
Informe del Presidente
Propuesta de préstamo
República Islámica del Pakistán
Proyecto de Resiliencia Costera de Sindh

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Medida: Se invita a la Junta Ejecutiva a que apruebe la recomendación que figura en el párrafo 54.

Preguntas técnicas:

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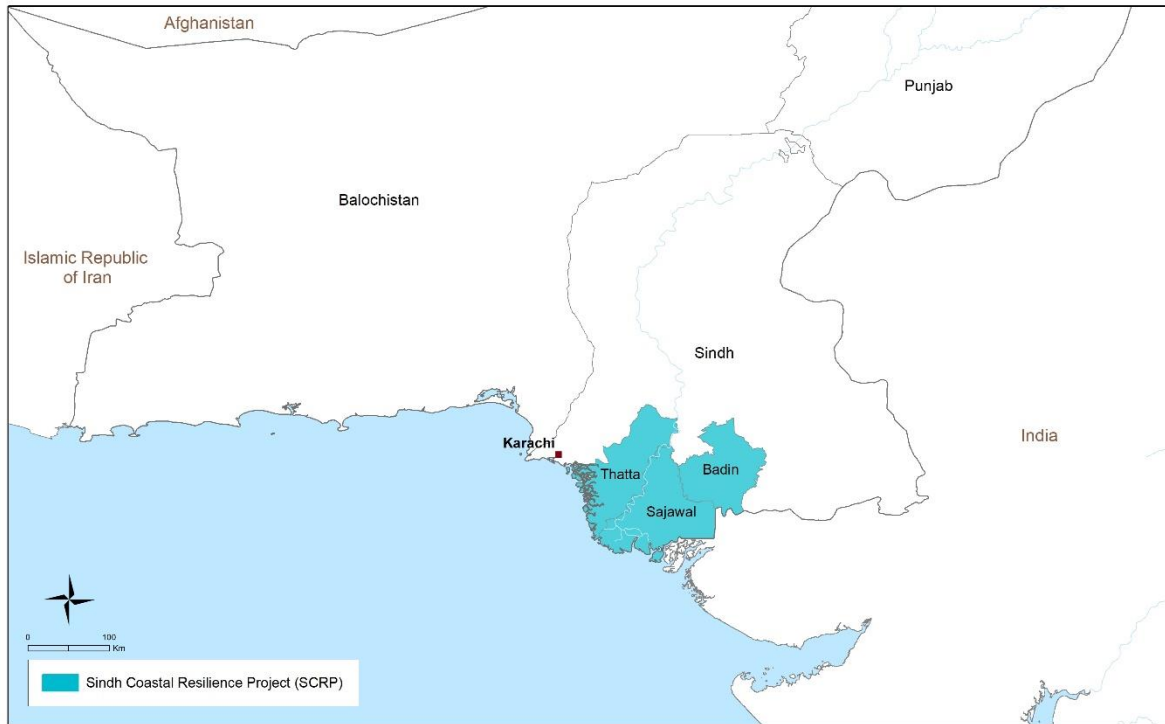
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Mapa de la zona del proyecto



Las denominaciones empleadas y la forma en que aparecen presentados los datos en este mapa no suponen juicio alguno del FIDA respecto de la demarcación de las fronteras o límites que figuran en él ni acerca de las autoridades competentes.

Mapa elaborado por el FIDA | 19-8-2024

Resumen de la financiación

Institución iniciadora:	FIDA
Prestatario:	República Islámica del Pakistán
Organismo de ejecución:	Junta de Planificación y Desarrollo del Gobierno de Sindh
Costo total del proyecto:	EUR 150,3 millones (equivalente a USD 163,5 millones)
Monto del préstamo del FIDA:	EUR 55,1 millones (equivalente a USD 60 millones)
Condiciones del préstamo del FIDA:	Condiciones combinadas Plazo de vencimiento de 25 años, incluido un período de gracia de 5 años, con un cargo por servicios del 0,75 % anual y una tasa de interés del 0,65 % anual en derechos especiales de giro (ajustes para préstamos en una sola moneda)
Cofinanciador:	Banco Asiático de Desarrollo (BAsD)
Monto de la cofinanciación:	BAsD: EUR 152 millones (equivalente a USD 165 millones (cofinanciación paralela))
Condiciones de la cofinanciación:	Préstamo del BAsD: EUR 115 millones (equivalente a USD 125 millones) Donación del Fondo Verde para el Clima: EUR 37 millones (equivalente a USD 40 millones)
Contribución del prestatario:	EUR 6,2 millones (equivalente a USD 6,7 millones)
Contribución de los beneficiarios:	EUR 2,5 millones (equivalente a USD 2,8 millones)
Contribución del sector privado:	EUR 49,7 millones (equivalente a USD 54 millones)
Déficit de financiación:	EUR 36,8 millones (equivalente a USD 40 millones)
Monto de la financiación del FIDA para el clima:	EUR 26,5 millones (equivalente a USD 28,8 millones)
Institución cooperante:	Supervisado directamente por el FIDA

I. Contexto

A. Contexto nacional y justificación de la actuación del FIDA

Contexto nacional

1. El Pakistán es el quinto país más poblado del mundo, con una población de 240 millones de habitantes (según el censo de 2022), de los cuales el 63 % reside en zonas rurales. Se trata de un país de ingreso mediano bajo con un producto interno bruto (PIB) per cápita de USD 1 596 y un PIB total de USD 376 530 millones. Aunque el sector agrícola supone el 22 % del PIB, desempeña un papel fundamental en la economía, pues absorbe el 42 % de la fuerza de trabajo y contribuye al 80 % de las exportaciones del país.
2. A pesar de la considerable reducción de la pobreza registrada en los últimos dos decenios —en los que un total de 47 millones de pakistaníes han logrado escapar de la pobreza—, esta sigue siendo un problema persistente. Los resultados en materia de capital humano continúan siendo escasos y se mantienen estancados, al tiempo que los niveles de retraso del crecimiento y pobreza de aprendizaje son elevados, al situarse en el 38 % y el 75 %, respectivamente. El país ha obtenido una puntuación de 0,198 en el índice de pobreza multidimensional, el 38,3 % de la población es pobre y el 21,5 % de los habitantes se encuentran en situación de pobreza multidimensional extrema. En el Pakistán, la pobreza sigue estando concentrada en los hogares rurales que se dedican a la agricultura. Entre 2018 y 2019, la pobreza rural se situó en el 43,5 %, una cifra que duplicaba con creces la pobreza urbana (el 18,5 %). Además, se calcula que las inundaciones de 2022 aumentaron la tasa de pobreza nacional hasta 4 puntos porcentuales.
3. Sindh es la segunda provincia más poblada del Pakistán, con una población de 55,7 millones de habitantes, y la tercera más grande, con una extensión de 140 914 km². Se trata de una provincia asolada por grandes focos de pobreza endémica, sobre todo en las zonas rurales, donde el 37 % de los habitantes viven por debajo del umbral de pobreza. La prevalencia de la subalimentación y el retraso en el crecimiento en los niños menores de 5 años es del 34 % y el 45,5 %, respectivamente, y supera los promedios nacionales del 20 % y el 38 %.
4. Las iniciativas que ha desplegado el Gobierno del Pakistán para aumentar los ingresos de los hogares rurales, prestando especial atención a las mujeres y la gente joven, quedan recogidas en el Programa Nacional de Emergencia Agrícola, puesto en marcha en 2020, la Visión 2025 del Pakistán y el Programa Benazir de Apoyo a los Ingresos; y, a nivel provincial, en la Estrategia de Reducción de la Pobreza en Sindh, la Política Agrícola de Sindh (2018–2030) y el Programa de Mejora de la Nutrición en Sindh. Todas estas iniciativas tienen por objeto contribuir a la consecución de los Objetivos de Desarrollo Sostenible (ODS).

Aspectos específicos relativos a las esferas transversales prioritarias del FIDA

5. En consonancia con los compromisos transversales asumidos por el FIDA, el proyecto ha recibido las clasificaciones que se detallan a continuación:
 - Abarca la financiación para el clima
 - Es sensible a la nutrición
 - Tiene en cuenta a la juventud
 - Tiene en cuenta la capacidad de adaptación
6. Las cuestiones relativas al género, la juventud y la adaptación al clima se incorporarán de forma sistemática a todas las actividades del proyecto. Asimismo, se pondrán en marcha una serie de actividades para inducir un cambio social y de comportamiento que, en particular, mejore la nutrición en los hogares. Para ello, se

afianzarán los conocimientos y las prácticas de los grupos objetivo en lo que respecta a las opciones alimentarias, la preparación, elaboración y conservación de los alimentos, la alimentación saludable y las buenas prácticas de higiene y saneamiento.

Razones que justifican la intervención del FIDA

7. Sindh es la provincia con mayor incidencia de pobreza rural. Se han seleccionado como objetivo los tres distritos más pobres de Sindh, en los que el 84 % de la población vive por debajo del umbral de pobreza multidimensional. En consecuencia, sus habitantes corren un riesgo extremo de exposición a los peligros naturales asociados al cambio climático y los efectos ambientales de naturaleza antropógena. Entre los factores que impulsan la pobreza se incluyen la distribución sumamente desigual de la propiedad de la tierra; el escaso desarrollo de las cadenas de valor agrícolas y pesqueras; las deficiencias de la infraestructura socioeconómica (en particular, el agua potable); las limitaciones para acceder a tecnologías productivas y servicios financieros asequibles; las elevadas tasas de analfabetismo; la falta de activos productivos; la falta de competencias para el empleo remunerado, y la vulnerabilidad ante el cambio climático. Las mujeres y las personas jóvenes están especialmente en desventaja. La población pobre de las zonas rurales se compone de comunidades heterogéneas y, para superar las dificultades asociadas a la pobreza, precisa de un conjunto de intervenciones inclusivas, pero matizadas, que sean flexibles y estén impulsadas por la demanda.
8. La intervención del FIDA complementa la infraestructura que ha financiado el BAsD (cofinanciación paralela) en los tres distritos objetivo, en concreto, las infraestructuras de drenaje y gestión de los recursos hídricos y la silvicultura, continental y en manglares. El FIDA está en una posición idónea para organizar a los pequeños agricultores y pescadores e involucrarlos en las cadenas de valor, con vistas a orientar eficazmente sus actividades a la población pobre, ayudar a las mujeres y las personas jóvenes a desarrollar competencias que respondan a las oportunidades económicas, mejorar el acceso a la financiación asequible y aumentar la resiliencia al cambio climático.

B. Enseñanzas extraídas

9. Las principales enseñanzas extraídas son las siguientes:
 - i) **Focalización.** El Registro Socioeconómico Nacional constituye un instrumento fiable y transparente para centrarse en la población pobre. La adopción de un enfoque de focalización inclusivo y válido desde el punto de vista cultural, que se base en la verificación y elaboración de perfiles de los hogares, brinda oportunidades a los grupos desfavorecidos como las personas jóvenes y las mujeres.
 - ii) **Participación y empoderamiento.** La adopción de un enfoque participativo —en el que las comunidades estén más empoderadas en los ámbitos de la determinación de las necesidades, la planificación, la gestión financiera y las adquisiciones y contrataciones— garantiza un fuerte sentido de apropiación a nivel local, así como la sostenibilidad de las intervenciones.
 - iii) **Adopción de un enfoque inclusivo a nivel de toda la aldea.** Para transformar de manera holística la economía de una comunidad rural, es necesario adoptar un enfoque inclusivo e impulsado por la demanda, que abarque a todos los segmentos de la población (pequeños agricultores y pescadores, aparceros, jornaleros, personas jóvenes y mujeres).
 - iv) **Financiación rural.** Los proveedores de servicios financieros asociados deben someterse a procesos rigurosos de diligencia debida que garanticen su solvencia, además de contar con una trayectoria consolidada y con sistemas de presentación de la información. Los productos financieros deberían adaptarse a las necesidades de los grupos objetivo.

- v) **Competencias para la generación de ingresos.** Las actividades de capacitación para el empleo o el emprendimiento por cuenta propia deberían basarse en la demanda de los mercados.
- vi) **Infraestructura socioeconómica.** A fin de ejercer un impacto considerable en los ingresos, la nutrición, la seguridad alimentaria y la resiliencia al clima, también es necesario prestar atención a las deficiencias de la infraestructura comunitaria, en especial la relacionada con el agua potable.
- vii) **Retrasos en la puesta en marcha.** La persistencia de los retrasos en la fase de puesta en marcha que perjudican a los proyectos puede solventarse si se contrata a más personal básico y se llevan a cabo actividades preparatorias clave antes de que entren en vigor los préstamos.

II. Descripción del proyecto

A. Objetivos, zona geográfica de intervención y grupos objetivo

10. **La meta del Proyecto de Resiliencia Costera de Sindh** radica en reducir la pobreza y la malnutrición y aumentar la resiliencia al clima de los hogares pobres de las zonas rurales. El **objetivo de desarrollo** consiste en promover medios de vida inclusivos y resilientes para las comunidades agrícolas y pesqueras y los grupos desfavorecidos. Esto se alcanzará por medio de tres efectos directos, a saber: i) la mejora y la diversificación de la producción alimentaria entre los grupos organizados de pequeños agricultores y pescadores a través de planes de producción agrícola y pesquera climáticamente inteligentes, que den lugar a cadenas de valor basadas en las asociaciones entre el sector público, el sector privado y los productores (4P), las cuales facilitan la integración con los mercados y los servicios financieros; ii) la mejora de la base de activos productivos a disposición de las personas en situación de pobreza extrema y el aumento de las oportunidades de empleo, tanto por cuenta ajena como por cuenta propia, para los grupos desfavorecidos (jóvenes, mujeres y personas pobres sin tierras), y iii) la adopción de un enfoque participativo e impulsado por la comunidad, vinculado a una política y un entorno institucional propicios, que facilite el acceso a los recursos financieros y los servicios de apoyo.
11. **Grupos objetivo.** De conformidad con la Política del FIDA de Focalización en la Pobreza, entre los grupos objetivo del proyecto se incluyen los pequeños agricultores (que poseen hasta 6,5 hectáreas de tierras), los arrendatarios y aparceros que trabajan en grandes explotaciones, los pescadores de bajos recursos y las personas pobres sin tierras. Se dará prioridad a los hogares encabezados por mujeres, y se organizarán actividades para el desarrollo de competencias en torno a la participación en el mercado laboral y las cadenas de valor y la creación de empresas no agrícolas, que se orientarán a las mujeres y los hombres jóvenes procedentes de hogares pobres. De los beneficiarios directos, un 40 % serán mujeres y un 30 %, jóvenes.
12. El proyecto tiene previsto beneficiar a un total de 260 000 familias de los tres distritos costeros más pobres de Sindh, a saber: Badin, Sujawal y Thatta. A la hora de llevar a cabo la focalización geográfica dentro de cada distrito, y en aras de lograr un mayor impacto, las intervenciones del proyecto se armonizarán con las inversiones del BAsD en infraestructura gris y verde resiliente al clima. La vulnerabilidad ante el cambio climático y la clasificación en materia de pobreza serán los principales criterios empleados para seleccionar las distintas aldeas.

B. Componentes, efectos directos y actividades

13. El proyecto abarcará cuatro componentes, a saber: i) transformación de los ingresos costeros y rurales; ii) inclusión económica y social de los grupos desfavorecidos; iii) gestión del proyecto, y iv) recuperación tras los desastres climatológicos (componente de respuesta ante emergencias y desastres). Estos

componentes se complementan entre sí y abordan las causas de la vulnerabilidad y la pobreza de los pequeños agricultores, arrendatarios, aparceros, pescadores y personas pobres sin tierras en las comunidades objetivo. A la hora de ejecutar el proyecto, se tendrán en cuenta las cuestiones relacionadas con el género y la juventud, y se respetará el principio de no dejar a nadie atrás.

- **Componente 1: Transformación de los ingresos costeros y rurales.** Organización y prestación de ayuda a las comunidades costeras y rurales con miras a fomentar la capacidad en torno a sistemas de producción agrícola y pesquera resilientes al clima y orientados a los mercados, que tengan en cuenta la nutrición. Además, sobre la base de planes para crear cadenas de valor sostenibles, se hará una transición a productos de mayor valor, sustentada en la infraestructura comunitaria y de las cadenas de valor, el acceso a servicios financieros asequibles y el fortalecimiento de los servicios de extensión prestados. Asimismo, este componente incluirá la provisión de apoyo en materia de políticas, así como un fondo para la promoción de la innovación.
- **Componente 2: Inclusión económica y social de los grupos desfavorecidos.** Fomento del desarrollo del mercado laboral y la creación de pequeñas empresas a favor de los hogares pobres sin tierras, en particular de los hombres y mujeres jóvenes, a través de la transmisión de competencias para el empleo, activos productivos generadores de ingresos y subvenciones iniciales para el emprendimiento por cuenta propia mediante servicios empresariales, técnicos y de formación profesional adaptados.
- **Componente 3: Gestión del proyecto.** Creación de una unidad de gestión del proyecto independiente y de unidades de coordinación a nivel de distrito, que estarán vinculadas, desde el punto de vista administrativo, a la Junta de Planificación y Desarrollo de Sindh y rendirán cuentas a un comité directivo del proyecto.
- **Componente 4: Recuperación tras los desastres climatológicos (componente de respuesta ante emergencias y desastres).** Se activará si el Gobierno de Sindh declara la zona de intervención del proyecto como zona afectada por un desastre climatológico.

C. Teoría del cambio

14. El impacto del proyecto se logrará a través de tres vías interrelacionadas, aplicables tanto a las comunidades que se dedican a la agricultura como a las que viven de la pesca:
 - i) un proceso impulsado por la comunidad, que se inicia con la organización de los pequeños agricultores y pescadores para mejorar los niveles de productividad existentes y alcanzar así su máximo potencial a través de la agricultura climáticamente inteligente y las prácticas pesqueras sostenibles, así como para lograr economías de escala mediante la agrupación y, posteriormente, optar por cadenas de valor de productos básicos de mayor valor que estén orientadas a los mercados y adaptadas al cambio climático. También se facilitará el acceso a instrumentos adaptados de financiación y seguros. Asimismo, se dará respuesta a la disparidad de género y a las normas sociales que limitan la participación de las mujeres. Las actividades dirigidas a impulsar un cambio de comportamiento a fin de mejorar los conocimientos y las prácticas relacionados con las opciones alimentarias, la preparación, elaboración y conservación de los alimentos, la alimentación saludable y las prácticas de higiene y saneamiento contribuirán a mejorar la nutrición de las familias. Las inversiones en la infraestructura comunitaria y de los hogares garantizan el acceso al agua potable y el saneamiento y reducen así las enfermedades comunes transmitidas por el agua, la malnutrición y el retraso en el crecimiento;

- ii) la adquisición —por parte de las mujeres y las personas jóvenes desfavorecidas que pertenecen a hogares pobres— de habilidades adaptadas al mercado local para la creación de empresas, así como de activos productivos y financiación para negocios emergentes, y
- iii) la prestación de apoyo en materia de políticas al Gobierno, con el objetivo de crear un entorno propicio que favorezca el acceso a los servicios y los recursos productivos y aumente la resiliencia al clima.

D. Armonización, sentido de apropiación y asociaciones

15. El Proyecto de Resiliencia Costera de Sindh está en consonancia con el Marco Estratégico del FIDA (2016-2025) y responde a las prioridades establecidas en el marco de la Duodécima y Decimotercera Reposiciones de los Recursos del FIDA (FIDA12 y FIDA13). Asimismo, contribuye a siete ODS y a los dos objetivos estratégicos del programa sobre oportunidades estratégicas nacionales, a saber: “mejorar la productividad y la rentabilidad de los pequeños agricultores mediante una diversificación resiliente al cambio climático y un enfoque de agronegocios” y “promover la inclusión de los hogares de quienes carecen de tierras y viven en condiciones de pobreza extrema mediante un enfoque orientado a que salgan de esa situación económica”. El proyecto se ajusta al Marco de Cooperación de las Naciones Unidas para el Desarrollo Sostenible para el Pakistán (2023-2027), la Política Agrícola Nacional (2019-2024), el proyecto de política para el desarrollo empresarial de la ganadería y la pesca en Sindh, la Estrategia de Reducción de la Pobreza en Sindh (2022) y las políticas relativas a la juventud y la igualdad de género y el empoderamiento de las mujeres en Sindh. Además, complementará el Plan de Acción Acelerado del Gobierno de Sindh para Reducir el Retraso en el Crecimiento y la Malnutrición.
16. La supervisión de la ejecución, que correrá a cargo de la Junta de Planificación y Desarrollo de Sindh, garantizará la armonización y la complementariedad con las demás intervenciones gubernamentales y de los asociados para el desarrollo que se desplieguen en los distritos seleccionados.

E. Costos, beneficios, y financiación

17. Se estima que los costos totales del proyecto, que se ejecutará a lo largo de siete años, ascenderán a EUR 150,3 millones (equivalente a USD 163,5 millones) y se financiarán a través de los siguientes elementos: i) un préstamo del FIDA por valor de EUR 55,1 millones (equivalente a USD 60 millones); ii) un déficit de financiación de EUR 36,8 millones (equivalente a USD 40 millones); iii) una contribución del gobierno local valorada en EUR 6,2 millones (equivalente a USD 6,7 millones); iv) una contribución de los beneficiarios por valor de EUR 2,5 millones (equivalente a USD 2,8 millones, y v) sendas contribuciones del sector privado y un conjunto de bancos comerciales por valor de EUR 0,85 millones y EUR 48,8 millones (equivalentes a USD 0,93 millones y USD 53,1 millones), respectivamente.
18. Los fondos para sufragar el déficit de financiación de EUR 36,8 millones (equivalente a USD 40 millones) podrán obtenerse del Sistema de Asignación de Recursos basado en los Resultados (PBAS) y del Mecanismo de Acceso a Recursos Ajenos (BRAM), con arreglo a las condiciones de financiación que se determinen, siguiendo los procedimientos internos y con sujeción a la aprobación posterior de la Junta Ejecutiva, o mediante la cofinanciación que se consiga durante la ejecución.
19. De conformidad con las metodologías que emplean los bancos multilaterales de desarrollo en el seguimiento de la financiación para la adaptación al cambio climático y la mitigación de sus efectos, se estima que el monto total de la financiación para el clima concedida por el FIDA a este proyecto será de EUR 26,5 millones (equivalente a USD 28,8 millones (solo financiación para la adaptación)), lo que representa el 48 % del préstamo total concedido por el Fondo.

Cuadro 1
Costos del proyecto desglosados por componente y entidad financiadora
(en miles de euros)

Componente	Préstamo del FIDA		Gobierno de Sindh		Sector privado		Beneficiarios			Bancos comerciales		Déficit de financiación		Total	
	Monto	%	Monto	%	Monto	%	En efectivo	En especie	%	Monto	%	Monto	%	Monto	%
1. Transformación de los ingresos costeros y rurales	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. Inclusión económica y social de los grupos desfavorecidos	19 137	60,8	1 280	4,0	-	-	-	-	-	-	-	11 073	35,2	31 491	100
3. Gestión del proyecto y apoyo en materia de políticas	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

Cuadro 2
Costos del proyecto desglosados por categoría de gasto y entidad financiadora
(en miles de euros)

Categoría de gasto	Préstamo del FIDA		Gobierno de Sindh		Sector privado		Beneficiarios			Bancos comerciales		Déficit de financiación		Total	
	Monto	%	Monto	%	Monto	%	En efectivo	En especie	%	Monto	%	Monto	%	Monto	%
Costos de inversión															
1. Obras públicas/infraestructura comunitaria	12 010	37,9	1 332	4,2	-	-	-	2 533	8,0	-	-	15 810	49,9	31 684	100
2. Vehículos	279	84,9	50	15,1	-	-	-	-	-	-	-	-	-	329	100
3. Material informático y equipos	87	84,8	16	15,2	-	-	-	-	-	-	-	-	-	103	100
4. Crédito	14 132	69,6	-	-	-	-	-	-	-	-	-	6 176	30,4	20 308	100
5. Asistencia técnica, capacitación, talleres y estudios	11 156	62,9	733	4,1	-	-	-	-	-	-	-	5 854	33,0	17 743	100
6. Donaciones y subvenciones	12 403	56,7	1 375	6,3	850	3,9	-	-	-	-	-	7 250	33,1	21 877	100
7. Sector privado	-	-	-	-	-	-	-	-	-	48 826	100	-	-	48 826	100
Total de costos de inversión	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
Gastos recurrentes															
1. Sueldos y prestaciones	998	46,5	966	45,0	-	-	-	-	-	-	-	183	8,5	2 146	100
2. Costos de funcionamiento	4 072	56,0	1 716	23,6	-	-	-	-	-	-	-	1 486	20,4	7 273	100
Total de gastos recurrentes	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

Cuadro 3
Costos del proyecto desglosados por componente y año del proyecto
(en miles de euros)

Componente	Primer año		Segundo año		Tercer año		Cuarto año		Quinto año		Sexto año		Séptimo año		Total
	Monto	%	Monto	%	Monto	%	Monto	%	Monto	%	Monto	%	Monto	%	Monto
1. Transformación de los ingresos costeros y rurales	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. Inclusión económica y social de los grupos desfavorecidos	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. Gestión del proyecto y apoyo en materia de políticas	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

Estrategia y plan de financiación y cofinanciación

20. El FIDA concederá un préstamo en condiciones combinadas por valor de EUR 55,1 millones (equivalente a USD 60 millones) para el fomento de los medios de vida, en paralelo y en estrecha relación con la concesión de EUR 152 millones (equivalente a USD 165 millones) por el BASD para financiar las inversiones en infraestructura gris y verde destinadas a mejorar los sistemas de drenaje, la protección contra las inundaciones, la gestión de los recursos hídricos y la rehabilitación de los manglares. El gobierno de Sindh aportará cofinanciación por valor de EUR 6,2 millones (equivalente a USD 6,7 millones) para sufragar los impuestos locales y una parte de los costos de funcionamiento. La contribución de los beneficiarios, valorada en EUR 2,5 millones (equivalente a USD 2,8 millones), es en especie, y se destinará a la infraestructura comunitaria. Está previsto que el sector bancario privado movilice una suma de EUR 48,8 millones (equivalente a USD 53,1 millones), y que los mecanismos de crédito financiados por el FIDA recauden unos EUR 20,3 millones (equivalentes a USD 22,1 millones). Asimismo, se espera que los asociados del sector privado que participen en las asociaciones 4P contribuyan con una suma de EUR 0,85 millones (equivalentes a USD 0,93 millones).
21. Los gastos recurrentes suponen el 6 % de los costos totales del proyecto. La proporción de los gastos recurrentes sufragada por el FIDA representa el 3% de la financiación total del proyecto y el 9 % de la financiación que aporta el Fondo.

Desembolsos

22. En el marco del sistema de desembolsos basados en informes, se establecerá un mecanismo de fondo rotatorio para retirar la financiación aportada por el FIDA. Asimismo, los informes financieros provisionales se utilizarán como referencia a la hora de presentar las solicitudes de retiro de fondos al FIDA. El requisito relativo a los informes financieros provisionales se incluirá en la carta sobre la gestión financiera del proyecto y las disposiciones relativas al control financiero y en el manual de ejecución del proyecto durante la fase de ejecución. El retiro anticipado de fondos, a través de un enfoque de fondo rotatorio, será el principal método de desembolso. Las contribuciones del Gobierno, los beneficiarios y el sector privado se incorporarán al plan operacional anual y presupuesto conexo y se indicarán en las cuentas del proyecto. En el sistema de contabilidad se registrarán por separado los desembolsos y los gastos correspondientes a cada fuente de financiación.

Resumen de los beneficios y análisis económico

23. Entre los principales beneficios que se derivan del proyecto se encuentran: i) el aumento de la productividad de los pequeños agricultores y pescadores; ii) la mejora de la infraestructura socioeconómica en el plano comunitario como, por ejemplo, las carreteras de acceso, el agua potable, el riego, el drenaje, el saneamiento y la energía solar; iii) la provisión de activos productivos a los hogares pobres, pues da lugar a una fuente de ingresos sostenible que permite incrementarlos y, a su vez, conduce a la mejora de la nutrición y al empoderamiento social y económico, y iv) las oportunidades de empleo y desarrollo empresarial para los hombres y las mujeres.
24. Algunos de los beneficios de carácter social y ambiental previstos son: i) el aumento de las oportunidades para que las mujeres y las personas jóvenes participen en actividades agrícolas, ganaderas y pesqueras rentables; ii) la introducción de prácticas agrícolas climáticamente inteligentes y la mejora del acceso a servicios financieros inclusivos y a mercados competitivos, que son más resilientes a los efectos del cambio climático y facilitan la conservación de la base de recursos naturales, y iii) la creación de infraestructuras socioeconómicas y de cadenas de valor resistentes al clima, que contribuyen a aumentar los ingresos y mejoran la salud y el estado nutricional de los beneficiarios.

25. El análisis financiero del proyecto indica que es viable, con una tasa interna de rendimiento económico del 27,97 %. El valor actual neto (VAN) para un período de 20 años es de USD 73,05 millones. La tasa interna de rendimiento económico y el VAN se basan en los precios financieros del proyecto. La tasa interna de rendimiento económico general se estima en un 22,65 %. Se constató que el VAN de la corriente de beneficios netos del proyecto, con una tasa de descuento del 17,03 %, era de USD 49,54 millones.

Estrategia de salida y sostenibilidad

26. La sostenibilidad de las intervenciones del proyecto más allá de su ciclo de vida se fundamenta en los siguientes elementos: i) la existencia de organizaciones de pequeños agricultores y pescadores, viables desde el punto de vista comercial, con planes de actividades que equilibran la situación entre los propietarios de tierras, los pequeños agricultores/arrendatarios y los intermediarios, y facilitan la creación de relaciones mutuamente beneficiosas entre los beneficiarios y los mercados y el sector privado; ii) el sentido de apropiación en el plano comunitario de las infraestructuras comunitarias y de cadenas de valor; iii) la existencia de proveedores de servicios capacitados, tanto en el sector público como en el privado; iv) la adquisición de competencias retributivas por parte de las personas jóvenes; v) la mejora de la adaptación al clima y la resiliencia, y vi) la inclusión financiera de los beneficiarios con un historial crediticio consolidado, que facilita su acceso al crédito.

III. Gestión de riesgos

A. Riesgos y medidas de mitigación

27. Los comicios celebrados en febrero de 2024, en los que ninguno de los principales partidos políticos obtuvo una clara mayoría, dieron lugar a un gobierno de coalición. En Sindh, el hecho de que siga gobernando el mismo partido promete continuidad. A pesar de los cambios políticos, el sistema burocrático permanente se mantiene, por lo general, inmune a estos cambios, y respeta y ejecuta los acuerdos soberanos relacionados con los proyectos y préstamos de las instituciones financieras internacionales.
28. El riesgo fiduciario inherente del país se considera elevado. El Pakistán tiene una puntuación de 27/100 y ocupa el puesto 140.º de 180 países en el índice de percepción de la corrupción de 2022 elaborado por Transparency International. Una de las principales preocupaciones radica en el debilitamiento de las instituciones que luchan contra la corrupción y, en algunos casos, también inquieta la falta de un organismo que coordine las actividades en esa esfera. El Gobierno está adoptando una serie de medidas para hacer frente a este desafío, como el Proyecto de Gasto Público y Rendición de Cuentas, respaldado por el Banco Mundial, que tiene por objeto aumentar la transparencia y la rendición de cuentas del gasto público en el plano provincial.

Cuadro 4

Calificación general de los riesgos

<i>Tipos de riesgo</i>	<i>Calificación del riesgo inherente</i>	<i>Calificación del riesgo residual</i>
Contexto nacional	Considerable	Considerable
Estrategias y políticas sectoriales	Moderado	Moderado
Medio ambiente y clima	Considerable	Considerable
Alcance del proyecto	Moderado	Moderado
Capacidad institucional de ejecución y sostenibilidad	Considerable	Considerable
Gestión financiera	Elevado	Elevado
Adquisiciones y contrataciones en el marco del proyecto	Considerable	Considerable
Impacto ambiental, social y climático	Considerable	Moderado
Partes interesadas	Bajo	Bajo
General	Considerable	Considerable

B. Categoría ambiental y social

29. El riesgo ambiental y social del proyecto se considera moderado. En los distritos costeros seleccionados, el medio ambiente se ha ido degradando a causa del drenaje deficiente, la salinización de los suelos y el escaso suministro de aguas superficiales del río Indo. Las intervenciones relacionadas con infraestructuras físicas del proyecto tendrán un impacto ambiental limitado, y está previsto adoptar una serie de medidas de mitigación como la mejora de la gestión de las plagas y las prácticas agrícolas climáticamente inteligentes. Las correspondientes inversiones en infraestructura del BAsD ayudarán a restaurar los servicios ecosistémicos y a mejorar el ciclo del agua.

C. Clasificación del riesgo climático

30. El riesgo climático del proyecto se estima considerable. A lo largo de los últimos decenios, los tres distritos objetivo han sufrido inundaciones, ciclones y olas de calor que han causado graves pérdidas agrícolas y económicas a la población afectada. Los grupos objetivo son vulnerables a los efectos del cambio climático, ya que su subsistencia se basa en los ingresos procedentes de la agricultura y la pesca, que, a su vez, dependen directamente de los patrones meteorológicos y los fenómenos climáticos. Si bien se espera que el proyecto aumente la resiliencia de las poblaciones objetivo a través de actividades y prácticas pertinentes que contribuyan a la adaptación al clima, de entrada, estas poblaciones se caracterizan por una baja capacidad de adaptación.

D. Sostenibilidad de la deuda

31. La evaluación del Fondo Monetario Internacional (FMI), publicada el 19 de enero de 2024, muestra que la deuda pública se considera, de partida, sostenible. Esta calificación se sustenta en la firme aplicación de las políticas relativas al acuerdo de derecho de giro propuesto por el FMI, a saber, la introducción de medidas fiscales en el presupuesto para el ejercicio económico de 2023 —que previsiblemente continuarán tras la finalización del proyecto—; la creación de un marco macroeconómico que no contemple ninguna nueva consolidación ni ampliación importante más allá del ejercicio económico de 2024, y la reanudación gradual del crecimiento en los próximos años.
32. Las elevadas necesidades brutas de financiación siguen entrañando un riesgo elevado para la sostenibilidad de la deuda, sobre todo en vista de que se han agotado los colchones fiscal y de reservas. A ese respecto, en el período venidero, se antoja fundamental el desembolso oportuno de los fondos bilaterales y multilaterales prometidos. Las tasas de interés elevadas; la ralentización del crecimiento superior a la prevista debido al endurecimiento de las políticas; las presiones cambiarias; los nuevos cambios en materia de políticas; la desaceleración del crecimiento a mediano plazo, y el pasivo contingente relacionado con las declaraciones de gastos entrañan riesgos considerables para la sostenibilidad de la deuda.

IV. Ejecución

A. Marco organizativo

Gestión y coordinación del proyecto

33. La División de Asuntos Económicos del Ministerio de Asuntos Económicos será el organismo encargado de la coordinación general de la financiación del FIDA en el plano federal. La Junta de Planificación y Desarrollo del Gobierno de Sindh será el principal organismo encargado de la ejecución del proyecto. A su vez, la presidencia de la Junta de Planificación y Desarrollo dirigirá un comité directivo provincial conjunto, para los componentes del proyecto financiados paralelamente por el BAsD y el FIDA, que se encargará de todos los aspectos relacionados con las políticas, la coordinación del desarrollo, la consignación presupuestaria del proyecto y la rendición de cuentas respecto del desempeño y los resultados, además de

garantizar la sinergia entre las actividades del BASD y las del FIDA. Las labores relativas a la planificación, la coordinación, la gestión financiera, las cuestiones de género y la nutrición, los agronegocios, las adquisiciones y contrataciones y el seguimiento y la evaluación (SyE) de las actividades del proyecto serán responsabilidad de la Unidad de Gestión del Proyecto (UGP), ubicada en Karachi, cuyo personal de dirección y profesional se contratarán mediante procesos competitivos, y de las unidades de coordinación de distrito, ubicadas en los tres distritos objetivo. Otros asociados en la ejecución son el Departamento de Precios y Sumintro Agrícola, el Departamento de Ganadería y Pesca, la Autoridad de Capacitación Técnica y Profesional de Sindh y las instituciones financieras. La UGP contratará a asociados en la ejecución que sean competentes en el desarrollo de cadenas de valor agrícolas y pesqueras, la planificación participativa y la adopción de enfoques para salir de la pobreza.

Gestión financiera, adquisiciones y contrataciones y gobernanza

34. La UGP dispondrá de una sección de gestión financiera dotada del personal necesario. La contratación de la persona responsable de la sección se realizará mediante un proceso competitivo y estará sujeta a la aprobación del FIDA. El titular percibirá un salario basado en el mercado y, en el desempeño de sus funciones, contará con la ayuda de un oficial de contabilidad, un oficial de finanzas y presupuesto y dos auxiliares de contabilidad, todos ellos contratados mediante procesos competitivos. Las disposiciones relativas a la gestión financiera del proyecto estarán, en gran medida, centralizadas, y todos los procesos importantes de adquisiciones y contrataciones y pagos por la prestación de servicios se gestionarán a nivel de la UGP. Cada Unidad de Coordinación de Distrito dispondrá de un auxiliar de contabilidad, ya que solo gestionarán presupuestos operacionales de menor cuantía.
35. Todas las actividades del proyecto se registrarán por el plan operacional anual y presupuesto conexo, basado en el informe sobre el diseño del proyecto y el convenio de financiación, y deberán contar con el visto bueno del comité directivo del proyecto, además de estar sujetas a la aprobación del Fondo. El comité directivo del proyecto llevará a cabo un examen de mitad de año con el objetivo de evaluar los progresos respecto del plan anual y aprobar cualquier modificación, revisión o medida correctiva que se antoje necesaria.
36. La UGP abrirá una cuenta designada en el Banco Nacional del Pakistán para recibir y utilizar el préstamo del FIDA. El Banco Estatal del Pakistán, donde se encuentran las cuentas vinculadas a la ayuda exterior que percibe el país, recibirá los fondos del FIDA en euros, los convertirá a moneda local con arreglo al tipo de cambio vigente, cargará los préstamos en la cuenta nacional y abonará la suma correspondiente en la cuenta designada del proyecto.
37. El proyecto contará con dos fuentes de financiación, a saber: el FIDA y el Gobierno de Sindh. La UGP tendrá cuentas separadas en el Banco Nacional del Pakistán para cada entidad financiadora. El sistema de contabilidad registrará por separado la financiación gubernamental. Además de sufragar los propios gastos de funcionamiento de la UGP y las unidades de coordinación de distrito, la mayoría de los fondos procedentes de las inversiones se invertirán por conducto de los asociados en la ejecución y las organizaciones de las aldeas.
38. Los mecanismos de control interno del proyecto incluirán: i) la dotación de personal competente con responsabilidades claras y una correcta separación de funciones; ii) un sistema adecuado de gestión de los registros financieros, con registros de auditoría completos y precisos; iii) salvaguardias físicas, como verificaciones y controles periódicos de los activos y los documentos financieros del proyecto; iv) exámenes independientes, y v) procedimientos claros para que los asociados en la ejecución del proyecto realicen el seguimiento y presenten la información financiera de manera oportuna.

39. La contabilidad del proyecto se gestionará de conformidad con el criterio de caja para la presentación de información financiera según se dispone en las Normas Internacionales de Contabilidad del Sector Público. En la fase de puesta en marcha del proyecto, la UGP adquirirá los programas informáticos de contabilidad necesarios para gestionar sus cuentas. Además, la UGP deberá presentar tres tipos de informes financieros al FIDA, a saber: i) informes financieros trimestrales provisionales, en un plazo de 30 días desde el cierre del trimestre, en los que se indiquen los progresos realizados en el marco de cada componente y categoría de gasto, que estarán debidamente contrastados con el banco y firmados por el responsable de la gestión financiera y el director del proyecto; ii) informes financieros detallados no sujetos a auditoría para cada ejercicio económico, en un plazo de cuatro meses desde el cierre de dicho ejercicio, y iii) los estados financieros auditados, en un plazo de seis meses desde el cierre del ejercicio económico (finales de diciembre).
40. El Auditor General del Pakistán llevará a cabo una auditoría externa de las cuentas del proyecto. La UGP presentará a la oficina del Auditor General los estados financieros anuales del proyecto en un plazo de dos meses desde la conclusión del ejercicio económico.

Participación y observaciones del grupo objetivo y resolución de reclamaciones

41. En el diseño del proyecto se ha adoptado un enfoque participativo para fomentar el sentido de apropiación entre los principales interesados, que abarca lo siguiente: i) la elaboración participativa del plan operacional anual y presupuesto conexo; ii) el asesoramiento continuo sobre la manera de gestionar los procesos, con la debida consideración a los temas transversales; iii) la supervisión conjunta de los progresos; iv) el énfasis en el equilibrio de género entre el personal de los asociados en la ejecución, y v) las inspecciones aleatorias sobre el terreno en las zonas objetivo para garantizar que en las intervenciones del proyecto se tengan debidamente en cuenta las preocupaciones de los beneficiarios y evitar el acaparamiento por parte de las elites. La UGP organizará sesiones periódicas para recabar opiniones sobre el desempeño del proyecto, tanto con los asociados en la ejecución como con los representantes de las organizaciones de las aldeas. Todos los contratos y los memorandos de entendimiento con los asociados en la ejecución contendrán referencias a las políticas del FIDA sobre i) la lucha contra la corrupción, ii) la prevención y respuesta frente al acoso sexual y la explotación y los abusos sexuales, y iii) la lucha contra el blanqueo de dinero y la financiación del terrorismo.

Resolución de reclamaciones

42. Además de los mecanismos de resolución de reclamaciones existentes en los planos federal y provincial, el proyecto pondrá en marcha sistemas de múltiples canales para recibir y dar respuesta a las reclamaciones que guarden relación con las actividades del proyecto. Se mantendrá un registro de las quejas presentadas, en el que se recopilará información detallada sobre las reclamaciones, las medidas adoptadas y los resultados obtenidos.

B. Planificación, seguimiento y evaluación, aprendizaje, gestión de los conocimientos y comunicación

43. El plan operacional anual y su presupuesto conexo constituirán el principal instrumento para la planificación y ejecución del proyecto, sobre la base del diseño del proyecto y la estimación de los gastos y en consonancia con el ciclo de planificación anual del Gobierno del Pakistán. Para elaborar dicho plan, se llevará a cabo un proceso consultivo en el que participarán la UGP, los asociados en la ejecución, las entidades del sector privado y las organizaciones de productores y de las aldeas, entre otros interesados.

44. El Proyecto de Resiliencia Costera de Sindh se nutrirá de la capacidad institucional en materia de planes de desarrollo de la Célula de Seguimiento y Evaluación, perteneciente a la Junta de Planificación y Desarrollo del Gobierno de Sindh. La UGP establecerá un sistema de gestión de la información, basado en un marco lógico, en consonancia con el plan operacional anual y presupuesto correspondiente, que facilitará la recopilación y el análisis de los datos y fundamentará la toma de decisiones.
45. Los resultados del proyecto se medirán atendiendo a los productos, los efectos directos y el impacto alcanzados en relación con los indicadores que figuran en el marco lógico del proyecto, desglosados por sexo y por edad. Las actividades anuales de SyE se regirán por un plan específico. De conformidad con las directrices del FIDA, se realizarán tres encuestas sobre los indicadores básicos de los efectos directos, a saber, al inicio del proyecto, a mitad de período y en el momento de su conclusión.
46. La gestión de los conocimientos se basará en una estrategia y un plan de acción que se prepararán en la fase de puesta en marcha y se irán actualizando cada año. Junto con el BASD, la UGP llevará a cabo una serie de estudios durante toda la ejecución del proyecto con miras a evaluar la colaboración y los resultados. Además, elaborará material específico para cada interesado sobre comunicaciones y gestión de los conocimientos, y documentará las enseñanzas extraídas para su posterior difusión.

Innovación y ampliación de escala

47. La creación de organizaciones inclusivas a nivel de las aldeas permitirá que todos los interesados analicen los retos y oportunidades de desarrollo desde un punto de vista holístico, lo que aumentará la solidez del capital social y el sentido de apropiación de las intervenciones. La inclusión financiera de los hogares pobres que actualmente se encuentran desatendidos permitirá consolidar su historial crediticio y facilitará un acceso continuado a los servicios financieros. Las cadenas de valor adaptadas al clima aumentarán los ingresos con la debida consideración a las cuestiones ligadas al género, la juventud y la nutrición. El desarrollo de la acuicultura en mar abierto brindará importantes oportunidades de obtención de ingresos a las personas jóvenes de las comunidades pesqueras, y aliviará la presión sobre las poblaciones de peces marinos agotadas.

C. Planes para la ejecución

Preparación para la ejecución y planes para la puesta en marcha

48. A fin de solventar el persistente problema de los retrasos en las fases de puesta en marcha de los proyectos, y nutriéndose de las enseñanzas extraídas, la Junta de Planificación y Desarrollo de Sindh deberá adoptar una serie de medidas fundamentales antes de que el préstamo entre en vigor como, por ejemplo, la conclusión oportuna de los procesos internos para la aprobación del proyecto por parte del Gobierno o la contratación del personal básico de la UGP y las oficinas de distrito en una fase temprana.

Supervisión, examen de mitad de período y planes de finalización

49. El FIDA organizará misiones de puesta en marcha y apoyo a la ejecución, que tendrán por objeto orientar al personal del proyecto y a los asociados en la ejecución en torno a los distintos enfoques y procesos. Asimismo, cada año se llevará a cabo una misión de supervisión completa.
50. Además, se realizará un examen conjunto de mitad de período, a cargo del FIDA y el Gobierno de Sindh, que evaluará los avances del proyecto con respecto a los objetivos de desarrollo, así como la calidad de la ejecución y el impacto en los beneficiarios y, en caso necesario, propondrá medidas correctivas para garantizar la consecución de dichos objetivos. En el último año de ejecución, el FIDA preparará un informe final de proyecto en colaboración con el organismo de ejecución/la UGP.

V. Instrumentos jurídicos y facultades

51. Un convenio de financiación entre la República Islámica del Pakistán y el FIDA constituye el instrumento jurídico para la concesión de la financiación propuesta al prestatario/receptor. Se adjunta una copia del convenio de financiación negociado como apéndice I.
52. La República Islámica del Pakistán está facultada por su legislación para recibir financiación del FIDA.
53. Me consta que la financiación propuesta se ajusta a lo dispuesto en el Convenio Constitutivo del FIDA y a sus Políticas y Criterios en materia de Financiación.

VI. Recomendación

54. Recomiendo a la Junta Ejecutiva que apruebe la financiación propuesta de acuerdo con los términos de la resolución siguiente:

RESUELVE: que el Fondo conceda un préstamo en condiciones combinadas a la República Islámica del Pakistán por un monto de cincuenta y cinco millones ciento treinta y siete mil euros (EUR 55 137 000), equivalente a sesenta millones de dólares de los Estados Unidos (USD 60 000 000), conforme a unos términos y condiciones que se ajusten sustancialmente a los presentados en este documento.

Álvaro Lario
Presidente

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 Busienss 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	Substantial	Substantial
Fragility and Security	Substantial	Substantial
Risk:		
<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>	Substantial	Substantial
<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>		
Mitigations:		
<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>		
Macroeconomic	Substantial	Substantial
Risk:		
<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>	Substantial	Substantial
<p>Additionally, the tightening of fiscal management due to latest standby arrangement with IMF, may pose challenges for availability of counterpart funding.</p>		

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. 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.

Moderate Low

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
Substantial Substantial

Project External Audit

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

Vulnerability of target populations and ecosystems to climate variability and hazards

Substantial Substantial

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.