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Investing in rural people

## **President's report**

### **Proposed loan and grant**

#### **Islamic Republic of Pakistan**

#### **Gwadar-Lasbela Livelihoods Support Project II**

Project ID: 2000002331

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

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**For: Approval**

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### Project delivery team

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## Abbreviations and acronyms

|        |   |
|--------|---|
| 4Ps    | public-private-producer partnerships                    |
| AWP/B  | annual workplan and budget                              |
| CDD    | community-driven development                            |
| CO     | community organization                                  |
| CPEC   | China-Pakistan economic corridor                        |
| CPI    | community physical infrastructure                       |
| FAO    | Food and Agriculture Organization of the United Nations |
| GLLSP  | Gwadar-Lasbela Livelihoods Support Project              |
| IFAD11 | Eleventh Replenishment of IFAD's Resources              |
| M&E    | monitoring and evaluation                               |
| PC-1   | government project document                             |
| PMU    | project management unit                                 |
| PSC    | poverty score card                                      |
| SDG    | Sustainable Development Goal                            |
| SMP    | social mobilization partner                             |
| UCDP   | union council development plan                          |
| VO     | village organization                                    |
| WFP    | World Food Programme                                    |

## Map of the project area



The designations employed and the presentation of the material in this map do not imply the expression of any opinion whatsoever on the part of IFAD concerning the delimitation of the frontiers or boundaries, or the authorities thereof.

IFAD Map compiled by IFAD | 02-10-2019

## Financing summary

|  |   |
|--|---|
| <b>Initiating institution:</b>             | IFAD  |
| <b>Borrower/recipient:</b>                 | Islamic Republic of Pakistan                                      |
| <b>Executing agency:</b>                   | Planning and Development Department,<br>Government of Balochistan |
| <b>Total project cost:</b>                 | US\$72.801 million  |
| <b>Amount of IFAD loan:</b>                | US\$60.155 million  |
| <b>Terms of IFAD loan:</b>                 | Blend   |
| <b>Amount of IFAD grant:</b>               | US\$3 million   |
| <b>Contribution of borrower/recipient:</b> | US\$8.654 million   |
| <b>Contribution of beneficiaries:</b>      | US\$0.992 million   |
| <b>Amount of IFAD climate finance:</b>     | US\$9.935 million   |
| <b>Cooperating institution:</b>            | IFAD  |

## Recommendation for approval

The Executive Board is invited to approve the recommendation contained in paragraph 59.

### I. Context

#### A. National context and rationale for IFAD engagement

##### National context

1. The Islamic Republic of Pakistan is a lower-middle-income country whose services sector accounts for 59 per cent of its economy, followed by agriculture (21 per cent) and industry (20 per cent). Ranked 23<sup>rd</sup> in terms of fragility (among the 178 states rated), Pakistan is the world's sixth most populous country, with a population of 207 million. Sixty per cent of the population lives in rural areas, 29 per cent live below the poverty line and 38 per cent are employed in agriculture.
2. Pakistan ranks 150<sup>th</sup> out of 189 countries on the Human Development Index and 148<sup>th</sup> (out of 149 countries) on the Global Gender Gap Index 2018. Pakistan is also positioned 77<sup>th</sup> (out of 113 countries) on the Global Food Security Index. Nearly 37 per cent of the country's population faces food insecurity, and the stunting rate is 40.2 per cent. One in seven women are underweight.
3. Demographically, 64 per cent of the nation is below the age of 30, and 29 per cent is aged 15–29. Only 32 per cent of young people are literate, and only 6 per cent have any technical skills.
4. Pakistan's Vision 2025 and the newly launched Ehsaas programme commits the country to attainment of the Sustainable Development Goals (SDGs).

##### Special aspects related to IFAD's corporate mainstreaming priorities

5. In line with Eleventh Replenishment of IFAD's Resources (IFAD11) mainstreaming commitments, the project has been validated as:
  - Including climate finance;
  - Nutrition-sensitive;
  - Youth-sensitive.

##### Rationale for IFAD engagement

6. The proposed project is the second phase of the IFAD-funded Gwadar-Lasbela Livelihoods Support Project (GLLSP) (completed in September 2019), which covers two districts (Gwadar and Lasbela) in the Balochistan province. Geographically, Balochistan is the largest province in Pakistan (covering 44 per cent of the land mass) but has the smallest population (6 per cent). The province is 80 per cent rural, with a poverty rate as high as 75 per cent and more than 40 per cent of its population in the under-25 age group. The target districts have high levels of poverty. The area is predominantly rural, with households (around 133,000 in total) depending primarily on unsustainably exploited agriculture, livestock and fishery resources. Women in particular are socially and economically disadvantaged, and the present status of nutrition and food security is alarming. Investments in the development of youth skills remain low. There is considerable potential for fisheries, livestock, agricultural and youth skills development, given the right combination of infrastructure, institutional and value chain investments.
7. The proposed project is aimed at consolidating the results already achieved. The first phase physically covered 90 per cent of the villages in the Gwadar and Lasbela districts, having established a network of over 3,500 community organizations

(COs). The project developed highly successful models for community-driven development (CDD); however, holistic coverage was constrained by inadequate resources, non-institutionalization of community development and gaps in poverty graduation. The available community network offers a foundation for full coverage and addressing gaps with appropriate adjustments, based on lessons learned and, more importantly, evolving approaches to poverty graduation. Fisheries value chain development, institutionalization of community development, poverty graduation (with a focus on youth and women) and climate change resilience are some of the key features of GLLSP-II.

8. The experience of the other ongoing IFAD-funded projects (i.e. the National Poverty Graduation Programme and the Southern Punjab Poverty Alleviation Project) has been fed into the design, and mainstreaming priorities (nutrition, food security and climate change) will be implemented in close collaboration with the Rome-based agencies (the Food and Agriculture Organization of the United Nations [FAO] and the World Food Programme [WFP]).

## B. Lessons learned

9. The main lessons learned during the implementation of GLLSP-I and other IFAD projects elsewhere in the country can be summarized as follows:

| <i>Lesson</i>   | <i>Design response</i>  |
|---|---|
| Longer-term engagement with the poor and resource commitment are needed for sustainable poverty alleviation.                            | Scaling up successful models piloted under GLLSP-I and institutionalization of participatory rural development.   |
| CO-centered community physical infrastructure (CPI) often does not reflect overall village needs and priorities.                        | CPI will be prioritized from a whole-village perspective, with higher allocation per CPI for enhanced impact and development of efficient operation and maintenance.                    |
| Capacity and process issues in the design and implementation of jetties and support infrastructure led to slow progress during phase 1. | Enhanced design and implementation capacity over the past few years under the China-Pakistan economic corridor (CPEC) to be proactively sourced and combined with technical assistance. |
| Project start-up delays due to delays in the government project document (PC-I) formulation and approval.                               | Early preparation of PC-I with IFAD technical support.  |

## II. Description

### A. Objectives, geographical area of intervention and target groups

10. **Project development objective.** Sustainably increase the income and improve the livelihoods of poor rural fishers and agricultural households in the project area.
11. **Project coverage and duration.** The project will cover two districts in Balochistan, Gwadar and Lasbela, directly benefitting around 100,000 households out of a total of 133,087 over a six-year period (2020–2025).
12. **Project area.** The project will cover 400 villages in 45 union councils of the Gwadar and Lasbela districts. The current fisheries value chain, which is the predominant subsector providing livelihoods to the majority of households in the project area, is characterized by constrained access to the sea, high wastage and exploitation by middlemen. Other important sources of livelihood are irrigated and rainfed agriculture, livestock and day labour. The livestock sector suffers from low production, poor husbandry and the absence of extension support. Agricultural value chains are also fragmented and characterized by low productivity. Most villages in the target districts still suffer from basic infrastructure deficits, poor market linkages and lack of access to credit.
13. **Target groups.** The project's primary target groups are ultra-poor and poor (0-40 according to the poverty score card [PSC]) rural households in the two districts. Around 100,000 poor households (PSC 0-40) will benefit from a range of

interventions that helps them graduate to levels of enhanced economic well-being. Women and youth will be particularly targeted, providing them with remunerative skills, training for enterprise development and access to financing. Around 50,000 small-scale fishers will be organized into cooperatives, boosting their income through sustainable fishing. The private sector will be engaged to enter into win-win public-private-producer partnerships (4Ps) with fishers and crop/livestock producers. The capacity of partner departments in terms of policy, regulations and delivery will be strengthened.

14. **IFAD alignment.** The project is aligned with IFAD's Strategic Framework 2016–2025 and its three strategic objectives, namely: (i) increase poor rural people's productive capacities; (ii) increase poor rural people's benefits from market participation; and (iii) strengthen the environmental sustainability and climate resilience of poor rural people's economic activities. It also responds to IFAD11 corporate priorities. The project objectives and interventions are also in line with the strategic objectives and results framework of the Pakistan COSOP (2016–2021).

## **B. Components, outcomes and activities**

15. The project will have the following components: (i) community development; (ii) fisheries value chain development; and (iii) project management and policy support.
16. **Component 1 – Community development (US\$29 million)** aims at enabling rural communities to sustainably improve their livelihoods. It has three subcomponents: (1.1) social mobilization, which will engage target beneficiary households with the help of a social mobilization partner (SMP) and prepare 45 union council development plans (UCDPs); (1.2) poverty graduation, which will focus on the provision of productive assets to the ultra-poor, technical and enterprise training for the poor, women's empowerment and youth employment; and (1.3) social and economic infrastructure, which will address the priorities identified through the UCDPs (800 CPIs) and include the construction of farm-to-market roads. The component also has specific interventions to increase climate-smart agriculture and household nutrition improvements in collaboration with FAO and WFP.
17. **Component 2 – Fisheries value chain development (US\$39.7 million)** is aimed at boosting the income of small fishing communities (50,000 fishers). Subcomponent 2.1, the 4P business framework, will be established at 30 landing sites, involving professionally run fishing household cooperatives, private sector-led factories, middlemen and banks and the Department of Fisheries. Small boats will be upgraded, and youth from poor households will be provided with training and credit to become successful fishers. Women from fishing families will be engaged through women's resource centres and provided with income-generation skills, including fish and fish-product processing, fish grading and packaging, fishnet making, etc. The overall aim is to improve the quality of the fish catch reaching factories, reduce wastage, expand marketing avenues and sustainably manage fish resources. The banking sector will be engaged for the financial inclusion of fishers. Subcomponent 2.2 will support the construction of three jetties and allied infrastructure at priority sites. Eight landing platforms will be better linked to processing and market facilities and trunk road infrastructure through access roads. Subcomponent 2.3 will strengthen the policymaking and regulatory capacity of the Department of Fisheries for sustainable management of fisheries resources and the delivery of effective services.
18. **Component 3 – Project management and policy support (US\$3.99 million)** includes the establishment of a project management unit (PMU) at Quetta, with two project implementation units (one each at Gwadar and Lasbela) and the provision of technical assistance to the provincial government in the domains of



project relevance (including youth development), nutrition and food security, climate change resilience, sustainable fisheries, institutionalization of the CDD approach and exposure to best practices (through South-South and Triangular Cooperation).

### **C. Theory of change**

19. GLLSP-II's theory of change is to increase incomes and reduce poverty among smallholder farmers and fishers. Beneficiaries graduate to the next level of economic well-being through productive assets and capacities, while infrastructure and improved market access will help boost income. The fisheries value chain will help fishers reduce fish catch waste and increase their income through improved capacities, a well-functioning value chain and improved landing site infrastructure.
20. The underlying assumptions are: communities in almost all target union councils have existing COs/village organizations (VOs) to become more inclusive; a flexible and responsive set of interventions for poverty graduation; a gender-sensitive approach; the provision of adequate resources, ensuring the mainstreaming of priorities; and organization into cooperatives, infrastructure management and collective bargaining.

### **D. Alignment, ownership and partnerships**

21. GLLSP-II objectives, interventions and outcomes are closely aligned with: (i) the Government of Balochistan's socio-economic development priorities; (ii) at least seven SDGs, including No Poverty (SDG 1), Zero Hunger (SDG 2), Gender Equality (SDG 5), Clean Water and Sanitation (SDG 6), Affordable and Clean Energy (SDG 7), Reduced Inequalities (SDG 10) and Climate Action (SDG 13); (iii) the Government of Pakistan's Vision 2025 goals of reduced poverty, improved water storage and sanitation, reduced food insecurity and increased road density; (iv) the National Poverty Graduation Initiative (Ehsaas); (v) IFAD's Strategic Framework 2016–2025; and (vi) the envisaged objectives of the CPEC/Belt and Road Initiative of the People's Republic of China.
22. **FAO and WFP partnership.** GLLSP-II will take advantage of FAO's and WFP's respective expertise in on-farm climate resilience and household nutrition and food security.

### **E. Costs, benefits and financing**

#### **Costs**

23. Total project costs are US\$72.801 million, to be invested over six years. IFAD will provide a loan of US\$60.155 million on blend terms from the IFAD11 performance-based allocation system, and an IFAD grant of US\$3 million. Contributions from the Government of Balochistan and beneficiaries will be US\$8.654 million and US\$0.992 million, respectively.
24. Project components 1 (Community development) and 2 (Fisheries value chain development) are partially counted as climate finance. As per the Multilateral Development Banks Methodologies for Tracking Climate Adaptation and Mitigation Finance, the total amount of IFAD climate finance for this project is preliminarily calculated at US\$9.935 million.

Table 1  
**Project costs by component and financier**  
(Thousands of United States dollars)

| Component                                | IFAD loan     |           | IFAD grant   |          | Beneficiaries |            |          | Borrower/counterpart |              |           | Total         |
|--|---------------|-----------|--------------|----------|---------------|------------|----------|----------------------|--------------|-----------|---------------|
|  | Amount        | %         | Amount       | %        | Cash          | In-kind    | %        | Cash                 | In-kind      | %         | Amount        |
| 1. Community development                 | 24 429        | 84        | 2 490        | 9        | -             | 778        | 3        | -                    | 1 340        | 5         | 29 037        |
| 2. Fisheries value chain development     | 32 497        | 82        | 440          | 1        | -             | 214        | 1        | -                    | 6 626        | 17        | 39 778        |
| 3. Project management and policy support | 3 228         | 81        | 70           | 2        | -             | -          | -        | -                    | 689          | 17        | 3 987         |
| <b>Total</b>                             | <b>60 155</b> | <b>83</b> | <b>3 000</b> | <b>4</b> | <b>-</b>      | <b>992</b> | <b>1</b> | <b>-</b>             | <b>8 654</b> | <b>12</b> | <b>72 801</b> |

Table 2  
**Project costs by expenditure category and financier**  
(Thousands of United States dollars)

| Expenditure category                          | IFAD loan     |           | IFAD grant   |          | Beneficiaries |            |          | Borrower/counterpart |              |           | Total         |
|---|---------------|-----------|--------------|----------|---------------|------------|----------|----------------------|--------------|-----------|---------------|
|   | Amount        | %         | Amount       | %        | Cash          | In-kind    | %        | Cash                 | In-kind      | %         | Amount        |
| <b>Investment Costs</b>                       |               |           |              |          |               |            |          |                      |              |           |               |
| A. Civil works / community infrastructure     | 25 210        | 86        | -            | -        | -             | 790        | 3        | -                    | 3 261        | 11        | 29 261        |
| B. Vehicles                                   | 231           | 61        | -            | -        | -             | -          | -        | -                    | 148          | 39        | 379           |
| C. Computers and equipment                    | 109           | 12        | -            | -        | -             | -          | -        | -                    | 783          | 88        | 893           |
| D. Technical assistance, training and studies | 3 957         | 55        | 2 784        | 39       | -             | 101        | 1        | -                    | 313          | 4         | 7 155         |
| E. Grants and subsidies                       | 26 002        | 88        | 216          | 1        | -             | 101        | 0.3      | -                    | 3 243        | 11        | 29 562        |
| <b>Recurrent Costs</b>                        |               |           |              |          |               |            |          |                      |              |           |               |
| A. Salaries and allowances                    | 1 700         | 95        | -            | -        | -             | -          | -        | -                    | 81           | 5         | 1 781         |
| B. Operating costs                            | 2 946         | 78        | -            | -        | -             | -          | -        | -                    | 825          | 22        | 3 771         |
| <b>Total</b>                                  | <b>60 155</b> | <b>83</b> | <b>3 000</b> | <b>4</b> | <b>-</b>      | <b>992</b> | <b>1</b> | <b>-</b>             | <b>8 654</b> | <b>12</b> | <b>72 801</b> |

Table 3  
**Project costs by component and year**  
(Thousands of United States dollars)

| Component/<br>activities                        | PY1           |           | PY2           |           | PY3           |           | PY4          |           | PY5          |           | PY6          |          | Total         |
|---|---------------|-----------|---------------|-----------|---------------|-----------|--------------|-----------|--------------|-----------|--------------|----------|---------------|
|   | Amount        | %         | Amount        | %         | Amount        | %         | Amount       | %         | Amount       | %         | Amount       | %        | Amount        |
| <b>1. Community development</b>                 |               |           |               |           |               |           |              |           |              |           |              |          |               |
| Capacity-building for participatory development | 164           | 42        | 82            | 21        | 90            | 23        | 42           | 11        | 9            | 2         | -            | -        | 387           |
| Youth employment                                | 348           | 13        | 886           | 33        | 966           | 36        | 452          | 17        | -            | -         | -            | -        | 2 653         |
| Asset transfer                                  | 1 354         | 21        | 2 582         | 41        | 2 414         | 38        | -            | -         | -            | -         | -            | -        | 6 350         |
| Women's empowerment                             | 126           | 14        | 318           | 36        | 245           | 28        | 198          | 22        | -            | -         | -            | -        | 887           |
| Farm-to-market roads                            | 1 688         | 25        | 3 364         | 50        | 1 691         | 25        | -            | -         | -            | -         | -            | -        | 6 742         |
| Community physical infrastructure               | 752           | 10        | 2 733         | 38        | 2 654         | 37        | 1 036        | 14        | 2            | 0.03      | -            | -        | 7 176         |
| Collaborative interventions                     | 417           | 17        | 476           | 19        | 489           | 20        | 427          | 17        | 450          | 18        | 231          | 9        | 2 490         |
| Social mobilization support                     | 335           | 14        | 790           | 34        | 830           | 35        | 394          | 17        | 1            | 0.06      | -            | -        | 2 351         |
| <b>2. Fisheries value chain development</b>     |               |           |               |           |               |           |              |           |              |           |              |          |               |
| Jetties and allied infrastructure               | 123           | 1         | 3 070         | 34        | 5 721         | 63        | 72           | 1         | 70           | 1         | 70           | 1        | 9 126         |
| Fisheries value chain development               | 2 097         | 9         | 3 811         | 17        | 2 155         | 10        | 4 103        | 19        | 8 095        | 37        | 1 864        | 8        | 22 125        |
| Fish market access roads                        | 1 691         | 26        | 3 242         | 49        | 1 628         | 25        | -            | -         | -            | -         | -            | -        | 6 561         |
| Capacity-building – dep. of fisheries           | 1 211         | 81        | 290           | 19        | -             | -         | -            | -         | -            | -         | -            | -        | 1 502         |
| Hatcheries and innovative aquaculture           | -             | -         | 101           | 22        | 110           | 24        | 121          | 26        | 132          | 28        | -            | -        | 464           |
| <b>3. Project management and policy support</b> |               |           |               |           |               |           |              |           |              |           |              |          |               |
| Project management                              | 1009          | 27        | 513           | 14        | 534           | 14        | 535          | 14        | 550          | 15        | 553          | 15       | 3 694         |
| Institutional development support               | 40            | 13        | 43            | 15        | 46            | 16        | 50           | 17        | 54           | 19        | 60           | 21       | 293           |
| <b>Total</b>                                    | <b>11 354</b> | <b>16</b> | <b>22 301</b> | <b>31</b> | <b>19 574</b> | <b>27</b> | <b>7 430</b> | <b>10</b> | <b>9 363</b> | <b>13</b> | <b>2 779</b> | <b>4</b> | <b>72 801</b> |

### **Financing and cofinancing strategy and plan**

25. The project will be financed through an IFAD loan in the amount of US\$60.155 million (83 per cent), on blend terms, from the current performance-based allocation system. In addition, an IFAD grant of US\$3 million (4 per cent) will be provided for all technical assistance for policy, regulation and institutionalization of CDD. The Government of Balochistan will contribute US\$8.654 million (12 per cent) as counterpart financing. Beneficiaries will contribute US\$0.992 million (1 per cent) in matching cash, in-kind materials, land and labour.

### **Disbursement**

26. Once disbursement conditions are met, IFAD will release an advance payment equivalent to six months of eligible expenditures according to the first annual workplan and budget (AWP/B). Subsequent disbursements will be requested by the PMU through the submission of withdrawal applications, supported by expenditure statements. The Government of Balochistan will reflect the counterpart funding obligations in its annual development budget.

### **Summary of benefits and economic analysis**

27. GLLSP-II will accrue benefits for nearly 100,000 households, at least 50 per cent of which are poor (PSC 0-40), and over 50 per cent are headed by women. A total of 50,000 ultra-poor and poor households will benefit from poverty graduation interventions to move to the next level of economic well-being. CPIs will directly benefit around 76,000 households, while the 160 km farm and fish market access roads will benefit 16,000 households. In addition, 50,000 small-scale fishers will benefit from fisheries infrastructure and value chain interventions. Around 50 per cent of the total beneficiaries will be from ordinary households.
28. The financial analysis of the GLLSP-II investment over a 20-year period indicates a positive net present value of US\$40.6 million, while the internal rate of return is noted to be 20.96 per cent – well above the discount rate of 11.17 per cent. The economic internal rate of return of 29.05 per cent shows the viability of the proposed project investment, while the net present value is US\$73.74.

### **Exit strategy and sustainability**

29. **Exit strategy.** Several elements have been developed that will lead to an organized exit. This includes: (i) use of existing structures and arrangements; (ii) use of social capital (COs/VOs/local support organizations); (iii) the provincial government's creation of an institutionalized mechanism; and (iv) strengthening the fisheries value chain through 4Ps.
30. **Key factors of project sustainability.** Key factors of sustainability for the project interventions are: (i) the permanent presence of three-tier CO/VO structures and support organizations; (ii) linkages of communities with the Government's Ehsaas interventions; (iii) communities take ownership of rural infrastructure; (iv) a 4P approach to fisheries value chain development, fisheries resource policy for sustainable management and the introduction of climate-resilient agriculture; and (v) road maintenance by the Construction and Works Department through the regular budget.

## **III. Risks**

### **A. Risks and mitigation measures**

31. **Inherent risks.** GLLSP-II faces certain inherent risks that categorize the project as "moderate". The country's inherent fiduciary risk rating continues to be "moderate". Pakistan ranks 117<sup>th</sup> out of 180 countries, according to the 2018 Corruption Perceptions Index. Balochistan has experienced security issues over the past few years.

32. **Operational risks.** The table below lists the operational risks and the mitigation measures that can be adopted to address them:

Table 4  
Risks and mitigation measures

| <i>Risks</i>                   | <i>Risk rating</i> | <i>Mitigation measures</i>  |
|--------------------------------|--------------------|---|
| Political/governance           | Medium             | Project support to lower tiers of governance (subdistrict level) to strengthen decentralization.                                      |
| Macroeconomic                  | Medium             | Under an agreement with the International Monetary Fund, the Government introduced the necessary measures.                            |
| Sector strategies and policies | Low                | Government focuses on poverty reduction and social safety – IFAD among the key contributors to the new poverty graduation initiative. |
| Institutional capacity         | Medium             | Strong SMPs and improved technical capacities through technical assistance.   |
| Portfolio                      | Low                | On track.   |
| Fiduciary                      |                    |   |
| Financial management           | Medium             | Timely hiring of qualified finance staff, procurement of adequate accounting software and counterpart funding.                        |
| Procurement                    | Medium             | Dedicated procurement team in PMU and use of community procurement.   |
| Environment and climate        | Medium             | Mitigation plans developed with adequate resource allocation.   |
| Social                         | Low                | Greater and equitable participation of communities in project activities.   |
| Other specific risks           | Medium             | Project-related technical capacities will be developed.   |
| <b>Overall</b>                 | Medium             | A holistic approach, combined with resource allocation, collaboration between Rome-based agencies and policy engagement.              |

## **B. Environment and social category**

33. No population displacement or involuntary ceding of productive land is foreseen for project activities. Approval of all road alignments and design will be subject to an environmental screening process. The environment and social category of this project is B.

## **C. Climate risk classification**

34. The project area's climate is generally arid, with low annual rainfall. Large swathes of area along the coast received no rain in the period 2013–2018. The area is also prone to flash floods when it does rain. Coastal areas are also subject to cyclones and high winds, particularly during the monsoon season. Current projections indicate a high probability of rising surface temperatures in the project area over the next 30 years and an erratic rain pattern. The project's approach and interventions are aimed at improving communities' resilience to climate change. The project is classified as a high-risk project.

## **D. Debt sustainability**

35. By the end of the second quarter of 2019, Pakistan's external debt had increased to US\$106.3 billion, up from US\$105.8 billion at the end of the first quarter. The increase in external debt is the Government's short-term solution to meeting its international debt obligations and is a sign that the Government is unable to find sufficient non-debt inflows. In May 2019, Pakistan accepted a US\$6 billion bailout from the International Monetary Fund to support its weak economy and increased debt.

## IV. Implementation

### A. Organizational framework

#### Project management and coordination

36. The Government of Pakistan's Economic Affairs Division will be the coordinating agency at federal level while the Government of Balochistan's Planning and Development Department will be the executing agency. A provincial project steering committee, chaired by the additional chief secretary, will be the oversight and governance mechanism. A PMU, headed by a project director and accountable to the project steering committee, will be responsible for the planning, coordination, financial management, procurement and monitoring and evaluation (M&E) functions of the project's activities. The existing GLLSP-I PMU will be transitioned after an assessment. The SMP(s), to be competitively selected, will implement the community development component, while road construction will be handled by the Construction and Works Department. The implementing partner(s) will notify a designated focal point/activity manager at departmental and district levels. The project implementation manual will be distributed at project start-up.

#### Financial management, procurement and governance

37. The overall financial management risk is moderate. Previous projects in Balochistan have experienced delays in appointing finance staff, which negatively impacted their financial management. For GLLSP-II, a capable finance team headed by a finance manager will be working in the PMU to manage project budgets and finances. The PMU in Quetta will have full responsibility for the project's financial management.
38. **Flow of funds.** The project will establish separate designated accounts for IFAD loan, grant and government counterpart funds. The beneficiaries' contributions will be recorded and reported by the SMP. The PMU will maintain updated information on the use of all sources of funds, including the beneficiaries' contributions, in its accounting system.
39. The PMU will prepare the AWP/Bs, which will serve as main instrument for financial management, expenditure control, reporting and fund releases, and they will be shared with IFAD for no objection by the end of March for the financial year beginning in June of that same year.
40. Suitable accounting software with the capacity to manage separate activity accounts will be procured and installed up front. Internationally recognized accounting standards will be followed. The accounts will be maintained in accordance with General Financial Rules, suitably adjusted to reflect the multisector, participatory nature of the project.
41. **Internal audit.** Lack of internal audit has affected previous projects and resulted in weak monitoring at the provincial level and several internal control issues. The services of an auditing firm must be engaged for regular internal audits to supplement the work of the external audit. The auditing firm will submit quarterly reports on the activities of the SMP and implementing partners.
42. **Audit.** The audit of project accounts will be performed within three months of the close of the financial year by the Auditor General of Pakistan through its provincial director-general in Quetta. The auditing standards adopted must be acceptable to IFAD. The report of each audit will be conveyed to the Planning and Development Department and IFAD within six months of the end of the financial year.
43. **Procurement.** Project procurement will conform to the Balochistan Public Procurement Regulatory Authority Act, insofar as they are consistent with IFAD'S Project Procurement Guidelines and the financing agreement. GLLSP-II will have a dedicated procurement wing that reports to the project director. The first project

procurement plan will be for a period of 18 months and be included in the project implementation manual and the first AWP/B.

## **B. Planning, monitoring and evaluation, learning, knowledge management and communications**

44. A baseline survey will be conducted by a third party to benchmark key results and outcome indicators.
45. The AWP/B will be the main instrument for project planning and implementation and will follow the project's logical framework format with clearly defined monitoring indicators.
46. **Quarterly and annual planning and progress reviews.** The PMU will conduct regular quarterly and annual planning and progress reviews to take stock of existing progress and plan for the next quarter's and next year's work. The project steering committee will meet twice a year to review progress and approve the plan.
47. **Monitoring and evaluation.** Project results will be measured at output, outcome and results levels against indicators provided in the project's logical framework. An M&E plan will serve as the basis for annual M&E activities. Insofar as possible, all indicators will be disaggregated by gender.
48. Apart from the regular internal M&E of project interventions, quality and impacts, GLLSP-II will conduct periodic impact assessment studies for key interventions with internal resources and external assistance, if need be.
49. A PMU M&E staff member will be responsible for developing a project knowledge management and communication strategy within the first six months of project implementation. The knowledge management strategy will adhere to IFAD's newly released Knowledge Management Strategy (EB 2019/126/R.2/Rev.1). The project will create provincial knowledge-sharing platforms through annual events. The IFAD Country Office will facilitate close lesson-learning and sharing of experiences between GLLSP-II and other IFAD-funded projects in the country.

### **Innovation and scaling up**

50. The current project design contains innovative features to improve the participatory, holistic approach to the socio-economic development of poor rural union councils. GLLSP-II will also demonstrate the viability of an institutionalized system for the transfer of development funding to COs/VOs. The project design also attempts to develop a 4Ps value chain for the fisheries sector that engages fishers, the Government and the private sector. Finally, GLLSP-II will pilot some innovative technology-based approaches for improving rural smallholder farmers' and fishers' access to finance and markets through e-financing and e-commerce.

## **C. Implementation plans**

### **Implementation readiness and start-up plans**

51. The Government of Balochistan will retain the existing GLLSP-I PMU until 31 March 2020 for the completion of a number of preparatory activities (youth survey, jetty feasibility, business plan development for existing cooperatives, project steering committee data procurement, etc.) and facilitation of a quick GLLSP-II start-up. The GLLSP-I PMU will then be transferred to the GLLSP-II, subject to evaluation.
52. The PC-I will be prepared alongside the approval process for the project design report at IFAD to ensure timely Government approval at provincial and federal levels. Delays in the opening of project accounts will be addressed by launching the process as soon as the financing agreement is signed.

### **Supervision, midterm review and completion plans**

53. **IFAD Supervision.** The project will benefit from two annual IFAD missions – a full supervision mission and an implementation support mission to follow up on the supervision agreements and recommended actions.

54. A midterm review will be conducted at the end of year 3 to take stock of progress, learn from experience and make any necessary corrections to improve performance and impact.
55. **Project completion.** The project completion report will be prepared toward the end of project year 6. The resources required for this exercise have been budgeted in the project design report.

## **V. Legal instruments and authority**

56. A GLLSP-II financing agreement between the Islamic Republic of Pakistan and IFAD will constitute the legal instrument for extending the proposed financing to the borrower/recipient. A copy of the negotiated financing agreement is attached as appendix I.
57. The Islamic Republic of Pakistan is empowered under its laws to receive financing from IFAD.
58. I am satisfied that the proposed financing will comply with the Agreement Establishing IFAD and the Policies and Criteria for IFAD Financing.

## **VI. Recommendation**

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

RESOLVED: that the Fund shall provide a loan on blend terms to the Islamic Republic of Pakistan in an amount of sixty million one hundred and fifty-five thousand United States dollars (US\$60,155,000) and upon such terms and conditions as shall be substantially in accordance with the terms and conditions presented herein.

RESOLVED FURTHER: that the Fund shall provide a grant to the Islamic Republic of Pakistan in an amount of three million United States dollars (US\$3,000,000) and upon such terms and conditions as shall be substantially in accordance with the terms and conditions presented herein.

Gilbert F. Hougbo  
President

## Negotiated financing agreement

### Negotiated financing agreement: "Gwadar-Lasbela Livelihoods Support Project - II"

(Negotiations concluded on 3 February 2020)

Loan No: \_\_\_\_\_

Grant No: \_\_\_\_\_

Project name: Gwadar-Lasbela Livelihoods Support Project - II ("the Project")

Islamic Republic of Pakistan ("The Borrower/Recipient")

and

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

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

**WHEREAS** the Borrower/Recipient has requested a loan and a grant from the Fund for the purpose of financing the Project described in Schedule 1 to this Agreement;

**WHEREAS**, The Borrower/Recipient and IFAD entered into a previous Financing Agreement in the amount of eighteen million five hundred and fifty thousand Special Drawing Rights (SDR 18 550 000) for the purpose of financing the Project "Gwadar-Lasbela Livelihoods Support Project I", completed on 30 September 2019.

**WHEREAS**, the Fund has agreed to provide financing for the Project;

**NOW THEREFORE**, the Parties hereby agree as follows:

#### Section A

1. The following documents collectively form this Agreement: this document, the Programme Description and Implementation Arrangements (Schedule 1), the Allocation Table (Schedule 2) and the Special Covenants (Schedule 3).

2. The Fund's General Conditions for Agricultural Development Financing dated 29 April 2009, amended as of December 2018, and as may be amended hereafter from time to time (the "General Conditions") are annexed to this Agreement, and all provisions thereof 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, unless the Parties shall otherwise agree in this Agreement.

3. The Fund shall provide a Loan and a Grant (the "Financing") to the Borrower/Recipient, which the Borrower/Recipient shall use to implement the Project in accordance with the terms and conditions of this Agreement.

#### Section B

1. A. The amount of the loan is forty three million six hundred and eighty seven thousand Special Drawing Rights (SDR 43 687 000); and
- B. The amount of the grant is two million one hundred and seventy nine thousand Special Drawing Rights (SDR 2 179 000).



2. The Loan is granted on blend terms and shall be subject to interest on the principal amount outstanding and a service charge as determined by the Fund at the date of approval of the Loan by the Fund's Executive Board. The interest rate and service charge determined will be fixed for the life cycle of the loan and payable semi-annually in the Loan Service Payment Currency, and shall have a maturity period of twenty five (25) years, including a grace period of five (5) years starting from the date of approval of the Loan by the Fund's Executive Board.
3. The Loan Service Payment Currency shall be in United States Dollar (USD).
4. The first day of the applicable Fiscal Year shall be 1 July.
5. Payments of principal and service charge shall be payable on each 15 March and 15 September, with payment of principal commencing on 15 September 2025.
6. As per practice in the Islamic Republic of Pakistan, IFAD will transfer the proceeds of the Financing (the loan and the grant) to a State Bank of Pakistan foreign aid account in USD. The State Bank of Pakistan will channel in PAK Rupees the equivalent amounts of the loan and grant in the respective PAK Rupees Project Designated Accounts.
7. There shall be two Project Accounts in PAK Rupees (one for the loan and one for the grant) for the project operations at the National Bank of Pakistan.
8. The Borrower/Recipient shall cause the provincial Government of Balochistan (GoB) to provide counterpart financing for the Project in the amount of eight million six hundred fifty four thousand United States dollars (USD 8 654 000) to meet the tax obligations and provide counterpart financing for community development and project management. The Borrower/Recipient shall cause GoB to deposit counterpart financing in a separate account which will be governed according to national procedures.

### **Section C**

1. The Lead Project Agency shall be the Planning and Development Department of GoB.
2. The following are designated as additional Project Parties: Government Line Agencies such as the Fisheries Department, Communication and Works Departments, and Technical partners recruited through a competitive process, among others.
3. A Mid-Term Review will be conducted in the last quarter of third year of the project lifecycle; however, the Parties may agree on a different date for the Mid-Term Review of the implementation of the Project. IFAD may appoint an external agency to evaluate the impact of the Project, if necessary.
4. The Project Completion Date shall be the sixth anniversary of the date of entry into force of this Agreement and the Financing Closing Date shall be 6 months later, or such other date as the Fund may designate by notice to the Borrower/Recipient.
5. Procurement of goods, works and services financed by the Financing shall be carried out in accordance with the guidelines of the Balochistan Public Procurement Regulatory Authority (BPPRA) to the extent of their consistency with IFAD Procurement Guidelines and Procurement Handbook.

### **Section D**

The Fund will administer the Loan and Grant and supervise the Project.

### **Section E**

1. The following are designated as additional general conditions precedent to withdrawal:

- (a) The first AWP&B and procurement plan shall have been approved;
- (b) The Designated Accounts shall have been duly opened;
- (c) Appointment of a full time Project Director and Finance Manager has received IFAD's No Objection and core staff shall have been duly appointed; and
- (d) The Programme Implementation Manual, including the Finance and Administration Manual, shall have been duly approved.

2. The following are the designated representatives and addresses to be used for any communication related to this Agreement:

For the Borrower/Recipient:

Secretary  
Economic Affairs Division  
Government of Pakistan  
Block C, PAK Secretariat  
Islamabad (Pakistan)

Fax number: +92519104016

For the Fund:

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

This Agreement, [dated \_\_\_\_\_], has been prepared in the English language in two (2) originals, one (1) for the Fund and one (1) for the Borrower/Recipient and shall enter into force upon its signature of both Parties on the date of countersignature.

ISLAMIC REPUBLIC OF PAKISTAN

\_\_\_\_\_  
Authorised Representative Name and Title

INTERNATIONAL FUND FOR  
AGRICULTURAL DEVELOPMENT

\_\_\_\_\_  
Gilbert F. Houngbo  
President

## **Schedule 1**

### *Programme Description and Implementation Arrangements*

#### **I. Programme Description**

1. *Target Population.* The target groups for the project are the ultra-poor and poor rural households of the two districts (Gwadar and Lasbela) of Balochistan province. The project will benefit to 100,000 households approximately.
2. *Project area.* The Project will be operated in Gwadar and Lasbela Districts in Balochistan and will cover all the 400 villages of the 45 Union Councils of these two districts.
3. *Objectives.* The objective of the Project is to sustainably increase the incomes and enhance the livelihoods of the rural poor fishermen's and agricultural households in the project area.
4. *Components.* The Project shall consist of the following Components:

Component 1: Community Development aims at enabling rural communities to sustainably improve their livelihoods. This component consists of three sub-components (1.1) the social mobilization sub-component will engage the target beneficiary households, with the help of a social mobilization partner and prepare 45 Union council development plans (UCDPs). The poverty graduation sub-component (1.2) will focus on the provision of productive assets to ultra-poor, technical and enterprise training for poor, women empowerment and youth employment; and, the social and economic infrastructure sub-component (1.3) will address the priorities identified through the UCDPs (800 CPIs) and farm to market roads. The component also has specific interventions to increase climate smart agriculture and household nutrition improvements in collaboration with FAO and WFP, respectively.

Component 2: Fisheries Value Chain Development aims at improving small fishing communities' incomes and includes three sub-components: (2.1) Establishing 4Ps: to support the establishment of market-driven 4Ps/partnership between Organized Fishermen, fishery processing factories, banks and line departments; (2.2) Economic Infrastructure for Value Chain Fishery Development: to finance enabling infrastructure development for the Balochistan Value chain Development, including the construction of jetties; (2.3) Capacity building and institutional strengthening: to build the capacity of the Fisheries Department with regards to policy and regulations for sustainable management of fisheries resource and the provision of effective services.

Component 3: Project Management and Policy Support.

#### **II. Implementation Arrangements**

5. *Lead Project Agency.* The Lead Project Agency shall be the Planning and Development Department of the provincial Government of Balochistan (GoB).
6. *Federal level.* The Economic Affairs Division (EAD) of the Borrower/Recipient shall be the main coordinating agency for the implementation of the Programme at the federal level.
7. *Project Steering Committee (PSC).* The policy level guidance, coordination and oversight will be provided by a Project Steering Committee. The PSC will grant approval of AWPBs, PPs and conduct regular progress reviews of the project. The PSC will have the minimum following composition and will be formally notified prior to start of the project: Additional Chief Secretary (ACS) Development (Chairman); Secretary Planning and Development Department (Member); Secretary Finance Department (Member); Secretary

Fisheries Department (Member); Secretary C&W Department (Member); Secretary Agriculture and Livestock Department (Member); The Project Director (GLLSP-II) will act as secretary of the PSC.

8. *Project Management Unit (PMU)*. A PMU shall be established and operate as an autonomous institution headed by a Programme Director. The PMU will report to the steering committee at least twice a year. The PMU will be responsible for all GLLSP 2 operational and financial aspects including programme, finance, procurement and human resource management as well as Monitoring and Evaluation (M&E). The PMU will be based in Quetta with two sub offices, one in Gwadar and one in Lasbela. The PMU shall also assist government departments in policy development and implementation. The PMU shall ensure that gender, youth, environment, knowledge management and communication considerations are integrated into all aspects of Programme management and implementation. The Fund's no objection shall be received before the appointment or dismissal of the Programme Director, Finance Manager, M&E and other key Programme personnel.

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

10. *Project Implementation Manual*. The Lead Programme Agency shall submit a Programme Implementation Manual (PIM) acceptable to the Fund within the first 3 months after effectiveness.

## Schedule 2

### Allocation Table

1. *Allocation of Loan/Grant Proceeds.* (a) The Table below sets forth the Categories of Eligible Expenditures (defined in GC Section 4.08) to be financed by the IFAD Loan and the IFAD Grant; the allocation of the amounts of the IFAD Loan and the IFAD Grant to each category of the Financing and the percentages of expenditures for items to be financed in each Category: (see GC Section 4.07(a)).

| Category  | IFAD Loan Amount (in SDR) | IFAD Grant Amount (in SDR) | Percentage   |
|---|---------------------------|----------------------------|--|
| I. Civil Work                                   | 16 477 000                |                            | 100% net of taxes, government and beneficiaries contribution |
| II. Equipment, Goods, and Vehicles              | 222 000                   |                            | 100% net of taxes and government contribution                |
| III. Technical Assistance, Training and Studies | 2 587 000                 | 1 820 000                  | 100% net of taxes, government and beneficiaries contribution |
| IV. Grants & Subsidies                          | 16 996 000                | 142 000                    | 100% net of taxes, government and beneficiaries contribution |
| V. Operating Cost                               | 3 037 000                 |                            | 100% net of taxes and government contribution                |
| Unallocated                                     | 4 368 000                 | 217 000                    |  |
| <b>Total</b>                                    | <b>43 687 000</b>         | <b>2 179 000</b>           |  |

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

- (i) Category I "Civil Work" includes inter alia costs of rural roads, community productive infrastructure, construction of jetties and allied infrastructure and fish market access roads to be financed from IFAD loan net of taxes and beneficiary contributions.
- (ii) Category II "Equipment, Goods and Vehicles" includes equipment, materials, goods and vehicles to be financed 100% from IFAD loan net of taxes and duties.
- (iii) Category III "Technical Assistance, Training and Studies" includes inter alia capacity building, knowledge management & communication, evaluation & studies, MIS, M&E and accounting software, institutionalization support.
- (iv) Category IV "Grants" includes inter alia poverty graduation and empowerment, collaborative interventions and 4Ps model for market access of capacity building of value chain actors.
- (v) Category V "Operating Cost" includes inter alia salaries, allowances and operating costs for Project Management Units in Gwadar and Lasbella to be financed from IFAD loan net of taxes. For the Planning and Development Department only TA/DA for staff to be financed 100% from IFAD loan, all other associated cost to be covered by the government of Balochistan.

2. *Disbursement arrangements. Retroactive financing.* As an exception to section 4.08(a) (ii) of the General Conditions, an amount not exceeding five hundred thousand United States dollars (USD 500 000) to cover the costs incurred after the fund's approval of the Financing and before the entry into force of this Agreement shall be considered eligible for activities relating to: investment costs or studies and recurrent cost for key project staff. Activities to be financed by retroactive financing and their respective category of expenditures and source of financing will require prior no objection from IFAD to be considered eligible. Pre-financed eligible expenditures shall be reimbursed by the Financing to the Borrower/Recipient after the entry into force of this Agreement and once additional conditions precedent to the first disbursement of funds specified in Section E.1 are fulfilled.

### **Schedule 3**

#### *Special Covenants*

In accordance with Section 12.01(a) (xxiii) of the General Conditions, the Fund may suspend, in whole or in part, the right of the Borrower/Recipient to request withdrawals from the Loan/Grant Account if the Borrower/Recipient has defaulted in the performance of any covenant set forth below, and the Fund has determined that such default has had, or is likely to have, a material adverse effect on the Project:

1. Within 6 months of entry into force of the Financing Agreement, the Project will procure and install a customize accounting software as it is the practice in IFAD on-going supported projects, to satisfy International Accounting Standards and IFAD's requirements.
2. *Compliance with the Social Environmental and Climate Assessment Procedures (SECAP).* The Borrower/Recipient, through the Project Parties, shall ensure that the Project will be implemented in compliance with IFAD's SECAP.
3. *Anticorruption Measures.* The Borrower/Recipient, through the Project Parties, shall comply with IFAD Policy on Preventing Fraud and Corruption in its Activities and Operations.
4. *Sexual Harassment, Sexual Exploitation and Abuse.* The Borrower/Recipient, through the Project Parties, shall ensure that the Project is carried out in accordance with the provisions of the IFAD Policy on Preventing and Responding to Sexual Harassment, Sexual Exploitation and Abuse, as may be amended from time to

# Logical framework

| Results Hierarchy  | Indicators  |          |          |                             | Means of Verification                              |                              |                 | Assumptions   |
|--|---|----------|----------|-----------------------------|--|------------------------------|-----------------|---|
|  | Name  | Baseline | Mid-Term | End Target                  | Source   | Frequency                    | Responsibility  |   |
| <b>Outreach</b>  | <b>1 Persons receiving services promoted or supported by the project</b>          |          |          |                             | Baseline survey, surveys                           | annual, Mid-Term, completion | PMU, SMP, IFAD  | A baseline survey is conducted to establish the baseline<br>Project approach and timelines are adhered to<br>An efficient M&E system is developed and implemented |
|  | Females - Number  |          | 78000    | 110000                      |  |                              |                 |   |
|  | Males - Number  |          | 52000    | 100000                      |  |                              |                 |   |
|  | Young - Number  |          | 65000    | 105000                      |  |                              |                 |   |
|  | Not Young - Number  |          | 65000    | 105000                      |  |                              |                 |   |
|  | Total number of   |          | 130000   | 210000                      |  |                              |                 |   |
|  | <b>1.a Corresponding number of households reached</b>                             |          |          |                             | Baseline survey, surveys                           | annual, Mid-Term, completion | PMU, SMP, IFAD  |   |
| Households - Number  |   | 40000    | 100500   |                             |  |                              |                 |   |
| <b>1.b Estimated corresponding total number of households members</b>  |   |          |          | Baseline survey, surveys    | annual, Mid-Term, completion                       | PMU, NRSP, IFAD              |                 |   |
| Household members - Number of people   |   | 191400   | 641000   |                             |  |                              |                 |   |
| <b>Project Goal</b><br>A sustainable model of decentralized and integrated   | <b>No. of organized villages with access to annual government development</b>     |          |          |                             | completion survey                                  | end of project               | PMU             | All ultra-poor and poor households are members of COs   |
| organized villages - Percentage (%)  |   | 50       | 90       |                             |  |                              |                 |   |
| <b>Development Objective</b><br>Increase in a sustainable manner the incomes and enhance the livelihoods of rural poor fisherfolk and agriculture households in the project area | <b>No. of small holder farmer and fishermen hhs reporting improved incomes</b>    |          |          |                             | M&E surveys, NRSP records,                         | annual, ad hoc assessment    | PMU, NRSP, IFAD | Updated BISP data on poverty available for targeting.<br>Targeting guidelines available, NRSP staff trained and transparent targeting process implemented         |
|  | households - Number   |          | 30000    | 75000                       |  |                              |                 |   |
|  | <b>1.2.8 Women reporting improved quality of their diets</b>                      |          |          |                             | M&E surveys, NRSP records, progress reports        | annual, ad hoc assessment    | PMU, NRSP, IFAD |   |
|  | Women reporting improved quality of their diets - Number                          |          |          |                             |  |                              |                 |   |
| Percentage - Percentage (%)  |   | 30       | 60       |                             |  |                              |                 |   |
| <b>Outcome</b><br>1. Improved capacity of ultra-poor and poor hhs and small  | <b>1.2.2 Households reporting adoption of new/improved inputs, technologies</b>   |          |          |                             | outcome survey                                     | annual                       | PMU             | communities are willing to participate in project activities  |
|  | Households - Percentage (%)   |          | 50       | 70                          |  |                              |                 |   |
| <b>Output</b><br>1.1 Holistic UC Development Plans prepared  | <b>UC Development Plans developed</b>   |          |          |                             | progress reports                                   | quarterly and annual         | PMU, NRSP       | Capable Social Mobilization services providers available and  |
|  | development plans - Number  |          | 45       | 45                          |  |                              |                 |   |
| <b>Output</b><br>1.2 Training and productive assets provided to ultra-poor households (0-11)   | <b>Rural Households provided with productive assets</b>                           |          |          |                             | NRSP reports, invoices from                        | quarterly and annual         | PMU, NRSP       | Careful assessment of each household's potential and endowments   |
|  | rural hh - Number   |          | 8500     | 8500                        |  |                              |                 |   |
|  | <b>1.1.4 Persons trained in production practices and/or technologies</b>          |          |          |                             |  |                              |                 |   |
| Total persons trained in crop - Number of people   |   | 20000    | 30000    |                             |  |                              |                 |   |
| <b>Output</b><br>1.3 Skills and enterprise training and start-up packages provided to poor households  | <b>1.1.3 Rural producers accessing production inputs and/or technological</b>     |          |          |                             | NRSP reports, invoices from providers, PMU reports | quarterly and annual         | PMU, NRSP       | Careful assessment of each household's potential and endowments   |
|  | Females - Number  |          | 8000     | 10000                       |  |                              |                 |   |
|  | Males - Number  |          |          |                             |  |                              |                 |   |
| Young - Number   |   | 20000    | 30000    |                             |  |                              |                 |   |
| <b>Output</b><br>1.4 Women empowerment facilitated through awareness /training on nutrition, climate change, food security and   | <b>1.1.8 Households provided with targeted support to improve their nutrition</b> |          |          |                             | NRSP reports, invoices from providers, PMU         | quarterly and annual         | PMU, NRSP       | Project strategy for gender, youth, climate and nutrition prepared<br>No social and cultural barriers that prevent  |
|  | Households - Number   |          |          |                             |  |                              |                 |   |
|  | Females - Number  |          | 8500     | 8500                        |  |                              |                 |   |
| <b>2.1.2 Persons trained in income-generating activities or business</b>   |   |          |          | NRSP reports, invoices from | quarterly and annual                               | PMU, NRSP                    |                 |   |
| Females - Number   |   | 5000     | 10000    |                             |  |                              |                 |   |



|   |  |  |       |       |  |                      |                          |   |
|---|--|--|-------|-------|--|----------------------|--------------------------|---|
| <b>Outcome</b><br>2. Improved socio-economic infrastructure   | <b>2.2.6 Households reporting improved physical access to markets,</b>             |  |       |       | Assessments, PMU, NRSP reports           | quarterly, annual    | PMU, NRSP                | Baseline established  |
|   | Households reporting improved physical access to markets - Percentage (%)          |  | 42300 | 72800 |  |                      |                          |   |
| <b>Output</b><br>2.1 Community prioritized infrastructure   | <b>Drinking water/irrigation/sanitation and innovative schemes constructed</b>     |  |       |       | contract registers, UC Development Plans | quarterly, annual    | NRSP, PMU                | Transparent selection/prioritization criteria established   |
|   | total schemes - Number   |  | 400   | 800   |  |                      |                          |   |
|   | irrigation schemes - Number  |  |       |       |  |                      |                          |   |
| <b>Output</b><br>2.2 Priority roads from farm or landing sites to markets   | <b>2.1.5 Roads constructed, rehabilitated or upgraded</b>                          |  |       |       | contract registers, UC Development Plans | quarterly, annual    | NRSP, PMU                | Transparent selection/prioritization criteria established   |
|   | Length of roads - Length (km)  |  | 80    | 160   |  |                      |                          |   |
| <b>Outcome</b><br>3. Small fisherfolk benefit from upgraded and inclusive value chain leading to reduced waste and improved incomes                   | <b>1.2.4 Households reporting an increase in production</b>                        |  |       |       | Ad hoc, mid-term and PCR assessments     | annual, completion   | PMU, NRSP                | No significant reduction in fish catch from disease or fish stocks in the project districts; Implementation as per planned schedule; Communities actively participate in entire |
|   | Households - Percentage (%)  |  | 30    | 70    |  |                      |                          |   |
|   | <b>2.2.3 Rural producers' organizations engaged in formal</b>                      |  |       |       | Ad hoc, mid-term and PCR assessments     | annual, completion   | PMU, NRSP                |   |
|   | Number of POs - Number   |  |       |       |  |                      |                          |   |
|   | Percentage of POs - Percentage (%)   |  | 11    | 40    |  |                      |                          |   |
| <b>Output</b><br>3.1 Jetties and allied infrastructure constructed/rehabilitated/upgraded   | <b>number of infrastructure sites upgraded</b>                                     |  |       |       | contract registers, assessments          | quarterly and annual | PMU/Fisheries Department | Fisheries Department is responsive with efficient staff   |
|   | fish landing platforms - Number  |  | 8     | 30    |  |                      |                          |   |
|   | sites jetties and allied infrastructure - Number                                   |  | 3     | 3     |  |                      |                          |   |
| <b>Output</b><br>3.2 Fisherfolk Organized in Cooperatives, 4-P based value chains developed and youth facilitated to develop fisheries income streams | <b>1.1.4 Persons trained in production practices and/or technologies</b>           |  |       |       | M&E reports, NIRSP reports               | quarterly, annually  | PMU, NRSP                | No socio-cultural barriers for the participation of poorest and marginalized households   |
|   | Men trained in fishery - Number  |  | 20000 | 50000 |  |                      |                          |   |
|   | Women trained in fishery - Number  |  |       |       |  |                      |                          |   |
|   | Young people trained in fishery - Number   |  |       |       |  |                      |                          |   |
| <b>Output</b><br>3.3 Access to finance and market   | <b>1.1.5 Persons in rural areas accessing financial services</b>                   |  |       |       | M&E reports, NIRSP reports               | yearly               | PMU                      | beneficiaries willing to use financial services   |
|   | Total persons accessing financial services - credit - Number of people             |  | 1000  | 20000 |  |                      |                          |   |
| <b>Outcome</b><br>4. Policy reform/dialogue, communication and knowledge sharing  | <b>Policy 3 Existing/new laws, regulations, policies or strategies proposed to</b> |  |       |       | PMU reports                              | yearly               | PMU                      | dedicated KM team is in place   |
|   | Number - Number  |  |       | 5     |  |                      |                          |   |
|   | <b>Knowledge and communication products</b>  |  |       |       | PMU reports, mass media                  | yearly               | PMU                      |   |
|   | products - Number  |  | 6     | 15    |  |                      |                          |   |