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Enabling poor rural people  
to overcome poverty

## **President's report**

### **Proposed loan to the Islamic Republic of Pakistan for the**

### **Southern Punjab Poverty Alleviation Project**

#### **Note to Executive Board representatives**

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**For: Approval**

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## Abbreviations and acronyms

CO	community organization
PMU	project management unit

# Islamic Republic of Pakistan

## Southern Punjab Poverty Alleviation Project

### Financing summary

<b>Initiating institution:</b>	IFAD
<b>Borrower:</b>	Islamic Republic of Pakistan
<b>Executing agency:</b>	Planning and Development Department, Government of Punjab
<b>Total project cost:</b>	US\$49.1 million
<b>Amount of IFAD loan:</b>	SDR 26.35 million (equivalent to approximately US\$40.2 million)
<b>Terms of IFAD loan:</b>	40 years, including a grace period of 10 years, with a service charge of three fourths of one per cent (0.75 per cent) per annum
<b>Contribution of borrower:</b>	US\$5.6 million
<b>Contribution of beneficiaries:</b>	US\$3.3 million
<b>Appraising institution:</b>	IFAD
<b>Cooperating institution:</b>	Directly supervised by IFAD

## **Recommendation for approval**

The Executive Board is invited to approve the recommendation for the proposed financing to the Islamic Republic of Pakistan for the Southern Punjab Poverty Alleviation Project, as contained in paragraph 35.

## **Proposed loan to the Islamic Republic of Pakistan for the Southern Punjab Poverty Alleviation Project**

### **I. The project**

#### **A. Main development opportunity addressed by the project**

1. Located within Pakistan's cotton-wheat zone, southern Punjab has long been neglected by development assistance on the assumption that its share of agricultural produce would make it better off than other parts of the country. However, recent poverty analysis has revealed that the incidence of poverty in this region is among the highest across Pakistan. Districts in southern Punjab are generally characterized by poor socio-economic status. This is reflected not only in low per capita incomes and consumption expenditures, but also in the lack of access to schools, medical facilities, roads, electricity and other elements of infrastructure and human development. At the root of poverty are the skewed distribution of land and the exploitative arrangements of farming. The landless have to rely mostly on employment as casual wage labourers for income. The bulk of employment is provided by the informal sector, where women workers are particularly vulnerable. The project has been designed to assist the Government of Pakistan in achieving its poverty alleviation goal in southern Punjab.

#### **B. Proposed financing**

##### **Terms and conditions**

2. It is proposed that IFAD provide a loan to the Islamic Republic of Pakistan in the amount of SDR 26.35 million (equivalent to approximately US\$40.2 million) on highly concessional terms to help finance the Southern Punjab Poverty Alleviation Project. The loan will have a term of 40 years, including a grace period of 10 years, with a service charge of three fourths of one per cent (0.75 per cent) per annum.

##### **Relationship to the IFAD performance-based allocation system (PBAS)**

3. The allocation defined for the Islamic Republic of Pakistan under the PBAS is US\$70 million over the 2010-2012 allocation cycle. This is the first of two projects to be funded within this cycle.

##### **Country debt burden and absorptive capacity of the State**

4. Pakistan's total external debt was US\$55.68 billion as at 31 December 2009, equivalent to 32 per cent of its GDP. The increase from US\$50.1 billion as at end-March 2009 (30.2 per cent of GDP) was due to loans received from the International Monetary Fund and other donor agencies. Improvement in fiscal health will remain a focus. Repayment performance has been satisfactory.

##### **Flow of funds**

5. The loan funds will be channelled to a designated account, denominated in United States dollars, which will be operated by the project director upon the authority of the borrower. A local currency account will be opened and maintained. Transfer of funds from the designated account to the local currency account will be in

accordance with IFAD's procedures and be based on the approved annual workplan and budget.

#### **Supervision arrangements**

6. The project will be supervised, and the loan administered, by IFAD.

#### **Exceptions to IFAD General Conditions for Agricultural Development Financing and operational policies**

7. No exceptions are foreseen.

#### **Governance**

8. The following planned measures are intended to enhance the governance aspects of the IFAD loan: (i) community organizations (COs) will play a central role in project implementation at the village level; (ii) a social mobilization partner will be contracted to act as the main interface between COs and the project; (iii) private-sector service providers will be selected and hired by COs; and (iv) the annual workplan and budget will be used as an expenditure control tool.

### **C. Target group and participation**

#### **Target group**

9. The target group will be landless casual labourers, smallholder farmers and woman-headed households. It is expected that about 80,000 poor rural households from four districts will benefit directly from the project.

#### **Targeting approach**

10. In line with the IFAD Policy on Targeting, the project will focus on the poorest members of rural communities in the project area. The selection of project participants will be based on the poverty scorecard approach.

#### **Participation**

11. Participation will be ensured by enabling the COs to play a central role in project decision-making and implementation at the village level. Building on past experience, the project will adopt specific measures to encourage the participation of the poorest households in COs. For instance, conditions such as mandatory savings and compulsory attendance in every CO meeting will not apply to them and they will also be exempted from paying the community share for infrastructure schemes. Moreover, the project will work with those COs that consist mostly of poor households.

### **D. Development objectives**

#### **Key project objectives**

12. The project objective is to increase the incomes of the target population by enhancing their employment potentials and by increasing agricultural productivity and production.

#### **Policy and institutional objectives**

13. The project's policy and institutional objectives are to: (i) strengthen the cadre of community service providers at the local level; (ii) enhance the capacity of government agencies at various tiers for better service delivery to rural households; and (iii) generate knowledge that can be used to influence future investment decisions and policy-making on agricultural, livestock and rural development initiatives at both local and provincial levels.

#### **IFAD policy and strategy alignment**

14. The project objective is in full compliance with IFAD's Strategic Framework 2007-2010 and its country strategic opportunities programme.

## **E. Harmonization and alignment**

### **Alignment with national priorities**

15. The project is based on a request from the Government and is in line with the Government's medium-term development framework.

### **Harmonization with development partners**

16. Throughout the project design process, for the purpose of ensuring harmonization IFAD had iterative consultations with the country offices or missions of various multilateral and bilateral agencies. These included the Asian Development Bank, the Australian Agency for International Development, the Department for International Development (United Kingdom), the European Commission, the Food and Agriculture Organization of the United Nations, German technical cooperation agency (GTZ), the Embassy of Japan, Swiss Agency for Development and Cooperation, the United States Agency for International Development and the World Bank.

## **F. Components and expenditure categories**

### **Main components**

17. The project has three components: (i) livelihoods enhancement; (ii) agriculture and livestock development; and (iii) project management.

### **Expenditure categories**

18. There are seven expenditure categories: (i) civil works/community infrastructure; (ii) vehicles; (iii) equipment and materials; (iv) technical assistance, training and studies; (v) grants to beneficiaries; (vi) salaries and allowances; and (vii) incremental operating costs.

## **G. Management, implementation responsibilities and partnerships**

### **Key implementing partners**

19. These will be the Planning and Development Department, Government of Punjab; a social mobilization partner; and COs.

### **Implementation responsibilities**

20. The Planning and Development Department will be the executing agency for the project, with overall responsibility for project implementation. A project management unit (PMU), to be established under the supervision of the Department, will be responsible for overall management, coordination, monitoring and knowledge management. The PMU will be headed by a project director and will be based in Bahawalpur, a city close to the project area. It will report to a project steering committee to be chaired by the chairman of the Planning and Development Board, Government of Punjab. Selected NGOs and vocational training institutions will be engaged to facilitate implementation of livelihoods enhancement activities, whereas government line agencies and farmers' associations will be involved in agriculture and livestock-related interventions.

### **Role of technical assistance**

21. The project does not foresee the use of international technical assistance. Local training institutions will be engaged to carry out vocational and entrepreneurship training. Qualified national consultants and/or institutions will be contracted for implementation support, including gender assessment and impact studies.

### **Status of key implementation agreements**

22. A project implementation manual has already been drafted and will be finalized by the borrower as a condition for disbursement. The contents of the draft letter to the borrower were discussed and agreed upon with the borrower.

### **Key financing partners and amounts committed**

23. The total project cost is US\$49.1 million over five years. The sources of financing are IFAD (81.8 per cent), the borrower (11.5 per cent) and the beneficiaries (6.8 per cent).

## **H. Benefits and economic and financial justification**

### **Main categories of benefits generated**

24. Around 80,000 poor households will benefit from the project. More specifically, it is anticipated that (i) over 20,500 poor women will receive ruminants, poultry packages or small land plots under the asset transfer subcomponent; (ii) almost 15,000 rural men and women will receive vocational and entrepreneurship training under the training subcomponent; (iii) over 70,000 poor households will benefit from the community physical infrastructure schemes; (iv) over 15,000 poor households will benefit from the productivity enhancement initiatives; (v) more than 11,500 farmers will be supported by technology transfer activities; and (vi) about 300 women will be trained either as veterinary assistants or para-veterinaries.

### **Economic and financial viability**

25. The economic rate of return has been estimated at 17 per cent over a 20-year period and was found robust with a sensitivity analysis showing a drop to 15 per cent if benefits are delayed by two years, and to 15 per cent if costs increase by 10 per cent or benefits are reduced by 10 per cent.

## **I. Knowledge management, innovation and scaling up**

### **Knowledge management arrangements**

26. The PMU will adopt a proactive approach to knowledge management. To facilitate learning, the project will produce product profiles, case studies and learning notes. These will be disseminated through publication of reports and be introduced through workshops and seminars. Key project knowledge products will concern, among others, lessons regarding the efficacy of using the poverty scorecard as a targeting instrument and the value of asset creation in poverty reduction.

### **Development innovations that the project will promote**

27. The main innovation that the project will promote is the use of the poverty scorecard as an effective targeting instrument.

### **Scaling-up approach**

28. The project builds on the lessons and experience from earlier projects supported by IFAD and others, and will introduce well-tested models and approaches for project implementation, but with a sharper poverty and gender focus. The learning from the project, such as the use of the poverty scorecard, will likely have replication effect. Through the project steering committee and specific knowledge management efforts, successful project experience could be scaled up to similar pro-poor government interventions.

## **J. Main risks**

### **Main risks and mitigation measures**

29. The project faces three main risks: (i) impact of climate change; (ii) potential error in the poverty scorecard approach; and (iii) limited economies of scale and relatively high transaction costs due to the scattered nature of settlements in the project area. The planned mitigation measures include (i) where appropriate, the project will support and introduce adaptive measures, including alteration in sowing dates, use of new crop varieties, changes in irrigation methods, precision land levelling and gypsum treatment; (ii) the benchmark score that enables qualification of a household has been kept at a very low level. This is complemented by community validation of the selected households; and (iii) the project will focus on a limited number of union councils in the project area to ensure clustering of the selected households as much as possible. In addition, the overall volatile security situation is

beyond the project's control. However, there is a certain modicum of security and stability within the project districts.

#### **Environmental classification**

30. Pursuant to IFAD's environmental assessment procedures, the project has been classified as a Category B operation in that it is unlikely to have any significant negative impact on the environment.

#### **K. Sustainability**

31. The project has been designed to use existing structures and arrangements as far as possible and will not create any new or artificial structures. The COs are existing institutions in the project districts, and will continue to be supported by institutional building efforts to consolidate them into village organizations and union council-level local support organizations. Support for community physical infrastructure will be provided only after the community has made arrangements for the management, operations and maintenance of the infrastructure scheme. Support for asset creation at household level will be conditioned by the selected participants' successful completion of project-provided training.

### **II. Legal instruments and authority**

32. A project financing agreement between the Islamic Republic of Pakistan and IFAD will constitute the legal instrument for extending the proposed financing to the borrower. A copy of the negotiated financing agreement will be tabled at the session.
33. The Islamic Republic of Pakistan is empowered under its laws to receive financing from IFAD.
34. I am satisfied that the proposed financing will comply with the Agreement Establishing IFAD and the Lending Policies and Criteria.

### **III. Recommendation**

35. I recommend that the Executive Board approve the proposed financing in terms of the following resolution:

RESOLVED: that the Fund shall make a loan on highly concessional terms to the Islamic Republic of Pakistan in an amount equivalent to twenty-six million three hundred and fifty thousand special drawing rights (SDR 26,350,000), and upon such terms and conditions as shall be substantially in accordance with the terms and conditions presented herein.

Kanayo F. Nwanze  
President



## **Negotiated financing agreement: "Southern Punjab Poverty Alleviation Project"**

(Negotiations concluded on 2 December 2010)

### **FINANCING AGREEMENT**

Loan Number: \_\_\_\_\_

Project Title: Southern Punjab Poverty Alleviation Project (the "Project")

The International Fund for Agricultural Development (the "Fund" or "IFAD")

And the

Islamic Republic of Pakistan (the "Borrower")

(each a "Party" and both of them collectively the "Parties")

WHEREAS the Fund has agreed to provide financing to support the Borrower's Project;

NOW THEREFORE, the Parties hereby agree as follows:

#### **Section A**

1. The following documents collectively form this Agreement: this document, the Project Description and Implementation Arrangements (Schedule 1) and the Allocation Table (Schedule 2).
2. The Fund's General Conditions for Agricultural Development Financing dated 29 April 2009, amended on 17 September 2010, (the "General Conditions") are annexed to this Agreement, and all provisions thereof, as may be amended from time to time, shall apply to this Agreement. For the purposes of this Agreement the terms defined in the General Conditions shall have the meanings set forth therein.
3. The Fund shall provide a Loan to the Borrower (the "Financing"), which the Borrower shall use to implement the Project in accordance with the terms and conditions of this Agreement.

#### **Section B**

1. The amount of the Loan is twenty six million three-hundred and fifty thousand Special Drawing Rights (26 350 000 SDR).
2. The Loan is granted on highly concessional terms.
3. The Loan Service Payment Currency shall be the USD.
4. The first day of the applicable Fiscal Year shall be 1 July.
5. Principal and service charges shall be payable on each 1 June and 1 December with payments of principal commencing on 1 June 2021.

6. There shall be a Designated account in USD for the exclusive use of this project in the National Bank of Pakistan.
7. There shall be a Project account in Rupees for Project operations in a bank acceptable to the Fund.
8. The Borrower shall provide counterpart financing for the Project in the approximate amount of five million and six hundred thousand United States dollars (USD 5 600 000) out of which approximately USD 4 million will be to cover taxes and duties.

### **Section C**

1. The Lead Project Agency shall be the Planning and Development Department of the Government of Punjab at the provincial level.
2. The following are designated as additional Project Parties: Government Line agencies such as the Agriculture and Livestock Departments, technical partners, District Line agencies, Vocational training Organization (VTO), Entrepreneurship Training Organization (ETO) and the Community Organizations, among others.
3. The Project Completion Date shall be the fifth anniversary of the date of entry into force of this Agreement.

### **Section D**

The Loan shall be administered and the Project supervised by the Fund.

### **Section E**

1. The following are designated as additional general conditions precedent to withdrawal:
  - (i) the Project Director shall have been duly appointed/designated in accordance with this Agreement and shall have taken office;
  - (ii) the Designated account and Project account shall have been opened;
  - (iii) a Project Implementation Manual (PIM) acceptable to the Fund shall have been approved and submitted to the Fund;
  - (iv) as provided in Section 4.02 (b) of the General Conditions, the first AWPB of the Project is submitted by the PMU and accepted by IFAD.
2. The following are the designated representatives and addresses to be used for any communication related to this Agreement:

For the Fund:

The President  
International Fund for Agricultural Development  
Via Paolo di Dono 44  
00142 Rome, Italy

For the Borrower:

Secretary,  
Economic Affairs Division  
Ministry of Economic Affairs  
and Statistics,  
C Block, Pak Secretariat,  
Islamabad, Pakistan

This Agreement, dated \_\_\_\_\_, has been prepared in the English language in six (6) original copies, three (3) for the Fund and three (3) for the Borrower.

\_\_\_\_\_  
For the Fund

\_\_\_\_\_  
For the Borrower

## Schedule 1

### *Project Description and Implementation Arrangements*

#### **I. Project Description**

1. *Target Population.* The target group of the Project will be landless casual labourers, smallholder farmers and women headed households in the districts of Bahawalnagar, Bahawalpur, Muzafargarh and Rajanpur (the "Project Area").

2. *Goal.* The overall goal of the project is to contribute to the reduction of poverty in Southern Punjab/Project area. 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.

3. *Objectives.* The objectives of the Project are: 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.

4. *Components.* The Project shall consist of the following Components:

4.1. **Component 1: Livelihoods Enhancement** consists of three sub-components:

4.1.1 Asset creation. This 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.

4.1.2. The second sub-component Vocational and entrepreneurial training is aimed at households with limited skills. It will be provided to men and women in relevant trades appropriate for productive employment or business development in the project districts. 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.

4.1.3. The third sub-component Community physical infrastructure is aimed at communities with limited access to basic services. 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.

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

4.2.1. The productivity enhancement initiatives sub-component has been designed to provide opportunities to the smallholder farmers 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.

4.2.2. The second sub-component is designed to transfer available technologies through the FFS methodology. This sub-component will be implemented through arrangements with agencies with previous experience of managing such farmer based schools at the village level.

4.2.3. 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.

**4.3. Project Management.** A *Project Steering Committee* (PSC) will be constituted which will be chaired by the Chairman of the Planning & Development Department of the Government of Punjab (GoPb).

4.3.1. 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.

4.3.2. District Management Units (DMUs) will be established for better coordination and management of project activities.

## **II. Implementation Arrangements**

5. *Lead Project Agency.* The Planning and Development Department of GoPb shall be the Lead Project Agency and shall have overall responsibility for Project implementation.

6. *Provincial Government.* Within GoPb, the Planning and Development Department through PSC and PMU shall have the overall responsibility for Project implementation. The Finance Department will have the responsibility for ensuring the flow of funds into the Designated account managed by the PMU.

7. *Flow of funds.* The loan funds will be channelled to a Designated account, denominated in United States dollars, which will be operated by the Project Director upon the authority of the borrower and GoPb (See Section B6). A Project account for local currency (see Section B7) will be opened and maintained by the Project Director. Transfer of funds from the Designated account to the Project account will be in accordance with the approved annual workplan and budget. GoPb shall transfer counterpart funds to cover duties and taxes and GoPb share of financing.

8. *Project Management Unit.* The PMU will be responsible for overall management, coordination, monitoring, and knowledge management. The PMU will have a Project Director, Specialists in the area of agriculture, livestock, enterprise development, gender and expertise in financial management, monitoring and evaluation. All specialist positions of the PMU shall be recruited on the basis of open competition. The Project Director and Specialists will be appointed subject to IFAD's no objection. The Project Director will be responsible for day-to-day financial management of the project including: funds disbursement, preparation of withdrawal applications, procurement, management of the accounts, financial reporting, and arrangement of audits. 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.

9. *Project Steering Committee.* The PSC will be headed by the Chairman of Planning and Development Board and will include the Senior Member Board of Revenues, the Secretaries of P&D, Agriculture, Livestock, Finance and Industries as well as the District Coordination Officers (DCOs) from the four project districts. The PSC may co-opt any other Member as required. The Project Management Unit will report directly to the PSC. The PSC will meet on as and when required basis but not later than every six months to discuss the issues and progress in implementation, monitoring and achievement of targets and resolve any issues that confront the implementing agencies.

10. *District Management Units.* The DMUs will include Assistant Directors for Agriculture, Livestock, Training & Enterprise Development, Gender, Monitoring & Evaluation and Finance. The DMUs will hold regular project coordination meetings at the district level in which all implementing partners will participate to discuss work plans, targets, performance, monitoring and reporting requirements, inter alia.

11. *Mid-Term Review.* The Economic Affairs Division, the lead Project Agency and the Fund shall jointly carry out a review of Project implementation no later than the end of Project Year 3 (the "Mid-Term Review") based on terms of reference prepared by the Lead Project Agency in consultation with the Economic Affairs Division and satisfactory to the Fund.

12. *Project Implementation Manual.* The Lead Project Agency shall prepare a draft Project Implementation Manual (PIM) acceptable to the Fund and submit same for approval to the Project Steering Committee. When so approved, a copy of the PIM shall be provided by the Lead Project Agency to the Fund. The PIM may be amended or otherwise modified from time to time only with the prior consent of the Fund.

13. *Implementation of Project Components.*

### 13.1 **Component 1: Livelihoods Enhancement**

13.1.1. *Community Organizations.* The Community Organizations will provide the institutional vehicle at the village level for project implementation. The key role of the COs under the project 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; and (v) supervision, monitoring and evaluation of all project activities.

13.1.2. *Social Mobilization Partner.* Social Mobilization Partner(s) - SMP(s), will be recruited through a competitive process and will be the main interface between the community and the project. The SMP(s) 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 and (vii) assist in project monitoring and evaluation.

13.1.3. *Vocational Training Organization (VTO) and Entrepreneurship Training Organization (ETO).* 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. Entrepreneurship training will be organized through a competitively procured Entrepreneurs Training Organization (ETO).

*13.1.4. Implementation of Community Physical Infrastructure (CPI).* The Community Organizations are expected to plan and implement CPI schemes through self arrangements under guidance from the Social Mobilization Partner(s). However if required, concerned line Departments of Government of Punjab or small local contractors will be hired to provide technical services and skilled masonry and other civil works for the community physical infrastructure schemes.

### **13.2. Component 2: Agriculture and Livestock Development**

*13.2.1. Project Management Unit.* The component will be implemented by the Project Management Unit with technical assistance of Government Agriculture and Livestock Departments of GoPb and private sector providers where required.

*13.2.2. Community Organizations and the SMP(s).* The COs and the Social Mobilization Partner(s) will play a key role in the participatory selection of the beneficiaries under the productivity enhancement initiatives.

*13.2.3. Government 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.

*13.2.4. Specialized training Institutes.* Special arrangements will be made with training institutes like the University of Veterinary and Animal Sciences (Lahore), the Faculty of Veterinary Science, Islamia University, Bahawalpur or any other suitable institutes to provide specialised training to the selected candidates for Diploma courses.

*13.2.5. Farmer Associations and Networks.* Farmer Field Schools will be organized through local farmer associations skilled in conducting Farmer Field Schools through organizations.

### **13.3. Component 3: Project Management**

*13.3.1. Planning & Development Department.* The lead Project 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 for the overall performance of the project. The P&D Department will convene PSC meetings as and when required but not later than every six months.

*13.3.2. Finance Department.* The Finance Department of the Government of Punjab will have the responsibility for ensuring the smooth flow of funds to the Project Account of the PMU and will support and guide the PMU on all financial, accounting and audit matters.

*13.3.3. Agriculture and Livestock Departments.* The Agriculture and Livestock Departments of Punjab will be key partners in the Project.

*13.3.4. District Coordination Officers.* District Coordination Officers from each of the four Project districts will be represented on the PSC.

## Schedule 2

### Allocation Table

1. *Allocation of Loan Proceeds.* (a) The Table below sets forth the Categories of Eligible Expenditures to be financed by the Loan and the allocation of the amounts of the Loan to each Category and the percentages of expenditures for items to be financed in each Category:

Category	Loan Amount Allocated (expressed in SDR)	Percentage of eligible expenditures to be Financed
I. Civil Works / Community Infrastructures	<b>6 235 000</b>	100% of total expenditures net of beneficiaries' contributions
II. Vehicles	<b>140 000</b>	100% of total expenditures net of taxes or 87% of total expenditures
III. Equipment and Materials	<b>2 445 000</b>	100% of total expenditures net of taxes and net of beneficiaries' contributions or 93% of total expenditures
IV. Technical Assistance, Trainings and Studies	<b>6 490 000</b>	72% of total expenditures
V. Grants to Beneficiaries	<b>6 900 000</b>	85% of total expenditures
VI. Salaries and Allowances	<b>985 000</b>	67% of total expenditures
VII. Incremental Operating Costs	<b>520 000</b>	77% of total expenditures
Unallocated	<b>2 635 000</b>	
<b>TOTAL</b>	<b>26 350 000</b>	

(b) The terms used in the Table above are defined as follows:

Category I. Civil Works/Community Infrastructures provides for drinking water supply schemes; irrigation schemes; integrated water efficient irrigation projects; drainage and sanitation; access roads and minor structures; innovation technologies.

Category II. Vehicles provides for the motor cars and motorcycles needed for mobility of project staff.

Category III. Equipment and Materials provides for the equipment for vocational and entrepreneurial Trainees; equipment for trained service providers such as female veterinary assistants and veterinary assistants; office equipment for project management unit.

Category IV. Technical Assistance, Trainings and Studies provides for payments for NGO partners; short-term consultants; vocational training costs; entrepreneurial training costs; business incubation support; payments to business development services association; technology transfer; payments to farmer field association; training of service providers for example para vets and veterinary assistants; studies such as gender assessment, impact studies and knowledge management.



Category V. Grants to Beneficiaries provides for asset creation grants such as small ruminants, poultry packages and land; production enhancement initiatives.

Category VI. Salaries and Allowances provides for remuneration and facilitation costs for Project Management Unit staff as well costs for project staff assigned to the District Management Units.

Category VII. Incremental Operating Costs covers rent for project offices, utilities, stationery costs, vehicles running costs and other costs that are of a facilitation nature and cannot be directly charged to one of the above investment expenditure categories.

Unallocated is not a disbursing category; these funds can be reallocated to disbursing categories that may run-out of funds during the course of project implementation, upon written request by the Borrower.

## **Key reference documents**

### **Country reference documents**

Vision 2030

Medium-Term Development Framework 2005-2010

Poverty reduction strategy paper II

### **IFAD reference documents**

Project design report (PDR) and key files

COSOP

Administrative Procedures on Environmental Assessment

## Logical framework

Narrative Summary	Verifiable Indicators	Means of Verification	Assumptions/Risks/Remarks
<b>Goal</b> Contribute to the reduction of poverty in Southern Punjab	<ul style="list-style-type: none"> <li>• % reduction in poverty levels in project districts</li> <li>• No. of households with improvement in household assets</li> <li>• % reduction in the prevalence of child malnutrition</li> </ul>	<ul style="list-style-type: none"> <li>• Poverty Score Cards</li> <li>• Representative household impact surveys at project baseline and completion</li> </ul>	Political and economic stability and security.
<b>Purpose</b> Increase incomes of poor rural households by enhancing the employment potential of the people and increasing agriculture productivity and production	<ul style="list-style-type: none"> <li>• Number of households with increase in incomes</li> <li>• % of households graduate to higher bands as per poverty score card approach</li> </ul>	Pakistan Social and Living Standards Measurement Survey (PSLM) by the FBS.	<ul style="list-style-type: none"> <li>• No major natural disasters, and/or responsiveness to post-disaster recovery needs.</li> <li>• No significant outbreak of livestock or poultry disease in the project districts.</li> </ul>
<b>Outputs</b> 1. Livelihoods enhancement: enhanced capacity for sustainable livelihoods through asset creation, enhanced capacity for employment and productive self-employment; enhanced access to basic services through CPI	<i>Outcomes in italics</i> <ul style="list-style-type: none"> <li>• No of women provided poultry packages</li> <li>• No of women provided ruminant packages</li> <li>• No of women provided with land plots</li> <li>• % of households with increased incomes and asset by PY5</li> <li>• No of men and women provided training</li> <li>• No of participants with new employment</li> <li>• No of business development associations established at the district level.</li> <li>• No of CPI schemes supported (by type)</li> <li>• % of CPI scheme with O&amp;M mechanism</li> </ul>	<ul style="list-style-type: none"> <li>• Participatory monitoring reports</li> <li>• Progress reports</li> <li>• Impact assessment</li> </ul>	Availability of transferable land in the selected communities.
2. Agriculture & Livestock Development: increased productivity and production, strengthened local capacity for service provision	<ul style="list-style-type: none"> <li>• No of farmers received direct crop &amp; livestock support</li> <li>• No of participants in FFS by gender</li> <li>• No of people adopted improved agricultural technologies</li> <li>• No of female para-vets and FVA trained</li> <li>• No of community service providers trained and hired by COs</li> </ul>	Quarterly and Annual Progress Reports.	Social and cultural barriers that prevent women from entering non-traditional fields
3. Project management: project efficiently managed, monitored	<ul style="list-style-type: none"> <li>• Timely recruitment of competent staff</li> <li>• Gender Ratio of PMU staff (30% women)</li> <li>• Disbursement Rate according to schedule</li> <li>• Periodic reports, studies, workshops &amp; other events</li> </ul>	<ul style="list-style-type: none"> <li>• Project reports</li> </ul>	<ul style="list-style-type: none"> <li>• Project staff is recruited on merit and retained for the duration of the project.</li> <li>• Difficulty in recruiting staff in the prevailing context.</li> </ul>
<b>Activities</b> 1. Livelihoods enhancement: (i) asset creation; (ii) vocational and entrepreneurial training; (iii) community physical infrastructure 2. Agriculture and livestock development: (i) productivity enhancement initiatives; (ii) technology transfer; (iii) training of service providers 3. Project management			