



Investir dans les populations rurales

Conseil d'administration
Cent quarante-deuxième session
Rome, 18-19 septembre 2024

Rapport du Président
Proposition de prêt
République islamique du Pakistan
Projet de résilience côtière dans le Sindh

Numéro du projet: 2000003511

Cote du document: EB 2024/142/R.4/Rev.1

Point de l'ordre du jour: 3 a) i) a) iii)

Date: 18 septembre 2024

Distribution: Publique

Original: Anglais

Pour: APPROBATION

Mesures à prendre: Le Conseil d'administration est invité à approuver la recommandation telle qu'elle figure au paragraphe 54.

Questions techniques:

Fernanda Thomaz Da Rocha

Directrice de pays

Division Asie et Pacifique

courriel: f.thomazdarocha@ifad.org

Rick Van Der Kamp

Conseiller technique supérieur (monde) – finance rurale, marchés et filières

Division production durable, marchés et institutions
courriel: r.vanderkamp@ifad.org

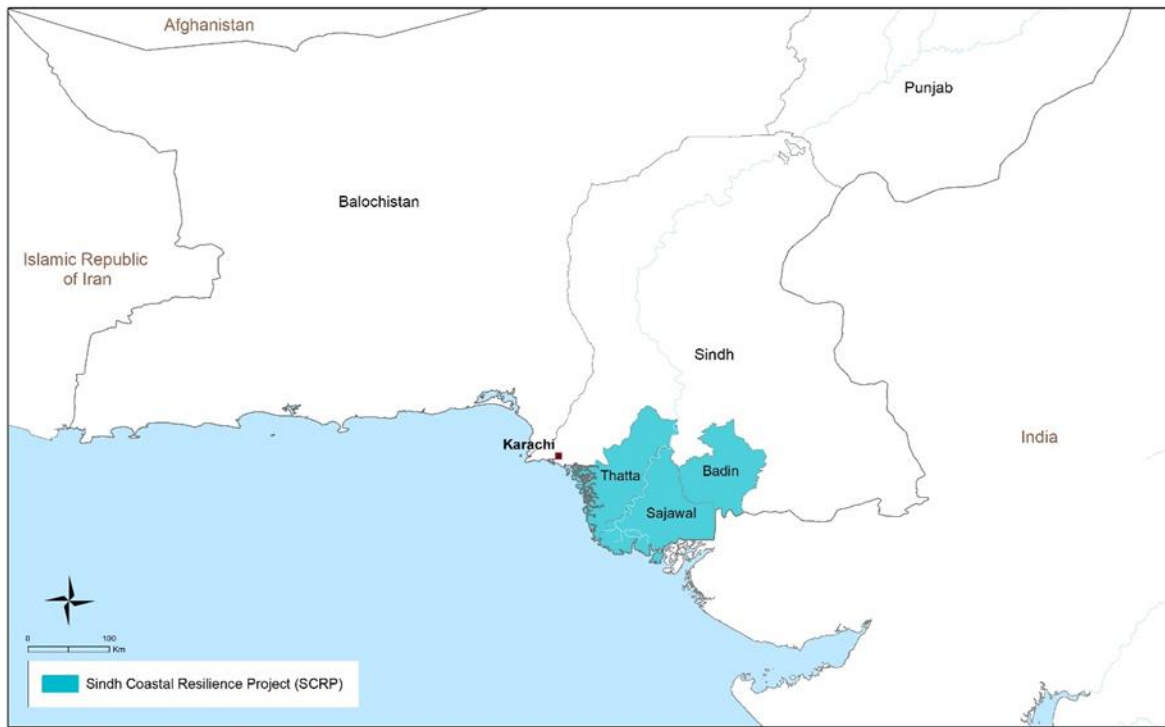
Table des matières

Carte de la zone du projet	ii
Résumé du financement	iii
I. Contexte	1
A. Contexte national et justification de l'intervention du FIDA	1
B. Enseignements à retenir	2
II. Description du projet	3
A. Objectifs, zone d'intervention et groupes cibles	3
B. Composantes, résultats et activités	3
C. Théorie du changement	4
D. Alignement, appropriation et partenariats	5
E. Coût, avantages et financement	5
III. Gestion des risques	9
A. Risques et mesures d'atténuation	9
B. Catégorie environnementale et sociale	9
C. Classement au regard des risques climatiques	10
D. Soutenabilité de la dette	10
IV. Exécution	10
A. Cadre organisationnel	10
B. Planification, suivi-évaluation, apprentissage, gestion des savoirs et communication	12
C. Plans d'exécution	13
V. Instruments et pouvoirs juridiques	13
VI. Recommandation	14
Appendices	
I. Negotiated financing agreement	
II. Logical framework	
III. Integrated project risk matrix	

Équipe d'exécution du projet

Directrice régionale:	Reehana Raza
Directrice de pays:	Fernanda Thomaz Da Rocha
Responsable technique:	Rick Van Der Kamp
Responsable des finances:	Kayode Fagbemi
Spécialiste climat et environnement:	Anupa Rimal Lamichhane
Juriste:	Mbali Mushazhirwa

Carte de la zone du projet



Les appellations employées et la présentation des données n'expriment aucune position particulière du FIDA quant au tracé des frontières ou limites ni aux autorités concernées.
Carte établie par le FIDA | 19/08/2024

Résumé du financement

Institution initiatrice:	FIDA
Emprunteur:	République islamique du Pakistan
Organisme d'exécution:	Conseil de la planification et du développement du Gouvernement du Sindh
Coût total du projet:	150,3 millions d'EUR (équivalant à 163,5 millions d'USD)
Montant du prêt du FIDA:	55,1 millions d'EUR (équivalant à 60 millions d'USD)
Conditions du prêt du FIDA:	Mixtes Délai de remboursement de 25 ans, y compris un différé d'amortissement de 5 ans, assorti d'une commission de service de 0,75% et d'un taux d'intérêt de 0,65% l'an en droits de tirage spéciaux (ajustement pour les prêts en une seule monnaie)
Cofinanceur:	Banque asiatique de développement (BAsD)
Montant du cofinancement:	BAsD: 152 millions d'EUR (équivalant à 165 millions d'USD, cofinancement parallèle)
Conditions du cofinancement:	Prêts de la BAsD: 115 millions d'EUR (équivalant à 125 millions d'USD) Don du Fonds vert pour le climat: 37 millions d'EUR (équivalant à 40 millions d'USD)
Contribution de l'emprunteur:	6,2 millions d'EUR (équivalant à 6,7 millions d'USD)
Contribution des bénéficiaires:	2,5 millions d'EUR (équivalant à 2,8 millions d'USD)
Contribution du secteur privé:	49,7 millions d'EUR (équivalant à 54 millions d'USD)
Déficit de financement:	36,8 millions d'EUR (équivalant à 40 millions d'USD)
Montant du financement climatique apporté par le FIDA:	26,5 millions d'EUR (équivalant à 28,8 millions d'USD)
Institution coopérante:	Supervision directe par le FIDA

I. Contexte

A. Contexte national et justification de l'intervention du FIDA

Contexte national

1. Cinquième pays le plus peuplé du monde, le Pakistan compte 240 millions d'habitants (recensement de 2022), dont 63% sont des ruraux. Pays à revenu intermédiaire de la tranche inférieure, il affiche un revenu par habitant de 1 596 USD et un produit intérieur brut (PIB) de 376,53 milliards d'USD. Le secteur agricole représente 22% du PIB, mais joue un rôle central dans l'économie: il emploie 42% de la main-d'œuvre et contribue à 80% des exportations nationales.
2. Bien que la pauvreté ait considérablement été réduite ces vingt dernières années – 47 millions de Pakistanais s'en étant affranchis – le problème persiste. Les résultats sur le plan du capital humain restent insuffisants et stationnaires, comme en témoignent les taux élevés de retard de croissance (38%) et de pauvreté des apprentissages (75%). L'indice de pauvreté multidimensionnelle du pays est de 0,198, 38,3% de la population étant considérée comme pauvre et 21,5% étant en situation de pauvreté multidimensionnelle grave. Au Pakistan, la pauvreté reste concentrée dans les ménages ruraux qui dépendent de l'agriculture. Entre 2018 et 2019, le taux de pauvreté rurale a atteint 43,5%, soit plus du double de la pauvreté urbaine (18,5%). Le taux de pauvreté national devrait croître de 4 points de pourcentage en raison des inondations de 2022.
3. Le Sindh est la deuxième province du Pakistan par sa population (55,7 millions d'habitants) et la troisième par sa superficie (140 914 kilomètres carrés). Il renferme de vastes poches de pauvreté endémique, en particulier dans les zones rurales, où 37% de la population vit en dessous du seuil de pauvreté. La prévalence de la sous-alimentation et du retard de croissance chez les enfants de moins de 5 ans est respectivement de 34% et de 45,5%, soit au-dessus de la moyenne nationale (20% et 38%).
4. Le Gouvernement pakistanais s'efforce d'accroître les revenus des ménages ruraux, en accordant une attention particulière aux femmes et aux jeunes, comme en témoignent le programme national d'urgence pour l'agriculture lancé en 2020, l'initiative Pakistan Vision 2025, le Programme Benazir de soutien aux revenus et, dans le Sindh, la stratégie de réduction de la pauvreté du Sindh, la politique agricole du Sindh (2018–2030) et le programme d'amélioration de la nutrition dans le Sindh – autant d'initiatives axées sur la réalisation des objectifs de développement durable.

Aspects particuliers relatifs aux thématiques transversales prioritaires du FIDA

5. Conformément aux engagements du FIDA en matière de transversalisation, le projet a été validé comme:
 - incluant un financement climatique;
 - tenant compte des enjeux nutritionnels;
 - axé sur les jeunes;
 - incluant des activités relatives à la capacité d'adaptation.
6. Les questions de genre, les jeunes et l'adaptation aux changements climatiques seront pris en compte dans l'ensemble des interventions du projet. Des activités visant à faire évoluer la société et les comportements seront menées, notamment dans l'optique d'améliorer la nutrition des ménages, en renforçant les connaissances et les pratiques des groupes cibles concernant le choix, la préparation, la transformation et la conservation des aliments, les régimes alimentaires sains et les bonnes pratiques d'hygiène et d'assainissement.

Justification de l'intervention du FIDA

7. C'est dans le Sindh que l'incidence de la pauvreté rurale est la plus élevée. Les trois districts ciblés dans cette province sont en outre les plus pauvres, 84% de la population vivant sous le seuil de pauvreté multidimensionnelle. Cette population risque donc tout particulièrement d'être exposée aux aléas naturels liés aux changements climatiques et aux dégâts environnementaux d'origine anthropique. Les facteurs de pauvreté comprennent: la répartition très inégale de la propriété foncière, le faible degré de développement des filières agricoles et halieutiques, le manque d'infrastructures socioéconomiques (en particulier liées à l'eau potable), l'impossibilité d'accéder à des technologies de production et à des services financiers abordables, des taux d'analphabétisme élevés, l'insuffisance d'avoirs productifs, des compétences ne correspondant pas à celles requises dans les emplois rémunérateurs, et la vulnérabilité aux changements climatiques. Les femmes et les jeunes sont particulièrement défavorisés. Les populations rurales pauvres forment des communautés hétérogènes qui ont besoin d'un ensemble d'interventions non seulement inclusives, mais aussi nuancées, flexibles et axées sur la demande pour s'affranchir du fléau de la pauvreté.
8. Dans les trois districts cibles, l'intervention du FIDA complète les travaux d'infrastructure financés par la BASD (cofinancement parallèle) et portant sur le drainage, la gestion des eaux, les mangroves et la foresterie intérieure. Le FIDA est particulièrement bien placé pour organiser les petits exploitants et les pêcheurs afin qu'ils participent aux filières, cibler efficacement les personnes pauvres, aider les femmes et les jeunes à acquérir des compétences qui leur ouvrent des débouchés économiques, améliorer l'accès à des financements abordables et renforcer la résilience climatique.

B. Enseignements à retenir

9. Les enseignements utiles à retenir sont les suivants:
 - i) **Ciblage.** Le registre socioéconomique national est un instrument fiable et transparent de ciblage de la pauvreté. Une méthode de ciblage inclusive et culturellement acceptable, fondée sur le profilage et l'authentification des ménages, ouvre des perspectives en faveur des groupes défavorisés, tels que les jeunes et les femmes.
 - ii) **Participation et autonomisation.** Une approche participative, dans laquelle les communautés se voient confier des responsabilités en matière de détermination des besoins, de planification, de gestion financière et de passation de marchés, garantit la bonne appropriation des activités à l'échelle locale et la pérennité des interventions.
 - iii) **Une approche inclusive à l'échelle du village.** Pour parvenir à une transformation globale de l'économie d'une communauté rurale, il faut adopter une approche inclusive axée sur la demande et couvrant tous les groupes (petits agriculteurs et pêcheurs, métayers, travailleurs journaliers, jeunes et femmes).
 - iv) **Finance rurale.** Les prestataires de services financiers partenaires doivent passer par de stricts contrôles de diligence voulue pour vérifier qu'ils sont financièrement solides, pourvus d'une expérience reconnue et dotés de systèmes d'information bien établis. Les produits financiers doivent être adaptés aux besoins des groupes cibles.
 - v) **Compétences favorisant la création de revenus.** Les formations professionnelles ou en matière d'autoentrepreneuriat doivent être axées sur la demande du marché.

- vi) **Infrastructures socioéconomiques.** Pour améliorer significativement les revenus, la nutrition, la sécurité alimentaire et la résilience climatique, il faut prêter tout autant d'attention aux lacunes en matière d'infrastructures communautaires, notamment en lien avec l'eau potable.
- vii) **Retards de démarrage.** Le recrutement du personnel essentiel et la réalisation d'activités préparatoires clés avant l'entrée en vigueur du prêt peuvent contribuer à remédier aux retards de démarrage persistants dans le cadre des projets.

II. Description du projet

A. Objectifs, zone d'intervention et groupes cibles

10. **Le but du Projet de résilience côtière dans le Sindh** est de réduire la pauvreté et la malnutrition et d'améliorer la résilience climatique des ménages ruraux pauvres. **L'objectif de développement** est de promouvoir des moyens d'existence inclusifs et résilients au profit des communautés d'agriculteurs et de pêcheurs et des groupes défavorisés. Cet objectif sera atteint au moyen de trois effets directs: i) amélioration et diversification de la production des groupes organisés de petits exploitants et de pêcheurs dotés de plans agricoles et halieutiques climato-compatibles, ce qui conduit au développement de filières fondées sur des partenariats public-privé-producteurs, gage d'une meilleure intégration des bénéficiaires aux marchés et aux services financiers; ii) amélioration de la base d'avoirs productifs des personnes les plus démunies et multiplication des possibilités d'emploi ou de travail indépendant au profit des groupes défavorisés (jeunes, femmes et paysans pauvres sans terre); iii) adoption d'une approche participative et communautaire en lien avec un environnement politique et institutionnel favorable, dans lequel l'accès aux ressources financières et aux services d'appui est facilité.
11. **Groupes cibles.** Conformément à la Politique du FIDA relative au ciblage de la pauvreté, les groupes cibles du projet sont composés de petits exploitants (cultivant jusqu'à près de six hectares de terres), de fermiers et de métayers travaillant sur de grandes propriétés foncières, de pêcheurs pauvres en ressources et de paysans pauvres sans terre. Les ménages dirigés par une femme seront prioritaires, et les jeunes femmes et hommes des ménages pauvres pourront suivre une formation professionnelle sur la participation au marché du travail et aux filières et sur l'entrepreneuriat non agricole. Parmi les bénéficiaires directs, 40% seront des femmes et 30% des jeunes.
12. Le projet cible au total 260 000 familles vivant dans les trois districts côtiers les plus pauvres du Sindh: Badin, Sujawal et Thatta. Concernant le ciblage au niveau des districts, les interventions du projet seront coordonnées avec les investissements de la BAsD dans les infrastructures vertes et grises résilientes face aux changements climatiques, le but étant de renforcer l'impact de l'action menée. Les villages seront essentiellement sélectionnés en fonction du degré de vulnérabilité aux changements climatiques et du niveau de pauvreté.

B. Composantes, résultats et activités

13. Le projet comprendra quatre composantes: i) transformation des revenus côtiers et ruraux; ii) inclusion économique et sociale des groupes défavorisés; iii) gestion du projet; iv) relèvement après une catastrophe climatique (composante relative à la riposte aux situations d'urgence et aux catastrophes). Ces composantes complémentaires visent à s'attaquer aux causes de la vulnérabilité et de la pauvreté des petits exploitants, des fermiers, des métayers, des pêcheurs et des paysans pauvres sans terre des communautés cibles. Le projet sera mené dans une perspective tenant compte des questions de genre et des jeunes et dans le respect du principe consistant à ne laisser personne de côté.

Composante 1: Transformation des revenus côtiers et ruraux. Organiser les communautés côtières et rurales et les aider à renforcer leurs capacités à mettre en place des systèmes de production agricole et halieutique axés sur les marchés, climatiquement résilients et tenant compte de la nutrition, sur fond d'une transition vers des produits de plus grande valeur, plans de filières viables à l'appui, qui sera facilitée par les infrastructures communautaires liées aux filières, l'accès à des services financiers abordables et le renforcement de la prestation de services de vulgarisation; un appui aux politiques et un fonds pour le défi de l'innovation sont également prévus.

Composante 2: Inclusion économique et sociale des groupes défavorisés. Donner un coup de pouce au marché de l'emploi et au développement de petites entreprises au profit des ménages pauvres sans terre, en particulier les jeunes femmes et les jeunes hommes, en fournissant à ces groupes des formations professionnelles qualifiantes, des avoirs productifs rémunérateurs et des dons de démarrage visant à promouvoir le développement de l'autoentrepreneuriat à l'aide d'une offre de services commerciaux, techniques et professionnels adaptés.

Composante 3: Gestion du projet. Mettre en place une unité autonome de gestion (UGP) du projet et des unités de coordination de district (UCD), qui seront administrativement rattachées au Conseil de la planification et du développement du Sindh, et feront rapport à un comité de pilotage du projet.

Composante 4: Relèvement après une catastrophe climatique (composante relative à la riposte aux situations d'urgence et aux catastrophes). Cette composante sera activée si le Gouvernement du Sindh déclare l'état de catastrophe climatique dans la zone du projet.

C. Théorie du changement

14. Trois voies interconnectées permettront d'obtenir un impact sur les communautés vivant de l'agriculture et de la pêche:
 - i) Au moyen d'un processus communautaire, les petits exploitants et les pêcheurs s'organisent tout d'abord pour atteindre leur plein potentiel de productivité dans le cadre d'une agriculture climato-compatible et de pratiques de pêche durables, et en se regroupant, ils font des économies d'échelle grâce auxquelles ils peuvent ensuite se tourner vers des filières de produits de base de plus grande valeur, axées sur les marchés et adaptées aux changements climatiques. L'accès à des financements et à des assurances adaptés est facilité. Les disparités entre les sexes et les normes sociales qui limitent la participation des femmes sont bien prises en compte. Les activités visant à faire évoluer les comportements pour renforcer les connaissances et les pratiques relatives au choix, à la préparation, à la transformation et à la conservation des aliments, les régimes alimentaires sains et les pratiques d'hygiène et d'assainissement contribueront à améliorer la nutrition des familles. Les investissements dans les infrastructures communautaires et domestiques permettent de garantir l'accès à l'eau potable et à l'assainissement, et partant, de réduire les maladies courantes transmises par l'eau, la malnutrition et les retards de croissance.
 - ii) Les jeunes et les femmes défavorisés issus de ménages pauvres peuvent acquérir des compétences adaptées aux marchés locaux en vue de développer leur entreprise ou d'obtenir des financements et des avoirs productifs pour créer leur propre entreprise.
 - iii) Le Gouvernement bénéficie d'un appui aux politiques pour instaurer un environnement favorable, gage d'un meilleur accès aux services et aux ressources productives et d'une meilleure résilience climatique.

D. Alignement, appropriation et partenariats

15. Le projet est en phase avec le Cadre stratégique du FIDA 2016-2025 et avec les priorités définies dans le cadre des Douzième et Treizième reconstitutions des ressources du Fonds. Il contribue également à la réalisation de sept objectifs de développement durable, et des deux objectifs définis dans le programme d'options stratégiques pour le pays, à savoir « accroître la productivité et la rentabilité des petites exploitations par une diversification favorable à la résilience climatique et par une démarche centrée sur les entreprises agricoles » et « encourager l'inclusion des ménages extrêmement pauvres qui n'ont pas de terres en cherchant à les faire sortir de cette catégorie économique ». Le projet est en accord avec le Plan-cadre de coopération des Nations Unies pour le développement durable du Pakistan (2023-2027), la politique agricole nationale (2019-2024), le projet de politique pour le développement des entreprises d'élevage et de pêche dans le Sindh, la stratégie de réduction de la pauvreté du Sindh (2022) et les politiques en faveur des jeunes, de l'égalité des sexes et de l'autonomisation des femmes dans le Sindh; en outre, le projet complétera le plan d'action accéléré du Gouvernement du Sindh pour la réduction des retards de croissance et de la malnutrition.
16. Le Conseil de la planification et du développement du Sindh supervisera l'exécution, ce qui garantira la conformité et la complémentarité du projet avec d'autres interventions menées par le Gouvernement et des partenaires de développement dans les districts ciblés.

E. Coût, avantages et financement

17. Le projet, d'une période d'exécution de sept ans et d'un coût total estimé à 150,3 millions d'EUR (équivalent à 163,5 millions d'USD), sera financé par:
 - i) un prêt du FIDA de 55,1 millions d'EUR (équivalent à 60 millions d'USD);
 - ii) un déficit de financement de 36,8 millions d'EUR (équivalent à 40 millions d'USD);
 - iii) une contribution du Gouvernement de 6,2 millions d'EUR (équivalent à 6,7 millions d'USD);
 - iv) une contribution des bénéficiaires de 2,5 millions d'EUR (équivalent à 2,8 millions d'USD);
 - v) des contributions du secteur privé et des banques commerciales de 0,85 million d'EUR et 48,8 millions d'EUR (équivalent à 0,93 million d'USD et 53,1 millions d'USD) respectivement.
18. Le déficit de financement de 36,8 millions d'EUR (équivalent à 40 millions d'USD) pourra être financé dans le cadre du Système d'allocation fondé sur la performance ou dans celui du Mécanisme d'accès aux ressources empruntées, selon des conditions de financement à définir et sous réserve des procédures internes et de l'approbation ultérieure du Conseil d'administration, ou par un cofinancement à déterminer pendant l'exécution.
19. Le montant total alloué par le FIDA au projet au titre du financement de l'action climatique, calculé suivant les méthodes des banques multilatérales de développement pour le suivi du financement de l'adaptation aux changements climatiques et de l'atténuation de leurs effets, est estimé à 26,5 millions d'EUR [équivalent à 28,8 millions d'USD (financement de l'adaptation uniquement)], ce qui représente 48% du montant total du prêt du FIDA.

Tableau 1
Coût du projet par composante et par source de financement
(en milliers d'EUR)

Composante	Prêt du FIDA		Gouvernement du Sindh		Secteur privé		Bénéficiaires			Banques commerciales		Déficit de financement		Total	
	Montant	%	Montant	%	Montant	%	Contributions en espèces	Contributions en nature	%	Montant	%	Montant	%	Montant	%
1. Transformation des revenus côtiers et ruraux	31 252	28,4	2 311	2,1	850	0,8	-	2 533	2,3	48 826	44,4	24 188	22,0	109 959	100
2. Inclusion économique et sociale des groupes défavorisés	19 137	60,8	1 280	4,0	-	-	-	-	-	-	-	11 073	35,2	31 491	100
3. Gestion du projet et appui aux politiques	4 748	53,7	2 593	29,3	-	-	-	-	-	-	-	1 498	17,0	8 839	100
Total	55 137	36,7	6 185	4,1	850	0,6	-	2 533	1,7	48 826	32,5	36 758	24,4	150 289	100

Tableau 2
Coût du projet par catégorie de dépenses et par source de financement
(en milliers d'EUR)

Catégorie de dépenses	Prêt du FIDA		Gouvernement du Sindh		Secteur privé		Bénéficiaires			Banques commerciales		Déficit de financement		Total	
	Montant	%	Montant	%	Montant	%	Contributions en espèces	Contributions en nature	%	Montant	%	Montant	%	Montant	%
Dépenses d'investissement															
1. Ouvrages de génie civil et infrastructures communautaires	12 010	37,9	1 332	4,2	-	-	-	2 533	8,0	-	-	15 810	49,9	31 684	100
2. Véhicules	270	84,9	50	15,1	-	-	-	-	-	-	-	-	-	329	100
3. Ordinateurs et matériel	87	84,8	16	15,2	-	-	-	-	-	-	-	-	-	103	100
4. Crédit	14 132	69,6	-	-	-	-	-	-	-	-	-	6 176	30,4	20 308	100
5. Assistance technique, formation, ateliers et études	11 156	62,9	733	4,1	-	-	-	-	-	-	-	5 854	33,0	17 743	100
6. Dons et subventions	12 403	56,7	1 375	6,3	850	3,9	-	-	-	-	-	7 250	33,1	21 877	100
7. Secteur privé	-	-	-	-	-	-	-	-	-	48 826	100	-	-	48 826	100
Total des dépenses d'investissement	50 067	35,5	3 505	2,50	850	0,6		2 533	1,8	48 826	34,7	35 089	24,9	140 869	100
Dépenses ordinaires															
1. Salaires, traitements et indemnités	998	46,5	966	45,0	-	-	-	-	-	-	-	183	8,5	2 146	100
2. Frais de fonctionnement	4 072	56,0	1 716	23,6	-	-	-	-	-	-	-	1 486	20,4	7 273	100
Total des dépenses ordinaires	5 070	53,8	2 681	28,5	-	-	-	-	-	-	-	1 669	17,7	9 419	100
Total	55 137	23,1	6 185	2,5	850	0,4		2 533	1,1	48 826	57,5	36 758	15,4	150 289	100

Tableau 3
Coût du projet par composante et par année du projet
(en milliers d'EUR)

<i>Composante</i>	<i>Année 1</i>		<i>Année 2</i>		<i>Année 3</i>		<i>Année 4</i>		<i>Année 5</i>		<i>Année 6</i>		<i>Année 7</i>		<i>Total</i>
	<i>Montant</i>	<i>%</i>	<i>Montant</i>	<i>%</i>	<i>Montant</i>	<i>%</i>	<i>Montant</i>	<i>%</i>	<i>Montant</i>	<i>%</i>	<i>Montant</i>	<i>%</i>	<i>Montant</i>	<i>%</i>	<i>Montant</i>
1. Transformation des revenus côtiers et ruraux	9 547	8,7	10 171	9,2	13 481	12,2	26 235	23,9	21 692	19,7	23 716	21,6	5 117	4,7	109 959
2. Inclusion économique et sociale des groupes défavorisés	3 103	9,9	4 100	13,0	4 478	14,2	6 191	19,7	5 798	18,4	5 269	16,7	2 551	8,1	31 491
3. Gestion du projet et appui aux politiques	1 299	14,7	1 044	11,8	1 302	14,8	1 416	16,0	1 250	14,1	1 251	14,1	1 277	14,5	8 839
Total	13 950	9,3	15 315	10,2	19 261	12,8	33 842	22,5	28 739	19,1	30 236	20,1	8 945	6,0	150 289

Stratégie et plan de financement et de cofinancement

20. Le FIDA accordera un prêt de 55 millions d'EUR (équivalent à 60 millions d'USD) à des conditions mixtes en appui au développement des moyens d'existence, concomitamment et en étroite coordination avec le financement de 152 millions d'EUR (équivalent à 165 millions d'USD) de la BASD, qui vise à investir dans les infrastructures grises et vertes pour améliorer le drainage, la protection contre les crues, la gestion des eaux et la restauration des mangroves. Le Gouvernement du Sindh apportera un cofinancement de 6,2 millions d'EUR (équivalent à 6,7 millions d'USD) pour couvrir les impôts locaux et une partie des dépenses de fonctionnement. La contribution des bénéficiaires, de 2,5 millions d'EUR (équivalent à 2,8 millions d'USD), s'effectuera en nature, et sera destinée aux infrastructures communautaires. Le secteur bancaire privé devrait mobiliser 48,8 millions d'EUR (équivalent à 53,1 millions d'USD), en parallèle des facilités de crédit financées par le FIDA, qui se chiffrent à environ 20,3 millions d'EUR (équivalent à 22,1 millions d'USD). Les partenaires public-privé-producteurs du secteur privé devraient contribuer à hauteur de 0,85 million d'EUR (équivalent à 0,93 million d'USD).
21. Les dépenses ordinaires représentent 6% du coût total du projet. La partie prise en charge par le FIDA représente 3% du coût total et 9% du financement du Fonds.

Décaissement

22. La modalité de décaissement des fonds renouvelables, dans le cadre d'un système fondé sur les rapports, sera le mécanisme utilisé pour retirer les fonds du FIDA. Les rapports financiers intermédiaires serviront de référence pour la soumission des demandes de retrait auprès du FIDA. L'obligation d'établir des rapports financiers intermédiaires sera précisée dans la lettre de présentation des modalités de gestion financière et de contrôle financier et dans le manuel d'exécution du projet au cours de la mise en œuvre. Le retrait anticipé, dans le cadre de l'approche des fonds renouvelables, sera le principal mode de décaissement. Les contributions du Gouvernement, des bénéficiaires et du secteur privé seront intégrées dans le plan de travail et budget annuel (PTBA) et signalées dans les comptes de projet. Le système comptable enregistrera séparément les décaissements et les dépenses pour chaque source de financement.

Résumé des avantages et analyse économique

23. Parmi les principaux avantages découlant du projet figurent: i) la hausse de la productivité des petits exploitants et des pêcheurs; ii) l'amélioration des infrastructures socioéconomiques communautaires, notamment en rapport avec les voies d'accès, l'eau potable, l'irrigation, le drainage, l'assainissement et l'énergie solaire; iii) la fourniture d'avoirs productifs aux ménages pauvres, qui leur offrent une source durable de revenus supplémentaires et contribuent à améliorer la nutrition et l'autonomisation sociale et économique; iv) la création de possibilités en matière d'emploi et de développement des entreprises au profit des femmes et des hommes.
24. Les avantages sociaux et environnementaux attendus sont: i) la multiplication des possibilités pour les femmes et les jeunes de pratiquer des activités agricoles, d'élevage et de pêche rentables; ii) l'adoption de pratiques agricoles climato-compatibles et l'assouplissement de l'accès à des services financiers inclusifs et à des marchés compétitifs, plus résilients face aux effets des changements climatiques, et propices à la conservation de la base de ressources naturelles; iii) la mise à disposition d'infrastructures socioéconomiques ou liées aux filières à l'épreuve des changements climatiques, ce qui contribuera à créer des revenus et à améliorer la santé et l'état nutritionnel des bénéficiaires.
25. L'analyse financière montre que le projet est viable, son taux de rentabilité financière interne s'élevant à 27,97%. La valeur actuelle nette sur 20 ans se chiffre à 73,05 millions d'USD. Ces deux résultats sont basés sur les coûts financiers du projet. Le taux de rentabilité économique interne global du projet est estimé à

22,65%. La valeur économique actuelle nette du flux d'avantages nets du projet, à un taux d'actualisation de 17,03%, s'établit à 49,54 millions d'USD.

Stratégie de retrait et durabilité

26. La pérennisation des interventions après la fin du projet repose sur les voies suivantes: i) des organisations commercialement viables, regroupant des petits exploitants et des pêcheurs dotés de plans d'activité, favorisent des rapports plus équilibrés entre propriétaires fonciers, petits exploitants ou fermiers et intermédiaires, grâce à la mise en relation des bénéficiaires avec les marchés et le secteur privé dans une perspective gagnant-gagnant; ii) les communautés s'approprient les infrastructures communautaires et liées aux filières; iii) les capacités des prestataires de services publics et privés sont développées; iv) les jeunes ont acquis des compétences rémunératrices; v) l'adaptation et la résilience climatique sont renforcées; vi) l'inclusion financière des bénéficiaires, associée à l'établissement de leurs antécédents en matière de crédit, leur assure un accès facilité au crédit.

III. Gestion des risques

A. Risques et mesures d'atténuation

27. Aucun des principaux partis politiques n'ayant obtenu de majorité claire à l'issue des élections de février 2024, un gouvernement de coalition a été formé. La reconduction du parti au pouvoir dans le Sindh offre un gage de continuité. Malgré les évolutions politiques, les accords souverains sur les prêts et les projets des institutions financières internationales sont respectés et appliqués au moyen d'un système administratif stable qui est, dans l'ensemble, à l'abri des bouleversements politiques.
28. Le risque fiduciaire inhérent du pays est jugé élevé. Avec un score de 27 sur 100, le Pakistan arrive au 140^e rang sur 180 pays selon l'Indice de perception de la corruption de 2022 publié par Transparency International. L'une des principales préoccupations soulevées est l'affaiblissement des institutions de lutte contre la corruption et, dans certains cas, l'absence d'un organisme pour coordonner l'action menée en la matière. Le Gouvernement s'attaque à ce fléau en menant différentes initiatives, notamment le programme de dépenses publiques et de responsabilité financière appuyé par la Banque mondiale, qui vise à renforcer la transparence et la responsabilité en matière de dépenses publiques dans les provinces.

Tableau 4

Synthèse des risques

<i>Aspect du risque</i>	<i>Niveau de risque inhérent</i>	<i>Évaluation du risque résiduel</i>
Contexte du pays	Substantiel	Substantiel
Stratégies et politiques sectorielles	Modéré	Modéré
Contexte environnemental et climatique	Substantiel	Substantiel
Portée du projet	Modéré	Modéré
Capacités institutionnelles d'exécution et viabilité	Substantiel	Substantiel
Gestion financière	Élevé	Élevé
Passation des marchés	Substantiel	Substantiel
Impact environnemental, social et climatique	Substantiel	Modéré
Parties prenantes	Faible	Faible
Risque global	Substantiel	Substantiel

B. Catégorie environnementale et sociale

29. Le risque environnemental et social du projet est jugé modéré. Les districts côtiers ciblés sont en proie à une dégradation de l'environnement résultant d'un mauvais drainage, de la salinisation des sols et de la pénurie des eaux de surface provenant de l'Indus. Les interventions physiques du projet auront des effets limités sur

l'environnement, et des mesures d'atténuation sont prévues (renforcement de la lutte antiparasitaire et de l'agriculture climato-compatible). Les investissements connexes de la BAsD dans les infrastructures contribueront à restaurer les services écosystémiques et à améliorer le cycle de l'eau.

C. Classement au regard des risques climatiques

30. Le risque climatique du projet est jugé substantiel. Ces dernières décennies, la population des trois districts cibles a essuyé de graves pertes économiques et agricoles à la suite d'inondations, de cyclones et de vagues de chaleur. Les groupes cibles sont vulnérables aux effets des changements climatiques, car ils tirent leurs revenus de l'agriculture et de la pêche, qui sont directement tributaires des conditions météorologiques et des phénomènes climatiques. Si dans le cadre du projet, les populations cibles devraient renforcer leur résilience climatique grâce à certaines activités et pratiques axées sur l'adaptation aux changements climatiques, il n'en reste pas moins qu'au départ, elles ont de faibles capacités d'adaptation.

D. Soutenabilité de la dette

31. Dans une évaluation publiée le 19 janvier 2024, le Fonds monétaire international (FMI) a jugé la dette publique soutenable dans le scénario de référence. Dans cette hypothèse, le pays ne s'écarte pas des politiques proposées dans l'accord de confirmation du FMI, autrement dit, des mesures fiscales introduites dans le cadre du budget 2023, censées se prolonger après la fin du projet, étant entendu que le cadre macroéconomique retenu exclut toute nouvelle restructuration ou augmentation de la dette primaire après l'exercice 2024, et présuppose au contraire un retour progressif de la croissance dans les années à venir.
32. Les besoins de financement bruts, qui sont élevés, représentent toujours un risque important d'un point de vue de la soutenabilité de la dette, d'autant plus que la marge de manœuvre budgétaire s'est resserrée et que les réserves de fonds propres ont diminué. À cet égard, le décaissement rapide des fonds bilatéraux et multilatéraux engagés sera crucial dans la période à venir. Les risques liés à la soutenabilité de la dette sont considérables en raison: de la hausse des taux d'intérêt, d'un ralentissement de la croissance plus important que prévu (à cause du durcissement des politiques), des pressions sur le taux de change, des revirements de politiques, du ralentissement de la croissance à moyen terme et du passif éventuel lié aux états des dépenses.

IV. Exécution

A. Cadre organisationnel

Gestion et coordination du projet

33. La Division des affaires économiques du Ministère des affaires économiques sera l'organisme de coordination générale au niveau fédéral responsable du financement du FIDA. Le Conseil de la planification et du développement du Gouvernement du Sindh sera le principal organisme d'exécution du projet. Un comité de pilotage provincial conjoint, responsable des composantes parallèles du projet financées par la BAsD et le FIDA, et dirigé par la présidence du Conseil de la planification et du développement, sera chargé de tous les aspects liés aux politiques, à la coordination du développement, aux crédits budgétaires du projet et à l'obligation de rendre compte de la performance et des résultats. Il assurera en outre la synergie entre les activités de la BAsD et celles du FIDA. Une UGP située à Karachi, composée d'un directeur ou d'une directrice de projet et d'administrateurs recrutés par concours, et des UCD réparties dans les trois districts cibles seront responsables de la planification, de la coordination, de la gestion financière, des questions de genre et de nutrition, des activités liées à l'entrepreneuriat agricole, de la passation de marchés et du suivi-évaluation des activités du projet. Parmi les autres partenaires d'exécution figurent le Département de l'approvisionnement et

des prix agricoles, le Département de l'élevage et de la pêche, l'Autorité chargée de l'enseignement technique et de la formation professionnelle dans le Sindh et des institutions financières. L'UGP recrutera des partenaires d'exécution compétents dans les domaines relatifs au développement des filières agricole et halieutique, à la planification participative et à l'affranchissement de la pauvreté.

Gestion financière, passation des marchés et gouvernance

34. L'UGP comprendra une section de gestion financière suffisamment dotée en effectifs. Le ou la responsable des finances sera recruté(e) par concours, sous réserve de l'approbation du FIDA, et percevra un salaire compétitif. Il ou elle sera assisté(e) dans ses fonctions par un ou une commis comptable recruté(e) par voie de mise en concurrence, un ou une spécialiste des finances et du budget et deux comptables assistants. La gestion financière du projet sera en très grande partie centralisée, les principaux processus de passation de marchés et paiements des services fournis étant gérés par l'UGP. Un poste d'assistant à la comptabilité seulement est prévu par UGP, celles-ci n'ayant que des petits budgets de fonctionnement à gérer.
35. Toutes les activités du projet seront menées à la lumière des PTBA, établis sur la base du rapport de conception du projet et de l'accord de financement, et dûment approuvés par le comité de pilotage du projet et par le FIDA. Le comité de pilotage du projet procédera à un examen semestriel afin d'évaluer les progrès réalisés au regard du plan annuel et d'approuver toute modification, révision ou mesure corrective requise.
36. L'UGP ouvrira un compte d'affectation désigné à la Banque nationale du Pakistan, destiné au retrait et à l'utilisation des fonds du prêt du FIDA. La Banque d'État du Pakistan, qui détient les comptes de l'aide extérieure accordée au pays, recevra les fonds du FIDA libellés en euro, les convertira en monnaie locale selon le taux de change en vigueur, débitera les fonds du prêt du compte national et créditera en conséquence le compte d'affectation désigné du projet.
37. Le projet compte deux sources de financement: le FIDA et le Gouvernement du Sindh. Pour chaque source, l'UGP détiendra des comptes d'affectation distincts à la Banque nationale du Pakistan. Le système comptable enregistrera séparément les financements du Gouvernement. Hormis les frais de fonctionnement de l'UGP et des UCD, la plupart des fonds investis seront dépensés par l'intermédiaire des partenaires d'exécution et des organisations villageoises.
38. Parmi les procédures de contrôle interne du projet figurent: i) un personnel compétent aux responsabilités clairement définies et une bonne répartition des tâches; ii) un système adéquat de gestion des archives financières assorti d'une piste d'audit exhaustive et précise; iii) des mesures de sauvegarde matérielle, notamment des vérifications et des contrôles réguliers des actifs et des documents financiers du projet; iv) des examens indépendants; v) des procédures claires permettant aux partenaires d'exécution du projet d'assurer un suivi et d'établir des rapports financiers en temps voulu.
39. La comptabilité sera gérée conformément à la méthode de comptabilité de caisse utilisée à des fins d'information financière dans le cadre des Normes comptables internationales du secteur public. Au démarrage du projet, l'UGP achètera un logiciel de comptabilité adéquat pour gérer ses comptes. Elle soumettra trois types de rapports financiers au FIDA: des rapports financiers trimestriels intermédiaires dans les 30 jours suivant la fin de chaque trimestre, indiquant l'état d'avancement dans chaque composante et catégorie de dépenses, et dûment rapprochés avec les données de la banque et signés par le ou la responsable des finances et le directeur ou la directrice du projet; des rapports financiers détaillés non audités dans les quatre mois suivant la clôture de chaque exercice; les états financiers audités dans les six mois suivant la clôture de chaque exercice (fin décembre de chaque année).

40. L'Auditeur général du Pakistan procédera à l'audit externe des comptes du projet. L'UGP transmettra au bureau de l'Auditeur général les états financiers annuels du projet dans les deux mois suivant la fin de chaque exercice.

Participation et retours d'information du groupe cible, et mécanisme de réponse aux doléances

41. Une approche participative a été prévue dans la conception du projet, afin de promouvoir la prise en main des activités par les principales parties prenantes. Cela passera notamment par: i) l'établissement du PTBA sur une base participative; ii) un mentorat continu axé sur la manière de gérer les processus en tenant dûment compte des thématiques transversales; iii) un suivi conjoint des progrès; iv) une attention portée à la représentation équilibrée des sexes au sein du personnel des partenaires d'exécution; v) des inspections aléatoires sur le terrain dans les zones cibles, visant à garantir la prise en compte des préoccupations des bénéficiaires dans le cadre des interventions du projet et à éviter l'accaparement par les élites. L'UGP organisera régulièrement des sessions où les partenaires d'exécution et les responsables des organisations villageoises seront invités à s'exprimer sur la performance du projet. Tous les contrats et mémorandums d'accord conclus avec les partenaires d'exécution feront référence aux politiques adoptées par le FIDA en matière i) de lutte anticorruption, ii) de prévention du harcèlement sexuel et de l'exploitation et des atteintes sexuelles, iii) de lutte contre le blanchiment d'argent et le financement du terrorisme.

Mécanisme de réponse aux doléances

42. En plus de recourir aux mécanismes de réponse aux doléances existants aux niveaux fédéral et provincial, l'équipe du projet mettra en place des systèmes à canaux multiples permettant de recevoir et de traiter les plaintes relatives aux activités du projet. Des registres de plaintes comprenant des informations détaillées sur les plaintes, les mesures prises et l'issue des procédures seront tenus à jour.

B. Planification, suivi-évaluation, apprentissage, gestion des savoirs et communication

43. Le PTBA sera le principal instrument de planification et d'exécution du projet, sur la base du document de conception du projet et des prévisions de dépenses, et en phase avec le cycle de planification annuel du Gouvernement pakistanais. Le PTBA sera élaboré selon un processus consultatif impliquant l'UGP, les partenaires d'exécution, les entités privées, les organisations villageoises, les organisations de producteurs et d'autres parties prenantes.
44. Le projet s'appuiera sur la capacité institutionnelle de la Cellule du Gouvernement du Sindh chargée du suivi-évaluation, qui est rattachée au Conseil de la planification et du développement dans le domaine des programmes de développement. L'UGP mettra en place un système d'information de gestion fondé sur le cadre logique et harmonisé avec le PTBA, qui simplifiera la collecte et l'analyse des données et éclairera la prise de décisions.
45. Les produits, les effets directs et l'impact obtenus dans le cadre du projet seront mesurés par des indicateurs ventilés par sexe et par âge, décrits dans le cadre logique du projet. Un plan de suivi-évaluation orientera les activités annuelles à mener en la matière. Conformément aux directives du FIDA, trois enquêtes sur les indicateurs de base relatifs aux effets directs seront réalisées au début, à mi-parcours et à l'achèvement du projet.
46. La gestion des savoirs reposera sur une stratégie et un plan d'action élaborés au démarrage du projet et mis à jour chaque année. L'UGP mènera des études tout au long de l'exécution du projet, en collaboration avec la BASD, afin d'évaluer le travail de collaboration et les résultats obtenus. Elle mettra au point des supports de gestion des savoirs et de communication propres aux parties prenantes et documentera les enseignements tirés aux fins de leur diffusion.

Innovations et reproduction à plus grande échelle

47. La création d'organisations villageoises inclusives permettra à toutes les parties prenantes d'envisager les problèmes et les perspectives de développement d'un point de vue holistique et favorisera l'émergence d'un capital social plus solide et l'appropriation des interventions. Grâce à leur inclusion financière, les ménages pauvres actuellement mal desservis pourront se constituer une cote de crédit et accéder ainsi durablement aux services financiers. Les filières climato-compatibles amélioreront les revenus tout en favorisant la prise en compte des questions de genre, des jeunes et de la nutrition. Le développement de l'aquaculture en mer offrira des possibilités de revenus intéressants aux jeunes des communautés de pêcheurs et contribuera à réduire la pression sur les stocks de pêche marine en voie d'épuisement.

C. Plans d'exécution

Plans de préparation à l'exécution et de démarrage

48. Pour résoudre le problème récurrent des retards de démarrage des projets, et compte tenu des enseignements tirés, le Conseil de la planification et du développement du Sindh devra mener à bien certaines activités clés avant l'entrée en vigueur du prêt. Il devra notamment veiller à ce que le Gouvernement approuve rapidement le projet en interne et à ce que le personnel essentiel de l'UGP et des bureaux de district soit recruté dans les meilleurs délais, avant l'entrée en vigueur du prêt.

Supervision, examen à mi-parcours et plans d'achèvement

49. Le FIDA organisera des missions de démarrage et d'appui à l'exécution pour donner aux personnel du projet et partenaires d'exécution des indications sur les démarches et procédures à suivre. Une mission de supervision complète sera menée chaque année.
50. Le FIDA et le Gouvernement du Sindh procéderont à un examen conjoint à mi-parcours afin d'évaluer les progrès du projet par rapport aux objectifs de développement, la qualité de l'exécution et l'impact sur les bénéficiaires et, le cas échéant, afin de proposer des mesures correctives pour garantir la réalisation des objectifs de développement. Durant la dernière année d'exécution, le FIDA élaborera un rapport d'achèvement du projet en collaboration avec l'organisme d'exécution et l'UGP.

V. Instruments et pouvoirs juridiques

51. L'octroi à l'emprunteur/bénéficiaire du financement proposé est régi par un accord de financement entre la République islamique du Pakistan et le FIDA. Une copie de l'accord de financement négocié figure à l'appendice I.
52. La République islamique du Pakistan est habilitée, en vertu de son ordre juridique, à recevoir un financement du FIDA.
53. Je certifie que le financement proposé est conforme aux dispositions de l'Accord portant création du FIDA, et aux Principes et critères applicables aux financements du FIDA.

VI. Recommandation

54. Je recommande au Conseil d'administration d'approuver le financement proposé par la résolution suivante:

DÉCIDE: que le Fonds accordera au Gouvernement de la République islamique du Pakistan un prêt à des conditions mixtes d'un montant de cinquante-cinq millions cent trente-sept mille euros (55 137 000 EUR) équivalant à soixante millions de dollars des États-Unis (60 000 000 USD), qui sera régi par des modalités et conditions conformes en substance aux modalités et conditions indiquées dans le présent rapport.

Le Président
Alvaro Lario

Negotiated financing agreement

(Negotiations concluded on 12 December 2024)

Loan No: _____

Project name: Sindh Coastal Resilience Project ("SCRP"/ "the Project")

Islamic Republic of Pakistan (the "Borrower")

and

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

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

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

WHEREAS Both the Asian Development Bank (ADB) and IFAD will provide in parallel co-financing to the umbrella government-led Sindh Coastal Resilience Project; IFAD will finance the Livelihoods activities thereof (hereunder referred to as "the Project"), and ADB will finance grey and green infrastructure for improved drainage, flood protection, water management and prevention of sea intrusion in productive lands;

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 Project 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 2022, and as may be amended 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 to the Borrower, 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 fifty five million one hundred thirty seven thousand Euro (EUR 55 137 000), (the "Loan").
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 of 0.65% and service

charge of 0.75% 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.

The principal of the Loan granted on blend terms will be repaid in equal instalments.

3. The Loan Service Payment Currency shall be in Euro (EUR).
4. The first day of the applicable Fiscal Year shall be 1 July.
5. Payments of principal, interest and service charge shall be payable on each 15 June and 15 December of each year.
6. As per practice in the Islamic Republic of Pakistan, IFAD will transfer the Loan proceeds to the State Bank of Pakistan in Euro (EUR). The State Bank of Pakistan shall disburse the Pakistani Rupees (PKR) equivalent amounts of the Loan to the project designated account. There shall be a Designated Account in Pakistani Rupees (PKR), for the exclusive use of the Project opened in the National Bank of Pakistan (NBP). The Borrower shall inform the Fund of the officials authorized to operate the Designated Account.
7. The Borrower shall facilitate provision of counterpart financing by the Government of Sindh for the Project in the amount of six million one hundred eighty five thousand Euro (EUR 6 185 000) equivalent to six million seven hundred thousand United States Dollars (USD 6 700 000) in the form of taxes and operational costs related expenses. The Government of Sindh shall deposit the counterpart financing in a separate account which will be governed in accordance with national procedures.

Section C

1. The Lead Project Agency shall be the Planning and Development Department, Government of Sindh.
2. Additional Project Parties shall include, *inter alia*, institutions referred to in Schedule 1, Section II.11 of this Agreement.
3. A Mid-Term Review will be conducted as specified in Section 8.03 (b) and (c) of the General Conditions; however, the Parties may agree on a different date for the Mid-Term Review of the implementation of the Project.
4. The Project Completion Date shall be the 7th 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. The Financing Closing Date will be established as specified in the General Conditions.
5. Procurement of goods, works and services financed by the Financing shall be carried out in accordance with the provisions of the Borrower's procurement regulations, to the extent such are consistent with the IFAD Procurement Guidelines.

Section D

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

Section E

1. The following are designated as additional grounds for suspension of disbursements:
 - (a) The Project Implementation Manual (PIM) and/or any provision thereof, has been waived, suspended, terminated, amended, or modified without the prior agreement of the Fund and the Fund, after consultation with the Borrower, has determined that it has had, or is likely to have, a material adverse effect on the Project.
 - (b) In the event that the Borrower did not request a disbursement of the Financing for a period of at least twelve (12) consecutive months, without justification, subsequent to the first eighteen (18) months from the Effective Date.
 - (c) In case the provincial Government of Sindh does not provide counterpart financing for the Project in the form of taxes and operational costs related expenses as stipulated in Section B, paragraph 7.
 - (d) In the event the Lead Project Agency does not comply with the requirements and duties established in the Special Covenants of Schedule 3.
2. The following are designated as additional grounds for cancellation of this Agreement:
 - (a) The Financing has not started disbursing within eighteen (18) months from entry into force of the Financing Agreement.
3. The following are designated as additional specific conditions precedent to withdrawal:
 - (a) The IFAD no objection to the Project Implementation Manual (PIM) shall have been obtained.
 - (b) The IFAD no objection to the first Annual Workplan and Budget (AWPB) and Procurement Plan shall have been obtained.
 - (c) The following Key Project Personnel shall have been duly appointed in accordance with this Agreement: (i) project director; and (ii) finance specialist.
 - (d) The Designated Account referred to in Section B, paragraph 6 above shall have been duly opened and the authorized signatories shall have been submitted to the Fund.
4. The following are the designated representatives and addresses to be used for any communication related to this Agreement:

For the Borrower:

Secretary
Ministry of Economic Affairs
Government of Pakistan
Block-C, Pak Secretariat
Islamabad - Pakistan

For the Fund:

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

This Agreement has been prepared in the English language in two (2) original copies, one (1) for the Fund and one (1) for the Borrower.

ISLAMIC REPUBLIC OF PAKISTAN

Dr. Kazim Niaz
Secretary Ministry of Economic Affairs

Date: _____

INTERNATIONAL FUND FOR
AGRICULTURAL DEVELOPMENT

Alvaro Lario
President of IFAD

Date: _____

Schedule 1

Project Description and Implementation Arrangements

I. Project Description

1. *Target Population.* The Project shall benefit approximately 195,000 households (1,014,000 persons). Project target groups include smallholder farmers (up to 16 acres of land), tenants and sharecroppers working on large land holdings, resource poor fisher folk, landless poor ready to take advantage of economic opportunities, and young men and women from poor households as defined by the National Socio-Economic Registry. Of the direct beneficiaries, 40 per cent will be women and 30 per cent young people.

2. *Project area.* The Project will target the three poorest coastal districts of Sindh Province in Pakistan: Badin, Sujawal and Thatta (*the "Project Area"*). To carry out geographical targeting within the districts, the Project will align its interventions, to the extent possible, with Asian Development Bank-financed climate-resilient green and grey infrastructure investments in the same targeted districts under the Government-led umbrella Sindh Coastal Resilience Project for an enhanced impact. Climate change vulnerability and the poverty ranking will be the primary criteria for selecting villages, Talukas and Union Councils.

3. *Goal.* The goal of the Project is to reduce poverty and malnutrition and to improve climate resilience among rural poor households.

4. *Objectives.* The objective of the Project is to promote inclusive and resilient livelihoods for farming and fishing communities and disadvantaged groups. This will be achieved through three outcomes: (i) Improved and diversified food production among organized groups of smallholder farmers and fisher folk under climate smart agriculture and fisheries production plans leading to inclusive value chains that facilitate integration with markets and financial services; (ii) Improved productive asset base for the ultra-poor and increased self-employment and employment opportunities for disadvantaged groups (youth, women, landless); (iii) A participatory, community-driven approach linked to an enabling policy and institutional environment that facilitates access to financial resources and support services.

5. *Components.* The Project shall consist of four Components:

5.1 **Component 1: Transformation of Coastal and Rural Incomes:** Coastal and rural communities organized and assisted to develop capacities for market oriented, climate resilient and nutrition sensitive agriculture and fisheries production systems, with transition to higher value products, based on sustainable value chain plans, supported by community and value chain infrastructure, access to affordable financial services, and strengthened extension services provision; the component will contain also Policy Support and an Innovation Challenge Fund.

This will be achieved through four mutually reinforcing sub-components:

Sub-Component 1.1 Organization, Planning & Training: Village organizations (VO) will be reorganized/established and strengthened to ensure equitable inclusion of all project target groups. The VOs will be assisted to develop an umbrella plan identifying various producer and interest groups, based on commonality of vocation/interest/livelihood sources, and priority community and value chain infrastructure needs. This will be followed by value chain plans for interest/producer groups, including training and technical assistance, extension services, production technology demonstrations, aggregation/grading, value addition, and access to competitive markets.

Sub-Component 1.2 Community and Value Chain Support Infrastructure: It will support investments to address (a) priority community/social infrastructure needs

and to reduce climate vulnerability (e.g. drinking water, sanitation, irrigation, all weather road links, household solar systems etc.); and (b) value chain support infrastructure needs (equipment and infrastructure for post-harvest management, product processing, aggregation, value addition and climate adaptation). The VO Umbrella Village Plan and the value chain plans will provide the basis to identify and prioritize these community and value chain support infrastructure investments, which shall be backed by feasible community operated O&M (operation and maintenance) arrangements. Women priorities in community infrastructure will be particularly identified and given additional weightage.

Sub-Component 1.3 Access to Inclusive Finance: It will expand the access to finance for the project's beneficiaries by integrating them into the formal financial sector. Partner Financial Institution(s) will provide low-cost subsidized credit to project's beneficiaries. The Project Financing will be utilized to provide grant resources to subvent the interest rate, as specified in the credit manual as part of the PIM. Apart from credit, the partner banks will offer additional financial services including insurance, savings, remittances and payments to the borrowers.

Sub-Component 1.4 Policy Support and Innovation Challenge Fund: The Project will support the provincial government in some key areas of project relevance for policy review and reform including dialogue on tenancy and land tenure arrangements, regulations for housing land ownership rights and provision of civic services in coastal buffer zone communities, agriculture and rural development credit, among others.

An Innovation Challenge Fund will identify and support innovative and cost-effective solutions for production, marketing, climate, environmental and nutritional challenges faced by target communities.

5.2 Component 2: Economic and Social Inclusion of Disadvantaged Groups: Job market and small business development, facilitated for the poor landless households, in particular young men and women through provision of employable skills, income generating productive assets, start-up grants for self-enterprise development through tailored business, technical and vocational service provision.

The component 2 consists of two sub-components:

Sub-Component 2.1 Economic Graduation of Landless Poor: Target families will be provided with one or more productive assets, for one or more members of the family, for income generation opportunities within the supported value chain or off-farm activities.

Sub-Component 2.2 Job Market Integration of Youth: It is aimed at achieving job-market readiness for the young men and women (15 to 29 years of age) from poor households through provision of vocational, technical and enterprise skills. The skills will be aimed at either finding remunerative salaried jobs or starting an income generating self-enterprise based on the learned skill. It will cover training costs and start-up grants.

5.3 Component 3: Project Management: Establishment of an autonomous Project Management Unit and District Coordination Units, responsible for project planning, coordination, financing, monitoring and procurement, administratively linked to Planning and Development Department, Government of Sindh, and reporting to a Project Steering Committee.

5.4 Component 4: Recovery from Climatic Calamities (RED Component), triggered in case the Government of Sindh declares the Project area (in total or part) affected by a climatic calamity. The Government may request up to 15 per cent of the total approved IFAD financing to be reallocated for emergency response.

Mainstreaming priorities: Gender, youth and climate adaptation will be mainstreamed throughout the project activities. Activities will be carried out to bring about social and behavioural change towards better nutrition among households by improving

target groups' knowledge and practices relating to food choices, food preparation, processing and conservation, healthy diet and good hygiene and sanitation practices.

II. Implementation Arrangements

6. *Lead Project Agency.* The Planning and Development Department, Government of Sindh will be the lead project execution agency.

7. *Project Oversight Committee.* A joint Provincial Steering Committee, for parallel-financed Asian Development Bank's and IFAD's activities of the Sindh Coastal Resilience Project, headed by Chairman P&D Board, will be responsible for all aspects related to policy, coordination, project budget appropriations and accountability for performance/results and will ensure synergy between the ADB and IFAD financing. The Steering Committee will grant approval of AWPBs and conduct regular progress reviews.

8. *Project Management Unit.* A Project Management Unit (PMU) shall be established by the Lead Project Agency in Karachi, headed by a full time Project Director of appropriate seniority and experience duly appointed in accordance with this Agreement, and District Coordination Units headed by District Coordinators in the three target districts, with professional staff recruited in accordance with this Agreement. The PMU will be responsible for project planning and budgeting, coordination, monitoring and evaluation, financial management, procurement, reporting, and shall ensure that gender, youth, environmental and climate adaptation considerations, and nutrition are streamlined in all project activities.

9. The Key Project Personnel of the Project Management Unit will be at least the following: i) Project Director, ii) Finance Specialist, iii) Procurement Specialist, iv) Monitoring and Evaluation Specialist, v) Communication and Knowledge Management Specialist, vi) Nutrition and Social Inclusion Specialist, vii) Environment and Climate Adaptation & SECAP Specialist, viii) Value Chain Specialist, and ix) Microfinance Specialist. The recruitment of key project personal shall be subject to IFAD prior review including any replacement of personal.

10. *District Coordination Units.* To guarantee territorial coverage, taking into account the Project Area, three District Coordination Units (DCU) under the Project Management Unit will be established in each targeted district. These units will be equipped with a minimum technical and operational structure to guarantee the quality of the Project in the three districts, being minimally composed of: a District Coordinator, a M&E Officer, a Value Chain Officer, a Business Support Officer, and a Finance & Admin Assistant.

11. *Implementing partners.* Implementing partners shall include Agriculture Supply and Prices Department, Livestock and Fisheries Department, Sindh Technical Education and Vocational Training Authority, Partner Financial Institution(s), and technical/implementing partners with which the PMU enter into agreement for the implementation of the Project. The selection of the Partner Financial Institution(s) shall be subject to IFAD prior review in reference to the credit manual as part of the PIM and its amendments.

12. *Monitoring and Evaluation.* M&E will be based on an Outcome Survey conducted at household level, with baseline, mid-term and endline measurements. A dedicated Management Information System (MIS) will be placed in PMU, aligned with the Logframe indicators and AWPB targets, to measure results at output, outcome and impact levels against set indicators, disaggregated by sex and youth. The PMU will conduct thematic studies and evaluations throughout project implementation to assess the project's results. SCRIP will build on and complement the institutional capacity of the Government of Sindh's Monitoring and Evaluation Cell (MEC) in P&D Department for development schemes.

13. *Knowledge Management.* The knowledge management will be based on a Knowledge Management and Communication strategy and action plan, to be prepared at start-up and

updated annually in coordination with IFAD communication specialists. The PMU will prepare a reach-out plan and develop stakeholder specific KM/COM material and document lessons learned for dissemination. The Project will develop a range of knowledge products including blogs, policy and technical briefs and videos.

14. *Project Implementation Manual.* The Project Implementation Manual (PIM) has been prepared and includes Terms of Reference (TOR) for key service providers. The PIM will guide the Project Management Unit (PMU) to implement all project activities as per project design documents and AWPBs. The PIM provides an outline of the overall project components and their implementation process. It contains the credit manual, which shall be updated by the PMU to include lending terms, operation details and a draft model of the subsidiary agreement with Partner Financial Institution(s) of the Credit Sub-Component. The draft PIM and future amendments should be reviewed and approved by the Project Steering Committee. The Project Management Unit (PMU) will seek IFAD's no objection for the draft PIM and future amendments and revisions.

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 to each category of the Financing and the percentages of expenditures for items to be financed in each Category:

Category	Loan Amount Allocated (expressed in EUR)	Percentage of eligible expenditure (net of taxes)
I. Credit	14 131 000	100%
II. Grants and subsidies	12 403 000	100%
III. Works	12 010 000	100%
IV. Services	11 157 000	100%
V. Operating costs	5 436 000	100%
TOTAL	55 137 000	

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

- (i) Category I "Credit" includes credit subsidies and other financial services.
- (ii) Category II "Grants and subsidies" includes matching grant, asset provision and capacity building grants.
- (iii) Category III "Works" includes construction of roads, irrigation, landing sites, sanitation, and other infrastructure works.
- (iv) Category IV "Services" includes training, workshops, technical assistance, studies and other contractual services.
- (v) Category V "Operating costs" includes operating expenses and salaries and allowances.

2. *Disbursement arrangements*

- (a) *Start-up Costs.* Withdrawals in respect of expenditures for start-up costs incurred before the satisfaction of the general conditions precedent to withdrawal shall not exceed an aggregate amount of four hundred and fifty nine thousand Euro (EUR 459 000). Activities to be financed by Start-up Costs will require the no objection from IFAD to be considered eligible.
- (b) *Audit arrangements.* The Auditor General of Pakistan (AGP) shall conduct external audit of the Project accounts. PMU shall submit to the Auditor General office Annual Unaudited Financial Statements of the project within two months of the end of financial year. The PMU shall submit the audited financial statement to IFAD within six months of the end of the financial year.

Schedule 3

Special Covenants

I. General Provisions

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 to request withdrawals from the Loan Account if the Borrower 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 customized accounting software as it is the practice in IFAD on-going supported projects, to satisfy International Accounting Standards and IFAD's requirements.
2. The Project will enter into Memorandum of Agreements (MoA) or contracts with implementing partners that will structure the collaboration, define roles, responsibilities and duties with regards to implementation, SECAP safeguards, anti-corruption, sexual harassment, sexual exploitation and abuse policy, financial management, accounting and reporting.
3. *Planning, Monitoring and Evaluation.* The Lead Project Agency shall ensure that (i) a Planning, Monitoring and Evaluation (PM&E) system shall be established within twelve (12) months from the date of entry into force of this Agreement.
4. *Gender.* The Lead Project Agency shall ensure that Women-headed households will have priority, and young men and women from poor households will be offered skills development for labour market, value chain participation and off-farm enterprises. Of direct beneficiaries, 40 per cent shall be women and 30 per cent youth.
5. *Local Communities (LC) Concerns.* The Lead Project Agency shall ensure that the concerns of LCs are given due consideration in implementing the Project and, to this end, shall ensure that:
 - a) LC are adequately and fairly represented in all local planning for Project activities;
 - b) LC rights are duly respected;
 - c) LC communities participate in policy dialogue and local governance;
 - d) The terms of Declarations, Covenants and/or Conventions ratified by the Borrower on the subject are respected.
6. *Anticorruption Measures.* The Borrower and the Lead Project Agency shall comply with IFAD Policy on Preventing Fraud and Corruption in its Activities and Operations.
7. *Sexual Harassment, Sexual Exploitation and Abuse.* The Lead Project Agency shall ensure and cause the Project Parties to 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 time.
8. *Use of Project Vehicles and Other Equipment.* The Lead Project Agency shall ensure that:
 - (a) all vehicles and other equipment procured under the Project are allocated to the Lead Project Agency/Project Management Unit and other Implementing Agencies for Project implementation;

- (b) The types of vehicles and other equipment procured under the Project are suitable to the needs of the Project; and
- (c) All vehicles and other equipment transferred to or procured under the Project are dedicated solely to Project use.

9. The Key Project Personnel, as specified in Schedule 1 Section II.9 of this Agreement, unless otherwise agreed with IFAD, shall be employed or cause to be employed by the Lead Project Agency, as required, with qualifications, experience and terms of reference satisfactory to IFAD. Key Project Personnel shall be seconded to the PMU in the case of government officials or recruited under a consulting contract following the individual consultant selection method in the IFAD Procurement Handbook, or any equivalent selection method in the national procurement system that is acceptable to IFAD. The recruitment of Key Project Personnel is subject to IFAD's prior review as is the dismissal of Key Project Personnel. Key Project Personnel are subject to annual evaluation and the continuation of their contract is subject to satisfactory performance. Any contract signed for Key Project Personnel shall be compliant with the national labour regulations or the ILO International Labour Standards (whichever is more stringent) in order to satisfy the conditions of IFAD's updated SECAP. Repeated short-term contracts must be avoided, unless appropriately justified under the Project's circumstances.

II. SECAP Provisions

1. The Lead Project Agency shall carry out the implementation of the Project in accordance with the measures and requirements set forth in the Environmental, Social and Climate Management Plans (ESCMs) (the "Management Plan"), as applicable, taken in accordance with SECAP requirements and updated from time to time by the Fund. The Lead Project Agency may amend or revise the Management Plan to consider updates, new contexts, stakeholders, and risks, and to adjust mitigation measures accordingly. The written agreement from the Fund is required before formally adopting the revised version.

2. The Lead Project Agency shall disclose the Management Plan with Project stakeholders and interested parties in an accessible place in the Project-affected area, in a form and language understandable to Project-affected persons and other stakeholders. The disclosure will take into account any specific information needs of the community (e.g. culture, disability, literacy, mobility or gender).

3. The Lead Project Agency shall ensure and cause the Implementing Partners to ensure that all bidding documents and contracts for goods, works and services contain provisions that require contractors, sub-contractors and suppliers to comply at all times in carrying out the Project with the standards, measures and requirements set forth in the SECAP 2021 Edition and the Management Plan.

4. This section applies to any event which occurs in relation to serious environmental, social, health & safety (ESHS) incidents (as this term is defined below); labor issues or to adjacent populations during Project implementation that, with respect to the relevant IFAD Project:

- (i) has direct or potential material adverse effect;
- (ii) has substantially attracted material adverse attention of outside parties or create material adverse national press/media reports; or
- (iii) gives rise to material potential liabilities.

In the occurrence of such event, the Lead Project Agency shall:

- Notify IFAD promptly;
- Provide information on such risks, impacts and accidents;
- Consult with Project-affected parties on how to mitigate the risks and impacts;
- Carry out, as appropriate, additional assessments and stakeholders' engagements in accordance with the SECAP requirements;
- Adjust, as appropriate, the Project-level grievance mechanism according to the SECAP requirements; and
- Propose changes, including corrective measures to the Management Plan, in accordance with the findings of such assessment and consultations, for approval by IFAD.

Serious ESHS incident means serious incident, accident, complaint with respect to environmental, social (including labor and community), health and safety (ESHS) issues that occur in the context of the loan or within the Lead Project Agency's activities. Serious ESHS incidents can comprise incidents of (i) environmental; (ii) occupational; or (iii) public health and safety; or (iv) social nature as well as material complaints and grievances addressed to the Borrower or the Lead project Agency (e.g. any explosion, spill or workplace accident which results in death, serious or multiple injuries or material environmental contamination, accidents of members of the public/local communities, resulting in death or serious or multiple injuries, sexual harassment and violence involving Project workforce or in relation to severe threats to public health and safety, inadequate resettlement compensation, disturbances of natural ecosystems, discriminatory practices in stakeholder consultation and engagement (including the right of indigenous peoples to free, prior and informed consent), any allegations that require intervention by the police/other law enforcement authorities such as loss of life, sexual violence or child abuse, which (i) have, or are likely to have a material adverse effect; or (ii) have attracted or are likely to arouse substantial adverse attention of outside parties or (iii) to create substantial adverse media/press reports; or (iv) give, or are likely to give rise to material potential liabilities).

5. The Lead Project Agency shall ensure and cause the Implementing Partners, contractors, sub-contractors and suppliers to ensure that the relevant processes set out in the SECAP 2021 Edition as well as in the Management Plan are respected.

6. Without limitation on its other reporting obligations under this Agreement, the Lead Project Agency shall provide the Fund with:

- Reports on the status of compliance with the standards, measures and requirements set forth in the SECAP 2021 Edition, the management plan on a semi-annual basis - or such other frequency as may be agreed with the Fund;
- Reports of any social, environmental, health and safety incidents and/accidents occurring during the design stage, the implementation of the Project and propose remedial measures. The Lead Project Agency will disclose relevant information from such reports to affected persons promptly upon submission of the said reports; and
- Reports of any breach of compliance with the standards, measures and requirements set forth in the SECAP 2021 Edition and the Management Plan(s) (if any) promptly after becoming aware of such a breach.

7. In the event of a contradiction/conflict between the Management Plan and the Financing Agreement, the Financing Agreement shall prevail.

Logical framework

Results Hierarchy	Indicators				Means of Verification			Assumptions
	Name	Baseline	Mid-Term	End Target	Source	Frequency	Responsibility	
Outreach	1 Persons receiving services promoted or supported by the project				M&E system	Quarterly and annually	PMU	A baseline survey is conducted to establish the baseline Project approach and timelines are adhered to An efficient M&E system is developed and implemented
	Males	0	72000	156000				
	Females	0	48000	104000				
	Young		40000	78000				
	Not Young							
	Non-Indigenous people							
	Total number of persons receiving services	0	120000	260000				
	Male		60	60				
	Female		40	40				
	Young		30	30				
	1.a Corresponding number of households reached				M&E system	Quarterly and annually	PMU	
	Households	0	90000	195000				
	1.b Estimated corresponding total number of households members				M&E system	Quarterly and annually	PMU	
Household members	0	468000	1014000					
Project Goal Reduce poverty and malnutrition and improve climate resilience among rural poor households	Households reporting having graduated to a higher poverty score card level				Baseline and Endline Surveys/Poverty Wealth Ranking	Baseline and Endline	PMU	Ultra-poor and poor households have been assisted through project interventions
	Households	0	50	50				

Development Objective Promote inclusive and resilient livelihoods for target farming and fishing communities and disadvantaged groups	SF.2.1 Households satisfied with project-supported services				COI Survey	Baseline, Mid-Term and Endline	PMU	Updated BISP data on poverty available for targeting Targeting guidelines available, Project staff trained and transparent targeting process implemented Political and economic stability and security
	Household members	0	280800	709800				
	Households (%)	0	60	70				
	Households (number)	0	54000	136000				
	SF.2.2 Households reporting they can influence decision-making of local authorities and project-supported service providers				COI Survey	Baseline, Mid-Term and Endline	PMU	
	Household members	0	140400	507000				
	Households (%)	0	30	50				
	Households (number)	0	27000	97500				
	Targeted households have improved incomes				Baseline, Mid- and Endline Surveys	Baseline, Mid-Term and Endline	PMU	
	hh	0	27000	136500				
	Households	0	30	70				
	Households have improved their resilience				IFAD RDMT	Baseline, Mid-Term and Endline	PMU	
	Households	0	30	70				
3.2.3 Households reporting a significant reduction in the time spent for collecting water or fuel								
Households		18000	58500					
Households		20	30					
Total household members		93600	304200					
Outcome 1. Improved production under climate smart agriculture and fisheries integrated with better access to markets and formal financial services	1.2.4 Households reporting an increase in production				COI Survey	Baseline, Mid-Term and Endline	PMU	Households are willing to participate in project activities under farmer organisations and 4Ps Business mobilization partner(s) selected in a timely manner
	Total number of household members	0	160160	400400				
	Households	0	30	70				
	Households	0	27000	136500				

	1.2.5 Households reporting using rural financial services			COI Survey	Baseline, Mid-Term and Endline	PMU		
	Total number of household members	0	201500					400400
	Households	0	28					43
	Households	0	38750					55000
	3.2.2 Households reporting adoption of environmentally sustainable and climate-resilient technologies and practices			COI Survey	Baseline, Mid-Term and Endline	PMU		
	Total number of household members	0	107640					608400
	Households	0	23					60
	Households	0	20700					117000
Output 1.1 Climate Resilient Value Chain Plan Development. Fisherfolk and producers organized are supported for the development of VC/production business plans and 4Ps	1.1.4 Persons trained in production practices and/or technologies			M&E system	Quarterly and annually		Professional farmer organisations established and incorporated under a regulatory framework Market based business plans developed	
	Total number of persons trained by the project	0	44000					110000
	Total number of attendances to training sessions	0	44000					110000
	Men trained in crop	0	15400					38500
	Women trained in crop	0	6600					16500
	Young people trained in crop	0	11000					27500
	Men trained in fishery	0	15400					38500
	Women trained in fishery		6600					16500
	Young people trained in fishery		11000					27500
	Total persons trained in crop	0	22000					55000
	Total persons trained in fishery	0	22000					55000
	Villages and producer groups supported in the development of business plans			M&E system	Quarterly and annually	PMU		
	number of villages mobilized	0	200					500
	number of producer groups	0	2000					5000

Results Hierarchy	Indicators				Means of Verification			Assumptions
	Name	Baseline	Mid-Term	End Target	Source	Frequency	Responsibility	
	total people in producer groups	0	44000	110000				
	Female members in producer groups	0	13200	33000				
	Male members in producer groups	0	30800	77000				
	Young members in producer groups	0	13200	33000				
Output 1.2 Community and Value Chain Support Infrastructure	Demand-driven small infrastructure built (type of infrastructure and targets to be decided by the communities)				M&E system	Quarterly and annually	PMU	All beneficiaries have the opportunity to express their needs, and have sufficient information about what the project can offer.
	community and value-chain infrastructure	0	489	602				
	Household-based infrastructure	0	11592	17644				
	HH benefitting from small infrastructure schemes	0	66000	110000				
	2.1.5 Roads constructed, rehabilitated or upgraded				M&E system	Quarterly and annually	PMU	
	Length of roads	0	60	111				
Output 1.3 Access to financial services for value chain and enterprise development (for the financing of the business plans)	1.1.5 Persons in rural areas accessing financial services				M&E system	Quarterly and annually	PMU	beneficiaries willing to use financial services
	Total number of accesses to financial services	0	38750	55000				
	Men in rural areas accessing financial services - credit	0	31000	44000				
	Women in rural areas accessing financial services - credit	0	7750	11000				
	Young people in rural areas accessing financial services - credit	0	11625	16500				
	Total persons accessing financial services - credit	0	38750	55000				

Outcome 2. Increased self-employment and employment opportunities for disadvantaged groups (youth, women, landless)	2.2.1 Persons with new jobs/employment opportunities				COI Survey	Baseline, Mid-Term and Endline	PMU	Selection of training providers having technical capacity and accredited for certification; trainings are held in times and locations conducive to the participation of women and female youth
	Males	0	23220	33204				
	Females	0	15480	22136				
	Young	0	25155	35971				
	Total number of persons with new jobs/employment opportunities	0	38700	55340				
Output 2.1 Vocational and entrepreneurship training on income-generating activities, business management and financial literacy	2.1.2 Persons trained in income-generating activities or business management				M&E system	Quarterly and annually	PMU	Careful assessment of each household's potential and endowments
	Males	0	11700	17400				
	Females	0	7800	11600				
	Young	0	12675	18850				
	Persons trained in IGAs or BM (total)	0	19500	29000				
	1.1.7 Persons in rural areas trained in financial literacy and/or use of financial products and services				M&E system	Quarterly and annually	PMU	
	Males	0	19050	43200				
	Females	0	12700	28800				
	Young	0	20638	46800				
	Persons in rural areas trained in FL and/or use of FProd and Services (total)	0	31750	72000				
Output 2.2 Provision of productive assets to ultra-poor	Persons accessing productive assets				M&E system	Quarterly and annually	PMU	BISP data is accurately validated by the implementers
	Males	0	9600	13170				
	Females	0	9600	13170				
	Young	0	5760	7902				
	total of persons	0	19200	26340				

Output 2.3 Access to start-up capital (grant) for business development	persons accessing start-up capital			M&E System	Quarterly and annually	PMU	People trained are willing to start a business	
	Young	0	10500					17000
	Male	0	6300					10200
	Female	0	4200					6800
	Total persons	0	10500					17000
Outcome 3. Households have improved nutrition knowledge, attitudes and practices	1.2.9 Households with improved nutrition Knowledge Attitudes and Practices (KAP)			COI survey	Baseline, Mid-Term and Endline	PMU	Persons/women are given the possibility to attend the trainings, in timings and locations accessible for all. Trainings are being carried out by experts in nutrition who speak the local language	
	Households (number)	0	30000					70000
	Households (%)	0	30					70
	Household members	0	195000					455000
Output 3.1 Development of human capital of rural people and communities on nutrition, climate change, natural resources management and gender empowerment	1.1.8 Households provided with targeted support to improve their nutrition			M&E system	Quarterly and annually	PMU	Communities positively received the training opportunities offered by the programme. Innovative channels for campaign facilitated	
	Total persons participating	0	40000					100000
	Males	0	20000					50000
	Females	0	20000					50000
	Households	0	40000					100000
	Household members benefitted	0	208000					520000
	Young	0	9000					30000
	Inclusive village organizations (VO) receiving trainings on natural resources management, climate change and gender empowerment			M&E System	Quarterly and annually	PMU		
	VOs with trainings on Natural Resource Management	0	350				500	
	VOs with trainings on climate change	0	350				500	

	VOs with trainings on gender empowerment	0	350	500				
Outcome 4. Supportive policy instruments identified and promulgated for enhanced incomes and resilience of project target beneficiaries	Policy 3 Existing/new laws, regulations, policies or strategies proposed to policy makers for approval, ratification or amendment				Government Policy document	Baseline, Mid-Term and Endline	PMU	Public institutions interest and priority for rural extension services remain stable during the project life
	Number	0	1	2				
Output 4.1 Innovative investment schemes for alternative and climate-resilient value-chains financing through the Innovation Challenge Fund	Number of persons receiving innovative financing				M&E system	Quarterly and annually	PMU	Private sector, research institutions, universities and other development actors find the Innovation Challenge Fund useful and participate The partnering organizations successfully link the initiatives with the projects' target groups
	total number of persons	0	10000	40000				
	Males	0	6000	24000				
	Females	0	4000	16000				
	Young	0	3000	12000				
Output 4.2 Public institutions strengthening for the provision of better extension services	Delivery capacities of public institutions strengthened				M&E system	Quarterly and annually	PMU	Public institutions interest and priority for rural extension services remain stable during the project life
	Public institutions supported to improve their operating capacities	0	3	3				
Output 4.3 Policy relevant knowledge products	Policy 1 Policy-relevant knowledge products completed				M&E system	Quarterly and annually	PMU	Public institutions interest and priority for rural extension services remain stable during the project life
	Number	0	2	4				

Integrated project risk matrix

Risk Category / Subcategory	Inherent risk	Residual risk
Country Context Fragility and Security	Substantial Substantial	Substantial Substantial
<p>Risk:</p> <p>Pakistan's security environment has improved and security situation in the Sindh province is generally stable but remains unpredictable in view of the recent surge in terrorist-related incidents in other provinces (KP and Balochistan) along the border of Afghanistan. Street crimes are common in the capital city of Karachi. A number of UN agencies including UNDP, UNICEF, ILO, WFP, FAO and UNHCR and WHO and WB and ADB are present in the province. Staff of the foreign aid agencies and diplomats are free to travel to and within the province.</p> <p>The country is one of the most affected countries in terms of climate change, and the likelihood of a calamity in the project area during the project implementation are high. More details are presented in the respective sections.</p> <p>Mitigations:</p> <p>The situation will be continuously monitored and appropriate mitigation measures will be put in place if deterioration of security in the province and any project district emerges. UNDSS advisory will be followed. The provincial government security advisories will be used for timely and informed input to the project teams and IFAD Missions to ensure their smooth and safe travel to the project areas.</p> <p>Security: UNDSS advisory will be followed and government security advisories will be used for districts with substantial risks. Additionally, experience of IFAD indicates that engagement of local service provider for social mobilisation, participatory approach and strong involvement of community networks provide opportunities for offsetting security risks to great extent.</p> <p>The project includes a RED Component to ensure concrete mitigation measure in case a calamity happens. The infrastructure will be climate-proofed to increase its resilience capacity.</p>	Substantial	Substantial
Macroeconomic	Substantial	Substantial
<p>Risk:</p> <p>The country's worsening macroeconomic situation due to high fiscal and current account deficits and low levels of reserves, continued devaluation of national currency and increasing inflation is leading to decline in household incomes and employment opportunities for poor HH.</p> <p>Additionally, the tightening of fiscal management due to latest standby arrangement with IMF, may pose challenges for availability of counterpart funding.</p>	Substantial	Substantial

Mitigations:

The project will mitigate the effects of the macroeconomic situation on the target population with a strong focus on poverty reduction through assets accumulation, strengthening of value chains and provision of skill trainings to rural youth for gainful employment within developing value chains and in wider labour market.

During the implementation IFAD and executing agency will ensure; (i) continued relevance of project to needs of beneficiaries and government's priorities; (ii) timely projections to determine counterpart, and (iii) regular monitoring of disbursements.

Unit costs and budgets for each activity will be annually reviewed and adjusted by PSC to ensure that budgets reflect the prevailing market prices. At MTR, a holistic review will be carried out in terms of relevance and impact to effect necessary adjustments.

Governance

Substantial Substantial

Risk:

After the 18th amendment to the constitution in 2008 almost all key sectors related to IFAD's mandate and its administrative and fiscal responsibility are now provincial subjects. However, provinces still face challenges in the development of a strong system for the delivery of development priorities in an efficient, equitable and transparent manner and through participatory development approaches.

Substantial Substantial

Weak institutional capacity of public service providers and financial constraints often result in sub-optimal performance.

Mitigations:

The Government of Sindh is committed to poverty reduction and agricultural development as evidenced by recent promulgation of Provincial Poverty Reduction Strategy.

The project will assist the GoS in addressing management and technical capacity gaps for improved and demand-based service delivery to the poor with focus on participation of communities and private sector in service delivery.

The project will particularly enhance capacity to respond to need for climate change risk reduction and to respond to the changing demand for technologies for agriculture and market demand based vocational skills development and employability of youth and women.

The existence of a network of community organisations in the province, engagement of private service providers for social mobilisation and participatory development approach of the project will provide opportunities for inclusiveness, equity and transparency. The project will be strengthening; (i) local community institutions to take ownership of project outcomes and to liaise with the district authorities for continued support; and use community procurement mechanisms to enhance accountability and transparency using social capital.

The PMU will be autonomous and empowered with full complement of competitively selected technical experts to offset the impact of Governance issues in regular departments and facilitate dialogue with relevant authorities.

Political Commitment

Moderate Moderate

Risk:

Recent elections for national and provincial assemblies have resulted in a fractured mandate at national level while same party has returned with clear majority in Sindh provincial assembly. The project approach and focus on the poorest rural people is well aligned with manifesto and political priorities of the winning party in Sindh province. A transition phase will now ensue from a caretaker set-up to the new government which may create a degree of uncertain approval progress.

Moderate Moderate

Mitigations:

IFAD will continuously monitor the evolving socio-political situation for prompt adjustments, if required. After any national or provincial Government change, a meeting or mission will be conducted to introduce the project to the new authorities and analyse any need of adjustment to adapt to any new development strategy

Sector Strategies and Policies

Moderate Moderate

Policy Development and Implementation

Moderate Moderate

Risk:

Recognising its increased responsibilities after the 18th constitutional amendment, the provincial government formulated policies for youth, women empowerment, and agriculture.

Moderate Moderate

However, there are limited capacities for the execution of policies including concrete actions, associating reforms and strategies and regulatory frameworks etc., leading to deferred benefits to communities and project beneficiaries.

Mitigations:

The project will provide support for effective implementation of the relevant parts of the policies including the associating strategies, frameworks and capacity building.

The project shall focus on generating new, simple, and replicable approaches for policy implementation— working collaboratively with all key stakeholders. This will ensure that the successful approaches become visible and generate a strong traction for a wider adoption and implementation by the provincial government.

Policy alignment

Moderate Moderate

Risk:

Many sectorial policies and programmes at federal and provincial level are ending during the project period and new ones may appear.

Moderate Moderate

Mitigations:

Generally, foreign funded projects and commitments are not affected with the change in government. Every successive government have supported social protection and poverty reduction programmes (BISP). Pakistan was one of the first countries to endorse SDG in 2015 and adopted SDGs as the national development agenda through parliamentary approval.

IFAD's past and on-going projects and programmes have supported and will support government priorities notably for poverty reduction and agriculture development.

The project is well aligned with the federal and provincial government policies and priorities and relevant SDGs.

The lessons learnt of the project will be used to inform the policy dialogue at portfolio level to increase the alignment between the project and the new policies and strategies.

Environment and Climate Context

Substantial Substantial

Project vulnerability to climate change impacts

Substantial Substantial

Risk:

In a semi-arid environment, project areas are experiencing flooding, cyclones and heat waves due to climate change. The frequency and intensity of extreme climate events is projected to increase, increasing disaster risk particularly for vulnerable poor and minority groups. Income earned from agricultural, livestock and fishing activities form the core livelihoods of the target groups which depend on weather patterns and climatic events. At the same time, awareness and adaptation capacity of the communities is limited.

Substantial Substantial

Mitigations:

The project components are designed to (i) to make value chains less vulnerable to climate change (C1) and (ii) encourage livelihood diversification (2). Building the capacity of vulnerable target groups to diversify activities through investments in new/alternate means of income generation is a key subcomponent of the project. The vulnerable groups (small holders, interest groups, women, poor, and young people) will adapt new skills through capacity building and inputs to increase their incomes. ADB infrastructure aiming at restoring ecosystem services will directly contribute to reduce climate vulnerability of communities.

Project vulnerability to environmental conditions

Substantial Substantial

Risk:

The Project area is faced with environmental degradation due to excessive Indus river water withdrawal upstream and limited or no drainage facilities due to malfunctioning of existing drainage system. Soil salinization and poor groundwater quality are widespread while ecosystem degradation of the Indus Delta due to water cycle disruption, pollution and sea intrusion in the coastal areas are also contributing factors.

Substantial Substantial

Mitigations:

Project's component 1 is designed to mitigate the impacts of prevailing and anticipated environmental conditions. This includes transition to crops and production practices that are better suited and resilient to prevailing and anticipated future environmental risks. Resources are made available to improve irrigation efficiencies, provide backup supply through storage ponds and improve on-farm drainage in waterlogged areas. The project components are designed to encourage adoption of best agricultural practices suiting and improving the prevailing environment through climate smart agriculture, but also develop economic opportunities in degraded environment. New activities envisaged for vulnerable target groups will contribute to adoption of more sustainable practices (such as production of compost, biopesticides). Alignment with ADB infrastructure will increase the financing available to mitigate the risk that environmental conditions impact project's investments.

Project Scope

Moderate Moderate

Technical Soundness

Moderate Moderate

Risk:

The key potential risks that can be foreseen at this stage is the very weak resource and productive asset base of beneficiaries that could allow introduction of business-oriented approaches leading to value chain development.

Moderate Moderate

The low literacy rate may further complicate the adoption of the proposed capacity building interventions.

Mitigations:

The project design adopts an incremental approach to improved production and productivity in existing production systems through technology, access to finance and aggregation for strengthened bargaining position of smallholder farmers and fisherfolk. Once economies of scale are achieved, then VOs will be assisted to enter into 4P arrangements.

The project will aim to create an enabling environment through capacity building, productive assets accumulation, social and productive infrastructure, financial services and capacity building, for business orientation and private sector involvement.

The project design will be kept simple in terms of number, type and range of activities as well as the implementation arrangements.

Project Relevance

Moderate Moderate

Risk:

Currently insufficient scope exists for smallholder farmers and fishermen to compete in the market. The key challenge and risk is the very weak resource and poor assets base and capacities of the intended target group to participate in the value chain development.

Moderate Moderate

There is mismatch between demand and supply of skilled workforce in local labour market and TVET institutes are unable to respond to the demand owing to disconnect between the skills and curriculum offered and delivered and actual market demand.

Mitigations:

The project approach and proposed interventions are based on analysis of contextual conditions of the target group and market. The project scope, approach and proposed activities were identified in consultation with the provincial governments and discussions with fishing and agriculture communities.

The project design builds on evidence-based lessons from IFAD (SPPAP and ETI-GB) and other donor-financed projects and programmes. The project objectives will be pursued by addressing the critical issues of assets accumulation, financial services and capacity building.

The project will provide an opportunity for realizing the dividends of the “youth bulge” in terms of addressing critical challenges related to human capital development. The project will specifically focus on youth employability for employment and self-employment/entrepreneurship in agriculture including fisheries and livestock and other rural enterprises.

The institutional and technical capacity gaps of TVET sector will be addressed by engaging with TVET institutions in private sector.

Institutional Capacity for Implementation and Sustainability

Substantial Substantial

Monitoring and Evaluation Arrangements

Substantial Substantial

Risk:

Owing to skills and capacity constraints, the M&E systems may not be well-positioned to track performance in terms of outcomes and results and instead focus on outputs, thereby contributing to the project delivery risk.

Substantial Substantial

Mitigations:

An M&E system, with adequate human capacity and tools, will be developed to provide project management, the Government and IFAD with reliable and timely information on project execution performance and results and to ensure efficient and effective project implementation.

Key element of the M&E system will be disaggregated poverty graduation tracking, changes in incomes and asset base, food security and nutrition, climate adaptation and resilience, youth and women empowerment through participatory monitoring and evaluation. BISP PSC data will be used as a benchmark to track the progress of poverty graduation and income and asset changes of beneficiaries.

Provisions will be made for a strong M&E team within the PCU and their capacity building.

Implementation Arrangements

Substantial Moderate

Risk:

Inherent institutional capacity risks are moderate in the province. However, start up delays are common and technical capacity and the skills level of public service delivery institutions may pose a challenge for the implementation of the projects approaches and interventions.

Substantial Substantial

Mitigations:

Relevant government line departments and private sector service providers present in the project area have previous reasonable exposure to participatory development approaches. Some of existing capacity gaps in extension services will be addressed by the project to enable effective engagement.

Project management responsibilities will be assigned to an autonomous and empowered PMU, reporting to the Project Steering Committee headed by Chairperson, Planning and Development Board that will be responsible for policy level guidance, coordination, oversight, progress review and will take corrective actions where warranted.

IFAD will continue to monitor the situation and work with GoS to develop solutions if implementation arrangements appear insufficient.

To mitigate the risk of start-up delays, assistance will be provided for the formulation of the PC-I (government project document), parallel to the finalization of the project design. The IFAD country team will provide frequent implementation support in the initial stage of the project. Additionally, adequate resources will be provided for capacity building and additional technical assistance.

Risk:

Inherent institutional capacity risks are moderate in the province.

Moderate

Low

However, start up delays are common and technical capacity and the skills level of public service delivery institutions may pose a challenge for the implementation of the projects approaches and interventions.

Mitigations:

Relevant government line departments and private sector service providers present in the project area are reasonably well placed in terms of management and technical capacities and exposure to participatory development approaches.

Project management responsibilities will be assigned to Sindh Coastal Development Authority (SCDA), reporting to the Project Steering Committee headed by Chairperson, Planning and Development Board and will be responsible for policy level guidance, coordination, oversight, progress review and will take corrective actions where warranted. SCDA has prior experience of implementing donor funded projects/programmes.

IFAD will continue to monitor the situation and work with GoS to develop solutions if implementation arrangements appear insufficient.

To mitigate the risk of start-up delays, assistance will be provided for the formulation of the PC-I (government project document), parallel to the finalization of the project design. The IFAD country team will provide frequent implementation support in the initial stage of the project. Additionally, adequate resources will be provided for capacity building.

Project Financial Management

High

High

Project External Audit

Substantial

Substantial

Risk:

- IFAD notes persistent gaps with reference to external auditing of projects which include weak follow up with audit office resulting in backlog of audit findings, non-resolution of audit findings—which could potentially create ineligible expenditure for the project.

Substantial

Substantial

- Audit may not be required of key sub-recipients of IFAD Financing; hence, Partner Organizations may not submit annual audit reports to the PMUs. This may weaken the levels of assurance over project funds.

Mitigations:

PMU will be guided by IFAD to:

- Engage with Director General Audit for timely completion of audit.
- Send scanned copies of the final audit report as soon the report is ready to ensure on-time submission to IFAD and to avoid delays resulting from mail services. Then the hard copy can follow to IFAD ICO in Islamabad.
- Settle Audit observations within four (4) months after the Audit Report has been shared with project executing agency to ensure early resolution at Departmental Accounts Committee level.
- Ensure follow up meetings with the Auditors to settle any unsettled audit findings from previous years.
- Ensure engagement of reputable Chartered Accountant Firm, with IFAD concurrence, for the audit of NGOs and/or any partner organizations.

Project Accounting and Financial Reporting

Substantial Substantial

Risk:

- Accounting software may not be adequately sophisticated or customized to meet project reporting requirements. This may result in difficulties to automatically generate required reports from the system, consolidate reports across multiple financing instruments, implementing layers and levels and report on multiple currencies.
- Weak monitoring of physical and financial progress may result in difficulty to track implementation progress and gaps and to take prompt remedial actions.
- Project financial procedures in the PIM may lack enough details to provide guidance to the project staff and may not be updated as at when required.

Substantial Substantial

Mitigations:

- An appropriate Accounting Software will be procured, installed and the finance team trained in its use. Financial reports should be auto generated from the procured accounting software.
- Integration of the service providers, expenditures in the PMU accounting software. Relevant procedures to be identified in the PIM. The finalization and approval of the PIM Designated Accounts for the project will be opened within eight (8) weeks of the date of signing of the Financing Agreement and will be a condition for disbursement of the initial advance.
- PMU shall submit to IFAD; Quarterly Interim Financial Reports within 30-day of period end, annual unaudited financial statements within 4-month of year end and annual audited Financial Statements within 6-month of year end.
- FM staff should be orientated to comply with IFAD's requirements in their work— including those relating to IFAD's Anti-corruption policy. The acquisition of the software including staff training will be part of the start-up activities.

Project Internal Controls

High High

Risk:

- Instances of non-compliance with applicable internal controls have been reported by the Auditor General of Pakistan in recent audit reports, as well as in supervision & implementation support missions.
- Absence of internal audit function at project management and lower levels of implementation may pose internal control risks.
- Contracts and MoUs with implementing partners may not include key clauses on internal controls and reporting requirements.
- Inadequate supporting documentation to justify expenditure especially around asset management, travel expenses, and vehicle fuelling and maintenance, raising the risk of ineligible expenditure.
- Weak segregation of duties may arise to high numbers of staff vacancy.

High High

Mitigations:

- To effectively safeguard project resources, the Office of the Auditor General will be engaged to perform compliance verifications on key project activities and the PMU would also engage the new internal audit function set up by WB/GoP to perform IA for all IFAD projects.
- A few internal control measures will be implemented to mitigate risks of internal controls failure such as
 - o monthly bank reconciliation.
 - o budgetary controls over each transaction.
 - o budget vs actual analysis and reporting to PSC.
 - o maintenance of Fixed Asset Registers and verification of assets randomly/periodically.
 - o complete documentation of activities especially at the beneficiary level and random/periodic inspection to test credibility of reporting by implementing partners. Details will be provided in the PIM.
- Supervision missions would specifically examine whether the project is in full compliance with these internal control requirements.

Project Funds Flow/Disbursement Arrangements

Substantial Substantial

Risk:

- Sub-optimal disbursement may occur because of delays in the start-up of projects arising from delays in opening bank accounts and fulfilment of the other disbursement conditions.
- There may be weakness around traceability of interventions at the beneficiary level.
- There is weak capacity at lower levels of implementation such as at the community organizations (COs), beneficiary groups and other sub-national partner organizations (POs). Oversight and monitoring of these organizations by the project management may be ineffective.

Substantial Substantial

Mitigations:

- A clear and streamlined process of flow of funds for IFAD financing. As per the arrangements, a special designated account for loan disbursement and a separate account for management of government counterpart funds are established with the National Bank of Pakistan (government owned and a subsidiary of State Bank of Pakistan) to provide independent drawing facility.
- Designated Accounts for the project will be opened within eight (8) weeks of the date of signing of the Financing Agreement and will be a condition for disbursement of the initial advance.
- Counterpart Fund requirements shall be clearly established through timely preparation and approval of AWPB (latest by 15 April of each financial year-before the start of preparation of the government budget and Annual Development Programme process. The AWPB counterpart fund requirements shall be reflected in the provincial Annual Development Programme and budget.
- The project will utilize IFAD's technical guidance note on co-financing and in-kind contribution to develop a section in the manual for capturing, monitoring, and reporting in-kind contributions.
- Disbursement will be based on validated 6 months cash forecast, and expenses will be justified based on quarterly interim financial report.

Project Budgeting

Substantial Substantial

Risk:

- The project will have multiple financiers namely IFAD, ADB, Government Contribution, and Beneficiaries contribution. There is a risk of mix-up in budgeting and expenditure allocations to these multiple financiers.
- There may be frequent delays in the submission of AWPB. This may arise from delays in sitting and approval by the project steering committees and difficulties in consolidating budgets from the lower levels of implementation.
- Tough fiscal policies such as the Government's introduction of rupee covers may result in poor AWPB implementation. The Standby Arrangement (SBA) policies agreed between the Government and IMF may further challenge the implementation of AWPB for IFAD Financing and Government counterpart funds.

Substantial Substantial

Mitigations:

- A dedicated and fully empowered PCU will be responsible for implementation of IFAD livelihood enhancement component of this co-financed project. With parallel financing mode, there is no risk of mixing of IFAD and ADB funds. Same applies to government counterpart of beneficiary contributions.
- The cost tables, PDR/PC-1 and PIM will have sufficient details on key activities to be implemented and sources of finances for these costs. Subsequently, the AWPB will be prepared with adequate details on financing for key activities to ensure adequate guidance to the accounting team in booking of the expenditure.
- PCU shall obtain the approval of AWPB & Procurement Plan through the PSC (by 30 April each year) and shall ensure that counterpart fund requirements of AWPB are reflected in the Annual Development Programme/budget of the provincial government.
- Appropriate consultations should be held with representatives of the borrower in advance of the workplan development. Annual budget would be communicated in advance of setting the rupee cover.
- AWPB/Procurement Plans shall be prepared in consultation with implementing partners/service providers and these IPs will be supported by PMU to ensure proper estimation of funding requirements in the AWPB.

Project Organization and Staffing

High Substantial

Risk:

- There may be delays in recruiting and filling vacant positions with suitably experienced and qualified personnel. Root causes may include weak capacity in the job market, interference in the recruitment process and underpayment on projects compared to market price.
- The organizational structure of project may be inadequate for the implementation arrangement of the project.

High Substantial

Mitigations:

- Core staff of the PMU—Project Director, Finance Manager/FM Specialist, FM Specialist, M&E Specialist should be engaged within eight (8) weeks of the date of signing of the Financing Agreement and will be a condition for disbursement of the initial advance.
- Institution of a well-structured finance unit within the PCU that includes competent and qualified staff who can carry out project financial management as per the fund requirements.
- All finance staff to undertake IFAD Online Finance Management practices and procedures course and IFAD anti-corruption training. In addition to that, finance staff to attend induction sessions on IFAD financial management requirements as conducted by IFAD Finance Officer.

Project Procurement

Substantial Substantial

A.1 Legal, Regulatory and Policy Framework

Moderate Moderate

Risk:

To some extent, the public procurement legal framework encapsulates the agreed principles and ensure compliance with applicable obligations. Implementing regulations notified so far support the legal framework. The country procurement system is just 2 decades old. There are some international best practices incorporated in the procurement legal framework. There are no supporting User Guides for the procurement practitioners. There is no downstream procurement procedural manual /guideline for the PAs to effectively ensure efficiency, economy and transparency during the procurement process. There is no procurement monitoring mechanism and Guide on contract management. Recent amendments relating to engagement of state-owned entities under direct contracting does not seem in line with promoting competition and transparency.

Moderate Moderate

Mitigations:

PPRA should focus on meeting the development of missing standard procurement documents to complete the procurement regulatory framework at the federal level. Subsequently, PPRA should activate the National Institute of Procurement (NIP), take lead in designing of an annual calendar of a series of capacity building training programs..

A.2 Institutional Framework and Management Capacity

Moderate Moderate

Risk:

The institutional framework and management capacity may be treated as average. The procurement planning is aligned with annual budgeting exercise. However, there is no mechanism for detailed planning and updating of procurement plans during the year. PPRA is managed by its Board albeit some potential conflict of interest in terms of financial and administrative autonomy. The country procurement system is just 20 years old and it has to go a long way to achieve the desired institutional maturity and proper functioning. The public procurement system has a capacity to develop and improve. The progress is very slow but it is in the right direction. The ingredients required for introducing and operating e-public procurement system are being brought together.

Moderate Moderate

Mitigations:

The main challenge is ensuring the development of desired capacity in the areas of procurement regulations, planning, transactions, monitoring, audit and contract management. The government must recognize procurement as a profession and do the needful as soon as possible. It should focus on promoting public procurement as a promising career stream with the introduction of necessary certification/accreditation.

A.3 Accountability, Integrity and Transparency of the Public Procurement System

Moderate Moderate

Risk:

Capacity constraints lead to poor procurement planning and weak contract management. PPRA to take lead and coordinate with PEC and other professional bodies of Constructors and Consultants; design an annual calendar of training programs for the PAs on frequent issues relating to effective contract management. There is a communication gap between the public sector and private sector. There are representative professional bodies of suppliers, constructors and consultants in the country. Market knowledge for the PAs of critical sectors (energy, transport, irrigation etc.) may be updated through interaction with these bodies on a working relationship basis.

Moderate Moderate

Mitigations:

There is a communication gap between the public sector and private sector which should be bridged through mutually agreed actions. These actions may include capacity building of both sides of the equation. The training activity should be coordinated by PPRA with PEC and these bodies.

A.4 Public Procurement Operations and Market Practices.

Substantial Substantial

Risk:

The country procurement system is fairly new in performance of its operations. The country has ethics and anti-corruption measures in place. The components required for ensuring accountability, integrity and transparency of the public procurement system are somewhat present. The country has effective control and audit systems.

Substantial Substantial

There is always room for improvement and with the passage of time, the Authority will attain required level of operational maturity. Procurement is a cross-cutting function, one aspect is the audit activity. The country has a sound legal framework and institutional arrangements for external audit—though the practice of performance audit and procurement audit (as a sector) is not established. It is not clear whether the offices of Chief Internal Auditors will enhance the procurement efficiency or otherwise.

Mitigations:

PPRA to prepare a bucket list based on following. Plan an awareness campaign to sensitize the stakeholders on the functions and powers of the authority; coordinate with AGP office to start the practice of sector audit; liaise with NAB and FIA and discourage investigation of cases by them; prepare a case for establishment of office of the procurement ombudsman as highest procurement appellate authority.

B.1 Assessment of Project Complexity

Substantial Substantial

Risk:

Initial implementation support would be mitigation any capacity challenges during the early stages of the project and subsequently ad hoc support to be provided

Substantial Substantial

Mitigations:

Ensure IFAD Implementation Support plus Procurement TA to be fielded by Project

B.2 Assessment of Implementing Agency Capacity

Substantial Substantial

Risk:

The overall risk is established as substantial given the limited experience and capacity working with the new province.

Substantial Substantial

Mitigations:

Project procurement will be ring fenced within the Project PMU with adequate technical support both from IFAD and Government. Oversight mechanism through internal and external audits and IFAD PPA and supervision would ensure adequate controls with the PMU

Project Procurement Overall

Substantial Substantial

Risk:

Substantial Substantial

The Procurement Framework identified substantial risk

Mitigations:

Mitigation measure in the form of IFAD SDB, its Handbook, IFAD OPEN System and ICP CMT would provide adequate measure to mitigate risk Environment, Social and Climate Impact

Substantial Moderate
Substantial Substantial

Vulnerability of target populations and ecosystems to climate variability and hazards

Risk:

Pakistan is one of the most vulnerable countries in the world to climate change as a huge portion of its population depends on the on farm and off farm sectors. The effects of climate change are being felt in rural areas and across ecosystems with adverse impacts on natural resources and the livelihoods that they support. This exposure to vulnerability is predicted to be exacerbated with impending impact of climate change. Declining water availability and soil degradation is impacting agriculture at a time when demand for agricultural products continues to rapidly rise due to population growth and improving diets. The poor are likely to be hit particularly hard by climate change, and their capacity to respond to climate change is lowest.

Substantial Substantial

Mitigations:

To reduce exposure to the inherent risks, the project will apply promotion of production practices and technologies that reduce exposure to increased variability as well as investment in water resources management. Awareness raising and building resilience particularly among the poor will be a key capacity building intervention. Restoration of ecosystem services (ADB) will contribute to reduced climate vulnerability, as well as diversification of income generation.

An Environmental, Social and Climate Management Plan (ESCMP), and a Targeted Adaptation Assessment have been developed and integrated in PIM.

Greenhouse Gas Emissions

Low Low

Risk:

The risk of any significantly increase in greenhouse gas (GHG) emissions and thereby contribution to anthropogenic climate change, are minimal.

Low Low

Mitigations:

Project involves no significant activities that would contribute to greater GHG emissions. Project will actively invest in bio-diversity conservation and ecology restoration measures.

Physical and Economic Resettlement

Moderate Low

Risk:

The project does not entail any activity that could result in resettlements

Moderate Low

Mitigations:

No Risk envisaged.

Community health, safety and security

Moderate Moderate

Risk:

Construction activities and use of agrochemicals, may have a negative impact on community health and safety.

Moderate Moderate

Mitigations:

The project infrastructure activities will be small community-based schemes and use of heavy machinery and equipment is not anticipated.

The project interventions are expected to result in greater availability of high nutrition value foods in households and communities, which are a key driver of health. The project will develop a gender strategy that will include specific actions to mitigate risks of Gender-Based Violence due to project initiatives
Labour and Working Conditions

Moderate Moderate

Risk:

The project investments in public goods/ community infrastructure may result in exploitative labour practices (e.g. child labour), gender-based discrimination, discriminatory and unsafe/unhealthy working conditions. The project may cause exploitative labour practices like in kind community contributions of labour are assigned to poor (BISP Poverty Score Card Category 0-32) at the expense of their wage-earning opportunities.

Moderate Moderate

Mitigations:

SCRIP will be implemented through a community driven participatory process. All investments will be identified, prioritized and agreed at community level. Standard conditions on all social safeguards, including labour and working conditions, will be made part of agreements between project/social mobilization partner and beneficiary communities. PMU and social mobilization partners will monitor the adherence to these conditions by the beneficiary communities. The chronically, extreme and vulnerable poor (BISP Poverty Score Card Category 0-32) will be exempt from any in kind contributions and priority preference will be given to the local poor in all wage labour opportunities in project funded infrastructure investments.

Indigenous People

Low Low

Risk:

Low Low

There are no indigenous people in the target area.

Mitigations:

Not applicable and no risk envisaged.

Cultural Heritage

Low Low

Risk:

The risk that the project may cause significant cultural or physical resource degradation, including threats to or the loss of resources of historical, religious or cultural significance. The known historical, religious or cultural resources are concentrated in the sub-urban area of Thatta City.

Low Low

Mitigations:

Project activities won't be developed in and close to areas with cultural heritage in compliance with SECAP.

Resource Efficiency and Pollution Prevention

Moderate Moderate

Risk:

The risk that project resources are not used efficiently due to planning and management inadequacies and enough safeguards are not followed to prevent pollution as a result of project activities is 'moderate'.

Moderate Moderate

Mitigations:

An elaborate and capacitated project management structure is designed at provincial and district levels backed by detailed processes and procedures elaborated in the PIM to ensure that project resources are used efficiently and produce the desired outcomes. Systems and processes will be regularly reviewed and updated by Project Supervision Missions. All hard/infrastructure project interventions will be screened for environmental soundness and measures will be incorporated in the execution arrangements to minimize any potential noise, air or water pollution. An elaborate and capacitated project management structure is designed at provincial and district levels backed by detailed processes and procedures elaborated in the PIM to ensure that project resources are used efficiently and produce the desired outcomes. Systems and processes will be regularly reviewed and updated by Project Supervision Missions. All hard/infrastructure project interventions will be screened for environmental soundness and measures will be incorporated in the execution arrangements to minimize any potential noise, air or water pollution.

Biodiversity Conservation

Moderate Moderate

Risk:

The risk that the project may cause significant threats to or the loss of biodiversity, availability of diversified nutritious food, ecosystems and ecosystem services, territories of the indigenous peoples, or the unsustainable use/production of living natural resources is moderate. The risk may arise if the investments increase the production area or intensify fishing.

Moderate Moderate

Mitigations:

The project is unlikely to have adverse impacts on biodiversity in the project area. The project will make investments in the eco-friendly introduction of climate smart and sustainable technologies for agriculture, livestock and fisheries. Communities will be consulted and sensitized on the need to conserve biodiversity and will be proactively engaged in all such efforts.

Stakeholders

Moderate Moderate

Stakeholder Grievances

Low Low

Risk:

Targeting, project implementation, quality of service may be potential sources of grievances.

Low Low

The project may fail to establish effective and easily accessible channels for registration of grievances, investigation and redress in a prompt/timely manner to the satisfaction of the aggrieved.

Mitigations:

SCRIP will establish a comprehensive system of grievance redressal, a system that is responsive, objective, simple, fair, and time efficient. The system will make available four options for the registration of grievance – in person written complaints, through email, through SMS/Whatsapp, and through project website. All modes of complaint receipt will be widely publicised in the project area and beneficiary communities mentioning addresses, phone numbers, email addresses and web addresses. PMU and DCUs will establish accessible system for complaints/grievance receipt and protocols will be established for the logging of complaints and action thereof. Focal persons for grievance redressal will be notified in PMU and DCUs. District and Project level Grievance Redressal Committees will be notified. PMU will, as part of its monthly/quarterly reviews, will review progress on all grievances received and status of their enquiry and redressal.

Stakeholder Engagement/Coordination

Moderate Moderate

Risk:

Stakeholder engagement and coordination risks are moderate. Ensuring close coordination with parallel financed ADB interventions as well as coordination and collaboration between social mobilization & Value chain implementing partners, public sector entities and PMU will require effective leadership by PMU, clear role articulation and close oversight and accountability by Project Steering Committee. Beneficiary level targeting and participation in over 500 villages will also require a well-rounded community interaction strategy.

Moderate Moderate

Mitigations:

A joint Steering Committee for ADB and IFAD investments will ensure close alignment of geographical coverage and investment synergies between the two sources of funds. A Project level coordination committee consisting of IFAD and ADB component Managers will assist in coordinated planning, budgeting and phasing of activities. Project's District Coordination Units will assist in close coordination between various implementing partners at field level. The project design and its institutional arrangements are based on extensive discussion with government, communities and lessons learnt. Capable social mobilization and agri-value chain development partners are available in the province and will be engaged through a competitive process to lead the community level organization, targeting, need identification and intervention delivery in partnership with three identified public sector entities. Lessons learnt from earlier IFAD projects have been kept in view for implementation arrangements.

Risk:

There is a risk related to selection of the target group and their participation which consist of landless poor, smallholder farmers, sharecroppers, small fishermen, women and youth) in the project activities.

Moderate Moderate

Mitigations:

Priority geographic areas and target groups have been clearly identified during design. Selection of target group and households particularly the extreme, chronically and vulnerable poor, will be guided by BISP Poverty Scorecard, based on National Socioeconomic Registry. A national Poverty Score Card is used for identification of poor households eligible for unconditional cash transfers. IFAD introduced this accurate and reliable targeting tool in the country which has a hallmark for targeting strategies for poverty reduction and smallholder agriculture development and is being adopted across the country by government and donors.