

The International Fund for Agricultural Development
For Official Use Only

ISLAMIC REPUBLIC OF PAKISTAN
SOUTHERN PUNJAB POVERTY ALLEVIATION PROJECT
IFAD LOAN NO. 825-PK
PROJECT DESIGN REPORT
Main Report and Annexes

Asia and the Pacific Division
Programme Management Department

REPORT No. 3919-PK

May 2010

This document has a restricted distribution and may be used by recipients only in the performance of their official duties. Its contents may not otherwise be disclosed without the authorization of the International Fund for Agricultural Development (IFAD).

Table of Contents

	<u>Page</u>
Currency Equivalents	iii
Weights and Measures	iii
Fiscal Year	iii
Abbreviations and Acronyms	iii
Map of IFAD Operations in the Country	v
Project Overview	vi
Executive Summary	vii
I. STRATEGIC CONTEXT AND RATIONALE FOR IFAD INVOLVEMENT, COMMITMENT AND PARTNERSHIP (KSF 1)	1
A. RURAL DEVELOPMENT CONTEXT	1
B. POLICY, GOVERNANCE AND INSTITUTIONAL ISSUES, POLITICAL AND ECONOMIC ISSUES	2
C. THE IFAD COUNTRY PROGRAMME	4
II. POVERTY, SOCIAL CAPITAL AND TARGETING (KSF 2)	5
A. RURAL POVERTY, INFORMATION AND ANALYSIS	5
B. THE TARGET GROUP, INCLUDING GENDER ISSUES	8
C. TARGETING STRATEGY AND GENDER MAINSTREAMING	10
D. GEOGRAPHIC COVERAGE OF THE PROJECT	12
III. PROJECT DESCRIPTION (KSF 3)	12
A. THE KNOWLEDGE BASE: LESSONS FROM PREVIOUS/ON=GOING PROJECTS	12
B. OPPORTUNITIES FOR RURAL DEVELOPMENT AND POVERTY REDUCTION	13
C. PROJECT GOAL AND OBJECTIVES	15
D. ALIGNMENT WITH COUNTRY RURAL DEVELOPMENT POLICIES AND IFAD STRATEGIES	15
E. PROJECT COMPONENTS	16
IV. IMPLEMENTATION AND INSTITUTIONAL ARRANGEMENTS (KSF 4)	20
A. INSTITUTIONAL DEVELOPMENT AND OUTCOMES	20
B. THE COLLABORATIVE FRAMEWORK	21
<i>i. The main implementing agencies and their roles</i>	21
<i>ii. Technical partners in implementation</i>	24
<i>iii. Links with complementary projects</i>	24
<i>iv. Integration within the IFAD country programme</i>	25
C. RESULTS-BASED M&E	25
V. PROJECT BENEFITS, COSTS AND FINANCING	27
A. SUMMARY BENEFIT ANALYSIS	27
B. SUMMARY COST TABLE	28
VI. PROJECT RISKS AND SUSTAINABILITY (KSF 5)	30
A. RISK ANALYSIS	30
B. EXIT STRATEGY AND POST PROJECT SUSTAINABILITY	30
VII. INNOVATIVE FEATURES, LEARNING AND KNOWLEDGE MANAGEMENT (KSF 6)	31
A. INNOVATIVE FEATURES	31
B. PROJECT KNOWLEDGE PRODUCTS AND LEARNING PROCESSES	31
C. REGIONAL KNOWLEDGE NETWORKING	32

LIST OF ANNEXES

ANNEX 1: PROJECT LIFE FILE	3
ANNEX II: PROJECT LOGICAL FRAMEWORK	25
ANNEX III: SUMMARY OF MAIN COST TABLES	26
ANNEX IV: ORGANIZATIONAL ORGANIGRAMME	29
ANNEX V: PROCUREMENT PLAN	31
ANNEX VI: KEY FILES	32
Table 1: Rural Poverty and Agricultural/Rural Sector Issues	28
Table 2: Organisation Capabilities Matrix	35
Table 3: Complementary Donor Initiative/Partnership Potential	41
Table 4: Target Group Priority Needs and Project Proposals	44
Table 5: Stakeholder Matrix/Project Actors and Roles	47
ANNEX VII: PROJECT IMPLEMENTATION MANUAL	
ANNEX VIII: SUPERVISION PLAN FOR PROJECT YEARS 1&2	

VOLUME II: WORKING PAPERS

Working Paper 1: Project Costs	
Working Paper 2: Financial Management Arrangements	
Working Paper 3: Financial and Economic Analysis	
Working Paper 4: Project Area and Location	
Working Paper 5: Poverty Targeting and Gender Analysis	
Working Paper 6: Vocational and Entrepreneurship Training	
Working Paper 7: Community Physical Infrastructure	
Working Paper 8: Agriculture and Livestock Development	
Working Paper 9: Environmental & Social Screening Note	
Working Paper 10: Governance Framework	

CURRENCY EQUIVALENTS

Currency Unit	=	Pak Rs
US\$ 1.00	=	Pak Rs 84
Pak R	=	US\$ 0.0120

WEIGHTS AND MEASURES

International metric system, unless specifically described in text; except:

1 acre	=	0.4047 hectares
1 hectare	=	2.47 acres

FISCAL YEAR

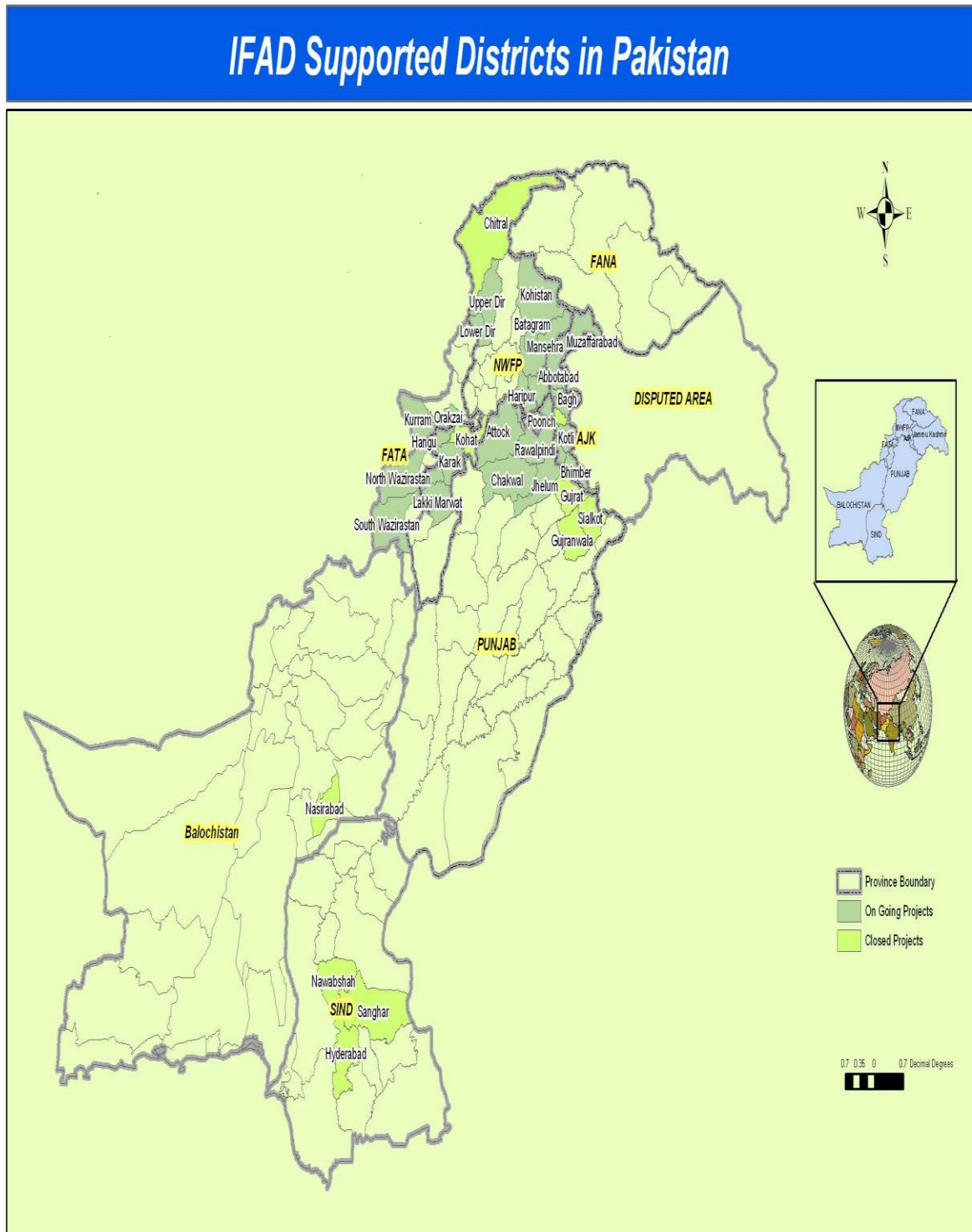
1 July – June 30

ABBREVIATIONS AND ACRONYMS

ADB	Asian Development Bank
ALSP	Agriculture Sector Linkages Programme
AWPB	Annual Work Plan and Budget
BISP	Benazir Income Support Programme
COs	Community Organizations
CPE	Country Programme Evaluation
CPRSPD	Centre for Poverty Reduction and Social Policy Development
CSF	Competitiveness Support Fund
DCO	District Coordination Officer
DFID	Department For International Development
DMU	District Management Unit
EAD	Economic Affairs Division
ENRAP	Electronic Knowledge Sharing Network for Asia and Pacific
EA	Entrepreneurship Activists
ETO	Entrepreneurship Training Organization
EU	European Union
FAO	Food and Agriculture Organization
FBS	Federal Bureau of Statistics
FVA	Female Veterinary Assistant
GDI	Gender Development Index
GDP	Gross Domestic Product
GEM	Gender Empowerment Measure
GoP	Government of Pakistan
GoPb	Government of Punjab
IFAD	International Fund for Agricultural Development
LSOs	Local Support Organizations
LDDDB	Livestock and Dairy Development Board
M&E	Monitoring & Evaluation
MIOP	Microfinance Innovation and Outreach Programme
MIS	Management Information System
MOF	Ministry of Finance
MTDF	Medium-Term Development Framework
NPSC	National Poverty Score Card
NGOs	Non-Governmental Organizations
NRSP	National Rural Support Program
P&DD	Planning and Development Department
PBM	Pakistan Bait-ul-Mal
PMU	Programme Management Unit

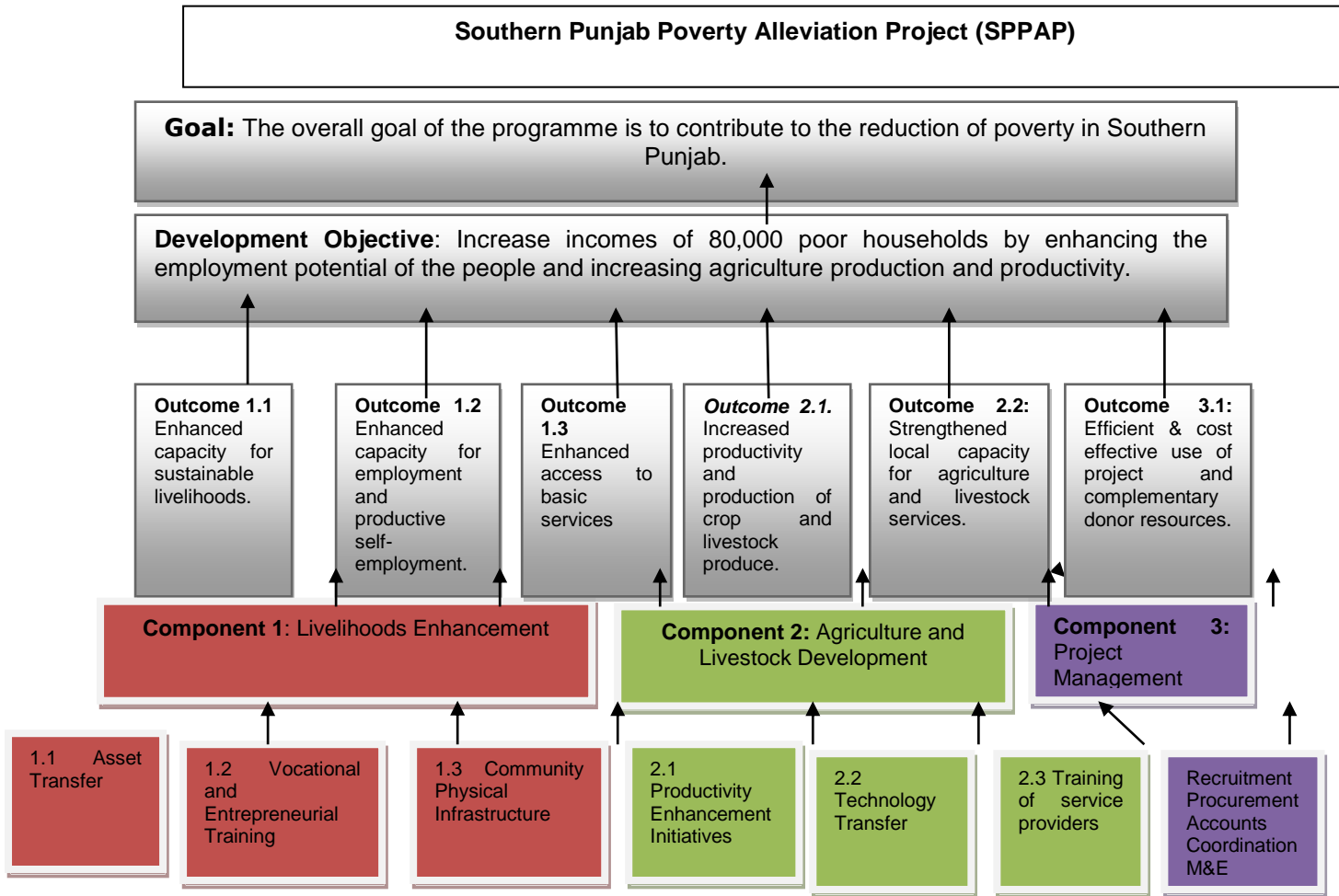
PDDC	Pakistan Dairy Development Company
PEOP	Punjab Economic Opportunities Programme
PERI	Punjab Economic Research Institute
PIHS	Pakistan Integrated Household Survey
PMU	Project Management Unit
PPAF	Pakistan Poverty Alleviation Fund
PPPA	Pakistan Participatory Poverty Assessment
PRISM	Programme for Increasing Sustainable Micro-Finance
PRSP	Punjab Rural Support Program
PSC	Project Steering Committee
PSLSMS	Pakistan Social and Living Standard Measurement Survey
RIMS	Results and Impact Management System
RSP	Rural Support Program
SERC	Solar Energy Research Centre
SLSP	Strengthening of Livestock Services Project
SMP	Social Mobilization Partner
SPPAP	Southern Punjab Poverty Alleviation Project
TEVTA	Technical Education and Vocational Training Authority
UC	Union Council
USAID	United States Agency for International Development
VO	Village Organization
VTO	Vocational Training Organization

MAP OF IFAD OPERATIONS IN PAKISTAN



Note: This map is included here for internal reference only, for the purpose of showing the geographical coverage of IFAD's operations in Pakistan. As per IFAD's existing practice for Pakistan-related project documents, no map will be provided in the final official version of project documentation (PDR, RRP, etc.).

PROJECT OVERVIEW



EXECUTIVE SUMMARY

Background and Rationale

1. The highest incidence of poverty is in the zones of Southern Punjab that rely most on crop incomes. The increase in growth over the past few years, which was accompanied by unprecedented increases in food and fuel prices has exacerbated the severity and extent of poverty in these regions. Southern Punjab is characterized by poor socio-economic status. Literacy rates are substantially below the mean provincial average, school enrolment rates are between 10 and 20 per cent below the provincial average, malnutrition and under 5 mortality rates are substantially higher than provincial norms. The districts in this area of Pakistan were neglected by both Government and donors in the past on the assumption that the share of agriculture produce in this area implied that they were relatively well off. It was only after a careful analysis that showed the high level of poverty in Punjab that they became a focus of attention.

2. Analysis of poverty trends in Pakistan reveals that poverty reduction is a direct function of agricultural growth in excess of labour force growth. The literature and analysis from around the world also corroborate these findings that show that it is rural and agricultural growth and not urban or industrial growth that reduces poverty and increases demand for labor. The rural non-farm sector is dependent on agriculture as the driving force for its demand. It is the rise in farm income that drives demand for the large, employment-intensive, non-tradable, rural non-farm sector.

3. The Southern Punjab Poverty Alleviation Project (SPPAP) is designed to target the poorest district of Southern Punjab in the cotton-wheat zone and low intensity production areas. It is targeted at both the agriculture sector and the rural non-farm sector. The focus on the agriculture sector is expected to lead to an increase in agriculture incomes which will fuel the demand for goods and services produced by the employment intensive rural non-farm sector. At the same time the skills enhancement activities will assist in the employment potential of the rural labour force. The SPPAP is also designed to directly impact poverty through a programme of social mobilization, social protection and asset and skill creation for poor households. The combined impact of these is expected to be an increase in rural employment and incomes and a reduction in rural poverty.

Project Goals and Objectives

(iii) SPPAP is designed to assist the Government of Punjab achieve its economic growth and poverty alleviation objectives. The overall goal of the project is to contribute to the reduction of poverty in Southern Punjab. The project objective is to increase incomes of 80,000 poor households by enhancing the employment potential of the people and increasing agriculture productivity and production.

(iv) The principal outcomes expected from the project include enhanced capacity for sustainable livelihoods through asset transfers, enhanced capacity for employment and productive self-employment, enhanced access to basic services, increased productivity and production of agriculture produce and strengthened local capacity for agriculture and livestock service provision. The principal outcome expected from project management is efficient and cost effective use of project and complementary donor resources to achieve the development objective.

Geographic Coverage and Targeting Strategy

(v) The Project will be implemented in the districts of Bahawalnagar, Bahawalpur, Muzafargarh and Rajanpur. The total rural population of these districts is estimated to be 8.6 million or just over 1.2 million households. The number of rural households in each of the four districts which is likely to fall in the lowest three poverty bands is expected to be 419,363 or 34% of the total households. It is estimated that the Project will target around 80,000 households or 19% of the poor households in the four districts. For greater impact it is proposed that the interventions of the Project focus on a limited number of Tehsils and rural Union Councils in each district. The Project will begin its activities in the poorest Tehsil in each district and will only move to the next Tehsil once it has consolidated its work in the first Tehsil.

(vi) SPPAP is following a very focused poverty and gender targeting approach by using the information generated by the National Poverty Score Card Survey to identify households in the poorest poverty bands and by using a pro-poor approach in the identification of its activities and implementation strategy. Inclusion of women in the Project will be ensured through specific quotas for them for each activity and by directing investments through women's Community Organizations which already exist at the community level.

Project Components

(vii) SPPAP has three main components. These include (i) Livelihoods Enhancement (ii) Agriculture and Livestock Development and (iii) Project Management. Components 1 and 2 are mutually supportive and reinforcing: Component 1 aims primarily at creating a solid, and enabling basis on which the target groups could embark on livelihoods enhancement initiatives for both farm and non-farm activities;

(viii) **Component 1: Livelihoods Enhancement** consists of three sub-components; 1.1 Asset creation 1.2 Vocational and entrepreneurial training and 1.3 Community physical infrastructure. The first sub-component is targeted at women from households that score between 0-11 on the poverty score card. Women from these households will be provided productive assets which will include poultry, goats, large ruminants and small land plots. The purpose of this sub-component is to provide poor women with a sustainable source of livelihood.

(ix) The second sub-component is aimed at households with limited skills. Under this sub-component vocational and entrepreneurship training will be provided to men and women in relevant trades appropriate for productive employment or business development in the project districts. Equipment such as kits and tools for the various trades, sewing machines, equipment for various business, some basic teaching aids for home school teachers, etc, will be provided at the end of the training. The Project Implementation Manual provides the selection criteria for the trainees, qualifications and the step by step procedure that is to be adopted during implementation.

(x) The third sub-component is Community Physical Infrastructure (CPI) which is aimed at communities with limited access to basic services. Water is one of the most critical constraints in the target districts and is the underlying reason for the low level of productivity in the crop and livestock sectors. Key infrastructure schemes such as drinking water supply, irrigation, drainage and sanitation, access roads and minor structures and the introduction of innovative technologies such as solar technology, bio-gas, etc will be provided. SPPAP will identify the CPI schemes through the community organizations and will finance these on a shared basis. Selected communities will provide on an average 10% of the cost for labour, local materials and supervision costs. The Project is expected to provide more than 1300 such schemes.

(xi) **Component 2: Agriculture and Livestock Development** is directed at the smallholder farmer in Southern Punjab. It consists of three sub-components; (i) Productivity Enhancement Initiatives (ii) Technology Transfer to farmers using the Farmer Field Schools approach and (iii) Training of service providers in agriculture and livestock.

(xii) The productivity enhancement sub-component has been designed to provide opportunities to the smallholder farmer to increase productivity in the crop and livestock sectors through provision of improved technologies. Community members will identify investment opportunities that can help to enhance their productivity and production in the crop and livestock sectors. The selected households will be provided technical assistance and financing for investment in precision land levelling, raised bed plantation, zero tillage plantation, kitchen gardens, gypsum treatment, tunnel farming, artificial insemination of livestock, fish ponds etc. It is expected that this sub-component will also encourage innovations along the value chain in helping smallholder farmers to work on a collaborative basis in storing, processing, transporting and selling agriculture produce to markets. In selecting the investment the technical and economic feasibility will be carefully evaluated as well as the cost per beneficiary, cost-benefit ratio, etc.

(xiii) The second sub-component is designed to transfer available technologies through the

Farmer Field Schools (FFS) methodology. The concept of farmer-centered approaches for technology transfer have been successfully tried and tested in Pakistan by several projects. This will involve participatory demonstrations of good practices that can improve productivity such as improved production techniques, conservation agriculture which could include minimum or zero tillage and crop rotation practices depending upon the cropping pattern, improved soil fertility measures, better seed quality, use of improved varieties, tunnel farming, compost making, Integrated Pest Management techniques, water saving technologies, livestock feeding and watering practices, hay & silage making, livestock production and health management practices, etc. The schools will include field-based workshops, at which experts will teach farmers about the interaction between farming practices and the environment. These will also help farmers manage insects, pests and diseases. For women the FFS approach has been very successful in identifying various diseases in large ruminants which impact dairy production, animal production and health management, vegetable cultivation, feed preparation, etc. The positive experience from the various projects functioning in Punjab will also be disseminated in the project districts. This sub-component will be implemented through arrangements with agencies with previous experience of managing such farmer based schools at the village level.

(xiv) The third sub-component will finance (a) training of women in livestock management and production and (b) strengthening of private sector service providers in crop and livestock production at the village level. Under this sub-component women will be provided training as para-vets and Female Veterinary Assistants (FVA). The training of women in livestock will help to strengthen the capacity of local women in livestock management and production. It is expected that 200 women para vets and 80 Female Veterinary Assistants will be trained under the Project. The strengthening of community service providers from the private sector will include training of service providers such as farmer based seed suppliers, small feed mills, and equipment owners (tractor owners, thresher owners, etc) who provide services to the small holder farmers. These agents will be provided modern equipment and training in its use. The equipment could be for seed production, feed preparation, silage preparation, land levelling, drill plantation, raised bed preparation & sowing, zero tillage plantation, artificial insemination, etc. The equipment will be provided on a cost sharing basis by the Project to the service provider as there are huge potential productivity gains to be secured by the smallholder farmer who does not have access to these services.

(xv) **Component 3: Project Management.** A *Project Steering Committee* will be constituted which will be chaired by the Chairman of the Planning & Development Department and its members will include the Secretaries of P&D, Agriculture, Livestock, Finance as well as the District Coordination Officers (DCOs) from the four project districts. A well staffed Project Management Unit (PMU) will be established under the supervision of the Planning and Development Department of the Government of Punjab. The PMU will be based in Bahawalpur District which is in close proximity to the four Project Districts. The PMU will be responsible for overall management, coordination, monitoring, knowledge management and evaluation. The PMU will have a Project Director, Deputy Directors in the area of agriculture, livestock, enterprise development, gender and expertise in financial management, monitoring and evaluation, etc. Two District Management Units (DMUs) will be established for better coordination and management of project activities. One DMU office will be established in Rajanpur and the second DMU will be established in Bahawalnagar District.

Implementation Arrangements

(xvi) The institutional responsibilities in the Project are based on the key strengths of each of the implementing partners. The NGO sector is particularly strong in social mobilization, strengthening the capacity of community activities, implementing community infrastructure schemes, skill training and coordinating the delivery of a range of services at the local level. The Government line agencies have strong technical capacity and staff available for extension services but they lack operational funds and facilities. SPPAP will draw on this technical experience by providing operational budgets for transport, board and lodging and honorarium as an incentive for government line agencies to provide direct services to the Project. The private sector is good at creating value chain links and marketing of produce. A special technical assistance budget will be provided to the PMU for recruiting expertise on a short term basis as required.

(xvii) Community Organizations are the key implementation mechanism for SPPAP at the village level. NGOs like the National Rural Support Programme (NRSP) and the Punjab Rural Support

Programme (PRSP) are already undertaking the task of social mobilization in the project districts under the World Bank financed Social Mobilization Project. As such, SPPAP will not organize any communities itself but will work with the existing institutions.

(xviii) A Social Mobilization Partner (SMP) will be recruited through a competitive process and will be the main interface between the community and SPPAP. NGOs such as NRSP and PRSP have a long history of organizing communities at the village level for local level development. Both NRSP and PRSP are Government supported NGOs with strong capacity and presence in the selected Project districts. The selection of these NGOs will allow the leveraging of a number of on-going government and donor initiatives in the selected districts and entail substantial savings by using the already organized communities in the selected districts. In addition, the PMU will also recruit a Vocational Training Organization (VTO) and an Entrepreneur Training Organization (ETO) to implement the training sub-component of the Project. The VTO and the ETO will be competitively recruited from the NGO or the private sector. Performance based contracts will be negotiated with all the selected organization.

(xix) The agriculture and livestock component will be implemented directly by the PMU with strong support from Government and private sector associations and training institutions. The Project Implementation Manual describes the implementation and financial arrangements.

Project Costs

(xx) **Total Project Costs:** The total project costs over a 5-year implementation period, including physical and price contingencies, are estimated at PKR 4.1 billion (USD 49.1 million). The total baseline costs are USD 36.9 million, while price and physical contingencies account for USD 12.2 million.

(xxi) The major investments are in **Component 1: Livelihoods Enhancement** which represents the core productive Project activities constituting 63% (USD 23.5 million) of base costs. Following on is **Component 2: Agriculture and Livestock** which takes up 20% (USD 7.4 million) of base costs. **Component 3: Project Coordination** takes up 17% of base costs (USD 6.1 million) The table below gives the summary of projected SPPAP costs.

(xxii) IFAD will finance 81.8% of the Project costs (USD 40.2 million) through a loan to Government of Pakistan on highly concessionary terms. The provincial government will provide counterpart contribution to the tune of USD 5.6 million by waiving/ foregoing duties and taxes accruing from Project transactions and other in-kind costs. The beneficiaries will contribute 6.8% of Project Costs (USD 3.3 million) through in-kind contribution.

Expected Project Benefits:

(xxiii) It is expected that around 80,000 households will be targeted under the Project comprising labourers, small farmers, women headed households and women from the target group households. Notwithstanding the fact that the Project will be demand based, the following typology of beneficiaries is anticipated: Under the Asset transfer sub-component (i) 11,555 poor women will be provided small or large ruminants (ii) 7,704 women will be provided poultry packages and (iii) 1,541 women will be provided small land plots.

(xxiv) Under the vocational training programme 11,555 men and women will be provided vocational training of which 70% will be women. Under the entrepreneurship sub-component 3,081 men and women will be provided enterprise development of which at least 50% will be women. All participants of the vocational and enterprise development training will be provided equipment, tools and kits to practise the relevant trade or engage in the business for which they have been trained. From among these, 770 of the trainees will be provided business incubation support and 4 district level business development associations will be established to provide on-going support to local entrepreneurs for a fee.

(xxv) Under the community physical infrastructure sub-component 73,500 households will be provided basic services such as drinking water, irrigation, drainage and sanitation, access roads and

minor structures and improved technologies such as solar equipment, biogas, etc. The exact number of households which benefit from each of these facilities will depend upon community demand and technical feasibility of providing the required service. It is expected that 1300 community schemes will be implemented benefitting about 600 to 700 COs.

(xxvi) Direct investments will be provided to 15,400 smallholder farmers to increase the productivity of their land and livestock assets. In addition, 11, 555 farmers will benefit from technology transfer activities that will help to increase the productivity of existing assets. The Project also expects to establish Farmer Field School Associations at the district level to leave behind a system of on-going support at the local level for a fee.

(xxvii) About 80 women from the four districts will be trained as Female Veterinary Assistants and 200 will be trained as para-vets. It is expected that these women will find a productive source of employment at the end of the Project and some will be able to sustain themselves through charging user fees for their services to the local households.

Risks

(xxviii) The main risks associated with achieving the strategic objectives are connected with the tenuous political and uncertain security and economic situation in the country. For economic growth and development a stable political environment is important. While this factor is beyond the project management to control, there is a certain modicum of security and stability within the project districts. The Government's pricing and procurement policy of the main cereal and cash crop such as wheat, sugarcane, rice also represents a risk for the project areas as most of smallholder farmers depend on these crops. Climate change not only represents a risk for the country as a whole but also specifically for the project districts in Southern Punjab. The land resources are already degraded due to water logging and salinity, water and wind erosion and are likely to experience further degradation due to existing farming practices. Most of these challenges can be met by developing appropriate adaptive measures such as alteration in sowing dates, use of new crop varieties, changes in irrigation methods, changes in planting techniques for rice, tillage practices, precision land leveling techniques, bed plantation, gypsum treatment and use of technologies such as planters, etc. The current project will introduce these technologies where appropriate.

Exit Strategy and Sustainability

(xxix) There are several key elements in the design of SPPAP which are aimed at ensuring post project sustainability and in ensuring a natural strategy for exit of key project activities. The first key element is using the existing structures and arrangements as far as possible and not creating any new or artificial structures. Community Organizations which are the main vehicle for engagement by SPPAP at the community level are existing institutions which have been established by the Rural Support Programmes in the selected districts. Furthermore, the Project is designed to make investments which will be selected based on some key sustainability criteria. For example, investments in physical and productive infrastructure will be made only after it has been ascertained that the infrastructure provided at the community level can be sustained by the community both in terms of management and payment of operations and maintenance costs by the community. The same analysis will be made for investments made at the household level. In terms of the livelihoods enhancement component, investments will be made in skills training and enterprise development at the individual household level after a careful analysis of the potential for employment and self-employment. Furthermore, these investments are being made at the household level which is much more likely to be sustainable as ownership of the assets is clear and unambiguous. As far as possible links will be established with markets to ensure that the investments are sustained beyond the life of the Project.

SOUTHERN PUNJAB POVERTY ALLEVIATION PROJECT (SPPAP)¹

STRATEGIC CONTEXT AND RATIONALE FOR IFAD INVOLVEMENT, COMMITMENT AND PARTNERSHIP

(KSF 1)

Rural Development Context

Country Economic Background

1 Pakistan has a population of over 162 million, over 60% of which live in rural areas. The country continues to significantly under-perform compared to others at similar levels of per capita income in terms of social indicators and rural development.² Rising food and fuel prices, energy crises as well as inflationary pressures have not only pushed the poor below the poverty line, it has increased vulnerability of the ultra-poor to an unprecedented level. In recent years, rising levels of ethnic and religious strife and recurring natural calamities have further limited the country's capacity to deal effectively with persistent poverty.

2. In 2007/08, the sharp rise in international oil and food prices, in combination with policy inaction and internal political turmoil led to rapidly expanding macroeconomic imbalances in Pakistan. The volatile political and security environment further limited economic growth and development. The full-scale military operation in Swat, South Waziristan and threats in other parts of the Federally Administered Tribal Areas led to the internal displacement of a large number of people. The security situation has further destabilized over the last few years with frequent bombings and suicide attacks in the country. The key challenges that the Government faces are the unrelenting terrorist threat, reconstructing the conflict-damaged areas, growing turmoil due to a sugar shortage, rising transportation costs and the civil unrest caused by the growing electricity, gas and water shortages. The political situation in the country is also tenuous as a result of the fragile coalition Government at the centre and the dominant status of different political parties at the provincial level.

3. In the past, Pakistan's economy grew at an average rate of over 7.5 percent (2004/05 – 2006/07).³ Preliminary estimates suggest that the economy grew at only 2.0 percent in 2008/09. Agriculture, which contributes about one-fifth of GDP, grew by 4.7 percent (in particular wheat, maize and rice) as a result of favourable weather conditions. The service sector, which has provided over half of the growth over the past three years, also continued to grow by 3.6 percent. By contrast, industry, which contributes about one-quarter of GDP, continued its contraction by 3.6 percent in 2008/09. Large-scale manufacturing which makes up about half of the industrial value-added, registered negative growth.⁴ The contraction was particularly pronounced in food, electronics, the automobile and petroleum industries. In addition to a decline in demand, these industries were adversely affected by rising power shortages and a deteriorating law and order situation. Inflation declined in the second half of 2008/09 as a result of reduced aggregate demand and international commodity and oil prices, but core inflation remained high. At the end of August 2009, food inflation stood at 10.6 percent and core inflation at 12.6 percent, suggesting that tackling inflation remains a challenge for the country.

Agriculture Sector Growth

4. Agriculture growth has historically played a major role in Pakistan's development and continues to be crucial for overall growth and poverty reduction. Agriculture is the mainstay of Pakistan's economy. Nearly twenty-one percent of total output (GDP) and 44.8 percent of total employment is

¹ The Mission comprised of Ms Maliha H. Hussein (Team Leader), Ms Shazreh Hussain (Poverty, Gender and Enterprise Development Specialist), Mr Aized Mir (Infrastructure Specialist), Dr Abdul Majid (Agriculture Specialist), Mr Davis Atugonza (Financial Specialist).

² World Bank. PAD. Third Pakistan Poverty Alleviation Project. May 2009.

³ Economic Survey of Pakistan 2005-2006.

⁴ South Asia Poverty Reduction and Economic Management Unit (SASEP), World Bank. September, 2009.

generated in agriculture. Agriculture's contribution to gross domestic product has declined from a little over 25 per cent in 1990 to 20.9 per cent in 2007.⁵ In the crop sector, wheat (14%), cotton (10%), rice (6%), horticulture (5%) and sugarcane (4%) are important components of the agriculture sector. The livestock sector is critical to rural livelihoods in Pakistan and represents the largest agricultural commodity based on farm gate value, and total sector production accounts for 52% of agricultural GDP and 11% of total GDP.⁶ There are approximately 7 million small rural households who depend on the livestock sector for their livelihoods.⁷ Women who undertake much of the work in the livestock sector reap little of the returns due to socio-cultural constraints, limited funds and mobility and little access to markets. Livestock has a high potential for growth and poverty alleviation in Pakistan. It also has the highest potential for reaching landless women who have few other assets. However, the sector has been ignored in the past. While agricultural growth is considered necessary, it is no longer considered sufficient for rapid reduction of rural poverty. The majority (57 per cent) of the rural poor are from non-farm households with the poorest 40 per cent of rural households deriving only 30 per cent of their income from agriculture.⁸ For poverty reduction, investment in the rural and non-farm sector is considered critical along with investments in the agriculture sector.

B. Policy, Governance and Institutional Issues, Political and Economic Issues

Overall Policy Context

5. The key policy documents that outline the national poverty reduction strategy in Pakistan are the Vision 2030, the Medium-Term Development Framework (2005-2010) and the Poverty Reduction Strategy Paper II.⁹ The Vision 2030 outlines ambitious plans for poverty reduction and aims to have "eliminated extreme poverty in all its manifestations much before 2030."¹⁰ The MTDf provides a framework for translating the Vision 2030 into action during the 2005-2010 periods with an emphasis on "sustained long-term growth". PRSP-II presents the strategy to ensure that the growth is broad based and leads to effective poverty reduction. The PRSP sees the agriculture and rural non-farm sector as important for employment generation. Within the agriculture sector it sees a potential for increasing yields, diversification of cropping patterns, production of high value crops and investments in livestock and dairy development. The government's rural development objectives include improving the quality of life of the rural people by improving the rural economy and living conditions in the villages by enhancing agriculture productivity, water resources availability, improving rural infrastructure, providing social amenities and undertaking productive projects to meet local community needs.

6. The Punjab province in Pakistan is estimated to have a population of 89 million people which constitutes 55% of Pakistan's population. Between years 2000 and 2005, Punjab achieved an annual GDP growth rate of 5.4%; marginally higher than Pakistan's annual growth rate. The benefits of this rather impressive economic growth have been extremely uneven and the poor and marginalised groups have not yet received their due share in this progress. The Government of Punjab (GoPb) has a strong policy commitment to work towards broader based growth and to achieve the MDGs, and has adopted detailed strategies and actions to achieve these objectives. The leadership in the Punjab government shares this vision, displays great commitment to it and has the calibre and experience to translate this vision into action. The GoPb has reinforced its focus on poverty reduction by introducing reforms in public resource management and the delivery of social services. It has developed a Medium Term Budgetary Framework to improve resource availability for poverty reduction, and has begun allocating more funds for the development of poor rural areas. In 2007, the Provincial Government produced a growth strategy within the framework of the Pakistan Poverty Reduction Strategy.¹¹ This growth strategy highlights the need to create jobs through skills development and to promote agricultural diversification. The GoPb has developed a comprehensive 5-year Punjab Public Resources Management Programme (PRMP) designed to (i) strengthen provincial finances, (ii)

⁵ State Bank of Pakistan. Annual Report: Review of the Economy Volume 1: 2006-2007.

⁶ Pakistan Economic Survey 2007-2008. Government of Pakistan.

⁷ Livestock Census 2006. Government of Pakistan. The LWA is a USAID dairy Development Grant that will organize 300,000 women using the model described herein.

⁸ Ibid.

⁹ The Government of Pakistan has also issued a PRSP-II document which is an abridged version of the new PRSP. The detailed version of the new PRSP will be released after further consultations with stakeholders.

¹⁰ Vision 2030. Planning Commission.

¹¹ Punjab Economic Report 2007

reform institutions for pro-poor delivery and (iii) encourage economic growth through private sector development.

Institutional Context

7. The main interlocutor for IFAD in Pakistan has been the Economic Affairs Division (EAD) of the Government of Pakistan as all assistance to the Government is coordinated by this Division at the Federal level. EAD is expected to provide an analysis of the funding gaps in the country and coordinate donor financing in accordance with those needs. However, as a result of the trend towards greater devolution, opportunities to interact more actively with provincial governments have emerged and IFAD is planning to capitalise upon these opportunities. While EAD will remain the main agency through which IFAD will coordinate its assistance to the Government, it is expecting to work closely with the Government of Punjab much more directly for greater ownership, improved performance of its investments and enhanced coordination at the local level. The current investment decision emerged from a direct request from the Planning & Development Department of the Government of Punjab for assistance in the four Project districts in Southern Punjab.

8. The Planning & Development Department of the Government of Punjab is the principal planning organization at the provincial level. It coordinates and monitors development programmes and activities of various departments of the provincial government. The Agriculture and Livestock Departments in Punjab have the mandate to promote agriculture and livestock development. The two departments have been very active in developing a range of projects to increase agriculture productivity which is at less than half its productive potential and promote high value production of horticulture and vegetables crops. However, the adoption of improved technologies is generally restricted to the large farmers as the Department lacks the capacity for outreach and mobilisation of smallholder farmers. The Livestock Department has initiated several projects to enhance production. However, the overall orientation of the Department is on veterinary and animal health care and it lacks a production orientation. The current leadership of these Departments is committed to achieving the government's objectives of growth, development and poverty alleviation and is looking for opportunities for collaboration with a range of partners for this purpose.

9. Non-Governmental Organizations have been used in Pakistan as a principal vehicle for social mobilization and poverty alleviation. Their strength lies in a well developed strategy for community mobilization, community infrastructure development and provision of financial services. Established in 1991 with a Government endowment of Rs 1 billion, NRSP is the largest Rural Support Program (RSP) in the country in terms of outreach, staff and development activities. It is presently working in 41 districts in Pakistan in partnership with 73,620 community organizations. Another NGO operating at the provincial level is the Punjab Rural Support Program. This NGO was incorporated, in November 1997 with an endowment of Rs. 500 million (US\$ 6.25 million) from the Government of Punjab. It is currently operating in 28 Districts of Punjab. By January 2009, PRSP had established 19,800 community organizations. These NGOs have been particularly strong in helping communities to become self-reliant, identify and implement community infrastructure schemes, deliver financial services and provide training and skills. In addition, both NRSP and PRSP have been implementing several innovative initiatives with the Government of Punjab in the area of health, education, agriculture and livestock development. While the RSPs have been very effective in mobilizing village communities they have not been very effective in the participation of the poorest households. As a measure to counter this weakness, measures are being put in place for improved targeting of the poor and vulnerable through greater use of tools such as the Poverty Score Card survey and greater consultation with the community for the identification of poor households.

10. Several new institutions have been established recently to promote both agriculture and livestock development in the country. Most of these interventions are targeted at the large farmer. In the livestock sector the initiatives include the establishment of the Pakistan Dairy Development Company (PDDC) and the Livestock and Dairy Development Board (LDDB). While the PDDC has embarked upon several programmes for providing communities with training, knowledge, animal nutrition and milk collection processes, their programme is targeted at the large farmers and they have yet to develop a successful model for the smallholders. LDDB is a government non-profit company established under section 42 of the Companies Ordinance 1984 for the facilitation and promotion of meat, milk and poultry industries in the country. The IFAD programme will examine the

potential for engaging with these companies and encourage them to develop products and services for small farmers.

11. The private sector has had an important role to play in the agriculture and livestock sector and many new initiatives especially in the dairy and agriculture sector are being undertaken in partnership with the private sector. The private sector has been a principal source for the dissemination of new agricultural technologies and in the supply of seed, fertilisers, feed, pesticides and marketing of agriculture produce. More recently, private sector firms are offering a range of products and services related to high value added agriculture technologies such as drip irrigation, tunnel farming, green house technologies, processing and storage facilities. Many promising examples of public-private sector partnerships are emerging in agri-based enterprises. The government has also recognized the important role of the private sector and is encouraging their participation through a range of incentives. A new marketing law has been promulgated by the Government of Punjab to provide further incentives to the private sector.

12. Community based organizations which involve both men and women have been the main vehicle of delivery of goods and services at the village level by many donors including IFAD. There has been considerable investments in their mobilization and development in the past. These have the potential to become local self-governing institutions with the capacity to lobby government resources and services in the long-term. They have also proved an important instrument for identification of community needs, implementation of community projects, operation and maintenance, reduction of transaction costs, delivery of financial services and the transparent use of funds. A principle constraint is that the community organization has not always proved to be an effective mechanism for the participation of the poorest and the asset less households. As such special strategies will have to be devised to ensure the inclusion of the poorest bands of households in such community organizations. Nevertheless these Community Organizations (COs) provide an important vehicle for local level development in rural Pakistan.

C. The IFAD Country Programme

13. IFAD has a long history of investments in Pakistan starting in 1979. As of December 2009, IFAD had approved the equivalent of USD 444.926 million for 23 projects in Pakistan. From among these, 18 projects have closed, five are on-going (See the list in the Project Life File). The major focus of IFAD investments in Pakistan has been in the Northern part of the country. The principal sectors in which it has invested include agriculture, micro-credit, farm mechanisation, infrastructure and irrigation. IFAD has helped to appreciably increase crop yields and cropping intensities and has helped to increase livestock productivity. IFAD has invested in a range of community infrastructure projects such as rural roads, water supply schemes, irrigation channels, dug wells and small dams. These have had a very positive impact on incomes in its project areas. IFAD's recent investments have been in the micro-finance sector and are expected to help the government meet its sector objectives of sustainability, outreach and diversification by encouraging innovation, enhancing rural access, expanding the range of financial products and linking the leading players with the sustainable commercial sources of finance.

14. While the IFAD programme in Pakistan is modest compared to the major development finance institutions, IFAD has a much more rigorous targeting strategy for poor households, especially in remote and vulnerable regions. IFAD was the first donor to focus on rain-fed or *barani* agriculture and its investments in rain-fed areas led to the recognition of the latent potential for growth in these areas. Gender was given special emphasis in project design and some projects were formulated primarily for women. Even though some of these projects had limited success, they led to important shifts in policy that led to improved access for women to credit and extension services. IFAD was also one of the first donor agencies to introduce a participatory approach in project implementation in order to make the design of projects more responsive to community needs which led to greater ownership and sustainability of project investments.¹² This approach led to a wide ranging set of changes in project design and implementation arrangements. Another principle innovation of IFAD was the partnership with NGOs as a development partner to help in mobilizing communities. The concept of public-private partnership has since become an important modus operandi for government in a wide range of

¹²A Strategic Review of the IFAD Programme in Pakistan. January 2007.

sectors and has led to significant institutional reform and some innovative public-private partnerships across the country.

II. POVERTY, SOCIAL CAPITAL AND TARGETING (KSF 2)

A. Rural Poverty, Information and Analysis

Overview

15. Poverty in Pakistan is predominantly a rural phenomenon and nearly two-thirds (65%) of the population lives in rural areas. After a decade of moderate growth but little or no long-term change in rural poverty in Pakistan, agricultural output, rural incomes, rural poverty and social welfare indicators all showed marked improvement between 2001-02 and 2004-05.¹³ The Government reports that poverty headcount has come down in Pakistan from 34.5 percent in 2000-2001 to 23.9 percent in 2004-2005. Official statistics maintain that in absolute numbers the count of poor persons had fallen from 49.23 million in 2001 to 36.45 million in 2004-05.¹⁴ Using the Pakistan Social and Living Standard Measurement Survey (PSLSMS) data for 2007-08, the Centre for Poverty Reduction and Social Policy Development (CPRSPD) found a sharp decline in nationwide poverty in 2007-08 over 2005-06. It found that the number of people living below the poverty line declined from 22.3 per cent in 2005-06 to 17.2 per cent in 2007-08. Rural and urban poverty registered declines from 27 to 20.6 percent and 13.1 to 10.1 percent, respectively, during this period.¹⁵ Real GDP and real per-capita income grew by more than 11.0 per cent and 7.3 per cent, respectively, during 2005-06 and 2007-08, the unemployment rate declined from 6.2 per cent in 2005-06 to 5.2 per cent in 2007-08, and some other key indicators of human development improved as well. While some dispute these figures, the Government maintains that the substantial decline in poverty has been made possible by robust economic growth, combined with the rising expenditures on the pro-poor sectors identified in the Poverty Reduction Strategy Paper.¹⁶ In spite of improvements, non-income measures of welfare related to health and education are low in comparison with those of other countries in South Asia. However, poverty may have risen in 2008-09 because of global and domestic developments. Working Paper 5 gives a more in-depth poverty analysis.

16. Not only is poverty higher among the rural population, so is vulnerability. The impact of the increase in international prices of major food commodities which reached their highest level in nearly 30 years at the start of 2008 has had a very negative impact on the poor. As a result of the food price inflation in Pakistan, it is believed that the poorest households are now spending more than 70% of their incomes on food.¹⁷ About 17 million people¹⁸ are feared to have joined the food insecure category (60 million) as a result of the food price inflation in 2008.¹⁹ The Pakistan Safety Net Survey (2005), a special survey of safety net recipient/applicant households,²⁰ found that nearly two-thirds of respondents (about 80 percent of whom were poor) suffered from one or more major shocks in three years before the survey. Specifically, over half of all shocks to this group (58 percent) were caused by factors specific to the individual mainly health (e.g., death, sickness, disability). The remaining (42 percent) shocks were community specific: natural calamities including drought (30 percent), economic shocks (10 percent) and law and order (2 percent). Losses and expenses due to shocks represent 54 percent of annual consumption for ultra-poor respondent households compared to 27 percent for near poor households and 18 percent for non-poor households. The non-poor are more likely to use asset-based strategies while the poor are more likely to use behavior-based strategies such as lowering food intake, putting a child to work, or pulling a child out of school in response to the shock.

¹³ Pakistan. Promoting Rural Growth and Poverty Reduction. Report No. 39303-PK. March 30, 2007. Sustainable Development Unit. South Asia Region. The World Bank.

¹⁴ Ensuring a Demographic Dividend: Unleashing Human Potential in a Globalized World. Draft Summary of the Poverty reduction Strategy Paper II. Ministry of Finance. Government of Pakistan. April, 2007.

¹⁵ This data has not been published by the Government in its recently released Pakistan Economic Survey 2008-09 mainly because the Planning Commission has raised some questions regarding the findings.

¹⁶ Ensuring a Demographic Dividend: Unleashing Human Potential in a Globalized World. Draft Summary of the Poverty reduction Strategy Paper II. Ministry of Finance. Government of Pakistan. April, 2007.

¹⁷ Crookford, Kevin. Senior Rural Development Specialist. World Bank. August 2008.

¹⁸ The 2008 population is estimated to be 160 million, 65.9 percent of which is rural (FAO, IFAD).

¹⁹ FAO. Pakistan: Initiative on Soaring Food Prices: August 2008.

²⁰ Derived from the Pakistan Safety Net Survey (2007) supported by DFID and conducted by Gallup Pakistan.

Approximately 43 percent of those reporting a shock declared that they had not recovered from it at the time of the survey, compared to 20 percent who declared to have fully recovered.

Rural Poverty in the Punjab

17. Punjab's gross provincial product grew at 7.8 per cent in 2006 and the Punjab Government has estimated the decline in poverty headcount to have been about 11.52 per cent.²¹ According to the Punjab Economic Survey, 20 per cent of the provincial population is poor, with a higher concentration of poor in the rural areas (44%). This means that roughly 18 million people are living below the poverty line and vulnerability is high.²² However, poverty is likely to rise further in 2009-2010 as a result of unprecedented food inflation, transmission of international energy prices to domestic consumers and other global developments. Furthermore, changes in patterns of land tenure in the Punjab have, over time, also contributed to poverty. There was a dramatic decline in tenancy and a corresponding increase in owner-cultivation between 1972 and 2000. In Punjab, farm area managed by landless tenants declined from 26 percent in 1972 to 11 percent in 2000. Owner-cultivation increased from 39 percent in 1972 to 69 percent in 2000, mainly through eviction of tenants. The proportion of owner-cum-tenant farm area in Punjab declined from 36 percent in 1972 to only 19 percent in 2000.²³ This has serious implication for the landless households in the country.

18. Southern Punjab has a higher incidence of poverty than most agricultural production areas across the country, both in terms of per capita incomes and consumption expenditures, and in terms of access to basic social services and infrastructure and human development. At the root of poverty, in Southern Punjab is skewed distribution of land and the exploitative arrangements of farming between the landlord and the tenants and agricultural labour. Land reforms (1972 and 1977) lowered the landholding ceiling but had little distributive effect and although tenancy acts exist, in practice, tenants do not get the rights to which they are entitled. A dramatic increase in owner cultivation (1972-2000),²⁴ has weakened the bargaining position of tenants further with landlords relying on the use of casual and permanent wage labour. The landless now have to rely mostly on casual wage labour for income. The bulk of employment in the province is in the informal sector, which employs nearly two thirds (74 per cent) of the non-agricultural employed labor force.²⁵ Women workers are particularly vulnerable in this regard as of the total number of employed females in Punjab's non-agricultural sector, 73 percent work in the informal sector.²⁶

Gender Dimensions of Rural Poverty

19. In Pakistan, gender inequalities persist, directly undermining the country's socio-economic progress. Pakistan ranks low on international indicators of gender equity. On UNDP's Gender Development Index (GDI) Pakistan ranks 124th out of 155 countries²⁷ and on the Gender Empowerment Measure (GEM) it ranks 99th out of 109 countries.²⁸ Pakistan's sex ratio, according to the 1998 Population Census, of 108 men per 100 women was among the highest in the world. Although it is showing an improving trend with 107 per 100 women in 2003²⁹ and 106 per 100 women in 2005,³⁰ it still remains high. Maternal mortality rates also remain high at 276.³¹ The Pakistan Participatory Poverty Assessment³² shows that domestic violence, sexual harassment and the fear of both were widespread across the country.

²¹ Government of the Punjab. Punjab Economic Report 2007. Punjab Economic Research Institute.

²² Figures from the Punjab Economic Survey 2007 quoted in Haider, Mehnaz (2009)

²³ Government of Pakistan. Agriculture Census Organisation, Agriculture Census (2000, 1990, 1980, 1972), Islamabad.

²⁴ Government of Pakistan, Agriculture Census Organisation, Agriculture Census (2000, 1990, 1980, 1972), Islamabad.

²⁵ Government of the Punjab, Punjab Economic Report 2007, Punjab Economic Research Institute

²⁶ Ibid.

²⁷ UNDP, Human Development Report (2009), Overcoming barriers: Human mobility and development, Palgrave MacMillan, New York.

²⁸ UNDP.(2006) UNDP Human Development Report 2006 Beyond Scarcity: Power poverty and the Global Water Crisis, Palgrave MacMillan, New York.

²⁹ National Institute of Population Studies (2004). Pakistan Demographic Health Survey 2004, National Institute of Population Studies, Islamabad.

³⁰ National Institute of Population Studies (2005). Pakistan Demographic Health Survey 2005, National Institute of Population Studies, Islamabad.

³¹ Pakistan Demographic Health Survey (2006).

³² Government of Pakistan. 2003. *Between Hope & Despair, Pakistan Participatory Poverty Assessment, National Report*. Islamabad: Planning Commission.

20. Women in rural Pakistan have been described as being the most socially excluded.³³ Rural women are the most deprived in terms of access to basic social services, livelihood opportunities and vulnerability to violence. For example, 65 per cent of the women in urban areas are literate in contrast to 30 per cent in the rural areas of Pakistan.³⁴ Similarly, the overall incidence of home deliveries in Pakistan is significantly higher in rural areas (78 per cent) compared to urban areas (68 per cent).³⁵ Gender disparities are also more pronounced in rural areas: men's literacy rate (60 per cent) is twice as high as that of women (30 per cent). Women in rural areas have heavy workloads and carry out a wide range of tasks in agriculture, livestock rearing and off-farm activities. Studies show that a rural woman in Pakistan works 15.50 hours a day, spending 5.50 hours in caring for livestock, but can provide only 50 minutes for the care of her own children.³⁶ The migration of men to urban areas has further exacerbated their workload. Despite their hard work women do not get the commensurate returns from crop or livestock activities because of the exploitative and gender biased arrangements which determine their share in crop and livestock production.

21. The southern districts of Punjab rank the lowest in terms of female literacy. Large gender disparities persist across the urban and rural sectors, and tend to be higher in rural areas. There also remains a wide gap in employment opportunities. Limited access to income generating opportunities, together with a range of life cycle risks related to malnutrition, domestic violence, poor health status, low literacy, lack of assets, early marriages, repeated child births, disempowerment, over-work has left women considerably more vulnerable to poverty than men, resulting in increasing feminization of poverty.³⁷ This area is also known for crimes against women such as honour killings. Another issue which needs to be highlighted due to its impact on a very large number of agricultural labourers, especially women and girls, is exposure to harmful pesticides used in cotton fields. An estimated 2.6 million³⁸ women and girls are employed as cotton pickers on the cotton farms during the harvesting season between September and December. Women cotton-pickers endure harsh working conditions and earn a pittance. Data from these areas show the crippling affect of poor health on a household's well being.

Causes of Rural Poverty

22. A major reason for rural poverty is the highly unequal distribution of assets particularly land and access to water,³⁹ livestock, productive assets, low level of access to health services, lack of education, low level of skills, limited access to finance, employment opportunities and lack of voice in decisions that directly affect the poor. Because of this skewed distribution of ownership and access to productive assets and skills, much of the direct gains in income from crop and livestock production, particularly irrigated agriculture, accrue to higher-income farmers. In addition, other factors which are identified as causes of poverty include large family size, gender discrimination, vulnerability to environmental degradation and deterioration of the natural resource base, given that the poor tend to be strongly dependent on common property resources.⁴⁰ Although agriculture is at the heart of the rural economy, the majority of Pakistan's rural poor are neither tenant farmers nor farm owners and depend upon non-farm sources for their income. It is therefore critical to develop both the farm and the non-farm sector.⁴¹ Key File Table 1 gives an overview of rural poverty and agriculture sector issues.

³³ Gazdar, Haris, and Shandana K. Mohmand. Social Structures in Rural Pakistan, Determinants and Drivers of Poverty Reduction and ADB'S Contribution in Rural Pakistan., Rep. no. TA4319-PAK. 2007. Asian Development Bank. <<http://www.adb.org/documents/reports/consultant/37711-pak/socialstructures-rural-pak.pdf>>.

³⁴ Government of Pakistan, (2007) Pakistan Social & Living Standard Measurement Survey (2006-2007), Federal Bureau of Statistics, Islamabad

³⁵ ibid

³⁶ <http://www.fao.org/sd/wpdirect/WPre0111.htm>

³⁷ Haider, Mehnaz, (2009) Socio-economic survey for Small House-cum-garden plots for landless in the Punjab: Bahawalpur, Bahawalnagar, Rajanpur and Muzaffargarh for IFAD.

³⁸ Aziz, Shagufta, Ashraf, Muhammad, Ahmed, Iftikhar, Rizwan, SumeiraSattar, Adeela and Yasmine, (2005), "Advance effect of pesticides on reproduction hormones of women cotton pickers" in Pakistan Journal of Biological Sciences issue 11, pp: 1588-1591; Vol: 8; Year: 2005.

³⁹ According to the 2000 Agricultural Census, only 37 percent of rural households owned land, and 61 percent of these land-owning households owned fewer than five acres, or 15 percent of total land.

⁴⁰ Shah, Marshuk Ali. The Growth of Poverty in Pakistan - Issues and Causes Presented. ADB Pakistan Resident Mission. October 2002. NIPA, Lahore.

⁴¹ IFAD. Country Programme Evaluation. Pakistan. July 2008.

Government Response to Poverty

23. The Government has been administering social safety net programmes in the country. However, the existing social protection programs are quite limited in coverage and suffer from problems of poor targeting. Until very recently, Pakistan offered income support through two cash transfer programs, namely, Zakat and Bait-ul-Mal. Although both programmes have similar aims and target populations, while they have different histories, operations, and funding sources. While Zakat is based entirely on contributions which are deducted from savings accounts and contributions from wealthy individuals, the Pakistan Bait-ul-Mal (PBM) scheme was introduced in the early 1990s and is funded and administered by the Government. Together these two programmes cover two million households or 8 percent of the population, whereas many more households in Pakistan are poor or vulnerable. Recently, the Government of Pakistan (GoP) has launched the Benazir Income Support Programme (BISP) to cushion the poor and vulnerable from the negative effects of food price inflation that peaked in 2008. The BISP initially had a budget of Rs. 34 billion and was poised to provide cash transfers of Rs.1000 per month to about 3.4 million eligible beneficiary families. Recently the GoP has announced that it intends to double the budget for BISP to Rs. 68 billion to cover about 7 million families over the medium term. This new programme will eventually target about three and a half times as many families as the Zakat and Bait-ul Maal programmes combined and the annual cash transfer per family is 4 times the amount paid under Bait-ul Maal.

B. The Target Group, Including Gender Issues

24. The profile of the target group is based mainly on the findings of the socio-economic survey of the four target districts prior to the Design Mission by IFAD⁴² and the design team's field visits to the project area. It is estimated that poor households falling in the lowest three tiers in the four districts vary from 24% in Bahawalpur to 55% in Rajanpur.

25. The target group of the Project will be landless casual labourers, smallholder farmers, women headed households with a special focus on women from the target group households. In each of these categories, the target households will be those who obtain a score of equal to or less than 23 based on the National Poverty Score Card Survey (See below) that will be administered prior to the implementation of project activities in the selected districts. It is expected that around 80,000 households will be targeted under the Project.

Casual Labourers

26. *Casual labour in the target districts* is characterized by irregular employment, seasonal variation in availability of work, low wages and landlessness. In the target districts, both men and women work mostly as unskilled workers in agriculture, manufacturing, construction industry and the service sector and as domestic help. They live either on rent, occupied state land or on land that belongs to landlords. Men tend to work mostly as agricultural labour and as off-farm labour in construction and in factories, earning daily wages on average of US\$ 2 to US\$ 3 per day. Although men receive the payment, often their entire family is involved in the labour. Spraying pesticide on cotton for 8-10 days can yield an income of less than US\$ 20. Families working on brick kilns are paid US\$ 3 for 1000 bricks which take one day to make. Given the low wages and paucity of income-earning opportunities, men migrate in search of work to nearby towns or big cities. This can mean greater burdens of work for the women who stay behind. Work is seasonal and is not always available.⁴³ Consequently, during these lean periods these households have to borrow money from shopkeepers, brick-kiln owners or landlords. They are often charged high interest rates and can be caught in an unending cycle of indebtedness. They are also subject to ill health due to poor nutrition, harsh working conditions, poor hygiene and poor access to health services. In addition, family size tends to be large, averaging 8 to 10 members per family.

27. Women's lower status, discriminatory social and cultural practices and heavy burdens of domestic and productive work inevitably means that women in this group are even more disadvantaged than the men. Women's health due to several factors including poor living conditions,

⁴² Haider, Mehnaz (2009)

⁴³ A month of mourning to commemorate the martyrdom of the Prophet's grandson. As the Islamic calendar is a lunar calendar, it rotates around the year.

inadequate diet, poor hygiene, high fertility, heavy work loads and exposure to pesticide in cotton fields, pollution in brick kilns, etc is worse than men's. Although involved in a range of productive tasks, women are either not paid at all with the men of the family receiving the payment or they earn very low wages. As cotton-pickers currently, they are paid 2 cents per kg of the cotton that they pick. The fastest worker can pick around 40 kg per day but most average around 15-20 kgs. Thus the fastest can earn up to US\$0.80 per day. Payment for some of the cereal crops such as wheat and rice is often in kind. Women interviewed stated that after 8 or 9 days of wheat harvesting a group of 10 women can be paid about 40kg of wheat which is equally divided among the number of households working on the field. Similarly during rice harvest women receive rice as remuneration rather than cash incomes. As daily wage labourers in jute, textile or ginning factories they are paid US\$ 1 to US\$1.2 per day.

Smallholder Farmers

28. *Farmers with holdings of less than 5 acres in irrigated areas and up to 10-15 acres in the arid zone or rain-fed areas* are included in this category. Some of these farmers own the land while others have occupied State land. With fragmentation of land holdings due to inheritance or increased pressure due to increase in the number of people dependant on the land through joint ownership, the income from this land is insufficient to meet basic needs. Several factors contribute to the low productivity of the land. This includes lack of water, inability to procure quality seed and other inputs, lack of financial resources and lack of knowledge about modern farming techniques.⁴⁴ Agri-implements also have to be hired at considerable cost. Even in the irrigated areas, water is available only 6 months in the year and even at this time water is in short supply with powerful landlords well-positioned to capture more than their share. At harvest they often do not get the procurement price announced by the Government. Most smallholders are not well linked to the market and do not benefit from the procurement price announced by the Government. These families rely partially on off-farm livelihoods to meet the gaps between income and expenditure.

29. The *smallholder livestock farmer owner owning less than 2 animals* will be a key target group for this Project and within these households *women will be the main beneficiary* of activities in the livestock sector. Livestock is an essential part of the coping mechanism in the lives of many of the poorest in Pakistan and is an important source of income and savings for poor households. Women are responsible for the care of all animals within the homestead. In Pakistan, as a whole it is estimated that about 92% of the milch animals are owned by small farmers. Many small farmers with little or no land rely on animals. Even where the farmers are living on the landlord's land and are too poor to own their own animals, they manage livestock on a share basis with the landlord. While the livestock is owned by the landlord, the farmer who tends the animal gets to keep the milk. However, off-spring are shared and the cost of mortality is also shared. The nature of the sharing arrangement varies somewhat from place to place. Due to the widely scattered animal population owned or managed by individual households, the cost of collection and transportation of milk from the dispersed population is high. Many households cannot afford to adopt new technologies for production, storage or processing. As such, there is considerable wastage of dairy products.

Women-headed Households

30. Women headed households include those which are headed by widowed, divorced, separated or single women. These households are highly vulnerable as they have a lower status which leads to social and economic exclusion. Due to limited mobility, women have poor access to inputs, information and markets and thus are not able to maximize on production decisions. They often depend on support from families and friends which is variable and can entail high transaction costs. It is estimated that about 12% to 15% of the households are likely to fall in this category. In addition, to these households there are many where the men have migrated to other cities for work and come home infrequently leaving the entire burden of managing the household and farm on the women.

⁴⁴ Haider, Mehnaz (2009)

C. Targeting Strategy and Gender Mainstreaming

Poverty Targeting

31. The Southern Punjab Poverty Alleviation Project has a clear strategy for both poverty and gender targeting. *The poor households will be identified through a National Poverty Score Card survey (NPSC). The results of the Poverty Score Card will be further validated by participating Community Organizations.* Based on the incidence of poverty in each of these districts it is estimated that the Project will distribute its beneficiaries so that 16% are in Bahawalpur, 22% in Bahawalnagar, 22% in Muzafargah and 40% in Rajanpur.

32. The scorecard is a targeting tool that includes a limited number of simple indicators that correlate well with poverty along with an intuitive scoring system that helps identify project eligibility. The poverty score card was found by the Project Design Mission to be an effective tool for identifying the poor. The members of the community also confirmed their acceptance of this approach and felt that it was a reliable means of identifying poor households.

33. The scorecard which is built and tested using data on 15,503 households from the 2004-2005 Pakistan Integrated Household Survey (PIHS) is calibrated to estimate the likelihood of being poor (expenditure below the official line). It is an easy-to-use, objective poverty scorecard which uses 13 simple indicators that field workers can quickly collect and verify. This approach is easy to implement and uses a “Proxy Means Testing” approach to improve targeting performance. This method determines programme eligibility based on a predictor of household income or welfare that is created from a set of typical proxies of household welfare, like household demographics, housing conditions, and ownership of durable assets. The assumption behind this methodology is that collecting direct measures of household welfare like income is vulnerable to misreporting whereas measuring consumption is very painstaking and costly. Instead, the proxy means testing method relies on the proxies of household welfare that can be easily collected and verified. Household consumption expenditure (monthly) per adult equivalent is used as the key welfare measure. The same measure is used for producing the official poverty estimates in Pakistan. Household expenditure includes all expenditures on non-durables, the imputed value of non-durables received as gifts or produced in the household, while it excludes expenditures on durable goods and assets.

34. A National Poverty Score Card Survey is being administered by the Pakistan Poverty Alleviation Fund (PPAF) through third parties under financing from the World Bank. It is expected that the poverty data will be tabulated by the National Database and Registration Authority and is expected to be available by September-October 2010. The tabulated data will be further validated by local community and women’s organizations prior to use by the SPPAP. *The cut-off point that will be used to establish the target groups is a score of 23 and below.* The IFAD project is targeted at those bands of the poor classified as *extremely poor, chronically poor and those who have a high degree of vulnerability to poverty* and are likely to slip in and out of poverty due to a host of reasons that could include adverse weather conditions, ill-health and disease, unemployment and under-employment and lack of skills and basic education. Specific selection criterion has been fixed for each project activity and is outlined in the draft Project Implementation Manual.

Table 1: Classification of the Poor

Poverty Bands	Score on Poverty Score Card
Transitory Poor	19-23
Chronically poor	12-18
Extremely Poor	0-11

Source: National Rural Support Programme

Pro-Poor Approach in Project Activities and Implementation Arrangements

35. In addition to poverty targeting, SPPAP has adopted a pro-poor approach in the selection of project activities and in the implementation arrangements that have been elaborated. All the project

activities have been selected on the basis of participatory dialogues with communities to identify those activities which are relevant for them. SPPAP will ensure that the poor are not excluded from the Community Organizations (CO) by ensuring that conditions such as mandatory savings and compulsory attendance in every CO meeting does not apply to them. In addition, SPPAP has also exempted the poorest households (Score of 0 to 11) from paying the community share for the infrastructure schemes. In the past, projects which have imposed these conditions have tended to exclude the most vulnerable households.

36. A key aspect of the pro-poor implementation approach under SPPAP is to work through Community Organizations which consist mostly of poor households. SPPAP will be working with the already established COs formed under the World Bank's Social Mobilization Project in the selected districts. By the end of June 2010 it is expected that NRSP and PRSP will have established close to 19,000 Community Organizations in the four project districts. The Project will put these Community Organizations in the driving seat in key areas such as the validation of the beneficiary households, selection of beneficiaries for key activities based on aptitude, interest and poverty traits, selection of trades and enterprises, providing feedback on the duration, timing and location of training programmes, selection of service producers, supervision of local contractors for CPIs, participation in monitoring and evaluation of project activities on a regular basis and providing feedback on all implementing partners. The PIM specifies that no contracting partner delivering services to the community will be paid without confirmation by the community through a resolution that the services have been received.

37. Project activities have been chosen which are of special relevance for the poor. As such SPPAP focuses on vocational training, enterprise development and livestock development. The types of subjects in which training is being provided will be those which have demonstrated a high potential for employment or productive self-employment. SPPAP will organize the training duration, timing and location in a manner which is sensitive to the other responsibilities of the trainee as well as to gender considerations. Furthermore, SPPAP recognizes that there is a high opportunity cost of the time of poor households. In recognition of this fact, the Project has properly budgeted for paying stipends to trainees from the poorest households.

38. The types of activities which have been selected in the area of agriculture and livestock development are also of interest primarily to the small farmer. The selection of technologies and inputs for the smallholder farmer will only be undertaken after a careful analysis. Technologies and inputs which do not match with farmer cash flow, affordability and cannot be used by the farmer or benefit her on a sustainable basis will not be demonstrated or adopted in the farmer field schools.

39. The selection of service providers from the private sector for support under the project is being undertaken on the basis of a careful identification by the CO of those private sector service providers who are already delivering services to the smallholder. This will ensure that the strengthening of the technical capacity of these service providers benefits the smallholder. Too many past Projects and Government initiatives have not had this focus and as such benefits from the interventions have been monopolized by the large farmers and few services reach the small farmer even today.

Gender Targeting and Mainstreaming

40. Women are expected to be the major beneficiary of the Project, and special measures are being undertaken to ensure their inclusion. The first of these measures is to ensure that *a majority of the members of the community organizations which are formed are women*. NRSP is only organizing women's organizations under the World Bank's Social Mobilization Project while PRSP is focusing on both. Of the close to 19,000 organizations expected to be formed by the end of June 2010 in the four districts, it is expected that more than 16,500 organizations or 87% will be women only organizations with a membership of 89% of the total 330,000 members organized. Even in villages where men are included in project activities the main interaction of SPPAP will be through women's organizations. During the field visits it was found that going through Women's Organizations is a very empowering opportunity for women who then assume a leadership role in conducting the discussion and in decision-making. Where the CO is mixed or includes only men, women seldom get an opportunity to participate while the men invariably participate and sit on the fringes in a gathering of Women's

Community Organization.

41. The second measure taken by SPPAP to ensure the participation of women is to fix sex based targets for each of the main activities under the different project components. Only women will be eligible for the poultry, goat packages and land plots under the asset transfer sub-component, 70% of the vocational training will be provided to women, 50% of the entrepreneur training will be for women, 30% of those benefitting from agriculture and livestock activities will be women, while both men and women are expected to benefit from the community infrastructure activities. Under the livestock training activities only women para vets and female veterinary assistants will be trained to make up for the shortage of trained women in the livestock sector. The Project Log-frame outlines the targets disaggregated by sex for each project component.

42. The terms of reference of each of the staff recruited for the project will have very specific responsibilities with regard to gender. Certain staff of the Project Management Unit (PMU) and the District Management Unit (DMU) such as the Deputy Director of Training and Enterprise Development and Deputy Director of Monitoring & Evaluation as well as the Deputy Director Gender will be women. The staff of the Project Management Unit and the participating implementing partners will be imparted gender sensitization sessions on a regular basis. In addition, gender specific monitoring tools and indicators are proposed for ensuring that the targets with respect to gender are effectively monitored.

D. Geographic Coverage of the Project

43. The Project will be implemented in the 4 districts of Bahawalnagar, Bahawalpur, Muzafargarh and Rajanpur. The total rural population of these districts is estimated to be 8.6 million or just over 1.2 million households. An initial estimation of the poor in the target districts has been prepared on the basis of projections from the 1998 census and the results of a survey conducted by the National Rural Support Programme (NRSP) in a sample of 32 Union Councils (UCs) in the three districts of Bahawalnagar, Bahawalpur and Rajanpur in 2009.⁴⁵ These show that the number of rural households in each of the four districts which is likely to fall in the lowest three poverty bands is expected to be 419,363 or 34% of the total households. It is estimated that the Project will target around 80,000 household 19% of the poor households in the four districts.

44. For greater impact it is proposed that the project interventions focus on a limited number of Tehsil and rural UCs. The Project will begin its activities in the poorest Tehsil in each district and will only move to the next Tehsil once it has consolidated its work in the first Tehsil. SPPAP is expected to cover one or two Tehsils in each district in order to achieve impact and scale. The selection of Tehsils and Union Councils in each district will be based on (i) the incidence of poverty (ii) potential for impact of Project activities (iii) geographic contiguity (iv) presence of a community organization.

III. PROJECT DESCRIPTION (KSF 3)

A. The Knowledge Base: Lessons from Previous/On-going Projects

45. A Country Programme Evaluation (CPE) of IFAD's operations in Pakistan was completed in November 2007.⁴⁶ The CPE assessed that despite being recognized as important in project design, livestock -as well as high-value crops- have not yet received the attention necessary to maximize their potential for rural poverty reduction. The CPE concluded that greater results could have been achieved by IFAD through wider consideration of and investments in non-farm activities and employment, including attention to the development of rural micro-enterprises with adequate linkages to rural financial services. The CPE also noted that IFAD has not been very successful in ensuring post project sustainability or knowledge management, both in terms of M&E at project level, and more broadly in terms of sharing lessons at country level. IFAD has not managed to translate its project based experience into providing effective pro-poor policy advice to the Government.

⁴⁵ Aized Mir, Infrastructure Specialist on the IFAD formulation mission prepared the tables.

⁴⁶ Office of Evaluations, IFAD. November 2007.

46. Some of the principal lessons learnt from IFAD's operations in Pakistan include the recognition that there is need for (i) better balance between agricultural and non-farm investments in the rural sector (ii) greater attention should be given to livestock and high-value crops that would provide higher returns on investments (iii) investment in small scale village infrastructure especially water resources has had the most immediate and significant impact on poverty alleviation in rural areas (iv) investments in enhancing the marketability of rural products is key to increasing rural incomes (v) a more effective strategy for enterprise development is required for improvements in rural incomes (vi) focus on non-farm sources of income generation through skill development and vocational training is key for sustainable growth in rural incomes. These lessons have been incorporated into the design of SPPAP.

47. IFAD's comparative advantage in Pakistan is its recognition as a flexible and innovative donor interested in poverty alleviation in disadvantaged regions of the country. IFAD was the first to initiate development projects in some of the most difficult mountain areas of the country. It is also recognised as the first donor to highlight the development challenges of the *barani* or rain-fed areas of the country and bringing these to the notice of policy makers and other donors. One of IFAD's most significant advantages in Pakistan is its perception as a responsive and effective donor which aligns itself with key government priorities. It has gained the confidence of the Government in selecting priority areas which can help address its objectives of poverty alleviation. IFAD is also known for leveraging its resources effectively to promote innovation and outreach by synergising and harmonising its activities with those of other donors especially in the areas of agriculture development, micro-finance and reconstruction and rehabilitation during the devastating earthquake of 2005 in Pakistan. The current Project has been designed to capitalise on and synergize the on-going and proposed initiatives of the World Bank, DFID, ADB and USAID who are working in Southern Punjab.

B. Opportunities for Rural Development and Poverty Reduction

Project Rationale

48. While the Punjab province has produced the most significant share of agriculture produce in the country it has the highest concentration of poor people. The current IFAD investment is targeted at Southern Punjab which is among the poorest areas of Pakistan. It was found that the highest incidence of poverty is in the zones that rely most on crop incomes.⁴⁷ Although official estimates in 2007 suggested that poverty had declined by 10%, the variance in sub-provincial poverty remains very high. In the poorest districts of the south, the rural Poverty Head Count Ratios⁴⁸ are high with a peak of 55% in Rajanpur district. It is likely that the increase in growth over the past few years, which was accompanied by unprecedented increases in food and fuel inflation, may have exacerbated the severity and extent of poverty in these regions. In these districts, literacy rates are substantially below the mean provincial average, school enrolment rates are between 10 and 20 per cent below the provincial average, whereas malnutrition and under 5 mortality rates are substantially higher than provincial norms. The districts in this area of Pakistan were neglected by donors in the past on the assumption that the share of agriculture produce implied that they were relatively well off. It was only after a careful analysis that showed the high level of poverty in Punjab that they became a focus of attention.

49. Poverty reduction is a direct function of agricultural growth in excess of labour force growth.⁴⁹ The literature and analysis from around the world also corroborate these findings that show that it is rural and agricultural growth and not urban or industrial growth that reduces poverty and increases demand for labor.⁵⁰ The rural non-farm sector is dependent on agriculture as the driving force for its demand.⁵¹ Analysis of effective poverty reduction strategies indicates that the rural non-farm population produces non-tradable goods and services, for which the only market is local. Farmers spend half of increments to income on the rural non-farm sector.⁵² It is the rise in farm income that

⁴⁷ Professor Sohail Jehangir Malik. University of Sargodha. Pakistan Development Forum. April 26, 2007.

⁴⁸ Poverty Head Count Ratio is estimated as the percentage of households which fall below the poverty line based on Government of Pakistan, Poverty Reduction Strategy Paper, 2003.

⁴⁹ Employment Impact of Agriculture Growth in Pakistan. John Mellor. 2008

⁵⁰ John W. Mellor and Chandrashekhar Ranade. The Impact of Agricultural Growth on Employment in Egypt: A Three-Sector Model Special Study. Report No. 4. USAID Contract No. 263-0219-C-00-7003-00. July 2002.

⁵¹ Carl Liedholm.

⁵² The Employment Impact of Agriculture Growth in Pakistan. John Mellor. 2008

drives demand for the large, employment-intensive, non-tradable, rural non-farm sector.⁵³ These relationships explain the close statistical tie between growth in agriculture and poverty reduction. In Pakistan, in the 1960s, agriculture grew rapidly and poverty declined rapidly. In the 1970s agriculture grew slowly and poverty declined slowly. In the 1980s agriculture once again grew rapidly and poverty declined from 49 percent to 36 percent. During the slow agricultural growth period between 1989-90 and 2004-5 no change occurred in poverty.⁵⁴

50. SPPAP is designed to target the poorest districts of Southern Punjab in the cotton-wheat zone and low intensity production areas⁵⁵ It is targeted at both the agriculture sector and the rural non-farm sector. The focus on the agriculture sector is expected to lead to an increase in agriculture incomes which will fuel the demand for goods and services produced by the employment intensive rural non-farm sector. At the same time the skills enhancement activities will assist in the employment potential of the rural labour force. The SPPAP is also designed to directly impact poverty through a programme of social mobilization, social protection and asset and skill creation for the poor households. The combined impact of these is expected to be an increase in rural employment and incomes and a reduction in rural poverty.

Theory of Change

51. The theory of change and development implicit in the design of SPPAP includes the following key elements;

- a) Organized groups of poor households are far better at mediating and making equitable and pro-poor allocative decisions compared with Government;
- b) Organizing Communities is a critical facet in achieving good governance by strengthening their voice, making government more accountable and responsive to local needs, including them in local level decision-making and improving poverty outcomes for poor households.
- c) Transfer of productive assets to poor households is an effective means of creating sustainable livelihoods and for women access to livestock and land can entail significant increase in incomes and impact their self perceptions of empowerment;
- d) Investment in human capital through vocational and entrepreneurial skills accompanied by the tools of the selected vocation or trade provides one of the most effective strategies for creating a sustainable source of income for poor households;
- e) Provision of basic services especially drinking water, irrigation, access roads, drainage and sanitation can have a significant impact on productivity, time-savings and health status of poor communities;
- f) Provision of direct investments on smallholder lands and livestock to increase productivity and production can entail significant increase in incomes;
- g) Lack of technical knowledge about crop farming and modern livestock management and production techniques is a major constraint to enhancing the productivity of farm income. Provision of modern cropping and livestock management practices can provide a significant boost to agriculture and livestock productivity;
- h) Training of a cadre of service providers at the community level can be a source of on-going technical support to the smallholder and can help in providing him with improved services and inputs for which he would also be willing to pay a fee;

⁵³ For the mathematics of these relationships and coefficients used, see Mellor and Ranade in the November 2007 issue of the Pakistan Development Review.

⁵⁴ World Bank 2007.

⁵⁵ Profiling Pakistan Rural Economy for Microfinance. Innovative Development Strategies. 2009.

The Conceptual Approach

52. The conceptual approach of the Southern Punjab Poverty Alleviation Project is based on the following underlying analysis and principles;

- a. For effective poverty alleviation, the project needs to focus on both farm and non-farm activities;
- b. Those with limited skills and resources need a sustainable source of livelihood through asset creation, skill development and entrepreneurial training to build their equity base.
- c. There is limited access to basic services such as drinking water, irrigation infrastructure, drainage and sanitation facilities, small link roads, etc. Provision of these is a key constraint to enhanced productivity, production and marketing;
- d. Focus on increasing productivity and production should be closely coordinated with marketing where such market opportunities are limited.
- e. Direct investment in productivity enhancement initiatives for small holder farmers can have potentially high pay off due to poor yields in both the crop and livestock sectors.
- f. Transfer of technology through an interactive and sustained approach can help to impart key technologies to smallholder farmers and livestock farmers;
- g. Strengthening of the cadre of community service providers at the local level who cater to the smallholder can ensure a sustained level of service to the target households beyond the project life.
- h. In selecting activities for grants provide one time grant rather than operational subsidies which cannot be sustained beyond the project life;
- i. When training is provided it should be accompanied by a clear plan to ensure the provision of equipment, tools and kits required to utilise the training productively;
- j. When assets and infrastructure is provided there should be a careful analysis of the individual or communities capacity to operate and maintain the asset or scheme;
- k. A clear exit strategy and a focus on sustainability in choosing project activities and implementation arrangements.

C. Project Goal and Objectives

53. The project is designed to assist the Government of Punjab achieve its economic growth and poverty alleviation objectives. The overall goal of the project is to contribute to the reduction of poverty in Southern Punjab. The project objective is to increase incomes of 80,000 poor households by enhancing the employment potential of the people and increasing agriculture productivity and production.

54. The principal outcomes expected from the project include enhanced capacity for sustainable livelihoods through asset transfers, enhanced capacity for employment and productive self-employment, enhanced access to basic services, increased productivity and production of agriculture produce and strengthened local capacity for agriculture and livestock service provision. The principal outcome expected from project management is efficient and cost effective use of project and complementary donor resources to achieve the development objective.

D. Alignment with Country Rural Development Policies and IFAD Strategies

55. The Project is well aligned with the overall poverty alleviation strategy of Pakistan as well as

Punjab's provincial economic development and poverty alleviation strategy. In addition, the project is also consistent with the IFAD Strategic Framework and the strategy outlined in the Pakistan COSOP of 2009 covering the period 2010-2014. The Punjab Government's medium term development framework lays down the development activities to be carried out in the province in various sectors of the provincial economy. It states that the rural development strategy has to be built around the key strengths and advantages at the district level. Each district needs to assess its comparative advantage for value added crops and agro-based industry. Rural development has to be pushed by much greater levels of high value agriculture products based on provision of technological and process improvements, creation of rural markets, providing ready access to micro-credit, provision of cool chains and storage facilities, transport facilities and road networks connecting producers to markets. The Punjab Government feels it has to switch its focus from a production strategy of self sufficiency in food production, to a strategy which fully exploits its potential of high value-added crop and livestock development while maintaining strategic reserves of essential food grains. The Government believes that adoption of this strategy could multiply the returns to the farmers of the Punjab and boost the GDP of Punjab manifold.⁵⁶

56. The design of SPPAP has emerged from a request made by the Government of Punjab for assistance. Several rounds of discussions have been held with the Planning & Development Board, Agriculture and Livestock Departments and Finance Department in Punjab to ensure that the project is closely aligned with the current priorities and policies of the provincial Government. The current Project will focus on Government priorities in the area of agriculture, livestock, vocational and enterprise development in keeping with the poverty alleviation targets of the Government.

E. Project Components

57. The project is expected to have three main components. These include (i) Livelihoods Enhancement (ii) Agriculture and Livestock Development and (iii) Project Management. Components 1 and 2 are mutually supportive and reinforcing: Component 1 aims primarily at creating a solid, and enabling basis on which the target groups could embark on livelihoods enhancement initiatives for both farm and non-farm activities; Component 2 focuses on enhancing the productivity of the agriculture and livestock sectors as instruments for poverty alleviation.

Component 1: Livelihoods Enhancement

58. This component consists of three sub-components; 1.1 Asset creation, 1.2 Vocational and entrepreneurial training and 1.3 Community physical infrastructure.

59. The first sub-component is *targeted at women* from households that score between 0-11 on the poverty score card. Women from these households will be provided *productive assets which will include poultry, goats, large ruminants and small land plots*. The purpose of this sub-component is to provide poor women with a sustainable source of livelihood. Livestock is primarily a women's activity. Most households cannot afford to buy their own livestock and many share the ownership of livestock with landlords under various exploitative arrangements that define their share in the produce and offspring. This sharing arrangement limits the returns women obtain from this activity. By providing them with their own livestock women can break the vicious cycle and work for themselves and enhance their own incomes. While women can legally own land, cultural norms limit their ownership and inheritance rights to this important resource. SPPAP will provide a limited number of land plots to women from landless households which can be used as a permanent source of shelter and for productive purposes in locations where land is available at a reasonable cost. The Project Implementation Manual details the selection criteria and certain preconditions to qualify for this support.

60. The second sub-component is aimed at *households with limited skills*. Under this sub-component *vocational and entrepreneurship training* will be provided to men and women in relevant trades appropriate for productive employment or business development in the project districts. Arrangements for vocational training will be outsourced to local training institutions. The vocational training will be in trades such as plumbing, electrician, carpentry, welding, home appliances, tailoring,

⁵⁶ Chief Minister's Vision 2020. Government of Punjab. Pre-Budget Policy Address. Ch. Pervaiz Elahi Chief Minister, Punjab. June 15, 2004.

handicrafts, teaching, computing, driving, masonry, etc. About 70% of the trainees will be women who have been found to make much more productive use of such training opportunities compared to men. For entrepreneurship training, a well tried and tested model which trains entrepreneurship activists from within the local community will be adopted. The entrepreneurship activists prepare value-chain analysis of sub-sectors relevant to the target households, train entrepreneurs and mentor and guide the entrepreneur for the first two years of the business cycle. Equipment such as kits and tools for the various trades, sewing machines, equipment for various business, some basic teaching aids for home school teachers, etc, will be provided at the end of the training. The Project Implementation Manual provides the selection criteria for the trainees, qualifications and the step by step procedure that is to be adopted during implementation.

61. The third sub-component is Community Physical Infrastructure (CPI) which is aimed at communities with limited access to basic services. Water is one of the most critical constraints in the target districts and is the underlying reason for the low level of productivity in the crop and livestock sectors. Key infrastructure schemes such as drinking water supply, irrigation, drainage and sanitation, access roads and minor structures and the introduction of innovative technologies such as solar technology, bio-gas, etc will be provided. SPPAP will identify the CPI schemes through the community organizations and will finance these on a shared basis. Selected communities will provide on an average 10% of the cost for labour, local materials and supervision costs. Households in the 0 to 11 category will be exempt from the payment of this contribution. The Social Mobilization partner will implement this component through a well developed and tested methodology which is being implemented by the Rural Support Programmes across Pakistan. Under this methodology the scheme selection criteria, preparation of the technical, and environment and social feasibility, the payment schedule, the supervision process, the implementation and maintenance arrangements are clearly outlined in a Terms of Partnership with the community. The manual which is being used by the Pakistan Poverty Alleviation Fund for the implementation of these schemes will be used and some of its key features have been reproduced in the Project Implementation Manual.

Component 2: Agriculture and Livestock Development

62. The agriculture and livestock development component is directed at the smallholder farmer in Southern Punjab. It consists of three sub-components; (i) Productivity Enhancement Initiatives (ii) Technology Transfer to farmers using the Farmer Field Schools approach and (iii) Training of service providers in agriculture and livestock.

63. The productivity enhancement sub-component has been designed to provide opportunities to the smallholder farmer to increase productivity in the crop and livestock sectors through provision of improved technologies. The target group will be selected from those households who score 23 or less on the poverty score card but have some land and livestock. Community members will identify investment opportunities that can help to enhance their productivity and production in the crop and livestock sectors. The selected households will be provided technical assistance and financing for investment in precision land levelling, raised bed plantation, zero tillage plantation, kitchen gardens, gypsum treatment, tunnel farming, artificial insemination of livestock, fish ponds etc. It is expected that this sub-component will also encourage innovations along the value chain in helping smallholder farmers to work on a collaborative basis in storing, processing, transporting and selling agriculture produce to markets. In selecting the investment the technical and economic feasibility will be carefully evaluated as well as the cost per beneficiary, cost-benefit ratio, etc.

64. The second sub-component is designed to transfer available technologies through the Farmer Field Schools (FFS) methodology. The concept of farmer-centered approaches for technology transfer have been successfully tried and tested in Pakistan by several projects. For women the FFS approach has been very successful in identifying various diseases in large ruminants which impact dairy production and in the cultivation of vegetables. Using various PRA tools, farmers identify and prioritize problems and develop options which are practiced during the life of the FFS. This will involve participatory demonstrations of good practices that can improve productivity such as improved production techniques, conservation agriculture which could include minimum or zero tillage and crop rotation practices depending upon the cropping pattern, improved soil fertility measures, better seed quality, use of improved varieties, tunnel farming, compost making, Integrated Pest Management techniques, water saving technologies, livestock feeding and watering practices, hay & silage making, livestock production

and health management practices, etc. The schools will include field-based workshops, at which experts will teach farmers about the interaction between farming practices and the environment. These will also help farmers manage insects, pests and diseases. Farmer Field Schools will be organized for small holder dairy farmers especially women in animal production and health management, vegetable cultivation, feed preparation, etc. The positive experience from the various projects functioning in Punjab will also be disseminated in the project districts. This sub-component will be implemented through arrangements with agencies with previous experience of managing such farmer based schools at the village level.

65. The third sub-component will finance (a) *training of women in livestock management and production* and (b) *strengthening of private sector service providers* in crop and livestock production at the village level. Under this sub-component women will be provided training as para-vets and Female Veterinary Assistants (FVA). The training of women in livestock will help to strengthen the capacity of local women in livestock management and production. It is expected that 200 women para vets and 80 Female Veterinary Assistants will be trained under the Project. The para vets training is expected to be for two months training while the FVA training will be for two years in one of the accredited veterinary training institutions in Punjab. The para vets are expected to supplement their income through user fees charged for their services. Some of the FVA will be recruited by the Livestock Department on a permanent basis after the completion of training. While others are expected to join the private sector, or operate their own veterinary clinics.

66. The strengthening of community service providers from the private sector will include training of service providers such as farmer based seed suppliers, small feed mills, and equipment owners (tractor owners, thresher owners, etc) who provide services to the small holder farmers. These agents will be provided modern equipment and training in its use. The equipment could be for seed production, feed preparation, silage preparation, land levelling, drill plantation, raised bed preparation & sowing, zero tillage plantation, artificial insemination, etc. The equipment will be provided on a cost sharing basis by the Project to the service provider as there are huge potential productivity gains to be secured by the smallholder farmer who does not have access to these services. As such this support will only be provided to service providers who are currently serving the smallholder farmer and the community organization will select these providers. The service providers will provide their share of the cost either by direct cash contribution or through providing services to community members to cover their share of the cost. Terms of partnership will be made between the Community Organization, Service Provider and the District Management Unit to ensure proper selection and service provision for the smallholder. The Service provider will be provided the equipment on a 50:5-shared basis. Of this 20% is expected to be as an up-front cash contribution while 30% will be by providing services to the community on a subsidised basis for a specified duration.

Component 3: Project Management

67. **A Project Steering Committee** will be constituted which will be chaired by the Chairman of the Planning & Development Department and its members will include the Secretaries of P&D, Agriculture, Livestock, Finance as well as the District Coordination Officers (DCOs) from the four project districts. Representatives from the implementing partners will be invited to these meetings as observers. The Project Management Unit will report directly to the PSC. The PSC will meet on a six-monthly basis to discuss the issues and progress in implementation, monitoring and achievement of targets and resolve any issues that confront the implementing agencies.

68. A well staffed **Project Management Unit (PMU)** will be established under the supervision of the Planning and Development Department of the Government of Punjab. The PMU will be based in Bahawalpur District which is in close proximity to the four Project Districts. The PMU will be responsible for overall management, coordination, monitoring, knowledge management and evaluation. The PMU will have a Project Director, Deputy Directors in the area of agriculture, livestock, enterprise development, gender and expertise in financial management, monitoring and evaluation, etc. Government line agencies often have strong technical capacity but limited operating budgets. SPPAP will draw on this technical experience by providing operational budgets for transport, board and lodging and honorarium as an incentive for government line agencies to provide direct services to the Project. A special technical assistance budget will be provided to the PMU for recruiting expertise on a short term basis as required. Requisite support staff and operating costs will

be provided for the PMU together with basic equipment and transportation. The PMU will hold regular monthly coordination and planning meetings with all staff including representatives of the implementing partners as and when required. In these meetings work plans, targets, performance, monitoring and report requirements, etc. will be discussed and agreed.

69. Two **District Management Units (DMUs)** will be established for better coordination and management of project activities. One DMU office will be established in Rajanpur and the second DMU will be established in Bahawalnagar District. The district in Rajanpur will be responsible for the project activities in Rajanpur and Muzafargargh while the DMU in Bahawalnagar will be responsible for project activities in Bahawalpur and Bahawalpur. The DMUs will include Assistant Directors for Agriculture, Livestock, Training & Enterprise Development, Gender, Monitoring & Evaluation and Finance. Requisite support staff and operating costs will be provided to the DMUs together with basic equipment and transportation. The DMUs will hold weekly project coordination meetings at the district level in which all implementing partners will participate to discuss work plans, targets, performance, monitoring and reporting requirements, etc.

70. The terms of reference of the PSC, PMU and the DMUs is outlined in the Project Implementation Manual together with a job description for each of the key staff members.

71. **Project Accounts and Flow of Funds.** The Ministry of Finance of the Federal Government of Pakistan will send funds from the Federal Consolidated Budget to the Provincial Consolidated Budget. Funds from this Account will be deposited in a USD Designated account for the Project which will be opened in the National Bank of Pakistan (account in NBP is mandatory under Government procedure) for IFAD funds. It is from this account that the Government of Pakistan will on-lend to the Government of Punjab. The funds from the Federal Government will first be deposited into a holding account in Punjab managed by the treasury and it is from here that funds will be deposited into a PMU managed operational account in Rupees. This account will be operated by the Project Director in accordance with IFAD and Government procedures. Two local currency accounts will also be established in Rajanpur and Bahawalnagar to allow for day to day expenses of the DMU. These accounts will be operated by one of the Deputy Director in the DMU designated by the Project Director. Disbursement of funds to all implementing partners will be based on the agreed procedures and be in accordance with the Annual Work Plan and Budgets (AWPBs). The Project Director will be responsible for day-to-day financial management of the project with the assistance of the Assistance Director (Finance & Account), including: funds disbursement, preparation of withdrawal applications, management of the USD Advance Account and local currency accounts, financial reporting, and arrangement of audits.

72. Government has its own **system of information about receipt and accounting** of foreign funds by monitoring flows through the Designated Account and financial progress reports. These standard procedures will also apply to SPPAP. In addition, the PMU will establish procedures that will minimize the chances of corruption in the disbursement of funds and procurement of goods and services. The PMU accounts will be audited by the Auditor General of Pakistan on an annual basis while the accounts of the implementing partners will be audited by independent Third Party auditing firms.

73. **Procurement** would be done using single source selection, direct contracting or national shopping. The Project Director together with the concerned Deputy Directors will be responsible for procurement decisions. The Assistant Director (Finance) will prepare an annual procurement plan (broken down by quarter) based on the annual work plan and budget (AWPB). The procurement plan for the first 18 months of the project is included in the PDR. The procurement methods to be used are the following:

- For vehicles, goods, office equipment and publication materials:
 - For contracts estimated to cost more than USD 100 000 (or equivalent) – national competitive bidding.
 - For contracts estimated to cost more than USD 5 000 but less than USD 100 000 (or equivalent) – national shopping, requiring quotations from at least three reputable suppliers.

- For contracts valued below USD 5 000 (or equivalent) - direct contracting.
- For technical assistance, workshops, training and studies – quality based selection or single source selection.
 - All documents on bidding, evaluation and contract award would be submitted to IFAD for prior review and provision of 'no objection'.
 - Contracts valued at less than USD 100 000 would be subject to post review during supervision missions; however, PMU would submit two copies of the signed contract to IFAD, together with the analysis of the respective bids and the recommendations for award, immediately after contract signature.
 - In the event that there are contracts valued at USD 100 000 or more, they would be subject to national competitive bidding.

74. All procurement of goods and services financed by IFAD would be in accordance with the IFAD Procurement Guidelines of December 2004.

75. **Disbursement:** Upon loan effectiveness, an initial advance corresponding to about six months' expenditure requirements, would be made into the designated account. Thereafter, this account would be replenished in accordance with established IFAD guidelines for operating Designated Accounts. Disbursement for civil works, vehicles, office equipment and service providers/ consultant's services will be fully documented. Withdrawal from the loan for payments costing less than USD 25 000 will be made against certified Statements of Expenditures (SOE), the documentation of which will be retained by the project for inspection during supervision missions.

76. **Disbursement Conditions.** No withdrawal from the loan account would be made until the following conditions are met: (i) the SPPAP Advance Account is opened by the GoP in the National Bank of Pakistan or a commercial bank acceptable to IFAD; (ii) a Project Implementation Manual is prepared and adopted; and (iii) the AWPB for the first project year is submitted by the PMU.

77. **Audit of Partner Agency Accounts.** All implementing partners under SPPAP will prepare annual financial statements in respect of each fiscal year (1 July to 30 June) which will be submitted to the PMU within three months of the end of the fiscal year. The independent auditors of each implementing partner shall audit the accounts and financial statements. They shall include a separate opinion on the statement of expenditure and the operation and utilization of funds under SPPAP.

IV. IMPLEMENTATION AND INSTITUTIONAL ARRANGEMENTS (KSF 4)

A. Institutional Development and Outcomes

78. The Economic Affairs Division of the Government of Pakistan is the main agency through which all development assistance is coordinated. However, the design of the current investment has been closely coordinated with the Planning & Development Department of the Government of Punjab as well as the Agriculture and Livestock Departments in the Punjab Province and the District Government officials in each of the selected districts. It is expected that this process of engagement will strengthen the capacity of the Government at various tiers to deliver services, learn from the Project experience and influence future investment decisions and policy regarding local level development in a broad range of sectors. The SPPAP monitoring system will keep the PSC fully informed of the knowledge that is generated from the Project to influence policy making regarding agriculture, livestock and rural development initiatives of the Government.

79. The institutional responsibilities in the Project are based on the key strengths of each of the implementing partners. The NGO sector is particularly strong in social mobilization, strengthening the capacity of community activities, implementing community infrastructure schemes, skill training and coordinating the delivery of a range of services at the local level. The Government line agencies have strong technical capacity and staff available for extension services but they lack operational funds and facilities. The private sector is good at creating value chain links and marketing of produce. The

private sector has had an important role to play in the agriculture and livestock sector and many new initiatives especially in the dairy and agriculture sector are being undertaken with the partnership of the private sector. Many promising examples of public-private sector partnerships is emerging in Pakistan for the production and marketing of high value crop and dairy production. The Government of Punjab has also enacted a new Agricultural Marketing law that envisages private sector participation in establishing rural markets and this will expand the range of opportunities for partnership. It is also now being increasingly understood that without the participation of these different agencies it will be difficult to meet the overall objectives of economic growth and development and to achieve the objectives which the Government has established for itself for increase in production of high value agriculture production, rural enterprise development and poverty alleviation in Punjab. The Southern Punjab Poverty Alleviation Project is designed to capitalise on the key strengths of each of these agencies.

B. The Collaborative Framework

i. The main implementing agencies and their roles

Component 1: Livelihoods Enhancement

Community Organizations

80. Community Organizations are the key implementation mechanism for SPPAP at the village level. NGOs like the National Rural Support Programme (NRSP) and the Punjab Rural Support Programme (PRSP) are already undertaking the task of social mobilization in the project districts under the World Bank financed Social Mobilization Project. As such, SPPAP will not organize any communities itself but will work with the existing institutions. The Project will use the 19,000 Community Organizations (CO) which are expected to be formed in the four project districts up to the end of June 2010 by NRSP and PRSP. These organizations are expected to have a membership of 330,000 members of which 87% are women's organizations with close to 300,000 women members. These Community Organizations will provide the institutional vehicle at the village level for project implementation. Both NRSP and PRSP have plans to consolidate these COs into apex organizations at the village level called Village Organizations (VOs) and Local Support Organizations (LSOs) at the Union Council level. The VOs and LSOs are expected to provide on-going support to their CO members and help in undertaking collective activities of benefit to their members such as provision of basic services, implementation of infrastructure, input supply, marketing, financial services and monitoring and evaluation. SPPAP will help to further strengthen this institutional infrastructure. The key role of the CO under SPPAP will be (i) validation of households identified through the Poverty Score Cards, (ii) identification of participants for different activities, (iii) identification of community infrastructure projects (CPIs) (iv) operation and maintenance of CPIs (v) supervision, monitoring and evaluation of all project activities. At the CO level, the Social Mobilization Partner (SMP) will hire Community Resource Persons who will be trained to conduct participatory monitoring and evaluation of Project activities. The PIM further specifies the role and responsibility of the CO.

Social Mobilization Partner

81. A Social Mobilization Partner (SMP) will be recruited through a competitive process and will be the main interface between the community and SPPAP. Performance based contracts will be negotiated with the selected NGO/NGOs. The Project Implementation Manual specifies the Terms of Reference of the SMP. NGOs such as NRSP and PRSP have a long history of organizing communities at the village level for local level development. Both NRSP and PRSP are Government supported NGOs with strong capacity and presence in the selected Project districts. The selection of these NGOs will allow the leveraging of a number of on-going government and donor initiatives in the selected districts and entail substantial savings by using the already organized communities in the selected districts. It is expected that the Social Mobilization Partner will be recruited within the first 2 months of Project start-up.

82. Under the SPPAP, the SMP will (i) undertake further strengthening of the community organizations (ii) identify and train community resource persons at the village and Union Council level who will then participate in participatory monitoring and evaluation of project activities (iii) identify the

target group for all project activities in discussions with the COs based on the criteria specified for different activities (iv) assist in the asset creation sub-component by helping to organize communities for the delivery of livestock assets and land plots (v) implement the community physical infrastructure schemes (vi) coordinate with other implementing partners when required (vii) assist in project monitoring and evaluation. The National Rural Support Programme and the Punjab Rural Support Programme are also among the largest provider of rural financial services in the country and they will provide these services from existing resources to those households from amongst the target group who graduate to the income level from which they are able to access interest bearing funds.

Vocational Training Organization (VTO) and Entrepreneurship Training Organization (ETO)

83. The Project Management Unit will recruit a Vocational Training Organization (VTO) and an Entrepreneur Training Organization (ETO) to implement the training sub-component of the Project. The VTO and the ETO will be competitively recruited from the NGO or the private sector. Performance based contracts will be negotiated with the selected organization. It is expected that the VTO and the ETO will be recruited within the first four months of project start-up. The selected organization will utilize local training resources such as the Technical Education and Vocational Training Authorities (TEVTA) or the Department of Social Welfare both of which have facilities at the district level. The training course duration, timing and location will be tailored to meet the requirements of local trainees especially women. The VTO will guide the participants in the selection of the trade to maximize the potential for employment after the training. The VTO will also investigate the potential for identifying some non-conventional trades especially for women. The VTO will also identify and train women in areas where there is a potential for providing a basic service at the local level for which the community is willing to pay such as training home school teachers where there are no schools. A draft Terms of Reference for the VTO is given in the PIM.

84. Entrepreneurship training will be organized through a competitively procured Entrepreneurship Training Organization (ETO). The ETO will be expected to first identify Entrepreneur Activists (EA) in consultation with local Community Organizations and train them as master trainers. Once the initial training is completed, the ETO will identify women and men from the COs who are willing to participate in the business training and organize training courses for them. Those who exhibit a certain level of commitment and aptitude will be provided business incubation support to ensure that they are able to establish a new business or expand an existing one. In addition, the ETO will also help to develop a business development association of the trained Entrepreneur Activists at the district level who can provide this training on an on-going basis for a fee. A draft Terms of Reference for the ETO is given in the PIM.

Private Contractors

85. It is expected that small local contractors will be hired by the community organizations under guidance from the Social Mobilization Partner to provide technical services and skilled masonry and other civil works for the community physical infrastructure schemes. The private contractors will be selected by the COs based on their experience, expertise and cost. In all project districts, there is a wide choice of private contractors available for the construction and implementation of drinking water supply, irrigation, drainage, sanitation facilities, small roads, etc. The mode of contracting, supervision, payment, etc., will be based on the well developed implementation methodology which has been used by most NGOs across Pakistan for the construction of small community physical infrastructure schemes.

Component 2: Agriculture and Livestock Development

Project Management Unit

86. This component will be implemented by the Project Management Unit with technical assistance of Government Agriculture and Livestock Departments and private sector providers where required. The Project Management Unit will recruit staff to manage this component at the district level. SPPAP will recruit agriculture and livestock specialists at the PMU level and in each district to plan and coordinate the activities under this component. The livestock specialist will be recruited from among women candidates. The Project Management Unit will recruit as soon as possible the services of one

or more agencies to implement the Farmer Field Schools through competitive procurement. The PMU will arrange for the training of the para-vets at the local level in one of the Government Veterinary Training institutes. The PMU will also advertise and select women candidates for the Female Veterinary Assistant training from within each district. Once the selection is completed on the basis of the selection criteria specified in the PIM, the PMU will arrange their training under special arrangements with the University of Veterinary and Animal Sciences in Lahore or in Bahawalpur.

Community Organizations and the SMP

87. The COs and the Social Mobilization Partner will play a key role in the participatory selection of the beneficiaries under the productivity enhancement initiative, the transfer of technology, the selection of private service providers and female para vets from within the organized communities based on the specified selection criteria. The COs will also provide their feedback on the various project activities under this component. The Social Mobilization Partner will help to organize the communities and assist in the delivery of the support that communities are to receive under the Productivity Enhancement Initiatives and help to organize farmers for the technology transfer activities.

Government Line Agencies

88. The Agriculture and Livestock Departments of the Government of Punjab will provide technical training and guidance to the target group based on their technical knowledge and experience. Both these departments have undertaken a host of initiatives to enhance agriculture and livestock production in the Province and lessons from this experience will be used by the Project. The technical specialists in the PMU will identify when the services of the line agencies are required and arrange for their field visits. SPPAP will provide the travel budget and honorarium to line agency staff involved in providing technical assistance and training to the target group.

University of Veterinary and Animal Sciences (Lahore) or the Faculty of Veterinary Science, Islamia University, Bahawalpur.

89. Special arrangements will be made with one of these training institutes to provide specialised training to the selected candidates for a period of two years. A special course curriculum will be formulated by the training institute with guidance from the Deputy Director Livestock at the PMU and in consultation with technical experts to ensure that animal health and production issues are covered in the training. The training institute will make special arrangements for accommodation and board for the selected candidates. It will house the trainees in a secure and comfortable location.

Farmer Associations and Networks

90. Farmer Field schools will be organized through local farmer associations skilled in conducting Farmer Field Schools through organizations such as the FFS Network Association, Kissan Welfare Association, Society of Facilitators and Trainers (SOFT) all of which have considerable experience and have been involved with organizing FFS in the project districts. One or several of these organizations will be competitively recruited by the PMU and a performance based contract will be negotiated with them for identifying and conducting FFS for the target group in crop and livestock sectors. The PIM outlines the terms of reference for the service provider in this regard.

Component 3: Project Management

Planning & Development Department

91. The Executing Agency for the project will be the Planning and Development Department of the Government of Punjab. The Chairman of the P&D Department will chair the Project Steering Committee and will be responsible overall for the performance of SPPAP. The P&D Department will convene PSC meetings after every six months in Lahore.

Finance Department

92. The Finance Department of the Government of Punjab will have the responsibility for ensuring the smooth flow of funds to the designated account of the PMU. A representative from the Finance Department will attend the PSC meetings on a six-monthly basis to resolve any outstanding issues and support and guide the PMU on all financial, accounting and audit matters.

Agriculture and Livestock Departments

93. The Agriculture and Livestock Departments will be key partners in the Project. Both of them would be represented on the PSC. They will nominate suitable staff for the Project and provide technical expertise and share relevant project experience with the PMU. Where required the Agriculture and Livestock Departments will make their staff available to provide technical assistance to the Project for which their staff will receive support for operational costs, travel and honorarium for their staff. In addition, the Livestock Department has undertaken to make arrangements for training the para-vets and the Female Veterinary Assistants for the SPPAP. Where required the district level facilities of the agriculture and livestock department will also be available for the purposes of the Project.

District Coordination Officers

94. District Coordination Officers from each of the four Project districts will be represented on the PSC. They will provide support and guidance to the Project and be responsible for resolving any implementation issues confronting the PMU at the district level.

ii. Technical partners in implementation

95. The project is expected to access technical help and support from some key institutions in Punjab for vocational and technical training, agriculture and livestock training and enterprise development. The organization coordinating the various training programmes is expected to utilise local expertise as far as possible. Thus organizations such as the Technical Education and Vocational Training Authority (TEVTA) which has vocation and technical training centres in all four of the selected Project districts will be used where appropriate. The *SanatZar* Centres established by the Social Welfare Department have well equipped centres for a variety of trainings suitable for women such as tailoring, cutting, handicrafts, etc. Some private sector firms such as Empowerment through Creative Integration (ECI) and the Institute of Rural Management and Kusha Consulting have also developed expertise for conducting a range of business development and entrepreneurship training. Their services will be procured on a competitive basis when required.

96. The Project is likely to partner with a range of institutions which can help to provide training and enhance productivity in the agriculture and livestock sectors such as the University of Agriculture in Faisalabad, the University of Veterinary and Animal Sciences in Lahore and the Faculty of Veterinary Science in the Bahau Din Zakariya University in Multan and the Faculty of Veterinary Science, Islamia University in Bahawalpur. The Project will also assess if the Pakistan Dairy Development Company (PDDC) and the Livestock and Dairy Development Board (LDDDB) which were established to promote the dairy, meat, and poultry industries in the country have developed any packages which can be implemented in the Project area.

iii. Links with complementary projects

97. SPPAP is designed to gain advantage from other Government and donor supported initiatives. The Project has been designed to incorporate the lessons and experience of many of the Government of Punjab's on-going initiatives in the agriculture and livestock sectors. In addition, links have been established to take advantage of several on-going and planned donor initiatives. SPPAP will use the results from the National Poverty Score Card Survey which is being administered by the World Bank through third parties and tabulated by the National Database and Registration Authority (NADRA) of

Pakistan. The information on the profile and poverty status of the rural communities will be used for poverty targeting purposes as well as to establish the baseline for SPPAP.

98. The current project will capitalize on the World Bank Social Mobilization Project under which the Bank has loaned US \$75 million to PPAF for organizing communities in 25 districts. The four selected project districts are included in this list. SPPAP will not create new community organizations but will work with the existing Community and Women's organizations that have already been established in the project districts and cover more than 50% of the rural households.

99. Discussions were also held with the Agribusiness Support Fund which was established by the Asia Development Bank as an initiative under the Agribusiness Development and Diversification Project. ASF provides demand-driven technical and managerial services on a matching grant basis to farmers and small entrepreneurs to improve their productivity, competitiveness and creditworthiness. ASF agreed to support feasible proposals submitted by the SPPAP target group.

100. DFID is launching a new programme in three of the four selected districts under its Punjab Economic Opportunities Programme (PEOP) which is currently in the process of being approved by the Government. This programme will invest £55m over 4 years to make economic opportunities more inclusive in the province. DFID and Government of Punjab will contribute £25m each in skills development and improving incomes of the poor through livestock and dairy sector. DFID will provide an additional £5m technical assistance grant to improve pro-poor policies and implementation capacity of GoPb. Discussions have been held with DFID to ensure harmonization and areas of collaboration. The coordination between these programmes will be undertaken through the Planning and Development Department which will oversee both projects.

iv. Integration within the IFAD country programme

101. SPPAP has been designed as an integral part of the on-going IFAD country programme. This approach has influenced project design as the design team has tried to build synergies with the existing IFAD programme and link with on-going initiatives. The focus of the Project is in Southern Punjab which is an area where IFAD has had limited previous investments. Secondly, the Project is designed to capitalise on the existing IFAD financed micro-finance programme such as the Micro-Finance Innovation and Outreach Programme (MIOP) and the Programme for Increasing Sustainable Micro-Finance (PRISM). This is why there is no provision for micro-credit from the financing provided under the new investment. NGOs like NRSP and PRSP which are seen as key implementing partners in the new initiative are among the largest Partner Organizations of the Pakistan Poverty Alleviation Fund which is implementing the two IFAD Programmes. Thus it is expected that the microfinance needs of the target group will be met through these NGOs through the funds it receives from PPAF. The most recent IFAD investment in Pakistan is through the Crop Maximization Support Project (CMSP) which has just started its operations in 30 villages in Muzafargarh. The experience from CMSP will be incorporated in SPPAP during the course of Project implementation especially with regard to the Village Investment Fund which is being entrusted to local Community Organizations to operate as a revolving fund.

C. Results-Based M&E

102. The **primary objective** of M&E system that will be put in place by the PMU and the implementing partners will be to monitor both physical and financial progress, provide timely information for effective project management, assess achievements, identify bottlenecks and identify opportunities for policy dialogue, innovation and knowledge management. The monitoring and evaluation system will be designed to collect information from key staff at the PMU and DMUs, implementing partners and community organizations. This information will be coordinated and synthesised to report on the progress on planned activities, targets, expenditures and assess the extent to which the intended results at the output, outcome and impact levels are being achieved. The **Project Log-Frame** will be main reference document with regard to the outputs, outcomes and impact of the SPPAP and should be used as the basis for designing the M&E system.

103. **Results and Impact Management System (RIMS).** The PMU will review the IFAD guidelines

indicated in the Results and Impact Management System (RIMS) and in particular focus on the anchor indicators and assess how it can integrate them in its monitoring and evaluation system as well as any future impact surveys that it commissions. RIMS first and second level indicators are integrated in the **Project Log-frame** and will be reported upon on a periodic and annual basis. While some of the initial means of verification have been indicated these will be refined during the project implementation period based on any additional sources of information which are identified.

104. The PMU will develop a specific **Monitoring and Evaluation Plan** within two months of project start-up and will devise and establish an overall Management Information System (MIS) which will be managed by a qualified, full-time M&E Specialist. The role and responsibility of each implementing partner implementing the different components will be clearly outlined in the plan. In addition, a system will be developed to ensure participatory monitoring and assessment of the project by the intended beneficiaries. The Community Resource Persons hired at the CO level will play a key role in providing information on Project activities.

105. The PMU will prepare a **Results-Oriented Annual Work Plan and Budget** (RO-AWPB) at the beginning of each fiscal year that will identify expected annual results and budget requirements. At the end of each fiscal year a results-oriented Annual Progress Report will be prepared which will highlight results achieved against both annual and overall targets. Thus a link will be created between the annual planning exercise, the M&E activities and the annual reporting exercise. All implementing agencies will develop a monitoring and reporting format which corresponds to their specific activities, targets and outputs.

106. **Baseline Data:** The PMU will use the Poverty Score Card data which is collected at the outset to define the baseline for the 80,000 households that are expected to benefit from this project. An approach will be developed to assess how this data can be used to assess the changes in the poverty score card for a sample of the selected households at the end of the project period. A third party agency like Gallup Pakistan or the Punjab Economic Research Institute will be hired to undertake this analysis. PMU will ensure that the baseline study incorporates the IFAD RIMs framework and the Project Log-Frame for the purposes of establishing a baseline.

107. **Participatory Monitoring & Evaluation:** The PMU will make arrangements for participatory monitoring and evaluation of the activities under SPPAP in close coordination with the COs. The Community Resource Persons hired at the CO level will play a key role in providing information on Project activities. For this purpose a system will be established for regular feedback from the participating COs. The progress report of SPPAP will contain a section on community and beneficiary feedback on Project activities. Feedback on the performance of all implementing partners will be obtained from the COs with reference to the quality of the service provided. In case there is negative feedback on the performance of any implementing partner this will be conveyed to the implementing partner for remedial action. In case of continued negative feedback the PMU will consider termination of the contract of the agency. No contract will be renewed without feedback from the community. All supervision missions will also obtain community feedback on different project activities as an essential feature of the supervision process.

108. **Social Performance and Gender Indicators:** SPPAP will present data disaggregated along gender lines. The Project Log-Frame gives gender disaggregated targets for each sub-component. These will be carefully monitored. A first year gender assessment will be undertaken to ensure that all implementing partners have put in place a system of data collection that reports on gender indicators and monitors the extent to which SPPAP is achieving its targets and objectives with respect to women. The Project will also make a special effort to monitor social performance. As part of the Project M&E activities, gender studies will be conducted to assess impact on gender relations and women's empowerment. The study will focus on the three dimensions of women's empowerment, namely access and control over income and assets, well-being and decision-making capacity.

109. **Gender Assessment:** An assessment of the capacity of PMU and DMU staff to integrate and implement a gender sensitive and mainstreamed Project will be undertaken within the first six months of the establishment of the PMU. Based on the level of staff understanding of gender issues, a gender sensitization training will be conducted for all PMU and DMU staff. This will be followed by an overall gender assessment of the Project at the end of the first year of the Project followed by specific

measures to strengthen the participation of women in Project activities and the capacity of implementing partners in this regard.

110. **Impact Studies.** The PMU will outline the impact indicators that are to be monitored and make arrangements for their monitoring on a regular basis. Impact assessment studies will be carried out at Mid-Term and Completion. Additional surveys will be carried out to capture more qualitative information.

111. The PMU will be required to produce a **monthly financial and physical progress sheets** and a **six monthly progress** and an **annual progress report** which shows the consolidated progress in all Project components. The PMU will collect all requisite information from the implementing partners on a monthly and quarterly basis. The six-monthly reports should be prepared within three weeks of the end of the relevant quarter and submitted to the PSC and IFAD on a regular basis.

112. The Project will be **directly supervised** by IFAD. Two supervision and implementation support missions will be organized each year to assess overall progress and performance, gaps and constraints, and identify the necessary implementation support requirements.

V. PROJECT BENEFITS, COSTS AND FINANCING

A. Summary Benefit Analysis

113. **Beneficiaries:** It is expected that around 80,000 households will be targeted under the Project comprising labourers, small farmers, women headed households and women from the target group households. Notwithstanding the fact that the Project will be demand based, the following typology of beneficiaries is anticipated: Under the Asset transfer sub-component (i) 11,555 poor women will be provided small or large ruminants (ii) 7,704 women will be provided poultry packages and (iii) 1,541 women will be provided small land plots.

114. Under the vocational training programme 11,555 men and women will be provided vocational training of which 70% will be women. Under the entrepreneurship sub-component 3,081 men and women will be provided enterprise development of which at least 50% will be women. All participants of the vocational and enterprise development training will be provided equipment, tools and kits to practise the relevant trade or engage in the business for which they have been trained. From among these, 770 of the trainees will be provided business incubation support and 4 district level business development associations will be established to provide on-going support to local entrepreneurs for a fee.

115. Under the community physical infrastructure sub-component 73,500 households will be provided basic services such as drinking water, irrigation, drainage and sanitation, access roads and minor structures and improved technologies such as solar equipment, biogas, etc. The exact number of households which benefit from each of these facilities will depend upon community demand and technical feasibility of providing the required service. It is expected that 1300 community schemes will be implemented benefitting about 600 to 700 COs.

116. Direct investments will be provided to 15,400 smallholder farmers to increase the productivity of their land and livestock assets. In addition, 11, 555 farmers will benefit from technology transfer activities that will help to increase the productivity of existing assets. The Project also expects to establish Farmer Field School Associations at the district level to leave behind a system of on-going support at the local level for a fee.

117. About 80 women from the four districts will be trained as Female Veterinary Assistants and 200 will be trained as para-vets. It is expected that these women will find a productive source of employment at the end of the Project and some will be able to sustain themselves through charging user fees for their services to the local households.

118. **Benefits:** SPPAP benefits will include asset creation, vocational and enterprise skills, access to basic services, investments in productivity enhancement of existing land and livestock assets,

improvement in farming practices and knowledge and increased access to farming services for the small holder farming household. All of these activities are expected to increase the incomes of the targeted households through increase in productivity of human and natural resources. The Project is investing in activities which are expected to enhance the incomes of 80,000 households by anywhere from 20% to 80%.

119. The benefits that can accrue from some of the community Infrastructures can be illustrated by the Soon Valley CI Impact Assessment: The impact of only one PPAF intervention - pipe irrigation system –initiated the beginning of an agrarian revolution in Soon valley. A single intervention changed the whole agriculture scenario- increase in the area under cultivation (38%), land reclamation, enhanced per acre yield (100%) and income, reduction in irrigation time (31%), change in cropping pattern and enhanced value of land (63%).

120. An expanded capacity of smallholder farmers to produce for the market and obtain an acceptable return for their produce will lead to increased employment opportunities for the households in the lowest poverty bands which depend on casual labour as an important source of livelihood, In addition, opportunities for off-farm employment generation will be created through an integrated package of investments in skills, equipment and business training.

121. **Economic Rate of Return:** The economic rate of return has been estimated over a 20 year period at 17% and was found very robust with a sensitivity analysis showing a drop to 15% if benefits are delayed by 2 years, and to 15% if costs increase by 10% or benefits reduced by 10%. It should however be emphasized that this is the minimum and has been based only on increase in incomes at household level because of the estimation difficulties for other benefits

B. Summary Cost Table

122. **Total Project Costs:** The total Project costs over a 5-year implementation period, including physical and price contingencies, are estimated at PKR 4.1 billion (USD 49.1 million). The total baseline costs are USD 36.9 million, while price and physical contingencies account for USD 12.2 million.

123. The major investments are in **Component 1: Livelihoods Enhancement** which represents the core productive Project activities constituting 63% (USD 23.5 million) of base costs. Following on is **Component 2: Agriculture and Livestock** which takes up 20% (USD 7.4 million) of base costs. **Component 3: Project Coordination** takes up 17% of base costs (USD 6.1 million) The tables below gives the summary of projected SPPAP costs:

124. Summary by components:

Islamic Republic of Pakistan Southern Punjab Poverty Alleviation Project Components Project Cost Summary	<u>(PKR)</u>	<u>(US\$)</u>	% Total Base Costs
A. Livelihoods Enhancement			
Asset Creation /a	600,874,706	7,153,270	19
Vocational and Entrepreneurial Training /b	633,978,175	7,547,359	20
Community Physical Infrastructure /c	<u>734,540,063</u>	<u>8,744,525</u>	<u>24</u>
Subtotal	<u>1,969,392,944</u>	<u>23,445,154</u>	<u>63</u>
B. Agriculture and Livestock Development			
Productivity Enhancement Initiatives /d	261,924,284	3,118,146	8
Technology Transfer /e	196,443,126	2,338,609	6
Training Service Providers	161,868,001	1,927,000	5
Subtotal	<u>620,235,411</u>	<u>7,383,755</u>	<u>20</u>
C. Project Management /f	512,659,870	6,103,094	17
Total BASELINE COSTS	<u>3,102,288,225</u>	<u>36,932,003</u>	<u>100</u>
Physical Contingencies	51,792,567	616,578	2
Price Contingencies	<u>971,980,503</u>	<u>11,571,196</u>	<u>31</u>
Total PROJECT COSTS	<u>4,126,061,295</u>	<u>49,119,777</u>	<u>133</u>

\a Outcome 1.1: Enhanced Capacity for sustainable livelihoods

\b Outcome 1.2: Enhanced capacity for Employment and productive self-employment

\c Outcome 1.3: Enhanced access to basic services

\d Outcome 2.1: Increased Productivity and Production of crop and livestock produce

\e Outcome 2.2: Strengthened local capacity for agriculture and livestock services

\f Outcome 3.1: Efficient & Cost effective use of project and complementary donor resources

125. Summary by Expenditure Categories:

Islamic Republic of Pakistan Southern Punjab Poverty Alleviation Project Expenditure Accounts Project Cost Summary	(PKR)	(US\$)	% Total Base Costs
I. Investment Costs			
A. Civil Works/ Community Infrastructures	734,540,063	8,744,525	24
B. Vehicles and Motorcycles	21,160,232	251,908	1
C. Equipment and Materials	279,459,718	3,326,901	9
D. Technical Assistance, Trainings and Studies	971,425,749	11,564,592	31
E. Grants to Beneficiaries	862,798,990	10,271,417	28
Total Investment Costs	2,869,384,751	34,159,342	92
II. Recurrent Costs			
A. Salaries and Allowances	160,511,652	1,910,853	5
B. Operating Costs	72,391,822	861,807	2
Total Recurrent Costs	232,903,474	2,772,660	8
Total BASELINE COSTS	3,102,288,225	36,932,003	100
Physical Contingencies	51,792,567	616,578	2
Price Contingencies	971,980,503	11,571,196	31
Total PROJECT COSTS	4,126,061,295	49,119,777	133

126. **Financing Plan:** IFAD will finance 81.8% of the Project costs (USD 40.2 million) through a loan to the Government of Pakistan on highly concessionary terms. The provincial government will provide counterpart contribution to the tune of USD 5.6 million by waiving/ foregoing duties and taxes accruing from Project transactions and other in-kind costs. The beneficiaries will contribute 6.8% of Project Costs (USD 3.3 million) through in-kind contribution.

127. Financing Plan by Components:

Islamic Republic of Pakistan
Southern Punjab Poverty Alleviation Project
Components by Financiers
(US\$ '000)

	IFAD		GoPb		Beneficiary Contribution		Total	
	Amount	%	Amount	%	Amount	%	Amount	%
A. Livelihoods Enhancement								
Asset Creation /a	9,229	96.2	369	3.8	-	-	9,599	19.5
Vocational and Entrepreneurial Training /b	7,981	78.8	1,329	13.1	817	8.1	10,127	20.6
Community Physical Infrastructure /c	10,566	90.0	0	-	1,174	10.0	11,740	23.9
Subtotal	27,776	88.3	1,698	5.4	1,991	6.3	31,465	64.1
B. Agriculture and Livestock Development								
Productivity Enhancement Initiatives /d	2,461	58.8	1,231	29.4	492	11.8	4,184	8.5
Technology Transfer /e	1,846	58.8	923	29.4	369	11.8	3,138	6.4
Training Service Providers	1,479	62.0	438	18.3	469	19.7	2,385	4.9
Subtotal	5,786	59.6	2,591	26.7	1,330	13.7	9,707	19.8
C. Project Management /f	6,607	83.1	1,340	16.9	-	-	7,947	16.2
Total PROJECT COSTS	40,169	81.8	5,630	11.5	3,321	6.8	49,120	100.0

128. Financing Plan by Expenditure Categories:

Islamic Republic of Pakistan
Southern Punjab Poverty Alleviation Project
Expenditure Accounts by Financiers
(US\$ '000)

	IFAD		GoPb		Beneficiary Contribution		Total	
	Amount	%	Amount	%	Amount	%	Amount	%
I. Investment Costs								
A. Civil Works/ Community Infrastructures	10,566	90.0	0	-	1,174	10.0	11,740	23.9
B. Vehicles and Motorcycles	231	87.0	35	13.0	-	-	266	0.5
C. Equipment and Materials	4,146	93.2	8	0.2	294	6.6	4,448	9.1
D. Technical Assistance, Trainings and Studies	10,987	72.1	2,889	19.0	1,361	8.9	15,237	31.0
E. Grants to Beneficiaries	11,691	84.8	1,600	11.6	492	3.6	13,783	28.1
Total Investment Costs	37,621	82.7	4,531	10.0	3,321	7.3	45,474	92.6
II. Recurrent Costs								
A. Salaries and Allowances	1,671	66.7	835	33.3	-	-	2,506	5.1
B. Operating Costs	877	76.9	263	23.1	-	-	1,140	2.3
Total Recurrent Costs	2,548	69.9	1,098	30.1	-	-	3,646	7.4
Total PROJECT COSTS	40,169	81.8	5,630	11.5	3,321	6.8	49,120	100.0

VI. PROJECT RISKS AND SUSTAINABILITY (KSF 5)

A. Risk Analysis

124. The main risks associated with achieving the strategic objectives are connected with the tenuous political and uncertain security and economic situation in the country. For economic growth and development a stable political environment is important. While this factor is beyond the project management to control, there is a certain modicum of security and stability within the project districts. The Government's pricing and procurement policy of the main cereal and cash crop such as wheat, sugarcane, rice also represents a risk for the project areas as most of smallholder farmers depend on these crops. The smallholder is never sure if he will be able to secure the announced price for his crop. This represents a matter of considerable uncertainty for the smallholder farmer.

129. Climate change not only represents a risk for the country as a whole but also specifically for the project districts in Southern Punjab. The project districts depend upon various sources of water which includes ground water, canal water, rain-water and on hill torrents. All of these are impacted by climate change. As a result of the increase in temperatures the water and agriculture sectors face the greatest risk. The increased variability of monsoons, the increased risks of floods and droughts and the severe water-stressed conditions in arid and semi-arid region of the country such as in Southern Punjab become even worse.⁵⁷ It is estimated that drop in crop yield due to rising temperatures is likely to cause shortfall in wheat production and rice. The land resources are already degraded due to water logging and salinity, water and wind erosion and are likely to experience further degradation due to existing farming practices. Most of these challenges can be met by developing appropriate adaptive measures such as alteration in sowing dates, use of new crop varieties, changes in irrigation methods, changes in planting techniques for rice, tillage practices, precision land leveling techniques, bed plantation, gypsum treatment and use of technologies such as planters, etc. The current project will introduce these technologies where appropriate.

130. SPPAP will count on the National Poverty Score Card Survey for the identification of the target households from among the category of the poorest. Some assess that the potential for error in the poverty score card approach which is being relied upon to select the poorest households for some of the interventions represents another risk for the Project. In order to counter this risk the benchmark score which enables qualification of a household has been kept at a very low level so that even if there is an error or misreporting the selected household will still belong to the poorest poverty bandwidth. Community validation of the selected households is another mechanism which is being used for ensuring the inclusion of poor households.

131. The scattered nature of the settlements and households may also limit the potential for achieving economies of scale and reduction in transactions cost for some of the project activities. This risk is partially being mitigated by focusing on a limited number of Union Councils in the project area so that as much as possible clustering of the selected households is possible. Additional risks arise as a result of the low value added agriculture production and the limited livelihood options in the target area. People with limited access to land, water and skills have few options to enhance and diversify their livelihood options. The Project will have to be very innovative and entrepreneurial in its approach and selection of activities which can enhance opportunities for income generation.

B. Exit Strategy and Post Project Sustainability

132. There are several key elements in the design of SPPAP which are aimed at ensuring post project sustainability and in ensuring a natural strategy for exit of key project activities. The first key element is using the existing structures and arrangements as far as possible and not creating any new or artificial structures. Community Organizations which are the main vehicle for engagement by SPPAP at the community level are existing institutions which have been established by the Rural Support Programmes in the selected districts. The National Rural Support Programme and the Punjab

⁵⁷ Dr. M. Mohsin Iqbal and Dr. Arshad M. Khan. Climate Change Challenges faced by Agriculture in Punjab. Global Change Impact Studies Centre (GCISC). August 30, 2008

Rural Support Programme have a long-term presence and commitment to remain in the Project districts. They will continue to provide institutional building support to these COs through its consolidation of these COs into Village Organizations and Local Support Organizations in the Project districts.

133. The Project is designed to make investments which will be selected based on some key sustainability criteria. For example, investments in physical and productive infrastructure will be made only after it has been ascertained that the infrastructure provided at the community level can be sustained by the community both in terms of management and payment of operations and maintenance costs by the community. The same analysis will be made for investments made at the household level. In terms of the livelihoods enhancement component, investments will be made in skills training and enterprise development at the individual household level after a careful analysis of the potential for employment and self-employment. Furthermore, these investments are being made at the household level which is much more likely to be sustainable as ownership of the assets is clear and unambiguous. As far as possible links will be established with markets to ensure that the investments are sustained beyond the life of the Project.

134. A major aspect of the exit strategy in the Project is trying to strengthen the capacity of the target households by helping to create a sustainable asset base, investment in human resources and enhance the level of basic service. In addition, SPPAP is strengthening the capacity of local level service providers such as women livestock specialists, private sector service providers who provide services to smallholder farmers. The Project hopes to build links between the local households and the Government extension agencies and the private sector which are expected to last beyond the project period. SPPAP is also trying where possible to strength the cadre of master trainers by organizing them for providing agriculture extension and business development services by helping them to establish and register associations at the district level. A similar model has been attempted in other parts of the country and has shown good results.

135. It is also expected that other donors such as DFID and USAID who are planning to work in the project districts could potentially use NRSP or the COs for further channelling their development assistance. NRSP is in the process of transforming its microfinance services into a Microfinance Bank and will remain in the project districts for the provision of microfinance services even if it does not have funds for any other type of service provision. Thus those households which can graduate to a level at which they can access these services will continue to have a source of funds.

VII. INNOVATIVE FEATURES, LEARNING AND KNOWLEDGE MANAGEMENT (KSF 6)

A. Innovative Features

136. One of the most innovative features of the current project is the use of the poverty score card to identify the target households. While most projects have started a broad community mobilization approach and then hoped that the poor would be part of the organized groups, the current project begins with an identification of the poor and organizing them at the outset to ensure that they are the targeted households. The second innovative feature of the project is that it builds on the social mobilization investments of the World Bank to then deliver an integrated package of services which includes social protection, asset creation and skills development to enhance their opportunities for increased incomes. Most investments have a marginal impact on household income because they focus on one service only. The third innovative feature in the Project is its attempt to encourage the participation of private entrepreneurs who can help to link the target group with markets on a sustainable basis. Thus the Project will focus not just on enhancing productivity and skills but ensuring that these translate into increased incomes by ensuring access to markets and employment.

B. Project Knowledge Products and Learning Processes

137. SPPAP is expected to provide key lessons in several areas important for policy formulation for the rural poor such as development and growth in the agriculture, livestock and rural non-farm sectors. As such, the Project will ensure that the PMU adopts a very proactive approach to

developing knowledge products and learning processes. In order to facilitate learning the project will produce product profiles, case studies and learning notes. These will be disseminated through special publication of reports and introduced through special workshops and seminars. The Terms of Reference of each implementing partner will specify their responsibility with respect to the different knowledge products. The PMU will be responsible for collating and analysing this information. Opportunities of collaboration with existing knowledge management initiatives will also be coordinated with the IFAD country office in Pakistan. For this purpose key personnel from the different implementing partners will be provided with capacity building opportunities in knowledge management approaches and tools. Key project knowledge products will include lessons regarding the efficacy of the use of the Poverty Score Card as a targeting device, the value of asset creation in poverty alleviation. This may also yield lessons for the Government's social transfer payments such as the Benazir Income Support Programme which could be made more sustainable. Opportunities will also be provided for sharing lessons with donors working on poverty alleviation strategies in the selected districts especially DFID, USAID, ADB and the World Bank.

C. Regional Knowledge Networking

138. IFAD has a rich experience in project development and design in the region which is not always effectively used at the individual country level. SPPAP will be linked through the Electronic Knowledge Sharing Network for Asia and Pacific (ENRAP) to a wider regional network of knowledge sharing. Opportunities to enable the PMU and Government staff to learn from this experience will be provided through participation in the network. Government line department staff and project staff will be sent to some of the knowledge sharing events.

LIST OF ANNEXES

Annex I: Project Life File

Appendix 1: The Country Portfolio of Loans and Grants

Appendix 2: The Mission Itinerary

Appendix 3: List of Persons Met

Appendix 4: Profiles from the Field

Annex II: Project Logical Framework

Annex III: Summary of Main Cost Tables

Annex IV: Organizational Organigramme

Annex V: Procurement Plan

Annex VI: Key Files

Table 1: Rural Poverty and Agricultural/Rural Sector Issues

Table 2: Organization Capabilities Matrix

Table 3: Complementary Donor Initiative/Partnership Potential

Table 4: Target Group Priority Needs and Project Proposals

Table 5: Stakeholder Matrix/Project Actors and Roles

Annex VII: Draft Project Implementation Manual

Annex VIII: Supervision Plan for Project Year 1 & 2

ISLAMIC REPUBLIC OF PAKISTAN
SOUTHERN PUNJAB POVERTY ALLEVIATION PROJECT
PROJECT DESIGN REPORT
ANNEX I: PROJECT LIFE FILE

APPENDIX 1: THE COUNTRY PORTFOLIO OF LOANS AND GRANTS

Project Title	Loan No.	Signing Date Effective Date Closing Date	Total Credit Amount USD (mil)
Southern FATA Development Project	554/PK	22-Jan-01 24-Jul-02 31-Mar-11	17.15
Community Development Programme	625/PK	9-Mar-04 2-Sep-04 31-Mar-12	21.77
Microfinance Innovation and Outreach Programme	683-PK	18-Jan-06 1-Sep-06 31-Mar-12	26.46
Programme for Increasing Sustainable Microfinance	727-PK	22-Nov-07 7-May-08 31-Dec-13	35.00
Crop Maximization Support Project	787-PK	11-Nov-09 11-Nov-09 31-Mar-14	18.33
TOTAL			118.71

APPENDIX 2: MISSION ITINERARY

March 20 to May 7, 2010

March 20th to March 23rd, 2010

Initial meetings with key stakeholders in Islamabad including donors like World Bank, DFID, PPAF, NRSP.

March 20th to March 24th, 2010

Project Site Visits by Appraisal team

March 24th to March 29th, 2010

Working meetings with Government of Punjab to discuss implementation arrangements and refine aspects of design.

March 30th, 2010

Interactive Workshop with all Key Staff and Project Directors of Agriculture and Livestock Projects in Punjab.

April 1st to April 6th 2010

Team meetings and discussions with key stakeholders in Islamabad

April 7th to April 11th

Project Site Visits by Appraisal Team

April 12th to April 13

Internal team meetings and report writing

April 14th to April 16th

Meetings with Government of Punjab

April 18th, 2010

Wrap-Up Meeting with Chairman Planning & Development, Government of Punjab

April 21, 2010

Wrap-Up meeting with Economic Affairs Department, Government of Pakistan

May 7th, 2010

Submission of draft PDR package

APPENDIX 3: LIST OF PEOPLE MET

Government of Punjab

Planning & Development Board

Mr Javid Aslam

Chairman

Planning & Development Board

Government of Punjab

chairmanpnd@gmail.com

Mr. Ubaid Rubbani Qureshi

Secretary

Planning & Development Department

Government of Punjab

Mr Nasim Riaz

Senior Chief External Credit

Planning & Development Department

Government of Punjab

Tel: 99210481

Fax: 99210108

nasim@pndpunjab.gov.pk

Mr. Natiq Hussain,

Chief Planning & Environment Cell

Planning & Development Department

Government of Punjab

Mobile: 0300-4158425

042-99213324

Mr Baqir Mufti

AC (Agriculture)

P&D Department

Government of Punjab

Muhammad Jaz Hussain

Senior Chief (DERA & ME & PA)

Government of Punjab

Dr Mahmood Khalid Qamar

Chief P&D Department

Government of Punjab

Finance Department

Mr. Farid Ahmed Tarar

Additional Secretary Finance

Government of Punjab

042-99211076

03004293663

Agriculture Department

Mr. Arif Nadeem,

Secretary,

Agriculture Department

Government of Punjab
Tel: 042-9210130, 9210499.
Mobile: 0322-8887804.
E-mail: arifsip@hotmail.com

Mr. Jamshed Daudi
Additional Secretary
Agriculture Department
Government of Punjab
042-99210353

Dr Anjum Ali
DGA-Extension and Agriculture Research
Government of Punjab
042-99200732

Mohammad Asif Khan
Project Director
Fruit & Vegetable Development Project
04299203454

Mr Najaf Syed
National Project Manager
Biosaline II
042-35792001-3

Mr Ahmed Saeed
Project Director
Crop Maximization Project
0333-4262594

Mr Rana Javed
Focal Person
03214883791

Mr. Masood Qadir Waqar
Director of Agri (AR)
Lahore
Ph. 042-9920741

Mr. Razzq G. Malkana
Manager
PHDEC, Lahore
Ph. 0321-4456233

Mr. Abdul Razzaque
Director, Agri. Engg
Lahore
Ph. 0322-4872010

Aqal Hasan Butt
Dy. Director Agri.
Lahore
Ph. 042-99212291

Hafiz Muhammad Naeem Zia
AAE (HQ) Agri. Field
Lahore
Ph. 0333-6845239

Muhammad Munir Ahmad
Director Punjab Institute of Agricultural Marketing
Lahore
Ph. 042-99204630, Mob. 0300-4574261

Mr. Javed Iqbal Anjum
Director
IATI, Sargodha
Ph. 0321-4883791

Ch. Muhammad Ashraf
Project Director
High Efficiency Irrigation System
Lahore
Ph. 042-99200728

Mr. Muhammad Nisar
DDA HQ of DGA (Ext)
Lahore
Ph. 0321-4268802

Mr. Malik Waqar Hussain
DA (Ext) HQ
Office of DG (Ext)
Lahore
Ph. 042-99200753

Mr. Ali Sher Nisar
Agri. Economist
Office of DGA (Ext-AR)
Lahore

Livestock Department

Mr. Jahanzeb Khan
Secretary Livestock
Livestock Department
Government of Punjab
[Tel:0322-8887816](tel:0322-8887816)
secyldd@punjab.gov.pk

Mr Irfan Zahid
Director General Livestock
Livestock Department
Government of Punjab
Tel: 0300-5100909

Mr Khalid Mohammad Chaudhery
DSP Livestock Department
03004201628

S. Shahid Hussain Bukhari
Director
ADRS, L & DD
Lahore, Punjab
Ph. 042-99201116

Fisheries Department

Mr. Safdar Abbas
Senior Economist
Dept of Fisheries
Lahore, Punjab
Ph. 042-99212374

Forestry Department

Mr. Iftikhar Ahmad
CF Ext
Lahore
Ph. 042-99200781

Donor Agencies

Mr David Taylor
Deputy Head Programme
DFID, Islamabad
92 51 2012502

Mr Haroon Sharif
Senior Regional Adviser
Private and Financial Sector Development
DFID, Islamabad
92 51 2012519

Ms Nighat un-Nisa,
Deputy Programme Manager
Governance and Growth Group
DFID, Islamabad
92 51 2012541

Mr. Arvind Mangur
DFID, Islamabad

Mr Imtiaz Alvi
Senior Institutional Development Specialist
World Bank
Islamabad
051-9090184

Donor Funded Projects

Mr. Khalid Khan
Agribusiness Support Fund

144-Central Commercial Area, DD Block, Phase IV,
Defence Housing Authority (DHA), Lahore.
Ph: +92-42-5749081-3, 5899761-2
Fax: +92-42-5749084
E-mail: info@asf.org.pk
Website: www.asf.org.pk

Mr. Shad Muhammad
National Coordinator (Agribusiness)
Agribusiness Support Fund
0300 9112456

National Agriculture Research Centre, Islamabad

Dr Iftikhar Ahmed
Director General
NARC
Ph 051 9255028

Dr Roshan Zada
IMP Programme
NARC
03445155264

First Micro-insurance Agency, Pakistan

Mr. Tariq Baloch
CEO
Karachi, Pakistan
92 214543429

Mr. Al Malik Khoja
Company Secretary and Project Coordination Manager
Karachi, Pakistan
92 214543429

National Rural Support Programme

Mr. Rashid Bajwa,
General Manager,
National Rural Support Programme

Mr. Zahoor
General Manager Credit
NRSP, Bahawalpur

Mr. Agha Jawad
NRSP, Islamabad
0300 970 6553

Mr. Raja Rifaqat
NRSP (Agri & Livestock)
Islamabad
0300 856 6413

Ms. Salma Khalid
NRSP (Gender)
Islamabad

Mr. Muhammad Tahir Waqar
Programme Manager
Monitoring Evaluation and Research
NRSP, Islamabad
0300-5128381.

Mr Abid Razzaque
Regional Engineer
NRSP Bahawalpur

Mr Parvez Gondal

Regional Program Officer
NRSP Bahawalpur
0333 521 8915

Mr. Madah Hussain Khosa
Ghulam Abbas Khokar
District Programme Officer
NRSP Bahawalpur

Mr. Naveed Ahmad
Monitoring & Evaluation Section
NRSP DG Khan
0649 260421

Mr. Ashraf Sandhu
Monitoring Evaluation & Research Section
NRSP Bahawalpur
0300 736 1232

Mr. Saleem Sherani
Regional Programme Manager
NRSP, DG Khan
0333 648 6056

Mr. Jawad Rahim
Manager Micro Insurance
NRSP, Islamabad

Mr. Roomi Shoaib
Head, IRM
NRSP, Islamabad

Ms. Irum Wali
Manager Training IRM
NRSP, Islamabad

Zareena Baloch
District Programme Officer
DG Khan

Hasina Baloch
District Programme Officer
Rajanpur
03333022299

Punjab Rural Support Programme

Mr Mutahir Shah
Regional General Manager
Punjab Rural Support Programme

Mr Shoaib Cheema
District Manager
Disttt. Office, Basti Maharani
Muzaffaragh District
0333 9209000

Mr. Mohammad Khan
Monitoring & Evaluation Section

Muzaffargarh District
Punjab Rural Support Programme

Pakistan Poverty Alleviation Fund

Mr Kamal Hyat
Managing Director
Pakistan Poverty Alleviation Fund
House No. 1, Street No. 20, F-7/2,
Islamabad, Pakistan
Tel: 92 51 111 000 102

Mr Kamran Akbar
Chief Operating Officer
Pakistan Poverty Alleviation Fund

Mr Yassir Ashfaq
Manager
Credit and Enterprise Development
Pakistan Poverty Alleviation Fund

Mr Tanvir Hussain
Manager
Evaluation Research and Development)
Pakistan Poverty Alleviation Fund

Bahawalpur District

Mr Bashir Ahmad Sheikh
Director Incharge
Regional office, PCRWR
Bahawalpur
Ph. 03336376816

Mr Zameer Ahmad Somroo
Deputy Director
Regional Office. PCRWR
Bahawalpur
Ph. 0301 8686765

Rajanpur District

Mr. Liaqat Ali
Executive Director Officer (Agriculture)
District Government Rajanpur
064 689369
0322 7012269

Muzaffargarh District

Mr Ghulam A. Razi
Executive Director Officer
Muzaffargarh
Ph. 03007816051

Dr M. Saeed Akhtar
DO Livestock
Muzaffargarh

Ph. 03006860342

Mr M. Asharf Qureshi
Deputy District Officer Agriculture
Muzaffargarh
Ph. 03216864830

Mr M. Sulaman Shah
District Project Manager
Crop Maximization Project
Muzaffargarh
03457136443

Rani Waheeda Malik
Madani Woman Development Organization
Kot Addu
Ph. 03107412977

Community Members

Bahawalpur 8th April 2010

Tehsil Yazman, UC 106 DB Chak 106 DB
Basti Jehandan
Azhar Colony
Yazman, Bahawalpur
3 Women COs – Noor, Kamal and Eeman: 15 HHs in each CO met

VO Hamdard, CO Sarsabz Tanzeem, 25 HHs
56 km from Ahmedpur East, 6 kms from Taliwala
Women CO, President: Mr. Mushtaq Ahmed, Manager: Muhammad Nishtar
25 women

Chak 116 DB
From Main Road near Wodha)
Yazman
(Settlement had a solar water heater and Nestle Milk Collection and Chilling Unit), about 250 HHs in settlement
CO members: 19 women, 5 men

141 DRB, (Derawar Branch)
UC Chanapur
CO Basti Azad
Existing CPI includes water channel lining and Water Storage Reservoir
20 men

Muzaffargarh 9th April 2010

UC Khanpur Shomali
Basti Tibiwala
CO Ufaq (mixed) about 100 HHs in settlement and 30~35 in immediate locality
14 HH in CO met

UC Jaggatpur
Village Safenwala
Locality Jalalabad, about 50~60 households, 5 women COs and 1 male CO.
Co Sudhar, 15 households
14 men

Rajanpur 10th April 2010

Tehsil Rajanpur
UC Kotla Essan
Mouza Kotla Essan
Basti Mohammad Yaqub (20 HHs)
CO has 17 HHs
17 men met

Tehsil Rajanpur
CO Basti Gopang
20 HHS

Tehsil Rajanpur
CO Basti Gola Fakir
18 HHs
40 people

Tehsil Rajanpur
Basti Ahmedian
18 women

**Government of Punjab, Planning & Development Board
Wrap up Meeting 18th April 2010, 11am**

1	Mr. Javid Aslam, Chairman	P&D Board (in Chair)
2	Mr. Ubaid Rubbani Qureshi, Secretary	P&D Board
3	Dr. Abdul Majid	IFAD Mission
4	Maliha H. Hussain	IFAD Mission
5	Shazreh Hussain	IFAD Mission
6	Aized Hasan Mir	IFAD Mission
7	Javaid Iqbal Anjum, Director Agri.	I&T Sargodha
8	Natiq Hussain, Chief P&E	Agriculture Department
9	Hamid Mahmood Assitt. Chief (RP)	P&D Department
10	Mahmood Khalid Qamar, Chief (RP)	P&D Department
11	Zulfiqar Ahmad, Member	P&D Board
12	Fakhar Cheema, Addl. Finance Secretary	Finance
13	Mr. Jahanzeb Khan, Secretary	L&DDO
14	Mr. Baqar Mufti, AC (Agri.)	P&D Department
15	Mr. Jamshed Daudi, AS (Planning)	Agriculture Department
16	Amjad Durrani, AC, ECA-II	P&D Department

APPENDIX 4: PROFILES FROM SOUTHERN PUNJAB









ANNEX II: SPPAP: PROJECT LOGICAL FRAMEWORK

Narrative Summary	Verifiable Indicators	Means of Verification	Assumptions/Risks/Remarks
Goal			
Contribute to the reduction of poverty in Southern Punjab (Baseline: existing poverty levels – 24% in Bahawalpur, 32% in Bahawalnagar, 43% in Muzaffargarh and 55% in Rajanpur. SPPAP to benefit 80,000 or 19% of the poor households in the project districts).	<ul style="list-style-type: none"> • % reduction in poverty levels in project districts • No. of households with improvement in household assets • % reduction in the prevalence of child malnutrition 	<ul style="list-style-type: none"> • Poverty Score Cards • Representative household impact surveys at project baseline and completion 	Political and economic stability and security.
Objective			
Increase incomes of poor rural households by enhancing the employment potential of the people and increasing agriculture productivity and production.	Number of households with increase in incomes. (Number of men and women beneficiaries with increase in incomes.)	Pakistan Social and Living Standards Measurement Survey (PSLM) by the FBS.	<ul style="list-style-type: none"> • No major natural disasters. • No significant outbreak of livestock or poultry disease in the project districts. • Government procurement and price policy for wheat and rice represent a risk for the smallholder farmer.
Outputs			
Component 1: Livelihoods Enhancement			
1.1 Enhanced capacity for sustainable livelihoods.	<ul style="list-style-type: none"> • No of women provided poultry packages • No of women provided small and large ruminant packages • No of women provided with land plots 	<ul style="list-style-type: none"> • Participatory monitoring reports • Progress reports 	Availability of transferable land in the selected communities.
1.2 Enhanced capacity for employment and productive self-employment.	<ul style="list-style-type: none"> • No of men and women provided vocational training. • No of men and women provided enterprise development training. • No of entrepreneurs provided business • No of vocational trainees and entrepreneurs provided with equipment, tools and kits relevant for their trade. • No of business development associations established at the district level. 	Quarterly and Annual progress reports.	
1.3 Enhanced access to basic services.	<ul style="list-style-type: none"> • No of community infrastructure schemes • No of safe drinking water schemes • No of drainage and sanitation schemes • No of Innovative technology innovation schemes. • No of irrigation schemes • No of access roads and minor structures 	<ul style="list-style-type: none"> • Participatory Monitoring Assessments • Quarterly and annual reports 	High fuel and electricity costs may limit the benefits from the infrastructure projects.
Component 2: Agriculture & Livestock Development			
2.1 Increased productivity and production from the crop and livestock sectors.	<ul style="list-style-type: none"> • No of smallholder farmers who receive direct investments in the crop and livestock sectors. • No of farmers participating in farmer field 	Quarterly and Annual Progress Reports.	

Islamic Republic of Pakistan: Southern Punjab Poverty Alleviation Project
PROJECT DESIGN REPORT – ANNEX III

Narrative Summary	Verifiable Indicators	Means of Verification	Assumptions/Risks/Remarks
2.2 Strengthened local capacity for agriculture and livestock service provision.	<p>schools by gender</p> <ul style="list-style-type: none"> • No of female para vets and Female Veterinary Assistants trained. • No of community service providers trained and provided equipment by gender. 	Quarterly and Annual Progress Reports	Social and cultural barriers that prevent women from entering non-traditional fields.
Component 3: Project Management			
3.1 Project efficiently managed with transparent and competitive procurement and financial management systems and facilitation of project activities.	<ul style="list-style-type: none"> • Timely recruitment of competent staff • Gender Ratio of PMU staff (30% women) • Timely procurement of required equipment • Timely recruitment of qualified implementing partners, trainers and consultants • Project outputs are achieved on the basis of the AWPB • Compliance with Loan Agreement and PIM • Disbursement Rate according to schedule 	<ul style="list-style-type: none"> • Staff CVs, contracts & appointment letters • Copies of advertisements, bidding and evaluation documents • Service contracts, purchase orders, financial records • Audit & Accounting Reports • Quarterly & annual progress reports 	<ul style="list-style-type: none"> • Project staff is recruited on merit and retained for the duration of the project. • Delay in the recruitment of implementing partners, trainers and consultants.
3.2 Effective monitoring, evaluation, impact assessment and knowledge management.	<ul style="list-style-type: none"> • No of periodic progress, quarterly and annual reports produced on time. • No of gender assessments conducted on time. • No of monitoring & evaluation reports produced on time. • Adjustments in Log-Frame, AWPB and PIM based on lessons learnt. 	<ul style="list-style-type: none"> • Baseline Information. • Quarterly and Annual Progress Reports. • Gender Assessment Reports. • Impact Assessment Reports & case Studies. • MTR/PCR reports 	

ISLAMIC REPUBLIC OF PAKISTAN: SOUTHERN PUNJAB POVERTY ALLEVIATION PROJECT

PROJECT DESIGN REPORT

ANNEX III: SUMMARY OF MAIN COST TABLES

Component by Financiers (USD)

Islamic Republic of Pakistan
Southern Punjab Poverty Alleviation Project

Components by Financiers
(US\$ '000)

	IFAD		GoPb		Beneficiary Contribution		Total	
	Amount	%	Amount	%	Amount	%	Amount	%
A. Livelihoods Enhancement								
Asset Creation /a	9,229	96.2	369	3.8	-	-	9,599	19.5
Vocational and Entrepreneurial Training /b	7,981	78.8	1,329	13.1	817	8.1	10,127	20.6
Community Physical Infrastructure /c	10,566	90.0	0	-	1,174	10.0	11,740	23.9
Subtotal	27,776	88.3	1,698	5.4	1,991	6.3	31,465	64.1
B. Agriculture and Livestock Development								
Productivity Enhancement Initiatives /d	2,461	58.8	1,231	29.4	492	11.8	4,184	8.5
Technology Transfer /e	1,846	58.8	923	29.4	369	11.8	3,138	6.4
Training Service Providers	1,479	62.0	438	18.3	469	19.7	2,385	4.9
Subtotal	5,786	59.6	2,591	26.7	1,330	13.7	9,707	19.8
C. Project Management /f	6,607	83.1	1,340	16.9	-	-	7,947	16.2
Total PROJECT COSTS	40,169	81.8	5,630	11.5	3,321	6.8	49,120	100.0

Expenditure Accounts by Financiers (USD)

Islamic Republic of Pakistan

Southern Punjab Poverty Alleviation Project

Expenditure Accounts by Financiers

(US\$ '000)

	IFAD		GoPb		Beneficiary Contribution		Total	
	Amount	%	Amount	%	Amount	%	Amount	%
I. Investment Costs								
A. Civil Works/ Community Infrastructures	10,566	90.0	0	-	1,174	10.0	11,740	23.9
B. Vehicles and Motorcycles	231	87.0	35	13.0	-	-	266	0.5
C. Equipment and Materials	4,146	93.2	8	0.2	294	6.6	4,448	9.1
D. Technical Assistance, Trainings and Studies	10,987	72.1	2,889	19.0	1,361	8.9	15,237	31.0
E. Grants to Beneficiaries	11,691	84.8	1,600	11.6	492	3.6	13,783	28.1
Total Investment Costs	37,621	82.7	4,531	10.0	3,321	7.3	45,474	92.6
II. Recurrent Costs								
A. Salaries and Allowances	1,671	66.7	835	33.3	-	-	2,506	5.1
B. Operating Costs	877	76.9	263	23.1	-	-	1,140	2.3
Total Recurrent Costs	2,548	69.9	1,098	30.1	-	-	3,646	7.4
Total PROJECT COSTS	40,169	81.8	5,630	11.5	3,321	6.8	49,120	100.0

Components by Financiers (PKR)

Islamic Republic of Pakistan
Southern Punjab Poverty Alleviation Project

Components by Financiers

(PKR '000)

	IFAD		GoPb		Beneficiary Contribution		Total	
	Amount	%	Amount	%	Amount	%	Amount	%
A. Livelihoods Enhancement								
Asset Creation /a	775,270	96.2	31,015	3.8	-	-	806,285	19.5
Vocational and Entrepreneurial Training /b	670,395	78.8	111,638	13.1	68,637	8.1	850,670	20.6
Community Physical Infrastructure /c	887,524	90.0	0	-	98,614	10.0	986,138	23.9
Subtotal	2,333,189	88.3	142,654	5.4	167,251	6.3	2,643,093	64.1
B. Agriculture and Livestock Development								
Productivity Enhancement Initiatives /d	206,738	58.8	103,369	29.4	41,348	11.8	351,454	8.5
Technology Transfer /e	155,053	58.8	77,527	29.4	31,011	11.8	263,591	6.4
Training Service Providers	124,199	62.0	36,763	18.3	39,395	19.7	200,358	4.9
Subtotal	485,990	59.6	217,659	26.7	111,753	13.7	815,402	19.8
C. Project Management /f	554,978	83.1	112,588	16.9	-	-	667,566	16.2
Total PROJECT COSTS	3,374,157	81.8	472,900	11.5	279,004	6.8	4,126,061	100.0

Expenditure Accounts by Financiers (PKR)

Islamic Republic of Pakistan
Southern Punjab Poverty Alleviation Project
Expenditure Accounts by Financiers
(PKR '000)

	IFAD		GoPb		Beneficiary Contribution		Total	
	Amount	%	Amount	%	Amount	%	Amount	%
I. Investment Costs								
A. Civil Works/ Community Infrastructures	887,524	90.0	0	-	98,614	10.0	986,138	23.9
B. Vehicles and Motorcycles	19,431	87.0	2,915	13.0	-	-	22,346	0.5
C. Equipment and Materials	348,302	93.2	648	0.2	24,690	6.6	373,641	9.1
D. Technical Assistance, Trainings and Studies	922,896	72.1	242,693	19.0	114,353	8.9	1,279,942	31.0
E. Grants to Beneficiaries	982,007	84.8	134,384	11.6	41,348	3.6	1,157,739	28.1
Total Investment Costs	3,160,161	82.7	380,640	10.0	279,004	7.3	3,819,805	92.6
II. Recurrent Costs								
A. Salaries and Allowances	140,349	66.7	70,166	33.3	-	-	210,516	5.1
B. Operating Costs	73,647	76.9	22,094	23.1	-	-	95,741	2.3
Total Recurrent Costs	213,996	69.9	92,260	30.1	-	-	306,257	7.4
Total PROJECT COSTS	3,374,157	81.8	472,900	11.5	279,004	6.8	4,126,061	100.0

Cost Summary by Components

Islamic Republic of Pakistan
Southern Punjab Poverty Alleviation Project
Components Project Cost Summary

	<u>(PKR)</u>	<u>(US\$)</u>	% Total Base Costs
A. Livelihoods Enhancement			
Asset Creation /a	600,874,706	7,153,270	19
Vocational and Entrepreneurial Training /b	633,978,175	7,547,359	20
Community Physical Infrastructure /c	734,540,063	8,744,525	24
Subtotal	<u>1,969,392,944</u>	<u>23,445,154</u>	<u>63</u>
B. Agriculture and Livestock Development			
Productivity Enhancement Initiatives /d	261,924,284	3,118,146	8
Technology Transfer /e	196,443,126	2,338,609	6
Training Service Providers	161,868,001	1,927,000	5
Subtotal	<u>620,235,411</u>	<u>7,383,755</u>	<u>20</u>
C. Project Management /f	512,659,870	6,103,094	17
Total BASELINE COSTS	<u>3,102,288,225</u>	<u>36,932,003</u>	<u>100</u>
Physical Contingencies	51,792,567	616,578	2
Price Contingencies	971,980,503	11,571,196	31
Total PROJECT COSTS	<u>4,126,061,295</u>	<u>49,119,777</u>	<u>133</u>

Cost Summary by Expenditure Accounts

Islamic Republic of Pakistan
Southern Punjab Poverty Alleviation Project

Expenditure Accounts Project Cost Summary	(PKR)	(US\$)	% Total Base Costs
I. Investment Costs			
A. Civil Works/ Community Infrastructures	734,540,063	8,744,525	24
B. Vehicles and Motorcycles	21,160,232	251,908	1
C. Equipment and Materials	279,459,718	3,326,901	9
D. Technical Assistance, Trainings and Studies	971,425,749	11,564,592	31
E. Grants to Beneficiaries	862,798,990	10,271,417	28
Total Investment Costs	2,869,384,751	34,159,342	92
II. Recurrent Costs			
A. Salaries and Allowances	160,511,652	1,910,853	5
B. Operating Costs	72,391,822	861,807	2
Total Recurrent Costs	232,903,474	2,772,660	8
Total BASELINE COSTS	3,102,288,225	36,932,003	100
Physical Contingencies	51,792,567	616,578	2
Price Contingencies	971,980,503	11,571,196	31
Total PROJECT COSTS	4,126,061,295	49,119,777	133

Expenditure Accounts by Components- Base Costs

Islamic Republic of Pakistan
Southern Punjab Poverty Alleviation Project

Expenditure Accounts by Components - Base Costs:
(US\$)

	Livelihoods Enhancement			Agriculture and Livestock Development			Project Management	Total	Physical Contingencies	
	Asset Creation	Vocational and Entrepreneurial Training	Community Physical Infrastructure	Productivity Enhancement Initiatives	Technology Transfer	Training Service Providers			%	Amount
I. Investment Costs										
A. Civil Works/ Community Infrastructures	-	-	8,744,525	-	-	-	-	8,744,525	2.0	174,890
B. Vehicles and Motorcycles	-	-	-	-	-	-	251,908	251,908	-	-
C. Equipment and Materials	-	2,613,740	-	-	-	657,143	56,019	3,326,901	2.0	65,418
D. Technical Assistance, Trainings and Studies	-	4,933,619	-	-	2,338,609	1,269,857	3,022,507	11,564,592	1.5	170,842
E. Grants to Beneficiaries	7,153,270	-	-	3,118,146	-	-	-	10,271,417	2.0	205,428
Total Investment Costs	7,153,270	7,547,359	8,744,525	3,118,146	2,338,609	1,927,000	3,330,433	34,159,342	1.8	616,578
II. Recurrent Costs										
A. Salaries and Allowances	-	-	-	-	-	-	1,910,853	1,910,853	-	-
B. Operating Costs	-	-	-	-	-	-	861,807	861,807	-	-
Total Recurrent Costs	-	-	-	-	-	-	2,772,660	2,772,660	-	-
Total BASELINE COSTS	7,153,270	7,547,359	8,744,525	3,118,146	2,338,609	1,927,000	6,103,094	36,932,003	1.7	616,578
Physical Contingencies	143,065	150,947	174,890	62,363	46,772	38,540	-	616,578	-	-
Price Contingencies										
Inflation										
Local	2,302,293	2,428,723	2,820,319	1,003,470	752,603	419,669	1,844,119	11,571,196	-	-
Foreign	-	-	-	-	-	-	-	-	-	-
Subtotal Inflation	2,302,293	2,428,723	2,820,319	1,003,470	752,603	419,669	1,844,119	11,571,196	-	-
Devaluation	-	-	-	-	-	-	-	-	-	-
Subtotal Price Contingencies	2,302,293	2,428,723	2,820,319	1,003,470	752,603	419,669	1,844,119	11,571,196	1.6	190,727
Total PROJECT COSTS	9,598,628	10,127,029	11,739,734	4,183,979	3,137,984	2,385,209	7,947,213	49,119,777	1.6	807,305

Expenditure Accounts by Components- includes Contingencies

Islamic Republic of Pakistan
Southern Punjab Poverty Alleviation Project

Expenditure Accounts by Components - Totals Including Contingencies
(US\$)

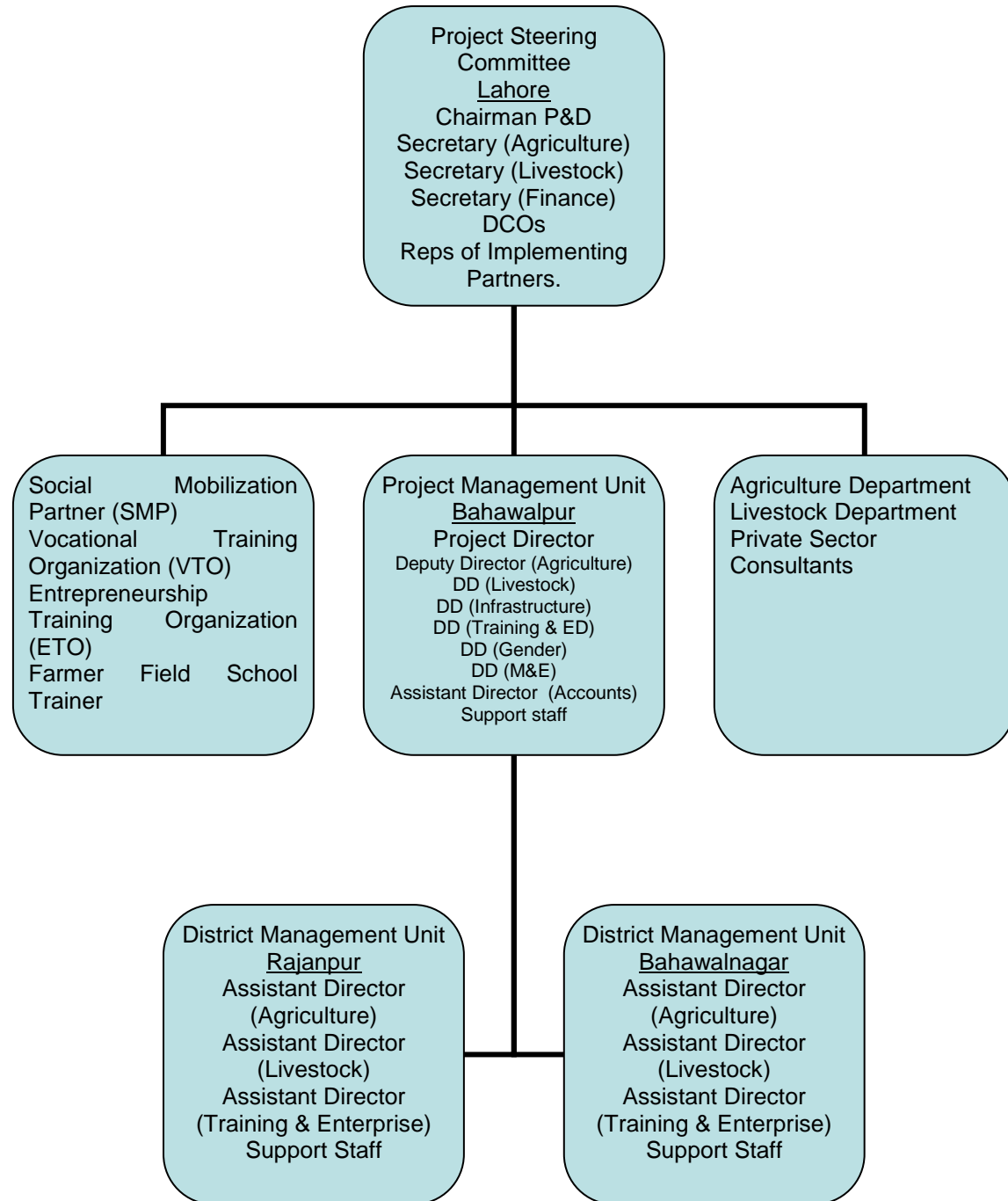
	Livelihoods Enhancement			Agriculture and Livestock Development			Project Management	Total
	Asset Creation	Vocational and Entrepreneurial Training	Community Physical Infrastructure	Productivity Enhancement Initiatives	Technology Transfer	Training Service Providers		
I. Investment Costs								
A. Civil Works/ Community Infrastructures	-	-	11,739,734	-	-	-	-	11,739,734
B. Vehicles and Motorcycles	-	-	-	-	-	-	266,019	266,019
C. Equipment and Materials	-	3,507,159	-	-	-	881,786	59,157	4,448,102
D. Technical Assistance, Trainings and Studies	-	6,619,871	-	-	3,137,984	1,503,423	3,976,124	15,237,402
E. Grants to Beneficiaries	9,598,628	-	-	4,183,979	-	-	-	13,782,607
Total Investment Costs	9,598,628	10,127,029	11,739,734	4,183,979	3,137,984	2,385,209	4,301,300	45,473,864
II. Recurrent Costs								
A. Salaries and Allowances	-	-	-	-	-	-	2,506,142	2,506,142
B. Operating Costs	-	-	-	-	-	-	1,139,771	1,139,771
Total Recurrent Costs	-	-	-	-	-	-	3,645,913	3,645,913
Total PROJECT COSTS	9,598,628	10,127,029	11,739,734	4,183,979	3,137,984	2,385,209	7,947,213	49,119,777

Disbursements by Semesters

Islamic Republic of Pakistan
Southern Punjab Poverty Alleviation Project
Disbursements by Semesters and Government Cash Flow
(US\$ '000)

	Financing Available			Costs to be Financed	GoPb	
	IFAD	Beneficiary Contribution	Total	Project	Cash Flow	Cumulative Cash Flow
	Amount	Amount		Costs		
1	1,980	157	2,138	2,490	-352	-352
2	1,980	157	2,138	2,490	-352	-705
3	4,488	391	4,879	5,530	-651	-1,356
4	4,488	391	4,879	5,530	-651	-2,007
5	5,721	477	6,198	6,935	-737	-2,744
6	5,721	477	6,198	6,935	-737	-3,480
7	5,341	439	5,780	6,477	-698	-4,178
8	5,341	439	5,780	6,477	-698	-4,876
9	2,554	197	2,751	3,128	-377	-5,253
10	2,554	197	2,751	3,128	-377	-5,630
Total	40,169	3,321	43,490	49,120	-5,630	-5,630

**ISLAMIC REPUBLIC OF PAKISTAN: SOUTHERN PUNJAB POVERTY ALLEVIATION PROJECT
PROJECT DESIGN REPORT
ANNEX IV: ORGANIZATIONAL ORGANIGRAMME**



ISLAMIC REPUBLIC OF PAKISTAN: SOUTHERN PUNJAB POVERTY ALLEVIATION PROJECT

PROJECT DESIGN REPORT
ANNEX V: PROCUREMENT PLAN

SPPAP: Indicative 18 Months Procurement Plan:

Contract Packages	Indicative Contract Sum	Procurement Method	Remarks on Procurement Method	IFAD Prior Review	Specifications and Bidding Documents / RFP	IFAD NO	Adverts/ RFQ	Evaluation	IFAD NO	Contract Award	
A: GOODS											
Contracts: SPPAP/CPP/01/Livestock Packages	Livestock Packages (13,146 No)	1,932,462	CPP	Each beneficiary community will nominate a person to accompany the team for the purchase and selection of the animals. The Deputy Director and Assistant Director (Livestock) of the PMU and DMU will provide technical guidance in the selection of livestock.	Post	Breeds selection- Continuously Deputy Director and Assistant Director support Process	N/a	N/a	N/a	N/a	N/a
Contracts: SPPAP/CPP/02/Poultry Packages	Poultry Packages (64,704 No)	129,408	CPP	As above	Post	As above	N/a	N/a	N/a	N/a	N/a
Contracts: SPPAP/CPP/03/Land Plots	Land Plots (539 No)	417,186	CPP	As above-in the case of land the Deputy Director and Assistant Director (Agriculture) will ensure that the selected land is clear of all encumbrances and can be transferred in the name of the woman to whom it has been allotted	Post	N/a	N/a	N/a	N/a	N/a	N/a
Contract: SPPAP/ICB/01/VEHICLES	Vehicles (8 No)	240,000	ICB	At loan negotiation, there is need for Government to give assurance that the ban on importation of Vehicles will not affect this procurement	Prior	M1	M2	M3	M4	M4	M5
Contract: SPPAP/RFQ/01/COMPUTERS	Computers (15No)	12,315									
Lot 1	UPS (6 No)	3,282	RFQ	Less than USD 30,000 will qualify for RFQ	Post	M1	N/a	M1	M1	N/a	M1
Lot 2	Computer Printers (6 No)	1,482									
Lot 3											
Contract: SPPAP/RFQ/02/Generators	Generators (4 No)	5,820	RFQ	Less than USD 30,000 will qualify for RFQ	Post	M1	N/A	M1	M1	N/a	M1
Contract: SPPAP/RFQ/03/Office Accessories	Office Furniture Sets (20 No)	10,940									
Lot 1	Photocopiers (4No)	13,688	RFQ	Less than USD 30,000 will qualify for RFQ	Post	M1	N/a	M1	M1	M1	M1
Lot 2	Air Conditioning and Heater (10 No)	6,900									
Lot 3	Fridge (3No)	2,463									
Lot 4											
Lot 5											
Contract: SPPAP/ICB/02/Equipment for Vocational Trainees	Equipment for vocational and entrepreneurial trainees (4,045 No)	1,387,435	ICB	The specifications of the equipment to be procured will be originated by the Vocational Training Organization (VTO) and Entrepreneurial Training Organization (ETO) after assessing the post training potential of the trainees. Successful candidates will b	Prior	M1	M2	M3	M4	M4	M5
Contract: SPPAP/CPP/04/Equipment for Community Service Providers	Equipment for Community Service Providers (129 No)	268,000	CPP	CPP because beneficiaries will co-fund 50-50% and these equipment will vary so much from service provider to service provider and cannot be bulked together and procured under one contract.	Post	N/a	N/a	N/a	N/a	N/a	N/a
B: WORKS											
SPPAP/WORKS/1	Drinking Water Supply Schemes (168 No)	576,744	CPP/ Shopping	The projects are small scale, most of which are expected to cost less than \$10,000. Supervision, labour and materials will be provided by community at market rate and in most cases will form part of their contribution towards the capital costs. Materials	Post	N/a	N/a	N/a	N/a	N/a	N/a
SPPAP/WORKS/2	Irrigation Schemes (107 No)	852,148	CPP/ Shopping		Post	N/a	N/a	N/a	N/a	N/a	N/a
SPPAP/WORKS/3	Integrated Water Efficient Irrigation Projects (20 No)	497,640	CPP/ Shopping		Post	N/a	N/a	N/a	N/a	N/a	N/a
SPPAP/WORKS/4	Drainage & Sanitation (80 No)	662,960	CPP/ Shopping		Post	N/a	N/a	N/a	N/a	N/a	N/a
SPPAP/WORKS/5	Access Roads & Minor Structures (20 No)	105,420	CPP/ Shopping		Post	N/a	N/a	N/a	N/a	N/a	N/a
SPPAP/WORKS/6	Innovative Technologies (67 No)	364,145	CPP/ Shopping		Post	N/a	N/a	N/a	N/a	N/a	N/a
C: KEY SERVICES											
SPPAP/CONS/1	Social Mobilization Partner- (SMP)	900,000	QCBS	Based on Technical and Financial Proposals from NGOs like NRSP or PRSP with expertise in community organization, vocational skills training	Prior	M5	M6	M7	M8	M9	M10
SPPAP/CONS/2	Vocational Training Organisation- VTO (1 No)	600,000	QCBS	Based on Technical and Financial Proposals from firms with expertise in providing vocational skills training	Prior	M5	M6	M7	M8	M9	M10
SPPAP/CONS/3	Entrepreneurial Training Organisation- ETO (1 No)	300,000	QCBS	Based on Technical and Financial Proposals from firms with expertise in providing Entrepreneurial Training	Prior	M5	M6	M7	M8	M9	M10

Legend:

ICB= International Competitive Bidding
NCB= National Competitive Bidding
M= Month
QCBS= Quality and Cost-Based Selection
NO= No Objection
RFQ= Request for Quotation

CPP= Procurement with Community Participation

ISLAMIC REPUBLIC OF PAKISTAN: SOUTHERN PUNJAB POVERTY ALLEVIATION PROJECT

PROJECT DESIGN REPORT

ANNEX VI: KEY FILES

Table 1: Rural Poverty and Agricultural/Rural Sector Issues

Priority Areas	Affected Group	Major Issues	Actions Needed
Rural Poverty	<p>It is estimated that 37% or about 500,000 households in the four selected project districts are among the poorest households in rural areas.</p> <p>Overall in Pakistan there are expected to be between 28 million to 35 million rural poor.</p>	<ul style="list-style-type: none"> • Widespread structural inequity leads to the exclusion of the poor from both owning and accessing productive assets and services. • Although agriculture is at the heart of the rural economy, the majority of Pakistan’s rural poor are neither tenant farmers nor farm owners. • Lack of land and water. • Lack of access to productive employment opportunities. • Low wage rates • Lack of basic infrastructure at the village level. • Lack of access to social services. 	<ul style="list-style-type: none"> • Undertake measures that will lead to a more equitable distribution of land, water and other productive assets. • Initiate programmes that will help in improving the access of the poor to skills, employment, finance and social services. • Provide opportunities for productive employment. • Empowering the poor and protecting the most vulnerable through, safety nets and transfer payments.
Agriculture sector.	Small farmers and tenants.	<ul style="list-style-type: none"> • Inadequate water • Salinization and water logging of many irrigated areas; • land degradation, particularly in the rain-fed areas and rangelands; • Low quality of agriculture inputs • Ineffective support services; • Lack of access to timely credit for purchase of improved agriculture inputs. • Lack of storage, processing and other marketing infrastructure. • Lack of access to rural roads. • Lack of high value products. • High variation in agriculture prices over the year. • High use of pesticide with harmful effects on human 	<ul style="list-style-type: none"> • Improving efficiency of water use, Investment in water harvesting technologies and investment in water infrastructure. • Use of technologies that improve land productivity. • Seed certification and production of improved seed and other inputs. • Diversification into higher-value crops. • Improved access to micro-finance services. • Investment in marketing infrastructure. • Increased use of IPM, prohibiting the use of harmful pesticides, warning women of the harmful side effects and providing them opportunities for alternate employment.

Priority Areas	Affected Group	Major Issues	Actions Needed
		<p>health particularly that of women.</p> <ul style="list-style-type: none"> • 	
Livestock sector	Small livestock farmers and women.	<ul style="list-style-type: none"> • Low level of productivity. • Small and scattered livestock production systems. • Poor households share livestock ownership with the better-off and only get a fraction of the benefits. • Women undertake much of the work but receive few benefits. • Lack of water, improved feed and other inputs; • Lack of production orientation in the sector. • Limited knowledge about livestock production technology. • Inadequate veterinary services; • Limited access to credit. • Inefficient marketing infrastructure and marketing channels for dairy and meat products; 	<ul style="list-style-type: none"> • Increasing livestock's commercial potential through breed improvements, proper feeding, increasing the milk yield per animal and further value addition, disease control, improved market infrastructure, higher access to credit and insurance arrangements. • Better veterinary services; • Establishment of vertically integrated cooperatives that deliver both the requisite technology, veterinary and marketing services to small farmers; • Designing effective programs that pay attention to the cultural and economic constraints facing rural women, who play a major role in the care of livestock, including the collection of fodder, cleaning of sheds and the processing of animal products.
Water sector	Small farmers, tenants, tail end users in both rain-fed and irrigated areas.	<ul style="list-style-type: none"> • Lack of water and dwindling per capita availability. • Poorly developed infrastructure. • Lack of access to safe drinking water infrastructure. • Lack of sanitation and drainage infrastructure. • Depletion of existing reservoir storage capacities and lack of augmentation of water resources; • Low levels of irrigation use efficiency in Pakistan (36%) • Inefficiency in the allocation of water within canal systems causing lower crop productivity at both the head ends of canals due to over-use of water and water-logging and at the tail ends due to water shortages; • Water logging and salinity; • Lack of access to water saving technologies. • Limited stakeholder participation in operation and maintenance of water resources. 	<ul style="list-style-type: none"> • Enhanced access to infrastructure for drinking, irrigation and drainage. • Greater efficiency of water use at the farm level through crop choice and adoption of water saving technologies.

Priority Areas	Affected Group	Major Issues	Actions Needed
		<ul style="list-style-type: none"> Lack of access to appropriate technology for water conservation. 	
Non-farm rural sector	Landless labourers, small entrepreneurs and women.	<ul style="list-style-type: none"> Lack of vocational training and skills. Lack of business skills Limited opportunities for wage employment. Low level of wages. Seasonal nature of employment. Lack of equipment and tools. Lack of links with markets. Inadequate infrastructure especially roads, electricity, gas, transport, marketing, etc. 	<ul style="list-style-type: none"> The development of the non-farm rural economy is critical for poverty alleviation as a major share the incomes of the rural poor emanate from this sector. Investment in the rural and small-town non-farm sector. Creating an enabling environment for the rural non-farm sector. Improvement in rural public service delivery in infrastructure, health and education. Skill training and vocational training for rural men and women. Facilitating access to productive assets and new technology through access to micro-credit, leasing services and information. Improving links with markets.

Table 2: Organisation Capabilities Matrix

Organisation	Strengths	Weaknesses	Opportunities	Threats
Enablers				
<p>The Economic Affairs Division (EAD) is expected to provide an analysis of the funding gaps in the country and coordinate donor financing in accordance with those needs. EAD has been the principal interlocutor for IFAD.</p>	<ul style="list-style-type: none"> The Economic Affairs Division (EAD) is the main coordinating agency for all donor funds including IFAD and is able to identify priority areas for investment based on demands articulated by the implementing agencies. 	<ul style="list-style-type: none"> Current trends towards greater decentralisation at the provincial level lead to EAD not always being able to play its role effectively. Lack of field experience and lack of understanding of key constraints and development issues on the ground. Frequent changes in the staff of EAD leads to lack of continuity. Limited capacity to keep abreast of changes and development needs at the provincial level. 	<ul style="list-style-type: none"> To assist in poverty alleviation in the country through investments in key priority sectors at the federal and provincial level. To build a good understanding and rapport with MOF of country needs and investment priorities and an understanding of the contribution of IFAD projects to poverty alleviation in the country.. 	<ul style="list-style-type: none"> EAD may not be fully aware of government financing needs and situation on the ground to play an effective role in donor coordination. Lack of staff continuity can lead to problems with relationship management.
<p>The Ministry of Finance (MOF) deals with the subjects pertaining to finance at the Federal Government level and financial matters affecting the country as a whole, preparation of annual budget statements and supplementary excess budget statements for the consideration of the parliament.</p>	<ul style="list-style-type: none"> Finance Division maintains financial discipline through financial advisors organization attached to each Ministry/ Division etc. The Ministry of Finance is perceived as one of the most powerful Ministries due to its control of finances. The Ministry of Finance generally has strong leadership. 	<ul style="list-style-type: none"> Lack of field experience and lack of understanding of key constraints and development issues on the ground. Frequent changes in the staff of MOF leads to lack of continuity. 	<ul style="list-style-type: none"> To build a good understanding and rapport with MOF of country needs and investment priorities and an understanding of the contribution of IFAD to poverty alleviation in the country. 	<ul style="list-style-type: none"> The reporting relationships between different Government agencies like EAD and MOF can delay approvals. Lack of staff continuity can lead to problems with relationship management.
Ministry of Food and	<ul style="list-style-type: none"> The government has outlined a 	<ul style="list-style-type: none"> The Ministry of Food, 	<ul style="list-style-type: none"> There is considerable scope 	<ul style="list-style-type: none"> Pakistani commodities

Organisation	Strengths	Weaknesses	Opportunities	Threats
Agriculture	<p>new Agriculture Strategy which outlines a clear investment path for the sector.</p> <ul style="list-style-type: none"> The Ministry is generally trying to encourage the role of the private sector. 	<p>Agriculture is fragmented on the basis of different commodities and is unable to play an effective role.</p> <ul style="list-style-type: none"> At the policy and investment level some commodities like wheat have been given an overwhelming importance to the neglect of others such as horticulture or floriculture development. The Government has been unable to provide quality inputs to the small farmer or procure his crops especially wheat and rice at the officially announced procurement price. The provincial Governments are playing an increasingly important role in defining their own priorities and the role of the Federal Ministry has become somewhat marginal. 	<p>to work closely with the Ministry to assist in helping to increase the productivity of the sector.</p> <ul style="list-style-type: none"> To help identify investment opportunities which will redress the imbalance between the crop and dairy sectors. 	<p>are unable to meet the export quality standards which can limit the income and employment potential of IFAD beneficiaries.</p>
Planning & Development Department, Government of Punjab	<p>The Planning & Development Department has assumed a very proactive role in initiating development projects in the province.</p> <p>The Department understands the challenges that it confronts and recognizes the importance of a partnership approach in which the Government, NGOs and the private sector can effectively</p>	<ul style="list-style-type: none"> The Department has limited capacity for hand on management of development initiatives. The long gestation period of projects and delay in approval. 	<p>To capitalise upon proactive development and growth orientation of the Government to work closely with them in the context of the new IFAD project. The lessons from the project experience can be used for effective policy reform especially on land allocation, use of poverty score card and other development interventions.</p>	<p>Projects within the term of one political Government are often seen as the “property” of the political Government of the time and are very quickly shelved with a change in political leadership.</p>

Organisation	Strengths	Weaknesses	Opportunities	Threats
	<p>combine their strengths.</p> <p>The Planning & Development Department has a very clear sense of the priority needs of the province and is able to articulate them very cogently.</p>			
Agriculture Department, Government of Punjab	<p>The Agriculture Department has strong leadership at the provincial level with a clear sense of the priorities in the agriculture sector.</p> <p>The Department has developed a clear plan for investments which will help to increase the production of the principal crops such as wheat, rice, cotton and sugar cane as well as investments in high value added agriculture.</p> <p>The Department is trying to learn lessons from a range of development projects related to bio-saline agriculture, drip irrigation, tunnel farming and high value added agriculture. The Department is especially encouraging the participation of the private sector.</p>	<p>Agriculture extension services have been under-resourced and have provided limited services.</p> <p>The provincial departments suffer from lack of a performance orientation and weak accountability.</p> <p>Limited capacity to help the poor and small farmer.</p>	To help work in close collaboration to develop models for high value added agriculture for the small farmer.	
Livestock Department, Government of Punjab	<p>The Livestock Department is experimenting with several development projects but recognises the importance of the role of the private sector.</p> <p>The Department is trying to learn</p>	<p>The Livestock Department is dominated by veterinary experts and lacks a livestock production orientation.</p> <p>Limited capacity for analysis the production economics of the livestock sector and advise</p>	<p>The Livestock Department is willing to work in close partnership with the private sector and is willing to encourage innovation in the sector.</p> <p>The Livestock Department</p>	

Organisation	Strengths	Weaknesses	Opportunities	Threats
	lessons from a range of development projects related to milk collection, processing and storage.	farmers. Limited resources for providing extension services to the small livestock producer.	recognises the importance role that women play in the sector and has committed to participating in a training programme for Female Veterinary Officers and has undertaken to employ some of these as permanent staff at the district level.	
Service Providers				
Non-Governmental Organizations (NGOs)	<p>NGOs have become a valuable partner in rural development and poverty alleviation in Pakistan. Government and donors have both expected that NGOs can play a critical role in community mobilisation, development of small scale community infrastructure and micro-finance.</p> <p>The government has formalised new opportunities for the citizen sector to contribute to national development. Some of the major NGOs in the country have received endowment funds from the government such as the National Rural Support Programme and the Punjab Rural Support programme in the Punjab.</p> <p>NGOs have also been asked to participate in innovative experiments in a broad range of social and economic sectors in Punjab.</p>	<p>The number of good NGOs is limited and the same four or five are often relied on excessively.</p> <p>The rural outreach in terms of coverage of households is limited.</p> <p>NGOs are generally staffed by people with strong skills and orientation towards social development their technical skills are limited.</p> <p>The absorption capacity of NGOs is limited and their technical capacity does not grow as rapidly as their responsibilities.</p> <p>NGOs do not have sufficient financing for institutional strengthening.</p>	<p>The Poverty Reduction Strategy Paper recognises the contribution that the NGOs sector can make in social development and poverty alleviation in Pakistan.</p> <p>The Medium Term Development Framework 2005-2010 recognises the contribution of some of the leading NGOs to the delivery of social sector and micro-finance sectors and envisages a key role for them in social mobilisation.</p> <p>NGOs ability to organize communities for development of a wide range of programmes such as community infrastructure, micro-finance and skill development is invaluable for any rural development initiative.</p> <p>The Government of Punjab</p>	<p>NGOs are perceived as being Western sponsored and promoting Western ideas especially about women's empowerment and flaunting local traditions. As a result there is growing opposition to them in areas where there has been an emergence of fundamentalism.</p>

Organisation	Strengths	Weaknesses	Opportunities	Threats
	NGOs are generally performance and target oriented and are able to infuse a high level of motivation into project implementation.		understands the importance of NGOs and is willing to work with them.	
NRSP	<p>The National Rural Support Programme is the largest and most well established NGO in the country with experience in a wide range of sectors.</p> <p>It has a well developed approach to social mobilization, implementation of community infrastructure, skill enhancement and provision of micro-credit.</p> <p>It has developed very strong capacity in three of the four project districts to assist in the implementation of several of the project components.</p>	<p>The coverage of NRSP at the household level is limited. The Community Mobilizations formed by the NRSP have in the past not been very effective in including the poorest households.</p> <p>The RSPs have not developed an appropriate micro-finance product for the poorest households.</p>	<p>It has a strong presence in Bahawalpur, Bahawalnagar and Rajanpur and will have organized more than 16,000 COs by the time SPPAP is initiated.</p> <p>NRSP is being used as the main implementing agency for social mobilization, provision of microfinance services and implementation of the Government pilot land allocation scheme in the selected project districts. Its participation will enable the project to dovetail its efforts with the existing initiatives, build synergies, realise considerable savings, avoid duplication and strengthen the chances of success of the Project.</p>	No major threat.
PRSP	<p>The Punjab Rural Support Programme has been used extensively by the Government of Punjab to test some innovative ways to deliver basic social services in the province.</p> <p>It has a well developed approach to social mobilization, implementation of community infrastructure and skill</p>	<p>The PRSP has suffered from quick changes in leadership in the past few years and its capacity at the district level is not always very strong.</p>	<p>It has a strong presence in Muzafargarh and will have organized more than 5000 COs by the time SPPAP is initiated.</p> <p>Its participation will enable the project to dovetail its efforts with the existing initiatives, build synergies, realise considerable savings, avoid duplication and strengthen the chances of success of the Project.</p>	<p>The quality of its staff is often weak and special care will have to be taken to ensure that it assigns its best staff to the Project.</p>

Organisation	Strengths	Weaknesses	Opportunities	Threats
	enhancement.			
Client Organisations				
<p>Community men and women's organizations have been established by many rural development initiatives as a pre-requisite to undertaking development activities at the village level. These operate at various tiers starting with community organizations, village organizations and Local Support Organizations at above the village level.</p>	<p>These organizations are a good precursor to village level governance.</p> <p>They have proved to be a very effective mechanism for reducing the transactions cost of delivering services and skills at the village level.</p> <p>These organizations have proved to be one of the most effective mechanisms for identifying and implementing small scale infrastructure projects at the village level.</p> <p>There are expected to be more than 19,000 COs already established in the Project districts. A majority of these are women COs and will make the ideal partner for SPPAP.</p>	<p>These organizations atrophy quickly at the end of the Project period.</p> <p>In the past they have shown only limited capacity to encourage the participation of poor households.</p> <p>There has been little investment in long-term institutional development and transformation of these organizations into modern day dairy or agricultural marketing cooperatives has generally not happened.</p> <p>While many projects have experimented with using the community organizations as village banks few have taken a long-term approach to transforming these into a credit union model.</p>	<p>These organizations provide a good mechanism for reducing the transactions costs of projects at the village level.</p> <p>Greater innovation is required to assess if it is possible to transform these into agriculture and dairy cooperatives as well as developing some of them as credit unions.</p>	<p>The massive investment in these organizations will be lost because of failure to develop a strategy for their sustainability.</p>

Table 3: Complementary Donor Initiative/Partnership Potential

Donor/Agency	Nature Of Project/Programme	Project/Programme Coverage	Status	Complementarity/ Synergy Potential
Asian Development Bank	Punjab Irrigated Agriculture Investment Program (PIAIP).	<ul style="list-style-type: none"> Designed to result in economic growth and improved sustainability of water and land resources. This is expected to be achieved through improved management of Punjab's water resources and increased productivity of irrigated agriculture 	On-Going	To incorporate lessons while designing the community based irrigation investments in the current project.
	Agribusiness Development and Diversification Project	<ul style="list-style-type: none"> Agribusiness Support for community initiatives. 	On-Going	Key lessons and experience can be incorporated in the development of community based agri-business opportunities. In addition, in case the project has funding they have agreed to provide grants to proposals submitted by COs from the SPPAP districts.
AUSAID	<ul style="list-style-type: none"> Agriculture Sector Linkages Programme (ASLP). The program builds linkages between the agriculture sectors of Australia and Pakistan. It has a total value \$6.6 million and its current duration is from 2005 – 2009. 	<p>. The program consists of three components; Market linkages, Academic Linkages and Agriculture Linkages under which a programme of technical activities, focused on the mango, citrus and dairy sectors.</p> <ul style="list-style-type: none"> 	On-Going	To incorporate key lessons and technical expertise imparted in the project districts.
DFID	<ul style="list-style-type: none"> Punjab Economic Opportunities Programme (PEOP). This programme will invest £55m over 4 years to make economic opportunities more inclusive in the province. DFID and Government of Punjab will contribute £25m each in skills development and improving incomes of the poor through livestock and dairy sector. DFID will provide an additional £5m technical assistance grant to improve pro- 	<ul style="list-style-type: none"> Four districts of Southern Punjab. Bahawalpur, Bahawalnagar, Muzafargargh and Lodhran. 	Design completed and approved by DFID. The PC-1 has been submitted fro Government Approval.	<p>The livestock activities of the two programme will be linked for much greater impact on the lives of the poor.</p> <p>The current Project and the IFAD Project can have coordination at the P&D level and at the level of the Livestock Department as these departments are involved in both projects.</p>

	poor policies and implementation capacity of GoPb			
European Commission	<ul style="list-style-type: none"> Strengthening of Livestock Services Project (SLSP). The total financing of the project was €26 million with €23 million from the EU and €3 million from the GOP. The project had duration of 6 years and was completed in September 2009. 	Improvement of farmers' livelihoods through better provision of livestock services, especially of disease control, and through enhancing productivity. Its specific objective was to strengthen the GOP capacity for strategic planning and management for effective delivery of livestock services by public and private sector service providers. The project took over the activities related to the programme to verify the absence of Rinderpest infection in Pakistan from the EC/FAO Trust fund project. The project includes establishing a Livestock Sector Management Information System (LSMIS) including an epidemiological Surveillance programme.	In the process of completion.	The key lessons from the project can be incorporated in the livestock activities of the project.
UNDP	<ul style="list-style-type: none"> Community Development Project for Rehabilitation of Salt Affected and Waterlogged Lands (Bio Saline II) . Community Empowerment Through Livestock Management and Credit 	Works with farmers to provide them with technology to deal with rehabilitating their degraded lands.	On-Going	Lessons and technologies can be incorporated into the project package.
USAID	<ul style="list-style-type: none"> Competitiveness Support Fund (CSF) Programme which was created in March 2006, in collaboration with Pakistan's Ministry of Finance. 	The fund provides technical assistance for economic and sectoral development. It also promotes business incubation and venture capital using GoP funding.	On-Going	Good community based models of enterprise development can be used in inviting proposals for the challenge fund.
World Bank	<ul style="list-style-type: none"> Social Mobilization Project 	To mobilize five million people	<ul style="list-style-type: none"> Under 	The current IFAD investment will use the poverty

	<p>The Bank loaned US \$75 million to PPAF as part of the Second Poverty Alleviation Fund (PPAF) Project. This additional financing will support a new social mobilization component. The administration of the poverty score card is part of the same exercise</p>	<p>in 25 of the country's poorest districts into community organizations and local support organizations.</p>	<p>implementation</p>	<p>score card results from this exercise to identify the poor in its four target districts and will use the COs established under the social mobilization Project of the World Bank. This will save both time and costs for the IFAD programme.</p>
--	---	---	-----------------------	---

Table 4: Target Group Priority Needs and Project Proposals

Typology	Poverty Levels And Causes	Coping Actions	Priority Needs	Project Response
Landless on and off-farm labour	<p>Poverty Level: Very High</p> <p>Causes</p> <ul style="list-style-type: none"> • Limited off-farm employment opportunities in nearby factories • Seasonal and variable availability of on and off-farm employment on daily wages • Very low wages with women's wages even lower than men's • Share-cropping with only one eighth to one-tenth of produce of the land given to labour • Caught in a vicious cycle of indebtedness to brick kiln owners/landlords/shopkeepers • No protection of rights of casual workers by government • Ill health • Limited access to basic infrastructure • Landlessness • Periodically evicted from lands by landlords • Lack productive assets or savings • Low status of women leading to discrimination and vulnerability to violence 	<ul style="list-style-type: none"> • Men, women, girls and boys work as casual agricultural labour • Men, women, girls and boys work as casual off-farm labour • Women work as domestic help in nearby town and village • Women produce handicrafts • Men migrate to other towns and cities • Keep livestock owned by landlord on sharing basis • Credit from land-lords, brick-kiln owners shopkeepers, relatives and friends • Women-headed household rely on own income and/or help from families and neighbours • Occupy government land • Live on land owned by landlords in exchange for labour 	<ul style="list-style-type: none"> • Land and financial support to build own house • Enhancement of skills to earn cash from off-farm employment • Availability of employment • Fair wages • Security of employment • Improved nutrition and food security • Access to basic amenities (clean drinking water and sanitation etc) • Improved health and access to education especially for girls and women 	<ul style="list-style-type: none"> • Social organization of community for improved capacity to address challenges and implement solutions • Facilitation of women's empowerment through formulation and tracking of community identified indicators • Social protection through micro-insurance with grants for the extremely poor and access for the chronic and transitory poor. • Health and hygiene education with a special focus on protection against pesticides for men and women. • Vocational training in marketable skills with integrated value chain development for women and men • Stimulation of rural enterprise to increase availability of employment • Facilitation of high value agriculture to create more jobs for casual labour • Access to affordable credit and other financial services such as savings and health insurance • Infrastructure for clean drinking water and sanitation etc • Introduction of appropriate technologies for water purification, saving fuel, generating income, etc • Creation of assets through livestock packages and equipment as grants for extremely poor women and on cost sharing basis for the chronic and transitory poor. • Training in livestock management to manage livestock packages • Sponsoring training for women Veterinary Assistants and two-year support to establish private practice • Negotiation for government employment for women veterinary assistants

Typology	Poverty Levels And Causes	Coping Actions	Priority Needs	Project Response
				<ul style="list-style-type: none"> • Training for women to become Community Livestock Extension workers
Farmers with small land holdings	<p>Poverty Level: High Causes</p> <ul style="list-style-type: none"> • Large families dependant on small landholding • Low productivity of land due to – water shortage and Insufficient cash to purchase quality inputs, water, and agri-implements • Indebted to middleman • Limited off-farm employment opportunities 	<ul style="list-style-type: none"> • Use low quality inputs • Inadequate inputs • Purchase inputs at rates higher than market prices from middleman on credit • Rent agri-implements • Rely on rainfall • Buy tubewell water • Sell crop immediately after harvest for a low price • Harvest crop before it should be to obtain better price • Rely on off-farm employment 	<ul style="list-style-type: none"> • Increase in income from land • Access to information and skills required to grow high-value crops • Access to technology for more effective utilization of water • Access to credit at reasonable rates for purchase of inputs • Access to good quality inputs • Increase in livestock and productivity of livestock • Increased ability for off-farm employment 	<ul style="list-style-type: none"> • Social organization of community for improved capacity to address challenges and implement solutions • Farmers' schools to develop capacity to manage high value crops • Training for women in managing high value crops and livestock • Organizing farmers for economies of scale in purchase of agricultural inputs and marketing of produce. • Cost-sharing for reclaiming land and to facilitate cultivation of high value crops • Vocational training in marketable skills with integrated value chain development for women and men • Access to affordable credit for productive investments • Access to micro-insurance for protection against shocks • Infrastructure for clean drinking water and sanitation etc • Introduction of appropriate technologies for water purification, fuel-saving, labour-saving, generating income, etc • Providing livestock to women with appropriate training for rearing • Fund to develop value chain for agricultural and livestock produce
Women-headed households	<p>Poverty-level : Extremely High Causes</p> <p>Male- bread winner has died or is too sick to work or has divorced the woman</p> <p>Only daughters and/or no sons old</p>	<p>Agricultural or off–farm casual labour</p> <p>Depend on support from family and/or neighbours</p> <p>Send young boys to work</p> <p>Generate some income from</p>	<ul style="list-style-type: none"> • Inclusion in government social safety nets • Development of skills needed to earn a livelihood • Increase in income 	<ul style="list-style-type: none"> • Social protection through grants for health insurance • Livelihood package grants • Vocational training in marketable skills with integrated value chain development

Typology	Poverty Levels And Causes	Coping Actions	Priority Needs	Project Response
	enough to work Lower social status, especially if divorced Limited or no employment opportunities beyond domestic help and casual agricultural labour	embroidery Rear livestock owned by landlord on shared basis	<ul style="list-style-type: none"> • Land and high level of financial support to build own house • Asset creation through provision of livestock • Access to health and education facilities 	for women and men <ul style="list-style-type: none"> • Health & Hygiene Education • Training in livestock rearing

Table 5: Stakeholder Matrix/Project Actors and Roles

Component	Sub-Component/Activities	Coverage	Perennial Institutions Involved	Potential Contractors/ Periodic Inputs	Other Possible Partners in Execution
Component 1: Livelihoods Enhancement Component	Poverty Score Card Administration, Social Mobilization, Asset creation, Skills Enhancement and Enterprise Development, Physical and Productive Infrastructure.	8 Tehsils in the selected four districts of Bahawalpur, Bahawalnagar, Muzafarfarh and Rajanpur.	Community Organizations. Social Mobilization Partner such as the National Rural Support Programme (NRSP) or the Punjab Rural Support Programme. Vocational Training Partner such as the institute of Rural Management. Entrepreneurship Training Organization such as ECI, Kusha, etc.	Technical and Vocational Training Authorities (TEVTA). Facilities of Social Welfare Departments at the district level.	Small private sector contractors. Technical specialists.
Component 2: Agriculture and Livestock Development	Value Chain Challenge Fund Administration, Vegetable, Horticulture and Floriculture Package Promotion	8 Tehsils in the selected four districts of Bahawalpur, Bahawalnagar, Muzaffargarh and Rajanpur.	Community Organizations. Agriculture Department and Livestock Department of the Government of Punjab	Agencies skilled at conducting Farmers Field Schools. Private sector. Consultants.	Pakistan Dairy Development Company (PDDC), Livestock and Dairy Development Board, (LDDDB) etc.
Component 3: Project Management	Project Management		Planning & Development Department, Finance Department, Livestock and Agriculture Departments.	Consultants. Gallup, Punjab Economic Research Institute.	DFID, ADB, EU and World Bank.

ISLAMIC REPUBLIC OF PAKISTAN:
SOUTHERN PUNJAB POVERTY ALLEVIATION PROJECT
PROJECT DESIGN REPORT
ANNEX VII: DRAFT PROJECT IMPLEMENTATION MANUAL

TABLE OF CONTENTS

	<u>Page</u>
PART I: INTRODUCTION	1
PART II: GEOGRAPHIC, HOUSEHOLD AND GENDER TARGETING	1
2.1 Purpose, Objectives, Outcome and Outputs	1
2.2 Criteria for Selection of Tehsils and Union Councils within the Districts	2
2.3 Criteria for Selection of Households	2
2.4 Criteria for Gender Targeting	2
2.5 Instruments for Poverty Targeting	3
2.6 Implementation Mechanisms	3
PART III: COMMUNITY MOBILISATION	3
3.1 Purpose, Objectives, Outcome and Output	3
3.2 Description and Mechanisms	4
3.3 Implementation Arrangements	4
3.4 Criteria for Selection of Social Mobilization Partner	5
3.5 Criteria for Eligibility of Community Organization	5
3.6 Exit Strategy	6
3.7 Publicity, Applications, Contracting and Reporting	6
PART IV: ASSET CREATION	6
4.1 Purpose, Objectives, Outcome and Output	6
4.2 Implementation Arrangements	7
4.3 Type of Support	7
4.4 Eligibility Criteria for livestock	7
4.5 Eligibility Criteria for land plots	7
PART V: VOCATIONAL TRAINING	8
5.1 Purpose, Objective, Outcome and Output	8
5.2 Implementation Arrangement	8
5.3 Type of Support	9
5.4 Eligibility Criteria for VTO	9
5.5 Eligibility Criteria for Participants	10
5.6 Publicity, Applications, Contracting and Reporting	10
PART VI: ENTREPRENEURSHIP TRAINING	11
6.1 Purpose, Objective, Outcome and Output	11
6.2 Implementation Arrangements	11
6.3 Type of Support	12
6.4 Eligibility Criteria for ETO	12
6.5 Eligibility Criteria for Entrepreneurship Activists	13
6.6 Eligibility Criteria for Participants	13
6.7 Eligibility Criteria for Business Incubation Support	14

6.8 Eligibility Criteria for Business Development Service Association	14	
6.9 Exit Strategy	14	
6.10 Publicity, Applications, Contracting and Reporting	14	
PART VII: COMMUNITY PHYSICAL INFRASTRUCTURE (CPI)	15	
7.1 Purpose, Objectives, Outcome and Output	15	
7.2 Description and Mechanisms	16	
7.3 Implementation Mechanisms	16	
7.4 Criteria for Eligibility of the CPI	19	
7.5 Publicity, Contracting, and Reporting	19	
PART VIII: PRODUCTIVITY ENHANCEMENT INITIATIVE	20	
8.1 Purpose, Objective, Outcome and Output	20	
8.2 Implementation Arrangements	20	
8.3 Type of Support	21	
8.4 Eligibility Criteria	21	
PART IX: TECHNOLOGY TRANSFER	22	
9.1 Purpose, Objective, Outcome and Output	22	
9.2 Implementation Arrangements	22	
9.3 Type of Support	22	
9.4 Eligibility Criteria for Farmer Field School Trainer	23	
9.5 Eligibility Criteria for Participants	23	
9.6 Exit Strategy	24	
PART X: WOMEN LIVESTOCK AGENTS	24	
10.1 Purpose, Objective, Outcome and Output	24	
10.2 Implementation Arrangements	24	
10.3 Type of Support	24	
10.4 Eligibility Criteria for women para-vets	25	
10.5 Eligibility Criteria for Female Veterinary Assistants	25	
10.6. Exit Strategy	26	26
PART XI: COMMUNITY SERVICE PROVIDERS	26	
11.1 Purpose, Objective, Outcome and Output	26	
11.2 Implementation Arrangements	26	
11.3 Type of Support	26	
11.4 Eligibility Criteria for Community Service Providers	26	
PART XII: PROJECT MANAGEMENT	27	
12.1 Project Steering & Management	27	
12.2 Project Management Unit	27	
12.3 District Management Units	27	
12.4 Government Line Agencies	28	
PART XIII RESULTS BASED MONITORING & EVALUATION	28	
PART XIV: FINANCIAL MANAGEMENT, PROCUREMENT AND AUDITING	30	
14.1 Introduction	30	
14.2 Key Project Documents for the Finance and Accounting Officer	30	
14.3 Fund Flows	30	
14.4 Disbursements	31	
14.5 Actions to Be Taken by the Borrower	31	
14.6 Basic Requirements for Disbursement	32	
14.7 Withdrawal Application (WA)	32	
14.8 General Instructions for Preparing the WA Form for Imprest Fund	32	
14.9 Recovery of Advances or Final Liquidation of the Account	33	

14.10	Procurement	33
14.11	Audit and Accounting	34
14.12	Maintaining Financial Records	34
14.13	Bases of Accounting	35
14.14	Other Information	37

APPENDICES

APPENDIX 1: PROJECT MANAGEMENT STRUCTURE	40
APPENDIX 2: TERMS OF REFERENCE FOR KEY SPPAP STAFFING POSITIONS	41
APPENDIX 3: TERMS OF REFERENCE FOR THE SOCIAL MOBILIZATION PARTNER	56
APPENDIX 4: TERMS OF REFERENCE FOR THE VOCATIONAL TRAINING PARTNER	58
APPENDIX 5: TERMS OF REFERENCE FOR THE ENTREPRENEURSHIP TRAINING PARTNER	60
APPENDIX 6: TERMS OF REFERENCE FOR THE FARMER FIELD SCHOOL PARTNER	62
APPENDIX 7: FORMAT FOR PERFORMANCE BASED CONTRACTS	63

LIST OF ABBREVIATIONS

AD	Assistant Director
BDA	Business Development Associations
BDF	Business Development Facilitators
BDSA	Business Development Service Associations
BDSP	Business Development Service Providers
CO	Community Organization
CPI	Community Physical Infrastructure
CPIDM	Community Physical Infrastructure Design Manual
CRP	Community Resource Person
CRP	Community Resource Persons
DCO	District Coordination Officers
DD	Deputy Director
DMU	District Management Unit
EA	Entrepreneurship Activists
EA	Environmental Assessment
EDT	Entrepreneurship Development Training
ETO	Entrepreneurship Training Organization
FA	Finance and Accounts
FFS	Farmer Field Schools
FFS	Farmer Field Schools
FFSA	Farmer Field School Association
FVA	Female Veterinary Assistant
FVA	Female Veterinary Assistants
GoP	Government of Punjab
GP	Gender and Poverty
IP	Implementing Partner
KM/M&E	Knowledge Management Planning Monitoring and Evaluation
LCA	Local Currency Account
LSO	Local Support Organization

Islamic Republic of Pakistan: Southern Punjab Poverty Alleviation Project
Project Design Report – Annex VII: Draft Project Implementation Manual

M&E	Monitoring & Evaluation
MIS	Management Information System
NADRA	National Database and Registration Authority
NGO	Non-Government Organization
NPD	National Project Director
NPSC	National Poverty Score Card
NRSP	National Rural Support Programme
P&DD	P&D Department
PD	Project Director
PIM	Project Implementation Manual
PIM	Project Implementation Manual
PMR	Project Management Report
PMU	Project Management Unit
PPAF	Pakistan Poverty Alleviation Fund
PRSP	Punjab Rural Support Programme
PSC	Project Steering Committee
RIMS	Results and Impact Management System
RO-AWPB	Results-Oriented Annual Work Plan and Budget
SA	Special Account
SMP	Social Mobilization Partners
SO	Social Organizer
SOE	Statement of Expenditures
SPPAP	Southern Punjab Poverty Alleviation Project
TED	Training & Enterprise Development
TEVTA	Technical Education and Vocational Training Authority
TOP	Terms of Partnership
UC	Union Councils
VTO	Vocational Training Organizations
VTO	Vocational Training Organization
WCO	Women's Community Organization

PART I: INTRODUCTION

This draft Project Implementation Manual (PIM) provides guidelines for implementation of the Southern Punjab Poverty Alleviation Project (SPPAP). The PIM provides a brief description of each of the main components of the project as well as key aspects of project management including implementation responsibilities and terms of reference of key staff and participating partners. The PIM outlines the financial management arrangements including the flow of funds, financial management, procurement and audit and accounting aspects. The PIM also provides guidance on the structure and operations of the planning, monitoring, evaluation and knowledge management functions which will be put into place by the project.

The PIM is to be read in conjunction with the main Project Design Report and its working papers. It is stressed that this document is only a preliminary draft and will need to be carefully reviewed by all major stakeholders in the project and changes made where appropriate. Any changes proposed as a result of such a review will, however, require the concurrence of IFAD before the document is finalized. Finalization of the PIM is one of the conditions of disbursement of the project and its finalization is therefore a matter of high priority.

PART II: GEOGRAPHIC, HOUSEHOLD AND GENDER TARGETING

2.1 Purpose, Objectives, Outcome and Outputs

The purpose of the *geographic targeting approach* is to ensure the inclusion of those districts where the incidence of poverty is highest. In addition, there is scope for capitalising on past investments and building synergies with existing programmes. As such the Southern Punjab Poverty Alleviation Project will be implemented in the districts of Bahawalnagar, Bahawalpur, Muzafargarh and Rajanpur. Within these districts there is wide variation in the poverty incidence at the Tehsil level. SPPAP will begin its work in the Tehsils with the highest incidence of poverty. The National Poverty Score Card survey will be used to identify the poorest Tehsils in Project districts.

The purpose of the *household targeting approach* of the project is to ensure the inclusion of poor and smallholder households in project activities. The community organization approach which has been followed in the past as the basis for project activities has been found to exclude some of the poorest households. As such the Southern Punjab Poverty Alleviation Project will ensure the inclusion of the poorest households in project activities. The identification of these households will be made through the National Poverty Score Card survey and further validation by the Community Organization. Most of the interventions will be very specifically targeted at the households in the lowest three poverty bands. The agriculture and livestock component will be targeted at those households who own land and livestock. Some investments such as the community physical infrastructure projects will be targeted at a certain locality and benefits from these investments are expected to be more widely shared by the households within that locality. To ensure a sustainable increase in their livelihood options, each household in the lowest poverty bandwidth is expected to benefit from several project activities. The overall objective of the targeting approach is to contribute to the reduction of poverty for 80,000 poor households in the project area.

The purpose of *gender targeting* is to ensure that the project addresses strategic gender interests and the practical gender needs of women. SPPAP will partner primarily with women's Community Organizations. It is expected that more than 60% of the beneficiaries of the Project will be women. The inclusion of women is being ensured by fixing specific quotas for each Project sub-component. In a society in which women are traditionally excluded from decision-making processes, the focus on women's organization is expected to address their strategic gender interests by increasing women's agency and their visibility as decision-makers. This will not result in the exclusion of men as unlike men's organizations, women's organizations, due to the existing power structures, continue to include

men. The inclusion of women shall be further ensured by specifying women as either sole beneficiaries of an intervention or by specifying quotas for them.

2.2 Criteria for Selection of Tehsils and Union Councils within the Districts

- a) The proportion of beneficiary households to be reached in each district is based on a preliminary poverty assessment of the four districts and will be as follows; 16% in Bahawalpur, 22% in Bahawalnagar, 22% in Muzafargargh and 40% in Rajanpur.
- b) The Project will concentrate on one or two of the poorest Tehsils in each district ranked on the basis of the National Poverty Score Card survey.
- c) Within each Tehsil the Union Councils with the highest proportion of households in the 0 to 23 poverty band will be selected.
- d) To ensure economies of scale, SPPAP will work in Union Councils which are contiguous to one another to maximize the impact of its interventions.
- e) SPPAP will work in only those villages where communities have already been organized by one of the Rural Support Programmes.

2.3 Criteria for Selection of Households

In order to qualify for participation in the Project, households will be selected based on the following criteria;

- a) Score equal to or less than 23 on the National Poverty Score Card Survey (NPSC);
- b) Further validation of the score of the selected households by the Community Organization (CO).
- c) In case there is a variation in the assessment of the NPSC and CO, the decision to include or exclude a household will be made by the CO and reasons will be fully documented by the Social Mobilization Partner.

In addition to the above criteria, specific quotas for households in the poorest bands have been fixed as follows for each of the Project components;

- d) 100% of the households receiving assets under sub-component 1.1 will be from the 0 to 11 category.
- e) 100% of the households in the 0 to 18 category will be exempt from paying the 10% of the community contribution for community infrastructure components;

2.4 Criteria for Gender Targeting

Women will be specifically targeted in each of the project activities through special quotas and targets for them as follows;

- a) 100% of the livestock and land under the asset creation sub-component will be provided to women.
- b) 70% of vocational training will be provided to women.
- c) 50% of entrepreneurship development training will be provided to women.

- d) 80% of the business incubation service will be provided to women.
- e) 60% of the equipments, tools and kits after vocational and entrepreneurship training will be provided to women.
- f) 50% of the participants of the Farmer Field Schools will be women.
- g) 100% of the para vets and Female Veterinary Assistants trained will be women.
- h) 20% of the community service providers trained will be women.
- i) 30% of the Project Management Staff will be women.

2.5 Instruments for Poverty Targeting

SPPAP will not conduct its own survey but will use the results of the National Poverty Score Card Survey which is currently being conducted in Pakistan by the Pakistan Poverty Alleviation Fund with financing from the World Bank. This survey is being conducted by third parties in all districts of the country. The data will be tabulated by the National Database and Registration Authority (NADRA) and is expected to be available by the end of September-October 2010. The community organization will play a key role in validating the data. SPPAP will use this data to identify target households after further validation by the community. In case there is a delay in the administration of the NPSC for any reason, the COs and the Social Mobilization Partner (SMP) will through a participatory poverty assessment identify the households in the lowest poverty bands in their communities.

2.6 Implementation Mechanisms

The PMU will identify the Tehsils and Union Councils in which SPPAP activities will be implemented based on the criteria specified herein. An NGO will be recruited as the Social Mobilization Partner (SMP) of SPPAP for a period of five years. The SMP will work closely with the Community Organizations to identify poor households and women for participation in the project activities. The Social Mobilization Partner will use the National Poverty Score Cards for an initial identification of the beneficiaries for the different activities in close consultation with the Community Organizations. In selection of the beneficiaries for each Project activity, the criteria indicated for each sub-component will be adhered to. The SMP selected will ensure that its staff has the capacity for adopting a pro-poor and a gender sensitive approach. In case required this capacity will be strengthened during the first year of Project implementation.

PART III: COMMUNITY MOBILISATION

3.1 Purpose, Objectives, Outcome and Output

The objective of community mobilisation under SPPAP is to work in a participatory and collaborative manner with local communities. The community mobilization approach is designed to increase the agency of poor women and men with a special focus on the empowerment of women. In addition, this approach encourages economies of scale among the small holder farmers and livestock owners. It provides the potential for establishing a village based institution which can become a vehicle for village development, creating linkages with a host of service providers and reducing the transaction cost of SPPAP. It is expected that SPPAP will work with 5000 to 6000 Community Organizations already established by one of the Rural Support Programmes in the Project districts.

Under SPPAP, COs will assist in the following tasks; (i) the identification of the poorest households (ii) selection of grantees for asset creation (iii) trainees for vocational and entrepreneurship training (iv) identification, implementation, operation and maintenance of community physical infrastructure

projects (v) recipients of investments in agriculture and livestock initiatives (vi) participants in Farmer Field Schools (vii) identification of women para vets and Female Veterinary Assistants and (viii) identification of community service providers from the private sector (ix) participatory monitoring and assessment of project activities.

Men and women will identify indicators of Project outputs, outcomes and impact. Information on a host of indicators in the log-frame will be included in a monitoring format and will be tracked by the Community Organizations and provided to the project management. These indicators will focus especially on the empowerment of poor households and women. This process will ensure that the project retains a focus on the poor and women's strategic gender interests through awareness-raising dialogues with men and women and focuses on improving not only women's condition but their position in the communities to which they belong.

3.2 Description and Mechanisms

SPPAP will work with the existing COs which have been established by the Rural Support programmes such as the National Rural Support Programme and the Punjab Rural Support Programme in the Project districts. These COs generally have a membership of 15 to 20 members and are organized at the settlement level. One revenue village generally may have several Community Organizations. NRSP has established only women's Organizations while PRSP has established mixed organizations. NRSP has established COs in Bahawalpur, Bahawalnagar and Rajanpur while PRSP has established COs in Muzafarghah. The projected number of organizations expected to be established in the Project area by June 2010 are almost 19,000. SPPAP is expected to work with only 5000 to 6000 of these COs.

3.3 Implementation Arrangements

NGOs like the National Rural Support Programme (NRSP) and the Punjab Rural Support Programme (PRSP) are expected to be recruited on a competitive basis to interact with the communities. These NGOs have a long history of organizing communities at the village level for local level development. Both NRSP and PRSP are Government supported NGOs with strong capacity and presence in the selected Project districts. The selection of these NGOs will allow the leveraging of a number of on-going government and donor initiatives in the selected districts. The NGOs will be the main interface between the community and all service providers. Performance Based contract will be negotiated with the selected NGO or NGOs to undertake the role of the Social Mobilization Partner of SPPAP.

The Social Mobilization Partner will undertake the further strengthening of the community organizations, help in the identification of the target group in discussions with the community based on the criteria specified for different activities, assist in the implementation of other project activities, implement the community physical infrastructure schemes, undertake the distribution of assets and coordinate with other implementing partners and training providers.

Under SPPAP provision has been made to recruit male Community Resource Persons (CRPs) at the Union Council level and women Community Resource Persons at the revenue Village. The capacity of men and women in the community for social mobilization and participatory monitoring and evaluation will be built by developing Community Resource Persons (CRP) who will work in partnership with social mobilizers to support and monitor field activities. The women CRPs will also contribute to women's empowerment by functioning as role-models for women in the communities. The capacities of women and men in the communities will also be built through a process of participatory knowledge management: there will be meetings between COs to exchange experiences and lessons learnt on an on-going basis during the duration of the project. The RSPs have been working with CRPs for the last four to five years. In most cases, the Local Support Organisations are given funds for social mobilization and they have performance based contracts with CRPs. The role of the CRPs varies from carrying out surveys, doing programme introductions to forming Cos and providing book-keeping services. They are usually trained activists who have received Community

Management Skills Training (4 days) and/or Leadership Management Skills Training (7-15 days). However, to train them as resource persons, NRSP, for example, conducts a TOT and sends them for exposure visits of other areas to learn from the experiences of other CRPS. Both men and women have been hired by the RSPs for this role with the gender balance differing from area to area. Under SPPAP, given women's mobility constraints, there will be one woman CRP in each village, whereas there will be two men CRPs per Union Council. The SMP will have the flexibility to decide the number needed and the stipend they will receive. SPPAP will however stipulate that the majority of CRPs should be women.

3.4 Criteria for Selection of Social Mobilization Partner

- a) Social Mobilization Partner should be a legally registered Non-Government Organization with a proper system of governance, financial management, monitoring and evaluation systems.
- b) The Social Mobilization Partner should have a proven track record of community mobilization of at least five years in the selected districts;
- c) Social Mobilization Partner should have existing Community Organizations established in the Project Districts of which at least 51% are women.
- d) Social Mobilization Partner should be well versed in the Poverty Score Card, social inclusion and gender mainstreaming methodologies.
- e) Social Mobilization Partner should have previous experience of implementing community training activities, infrastructure projects, agriculture and livestock activities, rural financial service provision and participatory monitoring and evaluation.
- f) The SMP should have the capacity to plan its work and implement it according to an Annual Work Plan and Budget which it will submit to the PMU two months prior to the start of each calendar year.
- g) The SMP should have the capacity to monitor and evaluate its activities in a participatory manner with the communities and submit regular progress reports, case studies, profiles, etc.
- h) The SMP will not be political, discriminatory, ethnic, sectarian or exclusionary in nature.
- i) Previous experience of implementing performance based contracts.

3.5 Criteria for Eligibility of Community Organization

The communities which will be eligible to participate in the Southern Punjab Poverty Alleviation Project will be selected based on the following criteria;

- a) The Community Organization should have been organized in an open and transparent manner and should enjoy credibility and the confidence of the community;
- b) The Community Organization should have a minimum membership of 15 households.
- c) The COs should not have procedures and requirements which are exclusionary of the poorest households.
- d) The Community Organization should be willing to help in the identification of households for the different sub-components of SPPAP;

- e) The Community Organization should be willing to sign a Terms of Partnership with the SPPAP and be willing to participate in different project activities;
- f) The CO should provide their share of the contribution in the operation and maintenance of community infrastructure schemes except where such contribution is waived off for the households scoring 0 to 18 on the NPSC;
- g) At least 70 per cent of the COs selected should be women's COs.

3.6 Exit Strategy

SPPAP has welded its community mobilization approach into the existing initiatives that are being implemented in the project districts. It is not creating any new community structures but is relying on what exists on the ground. The aspect of exit is being built into the community mobilization approach by the Rural Support Programme through the establishment of an apex of all COs into a Village organization at the village level and a Local Support Organization (LSO) at the Union Council. This LSO will provide the overall support, facilitation and linkages for the COs. The Rural Support Programmes feel that these local organizations at the Village and Union Council level will eventually play the role that the RSPS currently undertake in providing basic services, financial services and technical assistance to the communities.

1. The CRPs will also contribute to the sustainability of the project as resource persons for the communities even after the life of the project. Although communities cannot be expected to pay for their services of social mobilization and monitoring, there is a strong possibility of the CRPs being engaged by the Local Support Organizations that are expected to be formed under the World Bank PPAF III project and directly by the World Bank Project itself. As South Punjab increasingly becomes the focus of donor activities, other projects can leverage the local expertise for social mobilization.

3.7 Publicity, Applications, Contracting and Reporting

The Social Mobilization Partner will be selected within the first three months of Project effectiveness. The selection of the SMP will be strictly in accordance with the criteria outlined to ensure Project success. A shortlist of NGOs meeting the specified criteria will be made and the selected NGOs will be asked to submit a proposal. The technical and financial proposals will be evaluated with a greater weightage being given to the technical proposal. The procurement of the services of the NGO will follow IFAD and Government procurement procedures. In case of a divergence between the two, IFAD procurement procedures will be given precedence. IFAD's concurrence on the selected NGO will be obtained prior to contract signing. A performance based contract will be negotiated with the selected NGO. The Terms of Reference of the partner NGO are given in Annex 3.

PART IV: ASSET CREATION

4.1 Purpose, Objectives, Outcome and Output

The purpose of this sub-component is to provide poor women with a sustainable source of livelihood. Under this component assets will be created for poor women by providing them livestock and land grants. Livestock is primarily a women's activity. Most households cannot afford to buy their own livestock and many share the ownership of livestock with landlords under various exploitative arrangements that define their share in the produce and off-spring. This sharing arrangement limits the returns women obtain from this activity. By providing them with their own livestock, the Project can assist women break the vicious cycle and enhance their own incomes. While women can legally own land, cultural norms limit their ownership and inheritance rights to this important resource. SPPAP will provide a limited number of land plots to women from landless households which can be used as a permanent source of shelter and for productive purposes in locations where land is available at a

reasonable cost.

Under this component small and large ruminants will be provided to 11,555 women, poultry packages will be provided to 7,704 women and land plots will be provided to 1541 women.

4.2 Implementation Arrangements

Identification of women to receive support under this sub-component will be undertaken by the Social Mobilization Partner through the Women's Community Organization. A list of women eligible to receive support under this component will be made in a resolution by the CO. The Social Mobilization Partner will verify and validate this list. Once the list has been validated each of the selected communities receiving support will nominate a person to accompany the team for the purchase and selection of the animals. The PMU will make out a check for the purchase of the livestock in the name of the CO. The Deputy Director and Assistant Director (Livestock) of the PMU and DMU will provide technical guidance in the selection of livestock breeds and assist in purchase of the animals and poultry breeds. He/She should include the selected women in the Farmer Field School component for providing training to the women selected for the livestock grants to receive training.

The same process will be followed for purchase of land. However, in the case of land the Deputy Director and Assistant Director (Agriculture) will ensure that the selected land is clear of all encumbrances and can be transferred in the name of the woman to whom it has been allotted.

4.3 Type of Support

The type of support which will be provided under the sub-component will be as follows;

- a) Livestock packages will include 3 goats or one mature cattle.
- b) In every Community Organization receiving the goat package, one woman will receive 3 goats and one buck (for breeding purposes).
- c) Poultry packages with 20 birds and 4 roosters (10 weeks old) and Rs 1500 for construction of cage.
- d) Small land plots with title of between 5 marlas to one kanal costing a maximum of Rs 50,000. In each subsequent year of the project the cost of the land maybe increased by 5% in every subsequent year.

4.4 Eligibility Criteria for livestock

The eligibility criteria for asset transfer will be the following;

- a) Only women from households with a score of between 0 to 18 on the National Poverty Score Card will be eligible.
- b) Only women whose names have been identified by the COs in a resolution and validated by the SMP.
- c) Only women who can demonstrate that they have some access to adequate fodder or feed for the animals.

4.5 Eligibility Criteria for land plots

- a) Only women from households with a score of between 0 to 11 on the National Poverty Score Card will receive land plots.

- b) Only women from households who do not currently own any land.
- c) Only women whose names have been identified by the COs in a resolution and validated by the SMP.
- d) The ownership of land plots will be in the name of the woman beneficiary.

PART V: VOCATIONAL TRAINING

5.1 Purpose, Objective, Outcome and Output

The purpose of the vocational skills training is to provide households with limited skills with greater opportunities for productive employment. The expected outcome from this sub-component is enhanced capacity for employment and productive self-employment. Under this sub-component, vocational training will be provided to men and women in relevant trades appropriate for productive employment. These could include plumbing, electrician, carpentry, driving, masonry, etc. For women it could include tailoring, handicrafts, fixing home appliances, beauticians, teaching, etc. About 70% of the trainees will be women. The bias in favour of women is due to the fact that women face much greater constraints in accessing skills training and have been found to make much more productive use of such training compared to men in several assessments of vocational training programmes. The training will be accompanied by equipment such as kits and tools for the various trades, sewing machines, for the successful candidates at the end of the training. The Project is expected to provide training to 11,555 participants of which 8088 will be women.

5.2 Implementation Arrangement

The PMU will competitively recruit the services of one or more Vocational Training Organizations (VTO) for implementing the vocational training activities under the Project. The selected organization will be a specialist organization and the criteria for its selection given herein will be strictly followed. This organization will partner with local training institutions such as the *Sanatzaars* run by the provincial Department of Social Welfare or the Technical Education and Vocational Training Authority (TEVTA) for use of their trainers or training facilities. In the selection of trades the VTO will be guided by lessons learnt from previous vocational training programmes in the target districts. The vocational training could include trades such as tailoring, plumbing, electrician, carpentry, welding, home appliances, handicrafts, computing, driving, masonry, tailoring, handicrafts, fixing home appliances, beauticians, teaching, etc. The Vocational Training Organization (VTO) should have the capacity to work in a participatory manner with the identified trainees for the selection of trades.

The VTO will ask COs to identify women and men for vocational training. Once identified, the VTO will assess the capacity of the men and women selected to utilize the training and after screening finalize the list of participants. The VTO will design training courses that are tailored to the needs of the target group identified in terms of timings, content and delivery methodology. The VTO will deliver the training directly or in collaboration with government institutions such as TEVTAs (Technical Education and Vocational Training Authorities) and SANATZAARS or any other individual or institution which can provide good quality training. The VTO will provide those who complete their training course with support in seeking employment or establishing their own private service for a period of two to three months.

Successful candidates will be provided basic equipment and tools which are deemed essential for the trade. A list of the equipment or tools to be provided to the successful candidates will be made by the VTO jointly with the Deputy Director (Training and Enterprise Development). Once this list is approved the PMU will make arrangements for the procurement of the equipment and tools together with the

trainee on the basis of Government and IFAD procurement procedures. The average cost of the equipment budgeted in the SPPAP budget is Rs 15,000. However, the actual cost of the equipment will vary with the type of equipment and time (5% increase every year).

The VTO will facilitate the organization implementing the entrepreneurship development sub-component in identifying potential entrepreneurs from among those who receive vocational training. The VTO will maintain a complete record of all the trainees, the graduation rate and also establish a system which traces the candidates after the training and monitor the impact of the training on their employability, productivity and incomes.

5.3 Type of Support

Each participant identified for training under the vocational training programme will be provided the following support;

- a) All participants will be provided training of a duration which is adjudged by specialists to be sufficient to enhance the level of skill and knowledge of the trainee and can enhance his/her employability or productivity.
- b) Support for transport and all out of pocket expenses incurred in attending the training course.
- c) Support for board and lodging for all overnight training programmes.
- d) Successful candidates will be provided basic equipment and tools which are deemed essential for the trade.
- e) Assistance in seeking employment or establishing a service agency through technical assistance and business development training for those interested.

5.4 Eligibility Criteria for VTO

The eligibility criteria for the Vocational Training Organization will be as follows;

- a) The VTO should have a minimum of five years experience of delivering vocational training and capacity for providing services in the selected districts.
- b) The Vocational Training Organization (VTO) should have the capacity to engage with local communities for the identification of vocational training needs of the communities and assess the capacity of the participants to utilize the training.
- c) The VTO should have the capacity to be gender sensitive and have women staff on its team in order to gain the confidence of women trainees and ensure the provision of training environments which are appropriate, safe and secure for women trainees.
- d) The VTO should have the capacity to design training courses that are tailored to the needs of the target group in terms of timings, content, duration, location, utility and delivery strategy.
- e) The VTO should have the capacity to either deliver the training directly or in collaboration with local institutions and partners in a cost-effective manner.

- f) The VTO should have the capacity to provide support to trainees in obtaining employment or establishing their own private service backward and forward linkages with markets.
- g) The VTO should plan its work and implement it according to an Annual Work Plan and Budget which it will submit to the PMU two months prior to the start of each Project year.
- h) The VTO should have the capacity to develop an MIS for monitoring and evaluation of the Vocational Training Programme.
- i) The VTO should have the ability to critically evaluate its training and provide regular progress reports and information on both output and outcome indicators.
- j) The VTO should be able to institute a system which provides feedback from graduates on the overall impact of the training on employability, productivity and increase in incomes.

5.5 Eligibility Criteria for Participants

The eligibility criteria for the candidates selected for vocational training will be the following;

- a) Only participants from households with a score of between 0 to 23 on the National Poverty Score Card.
- b) Only participants whose names have been identified by the COs in a resolution and validated by the SMP.
- c) Final selection of participants short-listed by the COs will be made by the VTO based on assessment of willingness, ability and potential for productive utilization (income generation or savings) of the training.
- d) At least 70% of the participants selected for the vocational training will be women.

5.6 Publicity, Applications, Contracting and Reporting

The PMU will short-list firms with expertise in providing vocational skills training. The VTO will be selected for the delivery of this sub-component through a competitive bidding process. These organizations will be sent TORs and asked to submit proposals. The selection of the organization will be made by the PMU in accordance with the criteria specified in the PIM. Government and IFAD procurement procedures will be followed. In case of divergence in the procurement procedures, IFAD procedures will have precedence. Performance based contracts will be negotiated with the selected firm. The firm will undertake, in collaboration with the COs, the identification of trades for women and men, the selection of participants, adaptation of training to the needs of the target group, contracting of training institutes and/ or individual trainers and management of logistics. An indicative Terms of Reference for the organization implementing the vocational Training sub-component is given in the annex. The organization contracted will design and maintain an MIS which reports on activities undertaken, bio-data of those given vocational training and track the utilization of the training during the life of the project on a yearly basis. The VTO will produce monthly reports on activities undertaken (number of trainings conducted, number of entrepreneurs trained disaggregated by sex and poverty ranking). Quarterly and annual reports will be prepared on all outputs, achievements, issues and constraints. A consolidated Project Completion Report on all activities undertaken, key achievements and lessons learnt. .

The PMU will also contract a third-party random survey mid-project to assess the economic and social benefits of the vocational skill development programme.

PART VI: ENTREPRENEURSHIP TRAINING

6.1 Purpose, Objective, Outcome and Output

In Southern Punjab, poor men and women increasingly rely on non-farm incomes to supplement incomes from agriculture. Micro-enterprise development is potentially an effective strategy for improving the livelihoods of the poor. This sub-component aims to expand economic opportunities for women and men by facilitating the establishment and expansion of micro-enterprises for them; to create male and female entrepreneurship activists (EAs) to support entrepreneurship development and to facilitate the creation of local Business Development Associations (BDAs) for the sustainable, low-cost provision of entrepreneurship development in the project districts after the life of the Project. The project will train 56 EAs and 3,081 entrepreneurs. Of the EAs 28 will be women and of the entrepreneurs 1541 will be women. In addition, out of the 3081 entrepreneurs, 770 entrepreneurs will be provided with business incubation support by the EAs for a limited period. At least 80 per cent of the entrepreneurs who will be provided business incubation support will be women as they face higher socio-economic barriers in establishing businesses compared to men.

6.2 Implementation Arrangements

The following process will be adopted for the implementation of the entrepreneurship training sub-component.

- a) *Orientation of Community Organization and request for nominations for Business Development Facilitators.* The ETO will orient the social mobilization teams on the profile of the BDFs. The social mobilization teams will brief the COs and request nominations.
- b) *Screening and Selection of 56 EAs by the ETO:* those nominated will be interviewed by the ETO to assess competencies and finalize selection.
- c) *Assessment of Entrepreneurship Potential in Project Areas:* The ETO will carry out this assessment and submit a report on the entrepreneurship potential in the project area.
- d) *Two year certificate course for 56 EAs:* Over a period of two years there will be a minimum of four 10-15 day workshops in which EAs will learn how to undertake mapping of entrepreneurship potential in the area, identify potential entrepreneurs, the role they will play in capacity building and support of entrepreneurs, the facilitating of an enabling environment for entrepreneurship development in their respective districts, and documentation and follow-up.
- e) *Training and Mentoring of Entrepreneurs:* Each EA will 'adopt' three entrepreneurs groups (group of 10 members) from their districts, in year 1 and five groups in year 2. The entrepreneurship development training will focus on identification of business opportunities, mobilization of resources, including technical skills, credit, technology, transportation, packing and packaging, inventory and storage, appropriate utilities, appropriate financing, etc. improved production through better designing, raw material inputs, quality control techniques and developing improved linkages with markets.
- f) *Business Incubation:* Business incubation is defined as hand holding during the initial period of business establishment. The EAs will lead the process, assisted by the EAs in year 2 and 3 to incubate the business of 770 entrepreneurs (80 per cent women and 20 per cent men). This will

involve a basic business and skills training, direct assistance in provision of the asset and follow-up and mentoring till such time as the business is effectively established.

- g) *Developing Local Business Development Service Associations (BDSAs)*: In each district, the ETO will facilitate the formation of BDAs in each district. This process will be initiated in the first year of the diploma course. In year 3, the capacity of the BDAs will be developed to become an independent self-sustaining organization with the ability to develop a strategic plan, secure resources and manage projects. SPPAP will also provide the BDSAs with a seed grant.
- h) *Purchase of Business Equipment and Trade Tools*: Successful candidates will be provided basic equipment and tools which are deemed essential for the trade. A list of the equipment or tools to be provided to the successful candidates will be made by the VTO jointly with the Deputy Director (Training and Enterprise Development). Once this list is approved the PMU will make arrangements for the procurement of the equipment and tools together with the trainee on the basis of Government and IFAD procurement procedures. The average cost of the equipment budgeted in the SPPAP budget is Rs 15,000. However, the actual cost of the equipment will vary with the type of equipment and time (5% increase every year).

6.3 Type of Support

Each participant identified for training under the entrepreneurship training programme will be provided the following support;

- a) All participants eligible under 6.6 will be provided training of a duration which is adjudged by specialists to be sufficient to enhance the business skills of the trainee and can enhance his/her employability or productivity.
- b) Support for transport and all out of pocket expenses incurred in attending the training course.
- c) Support for board and lodging for all overnight training programmes.
- d) Successful candidates will be provided basic equipment and tools which are deemed essential for the trade.
- e) Candidates judged to be above average in their level of commitment and business acumen and qualify under 6.7 below will be provided business incubation support for establishing their own business.
- f) The EAs eligible under 6.5 will be provided communication support.
- g) The Business Development Service Association who meet the criteria specified in 6.8 below will be given a one time grant for establishing a local service agency.

6.4 Eligibility Criteria for ETO

The eligibility criteria for the Entrepreneurship Training Organization will be as follows;

- a) The ETO should have a minimum of five years experience of delivering entrepreneurship development training

- b) The ETO should have the capacity for providing services in Southern Punjab.
- c) The ETO should have the capacity to design training courses that are tailored to the needs of the target group in terms of timings, content, duration, location, utility and delivery strategy.
- d) The ETO should have the capacity to deliver the training in a cost-effective manner which focuses on building local capacities.
- e) The ETO should have the capacity to provide support to trainees in establishing backward and forward linkages with markets.
- f) The ETO should have a demonstrated capacity in providing business incubation support.
- g) The ETO should plan its work and implement it according to an Annual Work Plan and Budget which it will submit to the PMU two months prior to the start of each Project year.
- h) The ETO should have the capacity to develop an MIS for monitoring and evaluation of the Entrepreneurship Development and Business Incubation Services.
- i) The ETO should have the ability to critically evaluate its training and provide regular progress reports and information on both output and outcome indicators.
- j) The ETO should be able to institute a system which provides feedback from graduates on the overall impact of the training on employability, productivity and increase in incomes.
- k) The ETO should have the capacity to develop an MIS for monitoring and evaluation of the Entrepreneurship Development and Business Incubation Services.

6.5 Eligibility Criteria for Entrepreneurship Activists

The eligibility criteria for the EAs will be the following;

- a) EAs should be selected by the ETO in consultation with the COs in which they are expected to operate and have credibility within the community.
- b) EA selected should be residing in the same District in which they are to conduct their training and business development support activities.
- c) EAs selected should have a minimum educational qualification of matriculate and assessed to have some business acumen.
- d) The EA should be willing to travel on public transport to train and support communities.
- e) At least 50% of the EAs should be women.

6.6 Eligibility Criteria for Participants

The eligibility criteria for entrepreneurship training will be the following;

- a) Only participants from households with a score of between 0 to 23 on the National Poverty Score Card.
- b) Only participants whose names have been identified by the COs in a resolution and validated by the SMP.

- c) Final selection of participants short-listed by the COs will be made by the ETO based on assessment of willingness, entrepreneurial competencies and potential for productive utilization of the training.
- d) At least 50% of the participants selected for the vocational training will be women.

6.7 Eligibility Criteria for Business Incubation Support

In order to qualify for Business Incubation Support those participants will be selected who meet the following criteria;

- a. Participants who have successfully completed the entrepreneurship training and demonstrate active interest in establishing a new business;
- b. Preference will be given to participants who belong to the 0 to 18 poverty band;
- c. 80% of those selected and meet the requirements of (a) and (b) above.
- d. 80% of the participants will be women.

6.8 Eligibility Criteria for Business Development Service Association

In order to qualify for the support for establishing a Business Development Service Association the following criteria will apply;

- a. EAs who have successfully completed their two year training course, met their training targets, formed an association in partnership with other EAs and registered a local organization at the district level.
- b. EAs who have prepared a business plan and developed a strategy for the growth of local businesses at the district level.

6.9 Exit Strategy

The formation of a Business Development Service Association in each district by local entrepreneur activists trained by the project will provide an exit strategy for entrepreneur development in the area. These groups will be able to access funds and provide entrepreneurship development services at a low cost.

6.10 Publicity, Applications, Contracting and Reporting

The PMU will short-list firms with expertise in implementing entrepreneurship development programmes. These organizations will be sent TORs and asked to submit proposals. The selection of the organization will be made by the PMU in accordance with the criteria specified. Government and IFAD procurement procedures will be followed.

The entrepreneurship development component will be delivered by an organization specializing in the delivery of micro-entrepreneurship training programmes. Consulting firms such as ECI (pvt) Ltd and Khusha Consulting (pvt.) Ltd have the experience of delivering these training programmes across Pakistan and specifically in South Punjab. These organizations undertake value chain analyses in different sectors including agriculture, livestock, handicrafts etc. A consulting firm will be selected for the delivery of this sub-component through a competitive bidding process. In case of divergence in the procurement procedures, IFAD procedures will have precedence. Performance based contracts will be negotiated with the selected firm. The Project Implementation Manual specifies the Terms of

Reference for the organization implementing the entrepreneurship development component.

The organization contracted will design and maintain an MIS which reports on activities undertaken, profile of entrepreneurs and BDSPs trained. The MIS should include identity card numbers, income profile, business activity undertaken etc.

- Report on the value chain analysis undertaken in the project area in each of the four districts
- Monthly reports on activities undertaken (number of trainings conducted, number of entrepreneurs trained, number of visits for hand-holding, business incubation etc).
- Quarterly reports consolidating the monthly reports on activities undertaken key achievements and lessons learnt.
- Yearly reports consolidating the quarterly reports on activities undertaken key achievements and lessons learnt.
- End of the project report on activities undertaken, key achievements and lessons learnt.

PART VII: COMMUNITY PHYSICAL INFRASTRUCTURE (CPI)

7.1 Purpose, Objectives, Outcome and Output

In poor rural communities basic essential services such as water for irrigation, safe drinking water, drainage and sanitation, access roads and other infrastructure are missing or severely inadequate. The objectives of the CPI component shall be to provide, through grants, small scale infrastructure in rural communities to meet these needs. Community infrastructure contributes significantly towards poverty reduction by enabling increased access to drinking water, irrigation, sanitation & drainage, transport, and markets. The project will finance construction of about 1,320 CPI schemes in approximately 470 villages benefiting directly 80,000 poor households in the districts of Bahawalnagar, Bahawalpur, Muzaffargarh and Rajanpur. This will be based on a 'saturation' approach at the village and Union Council level and will cover basic infrastructure, drought mitigation and preparedness infrastructure; and innovative technology projects. Types of infrastructure and expected outcomes can be:

- a) Drinking Water Supply: availability of drinking water at or near the door steps leading to time savings and its productive use in other income generating activities, comparatively better quality of water and thus savings in health related costs and related economic shocks.
- b) Irrigation – Tube wells, dug wells, water channel lining, lift irrigation, bubblers etc: assured water availability leading to higher command area, higher cropping intensity and better yields.
- c) Water Storage and Rain Harvesting: as area is susceptible to water shortages, provision of water reservoirs/storage ponds and small check dams where feasible to increase the availability of water for communities.
- d) Drainage and Paving: improved hygiene & sanitation.
- e) Sewage systems/Latrines: cleanliness resulting in better health and convenience particularly for women.
- f) Access Link Roads: easy access to metalled main road, opening up the areas for other economic activities, savings in commuter time, reduction in transport/haulage rates, productive use of saved time, enhanced access to social services and markets.
- g) Technology Interventions Solar Lights/ Solar Pumps/Solar Water Purifiers/Wind Turbines/Smokeless Stoves/Biogas and others: savings in the cost of kerosene oil and wax used for light during night time, savings in fuel costs, savings in natural resources,

- time savings, income generation due to ability to work at night time, health and other benefits.
- h) Flood Protection Works: security against intrusion of flood water, reduced damage to infrastructure including houses
 - i) Delay Action/Check Dams: savings in flood occurrence, storage of water, increased recharge of aquifers.
 - j) Any Other infrastructure identified by the Community Organization.

7.2 Description and Mechanisms

The Social Mobilization Partners (SMPs) shall provide funding in the form of grants to communities for implementing Small-Scale Infrastructure Projects. SMPs will provide these grants to communities on a cost-sharing basis, the cost-sharing being dependent upon poverty levels and the type of infrastructure being proposed. For example, a scheme that contributes immediately to the cash income of the community, like an irrigation channel, would require higher levels of contribution from the communities as opposed to village roads where the benefits would be less tangible, in any case the SMPs will maintain an overall contribution from communities of at least 10% of capital and 100% of operations and maintenance costs. In the case of ultra and chronically poor and remotely located communities or for those community members falling in the 0-18 band on the Poverty Score Card (PSC), the contribution can be reduced or even waived off.

7.3 Implementation Mechanisms

For the design of community infrastructure, the SMP engineers will adopt the Community Physical Infrastructure Design Manual (2009) prepared by the Pakistan Poverty Alleviation Fund (PPAF) with the technical assistance of the World Bank. The manual documents the process to be used for identification, preparation, approvals, initiation, implementation, management and operation & maintenance of the infrastructure projects. The process has been well designed with in built checks and balances ensuring community involvement and ownership through out the project cycle. Guidelines for Environmental Assessment of infrastructure projects included in the manual will also be adhered to by the SMP.

The CPI design and initiation process comprises of the following activities: Identification; Pre-feasibility; Project Preparation; Project Proposal; and Project Initiation; A brief description of these is as follows.

*a) **Identification***: Community Organization¹ (CO) will identify the need for infrastructure projects. The project that best serves the common infrastructure needs of the community shall be prioritized. The identified project is to be agreed upon by CO members in a general body meeting of the CO. At least 75 % of the CO members should attend the general body meeting when a decision is to be taken regarding the identification of the project. The CO will send the decision to the Social Organizer or Field Manager of SMP in the form of a resolution signed by all the members present in the meeting. CO will also keep record of the meeting in the register.

*b) **Pre-feasibility***: In response to the resolution received from the CO, the Field Manager or Regional Manager or any Authorized person of SMP will give approval to carry out a pre-feasibility study. A Pre-feasibility includes the social survey and reconnaissance technical survey. The social organizer and the field engineer will together visit the CO to have a formal meeting with the members. The social organizer will conduct the social survey and the field engineer will visit the proposed project site to ascertain the technical viability. The community will record the proceedings of the meeting in their register. The social organizer and field engineer will submit a report to the SMP management on the viability of the project.

¹ CO members will represent a minimum of 20 households.

The report shall include;

- Assessment of priority need of the community.
- Consensus of the members on the proposed scheme.
- Social Organization.
- Socio-Economic set up of the community.
- Record of the meetings and savings of the community.
- Willingness of the community to contribute to the capital cost of the project.
- Willingness of the community to accept responsibility of Operation and Maintenance of the project.
- Capacity of the community to implement and maintain the project.
- Technical viability of the project.
- Expected benefits of the project.
- Environmental assessment of the projects and impacts on environment if any.

c) Project Preparation and Design: On the basis of the report submitted by the social organizer and field engineer, SMP management will give formal approval for carrying out the project preparation including; technical survey, design, quantities and cost estimates, and feasibility proposal. These activities shall include the following:

- **Technical Survey:** A field engineer conducts detailed survey of the project under the guidance of an Engineer In-charge. CO will nominate the required number of members to assist field engineer during the survey. The CO members will select the proposed site and alignment of the project unanimously, as they will be responsible for providing the required land, if any, free of cost. Project site will not be changed unless otherwise required for technical reasons, but not without consent of the CO members.
- **Environmental and Social Assessment:** The engineers and social organizers of SMP will carryout environmental assessment of each project in line with the Environmental and Social Management Framework (2009) developed by PPAF. The anticipated negative impacts if any and mitigation measures will be documented and shall be integrated in to the design.
- **Design and Estimates:** After completing the survey SMP engineers will design the project, prepare survey report, necessary drawings, and quantities & cost estimates under the guidance of the Engineer In-charge. A project file will be prepared and submitted to the Engineer In-charge. The design should be simple and follow standard specifications provided in the CPI design manual. Quantities and cost estimates should be based on the standard specifications and prevailing market rates. Each item will be separately estimated and costed. Man-days of the skilled and unskilled labour will also be worked-out and labour cost estimated on the basis of prevailing market rates. The design and estimates should be discussed with the CO members in their general body meeting.

d) Project Proposal and Approvals: Engineer In-charge will go through the pre-feasibility report of the social organizer and field engineer. He will recheck the survey report, drawings, design and estimates, and make necessary adjustments/amendments if so required. He will prepare a project proposal including social, technical, environmental and financial/economic viability of the project. Project proposal will also include the detailed cost of the project. Item -wise cost of the materials and labour will be given in a tabular form. Total project cost, community contribution, and IFAD contribution will be given in separate columns. Annual Operation and Maintenance Cost of the project will also be estimated. A project implementation and management plan will also be a part of the proposal. The proposal should include signed minutes of meeting with the CO where design and estimates and proposed operation and maintenance plans were discussed. Engineer In-charge will then submit the feasibility proposal along with recommendations to his management for approval. Once internally processed and approved, the project feasibility shall be submitted to

PMU for final concurrence. The proposal document of each CPI project will be expected to be accurate and detailed enough to serve as a baseline for subsequent impact assessment.

e) **PMU Verification and Approval:** PMU will be mandated to check a minimum of 10% of all infrastructure schemes for compliance with PPAF CPI design standards and the implementation steps described above. Concurrence to initiate the project will be provided within 15 days of submission of a proposal (s). A separate PC-I for approval of CPI schemes shall not be required. Verification and approval of similar infrastructure project proposals, already approved, will also not be required.

f) **Project Initiation:** The project will be formally initiated after approval of the proposal and after the following arrangements are in place:

- **Terms of Partnership:** SMP will prepare a “Terms of Partnership” (TOP) to be signed with the CO prior to initiating the project. The TOP will include all the terms and conditions normally used in PPAF projects. The responsibilities of SMP and the CO will be clearly explained in the TOP. The project size, specifications, cost contributions of the CO and IFAD, disbursements schedule, implementation process and procedures, time to complete the project and annual Operation and Maintenance plan and cost will be clearly spelled out. TOP will be signed by two authorized signatories of SMP, and President and Manager of the CO. A formal meeting of the General Body of the CO will be arranged in which at least 75% of the members should be present. SMP field engineer, social organizer and regional management will also attend that meeting. The TOP shall be explained and upon agreement of the CO members it shall be signed. Signatures of all the members of CO present in the meeting will be attached with the TOP and both SMP and the CO will keep a copy. CO will open a separate bank account for the project operated by two signatories nominated by the majority of the members present in the meeting.
- **Formation of Project, Audit and Maintenance Committees:** Three committees from the CO members will be constituted in the same meeting for implementation and management of the project. All committees shall comprise of at least two members. The formation will be transparent and democratic. SMP will be required to record the names of the nominated/elected members of the committees and members of the CO present in the meeting will sign the records. A copy will be attached with the TOP and both CO and SMP will keep a record.

Construction Process: SMP and the CO will jointly manage implementation of the CPI. CO project committee will be wholly responsible for the construction and financial management under the guidance and technical supervision of SMP engineers and will be bound to complete the project within the time specified in the TOP. The committee will supervise the construction, liaise with SMP, follow instructions from the engineer of SMP, assign duties to the members, keep record of the funds received from SMP and expenditures made on purchase of material and payment of labour, maintain expenditure vouchers, payment receipts, labour attendance sheets, and record of community contributions etc. The committee will also keep record of the progress of work, and report it to SMP as and when required. During execution of the project, engineers of SMP will visit the project once a week, check the quality of work and ensure adherence to the design specifications. The project committee will be bound to seek technical guidance from the engineer who will provide assistance to the committee throughout the construction period of the project. Due care will be given to protecting the surrounding environment during construction of the project and necessary safety measures should be taken wherever required as indicated in the environmental monitoring framework.

Disbursement of Funds: The first instalment will be paid in advance after signing the TOP depending upon the nature of the work. The second and subsequent instalments will be released on the basis of

actual work done at site. The project committee will forward a request to SMP for the release of an instalment in the form of a resolution signed by at least 75 % of the CO members. This resolution will be passed in the routine or special meeting of the general body of the CO called by the project committee. The engineering staff of SMP will check the expenditure vouchers, progress of work, and quality as per design & construction specifications, and required contribution of CO in the form of labour and material. The field engineer will evaluate and verify the work done through a standard form for release of the instalment. The Engineer In charge will make his recommendations on the same form and forward to SMP management for sanctioning the release of instalment. Payments will be made to the CO through crossed cheques only. Final instalment will be released after completion of the construction following the same procedure.

Audit: The audit committee will be responsible to check the records and accounts of the project maintained by the project committee. In case of any discrepancy, the audit committee shall promptly inform the CO members in their general body meeting and SMP as well.

Operation and maintenance activities: These shall be managed by a maintenance committee once the project is completed. Though the main responsibilities of this committee will start after completion of the project, their nomination/election will be done at the time when TOP is agreed. The maintenance committee will be elected for a specified tenure and elections held every two or three years. SMP will provide technical guidance and training to the maintenance committee for the proper operation and maintenance of the project. SMP will ensure that when construction of the project is completed there should be an amount equivalent to at least 3% of the total project cost in the maintenance account of the CO as one year operation and maintenance costs of the project. For projects involving higher operation and maintenance costs such as for tube wells, the maintenance committee will be required to ensure that arrangements for required operational funds are also in place prior to release of final instalment. Maintenance committee would also undertake the responsibility to generate the required operation and maintenance funds and use them as and when required.

Post Completion: Community mobilization for the execution of the project, and community contribution in operation, maintenance and environmental monitoring is not a one time activity, it is a continuous process. SMP engineering staff accompanied by the social organizer will remain in touch with the communities to provide assistance, throughout the construction period and even after completion of the project to ensure proper operation and maintenance.

7.4 Criteria for Eligibility of the CPI

CPI schemes which meet the following criteria will be eligible for grants under the project

- a. CPI schemes that benefit at least 15 households
- b. Cost per capita shall not exceed PkR 7,000
- c. Beneficiary households agree to contribute a minimum of 10% of the project cost in cash, labour or cost of local materials. This requirement shall be waived for households in the 0-18 poverty band.
- d. The proposed CPI shall not have any negative effect on the environment, and all projects shall be screened for environmental impact. Any mitigation measures required shall be part of the CPI design.

7.5 Publicity, Contracting, and Reporting

Publicity: The SMP shall at the location of each scheme post appropriate sign boards showing the CO name, salient features of the scheme, cost, IFAD contribution, and number of beneficiaries. SMPs shall assist the PMU in preparing any required documents for wider dissemination of information on CPI schemes as may be required.

Procurement and Contracting Arrangements: Generally, the projects are small scale, most of which

are expected to cost less than \$10,000. Supervision, labour and materials will be provided by community at market rate and in most cases will form part of their contribution towards the capital costs. Materials like cement, bricks etc. will be procured by the communities using national shopping. POs will ensure that rates for labour and materials charged by the community are in line with prevailing market rates. Use of contractors will generally not be required. In areas, where community contribution has been (partially) waived off, infrastructure development can go hand in hand with a “workfare program”. The beneficiaries can be paid for the work that they do for their own benefit. The skilled workers (masons, plumbers, electricians etc.) can be hired on daily wages and are almost always paid for. In the case of slightly more complex infrastructure such as roads and check dams (most likely to be demanded in hill torrent areas), the communities can hire earth moving machinery, such as excavators, dumpers and rollers. The work can also be entrusted to petty contractors if necessary. In case of gabion dams/flood protection works, wire cages of given specifications can be procured from specialized shops. Tube wells, water wells will be dug / bored and sunk by specialized petty contractors.

Purchase of any equipment required such as pumps, generators etc by the CO will be facilitated by the SMP following procurement procedures in line with IFAD Procurement guidelines. For the scale of works involved, normally market quotes shall be sufficient. Solar lighting equipment and other such innovative equipment shall be supplied and installed by the suppliers on a turn key basis, after being selected through a competitive bidding process managed through the SMP.

Reporting: SMPs will be responsible to provide monthly, quarterly and annual progress reports to the PMU. The reports will include all necessary data on CPI schemes, progress achieved and highlight impediments if any. Coordinates of all schemes, tehsil level maps showing location of schemes, number of beneficiaries and other information shall be provided in the reports.

PART VIII: PRODUCTIVITY ENHANCEMENT INITIATIVE

8.1 Purpose, Objective, Outcome and Output

The *productivity enhancement* sub-component has been designed to provide *opportunities to the smallholder farmer to increase productivity in the crop and livestock sectors through provision of improved technologies*. The target group will be selected from those households who score 23 or less on the poverty score card but have some land and livestock. Community members will identify investment opportunities that can help to enhance their productivity and production in the crop and livestock sectors. The selected households will be provided technical assistance and financing for investment in precision land levelling, raised bed plantation, zero tillage plantation, kitchen gardens, gypsum treatment, tunnel farming, artificial insemination of livestock, fish ponds etc. It is expected that this sub-component will also encourage innovations along the value chain in helping smallholder farmers to work on a collaborative basis in storing, processing, transporting and selling agriculture produce to markets. In selecting the investment the technical and economic feasibility will be carefully evaluated as well as the cost per beneficiary, cost-benefit ratio, etc. Under this sub-component 15,407 smallholder households will be provided direct support to enhance the productivity of their natural resources.

8.2 Implementation Arrangements

This component will be implemented by the Project Management Unit with technical assistance from Government Agriculture and Livestock Departments, NGOs and private sector providers, where required. The Project Management Unit will recruit staff to manage this component at the district level. SPPAP will recruit a Deputy Director (Agriculture) and a Deputy Director (Livestock) at the PMU and an Assistant Director (Agriculture) and an Assistant Director (Livestock) in the two District Management Units to plan, coordinate and monitor the activities under this component. The livestock specialist will be recruited from among women candidates for ease of interaction with women at the village level.

The COs and the Social Mobilization Partner will play a key role in the participatory selection of the beneficiaries under the productivity enhancement initiative. The Social Mobilization Partner will help to organize the communities, identify the demand and assist in the delivery of the support that communities are to receive under the Productivity Enhancement Initiatives. The interested COs will put up a resolution which will give a list of the eligible beneficiaries, the types of investments required, potential benefits of the initiative. The PMU and DMU will ensure that the ideas that are presented are technically feasible. They may consult technical specialists when required to ascertain the feasibility of the ideas. Once the technical feasibility is established, the PMU staff will organize the actual delivery of the investments based on the criteria specified in the following sections.

The PMU staff will regularly visit the COs and targeted beneficiary farms to identify high pay-off investments for the agriculture and livestock sector in discussion with the CO and line agencies. The Agriculture and Livestock Departments of the Government of Punjab will provide technical training and guidance to the target group based on their technical knowledge and experience. Both these departments have undertaken a host of initiatives to enhance agriculture and livestock production in the Province and lessons from this experience will be used by the Project. The technical specialists in the PMU will identify when the services of the line agencies are required and arrange for their field visits. SPPAP will provide the travel budget and honorarium to line agency staff involved in providing technical assistance and training to the target group.

8.3 Type of Support

The type of service that will be provided under this component could potentially include the following;

- a) One time services on individual farms which could include land levelling, raised bed plantation, gypsum treatment or improvement of the land through other investments;
- b) Provision of infrastructure meant for individual farms which could help to enhance the productivity of the land such as materials for tunnel farming, drip irrigation, fish ponds or other materials which can raise farm productivity;
- c) One time investment for smallholder livestock farmers which can help enhance the productivity of livestock such as poultry cages, feeding pens, watering stalls, artificial insemination services, etc
- d) The per household grant for the above services should not exceed PKR 10,000 per household. This ceiling can be increased by 5% every subsequent Project year.
- e) Each household can only receive a one time grant during the life of the Project.

8.4 Eligibility Criteria

The eligibility criteria for the productivity enhancement initiatives is as follows;

- a) Households with a score of between 0 to 23 on the National Poverty Score Card.
- b) Smallholder farmers with land ownership of less than 5 acres of irrigated land and less than 15 acres of barani land and or smallholder farmers owning less than 6 large and less than 15 small ruminants.
- c) Households identified by the COs are validated in a resolution by the SMP.
- d) Special efforts will be made to identify initiatives for women.

PART IX: TECHNOLOGY TRANSFER

9.1 Purpose, Objective, Outcome and Output

This sub-component is designed to *transfer available technologies* through the Farmer Field Schools (FFS) methodology to smallholder farmers in the project area. The major outcome expected is increased productivity and production of crop and livestock produce for small holder farmers. Under this component 11,555 small holder farmers will participate in FFS. The concept of farmer-centered approaches for technology transfer have been successfully tried and tested in Pakistan by several projects. For women the FFS approach has been very successful in identifying various diseases in large ruminants which impact dairy production and in the cultivation of vegetables. Using various PRA tools, farmers identify and prioritize problems and develop options which are practiced during the life of the FFS. This will involve participatory demonstrations of good practices that can improve productivity such as improved production techniques, conservation agriculture which could include minimum or zero tillage and crop rotation practices depending upon the cropping pattern, improved soil fertility measures, better seed quality, use of improved varieties, tunnel farming, compost making, Integrated Pest Management techniques, water saving technologies, livestock feeding and watering practices, hay & silage making, livestock production and health management practices, etc. The schools will include field-based workshops, at which experts will teach farmers about the interaction between farming practices and the environment. These will also help farmers manage insects, pests and diseases. Farmer Field Schools will be organized for small holder dairy farmers especially women in animal production and health management, vegetable cultivation, feed preparation, etc. The positive experience from the various projects functioning in Punjab will also be disseminated in the project districts. This sub-component will be implemented through arrangements with agencies with previous experience of managing such farmer based schools at the village level.

9.2 Implementation Arrangements

The Project Management Unit will recruit as soon as possible the services of one or more agencies to implement the Farmer Field Schools through a competitive procurement process. The FFS Partner will conduct participatory dialogues with the CO to identify and plan the FFS for each cropping season, the number of participants and the expected benefits. The COs and the Social Mobilization Partner will play a key role in the participatory selection of the beneficiaries under the Technology Transfer sub-component. The Social Mobilization Partner will help to organize the communities. The interested COs will put up a resolution which will give a list of the eligible beneficiaries, the types of farmer field schools required, potential benefits of the technology transfer. The PMU and DMU will ensure that the technology transfer concepts are useful and meaningful for the smallholder farmer. They may consult technical specialists when required to ascertain the feasibility of the ideas. Once the technical feasibility is established, the PMU staff will approve the FFS partner plans.

The SPPAP Deputy Director (Agriculture) and Deputy Director (Livestock) at the PMU and the Assistant Director (Agriculture) and Assistant Director (Livestock) in the two District Management Units will play a key role in planning, coordinating and monitoring the activities under this component. The PMU and DMU staff will regularly visit the COs and targeted beneficiary farms to identify high pay-off investments for the agriculture and livestock sector in discussion with the COs, line agencies and the FFS partner. The Agriculture and Livestock Departments of the Government of Punjab will provide technical training and guidance to the target group based on their technical knowledge and experience when required. The FFS partner together with the technical specialists in the PMU will identify when the services of the line agencies are required and arrange for their field visits. SPPAP will provide the travel budget and honorarium to line agency staff involved in providing technical assistance and training to the target group.

9.3 Type of Support

The type of service that will be provided under this component could potentially include the following;

- a) Participation in Farmer Field Schools in which the requisite training and inputs will be provided.
- b) Out of pocket costs for participation in the FFS will be provided.

9.4 Eligibility Criteria for Farmer Field School Trainer

The eligibility criteria for the organization selected to provide Farmer Field School Training will be as follows;

- a) The FFS Trainer should have a minimum of five years experience of conducting Farmer Field Schools with small holder farmers at the village level.
- b) The FFS Trainer should have the capacity to engage with local communities for the identification of smallholder extension training needs in the crop and livestock sector with special capacity to identify opportunities for enhancing productivity in the selected project districts.
- c) The FFS Trainer should have the capacity to collaborate with government line agencies and use government staff and facilities at the district level to encourage interaction between government research and extension staff and Community Organizations.
- d) The FFS Trainer should have the capacity to be gender sensitive and have women staff on its team in order to gain the confidence of women trainees and ensure the provision of training environments which are appropriate, safe and secure for women trainees.
- e) The FFS Trainer should have the capacity to design training courses that are tailored to the needs of the target group in terms of timings, content, duration, location, utility and delivery strategy.
- f) The FFS Trainer should plan its work and implement it according to an Annual Work Plan and Budget which it will submit to the PMU two months prior to the start of each Project year.
- g) The FFS Trainer should have the capacity to develop an MIS for monitoring and evaluation of its activities.
- h) The FFS should have the ability to critically evaluate participation in its training activities, participation level, feedback of participants and provide regular progress reports and information on both output and outcome indicators.
- i) The FFS should be able to institute a system which provides feedback from trainees on the overall impact of the training on production and productivity and increase in incomes.

9.5 Eligibility Criteria for Participants

The eligibility criteria for participation in the Technology Transfer sub-component is s follows;

- a) Households with a score of between 0 to 23 on the National Poverty Score Card.

- b) Smallholder farmers with land ownership of less than 5 acres of irrigated land and less than 15 acres of barani land and or smallholder farmers owning less than 6 large and less than 15 small ruminants.
- c) Households identified by the COs in a resolution are validated by the SMP.
- d) A minimum of 50 per cent quota of the participants in the women's FFS will be women.

9.6 Exit Strategy

The formation of Farmer Field School Association in each district by the trained master trainers and enhancing their linkage with the government line agencies and facilities at the district level will provide an exit strategy. These groups will be expected to provide on-going services to smallholder farmers in collaboration with Government line agencies.

PART X: WOMEN LIVESTOCK AGENTS

10.1 Purpose, Objective, Outcome and Output

This sub-component will finance *training of women in livestock management and production*. Under this sub-component women will be provided training as para-vets and Female Veterinary Assistants (FVA). The training of women in livestock will help to strengthen the capacity of local women in livestock management and production. It is expected that 200 women para-vets and 80 Female Veterinary Assistants will be trained under the Project. The para-vets training is expected to be for two months while the FVA training will be for two years in one of the accredited veterinary training institutions in Punjab. The para-vets are expected to supplement their income through user fees charged for their services. Some of the FVA will be recruited by the Livestock Department on a permanent basis after the completion of training. While others are expected to join the private sector, or operate their own veterinary clinics.

10.2 Implementation Arrangements

The CO will identify para-vets and Female Veterinary Assistants (FVA) for training under the project through the SMP based on the criteria indicated in 11.4 and 11.5. In case there are no suitable candidates for the FVA training at the CO level these will be identified through an advertisement in the Project districts. The PMU will arrange for the training of the para-vets at the local level in one of the Government Veterinary Training institutes. The training of the FVA will be made by the PMU under special arrangements with the University of Veterinary and Animal Sciences in Lahore or in Bahawalpur. Special care will be taken to ensure that the training of women para-vets and FVA includes aspects which can be a lucrative source of income such as vaccinations, artificial insemination, disease diagnostics, etc. The identification of the course curriculum will be undertaken in close participation of the women livestock owners and COs to assess the type of services required. Special care will be taken to ensure that the veterinary officers from the livestock Department who are designing the course do not limit the course content based on their own narrow perceptions of what women can and cannot do in terms of service provision.

10.3 Type of Support

10.3.1 For Para-Vets

- a) The eligible para-vets will receive a two-month training in livestock management, health and production.
- b) During the training the candidates will receive travel and all out of pocket costs.

- c) The para-vets will also receive a stipend that represents the opportunity cost of their time.
- d) The training environment will be safe and secure and appropriate for women.
- e) Successful candidates will receive a training kit at the end of the training.

10.3.2 For Female Veterinary Assistants

- a) The eligible FVA will receive a two-year training in livestock management, health and production.
- b) The course will be in residence.
- c) During the training the candidates will receive travel and all out of pocket costs.
- d) The FVAs will receive a stipend that represents the opportunity cost of their time.
- e) The training environment will be safe and secure and appropriate for women.
- f) Successful candidates will receive a training kit at the end of the training.

10.4 Eligibility Criteria for women para-vets

The eligibility criteria for para-vets will be the following;

- a. Only participants from households with a score of between 0 to 23 on the National Poverty Score Card will be eligible
- b. Only participants whose names have been identified by the COs in a resolution and validated by the SMP.
- c. 100% of the participants selected for the para-vet training will be women.
- d. Only women from the targeted communities will be selected.
- e. The selected participants will be willing and able to participate in the training and demonstrate some capacity for productive utilization of the training.

10.5 Eligibility Criteria for Female Veterinary Assistants

The eligibility criteria for vocational training will be the following;

- a) The selected candidates will have a minimum qualification of matriculation.
- b) The selected participants will be willing and able to participate in the training and demonstrate some capacity for productive utilization of the training.
- c) 100% of the participants selected for the Female Veterinary Assistants will be women.
- d) Preference will be given to women from rural areas.
- e) Final selection of participants short-listed by the COs will be acceptable to the DD (Livestock) and the Training Institution.

10.6 Exit Strategy

It is expected that the para-vets and Female Veterinary Assistants will provide services to the community for a service fee. Some of the Female Veterinary Assistants will be provided employment with the Government livestock Department while some are expected to be employed by the private sector.

PART XI: COMMUNITY SERVICE PROVIDERS

11.1 Purpose, Objective, Outcome and Output

The strengthening of community service providers from the private sector will include training of service providers such as farmer based seed suppliers, small feed mills, and equipment owners (tractor owners, thresher owners, etc) who provide services to the small holder farmers. These agents will be provided modern equipment and training in its use. The equipment could be for seed production, feed preparation, silage preparation, land levelling, drill plantation, raised bed preparation & sowing, zero tillage plantation, artificial insemination, etc. The equipment will be provided on a cost sharing basis by the Project to the service provider as there are huge potential productivity gains to be secured by the smallholder farmer who does not have access to these services. As such this support will only be provided to service providers who are currently serving the smallholder farmer and the community organization will select these providers. The service providers will provide their share of the cost either by direct cash contribution or through providing services to community members to cover their share of the cost.

11.2 Implementation Arrangements

Community service providers will be selected by the COs on the basis of criteria which is specified in 11.4 below. The list of the COs will be verified by the SMP and further validated by the PMU staff. Once identified and selected a Terms of partnership will be made between the Community Organization, Service Provider and the District Management Unit to ensure proper selection and service provision for the smallholder. In case of equipment the license documents or ownership documents will remain with the CO until such time as the Service Provider has discharged his obligations to the CO,

11.3 Type of Support

The selected Community Service Provider will receive the following support;

- a) He/She will be provided equipment or machine for which he or she qualifies on a 50:50 share basis. SPPAP will provide 50% of the cash as grant and the CSP will be responsible for the remaining 50%.
- b) In case the CSP is unable to pay his share of the cost of the machine or equipment upfront he will only pay 20% of the cash upfront and 30% will be paid by providing services to the community on a subsidised basis for a specified duration and rate to be agreed with the CO, SPPAP and the CSP .
- c) SPPAP share of the equipment to be provided will not exceed Pak Rs 125,000.

11.4 Eligibility Criteria for Community Service Providers

The eligibility criteria for the Community Service Providers will be the following;

- a. Candidates shall be those who are currently providing services to the community or demonstrate their commitment to providing services to the community.

- b. Only Candidates whose names have been identified by the COs in a resolution and validated by the SMP.
- c. Candidates who are residing within the Union Council within which services are expected to be provided.
- d. Candidates who are willing to provide at least 20% of the cost of the equipment and undertake to contribute services to the community equivalent to 30% of the grant through provision of services to the community members on a subsidised basis for a specified time.

PART XII: PROJECT MANAGEMENT

12.1 Project Steering & Management

The Executing Agency for the project will be the Planning and Development Department of the Government of Punjab. **A Project Steering Committee** will be constituted which will be chaired by the Chairman of the Planning & Development Department and its members will include the Secretaries of P&D, Agriculture, Livestock, Finance as well as the District Coordination Officers (DCOs) from the four project districts. The DCOs will provide support and guidance to the Project and be responsible for resolving any implementation issues confronting the PMU at the district level.

i.

Representatives from the implementing partners will be invited as observers. The P&D Department will convene PSC meetings after every six months in Lahore. The Project Management Unit (PMU) will report directly to the PSC. The PSC will meet on a six-monthly basis to discuss the issues and progress in implementation, monitoring and achievement of targets and resolve any issues that confront the implementing agencies.

12.2 Project Management Unit

A well staffed **Project Management Unit (PMU)** will be established under the supervision of the Planning and Development Department of the Government of Punjab. The PMU will be based in Bahawalpur District which is in close proximity to the four Project Districts. The PMU will be responsible for overall management, coordination, monitoring, knowledge management and evaluation. The PMU will have a Project Director, Deputy Directors in the area of agriculture, livestock, enterprise development, gender and expertise in financial management, monitoring and evaluation, etc. Requisite support staff and operating costs will be provided for the PMU together with basic equipment and transportation. The PMU will hold regular monthly coordination and planning meetings with all staff including representatives of the implementing partners as and when required. In these meetings work plans, targets, performance, monitoring and report requirements, etc. will be discussed and agreed. The terms of reference of the PSC, PMU and the DMUs is outlined in Annex 2 of the PIM.

12.3 District Management Units

Two District Management Units (DMUs) will be established for better coordination and management of project activities. One DMU office will be established in Rajanpur and the second DMU will be established in Bahawalnagar District. The district in Rajanpur will be responsible for the project activities in Rajanpur and Muzafargargh while the DMU in Bahawalnagar will be responsible for project activities in Bahawalpur and Bahawnagar. The DMUs will include Assistant Directors for Agriculture, Livestock, Training & Enterprise Development. Requisite support staff and operating costs will be provided to the DMUs together with basic equipment and transportation. The DMUs will hold weekly project coordination meetings at the district level in which all implementing partners will participate to discuss work plans, targets, performance, monitoring and reporting requirements, etc.

12.4 Government Line Agencies

The Agriculture and Livestock Departments will be key partners in the Project. Both of them would be represented on the PSC. They will nominate suitable staff for the Project and provide technical expertise and share relevant project experience with the PMU. The Livestock Department has undertaken to make arrangements for training the para-vets and the Female Veterinary Assistants for the SPPAP. Where required the district level facilities of the agriculture and livestock department will also be available for the purposes of the Project. The Agriculture and Livestock Departments will make their staff available to provide technical assistance to the Project. Government line agencies often have strong technical capacity but limited operating budgets. SPPAP will draw on Government line agencies technical experience by providing operational budgets for transport, board and lodging and honorarium as an incentive for government line agencies to provide direct services to the Project.

The Finance Department of the Government of Punjab will have the responsibility for ensuring the smooth flow of funds to the designated account of the PMU. A representative from the Finance Department will attend the PSC meetings on a six-monthly basis to resolve any outstanding issues and support and guide the PMU on all financial, accounting and audit matters.

PART XIII RESULTS BASED MONITORING & EVALUATION

The **primary objective** of M&E system that will be put in place by the PMU and the implementing partners will be to monitor both physical and financial progress, provide timely information for effective programme management, assess achievements, identify bottlenecks and identify opportunities for policy dialogue, innovation and knowledge management. The monitoring and evaluation system will be designed to collect information from key staff at the PMU and DMUs, implementing partners and community organizations. This information will be coordinated and synthesised to report on the progress on planned activities, targets, expenditures and assess the extent to which the intended results at the output, outcome and impact levels are being achieved. The **Project Log-Frame** will be main reference document with regard to the outputs, outcomes and impact of the SPPAP and should be used as the basis for designing the M&E system.

Results and Impact Management System (RIMS). The PMU will review the IFAD guidelines indicated in the Results and Impact Management System (RIMS) and in particular focus on the anchor indicators and assess how it can integrate them in its monitoring and evaluation system as well as any future impact surveys that it commissions. RIMS first and second level indicators are integrated in the **Project Log-frame** and will be reported upon on a periodic and annual basis. While some of the initial means of verification have been indicated these will be refined during the programme implementation period based on any additional sources of information which are identified.

The PMU will develop a specific **Monitoring and Evaluation Plan** within two months of programme start-up and will devise and establish an overall Management Information System (MIS) which will be managed by a qualified, full-time M&E Specialist. The role and responsibility of each implementing partner implementing the different components will be clearly outlined in the plan. In addition, a system will be developed to ensure participatory monitoring and assessment of the programme by the intended beneficiaries. The Community Resource Persons hired at the CO level will play a key role in providing information on Project activities.

The PMU will prepare a **Results-Oriented Annual Work Plan and Budget** (RO-AWPB) at the beginning of each fiscal year that will identify expected annual results and budget requirements. At the end of each fiscal year a results-oriented Annual Progress Report will be prepared which will highlight results achieved against both annual and overall targets. Thus a link will be created between the annual planning exercise, the M&E activities and the annual reporting exercise. All implementing agencies will develop a monitoring and reporting format which corresponds to their specific activities, targets and outputs.

Baseline Data: The PMU will use the Poverty Score Card data which is collected at the outset to define the baseline for the selected Tehsils and Union Councils. An approach will be developed to assess how this data can be used to assess the changes in the poverty score card for a sample of the selected households at the end of the project period. A third party agency like Gallup Pakistan or the Punjab Economic Research Institute will be hired to undertake this analysis. PMU will ensure that the baseline study incorporates the IFAD RIMs framework and the Project Log-Frame for the purposes of establishing a baseline.

Participatory Monitoring & Evaluation: The PMU will make arrangements for participatory monitoring and evaluation of the activities under SPPAP in close coordination with the COs. The Community Resource Persons hired at the CO level will play a key role in providing information on Project activities. For this purpose a system will be established for regular feedback from the participating COs. The progress report of SPPAP will contain a section on community and beneficiary feedback on Project activities. Feedback on the performance of all implementing partners will be obtained from the COs with reference to the quality of the service provided. In case there is negative feedback on the performance of any implementing partner this will be conveyed to the implementing partner for remedial action. In case of continued negative feedback the PMU will consider termination of the contract of the agency. No contract will be renewed without feedback from the community. All supervision missions will also obtain community feedback on different project activities as an essential feature of the supervision process.

Social Performance and Gender Indicators: SPPAP will present data disaggregated along gender lines. The Project Log-Frame gives gender disaggregated targets for each sub-component. These will be carefully monitored. A first year gender assessment will be undertaken to ensure that all implementing partners have put in place a system of data collection that reports on gender indicators and monitors the extent to which SPPAP is achieving its targets and objectives with respect to women. The Project will also make a special effort to monitor social performance. As part of the Project M&E activities, gender studies will be conducted to assess impact on gender relations and women's empowerment. The study will focus on the three dimensions of women's empowerment, namely access and control over income and assets, well-being and decision-making capacity.

Gender Assessment: An assessment of the capacity of PMU and DMU staff to implement a gender sensitive approach in all Project activities will be undertaken within the first six months of the establishment of the PMU. Based on the level of staff understanding of gender issues, a gender sensitization training will be conducted for all PMU and DMU staff. This will be followed by an overall gender assessment of the Project at the end of the first year of the Project followed by specific measures to strengthen the participation of women in Project activities and the capacity of implementing partners in this regard.

Impact Studies: The PMU will outline the impact indicators that are to be monitored and make arrangements for their monitoring on a regular basis. Impact assessment studies will be carried out at Mid-Term and Completion. Additional surveys will be carried out to capture more qualitative information.

The project PMU will be required to produce a **monthly financial and physical progress sheets** and a **six monthly progress** and an **annual progress report** which shows the consolidated progress in all Project components. The PMU will collect all requisite information from the implementing partners on a monthly and quarterly basis. The six-monthly reports should be prepared within three weeks of the end of the relevant quarter and submitted to the PSC and IFAD on a regular basis.

The Project will be **directly supervised** by IFAD. Two supervision and implementation support missions will be organized each year to assess overall progress and performance, gaps and constraints, and identify the necessary implementation support requirements.

PART XIV: FINANCIAL MANAGEMENT, PROCUREMENT AND AUDITING

14.1 Introduction

The fundamental aim of this section is to ensure the adequate financial management of the project and to promote improved compliance with Operational Policies and IFAD Procedures on Financial Management. The project financial management provides:

- essential information needed by those who manage, implement and supervise project
- the comfort needed by the borrower country and donor community that funds have been used efficiently and for the purposes intended; and
- a deterrent to fraud and corruption, since it provides internal controls and the ability to quickly identify unusual occurrences and deviations.

The borrower is responsible for implementing the project according to the loan agreement and other agreements while IFAD monitors the project and reviews its progress to ensure that the loan proceeds are spent as agreed upon.

14.2 Key Project Documents for the Finance and Accounting Officer

The major project documents of concern to the Finance and Accounting Officer are the project cost tables, the Project Design Report (PDR), and the legal documents¹.

14.3 Fund Flows

Special Account (SA) provides a mechanism somewhat like an imprest account or a revolving fund to assist Borrowers in financing eligible expenditures, as defined in the loan agreement, as payments fall due. IFAD funds are advanced to the SA to cover eligible expenditures for a limited period. While project implementation is under way, the SA is restored to its original level ('replenished'), normally every six months, if satisfactory evidence of the expenditures is received. If project completion is imminent, the SA is wound down through a gradual recovery of the advance.

At start of the project, a Special Account denominated in US dollars and one Local Currency Account (LCA) would be opened at the National Bank of Pakistan. The Special Account and one local currency account would be operated and maintained at National level by the National Project Director (NPD) while two further LCAs would be operated and maintained by the District Management Units. Similarly, the Social Mobilization Partner, the Vocational Training Organization, the Entrepreneurship Training Organization and the Farmer Field School Trainer will also open and maintain separate accounts for the project in a Pakistani bank of their choosing.

Upon the authority of the NPD and the signatures of one designated officers (from the PMU) funds from the SA will be transferred to the dedicated LCA in Pakistani Rupees opened and operated by the PD as well as to the dedicated account of the implementing partners as per approved quarterly work plan and budget.

Once funds are deposited in LCAs or national accounts, their utilization will be authorized by the relevant management person and withdrawals will require their signatures and that of the relevant financial officer.

¹ Loan Agreement; Disbursement Letter; Loan and grant administration manual; IFAD guidelines on project audit; Procurement guidelines.

The release of additional funds after the initial transfer at project commencement will be linked with the submission of liquidation documentation to the Accounts section of the SPPAP with respect to previous funds transfers. The Finance and Accounting Officer will verify that the expenses are consistent with the work plan provisions and reported disbursements are made in accordance with the relevant agreements and Government Financial Rules. The SPPAP Project Director will be responsible for furnishing IFAD with the documentation required to justify and determine additional Special Account deposits.

Financial and accounting responsibilities will be handled by the SPPAP Finance and Accounting Officer and his/her assistant in close collaboration with the NPD.

14.4 Disbursements

The Borrower may from time to time request withdrawals from the Loan Account of amounts paid or amounts to be paid for Eligible Expenditures. The loan agreement may specify minimum amounts for withdrawals, in which case the Borrower shall finance Eligible Expenditures less than such minimum amounts by using the Special Account or its own resources.

Procedures for withdrawal of loan proceeds are standardized to facilitate disbursements under most loans. Disbursement procedures consist of four major types, described briefly as:

- a) Direct payment procedure where IFAD, at the borrower's request, pays a designated beneficiary directly;
- b) Commitment procedure where IFAD, at the borrower's request, provides an irrevocable undertaking to reimburse a commercial bank for payments made or to be made to a supplier against an LC financed from the loan account;
- c) Reimbursement procedure where IFAD pays from the loan account to the borrower's account or, in some cases, to the project account for eligible expenditures which have been incurred and paid for by the project out of its budget allocation or its own resources; and
- d) Imprest fund procedure where IFAD makes an advance disbursement from the loan account for deposit to an imprest account (i.e. Special Account) to be used exclusively for IFAD's share of eligible expenditures.

14.5 Actions to Be Taken by the Borrower

As soon as the loan has become effective, and to expedite the disbursement, the borrower will:

- a) recruit qualified accountants and establish sound internal control and accounting systems in executing and implementing agencies;
- b) review Schedule 2 of the loan agreement. The Schedule provides details of IFAD financing such as amount, percentages, items of financing, and applicable conditions of financing; and
- c) maintain records for all signed contracts in a contract ledger for reference;

14.6 Basic Requirements for Disbursement

The first withdrawal from the loan account requires that:

- a) IFAD has declared the loan effective;
- b) the borrower has submitted to IFAD sufficient evidence of the authority of the person(s) who will sign withdrawal applications on behalf of the borrower, together with the authenticated specimen signature of each authorized person. (Any subsequent change in the list of authorized representatives must be reported immediately and authenticated specimen signatures of new representatives must also be provided);
- c) the borrower is required to open, for the exclusive use of the project, a separate bank account for depositing advances. The currency of the Account is agreed upon during loan negotiations and must be indicated in the loan agreement.; and
- d) disbursement conditions as specified in the loan agreements are met.

Preparation of withdrawal application for final disbursement(s) of project loan should be closely coordinated between IFAD and borrower/EA especially if the remaining unutilized balance is expected to be fully utilized.

14.7 Withdrawal Application (WA)

For all withdrawals, IFAD must receive a withdrawal application in the prescribed form. A withdrawal application is a written request from the borrower to IFAD to pay funds against the borrower's loan account. The application must reach IFAD before the loan closing date.

Withdrawals from the loan for payments costing as specified in the loan documents will be made against certified Statement of Expenditures (SOEs). The documentation of which will be retained by the project for inspection during supervision missions. The procedure for withdrawal of loan funds when the expenditure financed from the Special Account is called Replenishment.

14.8 General Instructions for Preparing the WA Form for Imprest Fund

The key considerations while submitting a WA are:

- Submit original Withdrawal Application Form (WA) to IFAD.
- Number WAs consecutively, not exceeding 5 digits or characters.

It is normally urged that the project to apply for replenishment on a monthly basis or once the amount withdrawn reaches one third of the amount advanced if this occurs sooner. The applications should preferably be submitted promptly once the monthly statement is received and reconciled from the bank in which the SA is held. The process reconciliation should verify that the SA balance at the end of the reporting period, plus the amount of the current application and any earlier application that has not yet been reimbursed by IFAD, is equal to the outstanding advance.

When the application is completed, verify completeness of supporting documentation and accuracy of details before passing to the Authorized Representative(s) for signature. Mistakes and omissions result in delayed payment.

Statement of Expenditure must be duly completed, certified and signed by the: (a) Project Accountant; (b) Project Coordinator; and (c) Designated Authorized Signatory.

A withdrawal application consists of:

- The application itself in letter form (see example in Appendix 7);
- Summary sheet(s) for each category claimed (see example in Appendix 8);
- Complete details (i.e., description of payment, date paid, to whom paid) of expenditures;
- Detailed Special Account Reconciliation Statement;
- Bank Statement of Special Account; and
- supporting documents, if required (All supporting documents should be in the English language. If these are in local language English translations should be submitted).

14.9 Recovery of Advances or Final Liquidation of the Account

Advances are to be gradually reduced within 1 year before the loan closing date or when the undisbursed balance of the loan, excluding outstanding commitments, is equal to twice the amount of advance, whichever comes first.

This is to ensure that sufficient time is provided for the borrower to obtain supporting documentation for clearing the outstanding advances before the loan account is closed.

The borrower must promptly refund to IFAD, in the currency of the Account, any balance of the advance not liquidated at the time of loan closing.

14.10 Procurement

IFAD procurement guidelines are largely consistent with the guidelines of multilateral development banks on the procurement of goods, works and consulting services but are suitably modified to reflect IFAD's specific requirements. The procurement of goods, works and consulting services under the project is to be undertaken by observing the following specific principles:

- Procurement is to be carried out in accordance with the respective loan agreement and any duly agreed amendments thereto;
- Procurement is to be conducted within the project implementation period;
- The cost of the procurement is not to exceed the availability of duly allocated funds as per the loan agreement;
- Procurement is to be consistent with the duly approved annual workplan and budget (AWP/B) including a procurement plan for at least 18 months; and
- Procurement is to result in the best value for money.

All procurement of goods and services under SPPAP will be undertaken in accordance with prescribed government procedures consistent with the IFAD's Procurement guidelines. The appropriate method for procurement of goods and services would be adopted as per provisions of Loan Agreement. The Finance and Accounting Officer should work in close collaboration with the Procurement Specialist to ensure that there is a proper internal control system for ensuring that:

- contracts and all other significant aspects of procurement are properly approved and monitored (this is to ensure that goods and services have been provided in accordance with the terms of procurement, and properly managed and reported).
- contract amounts are recorded from the agreed contracts and that subsequent changes are both in accordance with the contract provisions and properly approved and adjusted to the amounts in the contract records (where there are several contracts, a contract register noting important information such as retentions withheld etc. for each contract will be needed);
- amounts invoiced and approved are noted showing date of approval including amounts payable, paid and deferred for future payment; and
- payments against contracts are noted beside the relative contract showing date of payment (explanations should be made where payments have been delayed).

14.11 Audit and Accounting

The objective of a financial statement audit is to determine whether the statements are presented in conformity with acceptable International Accounting Standards (IAS) or other acceptable national standards. Each audit covers a specific period, usually the project fiscal year, and the cumulative accounts over the life of the project.

A financial statement audit assesses whether reported disbursements were made in accordance with the relevant loan agreement. Attention is also given to disbursements based on statements of expenditure (SOE) and special accounts (SAs). The audit ascertains whether individual expenditures, which comprise the SOE totals, are properly authorized, eligible under the loan provisions, appropriately accounted for and fully supported by documentation retained in the borrower's files. If SOEs are found to include ineligible expenditures, the borrower will be required to refund the amounts in question. The audit will ensure that the year-end balance in the SA is reconciled with IFAD records. In addition, the audit report will address:

- the adequacy of accounting and internal controls, including the internal audit mechanism for monitoring expenditures and other financial transactions and ensuring safe custody of project assets;
- the adequacy of documentation maintained by the Project for all transactions; and
- any other matters IFAD may reasonably request.

14.12 Maintaining Financial Records

A record is created for each financial transaction. Some are created by the project (e.g. orders for payment or for goods); others are created by entities with which the project deals (e.g. suppliers' invoices, bank statements). Records must be preserved and classified for easy access because they provide the paper trail on which the accounting system is based. A good record-keeping system

facilitates financial accounting and reporting, internal control, project management and subsequent auditing.

'Project accounts' refers to the financial statements of the project, usually for a fiscal year. They must show the financial status of the project and consist of:

- yearly and cumulative statements of sources and application of funds, which should disclose separately IFAD's funds, counterpart funds (government) if any; and
- the balance sheet, which should disclose bank and cash balances that agree with the statement of sources and application of funds, fixed assets and liabilities.

Where the project consists of several entities, financial statements should be consolidated.

14.13 Bases of Accounting

There are four generally recognized accounting bases and Project will use cash accounting i.e. income (or expenditure) is recognized when cash is received (or paid) irrespective of when goods or services are received.

Expenditure Reporting

Expenditures report may include the following:

- actual expenditures for the quarter (or other agreed reporting period), for the year to date, and cumulative to date (from the beginning of the project);
- planned (or budgeted) expenditures for the quarter, for the year to date, and cumulative to date;
- variances between actual and planned expenditures for the quarter, for the year to date, and cumulative to date; and
- the expenditure figures appearing in the PDR for the life of the project, updated to reflect project changes including agreed revisions, and loan agreement amendments. The figures to be presented will be in local currency units.

Procurement Management Reports

These reports (Report for goods and works and Report for consultants' services) provide details on the status of procurement for the major steps in the bidding/proposal process for contracts above the prior review threshold.

Contract Expenditure Report

These reports provide details on amounts invoiced and paid for contracts above the prior review threshold. In addition to use as project management/monitoring information, this data is also used to report expenditure by source of supply in the Bank's Annual Report.

Annual Financial Statements

As SPPAP is a non-revenue-earning project that includes the financing of incremental current expenditures, e.g., salaries, wages, the financial reports should include separate statements of these expenditures and any related recurrent income of the EA. These statements should include annual budgetary provisions and allotments; supplementary budget provisions and allotments; and actual expenditures under each budget head and subhead. The budget heads and subheads of expenditures for which IFAD financing is furnished and the actual expenditures and amounts of IFAD disbursements claimed should be indicated.

The statements may take the following forms and may be produced in the local budgetary and accounting formats for the project and, where applicable, for the EA concerned:

- Statement of Income (or Cash Receipts);
- Statement of Expenses (or Cash Payments);
- Imprest Fund Account/Special Account;
- Statements of Expenditure (SoE);
- Balance Sheet; and
- Notes to the Financial Statements.

Statement of Income (or Cash Receipts)

It shows the year's complete financial information and cumulative data from project start-up to date. The opening and closing cash balances should be shown.

Statement of Expenses (or Cash Payments)

It Shows the year's financial information, and cumulative totals from project start-up to the current date.

Cash Flow Statement

The Cash Flow (or project funds) Statement should include:

- sources of project financing (for example, IFAD, Government contribution, etc.);
- uses of funds summarized under project disbursement categories as per the loan agreement (for example: equipment, civil works, consultant services and training, and "Other" which may be further subdivided following start of project implementation); and
- the opening and closing cash balances.

Special Account Statement

This statement summarizes IFAD's advances and replenishments, less amounts withdrawn by the project entity, showing the remaining cash balance in the Special Account duly supported by the Bank statements.

Statement of Expenditures (SOE)

The Statement of Expenditures (SOE) procedure is an IFAD reimbursement procedure that does not require submission of supporting documentation. The SOE form should include certification, confirming existence of registration for mobilization and secured advances/deposits. The ADB Loan Disbursement Handbook describes the use of this method and associated reporting and auditing procedures.

Income Statement and Balance Sheet

Details of the financial position may be provided in a form of balance sheet, at the opening and closing of each fiscal year, to show the accumulated totals of transactions over the project period. Its preparation can take the form of an accumulation of data from income and expenditure statements for completed years, with adjustments to show closing balances of inventories and cash etc.

Notes to Financial Statements

The EA should provide Notes to the financial statements. These should be explanatory notes and/or supplementary financial statements that analyze or qualify important heads of account, or that present the information in conformity with generally accepted accounting practices of the country.

14.14 Other Information

IFAD expects to receive financial reports on a project that illustrate both performance in the fiscal year under review and accumulated transactions from project commencement particularly with regard to sources of funds and expenditures i.e. the reported results of prior years may be included in the annual financial statements as of the last day of the reporting fiscal year, that summarizes and classifies all receipts and expenditures relating to the project from its commencement.

Project Management Report (PMR) – Interim Financial Statements of the Project

The information in the PMR should be provided in respect of: (i) the most recent completed financial period (normally a quarter or semester of a year); (ii) the totals for the year to date; and (iii) cumulative totals to date from the beginning of the project.

The PMR should also show, for each line item, the planned/budgeted amounts for comparison with the actual reported information, with variances shown between actual and the plan. Explanations should be attached to the PMR with respect to significant variances.

Audited Project Financial Statement

IFAD requires the borrower and the project EA to have the required financial statements for each year audited by an independent auditor acceptable to IFAD, and in accordance with standards on auditing that also are acceptable to IFAD. Under the Constitution of Pakistan, the Auditor General of Pakistan is the supreme body which is responsible for conducting the audit of public funds.

The audit of financial statements includes:

- (i) an assessment of the adequacy of accounting and internal control systems with respect to project expenditures and other financial transactions, and to ensure safe custody of project financed assets;
- (ii) a determination as to whether the borrower and project implementing entities have maintained adequate documentation on all relevant transactions;

- (iii) confirmation that expenditures submitted to IFAD are eligible for financing and identification of any ineligible expenditures; and
- (iv) compliance with loan covenants and IFAD's requirements for project management.

An auditor will need to examine, and where necessary, test:

- the procedures for making financial decisions, budgeting and authorizing expenditures;
- the design, management, and operation of the accounting system;
- the effectiveness of related systems and procedures such as inventory control and data processing;
- the efficiency of the systems of internal control and of internal audit;
- all financial transactions, and verify year end balances, including an appropriate degree of physical verification;
- compliance with IASs and any other applicable accounting standards, including the adequacy of disclosures;
- events and their possible effect on the financial statements;
- overall comparators of actual costs and achievements subsequent against budgets and planned indicators, obtaining and reporting adequate explanations for significant variations;
- the timeliness and accuracy of the recording of assets and liabilities and of the methods of their valuation;
- test compliance with loan covenants and IFAD's requirements for project management; and
- adequacy and competence of accounting staff.

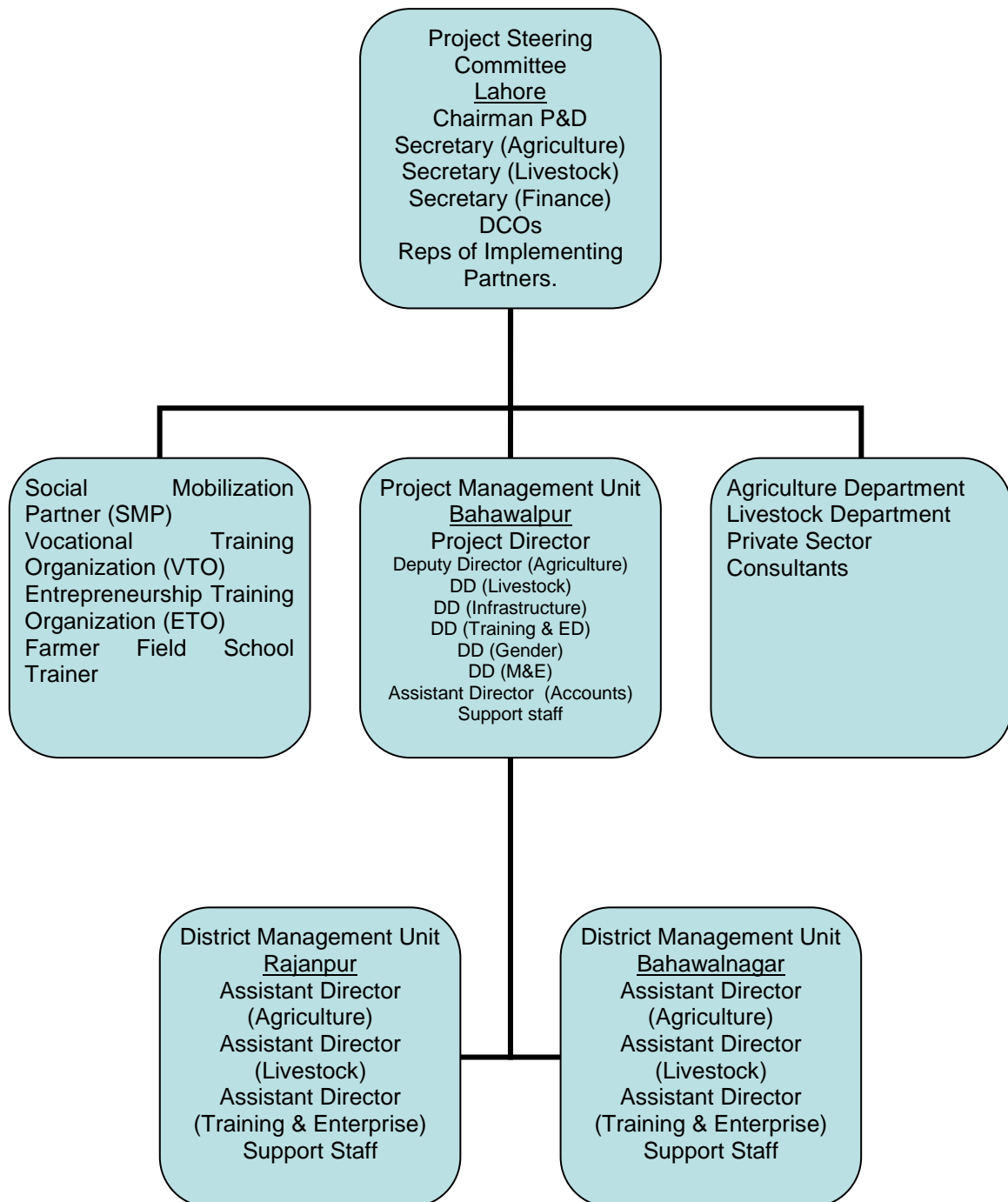
In the light of their findings, auditors will test the financial transactions of the project against such documentary or other evidence as maybe necessary to enable them to be satisfied as to the authenticity and correctness of the transactions, their complete and proper entry in the books of account, and their effect on financial performance and status.

The audit of SOEs should be included as a part of the overall audit of the project. It requires that particular attention be paid to the internal control systems and the verification of documents relating to SOE expenditures, not only to ascertain proper financial accountability, but also that expenditures are eligible for inclusion in the project. It requires a special reference in the auditor's opinion with respect to the SOE portion of the audit.

APPENDICES

- Appendix 1: Project Management Structure**
- Appendix 2: Terms of Reference of PMU and DMU Staff**
- Appendix 3: Terms of reference for the Social Mobilization Partner**
- Appendix 4: Terms of Reference for the Vocational Training Partner**
- Appendix 5: Terms of Reference for the Entrepreneurship Training Partner**
- Appendix 6: Terms of Reference for the Farmer Field School Partner**
- Appendix 7: Format for Performance Based Contracts**

APPENDIX 1: PROJECT MANAGEMENT STRUCTURE



APPENDIX 2: TERMS OF REFERENCE FOR KEY SPPAP STAFFING POSITIONS

1. Project Director
2. Deputy Director (Infrastructure)
3. Deputy Director (Agriculture)
4. Deputy Director (Livestock)
5. Deputy Director (Training & Enterprise Development)
6. Deputy Director (Gender)
7. Assistant Director (Finance & Accounts)
8. Deputy Director (M&E)
9. Assistant Director (Agriculture)
10. Assistant Director (Livestock)
11. Assistant Director (Training & Enterprise Development)

Note: The concurrence of IFAD will be necessary in the selection of all national level candidates and IFAD may wish to participate in the selection process for some positions.

1. Project Director

Introduction: The Project Director will be appointed for the entire duration of the Southern Punjab Poverty Alleviation Project. She/He will report to the Chairman (Planning & Development Board) Government of Punjab and take day-to-day responsibility for the operation and management of the Project. She/He will be based at the Project Management Unit office in Bahawalpur and will coordinate and supervise all project activities and implementing partners.

Qualification: The Project Director will have a University level degree with additional post-graduate training in an area of relevance to his/her responsibilities, including such areas as finance, credit, economics, agricultural economics, and management. He/she will have at least 10 years relevant professional experience in managing organizations or investment projects in the area of agriculture and rural development. He/She must have previous project experience of working with NGOs and community based organizations. Preference will be given to candidates who are experienced in managing performance based contracts.

Duties and Responsibilities:

- Be responsible for day-to-day Project operations and management, ensuring timely recruitment of all staff, procurement of all equipment and establishment of the office of the PMU and DMU.
- The Project Director will identify all staff training needs at the outset especially in areas such as management of performance based contracts, gender targeting, pro-poor approach and ensure that the staff are sensitized to these key aspects of the Project.
- Be responsible for the timely contracting of all implementing partners and ensuring the timely submission of their targets, work plans, reports, etc.
- In collaboration with the Deputy Director (Monitoring & Evaluation) ensure the adequate and timely preparation of quarterly and annual progress reports for submission to the Government and IFAD;
- In collaboration with the Assistant Director (Finance) ensure the adequate and timely preparation of all the Annual Work Plan & Budgets, withdrawal applications, disbursements, preparation of all supporting documents, financial reports, travel claims, procurement and audit reports, etc.
- Be responsible for ensuring that the staff of the PMU is sensitised to gender issues, monitoring of quotas specified for women, identification and resolution of gender issues is consistently undertaken in project meetings, reports and through timely gender assessments.
- Undertake regular inspection visits to the Project area and ensure the adequate execution of project tasks and management of resources by these staff;
- Provide support to all supervision, monitoring, evaluation teams from IFAD, third party agencies or anyone else contracted to undertake these functions for the Project.
- Any other project specific tasks assigned by the Project Steering Committed.

2. Deputy Director, Community Physical Infrastructure (CPI)

Introduction: The Deputy Director, Community Physical Infrastructure (CPI) will assist the Project Director in ensuring that Social Mobilization Partners deliver the community physical infrastructure through the community organizations. DD (CPI) shall monitor the work of the SMPs to ensure quality infrastructure identified through a community participatory approach is provided to the target beneficiaries. He/she will report to the Project Director. The DD (CPI) will spend a minimum of 20 days in the field on average.

Qualification: The DD (CPI) will have as a minimum, an engineering degree in Civil or Public health engineering with preferably a Masters in engineering. He/she will have at least 10 years relevant professional experience and at least three years in the design and construction of small scale community infrastructure such as tube wells, dug wells, lining of water channels, drinking water supply schemes, construction of check dams, diversion bunds, flood protection works, street soling, drainage, sewage disposal, new and innovative technologies and other similar projects. Experience working with community based organizations would be an added advantage.

Duties and Responsibilities:

- The Deputy Director (CPI) will assume the main responsibility for supervision and monitoring of the Community Physical Infrastructure component of the Project to be implemented through the Community Organizations (CO) with the facilitation of the SMPs.
- The Deputy Director (CPI) shall ensure timely preparation of annual work plans, targets and outputs as an integral part of the Annual Work Plan & Budget for submission to the Project Director.
- Review the CPI scheme proposals prepared by the SMP for compliance with Pakistan Poverty Alleviation Fund's CPI Design Manual. He/She will ensure a physical check of at least 10% of all schemes to validate community selection, participation, eligibility criteria and other technical parameters.
- Review the baseline data on CPI schemes related to beneficiaries.
- Review the project design to ensure compliance of SMPs with the PPAF Environment and Social Monitoring Framework and incorporation of any required mitigation measures in the design.
- Process all proposals prepared by the SMPs in accordance with procedures provided in the PIM within 15 days of receipt of such proposals by conveying approval or comments if any.
- Be responsible for supervising the work of the SMPs by monitoring the reported data and making field visits to CPI scheme sites on a regular basis.
- Prepare on a timely basis monthly, quarterly and annual progress reports in close coordination with and with assistance of SMPs highlighting work plans, progress, key issues, achievements and corrective actions taken.
- Ensure SMPs maintain a robust MIS /data base containing all pertinent data on each CPI scheme and provide required information to PMU as and when needed.
- Monitor any gender issues in consultation with the DD (Gender and Poverty) and ensure that sex-disaggregated data is provided, gender issues identified and strategies for addressing them articulated in reports provided by SMPs.
- The DD (CPI) will provide technical input in the procurement of any equipment and machinery for CPI in accordance with the procedures given in the PIM and IFAD procurement Guidelines.
- Any other Tasks assigned by the Project Director.

3. Deputy Director (Agriculture)

Introduction: The Deputy Director Agriculture will be appointed for the entire duration of the Southern Punjab Poverty Alleviation Project. She/He will report to the Project Director SPPAP and take day-to-day responsibility for the agricultural activities of the Project. She/He will be based at the Project Management Unit office in Bahawalpur and will co-ordinate and supervise agriculture component of the project with implementing partners. The DD (A) will spend a minimum of 20 days in the field on average.

Qualification: The Deputy Director (Agriculture) will have an MSc. in Agriculture or Agriculture Economics. He/she will have at least 5 years relevant professional experience in agriculture development projects. Working experience with community based organizations will be an advantage.

Duties and Responsibilities:

- The Deputy Director (Agriculture) will assume the main responsibility for the Agriculture Development aspects of the Project in conjunction with the Deputy Director (Livestock).
- The Deputy Director (A) will in collaboration with Assistant Directors (Agriculture) at the DMU level ensure timely preparation of annual work plans, targets and outputs as an integral part of the Annual Work Plan & Budget for submission to Project Director
- The Deputy Director (A) will be responsible for identifying the interventions and the arrangements for delivering the Productivity Enhancement Initiatives in close collaboration with the COs and the SMP.
- The DD (A) will be responsible for identifying technical assistance needs in the agriculture sector and will make arrangements with the line agencies for their technical services for the project as and when required.
- The DD (A) will be responsible for ensuring the successful implementation of the technology transfer component and making arrangements for the implementation of the Farmer Field Schools through the timely procurement of an FFS Trainer.
- Be responsible for ensuring that gender is mainstreamed in all agriculture activities, ensure the implementation of all gender targets, ensure the inclusion of activities of interest for women such as vegetable cultivation, processing, storage, etc.
- The DD (A) will ensure that all training events are organized in a manner which encourages participation of women and that the environment provided for the participation of women is safe, secure and appropriate for their participation.
- The DD (A) will undertake regular visits to the Project area and develop mechanisms for participatory monitoring of activities in the agriculture sector and ensure that the selected activities are of interest to the target group and suggest course corrections as and when necessary.
- The DD (A) will provide his technical input in the procurement of all goods and services, equipment and machinery related to the agriculture sector.
- The DD (A) will ensure the adequate and timely preparation of quarterly and annual progress reports for submission to Project Director.
- The DD (A) will ensure that all reports are dis-aggregated by sex. He/She will identify any gender related issues and highlight them in the Project meetings and reports.
- Any Other Tasks assigned by the Project Director.

4. Deputy Director (Livestock)

Introduction: The Deputy Director (Livestock) will be appointed for the entire duration of the Southern Punjab Poverty Alleviation Project. She will report to the Project Director SPPAP and take day-to-day responsibility for livestock activities of the Project. She will be based at the Project Management Unit office in Bahawalpur and will co-ordinate and supervise livestock component of the project with implementing partners. The DD (L) will spend a minimum of 20 days in the field on average.

Qualification: The Deputy Director (Livestock) will have an MSc. in livestock or agriculture economics. She will have at least 5 years relevant professional experience in Livestock development projects. Working experience with community based organizations will be an advantage. The DD (L) will be selected from among women candidates.

Duties and Responsibilities:

- The Deputy Director (Livestock) will assume the main responsibility for all Livestock Development aspects of the Project.
- The Deputy Director (L) will in collaboration with Assistant Directors (Agriculture) at the DMU level ensure timely preparation of annual work plans, targets and outputs as an integral part of the Annual Work Plan & Budget for submission to Project Director
- The DD (L) will provide her technical input in the procurement of the livestock under the asset creation sub-component and will make arrangements together with the COs and the SMP for ensuring the purchase of good quality and appropriate breeds and animals for distribution.
- The Deputy Director (L) will be responsible for identifying the interventions and the arrangements for delivering the Productivity Enhancement Initiatives in close collaboration with the COs and the SMP.
- The DD (L) will be responsible for identifying technical assistance needs in the livestock sector and will make arrangements with the line agencies for their technical services for the project as and when required.
- The DD (L) will be responsible for ensuring the successful implementation of the technology transfer component and making arrangements for the implementation of the livestock Farmer Field Schools through the timely procurement of an FFS Trainer especially for women.
- Be responsible for ensuring that gender is mainstreamed in all livestock activities, ensure the implementation of all gender targets, ensure the inclusion of activities of interest for women such as feed preparation, milk production, processing, storage, etc.
- The DD (L) will take the lead role in ensuring the arrangements for the training of the female para vets and the Female Veterinary Assistants to be trained under the Project. She will make all arrangements for their training, accommodation, travel, stipends, course content in collaboration with the training institution. She will also be responsible for their placement at the end of the training period.
- The DD (L) will ensure that all training events are organized in a manner which encourages participation of women and that the environment provided for the participation of women is safe, secure and appropriate for their participation.
- The DD (L) will undertake regular visits to the Project area and develop mechanisms for participatory monitoring of activities in the agriculture sector and ensure that the selected activities are of interest to the target group and suggest course corrections as and when necessary.
- The DD (L) will provide her technical input in the procurement of all goods and services, equipment and machinery related to the agriculture sector.

- The DD (L) will ensure the adequate and timely preparation of quarterly and annual progress reports for submission to Project Director.
- The DD (L) will ensure that all reports are dis-aggregated by sex. She will identify any gender related issues and highlight them in the Project meetings and reports.
- Any other Tasks assigned by the Project Director.

5. Deputy Director, Training & Enterprise Development (TED)

Introduction: The Deputy Director, Training & Enterprise Development will assist the Project Director in ensuring that implementing partners that meet the criteria set out in the PIM are contracted in to deliver the vocational and enterprise development training and monitoring the work of the Vocational Training Organization and the Enterprise Development to ensure good quality service is provided to the target beneficiaries. She will report to the Project Director. The DD (TED) will spend a minimum of 20 days in the field on average.

Qualification: The DD (TED) will be a woman and have, at minimum, a university level degree in Business, preferably an MBA. She will have at least 5 years relevant professional experience in the field of business or entrepreneurship development and at least three years of experience in a management role in the area of business or entrepreneurship development, rural development, microfinance or a similar field.

Duties and Responsibilities:

- The Deputy Director (TED) will assume the main responsibility for the Vocational Training & Enterprise Development sub-component component of the Project.
- The Deputy Director (TED) will in collaboration with Assistant Directors (TED) at the DMU level ensure timely preparation of annual work plans, targets and outputs as an integral part of the Annual Work Plan & Budget for submission to Project Director
- Assist the PD in determining the professional capacity of the Training and Entrepreneur Development organizations to be contracted to deliver quality services and reach the specified target group as specified in the terms of reference in the PIM.
- Be responsible for supervising the work of the VTO and the ETO by monitoring the data provided to track poverty and gender targets, ascertain quality of training and support for vocational skills and establishment of micro-enterprises.
- Facilitate coordination between the VTO and the ETO and the building of synergies between them.
- Ensure organizations develop a robust MIS which facilitates the identification of beneficiaries and activities undertaken with them.
- Monitor any gender issues in the work of the VTO and ETO and ensure that sex-disaggregated data is provided, gender issues identified and strategies for addressing them articulated in reports provided by implementing partners.
- Review and assess the work plans and reports provided by the implementing partners and write a quarterly and annual summarizing key issues, achievements and corrective actions to be undertaken.
- The DD (TED) will ensure that all training events are organized in a manner which encourages participation of women and that the environment provided for the participation of women is safe, secure and appropriate for their participation.
- The DD (TED) will undertake regular visits to the Project area and develop mechanisms for participatory monitoring of all vocational and enterprise development activities and ensure that the selected activities are of interest to the target group and suggest course corrections as and when necessary.
- The DD (TED) will provide her technical input in the procurement of all goods and services, equipment related to vocational and enterprise development.

- The DD (TED) will ensure the adequate and timely preparation of quarterly and annual progress reports for submission to Project Director.
- The DD (TED) will ensure that all reports are dis-aggregated by sex. She will identify any gender related issues and highlight them in the Project meetings and reports.
- Any other Tasks assigned by the Project Director.

6. Deputy Director, Gender and Poverty

Introduction: The Deputy Director, Gender and Poverty (GP) will assist the Project Director in ensuring that the gender and poverty targeting criteria are met by the implementing partners of the project and the processes set out in the PIM to ensure the inclusion of the poor in the specified poverty bands and the quota set for women are being followed. She will report to the Project Director.

Qualification: The DD (GP) will be a woman and have, at minimum, a university level degree in Social Science with preference given to additional post-graduate training in gender or poverty studies. She will have at least 7 years relevant professional experience in the field of gender and rural development and at least three years of experience in a management role in the area of rural development, microfinance or a similar field.

Duties and Responsibilities:

- Assist the Project Director and the relevant Deputy Directors in determining if partners to be contracted have the capacity to meet the gender and poverty targets and deliver gender-sensitive services.
- Be responsible for monitoring the poverty and gender targeting of SPPAP through reviewing progress reports provided by implementing partners and undertaking field visits to project districts.
- Ensure that sex-disaggregated data is provided, gender issues identified and strategies for addressing them articulated in reports provided by implementing partners.
- Be responsible for overseeing that the SMP and other implementing partners make adequate arrangements for sensitizing staff on gender and social inclusion of the poor.
- Build the capacity of the PMU and DMU staff by organizing sensitization and gender analysis training for PMU and DMU staff.
- Assist the Deputy Directors, Livestock, Agriculture and Training and Enterprise Development in monitoring gender issues.
- Supervise the Gender Assessment in Collaboration with Deputy Director M&E and organize workshop to disseminate the findings to PMU, DMU staff and Implementing partners.
- Review and assess the work plans and reports provided by the implementing partners and write a quarterly and annual report identifying gender issues, achievements and actions to be undertaken.
- Any other tasks assigned by the Project Director.

7. Deputy Director (Knowledge Management, Planning, Monitoring and Evaluation)

Introduction: The Deputy Director (Knowledge Management Planning Monitoring and Evaluation) will report to the Project Director and will take responsibility for the knowledge management and monitoring and evaluation activities of the SPPAP. He/She will be based at the Project Management Unit office in Bahawalpur and will work closely with other Project staff, implementing partners and with local communities.

Qualification: The Specialist will have at least a University level degree with additional post-graduate training in an area of relevance to his/her responsibilities, including such areas as management, operations analysis, finance, credit, economics and sociology. He/she will have at least 8 years relevant professional experience at management levels in development organizations or projects (at least five years in rural development) with at least 4 years in the area of planning, monitoring and evaluation. Experience with designing and managing log-frame-based planning and monitoring systems and results-based monitoring will be a distinct advantage.

Duties and Responsibilities:

- Be responsible for day-to-day operations of Knowledge Management, Monitoring and Evaluation activities, including overall responsibility for the KM/M&E outputs.
- Be responsible for designing of the KM/M&E system of SPPAP keeping in view the SPPAP Log-Frame, RIMs indicators and the monthly, quarterly and annual progress reports. Ensure that coverage of gender issues, poverty aspects and smallholder farmers are given proper coverage.
- Ensure that all staff and implementing partners understand the reporting requirements of the Project and assist them in developing reporting formats disaggregated by sex which provide the requisite information on a regular basis.
- Work with IFAD experts to understand the IFAD-RIMS-based monitoring system and apply it to SPPAP and help SPPAP staff understand RIMS and incorporate it in their M& E frameworks.
- Ensure timely preparation of quarterly and annual work plans and budgets by working with all Deputy Directors in the production of the Annual Work Plan and Budgets which specify the target and resource requirements in accordance with the IFAD format.
- Produce all quarterly and annual reports in coordination with all staff and implementing partners of the Project as well as periodic reports for submission to Government of Pakistan and IFAD. All reports should provide sex-disaggregated data.
- Maintain close liaison with SPPAP staff and all implementing partners involved in monitoring and in compiling and analysing monitoring data.
- Design a system for participatory monitoring in collaboration with participating communities through the Community Resource Person available at the village level.
- Undertake regular site visits to the SPPAP field sites and ensure that M&E systems are functioning smoothly to provide the requisite information.
- Take overall responsibility for knowledge management activities and outputs. Identify a programme for sharing of knowledge generated by the Project and liaise with IFAD, ENRAP and key KM partners to widen and strengthen knowledge sharing networks and with their assistance to supervise the setting up of a SPPAP website for knowledge sharing and dissemination and posting of monitoring reports and data for wider circulation.

8. Assistant Director Finance and Accounts (F&A)

Introduction: The principal role of the Assistant Director Finance and Accounts will be to ensure that all project accounts are correctly maintained and operated in accordance with the rules and regulations of the Government of Pakistan and are in line with the procedures of IFAD. He/she will report directly to the Project Director. The AD (F&A) will be assisted by an Accounts Officer.

Qualifications: He/she must possess professional accounting qualifications, preferably ACMA from Institute of Cost and Management Accountants, or equivalent and recognized by the Government of Pakistan. He/she must have a minimum of 10 years of experience in maintaining financial accounts and preparing financial reports on their status, with at least two years of responsibility for this role with respect to a unit, department or project. This position may well be filled by someone seconded from the Government.

Duties and Responsibilities:

- Prepare and monitor the Project Budget and AWP/B as per IFAD requirements
- Prepare the summary sheets of re-imburement and liquidation.
- Prepare on a timely basis withdrawal applications as per provisions of the loan agreement.
- Prepare quarterly consolidated statements of project accounts.
- Prepare separate account of expenditure of all implementing agencies involved in the project with regard to their activities under taken with the project.
- Pre-audit of all financial transactions, and verify year end balances, including an appropriate degree of physical verification.
- Arrange annual audit of expenditure incurred by all the components and obtain reports from the Auditors for submission to IFAD as soon as possible but not latter than 6 months after the completion of each fiscal year.
- Assist PMU in preparing finance and accounts related summaries for the project progress reports.
- Prepare working paper of audit paras and arrange meetings for settlement of audit paras etc.
- To check and verify the entries recorded in the Project stock register.
- To process cases for sanction of the authority.
- Assist the PMU in the procurement processes in compliance with IFAD Procurement guidelines.
- To deal with GP Funds and pension contribution.
- Any other tasks assigned by the Project Director

9. Assistant Director (Agriculture)

Introduction: The Assistant Director Agriculture will be appointed for the entire duration of the Southern Punjab Poverty Alleviation Project. He will report to the Deputy Director (Agriculture). He will be based at the District Management Unit office in Rajanpur or Bahawalnagar District and will coordinate and supervise agriculture activities of the project with implementing partners.

Qualification: The Assistant Director Agriculture will have MSc. in Agriculture. He/she will have at least 3 years relevant professional experience in agriculture development projects. Working experience with communities will be an advantage.

Duties and Responsibilities:

- The Assistant Director (Agriculture) will assume the main responsibility for the Agriculture & Livestock Development component of the Project in conjunction with the Assistant Director (Livestock) at the district level.
- The Assistant Director (A) will provide inputs into the timely preparation of annual work plans, targets and outputs as an integral part of the Annual Work Plan & Budget for submission to the Deputy Director
- The Assistant Director (A) will be responsible for identifying the interventions and the arrangements for delivering the Productivity Enhancement Initiatives in close collaboration with the COs and the SMP at the district level.
- The AD (A) will be responsible for identifying technical assistance needs in the agriculture sector and will make arrangements with the line agencies for their technical services for the project as and when required.
- The AD (A) will be responsible for ensuring the successful implementation of the technology transfer component and making arrangements for the implementation of the Farmer Field Schools through the timely procurement of an FFS Trainer.
- Be responsible for ensuring that gender is mainstreamed in all agriculture activities, ensure the implementation of all gender targets, ensure the inclusion of activities of interest for women such as vegetable cultivation, processing, storage, etc.
- The AD (A) will ensure that all training events are organized in a manner which encourages participation of women and that the environment provided for the participation of women is safe, secure and appropriate for their participation.
- The AD (A) will develop mechanisms for participatory monitoring of activities in the agriculture sector and ensure that the selected activities are of interest to the target group and suggest course corrections as and when necessary.
- The AD (A) will provide his technical input in the procurement of all goods and services, equipment and machinery related to the agriculture sector.
- The AD (A) will ensure the adequate and timely preparation of quarterly and annual progress reports for submission to the Deputy Director.
- The AD (A) will ensure that all reports are dis-aggregated by sex. He/She will identify any gender related issues and highlight them in the Project meetings and reports.
- Any Other Tasks assigned by the Deputy Director (Agriculture).

10. Assistant Director (Livestock)

Introduction: The assistant Director livestock will be appointed for the entire duration of the Southern Punjab Poverty Alleviation Project. She will report administratively to the Deputy Director (Livestock). She will be based at the District Management Unit office in Rajanpur or Bahawalnagar District and will coordinate and supervise livestock component of the project with implementing partners.

Qualification: The Assistant Director Livestock will have MSc. in livestock. She will have at least 3 years relevant professional experience in Livestock development activities. Working experience with communities will be an advantage.

Duties and Responsibilities:

- The Assistant Director (Livestock) will assume the main responsibility for the Agriculture & Livestock Development component of the Project in conjunction with the Assistant Director (Agriculture) at the district level.
- The Assistant Director (L) will in collaboration with Assistant Directors (Agriculture) at the DMU level ensure timely preparation of annual work plans, targets and outputs as an integral part of the Annual Work Plan & Budget for submission to the Deputy Director
- The AD (L) will provide her technical input in the procurement of the livestock under the asset creation sub-component and will make arrangements together with the COs and the SMP for ensuring the purchase of good quality and appropriate breeds and animals for distribution.
- The AD (L) will be responsible for identifying the interventions and the arrangements for delivering the Productivity Enhancement Initiatives in close collaboration with the COs and the SMP.
- The AD (L) will be responsible for identifying technical assistance needs in the livestock sector and will make arrangements with the line agencies for their technical services for the project as and when required.
- The AD (L) will be responsible for ensuring the successful implementation of the technology transfer component and making arrangements for the implementation of the livestock Farmer Field Schools through the timely procurement of an FFS Trainer especially for women.
- Be responsible for ensuring that gender is mainstreamed in all livestock activities, ensure the implementation of all gender targets, ensure the inclusion of activities of interest for women such as feed preparation, milk production, processing, storage, etc.
- The AD (L) will assist in identifying female candidates for the para vets and the Female Veterinary Assistants to be trained under the Project.
- The AD (L) will ensure that all training events are organized in a manner which encourages participation of women and that the environment provided for the participation of women is safe, secure and appropriate for their participation.
- The AD (L) will undertake regular visits to the Project area and develop mechanisms for participatory monitoring of activities in the agriculture sector and ensure that the selected activities are of interest to the target group and suggest course corrections as and when necessary.
- The AD (L) will provide her technical input in the procurement of all goods and services, equipment and machinery related to the agriculture sector.
- The AD (L) will ensure the adequate and timely preparation of quarterly and annual progress reports for submission to Deputy Director.

- The AD (L) will ensure that all reports are dis-aggregated by sex. He/She will identify any gender related issues and highlight them in the Project meetings and reports.
- Any Other Tasks assigned by the Deputy Director.

11. Assistant Director (Training & Enterprise Development)

Introduction: The Assistant Director, (Training & Enterprise Development) will assist the Deputy Director in ensuring that all aspects of vocational and entrepreneurship training and development are properly implemented. He/She will report to the Deputy Director (TED) and will spend a minimum of 20 days in the field on average.

Qualification: The AD (TED) will have at minimum, a university level degree in Business, preferably an MBA. She/he will have at least 3 years relevant professional experience in the field of business or entrepreneurship development and at least three years of experience in a management role in the area of business or entrepreneurship development, rural development, microfinance or a similar field.

Duties and Responsibilities:

- The Assistant Director (TED) will assume the main responsibility for the Vocational Training & Enterprise Development sub-component component at the district level.
- The Assistant Directors (TED) will provide feedback and assistant to the DD (TED) in the timely preparation of annual work plans, targets and outputs as an integral part of the Annual Work Plan & Budget for SPPAP.
- Be responsible for supervising the work of the VTO and the ETO by monitoring the data provided to track poverty and gender targets, ascertain quality of training and support for vocational skills and establishment of micro-enterprises at the district level.
- Monitor any gender issues in the work of the VTO and ETO and ensure that sex-disaggregated data is provided, gender issues identified and strategies for addressing them articulated in reports provided by implementing partners.
- Review and assess the work plans and reports provided by the implementing partners and write a quarterly and annual summarizing key issues, achievements and corrective actions to be undertaken.
- The AD (TED) will ensure that all training events are organized in a manner which encourages participation of women and that the environment provided for the participation of women is safe, secure and appropriate for their participation.
- The AD (TED) will undertake regular visits to the Project area and develop mechanisms for participatory monitoring of all vocational and enterprise development activities and ensure that the selected activities are of interest to the target group and suggest course corrections as and when necessary.
- The AD (TED) will provide his/her technical input in the procurement of all goods and services, equipment related to vocational and enterprise development.
- The AD (TED) will ensure the adequate and timely preparation of quarterly and annual progress reports for submission to Deputy Director.
- The AD (TED) will ensure that all reports are dis-aggregated by sex. He/She will identify any gender related issues and highlight them in the Project meetings and reports.
- Any other Tasks assigned by the Deputy Director.

APPENDIX 3: TERMS OF REFERENCE FOR THE SOCIAL MOBILIZATION PARTNER

Qualifications and Experience

The Social Mobilization Partner (SMP) will be selected from among the NGO/s already operating in the Project District. The Social Mobilization Partner should be a legally registered Non-Government Organization with a proper system of governance, financial management, monitoring and evaluation systems. The SMP should have a proven track record of community mobilization of at least five years in the selected districts. It should have existing Community Organizations established in the Project Districts of which at least 51% are women. The SMP should be well versed in the Poverty Score Card, social inclusion and gender mainstreaming methodologies. It should have previous experience of implementing community training activities, infrastructure projects, agriculture and livestock activities, rural financial service provision and participatory monitoring and evaluation. The selected organization should not be political, discriminatory, ethnic, sectarian or exclusionary in nature. It should have previous experience of implementing performance based contracts.

The selected NGO will have an office and staff established at the district level in all the selected districts. The NGO will be required to participate in all weekly project meetings and will ensure effective coordination of its staff with that of the PMU and DMU on an on-going basis. The selected organization will undertake to provide all information regarding the Project to the PMU and DMU. A person designated as the Project Coordinator for SPPAP will be appointed by the selected NGO in each District to ensure proper coordination and support.

Duties and Responsibilities

The main task of the SMP will be to act as a bridge between the Community Organization and all implementing partners of the Southern Punjab Poverty Alleviation Project (SPPAP). The SMP will be responsible for interacting with the Community Organizations and will undertake the following tasks;

Community Mobilization

- a) Organize the men and women in the selected Tehsils and Union Councils at the community level so that they are able to actively participate in the Project activities;
- b) Introduce the project concept and methodology to the selected community and involve them in a process of dialogue and identification of key community needs for meeting the Project objectives;
- c) Orient the CO in processes and procedures that are required to link the CO with other agencies in connection with the implementation of SPPAP.
- d) Build capacity of COs/member so that they are able to plan and implement SPPAP activities and initiatives. Conduct Community Management Skills Training for the office bearers of the COs;

Asset Creation and Training

- e) Assist the COs in the identification of all SPPAP beneficiaries based on the criteria which has been indicated in the Project Implementation Manual for each sub-component. Ensure the selection of the 0-23 poverty band households for all project activities and ensure that this is validated by the CO.
- f) Validate CO selection on a random and periodic basis to ensure that the section is accurate and un-biased.
- g) Ensure the inclusion of women in all key project activities and help COs identify women participants for the asset creation, vocational and entrepreneurial training, participation in Farmer Field Schools, identify female candidates for the para-vet and Female Veterinary Assistant training and identify women for grants under the Community service provider category.

- h) Establish coordination and logistics mechanisms to ensure implementation of all project interventions;
- i) Train the CO and its office bearers in making necessary arrangements such as forming different committees within the CO(s) for procurement, audit and implementation of agreed activities; and

Community Physical Infrastructure

- Ji) Take overall responsibility for the implementation of community physical infrastructure projects of SPPAP and help communities identify and implement all schemes;
- k) Arrange training in Operation and Maintenance and Development Planning for the community activists so that they are able to take care of village level infrastructure;

Linkages with Other Service Providers

- l) Link the COs through TOPs with the concerned line agencies and facilitate them in implementation;
- m) Link the trained community members with microfinance, micro-insurance and other service providers.

Monitoring, Evaluation and Knowledge Management

- n) Identify the Female Community Resource Persons (CRP) at the village level and the male CRP at the union Council who will act as the key activists for Project activities and will assist in the participatory monitoring, evaluation and knowledge management of SPPAP. Organize training of the CRPs so that they better understand SPPAP approach and its monitoring indicators.
- o) Conduct periodic focus groups with the beneficiaries of the different activities under SPPAP and provide feedback to the PMU in specially designed formats on the feedback form the community especially women.
- p) Track the participants and prepare case studies to identify how they have utilised the assets, training opportunities, investments and technical knowledge provided by the Project.
- q) Conduct CO Managers Conferences so that CO managers are able to share their development experiences and discuss issues;
- r) Prepare annual work plans and budgets and ensure their timely submission for the Annual Work Plan and Budget.
- s) Maintain monthly progress reports on all activities and outputs achieved and prepared quarterly and annual progress reports which are based on the SPPAP log-frame and the RIMS indicators of IFAD.

APPENDIX 4: TERMS OF REFERENCE FOR THE VOCATIONAL TRAINING PARTNER

Qualifications and Experience

The selected Vocational Training Organization (VTO) should have a minimum of five years experience of delivering vocational training and capacity for providing services in the selected districts. The VTO should have the capacity to engage with local communities for the identification of vocational training needs of the communities and assess the capacity of the participants to utilize the training. It should have the capacity to be gender sensitive and have women staff on its team in order to gain the confidence of women trainees and ensure the provision of training environments which are appropriate, safe and secure for women trainees. It should be able to design training courses that are tailored to the needs of the target group in terms of timings, content, duration, location, utility and delivery strategy. The VTO should have the capacity to either deliver the training directly or in collaboration with local institutions and partners in a cost-effective manner. It should have the capacity to provide support to trainees in obtaining employment or establishing their own private service backward and forward linkages with markets. It should develop an MIS for monitoring and evaluation of the Vocational Training Programme. It should have the capacity to critically evaluate its training and provide regular progress reports and information on both output and outcome indicators. The VTO should be able to institute a system which provides feedback from graduates on the overall impact of the training on employability, productivity and increase in incomes.

The selected partner will establish an office in Bahawalpur. The Organization will be required to participate in all weekly project meetings and will ensure effective coordination of its staff with that of the PMU and DMU on an on-going basis. The selected organization will undertake to provide all information regarding the Project to the PMU and DMU. A person designated as the Project Coordinator for SPPAP will be appointed by the selected partner for each District to ensure proper coordination and support.

Duties and Responsibilities

Vocational training will be delivered by an organization specializing in the management and delivery of vocational training. This organization will partner with local government training institutions such as the *Sanatzaars* run by the provincial Department of Social Welfare, the Technical Education and Vocational Training Authority (TEVTA) and private sector trainers. The vocational training will be in trades such as tailoring, plumbing, electrician, carpentry, welding, home appliances, handicrafts, computing, driving, masonry, etc.

The Terms of Reference for the VTO will be as follows:

- a) *Work plan & Budget:* The VTO will provide the PMU with a budget, detailed workplan and description of deliverables for the three year period.
- b) *Training Needs Assessment:* The Vocational Training Organization (VTO) will conduct a training needs assessment to identify trades in which men and women require training to increase incomes or generate savings. The needs identification will focus especially on women as 70 per cent of the beneficiaries of vocational training are women.
- c) *Orientation on Selection of Trainees to COs:* The VTO will provide COs with a briefing on criteria for selection of candidates through an orientation for social mobilization teams.
- d) *Screening & Selection of Participants:* VTO will be responsible for finalizing the list of participants of vocational training after screening of the men and women selected by COs.
- e) *Design and Delivery of Training Courses:* VTO will design training courses that are tailored to the needs of the target group identified in terms of timings, content and methodology. VTO will deliver the training directly or in collaboration with government institutions such as TEVTAs (Technical Education and Vocational Training Authorities) and SANATZAARS or any other individual or institution which can provide good quality training.

- f) *Mobile Training Teams*: The VTO will use mobile training teams to ensure access of women and men living in remote areas.
- g) *Distribution of Assets*: VTO will distribute assets (eg. Sewing machines, khada frames, welding kits) to those participants who successfully complete their vocational training.
- h) *Support in Linkages with Markets*: The VTO will provide those who complete their training course with support in establishing backwards and forwards linkages with markets for a period of two to three months.
- i) *Identification of Potential Entrepreneurs*: The VTO will facilitate the organization implementing the entrepreneurship development sub-component in identifying potential entrepreneurs from among those who receive vocational trainings.
- j) *Design and maintenance of MIS*: The VTO contracted will design and maintain an MIS which will provide sex-disaggregated data and include identity card numbers, income profile, business activity undertaken etc.
- k) *Reporting Requirements*: The VTO will submit the following reports to the PMU:
 - Report on the TNA for vocational skills undertaken in the project area in each of the four districts
 - Monthly reports on activities undertaken (number of trainings conducted, number of persons trained by trade and gender, market linkages developed, etc).
 - Quarterly reports consolidating the monthly reports on activities undertaken key achievements and lessons learnt.
 - Yearly reports on activities undertaken key achievements and lessons learnt.
 - End of the project report on activities undertaken, key achievements and lessons learnt.

APPENDIX 5: TERMS OF REFERENCE FOR THE ENTREPRENEURSHIP TRAINING PARTNER

Qualifications and Experience

The selected Entrepreneurship Training Organization (ETO) should have a minimum of five years experience of delivering entrepreneurship development training. The ETO should have the capacity for providing services in Southern Punjab. It should have the capacity to design training courses that are tailored to the needs of the target group in terms of timings, content, duration, location, utility and delivery strategy. The ETO should have the capacity to deliver the training in a cost-effective manner which focuses on building local capacities. It should have the capacity to provide support to trainees in establishing backward and forward linkages with markets. It should have a demonstrated capacity in providing business incubation support. The ETO should have the capacity to develop an MIS for monitoring and evaluation of the Entrepreneurship Development and Business Incubation Services. It should have the ability to critically evaluate its training and provide regular progress reports and information on both output and outcome indicators. The ETO should be able to institute a system which provides feedback from graduates on the overall impact of the training on employability, productivity and increase in incomes. It should have the capacity to develop an MIS for monitoring and evaluation of the Entrepreneurship Development and Business Incubation Services.

The selected partner will establish an office in Bahawalpur. The Organization will be required to participate in all weekly project meetings and will ensure effective coordination of its staff with that of the PMU and DMU on an on-going basis. The selected organization will undertake to provide all information regarding the Project to the PMU and DMU. A person designated as the Project Coordinator for SPPAP will be appointed by the selected partner for each District to ensure proper coordination and support.

Duties and Responsibilities

The Entrepreneurship Training Organization (ETO) will over a period of three years manage, train and monitor, 56 Entrepreneurship Activists (EAs) and through these 3081 entrepreneurs. In addition it will provide business incubation support to 770 entrepreneurs out of the 3081 trained, facilitate the formation and capacity building of Business Development Associations.

- a) *Work plan & Budget:* The ETO will provide the PMU with a budget, detailed work plan and description of deliverables for the three year period
- b) *Orientation of Community Organization and request for nominations for Entrepreneurship Activists.* The ETO will orient the social mobilization teams on the profile of the EAs. The social mobilization teams will brief the COs and request nominations.
- c) *Screening & Selection of 56 EA:* those nominated by COs will be interviewed by the ETO to assess competencies and finalize selection.
- d) *Design and Conduct of a two year Certificate Course for 56 EAs:* The ETO will conduct a two year certificate course with a minimum of four 10-15 day workshops in which EAs will learn how to undertake mapping of entrepreneurship potential in the area, identify potential entrepreneurs, training of entrepreneurs, the facilitating of an enabling environment for entrepreneurship development in their respective districts, and documentation and follow-up. The ETO will be responsible for providing the EAs with stipends during the course of the three year period.
- e) *Assessment of Entrepreneurship Potential in Project Areas:* The ETO will carry out this assessment and submit a report on the entrepreneurship potential in the project area. This assessment will include (i) identifying the client group for the entrepreneurship training according to the projects gender and poverty criteria (ii) identification potential business opportunities given the area resources and problems, the changing patterns of consumption in terms of clothes, food, housing, use of spare time, hobbies, etc, (iii) identification issues of existing businesses and client groups by developing an income and market profile of all business related activities in the selected areas for both men and women. (iv) income profile identifying the categories of income generating activities by men and women (v) Market profile

highlighting the flow of goods and services in and out of the area. (vi) identification of existing businesses which with minimum interventions could generate maximum benefits, both in terms of income and numbers of persons benefited. (vii) identification of required interventions to strengthen the business and linkages (supply inputs, processing, outputs, markets) which need to be improved for profitable business.

- f) *Training and Mentoring of Entrepreneurs:* The ETO will design, supervise and conduct, with the assistance of the EAs, entrepreneurship training for 3081 entrepreneurs over a period of two years. The ETO will also mentor the entrepreneurs trained and support them in the establishment or expansion of their existing businesses. The ETO will ensure that the entrepreneurship development training is conducted in the local language and is designed for non-literate participants. The training will focus on the identification of business opportunities, mobilization of resources, including technical skills, credit, technology, transportation, packing and packaging, inventory and storage, appropriate utilities, appropriate financing, etc. improved production through better designing, raw material inputs, quality control techniques and developing improved linkages with markets. The training will be Each EA will 'adopt' three entrepreneurs groups (group of 10 members) from their districts, in year 1 and five groups in year 2.
- g) *Business Incubation:* The ETO, assisted by the EAs, will lead the process of business incubation , for 770 entrepreneurs (80 per cent women and 20 per cent men). This will involve a basic business and skills training, direct assistance in provision of the asset, follow-up and mentoring till such time as the business is effectively established.
- h) *Developing Local Business Development Service Associations (BDSAs):* In each district, the ETO will facilitate the formation of BDSAs in each district. This process will be initiated in the first year of the diploma course. In year 3, the capacity of the BDAs will be developed to become an independent self-sustaining organization with the ability to develop a strategic plan, secure resources and manage projects.
- i) *Designing and Maintaining an MIS:* The ETO will design and maintain an MIS which generates sex disaggregated data and includes identity card numbers, income profiles, business activity undertaken etc.
- j) The ETO will submit the following reports to the PMU:
- Report on the value chain analysis undertaken in the project area in each of the four districts
 - Monthly reports on activities undertaken (number of trainings conducted, number of entrepreneurs trained, number of visits for hand-holding, business incubation etc).
 - Quarterly reports consolidating the monthly reports on activities undertaken key achievements and lessons learnt.
 - Yearly reports consolidating the monthly reports on activities undertaken key achievements and lessons learnt.
 - End of the project report on activities undertaken, key achievements and lessons learnt.

APPENDIX 6: TERMS OF REFERENCE FOR THE FARMER FIELD SCHOOL PARTNER

Qualifications and Experience

The organization/s selected for the Farmer Field School component should have a minimum of five years experience of conducting Farmer Field Schools with small holder farmers at the village level. The FFS Trainer should have the capacity to engage with local communities for the identification of smallholder extension training needs in the crop, livestock sector. The FFS Trainer should have the capacity to be gender sensitive and have women staff on its team in order to gain the confidence of women trainees and ensure the provision of training environments which are appropriate, safe and secure for women trainees. The Trainer should have the capacity to design training courses that are tailored to the needs of the target group in terms of timings, content, duration, location, utility and delivery strategy. It should have the capacity to either deliver the training directly or in collaboration with government line agencies, local institutions and partners in a cost-effective manner. The FFS Trainer should have the capacity to develop an MIS for monitoring and evaluation of its activities. It should have the ability to critically evaluate participation in its training activities, participation level, feedback of participants and provide regular progress reports and information on both output and outcome indicators. The FFS should be able to institute a system which provides feedback from trainees on the overall impact of the training on production and productivity and increase in incomes.

The selected Trainer/s will establish an office in Bahawalpur. The Organization will be required to participate in all weekly project meetings and will ensure effective coordination of its staff with that of the PMU and DMU on an on-going basis. The selected organization will undertake to provide all information regarding the Project to the PMU and DMU. A person designated as the Project Coordinator for SPPAP will be appointed by the selected partner for each District to ensure proper coordination and support.

Duties and Responsibilities

- a) Development of ToF and FFS Curriculum involving all stakeholders in each district for training of rural men and women on crops, vegetables and livestock (small ruminants & Poultry) according to local existing issues.
- b) Identification of facilitators in each district.
- c) Site selection for training of facilitators (ToF)
- d) Pre-evaluation of ToF participants.
- e) Training of facilitators.
- f) Identification and Establishment of FFS sites and selection of community members/farmers.
- g) Farmers field days/exchange visit of FFS farmers/study visits.
- h) Technical backstopping and monitoring of the process.
- i) Post-evaluation of ToF participants.
- j) Impact study of the training.

APPENDIX 7: FORMAT FOR PERFORMANCE BASED CONTRACTS

The Implementing Partner (IP) will prepare annual and quarterly work plans that will be used for monitoring as well as measurement of progress by the PMU. These work plans will clearly specify the various output targets, particularly highlighting the major outputs, to be assessed for payment.

Every quarterly report of the IP will clearly present the measurement of current progress along with cumulative achievement. These reports on receipt at PMU will be subject to field verification by the M&E staff.

The payment for IP services will not be based on the costs of the inputs procured or provided by the IP; it will rather be contingent on the timely and satisfactory completion of a number of specified outputs in a given period as specified in the AWP/B prepared each year by the SMP.

The first quarter shall begin on the date when cheque for mobilization advance is issued to the IP. Each subsequent instalment shall be released on submission of quarterly reports by IP to the PMU, complete in all respects and in accordance with the approved Annual Work Plan/Budget and subject to any other requirement of the donor agency in this regard.

PMU will forward the withdrawal application based on the submission of request by IP to IFAD for payment to the IP, subject to the satisfactory fulfilment of the above clauses.

ISLAMIC REPUBLIC OF PAKISTAN
SOPUTHERN PUNJAB POVERTY ALLEVIATION PROJECT
PROJECT DESIGN REPORT
ANNEX VIII: SUPERVISION PLAN FOR PROJECT YEARS 1&2

Project Year 1

1) Start-up mission and workshop in autumn of 2010, upon signing of Financing Agreement. The main objective of this is to enhance awareness and reach common understanding among all project stakeholders on the project objectives and implementation arrangement, especially the role and responsibilities of the various project partners. Technical discussions will be conducted on aspects such as project financial management, component implementation, M&E, etc. The start-up event would be initiated by the government, and on IFAD side, would be led by the Country Programme Manager (CPM), with the participation of key technical expertise for project implementation and financial management and IFAD country office staff.

2) A "light" supervision / implementation support mission in April 2011, led by the Country Programme Officer (CPO), to take stock of initial progress in implementation and to help address emerging constraints if any. Main focus is on establishment / function of project management set-up, operations of project financial management and M&E systems, AWPB, poverty and gender targeting, assessing capacity of PMU for performance based contracting and recommending training, etc.

3) "Full" supervision mission in October 2011, led by CPM or an international consultant specialising in rural development / project management. The mission would include expertise on gender, rural infrastructure, financial management / procurement, etc. as well concerned ICO staff.

Project Year 2

1) Supervision / implementation support mission in April/May 2012, done mainly by country team, to take stock of progress and help the new AWPB process.

2) Supervision mission in October/November 2012, with expertise covering main technical areas as well as fiduciary aspects.