribution requirement based on AWPB	Finance Manager	Continuous
Establishment of procedures for the valuation, reporting and recording of beneficiary contributions in the accounts	Finance Manager	31/10/16
Submission of internal audit TOR for IFAD no objection and launch of procurement process	Finance Manager and PC	31/10/16
Submission of external audit TOR for IFAD no objection and planning of audit work with the Auditor General's office		15/02/17

F. Sustainability

71. Programme features linked to sustainability. ETI-GB plans investments in a range of hardware and software interventions that require a clear roadmap from the very start to ensure their post-programme sustainability. The hardware are irrigation infrastructure and land development along with land titling for the beneficiaries, roads construction and O&M, Value Chain Fund and the software are organizations of producers and private sector entrepreneurs, potato seed multiplication, revolving fund and related institutions and infrastructure, extension and engagement of extension and research entities with farmer organizations and private sector.

72. Exit Strategy. The ETI-GB exit strategy is clearly defined in the PDR. The PCU needs now to translate this exit strategy for the entire range of interventions mentioned in the preceding paragraph. The strategy should ensure that all investments have appropriate supportive institutional, regulatory and financial frameworks for their sustained operations after the programme completion. A draft exit strategy should be prepared, in consultation with all relevant stakeholders, and shared with IFAD for review.

Agreed action	Responsibility	Agreed date
Prepare a draft exit strategy for all key hard and soft interventions and share with IFAD	PCU	31 March 2017

G. Conclusion

73. The ETI-GB loan became effective in September 2105 and, despite the provision of close support by IFAD and a programme expediter, the recruitment of staff and other preparatory activities have taken 8 months. After passage of one year, the programme is still in its initial stage of implementation. This situation requires certain adjustments in the programme approach, and the PCU and implementing partners need to be more strategic in the initiation of field activities and choices of investments so as to overcome the existing time lag. While the SMPs and VCTAT engagement is still in process, the irrigation component offers a good opportunity to start engaging with the communities and establishing project progress in the field. It also offers an opportunity to integrate both value chain and roads interventions.

74. The strong political ownership exhibited during the start-up is a very encouraging and with the full commitment of the PCU, a good team building, a good communication strategy and an effective partnership building, ETI-GB should now quickly deliver. The coming months will be important and will build the credibility of this programme for the future.

75. IFAD and the Government of Islamic Republic of Pakistan endorse the findings of the supervision mission.

Appendix 1: Summary of project status and ratings

Basic Facts

Country	Pakistan	Project ID	2000000836	Loan/DSF/Grant/ASAP FI No.	2000001114
Project	Economic Transformation Initiative - Gilgit Baltistan			Top-up Loan/DSF/Grant/ASAP FI No.	

Date of Update	18-Oct-2016		
Supervising Inst.	IFAD		
No. of Supervisions	1	No. of Implementation Support/Follow-up missions	2
Last Supervision	03-Oct-2016	Last Implementation Support/Follow-up mission	29-Feb-2016

					USD million	Disb. rate %
Approval	22-Apr-2015			Total financing	120.15	
Agreement	16-Sep-2015	Effectiveness lag	4.9	IFAD Total	67.00	
Entry into force	16-Sep-2015	PAR value	--------	IFAD loan	67.00	2
First disbursement	11-Apr-2016			DSF grant		
MTR		Last amendment		IFAD grant		
Original completion	30-Sep-2022	Last audit		ASAP grant	0.00	0
Current completion	30-Sep-2022			Domestic Total	30.17	
Current closing	31-Mar-2023			Beneficiaries	6.54	0
No. of extensions	0			National Govern	23.63	0
				External Cofinancing Total	22.98	
				TBD	22.98	0

Project Performance Ratings

B.1 Fiduciary Aspects	Last	Current	B.2 Project implementation progress	Last	Current
1. Quality of financial management	4	4	1. Quality of project management	4	4
2. Acceptable disbursement rate	3	2	2. Performance of M&E	4	3
3. Counterpart funds	4	4	3. Coherence between AWPB & implementation	4	3
4. Compliance with financing covenants	4	4	4. Gender focus	4	4
5. Compliance with procurement	4	3	5. Poverty focus	4	4
6. Quality and timeliness of audits	4	4	6. Effectiveness of targeting approach	4	4
			7. Innovation and learning	4	4
			8. Climate and environment focus	4	4

B.3 Outputs and outcomes	Last	Current	B.4 Sustainability	Last	Current
1. Productive Infrastructure	4	4	1. Institution building (organizations, etc.)	4	4
2. value chain development	4	4	2. Empowerment	4	4
			3. Quality of beneficiary participation	4	4
			4. Responsiveness of service providers	4	4

5. Exit strategy (readiness and quality)	4	4
6. Potential for scaling up and replication	4	4

B.5 Justification of ratings

The programme suffered a delay of almost one year due to protracted recruitment process. This is first supervision of ETI-GB and the programme PCU is in its early days of strategizing and preparation for implementation on the ground. Initial indications on all counts (political, administrative, beneficiary, private sector, prioritised investments) are quite encouraging.

Overall Assessment and Risk Profile

		Last	Current
C.1	Physical/financial assets	4	4
C.2	Food security	4	4
C.3	Quality of natural asset improvement and climate resilience	4	4
C.4	Overall implementation progress (Sections B1 and B2)	4	4

Rationale for implementation progress rating
the implementation of ETI-GB has been initiated, however, with a gap of one year, but is expected to take-off as a result of the recommendations of 1st Supervision mission, frequent follow-up and active support and commitment of the Lead Executing Agency-Planning and Development Department of the Government of Gilgit Baltistan and the implementation partners.

C.5	Likelihood of achieving the development objectives (section B3 and B4)	4	4

Rationale for development objectives rating
Once the pace of implementation improves the project will be able to achieve its physical and financial targets and most likely to achieve its development objectives. Tangible results and outcome of the Project activities would be visible in the 2nd year of implementation.

C.6 **Risks** *Short description of major risks for each section and their impact on achievement of development objectives and sustainability*

Fiduciary aspects	Manual accounting on Excel worksheets, creating risk of undetected errors and omissions; and Absence of procurement specialist, leading to errors in procurement procedures used
Project implementation progress	no major risk foreseen
Outputs and outcomes	premature to assess the performance regarding outputs and outcomes.
Sustainability	The programme would be working with the producer groups and the key service provider (SMP) responsible for community mobilization and linkages, which enjoys a permanent presence in the project area and will continue to interact with the same producer/community institutions either through their own resources or some government/donor funding, the risk to sustainability of the project communities and their activities seems minimum at this moment. The producer groups would achieve a decent level of institutional maturity.

Proposed Follow-up

Issue / Problem	Recommended Action	Timing	Status
Implementation	Develop an Interim strategy to overcome existing implementation lag for irrigation, roads and value chain based on effective use of available resources, identified sites and engagement of short-term consultants.	immediately	done
Fiduciary Aspects	Acquisition and installation of the accounting software	31 December 2016	
Fiduciary Aspects	Recruitment of procurement consultant	31 October 2016	
Staffing	Early completion of recruitment of remaining positions	Mid November 2016	
Procurement	Early completion of all procurements including service providers	end December 2016	

Additional observations

Appendix 2: Updated logical framework: Progress against objectives, outcomes and outputs

Description	Indicators	MOV	Assumptions/Risks
Goal: Reduced poverty and improved nutrition levels for rural households in Gilgit Baltistan	x % decrease in population below poverty line (Target: 15% decrease from 2015 baseline)	PSLM surveys ETI Assessments against BISP Scorecard	Political and social stability in the region and its environs New developed land equitably distributed including women and landless poor
	x % decrease in child malnutrition (under 5yrs old, chronic, acute-underweight and stunted) (Target: 10% decrease from 2014 baseline)	RIMS Survey (panel & control)	Climatic abnormalities and natural calamities remain within acceptable tolerance levels
	x Improved HH dietary diversity scores (HDDS) (2015 baseline)	HDDS Survey	
Objective: Increased agricultural incomes and employment for at least 100 000 rural households in 7 districts of Gilgit Baltistan	At least 100 000 households reached	WFP mapping of settlements and project activity reports	Higher production, combined with project nutritional education and improved road access, will make substantive dent in malnutrition rates
	50% of GB HHs with increased assets and reduced child malnutrition	RIMS survey (panel)	
	80% increase in agricultural sales volume and value	Producer Organisations sales records	All targeted additional irrigated area is feasible for new irrigation development and is developed in four years
	35% increase in agricultural productivity (yield for key agri commodities)	Annual Outcome Surveys	Govt and partners are able to timely predict and respond to natural disasters and localised hazards
	Number of jobs (w/m/y) created by private investors (processors, services, etc.) [tracked]	Business plans and accounts of processors/ investors	
Outcome 1: 100 000 farm households increase production , productivity and sales in key agricultural commodities	100 000 households have expanded their agricultural land holding by an average of 1 acre each	Farmer organisations 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 will translate into higher purchases and improved prices for GB producers
	100 000 households increase sales to private sector partners or at urban/peri-urban markets		
1.1 Increase in irrigated land area	x hectares of land newly irrigated through investments in water channels	Project activity records	No detrimental changes in water sources that feed canals
1.2 Farms better linked to markets through improved road network	x km of link roads to existing and new production areas	Project activity records	Number of transporters will increase in response to improved roads (no constraint on number of trucks in GB)

1.3 Producer organisations at village and valley level established/strengthened	x% of farmers in each valley are members of farmer organisations x% of farmers in each valley actively engaged in FO economic activities	Project activity records	PO s operate equitably and are inclusive of poorest household needs (not dominated by sales from most influential community members)
1.4 Farmers trained in pre and post-harvest management practices	x farmers trained x crops/value chains covered	Project activity records	Farmers are able to adopt improved agricultural practices (no structural constraints)
Outcome 2: Sustained and community driven development approach established that is pro-poor and youth/gender- and nutrition-sensitive	% of women among farmers trained provided land titling, and constituting PO decision-making bodies (Target 10% of toal)	Project 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
	No of women producers/processors groups/members established/supported (target 10% of total groups)		
	x increase in employment of women and youth		
2.1 Cost-recovery instruments adopted for land development	% of land development cost re-flows invested in facilities and activities that target youth and women socio-economic development	Community organisation records	Cost-recovery instruments are invested in social or productive community facilities that support youth and women development/empowerment
2.2 Youth Groups in each valley organized and trained to deliver remunerative services for land development levelling and other value chain services	xNo of youth groups established and trained (Target: 50 Groups) xNo of youth groups equipped with tools of trade/ capital (target: 50 groups) xNo of youth groups engaged with land development and value chains services	Project activity records	Youth interested in working in their own areas provided right trades and opportunities offered to them
2.3 Literacy and nutrition training is delivered	x of persons trained, of which x% women and x% youth	Training provider records	Women with basic training can increase their participation in decision-making on household consumption and at community level
Outcome 3: Agri-business actors invest in local processing and value addition to *improve marketing* of local food products	xNo contracts signed between FOs and private sector buyers xValue of new investments by private actors in agriculture and livestock enterprises	Investment fund applications plus private investor balance sheets	Sufficient quantity, quality and seedling reliability of agricultural products available to sustain PPPP
3.1 Wholesalers, retail chains, processors and other private sector actors contracting with local farmers for supply of agricultural commodities on enhanced quality driven prices	x Farmer organisations signing MOUs, contracts or joint business plans with private sector actors (PPPP) x farmers covered with new FO PPPP arrangement x quantity of potato, dry apricot, dry fruits, vegetables being exported/sold compared to baseline	PPPP MOUs/contracts	Stable and growing demand for GB products

3.2 Farmer organisations established at village, valley and regional levels and trained in improved business management practices, incl. strategic planning, quality control, delivery reliability, etc.	xNo village producer groups established (Target: 300) xNo valley producers associations established (Target : 30) xNo regional associations established (Target: 4) x FO's receiving trainings (Target: 334)	Project activity records	No structural constraints to improving product quality
3.3 FOs and private sector partners/processors/value adders have improved access to capital for business expansion	A value Chain Matching Grants fund established with appropriate rules and management mechanism X FOs and private sector enterprises access matching grants funds X amount invested by private sector as matching investment	Project Activity Records Minutes of Value Chain Fund Management Committee Meeting	There is sufficient appetite in FOs, local and outside private sector entities to invest in value addition and processing facilities
3.4 Farmers and local processors and marketing entities have improved access to quality inputs	xNo of local input supply franchises (fertilizer, pesticides, packaging materials, animal feed etc.) established (Target: 20)	Project activity records	Private sector input suppliers are keen to establish local marketing and service provision facilities and there is sufficient demand in the area for such services
Outcome 4: Govt and private agricultural services are sustainably improved and outreach is expanded	% of farmers served by agricultural services (inputs, advisory services) Number of inputs revolving funds functional	client satisfaction surveys and DOA service delivery records	All GB agricultural households will be able to access improved agricultural service provision, including women, men and youth farmers
4.1 Farmers have access to quality pre-basic and basic seed for contract based seed potato production/multiplication	X amount pre-basic and basic seeds produced and delivered to farmers X amount of seed multiplied and bought/resold (target: 40,000 tons) x incremental staff recruited and positioned xnumber seed storage facilities built (Target: 8)	TCL progress reports Project activity reports	There is huge unmet demand for quality basic and certified seed both within GB region and in Punjab
4.2 Trainings, demonstrations and adaptive trials held for potato seed production and other high value crops	xno of adaptive trials held (Target: 150) xnumber of training events held and no of participants including women	Project activity records	Farmers lack knowledge of proper production practices and farmers and agriculture department are not certain about varieties suitable for their area, climate and agriculture practices
4.3 Fruit tree nurseries established by Farmers Groups on commercial basis	xNo of plants raised and sold each year x No of farmers trained in quality fruit plant raising and orchard management	Project activity records	There is a huge unmet demand for quality fruit plants to expand production areas and replace poor quality varieties

4.4 Seed certification services fully staffed, equipped and delivering credible certification services	X quantity of locally produced (potato and others) and imported seeds certified for quality Xnumber incremental staff deployed	Project activity records	Federal Seed Certification offices in Gilgit and Skardu will work in close collaboration with GB Research Directorate
4.5 Soil testing labs functional	X no labs functional (Target: 4) Xno soil samples tested and advice rendered	Project activity records	Government will ensure full complement of required staff for the Soil Testing Labs
Outcome 5: Government formulates and enforces pro-poor agricultural policies	Land titles provided for newly irrigated lands, including for women-headed households and youth Certified seed systems is functional for at least one commodity, export certifications system functional	Public land registry records, PO contracts and records with farmers	Farmers using/producing improved seeds are able to increase productivity and sales
5.1 Land record and titling policy implemented	xNo of computerised land records prepared for new developed land xNo of land titles issued to beneficiaries of newly developed land xNo of staff trained in software use and data input for computerized land record and title issuance system	Official gazette Programme reports	A credible and enforceable legal framework for land record preparation, issuing of titles to owners and institution of a basis for dispute resolution will contribute to value enhancement of land assets and encourage development of agriculture
5.2 Water policy developed and adopted	Provincial Water Policy formulated, notified and put in practice	Official gazette	WMD in process of being converted in full Irrigation and Water Management Department and would require a provincial policy to guide its work and mandate
5.3 A products and inputs certification regime established and implemented	x no of products certified x no of seeds certified x no of inputs certified for use by farmers	Satisfaction survey of buyers and producers	
5.4 Provincial and Farm to Market Roads O&M policy developed and adopted	Policy formulated and adopted	Official Gazette Government notifications	Government accords high priority to development of a sustainable system for maintenance of the provincial and rural roads

Appendix 3: Summary of key actions to be taken within agreed timeframes

Action Area	Action Agreed	Date	Whom
Overall Assessment	Early completion of all remaining recruitments	PCU/ IAs	31 Oct 2016
	Early engagement of all service providers (SMP, VCTAT, Engineering Consultants etc.)	PCU	30 Nov 2016
	Formulation of an Interim Implementation Strategy pending engagement of service providers	PCU	31 Oct 2016
	Identification and fixing of inconsistencies in terms of staffing and other provisions with PSC and IFAD approval	PCU	30 Nov 2016
Outputs & Outcomes	Provide a 2 pages strategy for achieving the 50 000 new irrigated acres by December 2018	PCU	October 2018
	Call for proposal by radio and other information media	PCU	October 2016
	Recruitment of pool of consultants (civil engineers, social mobilisers, agronomist, financial specialist..)	PCU	October 2016
	Submit for NO the RB MOU with WMD	PCU/WMD	October 2016
	Provide mapping for each site and general mapping of the sub component activities	PMU	Continuous
	Revise AWPB and PP based on the request	PCU	November 2016
	Finalize SMT structure, TOR and operational and financial manuals/guidelines including record keeping responsibilities	PCU	December 2016
	Contract to SMTs 10 000 acres new irrigation land for 10000 households	PCU	January 2017
	Finalize VCTAT recruitment	PCU	January 2017
	Prepare financial manuals for FOs that will benefit from matching grant	PCU	January 2017
	Organize audit for each 4Ps	PCU	Continuous
	Revise PIM accordingly	PCU	November 2016
	Prepare an interim strategy for programme implementation	PCU	10 Oct 2016
	Complete SMPs and VCTAT selection quickly	PCU	30 Nov 2016
	Create position of Agriculture Specialist in PCU and till creation/recruitment, engage a short term consultant for this purpose	PCU	Immediate
	Complete all Plastic Tunnels for seed during the current AWP/B and revise AWP accordingly	Agri-Ext /PCU	Immediate
	Complete recruitment of incremental staff for all attached agencies of Agriculture Department quickly	Agriculture Department/ WMD/ Agri Extension/Agri Research	31 Oct 2016
	Complete all construction activities under Agriculture Research (except seed stores) within 2016-17	Agriculture Dep/ Agriculture Res/ PCU	On-going
	Develop detailed Action Plan for potato seed multiplication for PCU concurrence and IFAD NOC	Agriculture Research / PCU	31 Oct 2016
	Develop “Seed Potato Revolving Fund Management System” for PCU Concurrence and IFAD NOC and notify	GB Finance Dept/ Agriculture Res/ PCU	31 Oct 2016
	Revise AWP/B to include plan for Land Titling and appoint Deputy Programme Coordinator as Focal person for this activity	PC/DPC	Immediate
Implementation Progress	Complete recruitment of remaining PCU and RCU Staff	PCU	31 Oct 2016
	Update/complete the PIM and furnish for IFAD review/approval	PCU	31 Oct 2016

Action Area	Action Agreed	Date	Whom
	Revise the annual work plan and budget as per Mission recommendations, incorporate narrative and procurement plan and obtain approval of Steering Committee and IFAD NOC	PCU	30 Nov 2016
	Appropriately adjust financial provision for generators for PCU and RCU and create three additional posts of drivers for RCUs	PCU/ Steering Committee	Immediate
	Appoint Focal Persons for three policy initiatives in PCU and prepare strategies and plans timely attainment of objectives	PCU	Immediate/ on-going
	Establish M&E framework and management information system	PCU/RCUs/GLDs	Dec 2016
	Revised AWP&B to incorporate RIMS indicators	PCU/RCUs/GLDs	Nov 15
	Completion of baseline survey Report as per new IFAD Guidelines including acquisition of poverty and agriculture production data from BISP and Agriculture Deptt. respectively	PCU	Dec 2016
	The first RIMS report will be due in January 2017	PCU	January 2017
	Gender policy for the ETI-GB in line with the programme objectives	PCU/RCUs	Dec 2016
	Developing gender sensitive reporting formats which cover all the programme inputs, outputs and the outcomes.	PCU/RCUs	Dec 2016
	ETI-GB Gender policy to be developed in line with the programme objectives	PCU/PGS	Dec 2016
	KM strategy and website for the ETI-GB should be developed and used as a knowledge sharing tool, and also linked to IFAD Asia website	PCU	Dec 2016
Fiduciary Aspects	Finalization of procurement and installation of the accounting software; preparation of Excel worksheet to facilitate transfer of data into accounting software	Finance Manager	31/12/16
	Coding of all transactions (since program start) with account number, component, AWPB activity and district codes	Finance Manager	31/10/16
	Preparation of monthly financial reports including analyses of disbursement rates by category, AWPB financial execution by sub-component, cash situation and forecast, IPs' financial situation, procurement plan execution and administrative issues	Finance Manager	Monthly
	Administration: a. Provision of staff health/accident insurance b. Implementation of performance evaluation system for professional and support staff, as well as consultants c. Tagging of all program assets d. Insurance policy for all program assets e. Monitoring of fuel consumption on a monthly basis using the Excel model provided by the mission	Admin Officer (acting)	31/10/16
	Finalization of Program Implementation Manual, including Operations, Finance & Admin procedures and M&E	PCU/RCUs	31/10/16
	Revision of AWPB: a. Include specific detailed activities to be undertaken for Component 3 (program management, finance/administration and M&E) b. For each activity in the AWPB, include individual reference codes, expense categories, and staff responsible. c. Attach a sheet showing full documentation of unit costs and assumptions d. Include recap disbursement tables by category and by component (cumulative disbursements, forecasted expenditure per AWPB and expected disbursement rate/funds balance against the loan allocation and PDR	Program Coordinator (PC) Finance Manager	15/12/16
	Analyse budget-to-actual variances each month during a budget review meeting with PC and component heads	Finance Manager	Monthly
	Recruitment of a senior procurement consultant on a retainer basis and recruitment of a full-time Procurement Officer	PC	31/10/16
	Finalization of the draft procurement plan and revision of the PP in December, based on revised AWPB	Procurement expert	31/10-15/12

Action Area	Action Agreed	Date	Whom
	Update of the PP on a real-time basis (every time a procurement action is completed) and monitoring of PP execution	Procurement Officer	Continuous
	Submission of updated an contract register to IFAD each month; preparation of contract monitoring forms (C11) as needed	PO and FM	Continuous
	Finance staff and component heads to become fully conversant with procurement rules and procedures	PCU/RCUs	31/10/16
	Procurement process: a. Use of appropriate procurement methods and procedures as per applicable rules and PIM b. Use of generic technical specifications, avoiding brand names c. Complete procurement files including advertisement, bid submission form, IFAD no objection, etc. d. Identification of all procurement with an individual procurement number	Procurement Officer	Continuous
	Preparation of half-yearly cash forecasts taking into account commitments and expenditure forecasts; update monthly	Finance Manager	Monthly
	Receipt of monthly bank statements (showing designated account balances and movements in USD, not PKR) and preparation of monthly bank reconciliations for all accounts	Finance Manager	Monthly
	Designation of alternate signatories for all bank accounts (to be used only in the absence of the main signatories	PC	30/11/16
	Definition of contractual modalities and financial obligations to be included in MOAs with implementing partners (advances/funds flow, financial reporting, dedicated bank account, audit, ownership and monitoring of assets, etc.)	PC/Finance Manager	30/11/16
	Preparation of WA #2 covering all outstanding expenses to date	Finance Manager	31/10/16
	Request for 2nd tranche of initial advance (upon installation of accounting software)	Finance Manager	31/12/16
	Close monitoring of category 2 expenses to avoid exceeding the loan allocation; purchase of equipment from GoGB funds as prescribed in the Project Design Report	Finance Manager	Continuous
	Reimbursement from IFAD account of eligible expenditure pre-financed by GoGB	Finance Manager	15/10/16
	Preparation of designated account reconciliation (Form 104) at the end of each month	Finance Manager	Monthly
	Calculation of GoGB contribution requirement based on AWPB funding requirements; maintenance of a counterpart file including fund request letters, confirmations of funds releases from GoGB and monthly reconciliations of account	Finance Manager	Annually
	Establishment of procedures for the valuation, reporting and recording of land cost (beneficiary contributions) in the accounts	Finance Manager	31/10/16
	Submission of internal audit TOR for IFAD no objection and launch of procurement process	Finance Manager and PC	31/10/16
	Submission of external audit TOR for IFAD no objection and planning of audit work with the Auditor General's office		15/02/17
Sustainability	Prepare a draft exit strategy for all key hard and soft interventions and share with IFAD	PCU	31/03/17
Other	PCU and RCU monthly activity plans shall be prepared in close coordination with concerned implementing agencies	PCU & RCU	On-going
	PCU to make interim mobility arrangements for staff to implement monthly plan activities pending completion of vehicle procurement	PCU	On-going

Appendix 4: Physical progress measured against AWP&B, including RIMS indicators

Component	Sub Component	Results (1st Level)	Unit	Working	Period: 01-9-15 to 30-9-16 AWP&B	Actual	%	Cumulative Actual	Appraisal Target	%
Total Outreach		Households receiving project services	Number	16250	2500	0	0	0	50,000	0
		People receiving project services	Male		7962.5	0	0	0	650,000	
			Female		8287.5	0	0	0		
	1.1 Irrigation Development	Groups managing infrastructure formed/ strengthened	Number		7	0	0	0	50	
		Land under irrigation schemes constructed/ rehabilitated	Ha			0		0	50,000	
		Government officials and staff trained	Male		30	0	0	0	90	
			Female			0		0		
	Farm to Market to Market Road	Roads constructed	KM		0	0		0	400	
Component 2: Support Services/PPPP for Value Chain Development	2.1 Value Chain	Staff of service providers trained	Male	50	25	0	0	0	10	
			Female		25	0	0	0		
		Processing facilities constructed/rehabilitated	Number			0		0		
		People trained in income generating activities	Male	1000	500	0	0	0		
			Female		500	0	0	0		
		People trained in business and entrepreneurship skills	Male			0		0	35,000	
			Female			0		0		
		Enterprises accessing non-financial services facilitated by the project	Number		0	0		0	40	
	2.2 Social Mobilization	Crop/ livestock production groups formed/ strengthened	Number		20	0	0	0	200	
		Crop/livestock production groups with women in leadership position	Number		3	0	0	0	20	
		People trained in financial services	Male	7 groups with 10 members	70	0	0	0	500	
			Female			0		0		

		Village/Community plans formulated	Number		0	0		0	50	
		Apex organisations formed/strengthened	Number		0	0		0	4	
	2.3 Agriculture Extension	Other productive infrastructure constructed/rehabilitated	Number		24	0	0	0	50	
		People accessing advisory services facilitated by project	Male			0		0		
			Female			0		0		
		People trained in post-production, processing and marketing	Male		100	0	0	0	1,550	
			Female		50	0	0	0		
		Government officials and staff trained	Male	15+6	21	0	0	0	460	
			Female			0		0		
	2.4 Agri-Research	Other productive infrastructure constructed/rehabilitated	Number	4+7	11	0	0	0	11	
		Storage facilities constructed/rehabilitated	Number		2	0	0	0	7	
		Government officials and staff trained	Male		75	0	0	0	225	
			Female			0		0		
	2.5 Land Titling, Provincial Land Commissioner	Government officials and staff trained	Male		0	0		0	1	
			Female			0		0		
Component 3: Programme Management and Policy Support		Government officials and staff trained	Male			0		0		
			Female			0		0		

Appendix 5: Financial: Actual financial performance by financier; by component and disbursements by category

Table 5A: Financial performance by financier

Financier	Appraisal (USD '000)	Disbursements (USD '000)	Per cent disbursed
IFAD loan	67 000 000	1 500 000	2%
Co-financier	22 980 000	0	0%
Government	23 630 000	91 387	0%
Beneficiaries	6 540 000	0	0%
Total	**120 150 000**	**1 591 387**	**1%**

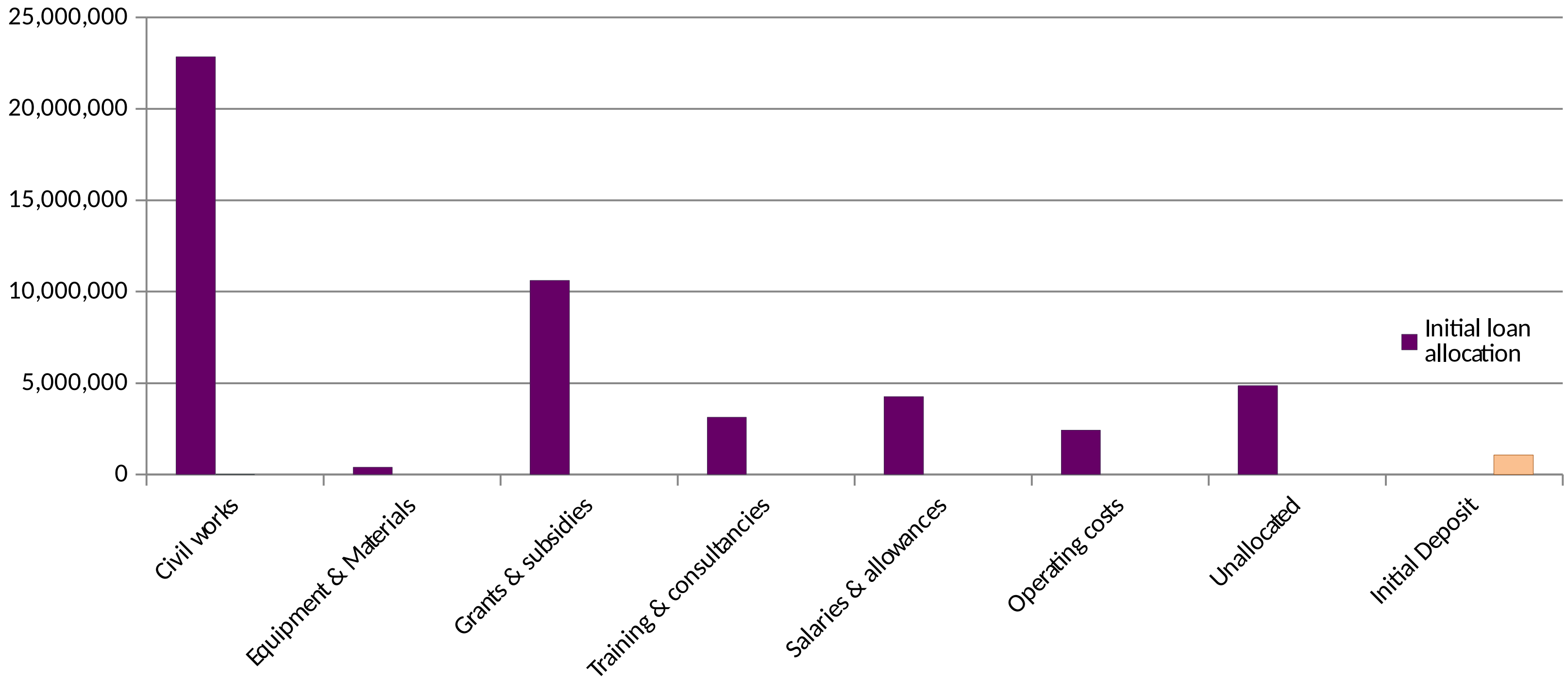
Table 5B: Financial performance by financier by component (USD '000)

	IFAD Loan			Government			Co-financier			Beneficiaries			Total		
Component	**Approval**	**Actual**	**%**	**Approval**	**Actual**	**%**	**Approval**	**Actual**	**%**	**Approval**	**Actual**	**%**	**Approval**	**Actual**	**%**
1. Productive infrastructure	36 950 000	0	0%	15 550 000	0	0%	14 000 000	0	0%	6 540 000	0	0%	73 040 000	0	0%
2. Value Chain Development	24 870 000	0	0%	4 970 000	0	0%	7 040 000	0	0%	0	0	0%	36 880 000	0	0%
3. Programme Management and policy support	5 180 000	0	0%	3 110 000	91 387	3%	1 940 000		0%	0	0	0%	10 230 000	91 387	1%
Initial deposit	0	1 500 000	-	0	0	-	0	0	-	0	0	-	0	1 500 000	-
Total	**67 000 000**	**1 500 000**	**2%**	**23 630 000**	**91 387**	**0%**	**22 980 000**	**0**	**0%**	**6 540 000**	**0**	**0%**	**120 150 000**	**1 591 387**	**1%**

Table 5C: IFAD loan disbursements (SDR, as at 22/09/2016)

Category	Category description	Original Allocation	Disbursement	Balance	Per cent disbursed
I	Civil works	22 850 000	0	22 850 000	0%
II	Equipment & materials	400 000	0	400 000	0%
III	Grants & subsidies	10 620 000	0	10 620 000	0%
IV	Training & consultancies	3 140 000	0	3 140 000	0%
V	Salaries & allowances	4 250 000	0	4 250 000	0%
VI	Operating costs	2 430 000	0	2 430 000	0%
	Unallocated	4 860 000	0	4 860 000	0%
	Initial deposit	0	1 062 571	-1 062 571	-
	Total	**48 550 000**	1 062 571	**47 487 429**	**2%**

Figure 1: IFAD loan disbursement, comparisons between original allocation and actual disbursement



Appendix 6: 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	See Counterpart funds section of supervision report
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		Partially done	IFAD NO was received on draft PIM. However, the PIM now has to be finalized
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	Not done	Procurement of accounting software is on-going, installation expected by November 16
Schedule 1 – II.8	Establishment of a Program Steering Committee at GB provincial level, headed by the Chief Secretary	At program start	Done	2 PSC meeting have been held in FY 15-16 (in November 15 and September 16)
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	No AWPB for 2015-16 (activities started in May 16). AWPB for 2016-17 submitted in September 2016
GC-Section 7.05 (a)	Procurement of goods, works and services carried out in accordance with the applicable rules and procedures		On-going (some issues noted)	See Procurement section of supervision report

Section	Covenant	Target/Action Due Date	Compliance Status/Date	Remarks
GC-Section 7.08 (a)	Insurance of program assets in accordance with sound commercial practice	Throughout program implementation	Not done	
GC-Section 7.11	Health & accident insurance for project staff		Not done	
GC-Section 8.03 (a)	Submission of progress reports to IFAD	Quarterly	Done	1st report covered Sept 15 to June 16. 2nd report covering July-Sept 16 will be submitted in October
GC-Section 8.04	Submission of a project completion report	Before loan closing date	Not yet due	
GC-Section 9.02	Submission of program financial statements for each fiscal year	31 October each year	Not yet due	As program activities only started in May 2016, the first PFS will cover 22 months, from effectiveness (September 15) to 30 June 17
GC-Section 9.03	Submission to IFAD of audit report and reply to management letter	31 December each year		

Appendix 7: Knowledge management: Learning and Innovation

Learning

Although the project interventions, are not yet started, however, ETI-GB is expected to produce various opportunities for learning based on knowledge identified, analyzed, documented, used to improve project performance and shared with stakeholders. Addressing the needs of the producers, the project can present a key opportunity to learn and share the lessons.

Innovation: Describe any interesting innovation noted during supervision

It is premature to ascribe any activity to be of innovative in nature. However, a number of interventions can introduce innovative aspects.

Major steps undertaken by PCU since Establishment

The PCU of ETI-GB initiated various activities since its establishment in May, 2016 and after hiring of its initial staff including:

a. Establishing office in each region and procurement of initial office requirements and account opening during May and June of 2016, Procurement of project vehicles, Visit to pilot sites and identification of pilot schemes, formulation of AWPB for 2016-17, notification of focal persons for each implementing line department, finalization of hiring mechanism for both PCU based and departmental staff, assessment of EOIs and subsequent issuance of RFPs for social mobilization partner, VCTAT and engineering firms for irrigation and FMR.
b. Test and interviews for initial bunch of staff was conducted in February and March, 2016 respectively. Sixteen staff joined ETI in May and Regional Programme Coordinator for Gilgit Region in July. ToRs for remaining staff have been finalized with the support of Mission and will be submitted for IFAD NO.
c. The designated account was opened in NBP with approvals from AGPR in May 2016. In July 3 sub-accounts have been opened for each of Diamer, Baltistan and Gilgit and an account for the PCU as imprest account.
d. After receiving NO from IFAD for direct vehicle purchase from manufacturer and with the approval of Chief Secretary, vehicles supply order was placed in June 2016. Motor bikes and cars have been received whereas as Jimnys will be supplied by end of September, 2016. Pick-up model has been changed by Toyota as a result of which supply order couldn’t be placed. It is expected that pickups will be with Programme in Q3 of 2016-17.
e. EOIs were sought for engaging engineering firms for roads and channels in June 2016. Six engineering firms have qualified for Roads which will be issued RFP once the NO is received from IFAD. Likewise, five firms have been shortlisted for Irrigation consultancy, RFP has been prepared and shared with IFAD for NO.
f. EOIs for SMP were floated in May 2016 and 16 organizations showed their interest. Three organizations met the criteria and have been shortlisted for next stage of hiring process. RFP will be issued once the NO received from IFAD.
g. As a result of EOIs for engaging firms in May 2016 to manage value chain fund, thirteen firms/organizations showed their interest. These were evaluated against the criteria outlined in PC-1. Procurement Committee evaluated the firms/organizations and four have been shortlisted for next stage of the recruitment process –RFP. RFPs will be issued once the NoC is received from IFAD.
h. TomPro, the IFAD recommended software purchase is in process since May 2016. As this is a sole source purchase, hence approval from the Chief Secretary is requested. All necessary documents have been provided by the seller.
i. Pilot Irrigation sites were visited in July-August 2016 and reviewed the set criteria for execution of irrigation schemes and meetings were initiated with line departments at the district and regional level. Secretary Agriculture, Programme Coordinator ETI, Infrastructure Specialist, Director WMD, Regional and district level staff of WMD and ETI Regional staff visited the potential sites in each region. These sites were evaluated against the criteria and shortlisted sites were surveyed by the engineers of WMD in each region. The initial design and cost estimate for each shortlisted sites have been completed by engineers of WMD by this reporting period.
j. The tender for office furniture was advertised in August, 2016 which was cancelled on technical grounds. New tender has been advertised, it is expected that office furniture will be supplied by end of September 2016.
k. IT equipment has been procured through due process of tendering in August 2016.
l. Value Chain staff of ETI-GB arranged a stakeholder meeting in Aug 2016 with key stakeholders including non-governmental organizations, private enterprise, small and medium enterprises and concerned departments of the government i.e. Agri Research and Extension to identify gaps in VC and come up with suggestions and recommendation for managing value chain interventions under ETIGB.

m. Agriculture Department will notify service rules for recruiting ETI supported incremental staff. It was agreed that ETI will be part of recruitment process as observer to ensure certain level of merit and transparency in the recruitment process. The recruitment will be finalized by Oct 2016.
n. AWP&B 2016-17 has been prepared with the participation of Line Departments and approved by Steering Committee on 26 September 2016.